

Global Investment Strategy

4th Quarter 2026

Overview

World economy and capital markets

- ❑ The economic recovery in Europe is continuing, particularly in the industrial sector. On the back of good data, economists have been raising European growth forecasts. The data on the global economy point to an intact expansion.
- ❑ A negotiated solution for shipping through the Strait of Hormuz remains the most likely scenario, although the timing remains unclear. It is worth noting that the supply of crude oil is likely to be higher than often assumed, with inventory levels thus unlikely to be critically low.
- ❑ The leading central banks in the industrialised world continue to raise key interest rates. In addition to inflation and energy prices, economic momentum also argues for higher interest rates, which is associated with some pressure on bond prices.
- ❑ Staying on the sidelines of the equity markets most often does not pay off during periods of rising interest rates. A slight structural increase in growth and above-average inflation tend to favour equities over bonds, particularly as equities have confirmed during the post-pandemic inflationary phase that they offer good protection against inflation.

Agenda

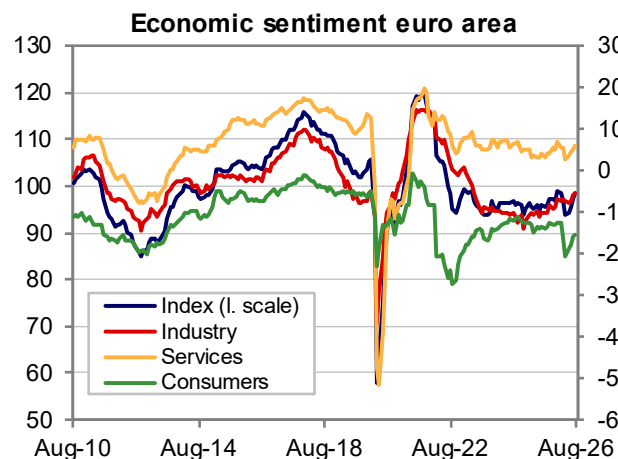
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Western Europe: Improving, despite high energy prices

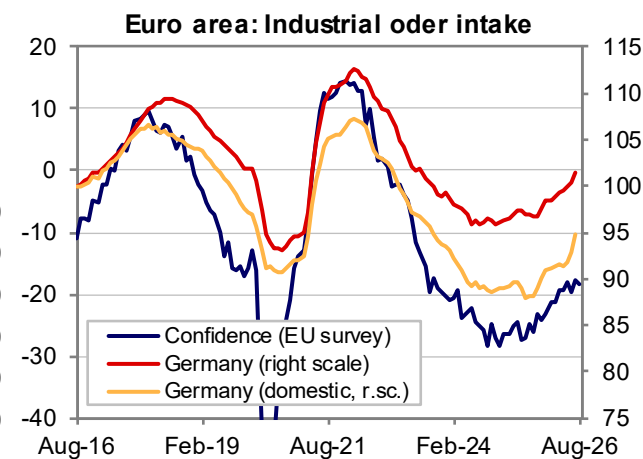
In Western Europe, economic indicators point to an improved economic momentum. The purchasing manager indices are in growth territory. The manufacturing index is at its highest level since 2022, and new industrial orders are on the rise. Consumer confidence has also recovered from the setback in the spring.

Inflation is rising due to higher energy and freight costs, with core inflation (which excludes energy) so far surprisingly stable.

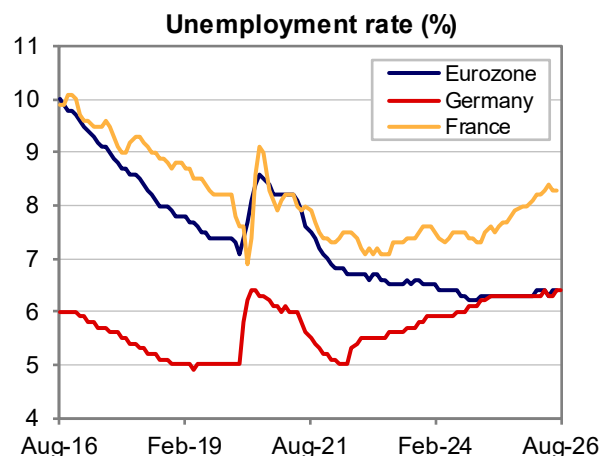
As a result, Europe's economy is performing better than expected, despite persistently high energy prices.



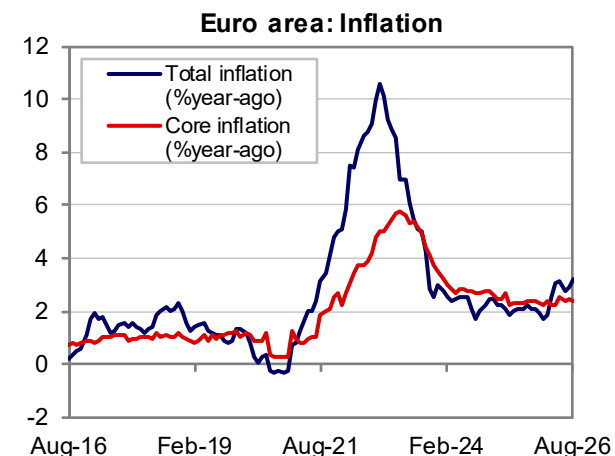
Source: European Commission



Source: European Commission, Deutsche Bundesbank



Source: Eurostat, Deutsche Bundesbank



Source: Eurostat

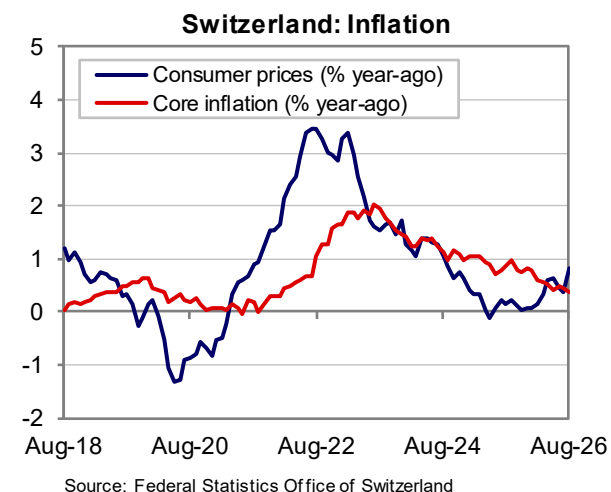
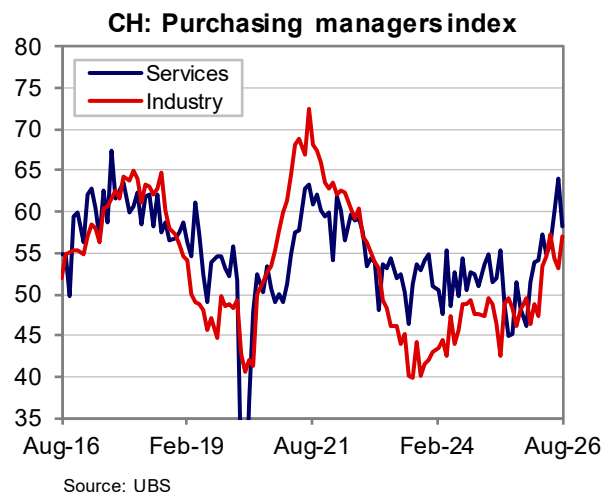
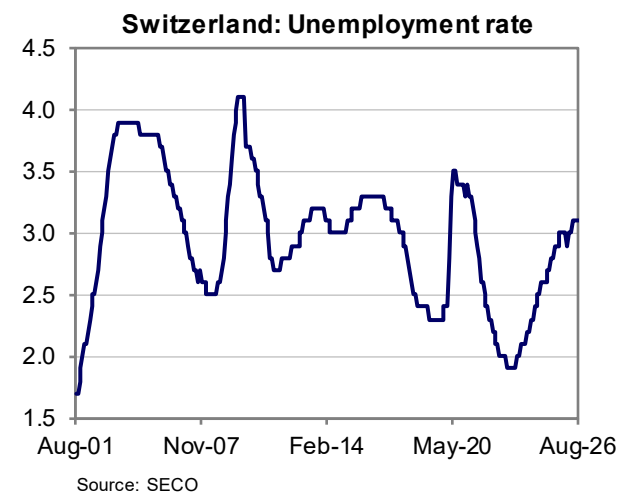
Switzerland: Modest growth, low inflation

The purchasing managers indices currently point to a healthy economy. Economic growth – especially the key domestic demand – was higher in the second quarter than in previous quarters. Notwithstanding, these positive trends are not reflected in the labour market.

Core inflation (which excludes energy prices) has moderated in recent years. Headline inflation has risen in the wake of higher energy prices, but at 0.8 per cent, it is well below the levels seen in leading Western economies.

Switzerland	3Q- 2025	4Q- 2025	1Q- 2026	2Q- 2026	Avg.
Pers. consump.	0.5	0.4	0.1	0.3	0.3
Gov. consumpt.	0.5	0.5	1.3	0.4	0.4
Investments	1.6	-0.4	0.2	1.6	0.8
Domestic dem.	0.6	0.2	0.3	0.7	0.4
Exports	3.2	1.0	1.8	-1.5	1.1
Imports	1.6	3.2	-5.0	-0.8	-0.3
GDP	-0.4	0.5	0.6	1.9	0.7
Net exports	1.2	-1.3	4.5	-0.6	0.9
Inventories/diff.	-2.1	1.7	-4.1	2.0	-0.7

Note: Change in gross domestic product from previous quarter. Source: SECO

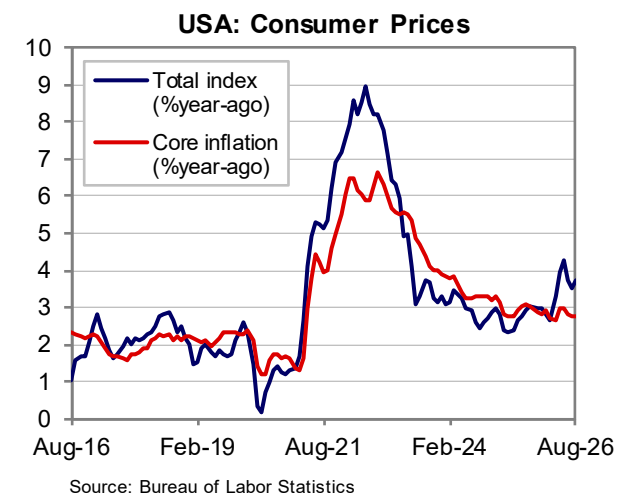
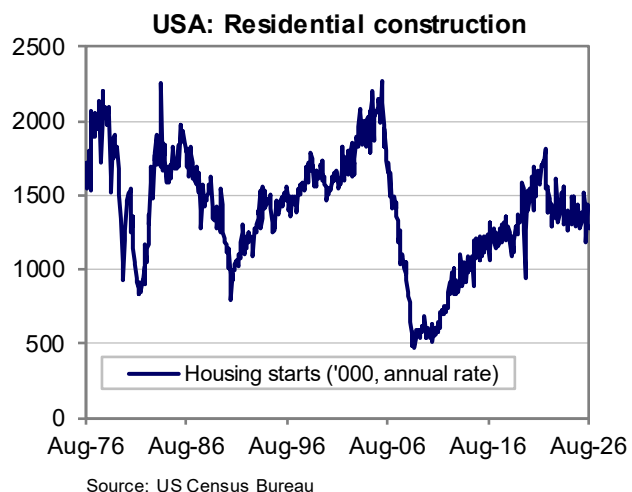
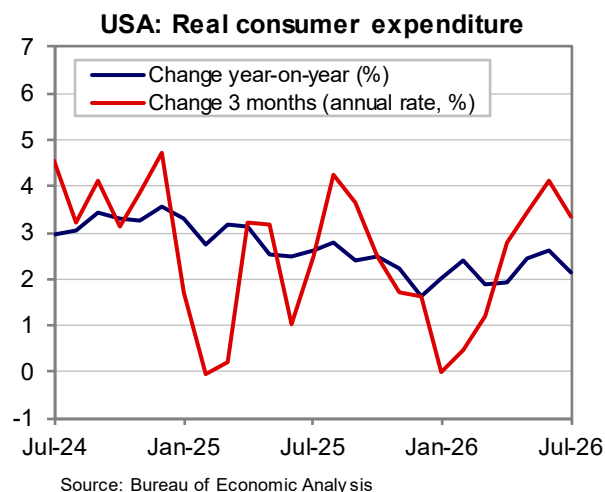


US economy: Expansion alive and well

The US economy keeps benefiting from enormous investments in data centres, even though consumer spending and corporate investment spending outside AI are likely larger contributors to growth. While real disposable incomes have fallen due to higher energy prices, consumer spending has not been visibly impacted as the savings rate has fallen.

By contrast, the interest-rate-sensitive construction sector remains fairly weak.

In recent months, more jobs have been created than last year, in line with the steadily growing economy. As a result, the unemployment rate has fallen slightly this year.



China: Imbalanced, but steady growth

Government stimulus measures will keep growth at least at the lower end of the target range 4.5% to 5.0% this year.

Following a strong first quarter, growth slowed in the second quarter as expected, although it is likely to be again slightly higher in the second half of the year.

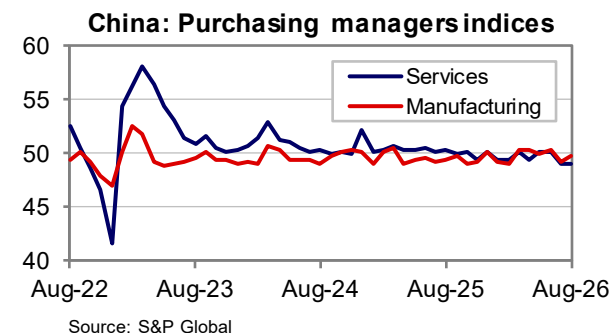
Economic performance remains uneven. Investment outside government-supported industries is low, and private consumption is weak. By contrast, foreign trade is growing strongly.

China	3Q-2025	4Q-2025	1Q-2026	2Q-2026	Average
Real GDP, q.	1.1	1.1	1.3	0.9	1.1
Real GDP	4.8	4.5	5.0	4.3	4.7
Services	5.4	5.4	5.2	5.2	5.3
Industry	4.9	4.5	4.9	3.9	4.6

Note: Change from year ago level (%), except "q." which is from previous quarter. Source: National Bureau of Statistics of China



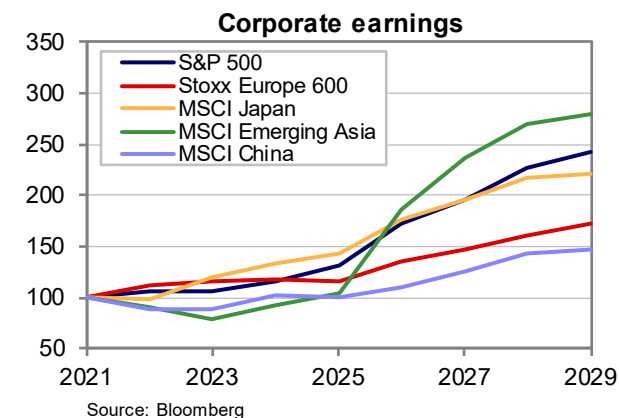
Source: National Bureau of Statistics



Corporate earnings: Positive global trends

Earnings growth is currently positive across the board and, for indices with a high proportion of technology stocks (particularly the S&P 500, the Magnificent Seven, the MSCI Emerging Asia, but also Japan), is well above the historical average.

Artificial intelligence has driven strong earnings revisions in technology-heavy indices (US, Japan, Emerging Asia) and outperformance over the past six months.



Equity indices: Earnings (growth and revisions) and performance

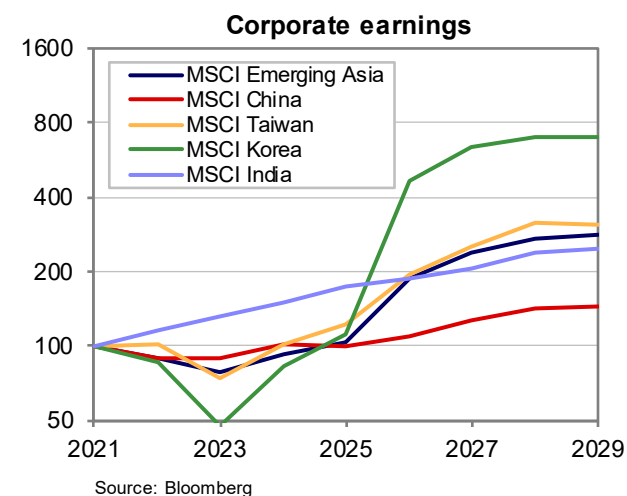
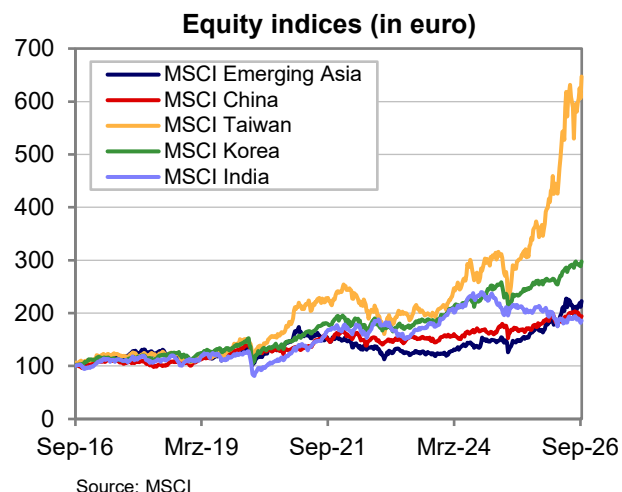
	P/E		Poten- tial (%)	Earnings growth (%)				Earn. revision (%)**			Performance (%)		
	Current	10y.		2025	2026	2027	2028	6m	3m	1m	6m	3m	1m
S&P 500	18.4	19.1	20.3	12.0	32.0	13.8	15.6	11.5	5.7	2.1	16.3	2.4	0.0
Magnificent Seven	24.5	27.6	40.2	22.8	48.3	7.4	24.4	10.6	4.6	2.5	19.3	9.9	5.1
Stoxx Europe 600	14.2	14.6	12.3	-0.5	16.6	8.5	9.2	3.5	1.8	0.6	11.4	0.6	-1.7
DAX	14.4	13.4	5.5	-1.1	11.0	14.4	13.0	-1.2	1.6	0.2	10.4	1.8	-2.0
Swiss Market Index	17.0	18.4	17.9	3.1	9.2	8.0	9.2	4.8	2.2	0.9	12.7	0.8	-3.4
MSCI Japan	15.6	14.7	4.2	6.9	23.1	10.6	11.0	13.8	4.9	2.7	17.8	-2.3	0.6
MSCI Emerging Asia	9.1	14.2	76.8	12.0	79.2	27.8	14.0	41.1	13.6	0.7	24.1	-6.5	1.5
MSCI China	9.8	13.0	50.5	-1.0	9.0	15.2	12.6	-3.8	-0.7	-0.6	-3.2	-0.3	-2.9

Notes: Price/earnings ratio (P/E) next year's earnings; 10Y.= average of last 10 years; Potential (in %) based on 10Y average P/E and earnings in 2 years; Earnings revision = change in estimates for next year's earnings. Data as of 21. Sep. 2026. Earnings based on analyst estimates for individual companies. Source: S&P, Stoxx, Deutsche Börse, SIX, MSCI, Bloomberg, own calculations

Equities Emerging Asia

The MSCI Emerging Asia Equity Index is heavily influenced by the technology sector, particularly the semiconductor sector (Taiwan Semiconductor Manufacturing Company/TSMC and South Korean manufacturers).

India has always been well positioned outside the technology sector, although it is heavily impacted by rising energy prices.



MSCI Emerging Asia: Key countries

	Index- Weight	Performance*		
		3 month	1 year	5 years
China	31.0%	1.1%	-16.1%	-17.8%
Taiwan	30.2%	-0.1%	84.6%	179.9%
South Korea	19.2%	-16.5%	147.1%	134.3%
India	15.4%	-3.6%	-11.5%	7.9%
MSCI Em. Asia		-5.1%	32.2%	44.9%

*Data as per 22-Sep-26. In USD. Source: iShares

MSCI Emerging Asia: Sectors

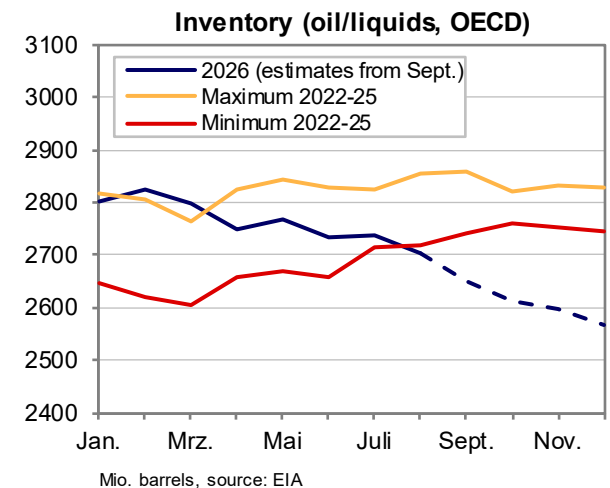
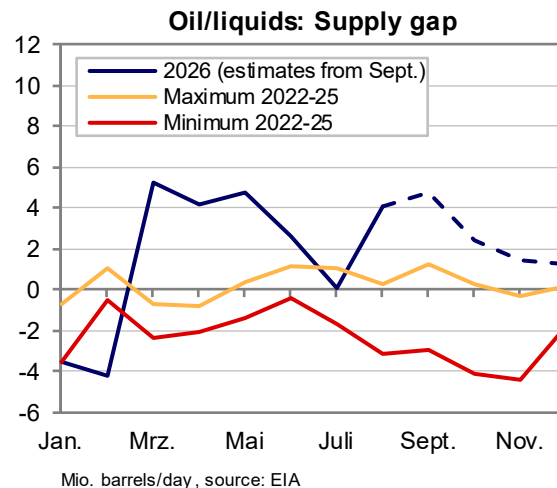
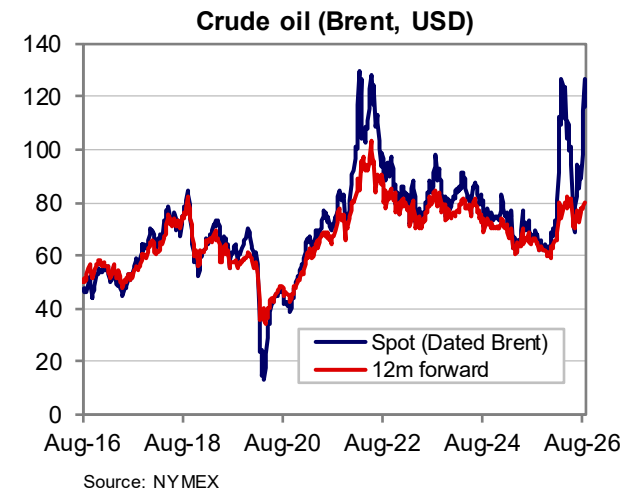
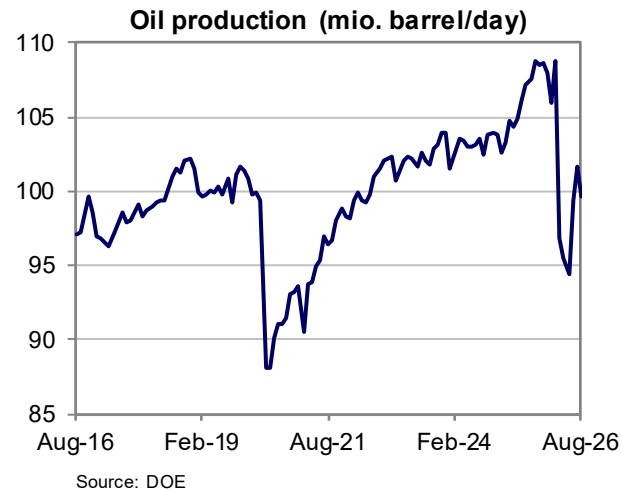
	Index- Weight	Performance*		
		3 month	1 year	5 years
Information technology	41.9%	-9.6%	112.0%	192.3%
Financials	16.3%	5.6%	13.4%	39.5%
Consumer, cyclical	10.2%	-1.5%	-23.6%	-30.1%
Industrials	8.8%	-11.8%	20.5%	26.2%
Telecomm. services	7.0%	-3.2%	-29.5%	-14.5%
Materials	4.5%	0.7%	10.8%	-17.3%
Healthcare	3.3%	18.8%	0.3%	-24.5%
Energy	2.7%	1.9%	0.4%	12.8%
Consumer, staples	2.6%	-1.3%	-18.7%	-35.6%
Utilities	1.7%	-3.8%	-7.1%	-11.7%
Real estate	1.0%	0.1%	-16.9%	-54.7%

*Data as per 22-Sep-26. In USD. Source: iShares

Oil markets: Supply higher than often thought

A number of factors are reducing the supply gap for crude oil. These include well-stocked reserves prior to the outbreak of the war, higher-than-expected exports from non-OPEC countries (e.g. the US), pipeline exports via the Red Sea and, not least, convoys escorted by the US Navy (around 5 to 10 million barrels per day, with September exports the highest in recent months). In addition, demand has fallen in emerging economies (particularly in China) and in the aviation sector.

As long as there are significant restrictions on shipping through the Strait of Hormuz, some upward pressure on oil prices remains likely. However, the data is incomplete, particularly regarding stock levels outside the OECD (especially in China). Consequently, the EIA's inventory forecast (see chart) is subject to considerable uncertainty.

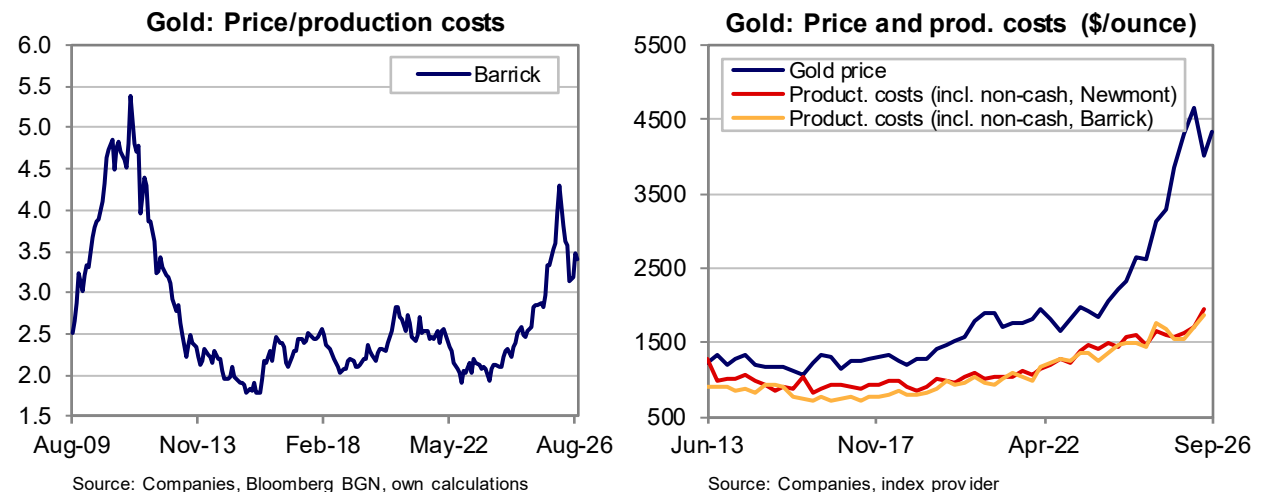
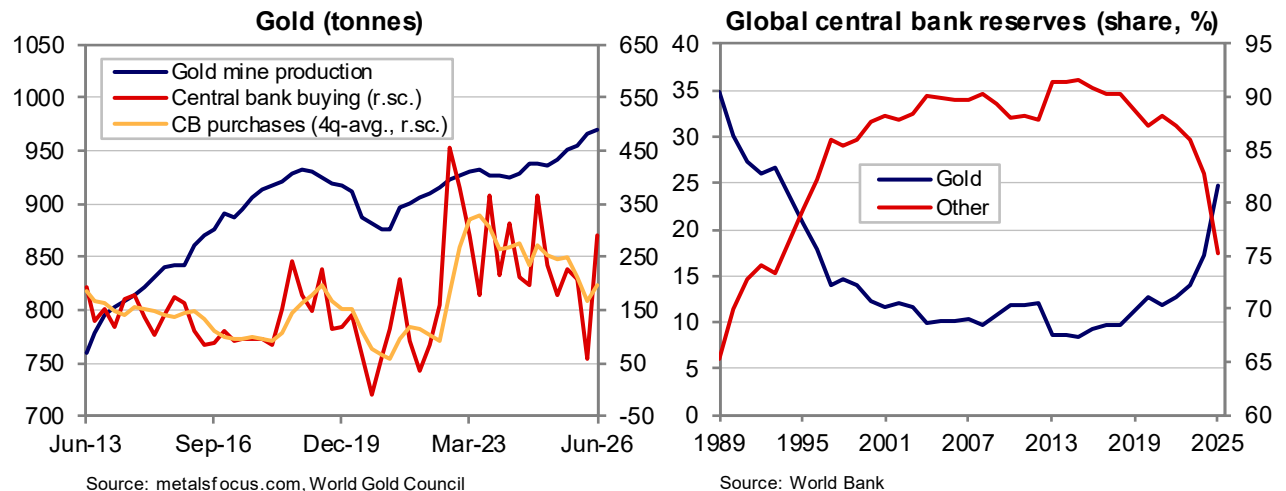


Gold: Central banks buying again

A dominant demand factor for the gold price in recent years has been central bank gold purchases, which roughly doubled immediately after Russia's foreign exchange reserves were frozen in spring 2022.

The price of gold has risen to well above established valuation ranges relative to cash costs and full costs. The valuation has only been slightly higher in the recent past during the eurozone debt crisis of 2010 and 2011.

Following a weak first quarter, demand from central banks has risen again to roughly the average level seen in recent years. Central bank buying likely has contributed to the recovery in the gold price in the third quarter.



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