

Investing in Brazil

Expanding the global exposure – February 2026

Strategic asset allocation update | 5 February 2026 – 5.30 pm GMT |
UBS Brasil Administradora de Valores Mobiliarios Ltda | UBS Financial Services, Inc

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Erratum: A previous version of this report, published on 5 February, did not show our most recent Strategic asset allocation with alternatives, which we have updated in Figure 10b.



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Strategic asset allocation update

- CIO research recently reviewed its strategic asset allocation for clients exposed predominantly to Brazilian assets with an investment horizon of seven years. Over this period, CIO research foresees potential economic growth of 2% and neutral real interest rates of 6%.
- In 2026, CIO research sees the markets focusing on lower policy rates in the US and Brazil in the first half, and general elections in the second half of the year.
- In its refreshed SAA, CIO research again increased exposure to global assets and reduced real estate funds.



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Macroeconomic context

Brazil's economy is estimated to have grown by 2.3% in 2025, according to the Focus survey, marking the fifth consecutive year of robust expansion. There was a slowdown compared to the 3.4% increase in 2024, concentrated in the second half of the year, when quarterly GDP growth was low. Even so, the closing of the output gap was insufficient to align the economy with installed capacity: CIO research estimates the gap ended 2025 still positive, at around 0.2% of GDP. In this environment of above-potential growth, the labor market remained heated throughout the year, with a continuous decline in the unemployment rate, which reached 5.7% in seasonally adjusted terms (down from 6.4% at the end of 2024). Real wages also maintained robust gains, accelerating to 4.7% year over year in the last quarter, reinforcing the picture of a tight labor market.

Inflation in 2025 reached 4.3%, well below consensus at the start of the year (Focus survey projected 5.7%). The deceleration was driven mainly by food-at-home prices, which went from an increase of over 8% in 12 months to 1.4% by year-end, and by industrial goods prices, which surprised positively owing to the reversal of the exchange rate and global goods deflation. On the other hand, the services segment remained under pressure, ending the year with a 6% increase (compared to 4.7% in 2024), reflecting the heated labor market.

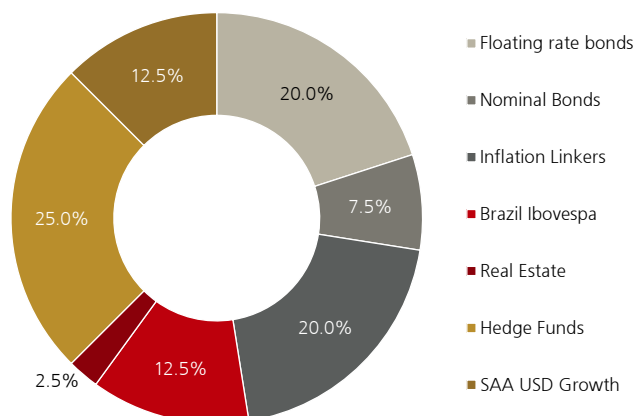
On the external front, the current account balance was a deficit of 3% of GDP, in line with the previous year. This result was driven by cyclical factors, such as higher imports and increased dividend remittances, as well as by the structural component, which now accounts for 1.4% of GDP. Foreign direct investment remained robust, but the positive gap between FDI inflows and the current account deficit—the so-called external financing cushion—narrowed over the course of the year. High interest rates were, and continue to be, necessary to support the exchange rate in the face of capital outflows.

The Selic rate remained elevated, reaching 15% in June 2025 and staying stable in the second half, with the Central Bank reiterating its commitment to the inflation target. On the fiscal side, delays in budget approval restricted spending growth in the first half, but there was a rebound in the second half of the year. The primary deficit closed at 0.5% of GDP, and gross debt rose to nearly 80% of GDP (from 76.3% in 2024).

Box 1: Strategic allocation for investors in the domestic market

The recommendations discussed in this report are for the portfolio dedicated to local investors. The attractiveness of different asset classes is examined in relation to other Brazilian assets. The reference currency is the Brazilian real.

Fig. 1: Strategic asset allocation – Growth



Source: Bloomberg, UBS, as of 30 January 2026

The international backdrop, which was positive in 2025, should remain constructive for Brazil in 2026. The global economy is expected to maintain growth close to its historical average, around 3%, with highlights including resilient US consumption, positive fiscal stimulus, and investments in technology. The US labor market should recover gradually, keeping unemployment below 5%, while moderate inflation opens space for further Fed rate cuts, supporting risk assets and creating a benign external environment for emerging markets.

Domestically, the main growth drivers—financial conditions, fiscal policy, and the external sector—should be more favorable in 2026 than in the previous year. Financial conditions have been improving, with markets anticipating the start of the monetary easing cycle. The fiscal impulse should also be positive, supported by measures such as the approval of an income tax exemption law for those earning up to BRL 5,000, along with a series of previously announced measures set to take effect in this presidential election year. Thus, the economy should maintain a pace close to its potential, halting the deceleration process observed in 2025.

In this context, there is limited scope for a significant increase in unemployment. With the economy operating near potential, the seasonally adjusted unemployment rate, currently at 5.7%, should remain stable, with no meaningful rise above 6.0%. Services inflation is likely to remain resilient, as the absence of a more pronounced wage adjustment limits a stronger deceleration in this segment. The outlook for the more volatile components of inflation, such as the exchange rate, international goods prices, and food is benign, and the Focus survey projects headline inflation at 4.0% for the year, with further moderation compared to 2025.

The Brazilian Central Bank has indicated that the Selic rate-cutting cycle is expected to begin in March, with room for a reduction of 250 to 300 basis points over the year. Deeper cuts would require a sharper slowdown in macroeconomic activity—which is not CIO research's base case—or a more pronounced appreciation of the exchange rate, possibly associated with advances in fiscal governance.

Finally, the October elections will be pivotal for the medium-term fiscal outlook and for economic performance from 2027 onward. The central challenge will be to assess the new government's ability to implement an adjustment in public accounts, reversing the current trend of debt growth, which is currently advancing by about 4 percentage points of GDP per year.

New strategic asset allocation

A long-term strategic portfolio should aim to diversify while taking into account the idiosyncratic risks of each asset class, regardless of the economic scenario. Using CIO research's strategic allocation, time horizon, current conditions present an opportunity for local investors to generate real returns above inflation. For capital preservation on all risk profiles, CIO research believes keeping a high exposure to fixed income makes sense. In its new SAA, CIO research increased the allocation to global assets in most risk profiles.

Floating-rate fixed income

Floating-rate bonds follow the movement of the Selic, the policy interest rate set by the BCB. They are therefore insulated from price fluctuations when the Selic rate changes, or even when interest rates in the secondary market vary. These securities are generally quoted in relation to the interbank deposit rate (CDI), which swings according to the Selic.

Financial research has found that loss-averse investors tend to react disproportionately negatively when they suffer a loss, compared with the satisfaction that they feel when they make a profit. This behavior is especially noticeable in Brazil, where investors benefit from above-average interest rates. Instruments bound to the CDI attract loss-averse investors, as these assets are subject to minimal fluctuations since their profits are traditionally measured as a percentage of the CDI. However, this gives investors a false sense of security in terms of wealth protection. CDI investments do not actually ensure real gains, since inflation is often very close to the CDI's profitability. Investors with a disproportionately large allocation to CDI-linked assets can fail to protect their wealth or make greater real profits. According to CIO research, the real interest in this type of investment is often inferior to the real interest in securities indexed to the consumer price index (IPCA).

In 2026, the BCB is expected to begin an easing cycle in the first quarter as declining inflation expectations, the high real interest rate, the beginning of an economic slowdown, and exchange rate stability support this outlook. Assuming that the BCB initiates an easing cycle in March and that it cuts rates by 50bps in every Copom meeting throughout 2026, the Selic rate would end the year close to 12%, with an average Selic rate of approximately 13%.

If this scenario materializes and inflation next year is close to 4%, as indicated by the BCB Focus inflation expectation consensus, the real interest rate will be around 9%. This means that investors should be well protected against inflation if they keep part of their portfolio in floating rate bonds linked to the CDI, which closely tracks the Selic rate.

CIO research maintains a significant strategic allocation in this asset class to all investor profiles. In the tactical allocation, it is classified as Unattractive as CIO research sees better opportunities in other asset classes.

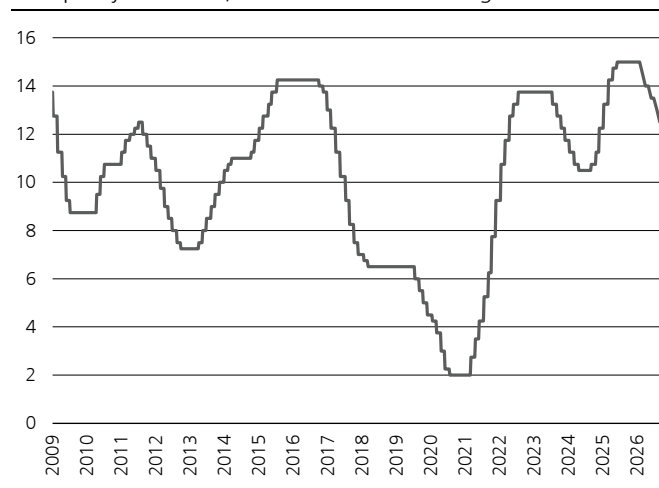
Nominal bonds

Nominal bonds (Type-F National Treasury notes, or NTN-Fs; and National Treasury bills, or LTNs) provide investors with fixed returns set at the time of purchase. This means the returns do not change according to the interest rate fluctuations set by the BCB. The prices of these bonds, however, vary according to the expectations around changes to the BCB's monetary policy and the risk premium that investors require to hold these bonds, especially those with longer maturities.

These fixed-rate securities may therefore be subject to large price fluctuations, since both monetary policy and the risk premium often strongly influence perceptions of Brazilian assets. Despite this, CIO research believes nominal bonds are solid sources of return for investors.

Fig. 2: Fixed income – strong real returns as rates will be higher for longer

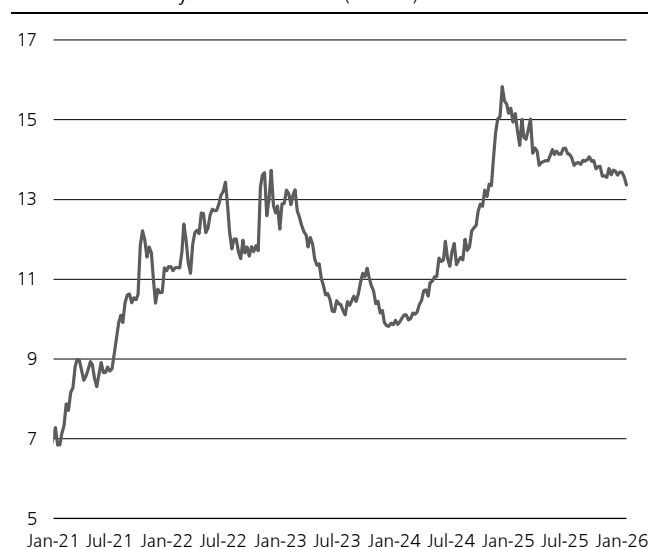
Selic policy rate in %, with CIO forecast through mid-2026



Source: Bloomberg, UBS, as of 30 January 2026

Fig. 3: Nominal bond yield, in %

National Treasury Notes Series F (NTN-F) 2027



Source: Bloomberg, UBS, as of 30 January 2026

Market consensus, measured by the BCB Focus poll, expects inflation of around 4% in 2026. CIO research expects the BCB to reduce the Selic rate to 12.50% this year (from 15.00% currently) and, on average, nominal bonds with a two-year duration to trade with a risk premium of 50-100bps to the Selic rate.

CIO research views nominal bonds as an important component of a strategic asset allocation. It should be noted, however, that investors who wish to take advantage of potential above-inflation returns will be exposed to maturities of 2-10 years and that the value of the investments will be subject to daily fluctuations. These fluctuations tend to be strong during periods of risk assessment in relation to potential changes to economic policy, especially fiscal policy, and the trajectory of public debt.

In its new strategic asset allocation, CIO research keeps the allocation of nominal bonds for most risk profiles, reducing it slightly for profiles Capital Preservation and Equities. In its tactical allocation, CIO research keeps the asset class as Neutral.

Inflation-linked bonds

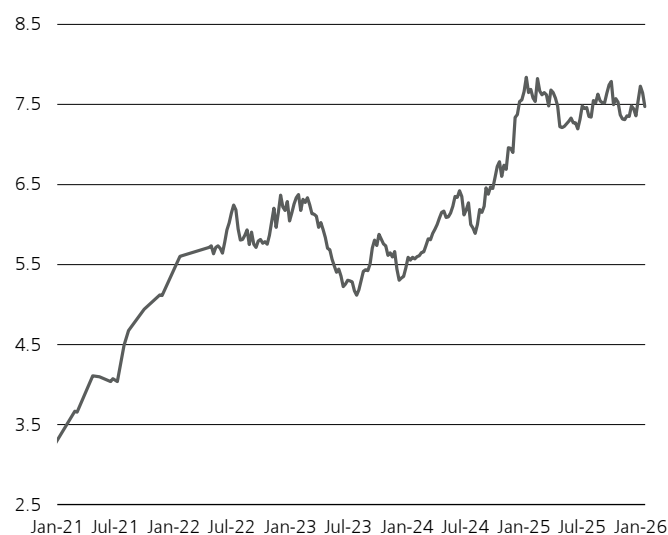
Fixed income assets linked to the IPCA (Type-B National Treasury notes, or NTN-Bs) are essential to the composition of investors' portfolios and the preservation of their capital in the medium term, according to CIO research. The profitability of these securities is determined by two factors: a fixed real interest rate set at the time of acquisition of the security and the rate of inflation of the current month.

The main feature of these bonds is that they protect investors from inflation. Because their profitability is determined by the current month's rate of inflation plus a real interest rate, investors can typically obtain a real return on this investment—as long as they hold it to maturity, since part of the income from these securities is preset and therefore subject to fluctuations.

In terms of the NTN-Bs' fixed coupon, the same reasoning applies as the one outlined above for nominal bonds. As the interest rate set by the BCB declines, so do the rates of NTN-Bs. On this basis, interest rates embedded in the NTN-Bs currently offer investors an opportunity to preserve their capital and generate real earnings. It is also important to highlight that these securities offer an advantage over nominal bonds, which are longer duration. Today, it is possible to invest in NTN-Bs with maturities of up to 35 years, making them attractive options for pension planning as well as for transferring wealth to future generations.

For all the reasons stated above, a significant part of CIO research's strategic allocation is devoted to these securities. CIO research maintains exposure to inflation-linkers in all risk profiles, as they offer an opportunity to lock in real positive interest rates at around 7.5% per year in a portfolio for several years. In its tactical allocation, CIO research keeps them as Attractive.

Fig. 4: Inflation-linked bond yield, in %
National Treasury Notes Series B (NTN-B) 2035



Source: Bloomberg, UBS, as of 30 January 2026

Hedge funds

Hedge funds are an important component of risk diversification in a portfolio. In addition to allowing investors to invest in a wide range of assets, they offer different management styles with different exposures to risk.

Investment diversification is an established concept in wealth allocation. Students of the capital allocation theory unanimously agree that an aggregate return on a portfolio should be obtainable without increasing risk. For diversification to be efficient, investors must choose the best managers whose funds have little correlation between them and whose relative risk-return profiles add to the rest of the allocation. CIO research believes that active strategies and alpha generation will have increasing importance in the performance of portfolios in the years ahead. CIO research's fund-of-funds strategy has focused on the careful selection of portfolio managers, as seen from its robust Sharpe ratios (a measure of risk-return in clients' portfolios).

As such, CIO research maintains its strategic asset allocation for most of the risk profiles in the hedge funds asset class. In its tactical allocation, CIO research keeps hedge funds as Neutral.

Equities

The equity market outperformed other asset classes in 2025 despite higher policy rates. Decreasing inflation, the prospect of lower policy rates in 2026, and positive flows from foreign investors should prove more important than fiscal concerns.

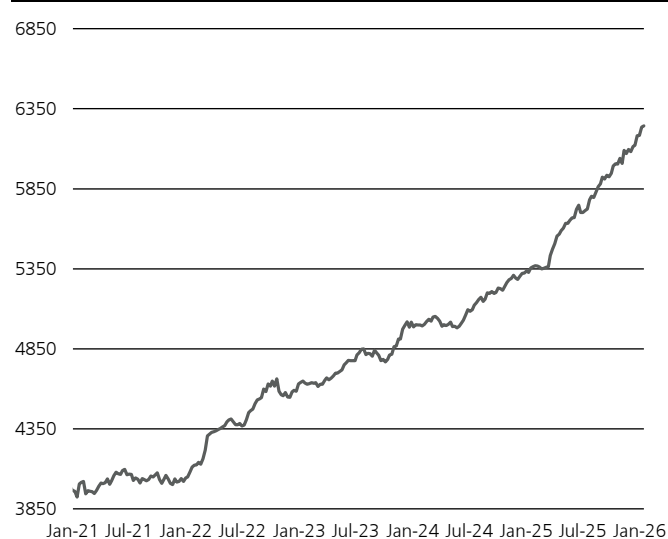
The Fed is expected to continue and BCB expected to begin easing cycles in 2026, which historically is a positive backdrop for stocks and emerging markets. Lower interest rates should boost valuations, especially for more leveraged companies. Brazilian stocks still trade at a discount, with the Ibovespa at 8.9x forward earnings, which is 10% below the 10-year average. Consensus expects earnings growth of 18% in 2026, supported by strong fundamentals: stable domestic demand, real wage gains, low unemployment, and a firmer currency. International investor interest is returning, and expectations of policy change after the elections are lifting sentiment. The expected ROE for 2026 of 18% is well above the emerging market average. CIO research maintains an Attractive view on Brazilian equities, seeing room for further gains as confidence improves.

One of the main strengths behind the recent rally has been the renewed interest from international investors, as global funds are flowing back into a market that still looks attractively priced. On top of that, growing expectations for a shift in economic policy in 2026—regardless of the outcome of the presidential race—have given sentiment an extra lift.

In the SAA, CIO research keeps the strategic allocation to this asset class unchanged for all the risk profiles, given its belief that investors will see room for further gains as confidence improves. In its tactical allocation, CIO research rates equities as Attractive.

Fig. 5: Hedge funds

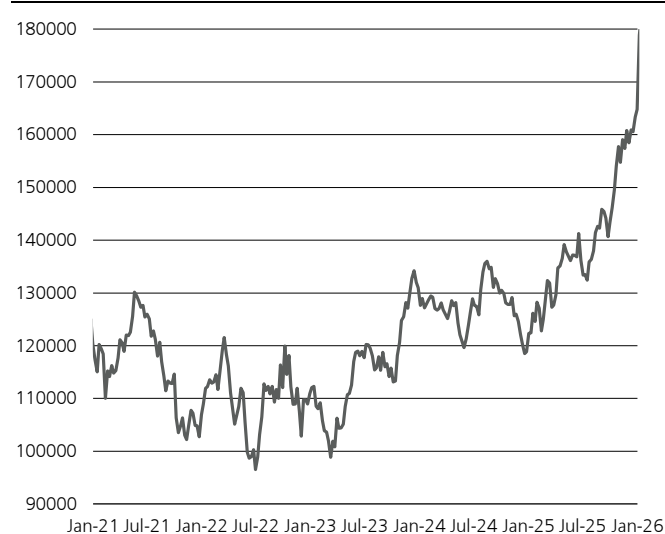
ANBIMA Multimercados Index



Source: Bloomberg, UBS, as of 30 January 2026

Fig. 6: Ibovespa equity index

Weekly values



Source: Bloomberg, UBS, as of 30 January 2026

Real estate investment funds

The performance of this asset class was positive (+21% on average) in 2025. CIO research sees this as a strategically important asset class to have in a portfolio. As a pool of resources dedicated to investing in real estate assets, the main advantage of real estate investment funds is that they allow investors to participate in the real estate market without having to buy property. Funds raised from the sale of quotas may be used to acquire rural or urban real estate, constructed or under construction; for commercial or residential purposes; or to invest in securities linked to real estate, such as real estate credit letters (LCI), real estate receivables certificates (CRI), and shares of real estate companies.

With the acquisition of real estate, the fund obtains income from its rental, sale, or lease. In the case of securitized instruments, the income will originate from the income distributed by these assets, or the difference between their purchase and sale price (capital gain). Other potential benefits for investors are:

- Individuals may be exempt from income tax upon meeting certain rules.
- There is no requirement to spend the entire amount normally required for investment in a property.
- Funds offer diversification across different types of assets in the real estate market (e.g., malls, hotels, residences, etc.).
- Revenues generated by the properties or assets held by the fund are periodically distributed to the quota holders.
- Rising real estate prices increase the assets of the fund and, consequently, the value of its quotas.

In its new strategic asset allocation, CIO research reduces the allocation of real estate investment funds for most risk profiles in order to finance the increase in global assets in an environment of solid growth, advances in technology and AI, lower interest rates, and a weaker dollar. In its tactical allocation, CIO research keeps the asset class as Neutral.

International assets

Global assets delivered an impressive performance last year, as almost every asset class posted a positive return.

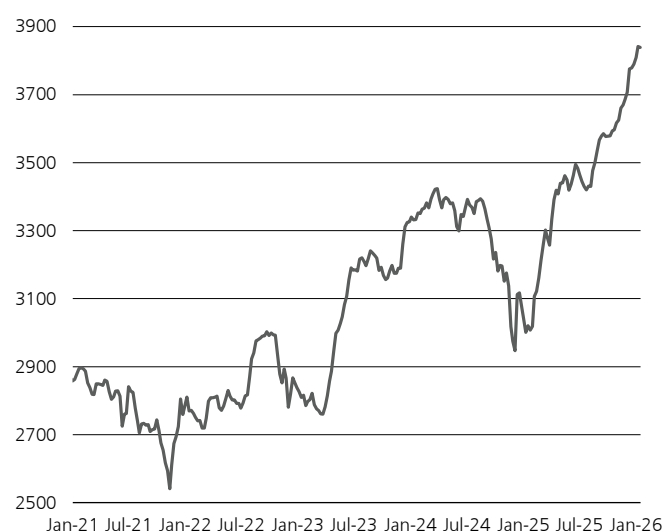
Applying the theory of portfolio diversification to optimize relative risk and return in the medium term, CIO research holds international assets in its strategic allocation. The common risk factor in these assets is the exchange rate. Due to high exchange-rate volatility, however, both risks and benefits should be considered over the medium term.

Because international assets offer a wide array of possibilities across various regions of the world, careful selection is important. The international assets considered in the Brazilian strategic asset allocation are the same as those in CIO research's global strategic asset allocation, taking into account the economic prospects of different countries and their impact on portfolio diversification for local investors.

CIO research works on the premise that investors generally have a "home bias," meaning they prefer holding domestic assets rather than international assets in their portfolio. While this bias is universal among investors, it is particularly strong in Brazil given the historically high interest rates available locally.

Fig. 7: Real estate funds

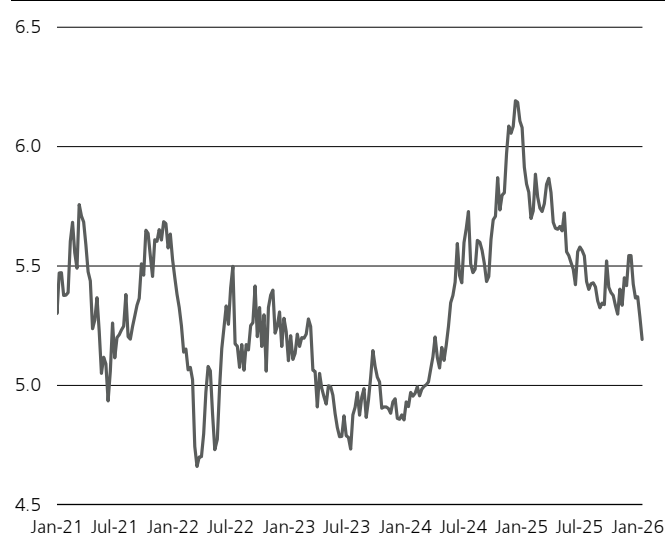
B3 Real Estate Investment Fund Index



Source: Bloomberg, UBS, as of 30 January 2026

Fig. 8: USDBRL exchange rate

Weekly values



Source: Bloomberg, UBS, as of 30 January 2026

CIO research expects global equities to rise over 10% by the end of 2026, with the rally continuing to broaden beyond the direct leaders of the AI infrastructure buildout. Investors who are underallocated to stocks should consider adding to equities, while those with concentrated positions in individual stocks or US tech can benefit from diversifying into underappreciated tech stocks or sectors like health care, utilities, and banking.

In addition, CIO research sees potential upside in Europe, Japan, China, and emerging markets, making a broad global equity allocation increasingly attractive. For emerging markets equities in particular, CIO research expects another year of strong performance, much like in 2025. The rare alignment of a weakening US dollar, an easing cycle both in the US and across many emerging markets, robust global growth, and more attractive valuations relative to the US should be especially supportive for this asset class. These factors reinforce CIO research’s recent upgrade of emerging markets equities in this year’s investment recommendations. Overall, incorporating long-only multifactor quantitative strategies can further enhance diversification and help manage risk, particularly amid ongoing political and macroeconomic uncertainty.

As the risk-return when compared to local risk assets is appealing, CIO research increases the exposure to global assets in most profiles. Emerging markets equities are CIO research’s preferred asset class to increase the exposure in global assets. In its tactical allocation, CIO research keeps the international asset class at Neutral.

Conclusion

Based on the assumptions described above, CIO research’s strategic allocation recommendations for every risk profile are set out in the tables below (see Figs. 10a and 10b).

Portfolios are designed to deliver what CIO research believes to be the best possible risk-return trade-off while considering the uncertainty in its forecasts and tail-risk scenarios.

In general, CIO research prefers that global asset classes not be currency hedged because the foreign currency exposure adds to diversification and protects the investor against a weakening Brazilian real.

Fig. 9: Brazil country risk

Five-year credit default swaps (CDS), in bps



Source: Bloomberg, UBS, as of 30 January 2026

Fig. 10a: Strategic asset allocation

	Capital Preservation	Conservative	Moderate	Growth	Aggressive	Equity
Floating rate bonds	82.5%	45.0%	30.0%	20.0%	12.5%	12.5%
Nominal bonds	7.5%	7.5%	7.5%	7.5%	5.0%	2.5%
Inflation Linkers	10.0%	20.0%	20.0%	20.0%	20.0%	15.0%
Ibovespa		2.5%	5.0%	12.5%	20.0%	40.0%
Real Estate		2.5%	2.5%	2.5%	2.5%	2.5%
Hedge Funds Index		15.0%	25.0%	25.0%	25.0%	
Global Assets		7.5%	10.0%	12.5%	15.0%	27.5%
TOTAL	100%	100%	100%	100%	100%	100%

Source: Bloomberg, UBS, as of 30 January 2026

Fig. 10b: Strategic asset allocation with alternatives

	Capital Preservation	Conservative	Moderate	Growth	Aggressive	Equity
Floating rate bonds	82.5%	42.5%	27.5%	15.0%	10.0%	10.0%
Nominal bonds	7.5%	7.5%	7.5%	7.5%	5.0%	
Inflation Linkers	10.0%	20.0%	20.0%	20.0%	20.0%	15.0%
Ibovespa		2.5%	5.0%	12.5%	20.0%	40.0%
Real Estate		2.5%	2.5%	2.5%	2.5%	
Hedge Funds Index		15.0%	25.0%	25.0%	22.5%	
Global Assets		7.5%	10.0%	12.5%	12.5%	25.0%
Alternatives		2.5%	2.5%	5.0%	7.5%	10.0%
TOTAL	100%	100%	100%	100%	100%	100%

Source: Bloomberg, UBS, as of 30 January 2026

The process

CIO research's investment allocation process starts with the definition of capital market assumptions (CMA), which are based on macroeconomic assumptions for the country over the next five years.

CIO research analyzed several key indicators, including economic growth, inflation, exchange rates, and interest rates. CIO research has sought to analyze these over the medium term to gauge Brazil's economic potential, so as to limit the influence of short-term economic cycles.

Once CIO research has defined its CMS, it applies asset price predictions to them. For each asset CIO research deems relevant in terms of strategic allocation, it calculates the expected return and volatility for the next five years.

CIO research applies this procedure to the local economy as well as global markets. The result is a table of returns and risks for all asset classes CIO research deems to be relevant to its local and global strategic allocation.

Fig. 11: Tactical asset allocation preference table

	Unattractive	Neutral	Attractive
Floating rate bonds	–		
Nominal bonds		=	
Inflation linked bonds			+
Equities			+
Hedge funds		=	
Real estate funds		=	
Global assets		=	
Alternative assets		=	

Source: Bloomberg, UBS, as of 30 January 2026

Fig. 12: Examples of expected returns and volatility

Not related to the CMA example

Asset classes	Expected return p.a.	Expected volatility p.a.
Brazil CETIP Rate	9.5%	0.5%
ANBIMA IPCA Infl. Linked	11.9%	6.6%
ANBIMA Fixed Rate	11.4%	5.2%
Ibovespa	16.4%	21.3%
ANBIMA Hedge Funds Index	11.6%	6.3%
Bovespa Real Estate Fund Index	12.4%	10.1%
Global Assets	11.0%	15.0%

Source: Bloomberg, UBS, as of 30 January 2026

Fig. 13: Brazil macroeconomic assumptions

Not related to the CMA example

(end of year forecasts)	2026	2027	2028	2029	2030	2031	2032	Average 2026–2032
GDP (%)	1.6	1.5	2.3	2.3	2.3	2.3	2.3	2.1
CPI (%)	5.00	4.00	3.50	3.50	3.50	3.50	3.50	3.8
Policy Rate	15.00	12.50	9.00	9.00	9.00	9.00	9.00	10.4

Source: Bloomberg, UBS, as of 30 January 2026

Appendix

Company/Country Disclosures (5 February 2026)

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- The UBS Wealth Management strategist, Chief Investment Officer and Economist, a member of his or her team, or one of their household members has a long position in the sovereign debt of this country.

Global asset class preferences

The asset class preferences provide high-level guidance to make investment decisions. The preferences reflect the collective judgement of the members of the House View meeting, primarily based on assessments of expected total returns on liquid, commonly known indexes, House View scenarios, and analyst convictions over the next 12 months. Note that the tactical asset allocation (TAA) positioning of our different investment strategies may differ from these views due to factors including portfolio construction, concentration, and borrowing constraints.

Attractive: We consider this asset class to be attractive. Consider opportunities in this asset class.

Neutral: We do not expect outsized returns or losses. Hold longer-term exposure.

Unattractive: We consider this asset class to be unattractive. Consider alternative opportunities.

Note: For equities, we have collapsed "Most Attractive" with "Attractive" and "Least Attractive" with "Unattractive" from the five-tier rating system that is found in the Equity Compass into 3 tiers.

Non-Traditional Assets

Non-traditional asset classes are alternative investments that include hedge funds, private equity, real estate, and managed futures (collectively, alternative investments). Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. **An investment in an alternative investment fund is speculative and involves significant risks.** Specifically, these investments

1. are not mutual funds and are not subject to the same regulatory requirements as mutual funds;
2. may have performance that is volatile, and investors may lose all or a substantial amount of their investment;
3. may engage in leverage and other speculative investment practices that may increase the risk of investment loss;
4. are long-term, illiquid investments, there is generally no secondary market for the interests of a fund, and none is expected to develop;
5. interests of alternative investment funds typically will be illiquid and subject to restrictions on transfer;
6. may not be required to provide periodic pricing or valuation information to investors;
7. generally involve complex tax strategies and there may be delays in distributing tax information to investors;
8. are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits.

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In addition to the risks that apply to alternative investments generally, the following are additional risks related to an investment in these strategies:

- **Hedge Fund Risk:** There are risks specifically associated with investing in hedge funds, which may include risks associated with investing in short sales, options, small-cap stocks, "junk bonds," derivatives, distressed securities, non-U.S. securities and illiquid investments.
- **Managed Futures:** There are risks specifically associated with investing in managed futures programs. For example, not all managers focus on all strategies at all times, and managed futures strategies may have material directional elements.

- **Real Estate:** There are risks specifically associated with investing in real estate products and real estate investment trusts. They involve risks associated with debt, adverse changes in general economic or local market conditions, changes in governmental, tax, real estate and zoning laws or regulations, risks associated with capital calls and, for some real estate products, the risks associated with the ability to qualify for favorable treatment under the federal tax laws.
- **Private Equity:** There are risks specifically associated with investing in private equity. Capital calls can be made on short no-notice, and the failure to meet capital calls can result in significant adverse consequences including, but not limited to, a total loss of investment.
- **Private Credit:** There are risks specifically associated with investing in private credit. This could include losses stemming from defaults on loans, which in significant adverse circumstances could result in a substantial loss of investment.
- **Foreign Exchange/Currency Risk:** Investors in securities of issuers located outside of the United States should be aware that even for securities denominated in U.S. dollars, changes in the exchange rate between the U.S. dollar and the issuer's "home" currency can have unexpected effects on the market value and liquidity of those securities. Those securities may also be affected by other risks (such as political, economic or regulatory changes) that may not be readily known to a U.S. investor.

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