

Investments - Flash



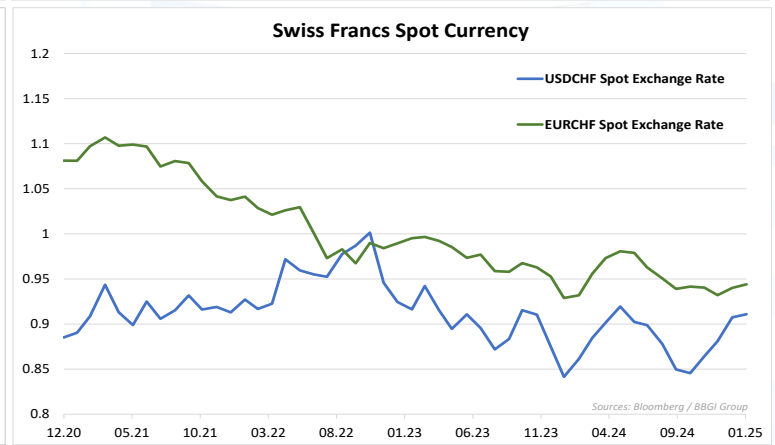
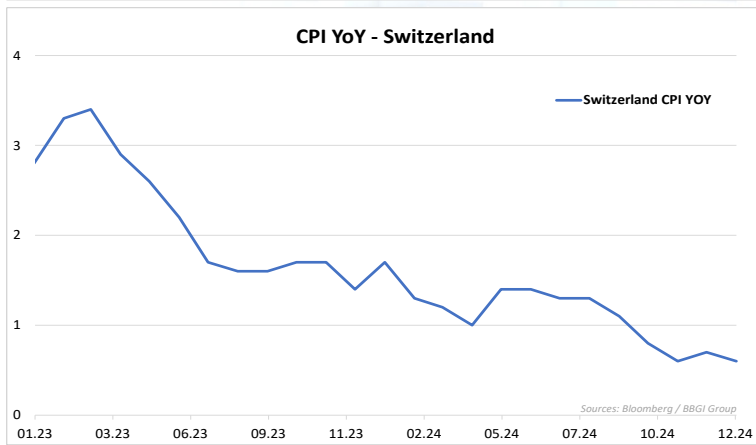
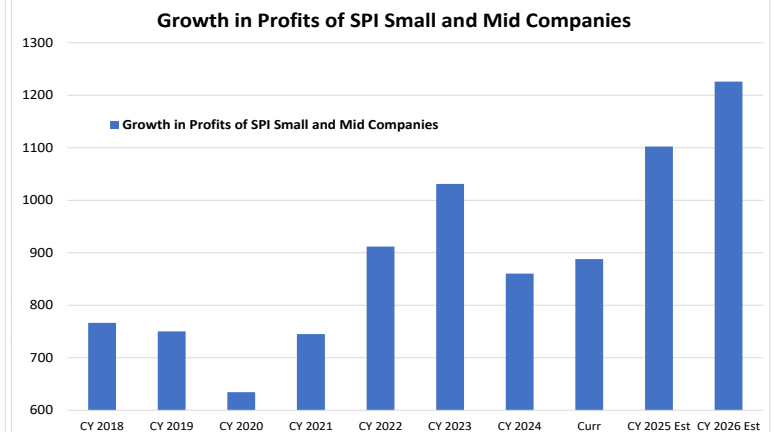
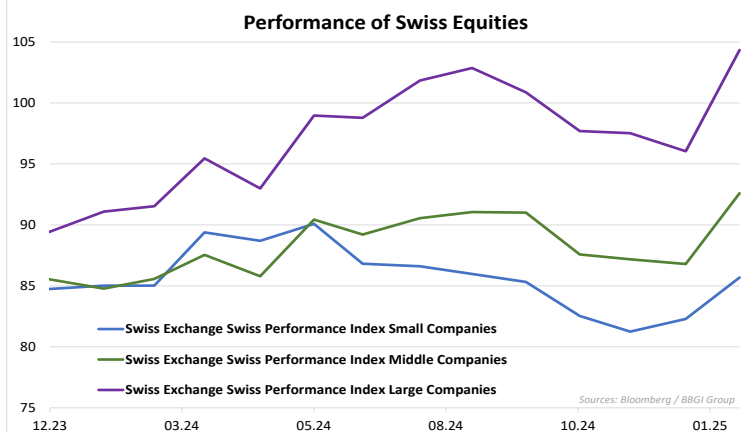
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POSITIVE OUTLOOK FOR SWISS SECONDARY STOCKS

Three factors are now combined for outperformance

The domestic context of low interest rates, inflation under control, a declining exchange rate at last, and expected earnings growth of +19%, is generally favorable to a rise in Swiss small caps in 2025. They will benefit from this environment to a greater extent than in 2024, not least because of the change in sentiment that will gradually take hold as the influence of the "trifecta" factors increases. Internationally, the valuation of Swiss small caps has improved, and expected earnings growth is now very attractive. We believe that the interest-rate, currency and earnings factors should finally change the perception of investment opportunities in the Swiss market for small and mid-caps. These positive factors should help to revive interest in this market segment in 2025, enabling it to emerge from its period of underperformance against the main markets and the Swiss blue chips. After having

underperformed the SPI by -14.3% since December 31, 2023, the small and mid-cap segment is better positioned in 2025 to record a phase of outperformance. The strength of the franc has logically penalized small companies whose production is not relocated, and whose margins come under attack when the franc appreciates. The current reversal of the trend should clearly do more to bolster the performance of these stocks. This is undoubtedly a good time to focus on these stocks, as the combination of profit growth, interest rates and a weak franc is more likely to strengthen. The outlook for blue-chip stocks is reduced after their recent rise, but is generally better for secondary stocks in the context of 2025.



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