

Manage inflation with confidence

Three steps you can take to prepare for inflation.

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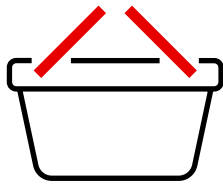
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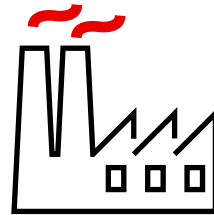
Inflation is a natural part of the economy

Three causes for inflation



Demand

Consumers are spending more and supply can't keep up



Costs

Production costs rise and companies increase prices to maintain profit margin



Built In

Self-perpetuating behavior by market participants

Why inflation matters

Inflation makes it harder to maintain your lifestyle over time.



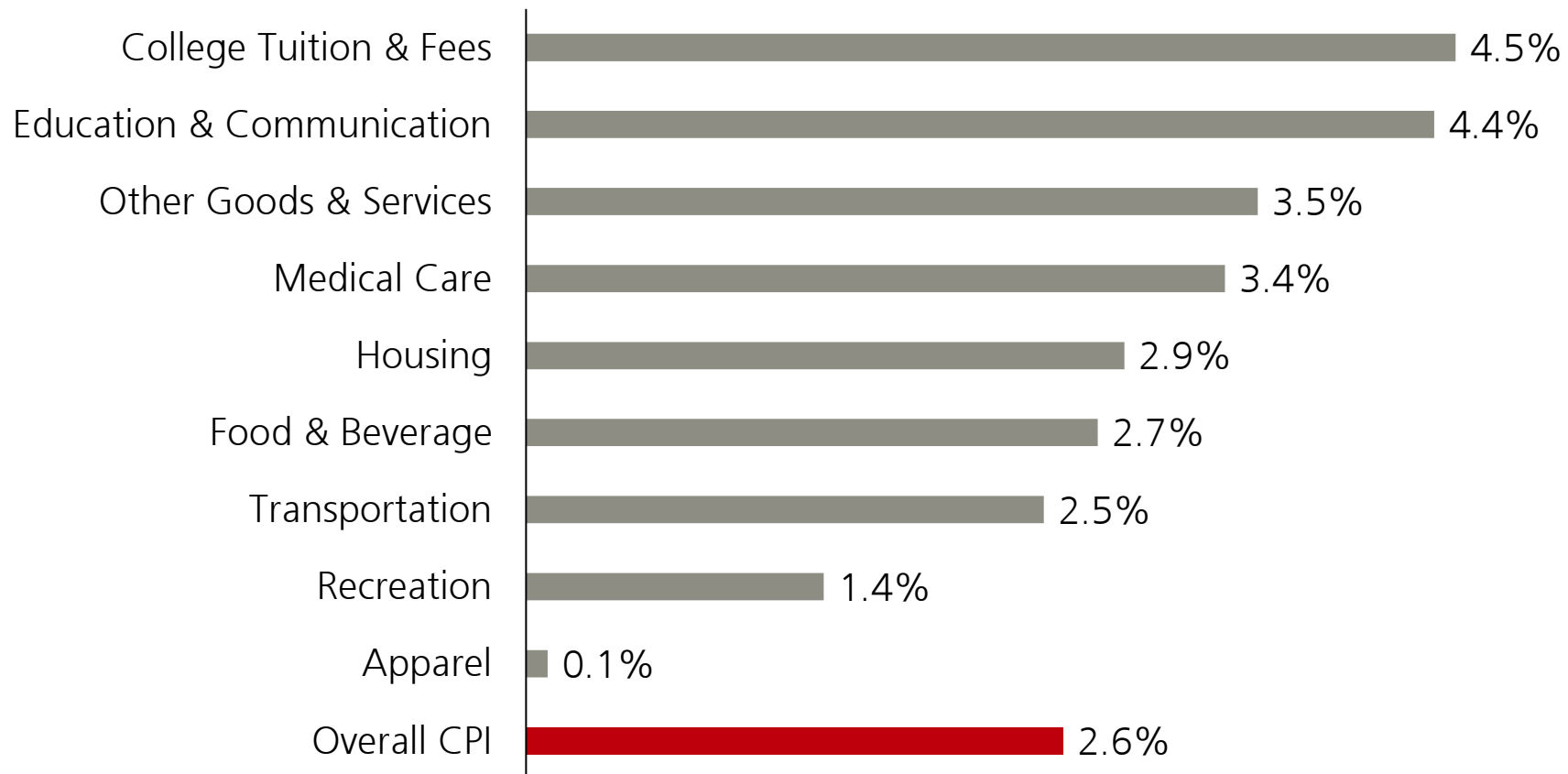
- **Erodes purchasing power:** Inflation means each dollar buys less over time.
- **Compounds over long horizons:** Even modest inflation (2-3%) significantly reduces real wealth over time.
- **Requires a higher bar for success:** Investors must focus on real returns (returns net of inflation); if returns don't outpace inflation, savings are effectively shrinking.

After 30 years of 2% inflation,
\$100 only buys **\$55** worth of goods

Inflation isn't a single number

Inflation has a different impact on various categories of goods and services

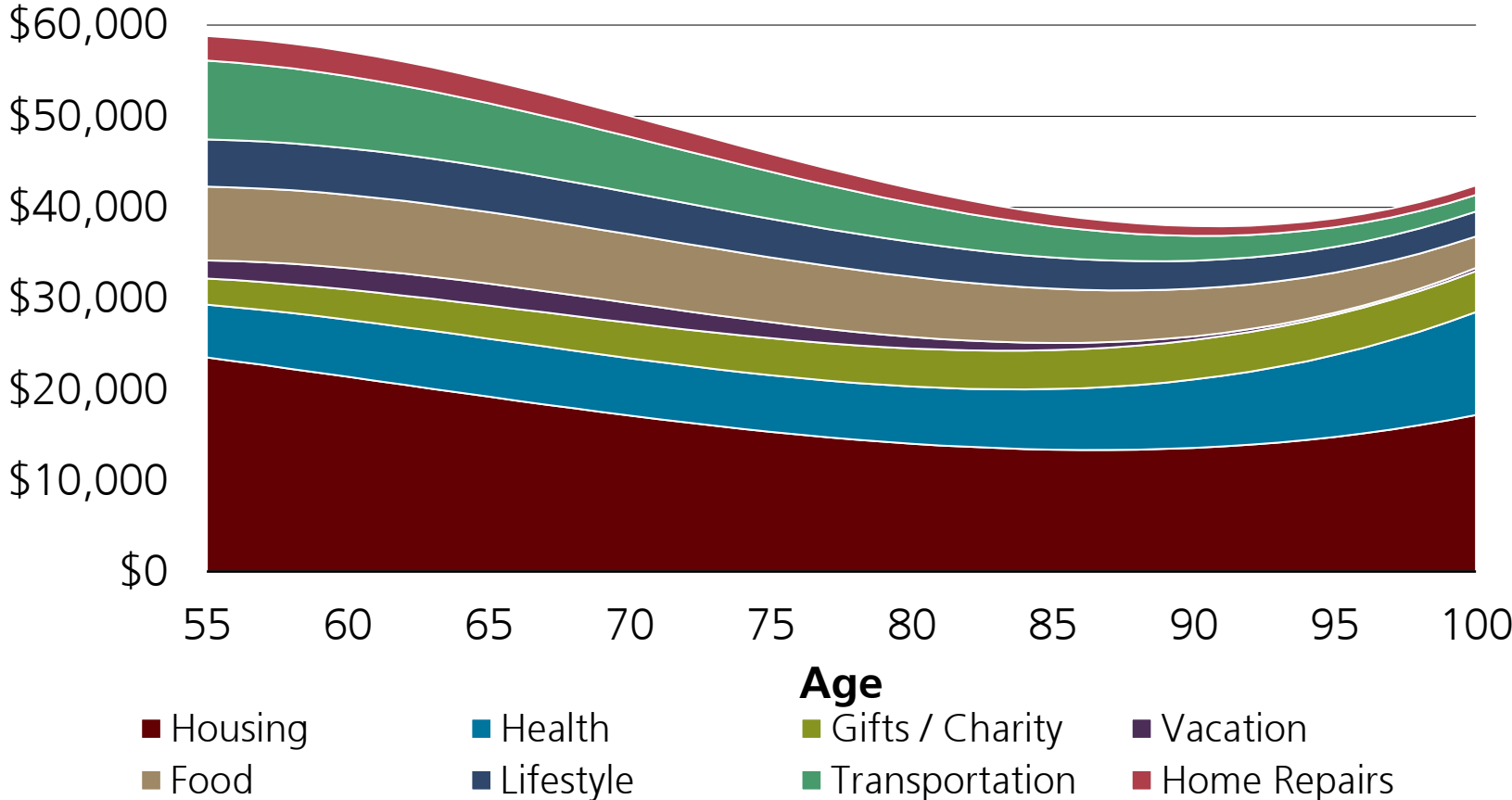
Average rate of inflation, Consumer Price Index sub-categories, 1990-2026



Everyone's spending basket is different

Your spending needs may change over time.

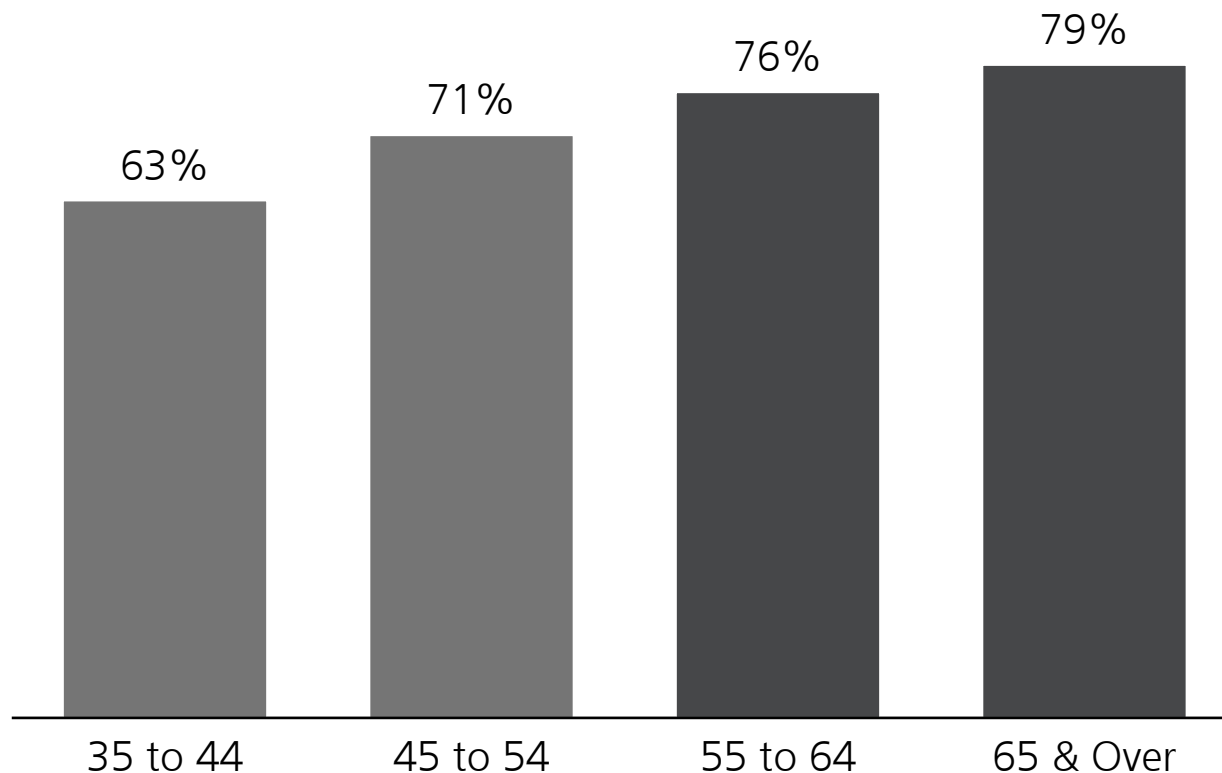
Average spending basket by age (inflation-adjusted)



Homeowners benefit from rising home prices

Inflation includes home price appreciation; in fact, it is the largest single line item

Homeownership rates by age

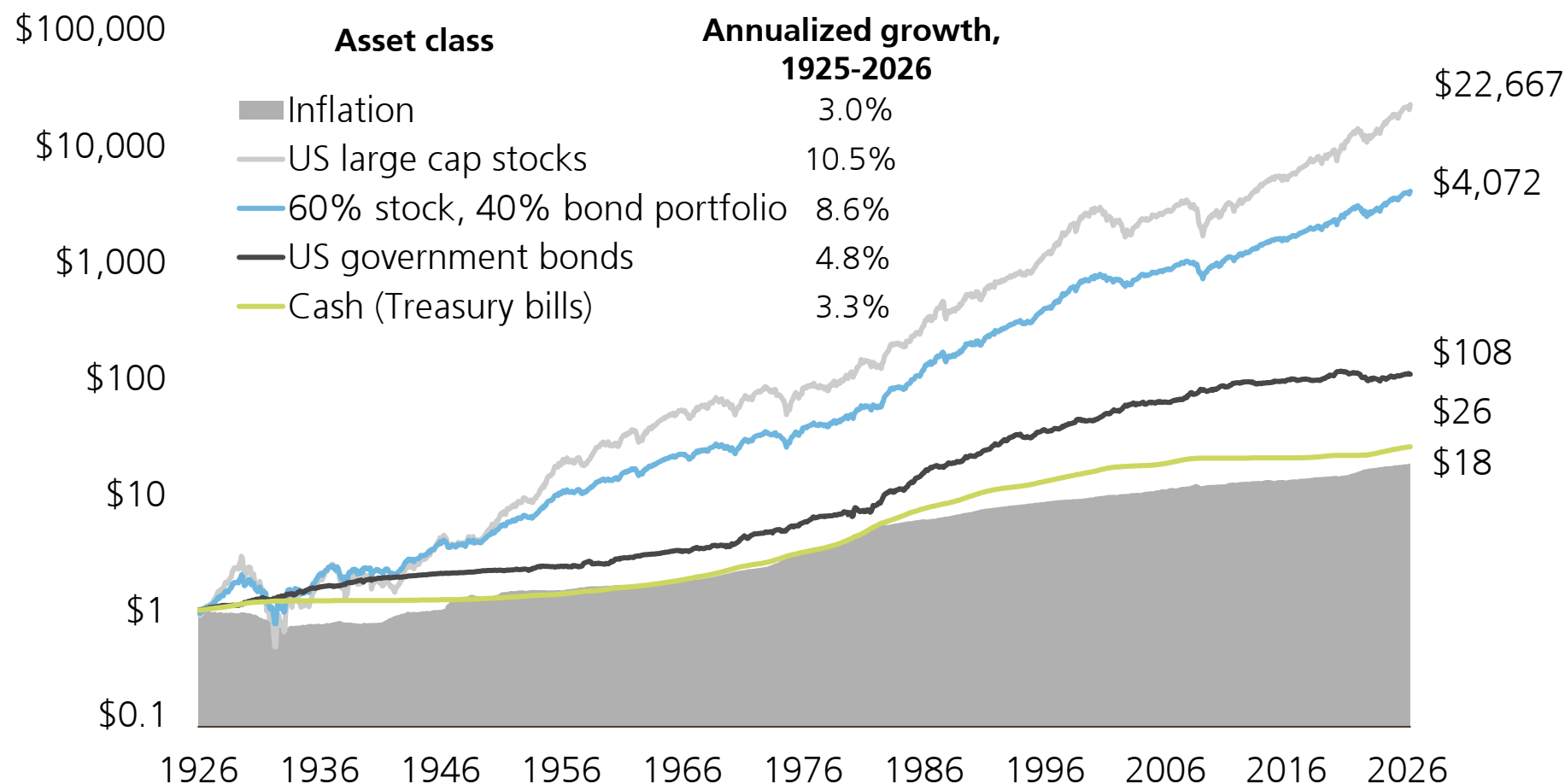


Approximately **65%** of all households own their home.

Inflation is a headwind to investments' real growth

Understanding "nominal" and "real" returns

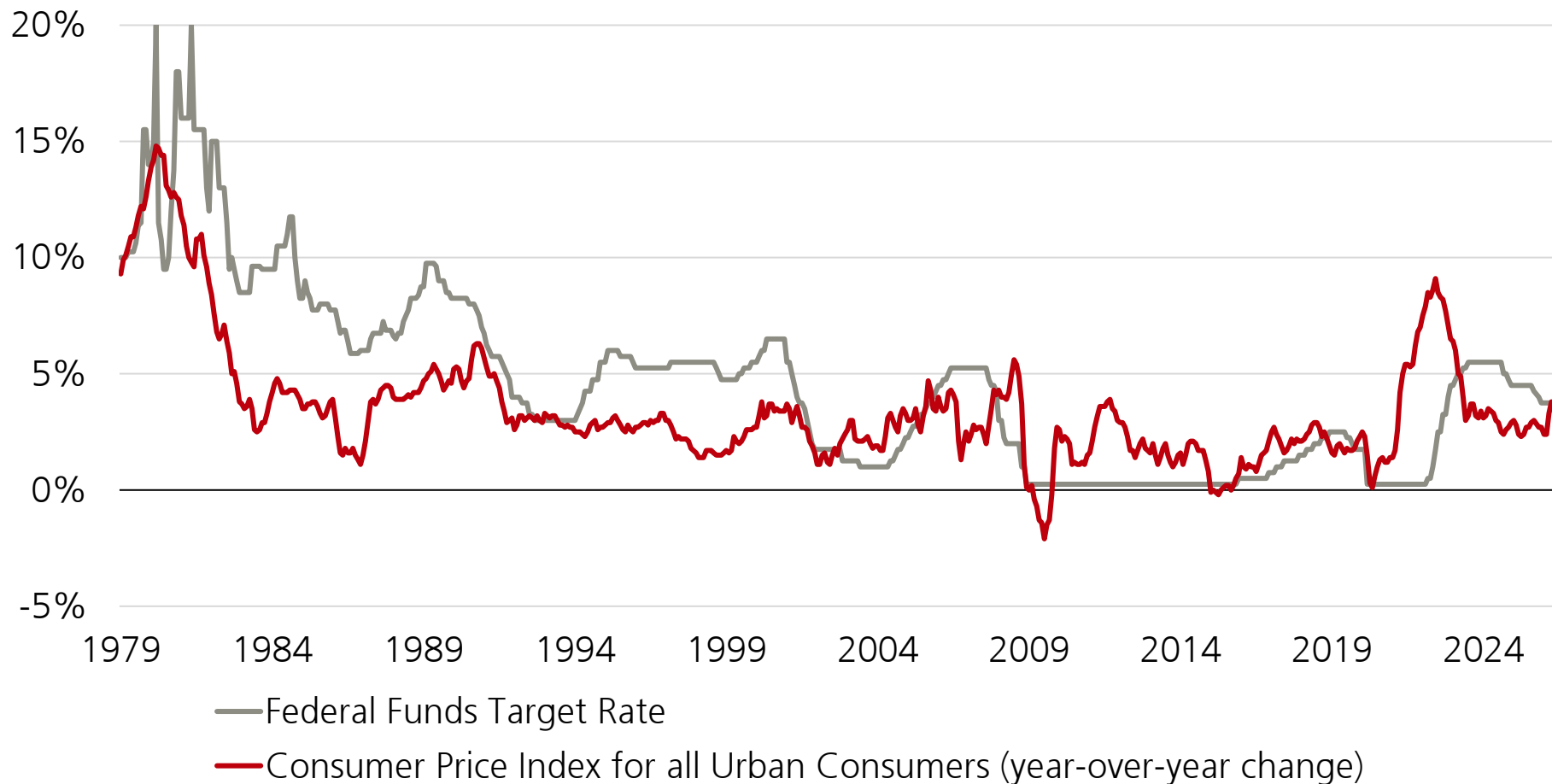
Return on \$1 invested in the December 1925 versus inflation (logarithmic scale)



The Fed raises interest rates to combat inflation

Higher interest rates make it more expensive to borrow, which helps to reduce inflation pressure.

Inflation and short-term interest rates



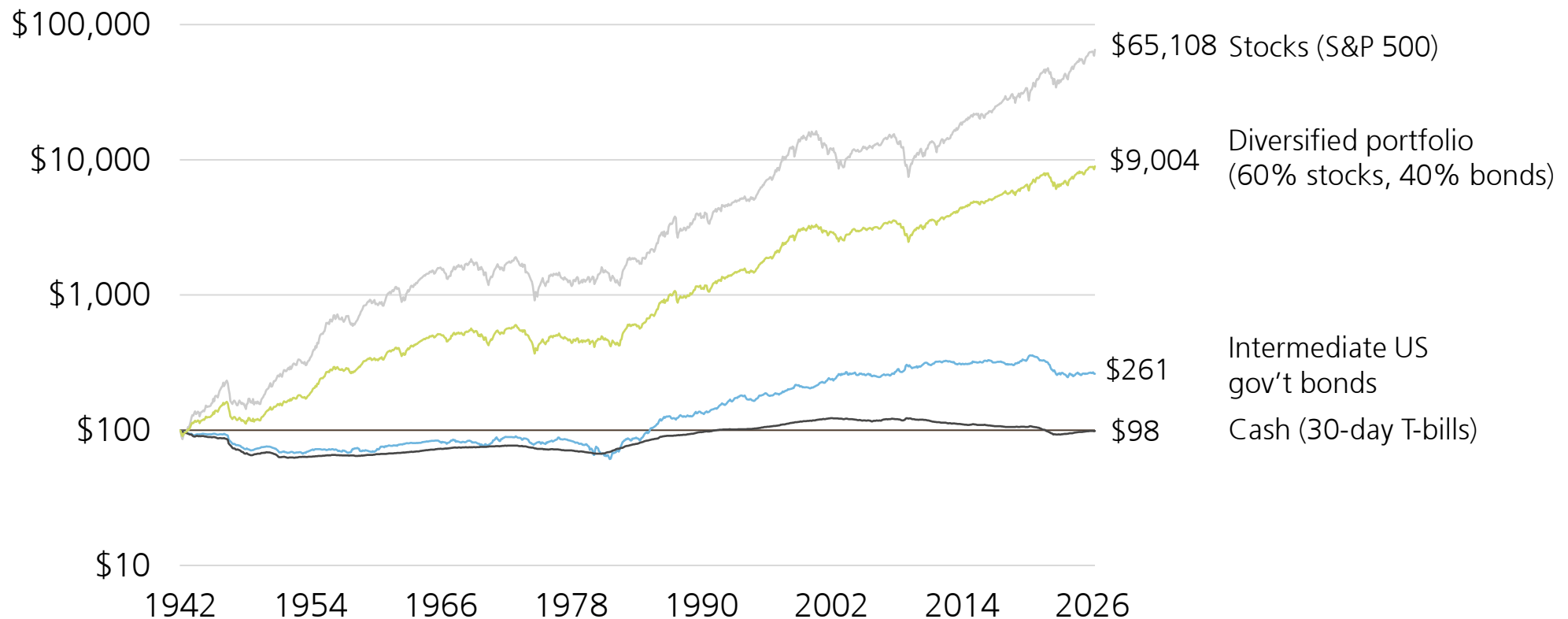
Three ways to prepare for inflation



1. Keep a long-term perspective

A balanced, well-diversified portfolio can help beat inflation and may protect against bear market losses.

Inflation-adjusted growth of \$100 since January 1942



Source: Bloomberg, Morningstar Direct, UBS, as of 30 April 2026. 60/40 portfolio is invested in the S&P 500 and the Ibbotson US Intermediate Government Bond Index. For illustrative purposes only. Past performance not indicative of future results. An index represents an unmanaged universe of securities and is not available for direct investment.

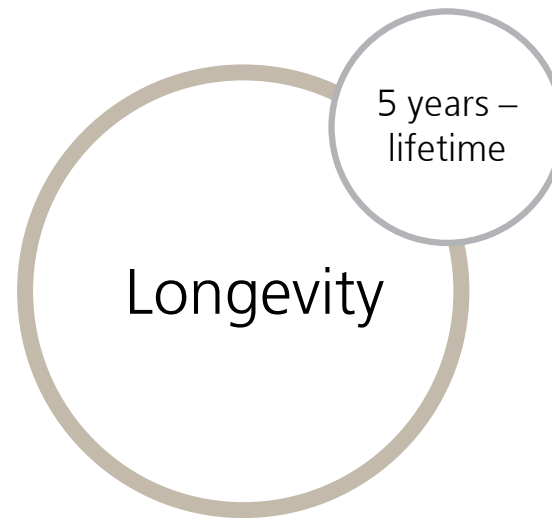
2. Build a plan

UBS Wealth Way starts with questions and a discussion that helps us focus on what's really important to you. Then, we can help you organize your financial life into three key strategies.



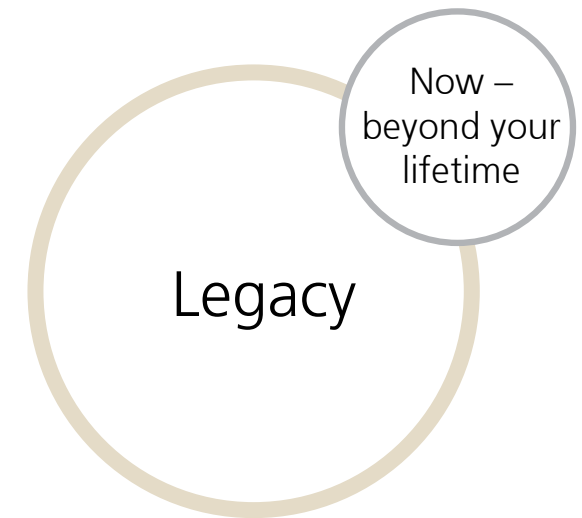
To help **maintain** your lifestyle

- Entertainment and travel
- Taxes
- Purchasing a home



To help **improve** your lifestyle

- Retirement
- Health care and long-term care expenses
- Second home



To help **improve** the lives of others

- Giving to family
- Philanthropy
- Wealth transfer over generations

3. Work with a professional

An advisor can help you manage risks like inflation.

Utilize analytical tools

- Explore hypothetical scenarios
- Test against adverse market conditions
- Understand sensitivity to key market changes

Ensure diversification

Asset class with highest return each year

2000	US Gov Bonds
2005	Emerging Market Stocks
2010	US Small Cap Stocks
2015	US Municipal Bonds
2020	US Large Cap Stocks
2025	Emerging Market Stocks

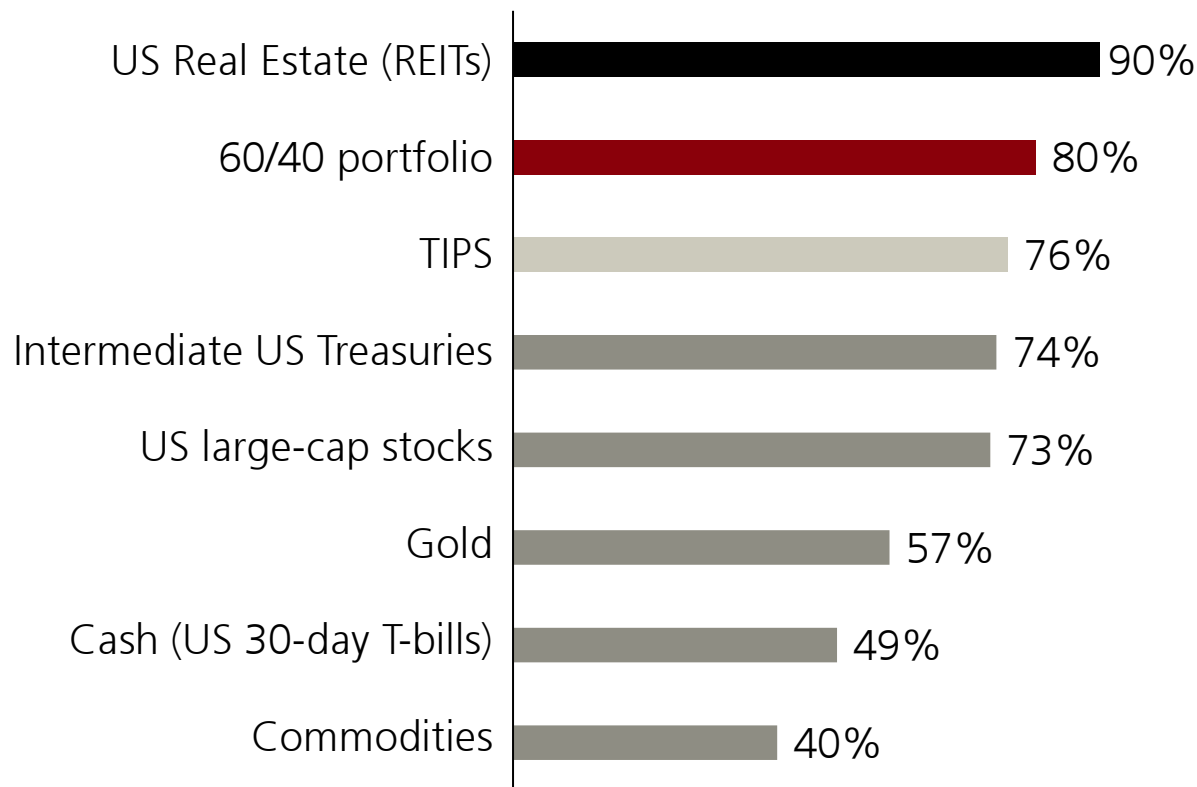
Meet periodically

- Review goals and preferences
- Consider allocation adjustments

Which investments can help to beat inflation?

Real Estate, balanced portfolios, and Treasury Inflation-Protected Securities (TIPS) have outpaced inflation the most consistently.

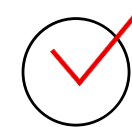
Frequency of positive real returns, rolling five-year periods since 1968



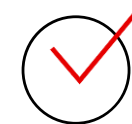
Source: Bloomberg, Morningstar Direct, UBS, as of 30 April 2026. 60/40 portfolio is invested in the S&P 500 and the Ibbotson US Intermediate Government Bond Index. Real Estate: FTSE NAREIT Equity Index; TIPS: Bloomberg US Treasury Inflation Notes. Commodities: Bloomberg Commodity Index. Real return performance data begins in December 1968, except for US Real Estate (January 1972) and TIPS (April 1997). For illustrative purposes only. Past performance not indicative of future results. An index represents an unmanaged universe of securities and is not available for direct investment.

How to move forward

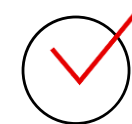
Remind yourself that inflation is normal.



Think long term



Plan holistically



Consider guidance

Let's keep talking



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