



QUARTERLY INVESTMENT OUTLOOK

# Q4 2026

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## We Stay Invested

Broaden. Lock in yields.  
Insure.



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**October 2026**  
Orion Capital AG

CONSOLIDATED HOUSE VIEW

OCTOBER 2026 · CONSOLIDATED HOUSE VIEW

# House view at a glance

The quarter tested us. The war in the Middle East returned, Brent pushed back above USD 100, and in September the Federal Reserve and the ECB both raised rates. Much of what we had described as the downside case in Q2 came to pass. Markets held their ground even so, and the rally finally broadened. Our stance for the fourth quarter is constructive but deliberate: take part in the broadening, lock in the best bond yields in a generation, and keep real assets as insurance.

| Asset class        | Orion Q4 stance    | In one line                                                  |
|--------------------|--------------------|--------------------------------------------------------------|
| Equities           | Neutral            | Breadth is back; own AI through infrastructure, not software |
| Fixed income       | Overweight quality | Generational yields; add the 2–5yr belly, prefer EUR IG      |
| Regions            | Broaden            | Keep a Swiss core; add Europe, Japan and emerging Asia       |
| Gold & real assets | Overweight         | The pullback reversed; copper and infrastructure alongside   |
| Alternatives       | Add                | Diversifiers matter more now that bonds move with equities   |
| US dollar          | Softer bias        | Softening bias; the franc stays core ballast                 |

### About this commentary

Orion Capital’s Q3 2026 commentary sets our house view for the fourth quarter and into 2027. It consolidates the latest (October 2026) outlooks of seven leading global investment houses, spanning the major private banks and asset managers, against Orion’s own in-house research and market analysis. The Q2 energy shock, which we had judged de-escalated, has reignited: Brent is back above USD 100, and in September both the Federal Reserve and the ECB raised rates. This is close to the bear case we flagged three months ago, yet the equity rally has not only endured but broadened.

## 01 The regime turned hawkish, and the market broadened

Our Q2 commentary, “Beyond the Shock,” argued that the Q1 energy crisis had de-escalated but left a hawkish policy residue and a dangerously concentrated market. Q3 delivered both halves of that thesis, and then some. The Middle East conflict has reignited: Brent crude is back above USD 100 a barrel, global oil inventories have drawn down by roughly 400 million barrels this year, and a chunk of Middle Eastern output is expected to remain offline through year-end. Inflation stayed sticky, and in September the Federal Reserve, now chaired by Kevin Warsh, who has removed a “dose of accommodation,” and the ECB each raised rates 25bps, with the Bank of Japan also tightening. Ten-year US Treasury yields have pushed above 5 percent, and long-dated yields across the US, Germany and Japan sit at multi-decade highs. The bond vigilantes, in the words of one house, are back.

And yet equities have not broken. On the contrary, the single most important development of the quarter is that the rally has finally broadened beyond the handful of AI mega-caps that carried it

all year. Equal-weight indices, financials, industrials, healthcare and resource sectors have taken leadership as the former technology darlings paused. Every one of the seven houses we track has either upgraded equities or reaffirmed a constructive, more diversified stance. Gold, meanwhile, has rallied around 16 percent since mid-July to roughly USD 4,640, vindicating our Q2 call that its spring pullback was cyclical, not structural.

## Key takeaways

- ▶ **Our Q2 bear tail largely materialised.** The ceasefire collapsed, oil is back above USD 100, and both the Fed and ECB hiked in September. Risk management has moved from geopolitics-plus-concentration to fiscal dominance, long-end yields and oil.
- ▶ **Breadth is finally the opportunity.** Leadership is broadening beyond AI mega-caps. We move to a modest overweight in equities, aligning with the near-unanimous house upgrade, while keeping discipline on concentration.
- ▶ **Own AI with picks and shovels.** Every house prefers semiconductors, cloud and physical infrastructure (power, grid, data centres) over software and model developers. So do we.
- ▶ **Yields are a generational entry point.** With quality bonds yielding levels last seen 20 to 30 years ago, we add quality duration in the 2–5-year belly, prefer EUR investment grade, and introduce inflation-linked bonds (TIPS).
- ▶ **Gold and real assets are structural, not tactical.** Our strategic overweight in gold is reaffirmed and copper and infrastructure added, all the more important now that stock-bond correlation has turned positive.

## 02 Macro: higher for longer, but growth holds

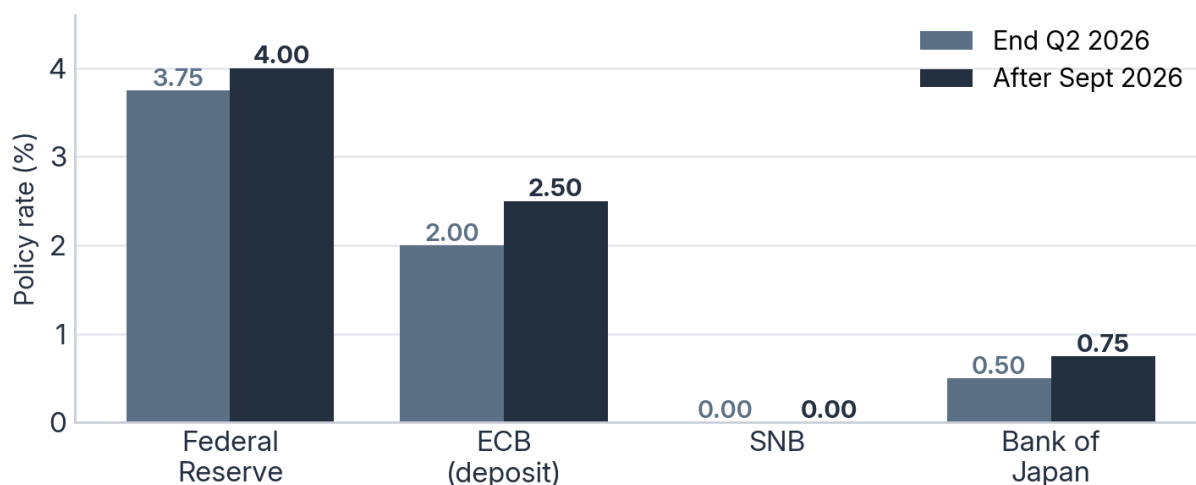
The global economy has once again absorbed a shock better than feared. US growth is holding near trend on resilient business investment and a stable, if unspectacular, labour market; nominal GDP is running near 6.6 percent year-on-year, a favourable backdrop for corporate revenues. Europe has surprised positively, with August manufacturing PMIs reaching multi-year highs and business sentiment closing the gap with the US, while Japan is expected to accelerate into 2027. The stagflationary fears of early 2026 have faded even as inflation stays above target.

Central banks are the defining variable. Faced with sticky inflation and a fresh energy impulse, they have chosen credibility over growth.

- ▶ **The Fed hiked in September to around 4.00 percent**, under a hawkish new chair; the houses expect one further hike, in October or December, and no cuts until roughly mid-2027.
- ▶ **The ECB hiked to a deposit rate near 2.50 percent**, and is judged largely done; the Bank of Japan continues its gradual normalisation.
- ▶ **The SNB remains anchored at zero**, with Swiss inflation subdued, which leaves the franc without a rate advantage, a point we return to under currencies.

## September's turn: the Fed and ECB hiked again

Policy rates before and after the September 2026 meetings



Source: Orion Capital AG; UBS, Julius Bär, J.P. Morgan AM (Sept 2026). SNB unchanged at zero.

### 03 Strategy: broaden, lock in, insure

Our positioning for Q4 rests on three pillars. First, stay invested and broaden: remain in equities, now at a modest overweight, but widen the base beyond concentrated AI into the physical economy, quality cyclicals, and, in a genuine evolution from Q2, selective international and emerging-Asia markets. Second, lock in generational yields: the repricing to multi-decade-high yields is an opportunity to add quality duration and carry, up in quality, complemented by inflation-linked bonds. Third, insure the portfolio: with bonds no longer a reliable equity hedge, gold, copper and diversifying alternatives are structural allocations rather than optional extras.

### 04 The consolidated house view

The value of this commentary is synthesis. Below we map the September positioning of seven houses against Orion's consolidated stance. The dominant feature is consensus: every house counsels staying invested, broadening beyond AI, owning AI through infrastructure rather than software, overweighting emerging Asia, and adding quality duration at today's elevated yields. The genuine disagreements are narrow, being the direction of the US dollar and the exact spot on the curve to own. Orion's distinctive emphasis is a sharper focus on fiscal-dominance risk, a retained Swiss core, and an explicit real-asset insurance layer.

## Where the houses stand on Q4 2026

Consolidated positioning across seven houses and Orion's view

|             | Equities | Duration | EM / Asia | Gold | US dollar |
|-------------|----------|----------|-----------|------|-----------|
| UBS         | OW       | OW       | OW        | Neut | Range     |
| Julius Bär  | OW       | Neut     | OW        | OW   | Softer    |
| Pictet AM   | OW       | Neut     | OW        | OW   | Range     |
| HSBC PB     | OW       | Neut     | OW        | OW   | Support   |
| BlackRock   | OW       | Neut     | OW        | Neut | Range     |
| BNP Paribas | OW       | OW       | OW        | OW   | Softer    |
| J.P. Morgan | OW       | OW       | OW        | Neut | Range     |
| ORION       | Neut     | Neut     | OW        | OW   | Softer    |

■ Overweight / positive 
 ■ Neutral 
 ■ Underweight / softer

Source: Orion Capital AG synthesis of September 2026 house outlooks. 'US dollar' = directional bias.

| House      | Overall stance                                                     | Equities & regions                                                                                 | Fixed income                                                                      | Real assets & FX                                                  |
|------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------|
| UBS        | Stay invested; rally to run 6–12m; diversify, manage concentration | Positive; cut single-stock risk; prefer Eurozone, Asia ex-Japan, EM over UK/Swiss                  | Attractive; medium–long high quality; EM bonds; cautious longest                  | Favour copper; gold a measured diversifier; one more Fed hike     |
| Julius Bär | Constructive; “diffusion of growth”; broader rally, softer USD     | Breadth back; financials, healthcare, mid-caps; Europe peripherals, Japan, Switzerland; OW EM/Asia | Moderate duration; IG 5–10yr; TIPS complement                                     | Constructive gold; softer USD; CHF weaker; JPY→155                |
| Pictet AM  | OW equities, neutral bonds, UW cash; earnings too strong to ignore | OW IT, industrials, financials; OW EM ex-China (LatAm cheapest); neutral US/Swiss                  | Neutral USTs/EZ sovereigns; TIPS attractive; OW EM local; credit at benchmark     | OW gold; neutral major FX; UW renminbi                            |
| HSBC PB    | Constructive; added to global equity OW; broad multi-asset         | OW US, China, Japan, North Asia; IT + financials/material s/energy; AI monetisation                | Attractive income; active medium duration; high-quality credit                    | Gold bottomed, bullish; USD supported; infra, HF, private markets |
| BlackRock  | Convicted in AI equities; diversify around concentration           | AI + dividend/quality; prefer EM over DM intl; strongest conviction Asia (Taiwan/Korea,            | Brace for vol; income as curve steepens; front/intermediate USTs; active duration | Alternatives/market-neutral for dispersion; real yields elevated  |

| House                 | Overall stance                                                                             | Equities & regions                                                                                        | Fixed income                                                                                           | Real assets & FX                                                                             |
|-----------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
|                       |                                                                                            | +China/India/Japan)                                                                                       |                                                                                                        |                                                                                              |
| <b>BNP Paribas</b>    | Constructive; upgrade equities to Positive; “bond vigilantes are back”                     | OW EM (NE Asia + LatAm), favour Japan; neutral US/UK/Europe; + healthcare, industrials, mining, EU banks  | Positive core EZ sovereigns (7–10yr) + EUR IG; neutral USTs (~5yr); TIPS                               | Gold \$5,000 / silver \$80 targets; +copper; negative oil (\$60–70); EUR/USD→1.20            |
| <b>J.P. Morgan AM</b> | 85% expansion odds; above-trend 45%; lean into bonds                                       | (FI-led) risk assets, HY, EM outperform in above-trend                                                    | Best ideas: securitized/AAA CLOs, EM debt & FX, long govt + munis; duration+yield+carry; 10Y→4.5–4.75% | USD range-bound; a couple more hikes, then follow the data                                   |
| <b>Orion Capital</b>  | Stay invested; neutral equities; higher-for-longer; discipline on concentration & duration | AI via semis/infra/power, not software; retain Swiss core + ADD Europe cyclical, Japan, selective EM/Asia | OW quality FI; neutral duration, carry in the 2–5yr belly; EUR IG > US IG; selective EM; cautious 30Y  | Strategic OW gold (vindicated) + copper/infra; alternatives as ballast; softer USD; CHF core |

Source: Orion Capital AG Research. House views from UBS House View (17 Sep 2026), Julius Bär Market Outlook Year-End 2026 (17 Sep), Pictet AM Barometer (Sep), HSBC Private Bank “AI-celeration” Q4 2026 (3 Sep), BlackRock Fall Investment Directions 2026, BNP Paribas WM Investment Strategy Focus (Sep), J.P. Morgan AM Global Fixed Income Views 4Q 2026 (17 Sep).

### How our Q2 calls fared

The downside case we sketched in June largely came to pass. We had flagged a ceasefire collapse, an oil spike and a hawkish policy mistake as the key risks, and all three arrived: Brent is back above USD 100, and both the Fed and ECB hiked in September. Our “pullback, not reversal” call on gold also proved right, with the metal up about 16 percent since mid-July to roughly USD 4,640 and houses now targeting USD 5,000. And our concentration warning was borne out: record equity volatility and hedge-fund de-grossing of AI validated the emphasis on breadth, which is now arriving.

Two calls are evolving. We began adding quality duration in Q2; yields rose further first, with the 10-year above 5 percent, so the price entry was early, though carry cushioned the wait and today’s entry is even more attractive. And where Q2 was Swiss-overweight-only, the wider consensus has rotated decisively toward emerging Asia and European cyclical. We retain a Swiss core for our client base but now add international breadth, and we take seriously the case, made elsewhere in the market, for a weaker franc, addressed under currencies.

## 05 Economic outlook for Q4 2026

If Q2 was about a shock fading, Q3 was about it returning, and a market that refused to be shaken. The Middle East conflict reignited, pushing Brent back above USD 100 and reviving the very energy-and-inflation channel we had assumed was closing. Central banks, unwilling to look through a second supply shock, chose credibility: the Fed, the ECB and the BoJ all raised rates in September. Long-dated yields climbed to levels not seen in 20 to 30 years as a deluge of government and technology-sector bond supply met a market already worried about fiscal sustainability and Fed independence.

And yet the expansion proved durable and, importantly, broader. Earnings growth is no longer confined to AI; it is diffusing across sectors and regions, and Europe in particular has surprised

to the upside. Our stance for Q4 is therefore constructive but disciplined: we lift equity exposure to a modest overweight to capture the broadening, while shifting the focus of risk management to the long end of the yield curve, the oil price, and the still-extreme concentration in AI.

### **Key shift from the Q2 outlook**

In Q2 we assigned 25 percent to a bear case centred on a ceasefire collapse, an oil spike and a hawkish policy mistake. That scenario has largely materialised, yet growth and markets have held. We therefore do not raise our bear weight; instead we re-specify it. The dominant tail is no longer “will the shock hit growth?” but “will fiscal dominance and multi-decade-high long-end yields, or a further oil escalation, break the rally?” Our central message rotates from participation versus concentration to broaden and insure.

## **The return of the energy shock, and the resilience around it**

The reignition of the Middle East conflict has drained inventories and left the oil market vulnerable to further escalation, with Brent above USD 100 and Strait of Hormuz and Red Sea shipping again at risk. History, however, cautions against over-reacting: the median S&P 500 geopolitical drawdown lasts around 16 days, and the market recovered within days of both the April 2025 tariff shock and the first strikes on Iran. Our base case, shared with the panel, is for a contained disruption rather than a growth-derailing crisis, while acknowledging that the situation is genuinely two-sided and that a sustained escalation is the clearest path to our bear case.

## **Growth, productivity and the AI question**

AI capital expenditure remains the dominant growth engine, an estimated USD 900bn in 2026 rising toward USD 1.2tr in 2027, and second-quarter results validated both demand for and returns on that investment. But two features now demand attention. First, the growth is broadening: defence and energy-security spending, electrification and grid build-out, reshoring and a recovering Europe are widening the base beyond a narrow technology story. Second, the concentration and the funding model are risks in their own right: US hyperscalers are increasingly funding capex with debt, adding to the bond-supply deluge, a populist backlash against data centres and job displacement is building, and the sheer weight of AI in index returns leaves the market exposed to any disappointment in monetisation.

## **Inflation, policy and fiscal dominance**

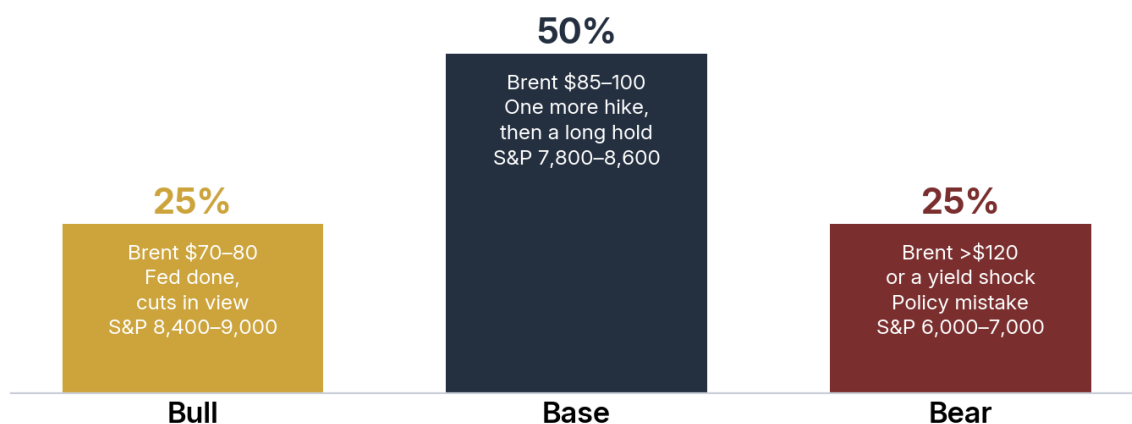
Inflation is why this is not a simple risk-on quarter. It has stayed above target, the fresh energy impulse threatens to keep it there, and central banks have responded by tightening rather than easing. The deeper concern, voiced across the panel, is fiscal dominance: governments show little appetite to curb deficits, US total borrowing is running near 15 to 16 percent of GDP, and a wave of Treasury and tech-sector issuance is pushing term premia and long-end yields to multi-decade highs. The independence of the Fed under its new chair, and whether debt-servicing costs will ultimately constrain policy, are now first-order questions for investors, and the reason we treat the long end of the curve, not the policy rate, as the key risk variable for Q4.

# **06 Scenarios for Q4 2026 and into 2027**

We keep a balanced, two-sided distribution. The base case rises modestly to 50 percent, reflecting the market’s demonstrated resilience and the breadth of the expansion, with symmetric 25 percent tails: a constructive de-escalation-and-disinflation path, and a bear case now centred on fiscal-dominance or oil-escalation shocks rather than a simple growth hit.

## Our Q4 scenarios: balanced, two-sided

Orion Capital probability weights and index guideposts into year-end



Source: Orion Capital AG. Spot refs mid-Sep: S&P 500 ~7,800; gold ~\$4,640; US 10Y ~5.0%.

|                              | Bull case (25%)                                     | Base case (50%)                                 | Bear case (25%)                                                   |
|------------------------------|-----------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
| <b>Energy / Middle East</b>  | De-escalation; Brent falls to \$70–80               | Fragile; Brent holds \$85–100                   | Escalation / Hormuz; Brent above \$120                            |
| <b>Inflation</b>             | Cools toward 2.5%; expectations anchored            | Sticky at 3–3.5%; slow disinflation             | Re-accelerates toward 4%+ on energy                               |
| <b>Policy &amp; yields</b>   | Fed done; cuts into view for 2027; 10Y to 4.25–4.5% | One more hike (~4.25%), long hold; 10Y 4.6–5.1% | More hikes / vigilante shock; 10Y above 5.5%, bear-steepening     |
| <b>Growth</b>                | US ~2.3%; Europe & Japan accelerate; soft landing   | US ~2%; broad but below-trend global growth     | Policy mistake or AI capex reset; sharp slowdown                  |
| <b>S&amp;P 500 (Dec '26)</b> | 8,400–9,000                                         | 7,800–8,600                                     | 6,000–7,000                                                       |
| <b>Gold (Dec '26)</b>        | \$4,800–5,200 (cuts + CB demand)                    | \$4,400–4,900 (structural bid)                  | \$4,800–5,400 (safe haven); liquidation risk in a pure rate shock |

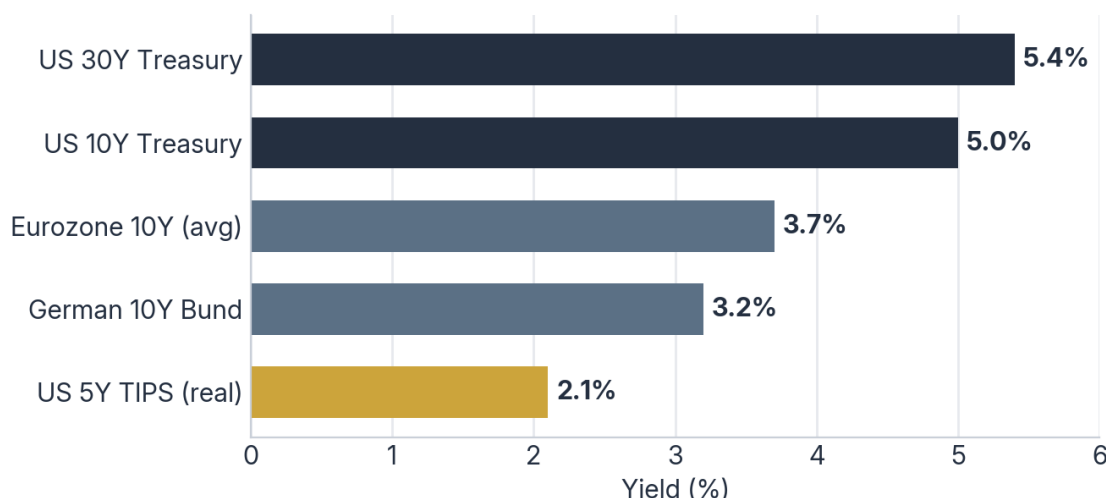
Source: Orion Capital AG Research, drawing on cited fourth-quarter house scenarios (a representative panel view: 45% above-trend / 40% sub-trend / 5% recession / 10% crisis). Indicative spot references mid-Sep 2026: S&P 500 ~7,800 (~3% below its record high); gold ~USD 4,640; US 10Y ~5.0%. For illustrative purposes only.

## 07 Fixed income: a generational entry point

The bond sell-off that unsettled markets through the summer has, paradoxically, created the most attractive fixed-income opportunity in a generation. Ten-year US Treasuries above 5 percent, German Bunds at 15-year highs and long-dated yields at 20 to 30-year peaks mean that investors are, in effect, being offered yield levels last seen two to three decades ago. The panel is near-unanimous: this is an environment to add quality duration and carry, moving up in quality rather than reaching for spread. We share that view and lean into all three levers of a bond portfolio, duration, yield and carry, while treating the very long end with caution given fiscal-dominance risk.

## The vigilantes bite: yields at multi-decade highs

Benchmark yields, indicative, mid-September 2026



Source: Orion Capital AG; UBS (US 10Y >5.0%), BNP Paribas (Bund 3.2%, EZ 3.7%, TIPS ~2.1%). Indicative.

### Yield curve overview, Q4 2026 (indicative)

| Curve      | 2Y   | 5Y   | 10Y  | 30Y  | Orion stance                          |
|------------|------|------|------|------|---------------------------------------|
| USD        | ~4.2 | ~4.4 | ~5.0 | ~5.4 | Add 5–10yr belly; cautious 30Y        |
| EUR (Bund) | ~2.4 | ~2.8 | ~3.2 | ~3.6 | Positive core; favour 7–10yr          |
| CHF        | –    | –    | ~0.7 | –    | Income & diversification; SNB at zero |

Indicative yields in percent, mid-September 2026, compiled from the cited house reports (UBS: US 10Y above 5.0; BNP Paribas: Bund 3.2, Eurozone 3.7, US 5Y TIPS real ~2.1). For orientation only, not dealing levels.

### United States: own the belly, respect the long end

US Treasuries offer compelling carry, and we add quality duration in the 2–5-year belly, where yields near or above 5 percent provide both income and capital-gain potential if growth slows. The 30-year is a different matter: at multi-decade highs it embeds a rising term premium driven by deficits, heavy issuance and questions over Fed independence, and we remain cautious there. In credit, investment-grade fundamentals are solid, but we prefer European IG to US IG, the latter weighed down by a tidal wave of technology-sector issuance that has pushed tech IG yields above the broad index.

### Europe: our preferred government market

We are positive on core eurozone sovereigns, favouring the 3–5-year segment, and on euro investment-grade credit, a view directly aligned with the broad direction of the panel and consistent with the wider consensus. With the ECB judged largely finished after its September hike and yields at their highest in over a decade, the risk-reward on European high-grade duration is attractive. We monitor peripheral spreads and fiscal divergence but see current levels as a long-term buying opportunity for conservative capital.

### Switzerland: low yields, high stability

Swiss yields remain the developed world's lowest, with the 10-year near 0.7 percent, but also its most stable. We hold Swiss fixed income for diversification and, for our CHF-referenced clients, currency alignment rather than return; with the SNB anchored at zero there is no catalyst for a repricing.

## Emerging markets and securitized credit

Three additions round out the allocation. We overweight emerging-market debt, both local- and hard-currency, as a source of carry and a diversifier away from the crowded AI trade, a view shared across much of the panel and a recurring theme in the September outlooks. We note a high-conviction idea running through the panel, senior securitized credit and AAA-rated CLOs, as an efficient way to harvest yield with limited credit risk.

## 08 Equities: breadth is back

For the first time this cycle, the equity story is broadening. Through the first half of 2026 index gains were overwhelmingly an AI mega-cap phenomenon; since the summer, leadership has widened to equal-weight indices, financials, industrials, healthcare and resource sectors, even as the former technology darlings paused. This is a healthier market, and it is why every house in our panel has upgraded or reaffirmed a constructive equity stance. We move Orion to a modest overweight in equities, an evolution from our Q2 neutral, while holding firm on the discipline that has served us: own the AI theme through its infrastructure, not its most crowded names, and diversify by region.

### Valuation context

Valuations are elevated but not, on the panel's reading, extreme. The S&P 500 trades near record highs, around 7,800, roughly 3 percent below its all-time high, on about 19 times forward earnings, above the 25-year average of 16.7 times, with the cyclically-adjusted CAPE near 40 times. Crucially, the premium is concentrated in, and increasingly justified by, earnings: consensus points to S&P 500 EPS growth of around 25 percent in 2026 and 14 percent in 2027, and semiconductors now trade near 21 times forward earnings, below their post-ChatGPT average. Europe and emerging markets continue to offer meaningful valuation discounts, reinforcing the case for broadening.

### Regional positioning

| Region               | Consolidated house view                                          | Orion Q4 stance & rationale                                                                               |
|----------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>United States</b> | Broadly neutral-to-positive; broaden beyond mega-cap Tech        | Neutral, trimming concentrated Tech into the physical economy & quality; own AI via semis/cloud/power     |
| <b>Europe</b>        | Constructive; financials, industrials, peripherals               | Overweight breadth: financials, industrials, EU banks, peripherals; a core Q4 rotation target             |
| <b>Switzerland</b>   | Mixed: defensive quality vs the panel's cyclical tilt            | Retain strategic core (quality, franc, client base); no longer sole overweight                            |
| <b>Japan</b>         | Favoured across the panel: AI leadership, reforms                | Overweight: governance reform, AI-hardware leverage, BoJ normalising                                      |
| <b>EM / Asia</b>     | Strong consensus overweight (Taiwan, Korea, China, India, LatAm) | Selective overweight: Taiwan/Korea AI hardware; broadening to China (under-owned AI) & India; LatAm value |

Source: Orion Capital AG Research; September 2026 house outlooks as cited. Index levels indicative as of mid-September 2026.

### United States: leadership, broadening

US leadership rests on genuine fundamentals, the best earnings breadth in years, with eight of eleven sectors posting double-digit growth, and we stay invested. But we continue to trim concentrated technology positions into the physical economy, in industrials, materials, utilities and power, and energy infrastructure, and into quality healthcare, which capture the AI, electrification and security tailwinds with far less single-theme fragility. We own AI where the

returns are clearest and most durable: semiconductors, cloud and the power and grid build-out, in preference to software and model developers.

### **Europe and Switzerland: rotate toward breadth**

Europe is the clearest expression of the broadening theme. We overweight European cyclical, financials and banks benefiting from higher rates, industrials geared to defence and reshoring, and attractively valued peripheral markets. On Switzerland we make a deliberate adjustment: our home market remains a strategic core for its quality, predictability and franc exposure, but we no longer hold it as our sole overweight. The panel has rotated toward more pro-cyclical regions, and we add that breadth alongside, not instead of, our Swiss allocation.

### **Japan and emerging markets: the panel's highest conviction**

The single strongest cross-house call is overweight Japan and emerging Asia, and we align with it. Japan combines AI-hardware leadership with ongoing governance reform and a gradually normalising central bank. In emerging markets we are selectively overweight: Taiwan and South Korea are central to the AI build-out, China offers an under-owned AI opportunity alongside manufacturing strength, India provides domestic resilience, and Latin America screens as the cheapest region globally. A softer or range-bound dollar would be the catalyst for broader EM outperformance into 2027.

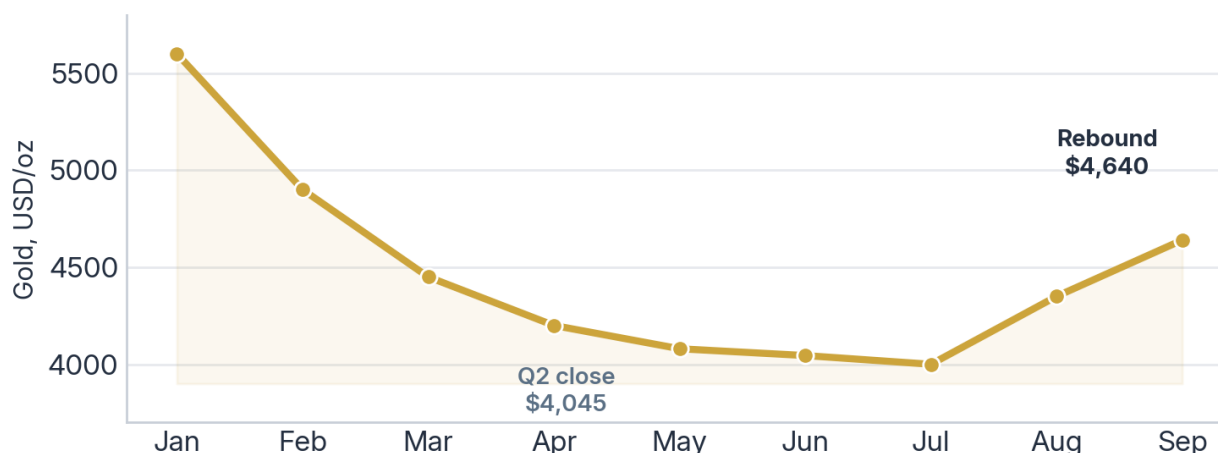
## **09 Alternatives and real assets**

### **Gold: vindicated, and still structural**

Gold has done exactly what we argued it would in Q2. Having pulled back in the spring, it has rallied around 16 percent since mid-July to roughly USD 4,640, driven by easing expectations for US short rates, renewed geopolitical risk, fiscal-dominance concerns and relentless central-bank buying. The panel is uniformly constructive: twelve-month targets reach as high as USD 5,000, the spring low is widely judged to be behind us, several houses remain outright positive, and it is broadly held as a core portfolio diversifier. We reaffirm our strategic overweight with a tactically positive stance. The structural bid, with central banks buying for over 23 consecutive months and diversifying reserves, provides a durable floor that we would be unwise to abandon into a period of fiscal and geopolitical stress.

## Gold: the spring pullback has reversed

Spot gold through 2026 (indicative); our Q2 'pullback, not reversal' call



Source: Orion Capital AG; BNP Paribas (~\$4,640, +16% since mid-July). Indicative path.

## Commodities and real assets, Q4 2026 summary

| Asset                      | Level / target                    | Orion view                                                                                         |
|----------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------|
| Gold (USD/oz)              | ~\$4,640 spot;<br>~\$5,000 target | Strategic overweight, tactically positive: CB demand + fiscal & geopolitical hedge                 |
| Silver (USD/oz)            | ~\$60s; \$80 target (BNP)         | Constructive but volatile: industrial demand adds beta; selective                                  |
| Copper & industrial metals | Structurally supported            | Overweight: electrification, grid and AI-power demand; the clearest real-asset consensus           |
| Oil (Brent, USD/bbl)       | >\$100 spot;<br>\$60–70 target    | Neutral commodity: war premium vs ample structural supply; energy equities as a geopolitical hedge |

Source: Orion Capital AG Research; levels and targets from the cited September 2026 house reports. Spot figures indicative as of mid-September 2026.

## Hedge funds, private markets and digital assets

The case for diversifying alternatives has strengthened for a specific, structural reason: the correlation between stocks and bonds has turned positive, recently around +0.5, versus negative through the 2010s. Government bonds are therefore a less reliable equity hedge than investors have grown used to, which is precisely why gold, copper and genuinely diversifying strategies now earn a larger role. We favour the same low-correlation strategies the panel highlights, macro, event-driven and M&A-arbitrage, and market-neutral approaches positioned for dispersion, over directional long-short equity. In private markets we remain selective given elevated financing costs and constrained exits, with a preference for infrastructure, which offers inflation-protected, structurally-supported cash flows tied to the electrification and AI-power theme. On Bitcoin we remain neutral: it continues to trade as a high-beta risk asset rather than a portfolio hedge.

## 10 Foreign exchange

### The dollar: range-bound, with a softening bias

The US dollar sits at the centre of the panel's one genuine disagreement. A large part of the panel expects a softer dollar on valuation, fiscal imbalance and diversification flows, with one twelve-month EUR/USD target set as high as 1.20, while others see attractive US yields keeping it supported. We take the balanced middle: range-bound near-term, with a structural softening bias as the fiscal trajectory and the eventual end of the hiking cycle erode the dollar's carry advantage.

| Pair           | Level / target           | Orion view                                                                 |
|----------------|--------------------------|----------------------------------------------------------------------------|
| EUR/USD        | firmer; up to 1.20 (12m) | Supported by ECB hawkishness; two-sided but biased higher                  |
| USD/CHF        | SNB at zero              | Core safe-haven ballast, but softer franc bias given the rate disadvantage |
| USD/JPY        | ~159; →155 (targets)     | Constructive JPY: BoJ normalising; post-intervention appreciation          |
| DX (USD Index) | range-bound              | Structural softening bias; a headwind that would aid EM into 2027          |

Source: Orion Capital AG Research; targets from the cited September 2026 house reports (BNP Paribas EUR/USD 1.20; Julius Bär / BNP Paribas USD/JPY ~155). Indicative as of mid-September 2026.

### The Swiss franc: core ballast, with honest nuance

Here we differ, deliberately and transparently, from part of the panel. One strand of the consensus argues that the SNB's zero-rate policy seals the franc's rate disadvantage and that its recent weakness will continue. We take the point seriously: for tactical, return-seeking positions we carry a modestly softer franc bias versus the euro. But for our CHF-referenced client base the franc remains a core safe-haven allocation and a genuine source of portfolio ballast in risk-off episodes, a role that, in a quarter of renewed war and fiscal stress, we are not willing to give up. The resolution is to hold the franc as strategic ballast while expressing our pro-cyclical, softer-dollar views through the euro, the yen and selected higher-yielding currencies.

### Euro, yen and diversifiers

The euro is firmer on the ECB's hawkish turn and improving European growth. We are constructive on the yen as the Bank of Japan normalises. Among diversifiers we share the panel's preference for the higher-yielding developed currencies, the Australian dollar and Norwegian krone, and note Latin American currencies as the carry champions of the emerging world.

## — Closing: broaden, lock in, insure

The story of Q3 is that the risks we warned of largely arrived, the war returned, oil spiked, and central banks hiked, and the market absorbed them and broadened anyway. That is the central lesson for the fourth quarter: the greater danger for long-term portfolios has not been living through shocks, but sitting out of the market waiting for a calm that rarely comes. We stay invested.

Our three messages for Q4 2026 follow directly. First, broaden: move to a modest equity overweight and widen the base beyond concentrated AI into the physical economy, quality cyclicals, Europe, Japan and selective emerging Asia, owning the AI theme through its infrastructure rather than its most crowded names. Second, lock in generational yields: add

quality duration and carry in the 2–5-year belly, prefer European investment grade, and introduce inflation-linked bonds and senior securitized credit, while respecting the fiscal-dominance risk that keeps us cautious on the very long end. Third, insure: with bonds no longer a dependable equity hedge, gold, copper and diversifying alternatives are structural allocations, not optional extras.

We hold a balanced distribution for the quarter and into 2027, 50 percent base case, 25 percent constructive, 25 percent bearish, with the focus of risk now firmly on the long end of the yield curve, the oil price and AI concentration rather than on growth itself. In a higher-for-longer world of positive stock-bond correlation and narrow-then-broadening leadership, diversification across regions, factors, the curve and real assets is not a refinement of portfolio construction. It is the substance of it. As ever, discipline and selectivity will be rewarded in the quarters ahead.

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