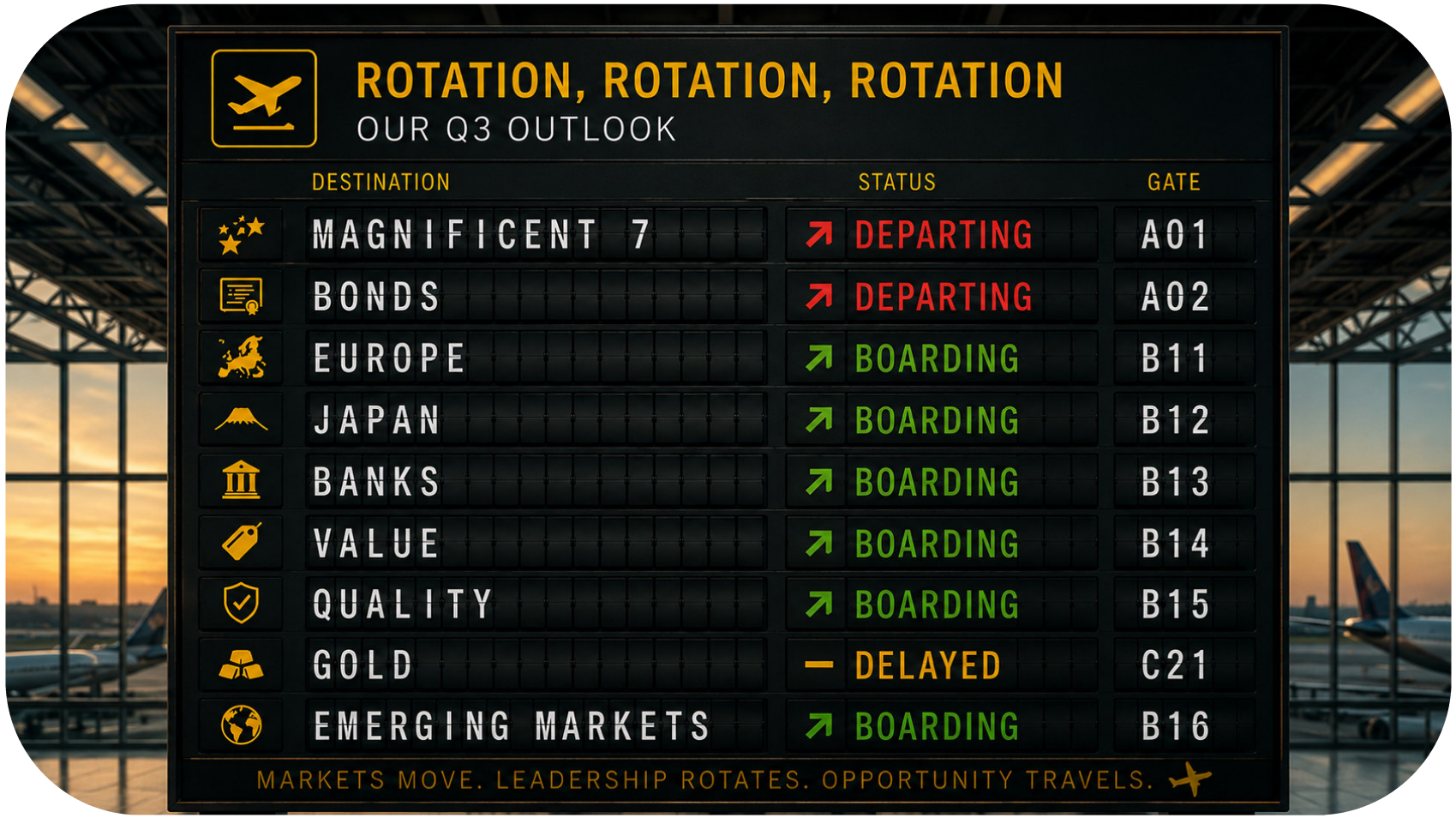
NPB CIO Outlook

Asset Allocation Views – Q3 2026 – Rotation, Rotation, Rotation



Executive Summary

Rotation, Rotation, Rotation

- The first half of 2026 has brought surprises on all possible fronts. President Trump's tireless activity on the geopolitical front was met with nearly unabated advances in equity markets, but also an intermediate setback in commodity-related assets.

- The AI infrastructure build-out theme continues to dominate the investment landscape, and indeed, the spending is real and leading to a new capex super-cycle. Markets have been quick to re-rate stocks based on those higher earnings expectations, with analysts possibly getting too optimistic now.

- As we had mentioned in our previous quarterly outlook, in a fast-moving, headline-driven world, it is important to not lose the longer-term driving forces out of sight, which include capex boom, geopolitical multipolarity, sovereign indebtedness and inflationary pressures.

- **Equities:** We still think we are in the last stages of the seventeen-year-old secular (US) bull market. Just as location, location, location is everything to real estate investors, rotation, rotation, rotation should be the focus for equity investors now: from the US into global markets, from high beta into quality, and from speculative growth into cash-flow growth.

- **Fixed Income:** The secular bear market for bonds will continue, and global interest rates express this. Central banks have moved or will be moving from easing to tightening over the coming 6-12 months. Underweight bonds.

- **Currencies:** For now, the Dollar technical break higher gets the benefit of the doubt, and the burden of proof lies with the US Dollar bears. In the longer term, we still expect a weaker greenback.

- **Alternatives:** We continue to overweight hedge fund strategies and underweight private asset investments, especially private debt and private equity.

NPB | 25 Neue Privat Bank YEARS

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CIO Office Global Scenarios

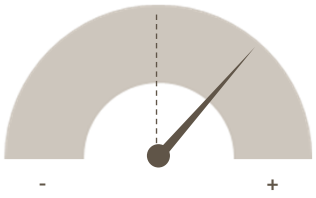
Geopolitical and Macroeconomic Views

		Base Case	Best Case	Worst Case
Economy	Growth	Our view of strong global growth was suspended by the Iran conflict. With the conflict now being a 'Peacefire', growth may be getting back on track, with not only a recession avoided, but additional post-war spending possibly delivering above-trend growth.	The conflict evolves into a durable peace agreement, with post-war spending plus AI-driven capex and productivity gains leading to a global boom growth cycle.	Resurgence of kinetic warfare in the Middle East and/or a lag effect from the closure of the SoH* leads to (another) supply shock, curtailing global growth.
	Inflation	Global growth expansion keeps inflation naturally elevated but is broadly contained in line with the pace of growth.	Inflationary and deflationary forces cancel each other out, with productivity gains (deflationary) slightly outpacing AI build-out costs (inflationary).	Effects from the closure of the SoH* hit supply chains with a lag. Countries applying the "lessons learned" by building strategic reserves of crucial products (energy, fertilisers, etc.) add upside pressure on prices.
Geopolitics	Multipolarity	Multipolarity is our "Brave New World" order. The Russia/Ukraine war is still ongoing, and the most recent events show that the Iran conflict is not entirely off the table either. Up next: Cuba? Taiwan? Greenland again? FIFA?	The US administration deprioritises the international sabre-rattling and starts focusing on the mid-term elections and prioritises the domestic agenda, allowing the rest of the world to go "back to normal".	Smaller, more frequent conflicts keep disrupting global supply chains, pushing countries into stockpiling, leading to a global "Make xx great again" attitude and making a larger global conflict increasingly conceivable.
Markets	Earnings	(US) Earnings have been running hot, justifying the rally in stocks, which continue to look beyond the geopolitical noise. However, it is unlikely that the current earnings re-rating pace is sustainable.	Unabated capex spending, similar to the early days of the railroad infrastructure roll-out in the late 19th century, leads to a prolonged earnings cycle.	One high-profile hyperscaler partially cancels some of its capex budget, leading to a wave of spending reductions and a "realisation" by the investment public that trees indeed do not grow into the sky.
	Mid-Term Elections	With mid-term elections rapidly approaching, the Trump administration will increasingly turn towards the domestic agenda and introduce a "crowd-pleasing" strategy, which should have positive knock-on effects on markets.	Turning nearly completely away from the international agenda to focus on domestic matters, Mr Trump & Co. provide the rest of the world with a welcome and market-friendly breather.	The Trump administration loses the mid-term elections on all accounts (upper & lower house), turning it into a 'lame duck' government, triggering a scorched-earth syndrome.
Quarterly Spotlight: - Rotation, Rotation, Rotation		As the current secular (equity) bull market enters a later stage, our quarterly spotlight turns to the rotation not amongst but within asset classes we envision for the coming months. We therefore see a gradual shift away from a highly volatile tech sector toward more stable, quality- and yield-seeking segments. Look for cash-flow positive (and CF increasing) companies and start steering clear of non-profit, high-beta, high-momentum plays. Also, consider continuing to invest (relatively speaking) away from the growth-stock-heavy US market towards other regions.		
Probability		*High*	*Highly unlikely*	*Tail risk; low probability*

* Strait of Hormuz

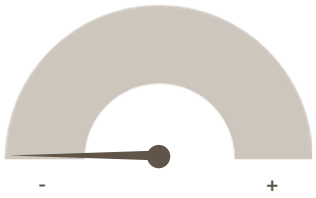
NPB Global Asset Allocation Views

6-12m Outlook



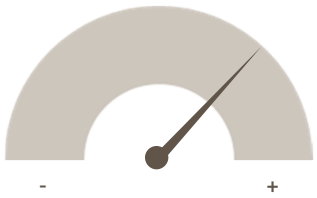
Cash & Money Market

Proceeds from our intra-meeting decision to eliminate the gold position have been placed tactically into the cash/MM pocket. Carrying a larger cash holding in a volatile environment, which will offer plenty of tactical opportunities, seems a valid proposition to us.



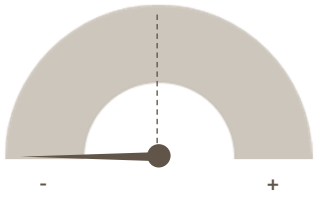
Fixed Income

Given our inflationary expectations and hence assumption that bonds will remain in a secular bear market, we remain maximally underweight in our fixed income exposure. We continue to give preference to EM Debt (hard currency and local) and to invest in investment-grade over high-yield.



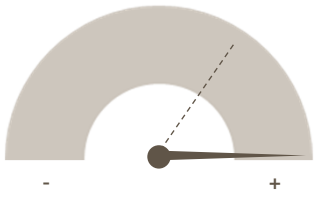
Equities

We continue to recommend an overweight positioning of equities but simultaneously suggest a gradual improvement of the portfolio quality, i.e. reduce growth in favour of value/yield/quality, and consider opportunities outside the US market. Expect volatility to increase in the second half of the year.



Precious Metals

After hitting one of our key risk levels, we have exited our long-standing gold holding. Whilst we remain constructive on the yellow metal's price future, we expect volatile range trading over the coming months, which we intend to fully exploit via option strategies.



Alternatives

Alternative investments, especially liquid alternative strategies, continue to grow in importance in our portfolios due to stable-return and volatility-dampening characteristics, which make them, among other things, an attractive fixed-income replacement.

Current view Previous view (if different)

NPB Global Tactical Views

6-12m Outlook

Equities	View	Commentary
United States		Rotation! Rotation! Rotation! Whilst we keep our neutral weighting to US stocks, within the asset class, we continue to shift away from growth and momentum stocks, towards higher quality, cash-flow rich and/or yield producing equities.
Europe		European equity markets, whilst overall positive, have seen important regional differences in terms of performance, with Southern Europe outperforming the rest. Whilst we would like to upgrade European stocks to overweight again, we need further evidence from price action, before committing to such a move.
Switzerland		The Swiss equity market, with its structurally defensive, high-cash-flow-producing nature, offers exactly the characteristics we are looking for as we steer our equity holdings towards higher-quality investments.
UK		The sideways chomp of the UK's stock market is a clear expression of the continued upheaval going on in politics, with the country now having switched its PM more than Italy in the past 10 years. Yet, hope for an eventual positive resolution leads us to maintain a neutral rating.
Japan		The stars (corporate restructuring, valuation, politics) continue to be well-aligned for the Japanese stock market, with the country's currency being the sword of Damocles hanging over it. Watch the Yen closely for signs of a trend reversal (higher), which could mark an end to the equity rally.
Emerging Markets		We downgrade EM equity by one notch, keeping it, though, at a modest overweight, as we continue to have a close eye on the US Dollar. Even though, for now, a stronger greenback has not hampered EM performance, it is a factor not to be ignored.
China		We leave our recommended allocation at Neutral for Chinese equities, with a slight preference of Hong Kong stocks over their mainland cousins.
India		Our tactical upgrade of Indian equities last quarter has worked well in absolute terms but not so much in relative terms compared to other EM markets yet. Nevertheless, we continue to believe that this market has found a cyclical bottom and offers an interesting outperformance potential.
Middle East		Given the continued political/warfare uncertainty surrounding the wider region, we prefer to downgrade our recommendation to underweight after the recent rebound in local stock markets. Opportunities (Saudi Arabia?) may offer themselves at the end of this volatile path ahead.

Underweight | Neutral | Overweight | ● Previous view (if different)

NPB Global Tactical Views

6-12m Outlook

Fixed Income	View	Commentary
Government		Over-indebtedness, inflationary pressures and broken negative correlations to equities all confirm our continued underweight stance on government bonds. Tactical opportunities may appear, but the secular trend for yields continues to be up.
Investment Grade		We continue to prefer investment grade exposure over government debt, despite the razor-thin spreads. Corporate balance sheets continue to be robust, giving little worry for a major widening in the immediate future.
High Yield		The risks to high-yield spreads remain strongly skewed towards widening. However, given a general positive economic outlook, coupled with an ongoing hunt for yield, we would consider increasing exposure to this segment on the next "sell-off".
Emerging Markets		EM debt has been resilient to the recent strength in the US Dollar. Whilst we do not advocate for "this time is different", a certain decoupling from the traditional negative correlation to the greenback appears to be a reality. Continue to be overweight.
Duration		Given our inflation/yield projections, now coupled with a surprisingly hawkish inaugural speech by new Fed Boss Kevin Warsh, we are keeping our duration exposure underweight and may reduce further on a technical breakout.

Currencies	View	Commentary
Swiss Franc		Whilst the SNB is very unlikely to embark on a tightening cycle, the growing potential for increased interest rate differentials between the Swiss Franc and other major currencies is probably already fully baked in. We keep our neutral stance.
Euro		So far, we have been wrong about our positive Euro (negative USD) outlook. However, as long as this currency pair continues to trade above key support (1.1350) we hold on to that view. On a break below we would admit (temporary) defeat and move back to a more neutral weighting.
US Dollar		The move above 100 on the USD Index (DXY) obliges us to move our Dollar recommendation to at least neutral. As long as the previous resistance, now turned support, holds, our working assumption is higher in the short term but lower in the long term.
British Pound		The picture of UK assets (stocks, bonds, currency) remains extremely murky thanks to a political mess. With a neutral rating, we are giving the currency (and the country) the benefit of the doubt that eventually matters will sort themselves out.

Underweight | Neutral | Overweight | ● Previous view (if different)

NPB Global Tactical Views

6-12m Outlook

Alternatives	View	Commentary
Commodities*		We remain very confident on our secular bullish call on the commodity space but realize that trends do not evolve in a straight line from bottom left to top right. Hence, tactically, we reduce our recommendation to neutral and intend to add exposure to the space as opportunities present themselves.
Hedge Funds		We continue to like liquid alternative strategies, but not only as a partial replacement for fixed-income exposure, but as the year progresses also as an equity alternative (long/short, market neutral) in what we expect to become a more volatile and eventually hostile environment for stocks.
Private Equity		We maintain our private equity allocation recommendation to underweight as we expect further contagion from the private credit space as both are tightly interwoven. Plus, the (il)liquidity profile of this asset class is an additional drag in a fast-moving, volatile asset allocation environment.
Private Debt		We continue to completely avoid private credit investments. We will be ready to pick up the right shards once the shake-out is over, but that is not the case yet.
Infrastructure		Considering European, US and above all, AI-related spending plans, we believe an overweight to this asset class is justified. For those investors who can face the liquidity constraints of this asset class, it offers opportunities.

*Commodities ex precious metals

Underweight | Neutral | Overweight | ● Previous view (if different)

Asset Class Total Returns in CHF as of 9th July 2026

NPB | Neue Privat Bank 25 YEARS

Asset Class	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2010-2025 p.a.
Global All Countries	2.3%	-6.3%	13.9%	20.0%	17.2%	-1.2%	10.5%	19.3%	-8.0%	25.2%	7.1%	22.6%	-17.0%	11.8%	27.7%	7.4%	13.1%	8.8%
Global ex-US	0.9%	-12.8%	14.5%	12.6%	8.2%	-4.6%	7.0%	22.4%	-12.9%	20.2%	1.9%	11.6%	-14.5%	5.9%	14.9%	16.4%	14.8%	5.1%
US S&P 500	3.8%	2.6%	13.0%	28.6%	27.1%	2.0%	13.9%	16.6%	-3.5%	29.3%	8.4%	32.5%	-17.2%	14.9%	35.2%	3.0%	12.1%	12.2%
US Nasdaq 100	8.4%	4.1%	15.3%	33.0%	33.5%	10.4%	9.2%	27.3%	1.0%	37.1%	36.4%	31.3%	-31.6%	41.2%	36.2%	5.8%	18.5%	16.9%
US Mid Caps	14.3%	-1.2%	14.8%	29.7%	22.7%	-1.6%	22.8%	11.2%	-10.3%	24.1%	4.1%	28.4%	-12.1%	5.9%	23.2%	-6.1%	16.0%	9.8%
US Small Caps	14.5%	-3.7%	13.4%	34.9%	17.3%	-3.9%	23.4%	9.7%	-10.2%	23.4%	9.9%	18.2%	-19.5%	6.4%	20.6%	-1.4%	22.3%	8.7%
US Value	3.1%	1.4%	13.4%	28.4%	25.9%	-1.6%	19.3%	11.6%	-8.1%	25.4%	-8.4%	31.3%	-1.4%	-0.5%	23.1%	2.8%	16.8%	9.6%
US Growth	4.6%	3.8%	13.0%	29.4%	28.6%	5.9%	8.0%	22.4%	0.6%	32.8%	26.3%	31.4%	-28.1%	26.7%	41.3%	3.3%	10.0%	14.2%
STOXX Europe 600	-5.4%	-10.2%	18.3%	23.5%	6.2%	-0.3%	1.3%	21.5%	-13.6%	23.4%	-1.7%	20.7%	-14.2%	9.7%	10.9%	19.6%	9.3%	6.0%
EURO STOXX 50	-17.3%	-15.3%	18.9%	24.6%	3.1%	-3.0%	3.5%	20.1%	-14.6%	24.7%	-2.9%	19.0%	-13.0%	15.9%	13.2%	21.1%	9.2%	5.0%
Europe Mid Caps	1.2%	-15.1%	20.3%	26.8%	7.3%	4.4%	0.0%	25.4%	-16.1%	26.1%	4.5%	17.2%	-22.8%	8.0%	11.4%	22.6%	9.4%	6.4%
Europe Small Caps	9.4%	-19.5%	26.0%	35.4%	4.5%	11.6%	-0.4%	29.9%	-19.1%	26.7%	4.3%	18.7%	-26.3%	6.0%	6.9%	15.3%	4.4%	6.6%
Europe Value	-11.6%	-11.1%	16.4%	24.2%	4.5%	-8.4%	7.0%	19.1%	-14.3%	16.2%	-12.4%	17.9%	-5.0%	9.7%	13.6%	30.6%	11.6%	5.1%
Europe Growth	-0.2%	-8.6%	17.7%	20.5%	6.7%	5.2%	-2.9%	23.2%	-12.5%	28.4%	6.0%	23.3%	-21.3%	9.7%	7.7%	8.4%	7.1%	6.1%
FTSE 100	-1.8%	-2.2%	12.3%	17.6%	6.0%	-6.2%	1.6%	17.4%	-13.2%	20.0%	-16.5%	20.9%	-5.5%	3.4%	16.3%	18.1%	8.3%	4.8%
SMI	1.2%	-4.6%	19.1%	23.9%	12.9%	1.1%	-3.4%	17.9%	-7.0%	30.2%	4.3%	23.7%	-14.3%	7.1%	7.5%	18.0%	10.0%	7.9%
DFM General	-15.5%	-13.5%	21.0%	110.8%	31.6%	-13.2%	19.6%	-5.1%	-20.2%	12.3%	-13.0%	36.5%	9.1%	16.4%	45.4%	8.1%	5.8%	10.8%
Nikkei 225	0.8%	-10.2%	9.3%	26.9%	6.8%	10.0%	8.8%	20.3%	-7.5%	20.4%	13.8%	-1.0%	-17.9%	10.9%	17.3%	13.0%	33.3%	6.9%
Hang Seng	-5.2%	-19.5%	20.0%	3.5%	17.8%	-3.3%	6.1%	34.2%	-9.9%	11.7%	-8.2%	-9.7%	-11.6%	-18.6%	33.7%	15.6%	-3.4%	2.2%
Nifty 50	12.3%	-35.4%	22.7%	-6.7%	46.1%	-6.6%	3.6%	32.7%	-3.1%	9.2%	4.1%	27.0%	-3.6%	10.2%	16.0%	-6.8%	-11.3%	5.9%
Emerging Markets	7.7%	-17.7%	15.6%	-5.0%	9.7%	-14.1%	13.7%	31.9%	-13.4%	16.9%	8.8%	0.6%	-18.9%	0.4%	16.9%	17.4%	23.3%	3.4%
US Treasury	5.9%	9.8%	2.0%	-2.7%	5.1%	0.8%	1.0%	2.3%	0.9%	6.9%	8.0%	-2.3%	-12.5%	4.1%	0.6%	6.3%	-0.3%	2.1%
Global Treasury	5.9%	6.3%	1.8%	-4.3%	-0.8%	-3.3%	1.7%	7.3%	-0.4%	5.6%	9.5%	-6.6%	-17.5%	4.2%	-3.6%	6.8%	-1.8%	0.6%
Global Treasury ex-US	6.1%	5.2%	1.8%	-4.9%	-2.8%	-4.8%	1.9%	9.3%	-0.9%	5.0%	9.5%	-8.2%	-19.6%	4.2%	-5.6%	7.1%	-2.6%	-0.1%
US IG	9.0%	8.1%	9.8%	-1.5%	7.5%	-0.7%	6.1%	6.4%	-2.5%	14.5%	9.9%	-1.0%	-15.8%	8.5%	2.1%	7.8%	0.1%	4.0%
Global IG	5.8%	4.3%	11.2%	0.3%	3.1%	-3.6%	4.3%	9.1%	-3.6%	11.5%	10.4%	-2.9%	-16.7%	9.6%	1.1%	10.3%	-0.5%	3.1%
US Corporate HY	15.1%	5.0%	15.8%	7.4%	2.5%	-4.5%	17.1%	7.5%	-2.1%	14.3%	7.1%	5.3%	-11.2%	13.4%	8.2%	8.6%	2.0%	6.6%
Global HY	14.8%	3.1%	19.6%	7.3%	0.0%	-2.7%	14.3%	10.4%	-4.1%	12.6%	7.0%	1.0%	-12.7%	14.0%	9.2%	12.1%	2.1%	6.3%
EM Hard Currency	10.9%	5.8%	18.1%	-2.7%	3.1%	-0.2%	9.0%	9.6%	-3.0%	12.1%	7.1%	-2.6%	-16.6%	9.6%	5.8%	12.2%	1.1%	4.6%
EM Local Currency Govt	12.5%	0.3%	15.1%	-4.3%	-1.9%	-10.4%	5.9%	14.3%	-3.4%	9.5%	5.3%	-1.6%	-8.4%	6.9%	1.7%	9.3%	1.6%	2.9%
Gold	16.0%	10.1%	3.3%	-30.7%	9.9%	-10.4%	9.3%	6.9%	-3.8%	13.6%	10.4%	-1.5%	-1.6%	-2.5%	30.1%	36.2%	-5.8%	4.8%
Silver	63.9%	-9.7%	4.3%	-38.5%	-11.0%	-12.3%	15.6%	0.3%	-11.1%	9.6%	30.0%	-9.7%	1.7%	-13.8%	23.9%	100.1%	-16.4%	4.9%
Platinum	7.6%	-21.5%	5.8%	-14.3%	-1.9%	-26.1%	2.2%	-2.4%	-15.7%	17.0%	-1.0%	-8.8%	13.0%	-17.3%	-6.9%	88.2%	-21.2%	-1.3%
Brent	0.5%	17.4%	4.8%	4.1%	-41.4%	-45.3%	27.2%	8.3%	-15.8%	30.5%	-37.5%	70.4%	40.5%	-14.4%	12.5%	-21.8%	55.6%	-2.2%
Natural Gas	-46.5%	-46.9%	-32.5%	2.0%	-22.5%	-39.6%	11.9%	-39.7%	-1.2%	-39.6%	-47.0%	31.8%	18.4%	-70.0%	-24.2%	-36.2%	-10.9%	-28.7%
Private Equity	19.0%	-18.4%	27.9%	36.9%	9.6%	0.7%	10.6%	20.1%	-13.2%	40.2%	1.2%	56.2%	-30.1%	30.2%	34.4%	-11.6%	-15.7%	10.8%
Hedge Fonds					15.7%	0.2%	5.8%	4.5%	-5.0%	7.3%	0.3%	13.0%	-5.8%	-1.9%	20.2%	-1.8%	6.9%	4.3%
Bitcoin		1304.6%	209.9%	5270.5%	-52.5%	37.0%	124.2%	1351.6%	-73.6%	86.6%	270.6%	62.9%	-63.5%	131.1%	140.7%	-18.2%	-26.9%	123.9%

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