

# Investments - Flash



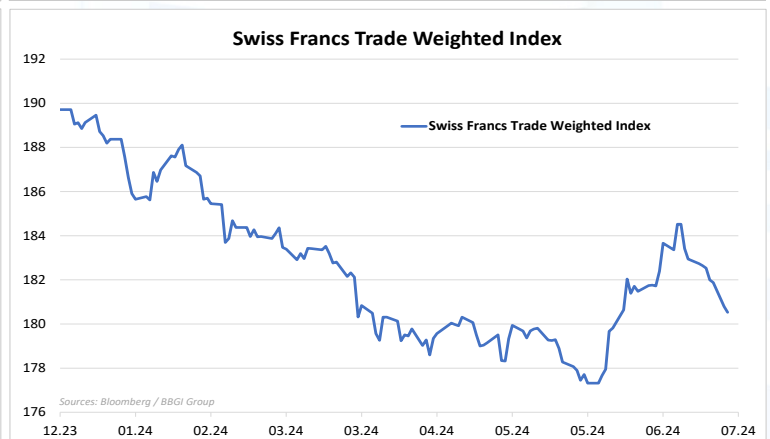
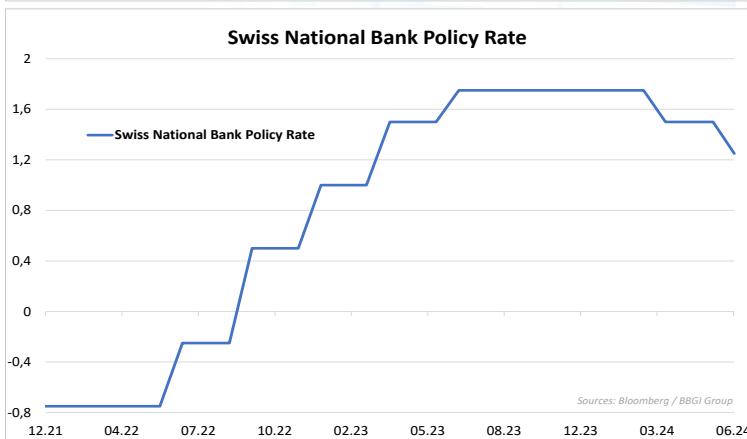
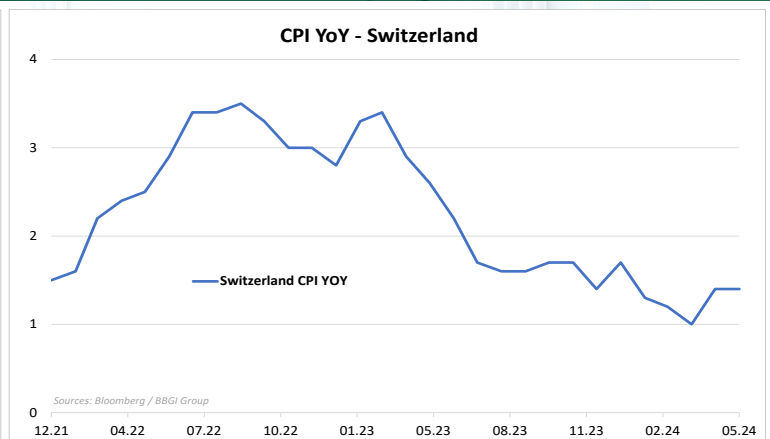
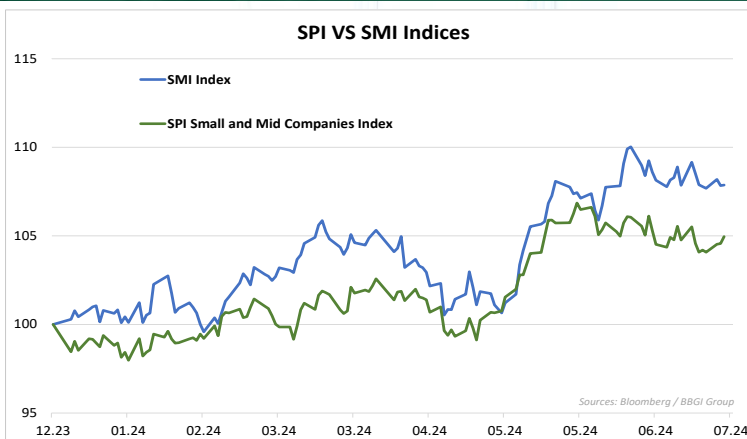
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## SWISS EQUITIES TO CATCH UP IN THE 2ND HALF OF 2024

More favorable conditions for small and medium-sized businesses

Following the SNB's second key rate cut in June, we expect it to cut rates again in September, from 1.25% to 1%, in view of inflation trends well below its 2% target. The SNB is aiming for a neutral, non-expansionary monetary policy, which should be characterized by real interest rates of 0%. It no longer wishes the franc to be strong, and will implement a policy of gradual and limited weakening. As far as Swiss equities are concerned, lower rates and a new phase of franc weakness should be positive elements enabling them to emerge from their period of underperformance in local currency against the main developed markets. The Swiss market has interesting relative qualities, although its exposure to current growth themes such as AI is limited. But the majority of Swiss companies' revenues are generated abroad, and in the absence of hedging, a fall in the franc will enable them to record higher profits in Swiss

francs. Within the equity market, the small & mid cap segment had particularly underperformed the blue chips during the period of franc strength and uncertainty about global economic dynamics. The SPI Small & Mid cap is up just +4.7% to date, and is clearly underperforming the SMI index, up +11.5% since the start of the year. A second half of the year characterized by a potential recovery in growth and a weak franc should therefore be favorable for Swiss stocks in general, and for these more cyclical stocks in particular, which will also benefit from the trend in interest rates. This is therefore probably a good time to favor Swiss stocks with solid balance sheets and superior earnings growth rates, in order to participate in their expected outperformance in the second half of the year.



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