



CIO believes that a well-diversified portfolio, with judicious use of structured strategies, can help investors withstand volatility while positioning for future gains. (UBS)

Ensuring portfolios can withstand market risks is key

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President Trump on Monday warned countries against backing away from recently negotiated trade deals with the US, saying that he would impose much higher duties under different trade laws if they did. He added that he may also levy new license fees on trading partners, although he did not provide further details.

On trade, we maintain our view that the overall effective US tariff rate should decline to 10-15% this year, as Trump's tariff authority is more constrained, and that lower tariff rate should improve US household spending power and limit inflation concerns at the margin.

Separately, some investors attributed the sell-off in US stocks in late European trading hours to a report from an independent research firm that outlined a potential scenario in which AI agents transform industries ranging from food delivery to payment processing, with a significant negative impact on employment. This added to a general unease in markets about the outlook for certain segments of the economy, while Nassim Taleb, the author of "The Black Swan," said markets should brace for escalating volatility and potential bankruptcies in the software sector.

On tech positioning, we note that the scenarios outlined are just one possible outcome in a fast-moving evolution of the AI value chain. Our recent downgrade of the broader US tech sector to Neutral reflects a more balanced risk-reward profile rather than a negative outlook. In fact, we believe the overall US equity market has room to move higher amid solid economic and earnings growth.

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At the same time, we acknowledge that volatility is likely to persist in the near term as markets debate and ultimately seek to price the terminal values of companies that could be disrupted by AI, all while assessing the implications of Trump's shifting tariff targets.

For investors, this means that ensuring their portfolios can withstand market risks is key.

We believe that a well-diversified portfolio, with judicious use of structured strategies, can help investors withstand volatility while positioning for future gains. Those with an affinity for gold can also consider up to a mid-single-digit allocation as a potential bulwark against geopolitical risks.

Original report: [Ensure portfolio resilience amid volatility, 24 February 2026.](#)

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