



THRIVING AMID TRUMPONOMICS 2.0 AND INNOVATION

Market Outlook &
Investor Trends 2025

SUMMARY

MARKET OUTLOOK 2025

Ready for 2025? Dive into expert insights on key trends, risks, and opportunities that could shape your portfolio this year.

TOP THEMES AND IDEAS

Discover the top investment themes and ideas to keep your portfolio ahead of the curve.

SYFE INVESTOR TRENDS

Discover Syfe's journey over the past year and how our investors are aligning their investments with current market opportunities.



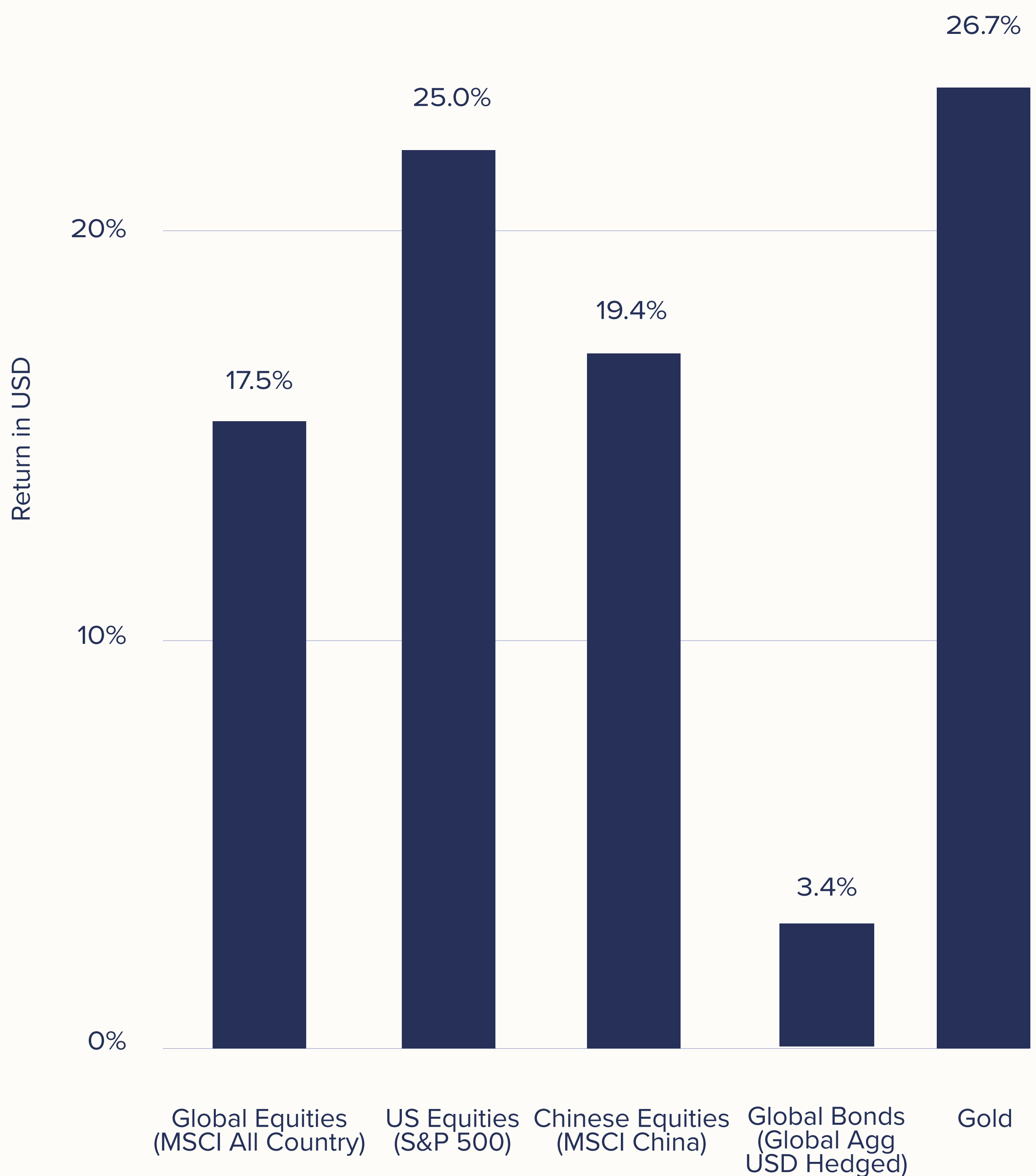
PART ONE

MARKET OUTLOOK *2025*



SCORECARD IN 2024

In 2024, resilient US economic growth, easing inflation, and Fed rate cuts drove exceptional returns across global equities (+18%) and gold (+27%). Bitcoin benefited from a more favorable regulatory environment, delivering +123%.



FOUR TRENDS TO DEFINE 2025

1. TRUMPONOMICS 2.0

Trade policies and tariffs could reduce 2025 US GDP growth by -0.6% and global growth by -0.3%. Immigration restrictions may shrink the labour force, while tax cuts stimulate economic activity.

IMPLICATIONS

Trump's policies bring both risks and opportunities, increasing economic uncertainty and potentially driving volatile market sentiments throughout 2025.

2. FED ACTIONS

The Fed is expected to maintain cautious rate cuts in 2025, responding flexibly to tariff-induced inflation and economic changes.

IMPLICATIONS

The bar for the Fed to hike rates again is very high, with the "Fed put" ready to address economic slowdowns and market volatility.

3. CHINA'S STRATEGY

A photograph of the Shanghai skyline at dusk, featuring the Oriental Pearl Tower and other skyscrapers against a blue sky.

China tackles structural issues and tariffs with proactive fiscal and monetary measures to stabilise growth.

IMPLICATIONS

While challenges remain, policymakers' proactive stance and readiness for decisive action could help mitigate the headwinds and lay a foundation for stabilisation.

4. AI EVOLUTION

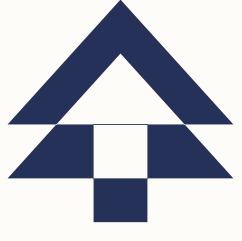
An abstract background with dark blue and grey geometric shapes, possibly representing a modern architectural structure or a data visualization.

Strong capital expenditure supports economic transformation.

IMPLICATIONS

AI, a transformative megatrend, drives global growth through innovation. Investors should remain invested in global equities, despite potential trade-related volatility.

A SNAPSHOT OF GLOBAL MACROECONOMICS DRIVERS IN 2025



GROWTH

Economic growth remains resilient, driven by strong US performance, though trade wars pose potential risks.



INFLATION

Inflation continues to moderate, but Trump's policies can drive up short-term inflation in the US.



CENTRAL BANKS

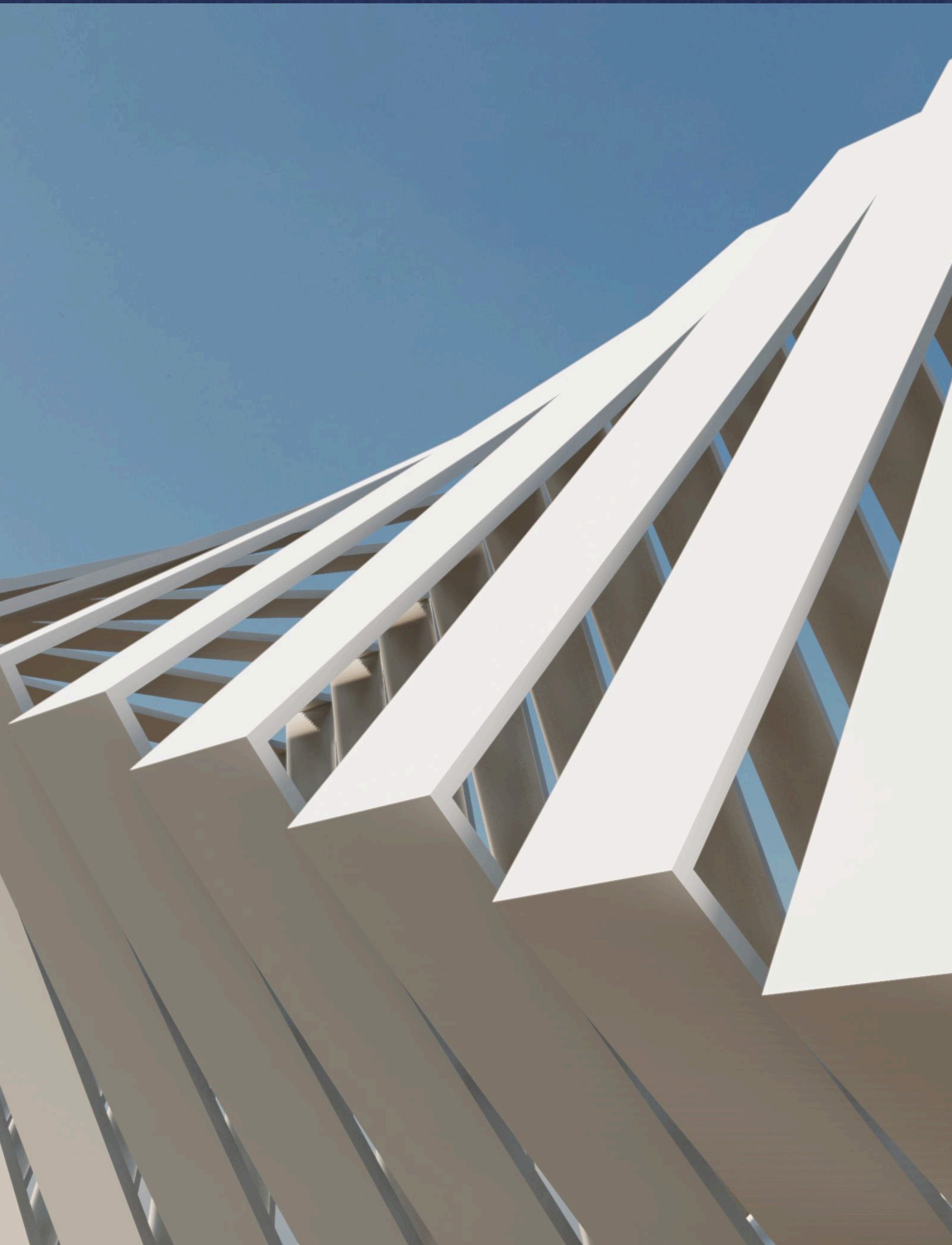
Developed market central banks continue easing, with the Fed likely easing at a slower pace than others.

Key Risks

- ▶ **US-CHINA TRADE WAR ESCALATES TO FINANCIAL WARS**
weaponizing financial systems and creating significant global impacts.
- ▶ **US GOVERNMENT FISCAL MISSTEPS**
could lead to significant economic challenges, including rising borrowing costs and weakened growth.
- ▶ **HIGH US EQUITY VALUATIONS**
especially in tech, risk corrections if earnings disappoint or AI investment slows. Concentrated positioning can amplify the sell-offs.

PART TWO

KEY THEMES AND IDEAS





OUR TOP THEMES FOR 2025

TRUMP POLICY BENEFICIARIES

Focus on Industrials, Financials, and Small Caps.

CHINESE EQUITIES

Present opportunities as a contrarian tactical play.

CORPORATE BONDS

Returns supported by attractive bond yields.

DIVERSIFICATION STRATEGIES

Add gold and derivatives to enhance portfolio resilience.

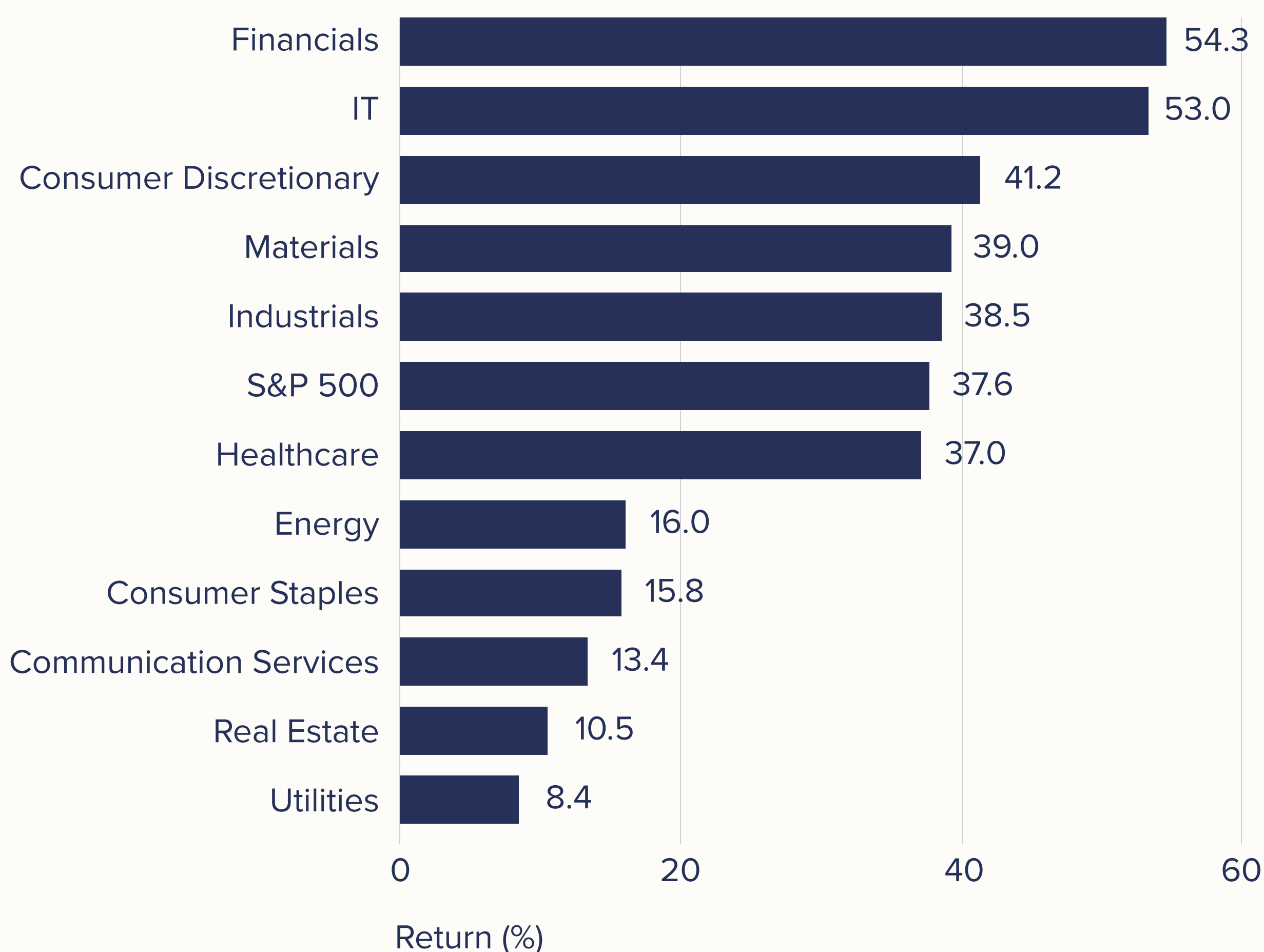
PRIVATE ASSETS

Explore opportunities beyond public markets.

POSITION FOR TRUMP POLICY BENEFICIARIES

FINANCIALS AND INDUSTRIALS LED IN TRUMP 1.0

Post Election Rally in 2016 (08.11.2016-26.01.2018)

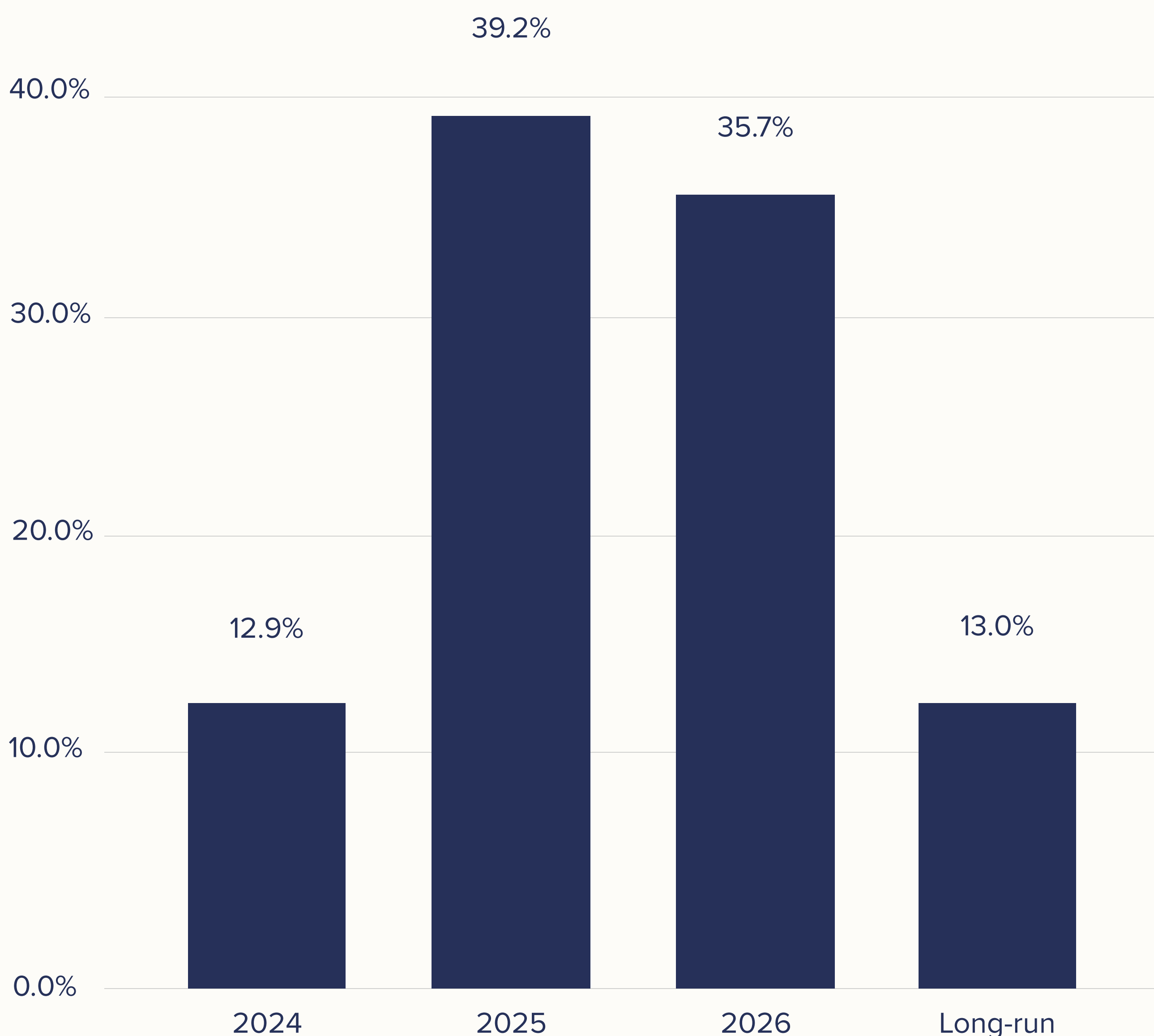


Source: LSEG data stream, Deutsche Bank

- ▶ Many of Trump's second-term policies mirror those from his first term, creating familiar opportunities for certain sectors.
- ▶ Financials could benefit from deregulation.
- ▶ Industrials gain from supply chain reshoring to the US.

THE RUSSELL 2000 IS EXPECTED TO DELIVER **STRONG EARNINGS** IN YEARS AHEAD

Consensus estimate for year-on-year EPS growth



Source: Factset, as of November 2024

- ▶ US small caps could benefit from both the Fed's lower rate policy and Trump's policies.
- ▶ Analysts anticipate robust earnings growth in 2025 and 2026.

THEME 2

CHINESE EQUITIES CAN BE A CONTRARIAN TACTICAL PLAY

CHINESE EQUITIES ARE TRADING AT **50% DISCOUNT** TO US EQUITIES

Forward P/E of MSCI China vs MSCI US



Source: Factset, Invesco, as of October 2024

- ▶ Valuation discounts for Chinese firms may reflect excessive pessimism.
- ▶ Policy measures likely to stabilise economy and markets.
- ▶ Key sectors leverage supply chain shifts and robust demand.

“

And, you know, many people in the investment community describe China as uninvestable. To me, that word is music to my ears. I've made my whole career buying assets that other people consider uninvestable.

Howard S. Marks

Co-chairman of Oaktree
Capital Management

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THEME 3

CORPORATE BONDS' RETURNS SUPPORTED BY ATTRACTIVE BOND YIELDS

HIGH STARTING YIELDS CAN OFFER ATTRACTIVE ENTRY POINTS

Bond yield (%)



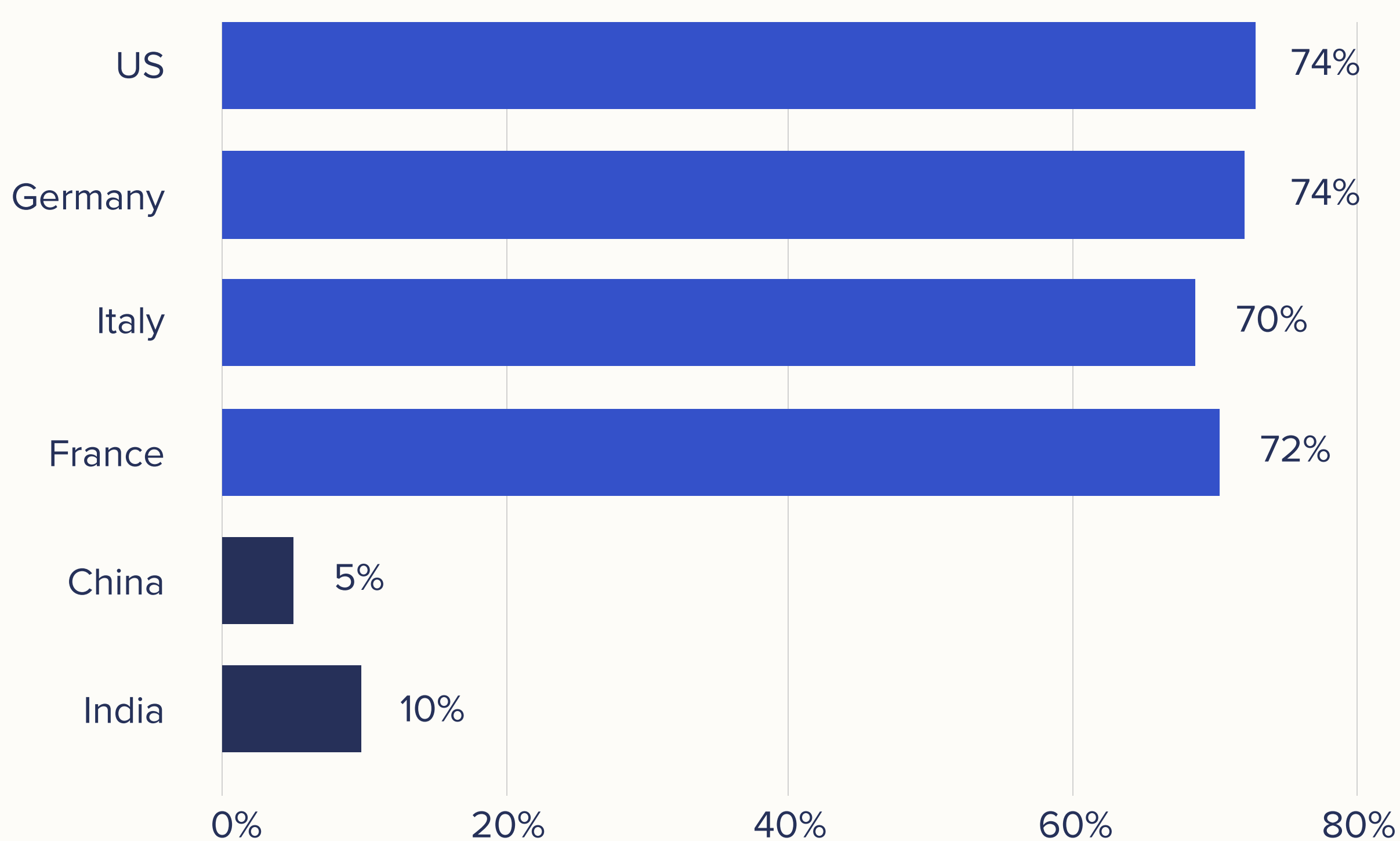
Source: Barclays. Data based on Bloomberg indices. As at 30 November 2024. Chart shows the yield spread in basis points between the Intermediate Baa component of the Baa US Corporate Index and the Intermediate A component of the A US Corporate Index.

- ▶ Corporate bond yields hit decade-highs, offering strong income opportunities in 2025.
- ▶ Fed and global central banks continue rate cuts, limiting US rate upside.
- ▶ Attractive total returns achievable through high yields in fixed income.

THEME 4

DIVERSIFICATION REMAINS KEY

EM CENTRAL BANKS SET TO INCREASE ALLOCATION IN GOLD



Gold as % FX Reserve

Source: Syfe, World Gold Council, Q3 2024

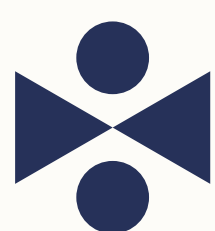
- ▶ Central banks, especially in EM, continue to drive gold's demand.
- ▶ Gold acts as a hedge against geopolitical risks and uncertainties in sovereign debt and deficits.
- ▶ In addition to gold, derivative-related investments and digital assets can provide enhanced diversification.

EXPLORE OPPORTUNITIES IN PRIVATE ASSETS



PRIVATE CREDIT

- ▶ Private credit, with its tailored solutions, addresses funding needs unmet by traditional bank loans.
 - ▶ Floating-rate structures adjust with interest rate changes, potentially benefiting from a higher-for-longer rate environment.
 - ▶ Resilient US growth underscores private credit's potential for attractive returns.
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PRIVATE EQUITY

- ▶ Private equity connects investors to structural trends like AI adoption and innovation.
- ▶ Invests in early-stage firms revolutionising growth across diverse sectors.
- ▶ Benefit from long-term sector evolution fueled by structural advancements in AI.

PART THREE

INVESTOR TRENDS IN SYFE



Built on trust, growing together



▶ We turned 5 in 2024!

▶ In August 2024, we raised

HKD\$210 million

in our latest funding round.

▶ We have acquired

250,000 users

who have shown their confidence in Syfe
across Asia Pacific

AVERAGE ASSET UNDER MANAGEMENT

INCREASED 2.5X

PER CUSTOMER (SINCE Q3 2023)

CASH MANAGEMENT

As the Fed cut interest rates, returns on cash instruments declined. However, our Cash+ solutions still stand out, offering superior returns, greater convenience, and zero strings attached.

	Cash+ Flexi	Cash+ Fixed	Time Deposit Account
Yields (p.a.)	4.5%* (USD)	3.8% - 3.9%^ (HKD)	2.8 - 3.4%
Term / Duration	No Lock In	1 / 3 / 6 months	3-12 months
Withdrawal	Any time	End of term	End of term
Minimum and maximum funds	Min: None Max: None	Min: None Max: None	Min and Max: Dependent on banks

Source: Syfe, banks' website or customer service hotlines.

*The yield presented here is estimated based on the weighted average of the Yield to Maturity of assets within Cash+ Flexi USD discretionary service. The latest yield, provided by asset managers, is as of 31st Dec 2024 14:30 HKT, and is subject to change based on market conditions such as interest rate changes. Yield is not a guarantee of future performance. A positive yield does not imply a positive return. Investments involve risks and Cash+ Flexi USD does not provide any guarantee or assurance of returns.

^Updated as of 21 January 2025. Time deposit account benchmarks are taken from 1, 3 and 6-month term rates offered by the top 5 Hong Kong banks (in terms of total assets), as of 3 October 2024. Cash+ Fixed HKD is an investment management service, and should not be taken as a collective investment scheme or a deposit or savings account. The optimised rates are not due to pooling of invested funds by Syfe, and Syfe is not offering Cash+ Fixed HKD as a fund, scheme, or portfolio with a pooling element. Until the investment starts, the return rate is subject to change. Cash+ Fixed HKD returns are fixed, subject to underlying bank risk. All Cash+ Fixed HKD returns are only available after maturity. Sources: Syfe, banks' website or customer service hotlines.

INVESTMENT AND ADVISORY TEAM



RITESH GANERIWAL
VP, Head of Investments
and Advisory



GRACE QU, CFA
Investment Strategist



ARCHIT PARAKH
Head of Investments HK



AMAN PUJARA
Quant Research &
Portfolio Construction



GABRIELA NATALIA
Quantitative Analyst



JASON ANG
Wealth Advisory Lead



KENNY WONG
Senior Wealth Advisor



MORTON LO
Investment Advisory Lead
(HK)



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