



UBS House View

Monthly Extended **April 2025**

Chief Investment Office GWM
Investment Research

This report was prepared by UBS AG London Branch, UBS Switzerland AG, UBS AG Hong Kong Branch, UBS AG Singapore Branch and UBS Financial Services Inc.

In this edition, we add more categories to our global asset class preferences, issue a new ratings methodology more focused on factors including 12-month returns, and release our December 2025 price targets for equities.

To see our most recent forecasts, please refer to our publication called "Global forecasts "

To get our most recent CIO Views, click [CIO Views](#)

Please see the important disclaimer at the end of the document.

This document is a snapshot view. For all other forecasts and information, we advise you to check the Investment Views section in your E-Banking or in Quotes.

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Section 1

Investment views

Section 1.1

Asset class outlook

Asset class outlook

Summary of views

We keep global equities at Attractive.

In bonds, we like investment grade and high grade, whereas emerging market and high yield remain Neutral.

In commodities, we hold a preference for both oil and gold.

In foreign exchange, we now have the AUD and JPY at Attractive, while CHF, EUR and GBP remain at Neutral and CNY at Unattractive.



Equities

We keep global equities at Attractive. While policy uncertainty remains a near-term risk, we expect robust fundamentals to prevail by year-end. The recent volatility provides an opportunity to gradually increase exposure, in our view.

Resilient economic growth, central bank cuts, and robust structural trends in AI and power and resources should help equities trend higher throughout the year.

We expect earnings to grow in the mid- to high-single digits this year and next. Contributions should broaden, but the tech sector should remain the main engine of growth thanks to robust AI investments.

Within regions, we prefer the US and select Asian markets such as Taiwan and India. We advise selectivity in Europe ahead of tariffs announcements. We also recommend exposure to the beneficiaries of AI.



Bonds

We are Neutral on fixed income overall. However, within the asset class, we rate high grade and investment grade bonds Attractive, while high yield and emerging market credit are Neutral.

Following the US elections, yields initially rose as rate-cut expectations were adjusted. This aligned with the Fed's signal to proceed cautiously after 100bps of easing. However, recent evidence of slowing growth and deteriorating sentiment has reversed these moves.

The new US administration's focus on tariffs to address trade imbalances has created economic uncertainty. As a result, the rates market now anticipates three cuts this year, compared to one two months ago. We remain tactically bullish on US duration until more clarity emerges.

The Fed recently expressed a desire to lower the policy rate from its restrictive level and act aggressively if the labor market weakens. However, tariffs could have inflationary effects, complicating the Fed's response. The Fed is proceeding cautiously, risking delayed support if economic momentum wanes.



Foreign exchange

Plenty of tariffs have been announced and more are likely to come. While the US economy starts to feel the brunt of Trump's actions, fiscal expansion in Europe is acting as a tariff buffer. This has weakened the USD broadly and is likely to prevent it from strengthening materially.

We regard the euro's recent move as an overextension and suggest waiting for short-term setbacks before engaging in EUR longs. Once the ECB halts its easing cycle, and the Fed resumes its rate cuts, we believe conditions will be ripe for the EURUSD to move higher in the latter part of the year.

We keep our Attractive view on the yen, as the Bank of Japan has been the only G10 central bank to raise rates so far this year. We think the CNY is Unattractive amid ongoing tariff risks. Nonetheless, we also believe that the CNY's downside is diminishing.



Commodities

Commodity markets continue to hold up well despite prospects of US tariffs negatively influencing financial markets and global growth. Our benchmark CMCI total return index has risen by 5% this year and we believe the outlook for the asset class on a full-year basis remains positive, underpinned by several supportive structural factors.

By sector, we like crude oil from a volatility-selling perspective, gold from a portfolio hedging angle, copper from structural demand supply perspective, and agriculture/livestock from a diversification standpoint.

Section 1.2

Risk scenarios

Key scenarios for 2025

| | Bull case: Strong growth | | Base case: Growth despite tariffs | | Bear case: Tariff shock / Stagflation | Bear case: Hard landing |
|----------------------------------|---|--|--|--|---|---|
| Probability | 20% | | 50% | | 20% | 10% |
| Market path | Bonds mixed, equities up Equity markets rally amid strong US growth, accelerating consumption, and optimism about the impact of AI on earnings. Bond yields trend slightly up. | | Bonds slightly up, equities up Equities rise owing to a stable and positive outlook for GDP and earnings growth. Bond yields fall slightly over the course of next year. | | Bonds down slightly, equities down Equities and bonds suffer a correction owing to fears of economic stagnation, a rising US fiscal deficit, and a longer period of tighter monetary policy. | Bonds up, equities sharply down Global equities post double-digit losses, credit spreads widen. Valuations in AI stocks drop substantially. "Safe-haven" assets, such as high-quality bonds, gold, the US dollar appreciate. |
| Economic growth | The US economy continues to surprise positively, aided by policy support from deregulation and lower taxes. China's economy turns the corner as policy stimulus proves more effective than expected and a US trade deal is reached quickly. European growth is lifted by improving global demand. | | The US economy continues to grow at a stable pace of around 2.0-2.5% over the next 12 months. Other Western economies experience weaker but positive growth in line with market expectations. Policy stimulus in China helps to stabilize economic activity. | | The disruption to global trade leads to lower US domestic demand and much weaker global economic growth, though likely falling short of a US or global recession. | Global growth falls over the next 12 months due to weakness in consumer spending and labor markets and/or a fall in AI-related investments. GDP contracts for one or more quarters in the US and the Eurozone. Policy stimulus in China fails to stabilize the economy. |
| Inflation | Continues to fall in Europe but stabilizes above target in the US as fiscal stimulus lifts consumption. | | Resumes its weakening trend in the developed world. Further softening in US core PCE opens door for more Fed rate cuts. | | Remains elevated in the US, as each subsequent round of tariffs puts additional upward pressure on prices. Inflation in targeted countries normalizes less quickly as currencies weaken to offset the tariff impact. | Falls as demand for goods and services collapses. |
| Central banks | The Fed pauses as inflation normalization stalls. Other central banks cut rates in line with expectations as inflation continues to normalize despite stronger-than-expected economic activity. | | All major central banks ease policy by mid-2025 except for the Bank of Japan. The Fed cuts rates by 50bps in 2025. The ECB cuts rates by 25bps every meeting until mid-2025. | | Central banks adopt a more cautious approach to monetary easing for fear of a longer period of above-target inflation and dis-anchoring inflation expectations. | Major central banks cut rates swiftly at first signs of an economic downturn, bringing monetary policy back into accommodative territory. The Fed lowers its policy rate by at least 200bps over the next 12 months. |
| US politics / Geopolitics | US corporate tax cut to 20% or lower. A quick trade deal happens between the US and its main trading partners. Ceasefire between Russia and Ukraine is reached with strong security guarantees for Ukraine to ensure lasting peace. | | President Trump extends the time frame of temporary tax relief policies in the US but stops short of lowering corporate taxes. Canada and Mexico tariffs are rolled back, at least in part. The 30% tariffs on China are kept and 20-30% tariffs are imposed on European goods, triggering moderate retaliation. The Middle East crisis remains geographically contained. A Russia-Ukraine ceasefire is reached with weak security guarantees for Ukraine. | | The Trump administration keeps tariffs on Canada and Mexico, further increases tariffs on China, and imposes large tariffs on European goods. There are multiple rounds of retaliation. Tensions in the Middle East escalate to a regional war, with potential for significant disruption to oil supply. Russia-Ukraine ceasefire talks break down and the conflict re-intensifies and/or broadens. | |

Note: Each scenario narrative represents a non-exhaustive list of events that could lead to a market path outlined in our scenario targets. The probabilities represent CIO's view on the overall probability of reaching the market targets for the given scenario, rather than the probability of a single event or chain of events materializing.

Asset class targets: December 2025

| Key targets for December 2025 | spot* | Bull case: Strong growth | Base case: Growth despite tariffs | Bear case: Tariff shock / Stagflation | Bear case: Hard landing |
|-------------------------------------|--------------|--------------------------|-----------------------------------|---------------------------------------|-------------------------|
| MSCI AC World | 1,026 | 1,240 (+21%) | 1,120 (+9%) | 900 (-12%) | 810 (-21%) |
| S&P 500 | 5,712 | 7,000 (+23%) | 6,400 (+12%) | 5,100 (-11%) | 4,500 (-21%) |
| EuroStoxx 50 | 5,412 | 6,300 (+16%) | 5,700 (+5%) | 4,500 (-17%) | 4,300 (-21%) |
| SMI | 12,954 | 14,500 (+12%) | 13,200 (+2%) | 11,300 (-13%) | 11,000 (-15%) |
| MSCI EM | 1,132 | 1,300 (+15%) | 1,190 (+5%) | 870 (-23%) | 850 (-25%) |
| Fed funds rate (upper bound) | 4.50 | 4.50 | 4.00 | 4.00 | 1.00 |
| US 10y Treasury yield (%) | 4.35 | 5.25 | 4.00 | 4.25 | 2.50 |
| US high yield spread** | 319bps | 250bps | 320bps | 450bps | 700bps |
| Euro high yield spread** | 309bps | 260bps | 300bps | 500bps | 700bps |
| US IG spread** | 80bps | 55bps | 80bps | 120bps | 180bps |
| Euro IG spread** | 91bps | 75bps | 90bps | 160bps | 200bps |
| EURUSD | 1.08 | 1.15 (+7%) | 1.10 (+2%) | 1.00 (-7%) | 1.05 (-2%) |
| Commodities (CMCI Composite) | 1,858 | 2,100 (+13%) | 1,975 (+6%) | 1,725 (-7%) | 1,600 (-14%) |
| Gold*** | USD 3,052/oz | USD 2,900/oz (-5%) | USD 3,200/oz (+5%) | USD 3,400/oz (+11%) | USD 3,500/oz (+15%) |

* Spot prices as of market close of 26 Mar 2025. Developed market constituents of the MSCI All Country (AC) World index display in the local currency. The MSCI EM index displays in US dollar. Values in brackets are expected percentage changes from the quoted spot levels. Dividends, share buybacks and other sources of carry are not included.

** During periods of market stress, credit bid-offer spreads tend to widen and result in larger ranges.

*** Gold is a safe-haven asset whose price tends to rise when risk assets, such as equities, fall, and vice versa.

Note: asset class targets above refer to the respective macro scenarios. Individual asset prices can be influenced by factors not reflected in the macro scenarios.

Section 1.3

Asset class preferences

Global asset class preferences (1/2)

| | Unattractive | Neutral | Attractive |
|--|--------------|---------|------------|
| Equities | | | + |
| Regions | | | |
| United States | | | + |
| Europe | | = | |
| Eurozone | | = | |
| Switzerland | | = | |
| United Kingdom | | = | |
| Asia ex Japan | | = ← | + |
| Mainland China | | = | |
| India | | | + |
| Taiwan | | | + |
| Japan | | = | |
| Emerging Markets | | = | |
| Transformational Innovation Opportunities (TRIOs) | | | |
| AI | | | + |
| Power and resources | | | + |
| Longevity | | | + |
| Thematic investment opportunities | | | |
| Small and mid caps (EMU) | | | + |
| High-quality dividends (CH) | | | + |
| Six ways to invest in Europe (Eur) | | | + |

| | Unattractive | Neutral | Attractive |
|-------------------------|--------------|---------|------------|
| Sectors | | | |
| Comm Services (US) | | | + |
| Cons Discretionary (US) | | | + |
| Technology (US, Eur) | | | + |
| Utilities (US, Eur) | | | + |
| Financials (US) | | | + |
| Health care (Eur) | | = ← | + |
| Real Estate (Eur) | | | + |
| Health care (US) | | | + |
| Industrials (Eur) | | | + |

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 three tiers.

Global asset class preferences (2/2)

| | Unattractive | Neutral | Attractive |
|-------------------------|--------------|---------|------------|
| Bonds | | = | |
| High grade | | | + |
| Investment grade | | | + |
| High yield | | = | |
| Emerging markets | | = | |
| Commodities | | = | |
| Oil | | | + |
| Gold | | | + |
| Foreign exchange | | | |
| USD | | = | |
| EUR | | = | |
| JPY | | | + |
| GBP | | = | |
| CHF | | = | |
| AUD | | = → | + |
| CNY | − | | |

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US asset class preferences

| | Unattractive | Neutral | Attractive |
|----------------------|--------------|---------|------------|
| Cash | | = | |
| Fixed Income | | = | |
| US Gov't FI | | = | |
| US Gov't Short | | = | |
| US Gov't Int. | | | + |
| US Gov't Long | | = | |
| TIPS | | = | |
| US Agency MBS | | | + |
| US CMBS | | = | |
| US Municipal | | = | |
| US IG Corp FI | | | + |
| US HY Corp FI | | = | |
| Senior Loans | | | + |
| Preferreds | | = | |
| EM Hard Currency FI | | = | |
| EM Local Currency FI | | = | |
| Commodities | | = | |
| Gold | | | + |
| Oil | | | + |

| | Unattractive | Neutral | Attractive |
|-------------------------|--------------|---------|------------|
| Equity | | | + |
| US Equity | | | + |
| US Large Cap | | | + |
| Comm Services | | | + |
| Cons Discretionary | | | + |
| Cons Staples | | = | |
| Energy | | = | |
| Financials | | | + |
| Health Care | | | + |
| Industrials | | = | |
| Info Technology | | | + |
| Materials | | = | |
| Real Estate | | = | |
| Utilities | | | + |
| US Growth Equity | | | + |
| US Value Equity | | | + |
| US Mid Cap | | = | |
| US Small Cap | | = | |
| Int'l Developed Markets | | = | |
| Emerging Markets | | = | |

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Asia asset class preferences

| | Unattractive | Neutral | Attractive |
|-----------------|--------------|---------|------------|
| Equities | | | |
| Asia ex-Japan | | = ← | + |
| China | | = | |
| China internet | | = ← | + |
| Hong Kong | | = | |
| India | | | + |
| Indonesia | | = ← | + |
| Malaysia | | | + |
| Philippines | | | + |
| Singapore | | = | |
| South Korea | | = | |
| Taiwan | | | + |
| Thailand | | = | |
| Australia | | = | |
| Japan | | = | |

| | Unattractive | Neutral | Attractive |
|----------------------------|--------------|---------|------------|
| Bonds | | | |
| Asian credit bonds | | | + |
| Investment grade | | | + |
| High yield | | = | |
| Asian local currency bonds | | = | |
| Chinese government bonds | | = | |
| Foreign exchange | | | |
| INR | | = | |
| CNY | - | | |

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Messages in Focus



Take advantage of US volatility

Volatility is likely to be elevated in the weeks ahead, but we believe US equities will deliver meaningful returns and outperform other markets over the balance of the year owing to stronger structural growth drivers, less exposure to economic downside from tariffs, and still-solid earnings growth. Investors should take advantage of market dips to buy into broad US equities and companies exposed to AI.

- *Phasing in on US equities*
- *Phasing in on AI*

Source of funds

- Cash
- Money market funds



Go long longevity

We foresee a vast future market for our new Longevity theme. Recent market declines have, in our view, created an opportunity to invest, particularly in the US health care sector. In the short term, we expect clearer policies and positive developments, such as updates to government health care programs, to bolster growth. And as people live longer, wealthier, and healthier lives, we anticipate a growing demand for products that extend healthy lifespans.

- *Select pharma, medical devices, health care services*
- *Select consumer and financial services*
- *Select real estate*

Source of funds

- Cash
- Money market funds



Be selective in Europe and Asia

European and Asian markets began the year on a strong note. However, tariffs and heightened geopolitical risks may affect economic growth. We recommend selectivity, favoring beneficiaries of increased fiscal spending and small- and mid-cap stocks in Europe. In Asia, we favor Taiwan for its structural growth market and recommend defensive strategies centered on mainland China's state-owned enterprises. Additionally, we believe structural growth opportunities in sectors such as power and resources, with exposure beyond the US, should yield solid returns.

- *Six ways to invest in Europe, Eurozone small- and mid-caps*
- *Taiwan*
- *State-owned enterprises in mainland China*
- *Power and resources*

Source of funds

- Cash
- Money market funds
- Broad Europe or Asia exposures



Seek durable income

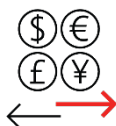
Downside risks to growth have risen, yet bond yields remain elevated, which we believe creates an opportunity for investors to seek durable portfolio income and optimize cash returns. High grade and investment grade bonds offer attractive risk-reward, in our view, and we like diversified fixed income strategies (including senior loans, private credit, and equity income strategies).

- *High grade and investment grade bonds*
- *Diversified portfolio income strategies (incl. senior loans, private credit, equity income, Swiss high-quality dividends)*
- *Optimize cash holdings*

Source of funds

- Cash
- Money market funds
- Expiring fixed-term deposits

Messages in Focus



Trade the range in currencies

We expect the US dollar to trade in a range against its major currency peers in the months ahead. The risks of European currencies are fading amid ongoing uncertainty over US growth and inflation. Equally, with the near-term benefit from fiscal expansion in Germany priced in and tariffs looming, we wouldn't chase the euro higher. We are focused on trading the range in EURUSD, USDCHF, and GBPUSD.

- *Trade the range in EURUSD between 1.05 and 1.12*
- *Buy dips in EURUSD below 1.05*
- *Generating yield by selling volatility in CHF*

Source of funds

- Cash



Navigate political risks

We expect gold, now above USD 3,000/oz, to continue serving as a hedge against geopolitical and inflation risks. We forecast oil at USD 80/bbl by the year-end, expecting markets to remain undersupplied despite reported surpluses, and rate it Attractive. Elsewhere, capital preservation strategies can help limit losses while maintaining exposure to gains, although rising volatility may increase costs.

- *Gold, silver*
- *Oil*
- *Capital preservation strategies*

Source of funds

- Cash
- Money market funds

Strategic Messages in Focus

Diversify with alternatives, and within alternatives

More uncertain markets are making diversification even more critical. This includes overall portfolio diversification into alternative assets, but also diversification within alternative assets, which we believe can represent up to 40% of an overall portfolio for suitable risk- and illiquidity-tolerant investors. Consider core exposure to diversified perpetual capital approaches, complemented with satellites to reflect income and capital growth needs. In hedge funds, we favor low net equity long/short strategies, macro, and multi-strategy. Within private markets, we like private credit, value-oriented buyout, and secondaries, including infrastructure; and thematically, we favor software, health, and climate. We also believe the outlook for quality assets in global residential and commercial real estate investments is bright, particularly in sectors such as logistics, data centers, and multifamily housing.

- *Private markets: private credit, value-oriented buyout, secondaries including infra, and thematically software, health, and climate*
- *Hedge funds: Low net equity l/s, macro, and multi-strategy, select alternative credit*
- *Real estate: Commercial (US and Europe): Logistics, data centers, telecoms, residential (broad exposure), core-plus real estate managers, real estate debt*

Source of funds

- Cash
- Overexposure to stocks
- Overexposure to bonds

Strengthen your core

As we approach potential further market volatility, we recommend that investors implement a "core" component in their wealth management strategy. A core, diversified portfolio can help investors grow wealth and stay on course with their goals, even as markets become more volatile. This core should be a well-diversified portfolio across asset classes, geographies, and sectors, designed to grow wealth steadily over the long term.

- *Diversified portfolios*

Source of funds

- Cash
- Correcting home bias
- Overexposure to specific asset classes
- Traditional assets

Put cash to work

Stocks (S&P 500) have outperformed cash (Treasury bills) in 86% and 100% of all 10- and 20-year holding periods, respectively, and by more than 200x overall since 1926. While cash rates are likely to remain elevated in the near term, we recommend moving cash into high-quality fixed income or equity income strategies to improve portfolio diversification and secure more durable income. Elevated long-term yields and rising longevity mean that annuities can also meaningfully enhance income durability and stability.

- *Fixed income portfolios*
- *Equity income portfolios*
- *Annuities*

Source of funds

- Cash
- Money market funds
- Expiring fixed-term deposits

Optimize your leverage

Proactive, prudent, and strategic borrowing can enhance an investor's financial plan, even if interest rates remain elevated. Managed correctly, borrowing can reduce the need for excess cash holdings by providing flexible credit access, enabling rapid diversification, and helping manage exchange rate risks. For investors with a high risk-tolerance, borrowing can also boost returns if expected gains exceed costs. Borrowing is risky and investors should carefully analyze their capacity and willingness to take on leverage.

- *Managing liquidity (credit lines)*
- *Borrowing to invest in less-correlated assets*
- *Currency management*
- *Boosting return potential*

Source of funds

- Existing assets

Strategic Messages in Focus

Be active

Mixing index-tracking and more active approaches may help balance costs, access less liquid markets, and potentially generate alpha in a risk-controlled way. Active investing also allows investors to capitalize on equity volatility. In bonds, active management can provide superior risk management for complexities like duration and credit risk. For alternatives, returns can vary significantly among managers, making it important to seek the right ones.

- *Actively managed equity approaches*
- *Actively managed FI approaches*
- *Alternatives*

Source of funds

- Cash
- Money market funds
- Expiring fixed-term deposits

Go sustainable






Sentiment on many sustainable investment strategies is currently bearish owing to concerns about the US policy backdrop. While some sustainability-related policies may be rolled back in the coming years, we do not anticipate wholesale changes and continue to see attractive growth opportunities. For example, we believe investing in the energy transition presents a significant opportunity in both private and public markets. We recommend a diversified portfolio approach across sustainable equities, bonds, hedge funds, and private markets. ESG leaders' strategies, which are theme and sector agnostic, have demonstrated consistent performance against non-ESG benchmarks, and we believe they remain attractive options for investors.

- *ESG equities (leaders, improvers, engagement)*
- *ESG fixed income (MDBs, green bonds, engagement, high yield)*
- *Sustainable hedge funds*
- *Private market impact*

Source of funds

- Cash
- Correcting home bias
- Overexposure to specific asset classes
- Traditional assets

Summary of asset class views

| | | We like | Source of funds |
|------------------------------|---|--|--|
| Equities |  | <ul style="list-style-type: none"> • US incl. financials, IT, utilities, comm services, cons discretionary, health care • India, Taiwan • AI and power & resources • Swiss high-quality dividends | Cash Excess holdings in neutral rated equities Least Preferred single stocks |
| Bonds |  | <ul style="list-style-type: none"> • High grade and investment grade bonds • Diversified portfolio income strategies (incl. senior loans, private credit) | Excess cash, excess HY and EM bonds |
| Foreign exchange |  | <ul style="list-style-type: none"> • JPY • AUD | Excess cash, reduce CNY exposure |
| Commodities |  | <ul style="list-style-type: none"> • Gold, silver, oil • Active commodity strategies | Excess cash |
| Hedge funds, private markets |  | <ul style="list-style-type: none"> • Hedge funds: Low net equity I/s, macro, and multi-strategy, select alternative credit • Private markets: private credit, value-oriented buyout, secondaries including infra, and thematically software, health, and climate | Excess bonds and equities, excess cash |

Section 2

Macroeconomic outlook

Global economy: Uncertainty rising

Base case (55%)

While 2024 established a solid foundation for economic growth across most major economies, the question in 2025 is how much policy uncertainty is likely to affect that starting point. While financial markets obsess over political social media posts and the erratic nature of policy, the important question is whether normal consumers notice these fluctuations. So far, the consumers' response has been muted (especially outside the US), although there is evidence of companies and consumers bringing forward purchases of goods that may be subject to trade taxes. The base case therefore assumes a modest slowdown in US growth. Other industrial economies have less of a drag, and benefit from more fiscal spending, allowing their growth to stabilize.

Underlying inflation pressures remain benign—where supply and demand determine price levels, the inflation rate is generally around target. The direct effect of trade tariffs on prices will lead to a one-off increase in price levels, which central banks should look through. In the US some second-round inflation effects are likely, preventing the natural decline in inflation that would otherwise take place.

Positive case (15%)

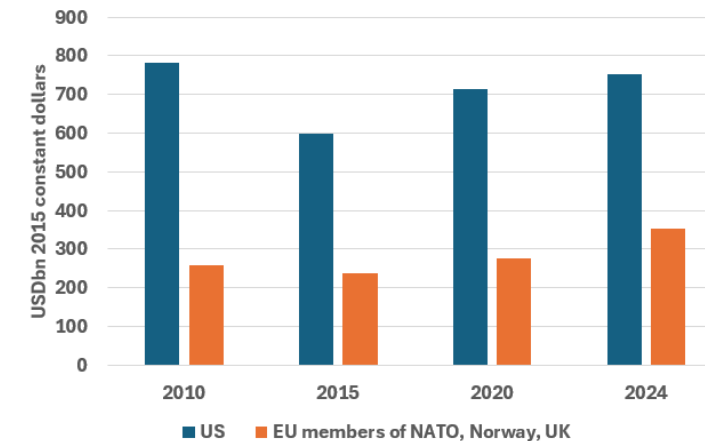
Trade taxes are more targeted, and the US retreats from the more severe tariffs with relatively little disruption to global trade. US policy becomes less erratic, and government cuts are either reversed or limited, allowing companies the confidence to continue to invest (and at least maintain employment levels). European consumers are willing to cut their savings rate more aggressively, while maintaining their stock of savings, which supports overall demand.

Negative case (30%)

The US economy is weakened by trade taxes lowering real income (or creating fears about real income) and fears of unemployment as private sector companies experience higher costs and/or reduced demand. Disruption to US federal government employment causes delays and uncertainty for the private sector. Global trade is disrupted by US tariffs and subsequent retaliation by other countries, slowing external demand. European consumers save rather than spend any additional income received.

Rising European defense spending

European defense spending has already increased in real terms, will rise further



Source: International Institute for Strategic Studies, as of 24 March 2025

Political bias renders survey evidence problematic

US Michigan consumer sentiment by party affiliation



Source: UBS, Bloomberg, as of 24 March 2025

US economy: Policy changes weigh on growth

Base case (55%)

Growth

Following a strong holiday shopping season at the end of 2024, consumer spending has been soft in early 2025, and sentiment has taken a sharp turn for the worse as tariffs threaten to push up prices. However, with payrolls and wages rising, the labor market continues to support household income. Further, balance sheets are strong in aggregate, offering hope that spending will grow at a moderate pace in the quarters ahead. Policy uncertainty has started to impact business investment, but AI related activity continues to provide a tailwind. We look for GDP growth to slow to around 2% in 2025, down from 2.8% in 2024, and downside risks have increased.

Inflation

Core inflation remains well above the Fed's 2% target, and tariffs are likely to push up goods prices over the remainder of the year. However, shelter inflation continues to ease, which over time should help to offset the tariff impact. We expect the Fed to cut rates by 50 basis points through the end of 2025, bringing the fed funds rate to 3.8% and its policy stance back to neutral.

Positive case (15%)

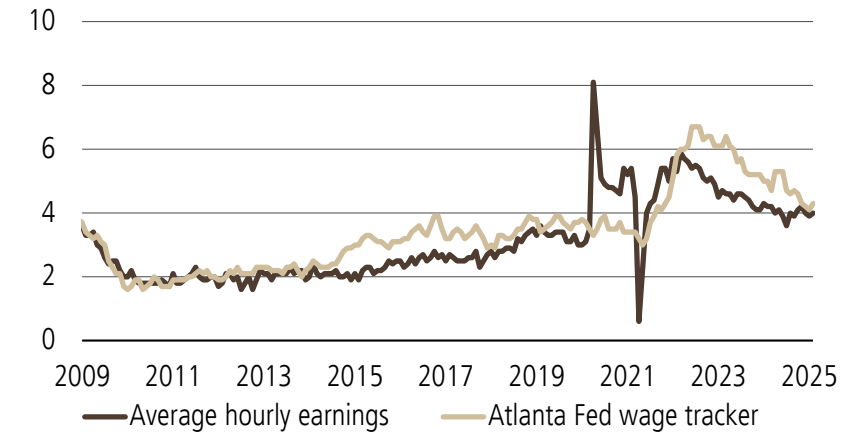
Strong productivity growth, driven by AI and other technology advancements, allows the economy to expand at a robust pace without reigniting inflation. Consumer spending remains robust, encouraging businesses to keep investing in new capacity and to continue hiring more workers. The Fed remains on the path toward neutral monetary policy even as the unemployment rate remains low.

Negative case (30%)

The new administration slashes spending, implements big tariffs on a broad range of goods, and aggressively deports immigrants. Consumer and business sentiment slumps, leading to a pullback in spending and pushing the economy into recession. Tariffs keep inflation elevated and reduced labor supply keeps the labor market tight even as demand weakens, limiting the Fed's willingness to bolster the economy with rate cuts.

Rising wages are supporting household income

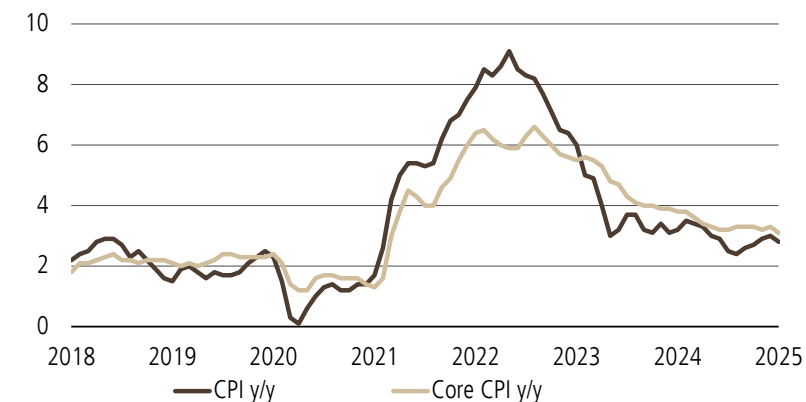
Average hourly earnings, Atlanta Fed wage tracker, y/y change in %



Source: Bloomberg, UBS, as of 26 March 2025

Fed looking for further progress on core inflation

CPI and core CPI, year-over-year change, in %



Source: Bloomberg, UBS, as of 26 March 2025

Eurozone economy: Modest growth against high political uncertainty

Base case (50%)

Growth

The growth backdrop is mixed, with some indications of the consumer recovery unfolding while other pockets of the economy remain weak. We expect growth to stabilize around trend this year (c. 1% y/y), also supported by a more growth-friendly policy mix in Germany. And while investment and manufacturing activity have been under pressure, there could be some relief from falling interest rates and inventory buildup ahead of a potential trade conflict.

Inflation

Inflationary pressures continue to fade, and we expect inflation to stabilize around the 2% target over the coming quarters, even if base effects might lead to some volatility. With forward-looking indicators pointing to a moderation in wage growth and most measures of underlying inflation running at 2.0-2.5%, confidence in disinflation is rising.

With concerns about inflation fading and the focus shifting to supporting the economy, we see sequential rate cuts from the ECB ahead, with the deposit rate reaching 2.0% by June 2025.

Positive case (15%)

Household's confidence in the outlook rises, precautionary savings are lowered, and consumption grows at a stronger rate.

A lasting ceasefire between Russia and Ukraine results in lower energy prices lifting business and consumer sentiment.

The global economy outperforms expectations, supporting exports.

Negative case (35%)

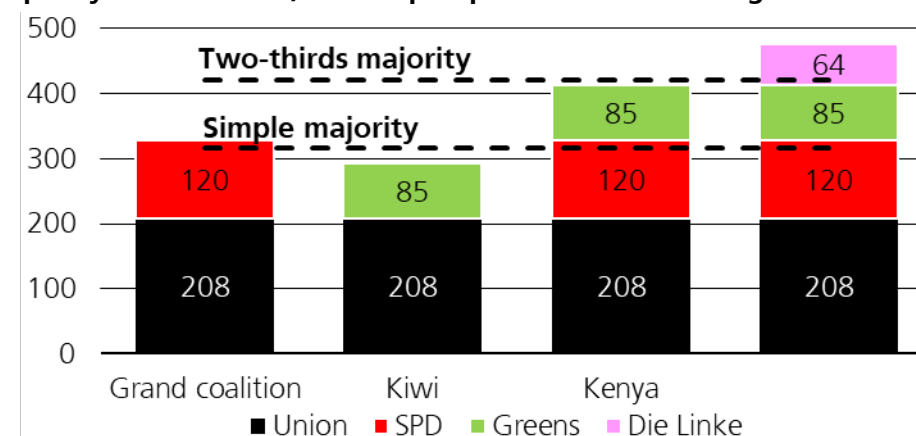
Consumption remains muted as households show reluctance to spend their income gains amid low confidence in the economic outlook and rising concerns about the labor market.

Fiscal consolidation proceeds more forcefully next year as governments face pressure to abide by fiscal rules.

Geopolitical tensions push energy prices higher, leading to renewed inflation.

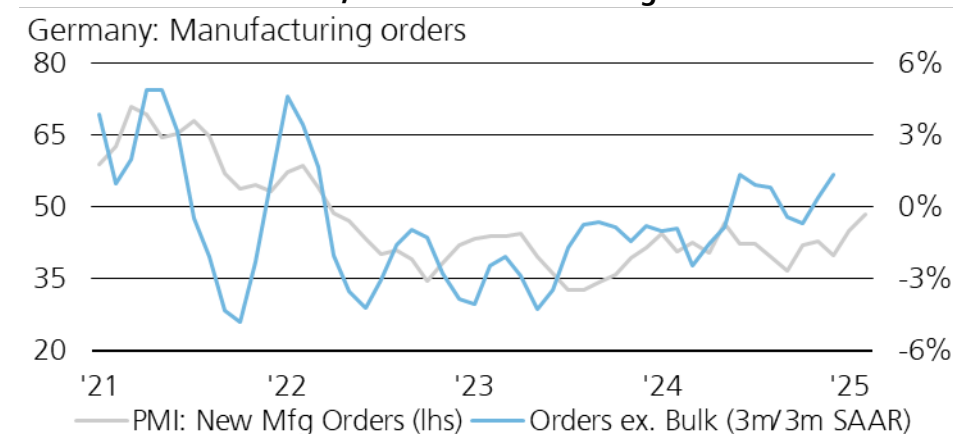
The US implements a high level of tariffs on imports from the EU, weighing on demand and investment.

The German election has given hopes for a more growth-friendly policy environment, even if prospects for fiscal easing are difficult



Source: Haver Analytics, UBS, as of 25 February 2025

Inventory buildup amid rising trade tensions could provide some relief to manufacturers, but this could fade again



Source: Haver Analytics, UBS, as of 25 February 2025

Swiss economy: GDP to return to trend growth

Base case (55%)

Growth

Swiss GDP, adjusted for sporting events, grew by 0.5% q/q in the fourth quarter of 2024 and 0.9% for 2024 overall. Unadjusted GDP growth stood at 1.3% last year.

We expect the Swiss economy to grow by 1.50% on a sport-event adjusted basis this year on the back of stronger demand from the Eurozone. In 2026 we see a further acceleration to 1.70% and thus see growth catching up to its longer-term growth potential of 1.50-1.75%.

Inflation

In February, inflation fell to 0.3% from 0.4% in January compared to the same month last year—the lowest level since April 2021.

Inflation is expected to stabilize around the current level in the coming months and only rise again toward the end of the year; for full-year 2025, we anticipate inflation at 0.5%, followed by a slight acceleration to 0.7% in 2026. Downside risks are limited by the expansionary monetary policy stance of the SNB following its March rate cut and expectations of solid wage growth.

Positive case (15%)

Better global growth momentum:

The US reaches an agreement with China on import quotas and limited tariffs. US growth surprises positively and re-accelerates, while European growth benefits from stronger global demand and fiscal easing. Chinese authorities stabilize GDP growth at or above 4%. Central banks continue to cut rates. Switzerland benefits from this stronger global backdrop and from a weaker Swiss franc on the back of a risk-on sentiment.

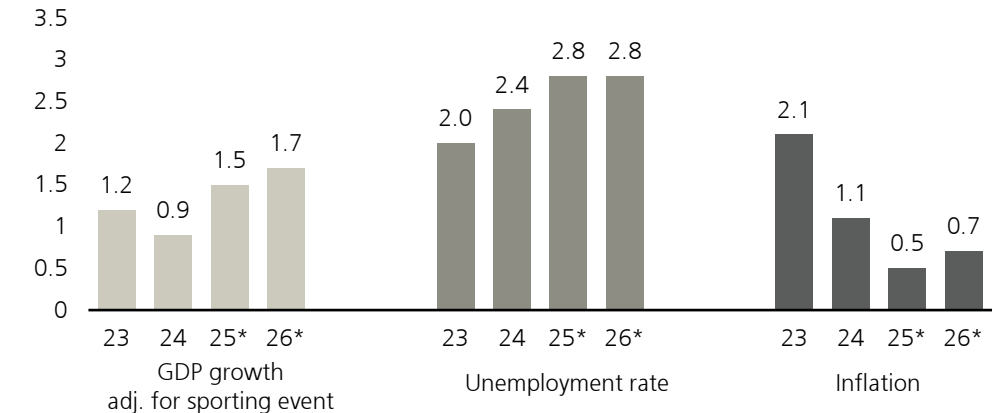
Negative case (30%)

Eurozone activity deteriorates:

The European recovery does not materialize, and the US imposes very aggressive tariffs on their European imports, further worsening growth. Uncertainty increases appreciation pressure on the Swiss franc. These developments weigh on Swiss industrial activity and investments.

GDP growth to accelerate in 2025 and 2026

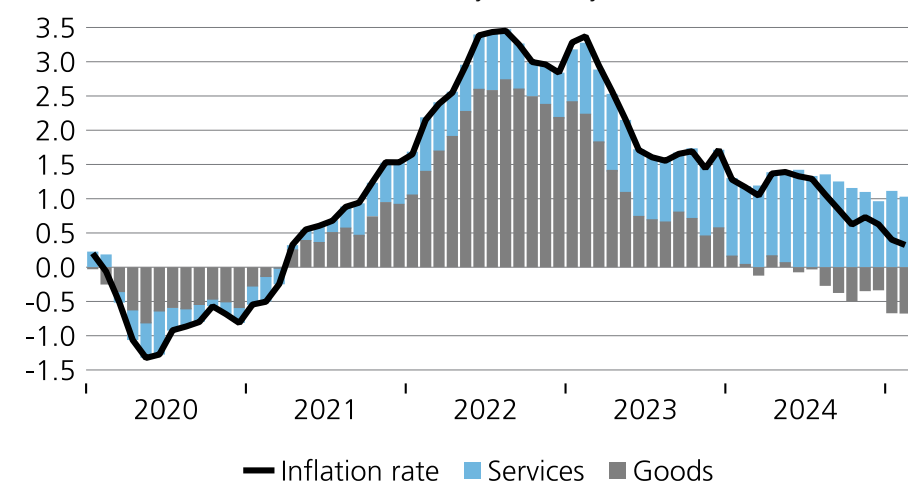
Swiss economic data, in %, including UBS forecasts (*)



Source: Macrobond, UBS, as of 24 March 2025

Inflation fell to 4-year low

Inflation (Consumer Price Index), in %, year-over-year



Source: Macrobond, UBS, as of 24 March 2025

Chinese economy: Incremental policy support to mitigate tariff pressure

Base case (70%)

Growth

January-February retail sales were largely in line at 4% y/y, helped by trade-in subsidies. Fixed asset investment beat expectations at 4.1% y/y, with strong manufacturing, resilient infrastructure, and a narrower property decline. Exports slowed to 2.3% y/y, with seasonal distortion, but may rebound in March on front-loading. The “~5%” GDP growth target is achievable with incremental policy support.

Geopolitical pressure remains. The US will likely impose another round of tariffs on China following the USTR’s trade review report on 1 April. This may trigger China to roll out stronger policy support later of the year. Fiscal policy has been more proactive, with greater deficit and government debt. Monetary policy is to be moderately loose. We expect 50-100bps of RRR and 20-40bps of policy rate cuts.

Inflation

CPI is likely to stay mild at ~0.5% y/y (Jan-Feb: -0.2%). PPI is likely to stay negative through most of the year (Jan-Feb: -2.3%).

Positive case (15%)

More AI-related technologies and applications boom.

Stronger stimulus boosts market confidence.

Property market stabilizes gradually.

The US tariffs on China remain at current level with smooth negotiation.

The US economy stays resilient.

Negative case (15%)

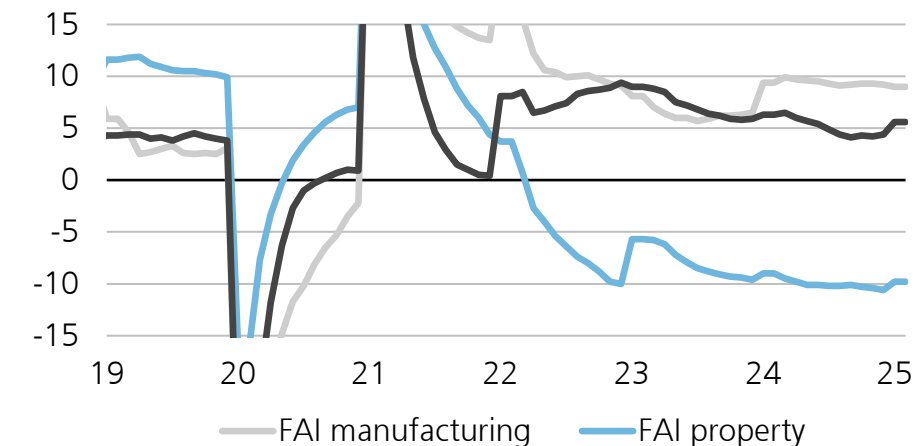
Stimulus is less than expected.

The US economy falls sharply.

The US imposes 60% tariffs on China together with much stricter restrictions on China’s tech sectors.

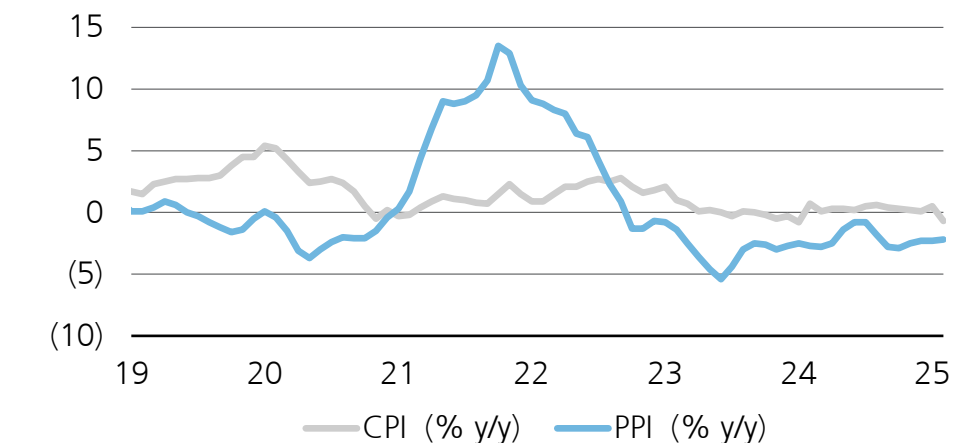
Investment shows upside risk from AI-related capex

Fixed asset investment major breakdown



Source: CEIC, UBS, as of March 2025

Inflation likely to stay mild



Source: CEIC, UBS, as of March 2025

Section 3

Asset class views

Section 3.1

Summary of major asset classes

Equities

Attractive

Central scenario

MSCI AC World December 2025 target: 1,120

After a positive start to the year, global equities have dipped since late February, with an unusually large divergence in regional performance. In the US, policy uncertainty has weighed on sentiment indicators with investors worried about the domestic growth outlook. In contrast, economic growth prospects in Europe have improved following Germany's substantial fiscal plan, while recent AI successes in China have bolstered sentiment in Asia. Against this backdrop, expensive US tech stocks have sold off in favor of less-owned European and Asian markets.

While the ongoing budget discussions in the US and the potential reciprocal tariffs in April are near-term risks, we maintain an Attractive overall view on equities over the next 6-12 months. The recent dip appears advanced and represents an opportunity to gradually increase US equity exposure, in our view. Several sentiment and technical indicators are at extreme negative levels and historically, quarterly returns after this type of slump have been larger than average, absent a recession.

In our base case, we anticipate that macroeconomic fundamentals will remain supportive this year. Although slowing, US growth remains firmly positive, while European activity is rebounding, albeit from a lower base. Additionally, most central banks are either cutting rates or have ample room to do so if necessary. Against this backdrop, we expect earnings to grow in the mid- to high-single digits this year and next. While technology is expected to remain the primary engine of growth, other sectors and regions are increasingly contributing to this positive trend.

We anticipate peak policy uncertainty in 2Q, which should pave the way for robust market performance in the second half of the year. The primary risk is that trade wars could escalate to levels that trigger recessionary concerns. Although the US administration has shown some tolerance for market weakness thus far, we believe it is unlikely to risk a severe growth shock. Additionally, while markets have recently focused on the negative aspects of Trump's policies, potential tax cuts or deregulation measures could serve as positive catalysts.

Regionally, we believe the US offers the most attractive risk-return profile. Elsewhere, we reduce risk by closing our Attractive view on Asia ex-Japan and China internet and our view to buy the DAX through structured investments. Unlike in the US, we believe the risks associated with reciprocal tariffs are underpriced in these regions. To navigate this risk, we recommend investing selectively in Europe via our "Six ways to invest in Europe" theme, the industrials sector, or small- and mid-cap stocks. That said, we believe Germany's fiscal push is a significant and appealing shift, which is likely to improve medium-term prospects once uncertainty surrounding tariffs dissipate.

Lastly, we believe the equity market is benefiting from strong structural trends, which we aim to capture through our Transformational Innovation Opportunity (TRIO) themes: Artificial intelligence, Power and resources, and the recently launched Longevity. Although these TRIOs have not been immune to the derisking observed over the past month, we are confident that the structural drivers remain intact. We view the recent volatility as an opportunity to start gradually increasing exposure.

Equities

Upside scenario

MSCI ACWI December 2025 target: 1,240

Quick AI adoption: Investment in AI continues to surprise positively and lead to earlier- and larger-than-expected productivity gains.

Economic growth re-accelerates: Solid economic growth keeps consumption at elevated levels and drives a sharp improvement in corporate profits. Deregulation, tax cuts, trade deals, and/or large fiscal stimulus in China could be catalysts.

Inflation cools quickly: Inflationary pressures dissipate quicker than expected, allowing central banks to cut rates even in a robust growth environment.

Downside scenario: Tariff shock

MSCI ACWI December 2025 target: 900

Large tariffs: Larger-than-expected tariffs and retaliation from trading partners could lead to higher inflation and rates. Demand and overall sentiment may be negatively impacted.

Downside scenario: Hard landing

MSCI ACWI December 2025 target: 810

Hard landing: Economic growth falls sharply over the next 12 months owing to further weakness in consumer spending and labor markets. Tech investments would decline. Large tariffs would add to economic challenges, particularly for Europe and Asia.

Bonds

Over the past month, market concerns about growth have intensified owing to uncertainty surrounding President Trump's trade policies, affecting broader sentiment. This has led to more Fed rate cuts being priced into the curve, lowering term rates. Additionally, the new administration's goal of reducing long-end rates and focusing on short to medium-term maturities has decreased term premiums from January highs. Fed expectations are priced for a terminal policy rate around 3.5%, higher than the Fed's median long-term projection of 3.0%, and elevated based on recent history. Given these rates and near-term growth risks, we remain tactically long duration, targeting the curve's belly.

We believe maintaining duration offers favorable risk-reward. Firstly, labor market conditions continue to loosen, with federal layoffs impacting data, low hiring rates, and private sector cost control risks due to economic momentum loss and tariff uncertainty. Secondly, the current implied Fed terminal rate is at the top end of estimates, considered restrictive. Lastly, the market may be overly concerned about inflationary effects from Trump's tariff and migration policies. Inflation has historically been politically damaging, so we assume the new administration will avoid reigniting it.

Outside the US, Germany announced a large fiscal package post-elections, aiming to change their constitutional debt brake, lifting growth expectations and raising European rates as ECB rate cut expectations decreased. However, we view this rate increase as excessive owing to lackluster growth and tariff risks. The ECB cut rates again this month, now at 2.50%, and is prepared to adopt accommodative policies if needed. The Swiss National Bank, facing rapid disinflation, cut rates to 0.25%, with risks of returning to negative rates or currency market intervention. The Bank of England held rates steady after a February cut, with weak growth

and government expenditure cuts to maintain fiscal rules. The Bank of Japan is gradually raising rates owing to currency weakness and higher-than-expected inflation.

From an investment perspective, duration appears appealing across the US, Europe, UK, and Switzerland, with high outright yields driving total returns and offering a reasonable alternative to excess cash positions. Yield curves have normalized, no longer inverted, allowing for minimal risk yield generation by rolling up the curve. Our preference is exposure in short to middle parts of curves, driven by macroeconomic developments. Further out the curve, technical factors generate volatility. In other developments, the Fed reduced its balance sheet runoff pace from USD 25bn to USD 5bn US Treasuries per month. This suggests the Fed is being pre-emptive in terms of potential money market and liquidity stresses and is signaling that there is a Fed backstop or lender of last resort in the market if necessary.

High grade bonds: We view HG bonds as Attractive. The asset class offers an appealing risk-return profile, in our view, particularly in a scenario where economic growth could weaken further. Given that rate cut expectations are priced for a scenario where the Fed returns the policy rate to around 3.5%, which we would consider modestly restrictive, we see plenty of scope for forward total returns being enhanced with potential capital gains in addition to high outright rates. High grade bonds are rated AA- or better and therefore have lower default risk. We also continue to see the asset class as a credible alternative to cash for investors looking to lock in currently elevated yields.

Investment grade bonds: We view IG bonds as Attractive. Looking ahead, we continue to see returns in the high-single-digit range over the coming 12 months, supported primarily by elevated

yields and low spread volatility. Within EUR IG, the average yield is above 3%. For US IG, yields for all maturity and intermediate profiles are around 5%. Credit fundamentals on the US IG corporate side remain solid, and we expect limited credit-quality deterioration in our base case. Any widening of spreads due to growth concerns should be more than offset by falling interest rates, as the focus shifts to rate cuts.

High yield bonds: We are Neutral on the asset class as, relative to the higher-quality segments, we see more pronounced risks of spread-widening and decompression. This is primarily because, despite some modest widening of spreads over the last month, they remain razor tight and the more leveraged, lower-rated companies have higher sensitivity to adverse economic outcomes, and hence default risk. Aggregate spread levels appear to discount a very low expected default level of 1-2% and a below-average credit risk premium. Nevertheless, the fundamental backdrop in HY is arguably not too bad. There has only been a limited amount of time since the last downturn, so we have not seen leverage/debt growth pick up sharply. Companies remain focused on ensuring balance sheet strength; in fact, the average credit quality in HY has improved. Additionally, the outright level of yields in US HY and EU HY are mid-7% and 6%, respectively, which has attracted capital flows and supported performance.

Emerging market (EM) bonds: We maintain a Neutral view. While spread compression was a key return driver in 2024, we see limited potential for further compression in 2025. Current yields are just below 8% and 7% for sovereign and corporate bonds, respectively. In our base case, elevated nominal yields, resilient global economic growth, prospects for a weaker US dollar and US policy rate cuts should support the asset class from a total return perspective.

Year to date, the US dollar has reversed around half of its rally from late 2024 as the so-called “Trump trade” has weakened. Following US President Donald Trump’s election win and expectations of further fiscal expansion, US equities, Treasury yields, and the USD surged late last year. In 2025, markets have focused more on the adverse impact of tariffs on economic growth amid spending cuts rather than on growth-supportive tax cuts. As a result, US equities and bond yields retreated in 1Q25, with the USD following suit.

Meanwhile, Germany’s new chancellor-in-waiting has surprised markets with an unprecedented fiscal stimulus package. While the immediate impact on economic growth may be limited, his fiscal policy move could support German and broader European expansion over the coming years. Consequently, aggressive easing by the European Central Bank (ECB) has become less likely, boosting the euro against the USD and against safe havens like the Swiss franc.

The recent rally in the EURUSD already reflects much of the positive news around Germany’s fiscal plan, in our view. This puts the focus on near-term macroeconomic data releases and whether they confirm firmer economic growth ahead and thus a stronger EUR. Additionally, if US tariffs targeting Canada, Mexico, and China expand to Europe—particularly German automobiles—the EURUSD could face renewed pressure. We therefore project the currency pair may retrace toward 1.06 in 2Q25.

In 2H25, we expect the ECB to conclude its easing cycle after halving rates over the past year. Meanwhile, the Federal Reserve may restart its own easing cycle this summer with the risks skewed toward more cuts than what is priced by the rates futures

market. We think this combination should help the EURUSD rise above 1.10 in late 2025 and into 2026. Consequently, we see the GBPUSD first touching 1.26 before rising above 1.30, and the USDCHF rising to 0.90 before gradually easing toward 0.85. Given Switzerland’s low interest rates, the CHF should remain a laggard and underperform from a total return perspective compared to the EUR or the GBP.

The Swedish krona and the Norwegian krone have rebounded recently, particularly the former. Nevertheless, we maintain the view that both currencies are still undervalued from a longer-term perspective. Rising optimism in Europe—further supported by Germany’s fiscal expansion—should provide more room for both currencies to strengthen. However, given the recent strong run in the SEK, the NOK does hold a more favorable expected return outlook.

Outside Europe, we see additional potential for the Japanese yen and the Australian dollar to strengthen versus the USD. We expect the Bank of Japan (BoJ) to be the only G10 central bank raising rates this year, narrowing the yield differential that has held the JPY back and kept it highly undervalued. As relative yields converge, the yen should strengthen more broadly. Meanwhile, the AUD remains among the higher-yielding G10 currencies, offering more than 4% carry. US-China trade tensions have been a currency drag, but some China-related assets have recovered, and the narrowing Australia-US yield gap favors a stronger AUD as well. Once the market realizes that the RBA will cut rates less than what the market is currently expecting, we should see support for the AUD building. In our forecasts, the AUD holds one of the highest expected returns.

Finally, we maintain our Unattractive view on the Chinese yuan. We expect US tariffs on Chinese exports to rise further, with the effective tariff rates shifting above 30%. Moreover, the macroeconomic backdrop in China still favors an accommodative monetary policy, with additional fiscal stimulus needed to keep growth afloat. With this view in mind and the CNY having only partially weakened against the USD, we like to stay USDCNY long into the April tariff event, targeting a move to 7.30-7.40. Given the People’s Bank of China’s (PBoC) determination to keep the yuan stable, we believe there is also a limit to potential CNY weakness and see room for the USDCNY to roll over later this year once the USD declines more broadly.

Mounting trade barriers are likely to weigh on global economic growth expectations and risk appetite—a difficult backdrop for emerging market currencies and a reason to be cautious in the near term, in our view. Over the medium term, a moderately weakening in the US economy due to negative feedback loops of tariffs and uncertainty can lend support to emerging market currencies thanks to Fed cuts and investors looking for places to invest funds other than in the US. The risk to this view is a rapid economic deceleration in the US, which may lead other G10 currencies to gain against the US dollar, with EM currencies left behind. In a risk-off world, it would be hard to motivate investors to chase risky EM currencies.

Beyond external factors shaping EM currencies, there are also plenty of important domestic factors. The Turkish lira is a good example, as political uncertainty has triggered a fall in the currency. Following the recent sell-off, we favor holding onto existing TRY long positions as we believe political and policy (continued)

FX

interests support only moderate additional TRY weakness. For currencies in Central and Eastern Europe, more fiscal spending in the EU should bode well; we favor the Polish zloty over the Czech koruna. As for Latin American currencies, even though the Brazilian real benefits from an increasing interest rate carry, we think political risks are insufficiently priced at current USDBRL levels. This provides near-term upside potential for the currency pair.

Geopolitical uncertainty has been elevated for some years and this situation is expected to remain so with the new US administration. Recent developments have shown that political uncertainty increasingly impacts macroeconomic stability. The effect of tariffs on the USD will depend on how the US administration plans to implement them. A higher number of tariffs could negatively impact the US economy, potentially leading to more rate cuts by the Federal Reserve and a weaker USD ultimately. Currently, we do not anticipate a significant downturn in the US economy or aggressive easing by the Fed. But, if the US economy weakens further and US exceptionalism is challenged, the USD could undergo a more substantial decline than our current forecasts suggest.

As for Europe, any indication that Germany's fiscal plans end up materially smaller than announced would curb the euro's upside. The impact of tariff requires tracking as well. If US tariffs on European goods lead to material economic weakness in Europe, the ECB might need to cut rates below 2%. This would take support away from the EUR. Tariff dynamics are important as well for China and the CNY. A material escalation can bring the CNY more under pressure and could prevent the USDCNY from finding a top over the next 6-12 months.

Commodities

We maintain a Neutral view on commodities overall but see crude oil and gold as Attractive.

Energy: Watch supply, not just demand

Available oil inventory data suggest a moderately undersupplied oil market in early 2025. We retain our view that the oil market will be finely balanced this year, in contrast to market expectations of larger oil surpluses. For example, the International Energy Agency's (IEA) latest oil market report still calls for a surplus of about 0.82 million barrels per day (mbpd) during 1Q25, but the oil inventory data that we track do not align with such a forecast. Moreover, the oil futures curve remains downward sloping (in backwardation), which suggests an undersupplied market. Oil demand has benefited from a cold winter in the Northern Hemisphere, while supply growth outside OPEC+ remains muted. Risks remain around US policies on Venezuela and Iran, which could remove more barrels from the market. Looking through all the noise, we maintain a constructive outlook with near-term risks tilted to the upside.

Gold: More to go

Gold prices surpassed USD 3,000/oz for the first time on 14 March. ETF inflows have again accelerated in recent weeks, with scope for further buying as investors seek defensive assets amid escalating uncertainties. Year-to-date, total holdings remain well below the 2020 peak (by around 750 metric tons) despite ETF inflows of more than 130 metric tons. Moreover, at the beginning of the year, we estimated inflows of around 150 metric tons. There is clearly upside risk to this estimate, which we factored in when we lifted our target to USD 3,200/oz (from USD 3,000/oz). A structural shift in central bank behavior is also underway, and we expect another year of strong buying at around 950 metric tons. Overall, we do not think gold has peaked and would allocate around 5% of a USD balanced portfolio from a longer-term diversification standpoint.

Base metals: Uncle Sam and Dr. Copper

Bloomberg reported that US copper tariffs could be implemented as early as May after the US launched a Section 232 investigation on imports of metal in late February. US tariff concerns have driven a wider COMEX-LME exchange price spread, while ex-US copper markets have tightened. The wider spread has drained global inventories as strong arbitrage incentives drive metal shipments to the US as fast as possible. If we factor in tariff uncertainties, we believe a premium of +20% could be sustained. Nonetheless, once tariffs are implemented, we expect US imports to slow temporarily as end-users consume inventories. Short term, this could weigh on LME prices, but longer term, we expect supply-side constraints and unabated demand growth from energy transition projects to tighten global fundamentals. We target USD 11,000/ metric ton on a 12-month basis.

Agriculture & livestock: Mixed picture

Grains and soft commodities continue to experience significant fluctuations due to tariff-related risks, weather, and swings in energy prices. Livestock prices have fared better, with live cattle performing solidly as we anticipated. Recent trade tensions make forecasting the months ahead even more difficult, with Beijing imposing additional tariffs of 10-15% on various US agricultural products (around USD 21 billion), including soybeans, after Trump raised tariffs on China. Moreover, soft commodities are no longer a one-way trade. However, we expected roll gains to remain elevated for cocoa, coffee, and sugar as low consumer inventories and agronomic issues persist across key growing areas. Livestock prices do vary by protein, but we keep live cattle as our top pick. We forecast Brazil and US beef production to contract by 5% and 3% in 2025, respectively, which should see global beef inventories tighten further over the year ahead.

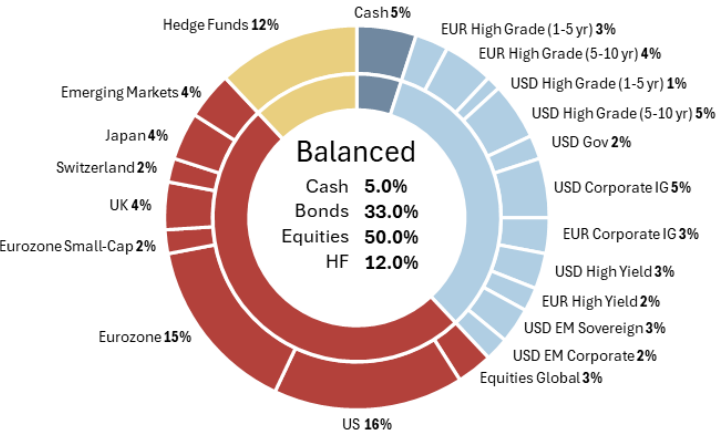
Where to invest

Long gold, sell downside price risks in platinum and silver

Selling downside price risks in crude oil

Strategic Asset Allocations (SAAs)

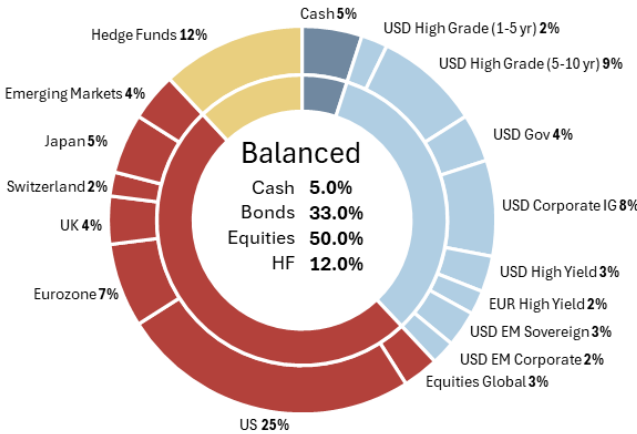
EUR (local portfolio)



Note: Portfolio weightings are for EUR SAA, with a home bias and a balanced risk profile. We expect a balanced EUR SAA to have an average total return of 5.7% p.a. and a volatility of 8.8% p.a. over the next 15 years.

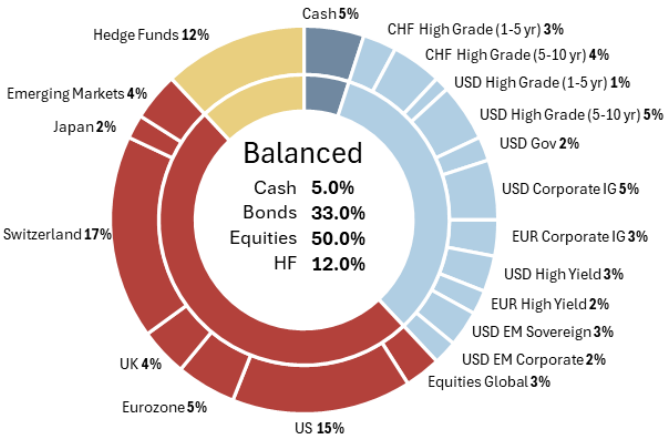
Source: SAA as of January 2025

USD



Note: Portfolio weightings are for a USD SAA with a balanced risk profile. We expect a balanced USD SAA to have an average total return of 6.7% p.a. and a volatility of 9.0% p.a. over the next 15 years.

CHF (local portfolio)



Note: Portfolio weightings are for CHF SAA with a home bias and a balanced risk profile. We expect a balanced CHF SAA to have an average total return of 4.6% p.a. and a volatility of 8.4% p.a. over the next 15 years.

For illustrative purposes only. The above asset classes and allocations are indicative only and can be changed at any time at UBS's discretion without informing the client. All expected returns are p.a. and reflect the arithmetic mean of the estimated return distribution. Risk is measured as annualized volatility of monthly log-returns. Annualized expected risk and return figures are forward-looking and not a reliable indicator of future performance. Forecasts are not a reliable indicator of future performance / results.

Contact list

Global Chief Investment Officer GWM

Mark Haefele
mark.haefele@ubs.com

UBS CIO GWM Global Investment Office

Global Asset Allocation
Adrian Zuercher
adrian.zuercher@ubs.com

Global Asset Allocation
Mark Andersen
mark.andersen@ubs.com

Global Head CIO Equity
Ulrike Hoffmann-Burchardi

UBS CIO GWM Regional Chief Investment Offices

US
Solita Marcelli

APAC
Min Lan Tan
min-lan.tan@ubs.com

EMEA
Themis Themistocleous
themis.themistocleous@ubs.com

Switzerland
Daniel Kalt
daniel.kalt@ubs.com

Appendix

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-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.
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