



CIO thinks investors still need a core allocation to US large caps as the first building block of their portfolio. (UBS)

# Add to the building blocks of your portfolio

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## **Recent gains in leading US growth and tech stocks have led some investors to ask if its time to take some profit.**

Despite these big, and concentrated, gains, we think investors still need a core allocation to US large-caps as the first building block of their portfolio. At the same time, that shouldn't come at the cost of other key portfolio building blocks.

Many leading companies in sectors including semiconductors, pharmaceuticals, consumer goods, and renewable energy count Europe or Asia Pacific as their home, not the US. Ensuring your portfolio doesn't miss out on these potential growth engines means that diversified exposure to stocks around the world should be your second building block, in our view.

Quality bonds remain a third key building block. In all but three of the past 98 years, bonds have delivered positive performance in years when equities fell, a relationship we think will continue.

The fourth building block is exposure to alternative assets. Alternatives do come with inherent risks, like illiquidity and long lock-up periods. But alternatives also provide access to investments that can't be found in public markets. Today, for example, private-equity-backed companies outnumber publicly listed firms by three to one.

*Takeaway: We believe it's important to think about the global outlook in terms of scenarios, and that investors need exposure to all four portfolio building blocks to position effectively for a range of different outcomes.*

For more, see the [Weekly Global: A strong showing does not derail the case for technology stocks](#), 26 February, 2024.



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