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# New Year's resolutions for your portfolio

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**We would like to thank you for your interest and trust and to help you make the coming investment year at least as successful as the current one with a few simple New Year's resolutions for your investment portfolio.**

The current investment year 2024 marks the middle of this decade, which we have called the “Roaring Twenties” in our annual publication *Year Ahead 2025*.

The upcoming end of the year is an opportunity to pause, reflect on the past, and look ahead to the coming months. After all, a new year brings fresh momentum, new opportunities, and the chance to reshape your life—and your finances—with a few resolutions.

Like a Swiss watch, your financial goals also need precision and good coordination. To ensure that 2025 is not only a year of opportunities, but also a year of smart decisions, we have put together a number of New Year's resolutions for your investment portfolio, which I briefly outline below:

## **1. Put cash to work**

With falling interest rates, cash yields are likely to decline further, forcing investors to find alternative sources of income. By reallocating excess cash into high-quality fixed income investments, investors can secure attractive returns and reduce portfolio volatility. Investments in equity income strategies offer a more sustainable source of returns and increase the likelihood of outperforming inflation in the long term.

## **2. Strengthen core investments**

A well-structured core portfolio can provide investors with security and allow them to focus on other interests. A high degree of diversification across asset classes, regions, and sectors is particularly important.

### 3. Diversify with alternative investments

The diversification of an overall portfolio can be further improved with investments in private markets, such as private equity and infrastructure. Hedge funds can also serve as a diversifier or substitute for other assets. However, investors must be able to accept risks such as illiquidity and additional complexity.

### 4. Optimize leverage

Proactive and strategic borrowing can also improve an investor's financial plan, especially when returns are falling. A flexible line of credit can provide immediate access to funds without having to sell assets. Borrowing against existing assets can help smooth portfolio fluctuations and manage currency risks.

### 5. Be active!

Make sure you keep your exposures to passive and active strategies balanced. Passive investing can be a cost-effective way to cover broad markets, but it is not necessarily suitable for less significant or illiquid markets. In bond investments, active management can be a convenient solution and improve risk management.

With these last "Thoughts of the Week" of 2024, we say goodbye to you and thank you very much for your interest in our weekly assessments and investment recommendations. I wish you a relaxing holiday season with your loved ones and look forward to giving you a few thoughts and investment ideas for the new year every week from 13 January.

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