

Asset Allocation 2026: Three Key Questions

December 2025

CAP

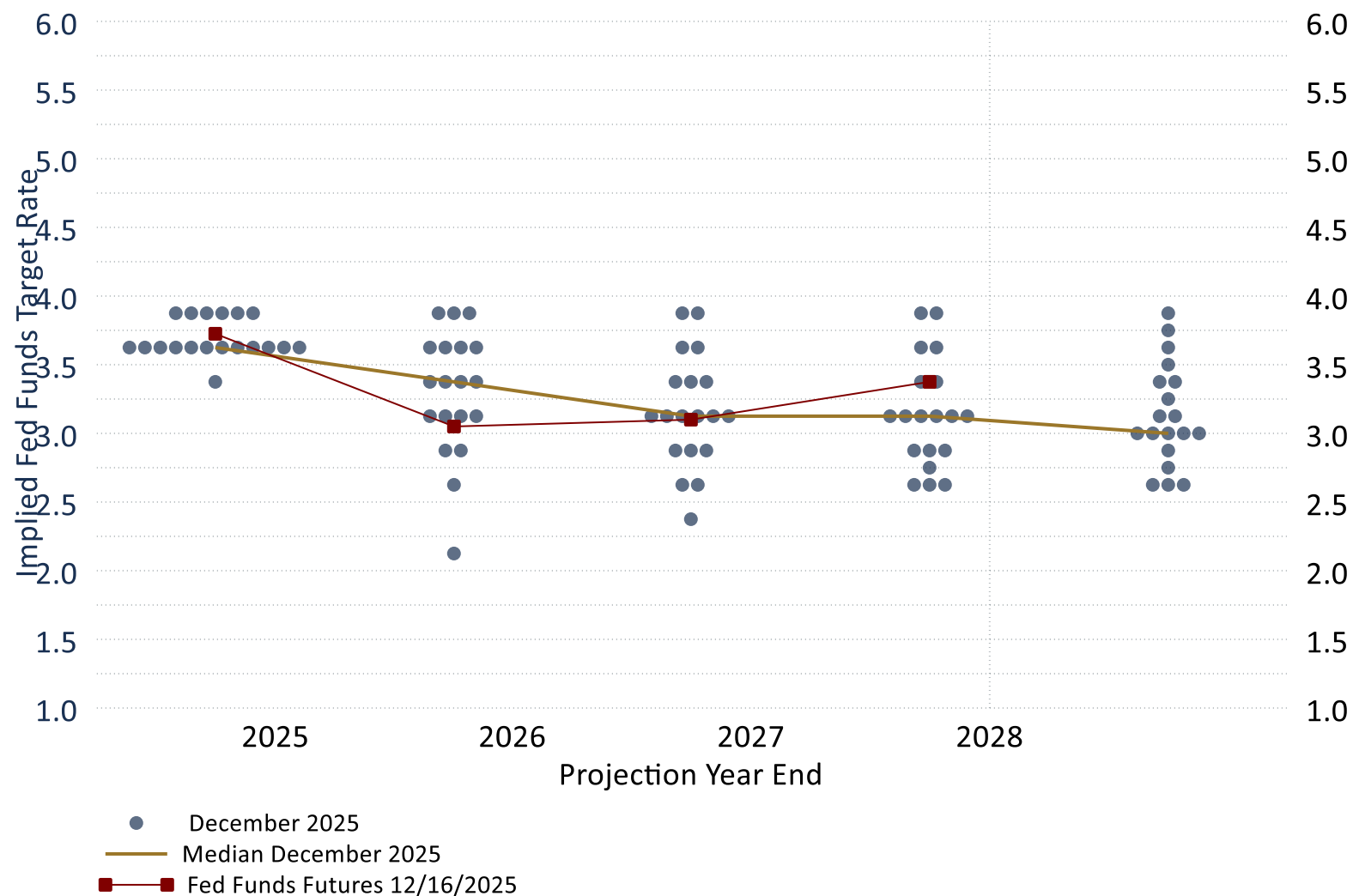
COPENHAGEN
ALLOCATION PARTNER

- How aggressively will the FED cut interest rates in 2026?
- Will the US equity boom turn into a busting bubble?
- Will the US Dollar continue to depreciate ?

How aggressive will FED cut interest rates in 2026?

Exhibit 1

FOMC Dot-Plot & Futures



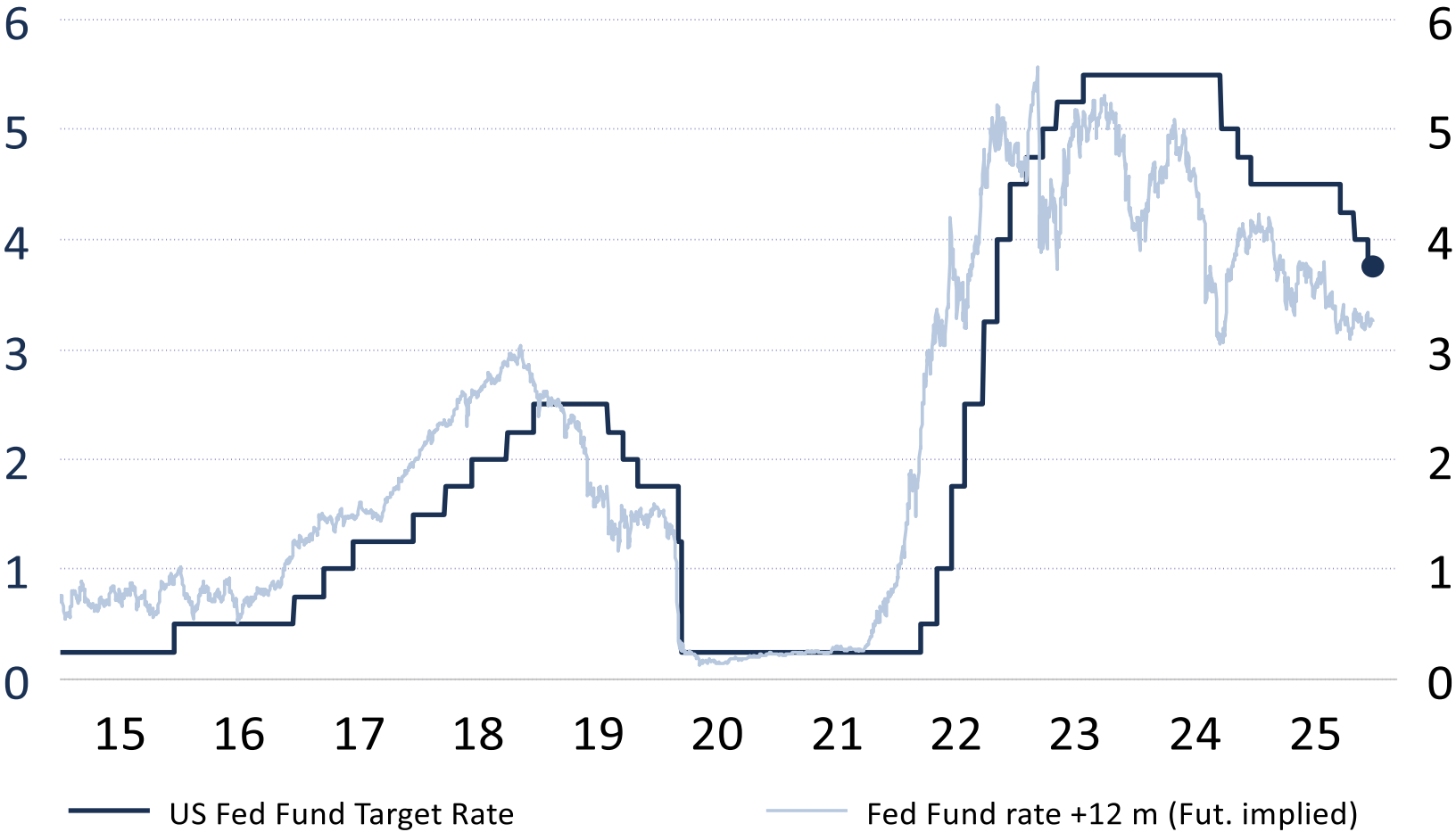
Source: LSEG Datastream, C.A.P

How aggressive will FED cut interest rates in 2026?

Exhibit 2

Fed Fund Target Rate

& Market Expectations & Inflation



Source: LSEG Datastream, C.A.P

Exhibit 3

US Inflation

US PCE

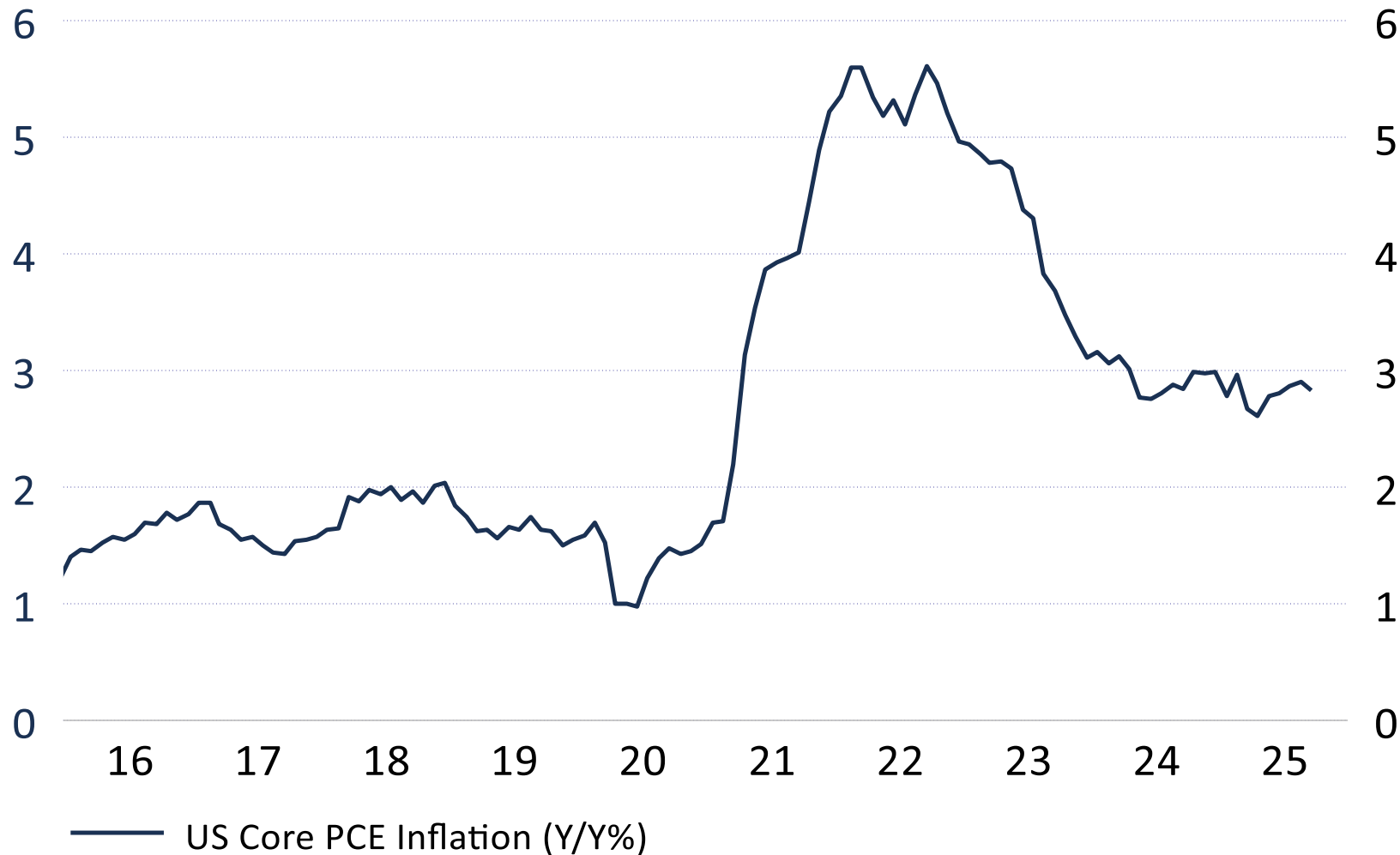


Exhibit 4

US Unemployment



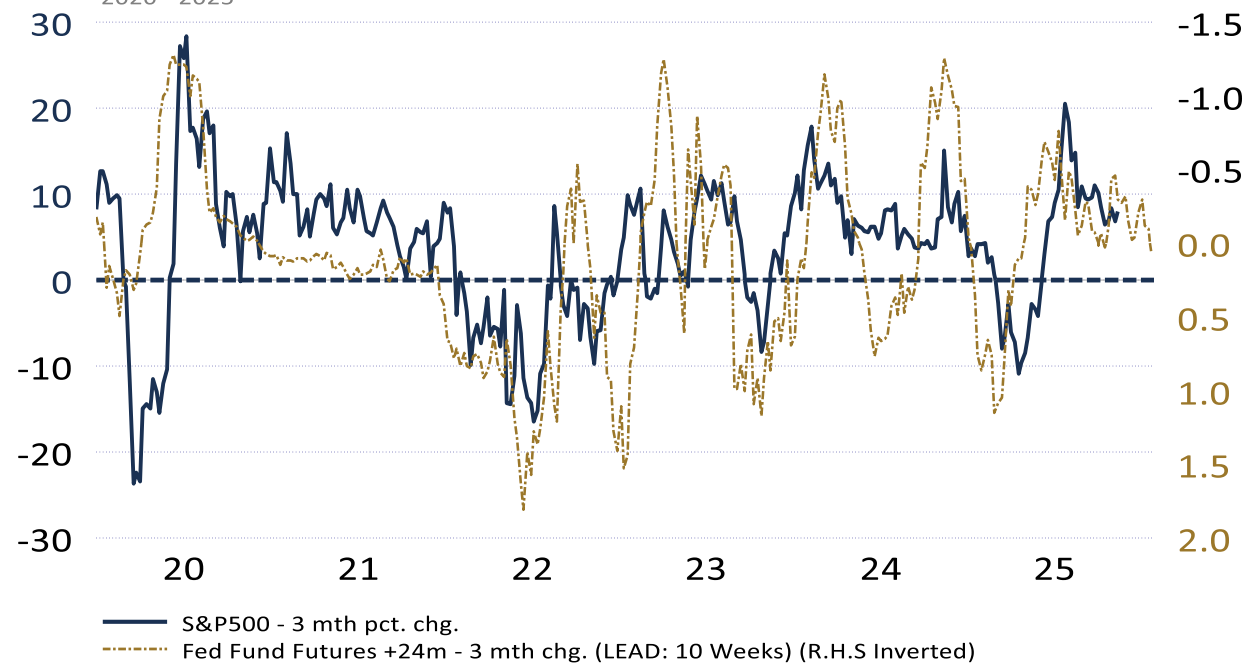
Source: LSEG Datastream, C.A.P

FED is in command of pricing of assets

2020 - 2025

Wall Street & Fed Expectation

2020 - 2025



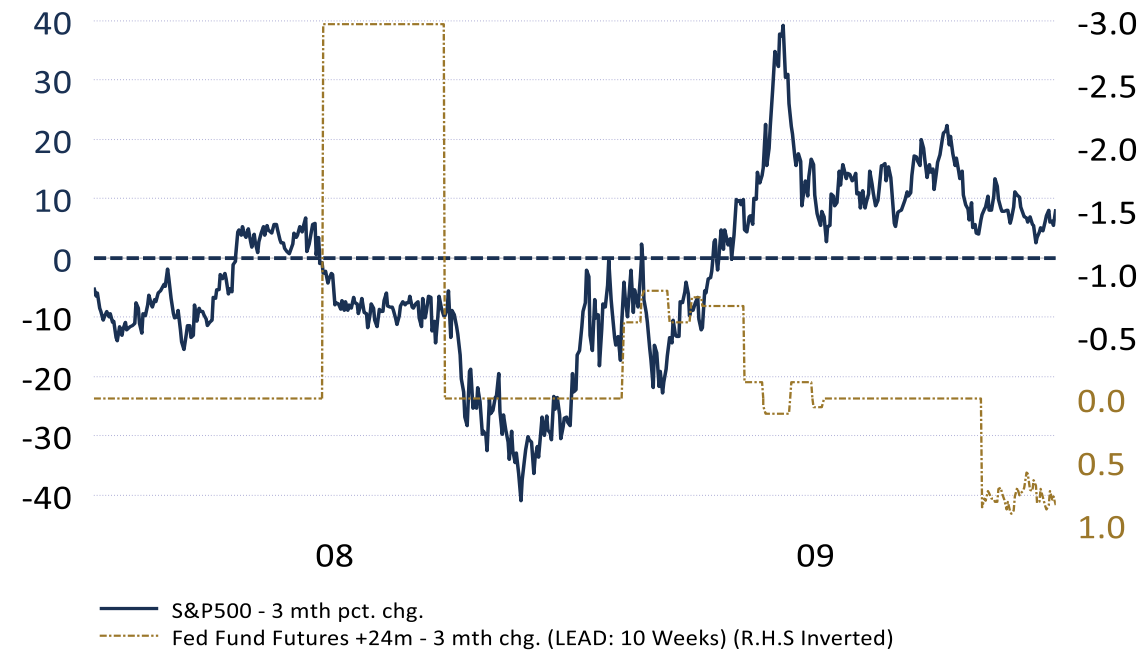
Source: LSEG Datastream, C.A.P

FED is NOT in command of pricing of assets

GFC

Wall Street & Fed Expectation

2020 - 2025



Source: LSEG Datastream, C.A.P

How aggressive will FED cut interest rates in 2026?

Exhibit 6



Will the US equity boom turn into a busting bubble?

Definition of an Investment Bubble: The four 'o's

Exhibit 7

Definition of an investment bubble:

Overvaluation
Overinvestment
Overleverage
Over-ownership



Ruchir Sharma is an Indian American author, fund manager and columnist for the [Financial Times](#). He is the head of [Rockefeller Capital Management](#)'s international business, and was an emerging markets investor at [Morgan Stanley](#) Investment Management.

Source: 'What went wrong with capitalism', Ruchir Sharma

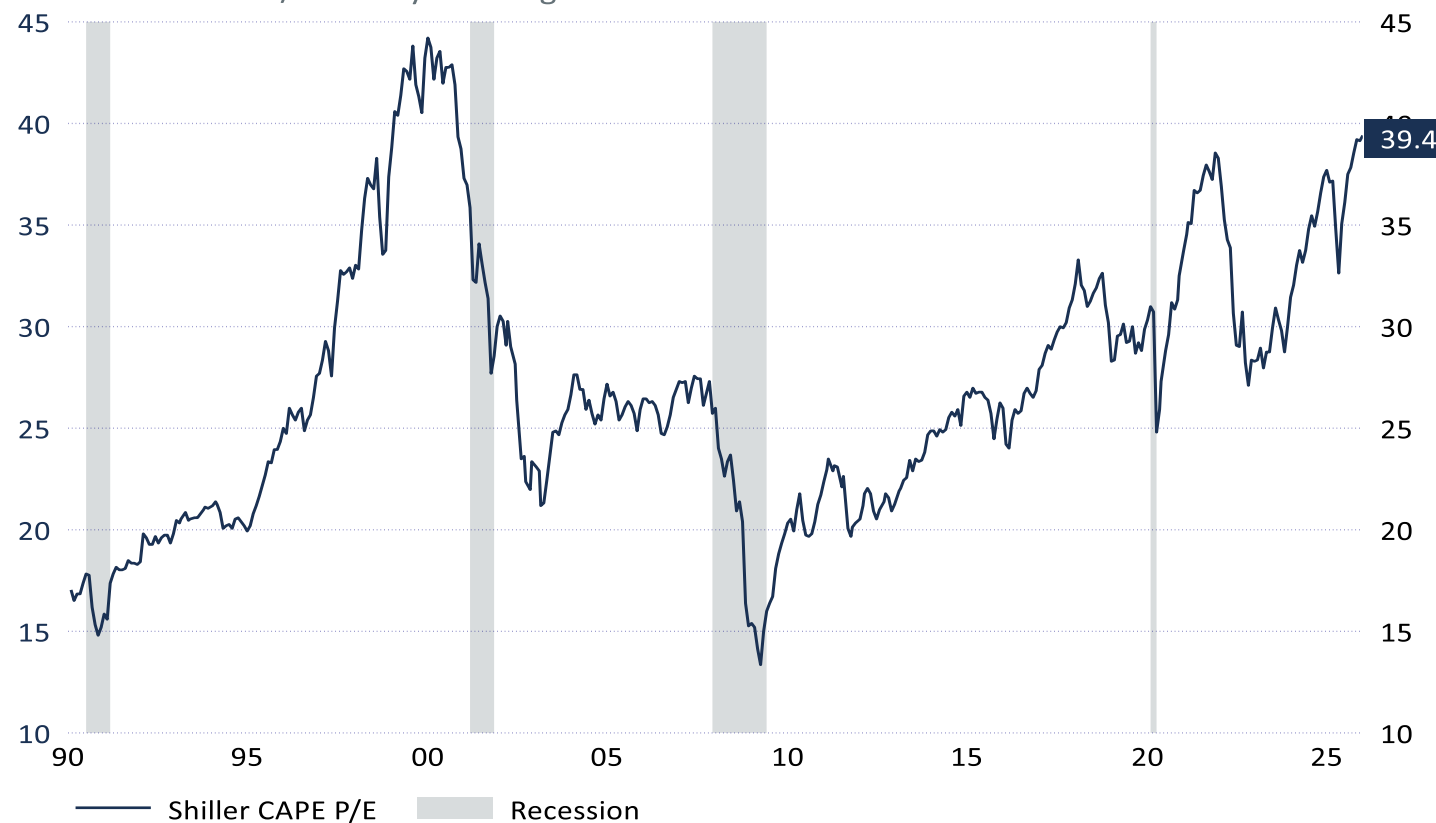
AI Boom: Overvaluation?



Exhibit 8

S&P500 Valuation

Shiller CAPE P/E - Proxy for Long-Term Valuation

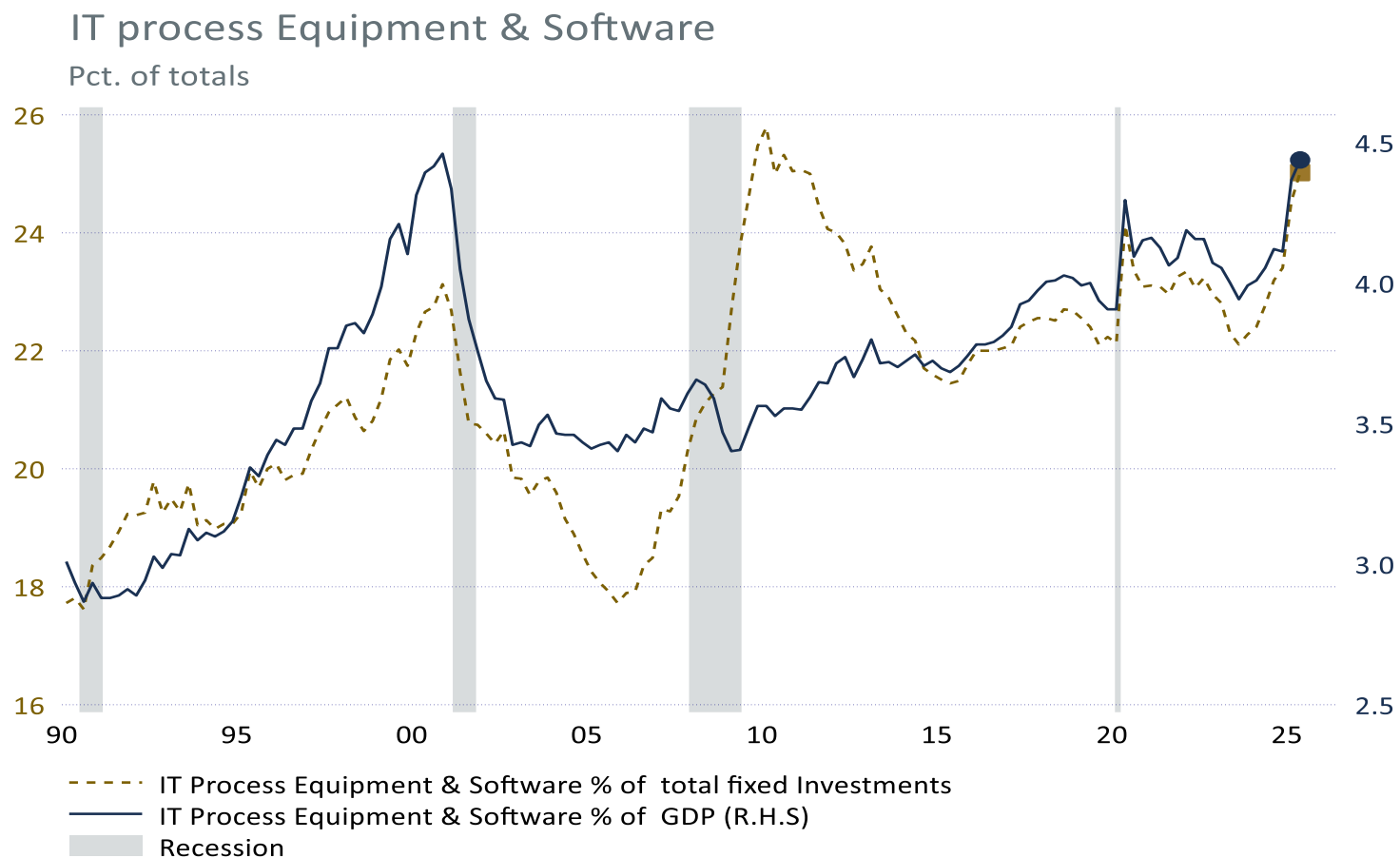


Source: LSEG Datastream & C:A.P

AI Boom: Overinvestment?



Exhibit 9



Source: LSEG Datastream & C:A.P

AI Boom: Over- leveraged?

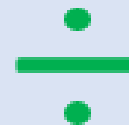
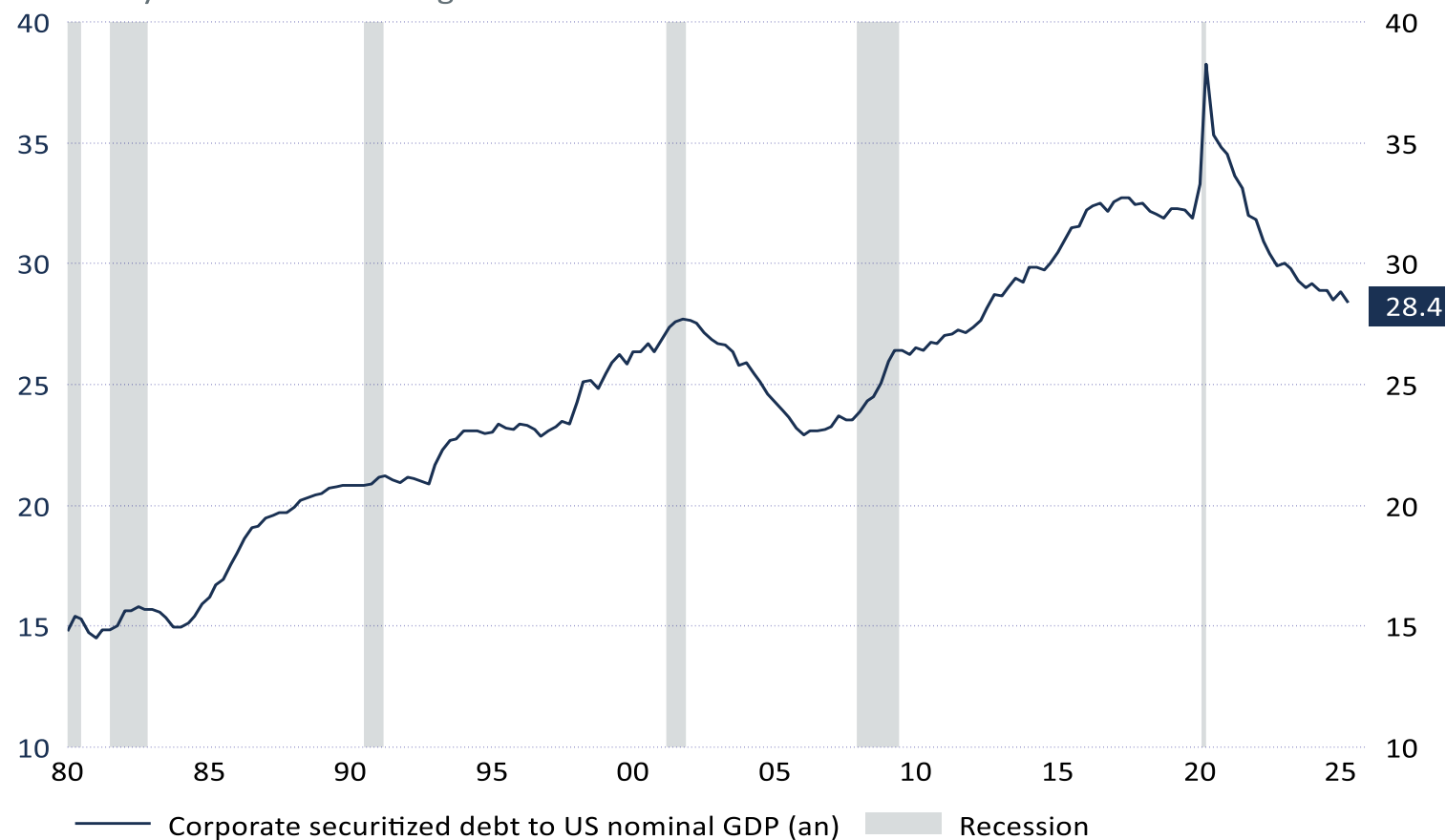


Exhibit 10

US Non-financial Corporate Debt Securites to US GDP (in pct.)

Proxy for S&P500 leverage factor



Source: LSEG Datastream & C:A.P

AI Boom: Over- leveraged?



Exhibit 11

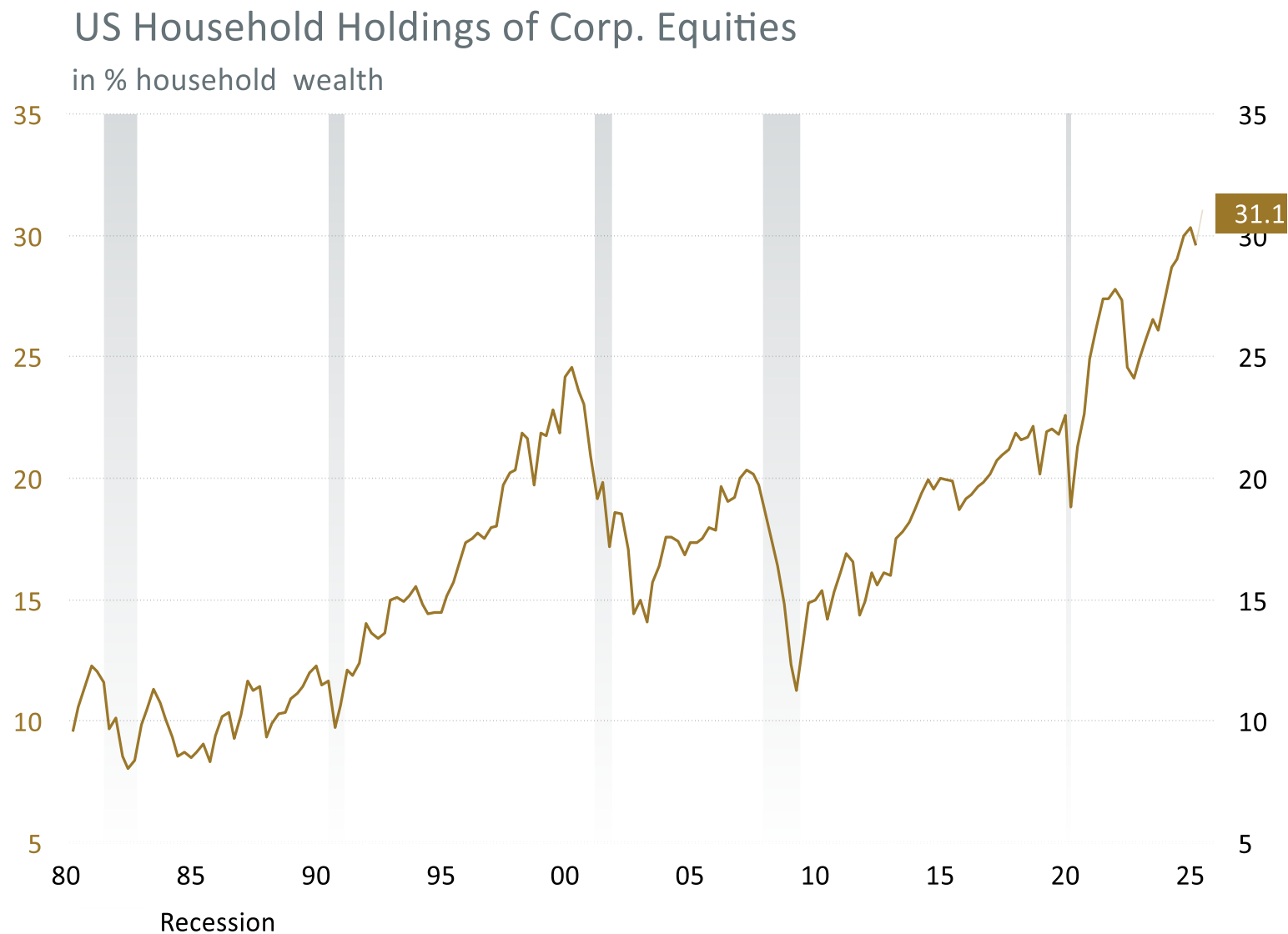
Over-gearing? Not the US AI Leaders?

Company	Country Code	Industry	L-T Debt to Tot Capital (%)	Net Debt to EBITDA
NVIDIA Corp	US	Semiconductors	6%	-43%
Apple Inc	US	Technology Hardware	45%	-29%
Alphabet Inc	US	Interactive Media & Se	6%	-36%
Microsoft Corp	US	Systems Software	19%	-35%
Amazon.com Inc	US	Broadline Retail	15%	-35%
Broadcom Inc	US	Semiconductors	42%	35%
Palantir Technologies Inc	US	Application Software	0%	-297%
S&P500			36%	105%

AI Boom: Over-ownership?

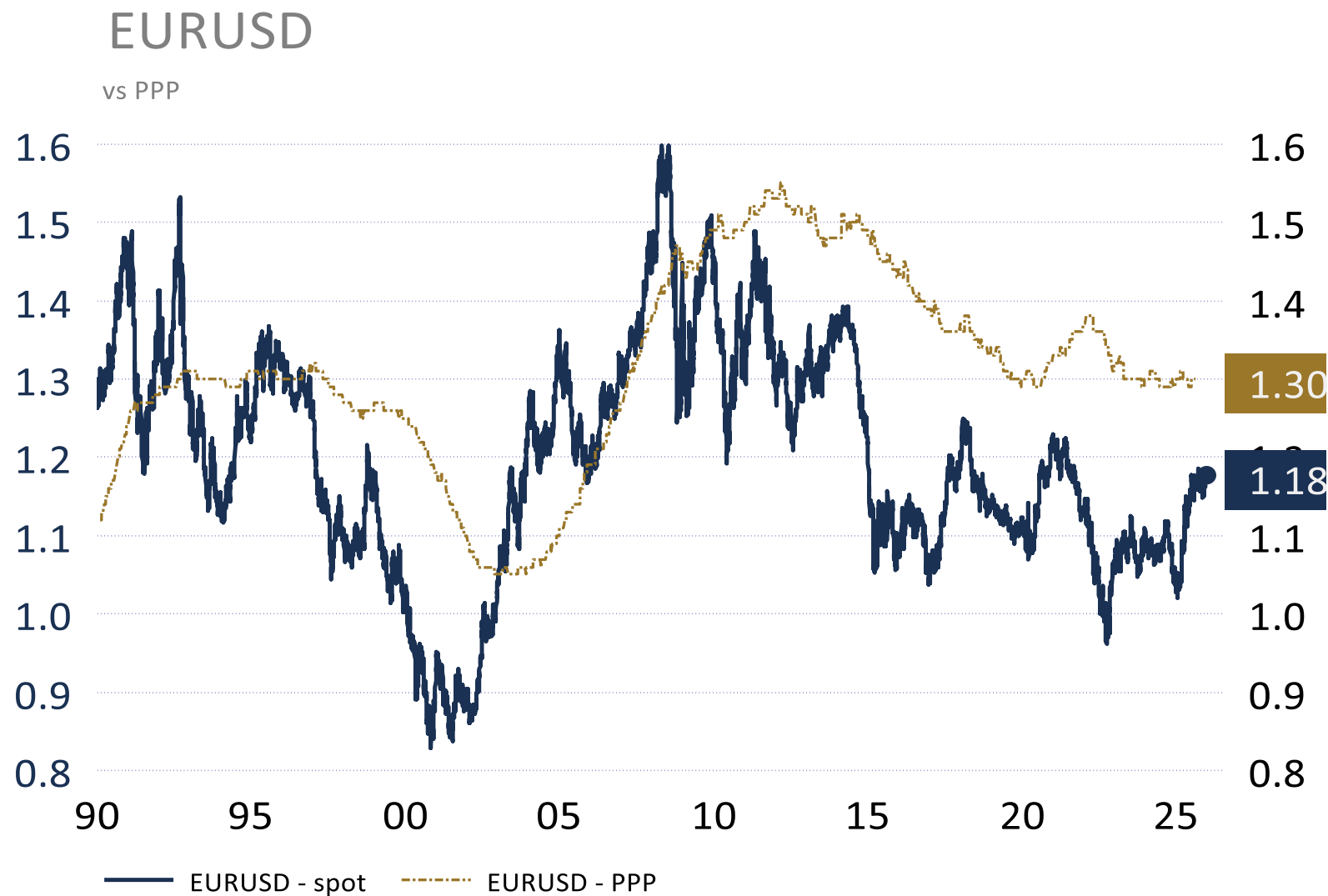


Exhibit 12



**Will the US Dollar continue to
depreciate ?**

Exhibit 13



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