For marketing purposes.
For global / qualified / professional / accredited / institutional, wholesale investors & clients only. For the recipient's use only. Strictly no redistribution.

The Red Thread

Our semi-annual *lite* insights into alternatives

Edition September 2026

UBS

Markets look past the noise

The investment environment in 2026 continues to be shaped by geopolitical uncertainty, evolving inflation dynamics and the accelerating impact of artificial intelligence (AI). Renewed tensions in the Middle East have reintroduced inflation risks through higher energy prices, while AI-related spending is creating upward pressure on inflation in some sectors. As a result, central banks are expected to maintain restrictive policy settings for longer than previously anticipated.

Against this backdrop, global real estate investment activity softened, although signs of capital value recovery have emerged in markets where income fundamentals remain resilient. Switzerland continues to stand out, supported by low inflation, strong investor demand and resilient residential and commercial market fundamentals.

AI remains a dominant theme across private markets. In infrastructure, demand for data centers and power generation assets continues to rise as increasingly complex large language models require greater computing capacity, creating attractive investment opportunities.

Private equity is benefiting from stable portfolio company performance, healthy M&A activity and supportive valuations. However, higher interest rates continue to weigh on exit activity and AI disruption is also becoming an increasingly important consideration across sectors.

Within private credit, both direct lending and asset-based finance delivered constructive performance, while credit fundamentals remained broadly stable.

Hedge funds continue to benefit from elevated dispersion driven by uncertainty around inflation, interest rates and AI, creating opportunities across equity long/short, trading and event-driven strategies.

Overall, resilient market fundamentals and continued AI-driven investment continue to support alternatives markets, although geopolitical developments, inflation risks and higher-for-longer rates warrant continued selectivity.

Middle East tensions renew inflation risks for real estate
Despite the ceasefire agreements announced in June, renewed tensions in the Middle East led to the reclosure of the Strait of Hormuz in July and caused a jump in energy prices, with Brent crude rising above USD 100 again in the same month. The continued conflict has renewed uncertainty in the market and, if sustained, could put upward pressure on inflation through energy supply concerns and higher oil prices. The impact on real estate markets will depend on the duration of the conflict and its ultimate effect on energy markets and inflation.

Ceasefire offers relief, but core inflation pressures remain
In the wake of the ceasefire agreements in June, lower global oil prices helped push energy inflation down. In the US, CPI fell by 0.4% MoM in June, lowering its YoY reading from 4.2% to 3.5%. However, core CPI was flat after stripping out the volatility in energy prices stemming from developments in the Middle East. The latest readings show that US CPI increased by 0.1% MoM in July, slightly reversing the June decline, while the YoY reading dropped further to 3.4%. Furthermore, the strength of AI-related spending is contributing to upward pressure on inflation through rising prices in computer equipment and software. At the same time, the US labor market weakened in July, with non-farm employment falling by 23,000, cooling price pressures. The eurozone headline inflation flash estimate for July was 2.9%, a slight increase from 2.8% in June 2026 (and down from 3.2% in May 2026). Similarly, UK inflation fell to 2.6% in June, down from 2.8% in May.

US growth outlook improves, while rate expectations stay volatile
The 2026 US growth forecast from Oxford Economics has been raised by 0.2ppts to 2.3% as of July, after the 1Q26 GDP figure was revised upward by 0.5ppts to 2.1% on an annualized basis. According to the advance estimate, US GDP grew by 1.5% annualized in 2Q26. The Fed last cut rates by 25bps in December 2025 and has held them steady since, including at its July meeting. The outlook for US interest rates is volatile, with rates expected to remain unchanged or possibly increase by year-end.

ECB policy turns more hawkish as inflation pressures persist
The European Central Bank (ECB) hiked interest rates for the first time in three years in June. The increase of 25bps in its three key policy rates was widely expected and was driven by higher inflation pressures. The ECB followed up with another 25bps increase in September, reflecting ongoing tensions in the Middle East. Preliminary estimates show that eurozone GDP grew by 0.4% QoQ in 2Q26, driven by a rebound in Irish GDP. Excluding Ireland, eurozone growth held at 0.3% QoQ.

Global central banks diverge amid renewed inflation uncertainty
The Bank of England (BoE) last cut interest rates in December to 3.75%. Before the conflict, we expected further cuts, however, we now assume the BoE's Monetary Policy Committee (MPC) will keep the bank rate unchanged well into next year, or may even increase it, as inflation is expected to rise again due to the knock-on effects of higher energy prices. The Bank of Japan (BoJ) raised its policy rate from 0.75% to 1% in June, continuing its interest rate normalization despite uncertainty surrounding the Middle East. We continue to expect gradual subsequent hikes every six months toward a terminal rate of 1.5%. China's GDP growth slowed to 4.3% YoY in 2Q26 from 5.0% in 1Q26, resulting in 4.7% growth in 1H26, reaching the midpoint of the government target.

Investment volumes soften despite year-on-year improvement

According to data from MSCI, after accounting for seasonal effects, global real estate investment volumes slipped QoQ in 2Q26 in USD terms, following a quarter of flat investment volumes. Despite the ceasefire agreements later in the quarter, investors likely remained cautious amid ongoing uncertainty. However, global investment volumes were still up 18% YoY in USD terms. After allowing for seasonal effects, volumes were supported by the retail sector, while investment activity fell across the industrial, office, apartment and hotel sectors. Data centers also slipped QoQ. Investment volumes declined QoQ across all regions following a weak 1Q26. Where activity goes from here will likely be heavily influenced by events in the Middle East.

Figure 1: All property capital, income and total returns (2Q26, local currency, % QoQ)

Source: MSCI; NCREIF, August 2026.

Selective capital value recovery points to income resilience

Select real estate markets are showing capital value recovery. However, the continued uncertainty in the Middle East poses a risk to this trend. The latest data from NCREIF showed that US all-property capital values increased 0.1% QoQ in 2Q26, the same rate of growth as in 1Q26, supported by the retail and industrial sectors, whereas office, apartment and hotel capital values slipped further QoQ. Moreover, all-property total returns were 1.3% QoQ, up from 1.2% the quarter before. In contrast, UK all-property capital values fell 0.3% QoQ, impacted mainly by declines in residential capital values but supported by the retail sector. Overall, this resulted in a dip in all-property total returns to 0.8% QoQ, from 1.3% QoQ in 1Q26 (see Figure 1). Focusing on income-resilient markets with strong fundamentals may help support real estate portfolios.

Swiss real estate benefits from resilient fundamentals despite global uncertainty

In Switzerland, real estate market fundamentals remain supportive despite elevated geopolitical uncertainty and renewed inflation concerns globally. Listed real estate valuations saw a temporary correction triggered by interest-rate-related concerns in March but recovered over 2Q26. Inflation rose only temporarily and remains low by international standards, supported by the strength of the Swiss franc, allowing the Swiss National Bank to maintain its policy rate at 0%. In this context, investor demand for real estate remains high. Capital-raising activity for indirect real estate vehicles remained elevated in the first half of 2026, with most transactions fully subscribed and demand staying concentrated in residential strategies. Residential market conditions remain underpinned by positive population growth and a persistently tight housing market, though net migration has slowed compared with previous years. Commercial real estate fundamentals also remain resilient, as office vacancy rates continue to decline despite a softer labor market. Rental growth remains positive, while market dynamics continue to favor prime locations and high-quality assets, reflecting the broader bifurcation seen across global commercial real estate markets.

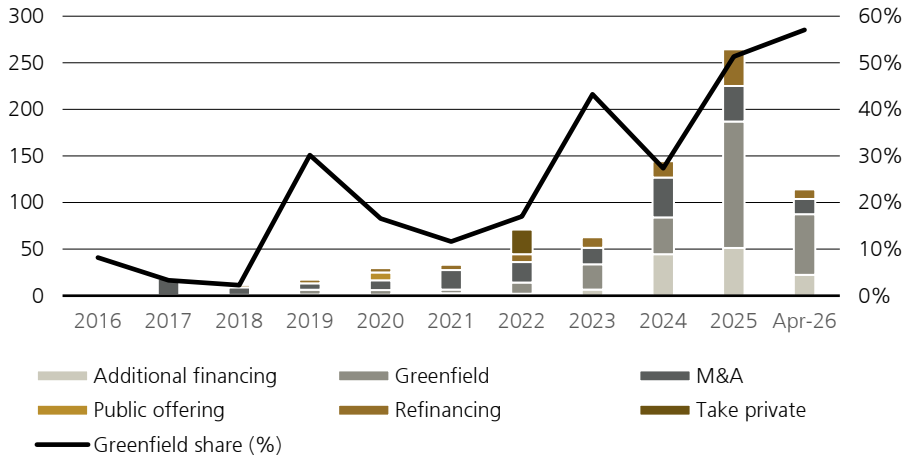
AI ascendancy's impact on infrastructure

The growing adoption of large language models (LLMs) in recent years has resulted in expectations that some industries will be transformed by AI uptake, or experience serious disruption – or even obsolescence, according to some predictions. Regardless of these long-term prospects of innovation, the production of new, more sophisticated LLMs is changing unlisted infrastructure now, as the asset class is at the center of delivering data center (DC) capacity for LLM training and inference. DC transactions have helped grow the communications sector from representing less than 8% in 2019 to over 29% by 2025, and have had considerable spillover effects on the power generation sector.

North American greenfield deals dominate

Data on DC transactions reveal that, since 2025, the majority of capital has flowed into greenfield deals (see Figure 1). These deals commit capital to the development of new assets rather than the sale of existing DC businesses. Breaking down this data by location shows that North American deals have accounted for two thirds (66%) of aggregate capital since 2022, when the market started to pick up. Europe is a smaller market than APAC, accounting for 13% of capital flows (vs. APAC's 18%) since 2022. Global transaction values more than quadrupled between 2023 and 2025.

Figure 1: Value of data center deals by transaction type (USD billion, LHS) **and greenfield share** (% – RHS)



Source: Infralogic, June 2026.

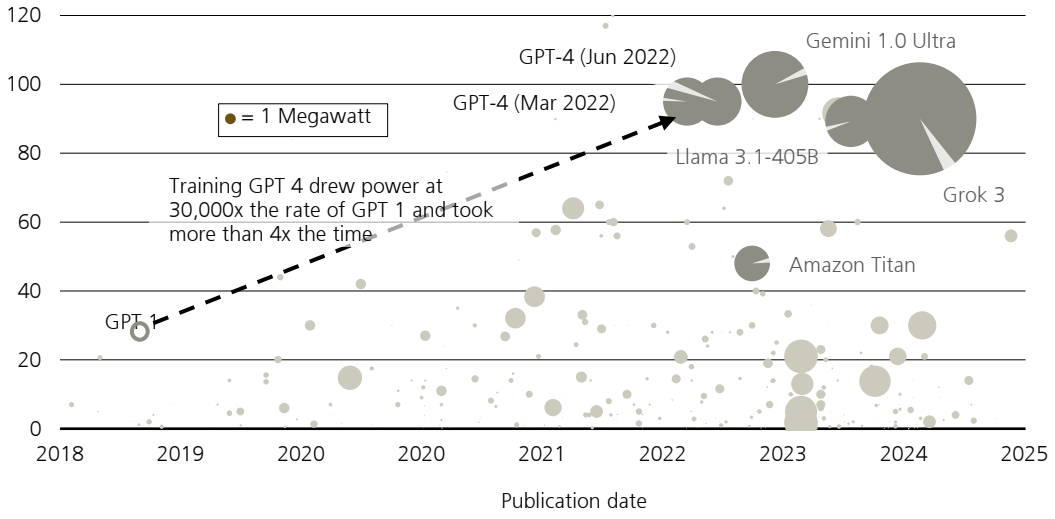
LLM training energy intensity has vastly increased

One feature of the newest and largest DCs that is central to the sector's broader impact is their energy intensity. DCs in the US currently draw around 4% of national power supply, but this is forecast to climb above 10% by 2030. Securing powered land for DC development is a major constraint and acts as one *guardrail against excessive speculative development*. To ease this constraint, many DC developers combine on-site renewable and conventional energy generation with battery storage systems to ensure sufficient power resilience.

Data from EpochAI provides insight into how long LLMs took to train (vertical axis, see Figure 2), as well as how much power, in terms of electrical wattage, they drew during training (size of the bubbles). OpenAI's GPT-1 model was released in mid-2018, taking 30 days and drawing 660 watts to train. Compared with more recent advanced models in the top right of the chart, these early LLMs were not nearly as computationally demanding and required far less power. The training for Open AI's GPT-4 model, released less than five years later, drew power at more than 30,000x the rate of its early predecessor (approximately 20MW) and took 95 days to train. The increasing sophistication of LLMs is the result of a technological arms race between some of the best-capitalized companies globally.

As capital expenditure plans place pressure on free cash flows,[1] attention is increasingly turning to the prospects of commercializing technology to deliver ROI.

Figure 2: AI model training by time (days, vertical) **and power draw** (watts, bubble size)



Source: Epoch AI, June 2026.

Spillover effects of AI capex surge

The pace of investment in DCs is having spillover effects outside the telecommunications sector. The power demand of hyperscale build-to-suit DCs is creating opportunities – recent sector-level returns data illustrates how conventional power generation has benefited from the imperative for DC developers to secure power, contributing to one-year total returns to 1Q26 surpassing 60%.[2] As the AI-driven capex cycle continues, it is important to differentiate between the risks of different business models across the sector. While many investors continue to fret over the potential monetization of LLMs in justifying hyperscalers' ambitious capex commitments, the contracted revenue models of leading DC capacity providers illustrate how their business models align with the lower-risk characteristics of the wider infrastructure asset class. Counterparty risks remain, of course, and while Microsoft has retained its AAA credit rating, the credit quality of off-takers varies. This is where developers and managers can bring value by ensuring diversified tenant exposures, negotiating credit support and clearly communicating the impact of break clauses on clients. With vacancy rates in the US depressed to just 1% since 4Q24, some developers may benefit from break fees and higher re-letting rates should current tenants walk away.

Asset class headlines

- H1 final close fundraising slowed materially to USD 32bn after a rush of mega-fund closings in 2025 (USD 216bn); interim closes were stronger at 80% of the five-year H1 average.[3]
- Latest institutional target allocations for 2026 have risen to 6.2%[4] (from 5.9% in 2025), with current actual allocations at 5.1% and a persistent allocation gap of around 1.1%.
- The deals market mirrors fundraising with a notable slowdown through H1 amid Middle East tensions and resulting uncertainty on near-term inflation and rates.
- One-year performance to Q1 globally delivered 11.6% in USD terms. This is elevated by the weakening of the USD through 2025 and infrastructure's higher European exposure.
- Longer-term performance suggests that risk-adjusted returns give a Sharpe ratio of 0.87 and a comparatively low correlation of 33% to global 60/40 portfolios.
- Valuations rose in the first half of 2025, with median EV/EBITDA multiples reaching 13x and averages closer to 15x. A weaker deals market in 1H26 may see pricing taper.

[1] EpochAI, Hyperscaler Capex vs cash flow, *link*.
[2] MSCI Global Quarterly Infrastructure Briefing, *link*.
[3] Infrastructure 2Q26: Preqin Quarterly Update.
[4] 2026 Institutional Infrastructure Allocations Monitor.
Ithaca, NY: Cornell University's Brooks Center for Infrastructure and Hodes Weill & Associates, LP, June 2026. 40pp.

Value creation in a shifting landscape

Private equity (PE) is navigating a shifting landscape in 2026, with generally supportive public-market valuations offset by challenges around exits, distributions and liquidity. Revenue and margins appear resilient across many portfolios, although outcomes remain highly sector- and company-specific. Heightened M&A activity is supporting the kind of buy-and-build value creation that has played an increasingly important role in PE deals in recent years. The operating environment remains characterized by generally solid economic activity, though inflation concerns are resurfacing, with inflation above central-bank targets in several major markets.

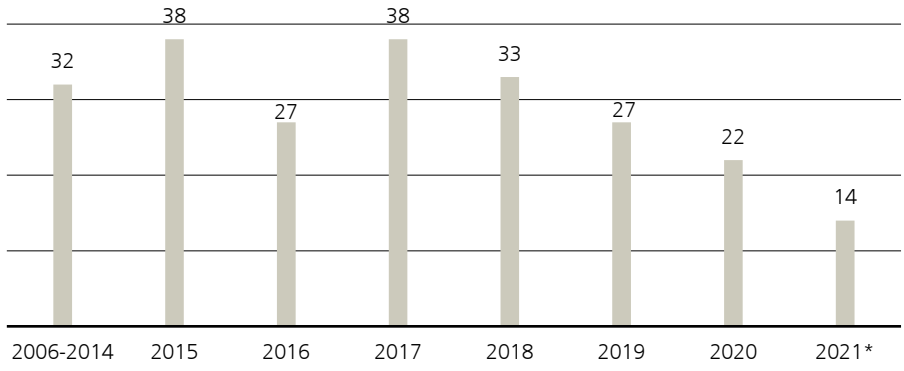
US rate observers are now expecting flat-to-higher rates in the coming quarters, compared with earlier expectations of flat-to-lower rates. Higher rates will likely result in a more stubborn exit environment, and there is some early evidence of this in 2026, with exit volumes remaining constrained despite stronger exit activity in 2025. Distributions remain a key focus for PE investors, as the deals acquired at elevated valuations in 2021–2022 are now in a protracted holding period. While this was broadly anticipated, those expectations are now materializing. Funds with significant exposure will likely be viewed as disappointing. By contrast, venture capital (VC) may offer greater potential for uneven future distributions, driven by early investments in a small tier of mega deals, most of which are AI-related.

The other key area of focus for fund managers and investors is AI disruption, particularly for companies that have been in portfolios since before market participants fully appreciated AI's transformative impact (with significant overlap with the 2021–2022 acquisitions discussed above). These companies are generally maintaining their performance on an earnings basis, with concerns focused on their terminal value at exit.

We anticipate a wide range of outcomes for these companies based on the underlying sector; the nature of the business, including the extent of any advantage held by 'AI-native' platforms over established incumbents; and the success of any operational course correction by fund managers. In an effort to improve these outcomes, several large-cap PE firms have partnered with AI development companies to form AI-native enterprise services organizations that support their portfolios. Intervention aside, we continue to believe that the companies with the widest moat are those that provide control-of-access, serve as systems of record, govern critical workflows and operate in environments where breaches or failures would be costly.

As we move through H1, the recovery in public markets may provide support for valuation inputs and modest mark-ups across portfolios, although outcomes will continue to depend on company-specific operating performance, leverage, sector exposure and valuation methodology.

Figure 1: Distributions to paid in capital (DPI) 5 years after inception (%)



Source: Pitchbook, August 2026; *2021: 4 years since inception, vs. long term average 18%.

Corporate direct lending: 2Q26 performance

The corporate direct lending market rebounded in the second quarter of 2026, generating positive returns after a volatile first quarter that was negatively impacted by concerns surrounding AI-driven disruption and broader market volatility. Interest income remained the primary driver of performance across the asset class. In a handful of instances, a portion of the interest income was offset by markdowns on a select number of positions.

Fund distributions were generally stable at approximately 9%; however, several managers provided more cautious forward income guidance as lower base rates and continued spread compression weighed on portfolio yields. As the impact of higher reference rates continues to diminish, income generation is increasingly dependent on portfolio growth and credit selection.

Privately originated loans maintained a yield advantage over broadly syndicated loans, with spreads remaining approximately 100 to 200 basis points wider. This relative value premium widened modestly during the quarter, reinforcing the attractiveness of direct lending despite a competitive capital deployment environment. Credit performance remained resilient.

Fundamentals

Underlying portfolio companies continue to exhibit stable credit metrics. The non-accrual rate (as a percentage of cost) for the Cliffwater Direct Lending Index declined modestly from 1.85% in March 2026 to 1.73% in June 2026. In addition, the non-accrual rate remained slightly below the long-term average of 2.0%. These levels continue to compare favorably with those of leveraged loan and high-yield bond default rates, which have been around their historical average of approximately 3%. Payment-in-kind (PIK) utilization and PIK income as a percentage of gross interest income have increased over recent quarters as borrowers make use of the structural flexibility embedded in loan documentation.

Importantly, most of this PIK exposure was underwritten at origination and incorporated into lenders' initial credit assessments. This differs from amendment-driven PIK arrangements, which can be indicative of borrower stress or a need for lender concessions. While the fundamental picture looks stable in aggregate, Unified Global Alternatives (UGA) has observed an increase in loans marked below USD 90 and USD 80 across several business development company (BDC) portfolios.

Operating performance across portfolio companies has remained constructive. Managers continue to report revenue and EBITDA growth in the mid- to high-single-digit range, while EBITDA margins remain robust at approximately 20% to 30%. Debt service capacity also remains healthy, as interest coverage ratios have improved and stabilized at or above 2.0x in recent quarters.

Flows and redemptions

Redemption activity remained elevated during the second quarter, with requests across UBS-approved BDC platforms ranging from approximately 4% to 38% of net asset value. While outflows remain significant, there are early indications that redemption pressure may be stabilizing. Manager trends were mixed. While a number of managers experienced higher redemption activity relative to the first quarter, a portion of the BDC universe reported sequential declines in redemption requests. Funds receiving requests above their stated quarterly liquidity limits generally fulfilled redemptions on a pro rata basis.

Based on current manager guidance, elevated redemption activity may persist through the remainder of 2026. In response, managers continue to maintain conservative liquidity positions designed to support sustained redemption activity near quarterly limits. Despite subdued investor demand, liquidity management frameworks remain appropriately positioned to manage a prolonged period of elevated outflows.

Outlook
In summary, the corporate direct lending strategy remains positioned to provide a consistent return profile for investors. Strategy performance in the second quarter was positive, as performance was largely driven by interest income. In certain instances, a portion of the income was offset by markdowns. Credit fundamentals remain relatively stable, although UGA expects greater dispersion across select segments of the market going forward.

ABF: 2Q26 performance
Asset-based finance (ABF) remained a constructive segment of private credit in 2Q26, supported by positive total-return dynamics, resilient collateral performance and investor demand for differentiated sources of income. Within broader private credit portfolios, ABF generally appeared to compare favorably with corporate direct lending during the quarter. ABF's focus on diversified pools of contractual cash flows, structural protections and collateral coverage remained an attractive feature for investors seeking private credit exposure beyond sponsor-backed corporate lending.

Fundamentals
Underlying collateral performance was broadly stable, though dispersion across sectors remained important. In residential credit, mortgage delinquencies decreased modestly in Q2, with the MBA reporting a seasonally adjusted delinquency rate of 4.37%, down 0.07% from Q1, while still 0.44% higher year-over-year. For consumer credit, the New York Fed reported that aggregate delinquency rates decreased slightly to 4.7% of outstanding debt, down 0.1% from Q1, while early delinquency transitions ticked up slightly for auto loans and mortgages and were largely steady for credit cards and other debts. In CRE-related credit, loan performance improved during Q2, with commercial and multifamily mortgage delinquency rates stable to lower across most market segments, although office and commercial mortgage-backed securities (CMBS) exposures remained areas of continued watchfulness due to elevated delinquency rates. Overall, the quarter highlighted the importance of sector selection, collateral quality and structural seniority within ABF portfolios.

Outlook for ABF
Looking ahead, ABF should remain a useful diversifier within private credit allocations. The segment can provide exposure to collateralized cash flows that are less directly tied to single-name corporate enterprise value, making it additive alongside traditional corporate direct lending. This is particularly relevant as direct lending faces more competitive pricing, selective deployment and signs of borrower stress in parts of the corporate market.

For investors, the case for ABF is not simply incremental yield, but also differentiated risk premia across residential, commercial, consumer and specialty finance markets. We would continue to focus on managers with disciplined underwriting, strong servicing and surveillance capabilities and the ability to rotate across collateral types as fundamentals evolve. In our view, ABF remains a useful complement to corporate direct lending rather than a replacement, helping broaden the opportunity set and provide additional portfolio diversification across the private credit allocation.

Macro outlook: 3Q26

The global economy weathered the latest energy shock remarkably well, driven by inventory release, partial demand destruction and structurally lower economic dependency. The shockwave has shifted central banks from a neutral to a moderately hawkish stance, as inflation remains stubbornly above target. Despite recent signs of stabilization, the US labor market remains vulnerable to AI substitution, further clouding the inflation outlook. Looking ahead, we may be entering a new era of closer Fed-Treasury coordination, in which the stability of long-end rates is a primary objective. Such a regime could support a stronger dollar and continued fiscal spending, even with moderately above-target inflation. This in turn could bode well for long-term growth and performance of risk assets.

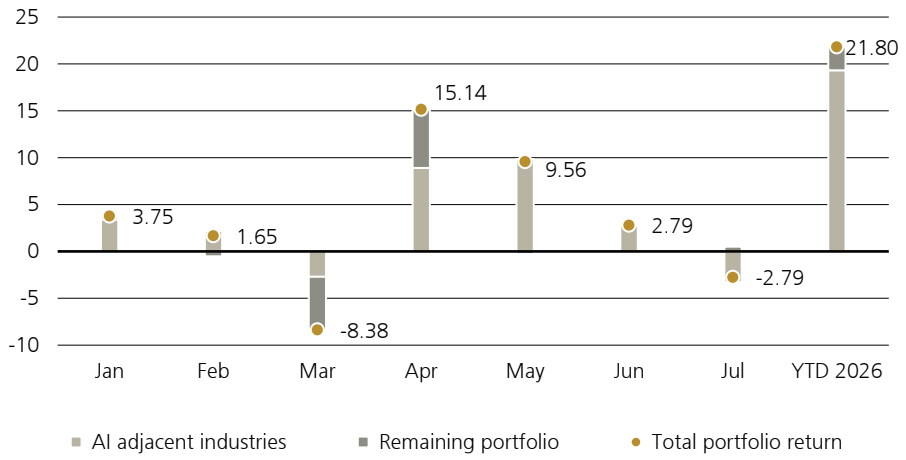
Over the medium term, we believe AI capex will continue to drive global GDP, supporting the equities of direct and indirect beneficiaries. Understanding the sustainability of current capex levels and their ROI is instrumental in calibrating exposure to the tech sector and equity hedged more broadly. This is particularly important given the extremely concentrated nature of alpha year-to-date and heightened risk of reversals. That said, we do not believe a major collapse in AI capital spending is imminent for the following reasons:

- Funding is not constrained due to strong cash flow generation and the investment-grade status of companies supporting it.
- AI adoption at the enterprise level is still in its infancy, with consumer use cases yet to be developed.
- The high depreciation rate of AI infrastructure supports a baseline spend. In our view, the recent volatility in the semiconductor sector may be interpreted as a healthy reset, reducing extreme concentration and excessive leverage, particularly among retail investors.

Equity hedged

With a fairly supportive economic backdrop, we hold our conviction in equity hedged, following a moderate reduction in our allocation last quarter. Our largest contributors to risk remain in US and APAC long/short tech, with AI offering ample stock-picking opportunities as market dynamics continue to evolve. In our view, exposures are likely to shift from long-biased AI infrastructure toward long/short inter-sector opportunities (e.g., semiconductor vs. hyperscalers), before eventually transitioning to the next phase, defined by intra-sector market leadership.

Figure 1: AI-adjacent industries drove the bulk of YTD global L/S
(Contribution to returns, %)



Source: Morgan Stanley Prime Brokerage; data as of 10 July 2026. **Past performance is not indicative of future results.**

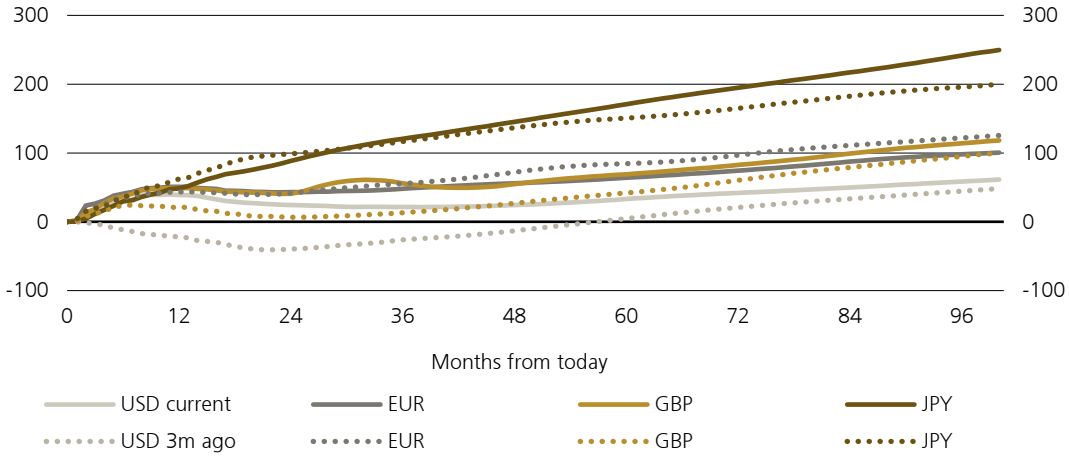
We expect broader hedge fund concentration in this megatrend to continue for the foreseeable future and, as such, we deliberately maintain a diversified approach across regions and sectors within our portfolios. Energy, financials and biotech specialists still represent approximately one-third of our equity hedged allocation.

Generalist managers should help capture both the market beta we anticipate and a more diverse set of alpha opportunities as market leadership broadens. From a regional perspective, equity hedged in APAC continues to be a standout performer this year, despite recent AI-driven volatility. We believe the environment in the region remains fertile, and we see Chinese domestic AI and industrial thematics emerging as new alpha opportunities.

Trading

In trading, we continue to highlight the increasing correlation between global discretionary macro and equity hedged, especially at times of light positioning in rates. While we believe this is a temporary phenomenon, we are marginally reducing our discretionary macro exposures following a rebound in performance last quarter. Looking ahead, we believe front-end rates volatility may remain elevated, potentially providing a source of alpha for managers with an aptitude for inflation forecasting.

Figure 2: Market expectations for rates: Today vs. three months ago
(Cumulative rate change, bps)



Source: Goldman Sachs Global Investment Research. Data as of 15 July 2026 illustrates the cumulative amount of interest rate hikes or cuts currently priced in by the market for USD, EUR, GBP, and JPY over different horizons, compared with what was priced three months ago. **Past performance is not indicative of future results.**

Commodities have now become a core component of portfolios, given their diversification and liquidity benefits. We maintain high conviction in energy and metals and are currently reviewing opportunities within agriculture. We are also researching volatility strategies to complement our discretionary and systematic trading allocations and to potentially serve as a source of convexity in a left-tail scenario.

Relative value

In relative value (RV), we maintain our allocations in quantitative equities, mindful of the recent increases in capital allocated to these strategies amid more concentrated factor risks, especially for mid-frequency US statistical arbitrage strategies.

We maintain conviction in merger arbitrage. Deal activity is improving from a low base, supported by a constructive financing backdrop, a more predictable US regulatory regime and growing consolidation activity across Europe and Japan. In a market defined by policy uncertainty, higher rates and elevated dispersion, we view merger arbitrage as a useful way to add idiosyncratic, liquid event risk with disciplined downside control.

In contrast, we are marginally reducing exposure to fixed income relative value (FIRV). This is partly to reflect the low level of trading activity in micro RV strategies, as well as spread compression and abundant balance sheets among banks and dealers.

For more information, please contact:

UBS Asset Management

sh-am-private-markets-research@ubs.com

Follow us on LinkedIn

To visit our research platform, scan me!

© UBS 2026. All rights reserved.

This does not constitute a guarantee by UBS Asset Management.
M-006748

For marketing purposes.
For global / qualified / professional / accredited / institutional, wholesale investors & clients only.
For the recipient's use only. Strictly no redistribution.

ubs.com/trtalts

This publication does not constitute an invitation to buy or sell securities or other financial instruments relating to UBS AG or its affiliates in Switzerland, the United States or any other jurisdiction. UBS expressly prohibits the disclosure or reproduction of these documents, in whole or in part, without its prior written consent and accepts no liability whatsoever for the actions of third parties in this regard. The information and opinions contained in this document have been compiled or formed on the basis of information from sources that we believe to be reliable and credible. However, no responsibility is accepted for errors or omissions. All information and opinions expressed are subject to change without notice. Please note that past performance is not an indicator of future performance. In the case of investments in real estate / infrastructure / private equity (via direct investments or closed-end or open-end funds), the underlying assets are illiquid. Valuation is a matter of expert judgment. The value of investments and the returns generated from them can fall as well as rise. Investors may not get back the amount originally invested. All opinions expressed on the market and investments are not intended as investment research. **This document has not been prepared in accordance with the requirements of any jurisdiction to promote the independence of investment research and is not subject to any prohibition on trading ahead of the dissemination of investment research.** The information contained in this document does not constitute dissemination and should not be considered as a recommendation to buy or sell any particular security or fund. Some comments in this document are forward-looking statements. However, actual future results may deviate significantly from this. The opinions expressed herein reflect the best judgment of UBS Asset Management upon the date of preparing this report. It does not undertake to update or revise forward-looking statements as a result of new information, future events or for other reasons. Furthermore, these estimates are not a forecast or guarantee of the future performance of any particular security, asset class or market in general, nor are they intended to predict the future performance of any UBS Asset Management account, portfolio or fund. Source of all data/charts (unless otherwise stated): UBS Asset Management. The opinions expressed herein provide an overview of UBS Asset Management's estimates as of September 2026. All data as of September 2026, unless otherwise stated. Published in September 2026. **Approved for global use.**

© UBS 2026. The key symbol and UBS are registered trademarks of UBS. Other marks may be trademarks of their respective owners. All rights reserved.