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Trump or Harris? The United States wins!

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The world is waiting for the outcome of the American elections. According to betting agencies, the matter is clear: Former President Donald Trump has already won.

THE BILLIONAIRES SHOW THE WAY

However, things are not so simple, and it would be premature to take a definitive position at this stage—even though it is quite striking to see that a number of American billionaires have been aligning themselves with Trump for some time. They wouldn't be in this position if they hadn't learned to bet on winners every time...

Moreover, the question arises as to when the result will be known. Will it take hours, days, or weeks? We will know more soon.

NO SWAN SONG FOR AMERICA

What is certain is that, regardless of the election outcome, the United States will win. It is not uncommon these days to hear the swan song of America. But now is not the time. The growth prospects in the United States are simply better than in the rest of the world.

This truth is also reflected in our model portfolio, which, for obvious reasons, contains a higher-than-average number of Swiss stocks, as well as numerous American stocks. The recent adjustments we have made also highlight our faith in America, the American economy, and American companies. Moody's, Abbott, and Parker-Hannifin are now part of our portfolio.

BETTING ON AI WITH MOODY'S

Moody's has established itself as one of the two leading rating agencies in the world, with high barriers to entry and a reputation for reliability, ensuring constant demand and market share in the rating sector. The rating agency generates strong cash flows through its diversified business model, with the Moody's Analytics (MA) segment providing a stable source of recurring revenue that offsets the cyclical nature of the rating business.

The company continues to invest in innovative data and analytics tools, such as the AI-based Research Assistant, to enhance its product offerings and increase value for clients across various sectors, supporting long-term revenue growth.

However, it should be noted as a risk factor that Moody's faces revenue fluctuations due to changes in credit issuance and challenges in implementing its ambitious growth plans in the analytics segment, as well as ongoing regulatory scrutiny in its core credit rating business.

ABBOTT IS THE FIRST CHOICE IN THE HEALTHCARE SECTOR

Abbott's diversified business model, with strong segments such as medical technology, nutrition, and diagnostics, allows the company to maintain high single-digit organic growth while cushioning potential headwinds in certain areas. Abbott's growth is driven by key products such as the FreeStyle Libre blood glucose monitor and the MitraClip device, with the recent launch of Libre 3 strengthening its market leadership in diabetes management.

Abbott generates solid free cash flow, which allows for stable dividend returns and a balanced capital allocation for R&D, mergers and acquisitions, and share buybacks, providing a solid foundation for long-term shareholder value.

It is important to keep in mind that Abbott faces potential legal liabilities arising from ongoing litigation related to its pediatric nutrition segment. The pressure from competition in key markets should not be underestimated, as it could hinder growth.

PARKER-HANNIFIN BENEFITS FROM MEGA PROJECTS

With its extensive network of industrial distributors and a broad product portfolio, Parker-Hannifin is uniquely positioned to benefit from the growth of American mega projects—major investments in infrastructure and the industrial sector. The company's diversified portfolio, with a strong focus on long-cycle markets such as aerospace (over 30% of sales), ensures stability and reduces reliance on more cyclical industrial sectors.

Parker-Hannifin boasts superior cash flow performance compared to its industrial peers, with a free cash flow-to-revenue ratio of around 15%, supporting ongoing investments in measures and growth initiatives. Key risks include slower-than-expected progress on American mega projects and a decline in industrial demand that could hinder revenue growth. Additionally, fluctuations in raw material costs should not be underestimated, as they could impact the company's margins and profitability.

George Alevrofas
CIO

George Alevrofas has been dedicated to serving private and institutional clients for over 20 years. Initially working with one of the largest pension funds in Switzerland and a subsidiary of Credit Suisse Group, he has been with VT Wealth Management since 2017. For him, the synergy between traditional, modern, and digital management, closeness to the client, the quality of investments, and risk diversification are central elements of successful wealth management.

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VT Wealth Management AG, Zurich, is led by Sacha Fedier (CEO & owner), employs over 35 people, and combines the best of both worlds: the relevant values of classic private banking with the use of the most modern methods and tools. VT thus represents vision and tradition. The clients' portfolios reflect a holistic approach to investment strategy as well as skilful diversification.