Vontobel

Investors' Outlook

Roaring times

February 2026
For US, Canadian and Latin American Clients

Vontobel Swiss Financial Advisers AG

Content

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
Head Managed Solutions,
Vontobel SFA
Susanne Knorr
Deputy Head Managed Solutions,
Vontobel SFA
Philipp Wartmann
Senior Investment Adviser,
Vontobel SFA

Frequency
Ten times per year
(next issue February 26, 2026)

Concept
MetaDesign AG

Creation & Realization
Vontobel

Images
Getty Images, Vontobel

Input deadline for this edition
January 23, 2026

Remarks
*Legal information on page 13

Roaring times

—
Dr. Pascal Köppel
Chief Investment Officer,
Vontobel SFA

Dear readers,

The new year has just begun and markets are already roaring. Gold and equities are trading at record highs, the VIX[1] remains low and macroeconomic conditions appear broadly supportive, even though geopolitical noise remains.

We are seeing a wave of stimulus—whether monetary easing, widespread fiscal support across the Eurozone, Japan and China, capital expenditure in artificial intelligence (AI) or exceptionally low energy costs—that is generally positive for risk assets. We currently see limited near-term support for a bearish view in this context.

The US economy is progressing quite smoothly, supported by robust consumer spending. We anticipate a benign environment for growth, with inflation remaining manageable. We are keeping an eye on the US labor market, though further weakening would give the US Federal Reserve (Fed) a reason to lower rates. We believe it will cut rates by another 50 basis points (bps) this year, with the first 25 bps likely in the summer.

While geopolitical volatility can be unsettling, it has historically tended not to have persistent long-term negative effects on asset-price returns. Recent events in Venezuela, for example, had little market impact. They are perhaps better understood as part of a broader geopolitical realignment, like blocs and spheres of regional, political and economic influence,[2] rather than a trigger that derails markets. That said, it should not lead to complacency either. Each event has to be judged on its own merits and an evaluation conducted of potential economic and corporate earnings impacts.

The strength of gold crystallizes these dynamics. We believe some central banks will continue to increase their gold holdings while gradually reducing their exposure to US dollars, especially given the current geopolitical scenario. The Swiss franc also once again showed upside potential during market volatility pick-up days in January.

As we move further into 2026, we aim to help our clients filter out the noise.

[1] CBOE Volatility Index, with a high VIX reflecting more fear and uncertainty and investors expecting big market swings. A low VIX means investors expect calmer markets.
[2] Source: Time article, published January 9, 2026. time.com/7344540/trump-venezuela-maduro-sphere-of-influence/

—
Dr. Pascal Köppel
Chief Investment Officer,
Vontobel SFA

—
Christoph Windlin
Head Managed Solutions,
Vontobel SFA

—
Susanne Knorr
Deputy Head Managed Solutions,
Vontobel SFA

Navigating through the noise

Markets started the year in a positive mood, turning their focus again to the AI theme. However, geopolitical events, such as the US intervention in Venezuela, unrest in Iran and transatlantic tensions surrounding Greenland, also created headlines and generated some volatility in different assets.

Overall, the MSCI World Index managed to reach new all-time highs during January, despite a temporary setback during the month. Various leaders met in Davos for the World Economic Forum and constructive conversations led to a de-escalation, which gave the market some room to recover. Geopolitical tensions have the potential to create political, economic and earnings uncertainty, which can impact on investor sentiment and create volatility. Although history has shown that these events have frequently been temporary, this is not guaranteed. Every shock has to be judged in its own context.

Looking at the geopolitical headlines, we see a relatively solid global economic environment. There is significant support on a global level stemming from monetary policy easing and fiscal expansion, against a background of positive economic contribution from technological developments. The latter creates capital expenditure in the short run and has the potential to improve productivity in the medium term. We favor balanced portfolios that are exposed to growth, limit concentrations and assets that can potentially provide more stability in case of shocks, such as gold. Find the details of our asset allocation 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 relatively 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			→			Global policy easing and support from AI investments represent positive developments for the outlook for corporate earnings. From a positioning perspective, some indicators are consistent with a more bullish market allocation stance, which could potentially lead to a correction if incoming data disappoints. 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 are positioned to potentially participate in any cyclical improvement 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 medium-term view on gold remains intact. Gold rallied strongly since 2023 and momentum remains strong. Heightened geopolitical and macroeconomic uncertainties, and ongoing strategic purchases of gold, especially by emerging markets central banks, continue to support this asset. However, the increasing trend may have attracted speculative investors as well, which can create more volatility.

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

AI revolution: what should investors look out for?

—
Dr. Pieter Jansen
Chief Investment Strategist,
Vontobel SFA

Artificial intelligence (AI)-related stocks have performed strongly in recent years. Ever since OpenAI's ChatGPT took the world by storm on November 30, 2022, so-called hyperscalers—companies that provide massive, highly scalable cloud computing services and enable businesses to dynamically adjust resources for social media, AI or online marketplaces—have been on an extraordinary upward trajectory. From late November 2022 to the end of 2025, US hyperscalers Alphabet, Amazon, Meta, Microsoft and Oracle delivered triple-digit returns. This performance was only surpassed by Nvidia. While not a hyperscaler, it also rode the wave of the AI frenzy and achieved a gain of more than 1,000 percent over the same period.

As we enter 2026, one could argue that the stakes for investors, and for the US economy, could be considered elevated. What do we mean by that? First, the rally has pushed US equity valuations to levels not seen since the dotcom bubble burst in the late 1990s. The S&P 500 Index's Shiller Price-to-Earnings (P/E) ratio[3] currently stands at approximately 39, just shy of its all-time high of 44 recorded in December 1999 (see chart 1). To put things into perspective, the ratio's long-term average is around 18.

Second, the rally has led to significant concentration in the US equity market. Only a small number of stocks now account for the bulk of overall performance, with the top 10 stocks in the S&P 500 (all but one of which are AI-related) accounting for more than 40 percent of the index's total market capitalization.

Some investors and the mainstream media are concerned that we are in bubble territory. To structure the risks, we have developed a checklist to assess whether the rally may have run its course (see chart 2).

The first two warning signals relate directly to AI models: slowing progress and declining adoption rates. Progress in AI models is crucial for investors because it directly impacts the value, growth potential and competitive edge of companies leveraging AI. This requires constant refinement, scalability and adaptability. Sustained or rising adoption rates are equally important, as they reflect the relevance and value of a technology.

Adoption rates are still trending upwards, albeit with variations by sector and company size. Data from the US Census Bureau's Business Trends and Outlook Survey points to signs of a temporary slowdown or stabilization in 2025, particularly among large, established firms.[4]

With regards to hyperscaler spending in 2026, the consensus estimate among Wall Street analysts now stands at USD 527 billion. This is up from USD 465 billion at the start of the third-quarter earnings season. Most expect expenditure to continue growing before eventually peaking in 2028.

Positive free cash flow (FCF) indicates that a company is generating more cash than it requires to cover operating expenses and capital investments, which is a sign of financial strength. Negative FCF could point to financial challenges or significant investments in growth. Due to the recent capex spree, the cash flows of many hyperscalers are indeed declining. However, these are as yet positive, apart from one notable exception, Oracle, whose free cash flow is already negative.

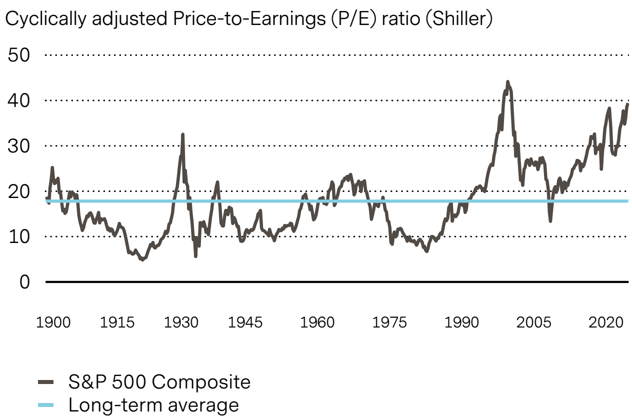
[3] The Shiller Price-to-Earnings (PE) ratio is a stock market valuation tool that divides the current market price by the average of the last 10 years' inflation-adjusted earnings, smoothing out business cycle fluctuations to show long-term value and predict future returns, thereby indicating if a market is overvalued or undervalued.
[4] Source: Fortune article, published September 10, 2025. fortune.com/2025/09/10/ai-adoption-declines-big-companies-human-skills-premium-education-gen-z/

On the profitability side, hyperscalers' 12-month forward ROA remains close to an all-time high (at over 16 percent), while their 12-month forward ROE has declined slightly but remains elevated (at above 27 percent).[5]

Finally, the start of a large volume sell-off of shares by tech executives or founders could represent a potential risk. While insider sales can occur for personal reasons, a significant, consistent pattern of insider selling could imply concerns about a company's future growth prospects. A similar pattern was observed between September 1999 and July 2000, when insiders at dot.com companies sold shares totaling USD 43 billion, twice the rate recorded in 1997 and 1998.[6] There are currently no clear signs of excessive insider selling.

To conclude, most of our indicators are not currently yet suggesting that the AI rally is in bubble territory. The only signal that has already materialized is the fact that markets have indeed grown cautious about hyperscalers' leverage. Credit default swap (CDS)[7] spreads for US tech firms are widening, mostly due to Oracle. This reflects growing investor concerns about the increasing debt these companies are taking on to fund massive projects, such as AI infrastructure.

Chart 1: The AI boom is key for stock markets



Source: LSEG, Vontobel; as of January 9, 2026.

[5] US hyperscalers excl. Oracle.
[6] Source: Ted article, published December 4, 2018. ideas.ted.com/an-eye-opening-look-at-the-dot-com-bubble-of-2000-and-how-it-shapes-our-lives-today/
[7] A credit default swap (CDS) is a contract between two parties in which one party purchases protection from another party against losses from the default of a borrower for a defined period of time.

Chart 2: Has the AI boom peaked? A checklist

		WARNING SIGNALS	STATUS	COMMENT
MODELS	1	AI model progress is waning		Exponential model improvement on-going
	2	AI adoption rates stop increasing		Adoption uptrend intact
CAPEX	3	Hyperscalers' capex guidance stops increasing		Regular upgrades to capex guidance
	4	Tech capex reaches unsustainable high levels		Not as extreme as in other capex cycles
PROFITABILITY	5	Hyperscalers' free cash flows turns negative		Still positive (except for Oracle), but falling
	6	Hyperscalers' profitability deteriorates		On elevated levels, relatively stable so far
LEVERAGE	7	Hyperscalers load up too much debt		Negative net debt (except for Oracle)
	8	Markets challenge hyperscalers' leverage	×	Rising CDS, especially for Oracle
SENTIMENT	9	Financial conditions deteriorate		Improving, not deteriorating conditions
	10	Tech bros cash out		OpenAI IPO would raise questions

Note: Not all signals have to be fulfilled to see a top in the AI boom, in an extreme case, two or three would already suffice.
Source: Vontobel; as of January 29, 2026.

Patience after the cut

—
Philipp Wartmann
Senior Investment Adviser,
Vontobel SFA

The Fed's December interest-rate cut kept the door open to further easing but signaled a higher bar for delivering it.

At its December meeting, the Fed cut the fed funds target rate by 25 bps, lowering the target range for the federal funds rate to 3.5 – 3.75 percent. This was the Fed's third cut of the year. The overall message suggested that data still leaned dovish but with a clear "don't get carried away" undertone.

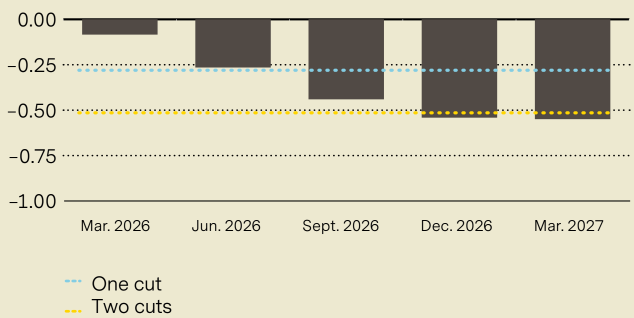
The dovish element was the macro backdrop: a stronger growth outlook and lower inflation projections are suggesting increased confidence in a soft-landing path. The hawkish element was the reaction function. The statement, together with Chair Jerome Powell's comments, pointed to a preference to sit tight for a while and let the data guide decisions, rather than keep cutting mechanically. For 2026, the dots imply just one 25 bps cut, while markets are pricing in closer to two (see chart 1). Two 25 bps cuts by year-end still appears most plausible. Inflation is proving sticky, but the Fed has an incentive to move in small steps to avoid an unnecessary tightening in financial conditions.

Under that outcome, we believe that front-end yields could grind lower, while the long end stays range-bound but with a slight downward bias. In a bullish rates scenario, fundamentals deteriorate enough to pull the Fed into faster easing, driving a bigger front-end rally and dragging longer-dated yields lower too. In the bearish scenario, sticky inflation keeps the Fed on hold for longer. In that case, the front end remains anchored by policy, while the long end is more likely to back up as inflation expectations and term premium rebuild.

Fundamentals for the credit markets are generally sound, we think that interest coverage and leverage ratios, which have been in a narrow range in the past years as well as cash to debt ratios, will likely stay strong. With the expectation of solid top and bottom-line earnings growth, we expect these ratios to remain solid for the broader investment grade market this year. Credit spreads are at low levels, but all-in yield remain attractive for the broader market. The heavy issuance of new bonds should continue but meet solid demand that supports tight spreads. Some tech names saw their spreads widening due to the heavy issuance of a few tech / hyperscaler names. The demand for high-quality, liquid tech credit is good, but additional supply in some of the weaker issuers could push credit spreads wider. This matters because we are in a rate-led market: spreads make up only about 16 percent of yield today versus roughly 38 percent over the past 15 years (see chart 2). The credit cushion is therefore thin and makes returns more sensitive to any spread-widening.

Chart 1: Fed is expected to lower rates by further 50 basis points by September 2026

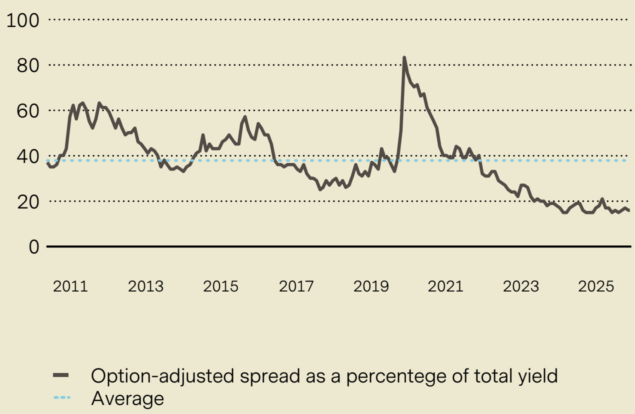
Cumulative implied Fed policy-date change, in %



Source: LSEG, Vontobel; as of January 15, 2026.

Chart 2: Spread makes up just 16 % of total yield versus a 15-year average of 38 %

In %



Source: LSEG, Vontobel; as of January 15, 2026.

2026 may present challenges but also offers opportunities

—
Susanne Knorr
Deputy Head Managed Solutions,
Vontobel SFA

In 2025, equity markets experienced a strong yet volatile year, with major indices posting double-digit gains. This growth was driven by AI enthusiasm, resilient economies and interest rate cuts, despite a major but brief setback in April following the announcement of new tariff policies.

While tech giants contributed disproportionately to overall returns mid-year, the second half of the year saw broader market participation (see chart 1), with financials and industrials also reaching new highs, and a rebound in health care.

Looking ahead to 2026, we believe the outlook for equities remains constructive, though it will likely be accompanied by volatility. In particular, the US market's ability to absorb bad news appears limited, with key risks including high valuations (see chart 2), political uncertainty from the midterm elections, inflation and cost-of-living concerns. It will be essential to navigate the market implications of this dynamic.

AI will remain a dominant theme, with focus shifting from "AI enablement," which has fueled infrastructure and development, to "AI productivity," emphasizing broader adoption and efficiency gains.

We believe that further growth should be supported by i) hyperscalers with their capacity to increase capex before exceeding their 2025 operating cashflow; ii) room for ICT investment growth in areas like data centers & electrification; iii) tech P/E close to its norm relative to the market, and far from valuations seen at bubble peaks; and iv) EPS growth, which is expected to be strong through 2027, with earnings being less sensitive to economic cycles in view of the tech leadership.

Earnings revisions are currently still more positive in technology according to Bloomberg data in comparison with other sectors, but the gap has narrowed. The AI trade could face further corrections if concerns about over-investments resurface.

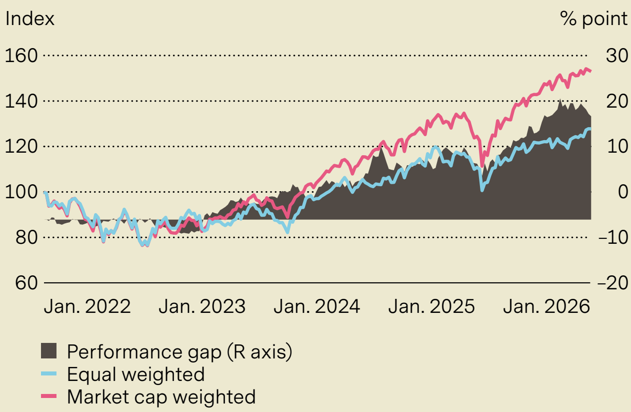
We think technology remains a critical portfolio component, but investors are encouraged to diversify into other sectors and markets, which are expected to benefit from economic re-acceleration and more attractive valuations. Additionally, the electrification trend and infrastructure upgrades, particularly in energy and grid replacements, could present long-term opportunities.

Historically, equities have often tended to rise the year after the Fed cuts rates and no recession follows.

With earnings and profit margins that we are expecting to grow further, the year ahead may offer attractive opportunities, provided risks are carefully managed.

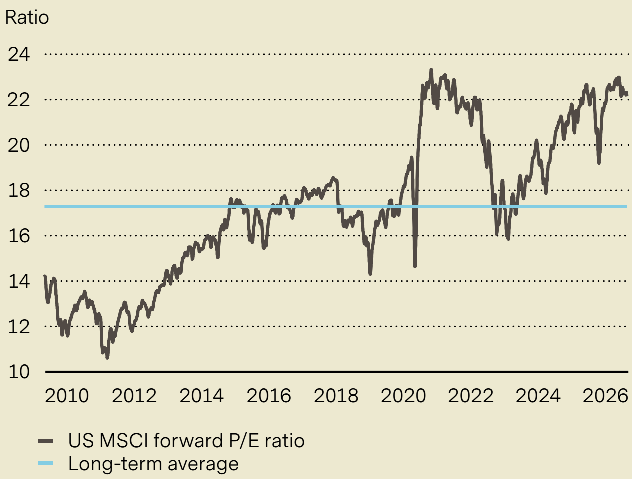
Staying selective, focusing on reasonable valuations and diversification will be key for navigating the year ahead!

Chart 1: broadening of performance towards the end of 2025



Source: Bloomberg, MSCI, Vontobel SFA; as of January 23, 2026.

Chart 1: US Price-Earnings ratio (based on forward earnings, MSCI index)



Source: Bloomberg, Vontobel SFA; as of January 23, 2026.

Gold keeps shining

—
Christoph Windlin
Head Managed Solutions,
Vontobel SFA

Sustained central bank buying, along with growing concerns about currency debasement and rising debt levels, made gold a compelling asset to own in 2025. In January 2026, these trends with a continued focus on geopolitical risks pushed gold above USD 5,500 per ounce. By now, traditional valuation metrics have taken a backseat, making it more difficult to determine a "fair value" for gold.

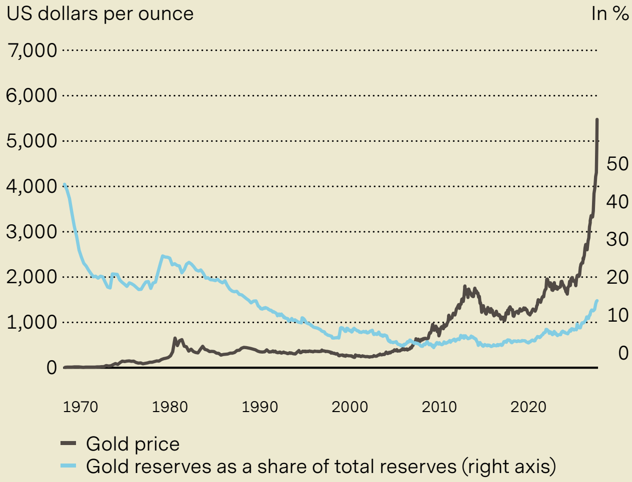
We believe gold still has upside potential, albeit with any future gains unlikely to be linear (read: volatile). On the one hand, central banks remain incentivized to diversify their reserves away from the US dollar. While their recent buying spree has raised official gold holdings to some 20 percent of total reserves, this remains well below historic levels (see chart 1). Emerging markets in particular, such as China, may still have catch-up potential. China's official gold reserves account for about eight percent of total reserves. To put this into perspective, countries like Germany hold over 70 percent. Overall, this relatively inelastic central bank demand is supportive to the gold price. While central banks may temporarily balk at elevated prices, their long-term objectives support the gold price.

On the other hand, demand is less inelastic elsewhere. Exchange traded fund (ETF) flows, which were a key driver in 2025, cooled toward year-end. This was likely due to a combination of profit-taking and fears about a more hawkish stance by the Fed. While it cut rates three times in the second half of 2025, some officials signaled that the easing cycle may soon pause or come to an end. This would be negative for a non-yielding asset like gold, which benefits from lower rates.

Furthermore, demand destruction has taken hold in the jewelry sector, with consumption down 23 percent year-on-year in Q3 2025 (see chart 2). Some shoppers are now opting for platinum over gold, while others are gravitating toward 14-karat gold as an alternative to the traditional 18-karat.

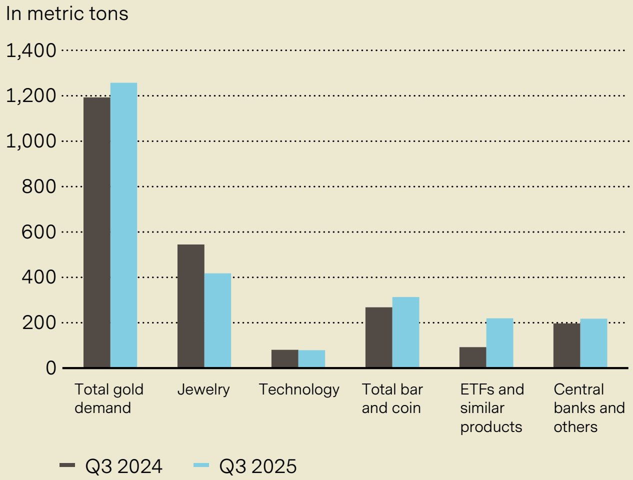
[8] China is rumored to have substantial unofficial gold holdings, making it difficult to determine its total gold reserves. Unofficial estimates put China's gold reserves at up to 5500 metric tons, more than double the officially reported holdings.

Chart 1: Gold—overvalued but underinvested?



Source: LSEG, Vontobel; as of January 23, 2026.

Chart 2: Total gold demand has risen despite declines in jewelry sector



Source: Metals Focus, World Gold Council; as of September 30, 2025.

Dollar again under pressure

—
Dr. Pieter Jansen
Chief Investment Strategist,
Vontobel SFA

During 2025, the dollar lost nearly 10 percent versus its key trading partners, according to the DXY index (chart 1). There were two key drivers for this. First, the dollar was overvalued at the start of 2025 versus a basket of currencies, based on inflation differentials. Second, portfolio flows contributed to a negative US dollar dynamic.

These portfolio flows out of US dollar were coming from both US and international investors. Some domestic investors started to worry about US fiscal dynamics and look for diversification abroad. International investors with significant concentration in US assets, sought to channel their funds into other currencies and gold. For instance, some central banks started to reduce their US dollar allocation in their foreign exchange reserves. The portfolio flows may very well continue to weigh on the dollar in the medium to long-term.

The direction is not as clear for 2026. The US dollar may possibly regain some of the losses but this will likely depend on relative growth momentum (accelerating US growth could support the US dollar) and geopolitical risks (which can lead to acceleration or deceleration of the above mentioned portfolio flows).

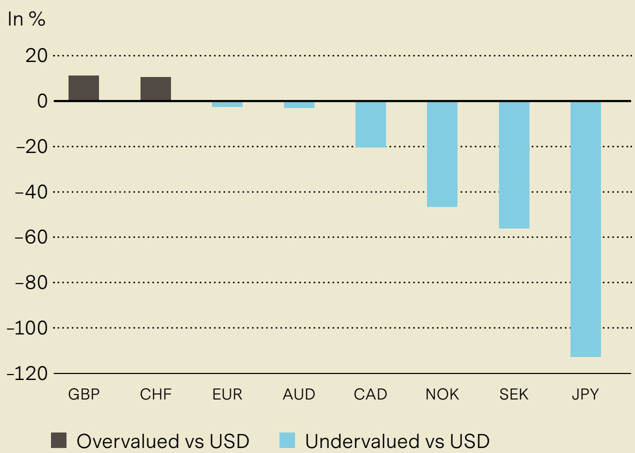
The Swiss franc gained significantly versus the US dollar in 2025 (about 13 percent). The Swiss franc has historically exhibited a tendency towards appreciation, not just versus the US dollar but against other currencies in advanced economies as well. From a longer-term perspective, the Swiss franc is supported by low debt and inflation. By keeping the real effective exchange steady, this could allow the nominal effective exchange rate to continue appreciating. There could be some consolidation in 2026. However, as we saw during January too, the franc benefits from increased market volatility as it tends to attract safe haven flows.

Several currencies—such as some Scandinavian currencies and the Japanese yen—are still undervalued versus the US dollar based on inflation differentials (chart 2). Although this undervaluation indicates some long-term appreciation potential versus the dollar, these currencies might also stay undervalued for longer. The yen is also a funding currency in what is known as the “yen carry trade”. With the Bank of Japan raising interest rates while other central banks are lowering theirs, the yen may become less attractive as a cheap funding currency, which could ultimately lead to a correction of the undervaluation.

Chart 1: DXY Dollar index

Source: Bloomberg, Vontobel SFA; as of January 22, 2026.

Chart 2: Valuation deviation versus USD based on PPP



Source: Bloomberg, Vontobel SFA; as of December, 2025.

Economy and financial markets 2025 – 2027

The following list shows the actual values, exchange rates, and prices from 2025, as well as consensus forecasts for 2026 and 2027 for gross domestic product (GDP), inflation / inflationary expectations, key central bank interest rates, 10-year government bonds, exchange rates, and commodities.

GDP (IN %)	2025[1]	CURRENT[2]	2026 CONSENSUS	2027 CONSENSUS
Global (G20)	2.4	3.3	2.7	2.7
Eurozone	1.4	1.4	1.2	1.4
USA	2.0	2.3	2.1	2.0
Japan	1.2	0.6	0.8	0.9
UK	1.4	1.3	1.1	1.4
Switzerland	1.2	0.5	1.25	1.5
Australia	1.9	2.1	2.2	2.3
China	4.9	4.5	4.5	4.3

INFLATION	2025[3]	CURRENT[4]	2026 CONSENSUS	2027 CONSENSUS
Eurozone	2.1	2.0	1.8	2.0
USA	2.7	2.7	2.8	2.4
Switzerland	0.2	0.1	0.4	0.7

KEY INTEREST RATES (IN %)	2025	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
EUR (deposit rate)	2.00	2.00	1.97	1.97
USD (Fed funds rate, upper bound)	3.75	3.75	3.44	3.22
CHF	0.00	0.00	–0.01	0.06

GOVERNMENT BOND YIELDS, 10 YEARS (IN %)	2025	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
EUR (Germany)	2.86	2.84	2.82	2.91
USD	4.17	4.22	4.1	4.07
CHF	0.32	0.25	0.35	0.61

FOREIGN EXCHANGE RATES	2025	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
CHF per EUR	0.93	0.93	0.94	0.95
CHF per USD	0.79	0.80	0.80	0.80
USD per EUR	1.17	1.16	1.19	1.20

COMMODITIES	2025	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
Brent crude oil, USD per barrel	61	64	60	60
Gold, USD per troy ounce	4,319	4,676	4,400	4,290
Copper, USD per metric ton	12,423	12,803	11,622	11,565

Note: Views are as of January 19, 2026. 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

Source: Vontobel, respective statistical offices and central banks; as of January 19, 2026.

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

vontobel.com/sfa