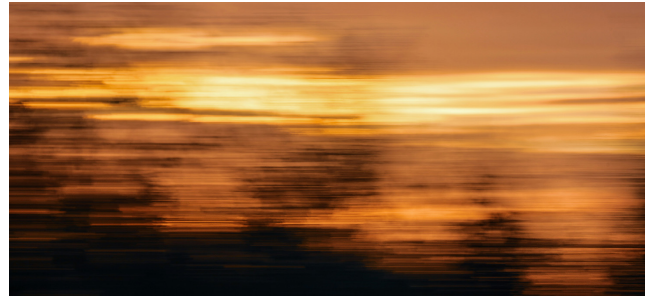


Strategic: Strengthen your core

Strengthen your core

Author: Sagar Khandelwal, Strategist, UBS Switzerland AG

Why? 1) Building a core portfolio can help maintain focus on long-term goals through market volatility, including the Iran war, AI worries, and credit stresses. 2) A portfolio broadly diversified across and within asset classes, geographies, and sectors can consistently grow wealth, providing compounded returns. 3) This approach helps maximize the chance of meeting financial goals, allowing investors to pursue other interests or tactical opportunities with greater confidence and avoid locking in losses in downturns.



Source: Kevin Grieve_Unsplash

Video: [Strengthen the core: Review your goals](#)

Markets have been unsettled by war in the Middle East and uncertainty about when hydrocarbon flows will resume through the Strait of Hormuz. Additionally, bigger questions about AI disruption, government debt sustainability, and emergent credit stresses have weighed on investor sentiment this year. Nervous investors may feel compelled to hold outsized levels of liquidity. But those with excess cash should remind themselves of the big picture.

After a third consecutive year of 20%+ gains in global equities (MSCI All Country World Index) in 2025, investors who held and continue to hold too few equities have paid a price in terms of foregone performance.

Investors who avoided their home stock market may have missed out even more, given how Chinese equities (MSCI China Index), Japanese stocks (MSCI Japan), and European shares (MSCI EMU Index) all outperformed US equities, with gains of around 30%, 25%, and 25%, respectively, last year.

Stocks were not the only strong performers in 2025. Global bonds posted their best results since 2020, while gold climbed 63%, its largest annual gain since 1979.

Looking ahead, we maintain a constructive view on markets, and expect global equities to rise by end-2026 but with periodic bouts of volatility, as investors digest economic, technological, and geopolitical developments.

Investors should seek to strengthen their core portfolios in three ways, in our view.

1. Top up balanced portfolios across stocks, bonds, and alternatives. A robust core portfolio is the foundation for long-term success. CIO suggests allocating 30-70% of assets to equities, with at least half in US stocks and at least 20% in global shares, including Europe and emerging markets. Up to 30% can be dedicated to structural growth themes such as AI, power and resources, and longevity. Fixed income should comprise 15-50% of assets, balanced across government bonds, credit, and select private credit, with a focus on short-and medium-maturity bonds and alignment to currency needs. Alternatives—including hedge funds, private markets, and infrastructure—can further enhance diversification and risk-adjusted returns for investors willing to tolerate risks.

2. Rebalance portfolios, especially after larger market moves. Big shifts between and within asset classes can mean portfolios may have drifted from their strategic allocations. CIO recommends rebalancing in a periodic and systematic way, with a disciplined plan and consistent schedule: Sell relative outperformers, buy relative underperformers, and return to long-term asset allocations. This disciplined approach helps lock in gains, manage risk, and maintain exposure to future growth. Rebalancing may mean trimming outperforming equities and adding to lagging sectors or regions. It also provides an opportunity to review fixed income and alternative allocations, ensuring a balanced mix that reflects current market conditions and

This report has been prepared by UBS Switzerland AG. **Please see important disclaimers and disclosures at the end of the document.**

personal risk tolerance. Regular rebalancing is a core part of institutions' professional portfolio management—and an activity self-directed investors can try to copy, especially in volatile environments, to help avoid emotional decision-making while staying focused on long-term goals.

3. Enhance core portfolios with wealth preservation and tactical ideas. Strengthening the core isn't just about asset allocation—it's also about managing risks and seeking new opportunities. Risk-averse investors can hedge market risks by substituting some linear equity exposure with capital preservation strategies or adding an up to a mid-single-digit allocation to gold, which has historically proven to help insulate portfolios against geopolitical risks.

Return-seeking investors can diversify their stock exposure by seeking new regions, sectors, and industries through tactical equity opportunities, including structured strategies that offer limited exposure to losses or enhanced yield while waiting to "buy on dips."

Long-term investors can consider alternative investments as diversifiers and fresh return sources, in particular hedge funds (including regional opportunities focused on Asian markets), private infrastructure, and private market vehicles that generate income from royalties. CIO suggests that investors with an "endowment" style may benefit from allocating up to 20-40% to alternatives, with careful manager selection and effective diversification across strategies. This approach can improve portfolio resilience and adaptability to changing market conditions. However, investors must be able and willing to bear the unique risks of investing in alternative assets, including but not limited to illiquidity.

Global asset class preferences definitions

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 and commonly known indices, 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 a five-tier rating system with two additional preferences

Most Attractive: We consider this asset class to be among the most attractive. Investors should seek opportunities to add exposure.

Least Attractive: We consider this asset class to be among the least attractive. Seek more favorable alternatives opportunities.

When equities are included with the other asset classes in the three-tier rating system, we collapse "Most Attractive" with "Attractive" and "Least Attractive" with "Unattractive."

Appendix

Risk information

UBS Chief Investment Office's ("CIO") investment views are prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. Additional disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

The investment views have been prepared in accordance with legal requirements designed to promote the **independence of investment research**.

Generic investment research – Risk information:

This publication is **for your information only** and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. It is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to UBS). All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report, and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of UBS as a result of using different assumptions and/or criteria. UBS may utilize artificial intelligence tools ("AI Tools") in the preparation of this document. Notwithstanding any such use of AI Tools, this document has undergone human review.

In no circumstances may this document or any of the information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed to represent and warrant to UBS that you will not use this document or otherwise rely on any of the information for any of the above purposes. UBS and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to/for the issuer, the investment instrument itself or to/for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by UBS and its employees may differ from or be contrary to the opinions expressed in UBS research publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, divisions or affiliates of UBS. Futures and options trading is not suitable for every investor as there is a substantial risk of loss, and losses in excess of an initial investment may occur. Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on

the price, value or income of an investment. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information.

Different areas, groups, and personnel within UBS Group may produce and distribute separate research products **independently of each other**. For example, research publications from **CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Research methodologies and rating systems of each separate research organization may differ**, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking, sales and trading or principal trading revenues, however, compensation may relate to the revenues of UBS Group as a whole, of which investment banking, sales and trading and principal trading are a part.

Tax treatment depends on the individual circumstances and may be subject to change in the future. UBS does not provide legal or tax advice and makes no representations as to the tax treatment of assets or the investment returns thereon both in general or with reference to specific client's circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein.

This material may not be reproduced or copies circulated without prior authority of UBS. Unless otherwise agreed in writing UBS expressly prohibits the distribution and transfer of this material to third parties for any reason. UBS accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. For information on the ways in which CIO manages conflicts and maintains independence of its investment views and publication offering, and research and rating methodologies, please visit www.ubs.com/research-methodology. Additional information on the relevant authors of this publication and other CIO publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your client advisor.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit UBS's ability to participate in or to advise on certain investment opportunities that otherwise would be consistent with the Client's investment objectives. The returns on a portfolio incorporating ESG factors or Sustainable Investing considerations may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by UBS, and the investment opportunities available to such portfolios may differ.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

USA: Distributed to US persons only by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliarios Ltda, UBS (Brasil) Corretora de Valores S.A., UBS Asesores Mexico, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

For country information, please visit ubs.com/cio-country-disclaimer-gr or ask your client advisor for the full disclaimer.

Additional Disclaimer relevant to Credit Suisse Wealth Management

You receive this document in your capacity as a client of Credit Suisse Wealth Management. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your

Strengthen your core

Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

Version B/2026. CIO82652744

© UBS 2026. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.