# INVESTMENT-THESES

2024

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DCP CLIENT PARTNER

## INVESTMENT-THESES FOR 2024

Our theses serve investment discipline and increased transparency about what portfolio managers are saying.

### Overall equity markets

In a soft landing scenario, we see the global equity markets rising by 5-10%. While Europe and the US have similar potential, the defensive SMI has the most catch-up potential and should therefore perform best in relative terms.

After a renewed valuation expansion in 2023, equities are more likely to benefit from their potential earnings growth of around 10% in 2024.

This earnings growth will be supported by solid economic development, which will be driven primarily by continued expansionary fiscal policy and a robust labor market. In addition, the implementation of artificial intelligence should help companies to increase their margins.

However, the decline in liquidity due to the tightening of monetary policy and the declining support for consumers could periodically call the soft landing into question. In addition to the US elections, other geopolitical events could increase the volatility of equities.

For this reason, we expect larger corrections in the interim, even in the event of a soft landing. The increased volatility will benefit our equity strategy with option overlay in particular. This will also enable us to generate an attractive income component in 2024, which will help us in more turbulent times. Otherwise, we will counter the risks of 2024 with a diversified approach.

### Sectors equity markets

In general, we continue to see potential in technology stocks and companies that benefit from the use of artificial intelligence, although the market drivers from 2023 ("Magnificent 7") should perform weaker in relative terms.

Due to falling interest rates, dividend stocks could offer opportunities again, espeacially on a relative basis. Defensive sectors such as healthcare (pharma & medtech), consumer staples, telcos and utilities offer upside potential from a valuation perspective.

### Bonds

The historic cycle of interest rate hikes has come to an end. A weakening economy will lead to lower interest rates/yields. We see the yield on 10-year US government bonds at 3.5% at the end of 2024, that of German bonds at 1.8% and that of 10-year Swiss bonds at 0.5%.

We consider the valuations of hybrid bonds from high quality issuers to remain favorable after a positive year in 2023.

At just under 7% in EUR and over 5% in CHF, the yields on hybrid corporate bonds are still very attractive in historical terms.

### Commodities

We expect the price of gold to reach USD 2,200 per ounce at the end of 2024, driven by a loosening monetary policy and geopolitical uncertainties.

For oil (WTI), we expect a range of USD 65 to 80.

### Currencies

In the CHF, EUR and USD currency basket, we expect the CHF to be the strongest and the EUR the weakest currency in the medium term. In the short term, we consider the USD to be oversold and expect it to appreciate against the CHF as well.