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# Investment opportunities for the new year

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**We are approaching investment year 2025 with a positive attitude and recommend overweighting US equities, smaller companies in the eurozone, Swiss dividend stocks, and innovative companies in the power and resources sector.**

In our annual outlook, Year Ahead: *"Roaring Twenties,"* we explained why we are approaching the new investment year with a positive attitude despite various (geo)political uncertainties. Numerous current aspects are reminiscent of the "Roaring Twenties" of the prior century, including the transformative technological upheavals that lead to high productivity and profit growth. Due to the expected market-friendly orientation of economic policy under the new US government, we consider US equities to be attractive given robust growth, lower Fed interest rates and the elevated importance of innovative companies with high exposure to artificial intelligence. We expect the S&P 500 to reach 6,600 by the end of 2025. Outside the US, we like equities from Asia excluding Japan, smaller companies in the eurozone, and Swiss dividend stocks.

We also expect gold to continue to gain in 2025. Lower interest rates, ongoing geopolitical risks and concerns about US government debt are likely to contribute to robust purchases by central banks as well as private and institutional investors. Even if the US dollar remains in high demand in the short term, we believe that the valuation of the greenback could now be excessive, and expect the dollar to be at 0.85 against the Swiss franc in a year.

We recommend that investors use phases of dollar strength to reduce exposure to the US currency through hedging or options. In addition, we advise expanding your universe of investments to include alternative asset classes such as private equity or infrastructure; these can further diversify an overall portfolio and allow new sources of income to be tapped. Consider replacing 20 to 40 percent of your exposure to public equities with private market vehicles, depending on how

much tolerance you have for investments with low liquidity. Regarding thematic equity investments, we like the technology sector or artificial intelligence, as well as the theme of *Power and resources*.

While the election of Donald Trump in the US seems to have put a damper on efforts to reduce carbon emissions for the time being, we believe that many countries as well as US states will continue to pursue decarbonization of the economy and society. This is a key driver for investments in renewable energy and innovative technologies, along with infrastructure for greater energy efficiency. At the same time, increasing demand for electricity in emerging markets offers significant growth opportunities for companies that are able to meet this demand. Finally, efforts contributing to the electrification of transportation as well as both the industry and infrastructure required to support artificial intelligence are increasing the need for reliable and sustainable energy sources. In view of these trends, we expect investment opportunities along the entire value chain of the power and resources sector to continue to increase, promising attractive returns in the long term.

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