

# Investment strategy

Sébastien Gyger

Third quarter 2024

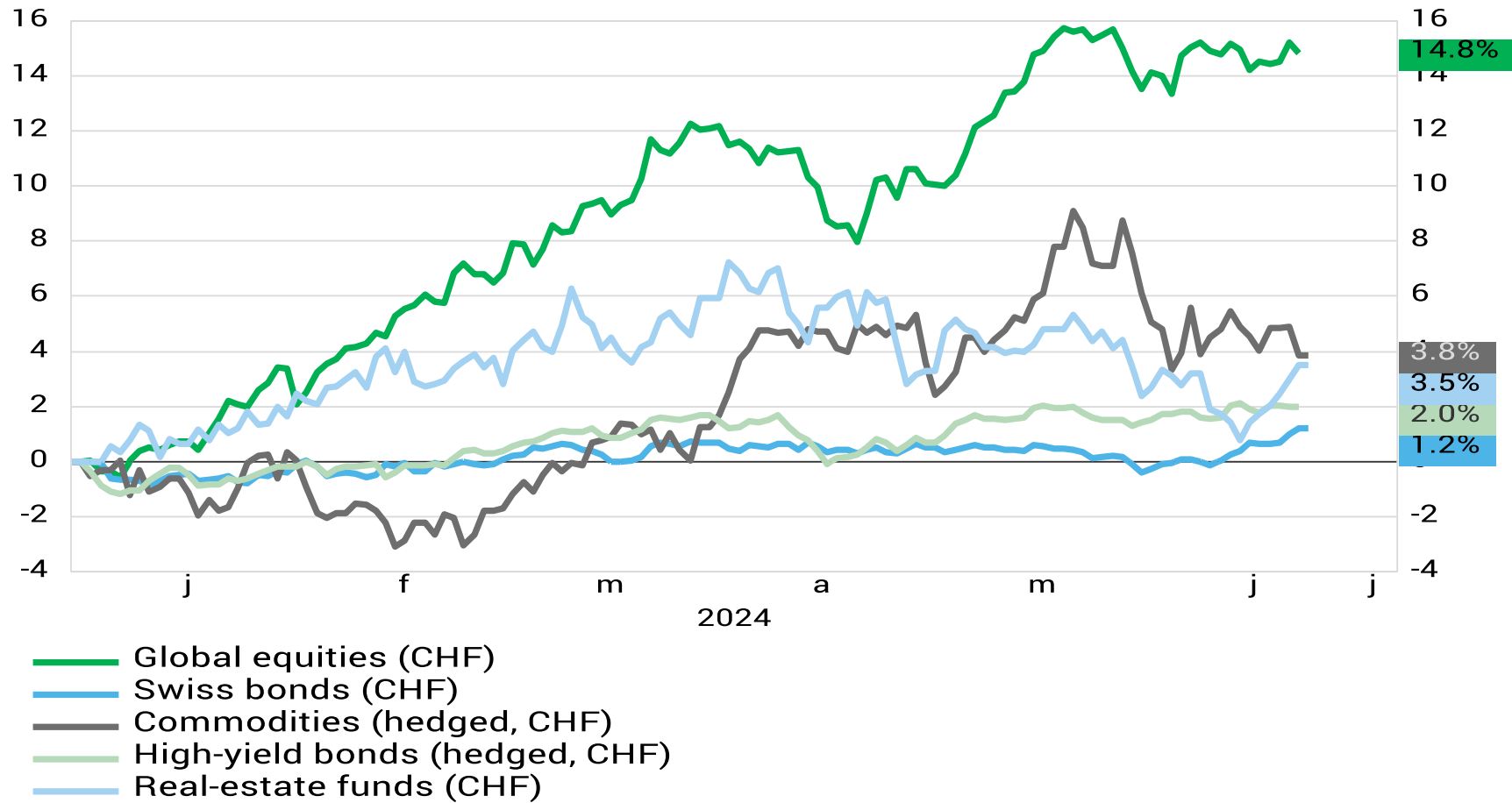


1. Market performance
2. Macro and financial environment
3. 2024 and beyond
4. Asset allocation
5. Q&A

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# Equities are currently attractive

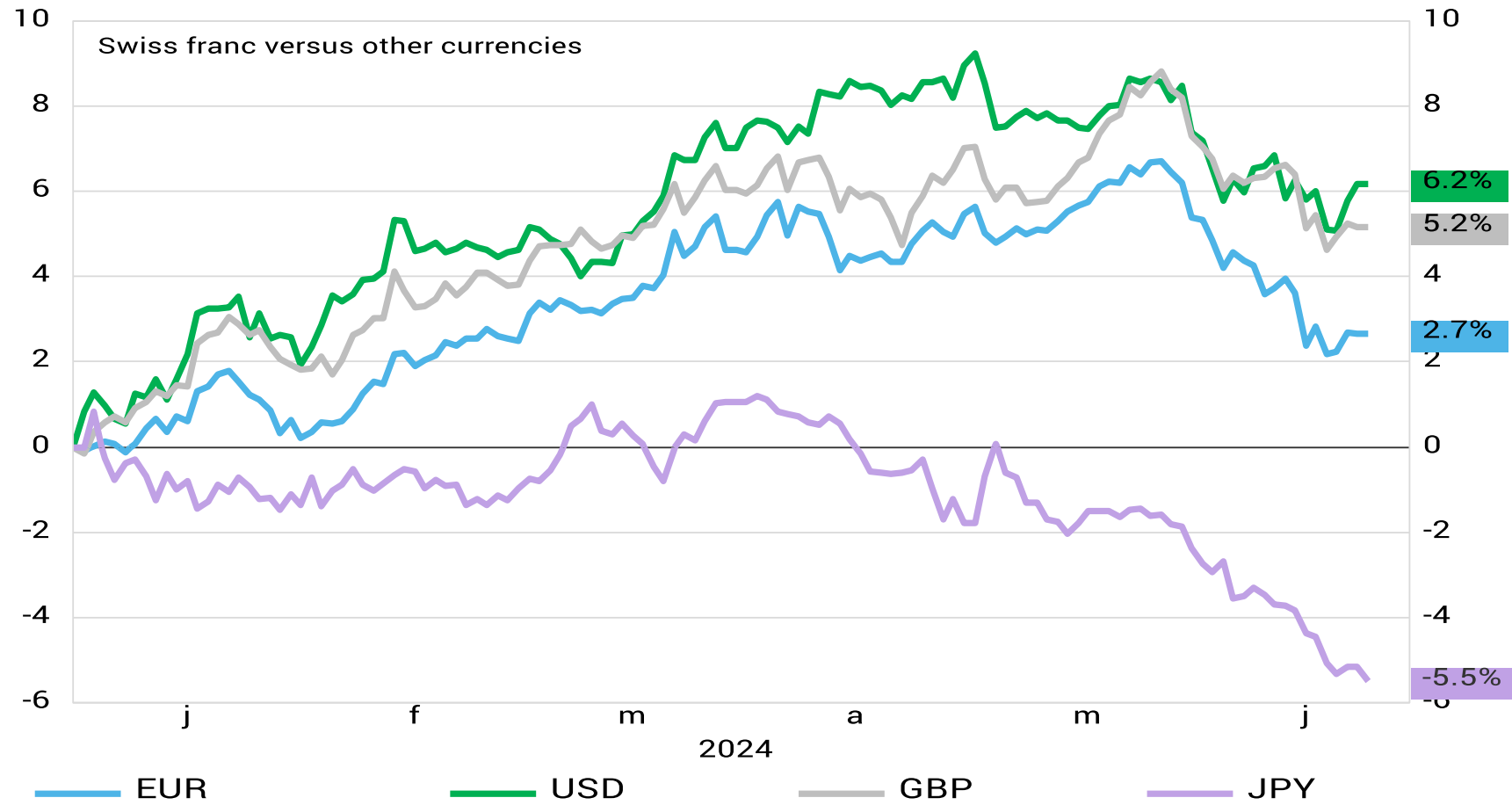
## 1. Main asset classes



Source: LSEG Datastream, BCV

# The Swiss franc is up over the past month

## 1. Forex

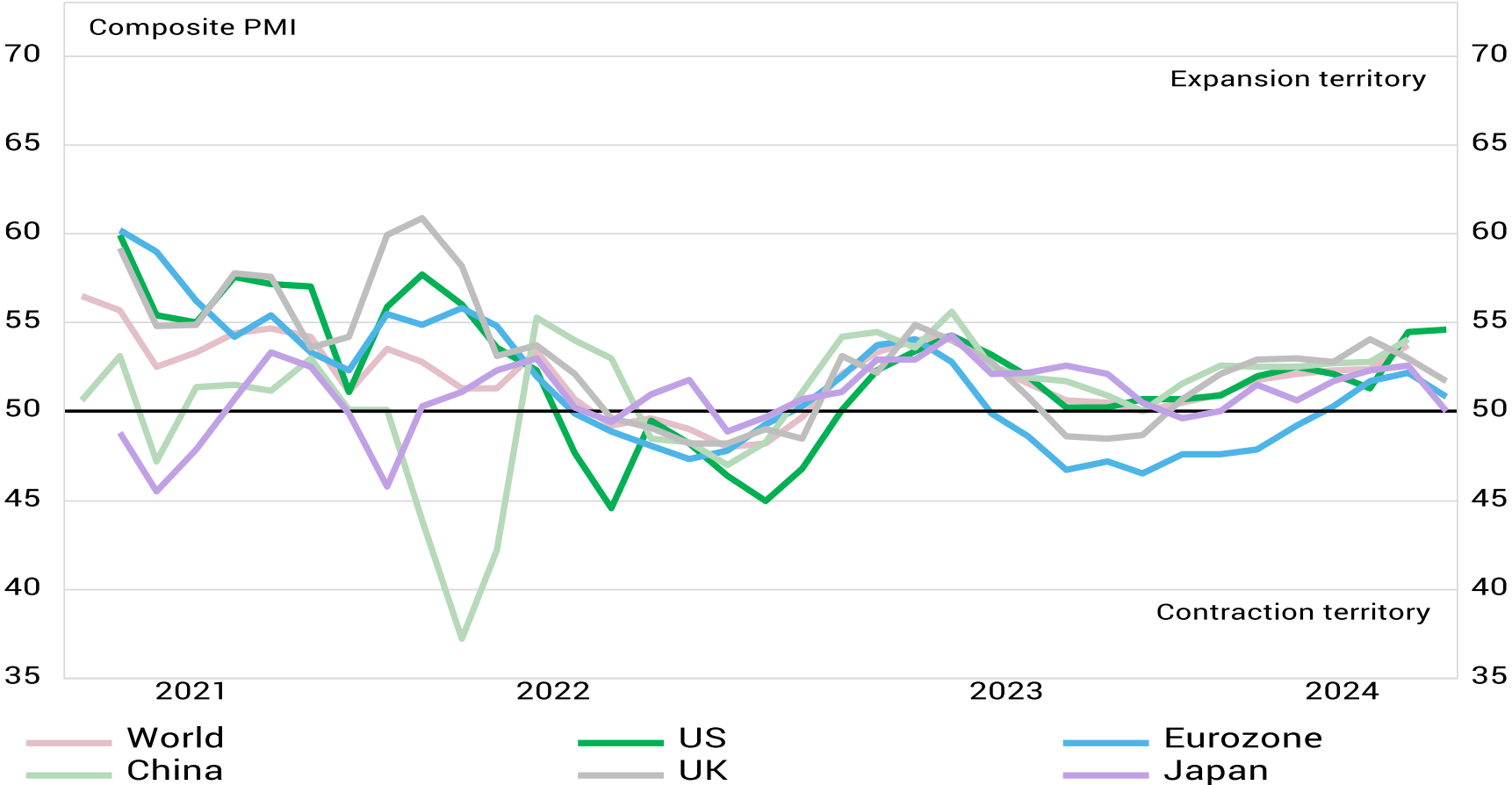


Source: LSEG Datastream, BCV

1. Market performance
- 2. Macro and financial environment**
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# Global growth is more evenly distributed

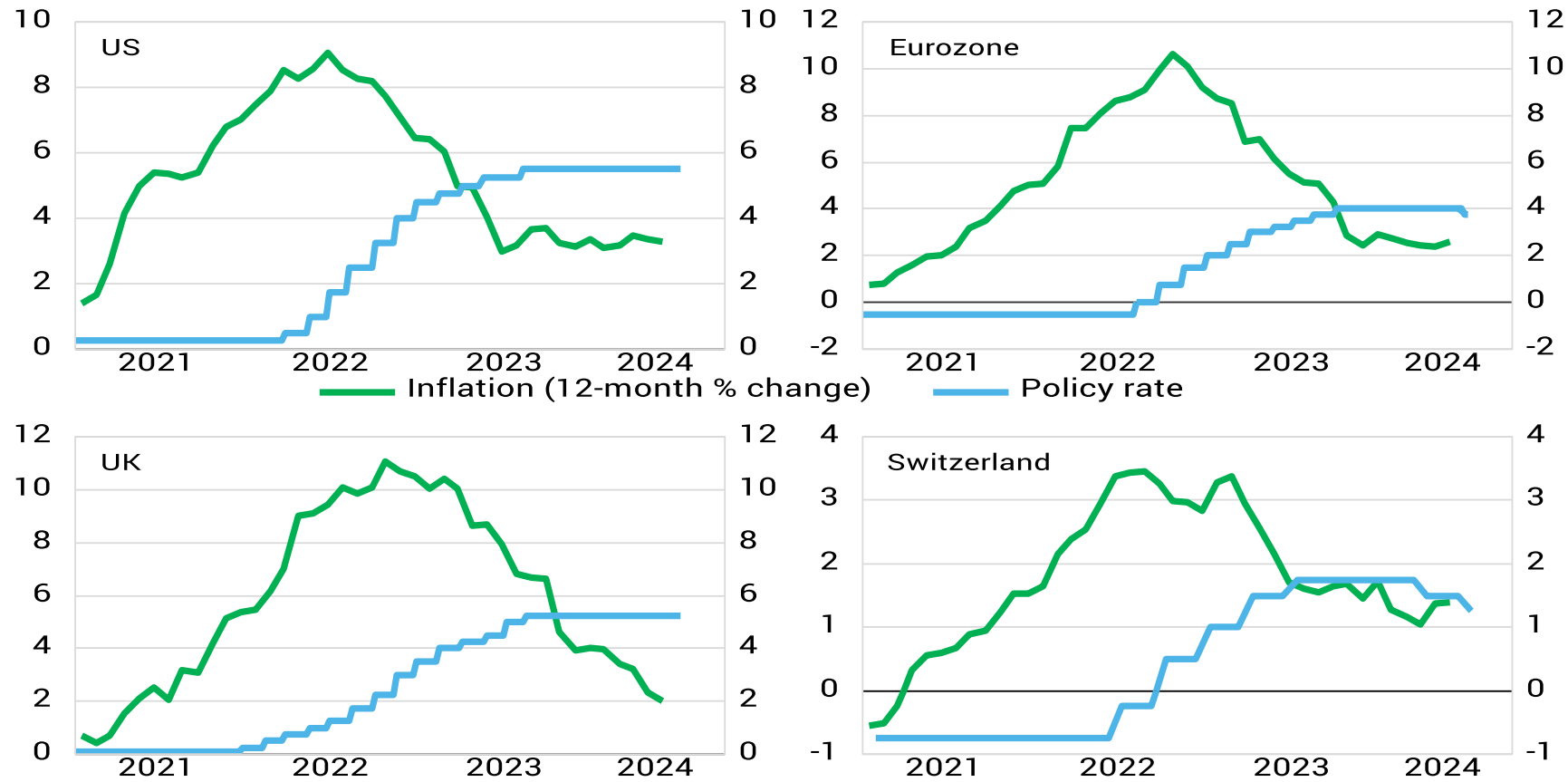
## 2. World, economic output



Source: LSEG Datastream, BCV

# Inflation differentials and monetary policy divergence

## 2. World, inflation and key interest rates

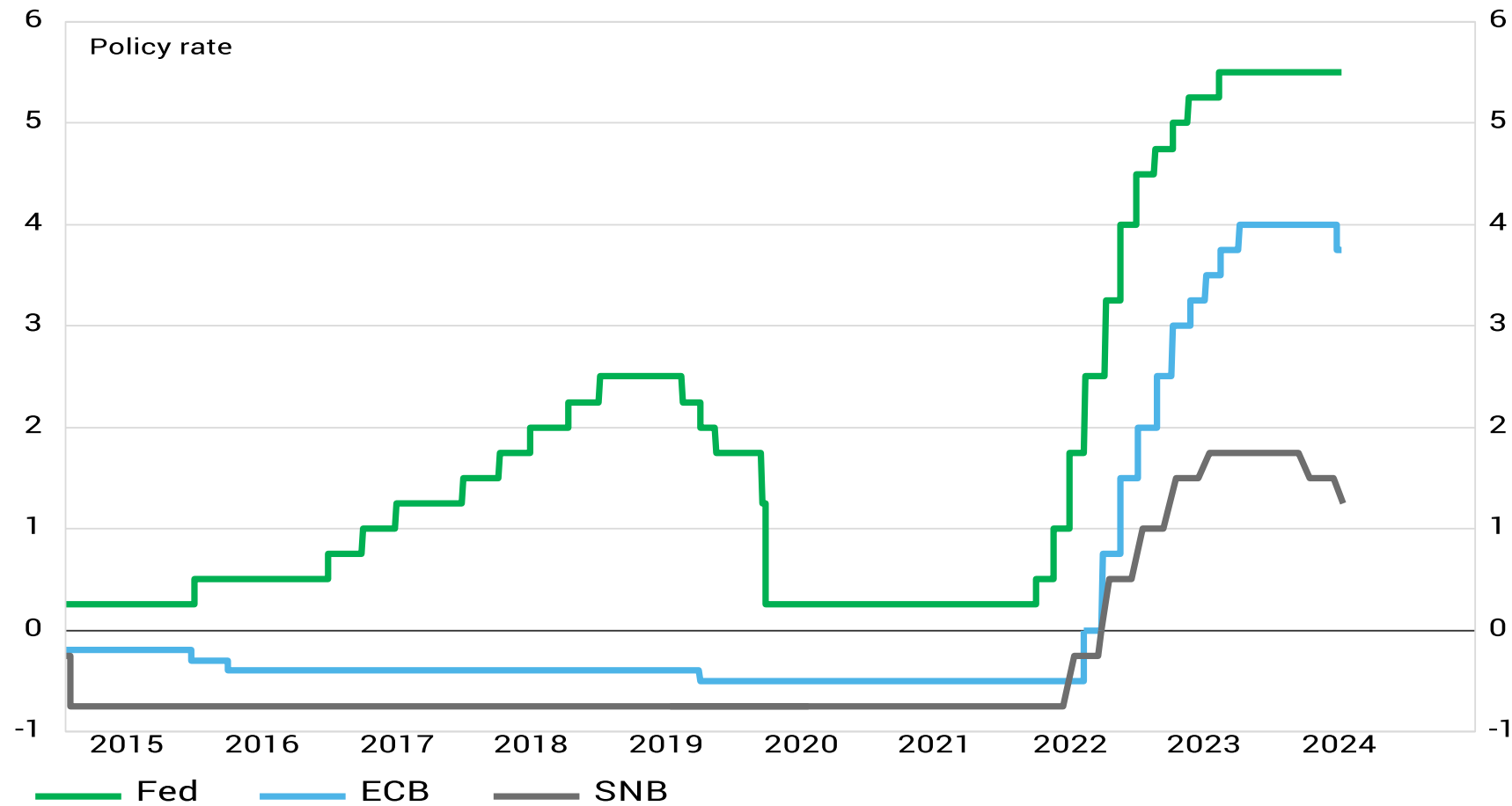


Source: LSEG Datastream, BCV



# Monetary loosening: unexpected in scope and timing

## 2. World, central banks



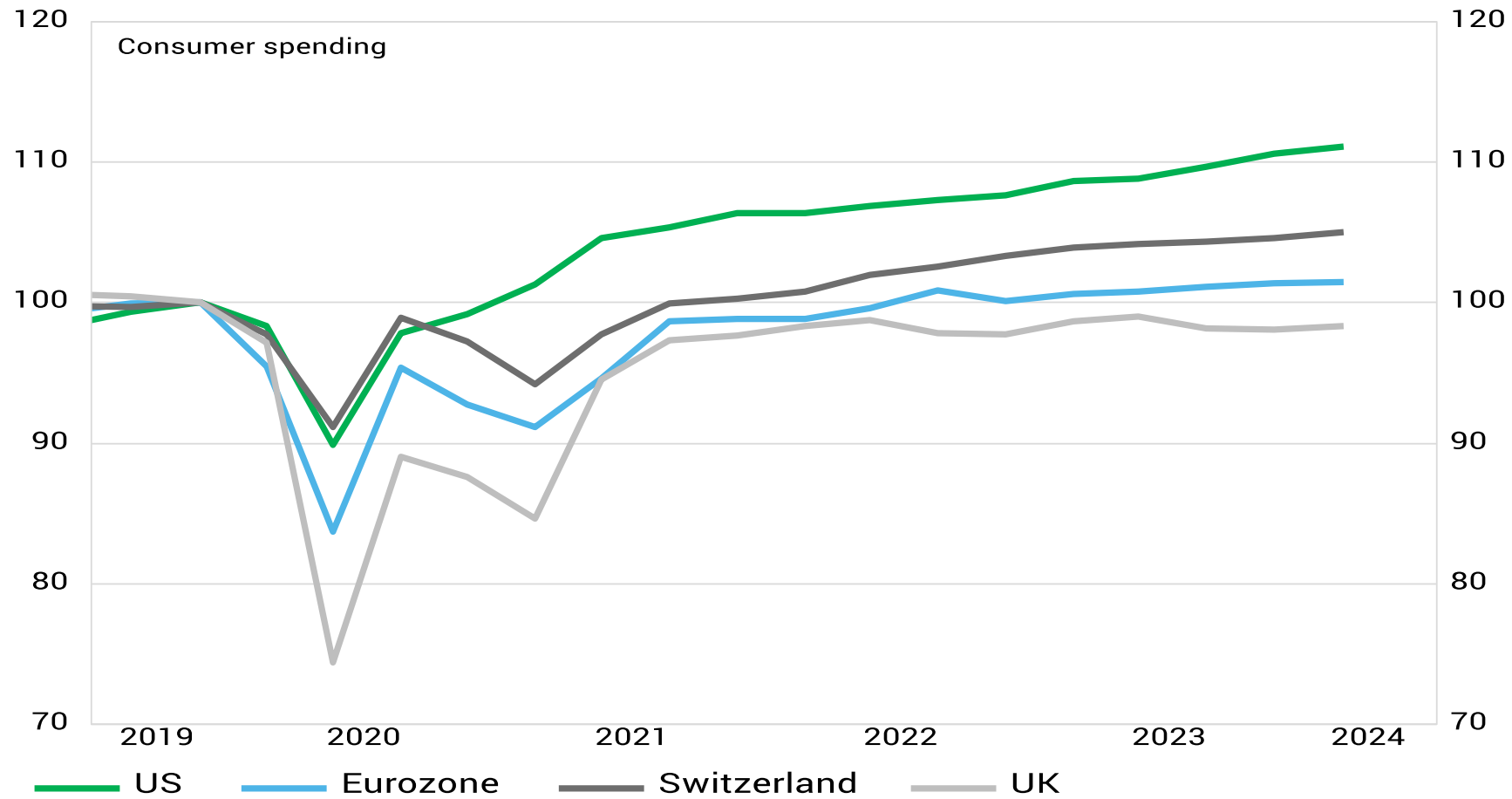
Source: LSEG Datastream, BCV

# Summary of BCV's 2024 investment policy scenario

- **Macroeconomic scenario**
  - Growth has stabilized and is more evenly distributed, recession avoided
  - Soft landing in the US increasingly likely, no financial crisis on the horizon
  - Inflation under control: more secular, but also more unpredictable
  - Central banks: emerging policy divergence (SNB + ECB versus Fed)
- **Financial markets**
  - Bonds: poised to rise in second half
  - Equities: uneven upward path
  - Real estate: solid fundamentals, fairly valued
- **Risk**
  - Economy: sticky inflation in the US
  - Monetary policy uncertainty and fiscal constraints
  - Geopolitics: growing number of hotspots, oil

# Soft landing in the US

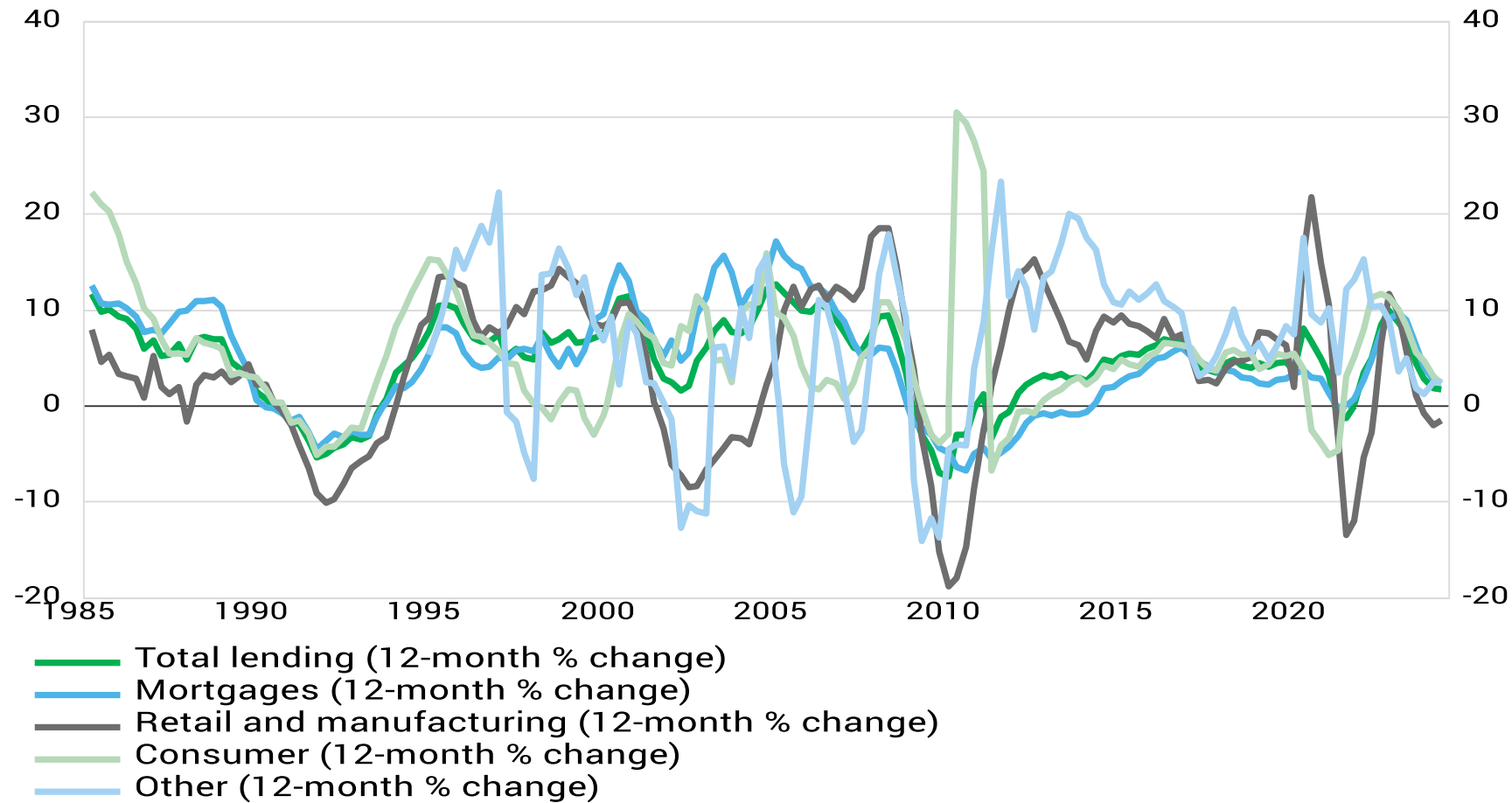
## 2. US, consumer spending



Source: LSEG Datastream, BCV

# Lower demand for bank loans

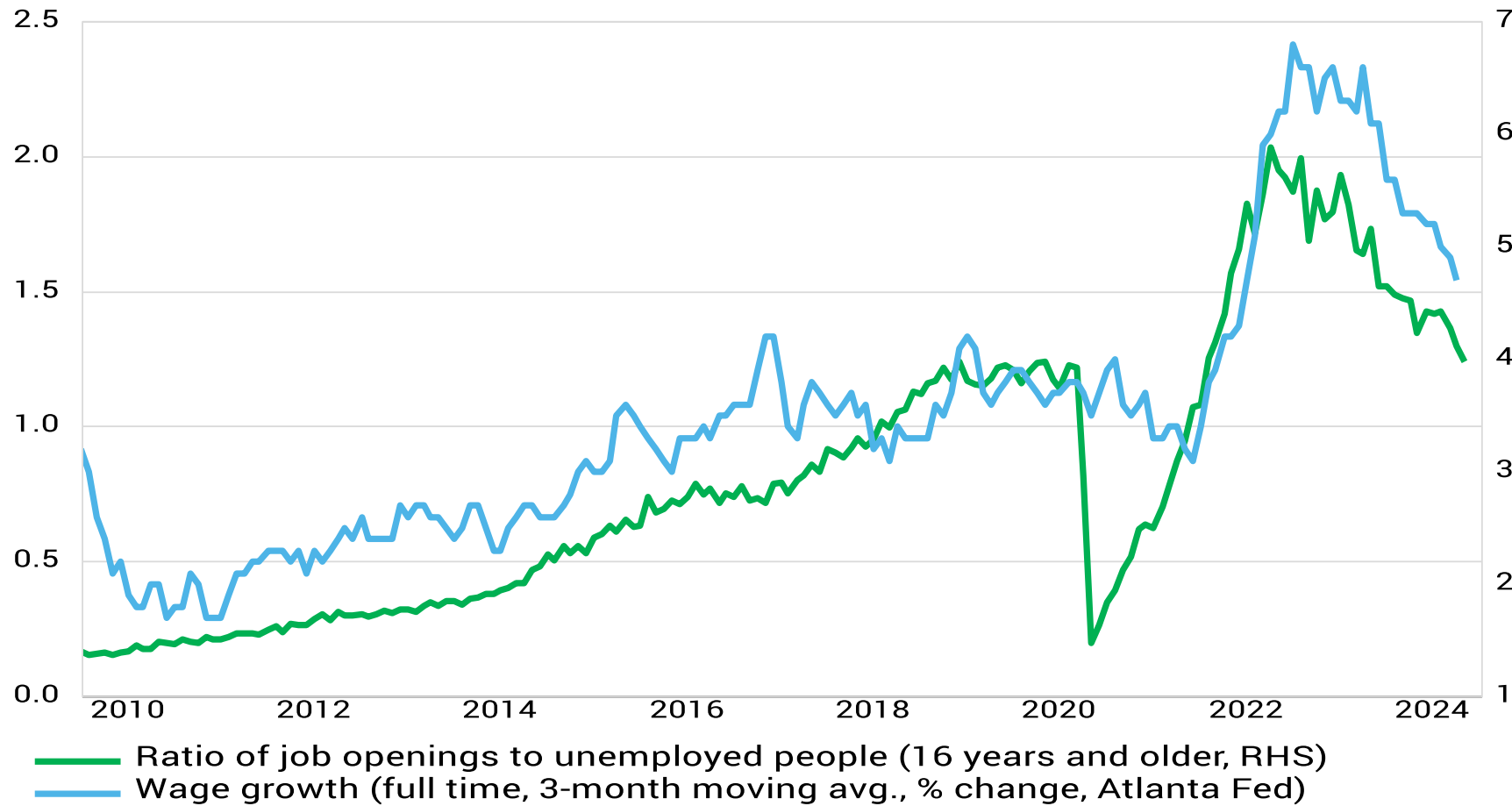
## 2. US, consumer lending



Source: LSEG Datastream, BCV

# Returning to normal following the COVID disruption

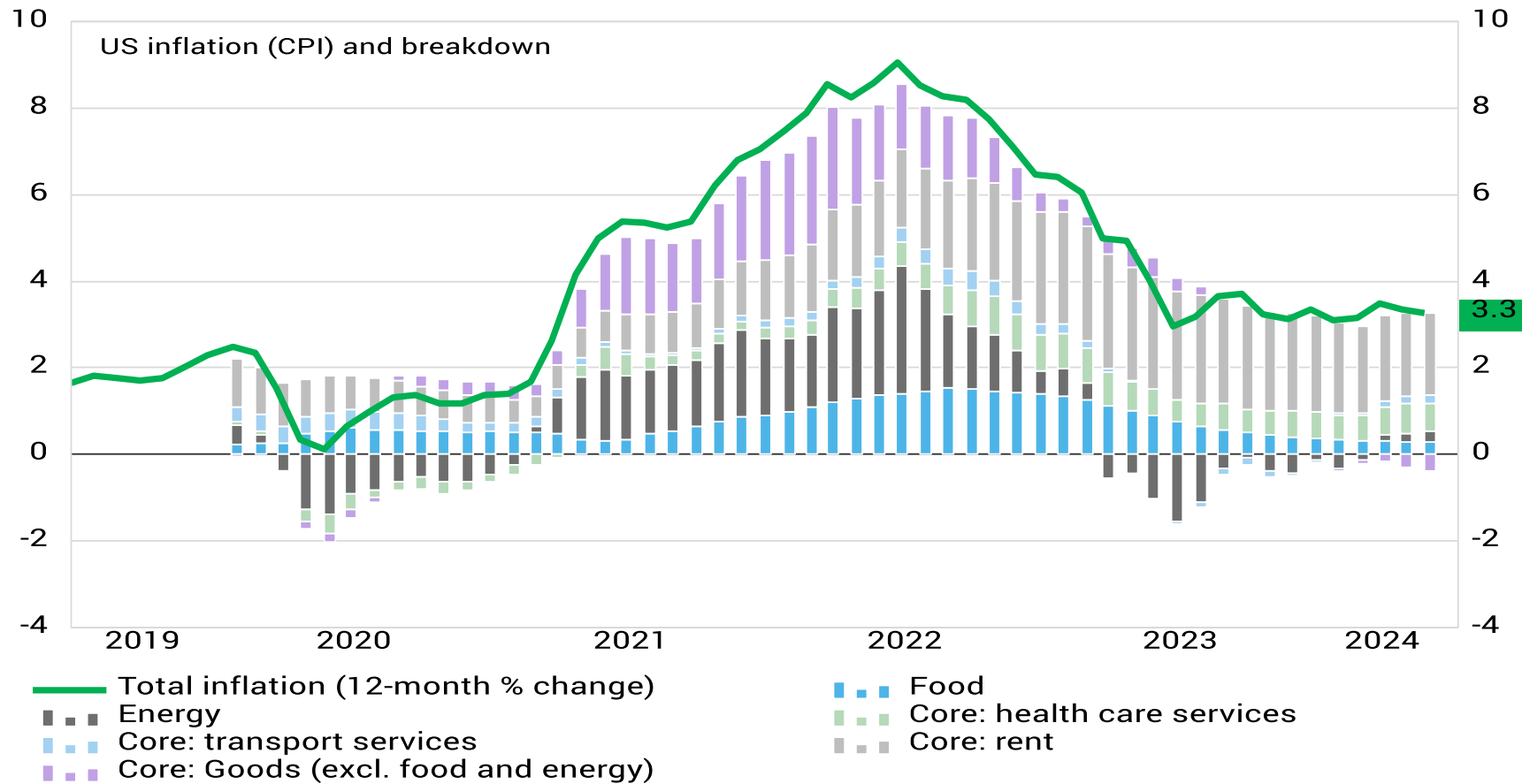
## 2. US, job market



Source: LSEG Datastream, BGV

# Inflation uneven across sectors

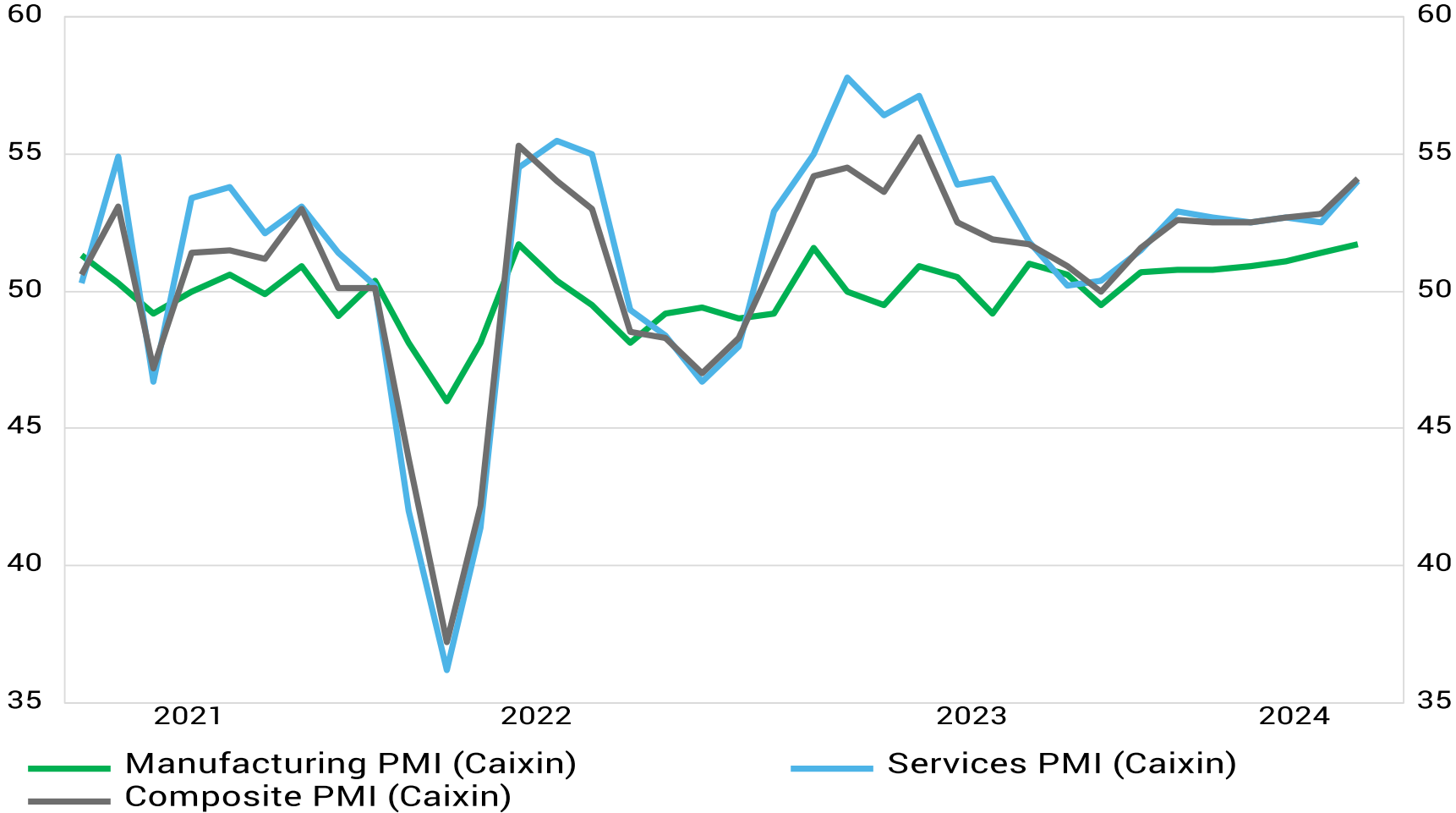
## 2. US, rising prices



Source: LSEG Datastream, BCV

# China, the worst is behind us

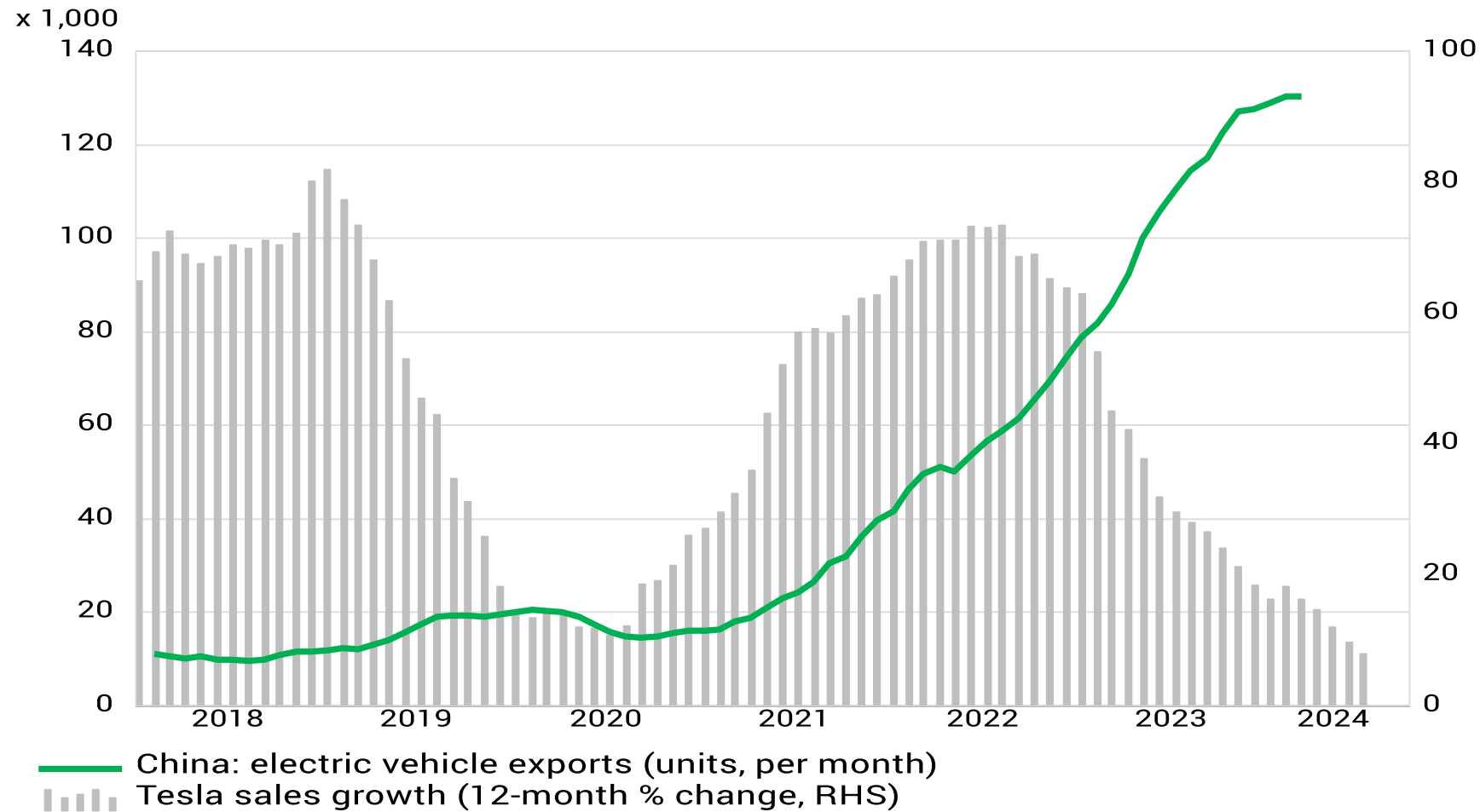
## 2. China, output



Source: LSEG Datastream, BCV

# Tensions with western companies

## 2. China

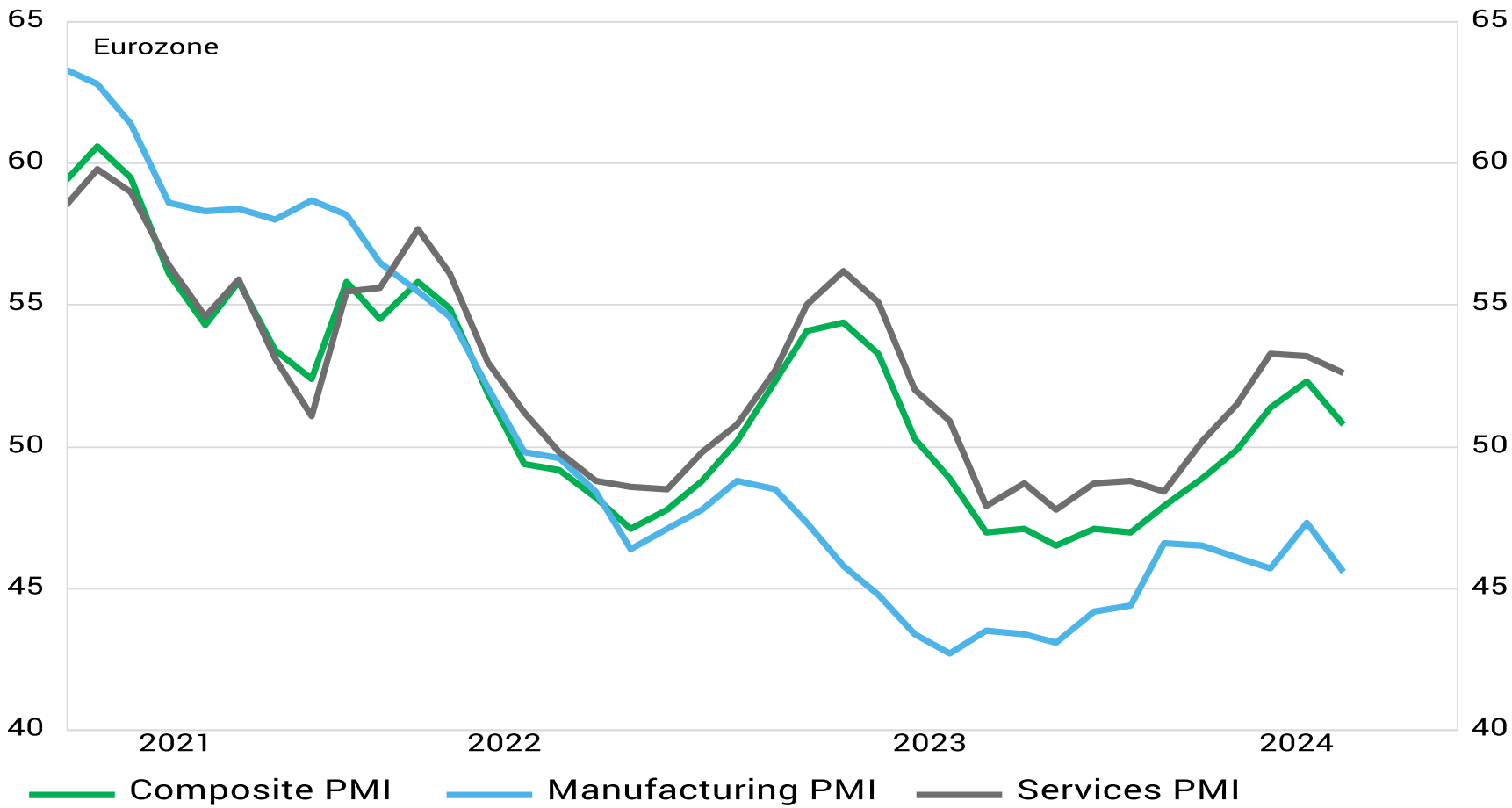


Source: LSEG Datastream, BCV



# Europe is picking up slowly

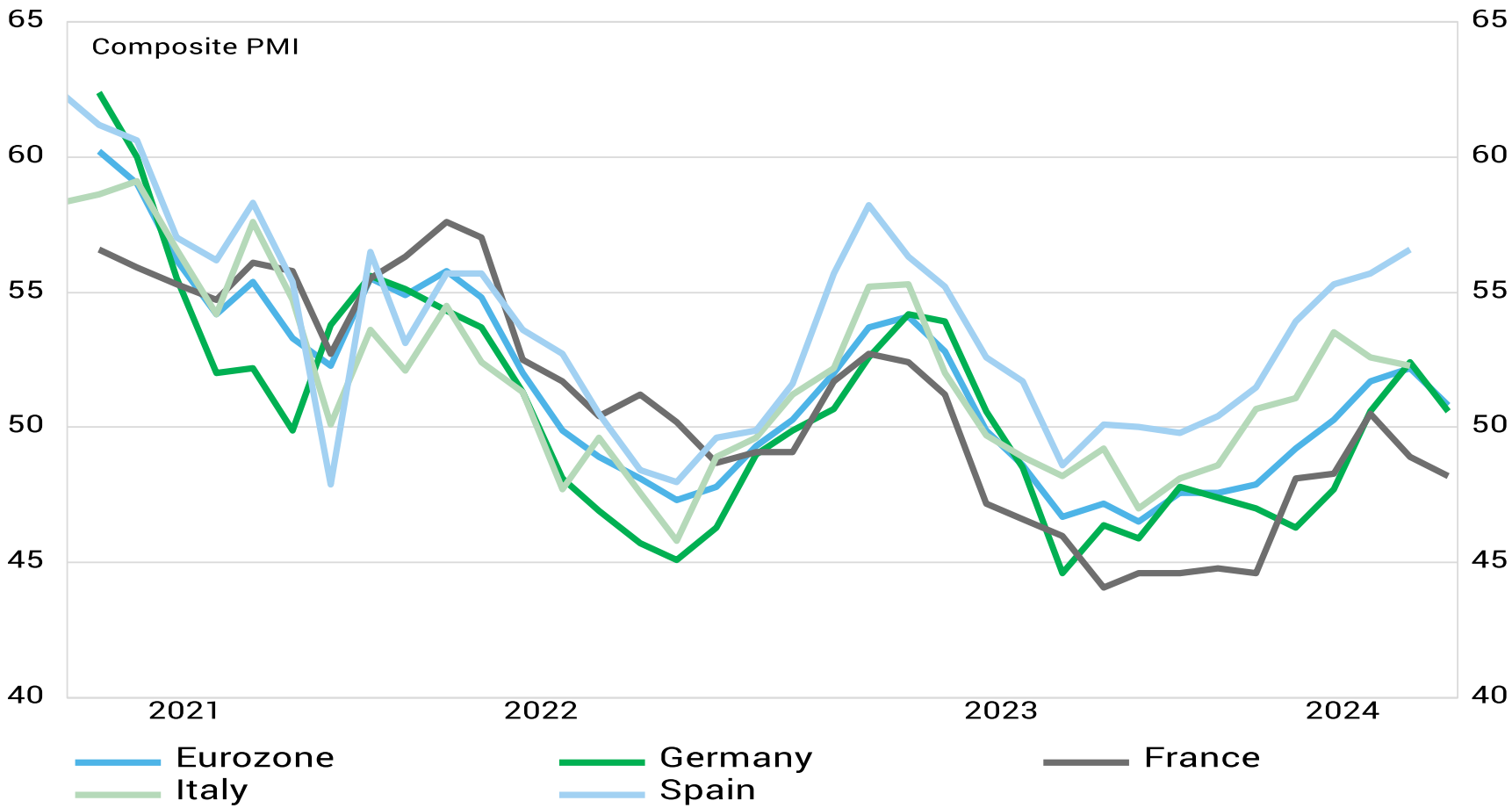
## 2. Eurozone, output



Source: LSEG Datastream, BCV

# Germany is gaining momentum

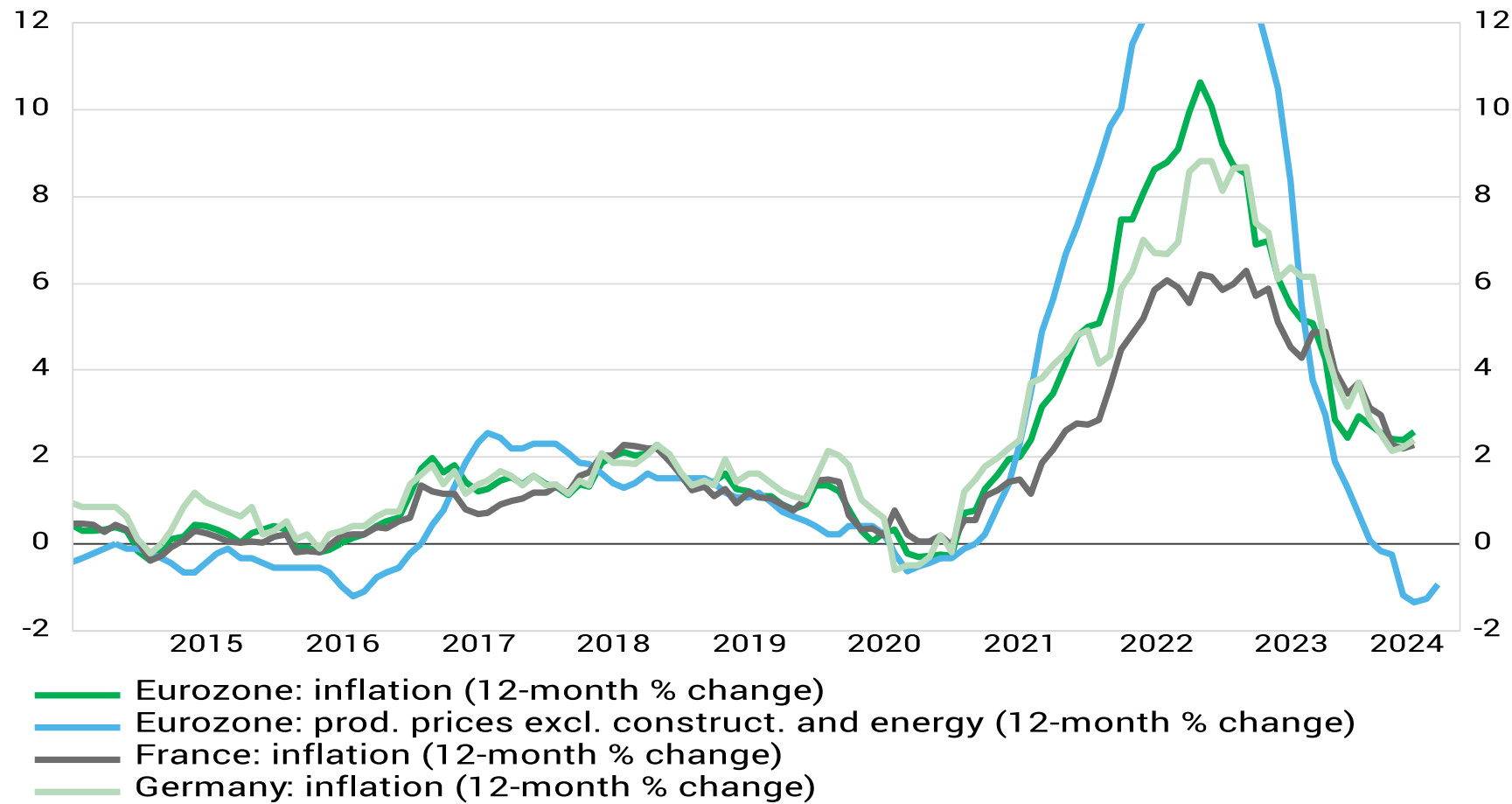
## 2. Eurozone



Source: LSEG Datastream, BCV

# Inflation increasingly under control

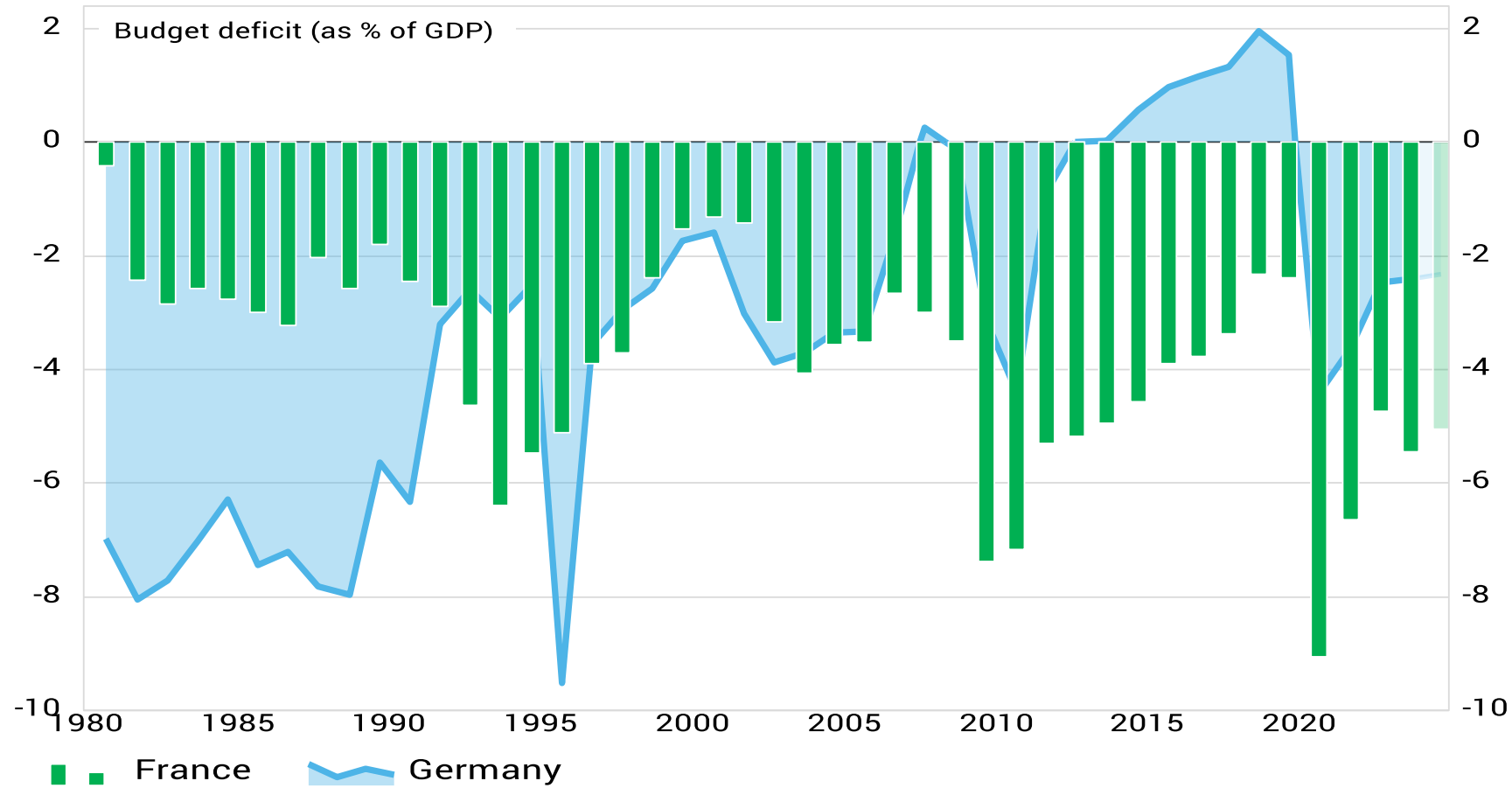
## 2. Eurozone, inflation



Source: LSEG Datastream, BCV

# The 3% target has been missed since 2019

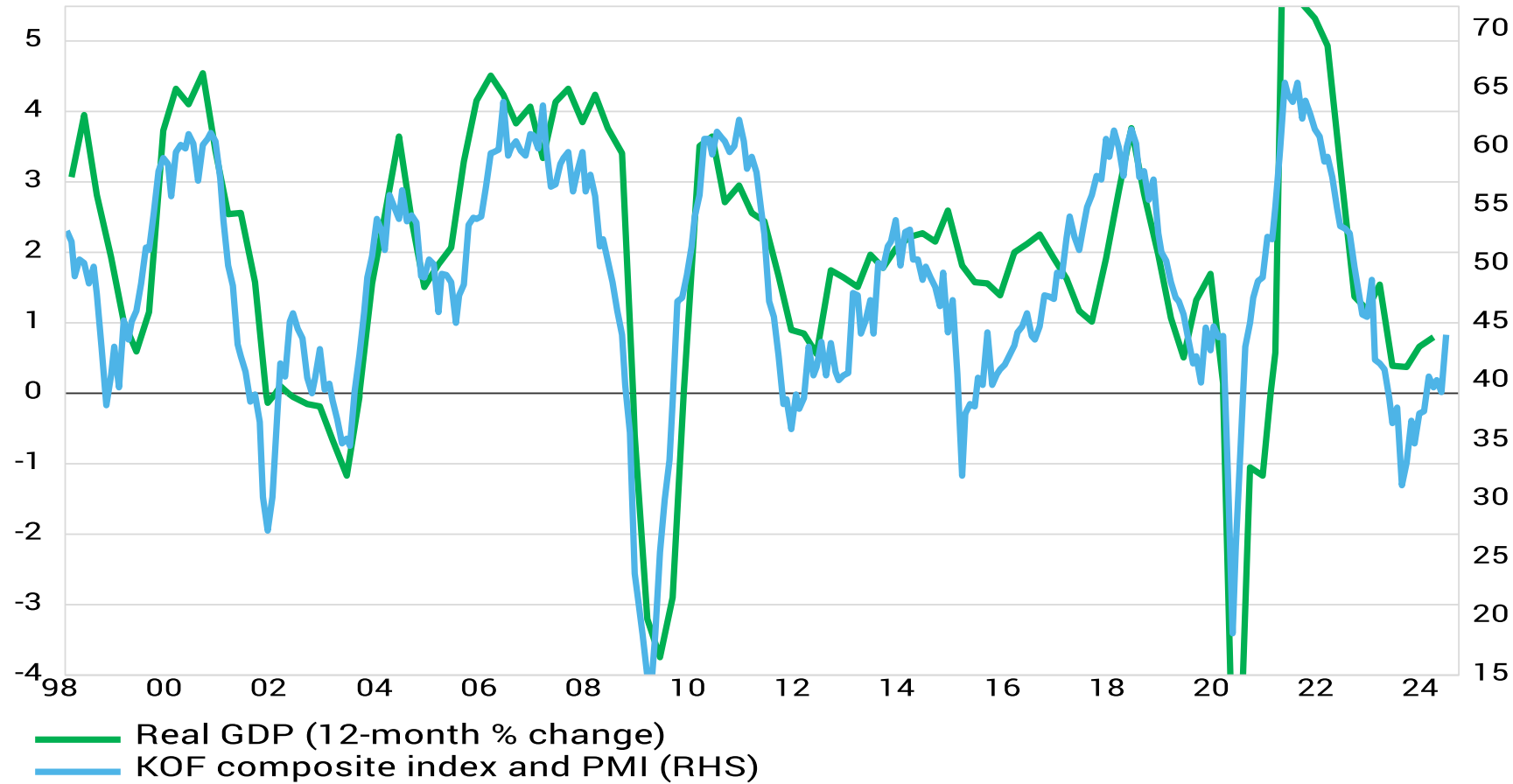
## 2. Eurozone, France



Source: LSEG Datastream, BCV

# Growth in Switzerland is slow and steady

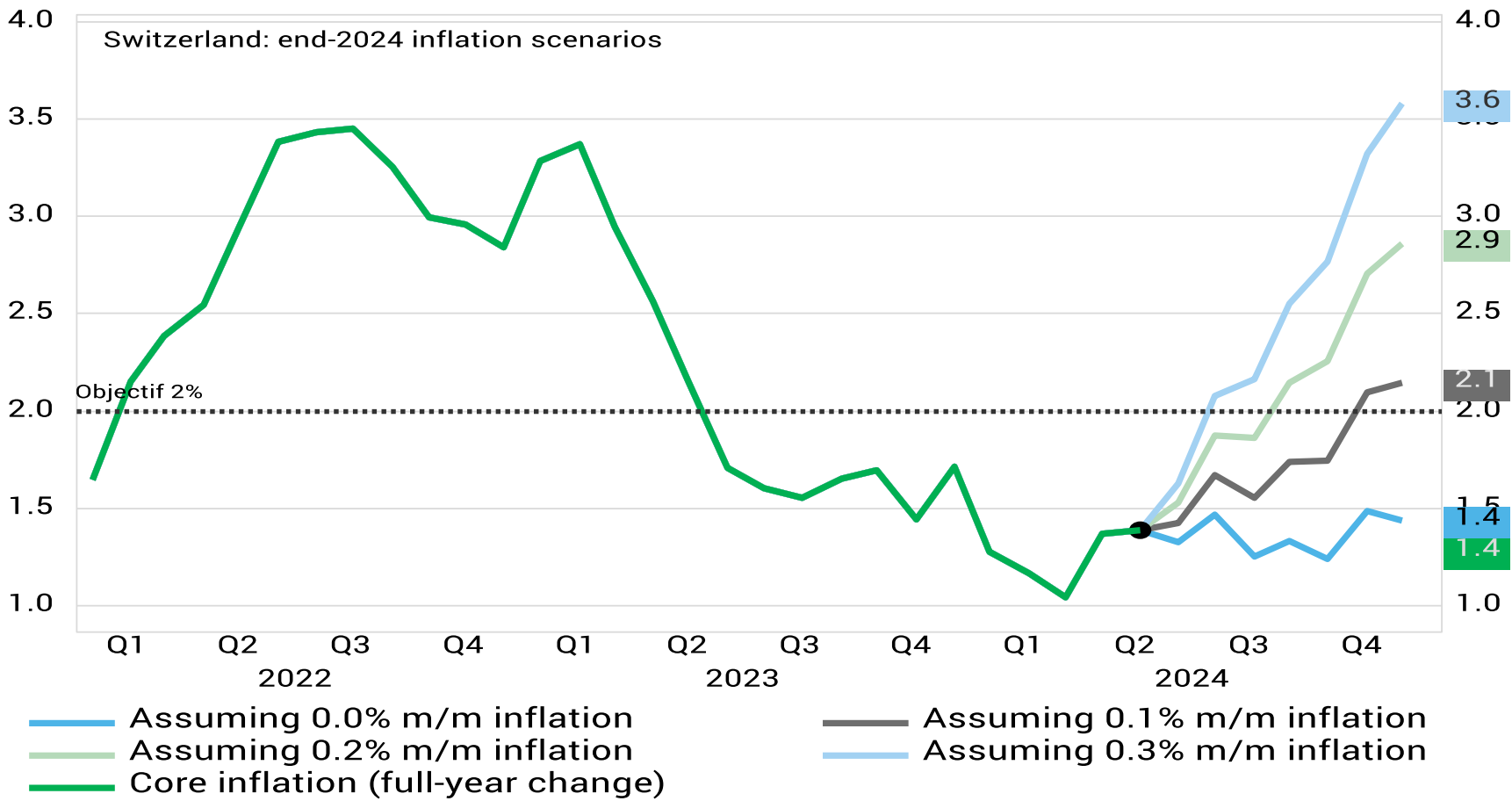
## 2. Switzerland, output



Source: LSEG Datastream, BCV

# Limited wiggle room for the SNB

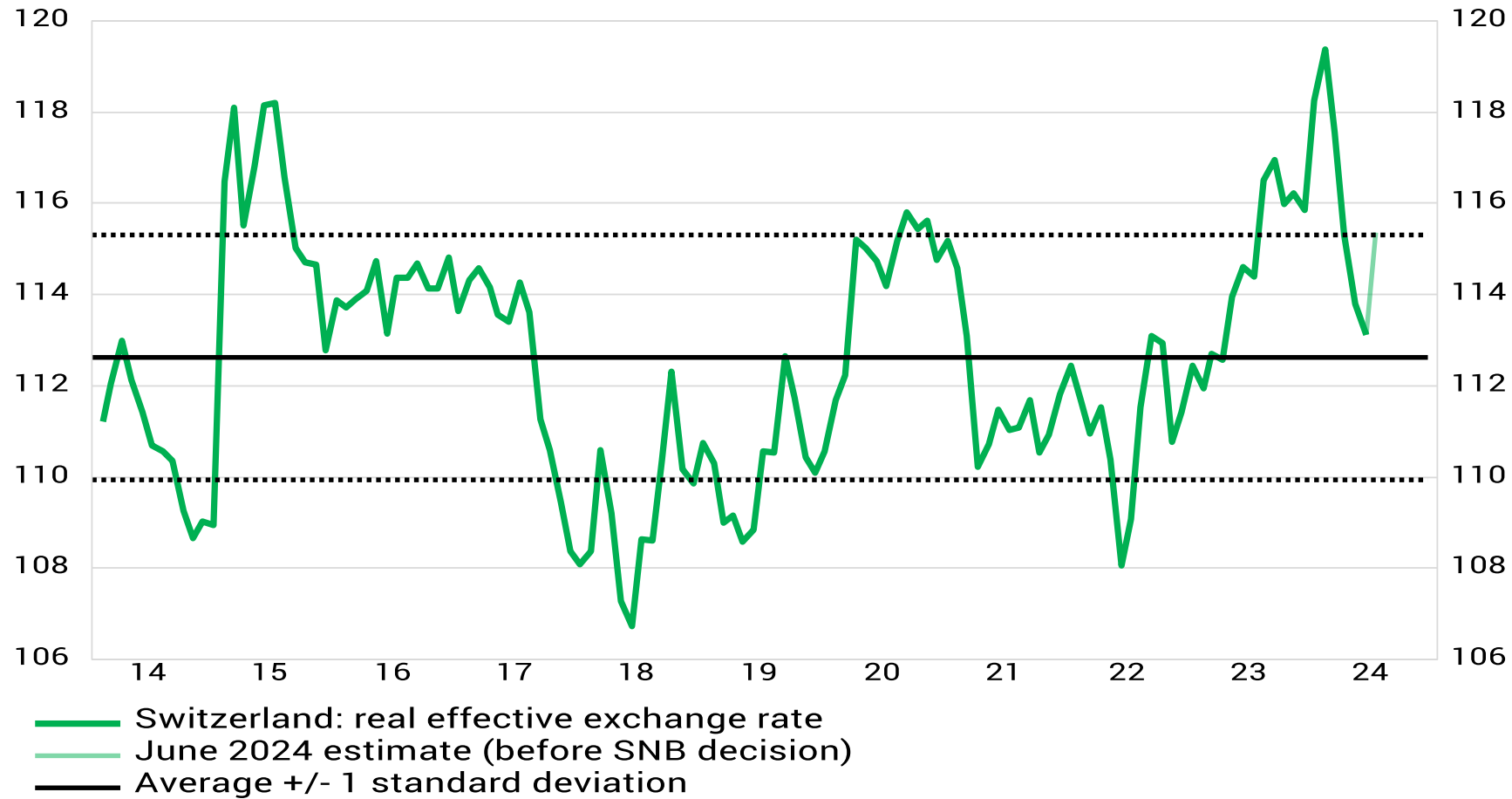
## 2. Switzerland, inflation scenarios



Source: LSEG Datastream, BCV

# The SNB was focused on weakening the franc

## 2. Switzerland, franc



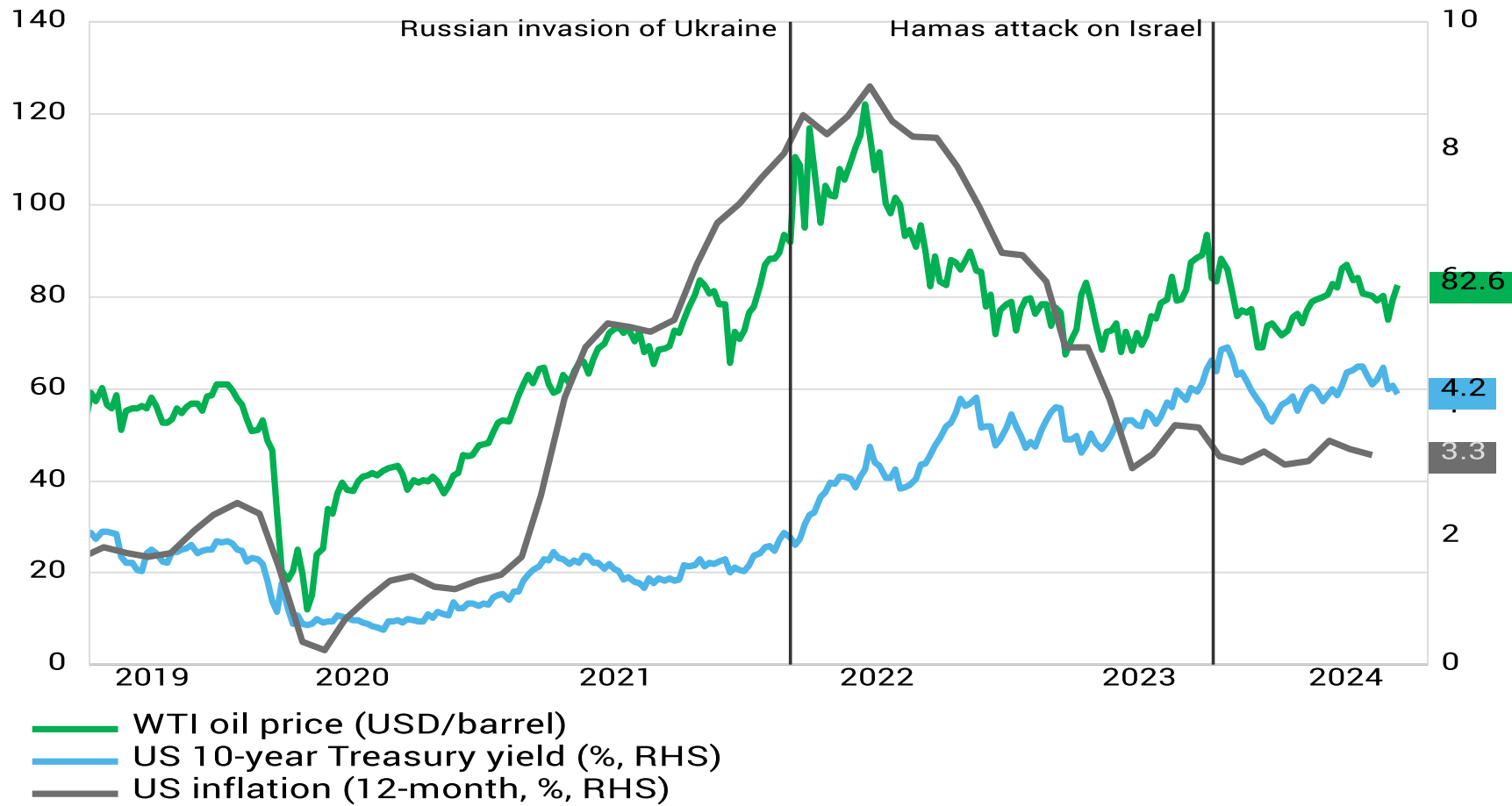
Source: LSEG Datastream, BCV

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# Oil, inflation, and interest rates

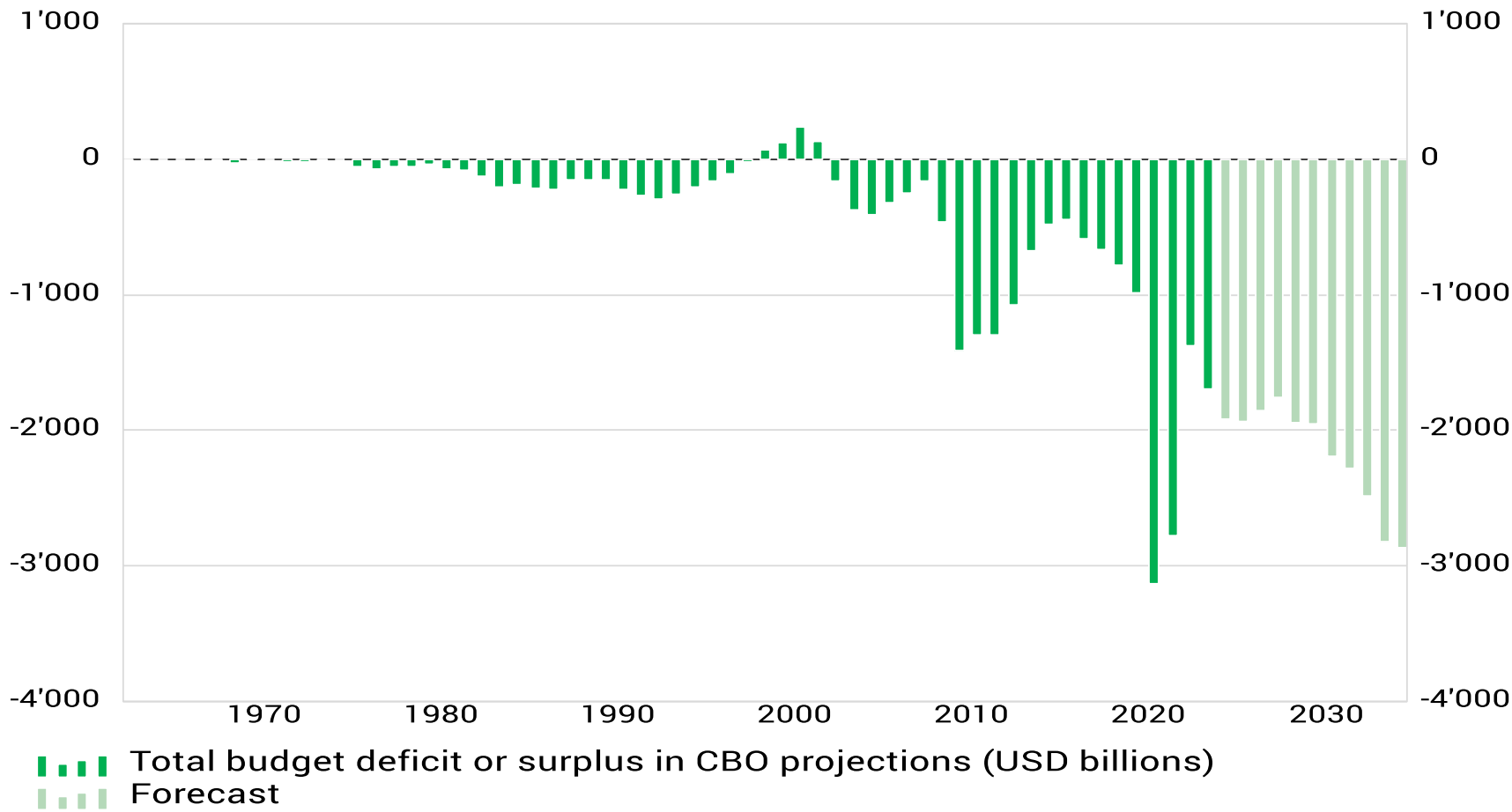
## 3. Impact in 2024 and beyond



Source: LSEG Datastream, BCV

# Expanding budget deficit

## 3. Impact in 2024 and beyond



Source: LSEG Datastream, BCV

# Contents

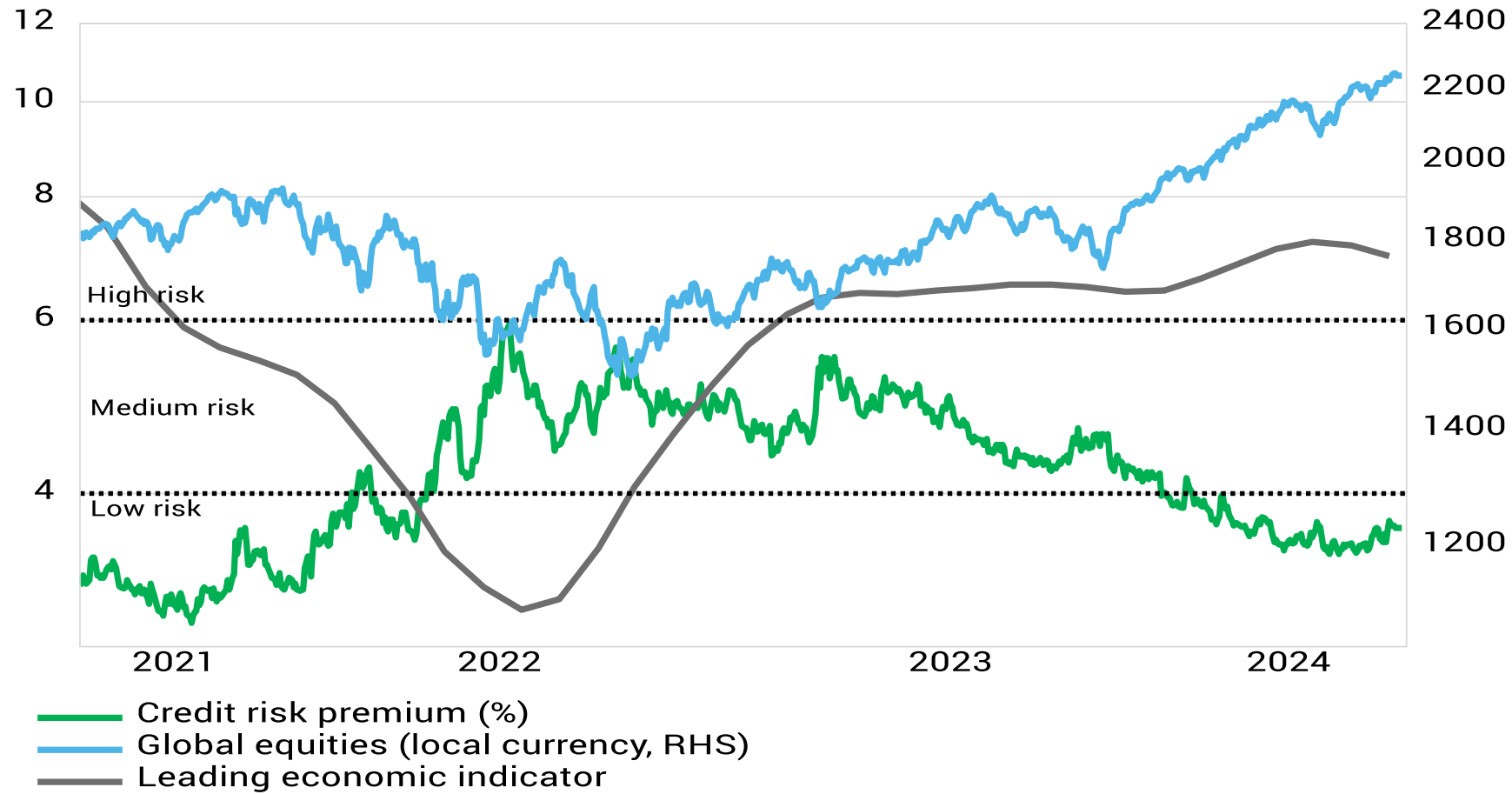
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## 4. Asset allocation

CHF holdings	-	=	+
Money market			
Total bonds			
Duration			
Credit risk			
Total equities			
Switzerland			
International			
Real estate			
Commodities			

# Low to medium risk zone

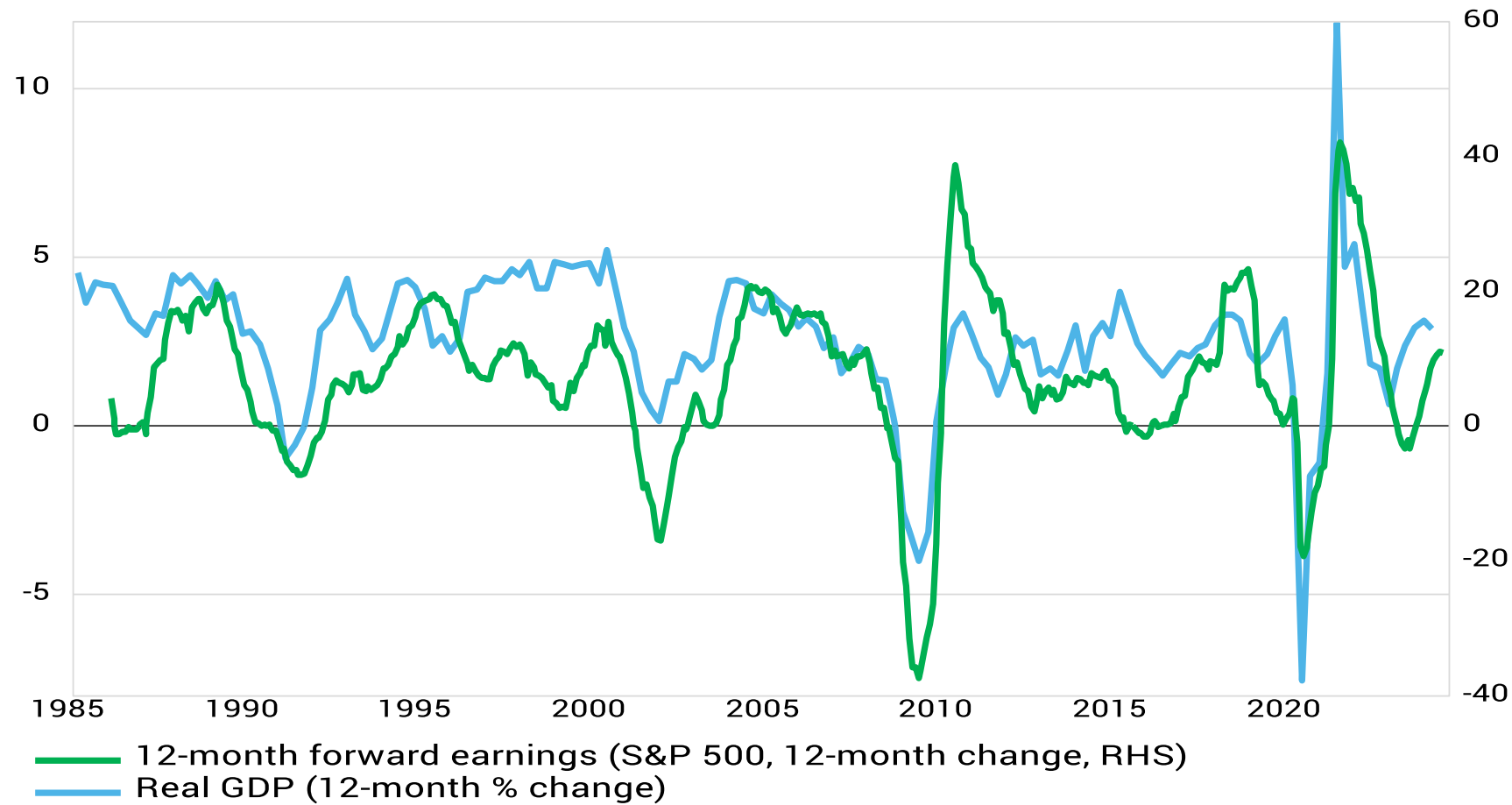
## 4. Systemic indicators



Source: LSEG Datastream, BCV

# Corporate earnings sharply up

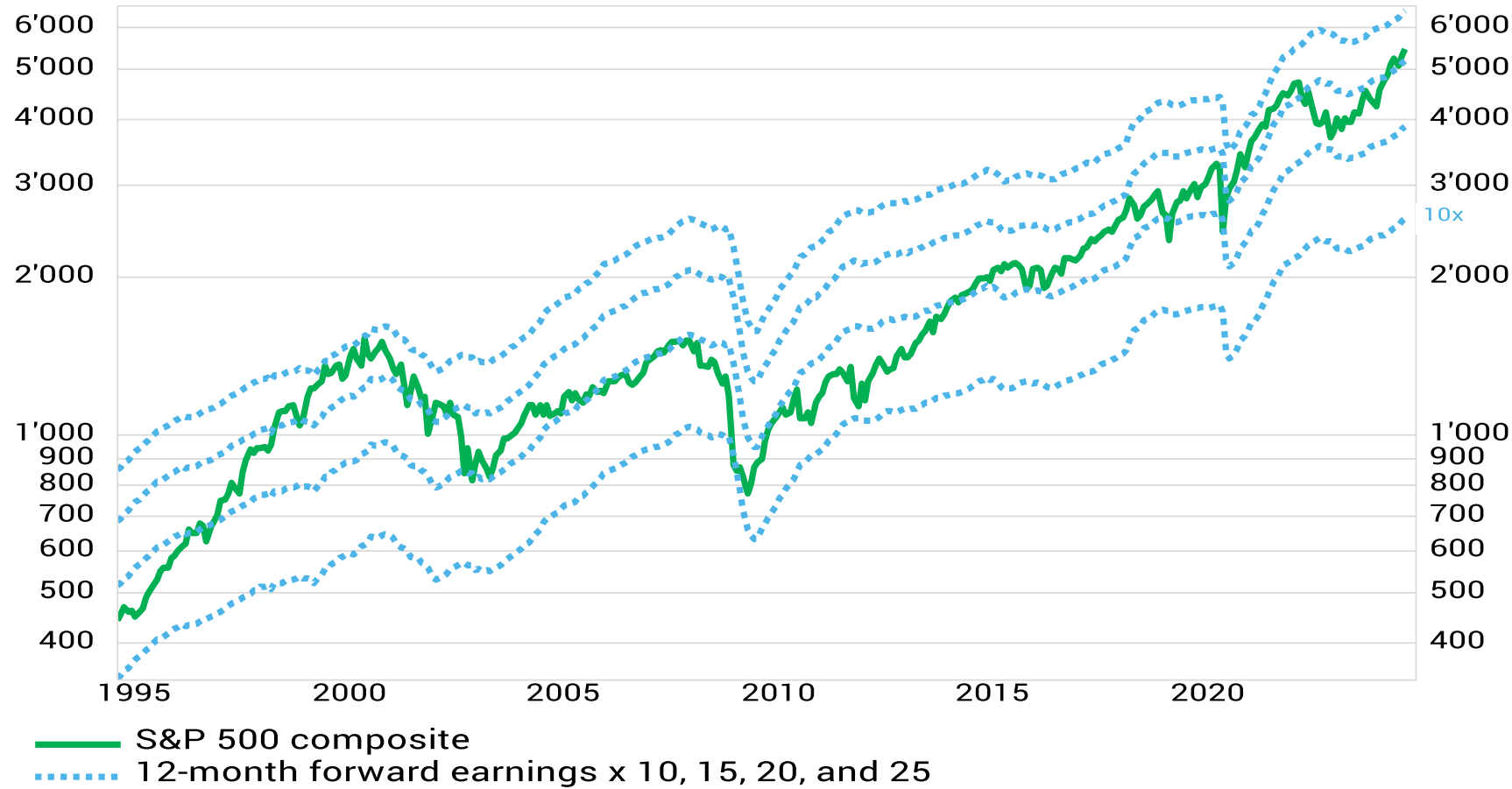
## 4. Equities, US



Source: LSEG Datastream, BCV

# Valuations at the high end of the range

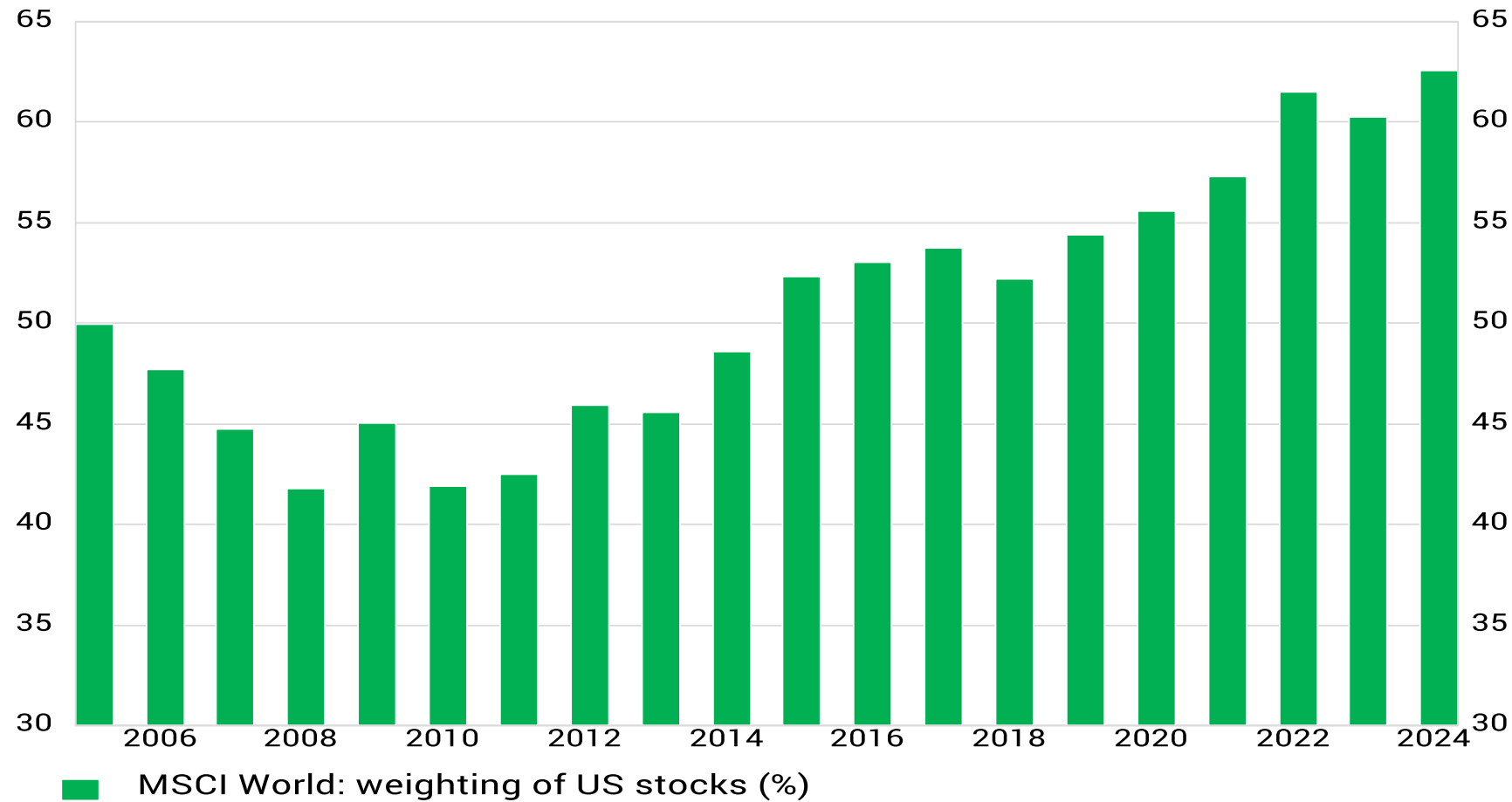
## 4. Equities, US



Source: LSEG Datastream, BCV

# Increasingly concentrated market

## 4. Equities, US

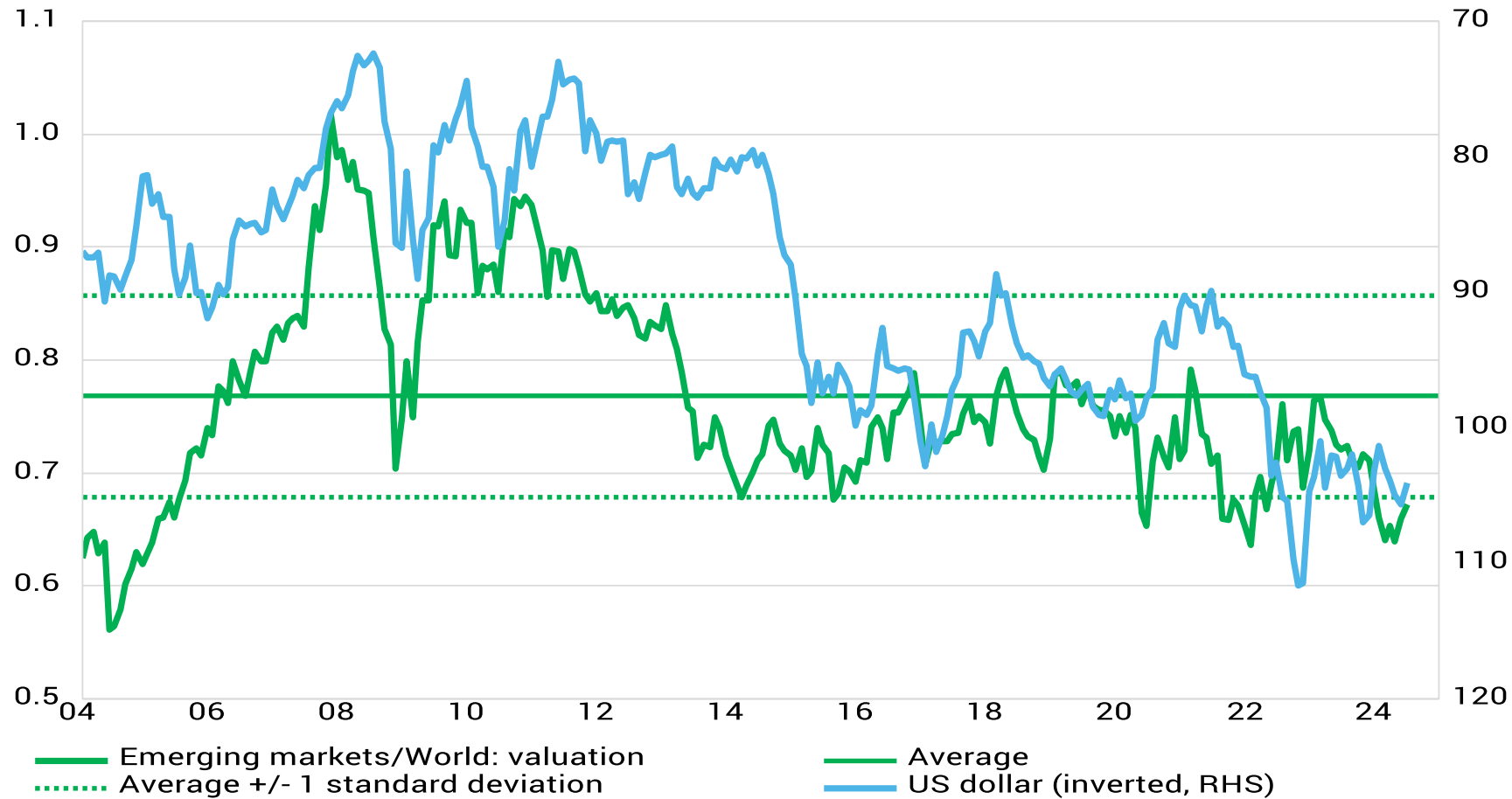


Source: LSEG Datastream, BCV



# The strong dollar is weighing on emerging markets

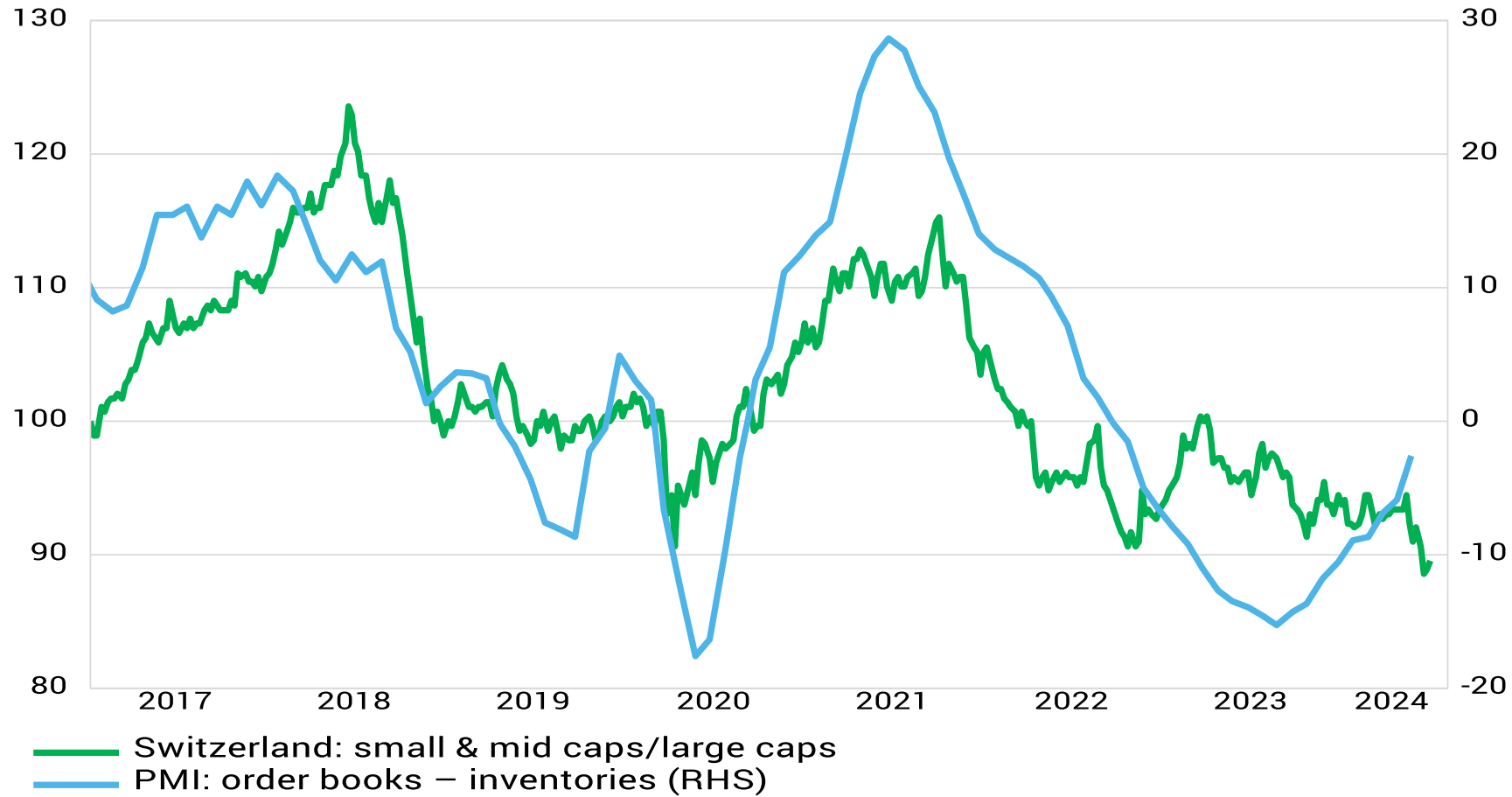
## 4. Equities, emerging markets



Source: LSEG Datastream, BCV

# Boosted by the macro cycle (and the SNB)

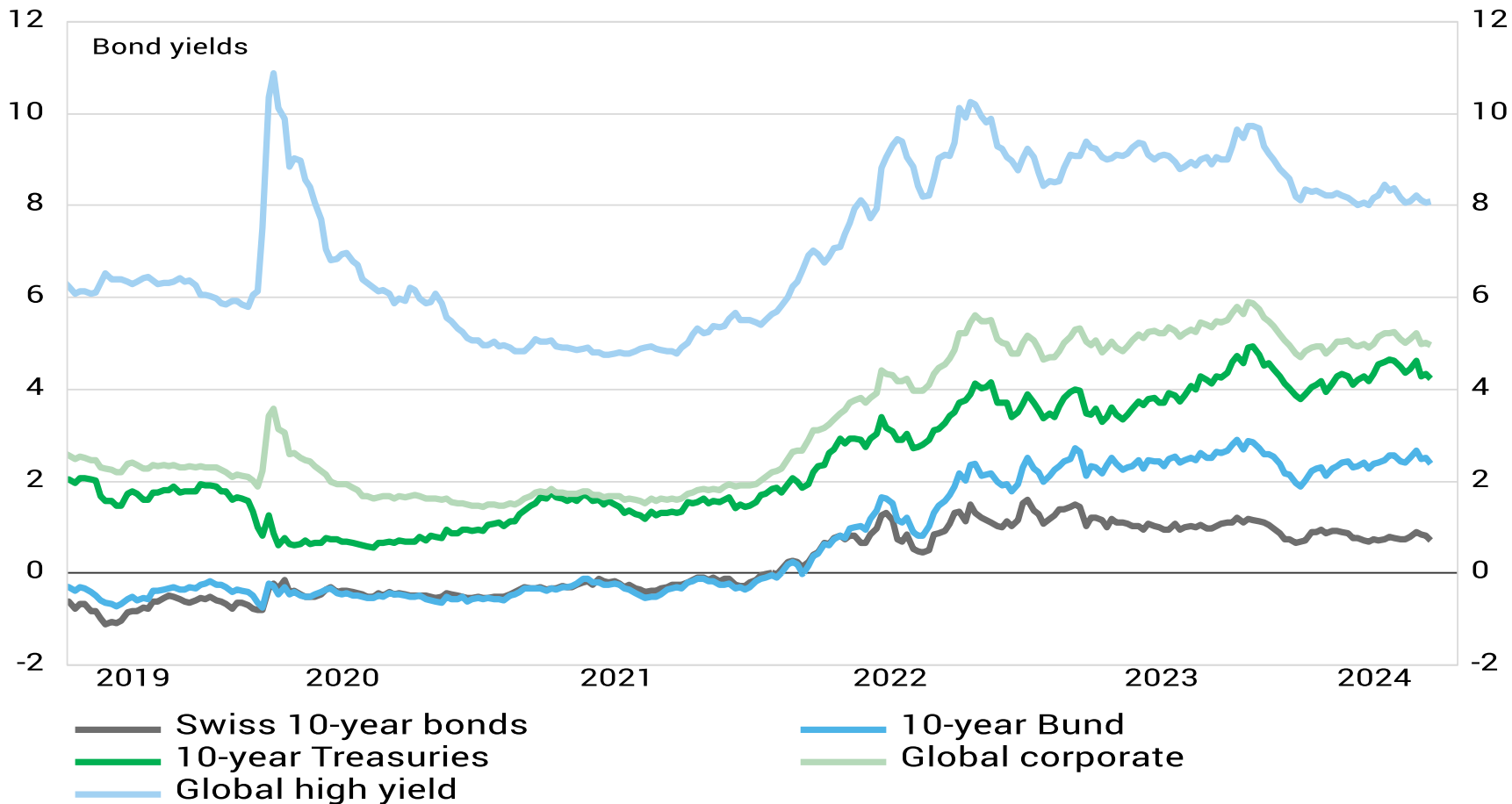
## 4. Equities, smaller Swiss companies



Source: LSEG Datastream, BCV

# Bright outlook in the second half

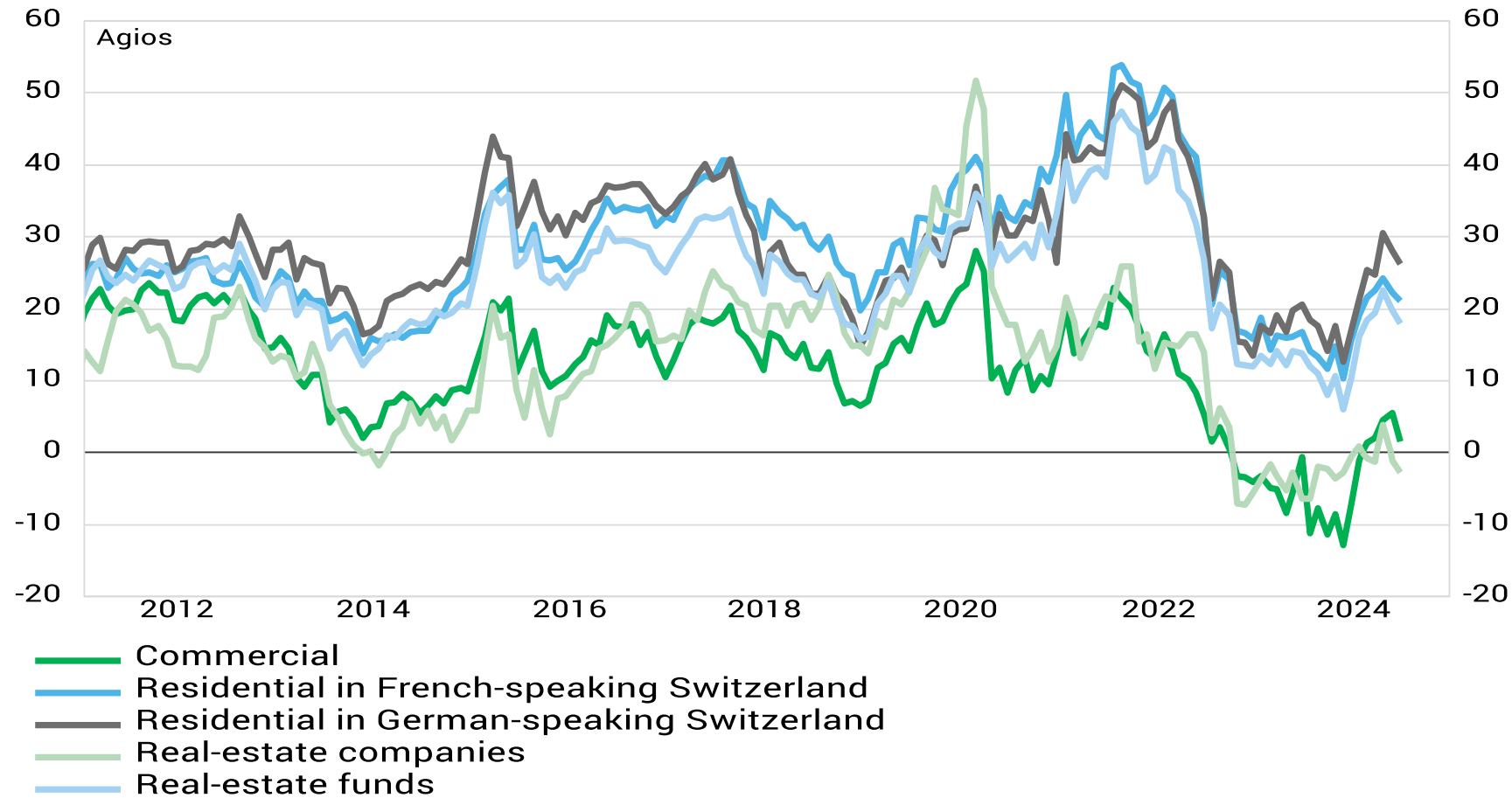
## 4. Bonds, global yields



Source: LSEG Datastream, BCV

# Prices flat despite low transaction volumes

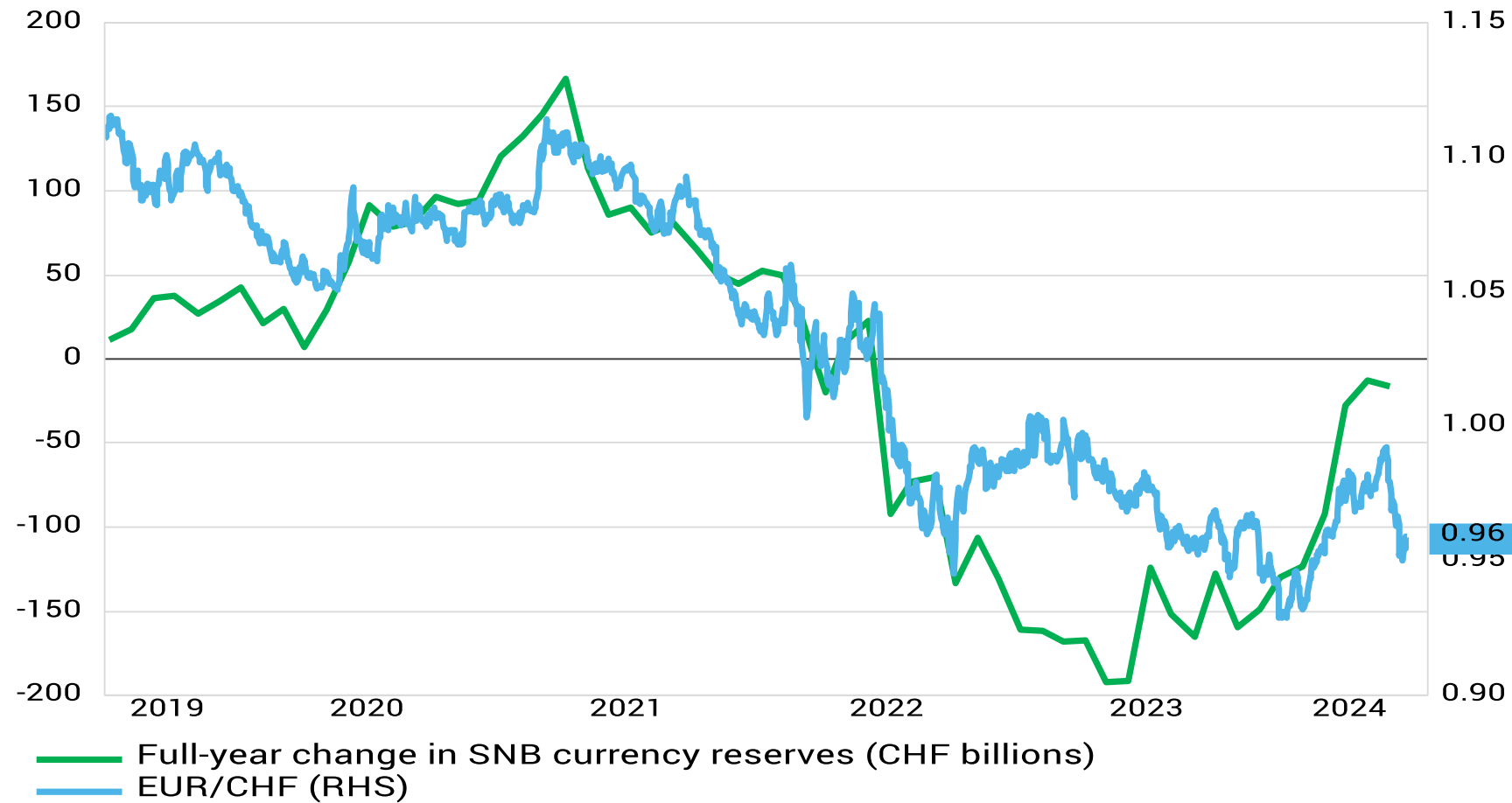
## 4. Indirect real estate



Source: LSEG Datastream, BCV

# Swiss franc heading back up, the euro heading back down

## 4. Currencies, euro



Source: LSEG Datastream, BCV

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# Questions & answers

## 5. Q&A



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