UBS House View

Monthly Letter | 16 October 2025 | Chief Investment Office GWM, Investment Research

AI in focus

We expect further gains for AI-linked stocks over the coming year amid robust capex trends and rising demand.

More room to run

Beyond AI, we see additional supportive factors for equities, including better-than-expected US economic growth and lower US interest rates.

Stay diversified

Amid all the questions about AI, investors should stay focused on their long-term financial goals and ensure their portfolios are well diversified.

Asset allocation

We upgrade equities to Attractive. Regionally, we like the US, Japan, and China. We also favor quality bonds and gold.

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Wealth in the time of euphoria

Twenty-six years ago, in the fall of 1999, I sat, as I do today, writing to clients about our investment positions in an era of tech stock euphoria. In 1999, I thought tech enthusiasm was overdone, and I am going to argue the opposite in this letter.

Yet before I get to our current positioning, I want to point out that the dotcom bubble made a fool of almost everyone at some point. This AI euphoria will likely do the same. During the dotcom era, getting out too early had what felt like disastrous consequences: Between the start of 1995 and March 2000, the Nasdaq Composite increased almost sevenfold. Getting out too late also felt disastrous: The Nasdaq fell almost 80% from its peak before bottoming in 2002.

But while it was almost impossible not to get things badly wrong at least for a time, it was also not impossible to survive and prosper. When the Nasdaq started to plunge in 2000, US REITs, Treasuries, gold, and oil traded flat or higher. Furthermore, by the time the bubble was all said and done, it still hadn't paid to go against the internet. Between the start of 1995 and the end of 2002, the Nasdaq Composite delivered a respectable average return of 7% per year.

What do these lessons hold for today?

First, it's nearly impossible to time the market just right; investors should make sure the success or failure of their long-term plan is not dependent on doing so. An important part of this is staying focused on one's investment goals.

Second, in the end, missing long-term trends can be far more painful than enduring short-term drawdowns. The dotcom bubble and crash look like a blip on the chart from today's vantage point.

Investors should hold exposure to AI, but also ensure portfolios remain well diversified.

Third, while markets can be subject to potent forces with ramifications across all asset classes, investor portfolios do not need to be completely beholden to them. We believe it is important to have exposure to artificial intelligence (AI). We also believe it is necessary to diversify portfolios beyond it.

In the remainder of this letter, I explain why we believe this bull market has further to run, describe the forces within and beyond AI that we think will drive it, and highlight where we see the best tactical opportunities in markets today.

But while a part of my job is to keep our clients updated on our tactical views, the most important part is to help them protect and grow wealth in the longer term. So I conclude with some thoughts on how we think investors can put ideas to work in a way that can allow them to benefit if we're right about the AI boom, manage losses if we're wrong, and stay on course to prosper in the long term.

More room to run

We upgrade global equities to Attractive.

Although the equity bull market is now entering its fourth year, we believe it has further to run. We are therefore upgrading global equities to Attractive this month.

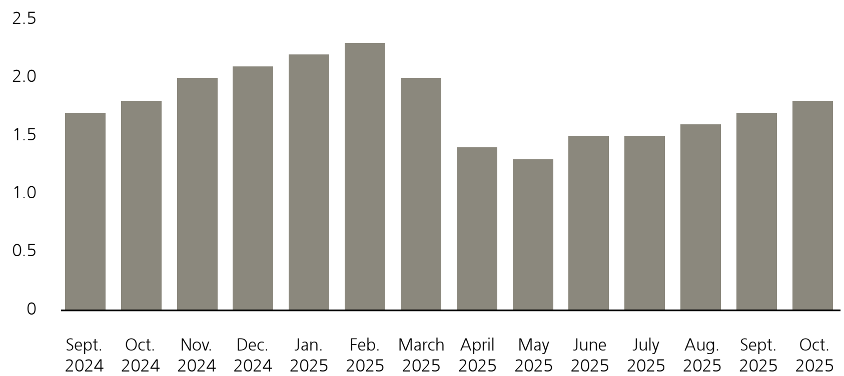
Continued performance from US technology stocks is an important prerequisite for a continuation of the bull market, and in our base case, we expect AI-linked stocks to rise further. But we also believe better-than-expected US economic growth, lower US interest rates, and AI development in other regions, notably in China, will broaden the drivers of future market upside beyond US tech.

Recent multi-billion-dollar partnerships between hyperscalers and AI chip firms have strengthened our confidence that AI-related capital expenditures (capex) will exceed expectations and remain robust for longer. Meanwhile, economic data have shown US growth exceeding expectations—the Bloomberg consensus forecast for 2025 GDP growth has increased 0.5 percentage point since its May low.

Figure 1

US GDP growth is exceeding expectations

Bloomberg consensus US GDP forecast for 2025 (mean), % y/y



Source: Bloomberg, UBS, as of 14 October 2025

The US earnings outlook is robust.

These two factors have led us to raise our US earnings growth expectations for 2025 and 2026: We now expect S&P 500 earnings per share of USD 275 in 2025 (10% y/y growth) and USD 295 in 2026 (7% y/y growth), both a USD 5 increase over our previous forecasts. In our base case, we see the S&P 500 reaching 7,300 by June 2026.

Overall, we expect a further 9% rally in global stocks (MSCI All Country World Index) by June 2026. These gains could materialize even faster if the upcoming earnings season delivers stronger-than-expected results. US bank earnings so far indicate consumer spending remains durable and credit trends are benign despite recent high-profile bankruptcies. And recent AI capex announcements could lead to an acceleration in data center and utility-linked orders.

AI – the drivers from here

AI-linked stocks are likely to remain a key driver of global equity performance.

The performance of global equities in the months and years ahead will depend heavily on the performance of AI-linked stocks, and we believe their performance from here will depend on two factors.

First, will capex trends continue to meet expectations? Strong capex has been the biggest driver of AI performance so far, and we think it is likely to continue to be the most important return driver over the next 6-12 months.

Second, will investors retain confidence that AI companies will ultimately be able to earn attractive returns on the investments they are making? This is likely to be the most important factor over the next two years or more.

Taking these in turn:

Will capex continue to meet expectations?

For capex to keep meeting—or surpassing—expectations in the near term, we believe that tech management teams and the investors who finance them need to: a) retain confidence that demand will ultimately absorb planned capacity build-outs, and b) believe that new sources of demand could require even higher rates of investment.

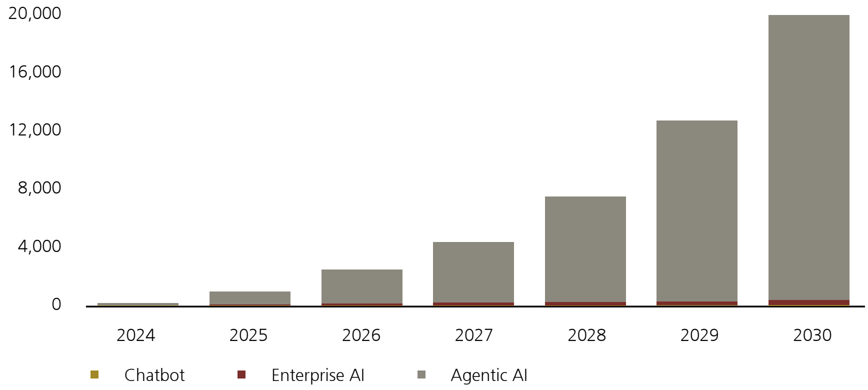
While the already installed AI chip capacity is sufficient to cope with a 25x increase[1] in chatbot usage by individuals, we believe that anticipation about the growth of agentic AI—AI systems capable of autonomous decision-making and action—and physical AI, such as robots and autonomous vehicles, should provide tech management teams and investors alike the necessary confidence for AI capex to continue to rise.

[1] We estimate an annual growth rate of 50% in consumer users, which compares with the eight-fold increase in ChatGPT users over the past two years.

Figure 2

Estimated compute demand for chatbot, enterprise, and agentic AI

In exaFLOPS



Source: UBS, as of 15 October 2025.
Note: ExaFLOPS stands for one quintillion (10^{18}) floating point operations per second. It is a unit used to measure the processing speed of supercomputers, indicating how many complex calculations the system can perform every second.

We believe agentic AI will be a key way that businesses use the technology.

Businesses are becoming increasingly important AI users, and we believe that agentic AI will be a key way that businesses use the technology in the future. Agentic systems are designed so that individual AI agents perform just one part of an overall task, so multiple agents are required to replicate knowledge worker roles. But if we assume that there are just 375mn AI agents deployed by 2030 (compared to the 1.2bn knowledge workers in the world, according to Gartner estimates), compute demand would be equivalent to 5x the current installed base.[2]

Physical AI could spur even greater compute demand.

Physical AI could create even greater compute demand. There are already more than 4.5 million robots installed globally (according to the International Federation of Robotics), and forecasts by Bank of America suggest 1 million humanoid robots could be sold annually by 2030. Even if only a fraction of this market is addressed, it will demand far higher computing power.

Overall, we think that over the medium term, even the almost USD 1 trillion of currently planned capex could still fall short of what appears to be needed, and therefore believe that investment growth is likely to continue over the next year.

Will AI companies be able to earn reasonable returns on their investments?

We believe the monetization potential for AI is large, even compared to the substantial capex plans.

Taking a top-down perspective, we believe that the overall monetization potential for AI is large, even compared to the substantial capex plans. In the context of the about USD 100 trillion global economy, if we assume that around one-third of tasks can be automated by AI, the labor share of those tasks (i.e., the portion of

[2] We model adoption within organizations using a gradual integration schedule—starting from the current 6% penetration and increasing to reach full adoption by 2030. We assume corporate queries are three times more complex than consumer ones and estimate that query volumes per user in corporate settings will be ten times higher than those for consumer chatbot usage.

their economic value that is attributable to labor) is around half, and AI vendors are able to capture around 10% of the value, this makes for an annual AI revenue opportunity of around USD 1.5 trillion. (For a fuller explanation on this point, please see our August monthly letter, *Charting new highs*.)

At the same time, we believe it's still too early in AI's development as a technology to expect material monetization. History shows that companies often launch new technologies at low or no cost—allowing users to understand, adopt, and grow reliant on them—before companies raise prices or add fees. This pattern is evident across social media, cloud storage, streaming services, and both consumer and enterprise software. We expect AI to follow a similar path.

As such, we believe that, for now, the key trends to watch are the breadth of AI adoption, the depth with which it is being integrated into consumer lives and business processes, and early indications on the value it is creating. Over time, if adoption is sufficiently broad, use is sufficiently deeply integrated, and it is creating sufficient value, we believe that tech firms will be readily able to monetize the value, as they have demonstrated in the past.

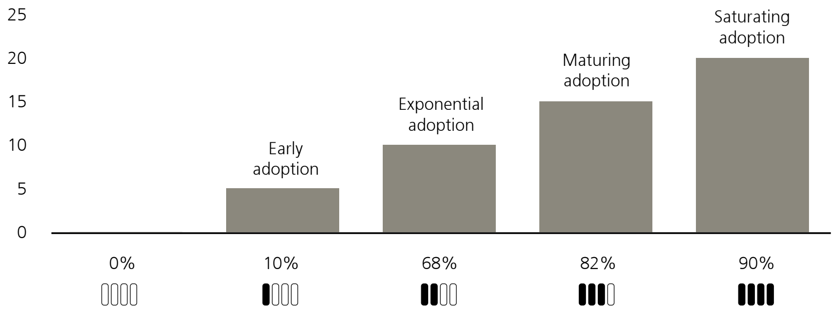
AI adoption is growing rapidly.

On these factors, we remain encouraged. US Census Bureau data show that AI adoption improved from 9.2% in the US in the second quarter of 2025 to 9.7% in the third quarter, and we expect the AI industry to reach a 10% adoption rate by end-2025. AI will likely have reached this milestone in three years, compared with five years for smartphones and 24 years for e-commerce. Our analysis of those prior technology trends shows that adoption accelerates once 10% penetration is reached.

Figure 3

Lessons from smartphone adoption in the US suggest we will soon enter the exponential growth phase for generative AI

Smartphone adoption rate (x-axis) and number of years (y-axis)



Source: US Census Bureau, World Bank, Company reports, UBS, as of September 2025

Early adopters of AI are seeing economic benefits.

Early AI adopters are also seeing the economic benefits. For example, in an interview this month, JPMorgan CEO Jamie Dimon said that the bank was already recouping its USD 2bn per year investment in AI, with an equivalent amount of cost savings, and that this was "the tip of the iceberg." The second-quarter earnings season also provided signs of reassurance on monetization, even at this early stage in AI development. Alphabet attributed a "material portion" of the 27% y/y growth in cloud revenues to AI and machine learning workloads.

The risks

As with any investment boom, investors should be mindful of the risks.

Investors must acknowledge that there has been no investment boom in history in which capital expenditures perfectly matched future demand in every facet of the industry in question. The dotcom era saw the overbuilding of fiber-optic networks, much of which went unused for years. The shale oil boom led to oversupply and price collapses. And the solar industry experienced periods of excess manufacturing capacity before demand caught up.

This AI investment boom will also face periods when it appears as though supply is overshooting potential demand and when bottlenecks (for example in energy supply) constrain development. Investors may face periods in which tech firms fear that pricing power will prove insufficient to pay investments back, and when investments risk obsolescence as a result of new technological developments.

There has also been no investment boom in history that didn't bring leverage and financial engineering, and the risks associated with them. The dotcom era brought use of complex stock options and aggressive accounting. The housing boom was fueled by securitization. And the shale energy surge relied on high yield debt.

As capital pours into AI, investors should remain mindful that financial innovation often accompanies rapid growth that will bring vulnerabilities alongside opportunities. In this regard, the apparent circularity of some AI investments, with an increasing trend of large firms buying stakes in one another and the signing of forward purchase or investment agreements, is a cause for concern. While we do not currently view the scale of these deals as overwhelming in the context of the overall ecosystem, investors will need to monitor the risk that a further proliferation of such deals could introduce real or implicit leverage into the system and amplify the vulnerability to single points of failure.

The AI boom is also not immune to other macro forces that can add volatility.

With all this in mind, and as I discuss later in the letter, while positioning to profit from the expected further rally in AI stocks, it is crucial that investors build portfolios in a way that can weather the inevitable periods when fears about oversupply or overleverage lead to a (potentially substantial) correction.

What are the market drivers beyond AI?

Beyond AI, we see other positive drivers for equities.

While continued performance from the AI trade is likely a prerequisite for further upside for global equities, we do believe there are additional reasons to hold a positive view on global stocks.

First, we think the prospect of further Federal Reserve rate cuts and more supportive US fiscal policies—including measures such as capex and R&D expensing, cutting taxes on tips, and lighter regulation—should provide a modest tailwind to cyclical sectors as we move into 2026. An important point of difference between the current boom and the dotcom era is that the Fed was hiking rates in 1999, while it resumed the rate-cutting cycle last month.

Second, data suggest that the broader US economic environment is also trending better than expected. Middle- and high-income households continue to benefit from wealth effects, supported by rising asset prices and low fixed mortgage rates locked in during the pandemic. Recent data show that the economy remains resilient (US retail sales grew 0.6% m/m in August), and we have raised our corporate earnings growth forecasts for 2025 and 2026.

It is encouraging that the tariffs announced so far appear to have had only a limited economic impact, even if the effects are likely to continue feeding through in the coming months. Tariff-related developments can still create short-term market volatility, as we have seen in the past month. Looking ahead, the Supreme Court hearings on tariffs related to the International Emergency Economic Powers Act in November and ruling later this year or in early 2026 will likely bring tariff headlines back into focus. If the measures are ruled unlawful, the tariff landscape can be expected to change meaningfully.

Where are the best opportunities in markets today, beyond the US?

China's tech sector offers opportunities, in our view.

We rate **China tech** among the Most Attractive sectors globally. The AI trend has proven supportive and the sector has rallied more than 30% year-to-date (Hang Seng Tech Index). We believe China's strategic push for tech self-sufficiency and innovation is creating the foundation for that rally to continue. Technology-related sectors now drive the bulk of MSCI China's performance, and leading firms are generating strong earnings owing to advances in AI, cloud, and domestic chip development.

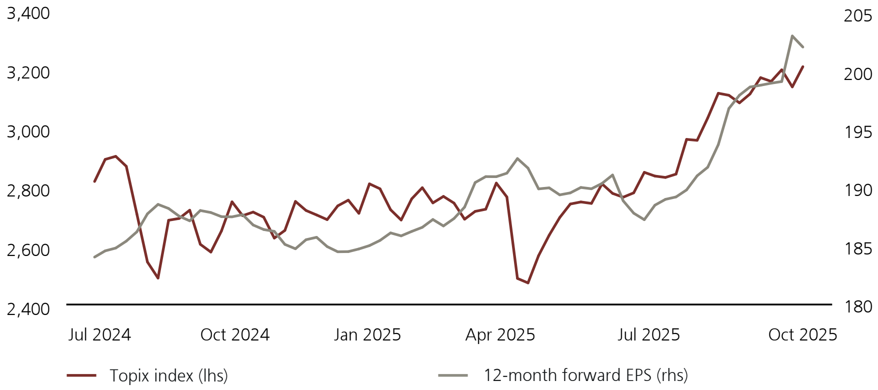
Despite the continuation of US-China tensions, we also see broader **Chinese** equities as Attractive. We believe supportive liquidity conditions (M2 money supply growth was 8.4% y/y in September), targeted policy measures, and retail asset reallocation from deposits should bolster the market. MSCI China now trades at around 13 times forward earnings—above its historical average, but the 30% discount to MSCI ACWI is in line with historical levels.

Our positive view on China's tech sector, and the Chinese market more broadly, should also prove supportive of **emerging market** (EM) indices, in our view. Fed rate cuts and a weaker US dollar should offer general support, while resilient EM currencies and benign macro trends could also help attract new flows and warrant higher valuations. Valuations remain appealing versus global peers, with MSCI EM trading at around 14x forward earnings (a 27% discount to MSCI ACWI).

Figure 4

Japanese corporate earnings bottomed out earlier than expected

Topix index (lhs) and 12-month forward EPS, in JPY (rhs)



Source: Bloomberg, UBS, as of October 2025

We hold a positive view on Japanese equities.

We continue to see **Japan's** equity market as Attractive. The market initially advanced after the selection of Sanae Takaichi as the new leader of the ruling Liberal Democratic Party (LDP), with investors positioning for a more expansionary fiscal agenda (including tax cuts, subsidies, and stimulus) and a more dovish monetary outlook. While the rally ebbed after the LDP's coalition partner of 26 years, Komeito, withdrew its support, our base case remains that Takaichi will ultimately be appointed prime minister. We therefore expect political uncertainty to fade, believe Japan's structural reform story remains intact, and anticipate a policy mix that will underpin corporate earnings growth and support domestically oriented sectors, particularly those tied to infrastructure, technology, and national security. The Topix also trades at a discount to global peers.

Global banks are appealing in the current environment.

We also have a positive view on **global banks**, which today are better capitalized, more liquid, and have less risky balance sheets following several years of deleveraging and strategic realignments. Combining this position of strength with more normalized yield curves, deregulatory tailwinds, and a resilient macroeconomic backdrop makes global banks appealing investments at current valuations, in our view.

The recent agreement between Pfizer and President Trump to lower drug prices and invest in US manufacturing and research, in exchange for a three-year grace period on planned tariffs on pharmaceutical imports, has boosted investor sentiment toward the **health care** sector and the *Longevity* opportunity more broadly. We expect structural growth stemming from the increasing demand for products and services that can expand healthy lifespans.

We also believe investors are underestimating both the scale and the durability of the upside in **utilities** and in the *Power and resources* opportunity more broadly. OpenAI's recently announced deals are adding to the electricity and grid infrastructure demand that is accelerating globally, and we expect USD 3tr in annual investment across power generation, energy storage, grid infrastructure, and data centers by 2030, backed by strong commercial customer demand to secure capacity for new projects.

Positioning to prosper for the long term

Booms often arise alongside transformative innovations.

Booms and bubbles can be difficult for investors. They often arise alongside transformative innovations that lay the foundation for substantial long-term wealth creation (see railroads in the 1800s or the internet in the 1990s). Yet, such periods of exuberance also bring anxieties: the fear of investing at the wrong time, the temptation to chase performance, and the risk of making decisions that can permanently destroy wealth.

So how can investors position themselves to prosper over the long term while avoiding short-term pitfalls?

1. **Remember your overall investment outlook.** For some, investing is a long-term endeavor. For others, it is a short-term contest. Taking the time to reflect and focus on one's personal objectives, time horizon, and risk appetite can help investors avoid costly mistakes and benefit from long-term wealth creation.

2. **Get your strategic asset allocation right.** Designing a portfolio mix that is right for an investor's objectives and regularly rebalancing so they stick to their target allocation throughout the market cycle can help investors stay disciplined and avoid the temptation to chase performance or exit the market during periods of stress. A well-diversified portfolio—balanced across equities, fixed income, alternatives, and cash—serves as a safeguard against the risks of exuberant markets, and the diversification inherent in a well-constructed asset allocation remains one of the most effective tools for managing risk.

3. **Visualize scenarios.** Considering a range of positive and negative scenarios for markets and one's own financial needs can help investors stress-test plans, identify vulnerabilities, and ensure they are comfortable with their risk exposures before volatility strikes. This forward-looking approach can help investors

build a more robust portfolio, stay calm amid periods of volatility, and avoid overreacting during short-term market moves.

Participation in transformative trends is often key for long-term wealth preservation and growth.

4. **Don't sit it out.** While fear of investing at the wrong moment in a market bubble can be paralyzing, participation in transformative trends is often essential for long-term wealth preservation and appreciation, provided it aligns with risk tolerance and goals. Since the start of 2000, even including the dotcom crash, a US equity portfolio with benchmark tech exposure (S&P 500) would have outperformed a portfolio without tech (S&P 500 ex-IT sector) by 61%.

5. **You don't have to time it perfectly, and you don't have to try.** The desire to wait for the "perfect" moment can lead to missed opportunities, while trying to time the market often proves futile. Strategies like phasing investments over time through regular contributions or rebalancing, using systematic or quantitative signals, or utilizing capital preservation strategies can help investors build up long-term positions while managing short-term timing risks.

6. **Keep adequate liquidity.** We typically recommend holding between two and five years' worth of expected portfolio withdrawals in a safe liquidity strategy. Keeping such a strategy can provide a safeguard against having to sell assets at depressed prices in case of a market crash. It can provide investors with the confidence that short-term needs are taken care of, allowing them to keep a long-term focus with their other investments.

7. **Use leverage with care.** The flip side of keeping ample liquidity is to use leverage with care. While borrowing, or buying investments with embedded leverage, can amplify gains in a rising market, it can also magnify losses when markets turn down. Being forced to sell investments at depressed prices to meet margin calls is one way that investors can permanently impair wealth. Using leverage conservatively, if at all, can help ensure resilience through volatility.

How to invest today

Investors who are underallocated to equities should reallocate excess cash toward stocks.

Against a backdrop of solid growth and transformative change, we believe the next chapter of this rally still holds promise. We think investors should review current allocations to equities and ensure they are at least consistent with, or modestly higher than, their long-term strategic asset allocation targets. If investors are currently "underweight" equities, we believe they should reallocate excess cash, bond, or high yield credit holdings toward stocks.

We also think that investors should reassess exposures within equities, ensuring adequate focus to our preferred sectors and markets, which are exposed to secular growth (we like the US, China, and global technology), transformational innovations (*AI, Power and resources,* and *Longevity*), and have clear catalysts that could drive earnings upgrades (Japan and global banks).

Quality bonds and gold remain appealing, in our view.

For diversification beyond stocks and AI, we continue to see quality bonds as Attractive, and we would expect them to rally in the event of fears about the health of the US economy or the durability of the AI rally. With yields still elevated, the risk-return for quality bonds is appealing, and they have ample scope to appreciate in a more adverse scenario. The outlook for lower-quality credit remains bifurcated, in our view, with recent bankruptcies highlighting vulnerabilities in some parts of the market. We therefore believe a selective approach is warranted in this pocket of the credit market, and we continue to prefer higher-quality segments. Gold also remains an effective portfolio diversifier and hedge against market, political, and economic risks, in our view, even after its strong year-to-date rally.

Key investment ideas

We see further scope for equities to rally in the year ahead.

Add to equities. We expect continued gains for AI-linked companies to support broad market indices, especially in the US and China, where AI exposure is highest. More broadly, lower US interest rates, robust earnings growth, and solid economic fundamentals should drive further upside for global equities over the coming year. At the sector level, we favor US utilities, US health care, global banks, and select European sectors for diversification beyond technology. From a country perspective, we see attractive opportunities in Japan, Brazil, and within Europe, in IT, industrials, and utilities.

Seek opportunities in China. China tech stands out as one of the most attractive opportunities in global equities, in our view, driven by breakthroughs in AI and semiconductors and a structural edge in manufacturing, data, and power. Recent results reinforce the durability of China's tech rally, supported by capex, chip localization, and expanding AI/cloud monetization. We expect this leadership to continue fueling momentum for China equities and the broader Asia index, with supportive liquidity, policy reforms, and improving geopolitical sentiment. Falling US interest rates and a weaker dollar are additional tailwinds. Low valuations and conservative positioning suggest significant potential for further inflows and a rerating.

Gold remains an appealing hedge and diversifier within portfolios.

Go for gold. Gold has rallied strongly year-to-date, with recent momentum driven by rising political and trade-related uncertainties. The yellow metal remains an effective portfolio diversifier and hedge against political and economic risks. Lower real interest rates, a weaker dollar, and renewed concerns about rising government debt or geopolitical uncertainty could spur additional gains toward our upside case of USD 4,700/oz, making gold a valuable component of a resilient investment strategy.

Lower Fed interest rates increase the imperative for investors to put cash to work.

Put cash to work. With the Fed resuming its rate-cutting cycle and cash rates already low in much of Europe, we believe investors should limit cash holdings to what's needed for near-term portfolio withdrawals. By optimizing a liquidity strategy—phasing excess cash into diversified portfolios or equities, and considering equity income or yield-generating structured strategies—investors can improve returns and participate in long-term market gains. Annuities and borrowing capacity can also help manage cash flow more efficiently, ensuring capital works harder in the current environment.

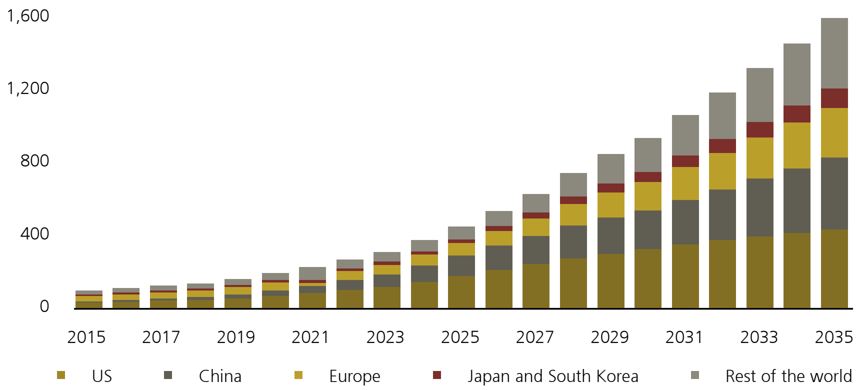
We expect the US dollar to weaken over the coming months.

Reduce excess dollar exposure. We expect the US dollar to weaken in the months ahead, as the Fed is set to cut interest rates more quickly than other regions, the US faces high levels of unhedged overseas investment, and given its current account and fiscal deficits. Tactically, we prefer the euro, Australian dollar, and Norwegian krone. While dollar weakness may be limited by stronger US growth and continued leadership in AI, we recommend investors review currency allocations to ensure they match future liabilities and spending needs.

Figure 5

AI and data centers to fuel growth in electricity demand

Global data center power demand outlook by market, TWh



Source: UBS, as of 15 October 2025

Beyond AI, we see growth opportunities in *Power and resources* and *Longevity*.

Invest in transformational innovation. AI stocks have delivered exceptional returns, raising questions about a potential bubble. However, we believe that robust capex investment, accelerating strategic partnerships, and surging product launches both demonstrate and will drive sustained demand for AI compute. Beyond AI, we identify *Power and resources* and *Longevity* as key themes gaining momentum. Utilities and health care are likely to benefit from these trends as well. We think that investors who focus on transformational innovation should be well positioned to outperform broader markets in the years ahead.

Mark Haefele
Chief Investment Officer
Global Wealth Management

Global forecasts

Economy

Real GDP y/y, in %

	2024	2025E	2026E
US	2.8	1.9	1.7
Canada	1.2	2.0	2.0
Japan	0.1	0.8	0.5
Eurozone	0.9	1.1	0.9
UK	1.1	1.2	1.1
Switzerland	1.4	0.9	1.3
Australia	1.0	1.9	2.2
China	5.0	4.7	3.8
India	6.5	6.7	6.3
EM	4.5	4.3	3.9
World	3.4	3.2	2.9

Inflation (average CPI), y/y, in %

	2024	2025E	2026E
US	3.0	2.8	3.3
Canada	2.4	2.2	2.1
Japan	2.7	3.4	2.1
Eurozone	2.4	2.1	1.8
UK	2.5	3.4	2.2
Switzerland	1.1	0.2	0.5
Australia	3.2	2.5	2.7
China	0.2	0.0	0.2
India	4.6	2.4	4.5
EM	8.0	3.9	3.4
World	5.7	3.4	3.0

Source: Bloomberg, UBS, as of 16 October 2025. Latest forecasts available in the *Global forecasts* publication, published weekly.

Asset classes

	Spot	June 2026
Equities		
S&P 500	6,671	7,300
Eurostoxx 50	5,605	5,900
FTSE 100	9,425	9,800
SMI	12,530	13,200
MSCI Asia ex-Japan	892	964
MSCI China	87	100
Topix	3,184	3,400
MSCI EM	1,366	1,470
MSCI AC World	1,179	1,280

	Spot	June 2026
Yields, in %		
USD 2y Treasury	3.50	3.25
USD 10 year Treasury	4.03	3.75
CHF 2y Eidg.	–0.15	0.00
CHF 10y Eidg.	0.21	0.50
EUR 2y Bund	1.92	1.75
EUR 10y Bund	2.57	2.25
GBP 2y Gilt	3.90	3.50
GBP 10y Gilt	4.54	4.25
JPY 2y JGB	0.90	1.10
JPY 10y JGB	1.65	1.70

Currencies		
EURUSD	1.16	1.23
GBPUSD	1.34	1.40
USDCHF	0.80	0.76
USDCAD	1.40	1.32
AUDUSD	0.65	0.70
EURCHF	0.93	0.94
NZDUSD	0.57	0.59
USDJPY	151	148
USDCNY	7.12	6.90

Commodities		
Brent crude, USD/bbl	61.9	65.0
Gold, USD/oz	4,209	4,200

Source: Bloomberg, UBS, as of 16 October 2025. Latest forecasts available in the *Global forecasts* publication, published weekly.

Disclaimer / Risk Information

Non-Traditional Assets

Non-traditional asset classes are alternative investments that include hedge funds, private equity, real estate, and managed futures (collectively, alternative investments). Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. An investment in an alternative investment fund is speculative and involves significant risks. Specifically, these investments (1) are not mutual funds and are not subject to the same regulatory requirements as mutual funds; (2) may have performance that is volatile, and investors may lose all or a substantial amount of their investment; (3) may engage in leverage and other speculative investment practices that may increase the risk of investment loss; (4) are long-term, illiquid investments, there is generally no secondary market for the interests of a fund, and none is expected to develop; (5) interests of alternative investment funds typically will be illiquid and subject to restrictions on transfer; (6) may not be required to provide periodic pricing or valuation information to investors; (7) generally involve complex tax strategies and there may be delays in distributing tax information to investors; (8) are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits.

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-US 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.
- 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.

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, commonly known indexes, House View scenarios, and analyst convictions over the next 12 months. Note that the tactical asset allocation (TAA) positioning of our different investment strategies may differ from these views due to factors including portfolio construction, concentration, and borrowing constraints.

Attractive: We consider this asset class to be attractive. Consider opportunities in this asset class.
Neutral: We do not expect outsized returns or losses. Hold longer-term exposure.
Unattractive: We consider this asset class to be unattractive. Consider alternative opportunities.

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

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