Reichmuth Hochalpin – P

YTD +8.8%

Above-average stock market year

The past year was characterized by strong stock and real estate markets, as well as shining performances from precious metals. Regionally, US stocks performed very well, while Switzerland lagged slightly behind due to its defensive orientation. CHF investors benefited from foreign currency gains, as the USD appreciated thanks to solid economic prospects and widening interest rate differentials. The strong US economy and central bank interest rate cuts provided support for the stock markets, which were driven by the technology sector and investment themes such as "artificial intelligence" and "electrification of the world".

Category	Allocation ø	Performance 2024	Contribution
Cash (incl Fees)	4%		-0.8%
Bonds	0%	0.0%	0.0%
Equities	68%	6.5%	4.4%
Alternative Investm.	19%	14.1%	2.7%
Real Estate	2%	-8.1%	-0.2%
Commodities	7%	33.5%	2.2%
Currencies			0.5%
TOTAL	100%		8.8%

Stocks and Alternatives are shining

The highest performance contribution came from the asset class of equities. Notably, a few technology stocks with significant weight in the US equity market experienced sharp price increases. However, due to their partly demanding valuations and high expectations, these stocks were underweighted in the portfolio. Some equity segments in Europe and Asia delivered strong results despite weak economic conditions. In contrast, Swiss small- and mid-cap stocks did not meet expectations and significantly lagged behind the broader market. Positive contributions also came from alternative investments. Active managers achieved solid results in both credit and equity markets. This also includes precious metals, which remained in demand due to high budget deficits in Western countries and geopolitical tensions.

2025 – Year of Rotations?

The momentum continues to favor the US markets; however, given the high market concentration and valuation expansion over the past two years, return expectations have decreased. After two above-average years for investors, we expect overall positive markets in 2025, but with higher volatility and rotations in financial markets. In an inflationary environment with limited fiscal discipline in many countries, there is a risk that bond investors will demand higher interest rates, causing 10-year yields to rise. Depending on the extent of the increase, this could temporarily create headwinds for valuations, particularly for US equities. Swiss stocks are likely to perform better during this phase due to their defensive composition and low interest rate sensitivity. A strong CHF could prompt the Swiss National Bank (SNB) to revisit negative interest rates in its exchange rate policy, enhancing the attractiveness of dividend-paying stocks. For asset allocation, this means maintaining a high weighting in equities with a significant home market share. Fixed-income investments remain unattractive due to inflation risks in the US and already very low interest rates in Switzerland. We are optimistic about alternative investments in 2025. Higher volatility and divergent sector trends offer active managers opportunities to leverage their flexibility profitably. Given the ongoing rise in debt levels in many Western countries, we continue to view gold as an essential portfolio diversifier. We thank you for your trust over the past year and look forward to the new year with confidence.

Patrick Erne
Portfoliomanager

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