



Volatility can create opportunities and find select opportunities beyond the US markets. (UBS)

# Where are there opportunities outside the US?

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**Global equities have recovered from their April sell-off, but we expect volatility to continue in the near term amid tariff uncertainty. Volatility could create select attractive opportunities at the single stock and market level, and these are not just in the US.**

In Europe, our "Six ways to invest in Europe" list focuses on defensive stocks benefiting from market volatility, higher defense spending, and fiscal stimulus. We also like small- and mid-cap stocks. In Asia, we favor India and Taiwan, and find opportunities in yield-generating structured strategies.

## Select European stocks are benefiting from long-term trends.

- While we maintain our Neutral stance on the region overall given ongoing uncertainties, we continue to identify select European single-stock opportunities that should benefit from emerging trends.
- Our "Six ways to invest in Europe" theme includes defensive champions that benefit from increased market volatility, while also gaining from post-election spending in Germany, greater defense outlays, and the rebuilding of Ukraine.
- European small- and mid-cap stocks are exposed to structural growth trends in industrials, electrification, and decarbonization.

**We also find opportunities in Asia.**

- The risk-reward for mainland China's internet sector has been improving, especially since the recent reduction in tensions with the US. We see valuations as attractive, especially given our projection for 30% earnings growth and continued progress in AI.
- We like Taiwanese equities, with AI spending by US megacaps providing a tailwind. We also favor Indian equities, as the economy and earnings growth pick up.

### **Investors can consider harnessing higher volatility for income.**

- Yield-generating strategies provide investors with alternative access to underlying stocks.
- These strategies enable investors to capitalize on heightened volatility to generate income and, in some cases, also allowing investors to wait for a more favorable entry point to gain direct exposure to stocks.

### **Did you know?**

- European small- and mid-cap equities (MSCI EMU SMID Index) look appealing given their significant price-to-earnings (P/E) discount to large caps—the largest in more than 20 years.
- IT accounts for nearly 80% of the MSCI Taiwan Index by market capitalization.
- Despite falling sharply from a high of over 50, the VIX Index of implied US equity volatility remains above the long-term average of 20.
- China's AI sector also continues to deliver top-tier results from newly launched Large Language Models (LLMs), despite heightened US chip restrictions.

### **Investment view**

Volatility can create opportunities. We find select opportunities beyond the US markets, focusing on Europe, Asia, and in structured strategies.

Original report - [Where can I find opportunities outside the US?, 13 May 2025.](#)

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