

Navigating equities in the last mile of inflation

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SEMINARRAUM 3

English

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As the world enters 2024 navigating the complexities of geopolitical tensions and economic uncertainties, monetary policy continues to dominate sentiment and drive equity market performance. Despite inflation rates decelerating across the globe and falling faster than policymakers expected, the resilience of the global economy in 2023 led central banks to take their time moving toward easing monetary policy. However, cuts are now on the horizon and equity markets are shrugging their shoulders at earnings and appear ready to rally on declining yields.

Having said that, the timing of such cuts are still up in the air and markets may be overextending themselves, predicting 5 or 6 cuts to the 3 predicted by the Fed itself. Investors should, therefore, continue to diversify their approach and take a balanced approach between valuation and earnings risk. Dividend-growing, High-Quality stocks have weathered complicated markets very well before and can continue to do so going forward thanks to their “all-weatherness”:

High-quality companies are known for their historical stability and resilience, helping build wealth over the long term whilst being defensive during economic downturns.

High-Quality companies have outperformed in the long term

Quality acts defensively thanks to investors' tendency to “fly to Quality” in uncertain time

Well-chosen profitable companies can provide dividend return and dividend growth

Pierre Debru

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Pierre heads the Quantitative Research & Multi Asset Solutions team in Europe for WisdomTree. Pierre joined the WisdomTree Research team in 2019 as a Director. Pierre focuses on cross-asset quantitative research, client portfolio solutions and Short and Leverage Investments. Prior to joining the company, Pierre worked in Investment Research for DWS and the XTrackers range for more than five years. During this period, he focused on Smart Beta Investments, Model Portfolio Construction and Thought Leadership. Pierre has more than 17 years' experience in investments and structured asset management. He graduated from Ecole Central Paris and obtained a Master of Science in Mathematics applied to Finance.