

Reichmuth Hochalpin – P

YTD +10.2%

Positive Start to 2024

The first half of 2024 was characterized by strong stock markets. Declining inflation and the topic of artificial intelligence fueled the major technology leaders as well as companies involved in the infrastructure of artificial intelligence solutions (semiconductors, energy management, etc.). CHF investors also benefited from foreign currency gains, as most major currencies were able to appreciate due to solid economic prospects.

Category	Allocation %	Performance 2024	Contribution
Cash (incl Fees)	1%		-0.8%
Bonds	0%	20.0%	0.1%
Equities	70%	12.4%	8.5%
Alternative Investm.	20%	17.9%	3.2%
Real Estate	2%	-1.1%	0.0%
Commodities	7%	23.7%	1.6%
Currencies			-2.4%
TOTAL	100%		10.2%

Stocks and Alternatives are Shining

The highest performance contribution came from the equities. Companies from the technology and infrastructure sectors for artificial intelligence applications (semiconductors, energy management, etc.) performed very well. Among Swiss stocks, small and mid-cap stocks have not yet met expectations and lag behind the overall market. Alternative investments, including precious metals (gold and silver), contributed significantly to the good result. Bonds and real estate performed less well, and we are tactically positioned at the minimum quota in these two categories.

Is Inflation Defeated?

We anticipate overall solid economic development with low but positive growth in the coming months. Accordingly, corporate profits are expected to somewhat meet expectations. However, following the strong price increases in the first half of the year, a temporary consolidation over the summer months is likely, supported by historical seasonality. New stimuli are expected in the run-up to the US elections in the fall. Tax cuts for businesses would likely be positively received by the market in the event of a Trump victory. Under the Democrats, it may be more challenging to stimulate the economy due to limited scope for further spending increases given the high deficits.

The need for investment in building local supply chains and energy restructuring will strain the budgets of Western states (budget deficits) and keep the demand for raw materials high. With an isolated Russia as the largest producer of raw materials and other geopolitical hotspots, the risk of future supply shortages of critical raw materials increases. As long as this situation remains unchanged, it is premature to speak of an end to the inflationary regime. Therefore, real assets like stocks remain favored. Alternative investments, precious metals, and other commodities continue to play an important role in portfolio construction. In contrast, we keep interest rate risks low in portfolios and continue to prefer short-term bonds or cash.

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