



With yields high, CIO believes US Treasuries will offer portfolio diversification benefits and should perform well in the event of a slowdown in US growth. (UBS)

CIO believes recent volatility has created select attractive opportunities

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The latest signals from the Trump administration underscore that market volatility is likely to persist until there is greater clarity on the direction of tariff policy.

Against this backdrop, CIO recommends the following strategies:

Look through volatility. For investors who were under-invested going into the sell-off or are willing to take on near-term risk for likely long-term reward.

- **Phase into stocks.** While volatility will likely persist, we view US equities as Attractive, with a year-end S&P 500 target of 5,800. Phasing into the market can be an effective way to position for medium- and longer-term upside while managing timing risks. Capital preservation strategies can be another way to manage near-term downside risks.
- **Transformational Innovation Opportunities (TRIOs).** We continue to see strong long-term potential in our TRIOs —*Artificial intelligence, Longevity, and Power and resources*. While companies exposed to each of these ideas have been caught up in near-term derisking, we expect structural trends to be the biggest drivers over the long term, and the recent sell-off provides a potential opportunity for investors to build structural exposure.

Manage volatility. For investors concerned about the near-term risks and looking to hedge portfolios against potential further downside.

- **Gold.** Gold has continued to serve as an effective hedge amid ongoing trade uncertainty. Despite a retreat from consecutive all-time highs, the precious metal has gained 24% since the start of the year. And we see further upside potential, with our base case targeting USD 3,500 per ounce by year-end versus USD 3,334/oz at the time of writing. We continue to see support from investment demand, ongoing central bank diversification, and a volatile macro backdrop.
- **Seek durable income.** Recent developments have added a political risk premium to US Treasuries, reflected in a higher yield. However, we expect this to be a step change rather than an ongoing process. With yields now high, we believe US Treasuries will offer portfolio diversification benefits and should perform well in the event of a slowdown in US growth.

Take advantage of volatility. For investors unsure about the near term but looking to utilize high levels of volatility to earn additional portfolio income.

- **Seek sell-off opportunities.** We believe recent volatility has created select attractive opportunities at a single-stock and individual-market level, with various companies with good longer-term prospects now trading at more attractive valuations. In the US, we highlight 20 US companies across a range of sectors that are higher quality, have solid business models, and offer, in our view, good longer-term value (see “Sell-off opportunities – Global,” published on 17 April). In Europe, our “Six ways to invest in Europe” list focuses on defensive champions that can benefit from increased market volatility, as well as from likely higher European defense spending and fiscal stimulus.

Original report: [Markets regain confidence in Trump put, 24 April 2025.](#)

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