

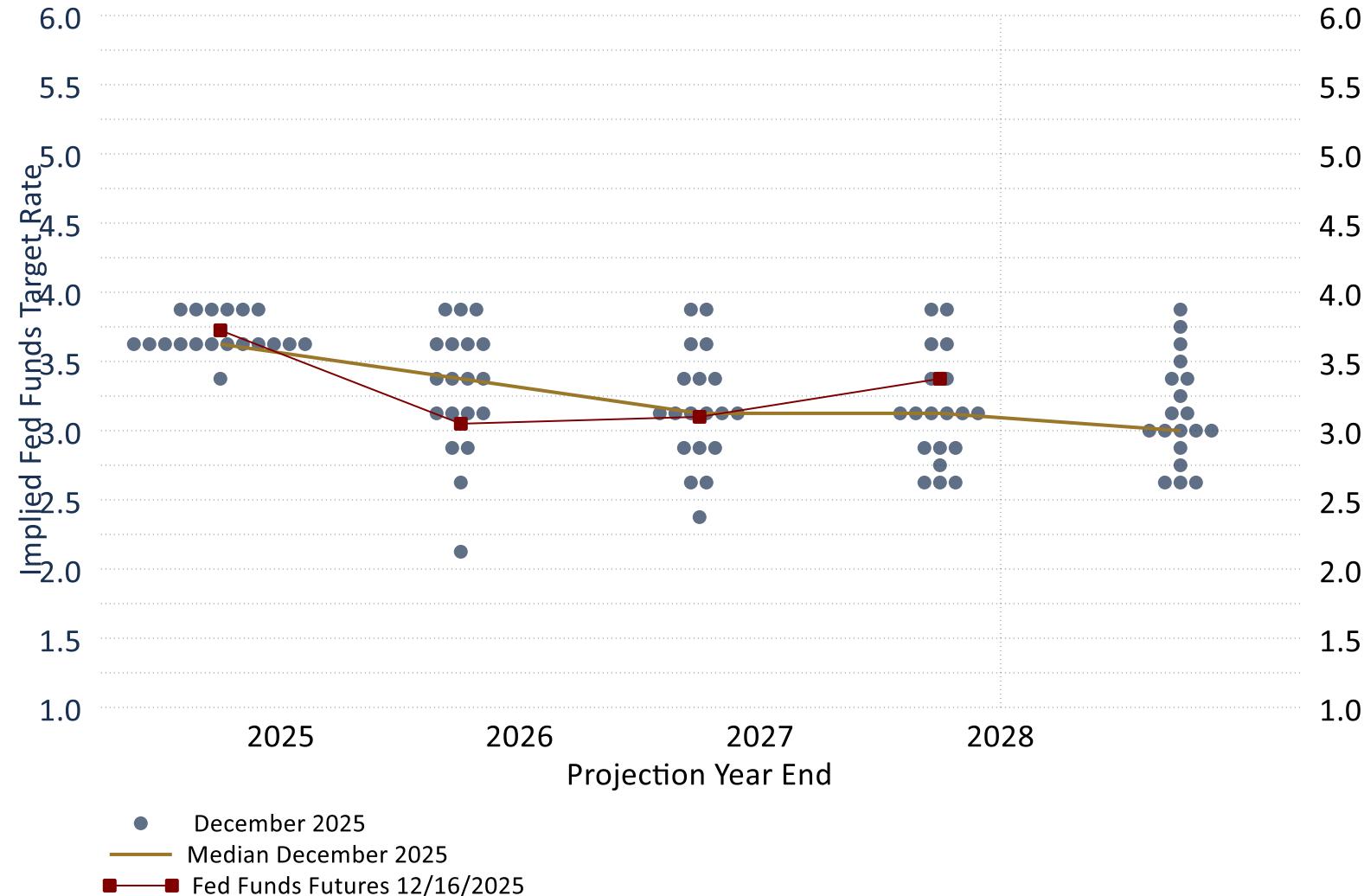
# Asset Allocation 2026: Three Key Questions

December 2025

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

Exhibit 1

## FOMC Dot-Plot &amp; Futures



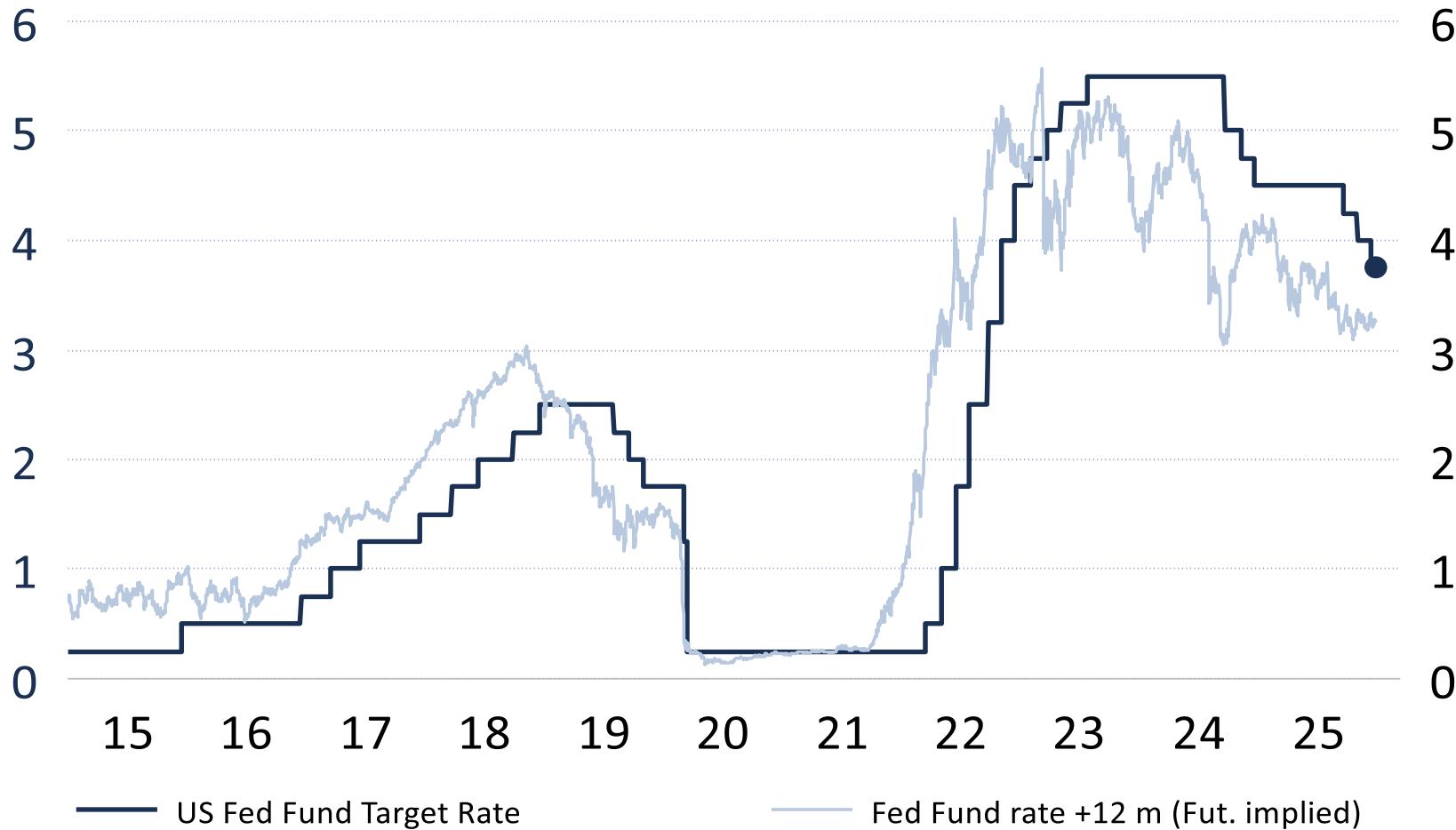
Source: LSEG Datastream, C.A.P

# How aggressive will FED cut interest rates in 2026?

Exhibit 2

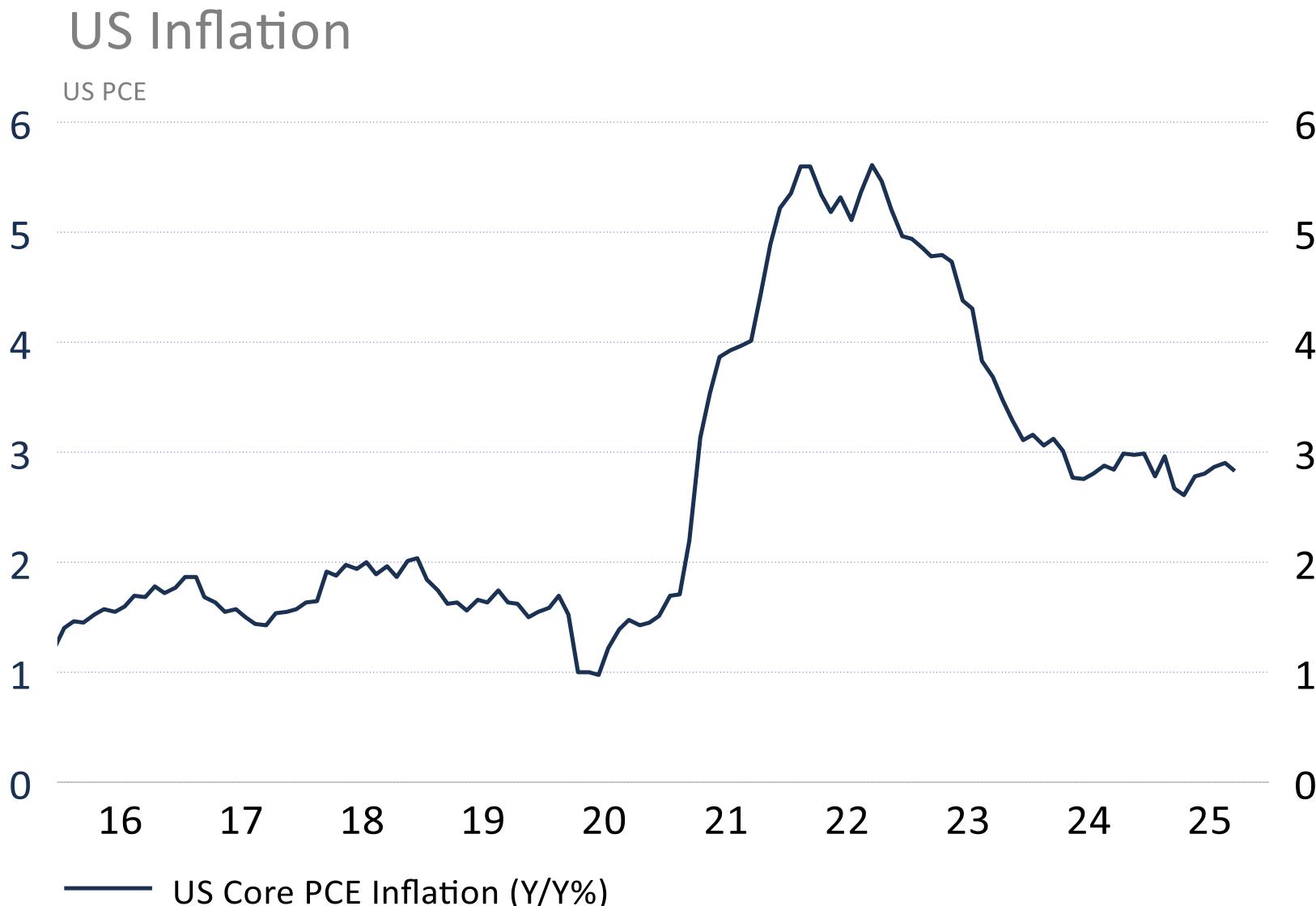
## Fed Fund Target Rate

& Market Expectations & Inflation



Source: LSEG Datastream, C.A.P

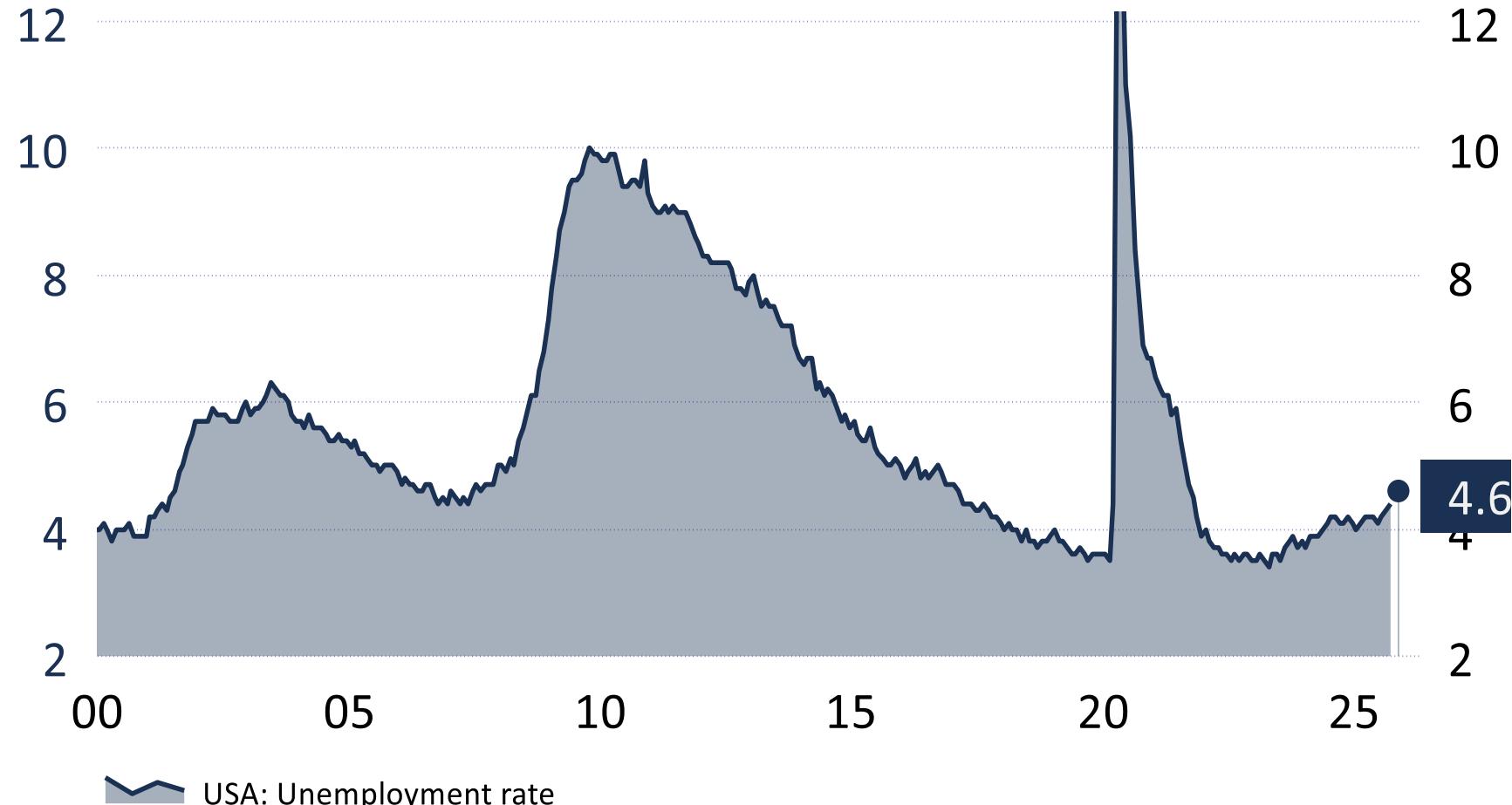
Exhibit 3



Source: LSEG Datastream, C.A.P

## US Unemployment

Exhibit 4

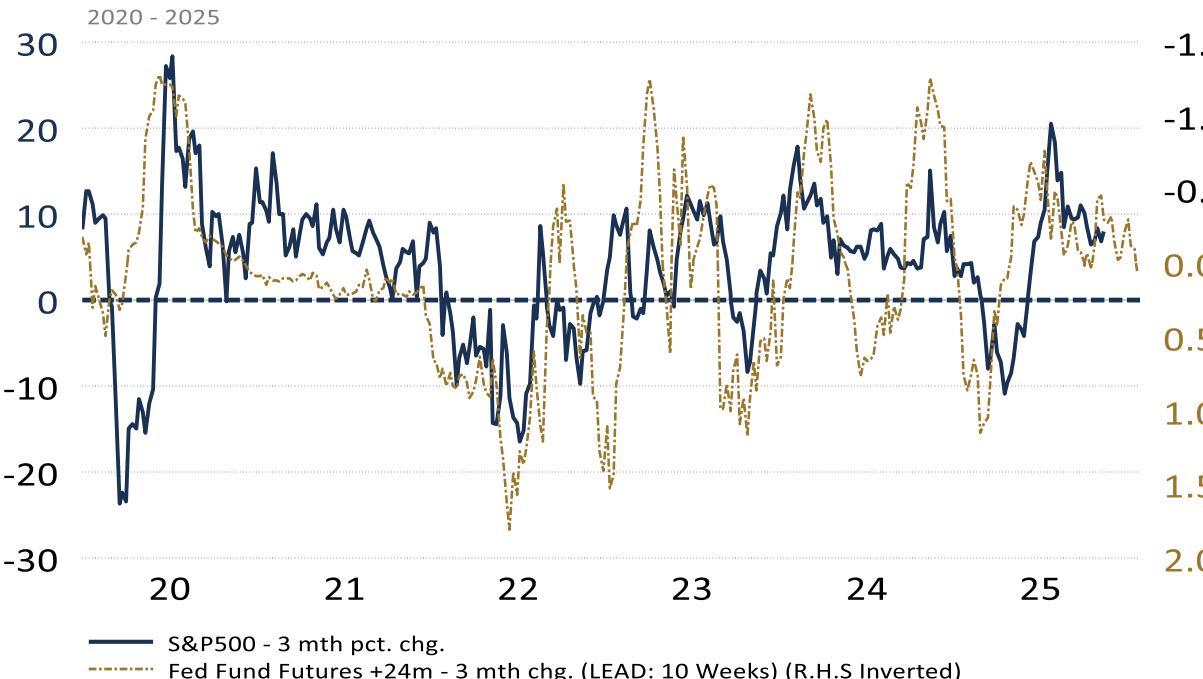


Source: LSEG Datastream, C.A.P

FED is in command of pricing of assets

2020 - 2025

Wall Street &amp; Fed Expectation

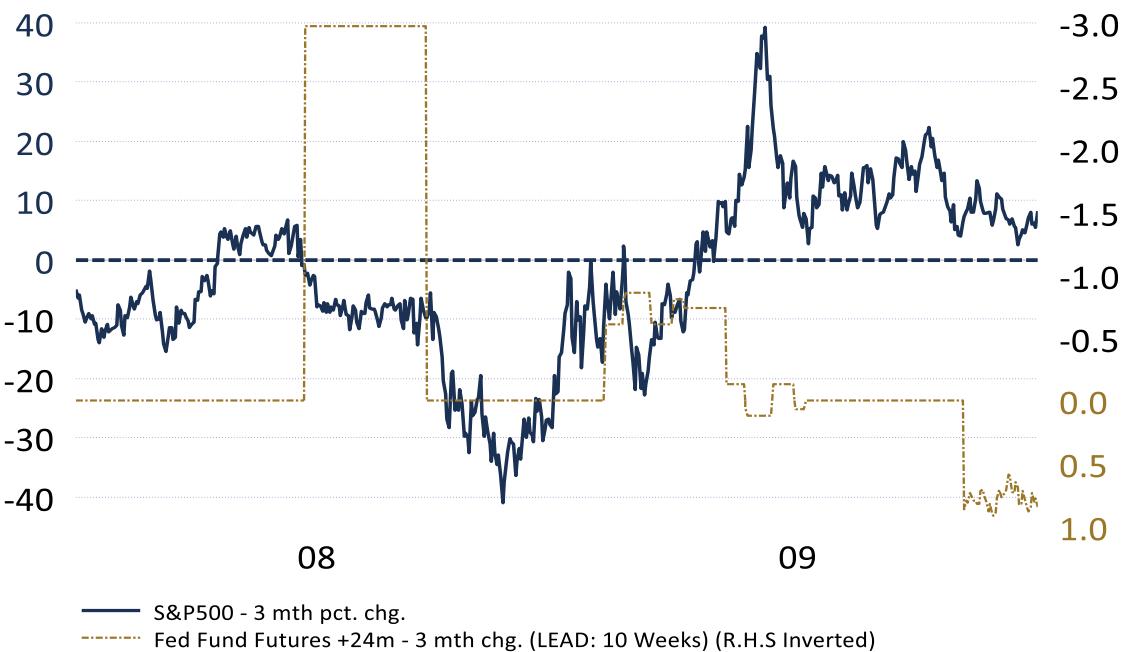


FED is NOT in command of pricing of assets

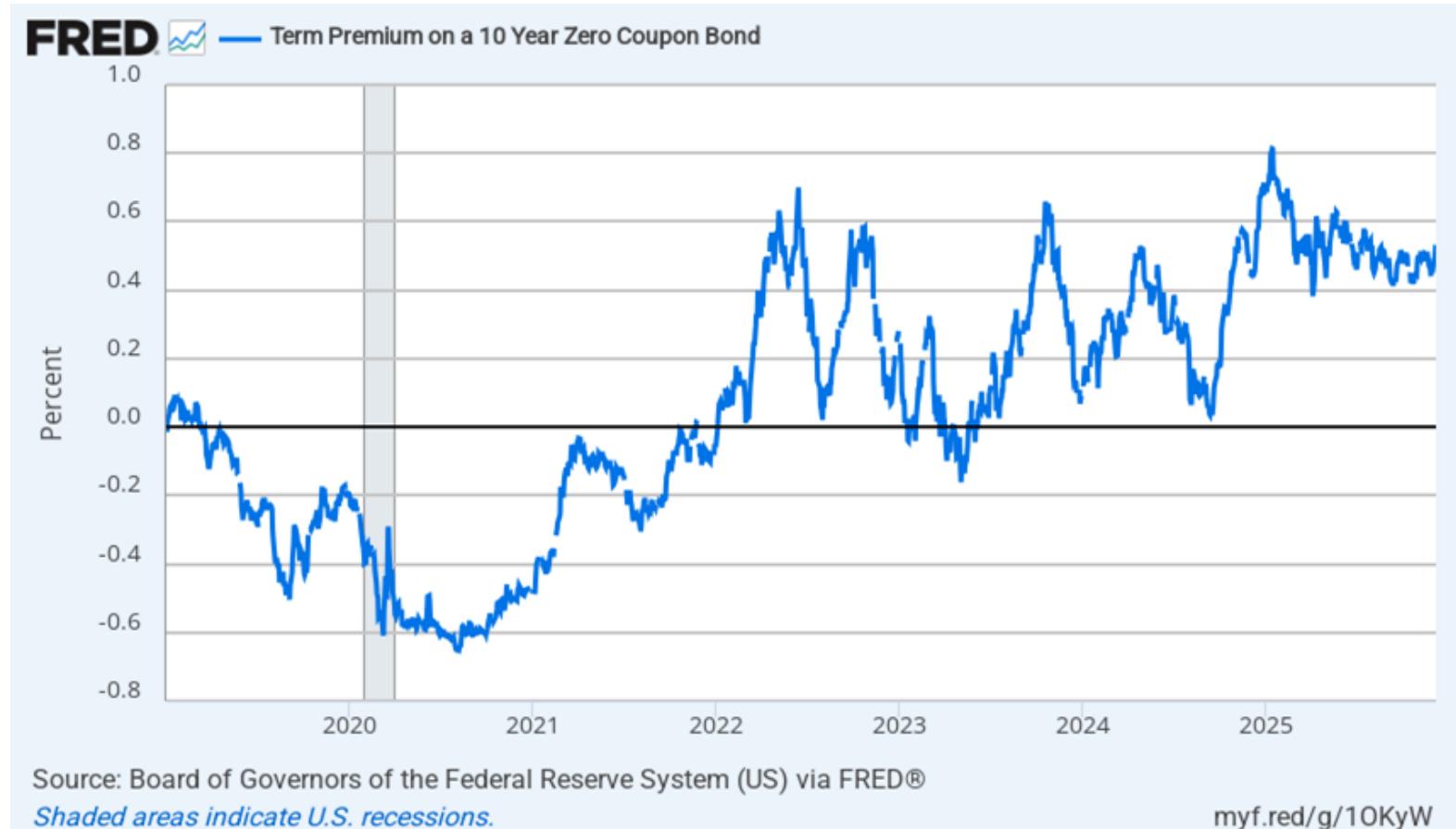
GFC

Wall Street &amp; Fed Expectation

2020 - 2025



## Exhibit 6



# Will the US equity boom turn into a busting bubble?

# Definition of an investment bubble:

Overvaluation  
Overinvestment  
Overleverage  
Over-ownership



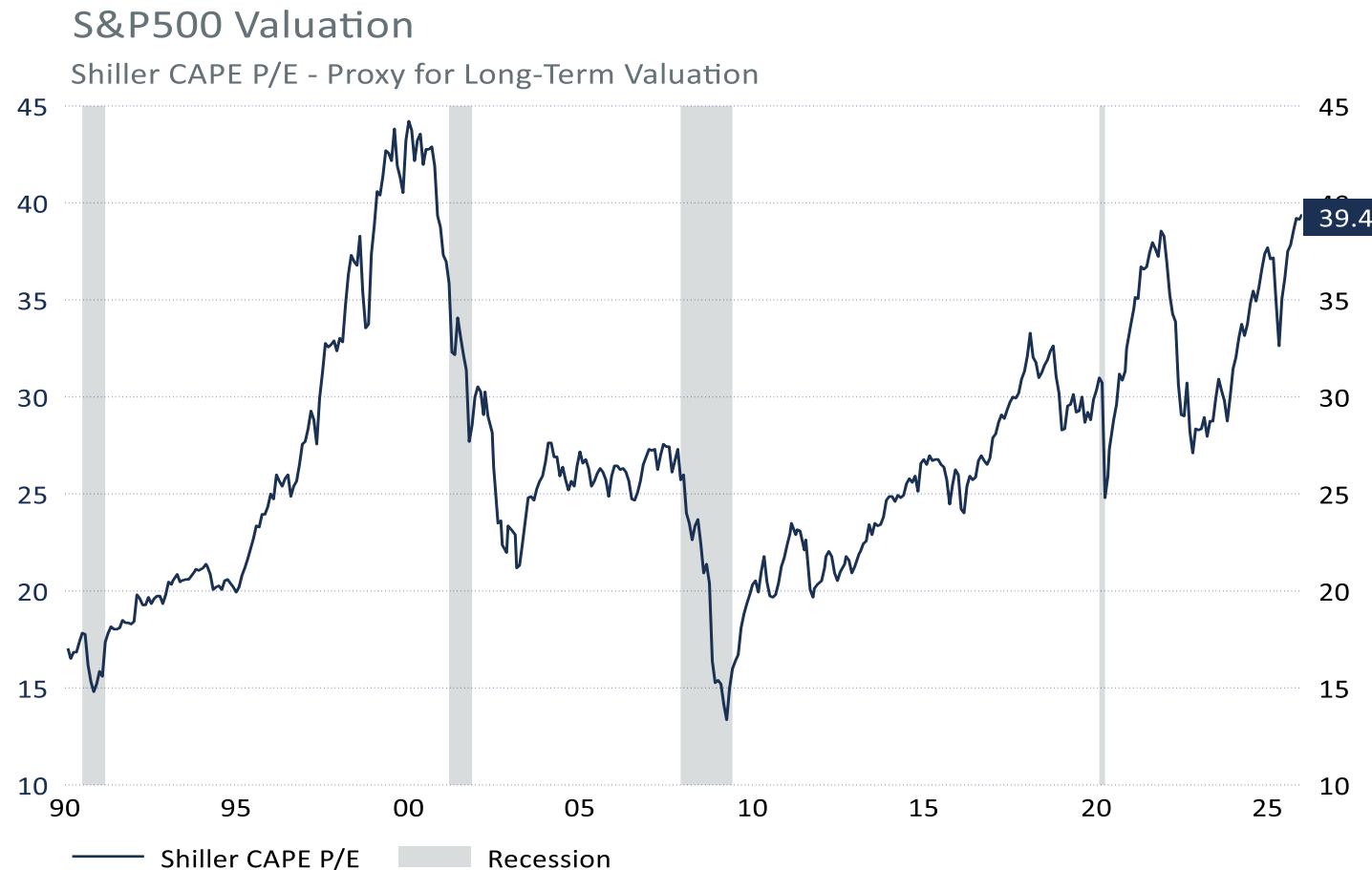
**Ruchir Sharma** is an Indian American author, fund manager and columnist for the [Financial Times](#). He is the head of [Rockefeller Capital Management](#)'s international business, and was an emerging markets investor at [Morgan Stanley](#) Investment Management.

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

## AI Boom: Overvaluation?



Exhibit 8

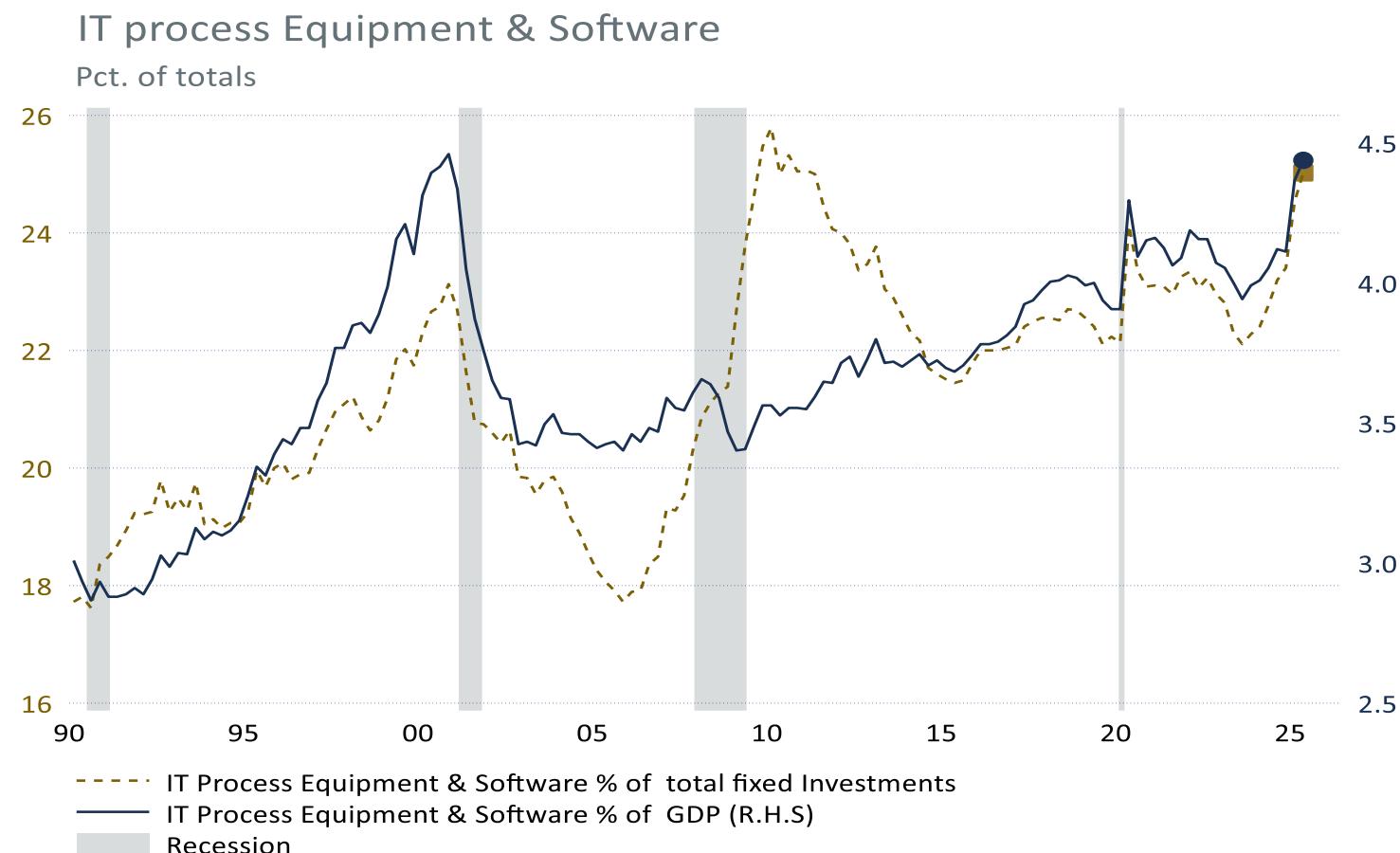


Source: LSEG Datastream &amp; C:A.P

## AI Boom: Overinvestment?



Exhibit 9



Source: LSEG Datastream &amp; C:A.P

## AI Boom: Over-leveraged?

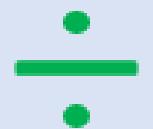
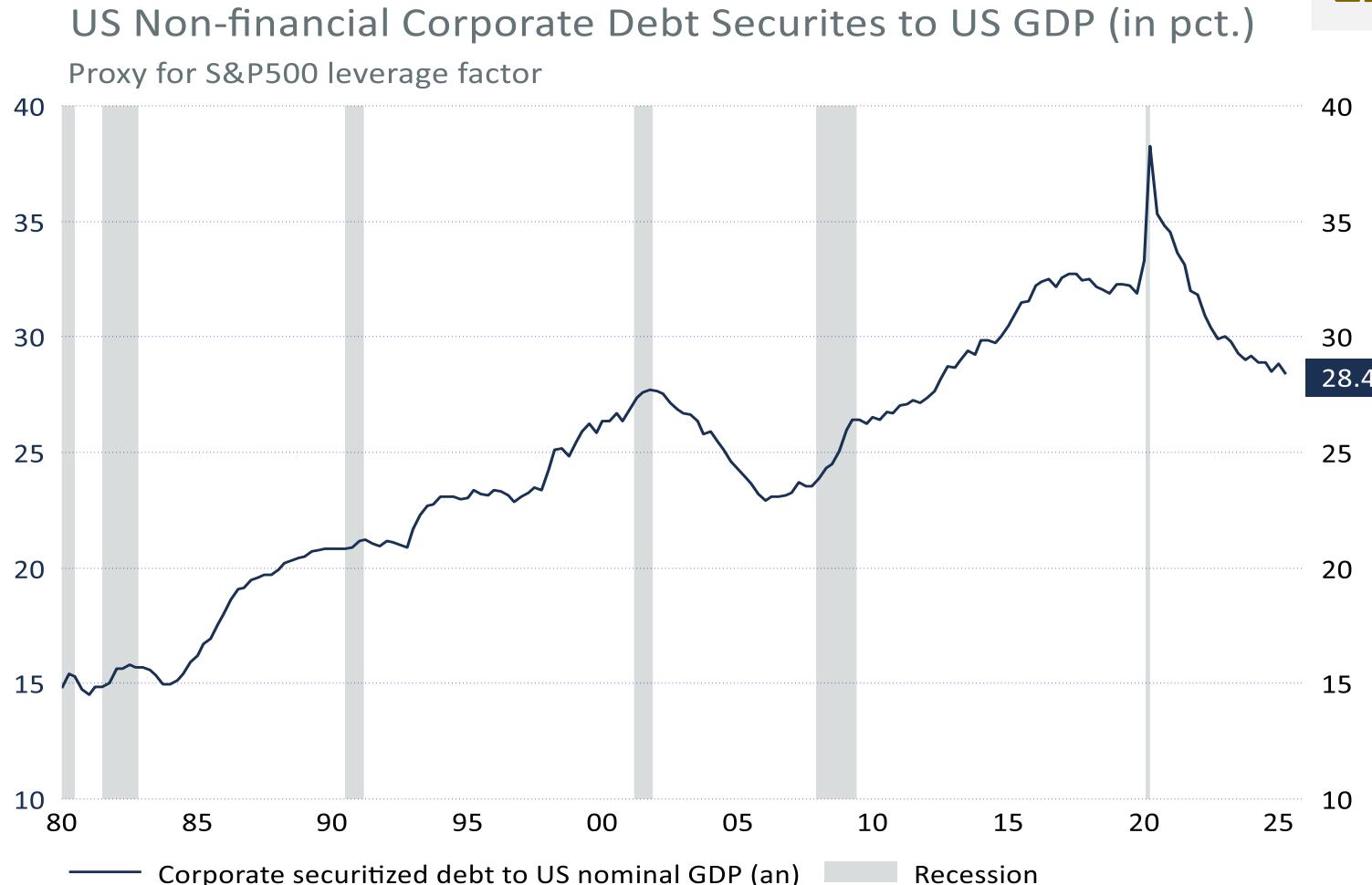


Exhibit 10



Source: LSEG Datastream &amp; C:A.P



## 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?



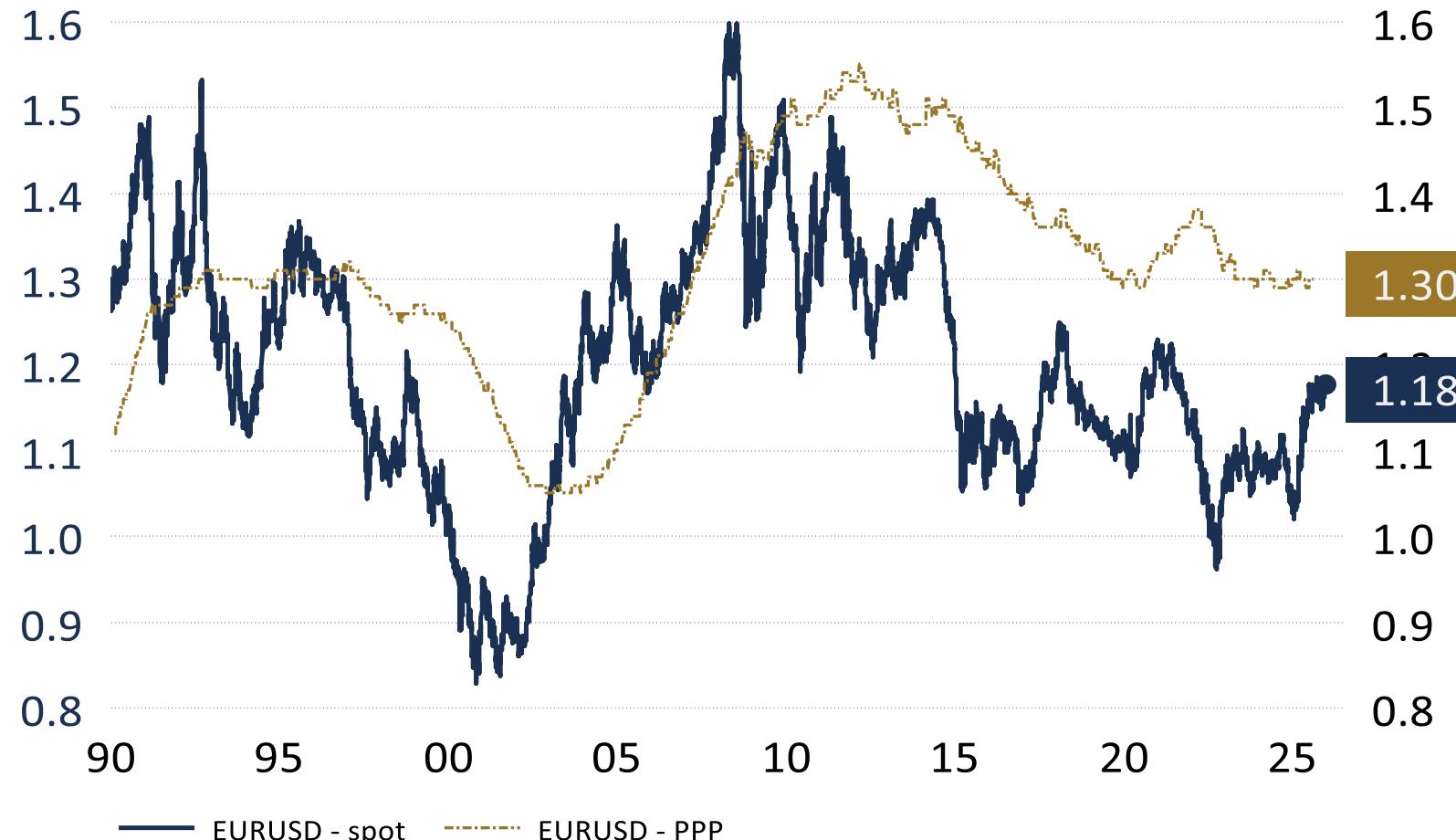
Exhibit 12

US Household Holdings of Corp. Equities  
in % household wealth

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

## EURUSD

vs PPP



Source: LSEG Datastream, C.A.P

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