
# Reichmuth Dividendenselektion Schweiz - P

H2 2024

**YTD +9.8%**

## Declining Swiss Policy Rates

The persistently challenging economic environment in Europe has also impacted the Swiss economy. Nevertheless, a recessionary scenario is not expected in Switzerland. According to the Swiss Economic Institute KOF, GDP is projected to grow by 1.4% in 2025, following a 0.9% increase in 2024. Inflation has decreased more sharply than anticipated in recent months and is now below 1% in Switzerland. This, combined with the strong appreciation pressure on the Swiss franc, led the SNB in December to lower its policy rate by an additional 50 basis points to just 0.5%.

## A Challenging Second Half

The Swiss equity market saw a pleasing rise in the first half of the year. However, in the second half, particularly after Trump's election, stock prices in Europe and Switzerland came under pressure. Despite this, Switzerland is less likely to be significantly impacted by protectionist measures, thanks to its nearly balanced trade relationship with the U.S. Over the full year, the Swiss equity market SPI gained 6.2%. Our selection achieved an even more increase of 9.8%.

## Financial Companies Gained Ground

The top-performing stock in our portfolio was Accelleron, with a gain of over 80%. The company is the global leader in turbochargers for the maritime industry, developing, manufacturing, and servicing these systems worldwide to improve fuel efficiency and reduce emissions. We are also impressed by its shareholder-friendly dividend policy. However, after the sharp price increase, much of the positive outlook is now priced in, prompting us to slightly reduce the position size. Financial and insurance companies, such as Helvetia, Swiss Re, and Julius Baer, also performed well. Julius Baer, in particular, impressed with strong net new money growth and substantial investments in digitalization and efficiency improvements. Its 4.7% dividend yield is attractive and further enhanced by share buybacks.

## Nestlé Faces a Weak Year

On the negative side, Nestlé saw its share price decline by more than 20% over the year. However, we consider its adjusted medium-term targets to be highly achievable, and the valuation discount relative to its peers has become substantial. The investment case is further supported by an attractive dividend yield exceeding 4%. Notably, since the introduction of its registered share in 1959, the company has never reduced its dividend and has increased it for 29 consecutive years.


*(selected Performance in 2024)*

## Attractive Swiss Dividend Stocks

Given the increased likelihood of a return to negative interest rates in Switzerland, carefully selected Swiss dividend stocks with solid balance sheets, promising business models, and stable dividends remain attractive for income-oriented investors in 2025.

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