# Year Ahead 2027

## Sustaining resilience



Chief Investment Office GWM | Investment Research

UBS

**Year Ahead 2027 – UBS House View**
This report has been prepared by UBS AG, UBS AG London Branch, UBS Switzerland AG, UBS Financial Services Inc. (UBS FS), UBS AG Singapore Branch, UBS AG Hong Kong Branch, and UBS SuMi TRUST Wealth Management Co., Ltd.
Please see important disclaimers at the end of the document.



# Foreword

## Welcome to the *Year Ahead 2027*

Dear reader,

Recent years have demonstrated the resilience of economies, companies, and markets. Economic growth has held up, earnings have advanced, and equity markets have delivered solid returns despite elevated financing costs, rising government debt, and geopolitical tensions.

As we enter 2027, the central question is whether that resilience can be sustained.

Artificial intelligence could raise productivity, but investors will increasingly expect returns to keep pace with investment. We expect inflation to ease, though AI and energy security spending, combined with public borrowing, may keep interest rates elevated. Geopolitical developments will remain influential.

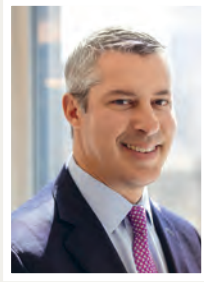
Our *Year Ahead 2027*, "Sustaining resilience," examines the forces driving markets and distinguishes structural change from market noise. We see opportunities in the year ahead, but elevated uncertainty calls for careful portfolio construction.

We believe investors should stay in the market and ensure portfolios are appropriately diversified. Resilience needs to be built into portfolios, such that investors can participate in growth while being able to withstand setbacks.

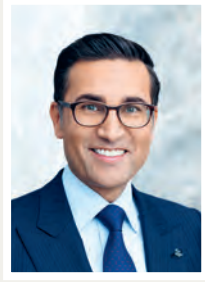
We will continue to combine our insights, advice, and strategies around what matters most to you, helping you preserve and grow your wealth across generations.

Thank you for your continued trust and partnership.

Warm regards,



**Rob Karofsky**
Co-President Global Wealth Management and President UBS Americas



**Iqbal Khan**
Co-President Global Wealth Management and President UBS Asia Pacific

# Contents






## 9
## Sustaining resilience

11 The year ahead in brief

## 12
## The key questions

13 Will AI continue to justify investor enthusiasm?

17 Are we moving into a structurally different inflation and rates regime?

21 Can government debt keep rising without triggering a market reckoning?

26 Will economics continue to outweigh geopolitics?



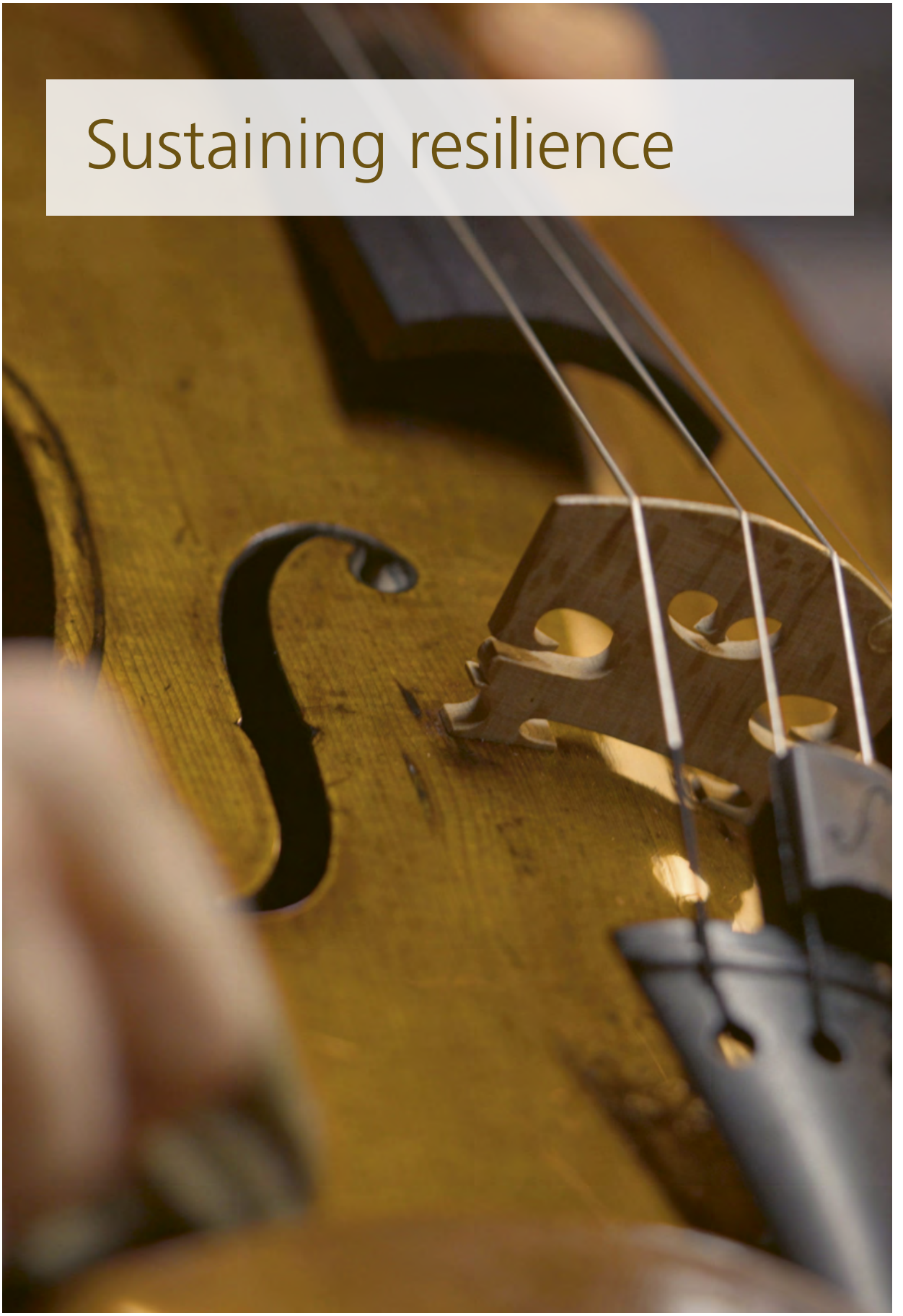

## 29
## Possible scenarios for 2027

30 Resilience, sustained
31 Goldilocks
32 The yield reset
33 The AI bust

## 34
## How to invest

35 Refocus equity exposure
39 Navigate transformational innovation
42 Take advantage of volatility
45 Rebalance into fixed income
48 Build resilience through gold and commodities
51 Broaden returns with currency opportunities
54 Diversify with alternatives
58 Build a resilient portfolio

# Sustaining resilience





**Mark Haefele**
Chief Investment Officer
Global Wealth Management

Maybe 2026 taught us that tokenmaxxing agentic super intelligence was the best way to win in a multi-polar world. Maybe not. But as we enter a new year, it is time to look beyond the buzzwords, and consider what might drive markets in 2027 and how to build portfolios that are robust across a wide range of outcomes.

Investors had many reasons for caution in 2026. Yet the global economy expanded, and equity markets reached new highs. Investment in artificial intelligence (AI) was again stronger than expected, while earnings continued to surge. Global AI-related investment is on track to hit USD 1.0 trillion in 2026, double its 2025 level. And S&P 500 earnings are on track to rise by 29%, with another 15% expansion expected in 2027.

The closure of the Strait of Hormuz has pushed oil prices up 52% year to date and caused refined-product prices to surge. Some central banks responded by raising interest rates, driving government bond yields higher across major markets. Yet equity markets continued to climb, and global growth is on track to reach 3.3% in 2026.

Geopolitics, energy prices, interest rates, and government debt still mattered. But resilient growth, AI investment, and strong earnings had a greater influence on markets.

Whether that resilience can be sustained will depend on four key questions: Can AI continue to justify investor enthusiasm? Are we moving into a structurally different inflation and rates regime? Can government debt keep rising without triggering a market reckoning? And will economics continue to outweigh geopolitics?

In our base case, we expect AI investment to continue rising, inflation to moderate, and debt concerns to remain manageable. We also expect geopolitics to generate volatility without overwhelming economic fundamentals. This should provide a supportive backdrop for investors, but high expectations suggest a more balanced risk-return outlook for global equity markets. And in a world where government policy increasingly drives economic outcomes and AI capacity is concentrated among a few large companies, the economic future cannot be forecast by understanding market forces alone. We therefore think it is crucial to build resilience by diversifying the sources of return in your portfolio.

We hope our *Year Ahead 2027* helps you sustain portfolio resilience while pursuing the opportunities the year may bring.

# The year ahead in brief

> Don’t just rely on market resilience.
> Build portfolio resilience.

## Our base case

We expect solid earnings, continued AI investment, and easing inflation. But strong market gains have raised expectations, leaving the risk-reward for global equities more balanced. We believe investors should stay invested but reduce excess concentration: refocus equity exposure, rebalance into fixed income, and use commodities, currencies, and alternatives to broaden sources of return and strengthen portfolio resilience.

## The biggest upside risks

AI delivers a broader and faster productivity boost than expected, lifting earnings across more sectors and encouraging further investment. Lower inflation and reduced geopolitical tensions could allow easier monetary policy.

## The biggest downside risks

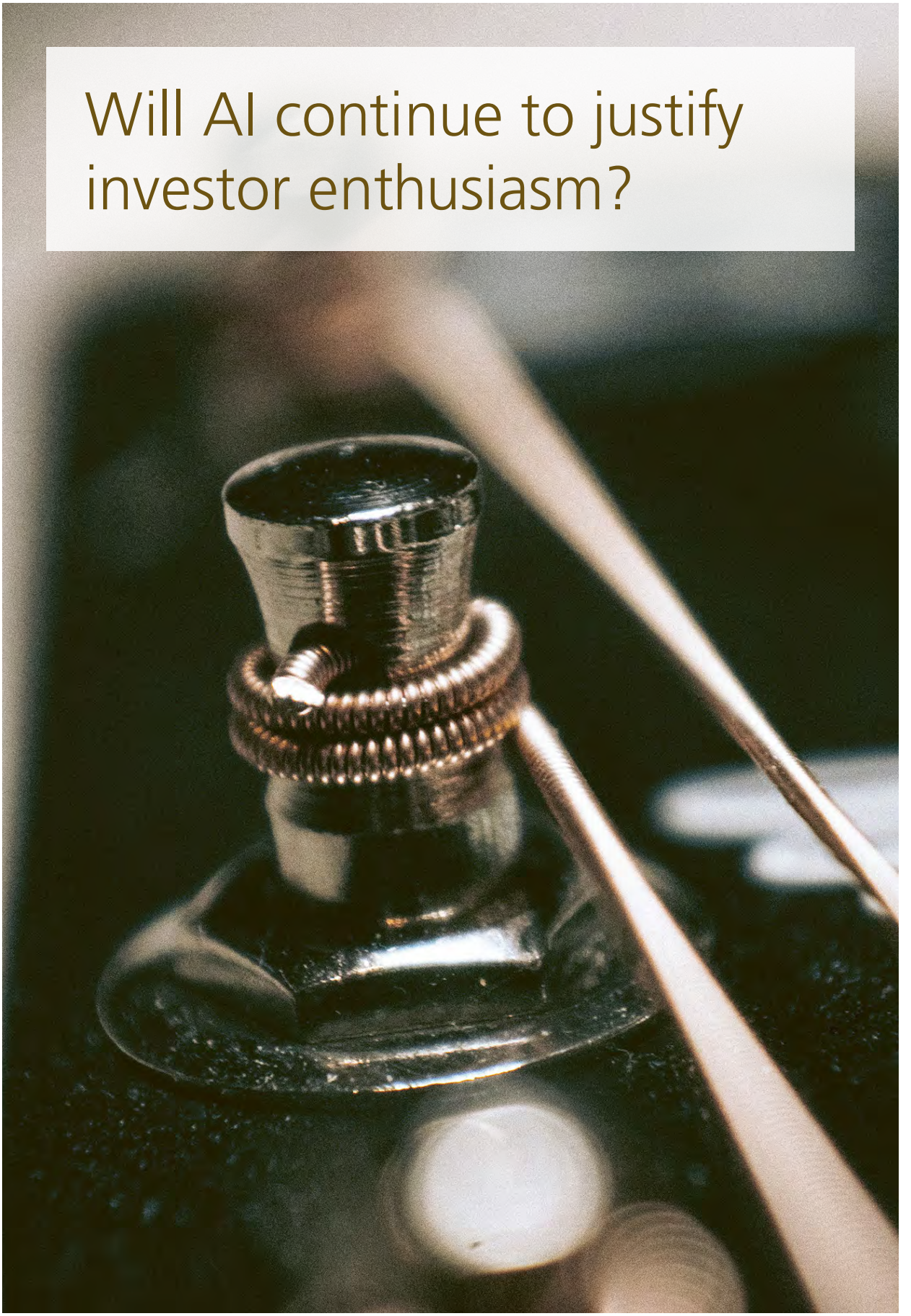
AI fails to deliver sufficient productivity and earnings gains to sustain confidence in the investment boom. Persistent inflation, geopolitical tensions, or debt concerns could also raise financing costs and weaken growth.

## Our top ideas

- **Refocus equity exposure:** Reduce excess tech concentration and shift exposure across sectors, regions, and styles.
- **Navigate transformational innovation:** Build and manage exposure to AI, power and resources, and longevity.
- **Take advantage of volatility:** Monetize uncertainty around inflation, debt, and geopolitics through structured strategies.
- **Rebalance into fixed income:** Add to fixed income to lock in attractive yields and strengthen portfolio resilience.
- **Build portfolio resilience:** Diversify sources of return through commodities, currencies, and alternatives.

Visit ubs.com/cio for our selection of videos and podcasts, including on our outlook, top ideas, and wealth planning.

# Will AI continue to justify investor enthusiasm?



Artificial intelligence is transforming industries and attracting unprecedented investment, but its financial returns remain uncertain. In 2027, investors will continue to assess whether technological progress, wider adoption, and confidence in AI's long-term potential can support further investment even as costs rise, competition intensifies, and pressure mounts to demonstrate profitability.

## Yes, if the investment flywheel keeps turning

The bull case for AI in 2027 is that the investment "flywheel" runs on. Consensus expects AI capital expenditure (capex) to rise from USD 1.0tr in 2026 to USD 1.6tr in 2027 and USD 1.8tr in 2028. This is possible if companies embed AI into workflows while inference costs fall and capabilities improve. This creates a powerful flywheel: lower costs drive adoption, adoption attracts investment, and investment accelerates innovation.

Furthermore, the large listed platforms leading much of this spending are highly profitable. Their ability to fund AI development from operating cash flow and attract external financing reduces the risk that investment stalls, even if monetization takes longer than expected.

## No, if spending continues to run ahead of returns

If capex continues to outpace returns, investors may demand clearer evidence that AI profits justify current investment, even as leading technology companies continue to regard underinvestment as the greater strategic risk.

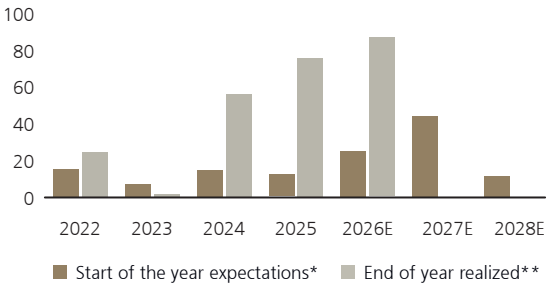
One risk is that a slowing in cloud growth, weaker-than-expected enterprise deployment, or evidence that customers are not increasing AI spending could challenge current assumptions about future returns.

Another risk is that falling AI costs could compress profitability. Capable open-source and low-cost models may weaken pricing power, making AI valuable for users but less profitable for suppliers.

Figure 1

### AI capex has exceeded expectations

Yearly growth in hyperscaler capex, in % (consensus estimates)

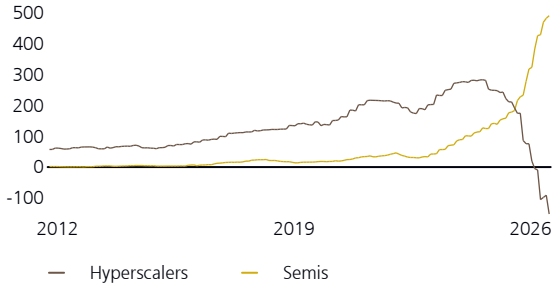



Note: *Current expectations for 2028; **Latest expectations for 2026
Sources: FactSet, UBS, as of 12 November 2026

Figure 2

### Spending rates may be questioned

Aggregate free cash flow by company group, USD bn




Note: Hyperscalers used are Amazon, Alphabet, Meta, Microsoft, and Oracle; semiconductor companies used are NVIDIA, Micron, Broadcom, and AMD
Sources: Bloomberg, UBS, as of 12 November 2026

Skeptics also point to increasingly complex financing relationships across the AI ecosystem, which may obscure end demand, cause markets to underestimate depreciation and return risks, and increase systemic fragility.

Power, transmission, and data center shortages may also delay deployment and monetization.

## Our view: Investment keeps rising, but risks are building

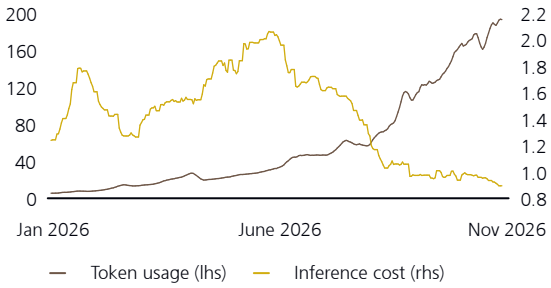
In our base case, we expect global AI-related investment to rise from USD 1.0tr in 2026 to USD 1.4tr in 2027 and USD 1.5tr in 2028. Around 80% of the forecast 2027 spending is from Alphabet, Amazon, Meta, Microsoft, and SpaceX, whose cash generation and balance sheets provide substantial funding capacity.

AI compute capacity remains constrained. Major cloud providers have reported USD 2.5tr of contracted orders yet to be recognized as revenue, equivalent to around six times their latest 12-month cloud revenues. GPU pricing remains resilient, with hourly prices still above their level when DeepSeek's model was launched in January 2025. Hyperscaler cloud growth is also strengthening: revenues grew 57% year over year in 3Q26, marking four consecutive quarters of acceleration. Enterprises also continue to migrate workloads to the cloud as they prepare for broader AI adoption.

Figure 3

Token usage is rising as costs come down

7-day average token usage (tr) and frontier-model inference cost (USD/mn tokens)




Sources: OpenRouter.ai, Bloomberg, UBS, as of 12 November 2026

Meanwhile, declining AI costs are expanding the addressable market: token costs have more than halved since May while usage has increased sixfold, according to OpenRouter/Silicon Data.

At the same time, we note that, like other investment cycles, AI may experience excess supply and doubts about profitability. Risks include higher financing and execution risks, surging neocloud borrowing costs, permitting constraints, and persistent power shortages.

## What would change our view?

We would be concerned about a turning point for AI investment if capacity expansion began to outstrip demand growth, AI lab revenue growth slowed meaningfully, cloud utilization weakened, or falling AI costs failed to stimulate sufficient new usage to absorb expanding capacity.

We would also reassess our spending outlook if advances in algorithmic efficiency sharply reduced compute requirements, increasingly large investments failed to deliver commensurate improvements in AI capabilities, or deteriorating financial conditions undermined funding.

## Investment implications

We expect AI investment to remain an important earnings driver in 2027, but rising investment and high expectations increase volatility risks.

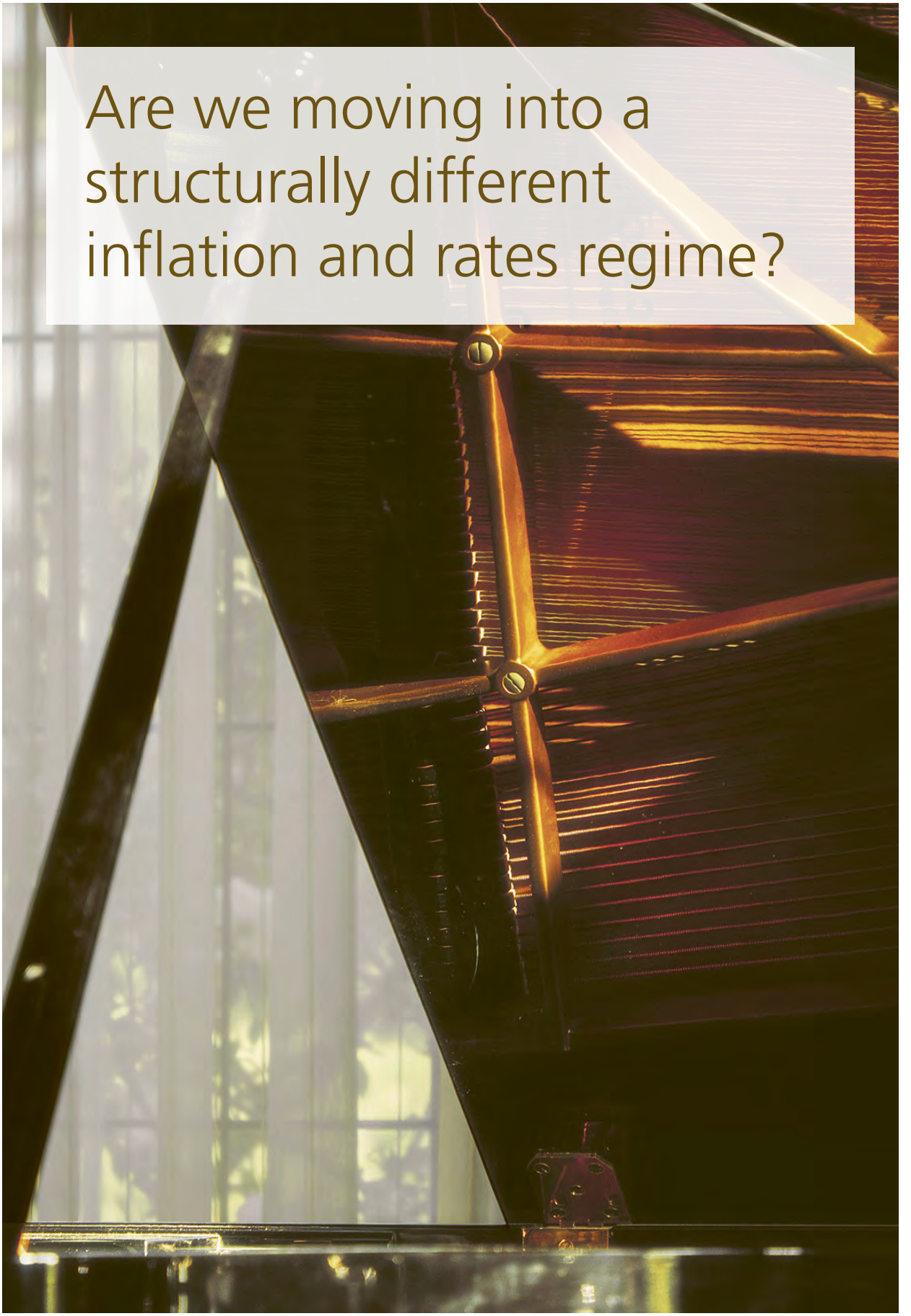
To make portfolios more resilient, we believe investors should retain exposure while managing excess concentration.

Within AI, we favor financially strong hyperscalers with visible monetization and internally funded investment, alongside select leaders in compute, foundry, and semiconductor equipment with high barriers to entry, technological leadership, and durable pricing power.

## Investor takeaways

- **If AI has become too large a part of your portfolio:** Retain exposure, but reduce concentrated positions and diversify across sectors. We favor financially strong hyperscalers and select enablers in compute, foundry, and semiconductor equipment.
- **If you are invested but concerned about a turning point:** Maintain strategic exposure, but consider replacing part of a conventional equity allocation with capital preservation strategies that limit downside while retaining some participation in further AI-related gains.
- **If you have not participated in the AI rally:** Recognize that this could be the most meaningful investment trend of the decade. Avoid waiting for certainty, but manage timing risks by building exposure gradually, potentially using volatility to add exposure in a disciplined way if markets fall.

# Are we moving into a structurally different inflation and rates regime?



For much of the 2010s, inflation, interest rates, and bond yields were unusually low. Following their sharp rise in 2022 and again in 2026, investors must decide whether this represents a temporary shock or evidence that the world has entered a structurally higher rates and inflation regime.

## No, if recent inflation largely reflected extraordinary shocks

While inflation has remained above central bank targets since 2022, one interpretation is that this primarily reflects a series of exceptional shocks rather than a fundamental shift in the inflation process. The pandemic disrupted supply chains, Russia's invasion of Ukraine triggered an energy shock, tariffs raised costs, and the closure of the Strait of Hormuz pushed energy prices higher. Absent new shocks, inflation should moderate as these effects fade.

Technology could also reinforce disinflation. In the near term, demand for AI supports prices but, over time, AI and automation could boost productivity, lower costs, and ease labor shortages.

Other supposedly structural inflation drivers are more ambiguous than assumed. Aging populations have, in some cases, been associated with weaker demand and disinflationary pressures, while weaker labor bargaining power in many developed economies reduces the risk of the wage-price spirals that characterized the 1970s.

In this view, inflation should gradually return to central banks' targets.

## Yes, if investment and borrowing keep rates structurally higher

Governments are spending more on defense, infrastructure, energy security, and industrial policy, while businesses are investing heavily in AI, data centers, semiconductors, and power generation. At the same time, larger fiscal deficits are increasing the supply of government debt, putting upward pressure on real interest rates.

Figure 4

We expect inflation to moderate further

US headline CPI, % y/y, including UBS forecasts

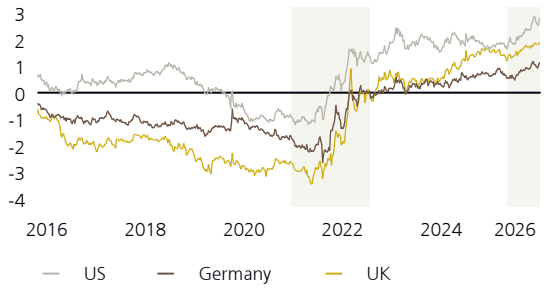



Sources: Bloomberg, UBS, as of 12 November 2026

Figure 5

Real yields have risen to multi-decade highs

10-year inflation-adjusted government bond yields, %




Sources: Bloomberg, UBS, as of 12 November 2026

Other forces may also prove inflationary. Supply chains are becoming more resilient but less efficient, while efforts to improve energy security prioritize domestic capacity over lower prices.

Meanwhile, AI and rising power demand require substantial upfront investment and are already driving prices for industrial commodities and key components higher.

## Our view: Inflation moderates, but rates remain structurally higher

We do not expect inflation to remain persistently far above central bank targets. Following two years of disinflation, inflation picked up in 2026, primarily because of renewed energy price pressures. We expect those effects to fade and inflation to move closer to central bank targets during 2027, although the path is likely to remain uneven.

In the US, services inflation fell from 7.3% year over year in early 2023 to 3.1% this September, while wage growth has moderated from 5.9% in March 2022 to 3.1% this October. Long-term inflation expectations remain contained.

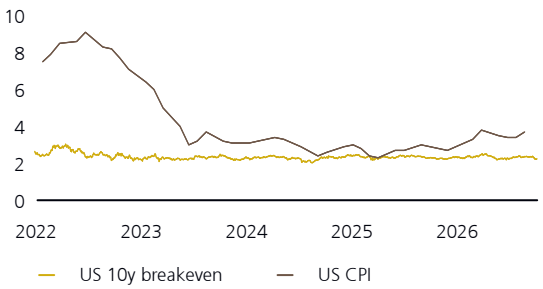
We forecast average 2027 inflation of 2.3% in the US, 3.1% in the Eurozone, and 3.4% globally, compared with respectively 3.4%, 3.1%, and 3.8% in 2026.

Several central banks may tighten policy further in late 2026 or early 2027 in response to near-term inflation pressure. But as inflation subsequently moderates, the hiking cycle should draw to a close, allowing government bond yields to decline modestly later in the year. We nevertheless expect real interest rates and bond yields to remain above pre-pandemic norms. Stronger investment, elevated fiscal deficits, and greater government debt supply are likely to keep the equilibrium level of rates higher than during the 2010s.

Figure 6

Long-run inflation expectations remain stable

US CPI, y/y % vs. 10-year inflation breakeven rates, %




Sources: Bloomberg, UBS, as of 12 November 2026

## What would change our view?

We would become more convinced that a higher inflation regime was emerging if wage growth reaccelerates, second-round effects emerge with supply shocks affecting price-setting behavior, or central banks demonstrate a reduced willingness to return inflation to target.

Conversely, we would think that real rates could be set to fall more substantially from current levels if global investment spending slows, fiscal consolidation reduces government borrowing requirements, or the current level of interest rates leads inflation and economic growth to fall more quickly than expected.

## Investment implications

Moderating inflation and high starting yields create a favorable backdrop for fixed income, in our view. We believe bonds overall are Attractive, but wider dispersion in fiscal positions, growth prospects, and monetary policy paths argue for selectivity across duration, credit, and currencies.

Different parts of the fixed income spectrum play different roles in a portfolio. Quality bonds offer income and diversification, with relatively low credit risk and volatility. We favor high yield and emerging market bonds on a relative basis for their greater income and return potential. Within these markets, investors should focus on resilient issuers with manageable debt and refinancing needs.

Selective exposure to commodities and other beneficiaries of investment spending can also help hedge inflationary risks.

## Investor takeaways

- **If you've already rebuilt your bond allocation:** Look beyond short-term price movements. Today's higher yields mean income will likely account for a larger share of future returns. Reinvesting coupons and maintaining diversified bond exposure should generate attractive returns over time.
- **If you're worried yields could rise further:** Heavy debt issuance and uncertainty around term premia could keep yields volatile. However, relatively high starting yields provide more income to offset the impact of moderate further increases. Quality short- and medium-maturity bonds can reduce sensitivity to yield volatility.
- **If you've been underweight bonds for years:** Reassess the opportunity set and consider putting cash to work and/or rebalancing. Quality bonds can provide meaningful income and portfolio resilience, including if equities fall sharply. High yield and emerging market bonds can complement them by increasing income and return potential.

# Can government debt keep rising without triggering a market reckoning?



Government debt burdens in many developed economies are approaching levels rarely seen outside periods of war. As debt issued at ultra-low rates during 2020-21 is refinanced at today's higher yields, debt-servicing costs are rising sharply. The question is whether governments can manage this increase smoothly.

## Yes, if governments can adjust gradually

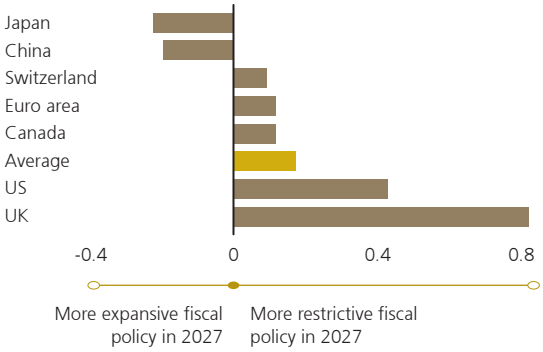
History suggests there is no fixed debt threshold that automatically triggers a crisis. Debt sustainability depends less on debt levels alone than on access to funding and on the relationship between nominal growth and government borrowing costs: If nominal growth sustainably exceeds funding costs, debt ratios can stabilize despite ongoing moderate deficits.

Rising debt may therefore remain a persistent policy problem without triggering an abrupt reckoning. Given time, governments can respond through gradual fiscal adjustment, changes to debt issuance, greater domestic ownership of government bonds, or renewed central bank support. Stronger long-term productivity growth may also help.

Figure 7

Some governments are tightening fiscal policy

Expected change in fiscal balance from 2026 to 2027, % of GDP




Sources: IMF, UBS, as of 12 November 2026

Markets may also retain confidence that policymakers would act to preserve sovereign bond market stability under severe stress. Under this reasoning, while debt trajectories may periodically come under scrutiny and yields may remain elevated, the costs of high debt can ultimately be absorbed gradually through some combination of inflation, taxation, and measures that encourage domestic savings to fund government debt.

## No, if markets force an abrupt adjustment

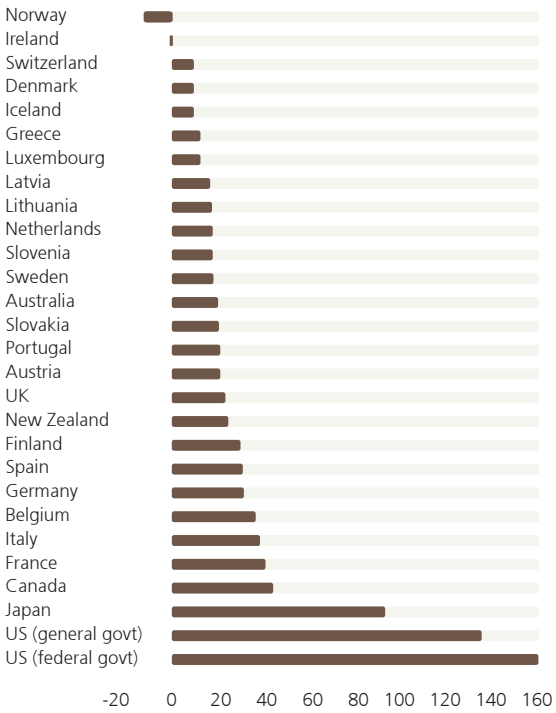
The case for caution centers on refinancing risk. Debt accumulated during the global financial crisis and pandemic years was largely financed at exceptionally low interest rates. As that debt matures, governments are refinancing at higher borrowing costs, increasing debt-servicing burdens as aging populations, entitlement spending, and defense commitments put pressure on public finances.

The challenge is compounded by the withdrawal of central bank support. With inflation still above target in many economies, central banks are unlikely to absorb government debt through large-scale asset purchases, which increases the amount private investors must finance.

Figure 8

## Near-term funding needs in greater focus

Debt due in next 12 months plus 2027 expected fiscal deficit, divided by 2027 expected revenues




Sources: Bloomberg, IMF WEO, UBS, as of 12 November 2026

The risk is that investors begin to question governments' ability or willingness to stabilize debt dynamics. Should borrowing costs rise far enough, policymakers could ultimately be forced into some combination of fiscal tightening, financial repression, renewed central bank support, or, in a remote tail scenario, debt restructuring.

## Our view: Fiscal strain rises, but a broad crisis is avoided

Debt affordability is becoming increasingly challenging for many large economies.

However, we do not foresee major developed economies approaching a universal fiscal tipping point. Debt profiles and policy capacity differ substantially. The UK's long average debt maturity limits its annual refinancing needs, while Germany's debt-servicing burden is projected to remain well below those of major peers. Even in more exposed markets, like the US, Japan, and France, governments retain policy tools that can alleviate the pressure. These include buyback operations for longer-dated bonds, adjusted issuance strategies, or incentives for domestic financial institutions and pension funds to absorb more government bonds.

Market evidence also points to strain rather than imminent systemic funding stress. Long-dated yields have reached multi-decade highs, but credit risk premiums remain subdued. Higher borrowing costs are therefore more likely to produce country-specific fiscal adjustment, policy intervention, and greater differentiation across sovereign bond markets than a synchronized debt crisis.

## What would change our view?

We would become more concerned about a debt crisis emerging if bond auctions began to prove difficult to cover, with investors demanding materially higher yields. We would also be concerned by signs that fiscal authorities lack the political capacity to stabilize debt, or if central banks appear unwilling or unable to respond credibly to market stress.

Equally important would be any evidence that sovereign debt concerns were spreading into the banking sector or credit markets. A combination of rising yields, weakening policy credibility, and tightening financial conditions would represent the clearest challenge to our central case.

## Investment implications

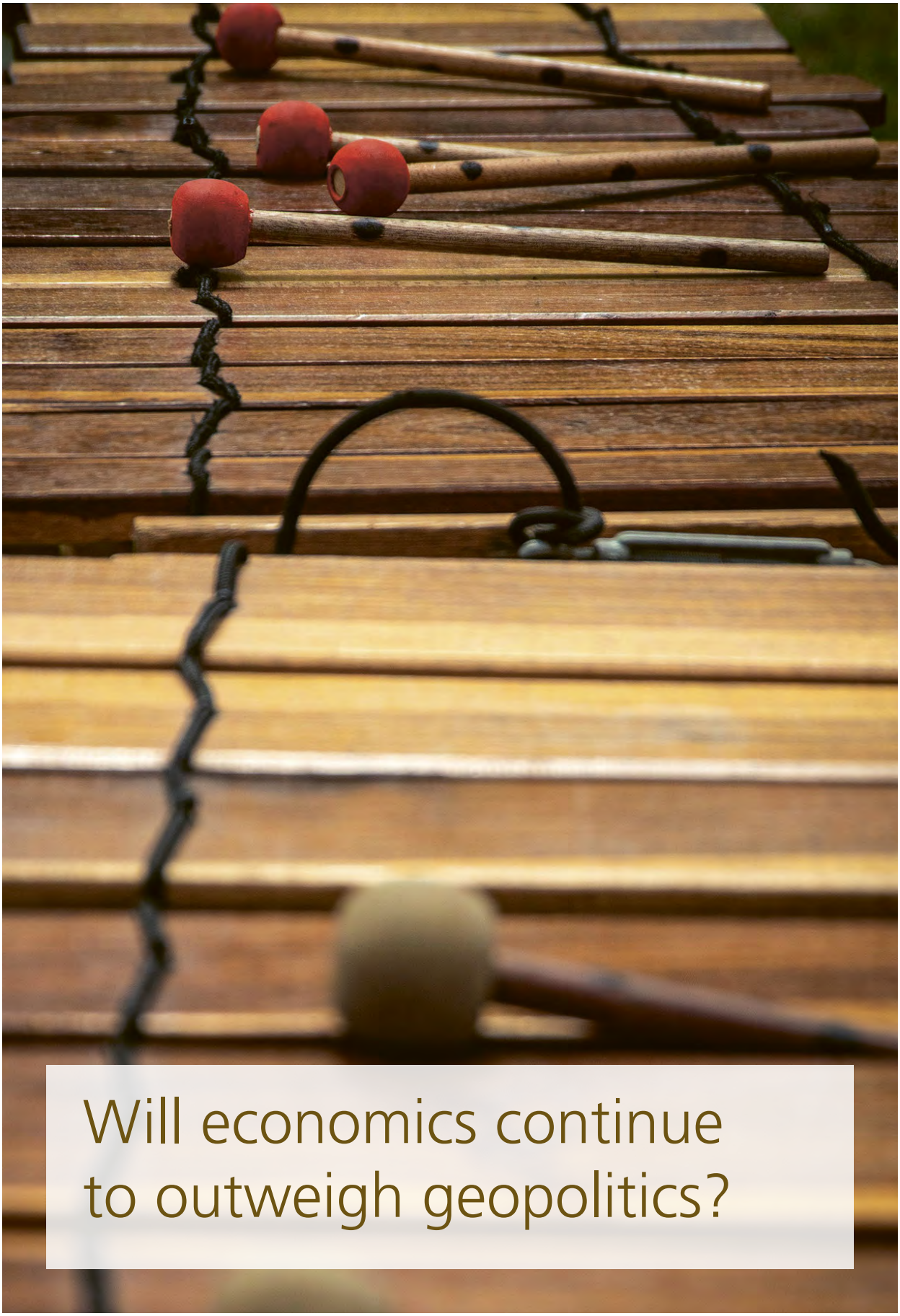
Our base case argues for earning carry without relying on a large decline in long-term yields. We expect quality short- and medium-maturity bonds to provide attractive income. We also like high yield and emerging market bonds, where we see higher return potential. Investors should limit long duration exposure in order to limit exposure to fiscal risks, while remaining selective across issuers, countries, and currencies.

When differentiating across sovereign issuers, we look at fiscal credibility, debt dynamics, and funding flexibility. Countries such as Switzerland will likely have declining debt ratios in the years ahead, potentially supporting their relative resilience. Currencies should also be viewed as part of the debt story, as efforts to suppress borrowing costs may appear in exchange rates rather than bond yields.

If debt-servicing costs threaten growth, financial stability, or fiscal sustainability, policymakers may respond with lower rates, asset purchases, or other measures that push nominal yields down. Rising debt may therefore affect currencies and real returns more than nominal bond prices.

## Investor takeaways

- **If you're worried about public debt:** Focus on debt affordability, not debt levels alone. The key question is whether governments can continue financing debt, ideally at manageable costs relative to economic growth. Governments have a wide variety of options to achieve this.
- **If you're worried about holding government bonds:** We think an outright default by major sovereign issuers is extremely unlikely, and rising debt does not automatically make government bonds unattractive. Higher starting yields provide a larger income cushion than in the past, while policy measures to reduce real yields, such as central bank asset purchases, could support fixed income.
- **If debt concerns are keeping you out of risk assets:** Rising debt does not automatically lead to a fiscal crisis. Its costs may emerge gradually through inflation, lower real returns, financial repression, or currency weakness. Look for markets where these risks are already priced and for opportunities created by the policy response.



# Will economics continue to outweigh geopolitics?

2026 saw conflict in the Middle East added to the ongoing war in Ukraine and growing competition between major powers. Yet markets remained focused on earnings, interest rates, and AI. A key question for 2027 is whether geopolitics will remain a source of episodic volatility or become a sustained driver of market returns.

## Yes, if geopolitical shocks remain contained

Geopolitical tensions may remain elevated in 2027 without materially altering economic outcomes. Markets have repeatedly demonstrated an ability to absorb geopolitical shocks when economic growth, earnings, and financial conditions remain supportive.

Businesses and economies have also become more resilient. Supply chains have adapted, energy markets have adjusted to repeated disruptions, and firms have increasingly incorporated geopolitical risk into investment decisions. Trade flows have proven similarly flexible, with rerouting and diversification helping cushion economic impacts.

There are also constructive scenarios. Diplomatic progress could stabilize energy markets, easing pressure on inflation and central banks. While strategic competition between the US and China is likely to persist, both sides have incentives to avoid a broader economic confrontation.

## No, if geopolitical shocks cause lasting economic disruption

Historically, geopolitical shocks have mattered most when they disrupt energy supplies, trade flows, financial conditions, or economic confidence. Several current flashpoints have that potential.

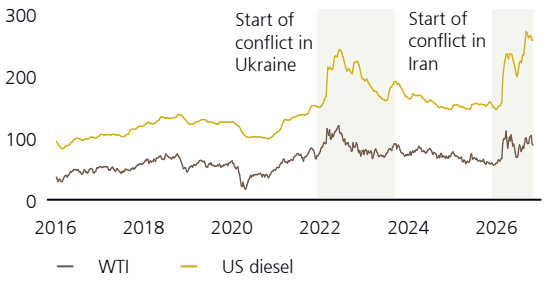
The clearest risk comes from energy. Further disruptions in Russia or the Middle East could push oil, gas, and refined-product prices higher, adding to inflationary pressures, weakening demand, and complicating the task facing central banks.

Geopolitical fragmentation is another concern. Strategic competition between the US and China is increasingly extending beyond trade into technology, critical minerals, energy security, cybersecurity, and supply chains. Additional restrictions on semiconductors, AI infrastructure, batteries, or rare earths could raise costs and reduce efficiency, while Europe-China trade tensions could have similar effects.

Figure 9

Geopolitical events can disrupt energy markets

US crude oil and average retail diesel prices, USD per barrel




Sources: Bloomberg, UBS, as of 12 November 2026

Politics and economics are also becoming harder to separate. Elections, industrial policy, economic nationalism, and rising debt burdens can all influence investment flows, asset prices, and corporate decision-making. Investors should also remain mindful of unexpected shocks that could force a reassessment of geopolitical and economic assumptions.

## Our view: Economics remains the main market driver

Geopolitical tensions are likely to remain elevated in 2027, but we expect economic fundamentals to continue to dominate market outcomes.

The wars in the Middle East and Ukraine remain the main risks because of their influence on energy markets. In the Middle East, growing US political incentives to exit militarily increase the prospect of an eventual wind-down of operations. However, difficult negotiations between Washington and Tehran make a settlement unlikely in the near term. We therefore expect tensions to persist, with further US escalation a risk, including as a means of increasing negotiating leverage.

In Ukraine, positions remain far apart. Democratic control of Congress should support Kyiv and constrain rapprochement with Moscow, while President Trump retains substantial control over foreign policy. We expect the war to continue into 2027, supporting European defense and infrastructure spending and limiting additional Russian energy supplies. A durable ceasefire would support European assets and could increase energy availability.

US-China competition should also persist, particularly around technology, semiconductors, critical minerals, and AI infrastructure. Further restrictions could raise costs and disrupt supply chains, although we do not expect a broad economic confrontation.

Overall, we expect geopolitics to generate periodic volatility without displacing economic growth, earnings, inflation, and interest rates as the main drivers of returns.

> The S&P 500 has recovered from the average geopolitical shock in 16 days.

## What would change our view?

We would reassess if geopolitics caused persistent economic disruption. Key signals include sustained disruption to Middle Eastern shipping or Gulf infrastructure, material disruption to energy supplies from the Ukraine war, or changes in Western support that alter the military balance.

Escalating trade or technology restrictions, critical supply chain disruption, or evidence that geopolitical uncertainty is weakening investment and consumption would also challenge our central case.

## Investment implications

If our base case is correct, investors should avoid making frequent tactical portfolio changes in response to geopolitical headlines. History suggests markets usually recover quickly from geopolitical shocks when the economic consequences prove limited. We think the economic fundamentals will continue to exert a greater influence on long-term returns.

That said, building portfolio resilience against geopolitical risks remains important. Broad diversification across asset classes, sectors, and geographies can help mitigate concentrated geopolitical risks. Selective allocations to commodities, particularly gold, can help hedge geopolitical uncertainty, inflation, and supply disruptions.

Meanwhile, exposure to themes such as energy security, defense spending, supply chain resilience, and infrastructure investment can provide structural sources of return from geopolitical trends.

## Investor takeaways

- **If you're worried about geopolitical shocks:** Avoid making major portfolio changes in response to volatility that is likely to be temporary. Use gold and select commodities to strengthen portfolio resilience against more lasting disruptions.
- **If your portfolio is heavily exposed to an individual country or region:** Geopolitical risks rarely affect all markets equally. Their effects tend to be concentrated. Diversification can limit reliance on any single economy or geopolitical outcome while broadening sources of return.
- **If you want to invest in the consequences of geopolitical change:** Diversified exposure across energy security, defense, infrastructure, critical minerals, and supply chain resilience can enable participation in long-term opportunities even when specific geopolitical developments are difficult to predict.

# Possible scenarios for 2027



Base case:

# Resilience, sustained

Economic growth remains resilient at around its trend rate, while corporate earnings stay robust. AI investment continues to rise, although concerns about future investment monetization contribute to volatility. Inflation moderates and bond yields decline modestly. Government debt becomes a larger policy constraint but does not trigger a broad sovereign crisis. Geopolitics remains a source of volatility, but economic fundamentals continue to be the primary driver of returns.

## Investment regime

- **Equities deliver more moderate returns.** Resilient growth and earnings should remain supportive, but high expectations and AI uncertainty could limit the scope for outsized gains. We expect moderate returns and greater dispersion across sectors and companies.
- **Positive returns in fixed income.** High starting yields and moderating inflation support returns, although stronger investment and heavy government borrowing argue against a sharp decline in long-term yields. Quality bonds provide income and resilience, while high yield and emerging market bonds offer greater return potential.
- **Commodities benefit.** Commodities and infrastructure can benefit from sustained investment in AI capacity, power generation, electrification, defense, and supply chain resilience. Gold can provide diversification against fiscal concerns, geopolitical shocks, and the risk that inflation proves less manageable than expected.
- **Currencies.** Different paths for inflation, fiscal policy, and central banks should create currency opportunities in 2027. We favor select higher-yielding currencies, including the British pound and certain pairs in emerging markets, and expect the Swiss franc to stabilize while underperforming on a total return basis.




**AI capex**
Remains solid and continues to grow

**Earnings expectations**
Remain robust

**Inflation**
Gradually eases

**Economic growth**
Resilient = around trend

**Market character**
Modest equity upside, yields decline modestly

**Catalysts / what to watch**
AI capex remains strong, pace of earnings revisions stabilizes, inflation trends lower

**December 2027 forecasts**

| | |
|---|---|
| Fed policy rate: | 4.50% |
| S&P 500: | 8,200 |
| UST 10y yield: | 4.75% |
| EURUSD: | 1.16 |
| Gold USD/oz: | 5,000 |

Upside scenario:

# Goldilocks

Businesses embedding AI in core workflows and productivity gains becoming visible across a broader range of industries lead to even higher AI investment spending that exceeds expectations. Contained geopolitical tensions and lower inflation expectations eventually allow the Fed to ease. Stronger economic growth reduces fiscal risk premia but limits declines in long-term yields.

## Investment regime

- **Equity market performance is strong and broad.** Earnings upgrades and stronger cash flows provide the principal support for equity returns. AI enablers continue to benefit from rising investment, while applications and adopters participate as monetization and productivity gains translate into profits. Easier financial conditions broaden the rally to select smaller companies, cyclicals, and global markets.

- **Fixed income delivers positive returns, with credit outperforming.** Lower inflation supports bonds, but stronger growth may limit the decline in long-term yields. High yield and emerging market bonds benefit from elevated carry and tighter spreads.

- **Industrial commodities and infrastructure benefit.** Demand for electricity, data centers, power networks, semiconductors, and industrial capacity remains firm, supporting industrial commodities such as copper. Gold lags more growth-sensitive assets as fiscal and geopolitical risk premia recede and the US dollar remains firm.

- **Currencies.** A risk-on environment favors carry currencies, particularly in emerging markets, over low yielders such as the Swiss franc and Japanese yen. The US dollar is likely to remain supported by AI leadership but benefit less from safe-haven demand.




**AI capex**
Exceeds expectations

**Earnings expectations**
Stronger, broader, and longer lasting

**Inflation**
Inflation and inflation expectations ease

**Economic growth**
Strong = above trend

**Market character**
Equities outperform, yields fall

**Catalysts / what to watch**
Better AI monetization, rising productivity, continued capex increases

**December 2027 forecasts**

| | |
|---|---|
| Fed policy rate: | 4.00% |
| S&P 500: | 9,500 |
| UST 10y yield: | 4.00% |
| EURUSD: | 1.10 |
| Gold USD/oz: | 3,800 |

Downside scenario 1:

# The yield reset

Inflation proves more persistent than expected, potentially because of a renewed energy shock, AI-driven shortages, or underlying stickiness. Central banks are forced into further interest rate hikes, slowing growth and increasing pressure on public finances. Government bond yields reset higher, as markets price heightened inflationary and fiscal risks. AI investment spending remains strong, with companies willing to deploy capital despite somewhat higher hurdle rates.

## Investment regime

- **Equities correct, with wide dispersion.** Higher discount rates compress valuations, while higher financing and input costs weaken aggregate earnings. Companies with pricing power, strong current cash flows, and limited refinancing needs offer relative resilience, while leveraged and richly valued businesses suffer more. Select energy, materials, infrastructure, and defense businesses find support.

- **Government bonds fall and credit comes under pressure.** Persistently high inflation and rising term premia weigh on government bonds. Even if central banks stop raising policy rates, investors may demand greater compensation for inflation, fiscal risk, and heavy sovereign issuance. Higher refinancing costs weigh on high yield and emerging market bonds, with leveraged borrowers and capital-intensive business models most exposed.

- **Commodities.** Energy-linked commodities may offer a hedge where inflation is driven by higher commodity prices. Gold may initially face headwinds from higher policy and real rates, before finding support as weaker growth becomes the market's focus.

- **Currency drivers diverge.** Higher US rates initially support the dollar and weigh on lower-yielding and emerging market currencies. As attention shifts to weaker growth, the dollar surrenders some gains, leaving currencies volatile but without a strong directional trend.




**AI capex**
Remains solid

**Earnings expectations**
Fall overall with wide sector dispersion

**Inflation**
Sticky inflation

**Economic growth**
Slower

**Market character**
Stocks and bonds struggle

**Catalysts / what to watch**
A renewed energy or refined products shock, broader supply disruption, hawkish Fed commentary and action, rising inflation expectations, rising sovereign bond stress.

**December 2027 forecasts**

| | |
|---|---|
| Fed policy rate: | 5.25% |
| S&P 500: | 7,000 |
| UST 10y yield: | 5.50% |
| EURUSD: | 1.12 |
| Gold USD/oz: | 4,400 |

Downside scenario 2:

# The AI bust

AI adoption continues, but investors and technology companies conclude that capacity growth is outstripping demand, weakening utilization, pricing, and expected cash returns. Weaker capital expenditure feeds into employment, credit creation, and consumer confidence, turning the market correction into a more general economic slowdown. Negative wealth effects could have an additional knock-on impact.

## Investment regime

- **Equities sink.** Equity markets fall sharply, as the share prices of the AI-linked companies that have fueled the rally decline. Semiconductor companies, data center suppliers, and other capital expenditure proxies face steeply negative earnings revisions. The largest falls are likely among companies whose valuations depend on capacity scarcity or distant cash flows.
- **Quality bonds perform well, credit less so.** Falling investment, weaker growth, and lower inflation allow central banks to ease, supporting quality government bonds. High yield and emerging market bonds face wider spreads, with the greatest pressure on issuers exposed to AI infrastructure, speculative capacity expansion, or refinancing risk.
- **Commodities face weaker cyclical demand, though gold benefits.** Industrial commodities and energy prices likely decline amid slower growth and investment spending, though gold benefits from falling real yields, a weaker US dollar, and increased demand for portfolio protection.
- **The US dollar initially benefits from risk aversion, but forceful Fed easing eventually weakens it.** Falling short-term rate differentials and stronger safe-haven demand support the Swiss franc and Japanese yen, while the British pound and emerging market currencies come under pressure.




**AI capex**
Slows sharply

**Earnings expectations**
Fall sharply, led by AI sectors

**Inflation**
Eases

**Economic growth**
Severe slowdown

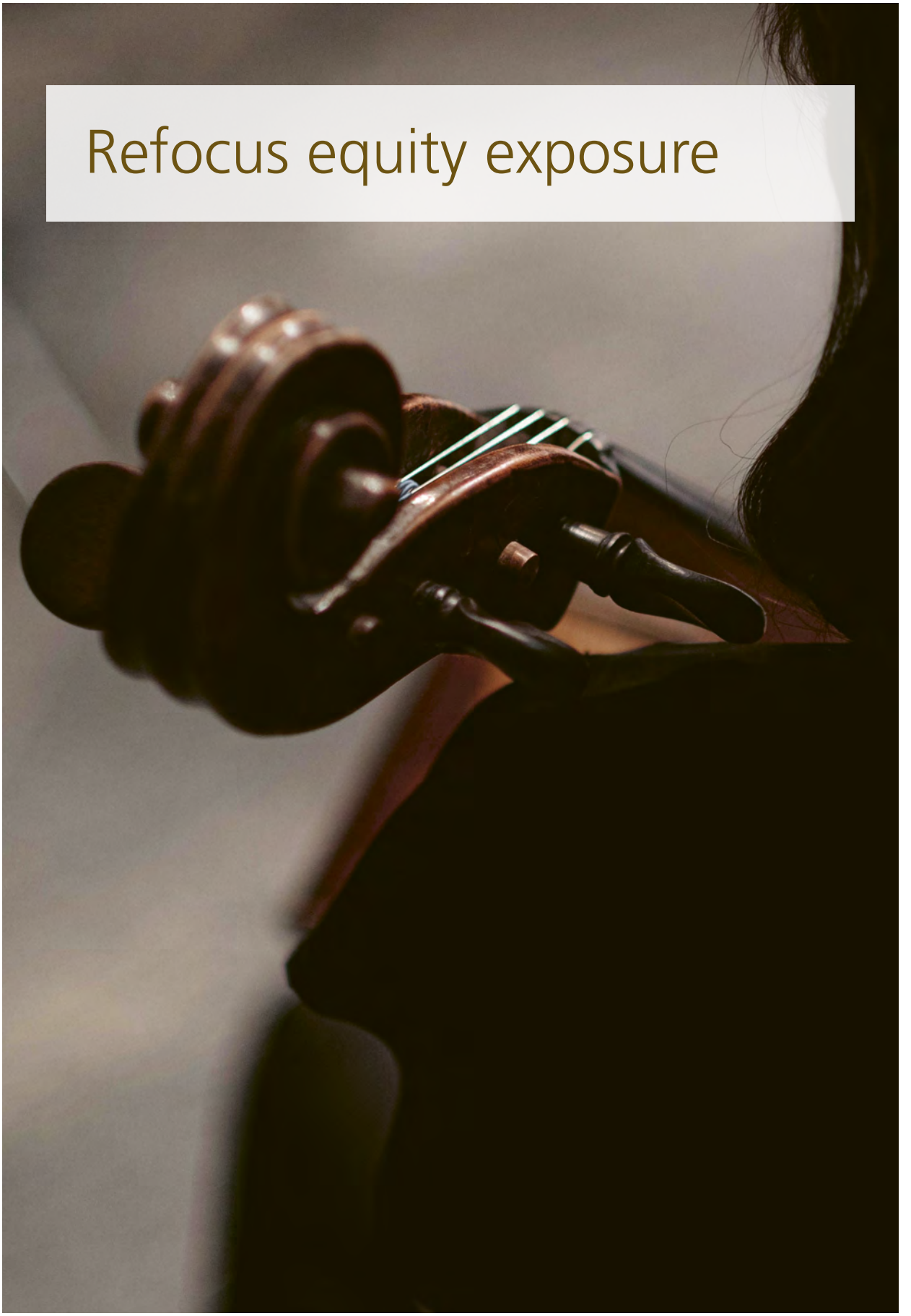
**Market character**
Equities decline, quality bonds outperform

**Catalysts / what to watch**
Weakening cloud utilization and realized pricing, reduced AI capex guidance, negative earnings revisions.

**December 2027 forecasts**

| | |
|---|---|
| Fed policy rate: | 2.00% |
| S&P 500: | 5,500 |
| UST 10y yield: | 3.00% |
| EURUSD: | 1.20 |
| Gold USD/oz: | 5,500 |

# Refocus equity exposure



We expect resilient economic activity and continued AI investment to support profits in 2027, even as earnings growth moderates. We forecast S&P 500 and Eurozone earnings growth of around 15% and MSCI Asia ex-Japan earnings growth of 20%.

These forecasts set a high bar. Companies will need to sustain profitability, while AI adoption should create greater earnings dispersion as businesses vary in their ability to generate revenues, productivity gains, and higher margins.

Market concentration increases the impact of disappointment. The 10 largest companies represent around 40% of the S&P 500, giving revisions to a small group of earnings forecasts an unusually large effect on index returns.

We have moved global equities to Neutral. We still expect markets to rise, with end-2027 price targets of 8,200 for the S&P 500, 7,000 for the Euro Stoxx 50, 1,170 for MSCI Asia ex-Japan, and 1,460 for MSCI AC World.

## Prefer the Eurozone

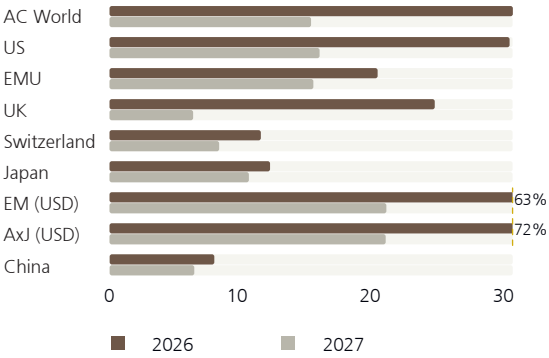
The Eurozone is our preferred regional equity market. We forecast 15% earnings growth in 2027, matching the US, from a lower starting valuation and with less dependence on a small number of AI-linked companies.

Listed European companies earn substantial revenues globally, while recovering manufacturing and investment in defense, infrastructure, automation, and electrification should support profits. Healthier banks, relatively low private sector debt, and a broader mix of earnings drivers add to the region's appeal. To benefit from these dynamics, investors can also consider our "European leaders" stock list.

Figure 10

We expect broad-based earnings growth

CIO earnings-per-share growth, %

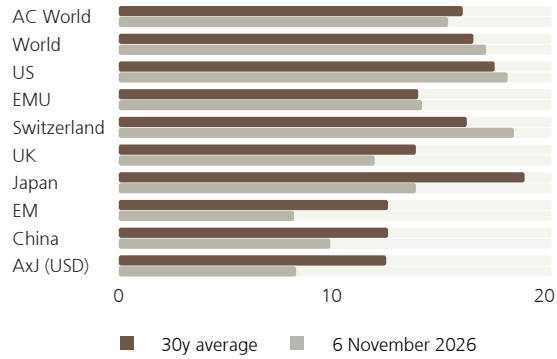



Note: MSCI indices except for the US (S&P 500), Eurozone (Euro Stoxx 50), UK (FTSE 100), Switzerland (Swiss Market Index), and Japan (TOPIX)
Source: UBS, as of 12 November 2026

Figure 11

Simple valuation multiples are not extended

Price-to-earnings ratios for select markets




Note: MSCI indices used
Sources: Datastream, UBS, as of 12 November 2026

## Moved the US to Neutral

We have moved US equities to Neutral after exceptional earnings growth and a strong market advance. Although we forecast a further earnings increase in 2027, markets are increasingly focusing on whether the current investment cycle can support profits into 2028.

Cannibalization, financing, and execution risks around AI have increased while expectations and index concentration remain high. The market is therefore more sensitive to earnings disappointment or a further rise in discount rates.

While we expect gains, the path could be volatile. Investors should retain their strategic US exposure but use market strength to reduce excess concentration.

## Moved Asia ex-Japan and emerging markets to Neutral

We have also moved Asia ex-Japan and emerging-market equities to Neutral. Despite high earnings, their opportunity sets are heavily weighted toward semiconductors, memory, and technology hardware, leaving earnings and valuations more exposed to the AI capital-spending cycle.

Within the region, we favor financials in China, Japan, and Singapore for income, rate normalization, and balance sheet strength; China health care for structural innovation and less AI-dependent growth; and domestic-demand beneficiaries in India, Japan, and Singapore.

## Diversify sector exposure: Industrials and health care

We favor industrials and health care as two ways to broaden earnings exposure beyond technology.

Investment in automation, defense, transport infrastructure, power networks, and electrification should support industrial earnings. We prefer companies that serve several end markets and have established positions and visible orders over businesses heavily dependent on data center construction.

Health care offers medical innovation and long-term demand. New therapies, obesity treatments, diagnostics, and medical technology should support revenues, while earnings are less tied to corporate investment.

Investors with concentrated US megacap exposure can also diversify with equal-weight strategies, reducing the influence of the largest companies.

## Focus technology exposure on quality

We expect AI investment to rise from around USD 1.0tr in 2026 to USD 1.4tr in 2027. Much of the data center capacity planned for 2027 is approved, ordered, or under construction, providing reasonable near-term visibility.

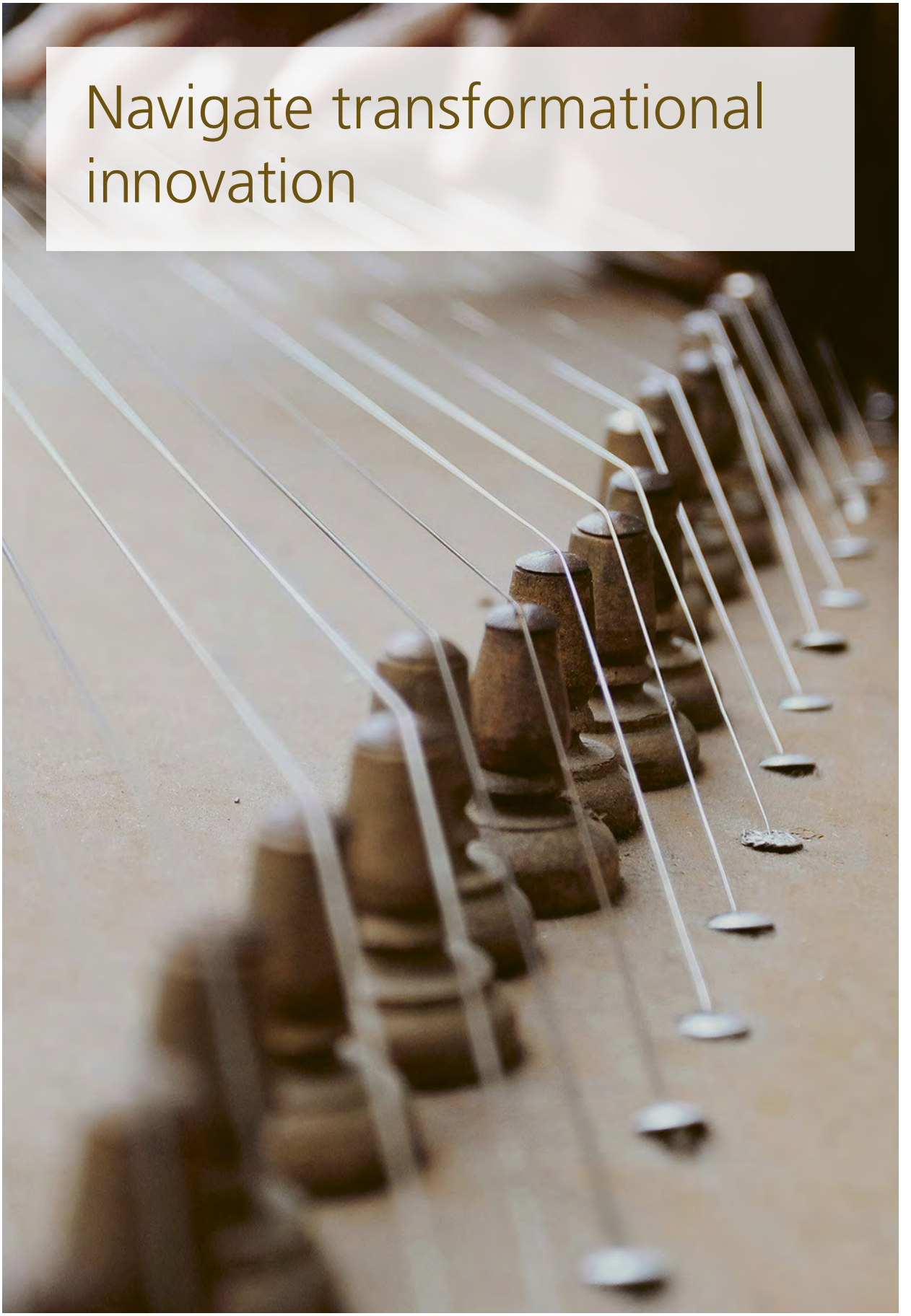
The 2028 pipeline is less certain. Monetization must keep pace with usage and infrastructure costs, while later projects depend on financing, permits, power, grid connections, and equipment. Delays could weaken component pricing and create excess inventory.

Within AI, we favor financially strong hyperscalers with visible monetization and internally funded investment, alongside select leaders in compute, foundry, and semiconductor equipment with high barriers to entry and durable pricing power. Infrastructure software offers exposure to wider AI adoption with less dependence on data center construction.

### Investor takeaways

- **Diversify sector exposure; favor industrials and health care:** Favor diversified end-market exposure, automation, defense, infrastructure, and medical innovation. Use equal-weight strategies to reduce megacap concentration.
- **Prefer the Eurozone:** The region has comparable earnings growth to the US but lower valuations and a broader sector exposure.
- **Focus technology exposure on quality:** Favor financially strong hyperscalers and select leaders in compute, foundry, and semiconductor equipment. Remain cautious on lower-quality suppliers, leveraged capacity providers, and recent bottleneck beneficiaries reliant on continued price increases.

# Navigate transformational innovation



AI, power and resources, and longevity remain important structural growth opportunities. But elevated expectations, financing constraints, supply bottlenecks, and company-specific risks call for disciplined security selection and diversified exposure. Combining the three captures their collective growth potential, while their differing drivers help reduce risk and reliance on any single source of growth.

## Artificial intelligence

We expect AI investment to keep rising in 2027, supported by demand for computing capacity, cloud growth, and expanding usage as costs fall.

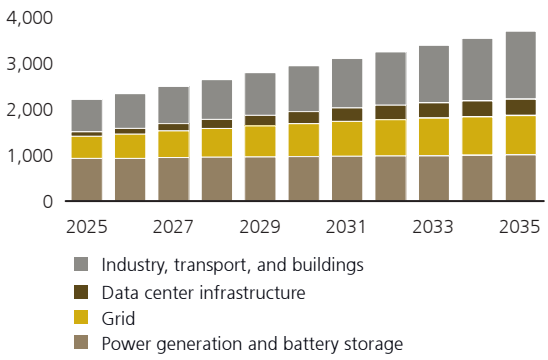
But future returns remain uncertain. Like every major investment cycle, AI is likely to experience periods of excess capacity, weaker pricing, and doubts about profitability. In parts of the industry, investment is already running ahead of revenue, while financing costs, execution challenges, power shortages, and data center constraints are rising. Slower cloud growth, weaker business adoption, or supply overtaking demand could further undermine confidence.

We think investors should retain AI exposure and prepare for volatility. We favor financially strong hyperscalers with visible monetization and internally funded investment, alongside select leaders in compute, foundry, and semiconductor equipment. Exposure across applications and adopters can reduce reliance on any single part of the AI ecosystem.

Figure 12

Grid investment continues to accelerate

Annual projected spending in USD bn




Sources: IEA, company data, UBS, as of 12 November 2026

## Power and resources

AI is competing with electrification, grid modernization, electric vehicles, industrial automation, and the energy transition for power and equipment. In key developed markets, electricity demand, net of efficiency gains, is rising for the first time in decades. We project USD 32tr in global electrical infrastructure spending over the next decade, spanning power generation, grids, storage, and critical minerals.

We think the most profitable potential opportunities from this trend exist where supply-side constraints are tightest, providing strong pricing power and unprecedented visibility to future revenues. Companies with scarce production capacity, established order books, strong customer relationships, and a track record of delivering complex projects are best positioned, in our view.

The opportunity is substantial and globally diverse. That said, we believe it prudent to be selective at this stage of the investment cycle, focusing on end markets exhibiting favorable economics and suppliers

with a competitive moat. We are carefully monitoring potential risks, including rising financing rates, input cost inflation, permitting delays, and the pace of data center construction, but still believe the magnitude and duration of this investment cycle will be greater than the market currently appreciates.

## Longevity

We think the "longevity economy" could grow by around 6% a year, reaching USD 8tr by 2030. Aging populations are increasing demand for care, while advances in drug discovery, diagnostics, and medical technology are improving the treatment of obesity, cancer, cardiometabolic disease, and neurological conditions.

Specifically, we think there is room for further growth in the global obesity market and forecast treatment revenues to grow by an average of 12% a year through 2030. Greater manufacturing capacity, lower prices, oral treatments, wider reimbursement, and additional clinical indications should enlarge the market.

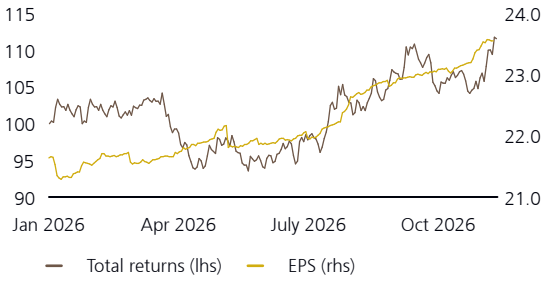
Elsewhere, positive clinical trial results across oncology and neurology could create further company-specific opportunities.

From a portfolio perspective, the health care sector provides a different earnings profile from AI infrastructure and other capital-intensive industries. Demand is generally less sensitive to the economic cycle, although individual investments remain exposed to idiosyncratic risks like clinical results, regulation, and patent expiries.

Figure 13

### Solid health care performance is underpinned by earnings

MSCI AC World Health care total returns (USD, rebased to end-2025; lhs) and 12-month forward EPS (rhs)

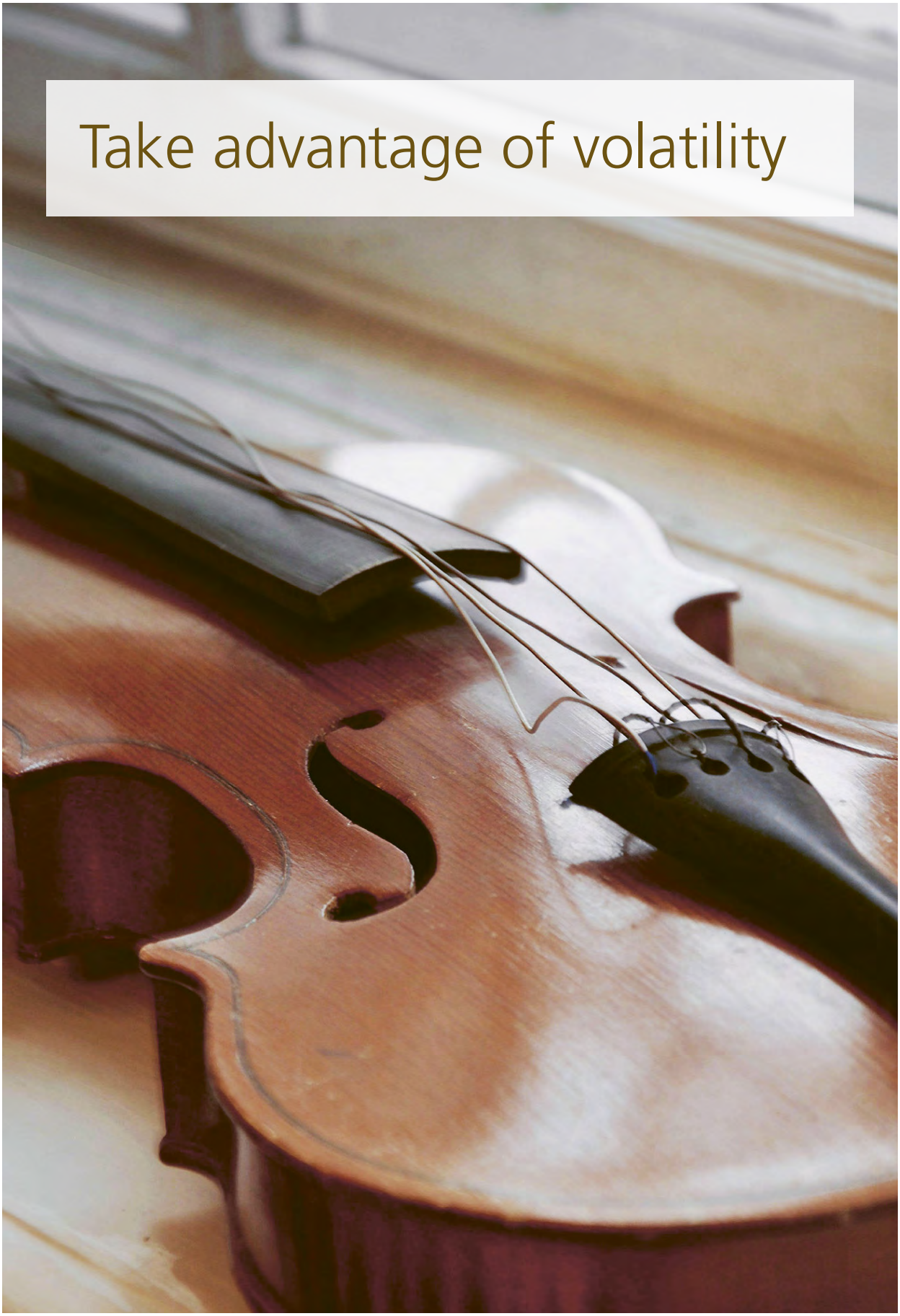



Sources: FactSet, UBS, as of 12 November 2026

### Investor takeaways

- **AI:** Retain diversified exposure, but reduce concentration and favor financially strong companies as spending, capacity, and profitability risks rise.
- **Power and resources:** Participate selectively, prioritizing established businesses with visible orders and proven execution amid high valuations and possible project delays.
- **Longevity:** Balance established health care franchises with select innovators, and limit exposure to individual clinical, regulatory, reimbursement, and patent outcomes.

# Take advantage of volatility



Shifting market perceptions around AI, debt, inflation, and geopolitics are likely to generate periods of higher volatility. However, volatility can also create opportunities. Capital preservation strategies can retain some market upside while limiting losses. Structured yield strategies can monetize elevated volatility for income, while predefined entry strategies can help investors build exposure over time.

## Capital preservation strategies

Investors do not have to choose between pursuing further gains and protecting against losses. Capital preservation strategies replace part of an equity allocation with a defined payoff structure that limits downside and upside.

Current conditions may offer attractive terms. Subdued index-level implied volatility can reduce option costs, while higher short-dated bond yields can make the capital-preservation component cheaper, potentially supporting greater participation in market gains.

These strategies can be particularly useful for investors with concentrated positions, substantial gains, lower drawdown tolerance, or near-term liquidity needs.

Preservation remains conditional: Stronger preservation generally reduces upside participation, early sales may incur losses, and repayment depends on holding periods, contractual terms, and issuer creditworthiness.

## Seek income by monetizing volatility

Trends in AI, interest rates, government debt, and geopolitics are creating wide differences in the performance of individual stocks, even while index-level volatility remains relatively subdued.

Higher single-stock volatility increases option premiums. Investors willing and able to accept defined equity risk can seek to capture this premium through structured yield strategies. These approaches may be particularly useful for investors seeking additional income, especially where conventional fixed-income yields are relatively low.

Importantly, the additional income compensates investors for taking risk but it does not eliminate that risk. Coupons may be conditional, returns may be capped, and a significant decline may result in a capital loss. Early sales may also crystallize losses, while single-stock structures carry greater concentration risk.

We therefore favor diversified exposure, maturities aligned with the investor's horizon, and position sizes that assume downside barriers may be breached.

## Build exposure over time in a disciplined way

Investors can use volatility strategies to build equity exposure gradually at predefined entry levels.

An all-at-once approach to investing has historically worked best. But this approach may suit investors who are concerned about market timing and valuations. In exchange for accepting the possibility of receiving the underlying investment if markets decline, investors can earn an option premium while they wait. If markets remain above the agreed level, the strategy may provide income; if they fall sufficiently, the investor acquires exposure at the predefined price.

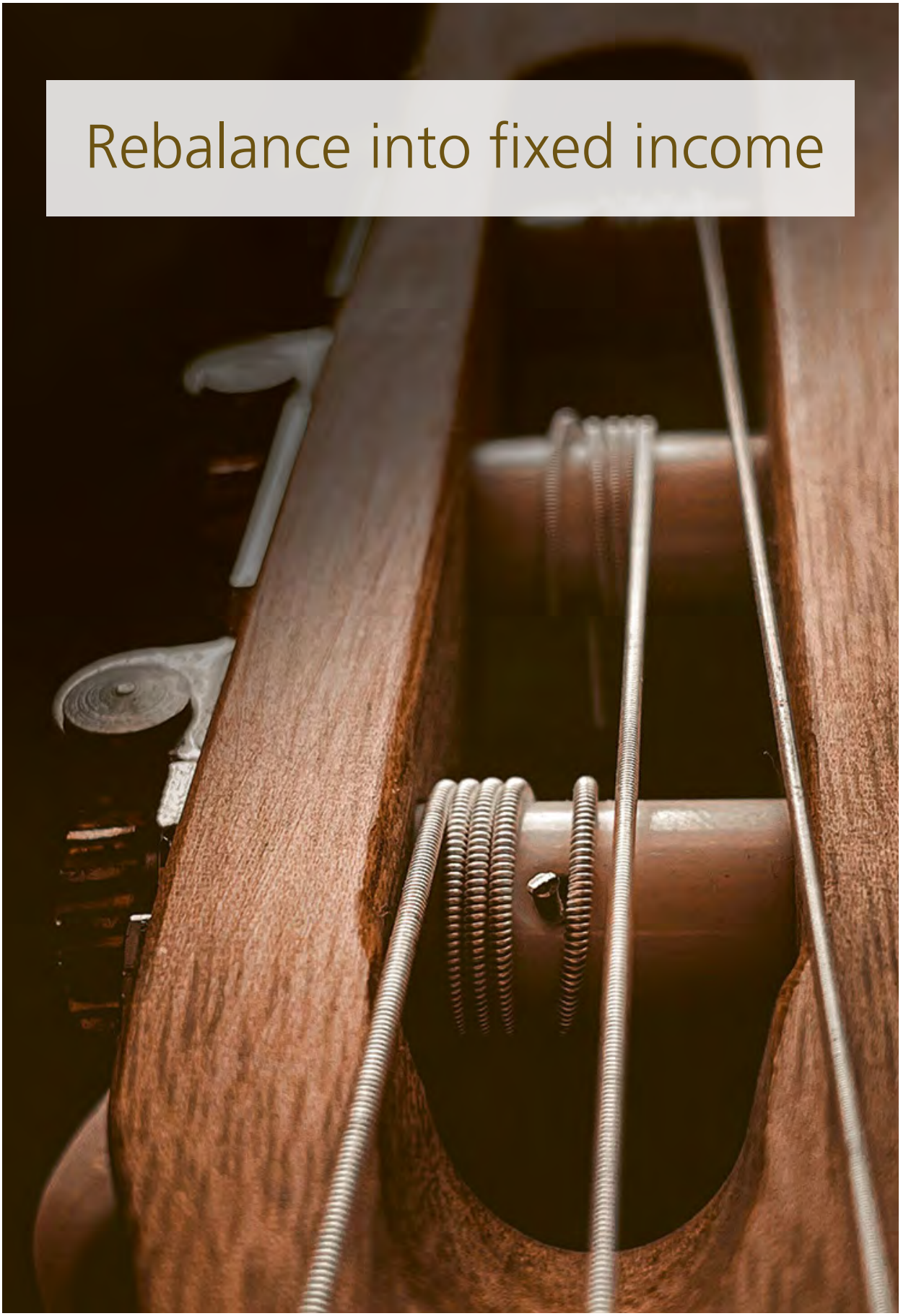
The premium does not eliminate downside risk. Once the underlying is acquired, it may continue to fall below the entry level. Investors may also miss some upside if markets rally, and an early exit can result in losses. Single-stock strategies add concentration and company-specific risks.

We therefore favor diversified underlyings, staggered maturities and entry levels, and position sizes consistent with the investor's intended long-term allocation. Used selectively, predefined entry strategies can turn volatility into a disciplined way to build the portfolio investors want over time.

### Investor takeaways

- **Capital preservation strategies.** Use appropriately sized capital preservation strategies to retain measured equity upside while reducing concentration and drawdown risk.
- **Seek income by monetizing volatility.** Capture option premiums selectively through diversified underlyings, accepting that coupons are conditional and downside barriers may be breached.
- **Build exposure over time.** Use volatility to build exposure at predefined prices by staggering maturities and entry levels to acquire desired assets gradually.

# Rebalance into fixed income



We view fixed income as Attractive and think investors should review their bond allocations and consider adding exposure. Elevated starting yields offer attractive return potential and quality bonds can strengthen portfolio diversification and resilience. We also like emerging market and high yield bonds for additional income and return potential. Across fixed income, we favor an intermediate average duration, generally preferring maturities of around two to 10 years.

## Quality bonds

Our base case is supportive for bonds. Geopolitical and fiscal uncertainty could keep yields volatile in the near term. But if inflation moderates as we expect, yields should decline modestly, allowing investors to earn coupon income and capital appreciation.

Quality bonds can also strengthen portfolio resilience. In our "AI bust" scenario, weaker capital expenditure and monetary easing would lower yields and support bond prices as equities decline. Bonds could also benefit if financial instability prompted policy intervention.

Even if yields do not decline as expected, elevated starting yields provide a substantial income cushion. This carry can offset some of the price impact of a moderate rise in yields, especially in short- and intermediate-maturity bonds.

Maturity exposure should reflect investor objectives. Shorter maturities offer attractive income with less sensitivity to fiscal and term premium risks, while quality bonds can extend toward the longer end of our preferred two- to 10-year range, providing greater portfolio diversification as they benefit more if yields fall. We would extend beyond 10 years only selectively, given heavy expected issuance and fiscal uncertainty.

## Favor EM and high yield

We favor emerging market (EM) and high yield bonds on a relative basis. EM sovereign and corporate bonds yield around 7.1% and 7.0%, respectively (J.P. Morgan EMBI and CEMBI indices), while US high yield offers around 8.3% (ICE BofA US High Yield index). These elevated yields provide a meaningful income cushion and should support attractive returns over the next 12 months in our base case of resilient economic growth.

EM fundamentals are stronger than in previous cycles. Higher foreign exchange reserves, improved current account positions, manageable fiscal deficits, and fewer distressed sovereigns support creditworthiness. Corporate fundamentals have improved, while differences in growth, monetary policy, currencies, and commodity exposure can diversify returns.

US high yield also enters 2027 on a relatively sound footing. Around 60% of the US market is now rated BB, compared with about 40% a decade ago. We expect defaults to remain around 2%, supported by generally sound fundamentals and a light near-term maturity schedule: Only about 3% of the US market matures over the next year. Recent spread widening has been concentrated among a small number of capital-intensive or structurally challenged borrowers, rather than signaling broad macroeconomic stress.

We favor well-diversified exposure across countries, sectors, currencies, and issuers. Within EM, investors should focus on external balances, fiscal credibility, and political stability. Within high yield, we favor maturities toward the shorter end of our preferred range and issuers with sustainable cash flows, manageable leverage, and limited refinancing needs, while limiting exposure to the weakest borrowers.

A sharp global slowdown, renewed dollar strength, prolonged monetary tightening, or wider credit spreads would challenge the outlook. In an AI-led

investment downturn, weaker growth and wider spreads would weigh on both markets, particularly high yield. Overall, elevated income and supportive fundamentals leave EM and high yield bonds well placed to outperform cash and complement quality developed market bonds in our base case.

## CHF investors: Broaden income sources

Although global bond yields have risen materially, yields in CHF have not increased enough to make domestic government bonds a compelling standalone income source. Swiss inflation and policy rates remain relatively low, limiting the income available in francs.

High-quality Swiss issuers can provide incremental yield without adding currency risk. We favor companies with strong cash flows, manageable refinancing needs, and conservative leverage. But investors seeking higher portfolio cash flows therefore need to look beyond Swiss investment grade credit.

One area is foreign currency bonds, which may offer substantially higher nominal yields. But they introduce currency volatility that can overwhelm bond returns. Investors should therefore retain currency exposure selectively, where the prospective carry and currency outlook justify the risk.

Outside of bonds, Swiss dividend-paying equities currently yield around 3.1%, compared with a 2.4% average since 2004, and dividends have contributed more than half of the SMI's total return over the past three decades.

Investors able to accept additional risk can also sell options or use structured yield strategies to generate premiums. This can complement bond and dividend income. However, it is important to note that with such strategies, income may be conditional, upside may be capped, and losses can be significant. We therefore favor diversified underlyings, staggered maturities, and disciplined position sizing.

Investors should combine bond coupons, credit spreads, dividends, and option premiums without allowing any single currency, issuer, or market risk to dominate.

### Investor takeaways

- **Add quality bonds,** earning income and improving portfolio diversification while limiting exposure to the fiscal and term-premium risks of the longest maturities.
- **Use emerging market and high yield bonds to raise portfolio income.** Favor well-diversified exposure across countries, sectors, currencies, and issuers, and limit exposure to weaker, refinancing-dependent borrowers.
- **Swiss investors can supplement bonds with quality dividend equities,** whose 3.1% yield exceeds their 2.4% average since 2004.

# Build resilience through gold and commodities



Gold and commodities can strengthen portfolio resilience by diversifying return drivers and hedging fiscal, geopolitical, inflation, and supply risks. Government debt, geopolitical uncertainty, and central bank demand should support gold, while broader commodity exposure and copper should benefit from structural demand, including from investment in power networks, data centers, and electrification.

## Maintain long-term gold exposure

We see gold as an important source of portfolio resilience, providing potential protection against fiscal, monetary, and geopolitical uncertainty. Structural demand remains supportive: Central banks continue to diversify reserves, Chinese buying is robust, ETF holdings have remained resilient, and concerns about rising public debt and debt-servicing costs persist. Gold's reduced sensitivity to the recent rise in real yields suggests these forces are providing a stronger offset than in previous cycles.

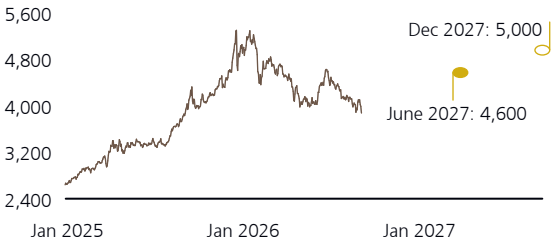
Near-term headwinds nevertheless warrant some tactical nuance. High US real yields and a firm dollar increase the opportunity cost of holding a non-yielding asset and could allow gold to trade below USD 4,000/oz in the short run. However, we expect structural buyers to provide support around that level. As markets scale back expectations for further Fed tightening, real yields should ease and gold should regain momentum in 2027.

We recommend maintaining a long-term allocation rather than treating gold as a short-term directional trade. Investors should rebalance after large price moves and consider using pullbacks below USD 4,000/oz to add exposure.

Figure 14

We expect gold to rebound to previous highs

COMEX spot gold price, USD/oz, including CIO forecasts




Sources: Bloomberg, UBS, as of 12 November 2026

## Use actively managed broad commodities

Commodities are more than just oil and gold. A diversified allocation across a broad range of energy, industrial metals, agriculture, and precious metals can provide a differentiated return stream.

The structural case is also constructive. AI infrastructure, electrification, power grid investment, and the energy transition are supporting demand for industrial metals. Energy can provide protection against disruptions to production and shipping. Agriculture adds exposure to weather and crop cycles that differ from conventional financial-market risks.

We prefer an actively managed approach because commodity leadership can shift rapidly across sectors as inventories, geopolitics, weather, demand, supply discipline, and forward curves evolve. Static indices may concentrate exposure according to production weights rather than expected returns. Active strategies can respond to changing opportunities, manage volatility, and account for collateral income and the effects of contango or backwardation.

## Favor copper

Copper is our preferred industrial metal. Power networks, electrification, data centers, and AI infrastructure require substantial copper.

Supply is only responding slowly. New mines require long development periods, ore grades are declining in several established regions, and large projects face political, environmental, and execution risks. Stronger demand can therefore tighten the market before additional production becomes available.

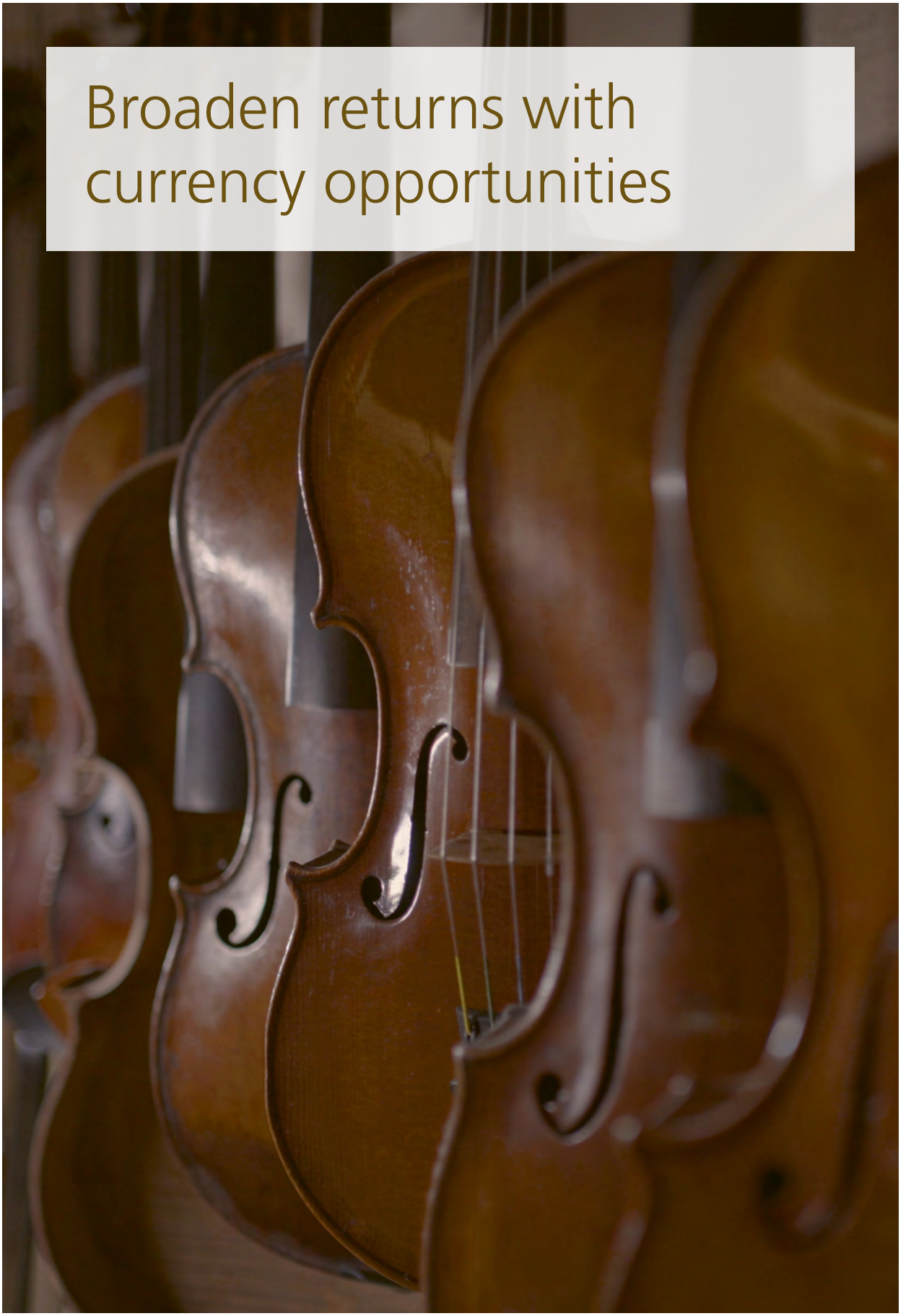
Global grid investment is projected to reach USD 500bn in 2026, with annual investment across the sector potentially approaching USD 3tr by 2030. We expect copper to reach USD 15,500 per tonne by end-2027.

We think the metal will remain sensitive to Chinese activity, global manufacturing, inventories, trade policy, substitution, and changes in mine supply. These factors can generate substantial corrections even within a favorable long-term trend. We therefore recommend building exposure during periods of weakness and holding it alongside broader commodities.

### Investor takeaways

- **Gold.** Consider gold as a portfolio diversifier, rebalance after large price moves, and consider adding on pullbacks below USD 4,000/oz.
- **Actively manage commodities.** Diversify across energy, industrial metals, agriculture, and precious metals to strengthen resilience, and adapt allocations as market leadership shifts.
- **Copper.** Build exposure to copper during periods of weakness—AI infrastructure, power grid investment, and electrification should support demand, while constrained supply reinforces the outlook.

# Broaden returns with currency opportunities



Policy and interest rate shifts should create attractive currency opportunities in 2027. We favor the GBP, select emerging market carry strategies, and expect the CHF to underperform on a total return basis. We see the US dollar outlook as balanced between supports from tighter Fed policy and AI investment and headwinds from fiscal concerns and external imbalances.

To bolster portfolio resilience, investors should first build a strategic currency plan around their personal circumstances: where they live, earn, spend, hold assets, and expect future liabilities. Aligning currency exposure with these needs can reduce the risk that unexpected exchange rate moves undermine purchasing power or disrupt financial goals.

With a strategic plan in place, currencies can also provide an additional potential return stream. We expect yield gaps to remain wide, at least through the first half of 2027, while contained volatility supports carry as a source of return. Positions should be diversified across developed and emerging market currencies and sized carefully given political, geopolitical, and central bank risks.

## Favor GBP

Our preferred G10 carry opportunity is the British pound. Resilient UK activity and a 4.0% policy rate, with another increase expected in early 2027, give sterling a substantial yield advantage over the euro, Swiss franc, and Japanese yen. Wide rate differentials and contained currency volatility should support total returns, particularly against lower-yielding currencies. Fiscal credibility remains the main risk.

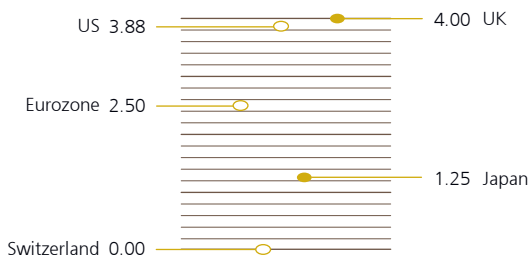
## Add diversified emerging market carry

We expect positive total returns from emerging market currencies, with carry likely to provide the main contribution. Relatively contained volatility supports diversified exposure to the Mexican peso, South African rand, Brazilian real, and Indian rupee. High nominal yields, cautious central banks, and resilient global

Figure 15

Current policy rates vary widely

In %

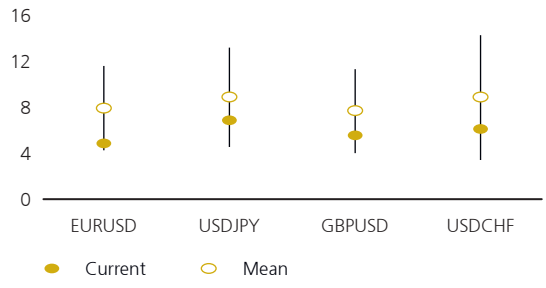



Note: Fed funds rate refers to the middle of the range.
Sources: Bloomberg, UBS, as of 12 November 2026

Figure 16

Low currency volatility increases the attractiveness of carry strategies

Current and 30-year average volatility of select currency pairs, with 90% confidence interval




Sources: Bloomberg, UBS, as of 12 November 2026

growth support the opportunity, although external balances, political credibility, energy exposure, and changing rate differentials remain important risks.

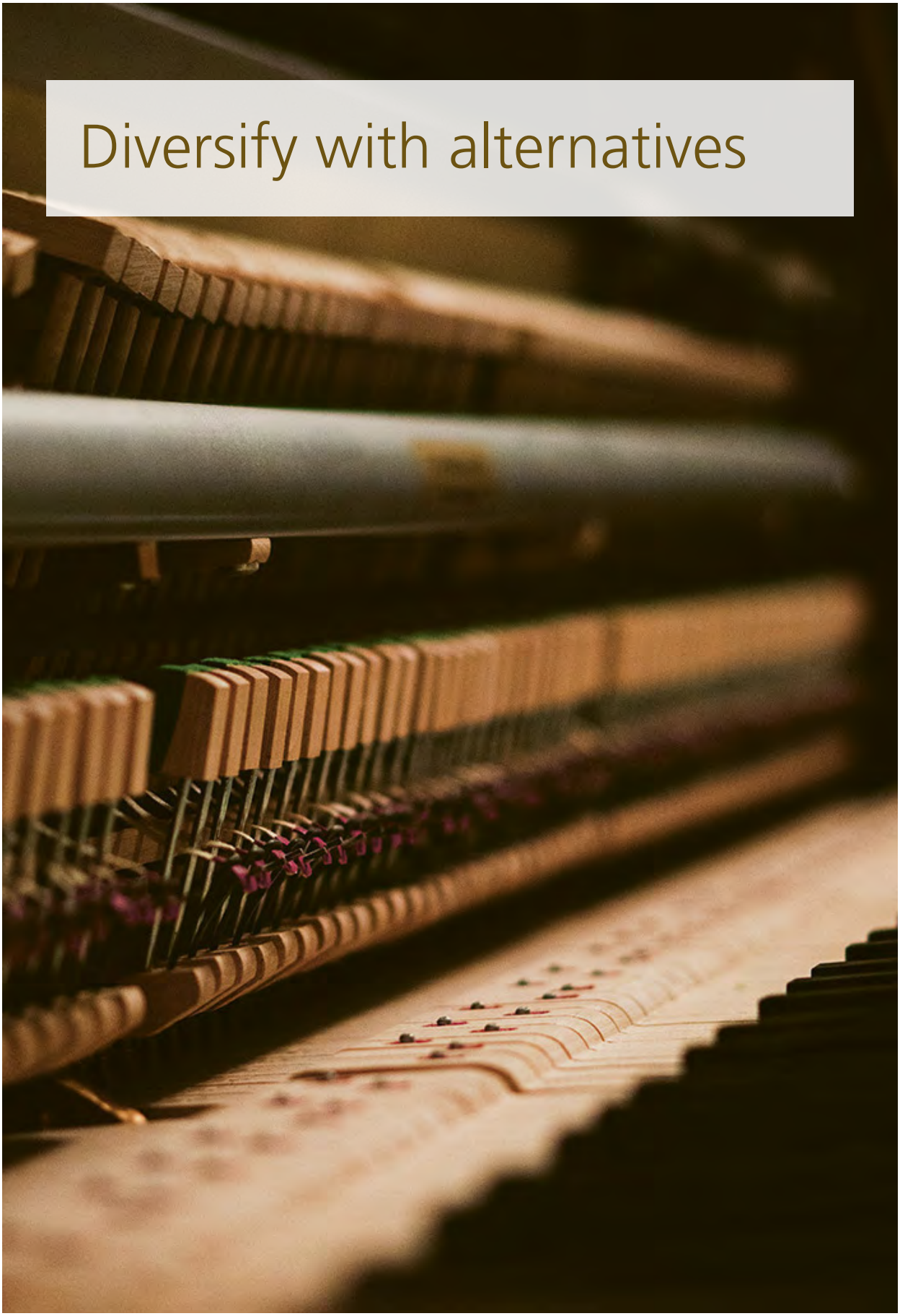
## Use CHF selectively as a funding currency

The Swiss franc's yield disadvantage should weigh on total returns even as spot weakness begins to stabilize. Investors may therefore consider funding GBP and diversified emerging market positions with francs. Position sizing remains important: Renewed geopolitical stress, prolonged energy supply disruption, a sharper global slowdown, or a broader risk-off move could quickly revive safe-haven demand for the CHF.

### Investor takeaways

- **Build a strategic plan.** Align currency exposure with where you live, earn, spend, hold assets, and expect future liabilities.
- **Favor higher-yielding currencies.** Seek additional returns through diversified carry positions, favoring the GBP alongside select emerging market currencies.
- **Use the CHF selectively as a funding currency.** Its yield disadvantage should weigh on total returns, but investors should also prepare for spot stabilization and potential renewed safe-haven demand during periods of market stress.

# Diversify with alternatives



Alternative investments can broaden return sources beyond public equities and bonds, adding differentiated income, growth, and relative-value opportunities. We favor hedge fund strategies that exploit market dispersion, operationally focused private equity and secondaries, and core and core-plus infrastructure with visible cash flows. Investors should treat these exposures as a part of a diversified portfolio.

## Use hedge funds to diversify return drivers

High dispersion supports low-net and market-neutral equity strategies, while deal activity favors merger arbitrage, in our view. We also like fixed income relative value, discretionary macro, and multi-strategy managers, as they can exploit differences in monetary policy, rates, and geopolitical outcomes.

Manager selection remains critical. Investors should diversify across strategies and assess leverage, liquidity, fees, transparency, and risk controls.

## Diversify across private equity and secondaries

Private equity provides access to unlisted companies and value creation. We favor operationally skilled, value-oriented managers focused on middle-market companies and complex transactions. With financing costs structurally higher, returns should increasingly come from earnings growth and operational improvement rather than leverage. Recent fundamentals remain supportive, with the median buyout company delivering 7% revenue growth and 9% EBITDA growth in the second quarter.

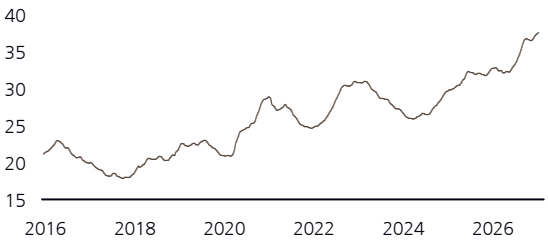
Investors should broaden exposure beyond US technology and software into health care, energy, infrastructure, industrials, materials, Europe, and select Asian markets. These areas offer differentiated growth drivers and may be less vulnerable to AI disruption.

We also favor secondaries. Transaction volumes rose approximately 15% year over year in the first half, supported by demand for liquidity and portfolio rebalancing. Seasoned portfolios can offer better visibility into assets, exits, and potential returns, while returning capital sooner than new primary commitments.

Figure 17

Equity dispersion has risen, creating stock selection opportunities

Cboe S&P 500 Dispersion Index




Sources: Bloomberg, UBS, as of 12 November 2026

## Invest in private infrastructure

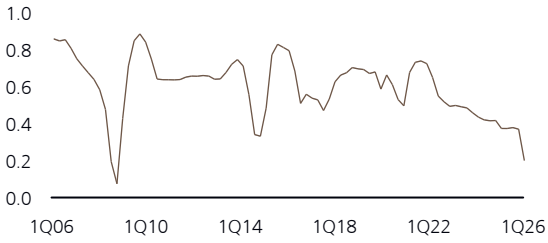
Private infrastructure can provide visible, often inflation-linked income. Operational assets with high barriers to entry, contractual or regulated revenues, and cost pass-through mechanisms can be less sensitive to economic volatility. Correlation with a traditional 60/40 portfolio has declined to approximately 20% in recent years.

Structural demand from AI, electrification, energy security, decarbonization, and supply chain realignment should support investment across digital, power, transport, and logistics infrastructure. Investor appetite also remains strong, with trailing 12-month net flows into open-ended infrastructure funds rising 30% year over year through the first quarter of 2026, according to PitchBook data.

Figure 18

### Infrastructure can offer returns uncorrelated to a balanced portfolio

Correlation between private infrastructure (Cambridge Associates index) and 60% stocks (MSCI ACWI), 40% bonds portfolio (Bloomberg GlobalAgg)




Sources: Cambridge Associates, Bloomberg, UBS, as of 12 November 2026

We favor diversified core and core-plus assets in digital infrastructure, power networks, energy security, and supply chain resilience. Existing operational assets with visible cash flows and established demand should provide a more reliable portfolio anchor than development-stage projects. Elevated data center valuations, higher financing costs, regulation, permitting delays, and weaker-than-expected AI demand remain risks to watch.

## Use private debt selectively

Private debt can provide contractual income and floating-rate exposure. Over a full cycle, diversified direct lending can play a strategic role. In the near term, however, tight spreads, rising credit stress, and weaker lending economics support a Neutral stance and moderate return expectations.

We favor top-tier platforms, senior secured loans, upper-middle-market and large-cap borrowers, conservative leverage, strong collateral, covenant protection, and less cyclical sectors. Smaller borrowers, junior debt, and 2021-22 vintages face greater refinancing pressure. Within software, mission-critical providers should prove more resilient than legacy vendors vulnerable to AI disruption.

AI infrastructure financing is a growing opportunity, but compute-backed loans carry technology, utilization, and residual-value risks. We prefer short tenors aligned with the economic life of the underlying

chips, conservative loan-to-value ratios, accelerated amortization, and existing or contracted capacity. Guarantees cannot replace prudent collateral and cash-flow underwriting.

## Manage alternatives as a portfolio

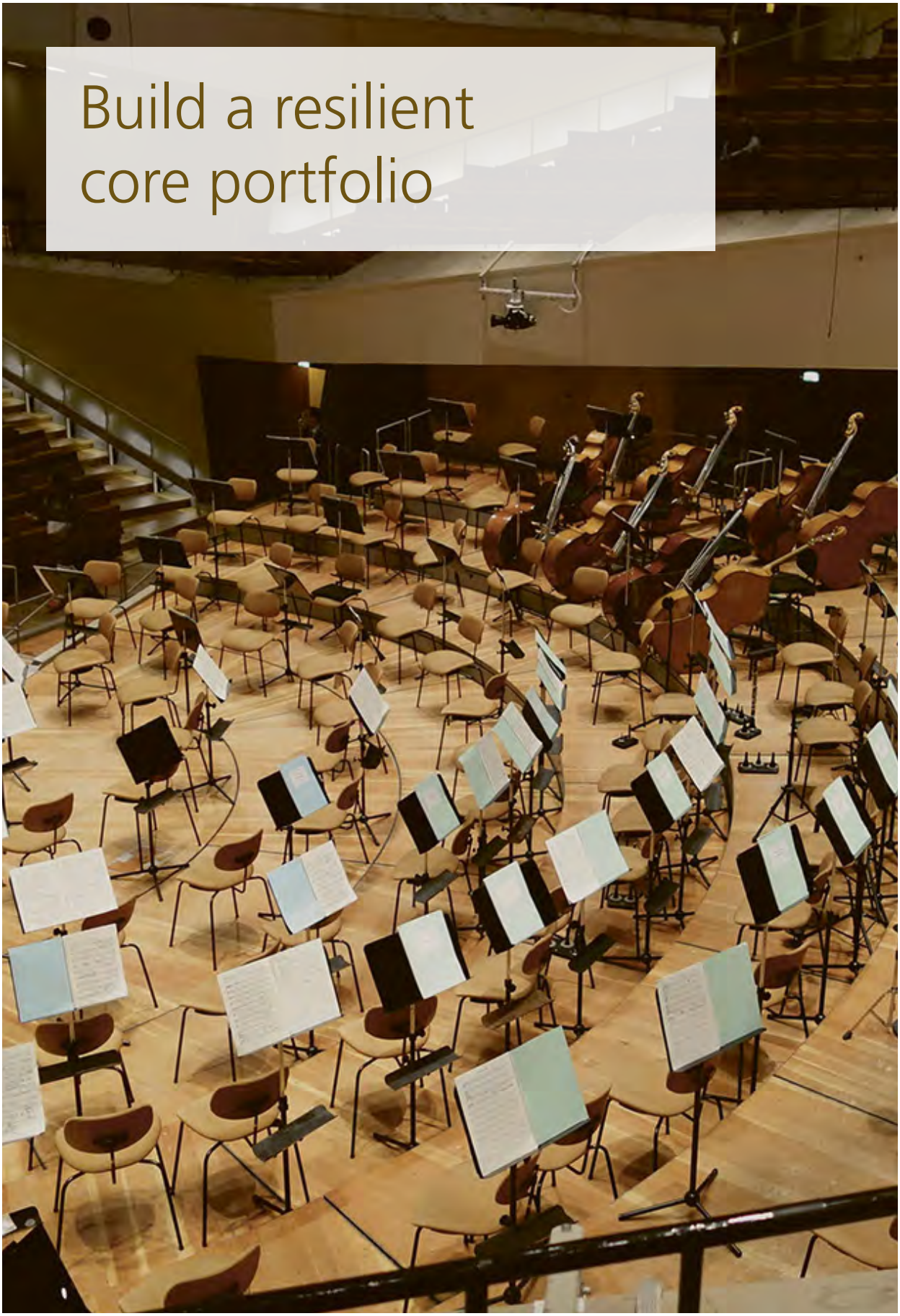
Across alternatives, outcomes depend heavily on manager selection, entry valuations, and disciplined portfolio construction. Investors should diversify across managers, strategies, regions, assets, and investment years and pace commitments to reflect limited liquidity and uncertain capital calls and distributions.

Key risks include leverage, refinancing, crowded positions, delayed exits, limited disclosure, uncertain valuations, fees, and liquidity. Strategically underallocated investors may add gradually; heavily allocated investors should prioritize diversification across alternative return sources rather than increasing exposure indiscriminately.

### Investor takeaways

- **Hedge funds.** Add differentiated hedge fund strategies focused on security selection, transactions, relative value, and macro opportunities.
- **Private equity and infrastructure.** Diversify commitments across private equity, secondaries, and operational infrastructure, as well as across managers, regions, and vintages.
- **Selective direct lending.** Prioritize quality and liquidity. Within private debt, favor senior-secured lending, pace new commitments, and avoid adding indiscriminately.

# Build a resilient core portfolio



The backdrop for investors is supportive, but the path is uncertain. Debates over AI, government debt, inflation, interest rates, and geopolitics will continue in 2027 and create volatility. Investors should build core portfolios that can participate in favorable outcomes and withstand scenarios in which individual assumptions are proven wrong.

1 **Review your plan.** Consider your personal goals, time horizon, liquidity needs, and tolerance for risk. A clear investment plan provides the foundation for deciding how much risk to take, where to diversify, and when to rebalance—helping you remain disciplined as markets move.

2 **Put excess cash to work.** While liquidity for near-term spending and contingency needs remains important, excess cash is likely to be a drag on long-term returns. Redeploy surplus cash into assets with stronger return potential and better inflation protection.

3 **Participate in growth.** Portfolios need growth to outpace inflation, taxes, and withdrawals. Although markets could face challenges in 2027, equities remain central to long-term wealth creation, and broad diversification can help balance participation with risk management.

4 **Avoid concentration risk.** Investors should ensure portfolios are not overly dependent on a single company, sector, theme, market, or country. Some portfolios have become concentrated in a handful of recent leaders, while others remain heavily tilted toward familiar home markets. Regular rebalancing and broad diversification can help reduce concentration risk while ensuring exposure to the next generation of growth opportunities.

5 **Let volatility do the work.** Investors can use rebalancing and structured strategies to harness volatility, manage downside risk, generate income, or add exposure.

6 **Seek attractive income opportunities.** After years of exceptionally low rates, fixed income can once again play a meaningful role in portfolios. Elevated starting yields offer attractive income and return potential. Quality bonds can strengthen portfolio resilience, while high yield and emerging market bonds offer additional income. Investors who remain underweight fixed income should take a fresh look at the opportunity set.

7 **Broaden sources of return.** Resilient portfolios need more than stocks and bonds alone. Gold and broader commodities, alternatives, and currencies can add return drivers. As investment spending rises and government debt and geopolitical fragmentation increase, diversification can create opportunities and reduce risk.

## Investor checklist

- ☐ Have you aligned your investment plan with your personal goals?
- ☐ Are you holding more cash than you need?
- ☐ Are you participating in long-term growth?
- ☐ Where is your portfolio concentrated?
- ☐ Are you using volatility to rebalance, protect, and earn income?
- ☐ Have you taken a fresh look at income opportunities?
- ☐ Are your return sources diversified?



# Forecasts

## Economy

**GDP (%)**

| | 2026E | 2027E | 2028E | 2029E |
|---|---|---|---|---|
| US | 2.4 | 2.3 | 2.4 | 2.1 |
| Canada | 1.0 | 1.9 | 2.2 | 1.9 |
| Japan | 0.8 | 0.9 | 0.9 | 0.8 |
| Eurozone | 1.1 | 1.2 | 1.1 | 1.1 |
| UK | 1.5 | 1.1 | 1.4 | 1.4 |
| Switzerland | 2.2 | 1.2 | 1.9 | 1.5 |
| Australia | 2.0 | 1.4 | 1.8 | 1.9 |
| China | 4.6 | 4.6 | 4.6 | 4.5 |
| India | 7.2 | 7.0 | 7.2 | 7.2 |
| EM | 4.0 | 4.5 | 4.5 | 4.5 |
| World | 3.3 | 3.5 | 3.5 | 3.4 |

**Inflation (%)**

| | 2026E | 2027E | 2028E | 2029E |
|---|---|---|---|---|
| US | 3.4 | 2.3 | 1.9 | 2.0 |
| Canada | 2.8 | 2.1 | 2.1 | 2.2 |
| Japan | 1.8 | 2.0 | 1.5 | 2.7 |
| Eurozone | 3.1 | 3.1 | 2.1 | 2.0 |
| UK | 3.2 | 3.4 | 2.0 | 2.0 |
| Switzerland | 0.7 | 0.8 | 0.8 | 0.7 |
| Australia | 4.1 | 3.4 | 2.6 | 2.6 |
| China | 0.9 | 0.5 | 0.6 | 0.9 |
| India | 5.2 | 5.0 | 4.5 | 4.3 |
| EM | 4.5 | 4.0 | 3.3 | 3.1 |
| World | 3.8 | 3.4 | 2.7 | 2.7 |

Sources: Haver Analytics, CEIC, National Statistics, Bloomberg, UBS, as of 12 November 2026

## Asset classes

| | Spot | June-27 | Dec-27 |
|---|---|---|---|
| **Equities** | | | |
| S&P 500 | 7,592 | 8,000 | 8,200 |
| Eurostoxx 50 | 6,399 | 6,800 | 7,000 |
| FTSE 100 | 10,863 | 11,200 | 11,500 |
| SMI | 15,149 | 15,300 | 15,500 |
| MSCI Asia ex-Japan | 1,024 | 1,120 | 1,170 |
| MSCI China | 69 | 75 | 79 |
| Topix | 3,937 | 4,100 | 4,200 |
| MSCI EM | 1,555 | 1,700 | 1,770 |
| MSCI AC World | 1,335 | 1,425 | 1,460 |
| **Currencies** | | | |
| EURUSD | 1.11 | 1.14 | 1.16 |
| GBPUSD | 1.32 | 1.36 | 1.36 |
| USDCHF | 0.84 | 0.81 | 0.78 |
| USDCAD | 1.43 | 1.39 | 1.37 |
| AUDUSD | 0.68 | 0.68 | 0.69 |
| EURCHF | 0.92 | 0.92 | 0.91 |
| USDJPY | 160 | 158 | 156 |
| USDCNY | 6.67 | 6.55 | 6.45 |

| | Spot | June-27 | Dec-27 |
|---|---|---|---|
| **Interest rates, in %** | | | |
| Fed (upper bound) | 4.00 | 4.50 | 4.50 |
| ECB | 2.50 | 3.00 | 3.00 |
| BoE | 4.00 | 4.25 | 4.25 |
| SNB | 0.00 | 0.50 | 0.50 |
| BoJ | 1.25 | 1.75 | 1.75 |
| **10-year benchmark yields, in %** | | | |
| USD | 5.13 | 4.75 | 4.75 |
| EUR (Germany) | 3.35 | 3.10 | 3.10 |
| GBP | 5.30 | 4.80 | 4.80 |
| CHF | 0.57 | 0.50 | 0.50 |
| JPY | 2.81 | 2.90 | 2.90 |
| **Commodities** | | | |
| Brent crude, USD/bbl | 96 | 90 | 80 |
| WTI crude, USD/bbl | 89 | 86 | 76 |
| Gold, USD/oz | 3,885 | 4,600 | 5,000 |
| Silver, USD/oz | 50 | 60 | 65 |
| Copper, USD/mt | 13,642 | 15,500 | 15,500 |

Sources: SIX Financial Information, Bloomberg, UBS, as of 12 November 2026

# Impressum

**Year Ahead 2027 – UBS House View**
This report has been prepared by UBS AG, UBS AG London Branch, UBS Switzerland AG, UBS Financial Services Inc. (UBS FS), UBS AG Singapore Branch, UBS AG Hong Kong Branch, and UBS SuMi TRUST Wealth Management Co., Ltd.
Please see important disclaimers at the end of the document.

This report reflects the insights and perspective from the entire CIO team across the globe and demonstrates the intellectual leadership of UBS.

**Global Chief Investment Officer**
Mark Haefele

**Editor in chief**
Kiran Ganesh

**Managing editor**
Sagar Khandelwal

**Supervisory analyst**
Aaron Kreuscher

**Editorial deadline**
13 November 2026

**Publishing date**
18 November 2026

**Design**
CIO Content Design
UBS Switzerland AG

**Cover image**
Xingchen Yan, Unsplash

**Languages**
English, German, French, Italian, Spanish, Portuguese, Chinese (Simplified, Traditional), Japanese

**Contact**
ubs.com/cio

SAP-Nr. 82251E-2601

**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.

**Absolute view**
**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. 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."

**Relative preferences**
For the multi asset view, we also include relative preferences to help investors compare between items.
**Preferred:** We view this item more favorably than others within its asset class.*
**In Line:** We see this item similarly to others within its asset class.*
**Least preferred:** We view this item less favorably than others within its asset class.*
*In the case of cross-asset, compared to other asset classes.
Note: 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.

**Cautionary statement regarding forward-looking statements**
This report contains statements that constitute "forward-looking statements," including but not limited to statements relating to the current and expected state of the securities market and capital market assumptions. While these forward-looking statements represent our judgments and future expectations concerning the matters discussed in this document, a number of risks, uncertainties, changes in the market, and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to (1) the extent and nature of future developments in the US market and in other market segments; (2) other market and macroeconomic developments, including movements in local and international securities markets, credit spreads, currency exchange rates and interest rates, whether or not arising directly or indirectly from the current market crisis; (3) the impact of these developments on other markets and asset classes. UBS is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

**Emerging market investments**
Investors should be aware that Emerging Market assets are subject to, among others, potential risks linked to currency volatility, abrupt changes in the cost of capital and the economic growth outlook, as well as regulatory and sociopolitical risk, interest rate risk and higher credit risk. Assets can sometimes be very illiquid and liquidity conditions can abruptly worsen. CIO GWM generally recommends only those securities it believes have been registered under Federal US registration rules (Section 12 of the Securities Exchange Act of 1934) and individual State registration rules (commonly known as "Blue Sky" laws). Prospective investors should be aware that to the extent permitted under US law, CIO GWM may from time to time recommend bonds that are not registered under US or State securities laws. These bonds may be issued in jurisdictions where the level of required disclosures to be made by issuers is not as frequent or complete as that required by US laws.

Investors interested in holding bonds for a longer period are advised to select the bonds of those sovereigns with the highest credit ratings (in the investment-grade band). Such an approach should decrease the risk that an investor could end up holding bonds on which the sovereign has defaulted. Subinvestment-grade bonds are recommended only for clients with a higher risk tolerance and who seek to hold higher-yielding bonds for shorter periods only.

**Nontraditional assets**

**Non-traditional asset classes are alternative investments that include hedge funds, private equity, private credit, 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.

Interests in alternative investment funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in an alternative investment fund and should consider an alternative investment fund as a supplement to an overall investment program.

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 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 US investor.

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"). 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 utilise 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:** This terminology refers to definitions in the UBS Sustainable Investing Framework and does not refer or relate to any product specific regulatory labelling regime or naming conventions. 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.

Except as otherwise specified herein and/or depending on the local 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 D/2026. CIO82652744
© UBS 2026. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

