



Capital preservation strategies can help manage downside risks in equities, while exposure to quality bonds and gold can help stabilize and diversify portfolios. (UBS)

The fundamentals remain favorable for stocks to rise further

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Investor sentiment took another hit on Thursday amid fresh tariff headlines and concerns over NVIDIA's near-term growth outlook.

US President Donald Trump said his proposed 25% tariffs on Mexican and Canadian goods will take effect on 4 March, alongside an extra 10% duty on Chinese imports on top of the 10% tariffs that went into effect early February. He added that fentanyl was still coming into the US from these countries "at very high and unacceptable levels."

Investors have had to contend with fast-moving headlines over the past few weeks and months—the Federal Reserve's signal of a slower pace of monetary easing, sticky inflation readings, the emergence of low-cost AI models like DeepSeek, weaker consumer confidence, and still-elevated geopolitical uncertainty in the Middle East and over the war in Ukraine.

Indeed, data points are showing that investor sentiment is poor. Earlier this week, the American Association of Individual Investors (AAII) reported that only 19% of respondents to their weekly survey are expecting stocks to be higher over the next six months. This is lower than 98% of all observations since the survey started in 1987.

More technical measures of investor sentiment, such as the put-call ratio, also suggest high levels of investor fear.

But while we have cautioned that volatility is likely to be higher this year due to policy uncertainty and trade frictions, we reiterate our view that the bull market is intact, and we expect US equities to end the year higher.

So, instead of retreating from the markets in the face of uncertainty, we believe hedges are worth considering for investors to navigate volatility ahead. Capital preservation strategies can help manage downside risks in equities, while exposure to quality bonds and gold can help stabilize and diversify portfolios.

Original report: [US equity bull market remains intact despite fragile sentiment, 28 February 2025](#).

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