Vontobel

Investors' Outlook

Turning the page

December 2025
For US, Canadian and Latin American Clients

Vontobel Swiss Financial Advisers AG

Imprint

Publishing by
Vontobel Swiss Financial Advisers AG
Gotthardstrasse 43
8022 Zürich
Switzerland

Editors
Vontobel editing team

G.J. Midge Brown
Senior Business Developer,
Vontobel SFA

Authors*
Dr. Pascal Köppel
Chief Investment Officer (CIO),
Vontobel SFA
Dr. Pieter Jansen
Chief Investment Strategist,
Vontobel SFA
Christoph Windlin
Deputy Head Investment Management,
Vontobel SFA
Susanne Knorr
Head Managed Solutions,
Vontobel SFA
Philipp Wartmann
Senior Investment Adviser,
Vontobel SFA

Frequency
Ten times per year
(next issue January 29, 2026)

Concept
MetaDesign AG

Creation & Realization
Vontobel

Images
Getty Images, Vontobel

Input deadline for this edition
November 28, 2025

Remarks
*Legal information on page 13

Turning the page

—
Dr. Pascal Köppel
Chief Investment Officer,
Vontobel SFA

Dear readers,

We've made it to the final chapter of the year and markets appear to be wrapping it up with a dose of reflection and caution before resetting for 2026.

The discussions around technology stock valuations have become more accentuated over the last month, with markets showing some nervousness about artificial intelligence (AI), infrastructure valuations, and the runaway spending spree. However, Nvidia Corporation's third-quarter financial results and strong outlook eased some of those concerns.

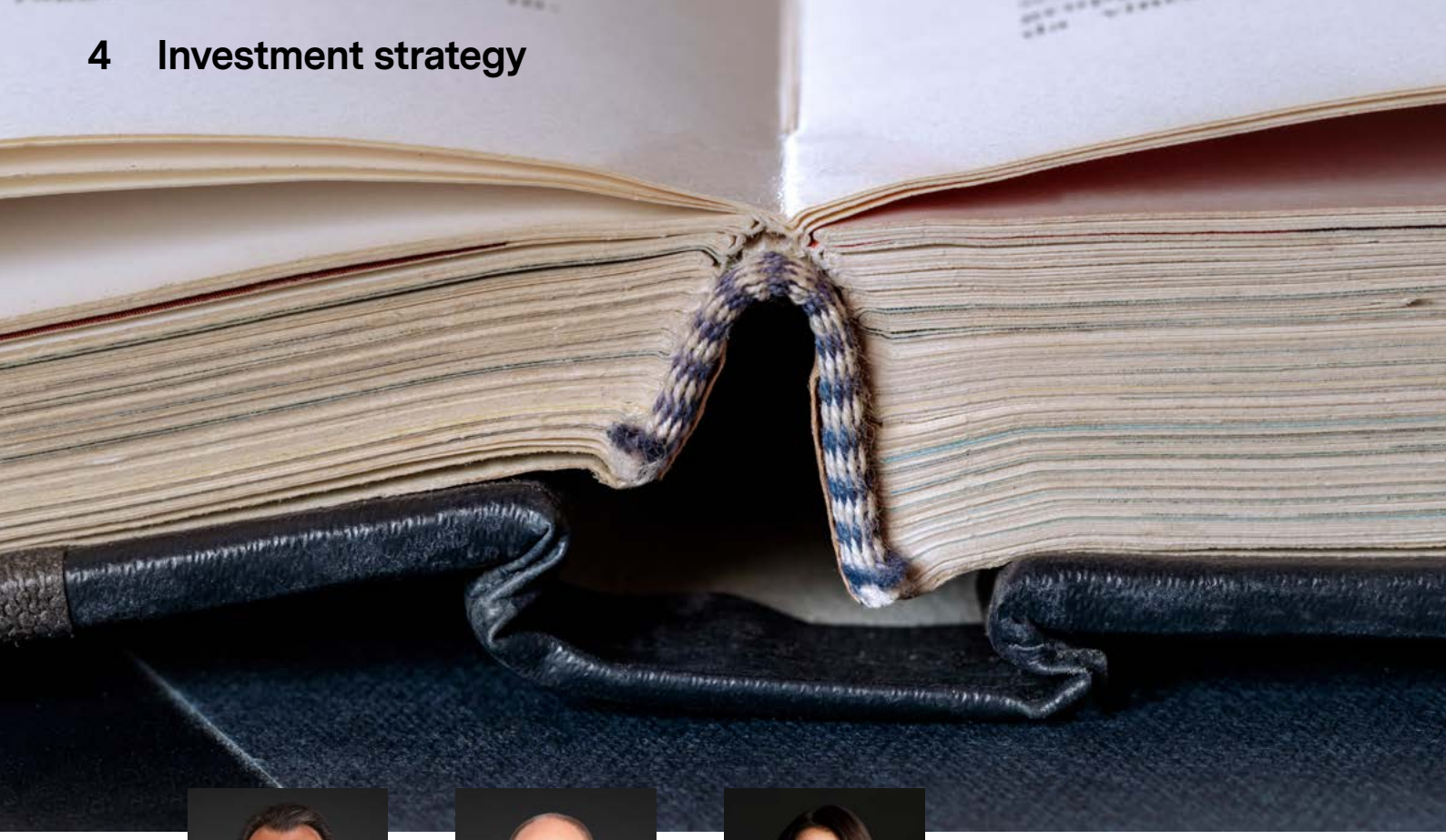
We find it interesting how market participants have been comparing events in the AI sector with those of the dot-com bubble period. It shows that markets have been extra vigilant, to the point where fears of a hype-driven capital expenditure cycle that leads to overinvestment and depreciation of assets are pre-emptively shaping investor behavior, almost before a bubble can be created in the first place. Either way, we believe this shift away from blind euphoria about AI is a good thing and has given tech multiples a chance to consolidate somewhat.

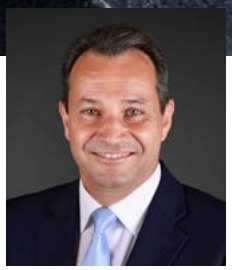
Another encouraging observation is the market's move away from its prolonged obsession with central banks, inflation and monetary policy. Inflation, for the most part, appears to be under control—as are inflation fears—and central banks in the developed world are lowering interest rates. The US Federal Reserve (Fed) continues to ease, albeit at a slower pace, and the European Central Bank is on hold. Nonetheless, it's less of a question about where they're headed.

Ahead of the upcoming rate decision, investors looked for clues by closely examining the minutes of the latest FOMC meeting and the delayed September jobs report. This is despite the likelihood of another rate cut having moved lower from near certainty a month ago. The minutes of the October FOMC meeting showed that officials are divided on whether or not to keep interest rates unchanged in December. US job growth exceeded expectations in September, while the unemployment rate climbed. In our view, the precise timing of the next Fed rate cut may be less consequential than the broader guidance toward neutral rates.

Attention is slowly returning to corporate earnings, with the focus again on the read-across for the broader health of the market. We believe this will be more the norm as we enter 2026.

This publication will return with its February edition. In the meantime, we thank you for your continued trust and cooperation.





—
Dr. Pascal Köppel
Chief Investment Officer,
Vontobel SFA

—
Christoph Windlin
Deputy Head
Investment Management,
Vontobel SFA

—
Susanne Knorr
Head Managed Solutions,
Vontobel SFA

A volatile chapter

November brought volatility, as better trade relations and the end of the longest government shutdown in US history coincided with wavering sentiment toward AI and cryptocurrencies.

Trade tensions eased as both the US and China made concessions. The US reduced tariffs on more than 200 food and beverage products as well as on imports from Switzerland. Looking ahead, these moves signaled potentially fewer disruptions to global commerce.

The 43-day US government shutdown ended with a funding package that will keep the government running until January 30. During the closure, statistics agencies halted activity, delaying several September releases and preventing the collection of October data. With operations now restored, markets can expect a flurry of new data in the coming weeks, although investors may question how reliable these data are. These developments were overshadowed in part by the rise in investor skepticism of AI-related stocks, who feared the rally could be approaching bubble territory while cryptocurrencies experienced a USD 1 trillion selloff.

As we see it, monetary policy will likely remain supportive next year and political leaders will adopt a pro-growth stance and work to reduce policy uncertainty. While debates continue about whether or not the Fed will cut interest rates in December, we're more focused on whether policymakers remain committed to cutting rates. Overall, indicators of global growth remain more than decent. Together with supportive monetary and fiscal policy, these indicators could help support global corporate earnings, though outcomes will depend on evolving economic conditions. Details of our asset allocation can be found on page 5.

	UNDERWEIGHT significantly	UNDERWEIGHT slightly	NEUTRAL	OVERWEIGHT slightly	OVERWEIGHT significantly	
1 Liquidity	→					We are keeping a lower allocation to liquid assets. This reflects our current assessment that fixed income investments may offer a more favorable risk-adjusted return potential than cash in the current environment.
2 Bonds					→	We believe the outlook for high-quality fixed income is constructive, with support offered by current market conditions, including a moderately upward-sloping yield curve and positive real yields. Our current positioning within fixed income continues to emphasize investment-grade credit. Our strategy remains focused on higher-quality issuers, with a reduced allocation to high-yield bonds, reflecting a cautious approach to market conditions. In our opinion, companies with weaker balance sheets and a greater reliance on external borrowing may face challenges if the economic outlook were to deteriorate. Based on our analysis, current valuations, as suggested by the spreads between high-yield and investment-grade securities, may not fully reflect potential risks.
3 Equities			→			The near-term outlook for economic growth remains uncertain in light of the potential additional weakening in the US labor market. Even so, global policy easing and support from AI investments represent positive developments. Given this balance of risks, we find a neutral stance on equities to be appropriate. Regionally, we continue to favor a relative overweight in Swiss over UK equities. Swiss companies appear well positioned, in our view, to participate if cyclical conditions improve in the European economy. The Swiss franc has historically shown resilience during periods of global uncertainty, a scenario that has also been observed this year.
4 Commodities / Gold			→			Our positive view on gold remains intact. Gold rallied strongly in 2023 and 2024, and this trend extended into 2025. Heightened geopolitical and macroeconomic uncertainties, and ongoing strategic purchases of gold, especially by emerging markets central banks, continue to support this asset.

Changes month-on-month: same → higher ↗ lower ↘

Central banks have turned the page on inflation, but have consumers?

Inflation has largely moderated from the peaks of 2022 and 2023. Chart 1 shows that inflation has returned close to the 2 percent target, a level that is generally seen by central banks as healthy.

—
Dr. Pieter Jansen
Chief Investment Strategist,
Vontobel SFA

With inflation returning to or close to target, most key central banks have been able to start normalizing their monetary policies, i.e. gradually taking interest rates back to what is considered a "neutral" level. Neutral means that interest rates are at a level that neither stimulates nor slows economic growth. In addition, monetary policy operates with "long and variable" lags, where a loose policy does not immediately translate into economic activity. An example of this is that the tightening cycle still impacts mortgage rates, as consumers who are refinancing or entering new mortgage contracts lock in a higher interest rate than a few years prior. For instance, the share of US mortgages with an interest rate of over 6 percent has been rising since 2022 and continues to rise, whereas the share with a rate of less than 3 percent is still falling. The Freddie Mac 30-year mortgage rate still stands at around 6.25 percent according to Bloomberg.

Perceived versus actual inflation

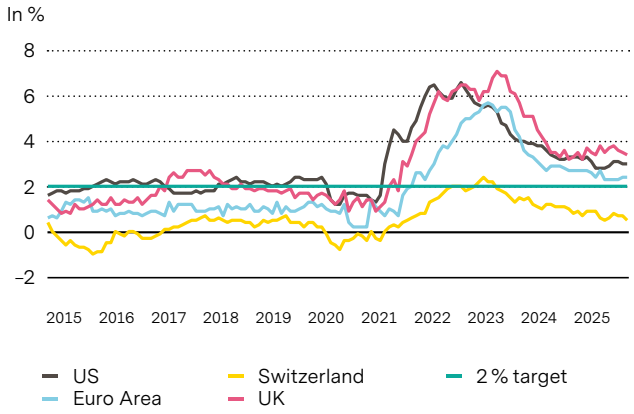
High financing costs and perceived high prices can weigh on consumer sentiment. Central bankers may consider inflation to have peaked and the emphasis has been redirected to growth and worries about US labor market. This is especially the case since the evidence of trade tariff pass-through seems unconvincing, while the tariffs themselves have been lowered after numerous new trade deals have been struck since April. However, inflation may still feel high for consumers. Although perhaps no longer a key worry for central banks, consumer sentiment may still be negatively impacted if consumers continue to worry about inflation or price levels.

Perceived inflation can differ from actual inflation. A broad study conducted by the Bank for International Settlement (BIS) shows that consumers globally form a view of the inflation level especially based on energy and food prices[1]. These are items that consumers buy frequently and they tend to be low ticket items as a share of total spending. According to the US Bureau of Labor Statistics, food and beverages have a weight of 14.5 percent in the US CPI basket, while energy has a weight of 6.2 percent. Rising egg prices received a lot of media attention in the past year, despite their weight of only 0.17 percent in the CPI basket. The BIS study also indicates that consumers generally perceive inflation as being higher than prevailing inflation rates and professional forecasts.

Food and energy prices are precisely the categories that central bankers filter out when reviewing inflation trends. These volatile inflation components can vary substantially in the short term, while central bankers have a medium-term focus, because of the time it takes for monetary policy to transmit to the economy. The inflation measures shown in chart 1 are therefore "core measures", i.e. inflation excluding food and energy.

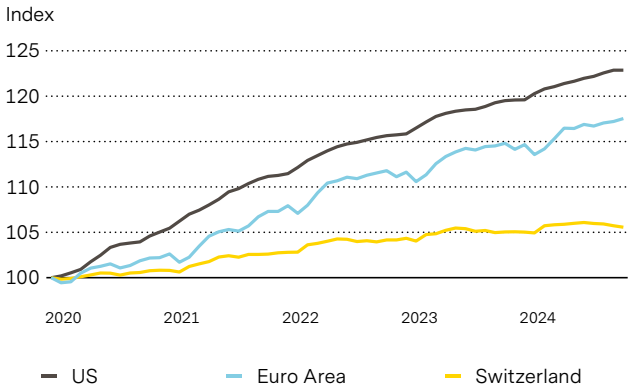
[1] D'Acunto, F., F. De Fiore, D. Sandri and M. Weber, 2025, A global survey of household perceptions and expectations, BIS quarterly review, September

Chart 1: Core inflation developments



Source: Bloomberg, Vontobel SFA, October 2025

Chart 2: Consumer price index



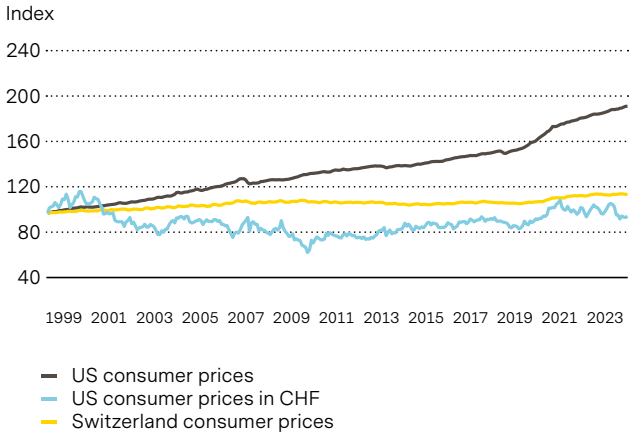
Source: Bloomberg, Vontobel SFA, October 2025

Consumer worries about price levels may persist

While central banks are focused on bringing inflation back to target in the medium term—explicitly stated in the ECB's mandate—consumers might look more at price levels relative to a few years prior. In other words, central banks focus on the rate of change, while consumers may be more interested in the prices as these directly impact their purchasing power. It may therefore take some time for consumers to get used to an inflation overshoot. Inflation did not overshoot in every country. As chart 2 shows, Swiss inflation increased only moderately (5.6 percent cumulatively over five years) compared with a significant overshoot in the US (the CPI index rose by 23 percent in five years). The euro area is somewhere in the middle with a 17 percent increase.

The significant appreciation of the Swiss franc since the start of the century more than offsets the inflation differentials. Chart 3 shows the long-term trend difference in inflation between Switzerland and the US, as well as US consumer price development in Swiss francs. For a Swiss franc-based consumer travelling to the US, US prices in Swiss franc are even lower than it was at the start of the century (–3 percent). On the other hand, prices measured in US dollar for a US citizen travelling to Switzerland more than doubled (not shown in the graph) over the same period. Over this time horizon, the Swiss franc proved to be a good inflation hedge for US inflation.

Chart 3: Consumer price levels



Source: Bloomberg, Vontobel SFA, October 2025

Reading between the lines

—
Philipp Wartmann
Senior Investment Adviser,
Vontobel SFA

Investment grade credit spreads remain tight, indicating limited compensation for exposure to credit risk. However, the asset class continues to benefit from strong fundamentals and technical factors, such as steady inflows. Due to the lack of spread protection, we remain cautious on sub-investment grade rated issuers and recommend avoiding higher beta names in the current environment. Given that returns are less likely to come from further spread compression, investors may wish to consider portfolio construction that balances carry with the potential for capital gains, depending on individual objectives and risk tolerance.

Market expectations for a December rate cut have been very volatile (see chart 1). The implied probability of another quarter percentage point move dropped from nearly 70 percent initially to about 40 percent before recovering to 90 percent on comments from John Williams, New York Fed president, after dovish comments about labor market weakness. Divisions were also evident in the October meeting, where views ranged from a 50 basis point (bps) cut to no cut at all.

We prefer the portfolio to be positioned along the intermediate section of the yield curve. The US yield curve has steepened this year, making us less convinced of further curve steepening in the short term. There is more room for central banks in developing markets to ease further, provided the dollar doesn't continue to strengthen. Within global credit markets, European issuers offer more relative value opportunities than their US peers.

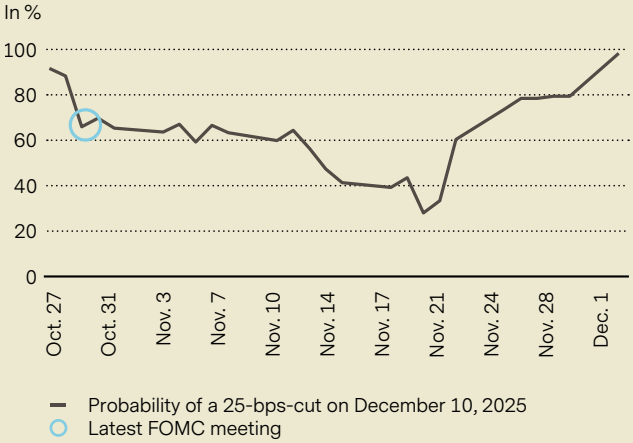
The bond market meets the AI super-cycle

Oracle, Microsoft, Meta, Alphabet and Amazon have sold about USD 88 billion in AI- and cloud-linked debt since September. Oracle raised USD 18 billion; Meta USD 30 billion in its biggest deal yet with maturities from five to 40 years; Alphabet USD 25 billion; and Amazon followed with USD 15 billion. Meta also helped arrange a USD 27 billion private-debt package for the Hyperion AI data center campus, financed mainly through private credit and bond funds. This may have kept the debt off Meta's balance sheet but the story remains the same: AI infrastructure is increasingly funded using long-dated debt rather than just through retained earnings or equity (see chart 2).

These companies are not issuing because they lack cash. AI demands huge, front-loaded spending on data centers, power, networks and GPUs[2], and long-dated bonds are a natural match for those long-lived assets. With strong balance sheets and low net leverage, adding debt can lower funding costs, preserve cash buffers, and still leave room for buybacks and dividends. Ultimately, these deals force bond investors to ask the same question as equity investors: how durable is the AI spending boom?

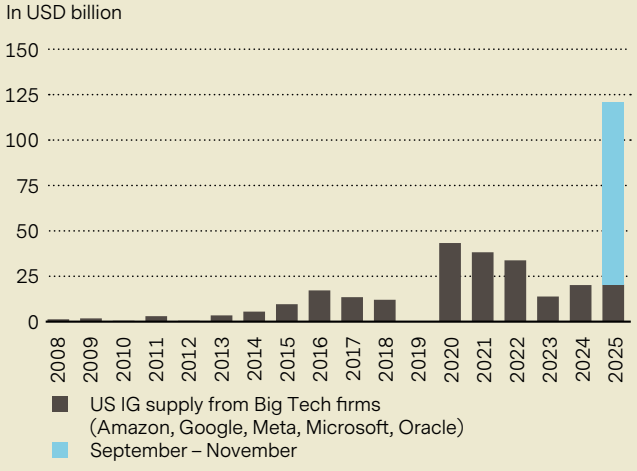
[2] Graphics processing unit, an electronic circuit used in digital image processing and AI.

Chart 1: Fed talk sends December rate-cut expectations on a round trip



Source: LSEG, Vontobel; as of December 1, 2025.

Chart 2: Credit market hit with a flood of AI-related issuance



Source: LSEG, Vontobel; as of November 19, 2025.

AI bubble concerns rise and calls for diversification

—
Susanne Knorr
Head Managed Solutions,
Vontobel SFA

In November, concerns about an AI-driven bubble intensified as the market became increasingly skeptical about the monetization and funding of AI investments. These concerns arose despite an overall bullish market rally fueled by earlier interest rate cuts, solid corporate earnings and the easing of US-China trade tensions. Signs of market consolidation were evident by early November. Some sectors of the equity markets reached record highs, US valuations hit 15-year peaks and market breadth remained narrow. The enthusiasm for technology and AI-related stocks, particularly US mega-caps, dominated year-to-date performance, raising expectations of an inevitable pullback.

High-performing AI stocks experienced sell-offs and valuation scrutiny as investors took profits. Analysts also questioned whether future returns would justify the rapid surge in AI infrastructure investments (see chart 1), such as data center construction, funded through debt issuance, venture capital and off-balance-sheet structures.

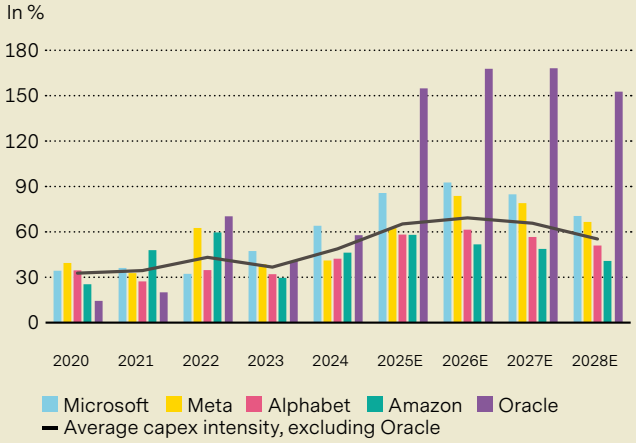
Although challenges persist and AI adoption is still in its infancy, with revenue penetration below 1 percent. Infrastructure investment is critical to unlocking future growth and innovation. AI-related revenues are already growing rapidly, and hyperscalers maintain strong revenue growth, margins and operating cash flow. This distinguishes the current period from the dot-com bubble. Forecasts suggest that as much as USD 3 trillion in AI infrastructure capex could occur over the next three years, with expectations that these are funded primarily through internal resources, with some 40 percent relying on private credit or debt issuance (see chart 2). Tech debt issuance has increased recently, particularly among hyperscalers, but overall net leverage within the sector remains well contained. Current credit default swap pricing indicates moderate stress in isolated cases, far from the levels seen in previous bubble environments.

Despite recent volatility, the broader upside trend in equity markets and long-term outlook for AI adoption remains intact. Historical patterns suggest that such corrections have been common during past technology adoption cycles, though they do not necessarily signal fundamental deterioration.

Optimism can be justified by strong earnings and rate cut expectations, while caution regarding the historical trend of a 'December rally' arises from concerns over a slowdown in economic growth, the Fed's monetary policy, high AI valuations and lingering market volatility.

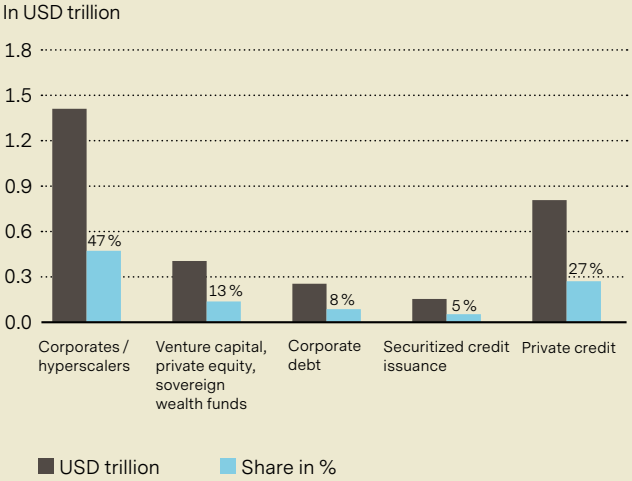
Market leadership broadened beyond US mega-cap tech stocks, with value stocks outperforming their growth counterparts. Thanks to their naturally lower exposure to the IT sector, non-US markets, such as Switzerland, Europe, emerging markets and Japan, demonstrated stronger performance, thereby providing valuable diversification opportunities.

Chart 1: Capex intensity as a percentage of net operating cash flow reflects heavy investment phase



Source: LSEG, Vontobel; as of November 20, 2025.

Chart 2: Breakdown of funding on estimated global capex spending on data centers (2025 – 2028E)



Source: Morgan Stanley, Vontobel; as of November 20, 2025.

Demand and supply developments in soyabeans market

—
Christoph Windlin
Deputy Head
Investment Management,
Vontobel SFA

Once merely a staple of American agriculture, soybeans have found themselves at the heart of a high-stakes showdown. In the US-Chinese trade war, this unassuming legume became a symbol of economic leverage and farmers were caught in the crossfire.

The US is a force to be reckoned with in the soybean market. It produced approximately 118 million tons of soybeans in 2024, making it the world's second-largest producer after Brazil, which harvested 169 million tons[3]. Because US soybean production exceeds domestic demand, approximately half of the crop is exported.

That said, China is an even more dominant force in the trade of soybeans. Fueled by its large livestock sector (China is the world's largest pork producer), the country imports over 100 million tons of soybeans annually. Historically, half of US soybean exports have ended up in China.

But times have changed and as trade tensions escalated, Beijing imposed tariffs and other duties on US agricultural products. US soybeans therefore became less competitive than, for example, Brazilian soybeans, for Chinese buyers (see chart 1). In May, China ordered its importers to halt US soybean purchases. By September, China's imports had fallen to zero[4].

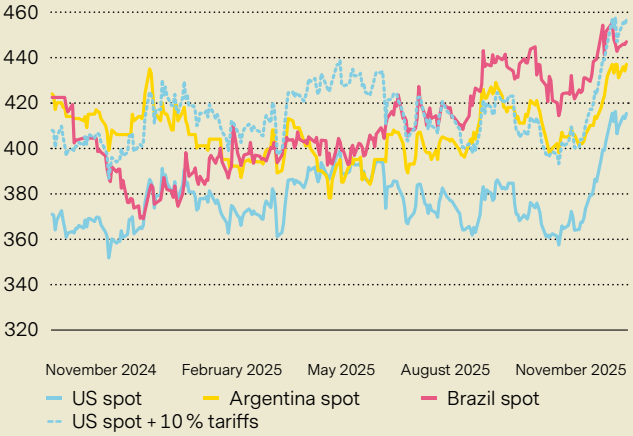
After sharply increasing imports from South America, Chinese soybean stocks reached a record 10.3 million tons in early November. This led to a glut in soymeal, which is used to fatten animals. As a result, Chinese processors, known as crushers, have been grappling with negative margins since August (see chart 2).

Looking ahead, the soybean market is likely to reflect this "new normal". We believe China will continue to buy what it needs at the lowest possible price, while US farmers can't count on China returning to previous import volumes without a significant policy shift. Meanwhile, South American exporters are happy to fill the gap.

[3] Source: US Department of Agriculture (USDA), as of November 17, 2025. fas.usda.gov/data/production/commodity/2222000
[4] Source : Reuters article, published October 20, 2025. reuters.com/world/china/china-imports-no-us-soybeans-september-first-time-seven-years-2025-10-20/

Chart 1: US soybeans would be competitive … if it weren't for the tariffs

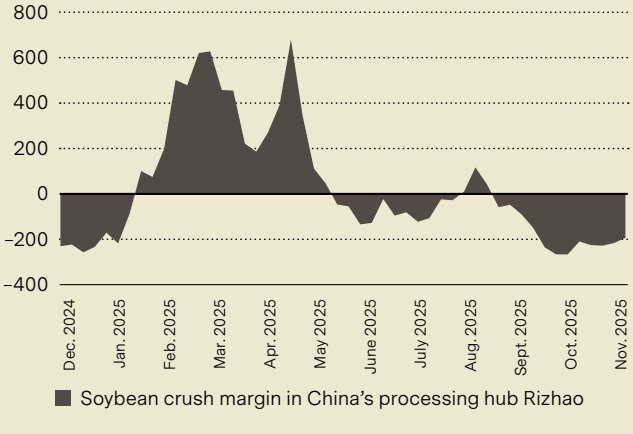
Regional soybean prices (simplified model), in USD per metric ton



Source: Bloomberg, Vontobel; as of November 2025.

Chart 2: Processing soybeans is no longer lucrative for Chinese crushers

Chinese yuan per metric ton



Source: LSEG, Vontobel; as of November 2025.

A strong franc is keeping Swiss inflation too low for comfort

—
Dr. Pieter Jansen
Chief Investment Strategist,
Vontobel SFA

Inflation is uncomfortably low but not weak enough to force the Swiss National Bank (SNB) to take dramatic action. As long as inflation hovers around zero and the franc is strong but not soaring, the SNB's most likely path is to hold the key interest rate at 0 percent, with an emphasis on patience and data dependency. A return to negative interest rates would likely need a clear, persistent slide into deflation, while a late, modest hike would require a domestic inflation above forecast. We believe the SNB will hold a steady course for now, in line with the current market pricing of SNB rates for 2026.

Swiss inflation has slipped back toward zero, piling pressure on the SNB to lean against a strong franc and revive price growth. Headline CPI[5] rose just 0.1 percent in October from a year earlier, versus expectations of 0.3 percent. Core inflation eased to 0.5 percent from 0.7 percent. The franc's safe-haven role has pushed it near a decade high against the euro and the US dollar, reducing import prices and dragging inflation down.

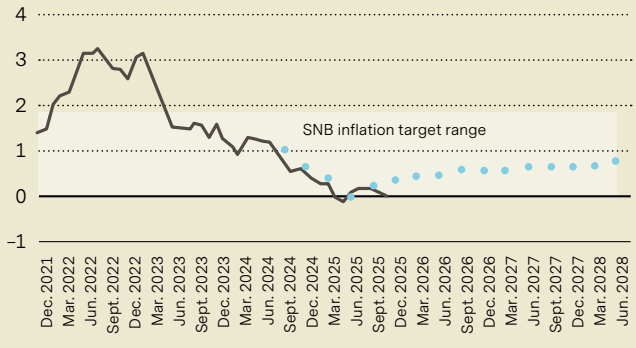
The numbers are a setback for the SNB, which has been counting on inflation to firm toward year-end and into 2026 (see chart 1). Policymakers argued in September that bringing rates back to zero would support a gradual pickup in inflation. Their options are limited and each one carries risks. Renewed FX intervention would swell an already large balance sheet and risk irritating US authorities. A return to negative rates could put a strain on parts of the financial system, revive concerns about bank profitability and weaken public support. SNB Chairman Martin Schlegel has repeatedly said that the bar for reintroducing negative rates is higher than for a normal cut.

The SNB will likely want clearer evidence of falling prices before it acts. Its policy is therefore likely to stay at zero percent through next year, while officials monitor the franc and incoming data. Risks run both ways. On the downside, we could see a hit to exports, renewed franc strength and several months of negative headline inflation. These could push the SNB's conditional inflation forecast clearly below zero, and trigger a temporary return to negative rates in response to rising deflation risk. On the upside, a faster global recovery, a softer franc and domestic inflation drifting above the conditional inflation forecast could justify a 25 bps hike later on. This would mainly keep real rates from sliding too far below zero and rebuild fiscal space. Even then, any tightening path would, in our view, likely be gradual and could be adjusted if conditions change. For now, that still looks like a low-probability tail risk (see chart 2).

[5] Consumer Price Index, which tracks the average change over time in pries consumers pay for goods and services.

Chart 1: Swiss consumer prices ease back to their softest pace since early summer

Year-on-year change, in %

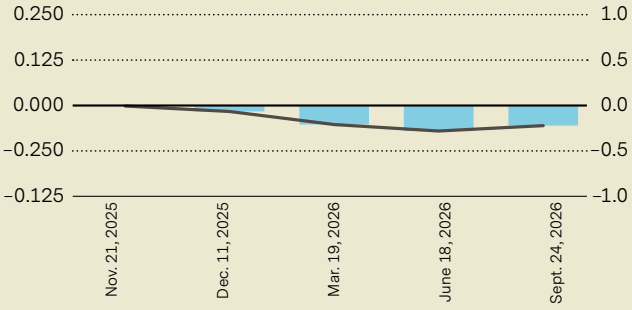


Headline inflation (observed)
SNB conditional inflation forecast

Source: LSEG, Vontobel; as of December 3, 2025.

Chart 2: The market's view of the SNB's policy path

Market-implied SNB policy rate, in %



Market-implied SNB policy rate (left axis)
Number of SNB rate cuts / hikes priced in (right axis)

Source: LSEG, Vontobel; as of November 19, 2025.

Economy and financial markets 2024 – 2026

The following list shows the actual values, exchange rates, and prices from 2024, as well as consensus forecasts for 2025 and 2026 for gross domestic product (GDP), inflation / inflationary expectations, key central bank interest rates, 10-year government bonds, exchange rates, and commodities.

GDP (IN %)	2024[1]	CURRENT[2]	2025 CONSENSUS	2026 CONSENSUS
Global (G20)	3.0	3.3	2.4	2.5
Eurozone	0.9	1.4	1.4	1.1
USA	2.8	2.1	1.9	1.8
Japan	0.1	1.1	1.1	0.7
UK	0.9	1.3	1.4	1.1
Switzerland	1.4	1.3	1.2	1.2
Australia	1.0	1.8	1.8	2.2
China	5.0	4.8	4.9	4.3

INFLATION	2024[3]	CURRENT[4]	2025 CONSENSUS	2026 CONSENSUS
Eurozone	2.4	2.1	2.1	1.8
USA	3.0	3.0	2.8	2.9
Switzerland	1.1	0.1	0.2	0.5

KEY INTEREST RATES (IN %)	2024	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
EUR (deposit rate)	3.00	2.00	1.96	1.97
USD (Fed funds rate, upper bound)	4.50	4.00	3.62	3.26
CHF	0.50	0.00	–0.01	–0.01

GOVERNMENT BOND YIELDS, 10 YEARS (IN %)	2024	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
EUR (Germany)	2.37	2.69	2.77	2.93
USD	4.57	4.11	4.10	4.08
CHF	0.33	0.18	0.34	0.50

FOREIGN EXCHANGE RATES	2024	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
CHF per EUR	0.94	0.93	0.94	0.95
CHF per USD	0.91	0.80	0.79	0.81
USD per EUR	1.04	1.16	1.19	1.22

COMMODITIES	2024	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
Brent crude oil, USD per barrel	75	63	61	62
Gold, USD per troy ounce	2,625	4,105	4,000	4,150
Copper, USD per metric ton	8,768	10,720	10,500	10,600

Note: Views are as of November 19, 2025. Forecasts are based on current market conditions and assumptions and are subject to change without further notice. They do not guarantee future results.

[1] Subject to revisions (e.g., potential revisions to 4Q data)
[2] Latest available quarter
[3] Subject to revisions
[4] Latest available month, G20 data only quarterly
[5] ↑ above consensus, → in line with consensus, ↓ below consensus

Source: Vontobel, respective statistical offices and central banks; as of November 19, 2025.

Legal notice
This report has been prepared and published by Vontobel Swiss Financial Advisers AG ("Vontobel SFA"). Vontobel SFA CIO is independent. The views of the Vontobel SFA CIO may vary from the view and opinions of others Vontobel group entities.

This publication is for your information only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. It is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors.

All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness. All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of Vontobel as a result of using different assumptions and/or criteria.

In no circumstances may this document or any of the information [including any forecast, value, index or other calculated amount ("Values")] be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed torepresent and warrant to Vontobel that you will not use this document or otherwise rely on any of the information for any of the above purposes.

Vontobel SFA and its affiliates and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to/for the issuer, the investment instrument itself or to/for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by Vontobel SFA and its employees may differ from or be contrary to the opinions expressed in Vontobel SFA publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. Vontobel SFA does not maintain information barriers to control the flow of information contained in one or more areas within Vontobel SFA, into other areas, units, divisions or affiliates of Vontobel. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies prior to publication of this report and those constituencies are able to consider and act on this information before it is published.

Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. Tax treatment depends on the individual circumstances and may be subject to change in the future. Vontobel SFA and its employees do not provide legal or tax advice and Vontobel SFA makes no representations as to the tax treatment of assets or the investment returns thereon both in general or with reference to specific client's circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein.

Diversification and asset allocation do not ensure a profit or guarantee against loss.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties.

This material may not be reproduced or copies circulated without prior authority of Vontobel SFA. Unless otherwise agreed in writing Vontobel SFA expressly prohibits the distribution and transfer of this material to third parties for any reason. Vontobel SFA accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. For information on the ways in which Vontobel SFA manages conflicts and maintains independence of its investment views, please refer to the Vontobel SFA Wrap Fee Program Brochure (ADV Part 2A) available at vontobelsfa.com. Additional information on the relevant authors of this publication and other publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your Wealth Management Consultant.

Vontobel Swiss Financial Advisers AG is a subsidiary of Vontobel Holding AG.

Vontobel Swiss Financial Advisers AG
Gotthardstrasse 43
8022 Zurich
Switzerland

www.vontobel.com/sfa