NPB CIO Outlook

Asset Allocation Views – Q1 2026 – Age of Empires

Executive Summary

Age of Empires

- In the old, rule-based world, countries used to extract their domestic resources and then sell them on the global marketplace. Now, it seems that countries start hoarding their own resources, and, if not enough, go out and "conquer" them from other countries. Born is the "Donroe Doctrine".
- We expect economic growth and employment both to be better-than-expected, as much in Europe as the US. This will be positive for risky asset classes at first. However, there is a real and present danger of fiscal and policy over-stimulus, especially in the US, where mid-term elections will be held in November. President Trump, the only person not knowing that sitting presidents always lose mid-term elections, will throw anything at Broad Street and Wall Street to bring his damaged popularity back up.
- Equities therefore should do well during the first months of 2026, with the real and present danger being when the markets realize that the economy may be overheating.
- Regionally, we still prefer Europe over US from a valuation point of view, however, keep a close eye on European political/execution risks. Overweight Emerging Markets too.
- The AI bubble is not about to implode, but likely to deflate as realisation settles in that future revenue will not match up with current spending.
- We remain structurally underweight duration in the bond market. Credit spreads are historically tight again, but absent an accident in private credit markets, there should be no meaningful widening over the coming quarters.
- The USD is likely to be the victim of fiscal and monetary policy errors and should weaken further.
- Add strategically to alternative investments (hedge funds).

NPB | Neue Privat Bank 25 YEARS

NPB Global Investment Committee

André Huwiler
Chief Investment Officer

Dr. Markus Hofmann, CFA
CEO, Partner

Tom Govaerts
Managing Director, Partner
Head Private Banking International

Tim Pfister
Head Asset Management

CIO Office Global Scenarios

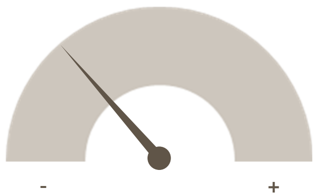
Geopolitical and Macroeconomic Views

		Base Case	Best Case	Worst Case
Economy	Growth	The signs of a global upturn we mentioned in our previous outlook are increasing and should be supported by expansionary fiscal and easy monetary policy.	Continued expansionary fiscal policies in Europe and the US, coupled with a dovish US Federal Reserve Bank lead to above trend growth.	Especially in the US the wealth effect has been very pronounced. It is more likely that a (equity) market sell-off will create a recession than the other way around.
	Inflation	Inflation has settled in at current levels, which are above the central banks' "official" target zone.	Productivity increase via new technologies push inflation back into central banks' target zone.	There is a danger, especially in the US, that too easy monetary policy during a period of economic reacceleration lead to renewed inflationary pressures. Watch the bond market closely.
Geopolitics	Trade/Resource Wars	Recent events (e.g. Venezuela, Greenland, etc.) confirm our view of a world moving to multipolarity. With a new tariff "world order" in place now, attention is shifting to resource hoarding (see below).	The US Supreme Court rejects the current administration's tariff tantrum. The previous rule-based world order is restored.	Trade and resource wars fully escalate, fuelling the roots of global segmentation further; highest geopolitical tensions in decades return.
	Russian War / NATO Tensions	Involved parties, including Europe and the US have been recently approaching each other more constructively. However, a final agreement seems still distant. Meanwhile, attacks on both sides persist.	Territory concessions in exchange for safety guarantees are agreed over the next few months, with Europe being one of the main beneficiaries (lower energy cost, reconstruction, etc.)	No agreement is reached. War drags on, NATO involvement remains a threat.
Quarterly Spotlight: - Age of Empires		In the previously established world order, every country had its own resources, which they would 'mine' and then sell on the global marketplace. In the popular video game "Age of Empires", the player has to gather all available resources and hoard them to 'build' villagers (player with most villagers wins the game). Should the player run out of resources, he will get (not buy) them from other nations via imperial expansion. Recent events, seem to confirm that this is the scenario we are moving into to. Points in case are for example China's near-monopoly (*OMEC) on rare earths or the USA's move into Venezuela, cutting access to resources to others.		
Probability		*High*	*Highly unlikely*	*Tail risk; low probability*

* Organisation of Materials Exporting Countries

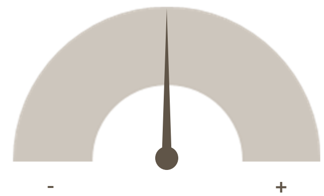
NPB Global Asset Allocations Views

6-12m Outlook



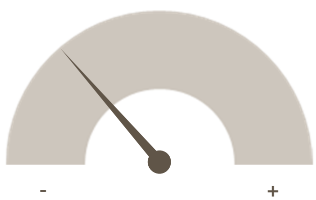
Cash & Money Market

Low levels of interest rates in Europe, Switzerland and foreseeably also in the US have made this asset class only interesting as a crisis "parking lot". We remain underweight.



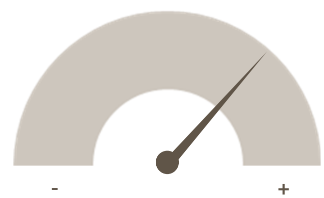
Precious Metals

Momentum clearly favours more short-term upside for precious metals, though moves feel overextended. Do not add to existing exposure now but be ready to buy Gold on a set-back.



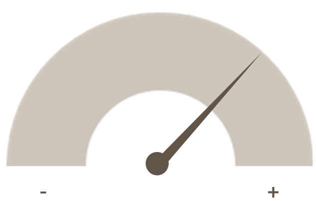
Fixed Income

We expect Developed Country yields to rise later this year. Hence, we recommend to keep duration low. Yield curves are likely to steepen, leading to increased volatility. Prefer EM Debt over IG over HY. Inflation protection is cheap and can be considered in portfolio context.



Alternatives

Given our "Age of Empires" scenario, we continue to overweight the commodities element (via commodity-related equities) of the Alternatives pocket. Oil (stocks) could be the next commodity surprising to the upside.
We continue to overweight Hedge Fund strategies and continue to largely shun private investments.



Equities

Stay overweight for now considering monetary and fiscal tailwinds but avoid the more expensive parts (e.g. AI) of the market. Investment opportunities are plentiful outside the most popular themes. Watch bond yields for signals to reduce equity.

Current view Previous view (if different)

NPB Global Tactical Views

6-12m Outlook

Equities	View	Commentary
United States	Neutral	Our small-cap overweight finally started paying off in Q4. From a valuation point of view, substantial more upside should be in this trade. Simultaneously we start underweighting the most popular trades (e.g. AI and related) of last year, not expecting a bubble bursting, but rather a bubble deflating, as investors realise the air pocket between investments and future revenue.
Europe	Overweight	We continue to believe in MEEGA, or Make European Equities Great Again, but European countries must continue to deliver in terms of fiscal spending and red-tape cutting. A possible tailwind could come from a resolve de-escalation of the Ukraine-Russia conflict, which would provide lower energy costs to the European industries.
Switzerland	Overweight (previous view: Neutral)	Swiss stocks provided an impressive rally in the second half of the year. Main driver was a recovery of the health care sector. We believe that price momentum can continue for that segment and hence, overweight Swiss stocks for the next few months.
UK	Neutral	With a still muddy economy but a recently well-performing stock market we are somewhat of loss of a clear view on UK stocks. Recently, some measures (trading cost reduction, “penalties” for holding excessive cash, others) may provide further tailwinds to the UK stock market, but do not warrant an upgrade yet.
Japan	Overweight	Japanese stocks continue to ride on the back of three structural forces: 1) a new, pro-business government, 2) an ongoing corporate reform and, 3) a weaker Yen. However, given that we do not expect the BoJ to allow the Yen to drop much further, the moment of a focus away from internationally active to more domestically-focused companies may be approaching.
Emerging Markets	Overweight	As a whole, we continue to like emerging markets, however and as usual, selectivity remains a key. Recent events in Venezuela may be a once-in-a-lifetime opportunity for Latam stocks … or not.
China	Neutral	Domestic policy changes (i.e. the end to "killing" off own companies) are supportive to Chinese equity prices. However, at the same time has international (US) pressure increased, possibly making the dealings of large, internationally active Chinese companies more difficult. In light of this, we remain neutral for now.
India	Neutral	India’s GDP has seen a growth acceleration and economists have accordingly increased their outlook over the next two years. At the same time, the RBOI (Reserve Bank of India) has managed to bring down inflation from 6% to just 1%. Coupled, this should be a positive for the Indian equity market, and we move to overweight.
Middle East	Overweight	Overall, and assuming no further escalation and contamination in and from Yemen, the current situation of “no news” is indeed “good news”. Overweight Dubai for momentum and buy the dip in Saudi Arabia’s Tadawul (position sizing!).

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

NPB Neue Privat Bank 25 YEARS

NPB Global Tactical Views

6-12m Outlook

Fixed Income	View	Commentary
Government		Whilst we think that government bond yields could remain range bound over the next quarter or two, we expect the long end of the curve trade higher by year end. We remain neutral for now.
Investment Grade		Spreads over treasuries are extremely tight. However, we do not expect, absent any exogenous event, a spread widening. Balance sheets for investment grade companies around the globe remain solid.
High Yield		We do not expect a meaningful spread widening for high yield bonds. BUT, in the case of a sudden increase in perceived credit risk, possibly stemming from an "accident" in private credit markets, this segment will be the most punished.
Emerging Markets		We continue to overweight emerging market bonds, expecting several more quarters of relative outperformance. EM debt in local currency offer an attractive carry yield but be aware of the risks associated.
Duration		At the danger of a possible policy error via a too loose monetary policy in the face of a strong economy, we expect an increase at the long-end of the yield curve later this year. We remain underweight duration and are ready to reduce further.

Currencies	View	Commentary
Swiss Franc		The Swiss Franc continues to be overvalued (PPP) against any other currency, but momentum and lessons learned from history refrain us from having any weighting lower than Neutral.
Euro		The Euro could advance on the back of some fiscal- and regulatory reforms, as such would lead to a better growth outlook for the common area. The danger is, of course, that such reforms never fully materialize.
US Dollar		Last year's initial slump in the US Dollar was followed by six months of sideways water threading, which does not speak of a lot of internal and technical strength in the currency. We expect the Greenback to be valve for fiscal- and monetary policy errors and head lower over the coming quarters.
British Pound		With no strong view on the GBP and a lack of visible catalysts on the horizon, we leave the British Pound on Neutral for the time being.

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

NPB Global Tactical Views

6-12m Outlook

Alternatives	View	Commentary
Commodities*		With our theme for the year being an "Age of Empires"-like resources hoarding, we are of course positive on commodities. Industrial metals and rare earths should continue to work well as an investment but have a close eye on oil-related stocks, which could be the next domino stone to fall (i.e. rise).
Hedge Funds		We continue to like liquid alternative strategies, but not only as (partial) replacement of fixed income exposure, but as the year progresses also as equity-alternative (long/short, market neutral) in what we expect to become a more volatile and eventually hostile environment for stocks.
Private Equity		Our exposure to private equity is left at neutral, however, we would highlight the need for selectivity. Avoid large cap/mega-deal necessary PE exposure and focus on small- to mid cap managers, preferably within semi-liquid solutions.
Private Debt		We continue to completely shun private credit investments, which we believe to be in a bubble, which in the best case will deflate and in the worst case implode (with contagion risk).
Infrastructure		Considering European, US and above all, AI-related spending plans, we believe an overweight to this asset class is justified.

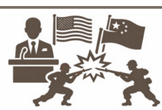
*Commodities ex precious metals

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

Grey Swans

2026 Edition

By definition, "Black Swans" cannot be predicted. However, "Grey Swans" are events that could be on the horizon and would have a significant impact but are unlikely to occur. In other words, it is a risk with a potentially large impact but a low perceived likelihood of happening even though it isn't entirely impossible. This year, we launch our first "Grey Swan" Edition. But careful, these are not predictions!

	Grey Swan
	China creates an OMEC (Organization of Material Exporting Countries), acting as trigger for 1970's-style inflation spikes.
	Japan falls into a sovereign debt crisis, leading to the unwinding of the largest carry-trade in global financial markets.
	China's threats of invading Taiwan leads to a war between Japan and China.
	Nigel Farage becomes UK's Prime Minister, creating upheaval in the countries stock, bond and currency market.
	Gold drops below $2,000 as investors panic to exit this non-cash flow bearing financial asset.
	Trump's interventionism at States level becomes too much. Under the leadership of California's Gavin Newsom several states declare independence. A Civil War rages.

NPB Bedrock*

Themes for the Long-Run

Demographics	>	Aging populations and lower birth rates in many regions will lead to shifts in labor markets and consumption patterns, likely favoring sectors like healthcare, pensions, and age-targeted goods and services. Implications on regional asset allocation should be considered.
Longevity	>	Longer lifespans are reshaping retirement planning and healthcare demands, driving growth in biotech, pharmaceuticals, and sectors focused on wellness, creating opportunities in preventative care and life extension technologies.
Climate	>	The transition to a low-carbon economy and increasing regulatory and societal pressure on climate action will shift capital towards sustainable technologies, renewable energy, and climate-resilient infrastructure.
Energy Transfer	>	Recent experiences have shown that the Energy Transition to most intermittent renewable energy carries its own challenges. This will likely lead to more capital allocated to alternative energy solutions such as nuclear and/or natural gas in the intermediate term.
Geopolitics	>	Geopolitical tensions and shifting alliances are likely to impact global trade and supply chains, encouraging investments in localized production, defense industries, and cybersecurity as nations prioritize resilience.
Technology	>	Rapid technological advancement, especially in AI, blockchain, and automation, will continue to disrupt traditional industries, necessitating long-term investments in innovation-driven sectors to capture outsized returns.

* The term **bedrock** originates from geology, where it refers to the solid layer of rock found beneath soil, sand, and other superficial materials on Earth's surface. Bedrock is considered the foundational layer that provides structural support for the land above it. In investing, **bedrock** refers to core trends that form the basis of long-term decision-making. Just like the geological bedrock underpins the land, these principles provide stability and guidance for navigating the financial landscape.

Legal Notice

This publication is for information purposes only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness. All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report and are subject to change without notice. This document may contain personal opinions which do not necessarily reflect the position of any member of the NPB group. Although information in this document has been obtained from sources believed to be reliable, no member of the NPB group represents or warrants its accuracy, and such information may be inaccurate, incomplete or condensed. Any opinions in this document are subject to change without notice.

NPB Neue Privat Bank
Limmatquai 1 | am Bellevue
Postfach
8024 Zürich
Schweiz

Telefon: +41 44 265 11 88
E-Mail: info@npb-bank.ch
Website: www.npb-bank.ch
Linkedin: NPB on Linkedin