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UBS House View Presentation

Chief Investment Office GWM

March 2023

Don't miss this month's letter, *Inflections Diverge*, where we discuss the possible paths of the economy for the year ahead. Visit ubs.com/houseview.

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Section 1

Summary slides

House View: Overview

- The S&P 500 has faltered after rallying to start the year, as hard-landing worries have elevated on the back of stubbornly high inflation and a tight labor market. Volatility owing to geopolitical tensions and flare-ups remain a threat, while positive economic data or earnings beats will propel short-term rallies. The prospect of higher rates for longer, coupled with unattractive valuations, leads us to maintain US equities at least preferred. While bear market rallies may provide short-term gains, the likelihood of a recession is elevated. There is room for markets to climb higher if inflation comes under control, though we expect US equity markets to be slightly lower at the end of the year than today. To be clear, this is not necessarily a message to sell equities, but rather to mitigate near-term downside risks while maintaining upside exposure.
- Policy has become more restrictive as the Federal Reserve has committed to maintaining price stability, with Fed officials striking a hawkish tone. The Fed's intention is to continue tightening financial conditions until inflation is under control. They have backed that up with action, delivering 425bps of hikes in 2022, a pace not seen since the 1970s, and continued in 2023 with another hike at the first meeting of the year. No Fed officials currently project rate cuts this year. As economic data has come in, markets have ratcheted up their pricing of the terminal rate.
- In our base case, we expect elevated levels of core PCE inflation to begin to subside to target, although risk remains to the upside. Economic growth may slow, as fiscal impulse fades and consumer spending slows.
- **Asset class preferences:** We have a neutral view on equities overall but maintain preferences for select equities and fixed income.
  - We maintain US equities at least preferred. Within US stocks, we maintain our relative preference for value versus growth with a somewhat defensive sector positioning. Our most preferred sectors are energy, real estate, and consumer staples, and our least preferred sectors are technology, communication services, and financials.
  - We are most preferred on global energy stocks, as well as Australian and British equities. We maintain emerging market equities at most preferred, as earnings momentum and estimate revisions have bottomed.
  - Within fixed income, we keep US high yield bonds and senior loans least preferred, with US investment grade bonds most preferred. We remain most preferred on agency MBS.
  - We view oil and commodities as an attractive hedge against geopolitical tensions.

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House View: Executive summary

Month in review

- As we near the end of the first quarter, inflation is high, interest rates are still rising, and growth expectations are falling, with geopolitical tensions, financial stresses, and the legacy of COVID-19 adding to uncertainty.
- Persistent inflation, rising rates, falling growth estimates, and heightened financial stress make the short-term risk-reward for markets unfavorable. We think a more constructive environment for risky assets will emerge through 2023, and we see the longer-term return outlook for diversified investors as relatively good. We therefore focus on mitigating near-term downside risks while maintaining upside exposure for the long term.
- On an asset class level, we prefer oil and energy-related investments. Within equities, we believe value-oriented companies will outperform. Investors should ensure portfolios are well diversified, with exposure to alternatives such as hedge funds and private markets.

Global economic outlook

- Negative real wage growth in developed economies is slowing consumer demand, and with that overall growth. However, employment remains relatively strong, limiting the need for precautionary savings. Changing consumption patterns also mean that some parts of the economy have more resilience. Seasonal adjustment may add to data volatility in the early part of the year.
- Inflation rates have peaked and are starting to moderate. Consumer durable goods are in disinflation or deflation as demand has switched toward services. While profit margin expansion has pushed inflation higher in certain sectors, weakening consumer demand and less consumer acceptance of price increases is likely to squeeze margins in some sectors. Base effects from energy will push the year-over-year inflation lower from the second quarter.
- Central banks' communication is likely to err on the hawkish side, as inflation remains too high. Central banks will continue to raise rates until they see inflation slow to a level they are comfortable with.

Tactical preferences

Preferred Investment Views

Asset Classes	Most Preferred	Least Preferred
Equities	• US large-cap value • Emerging market equities • UK equities • Australia equities	• US equities • US large-cap growth
Fixed income	• IG corporate bonds • Agency MBS • EM hard-currency FI	• US gov't bonds (int.) • HY corporate bonds • Senior loans
Foreign exchange	• AUD	
Real assets	• Commodities • Oil	
US sectors	• Energy • Real estate • Consumer staples	• Financials • Information technology • Communication services

Economic forecasts (real GDP, in %)

	2021	2022E	2023E
US	5.9	2.1	0.8
Eurozone	5.3	3.5	0.8
China	8.4	3.0	4.9
Latin America	6.8	3.5	0.7
World	**6.5**	**3.3**	**2.4**

Source: UBS, as of 1 March 2023

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House View: Equities

Overview

- US stocks are off to a good start this year, propelled by better near-term US and global economic growth prospects. US consumer spending has been supported by solid labor market dynamics and healthy household balance sheets. Despite mixed signals on inflation, pressures are generally easing. Cautious investor positioning has also helped propel gains as improvement in global growth surprised.
- In our global tactical asset allocation, we keep US equities as least preferred and UK and Australia as most preferred. We maintain emerging market equities as most preferred. Across sectors globally, we like energy, industrials, and consumer staples, and are least preferred on information technology, healthcare, and communication services. Across styles, we prefer value and quality income to growth.

US equities: Style, Size, and Sector Preferences

- **Size: Neutral across size segments.** Today's inverted yield curve suggests the business cycle is in its later stages, which typically is a more challenging environment for small- and mid-caps. However, a steepening yield curve seems likely at some point this year and valuations are near the lowest levels relative to large-caps in at least 40 years, mitigating relative downside risks.
- **Style: Value over growth.** Higher interest rates in 2022 were the initial catalyst for value outperformance last year. But over the last several quarters, relative earnings trends have also moved in favor of value stocks. This is partly due to the fall-off in demand for tech products and services after the surge in spending in the early days of the recovery from the pandemic. Since many growth companies seem to have overexpanded during the good times, it appears that more cost-cutting may be necessary to right-size these businesses and set up a period of better earnings growth.
- **Slight defensive sector positioning.** We prefer a somewhat defensive sector stance, with a preference for energy, real estate, and consumer staples, and a least preferred view on financials, communication services, and information technology.

International equities

Neutral international developed equities:

- **Eurozone: neutral.** While fears of energy crunches in the Eurozone have faded on the back of a milder-than-expected winter, geopolitical tensions are still looming over the region, which is also likely to enter a period of slower growth. All in all, downside risks to earnings seem partially priced in at current levels, with valuations looking fair to us. We believe that much of the recent strength is justified by an improving fundamental outlook, but we see limited further upside from here.
- **UK: most preferred.** Our view is that the FTSE 100 will continue to make new highs over the course of this year. While we anticipate an overall earnings decline of around 5% this year, this is mostly driven by year-over-year declines in commodity prices along with some negative impacts on the consumer from negative real wages. The majority of other sectors are still expected to post positive earnings growth for 2023. Meanwhile, we expect a moderate rerating of the UK equity market, as yields and inflation stabilize through the year.
- **Japan: neutral.** We see limited downside risks to share prices, given their cheap valuations and resilient earnings trends relative to other developed markets. We think China's faster-than-expected reopening should also be positive for select Japanese companies in 2023, particularly in the machinery-related and consumer sectors. Other factors that may spur earnings growth include the ongoing domestic reopening and the increase in inbound tourism, supported by a weaker yen versus pre-pandemic levels.

Most preferred emerging markets:

- Over the past month, MSCI EM saw a mid-single-digit pullback as markets reassessed expectations of the Federal Reserve's terminal rate and geopolitical tensions rose. We still expect China's economic reopening to be a catalyst for EM stocks' outperformance relative to their developed market peers. The pickup in Chinese consumer demand is set to benefit emerging Asia and increase the demand for raw materials, supporting several commodity producers in the emerging world.

House View: Fixed income commodities

Fixed income: overview

- We think more defensive higher-quality segments of fixed income are appealing, given the all-in yields on offer and as inflation risks transition to growth risks. Within this context, we maintain a preference for high grade and investment grade bonds.
- Tighter lending standards and slower growth suggest higher corporate default risk, while liquidity risk premiums are likely to rise over time as central banks continue to tighten money supply. As a result, we see high yield spreads as vulnerable relative to the other two segments.
- China's recent economic reopening has improved sentiment and is likely to contribute positively to global growth dynamics. EM bonds benefit both directly and indirectly from this.

Commodities

- We see another strong year for commodities in 2023 and forecast high-teens percentage total returns on an asset class level.
- Our positive view is based on a robust economic recovery in China, the start of a Fed rate-cutting cycle later in the year, and several unresolved supply-side issues that should keep market balances tight.
- **Neutral: Gold.** After a strong start to the year, gold has given up all its early gains as better-than-expected US data and the related reset in US interest rate expectations have strengthened the USD. While we see higher prices over our investment horizon, given Fed policy uncertainties, we currently prefer to sell gold's downside price risks instead of adding new long positions.
- **Most preferred: Oil.** We continue to hold a positive outlook for crude prices, driven by recovering oil demand supported by the reopening of the Chinese economy. Additionally, we continue to expect Russian oil production to decline as a result of the European embargo on Russian oil imports. We continue to expect Brent oil prices to move north of USD 100/bbl this year, with non-OPEC+ supply growth expected to trail demand growth. That said, we temper the price recovery path, cutting our Brent June forecasts by USD 10/bbl to USD 100/bbl and the September and December forecast by USD 5/bbl to USD 105/bbl.

US fixed income

- **Neutral: US government bonds.** We have a neutral view on Treasuries, as market expectations for the fed funds rate are in line with Fed rhetoric.
- **Neutral: Municipals.** Munis provide a steady stream of interest income exempt from US federal and often state and local income taxes and have a low probability of default and minimal correlation with equity securities.
- **Most preferred: Investment grade (IG).** We maintain a barbell approach of short-end 1–3-year IG alongside incrementally adding to our interest rate risk via 7–10-year IG corporates. Our higher-quality allocation remains a highlight in 2023, and IG corporates are part of our preferred allocation versus higher credit embedded high yield.
- **Most preferred: Agency MBS.** The recent widening in spreads has not changed our view. The give-back from the January performance is due to rising interest rates, and particularly volatility which we have expected to be an occasional headwind. We continue to hold the higher-quality, stronger-liquidity sector with a preferred weighting as the economy is expected to slow in the second half of the year.
- **Least preferred: US high yield (HY).** We expect various technical factors that helped support spreads to dissipate over the next few months and project elevated default rates and weaker credit metrics.

International fixed income

- **Neutral: Developed markets.** Non-US developed market bond yields remain very unattractive to us. We do not recommend a strategic asset allocation to the asset class.
- **Most preferred: Hard-currency EM bonds.** Emerging market (EM) bonds have benefited significantly from a decline in US inflation, a shift in China's COVID policy stance, and increased support to China's property sector. While spreads on EM sovereign and corporate bonds have tightened in recent months reflecting these positive developments, we think spreads are likely to remain supported by signs of further progress on these drivers. We see value in EM sovereign bonds where current valuations are attractive relative to historical levels.

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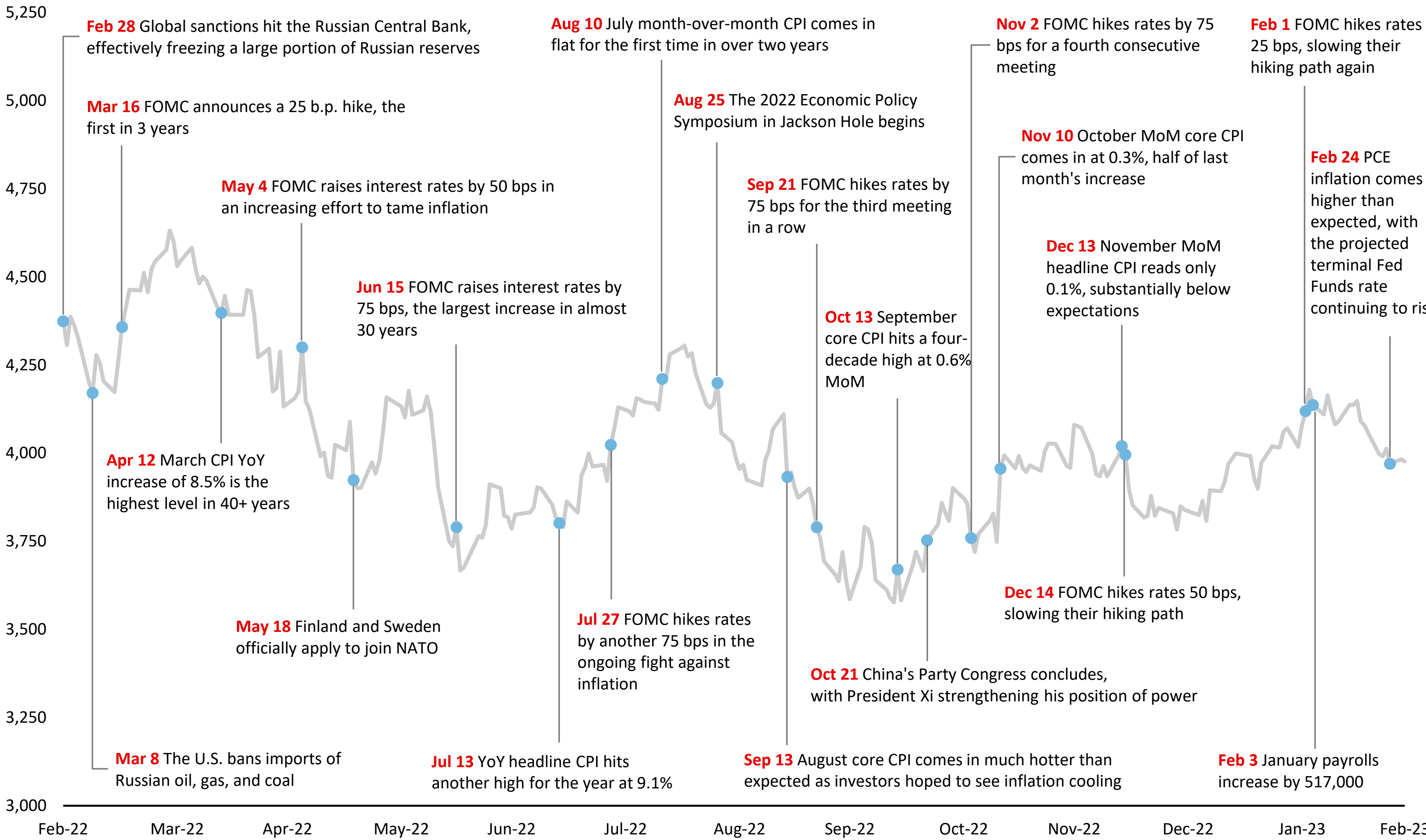
Section 2

What has happened so far, and what comes next?

Stock valuations remain compressed despite January rally

S&P 500 index level, with callouts for select news items



Source: Bloomberg, UBS, as of 28 February 2023

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Most asset classes are off to a better start in 2023

"Quilt chart" of select asset classes' calendar year performance

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2000-2023 return (ann.)	2000-2023 return standard deviation
Highest return	13.2%	7.2%	11.5%	55.8%	25.6%	34.0%	32.1%	39.4%	12.4%	78.5%	26.9%	10.7%	18.2%	38.8%	**13.2%**	3.3%	21.3%	37.3%	1.3%	**31.4%**	**21.0%**	**26.5%**	-8.5%	8.0%	7.0%	18.8%
	11.7%	5.3%	9.6%	47.3%	20.3%	13.5%	26.3%	11.2%	-2.5%	58.2%	18.9%	9.0%	17.3%	**33.1%**	9.1%	**0.9%**	17.1%	25.0%	0.9%	25.5%	20.0%	14.8%	-11.2%	5.9%	**6.2%**	**17.9%**
	0.2%	5.1%	-1.4%	38.6%	18.3%	**8.0%**	18.4%	8.7%	**-21.8%**	31.8%	**16.1%**	5.0%	**16.4%**	22.8%	**6.4%**	0.9%	**12.1%**	**21.7%**	-2.1%	22.0%	18.3%	11.3%	-12.3%	**3.7%**	5.9%	14.9%
	-3.0%	2.5%	**-4.2%**	**29.9%**	**11.4%**	**6.3%**	**15.5%**	**7.3%**	-26.2%	**28.4%**	15.1%	**1.8%**	16.3%	**11.8%**	4.9%	**0.1%**	11.2%	14.6%	**-4.2%**	18.4%	**10.4%**	**8.1%**	-14.5%	3.0%	5.3%	28.5%
	-5.9%	-2.6%	-6.2%	29.0%	11.1%	4.6%	**13.0%**	**5.8%**	-33.8%	27.2%	**9.2%**	**1.5%**	15.8%	7.4%	4.9%	-0.8%	**5.2%**	**14.4%**	**-4.8%**	**16.8%**	7.9%	5.3%	**-15.0%**	**2.5%**	**5.1%**	**10.4%**
	-7.8%	**-3.6%**	-15.9%	**21.9%**	**10.8%**	3.5%	11.8%	3.4%	**-37.6%**	**24.8%**	7.8%	-4.2%	**11.7%**	-2.6%	2.5%	-4.4%	1.0%	7.5%	-11.0%	14.3%	7.8%	1.5%	**-19.1%**	2.4%	4.1%	4.8%
	-14.2%	**-12.4%**	-20.5%	5.3%	4.5%	2.7%	4.8%	1.9%	-43.4%	12.9%	5.5%	-12.1%	6.8%	-2.6%	-2.2%	-4.5%	1.0%	5.4%	-13.8%	7.5%	7.1%	-2.3%	-20.1%	0.5%	3.4%	5.6%
Lowest return	-30.8%	-21.4%	**-21.7%**	2.4%	3.5%	2.7%	3.5%	-1.6%	-53.3%	-2.2%	2.4%	-18.4%	2.0%	-2.6%	-4.9%	-14.9%	0.2%	2.3%	-14.6%	6.8%	5.2%	-2.5%	-20.4%	-0.4%	3.1%	19.2%

US Large-cap Equities | US Small-cap Equities | Int'l Dev Equities | EM Equities | **60/40 Portfolio** | US Gov Fixed Income | US Municipals | US High Yield Credit

Source: Bloomberg, UBS, as of 1 March 2023
Note: The 60/40 portfolio is comprised of 40% US government bonds, 30% large cap US equities, 20% developed market international equities, and 10% emerging market equities. For periods prior to 2009, this illustration assumes that the Bloomberg Barclays EM Local Currency Government Total Return Index allocation (inception date of 4 July 2008) was invested fully in the Bloomberg Barclays EM USD Aggregate Total Return Index.

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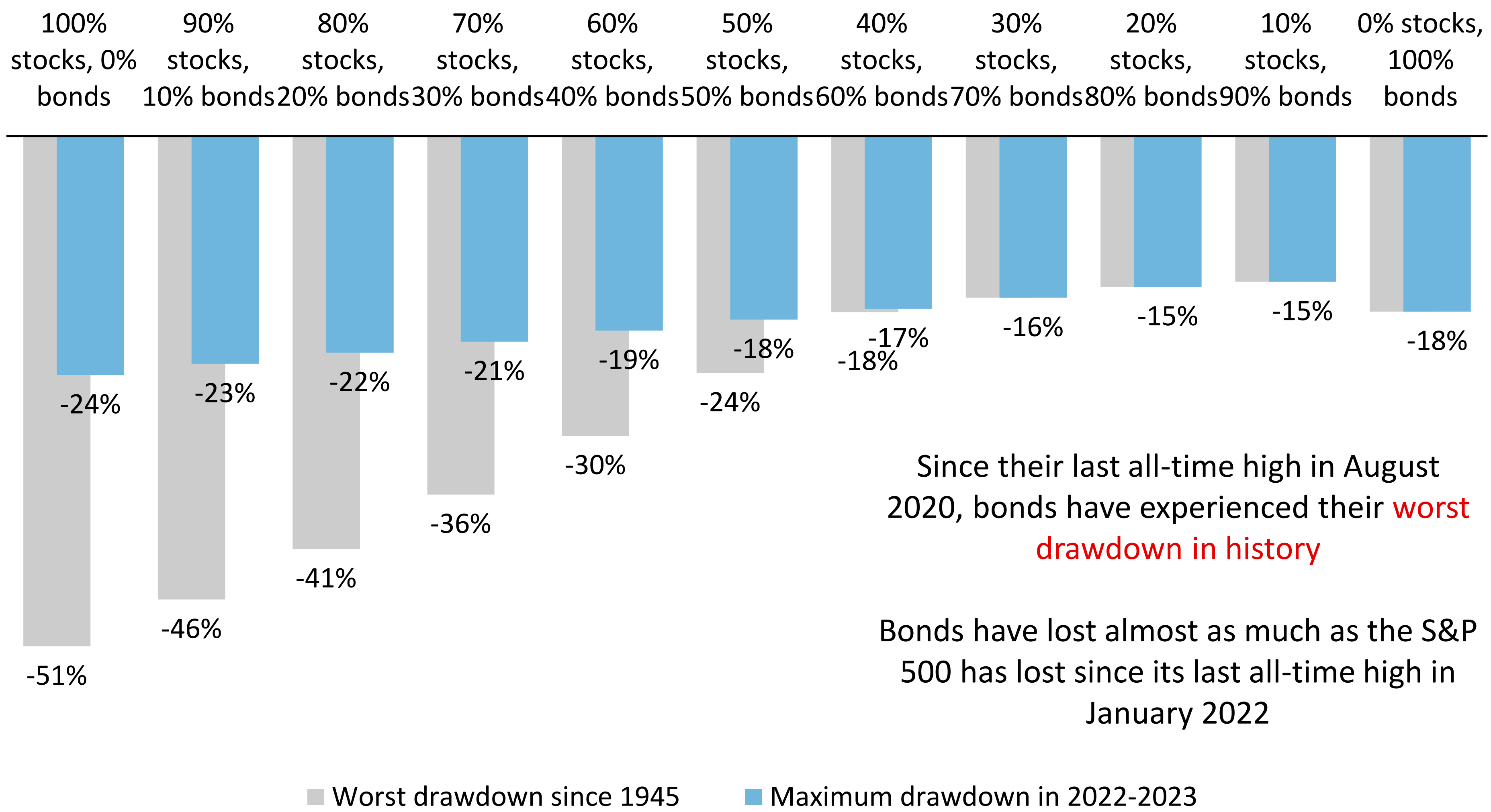
All diversified portfolios have endured heavy losses

Drawdowns (losses from last all-time high) for various stock/bond portfolios, composed of US large-cap stocks and US intermediate-duration government bonds



Risk assets have faltered after last month's rally

Performance, select asset classes

	1 month	YTD	FY 2022
Cash	0.3%	0.7%	1.5%
US Gov't FI (short)	-1.1%	-0.2%	-3.8%
US Gov't FI (intermediate)	-3.5%	-0.8%	-10.5%
US Gov't FI (long)	-7.0%	0.6%	-31.0%
US TIPS	-2.4%	0.1%	-11.8%
US Municipal FI	-2.3%	0.5%	-8.5%
US IG Corp FI	-4.2%	0.1%	-15.3%
US HY Corp FI	-1.8%	2.4%	-11.2%
EM FI (Hard)	-3.3%	0.5%	-17.8%
EM FI (Local)	-2.9%	1.9%	-11.7%
US All-cap	-3.8%	4.0%	-19.2%
US Large cap growth	-3.5%	6.4%	-29.1%
US Large cap value	-4.3%	1.3%	-7.5%
US Mid cap	-3.8%	5.5%	-17.3%
US Small cap	-3.1%	8.0%	-20.4%
Int'l Developed Markets	-2.5%	5.9%	-14.5%
Emerging Markets	-5.6%	3.0%	-20.1%
Preferreds	-3.8%	9.7%	-20.7%
MLPs	-1.1%	5.3%	30.9%
US Real Estate	-6.5%	4.0%	-24.4%
Senior loans	0.0%	3.0%	-0.6%

Source: Bloomberg, UBS, as of 1 March 2023

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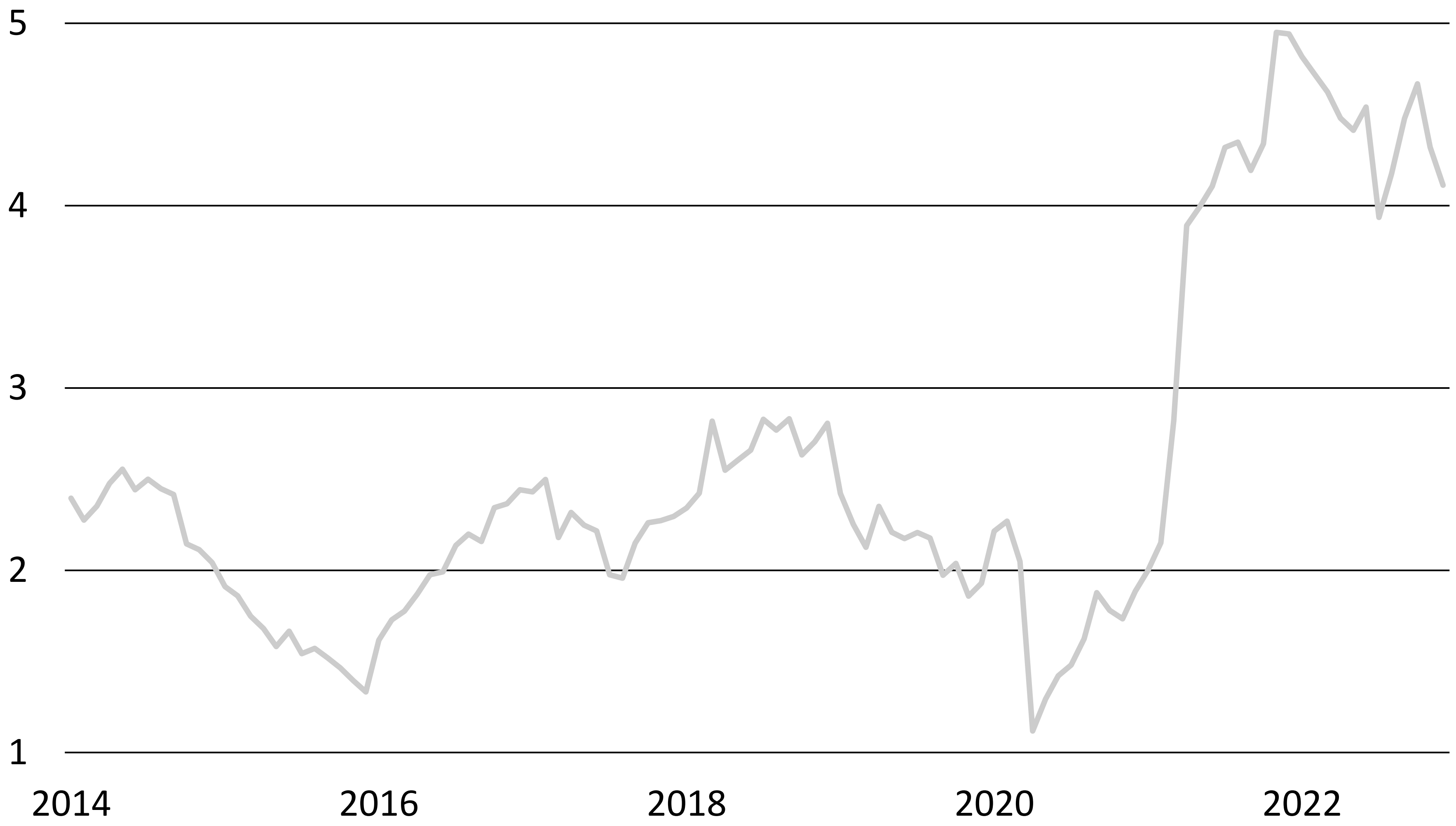
US inflation is still too high for the Fed to turn dovish

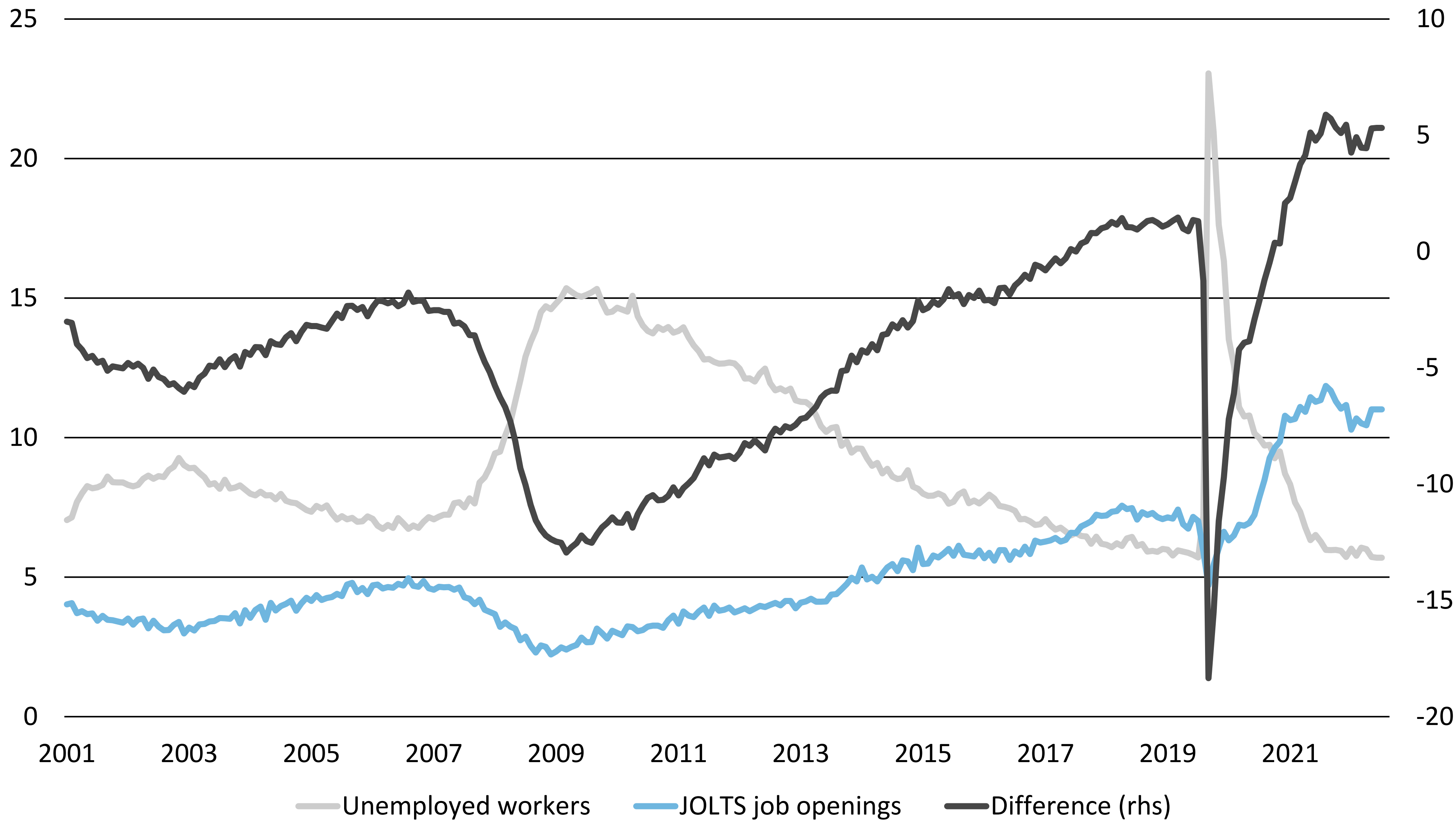
PCE core services ex housing, in %



Source: Bloomberg, BEA, UBS, as of February 2023

The labor market is historically tight

Unemployed workers, job openings, in millions (lhs); difference, in millions (rhs)



Source: Bloomberg, UBS, as of 1 March 2023

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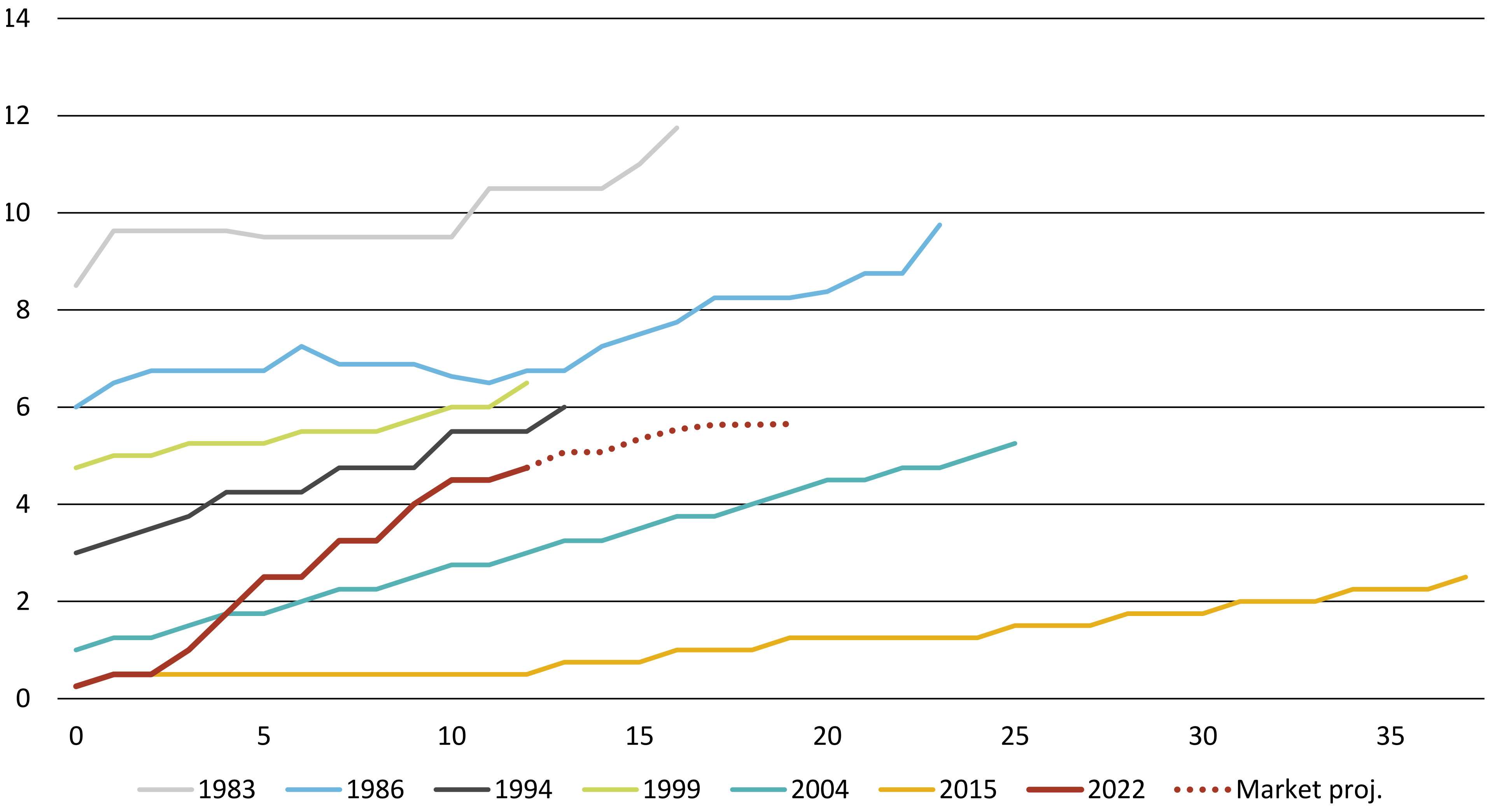
Wage costs need to come down for services inflation to fall

Employment Cost Index, y/y; CPI core services, y/y, in %

Source: Bloomberg, BEA, UBS, as of February 2023

The FOMC has hiked rates at an unprecedented pace

Fed funds rate-hiking cycles since 1980, with t=0 months representing the start of the rate-hiking cycle



Source: Bloomberg, UBS, as of 2 March 2023

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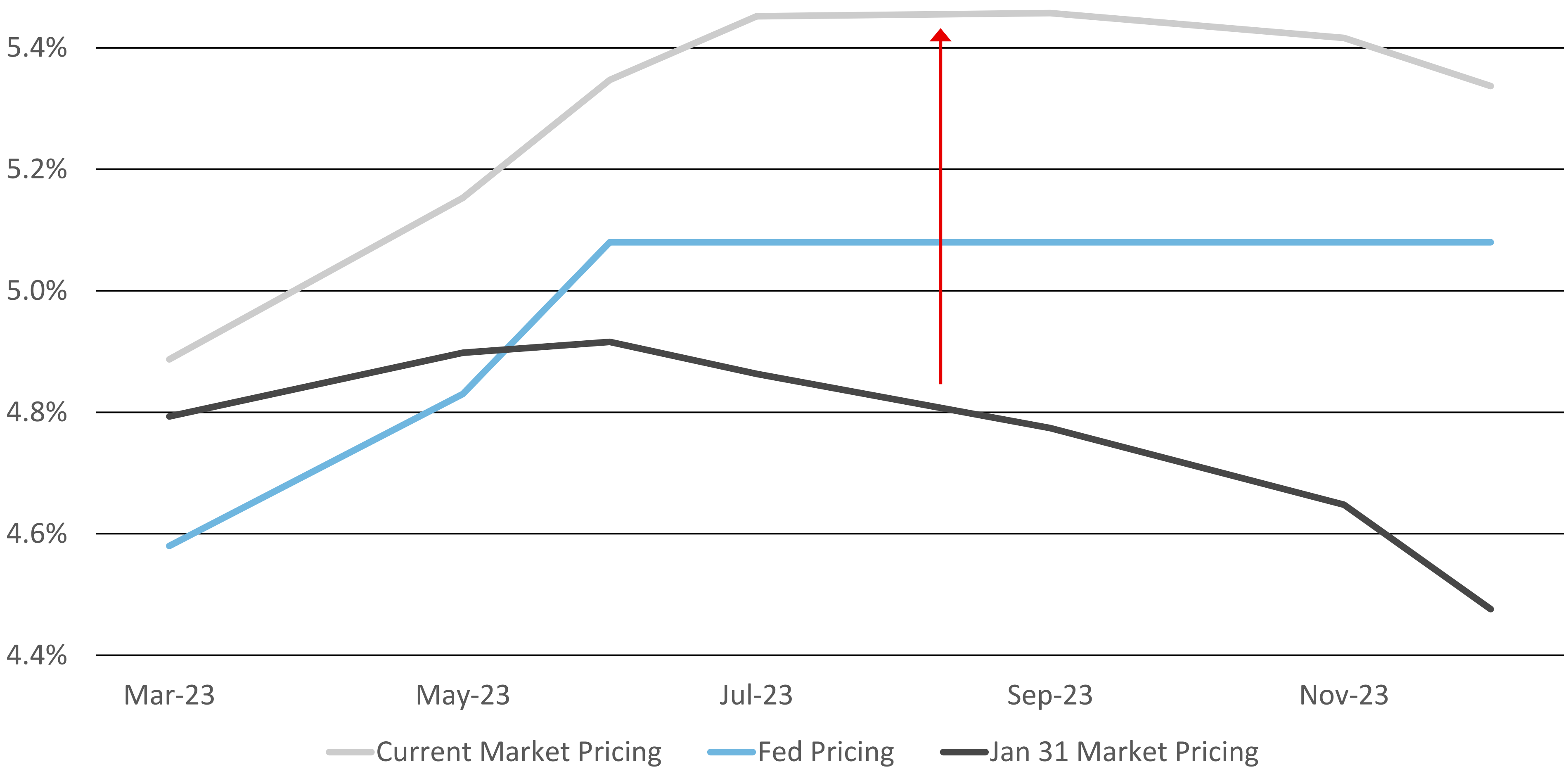
Market pricing has moved above Fed dots since last meeting

Estimated fed funds rate by December 2023 based on fed funds futures and Fed rhetoric. Fed pricing assumes 25bps hikes per meeting until the most recent median dot is reached—based on Fed official comments and February 2023 meeting minutes, which indicated no FOMC members anticipated cuts before 2024



Source: Bloomberg, UBS, as of 28 February 2023

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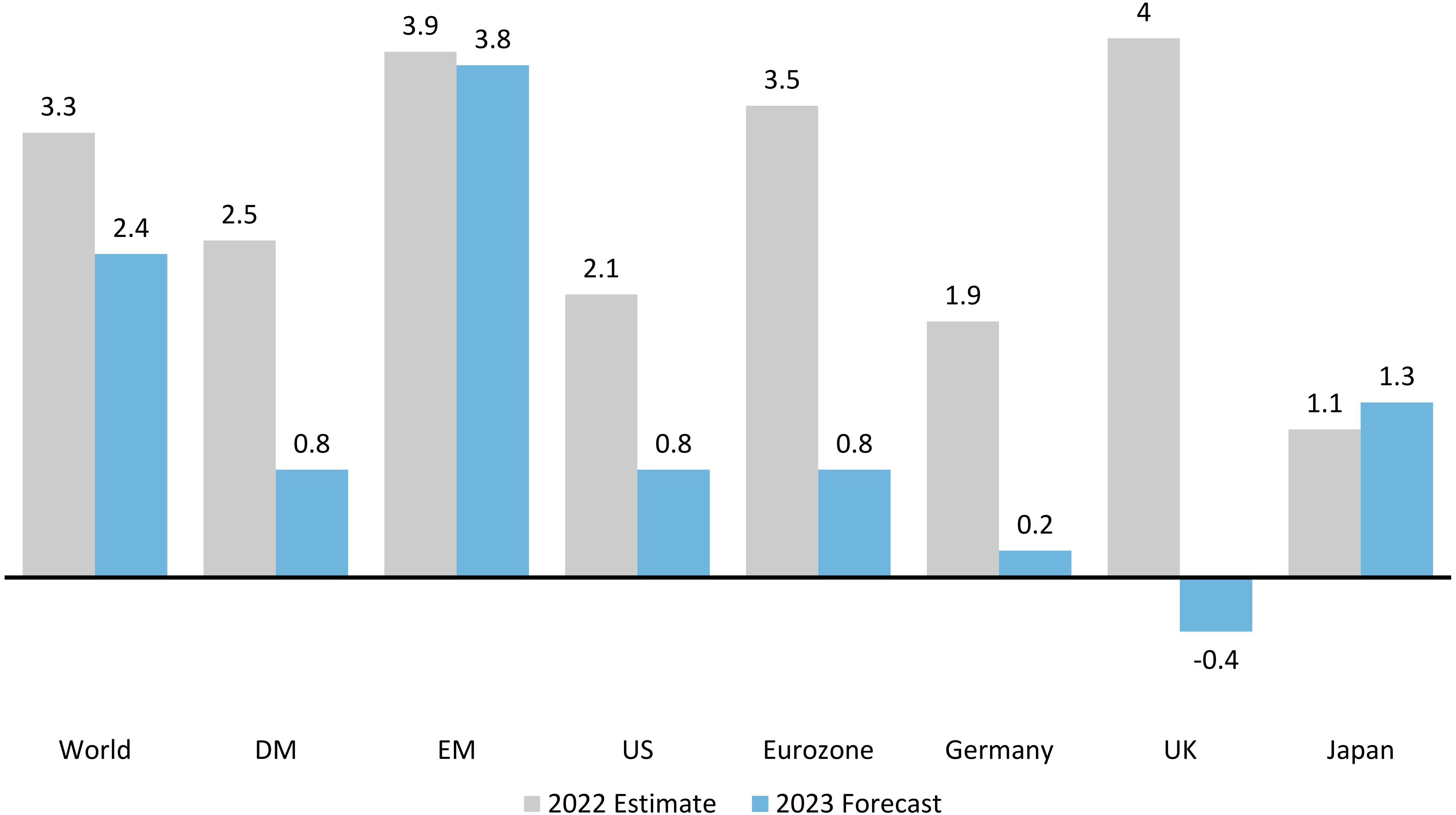
2023 will be a year of slower economic growth

Real GDP growth expectations (%, year-over-year)



Source: UBS, as of 28 February 2023

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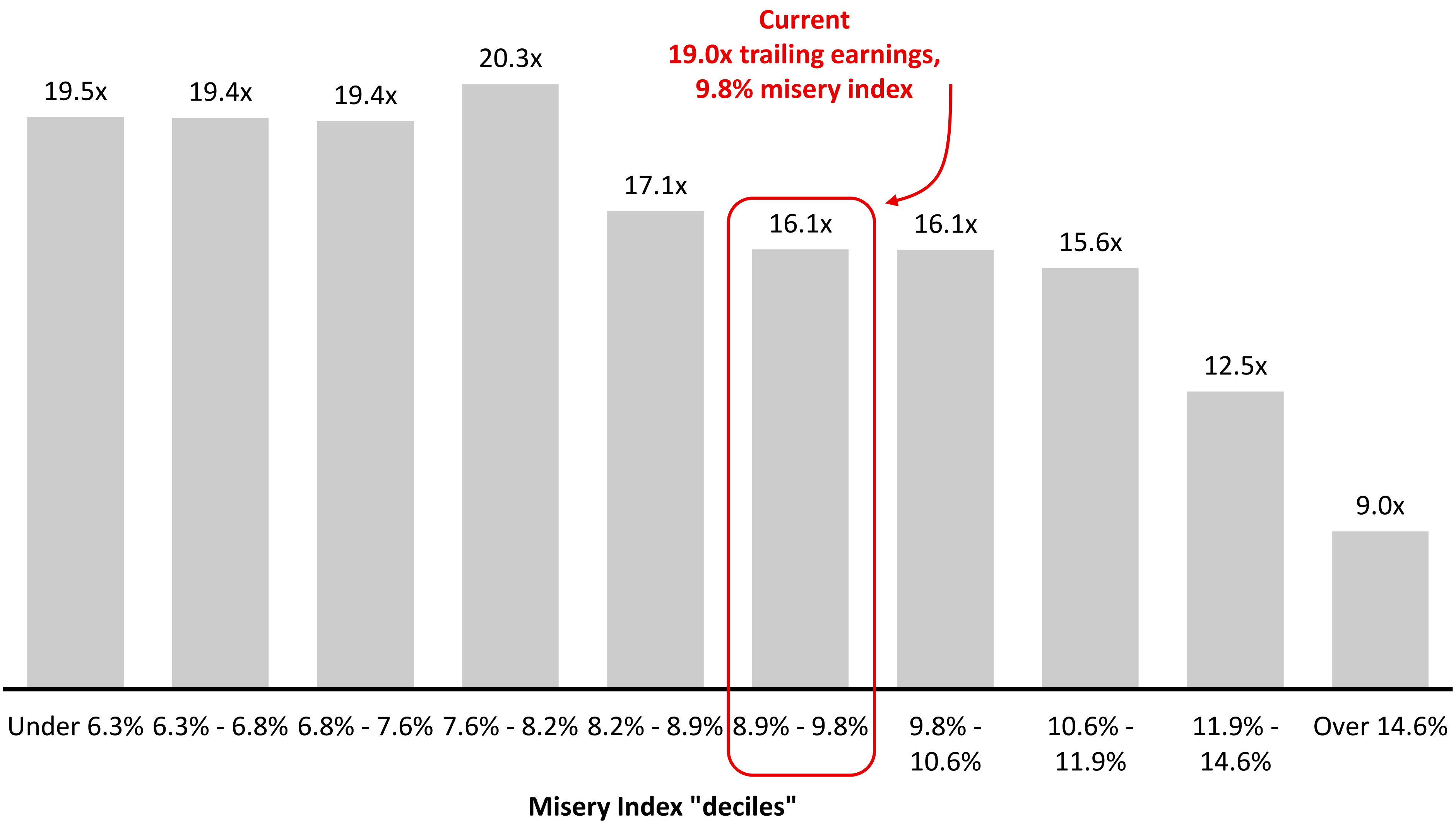
Equity valuations are still looking through near-term misery

Average trailing S&P 500 P/E across Misery Index deciles. Misery Index = Inflation + Unemployment rates



Source: Bloomberg, UBS, as of 1 March 2023

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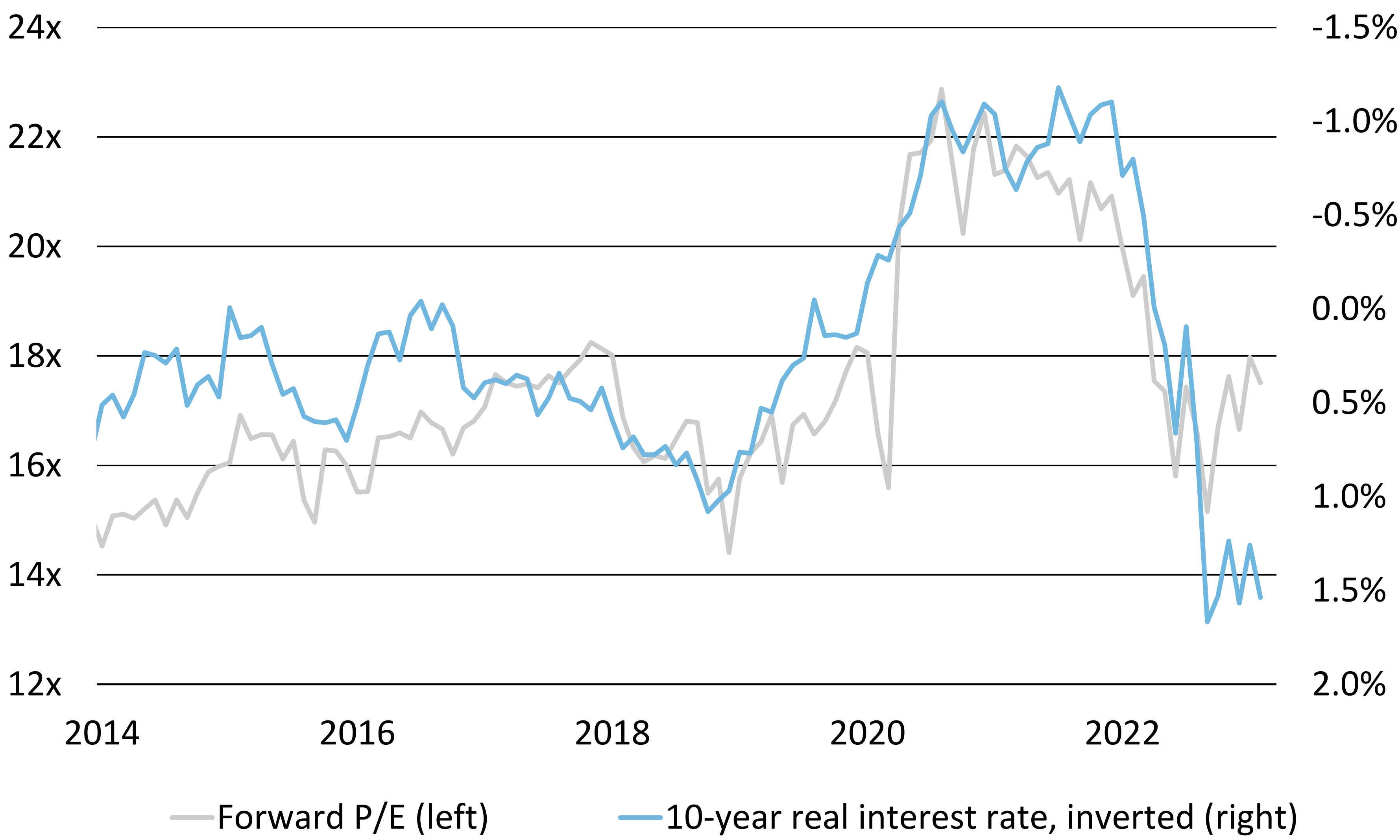
Rising real rates drove last year's equity derating

S&P 500 forward P/E (lhs); 10-year real interest rate, inverted (rhs)



Source: Bloomberg, FactSet, UBS, as of 27 February 2023

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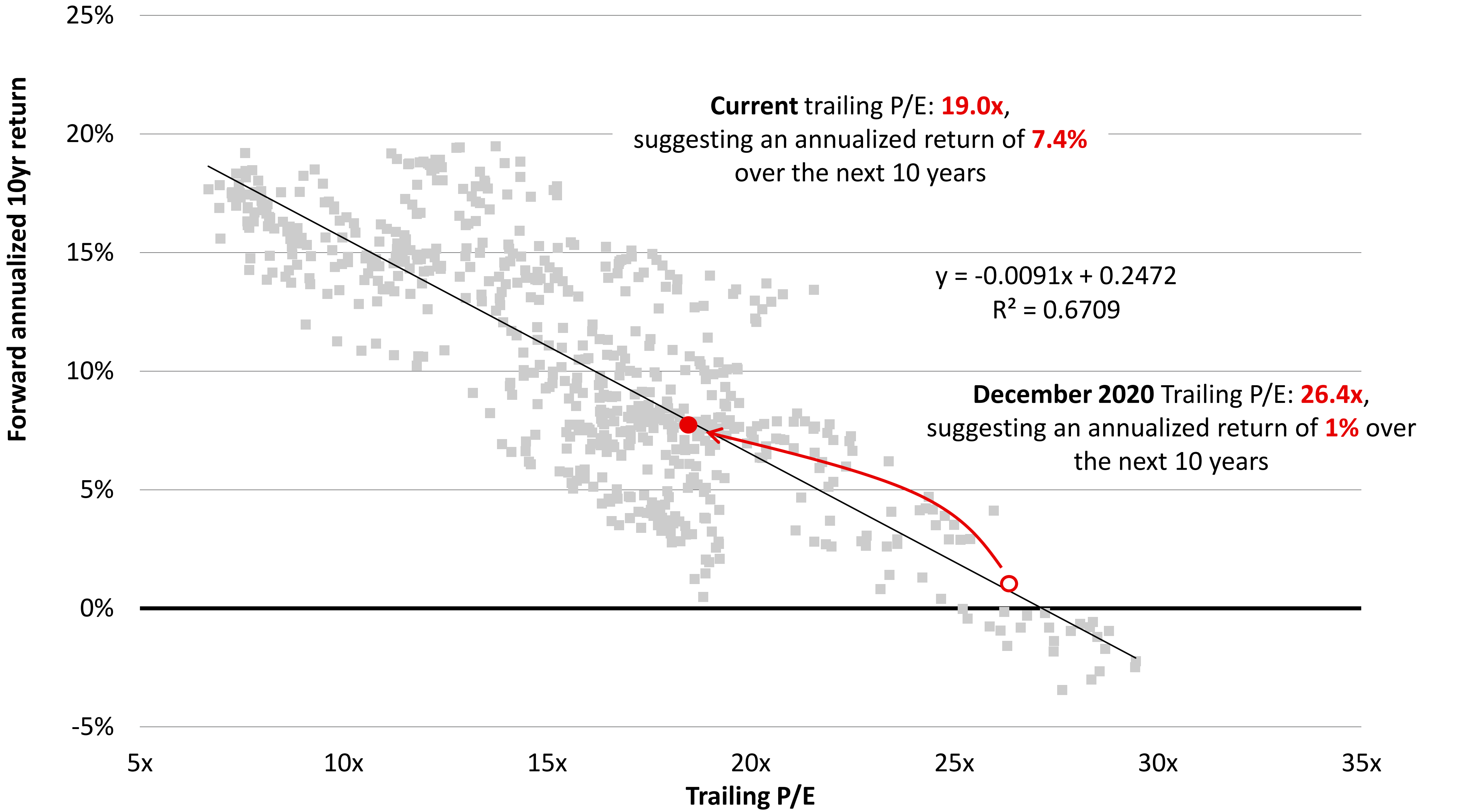
Lower valuations have improved the return outlook for stocks

S&P 500 trailing price-to-earnings ratio (P/E) and returns over the next 10 years, since 1960



Source: Bloomberg, UBS, as of 1 March 2023

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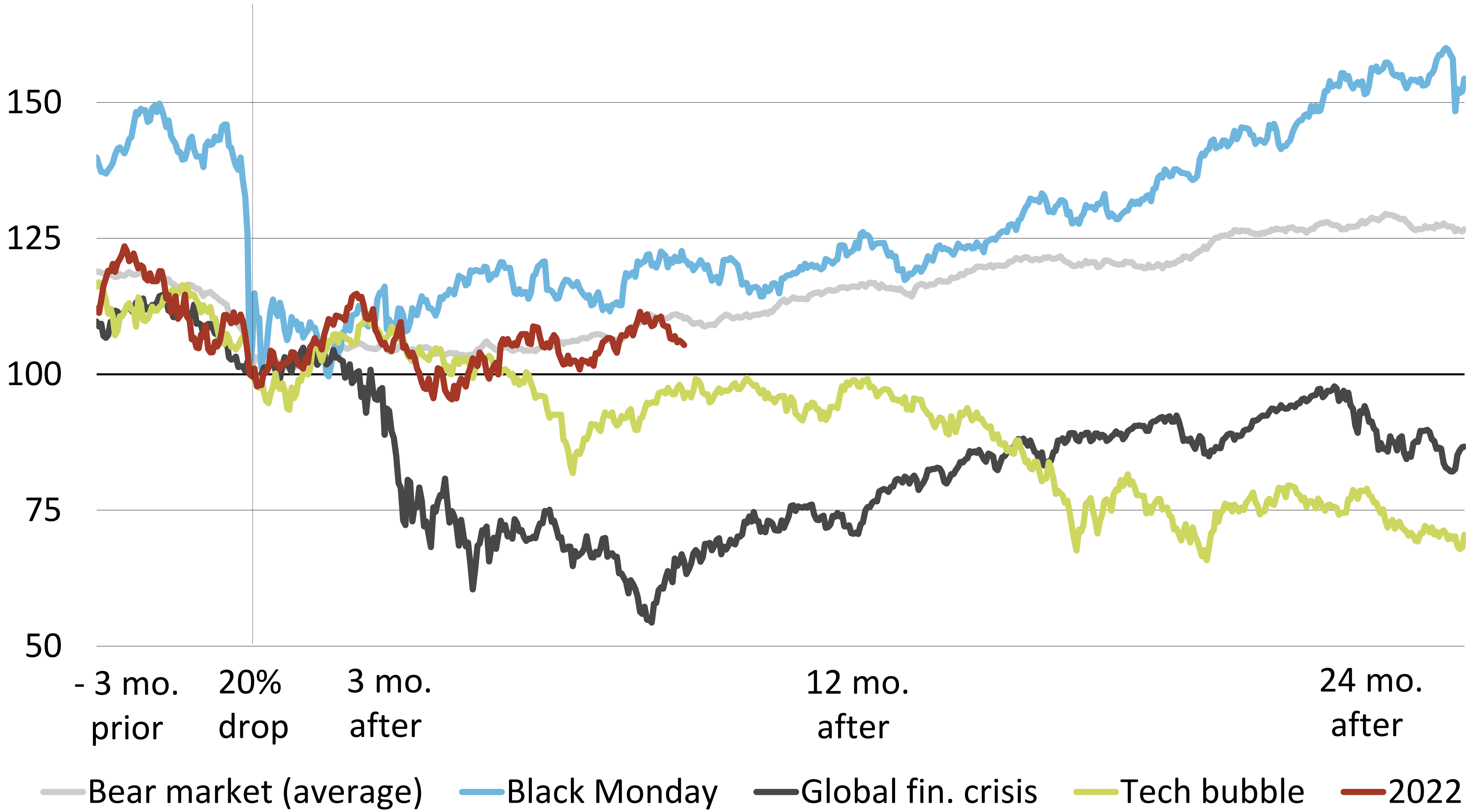
Still, the range of potential outcomes is wide

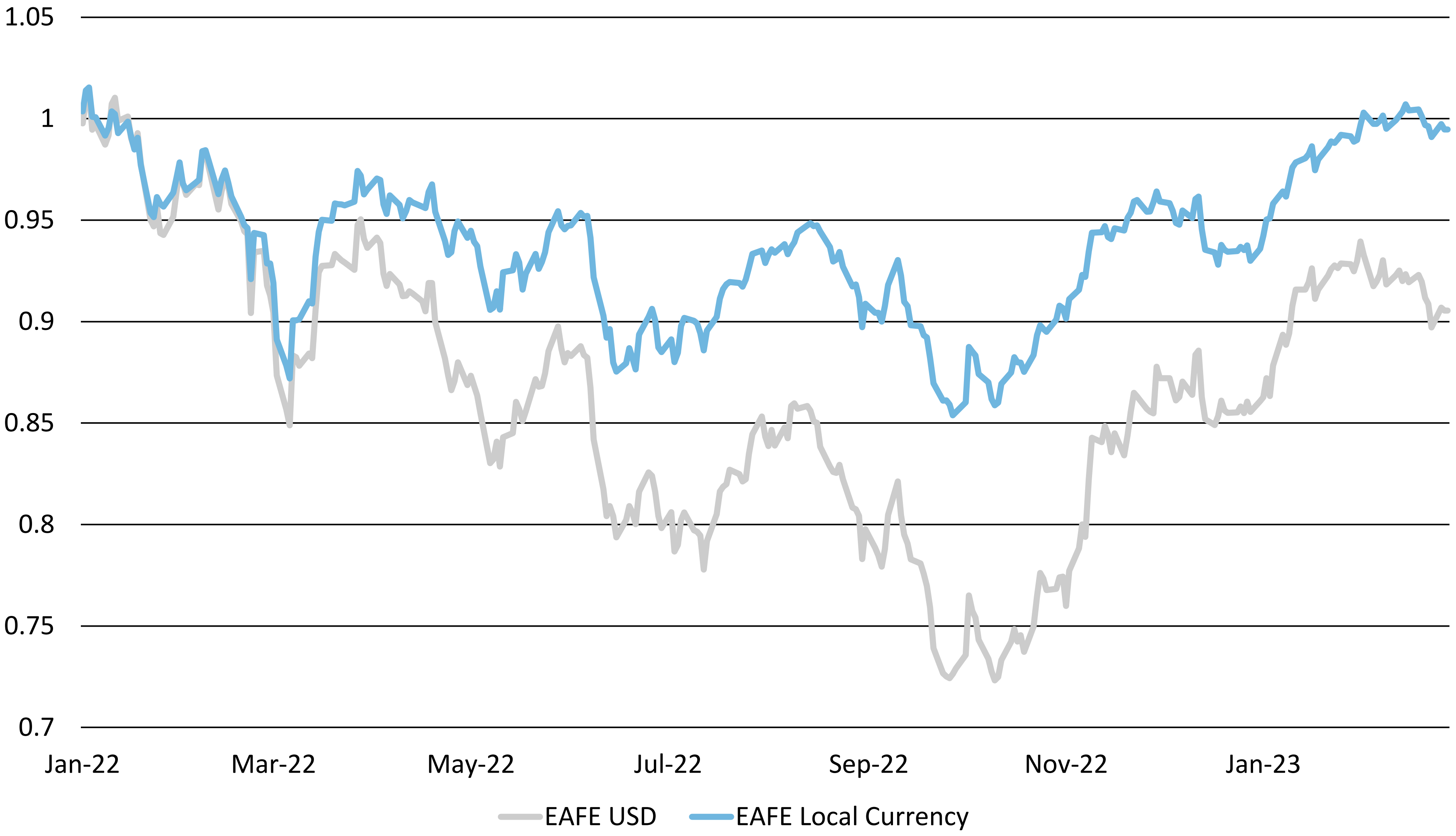
S&P 500 price returns in select bear markets (losses of more than 20%, indexed to 100 = 20% drawdown threshold)



Source: Bloomberg, UBS, as of 28 February 2023

USD strength has hurt foreign investments

MSCI EAFE USD vs. MSCI EAFE Local Currency, indexed to 1 = 31 December 2021



Source: Bloomberg, UBS, as of 28 February 2023

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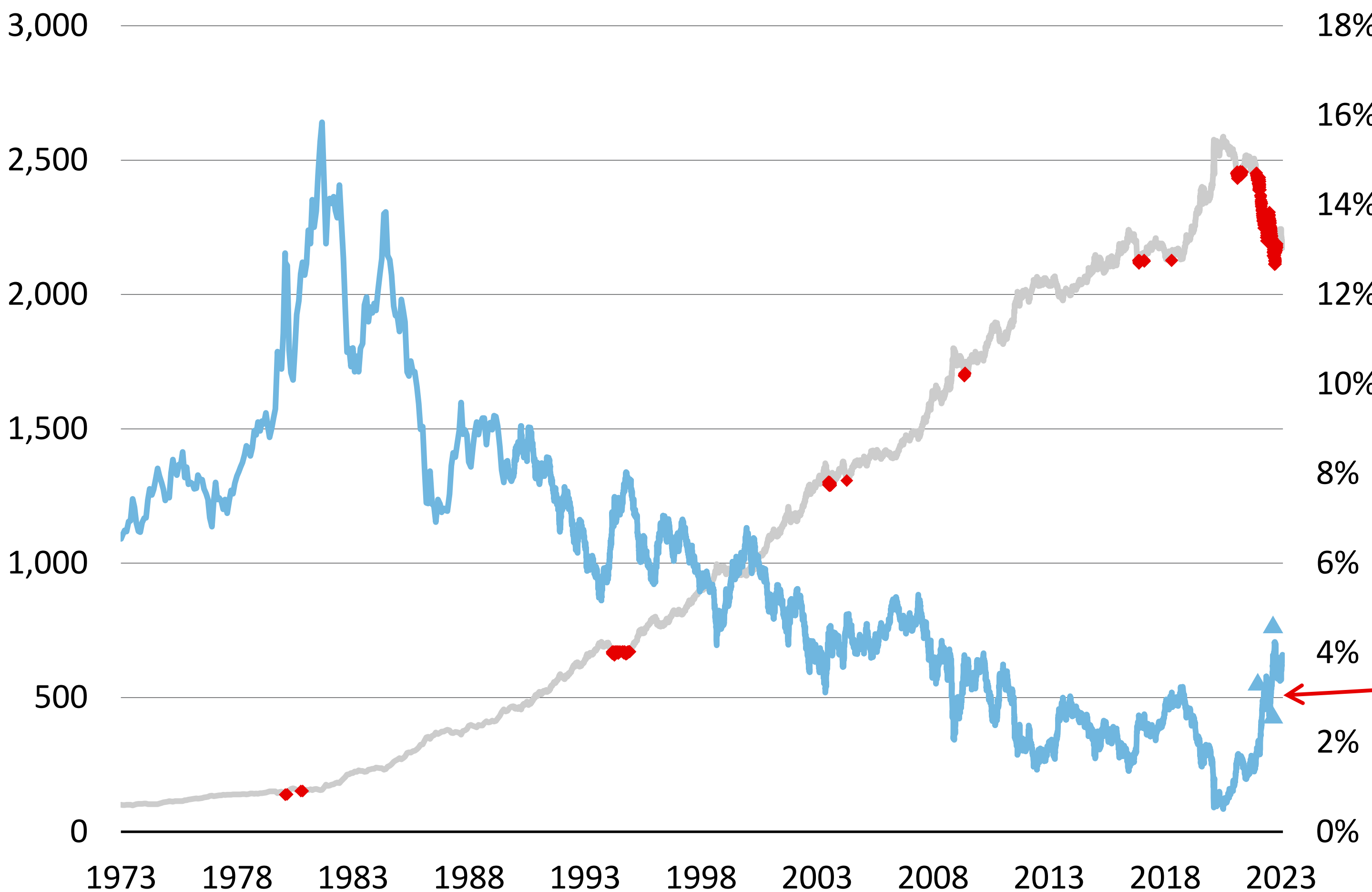
We expect rates to have peaked, helping bonds to recover

US Government Bond Index TR (lhs) base 100 on 31 December 1990, and 10-year US Treasury yield (rhs). Callouts designate when the index drops 5% from its all-time high



Along with higher starting yields, we expect interest rates to fall from here, providing an added tailwind to the bond market's recovery.

December 2023 forecast, 10-year Treasury yield:

4.5% (strong growth)

3.0% (base case)

2.5% (recession)

Source: Bloomberg, UBS, as of 28 February 2023

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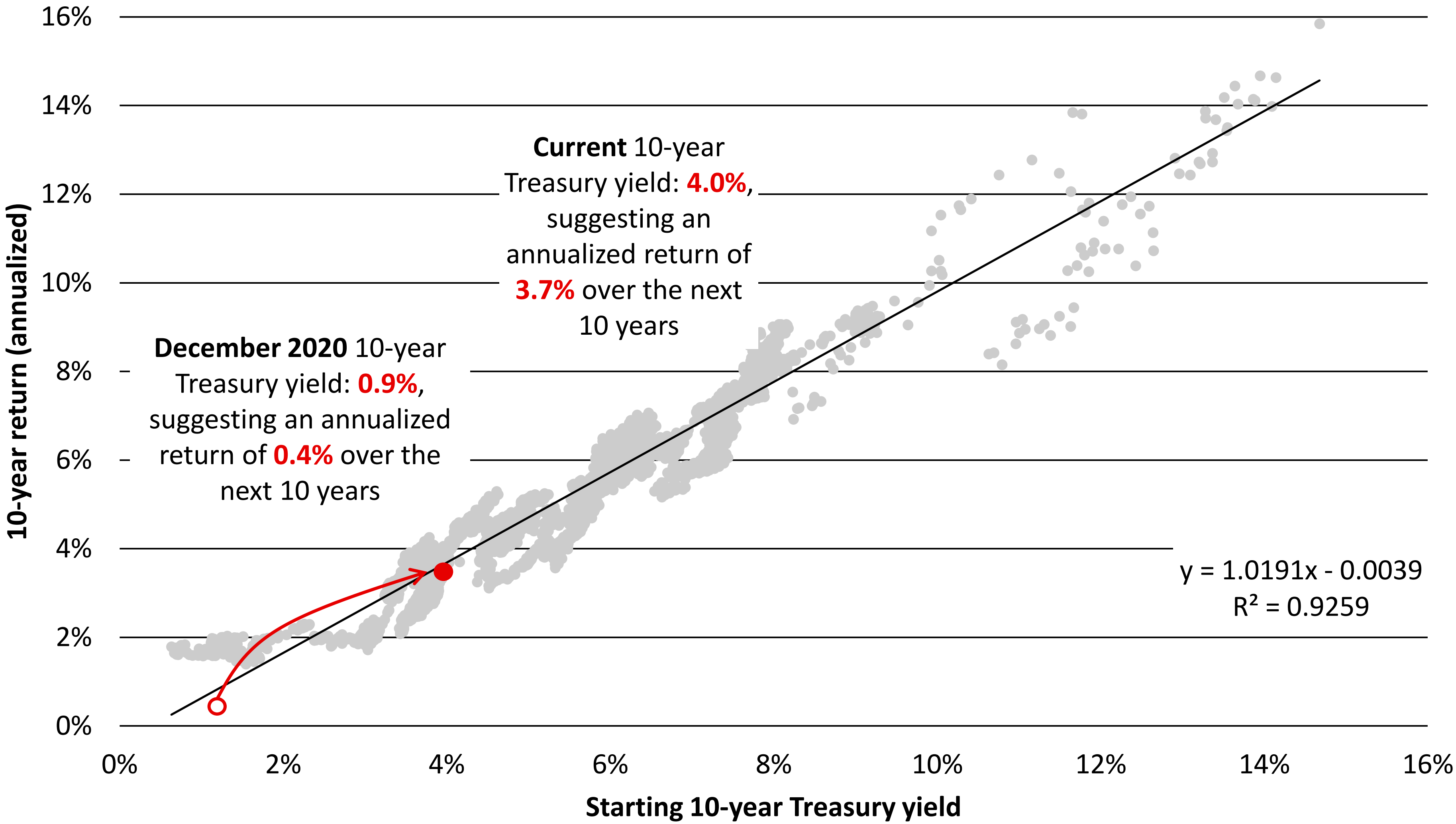
End of the bond bear? Higher yields boost the return outlook

10-year Treasury yield and returns for the Bloomberg Barclays US Aggregate Bond Index over the next 10 years, since 1978



Source: Bloomberg, UBS, as of 28 February 2023

Section 3

What are our current preferences?

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Given the uncertainty, we have low market conviction

Upside

- Inflation falls quickly back to central bank targets over the coming months.
- Major central banks cut rates in 2H23.
- Economic growth rebounds as the outlook for corporate earnings improves.
- Financial conditions ease, lifting market valuations.
- The war in Ukraine deescalates, e.g., via a ceasefire agreement.
- Risk assets are lifted by easing financial conditions and a brightening outlook for growth.

Central

- Inflation continues to slow in the US and in Europe, but the slowdown tempers in the coming months.
- Central banks complete their hiking cycles in 1H23 but are unlikely to cut rates in 2023.
- The US, Europe, and UK experience subtrend growth as China reaccelerates.
- The war in Ukraine drags on; a cessation of hostilities remains an unlikely outcome.
- Volatility remains throughout 1H23 owing to uncertainty about inflation, monetary tightening, economic activity, and geopolitics.
- Risk assets start trending higher in 2H23 amid turning points in growth, inflation, and rates.

Downside

- Inflation proves more persistent than central banks and markets expect, resulting in a protracted period of tighter monetary policy.
- Economic growth falls sharply toward late 2023 or early 2024 owing to highly restrictive monetary policy; a China U-turn on COVID remains a downside risk.
- Financial conditions tighten further, causing stress in the financial system.
- The war in Ukraine escalates or US-China tensions intensify.
- Tail risk: The US debt ceiling is not raised by July or August; the US Treasury defaults; global markets sell off.
- There is a severe downturn, with global equities posting double-digit losses, credit spreads widening, and safe-haven assets benefiting.

Source: UBS, as of 23 February 2023

Markets have a difficult path ahead

UBS CIO central, downside, and upside December 2023 expectations

Index	Current (2 March)	December 2023 forecasts, projected change		
		Central scenario	Upside scenario	Downside scenario
S&P 500	3,942	3,800 -3.6%	4,400 11.6%	3,300 -16.3%
Euro Stoxx 50	4,241	4,250 0.2%	4,900 15.5%	3,650 -13.9%
MSCI EM	984	1,050 6.7%	1,100 11.8%	850 -13.6%
Swiss Market Index	11,166	11,300 1.2%	12,500 12.0%	9,800 -12.2%
US IG spread (bps)	129	155 bps 26	90 bps -39	225 bps 96
US HY spread (bps)	419	550 bps 131	300 bps -119	850 bps 431
EM USD bonds spread (bps)	418	425 bps 7	300 bps -118	600 bps 182

Source: UBS, Bloomberg, as of 2 March 2023

UBS

The views expressed in this slide belong to CIO Americas, GWM

Our preferences are positioned for near-term inflation

UBS Chief Investment Office asset class preferences

Most Preferred	Least Preferred
• US large-cap value equities	• US equities
• EM equities	• US large-cap growth equities
• UK equities	• Intermediate-duration US gov't fixed income
• Australia equities	• US high yield corporate bonds
• Agency MBS	• Senior loans
• US investment grade corporate bonds	
• EM hard-currency FI	
• Commodities	
• Oil	
• Australian dollar	

Source: UBS, as of 23 February 2023

Messages in focus including linked ideas

Overall stance: High inflation, rising interest rates, and slowing economic growth drive preferences towards defensive, value, and income opportunities

Scenarios	MIF name	MIF Description	Linked Ideas
Downside	**Seek uncorrelated hedge fund strategies**	Fears about future inflation and monetary policy are likely to remain in focus in 2023, so uncorrelated hedge fund strategies such as macro, equity market neutral, and multi-strategy funds should once again play an important role in diversifying portfolios.	- Macro - Equity market neutral - Multi-strategy
Base case	**Diversify beyond the US and growth**	We think investors should diversify beyond the US and growth stocks. We like value, including energy, which should be more resilient if inflation proves sticky or rates go up by more than expected. And with uncertainty around the US economic outlook still elevated, we also like more defensive areas like consumer staples, while utilizing capital preservation strategies. Earlier inflection points in China and Europe favor emerging market equities.	- Global value - US real estate - Capital protection structured investments - ESG matters in EM
	Seek income opportunities	As interest rates and bond yields moved higher in recent weeks, we see particular opportunity in IG bonds, resilient credit, EM credit, and quality income stocks, while being cautious on HY credit.	- IG bonds - Agency MBS - Quality income stocks
	Invest sustainably	Sustainability can be a key driver of corporate performance, and companies that manage their business, stakeholder, and environmental impact better should also be well positioned to deliver on financial results.	- Sustainability-linked LTIs - ESG equity strategies - Thematic sustainable fixed income
	Position for the era of security	US-China tensions and Russia's invasion of Ukraine demonstrate that we are entering an era of security, which will drive winners and losers across the investment landscape.	- Energy security - Food security - Cybersecurity
	Seek value and growth in private markets	Putting fresh capital to work in private markets following declines in public market valuations has historically been a rewarding strategy.	- Secondaries - Distressed / restructuring debt - Value-oriented buyouts
Upside	**Anticipate the inflections**	China's reopening and an end to the winter gas crisis in Europe have brightened the growth prospects for emerging markets and Europe. We see opportunity in emerging market equities, including China, and commodities. We also like early-cycle markets like Germany.	- EM equities - Commodities - China and China reopening opportunities

Source: UBS, as of 23 February 2023

Asset allocation: Themes implementation

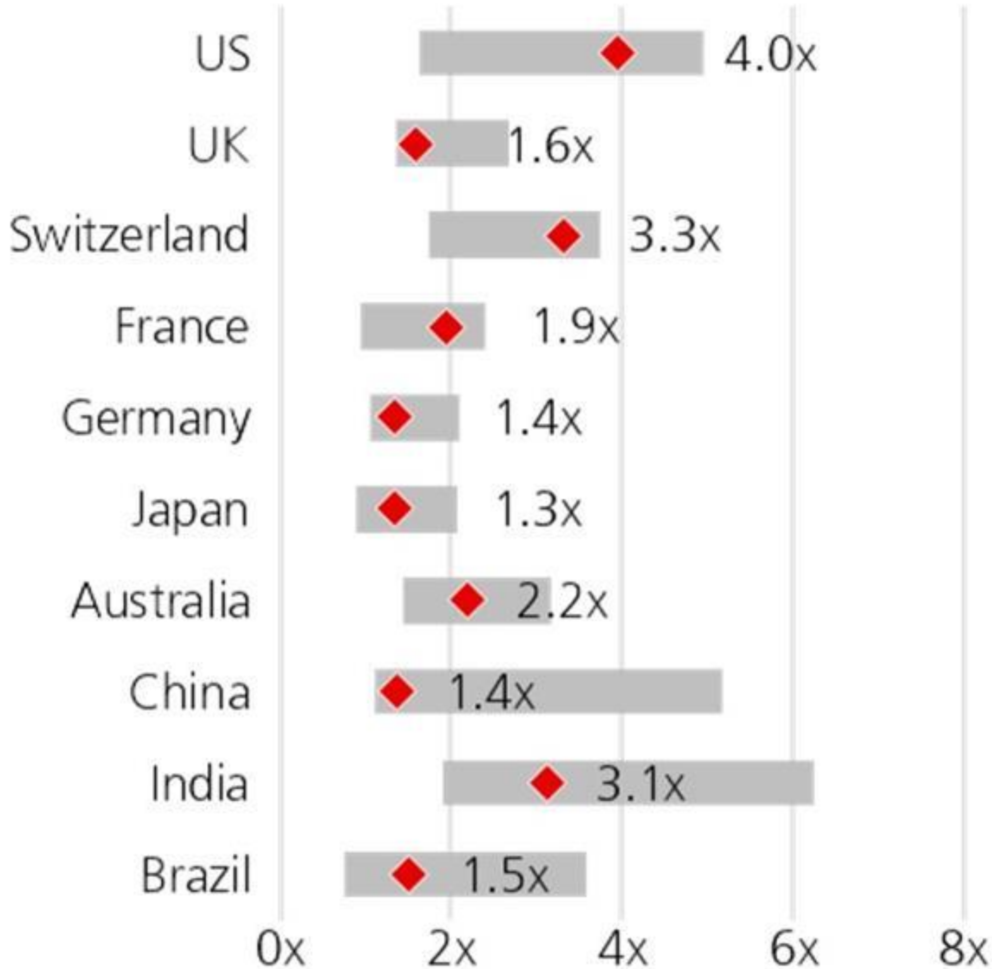
Asset Class	Theme/MIF	Diversify beyond the US & growth	Income opportunities	Anticipate the inflection	Uncorrelated hedge fund strategies	Position for the era of security	Invest sustainably
Cash/liquidity	Enhancing liquidity strategy return	✓	✓				
EM fixed income	Yield opportunities in Latin America		✓				
	Short-duration Pan-American bonds		✓				
Global equities	23 for ’23			✓			
	Greentech goes global			✓		✓	
US equities	Pricing power standouts			✓			
	Time for quality	✓					
	Resilient spending					✓	
	Reopening China			✓			
EM equities	ESG matters in EM	✓		✓			✓
	EM internet and e-commerce			✓			
Hedge funds/alternatives	Opportunities in dislocated credit		✓		✓		

Source: UBS, as of 23 February 2023

UBS

US stocks are still the most expensive relative to history

Current price-to-book ratios, select regional stock markets, relative to each market's valuation range over the last 15 years

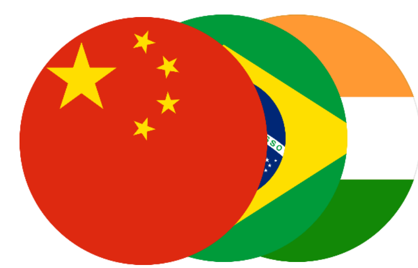


Price-to-earnings ratios, S&P 500, MSCI Europe, and MSCI Emerging Markets, based on 2023 consensus earnings

18.3x

13.1x

11.6x

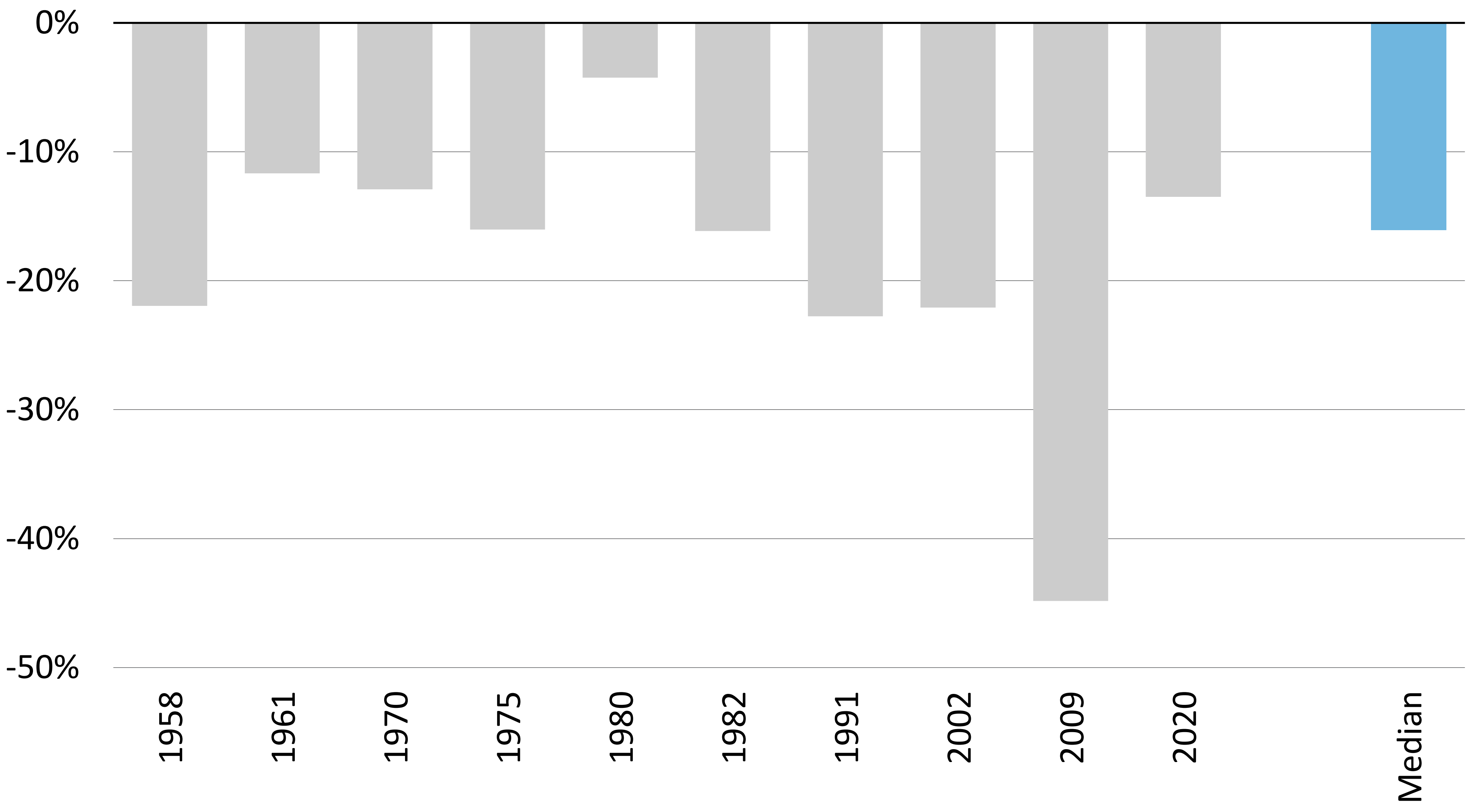


Source: Bloomberg, UBS, as of 1 March 2023

UBS

A recession would drive a larger decline in EPS

S&P 500 last-12-months EPS, peak-to-trough decline in a recession



Source: Factset, UBS, as of 28 February 2023

UBS

Within US equities, our preferences are slightly defensive

Most preferred

- **Consumer staples**: Earnings growth should be more resilient as macro headwinds persist. Relative valuations appear reasonable given the sector's defensive nature.
- **Energy**: The sector remains cheap relative to oil prices. We believe the sector's free cash flow yield is very attractive, capital discipline has improved, and the sector should benefit from continued strong demand.
- **Real Estate**: Nearly half of the sector is composed of companies with a good secular growth outlook. If rates fall due to concerns about economic growth or falling inflation, the secular growth companies could get a relative valuation boost.

Least preferred

- **Communication services**: The competitive environment is more challenging and digital advertising spending remains at risk in an economic slowdown
- **Financials**: Recession risks remain elevated, and if the unemployment rate rises, earnings will take a hit. Additionally, bank deposit rates are rising, which could crimp net interest income growth.
- **Information technology**: As corporate profits come under pressure, there may be risks to IT enterprise spending. Relative valuations remain lofty and above pre-pandemic levels.

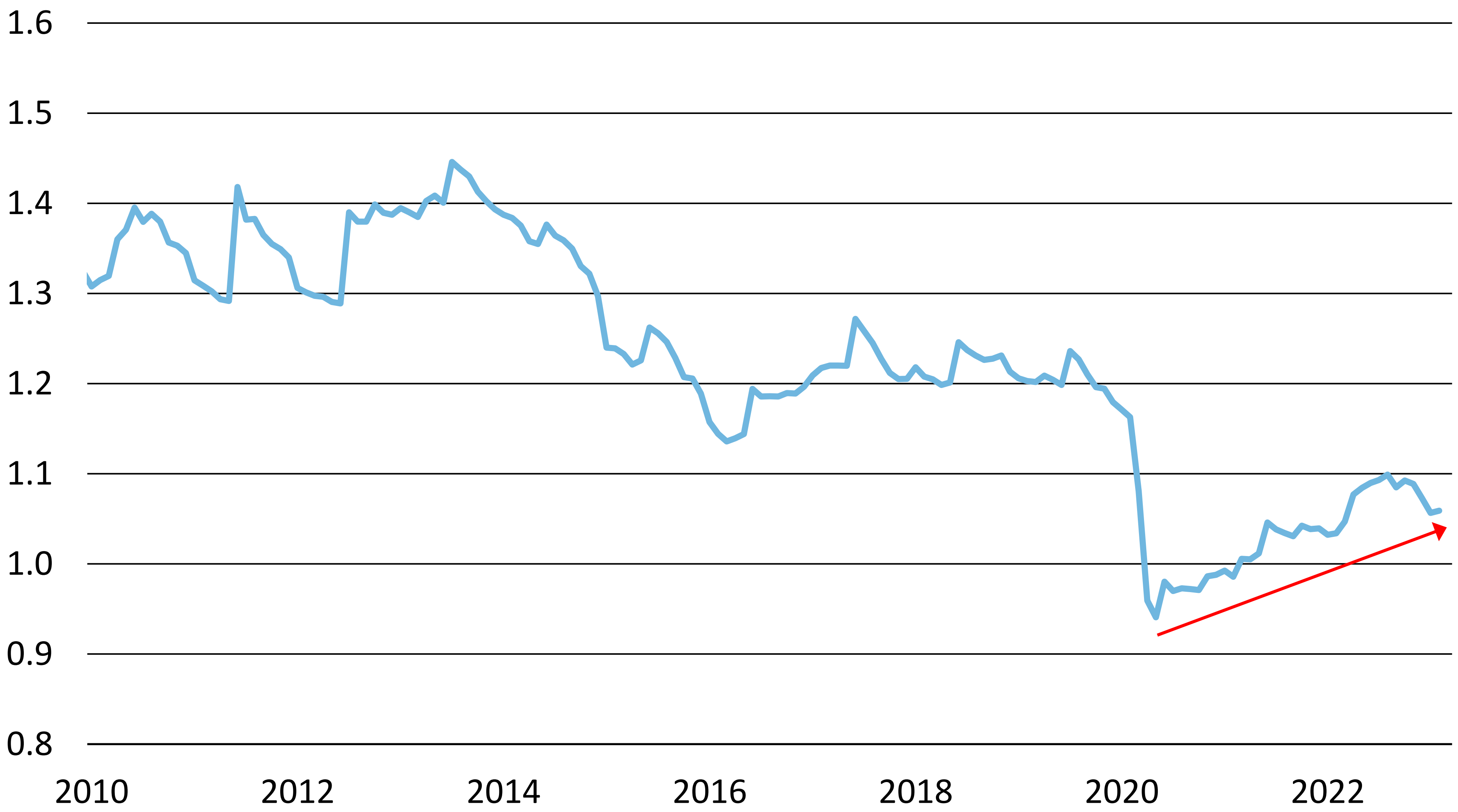
US equity sector preferences – tactical deviations from S&P 500

	Least preferred	Neutral	Most preferred
US Equities			
Communication services	−		
Consumer discretionary		=	
Consumer staples			+
Energy			+
Financials	−		
Healthcare		=	
Industrials		=	
Information technology	−		
Materials		=	
Real estate			+
Utilities		=	

Source: UBS, as of 28 February 2023

Fundamentals continue to favor value

Relative next-12-months EPS – Russell 1000 Value vs Russell 1000 Growth



Source: FactSet, UBS, as of 28 February 2023

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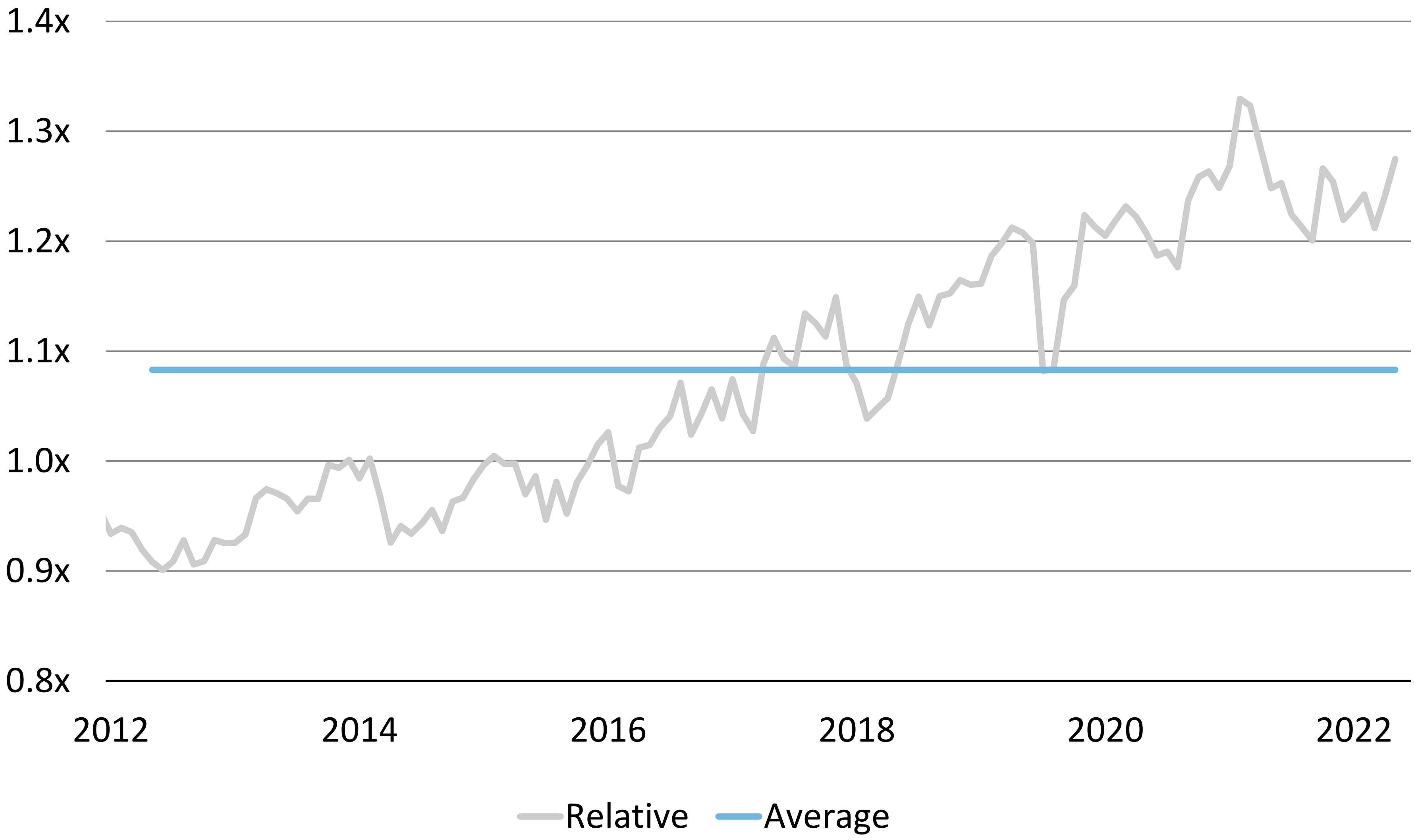
Tech valuations still appear stretched

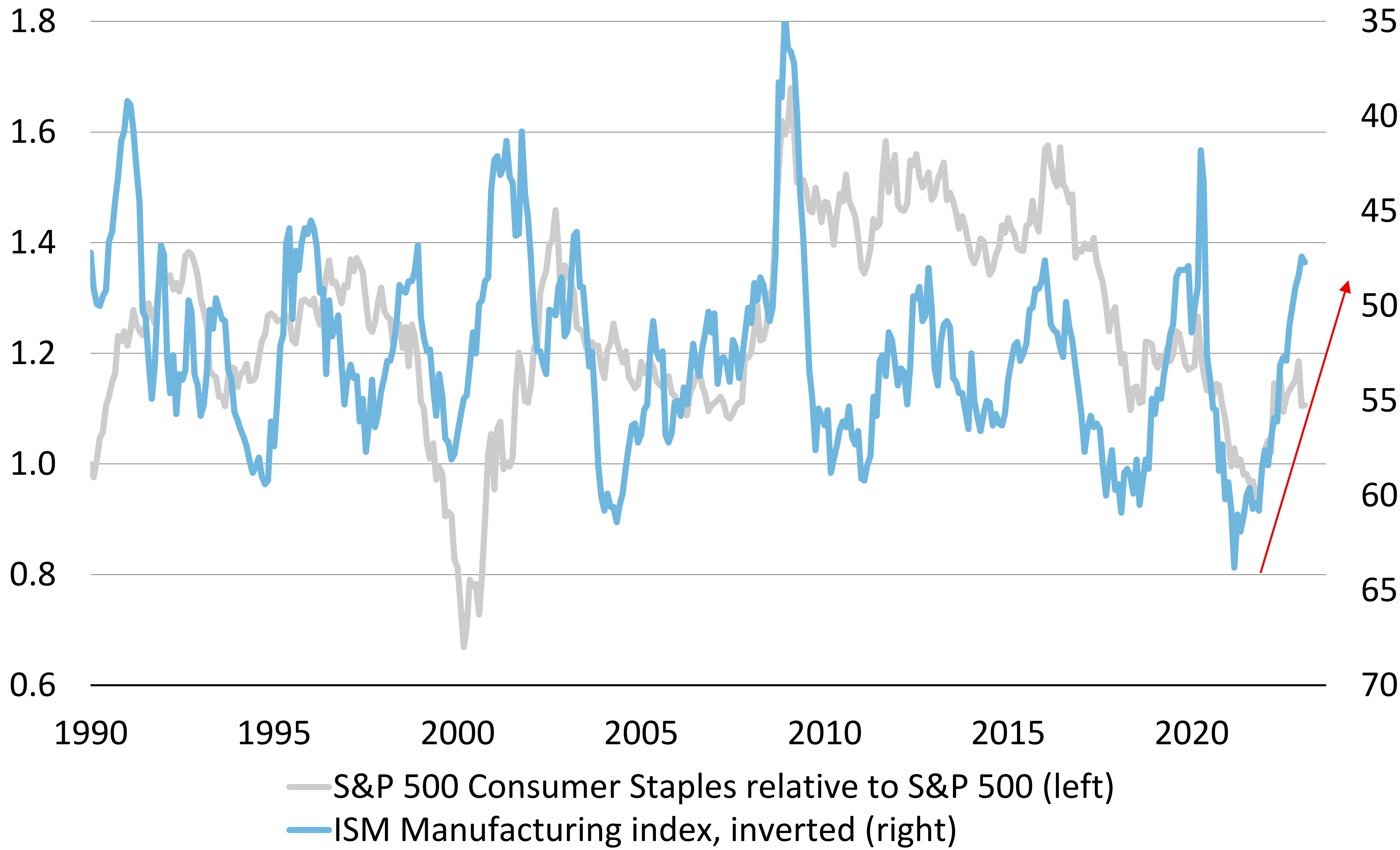
S&P 500 Information Technology forward P/E vs. S&P 500



Source: FactSet, UBS, as of 28 February 2023

Staples should outperform as economic activity cools

S&P 500 Consumer Staples relative performance vs. ISM Manufacturing index



Source: Bloomberg, UBS, as of 28 February 2023.

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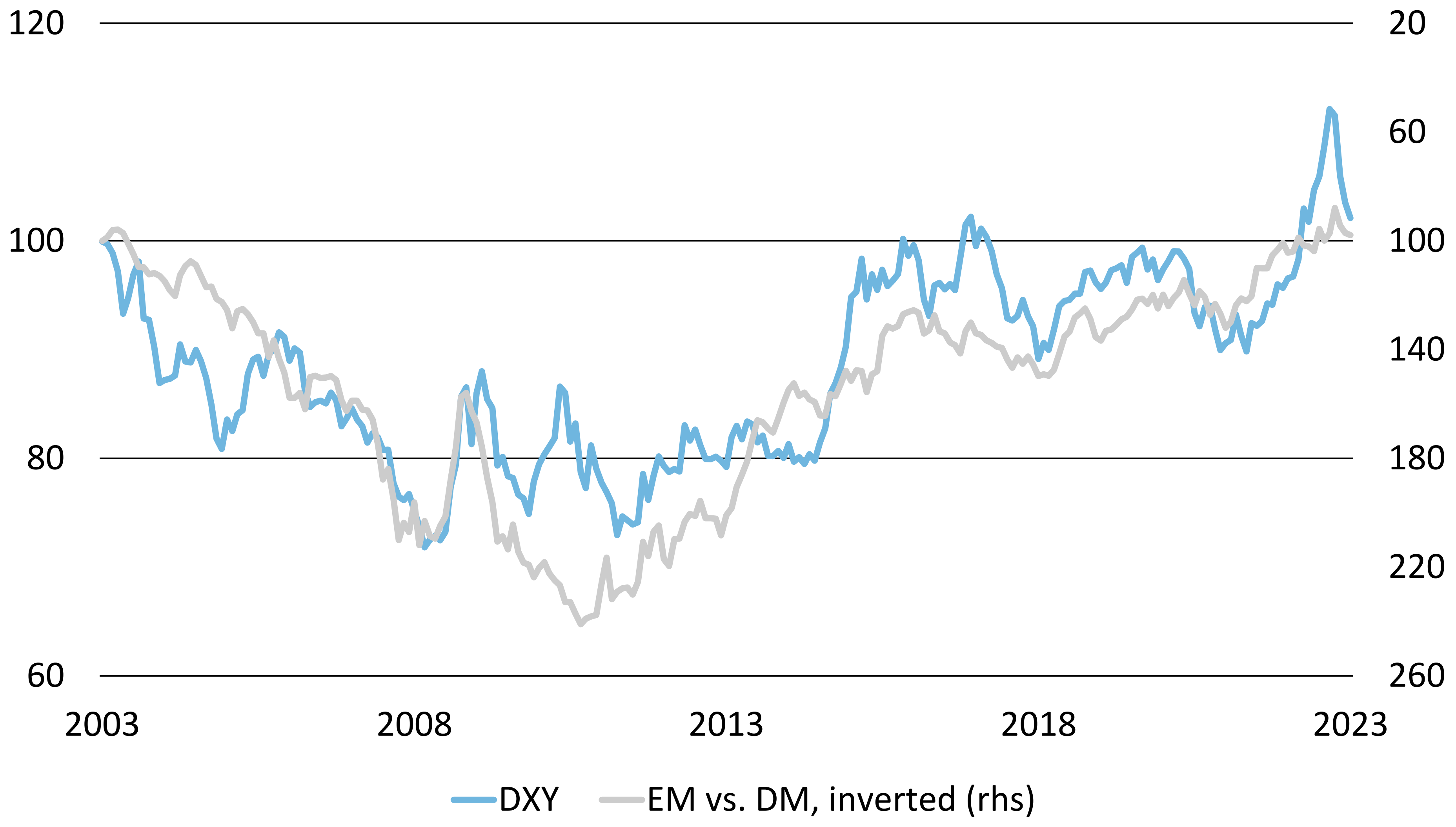
EM tends to outperform with a weaker USD

DXY Index, relative equity market performance EM vs DM (MSCI indexes, rebased), inverted (rhs)



Source: Bloomberg, UBS, as of February 2023

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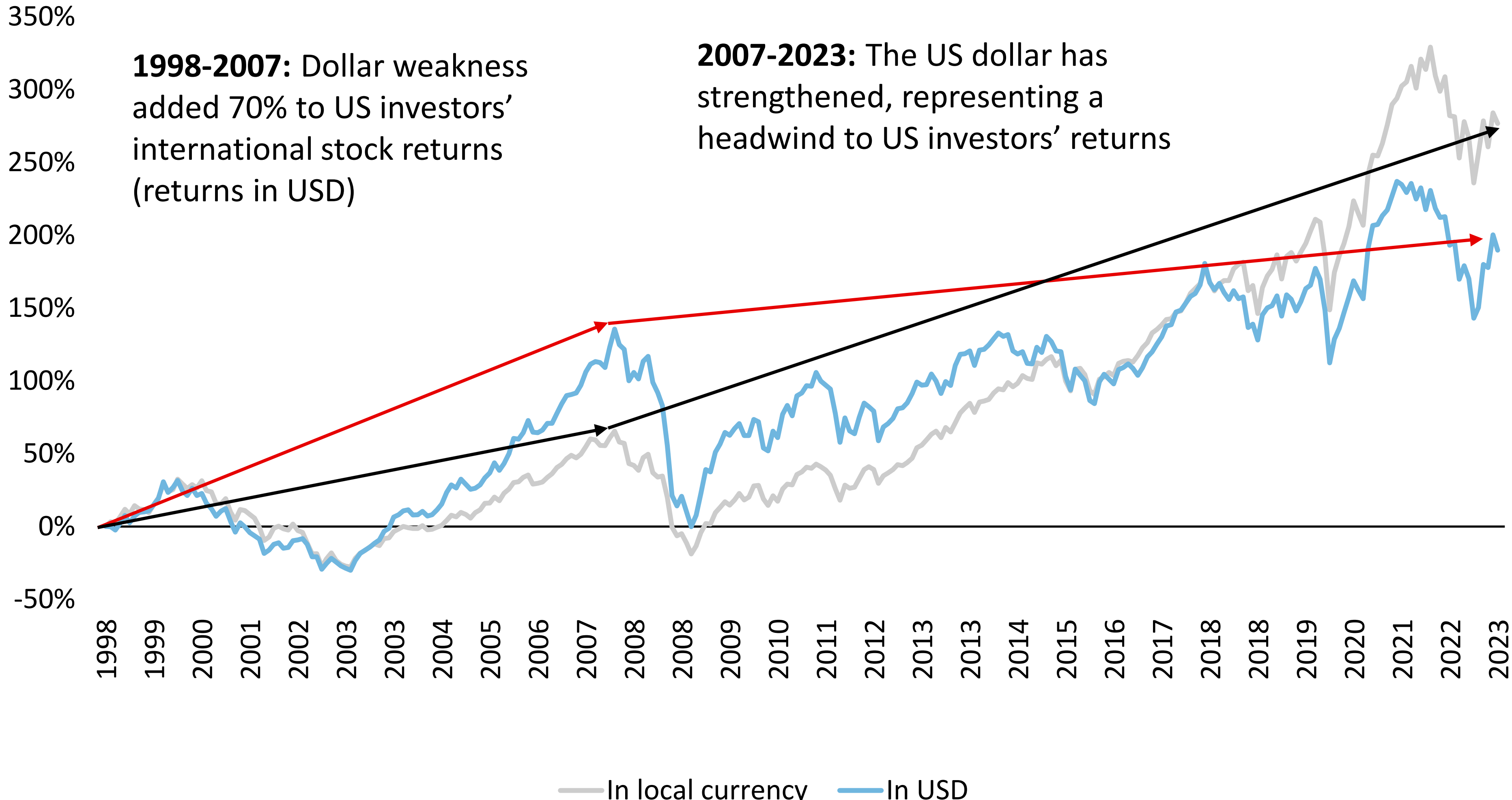
A weaker US dollar could bolster international stock returns

Cumulative growth of MSCI All Country World ex-US Index, net total returns in local currency and in US dollars (non-annualized)



Source: Bloomberg, UBS, as of 28 February 2023

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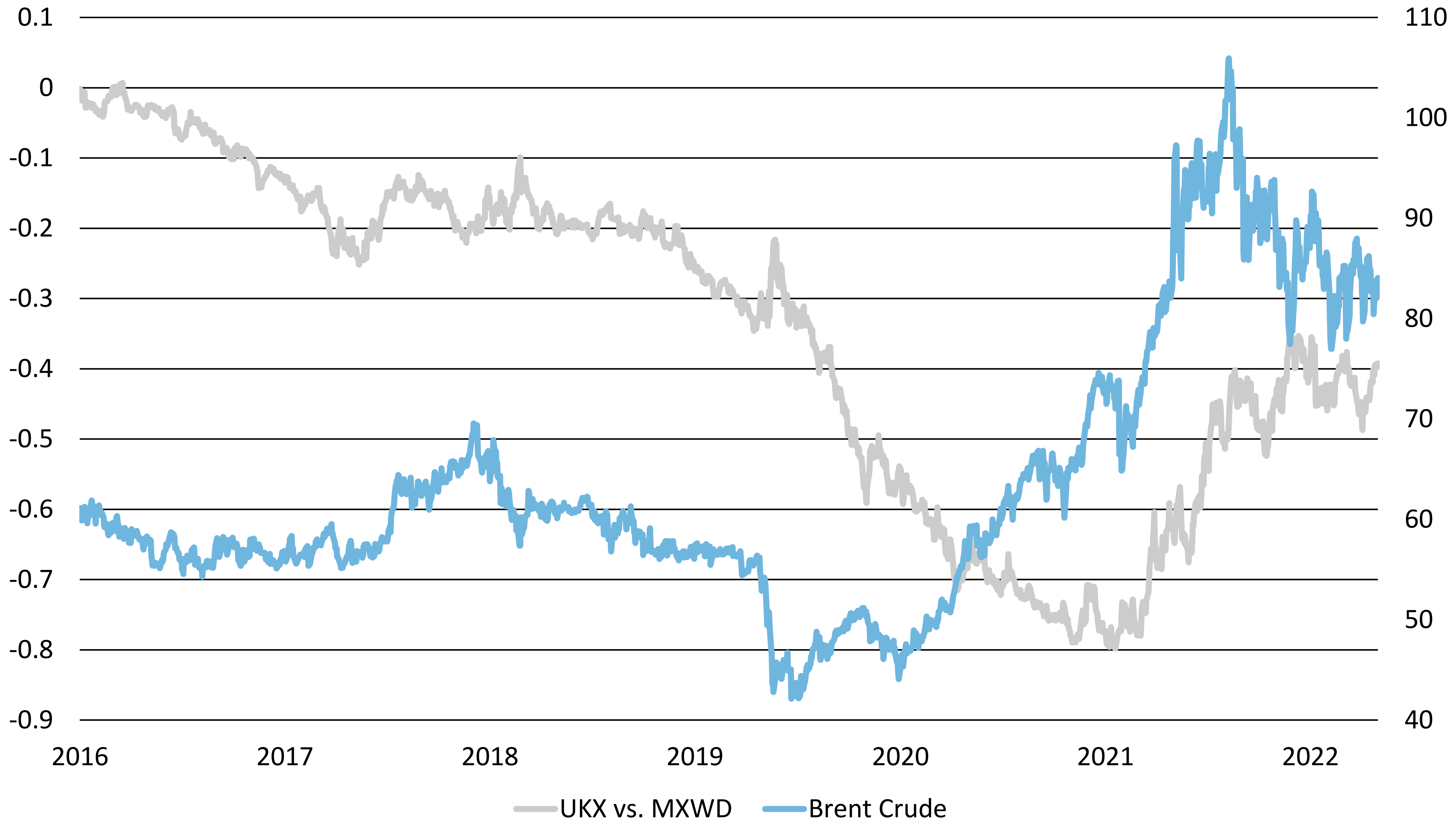
The UK market stands to benefit from a rising oil price

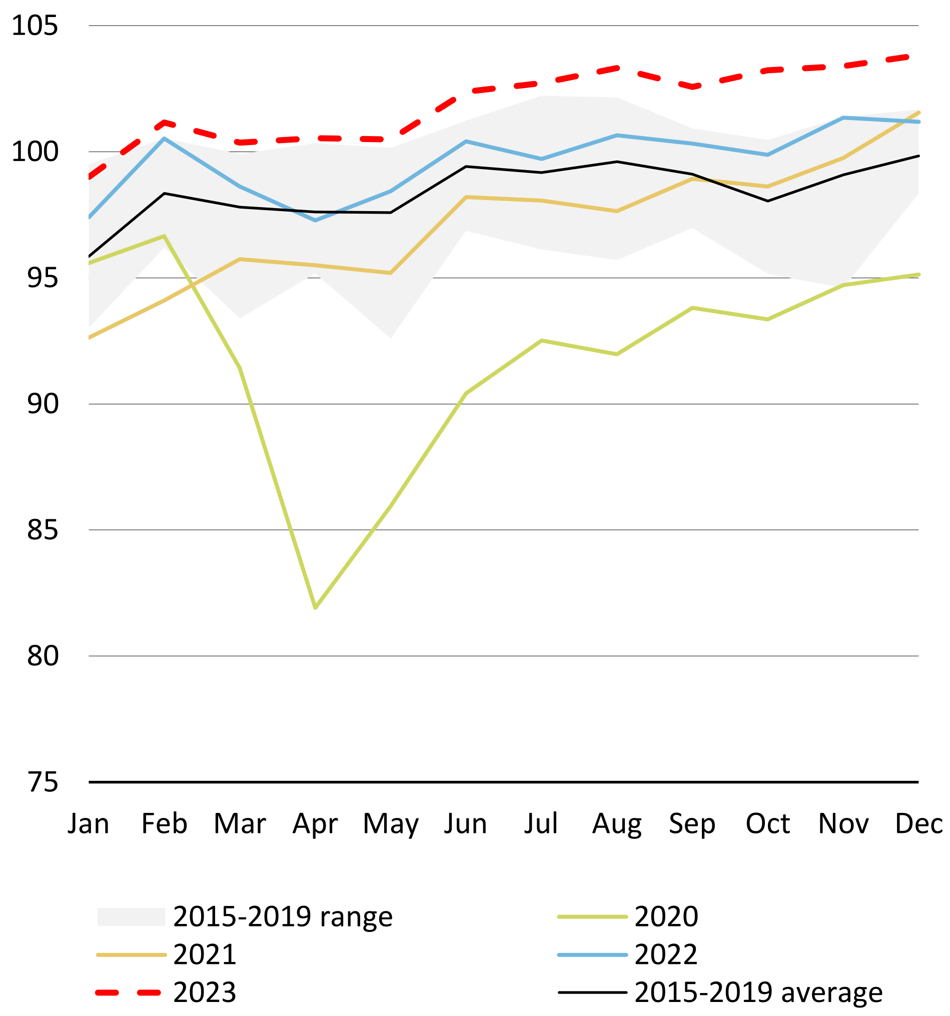
FTSE vs MSCI ACWI indexed to 23 November 2015 = 0 (lhs, in %); Brent crude oil active contracts (rhs)



Source: Bloomberg, UBS, as of 1 March 2023

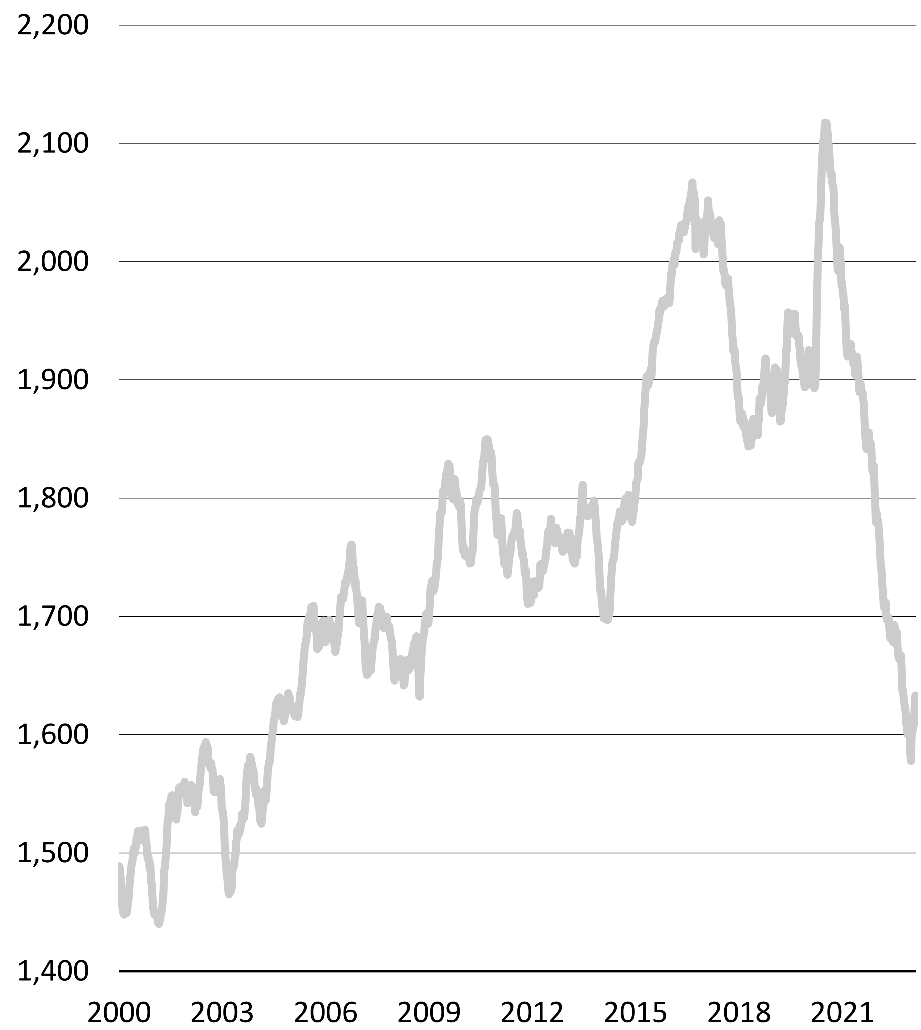
Oil remains supported by a world dependent on fossil fuels

Global oil demand in million barrels per day



Source: EIA, UBS, as of February 2023

US petroleum (crude, SPR, refined products) inventories in million barrels



Source: EIA, UBS, as of January 2023

UBS

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Recap

- Slowing economic activity continues in most regions, though due to the volatility of incoming data, it is hard to get a precise read on the ongoing inflation and growth dynamics. Potentially declining inflation in 2023 provides hope for a soft landing. That said, political and market risks abound, from the war in Ukraine, to the Fed's plan to raise interest rates, to stubbornly high levels of consumer price inflation. We have low conviction in market direction in the near term, and we expect market volatility to remain higher than recent history.
- Tactically, we see value in select equities and credit and commodity segments. We maintain US equities as least preferred but remain neutral on equities overall. High levels of uncertainty surrounding the war in Ukraine and the Fed's shaky course to a soft landing provide tail risks. To be clear, this is not necessarily a message to sell equities, but rather to mitigate near-term downside risks while maintaining upside exposure.
  - **Within equities,** we prefer value stocks over growth stocks. We maintain emerging market equities at most preferred, as earnings momentum and estimate revisions have bottomed. With elevated inflation and higher interest rates for longer, earnings for value companies should fare better than growth and currently have more attractive valuations. We maintain UK and Australian equities as most preferred.
  - **Within fixed income,** we keep US investment grade corporate bonds most preferred, advising an "up-in-quality" allocation. We also maintain our view on agency MBS as most preferred. We maintain US high yield corporate bonds and senior loans least preferred, as we do not believe spreads properly reflect credit risks.
  - **In commodity markets**, we see value in oil, which should benefit from tighter supplies. We are also most preferred on commodities as a whole, which should serve as a good hedge against geopolitical risks.

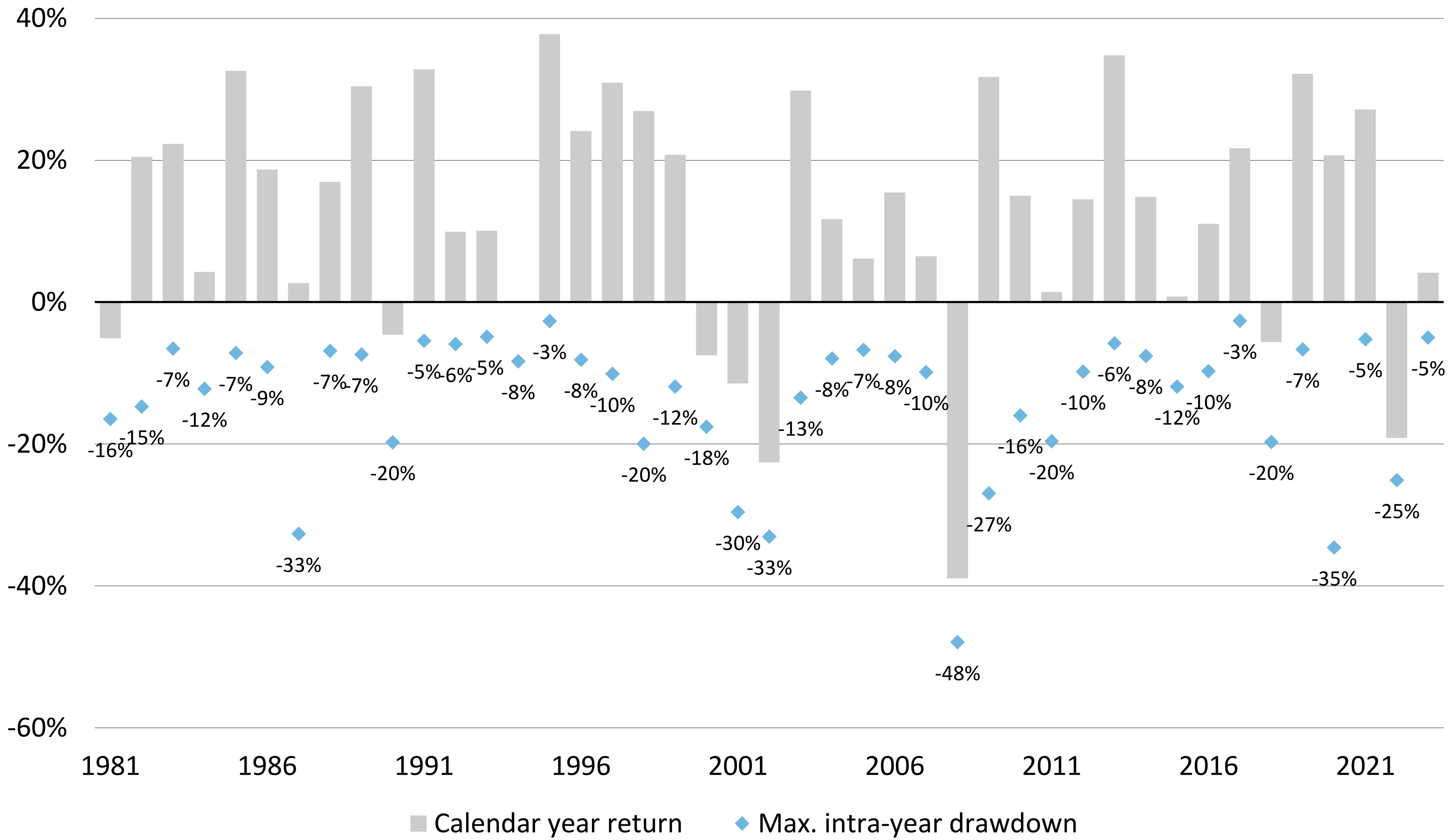
Source: UBS, as of 1 February 2023

Section 4

Contextualizing current market conditions

Markets tend to recover quickly from their worst drawdowns

Index of US Large-Cap stocks calendar year total returns and intra-year drawdowns



Source: Bloomberg, UBS, as of 28 February 2023

Investors are already highly pessimistic

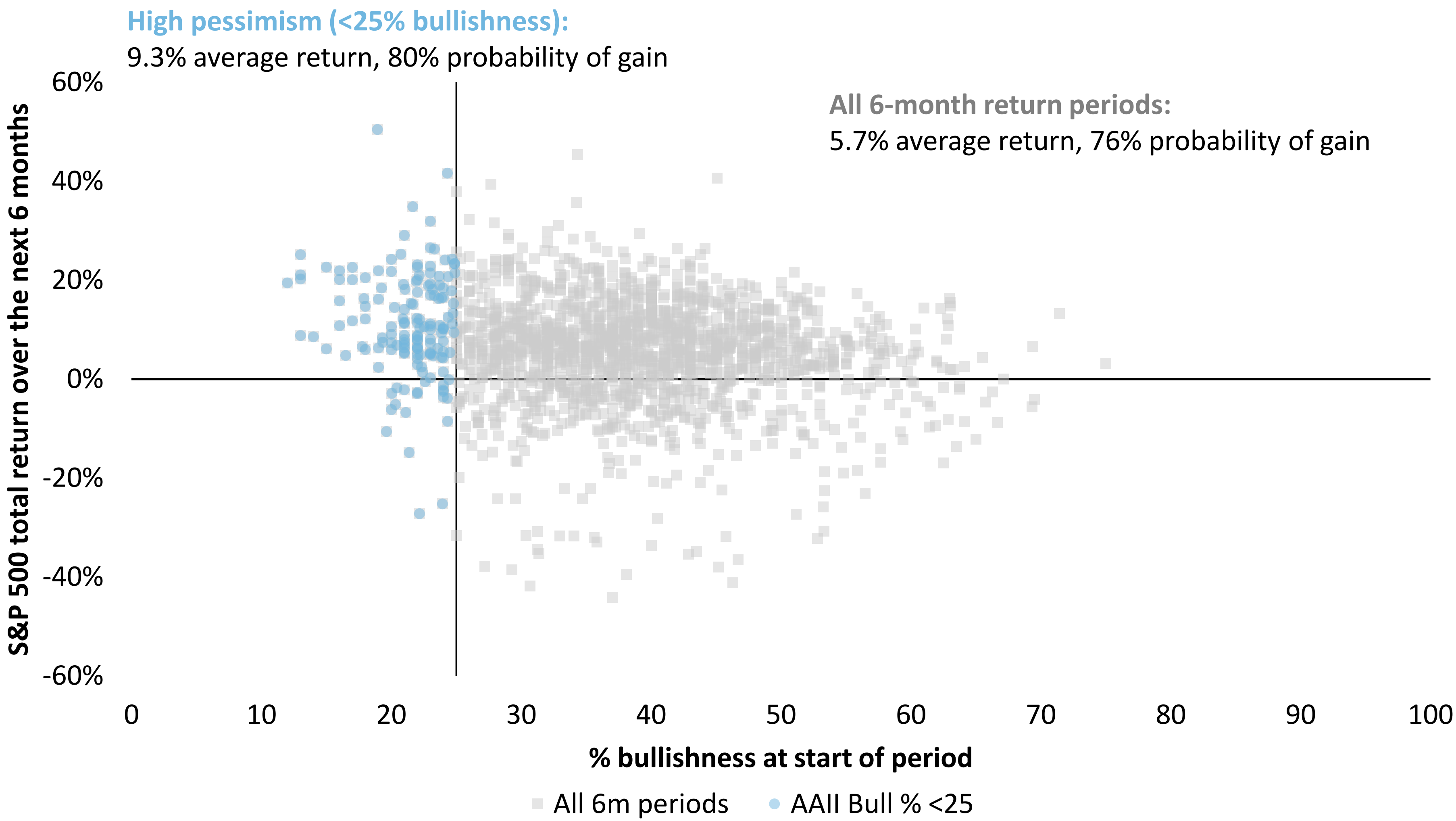
S&P 500 6- and 12-month returns based on American Association of Individual Investor (AAII) survey results

Criteria	Avg 6m return	Freq. of losses (6m returns)	Avg 12m return	Freq. of losses (12m returns)
	S&P 500 returns			
All periods	**5.7%**	**24%**	**11.9%**	**18%**
Bullishness <50%	6.1%	23%	13.0%	17%
Bullishness <45%	6.3%	24%	13.3%	16%
Bullishness <40%	6.5%	24%	13.8%	16%
Bullishness <35%	6.9%	23%	14.7%	15%
Bullishness <30%	7.7%	21%	16.2%	14%
Bullishness <25%	**9.3%**	**20%**	**18.7%**	**10%**
Bullishness <20%	10.9%	18%	22.7%	6%
Bullishness <15%	17.2%	0%	25.1%	0%

Source: Bloomberg, UBS, as of 1 March 2023

Extreme pessimism often precedes strong returns, fewer losses

S&P 500 6-month rolling returns based on AAII survey results at the beginning of the period



Source: Bloomberg, UBS, as of 1 March 2023

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Stocks have generated strong returns after a 20% decline

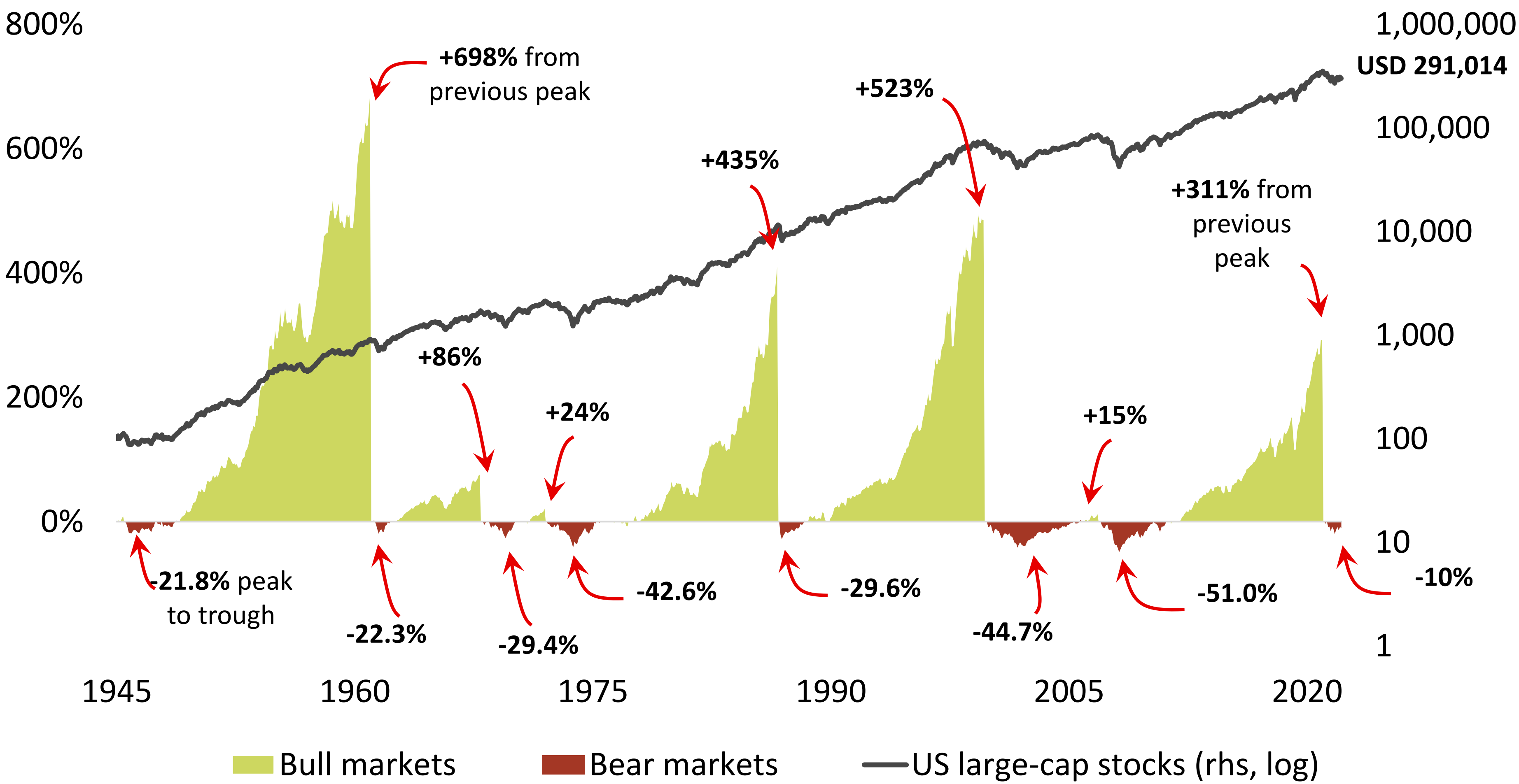
S&P 500 price returns in all bear markets (losses of more than 20%) since 1945

			Peak to trough		S&P 500 returns from -20% threshold						
Peak	**-20% threshold**	**Trough**	**Max drawdown**	**Duration (mos)**	**3 months**	**6 months**	**1 year**	**2 years**	**3 years**	**5 years**	**10 years**
5/29/1946	9/9/1946	6/13/1949	-29.6%	37.0	2.1%	0.0%	-0.8%	7.1%	2.7%	56.8%	218.5%
8/2/1956	10/21/1957	10/22/1957	-21.6%	14.9	5.6%	9.7%	31.0%	44.4%	37.6%	42.0%	143.6%
12/12/1961	5/28/1962	6/26/1962	-28.0%	6.5	7.3%	10.6%	26.1%	44.6%	58.3%	63.9%	99.4%
2/9/1966	8/29/1966	10/7/1966	-22.2%	8.0	8.3%	16.0%	24.6%	32.6%	27.3%	34.8%	36.2%
11/29/1968	12/17/1969	5/26/1970	-36.1%	18.1	-1.9%	-14.8%	0.9%	12.4%	32.6%	-24.2%	22.6%
1/11/1973	11/27/1973	10/3/1974	-48.2%	21.0	0.3%	-7.7%	-26.9%	-5.0%	7.8%	0.3%	74.7%
11/28/1980	2/22/1982	8/12/1982	-27.1%	20.7	2.9%	4.1%	30.4%	38.3%	61.5%	155.8%	268.7%
8/25/1987	10/19/1987	12/4/1987	-33.5%	3.4	12.0%	15.3%	24.3%	52.0%	36.0%	83.1%	319.9%
3/24/2000	3/12/2001	10/9/2002	-49.1%	31.0	6.3%	-7.4%	-1.2%	-31.9%	-6.2%	8.6%	10.5%
10/9/2007	7/9/2008	3/9/2009	-56.8%	17.2	-20.9%	-27.2%	-29.1%	-13.4%	8.0%	32.7%	123.7%
2/19/2020	3/12/2020	3/23/2020	-33.9%	1.1	21.0%	34.6%	59.0%	69.5%			
1/3/2022	6/13/2022	??	??	??	9.6%	6.4%					
		Average	**-35.1%**	**16.3**	**3.9%**	**3.3%**	**12.6%**	**22.8%**	**26.5%**	**45.4%**	**131.8%**
		Median	**-33.5%**	**17.2**	**5.6%**	**5.2%**	**24.3%**	**32.6%**	**29.9%**	**38.4%**	**111.5%**
		Number of losses observed			**2**	**4**	**4**	**3**	**1**	**1**	**0**

UBS Source: Bloomberg, UBS, as of 28 February 2023

Bear markets are rare, and end relatively quickly

US large-cap stocks: Cumulative return since prior bull market peak (%, lhs) and growth of USD 100 (rhs, logarithmic scale) since December 1945



Source: Bloomberg, MorningstarDirect, UBS as of 1 March 2023

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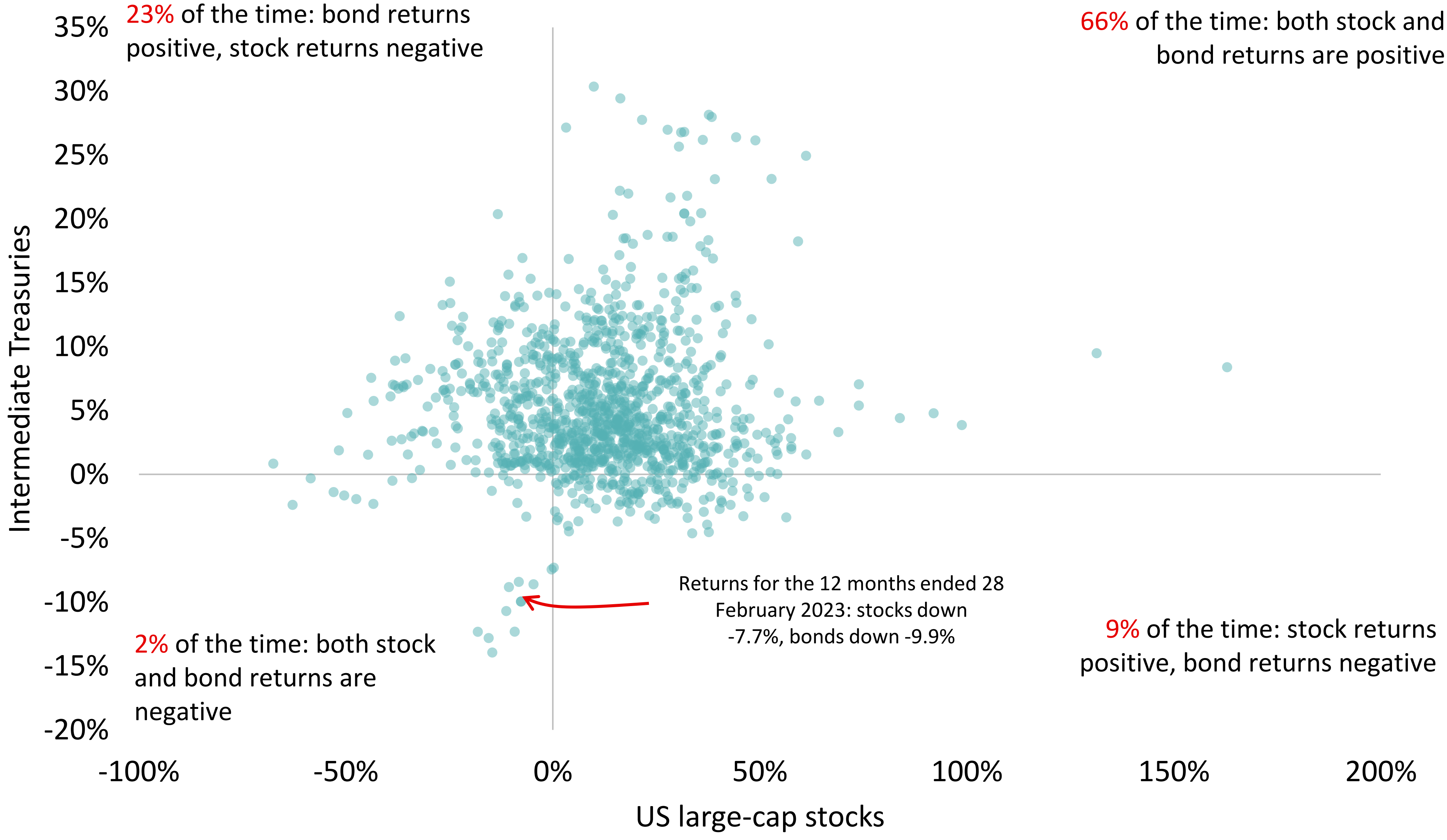
Stocks and bonds have very rarely fallen at the same time

12-month rolling total returns for US stocks and bonds since 1926



Markets rebounded after previous stock/bond losses

Performance during and after 12-month periods with simultaneous stock/bond losses

Initial period (simultaneous losses for stocks and bonds)	Initial 12-month period: Stock return	Initial 12-month period: Bond return	Initial 12-month period: 60/40 portfolio return	Next 12 months: Stock return	Next 12 months: Bond return	Next 12 months: 60/40 portfolio return
Oct 1930-Oct 1931	-34%	0%	-20%	-28%	6%	-12%
Nov 1930-Nov 1931	-39%	-1%	-24%	-25%	6%	-10%
Dec 1930-Dec 1931	-43%	-2%	-28%	-8%	9%	3%
Jan 1931-Jan 1932	-48%	-2%	-31%	-5%	9%	5%
Feb 1931-Feb 1932	-50%	-2%	-33%	-26%	8%	-10%
Mar 1931-Mar 1932	-53%	-1%	-35%	-13%	8%	-1%
Apr 1931-Apr 1932	-59%	0%	-39%	55%	6%	40%
May 1931-May 1932	-63%	-2%	-43%	131%	9%	80%
Aug 1965-Aug 1966	-9%	-2%	-6%	26%	7%	18%
Sep 1965-Sep 1966	-12%	0%	-7%	31%	4%	20%
Sep 1968-Sep 1969	-6%	-3%	-5%	-6%	11%	1%
Oct 1968-Oct 1969	-3%	0%	-2%	-11%	9%	-3%
Nov 1968-Nov 1969	-11%	-1%	-7%	-4%	14%	3%
Dec 1968-Dec 1969	-9%	-1%	-5%	4%	17%	9%
Jan 1969-Jan 1970	-15%	-1%	-9%	17%	18%	18%
May 2021-May 2022	-0.3%	-7%	-3%	?	?	?
Jun 2021-Jun 2022	-11%	-9%	-10%	?	?	?
Jul 2021-Jul 2022	-5%	-9%	-6%	?	?	?
Aug 2021-Aug 2022	-11%	-11%	-11%	?	?	?
Sep 2021-Sep 2022	-15%	-13%	-14%	?	?	?
Oct 2021-Oct 2022	-15%	-14%	-14%	?	?	?
Nov 2021-Nov 2022	-9%	-12%	-10%	?	?	?
Dec 2021-Dec 2022	-18%	-12%	-15%	?	?	?
Jan 2022-Jan 2023	-8%	-8%	-8%	?	?	?
Feb 2022-2023	-8%	-10%	-8%	?	?	?
Average	**-23%**	**-5%**	**-16%**	**9%**	**9%**	**11%**
Positive return frequency	**0%**	**0%**	**0%**	**40%**	**100%**	**67%**

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UBS

Source: Bloomberg, MorningstarDirect, UBS as of 28 February 2023

Portfolios usually reach new all-time highs in 3–5 years

Summary statistics for bear markets since 1945

Peak year	1947	1962	1969	1973	1988	2001	2008	2020	Average bear market	2022
Market cycle overview										
Length of prior bull market*	14.1 yrs	15.3 yrs	6.5 yrs	2.5 yrs	13.1 yrs	12.9 yrs	5.2 yrs	11.0 yrs	**10.1 yrs**	1.8 yrs
Time between market cycles**	17.0 yrs	15.8 yrs	7.0 yrs	4.1 yrs	14.9 yrs	13.2 yrs	7.3 yrs	12.3 yrs	**11.5 yrs**	2.0 yrs
Peak	5/31/1946	12/31/1961	11/30/1968	12/31/1972	8/31/1987	8/31/2000	10/31/2007	12/31/2019		12/31/2021
Trough	11/30/1946	6/30/1962	6/30/1970	9/30/1974	11/30/1987	9/30/2002	2/28/2009	3/31/2020		*9/30/2022?*
US large-cap stocks										
Recovery date	10/31/1949	4/30/1963	3/31/1971	6/30/1976	5/31/1989	10/31/2006	3/31/2012	7/31/2020		
Max drawdown	-21.8%	-22.3%	-29.4%	-42.6%	-29.6%	-44.7%	-51.0%	-19.6%	**-32.6%**	*-23.9%?*
Bear market length (from peak to new all-time high)	3.4 yrs	1.3 yrs	2.3 yrs	3.5 yrs	1.8 yrs	6.2 yrs	4.4 yrs	0.6 yrs	**2.9 yrs**	*?*
Drawdown time	0.5 yrs	0.5 yrs	1.6 yrs	1.8 yrs	0.3 yrs	2.1 yrs	1.3 yrs	0.3 yrs	**1.0 yrs**	*?*
Recovery time	2.9 yrs	0.8 yrs	0.8 yrs	1.8 yrs	1.5 yrs	4.1 yrs	3.1 yrs	0.3 yrs	**1.9 yrs**	*?*
Years of prior gains 'erased'***	1.3 yrs	3.0 yrs	5.5 yrs	9.8 yrs	1.5 yrs	5.3 yrs	11.8 yrs	2.2 yrs	**5.0 yrs**	*?*
60/40 stock/bond portfolio										
Recovery date	10/31/1948	3/31/1963	12/31/1970	1/31/1976	1/31/1989	10/31/2004	12/31/2010	6/30/2020		
Max drawdown	-13.4%	-13.0%	-17.6%	-26.4%	-17.4%	-21.7%	-29.9%	-9.6%	**-18.6%**	*-19.4%?*
Bear market length (from peak to new all-time high)	2.4 yrs	1.3 yrs	2.1 yrs	3.1 yrs	1.4 yrs	4.2 yrs	3.2 yrs	0.5 yrs	**2.3 yrs**	*?*
Drawdown time	0.5 yrs	0.5 yrs	1.6 yrs	1.8 yrs	0.3 yrs	2.1 yrs	1.3 yrs	0.3 yrs	**1.0 yrs**	*?*
Recovery time	1.9 yrs	0.8 yrs	0.5 yrs	1.3 yrs	1.2 yrs	2.1 yrs	1.8 yrs	0.3 yrs	**1.2 yrs**	*?*
Years of prior gains 'erased'***	1.2 yrs	1.4 yrs	3.4 yrs	6.2 yrs	1.3 yrs	4.3 yrs	9.4 yrs	0.9 yrs	**3.5 yrs**	*?*

Source: UBS, Morningstar Direct, R: PerformanceAnalytics, as of 28 February 2023. 60/40 portfolio invested in US large-cap stocks and intermediate US government bonds.
* Time from previous trough to this cycle peak ** Time between previous peak and this cycle peak. ***At the bear market's trough, how much earlier could an investor have bought at that level?

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UBS

How have markets performed after yield-curve inversions?

Total returns for US government bonds (Bloomberg US Government Bond Index) and US large-cap stocks (Russell 1000 Index) during periods following the first yield-curve inversion (the first time the 2-year Treasury yield rises above the 10-year Treasury yield) in each market cycle since January 1979. Returns are non-annualized.

	Russell 1000 total returns (after first yield-curve inversion)							US government bond returns (after first yield-curve inversion)						
Date of first yield-curve inversion	**Next 3 months**	**Next 6 months**	**Next 9 months**	**Next 12 months**	**Next 24 months**	**Next 36 months**	**Next 60 months**	**Next 3 months**	**Next 6 months**	**Next 9 months**	**Next 12 months**	**Next 24 months**	**Next 36 months**	**Next 60 months**
9/11/1980	2%	5%	10%	1%	5%	53%	83%	-2%	-0%	2%	-0%	27%	45%	93%
10/27/1981	-3%	1%	-6%	19%	51%	56%	147%	10%	13%	16%	30%	48%	61%	133%
12/14/1988	9%	20%	28%	31%	25%	55%	99%	1%	6%	10%	14%	24%	41%	70%
5/26/1998	-2%	8%	13%	20%	30%	22%	-7%	3%	6%	5%	5%	8%	20%	48%
2/2/2000	3%	2%	4%	-3%	-18%	-36%	-7%	2%	6%	9%	14%	22%	34%	44%
12/27/2005	4%	-0%	7%	15%	22%	-27%	13%	0%	-1%	3%	3%	11%	27%	30%
8/26/2019	10%	9%	5%	23%	63%	47%		-1%	3%	7%	7%	5%	-6%	
4/1/2022	-16%	-21%	-15%					-3%	-8%	-7%				
Average return	1%	3%	6%	15%	25%	24%	55%	1%	3%	5%	11%	21%	32%	70%
% of returns that have been positive	63%	75%	75%	86%	86%	71%	67%	50%	63%	88%	86%	100%	86%	100%

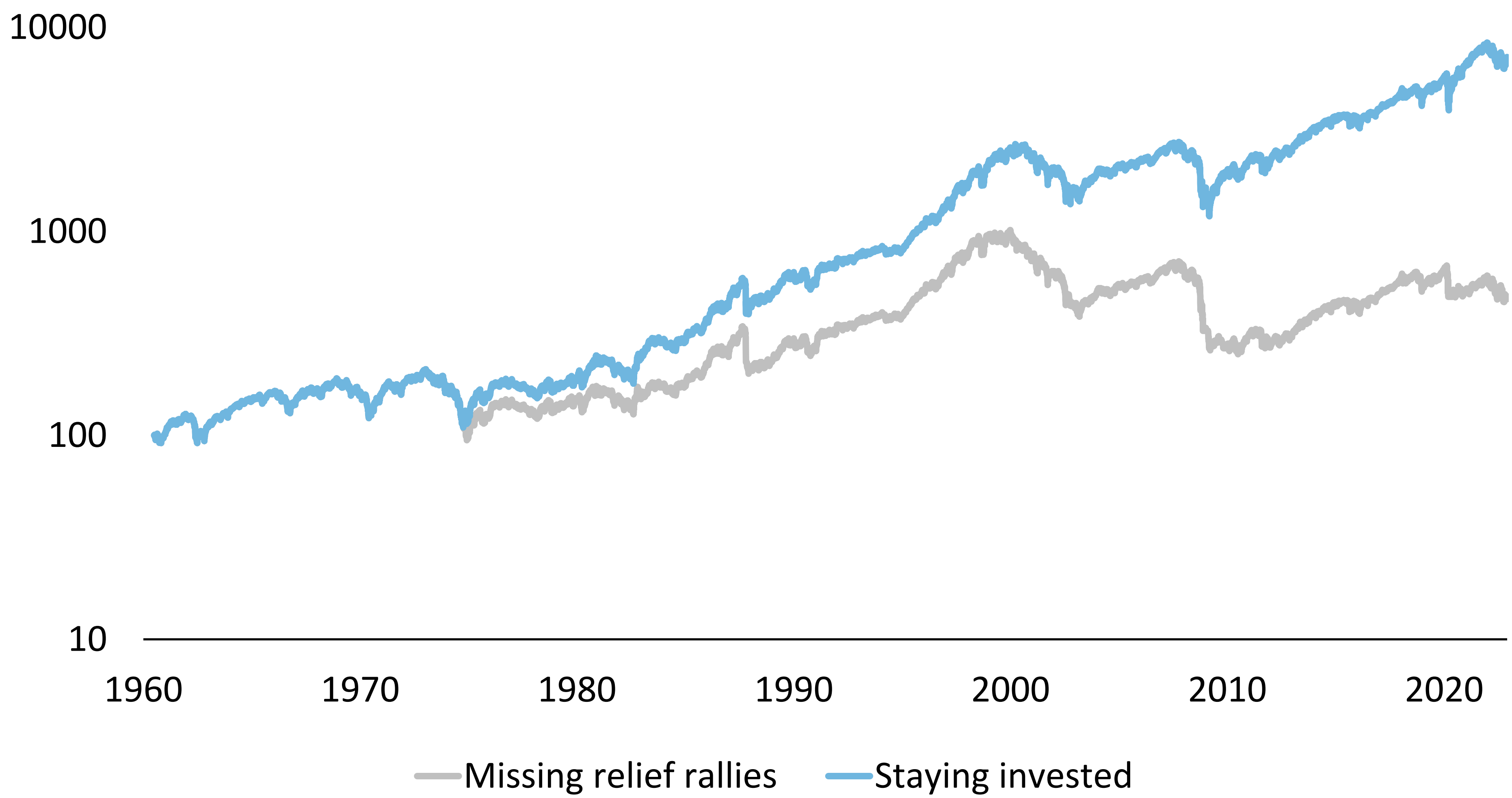
Source: Bloomberg, UBS, as of 28 February 2023

UBS

The views expressed in this slide belong to CIO Americas, GWM

Staying invested pays off

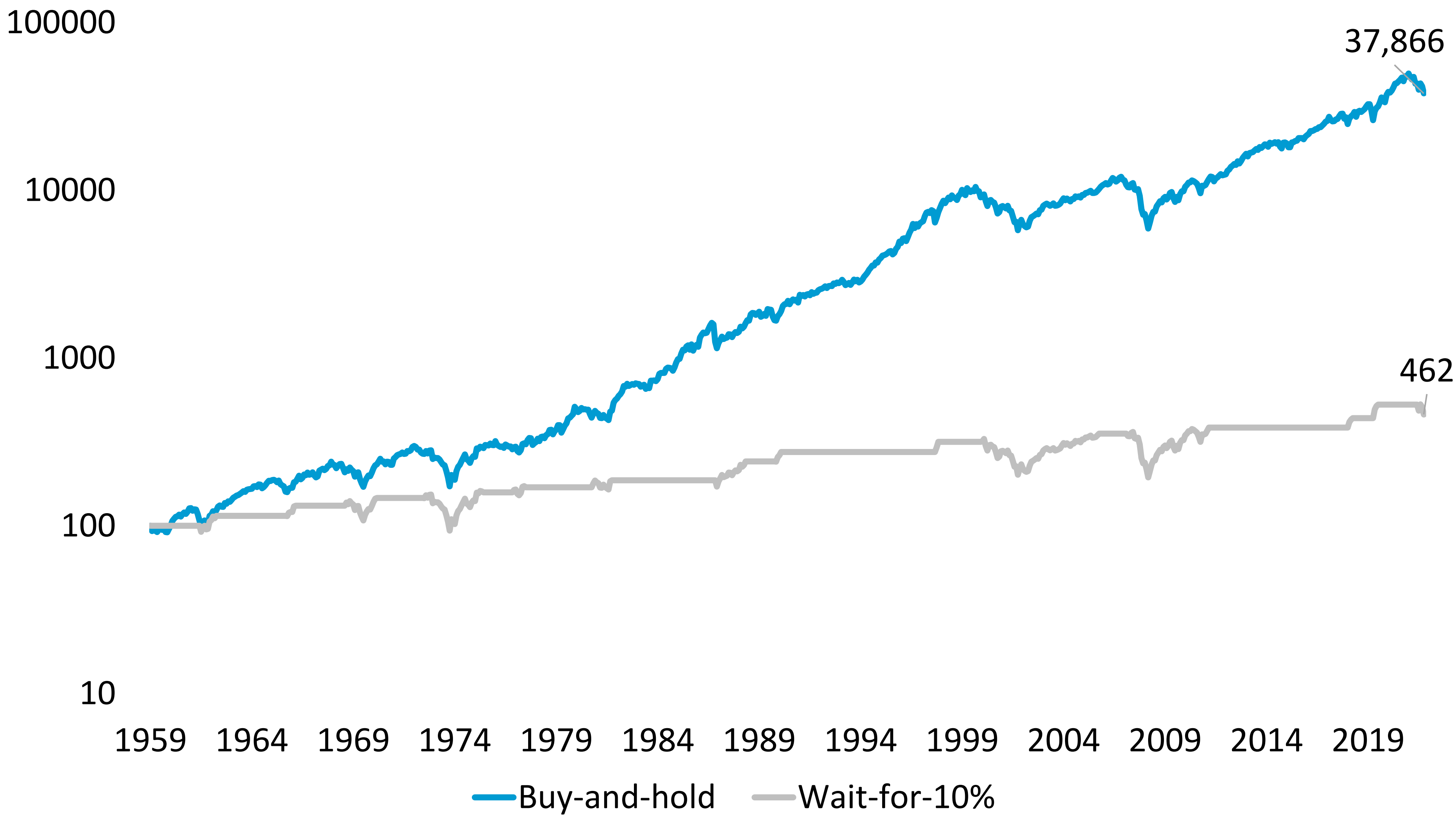
Growth of USD 100: staying invested vs. leaving the market after a 2% daily decline and the market rises 10% from the recent low (past 3 months) 10 days later, log scale



Source: Bloomberg, UBS, as of December 2022

Market timing can do more harm than good

Growth of a USD 100 invested in the S&P 500 in 1960, versus a wait for a –10% correction market timing strategy, since 1960, log scale

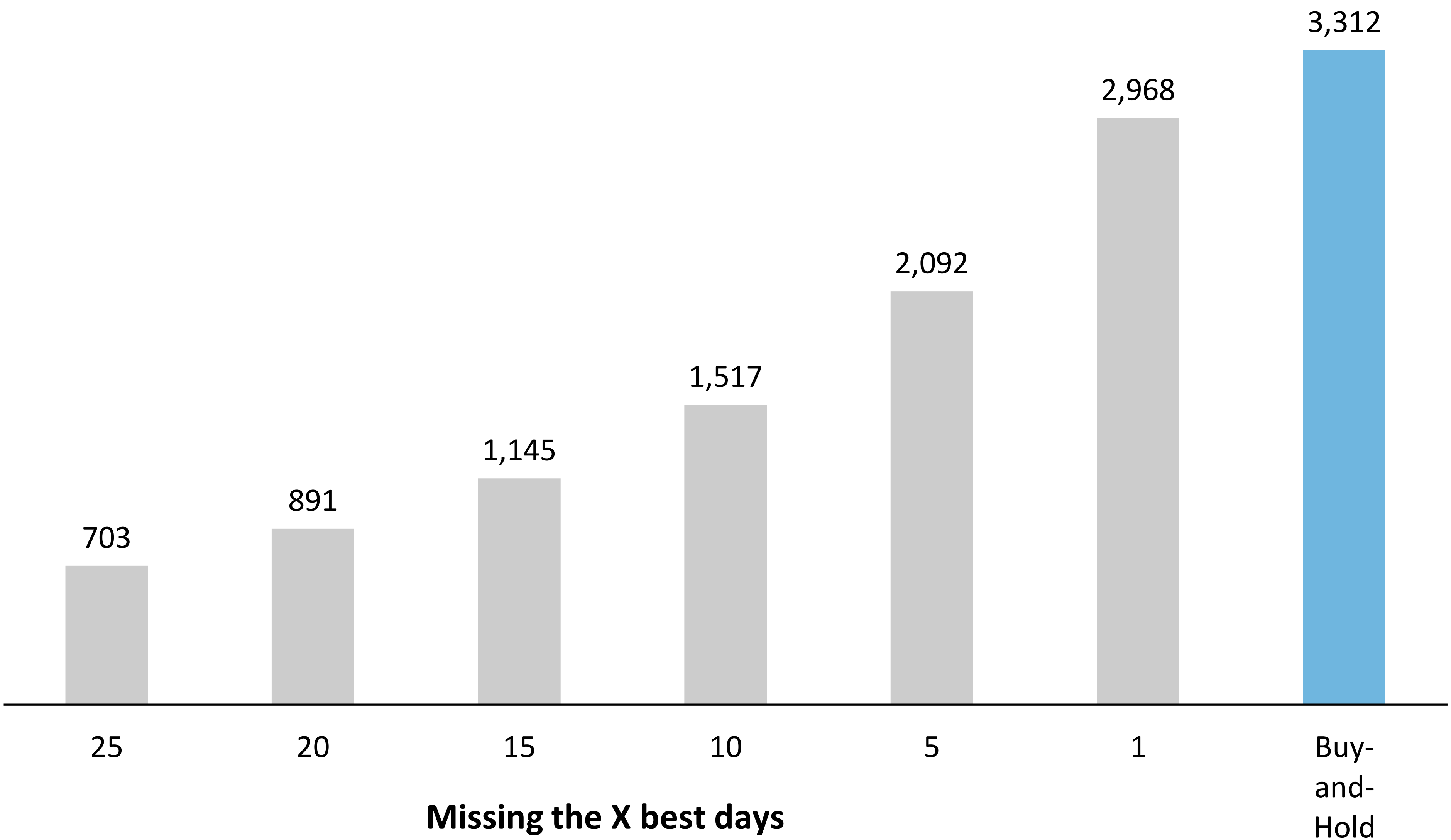


UBS

Source: MorningstarDirect, UBS, as of November 2022

Missing just a few days can be costly

S&P 500 total return, growth of USD 100 invested in January 1988



Source: Bloomberg, UBS, as of 28 February 2023

UBS

The views expressed in this slide belong to CIO Americas, GWM

Section 5

The benefits of diversification in a historical context

Inflation has helped commodities

"Quilt chart" of calendar year returns and compounded annual growth rates for various asset classes (total returns)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2000-2023 return (ann.)	2000-2023 return standard deviation
Highest return	32%	8%	26%	56%	26%	34%	32%	39%	12%	79%	27%	11%	18%	39%	13%	3%	21%	37%	1%	31%	21%	27%	16%	8%	8.4%	19.0%
	13%	7%	11%	47%	20%	21%	26%	16%	5%	58%	25%	9%	17%	35%	13%	1%	17%	25%	1%	31%	20%	26%	-4%	6%	7.0%	18.8%
	12%	5%	10%	40%	20%	14%	21%	12%	-2%	40%	19%	8%	17%	33%	9%	1%	14%	24%	0%	27%	18%	23%	-9%	6%	6.2%	17.9%
	12%	5%	10%	39%	18%	13%	18%	11%	-19%	35%	17%	4%	16%	23%	6%	1%	12%	22%	-2%	26%	17%	19%	-11%	4%	5.9%	14.9%
	8%	4%	-1%	34%	15%	11%	15%	11%	-20%	32%	16%	2%	16%	23%	5%	-1%	12%	19%	-5%	22%	16%	15%	-12%	4%	5.3%	28.5%
	5%	2%	-1%	30%	11%	9%	15%	10%	-26%	28%	15%	0%	16%	13%	5%	-1%	11%	16%	-5%	18%	13%	11%	-13%	3%	5.1%	10.9%
	-3%	-3%	-6%	28%	11%	9%	15%	9%	-34%	27%	13%	-2%	16%	9%	5%	-1%	8%	15%	-5%	18%	12%	10%	-14%	3%	5.1%	8.3%
	-3%	-5%	-6%	24%	11%	6%	13%	7%	-36%	22%	10%	-4%	11%	7%	4%	-2%	5%	9%	-9%	14%	8%	9%	-16%	2%	4.4%	18.7%
	-5%	-6%	-16%	23%	9%	5%	11%	6%	-38%	20%	10%	-5%	7%	-2%	3%	-2%	5%	7%	-9%	10%	8%	5%	-17%	2%	4.1%	4.8%
	-8%	-12%	-16%	20%	9%	4%	5%	6%	-41%	19%	8%	-7%	6%	-3%	3%	-4%	3%	5%	-11%	9%	8%	2%	-18%	1%	3.8%	5.0%
	-14%	-16%	-19%	5%	4%	3%	4%	3%	-42%	13%	7%	-12%	4%	-3%	-2%	-5%	1%	4%	-11%	8%	6%	-2%	-19%	0%	3.4%	5.6%
	-14%	-20%	-20%	4%	4%	3%	3%	3%	-43%	6%	6%	-13%	2%	-3%	-5%	-15%	1%	2%	-14%	8%	5%	-2%	-20%	0%	3.1%	19.2%
Lowest return	-31%	-21%	-22%	2%	3%	2%	2%	-2%	-53%	-2%	2%	-18%	-1%	-10%	-17%	-25%	0%	2%	-15%	7%	-3%	-3%	-20%	-4%	2.2%	17.7%

US Large-cap stocks	US Small-cap stocks	US High Yield credit	US Gov't bonds	US municipals	EM stocks	Int'l Dev stocks	US Mid-cap stocks	US Agg. Bond Index	Global stocks (MSCI ACWI)	US LCV	US LCG	60/40 Portfolio	Hedge funds	Comm-odities

Source: Bloomberg, UBS, as of 1 March 2023. Note: The 60/40 portfolio is comprised of 40% US government bonds, 30% large cap US equities, 20% developed market international equities, and 10% emerging market equities. Hedge fund returns are based on the HFRI Fund Weighted Composite Index, for which year-to-date 2022 returns are not yet available.

The views expressed in this slide belong to CIO Americas, GWM

UBS

The US Energy sector has gotten a boost from inflation

"Quilt chart" of calendar year returns and compounded annual growth rates for S&P 500 and sectors (total returns)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2000-2023 (annualized)	2000-2023 (standard deviation)
Highest return	57%	3%	-4%	47%	32%	31%	37%	35%	-15%	62%	28%	20%	29%	43%	29%	10%	27%	39%	6%	50%	44%	54%	65%	10%	8.8%	15.6%
	37%	3%	-5%	38%	24%	17%	37%	22%	-23%	49%	28%	14%	24%	41%	26%	7%	23%	24%	4%	33%	33%	46%	2%	9%	8.7%	10.4%
	26%	-6%	-11%	37%	22%	7%	24%	19%	-29%	41%	27%	13%	18%	41%	25%	7%	23%	23%	1%	32%	24%	35%	-1%	8%	8.2%	24.9%
	17%	-6%	-15%	32%	20%	6%	21%	16%	-30%	**26%**	22%	8%	18%	36%	20%	6%	19%	22%	0%	**31%**	21%	35%	-2%	6%	8.0%	19.8%
	16%	-9%	-15%	31%	18%	6%	19%	14%	-33%	21%	20%	6%	16%	**32%**	16%	3%	17%	22%	-2%	29%	**18%**	**29%**	-6%	3%	7.9%	20.1%
	6%	-10%	-19%	**29%**	13%	**5%**	19%	12%	-35%	21%	19%	6%	**16%**	28%	15%	**1%**	16%	**22%**	**-4%**	29%	13%	27%	-11%	**3%**	7.7%	18.1%
	-9%	**-12%**	**-22%**	26%	13%	4%	18%	12%	**-37%**	20%	**15%**	5%	15%	26%	**14%**	1%	14%	21%	-8%	28%	11%	26%	-12%	3%	7.6%	22.1%
	-16%	-12%	-24%	26%	11%	4%	**16%**	7%	-40%	17%	14%	2%	15%	26%	10%	-2%	**12%**	13%	-13%	28%	11%	24%	**-18%**	2%	**7.0%**	**17.6%**
	-20%	-12%	-26%	21%	**11%**	2%	14%	**5%**	-43%	15%	12%	**2%**	15%	25%	10%	-3%	6%	12%	-13%	26%	1%	22%	-26%	-2%	6.6%	28.5%
	-39%	-26%	-30%	15%	8%	1%	13%	-13%	-45%	14%	10%	-1%	11%	13%	7%	-5%	5%	11%	-13%	25%	-2%	21%	-28%	-3%	6.4%	21.1%
	-41%	-30%	-34%	12%	3%	-6%	8%	-19%	-46%	12%	5%	-10%	5%	11%	3%	-8%	1%	-1%	-15%	21%	-2%	19%	-37%	-6%	5.8%	21.6%
Lowest return	N/A	N/A	-37%	7%	2%	-6%	8%	-20%	-55%	9%	3%	-17%	1%	-2%	-8%	-21%	-3%	-1%	-18%	12%	-34%	18%	-40%	-9%	3.3%	21.3%

Technology | Financials | Health Care | Cons. Disc. | Cons. Staples | **S&P 500** | Industrials | Energy | Materials | Utilities | Comm. Services | Real Estate

Source: Bloomberg, UBS, as of 1 March 2023.

Note: The Real Estate sector was formally created in 2016, having previously been part of the Financials sector, but we are using hypothetical performance for the real estate sector beginning at the end of 2001. After the close on 21 September 2018, the S&P 500 made a change to the Consumer Discretionary, Information Technology, and Telecom sectors.

The views expressed in this slide belong to CIO Americas, GWM

UBS

Owning more than US large-cap stocks has helped over time

"Quilt chart" of calendar year returns and compounded annual growth rates for US stock styles & sizes (total returns)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2000-2023 (annualized)	2000-2023 (standard deviation)
Highest return	23%	14%	-10%	51%	24%	13%	23%	12%	-29%	46%	29%	8%	19%	43%	15%	7%	32%	30%	-2%	37%	45%	30%	-7%	9%	9.6%	17.9%
	19%	2%	-11%	49%	22%	13%	22%	11%	-32%	46%	27%	3%	18%	40%	15%	6%	21%	30%	-3%	36%	38%	28%	-8%	8%	9.4%	19.0%
	10%	2%	-15%	47%	20%	12%	20%	11%	-34%	45%	26%	**2%**	18%	39%	14%	**1%**	20%	28%	-3%	35%	36%	28%	-11%	8%	9.2%	18.1%
	8%	0%	-16%	46%	18%	8%	19%	9%	-37%	40%	25%	0%	18%	36%	13%	0%	17%	25%	-5%	**31%**	35%	28%	-12%	8%	9.0%	19.0%
	7%	-5%	-16%	43%	17%	7%	18%	7%	**-38%**	37%	25%	0%	18%	36%	**13%**	0%	16%	22%	**-5%**	31%	**21%**	**26%**	-14%	7%	7.8%	18.8%
	-3%	-6%	-18%	41%	16%	**6%**	16%	**6%**	-38%	34%	25%	-1%	17%	35%	13%	-1%	15%	**22%**	-8%	29%	20%	25%	-17%	6%	7.6%	14.7%
	-5%	-6%	-20%	40%	15%	5%	**15%**	6%	-38%	34%	22%	-1%	**16%**	35%	13%	-2%	14%	19%	-8%	28%	17%	23%	**-19%**	6%	7.4%	15.8%
	-8%	-9%	**-22%**	38%	14%	5%	15%	2%	-39%	**28%**	18%	-2%	16%	33%	12%	-2%	**12%**	19%	-9%	27%	13%	22%	-20%	4%	**7.2%**	**17.9%**
	-12%	**-12%**	-27%	30%	**11%**	5%	13%	0%	-40%	27%	17%	-2%	16%	33%	10%	-4%	11%	15%	-9%	27%	10%	21%	-26%	**4%**	7.1%	22.8%
	-22%	-20%	-28%	**30%**	10%	4%	11%	-1%	-40%	23%	**16%**	-3%	15%	**33%**	6%	-4%	9%	14%	-11%	26%	5%	15%	-27%	4%	6.5%	21.8%
	-22%	-20%	-30%	30%	6%	2%	11%	-2%	-41%	21%	16%	-4%	15%	33%	5%	-5%	7%	13%	-12%	25%	5%	13%	-29%	1%	6.4%	25.9%
Lowest return	-39%	-21%	-31%	28%	5%	2%	9%	-10%	-44%	20%	14%	-6%	10%	30%	4%	-7%	7%	8%	-13%	22%	3%	3%	-33%	-1%	6.2%	22.4%

Large-cap value | Large-cap growth | Mid-cap value | Mid-cap growth | Small-cap value | Small-cap growth | **Large-cap** | Mid-cap | Small-cap | S&P 500 equal-weight | Dow Jones Industrial Average | NASDAQ Composite

Source: Bloomberg, UBS, as of 1 March 2023. Note: This chart uses Russell index total returns, such as the Russell 1000 Value Index and the Russell 1000 Growth Index. These methodologies differ from other definitions of growth and value.

The views expressed in this slide belong to CIO Americas, GWM

UBS

Global diversification helps to make sure you own the winners

"Quilt chart" of calendar year returns and compounded annual growth rates for select regional stock markets (total returns)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2000-2023 (annualized)	2000-2023 standard deviation
Highest return	6%	-3%	-6%	56%	26%	34%	32%	39%	-29%	79%	19%	2%	20%	32%	14%	10%	12%	37%	-4%	32%	18%	29%	-5%	6%	6.1%	17.6%
	-9%	-12%	-10%	39%	20%	26%	31%	**12%**	-30%	43%	15%	-3%	18%	27%	**4%**	1%	11%	25%	-9%	31%	18%	19%	-14%	6%	5.7%	17.2%
	-12%	-14%	-10%	36%	20%	16%	27%	11%	-37%	**35%**	15%	-7%	17%	27%	0%	0%	**8%**	24%	**-9%**	**27%**	**16%**	**19%**	-17%	**4%**	5.3%	28.5%
	-14%	**-16%**	-15%	34%	16%	14%	26%	8%	**-42%**	32%	**13%**	**-7%**	**16%**	**23%**	-2%	-1%	2%	**24%**	-13%	22%	14%	18%	-18%	3%	**4.4%**	**18.7%**
	-14%	-21%	-16%	**34%**	**15%**	**11%**	**21%**	5%	-43%	26%	12%	-12%	16%	23%	-4%	**-2%**	1%	23%	-14%	21%	12%	11%	**-18%**	3%	3.1%	19.2%
	-28%	-21%	**-19%**	32%	15%	7%	16%	5%	-48%	25%	9%	-14%	15%	21%	-5%	-8%	0%	22%	-14%	20%	8%	2%	-20%	2%	2.9%	19.5%
Lowest return	-31%	-29%	-22%	29%	11%	5%	6%	-4%	-53%	6%	8%	-18%	8%	-3%	-5%	-15%	-5%	22%	-15%	18%	-10%	-3%	-20%	2%	1.1%	17.9%

Japan	Switzerland	United Kingdom	Global stocks (MSCI ACWI)	Emerging markets	Developed ex-US	US (S&P 500)

Source: Bloomberg, UBS, as of 1 March 2023.

UBS

The views expressed in this slide belong to CIO Americas, GWM

Credit diversification helps to make sure you own the winners

"Quilt chart" of calendar year returns and compounded annual growth rates for fixed income asset classes

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2000-2023 (annualized)	2000-2023 (standard deviation)
Highest return	16%	10%	22%	29%	13%	12%	12%	12%	12%	58%	20%	14%	18%	7%	15%	8%	17%	14%	1%	18%	11%	6%	-1%	7%	9.1%	10.3%
	14%	10%	17%	27%	12%	5%	10%	11%	8%	52%	15%	11%	16%	5%	9%	3%	10%	11%	1%	14%	10%	5%	-8%	3%	7.6%	14.9%
	13%	9%	15%	19%	11%	4%	8%	9%	**5%**	34%	14%	9%	15%	0%	8%	2%	10%	11%	1%	14%	9%	5%	-9%	2%	6.8%	9.0%
	13%	**8%**	12%	10%	8%	3%	8%	**7%**	4%	28%	13%	8%	14%	-1%	6%	1%	6%	8%	1%	13%	8%	2%	-11%	1%	6.7%	5.9%
	13%	8%	11%	9%	5%	3%	7%	7%	-2%	20%	13%	**8%**	10%	-2%	**6%**	1%	6%	8%	0%	9%	8%	2%	-11%	1%	6.5%	5.3%
	12%	8%	11%	8%	5%	3%	5%	6%	-2%	17%	10%	7%	10%	**-2%**	5%	1%	5%	6%	**0%**	**9%**	**8%**	-1%	-12%	1%	**6.2%**	**3.6%**
	12%	7%	**10%**	8%	5%	3%	5%	5%	-3%	16%	8%	6%	9%	-3%	5%	**1%**	3%	5%	-1%	9%	7%	-1%	-12%	0%	6.1%	12.4%
	11%	5%	10%	5%	5%	**2%**	5%	5%	-15%	13%	**7%**	6%	7%	-3%	4%	-1%	**3%**	4%	-2%	8%	7%	-1%	-12%	0%	6.0%	10.1%
	9%	5%	9%	5%	4%	2%	**4%**	3%	-21%	11%	6%	5%	7%	-3%	4%	-1%	2%	**4%**	-2%	8%	7%	**-2%**	**-13%**	0%	5.9%	4.2%
	5%	4%	8%	**4%**	**4%**	2%	4%	2%	-25%	8%	6%	4%	**4%**	-4%	2%	-1%	2%	3%	-2%	8%	5%	-2%	-15%	**0%**	5.7%	3.1%
	-4%	1%	2%	3%	4%	1%	3%	2%	-26%	**6%**	5%	4%	4%	-4%	2%	-4%	1%	3%	-2%	7%	5%	-2%	-15%	0%	5.6%	4.6%
	-6%	-4%	-1%	2%	3%	-9%	0%	-11%	-29%	6%	5%	2%	3%	-4%	-2%	-6%	1%	2%	-3%	6%	4%	-2%	-15%	0%	4.9%	8.4%
Lowest return	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2%	2%	0%	2%	-9%	-3%	-10%	0%	2%	-4%	5%	3%	-7%	-19%	0%	N/A	N/A

US Agg. Bond Index	US gov't	US muncipals	US IG credit	US high yield	Int'l developed	EM hard currency	EM local currency	Agency MBS	TIPS	Senior loans	Preferred	CMBS

Source: Bloomberg, UBS, as of 1 March 2023. Commercial Mortgage-Backed Security (CMBS) performance begins in 2000, EM local currency bond performance begins in 2009.

UBS

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Section 6

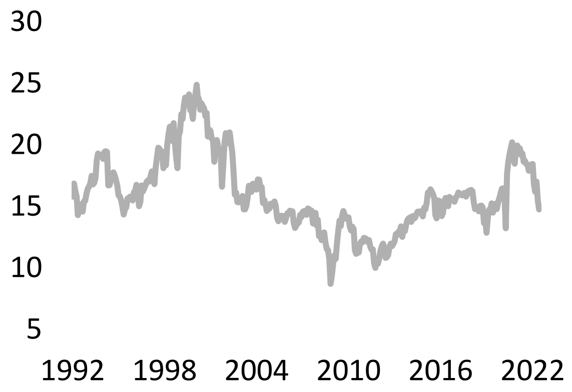
Looking ahead: longer-term investment themes

UBS

Lower equity valuations, higher yields supportive of stronger returns for diversified portfolios

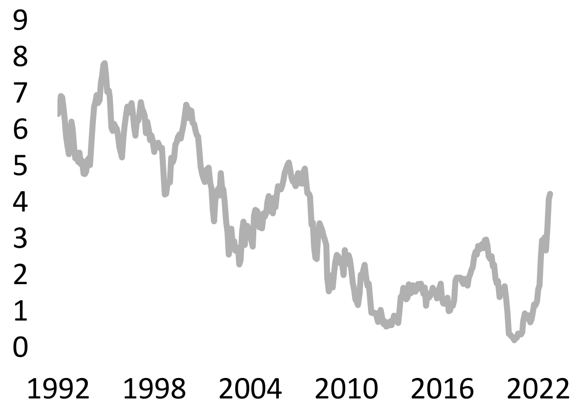
Equity sell-off has driven valuations lower

MSCI ACWI forward P/E multiples (x)



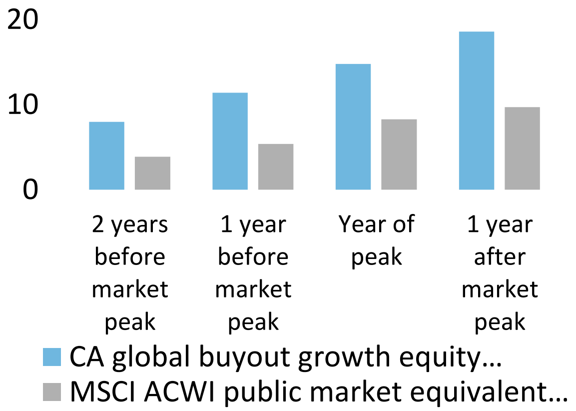
Higher yields bode well for longer-term returns on government bonds

UST 5-year yield, in %



Investing in private equity following public market declines can provide strong returns

Vintage year internal rate of return (IRR), in %



- Despite heightened risks to the near-term outlook, **lower equity valuations** and **higher yields** should be **supportive of stronger returns** for diversified portfolios over the decade ahead.
- **Equities:** Global stocks are trading at 14.1x as of end-October. Historically, these levels have been consistent with subsequent 10-year returns in the 8–10% range.
- **Bonds:** Government bond yields increased sharply in 2022 as investors repriced the outlook for interest rates. But while painful for investors in 2022, higher yields and wide credit spreads by historical standards bode well for returns over the next decade.
- **Alternatives:** Hedge funds should continue to benefit from higher interest rates and higher expected returns in traditional asset classes. Hedge funds also aid in reducing risk and adding diversification. For private investments, private market returns following a public market downturn have historically offered attractive entry points.

Source: Bloomberg, Cambridge Associates, UBS, as of November 2022
Charts and scenarios are for illustrative purposes only. Historical performance and forecasts are no guarantee for future performance.
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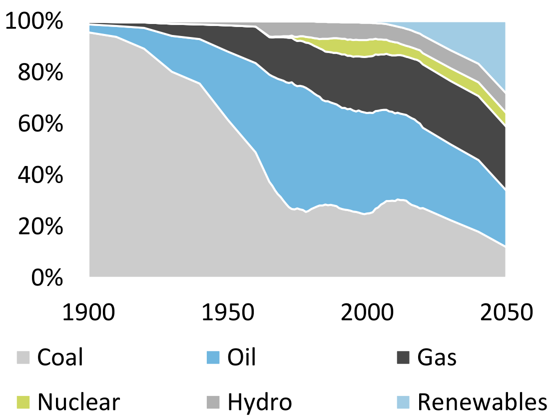
UBS

Position for the era of security

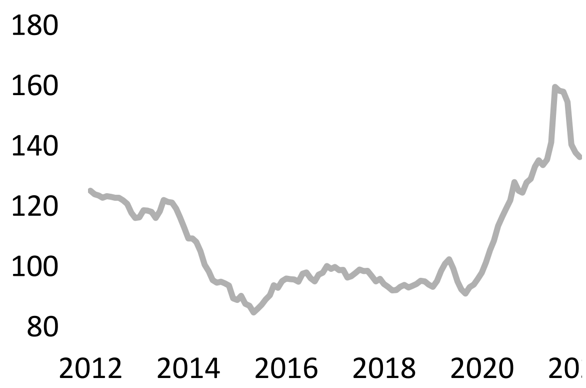
Energy security: Russia-Ukraine war likely to accelerate net zero transition

Primary energy consumption by fuel, share of



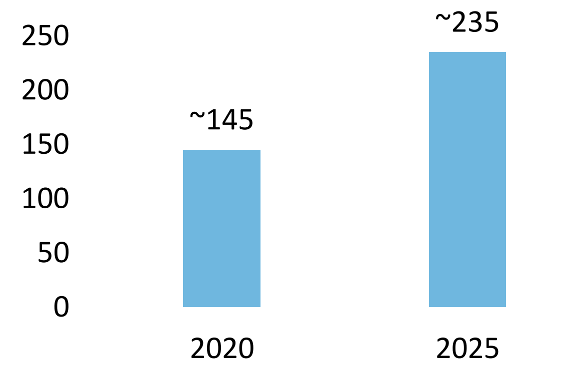
Food security: Supply disruptions and record food prices

FAO index



Cybersecurity: Markets expected to grow by an average of 10% during 2020–25

CIO estimate of global cybersecurity market, in USD bn



- Heightened US-China tensions and Russia's invasion of Ukraine have ushered in an era of security, including **greater focus** on **energy security, food security.** and **technological security**.
- **Energy security:** We expect the **era of security to drive commodity prices higher** over the long term. Focus on sourcing supplies from allied nations, structural underinvestment, efforts to achieve net-zero emissions, and a need to meet growing emerging market demand should all help support prices. Companies linked to **renewable energy solutions** are expected to see increased demand in the years ahead.
- **Food security:** The food price shock in early 2022 heightened focus on food security. We think this will favor stocks linked to **improving agricultural yields**. Efforts to improve supply chain efficiencies will drive opportunities in areas including **smart agriculture**, **alternative protein**, and **logistics**.
- **Cybersecurity:** An increase in remote working, alongside a growing perceived threat from both state and non-state actors, is also driving an increased focus on cybersecurity solutions. Gartner, a technology research firm, forecasts that cybersecurity spending will rise by 11.3%, to USD 188 billion, in 2023, and again by a double-digit rate in 2024.

Source: Historical data from 1900–2020: Smil (2010), BP Statistical Review of World Energy 2021. Projection to 2050: IEA World Energy Outlook 2021 under its Stated Policies Scenario; UBS estimates, Bloomberg, UBS, as of November 2022
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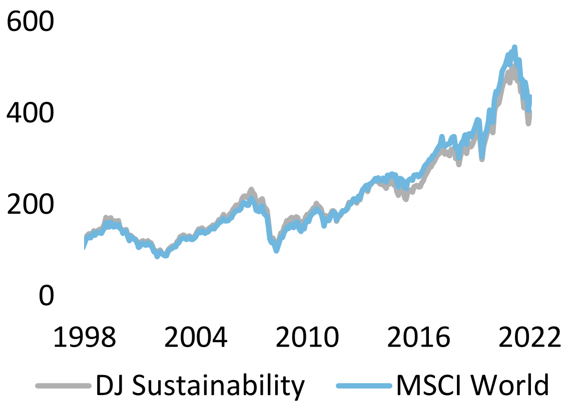
UBS

Invest sustainably

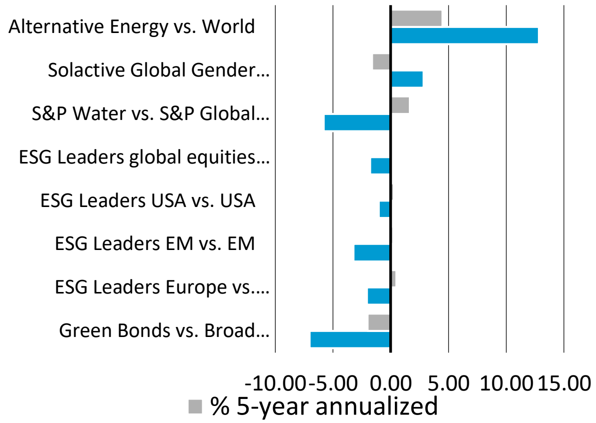
Sustainable investing performs broadly in line with traditional approaches

DJ Sustainable vs. MSCI World total return index, rebased since 1997



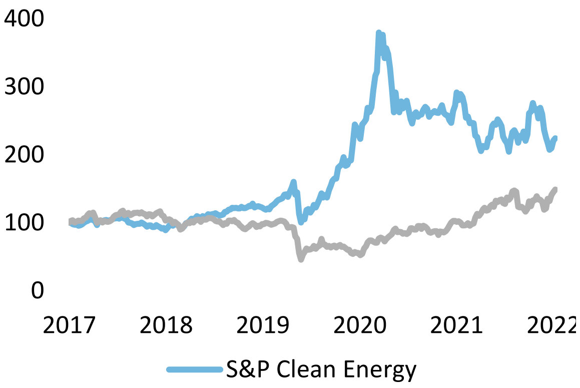
A diversified sustainable investment approach has supported long-term returns

Annualized returns of SI vs. 'conventional' benchmark indexes



A longer-term view puts clean energy's recent underperformance in context

Global energy sector vs. clean energy sector total returns index, rebased



- We continue to see **sustainable investing** as a critical strategy for the longer term, despite 2022's challenging performance. That said, long-term performance of sustainable investment strategies and themes remains comparable with traditional investments. Companies that manage their business, stakeholders, and environmental impact sustainably should also be able to deliver sustainable financial results.
- Investors do need to pay particular attention to **diversification by sector, style, and asset class.** Investors can diversify across SI themes, including more **value-oriented** topics like **agricultural yield**.
- Investors can **reduce portfolio bias by focusing on ESG improvers** as well as companies that are already leaders in the space. At the index level, ESG improver equities have outperformed broad equity markets by nearly 2 percentage points a year over the past five years.
- Adding **sustainable fixed income**, including sustainable bonds and multilateral development bank debt, can help **improve diversification**.

Note: for Annualized returns chart – all references are to MSCI indexes unless otherwise specified. Source: Bloomberg, ICE, UBS, as of November 2022
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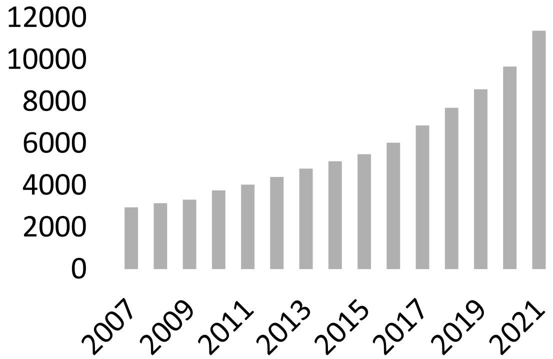
Seek value and growth in private markets

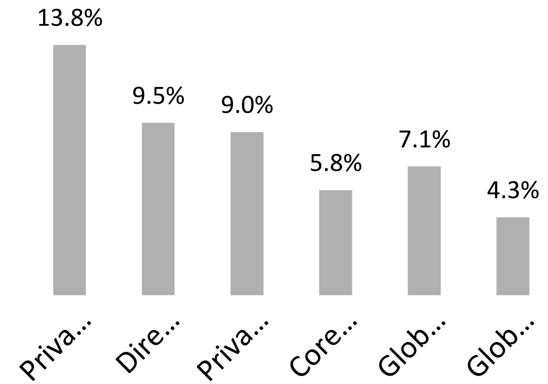
Private markets assets under management have grown rapidly

Asset under management (AUM), in USDbn



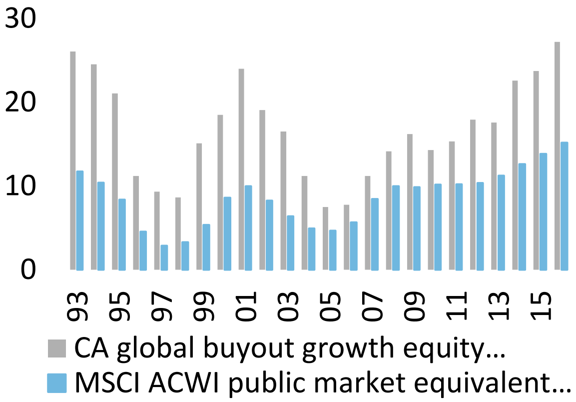
Private market strategies have outperformed listed markets

Average annual time weighted returns between January 2001 and December 2021 (for real estate from 2004 to 2021)



Global private equity outperformed public equity markets across multiple cycles

Vintage year IRR comparison between global PE and public equities, in %



- Investing in private markets can allow investors to tap into long-term growth opportunities inaccessible in public markets.
- Historically, **private markets** have **delivered outperformance relative to public markets**, consistently. This is in part thanks to an "illiquidity premium," and in part to value-add managers.
- **Putting fresh capital** to work in private markets in the years **following declines in public markets** has also historically proven a **rewarding strategy** over the long term.
- We currently favor strategies that can take advantage of price dislocations. We see the **most promising opportunities in secondaries, distressed/restructuring debt, and value-oriented buyout**. We also see opportunities to grow exposure to digitalization and the transition to a low-carbon economy.

Note: AUM includes private equity, private debt, real estate, infrastructure/natural resources. Source: Bloomberg, Pitchbook, CAPE Global Private Equity Index, Cliffwater Direct Lending Index, Cambridge Real Estate Index, MSCI ACWI, Barclays Global Aggregate, Cambridge Associates, UBS, as of November 2022

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Please see important disclaimer at the end of the document.

Section 7

UBS recommended Strategic Asset Allocations

UBS

Taxable investor with non-traditional assets

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**72.0%**	**54.0%**	**36.0%**	**19.0%**	**6.0%**
US Fixed Income	**70.0%**	**52.0%**	**34.0%**	**17.0%**	**6.0%**
US Gov't FI (short)	12.0%	0.0%	0.0%	0.0%	0.0%
US Gov't FI (intermediate)	7.0%	2.0%	2.0%	2.0%	0.0%
US Gov't FI (long)	0.0%	0.0%	0.0%	0.0%	3.0%
US Municipal FI	47.0%	46.0%	30.0%	13.0%	3.0%
US IG Corp FI	4.0%	2.0%	0.0%	0.0%	0.0%
US HY Corp FI	0.0%	2.0%	2.0%	2.0%	0.0%
Int'l Fixed Income	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**0.0%**
EM FI (Hard)	1.0%	1.0%	1.0%	1.0%	0.0%
EM FI (Local)	1.0%	1.0%	1.0%	1.0%	0.0%
Equity	**16.0%**	**31.0%**	**49.0%**	**69.0%**	**87.0%**
US Equity	**11.0%**	**18.0%**	**28.0%**	**39.0%**	**47.0%**
US Large cap growth	4.0%	6.5%	10.0%	14.0%	16.0%
US Large cap value	4.0%	6.5%	10.0%	14.0%	16.0%
US Mid cap	2.0%	3.0%	5.0%	7.0%	9.0%
US Small cap	1.0%	2.0%	3.0%	4.0%	6.0%
International Equity	**5.0%**	**13.0%**	**21.0%**	**30.0%**	**40.0%**
Int'l Developed Markets	5.0%	10.0%	15.0%	21.0%	28.0%
Emerging Markets	0.0%	3.0%	6.0%	9.0%	12.0%
Non-traditional	**10.0%**	**13.0%**	**13.0%**	**10.0%**	**5.0%**
Hedge Funds	10.0%	13.0%	13.0%	10.0%	5.0%
Private Equity	0.0%	0.0%	0.0%	0.0%	0.0%
Private Real Estate	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated compound return	**2.56%**	**3.42%**	**4.28%**	**5.07%**	**5.68%**
Estimated arithmetic return	**2.63%**	**3.62%**	**4.68%**	**5.78%**	**6.69%**
Estimated risk	**3.74%**	**6.13%**	**8.73%**	**11.58%**	**13.80%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

Taxable investor without non-traditional assets

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**81.0%**	**65.0%**	**48.0%**	**28.0%**	**11.0%**
US Fixed Income	**79.0%**	**63.0%**	**46.0%**	**26.0%**	**11.0%**
US Gov't FI (short)	12.0%	0.0%	0.0%	0.0%	0.0%
US Gov't FI (intermediate)	7.0%	2.0%	2.0%	2.0%	0.0%
US Gov't FI (long)	0.0%	0.0%	0.0%	0.0%	5.0%
US Municipal FI	56.0%	57.0%	42.0%	22.0%	6.0%
US IG Corp FI	4.0%	2.0%	0.0%	0.0%	0.0%
US HY Corp FI	0.0%	2.0%	2.0%	2.0%	0.0%
Int'l Fixed Income	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**0.0%**
EM FI (Hard)	1.0%	1.0%	1.0%	1.0%	0.0%
EM FI (Local)	1.0%	1.0%	1.0%	1.0%	0.0%
Equity	**17.0%**	**33.0%**	**50.0%**	**70.0%**	**87.0%**
US Equity	**11.0%**	**20.0%**	**28.0%**	**40.0%**	**47.0%**
US Large cap growth	4.0%	7.0%	10.0%	14.0%	16.0%
US Large cap value	4.0%	7.0%	10.0%	14.0%	16.0%
US Mid cap	2.0%	4.0%	5.0%	8.0%	9.0%
US Small cap	1.0%	2.0%	3.0%	4.0%	6.0%
International Equity	**6.0%**	**13.0%**	**22.0%**	**30.0%**	**40.0%**
Int'l Developed Markets	6.0%	10.0%	16.0%	21.0%	28.0%
Emerging Markets	0.0%	3.0%	6.0%	9.0%	12.0%
Estimated compound return	**2.32%**	**3.13%**	**3.98%**	**4.85%**	**5.58%**
Estimated arithmetic return	**2.38%**	**3.31%**	**4.33%**	**5.52%**	**6.55%**
Estimated risk	**3.52%**	**5.84%**	**8.22%**	**11.23%**	**13.50%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

Yield-focused taxable investor

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**62.0%**	**49.0%**	**34.0%**	**24.0%**	**10.0%**
US Fixed Income	**55.0%**	**38.0%**	**26.0%**	**16.0%**	**10.0%**
US Gov't FI (short)	7.0%	3.0%	2.0%	0.0%	0.0%
US Gov't FI (intermediate)	4.0%	3.0%	2.0%	0.0%	0.0%
US Gov't FI (long)	0.0%	2.0%	2.0%	0.0%	3.0%
US Municipal FI	31.0%	19.0%	6.0%	4.0%	3.0%
US IG Corp FI	6.0%	2.0%	2.0%	0.0%	0.0%
US HY Corp FI	7.0%	9.0%	12.0%	12.0%	4.0%
Int'l Fixed Income	**7.0%**	**11.0%**	**8.0%**	**8.0%**	**0.0%**
EM FI (Hard)	7.0%	7.0%	5.0%	6.0%	0.0%
EM FI (Local)	0.0%	4.0%	3.0%	2.0%	0.0%
Equity	**10.0%**	**16.0%**	**24.0%**	**31.0%**	**52.0%**
US Equity	**6.0%**	**9.0%**	**13.0%**	**17.0%**	**26.0%**
International Equity	**4.0%**	**7.0%**	**11.0%**	**14.0%**	**26.0%**
Yield Assets	**26.0%**	**33.0%**	**40.0%**	**43.0%**	**36.0%**
Senior Loans	8.0%	8.0%	8.0%	6.0%	3.0%
Preferreds	10.0%	12.0%	12.0%	13.0%	8.0%
MLPs	4.0%	6.0%	11.0%	14.0%	15.0%
US Real Estate	4.0%	7.0%	9.0%	10.0%	10.0%
Estimated compound return	**3.03%**	**3.72%**	**4.60%**	**5.10%**	**5.78%**
Estimated arithmetic return	**3.20%**	**4.04%**	**5.17%**	**5.88%**	**6.81%**
Estimated risk	**5.75%**	**7.88%**	**10.44%**	**12.18%**	**13.90%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

Taxable investor with sustainable investments

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**82.0%**	**60.0%**	**44.0%**	**25.0%**	**13.0%**
MDB bonds	25.0%	10.0%	10.0%	8.0%	5.0%
Sustainable munis	40.0%	31.0%	21.0%	9.0%	5.0%
Thematic sustainable fixed income	4.0%	6.0%	4.0%	2.0%	0.0%
ESG leaders corporate bonds	10.0%	10.0%	6.0%	3.0%	0.0%
ESG engagement HY bonds	3.0%	3.0%	3.0%	3.0%	3.0%
Equity	**16.0%**	**38.0%**	**54.0%**	**73.0%**	**85.0%**
ESG thematic equities	6.0%	12.0%	18.0%	23.0%	24.0%
ESG leaders equities (US)	5.0%	8.0%	11.0%	15.0%	19.0%
ESG leaders equities (ex-US)	5.0%	6.0%	9.0%	14.0%	17.0%
ESG improvers equities	0.0%	4.0%	6.0%	8.0%	9.0%
ESG engagement equities	0.0%	8.0%	10.0%	13.0%	16.0%
Estimated compound return	**2.48%**	**3.46%**	**4.13%**	**4.86%**	**5.24%**
Estimated arithmetic return	**2.57%**	**3.68%**	**4.52%**	**5.53%**	**6.14%**
Estimated risk	**4.05%**	**6.53%**	**8.60%**	**11.30%**	**13.07%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

Non-taxable investor with non-traditional assets

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**73.0%**	**54.0%**	**36.0%**	**20.0%**	**6.0%**
US Fixed Income	**67.0%**	**48.0%**	**30.0%**	**15.0%**	**6.0%**
US Gov't FI (short)	22.0%	12.0%	4.0%	0.0%	0.0%
US Gov't FI (intermediate)	15.0%	12.0%	10.0%	4.0%	0.0%
US Gov't FI (long)	0.0%	4.0%	3.0%	4.0%	6.0%
US Municipal FI	0.0%	0.0%	0.0%	0.0%	0.0%
US IG Corp FI	24.0%	15.0%	8.0%	2.0%	0.0%
US HY Corp FI	6.0%	5.0%	5.0%	5.0%	0.0%
Int'l Fixed Income	**6.0%**	**6.0%**	**6.0%**	**5.0%**	**0.0%**
EM FI (Hard)	3.5%	3.5%	4.0%	3.5%	0.0%
EM FI (Local)	2.5%	2.5%	2.0%	1.5%	0.0%
Equity	**14.0%**	**29.0%**	**47.0%**	**67.0%**	**87.0%**
US Equity	**9.0%**	**17.0%**	**26.0%**	**36.0%**	**46.0%**
US Large cap growth	3.0%	6.0%	10.0%	13.0%	16.0%
US Large cap value	3.0%	6.0%	10.0%	13.0%	16.0%
US Mid cap	2.0%	3.0%	4.0%	6.0%	8.0%
US Small cap	1.0%	2.0%	2.0%	4.0%	6.0%
International Equity	**5.0%**	**12.0%**	**21.0%**	**31.0%**	**41.0%**
Int'l Developed Markets	5.0%	9.0%	15.0%	22.0%	29.0%
Emerging Markets	0.0%	3.0%	6.0%	9.0%	12.0%
Non-traditional	**11.0%**	**15.0%**	**15.0%**	**11.0%**	**5.0%**
Hedge Funds	11.0%	15.0%	15.0%	11.0%	5.0%
Private Equity	0.0%	0.0%	0.0%	0.0%	0.0%
Private Real Estate	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated compound return	**2.92%**	**3.74%**	**4.50%**	**5.20%**	**5.73%**
Estimated arithmetic return	**3.03%**	**3.96%**	**4.92%**	**5.92%**	**6.73%**
Estimated risk	**4.59%**	**6.49%**	**8.96%**	**11.66%**	**13.73%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

UBS

Non-taxable investor without non-traditional assets

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**81.0%**	**65.0%**	**48.0%**	**28.0%**	**11.0%**
US Fixed Income	**74.0%**	**58.0%**	**42.0%**	**25.0%**	**11.0%**
US Gov't FI (short)	22.0%	12.0%	5.0%	0.0%	0.0%
US Gov't FI (intermediate)	16.0%	12.0%	10.0%	4.0%	0.0%
US Gov't FI (long)	0.0%	4.0%	4.0%	4.0%	6.0%
US Municipal FI	0.0%	0.0%	0.0%	0.0%	0.0%
US IG Corp FI	30.0%	24.0%	17.0%	12.0%	5.0%
US HY Corp FI	6.0%	6.0%	6.0%	5.0%	0.0%
Int'l Fixed Income	**7.0%**	**7.0%**	**6.0%**	**3.0%**	**0.0%**
EM FI (Hard)	4.5%	4.5%	4.0%	1.5%	0.0%
EM FI (Local)	2.5%	2.5%	2.0%	1.5%	0.0%
Equity	**17.0%**	**33.0%**	**50.0%**	**70.0%**	**87.0%**
US Equity	**11.0%**	**19.0%**	**28.0%**	**37.0%**	**46.0%**
US Large cap growth	4.0%	7.0%	10.0%	13.0%	16.0%
US Large cap value	4.0%	7.0%	10.0%	13.0%	16.0%
US Mid cap	2.0%	3.0%	5.0%	7.0%	8.0%
US Small cap	1.0%	2.0%	3.0%	4.0%	6.0%
International Equity	**6.0%**	**14.0%**	**22.0%**	**33.0%**	**41.0%**
Int'l Developed Markets	6.0%	10.0%	16.0%	24.0%	29.0%
Emerging Markets	0.0%	4.0%	6.0%	9.0%	12.0%
Estimated compound return	**2.81%**	**3.60%**	**4.34%**	**5.11%**	**5.64%**
Estimated arithmetic return	**2.93%**	**3.83%**	**4.76%**	**5.82%**	**6.62%**
Estimated risk	**4.78%**	**6.72%**	**8.93%**	**11.58%**	**13.54%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

Yield-focused non-taxable investor

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**66.0%**	**56.0%**	**41.0%**	**30.0%**	**15.0%**
US Fixed Income	**56.0%**	**43.0%**	**26.0%**	**15.0%**	**10.0%**
US Gov't FI (short)	22.0%	7.0%	2.0%	0.0%	0.0%
US Gov't FI (intermediate)	10.0%	8.0%	2.0%	0.0%	0.0%
US Gov't FI (long)	0.0%	4.0%	2.0%	0.0%	5.0%
US Municipal FI	0.0%	0.0%	0.0%	0.0%	0.0%
US IG Corp FI	13.0%	9.0%	5.0%	0.0%	0.0%
US HY Corp FI	11.0%	15.0%	15.0%	15.0%	5.0%
Int'l Fixed Income	**10.0%**	**13.0%**	**15.0%**	**15.0%**	**5.0%**
EM FI (Hard)	8.0%	9.0%	10.0%	10.0%	5.0%
EM FI (Local)	2.0%	4.0%	5.0%	5.0%	0.0%
Equity	**10.0%**	**16.0%**	**24.0%**	**30.0%**	**50.0%**
US Equity	**6.0%**	**9.0%**	**13.0%**	**16.0%**	**25.0%**
International Equity	**4.0%**	**7.0%**	**11.0%**	**14.0%**	**25.0%**
Yield Assets	**22.0%**	**26.0%**	**33.0%**	**38.0%**	**33.0%**
Senior Loans	7.0%	8.0%	7.0%	5.0%	4.0%
Preferreds	9.0%	9.0%	10.0%	10.0%	4.0%
MLPs	3.0%	5.0%	11.0%	13.0%	15.0%
US Real Estate	3.0%	4.0%	5.0%	10.0%	10.0%
Estimated compound return	**3.11%**	**3.73%**	**4.62%**	**5.04%**	**5.74%**
Estimated arithmetic return	**3.29%**	**4.04%**	**5.17%**	**5.84%**	**6.77%**
Estimated risk	**5.79%**	**7.68%**	**10.25%**	**12.30%**	**13.90%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

Non-taxable investor with sustainable investments

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**82.0%**	**60.0%**	**44.0%**	**25.0%**	**13.0%**
MDB bonds	40.0%	21.0%	13.0%	8.0%	5.0%
Sustainable munis	0.0%	0.0%	0.0%	0.0%	0.0%
Thematic sustainable fixed income	14.0%	13.0%	10.0%	6.0%	0.0%
ESG leaders corporate bonds	25.0%	23.0%	18.0%	8.0%	5.0%
ESG engagement HY bonds	3.0%	3.0%	3.0%	3.0%	3.0%
Equity	**16.0%**	**38.0%**	**54.0%**	**73.0%**	**85.0%**
ESG thematic equities	6.0%	12.0%	18.0%	23.0%	24.0%
ESG leaders equities (US)	5.0%	8.0%	11.0%	15.0%	19.0%
ESG leaders equities (ex-US)	5.0%	6.0%	9.0%	14.0%	17.0%
ESG improvers equities	0.0%	4.0%	6.0%	8.0%	9.0%
ESG engagement equities	0.0%	8.0%	10.0%	13.0%	16.0%
Estimated compound return	**2.72%**	**3.65%**	**4.26%**	**4.92%**	**5.27%**
Estimated arithmetic return	**2.81%**	**3.87%**	**4.66%**	**5.59%**	**6.18%**
Estimated risk	**4.24%**	**6.59%**	**8.71%**	**11.34%**	**13.13%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

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All equity and all fixed income investors

	All equity	All fixed income, taxable	All fixed income, non-taxable
Cash	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**0.0%**	**98.0%**	**98.0%**
US Gov't Fixed Income	**0.0%**	**90.0%**	**42.0%**
US Gov't FI (short)	0.0%	6.0%	6.0%
US Gov't FI (intermediate)	0.0%	10.0%	17.0%
US Gov't FI (long)	0.0%	3.0%	5.0%
US TIPS	0.0%	0.0%	6.0%
US MBS	0.0%	0.0%	8.0%
US Municipal FI	0.0%	71.0%	0.0%
Credit	**0.0%**	**8.0%**	**56.0%**
US IG Corp FI	0.0%	0.0%	20.0%
US HY Corp FI	0.0%	4.0%	9.0%
US CMBS	0.0%	0.0%	9.0%
Preferreds	0.0%	0.0%	4.0%
Senior Loans	0.0%	0.0%	4.0%
EM FI (Hard)	0.0%	4.0%	7.0%
EM FI (Local)	0.0%	0.0%	3.0%
Equity	**98.0%**	**0.0%**	**0.0%**
US Equity	**55.0%**	**0.0%**	**0.0%**
US Large cap Growth	19.5%	0.0%	0.0%
US Large cap Value	19.5%	0.0%	0.0%
US Mid cap	10.0%	0.0%	0.0%
US Small cap	6.0%	0.0%	0.0%
International Equity	**43.0%**	**0.0%**	**0.0%**
Int'l Developed Markets	31.0%	0.0%	0.0%
Emerging Markets	12.0%	0.0%	0.0%
Estimated compound return	**5.87%**	**1.48%**	**2.23%**
Estimated arithmetic return	**7.11%**	**1.52%**	**2.33%**
Estimated risk	**15.25%**	**2.80%**	**4.36%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

All equity and all income, yield-focused investors

	All equity	All fixed income, taxable	All fixed income, non-taxable
Cash	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**0.0%**	**76.0%**	**78.0%**
US Fixed Income	**0.0%**	**60.0%**	**60.0%**
US Gov't FI (short)	0.0%	4.0%	7.0%
US Gov't FI (intermediate)	0.0%	8.0%	11.0%
US Gov't FI (long)	0.0%	2.0%	6.0%
US Municipal FI	0.0%	34.0%	0.0%
US IG Corp FI	0.0%	0.0%	12.0%
US HY Corp FI	0.0%	12.0%	16.0%
US CMBS	0.0%	0.0%	8.0%
Int'l Fixed Income	**0.0%**	**16.0%**	**18.0%**
EM FI (Hard)	0.0%	10.0%	12.0%
EM FI (Local)	0.0%	6.0%	6.0%
Equity	**73.0%**	**0.0%**	**0.0%**
US Equity (sum)	**42.0%**	**0.0%**	**0.0%**
US Equity	30.0%	0.0%	0.0%
US Large cap Growth	6.0%	0.0%	0.0%
US Large cap Value	6.0%	0.0%	0.0%
International Equity	**31.0%**	**0.0%**	**0.0%**
Yield Assets	**25.0%**	**22.0%**	**20.0%**
Senior Loans	0.0%	10.0%	10.0%
Preferreds	0.0%	12.0%	10.0%
MLPs	15.0%	0.0%	0.0%
US Real Estate	10.0%	0.0%	0.0%
Estimated compound return	**6.17%**	**2.27%**	**2.55%**
Estimated arithmetic return	**7.58%**	**2.37%**	**2.69%**
Estimated risk	**16.29%**	**4.46%**	**5.30%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

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All equity and all income, sustainable investing

	All equity	All fixed income, taxable	All fixed income, non-taxable
Cash	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**0.0%**	**98.0%**	**98.0%**
MDB bonds	0.0%	23.0%	28.0%
Sustainable munis	0.0%	45.0%	0.0%
Thematic sustainable fixed income	0.0%	10.0%	25.0%
ESG leaders corporate bonds	0.0%	13.0%	38.0%
ESG engagement HY bonds	0.0%	7.0%	7.0%
Equity	**98.0%**	**0.0%**	**0.0%**
ESG thematic equities	28.0%	0.0%	0.0%
ESG leaders equities (US)	21.0%	0.0%	0.0%
ESG leaders equities (ex-US)	19.0%	0.0%	0.0%
ESG improvers equities	10.0%	0.0%	0.0%
ESG engagement equities	20.0%	0.0%	0.0%
Estimated compound return	**5.60%**	**1.68%**	**1.96%**
Estimated arithmetic return	**6.77%**	**1.75%**	**2.04%**
Estimated risk	**14.85%**	**3.61%**	**4.15%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

All international equity investors

	All equity
Cash	**2.0%**
Equity	**98.0%**
DM Equities (total)	**68.5%**
DM Equities	4.0%
Eurozone	21.0%
Japan	18.0%
United Kingdom	10.0%
Canada	7.5%
Switzerland	6.0%
Australia	2.0%
EM Equities total	**29.5%**
EM Equities	8.0%
China	11.0%
South Korea	1.5%
Taiwan	1.5%
India	3.5%
Brazil	2.5%
Russia	**1.5%**
Estimated compound return	**6.75%**
Estimated arithmetic return	**8.07%**
Estimated risk	**15.68%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

UHNW investor with non-traditional assets

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**57.0%**	**48.0%**	**31.0%**	**20.0%**	**6.0%**
US Fixed Income	**55.0%**	**46.0%**	**29.0%**	**18.0%**	**6.0%**
US Gov't FI (short)	2.0%	0.0%	0.0%	0.0%	0.0%
US Gov't FI (intermediate)	0.0%	2.0%	2.0%	2.0%	0.0%
US Gov't FI (long)	0.0%	0.0%	0.0%	0.0%	0.0%
US Municipal FI	49.0%	40.0%	25.0%	14.0%	6.0%
US IG Corp FI	4.0%	2.0%	0.0%	0.0%	0.0%
US HY Corp FI	0.0%	2.0%	2.0%	2.0%	0.0%
Int'l Fixed Income	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**0.0%**
EM FI (Hard)	1.0%	1.0%	1.0%	1.0%	0.0%
EM FI (Local)	1.0%	1.0%	1.0%	1.0%	0.0%
Equity	**16.0%**	**25.0%**	**37.0%**	**48.0%**	**62.0%**
US Equity	**10.0%**	**14.0%**	**20.0%**	**27.0%**	**35.0%**
US Large cap growth	3.5%	5.0%	7.0%	9.5%	12.0%
US Large cap value	3.5%	5.0%	7.0%	9.5%	12.0%
US Mid cap	2.0%	2.0%	4.0%	5.0%	7.0%
US Small cap	1.0%	2.0%	2.0%	3.0%	4.0%
International Equity	**6.0%**	**11.0%**	**17.0%**	**21.0%**	**27.0%**
Int'l Developed Markets	6.0%	8.0%	12.0%	15.0%	19.0%
Emerging Markets	0.0%	3.0%	5.0%	6.0%	8.0%
Non-traditional	**25.0%**	**25.0%**	**30.0%**	**30.0%**	**30.0%**
Hedge Funds	10.0%	5.0%	5.0%	5.0%	0.0%
Private Equity	10.0%	15.0%	20.0%	20.0%	25.0%
Private Real Estate	5.0%	5.0%	5.0%	5.0%	5.0%
Estimated compound return	**3.44%**	**4.13%**	**5.00%**	**5.46%**	**6.11%**
Estimated arithmetic return	**3.58%**	**4.37%**	**5.44%**	**6.09%**	**7.04%**
Estimated risk	**5.18%**	**6.88%**	**9.21%**	**10.87%**	**13.15%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

Institutional investor with non-traditional assets

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Fixed Income	**56.0%**	**42.0%**	**30.0%**	**17.0%**	**10.0%**
US Fixed Income	**51.0%**	**40.0%**	**28.0%**	**15.0%**	**10.0%**
US Gov't FI (short)	21.0%	15.0%	5.0%	0.0%	0.0%
US Gov't FI (intermediate)	16.0%	12.0%	10.0%	6.0%	0.0%
US Gov't FI (long)	0.0%	2.0%	4.0%	6.0%	10.0%
US Municipal FI	0.0%	0.0%	0.0%	0.0%	0.0%
US IG Corp FI	9.0%	7.0%	6.0%	0.0%	0.0%
US HY Corp FI	5.0%	4.0%	3.0%	3.0%	0.0%
Int'l Fixed Income	**5.0%**	**2.0%**	**2.0%**	**2.0%**	**0.0%**
EM FI (Hard)	3.0%	1.0%	1.0%	1.0%	0.0%
EM FI (Local)	2.0%	1.0%	1.0%	1.0%	0.0%
Equity	**12.0%**	**26.0%**	**38.0%**	**51.0%**	**58.0%**
US Equity	**8.0%**	**13.0%**	**19.0%**	**25.0%**	**28.0%**
US Large cap growth	3.0%	4.5%	6.5%	8.5%	9.5%
US Large cap value	3.0%	4.5%	6.5%	8.5%	9.5%
US Mid cap	2.0%	3.0%	4.0%	5.0%	6.0%
US Small cap	0.0%	1.0%	2.0%	3.0%	3.0%
International Equity	**4.0%**	**13.0%**	**19.0%**	**26.0%**	**30.0%**
Int'l Developed Markets	4.0%	9.0%	13.0%	18.0%	21.0%
Emerging Markets	0.0%	4.0%	6.0%	8.0%	9.0%
Non-traditional	**30.0%**	**30.0%**	**30.0%**	**30.0%**	**30.0%**
Hedge Funds	13.0%	10.0%	8.0%	5.0%	0.0%
Private Equity	10.0%	14.0%	17.0%	20.0%	25.0%
Private Real Estate	7.0%	6.0%	5.0%	5.0%	5.0%
Estimated compound return	**3.75%**	**4.54%**	**5.16%**	**5.78%**	**6.17%**
Estimated arithmetic return	**3.89%**	**4.81%**	**5.59%**	**6.45%**	**6.98%**
Estimated risk	**5.20%**	**7.18%**	**9.13%**	**11.22%**	**12.31%**

Source: UBS Wealth Management USA Asset Allocation Committee, as of March 21, 2022. Asset allocation does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market. See Important Information section, Wealth Management USA Asset Allocation Committee and the UBS Capital Market Assumptions and Strategic Asset Allocation Models, for more information.

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Appendix

Statement of Risk
Equities - Stock market returns are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions and other important variables.

Fixed income - Bond market returns are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions and other important variables. Corporate bonds are subject to a number of risks, including credit risk, interest rate risk, liquidity risk, and event risk. Though historical default rates are low on investment-grade corporate bonds, perceived adverse changes in the credit quality of an issuer may negatively affect the market value of securities. As interest rates rise, the value of a fixed-coupon security will likely decline. Bonds are subject to market value fluctuations, given changes in the level of risk-free interest rates. Not all bonds can be sold quickly or easily on the open market. Prospective investors should consult their tax advisors concerning the federal, state, local, and non-US tax consequences of owning any securities referenced in this report.

Preferred securities - Prospective investors should consult their tax advisors concerning the federal, state, local, and non-US tax consequences of owning preferred stocks. Preferred stocks are subject to market value fluctuations, given changes in the level of interest rates. For example, if interest rates rise, the value of these securities could decline. If preferred stocks are sold prior to maturity, price and yield may vary. Adverse changes in the credit quality of the issuer may negatively affect the market value of the securities. Most preferred securities may be redeemed at par after five years. If this occurs, holders of the securities may be faced with a reinvestment decision at lower future rates. Preferred stocks are also subject to other risks, including illiquidity and certain special redemption provisions.

Municipal bonds - Although historical default rates are very low, all municipal bonds carry credit risk, with the degree of risk largely following the particular bond's sector. Additionally, all municipal bonds feature valuation, return, and liquidity risk. Valuation tends to follow internal and external factors, including the level of interest rates, bond ratings, supply factors, and media reporting. These can be difficult or impossible to project accurately. Also, most municipal bonds are callable and/or subject to earlier-than-expected redemption, which can reduce an investor's total return. Because of the large number of municipal issuers and credit structures, not all bonds can be easily or quickly sold on the open market.

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Explanations about asset classes
Our preferences represent the longer-term allocation of assets that is deemed suitable for a particular investor and were developed and approved by the US Investment Strategy Committee. Our preferences are provided for illustrative purposes only and will differ among investors according to their individual circumstances, risk tolerance, return objectives and time horizon. Therefore, our preferences in this publication may not be suitable for all investors or investment goals and should not be used as the sole basis of any investment decision. Minimum net worth requirements may apply to allocations to non-traditional assets. As always, please consult your UBS Financial Advisor to see how our preferences should be applied or modified according to your individual profile and investment goals.

Our preferences does not assure profits or prevent against losses from an investment portfolio or accounts in a declining market.

Appendix

Emerging Market Investments
Investors should be aware that Emerging Market assets are subject to, amongst others, potential risks linked to currency volatility, abrupt changes in the cost of capital and the economic growth outlook, as well as regulatory and socio-political risk, interest rate risk and higher credit risk. Assets can sometimes be very illiquid and liquidity conditions can abruptly worsen. CIO GWM generally recommends only those securities it believes have been registered under Federal U.S. registration rules (Section 12 of the Securities Exchange Act of 1934) and individual State registration rules (commonly known as "Blue Sky" laws). Prospective investors should be aware that to the extent permitted under US law, CIO GWM may from time to time recommend bonds that are not registered under US or State securities laws. These bonds may be issued in jurisdictions where the level of required disclosures to be made by issuers is not as frequent or complete as that required by US laws. Investors interested in holding bonds for a longer period are advised to select the bonds of those sovereigns with the highest credit ratings (in the investment grade band). Such an approach should decrease the risk that an investor could end up holding bonds on which the sovereign has defaulted. Sub-investment grade bonds are recommended only for clients with a higher risk tolerance and who seek to hold higher yielding bonds for shorter periods only.

Nontraditional Assets
Nontraditional asset classes are alternative investments that include hedge funds, private equity, real estate, and managed futures (collectively, alternative investments). Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. An investment in an alternative investment fund is speculative and involves significant risks. Specifically, these investments
(1) are not mutual funds and are not subject to the same regulatory requirements as mutual funds;
(2) may have performance that is volatile, and investors may lose all or a substantial amount of their investment;
(3) may engage in leverage and other speculative investment practices that may increase the risk of investment loss;
(4) are long-term, illiquid investments; there is generally no secondary market for the interests of a fund, and none is expected to develop;
(5) interests of alternative investment funds typically will be illiquid and subject to restrictions on transfer;
(6) may not be required to provide periodic pricing or valuation information to investors;
(7) generally involve complex tax strategies and there may be delays in distributing tax information to investors;
(8) are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits.
Interests in alternative investment funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in an alternative investment fund and should consider an alternative investment fund as a supplement to an overall investment program.
In addition to the risks that apply to alternative investments generally, the following are additional risks related to an investment in these strategies:
Hedge Fund Risk: There are risks specifically associated with investing in hedge funds, which may include risks associated with investing in short sales, options, small-cap stocks, “junk bonds,” derivatives, distressed securities, non-US securities and illiquid investments.
Managed Futures: There are risks specifically associated with investing in managed futures programs. For example, not all managers focus on all strategies at all times, and managed futures strategies may have material directional elements.
Real Estate: There are risks specifically associated with investing in real estate products and real estate investment trusts. They involve risks associated with debt, adverse changes in general economic or local market conditions, changes in governmental, tax, real estate and zoning laws or regulations, risks associated with capital calls and, for some real estate products, the risks associated with the ability to qualify for favorable treatment under the federal tax laws.
Private Equity: There are risks specifically associated with investing in private equity. Capital calls can be made on short notice, and the failure to meet capital calls can result in significant adverse consequences including, but not limited to, a total loss of investment.
Foreign Exchange/Currency Risk: Investors in securities of issuers located outside of the United States should be aware that even for securities denominated in US dollars, changes in the exchange rate between the US dollar and the issuer’s “home” currency can have unexpected effects on the market value and liquidity of those securities. Those securities may also be affected by other risks (such as political, economic or regulatory changes) that may not be readily known to a US investor.

Appendix

Global Investment Process and Committee Description
The UBS investment process is designed to achieve replicable, high-quality results through applying intellectual rigor, strong process governance, clear responsibility and a culture of challenge.

Based on the analyses and assessments conducted and vetted throughout the investment process, the Chief Investment Officer (CIO) formulates the UBS Wealth Management Investment House View preferences at the Global Investment Committee (GIC). Senior investment professionals from UBS, complemented by selected external experts, debate and rigorously challenge the investment strategy to ensure consistency and risk control.

Global Investment Committee Composition
The GIC comprises top market and investment expertise from UBS:

- Mark Haefele (Chair)
- Solita Marcelli
- Tan Min Lin
- Themis Themistocleous
- Paul Donovan
- Bruno Marxer(*)
- Adrian Zuercher
- Mark Anderson

(*) Business area distinct from Chief Investment Office Global Wealth Management

US Investment Strategy Committee description
We recognize that a globally derived house view is most effective when complemented by local perspective and application. As such, UBS has formed a Global Wealth Management US Investment Strategy Committee.

US Investment Strategy Committee Composition

- Solita Marcelli
- Jason Draho (chair)
- Leslie Falconio
- David Lefkowitz
- Brian Rose
- Daniel Scansaroli

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