UBS

Global Research
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US Equity Strategy

Equity Strategy

Global

Keith Parker
Strategist
keith.parker@ubs.com
+1-212-713 3296

Sean Simonds
Strategist
sean.simonds@ubs.com
+1-212-713 2851

Shreyas Guntur
Strategist
shreyas.guntur@ubs.com
+44-20-7567 0886

Marc el Koussa
Strategist
marc.el-koussa@ubs.com
+44-20-7567 0298

Market Outlook - Presentation

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 74.**

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See Market outlook: higher growth not priced and Sector themes+trades: flywheels at a discount for the US equity strategy launch reports.

Summary

Market outlook: still bullish, growth not fully priced

- **EPS driven rally**: target 8100 on S&P 500 for '26 and 8900 for '27 as NTM is projected to rise 25% the next 18mo, and the multiple falls 1x.
- **Valuation well supported**: higher 3-5yr forward sales growth and CFROI point to a 24x S&P P/E based on our new framework.
- **Early-ish cycle:** 100bp jump in the forward sales CAGR in 3mo is in the same ballpark as 2020, 2009, and 2002-03 after recessions.
- **Multiplier effects** from steepening demand curves, capex broadening, falling uncertainty, rising cash flow and larger financing needs.

AI flywheel accelerating but valuations are falling

- **AI cycle early+ unprecedented:** we are 2yrs into a Tech spend cycle that have historically lasted 10yrs at ~20% CAGR.
- **Stay long Semis**: at a 25%+ growth rate, Semis trade at 0.9x P/E to sales CAGR and 0.7x P/E to EPS CAGR.
- **Add Hyperscalers opportunistically**: cloud sales backlogs are now > 100% of total sales, and P/E to sales CAGR is <1.5x lowest since 2013.

Capex broadening over consumer broadening

- **Industrials over Discretionary**: > 45% of SPX firms forecast NTM capex up >10% while real wages are running at sub 1%.
- **Long cap goods**: Data center planned capacity up 115% y/y; capital goods orders 10%+ historically coincided with double digit 12mo returns.
- **Long Transports**: Freight cycle turning as mfg exits recession, with truckload pricing improving, rail volumes recovering and fuel costs falling.
- **Retail/XRTas funding**: Real wage growth <2% has historically driven 5% to 10% underperformance, and current real wage growth is <1%.

Private sector releveraging amid fiscal dominance

- **Financials over REITs**: Fins payouts up ~50% y/y and total yield is ~5%, with upside from regulatory loosening, corporate borrowing and deals.
- **Long Banks, IBs, Consumer Finance**: Bank CFROIs up more than 300bp over two years and excess capital potentially reaching about $300bn.

Wellness accelerating, policy uncertainty abating for Healthcare

- **Healthcare over Staples**: Wellness spending >$7tr and growing 7%, while GLP1 adoption shifts consumption away from food/staples.
- **Long Pharma/Biotech**: Sales CAGRs rising ahead of the patent cliff as R&D supports pipelines and M&A is accelerating.
- **Staples as funding**: Staples trade near Tech on P/E despite about 4% sales CAGR and 12m forward ROI almost 20pp below IT.

Section 1

Key views

SPX target: 8100 for end '26 and 8900 end '27

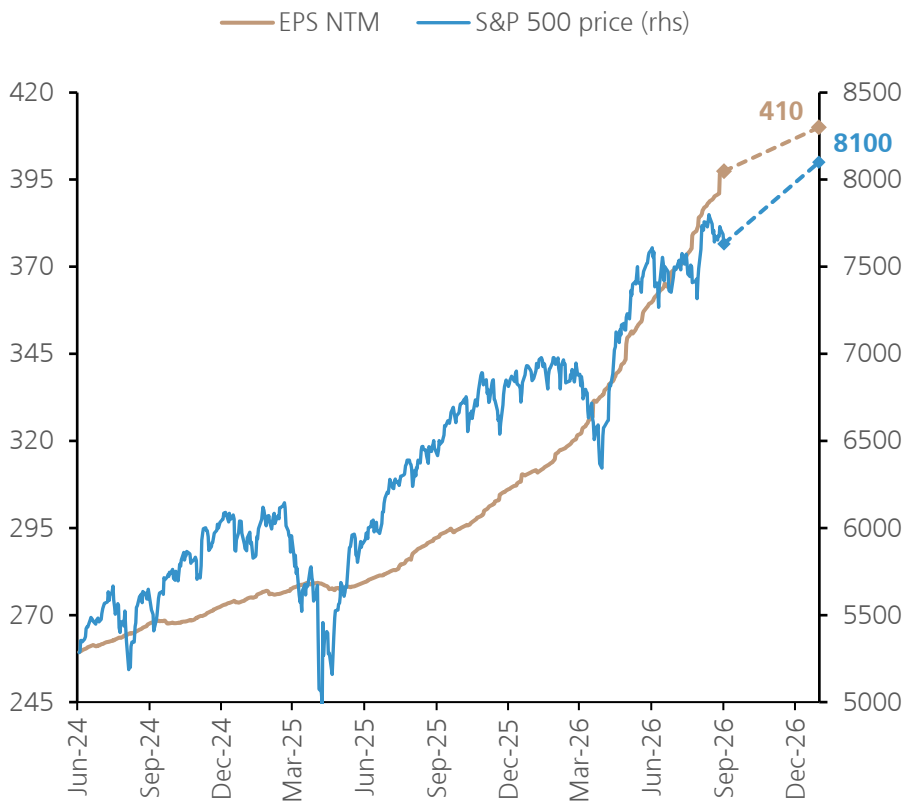
S&P 500 EPS forecasts and price targets

	Current / NTM	2022	2023	2024	2025	2026E	2027E	2028E
Price	$7,719	$3,840	$4,769	$5,882	$6,846	$8,100	$8,900	
% yoy		*-19.4%*	*24.2%*	*23.3%*	*16.4%*	*18.3%*	*9.9%*	
% chg vs current						*4.9%*	*15.3%*	
Earnings per share	$398.5	$219.2	$220.2	$243.0	$274.7	$350.0	$410.0	$460.0
% growth		*4.9%*	*0.5%*	*10.4%*	*13.0%*	*27.4%*	*17.1%*	*12.2%*
P/E fwd NTM	19.4x	16.7x	19.5x	21.4x	22.0x	19.8x	19.3x	
% change		*28.1%*	*17.2%*	*9.8%*	*2.6%*	*-10.2%*	*-2.1%*	
P/E - trailing	23.6x	17.5x	21.7x	24.2x	24.9x	23.1x	21.7x	
% change		*28.1%*	*23.6%*	*11.8%*	*3.0%*	*-7.1%*	*-6.2%*	
Tech+ earnings y/y%			20.4%	29.0%	28.6%	56.6%	29.2%	16.0%
ex-Tech earnings y/y%			-4.0%	5.4%	7.0%	10.1%	7.5%	7.0%
SPX implied growth						*27%*	*17%*	*12%*
Tech+ share of EPS			28.2%	32.5%	36.6%	45.1%	49.7%	51.7%
ex-Tech share			71.8%	67.5%	63.4%	54.9%	50.3%	48.3%

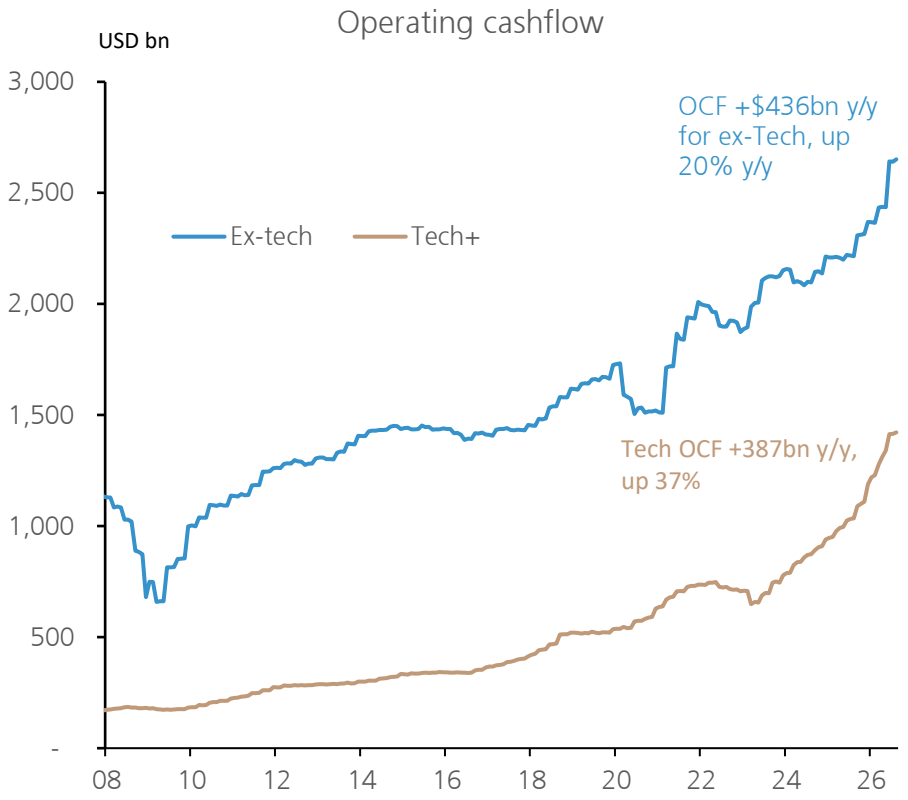
Source: FactSet, UBS estimates. Price as of 9/4/2026

Earnings driven rally has further to run

SPX rally fueled by EPS upgrades to continue



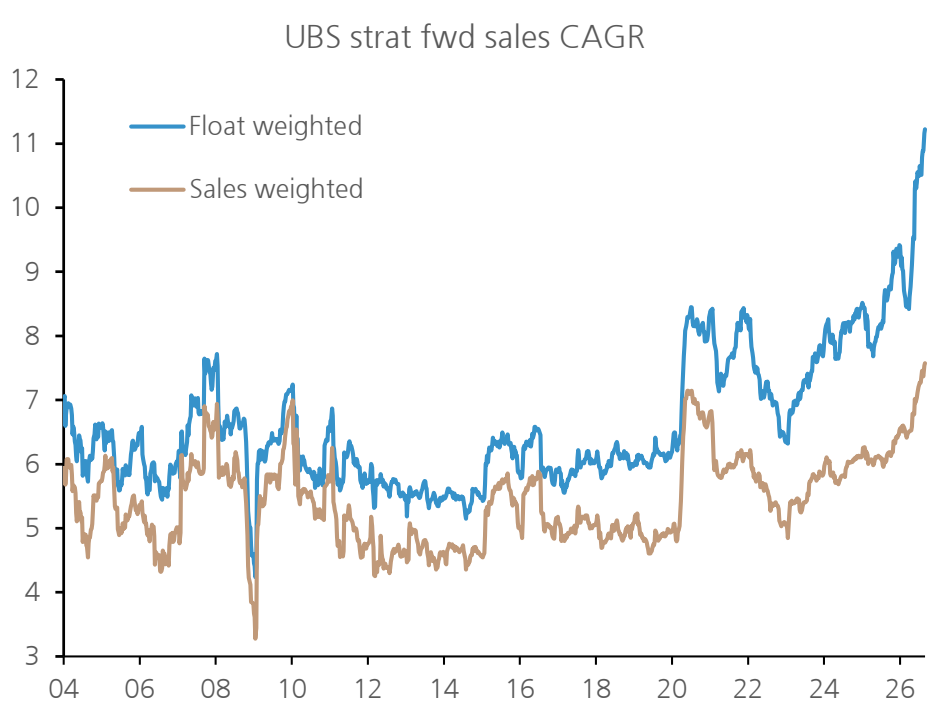
Operating cashflow



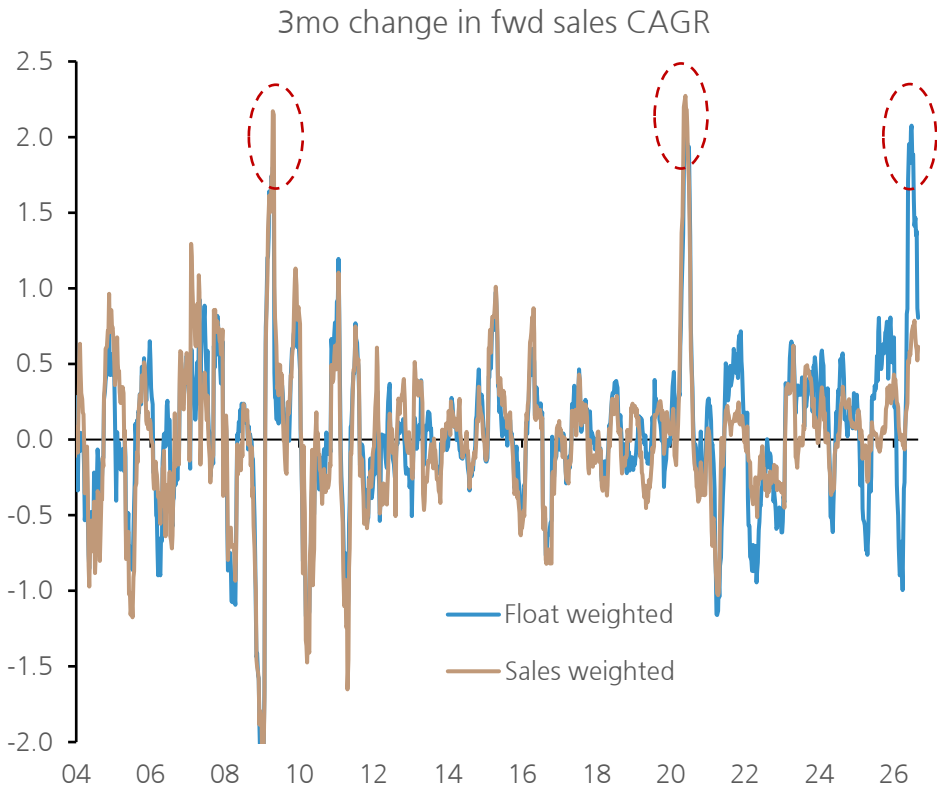
Source: FactSet, UBS estimate

Acceleration expected after next year and beyond

Forward sales CAGR for S&P 500



Forward sales CAGR jump in rare air



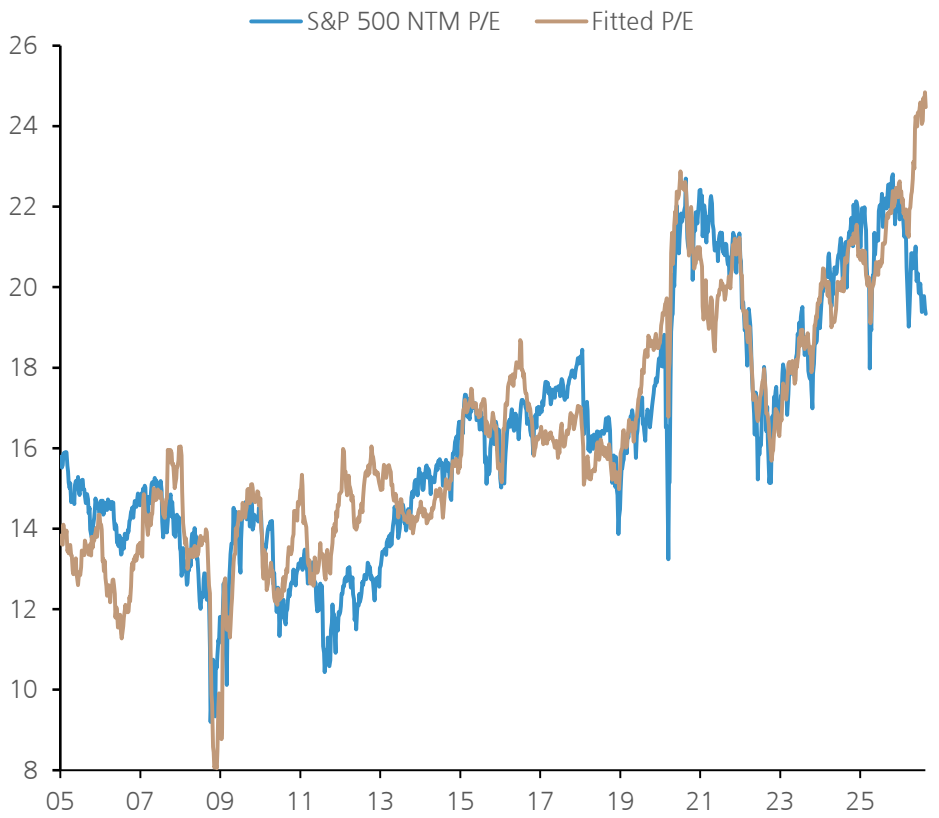
Source: FactSet, UBS

Valuations are well supported in our P/E framework

P/E model variables and coefficients

	Multivariate Regr	
Variable	**Beta**	**t-stat**
US 10yr + IG OAS	-1.19	34.55
Economic surprises	0.89	7.77
US 1yr minus Fed rate	-0.04	0.69
Sales growth - 3-5yr CAGR	1.48	20.76
Cash flow ROI	0.76	26.78
Equity vol / rates vol	-4.80	9.64
Sales growth inflection	0.19	10.40
Dividend payout	0.11	11.29
Intercept	18.45	96.14
R-square	0.88	

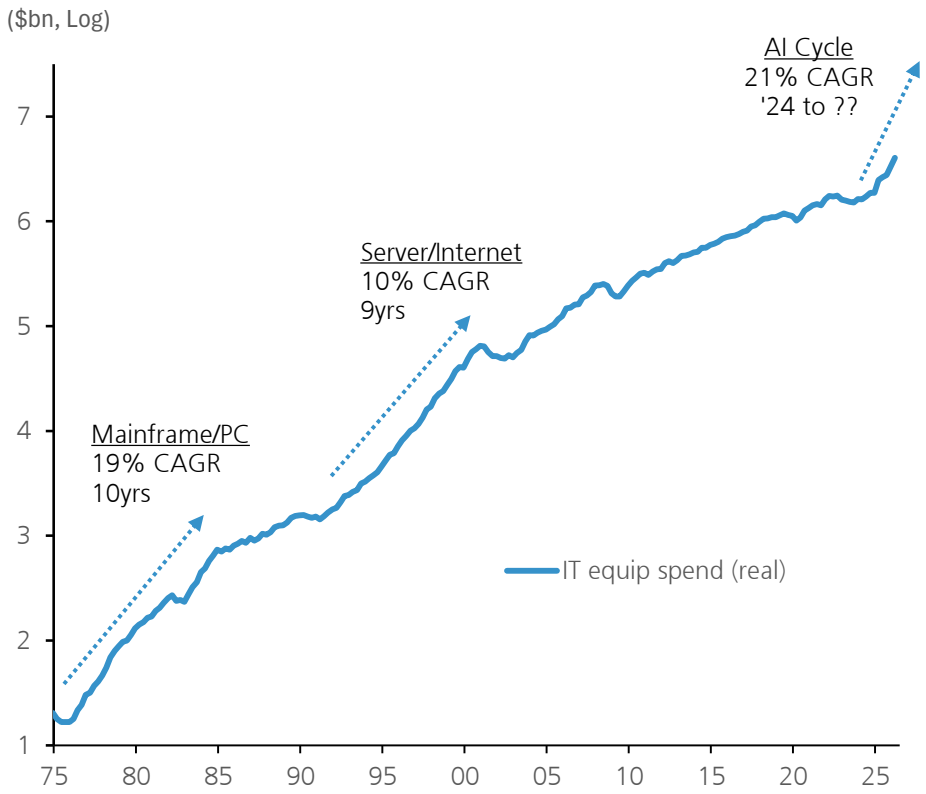
S&P 500 NTM P/E vs model implied



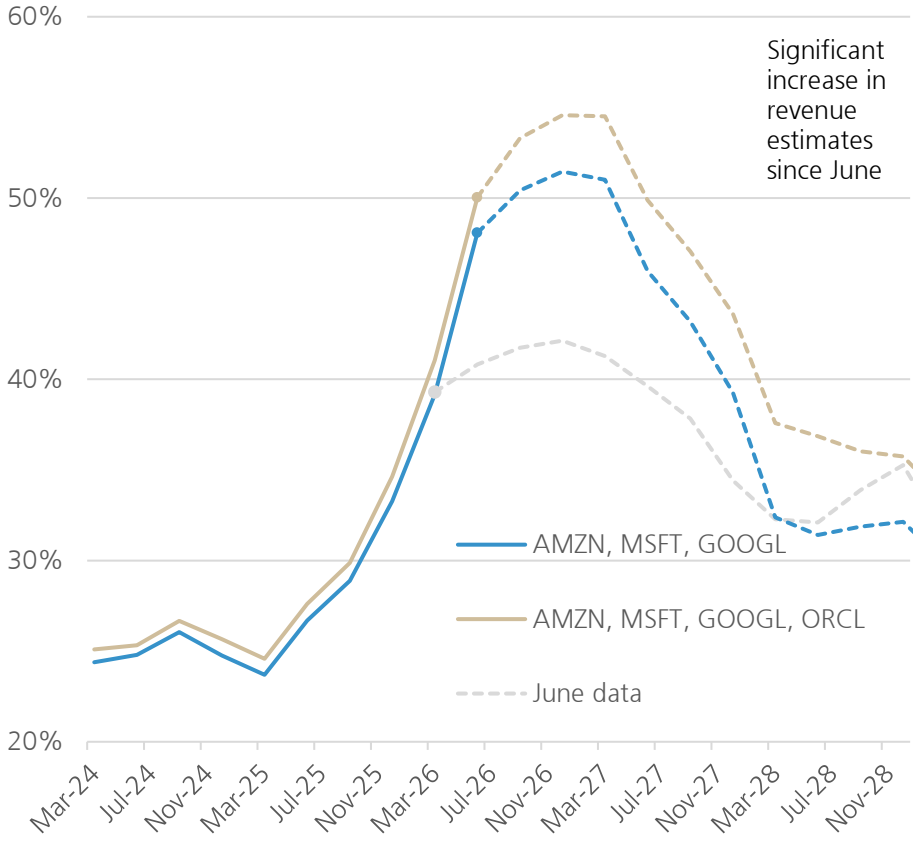
Source: FactSet, Bloomberg, UBS

Multipliers: AI fueled growth is broadening

AI is early and accelerating



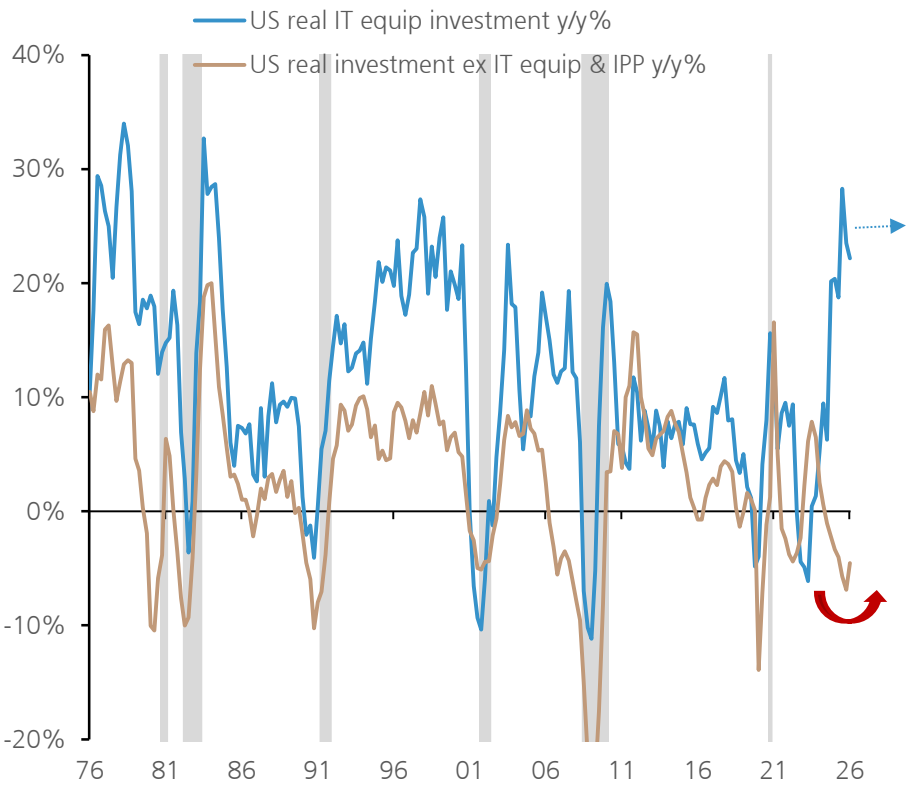
Cloud revenue y/y, actual and forecast



Source: BEA, Haver, FactSet, UBS

Multipliers: AI fueled growth is broadening

US real IT equipment investment vs ex IT equip & IPP



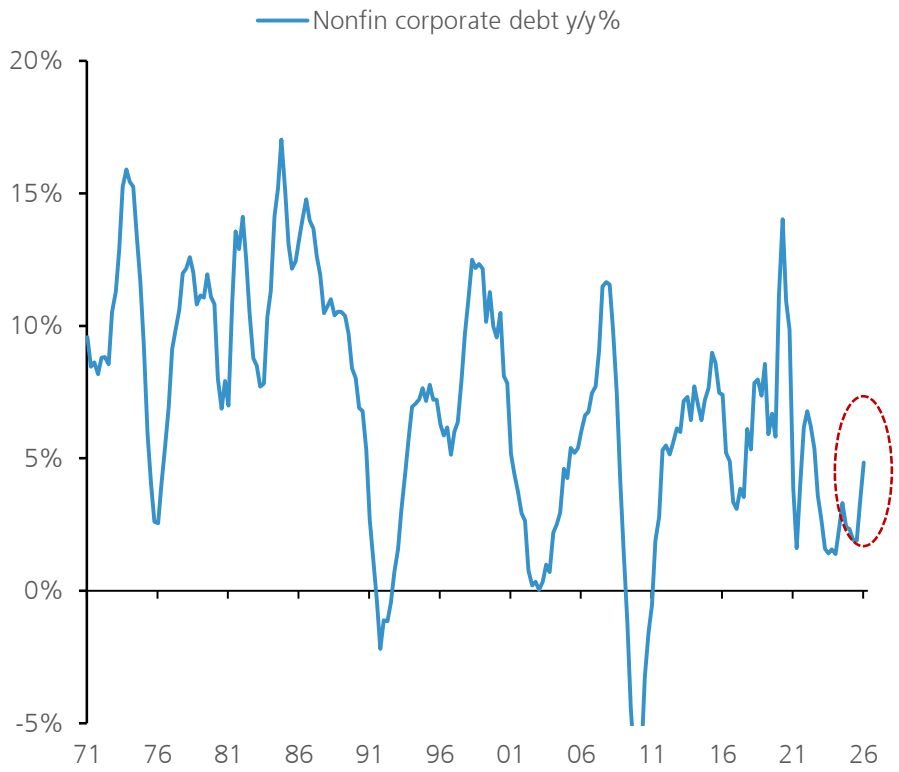
Capex is broadening



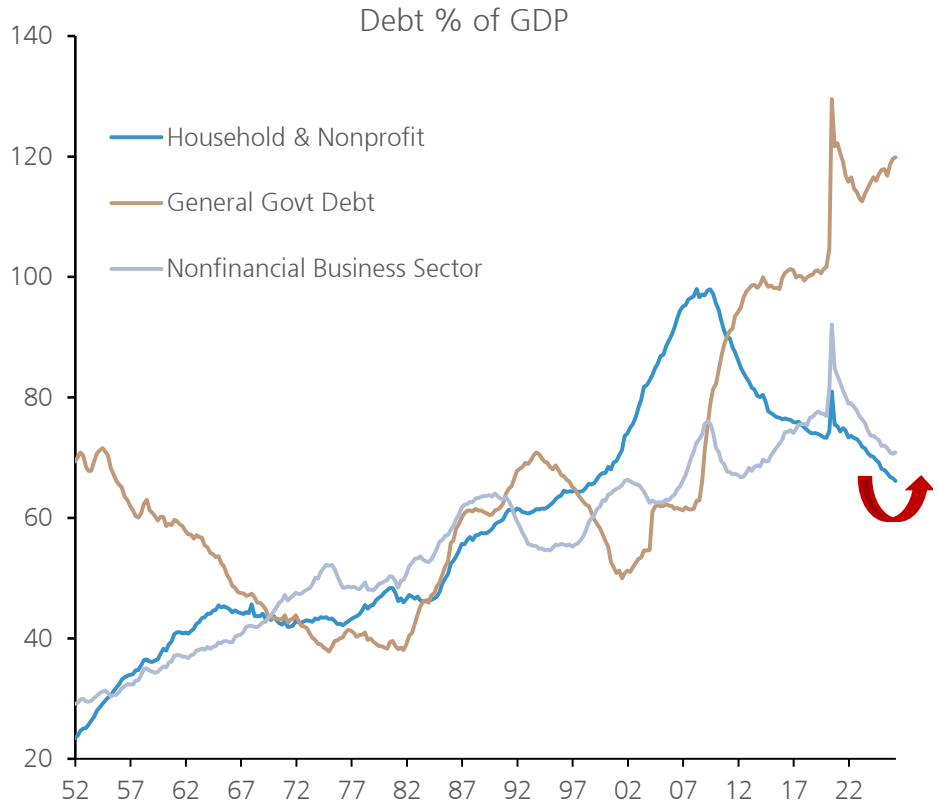
Source: BEA, Haver, Bloomberg, FactSet, UBS

Multipliers: Private sector releveraging amid fiscal dominance

US non-financial corporate debt growth turning up



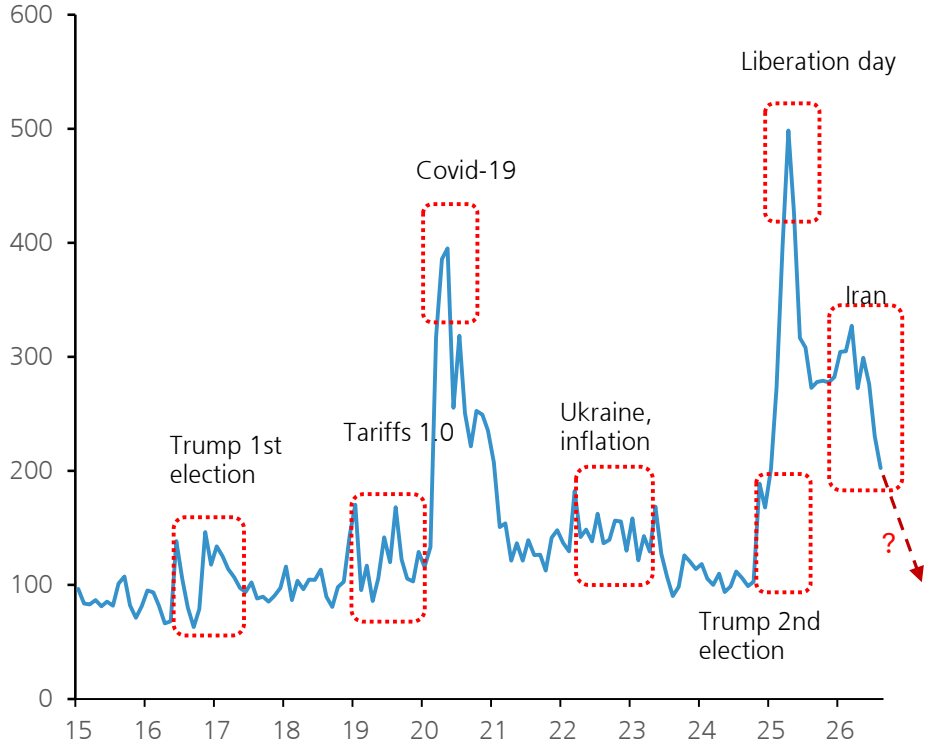
Private sector has deleveraged as gov't levered up



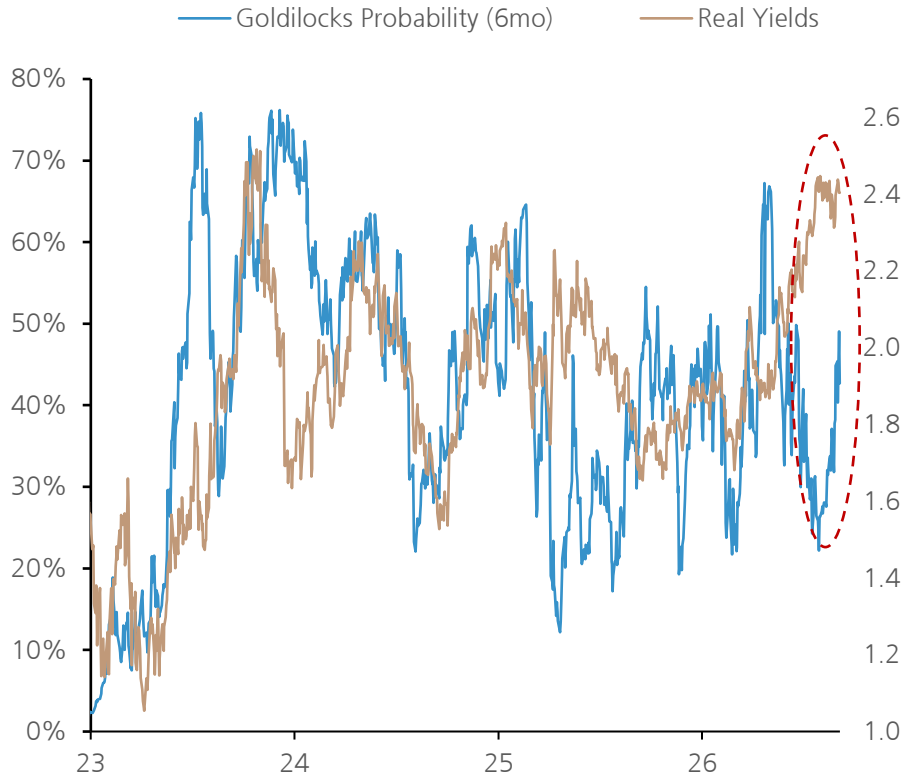
Source: FRB, Haver, UBS.

Multipliers: Policy uncertainty abating, Golidilocks not priced

Policy uncertainty past max pressure



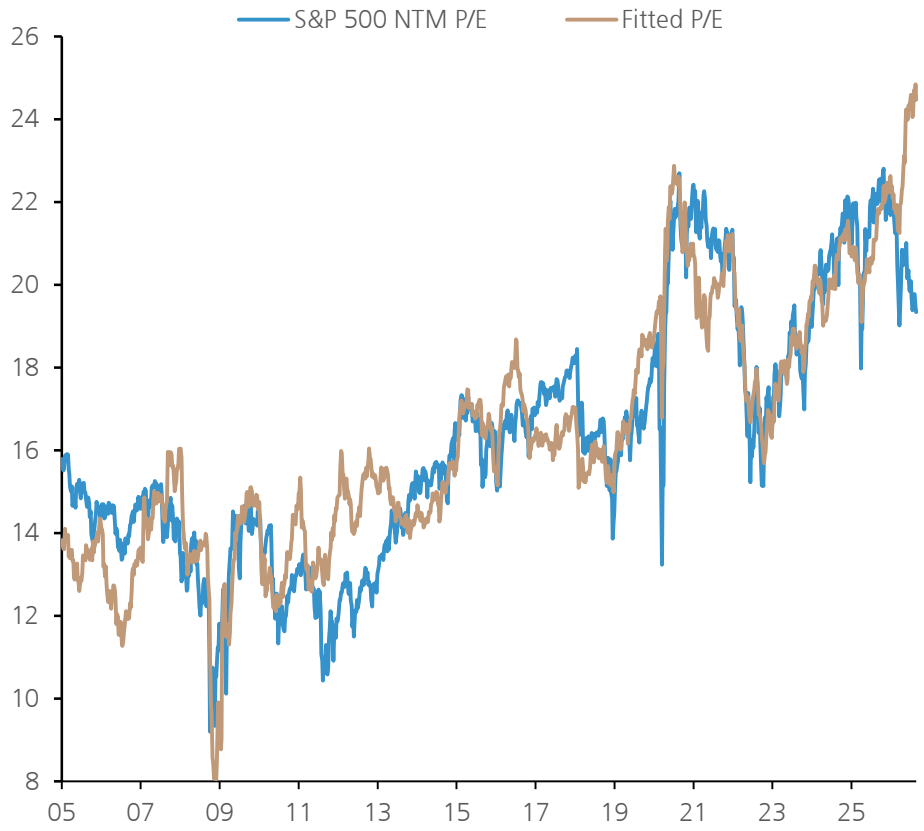
Goldilocks regime underpriced in equities



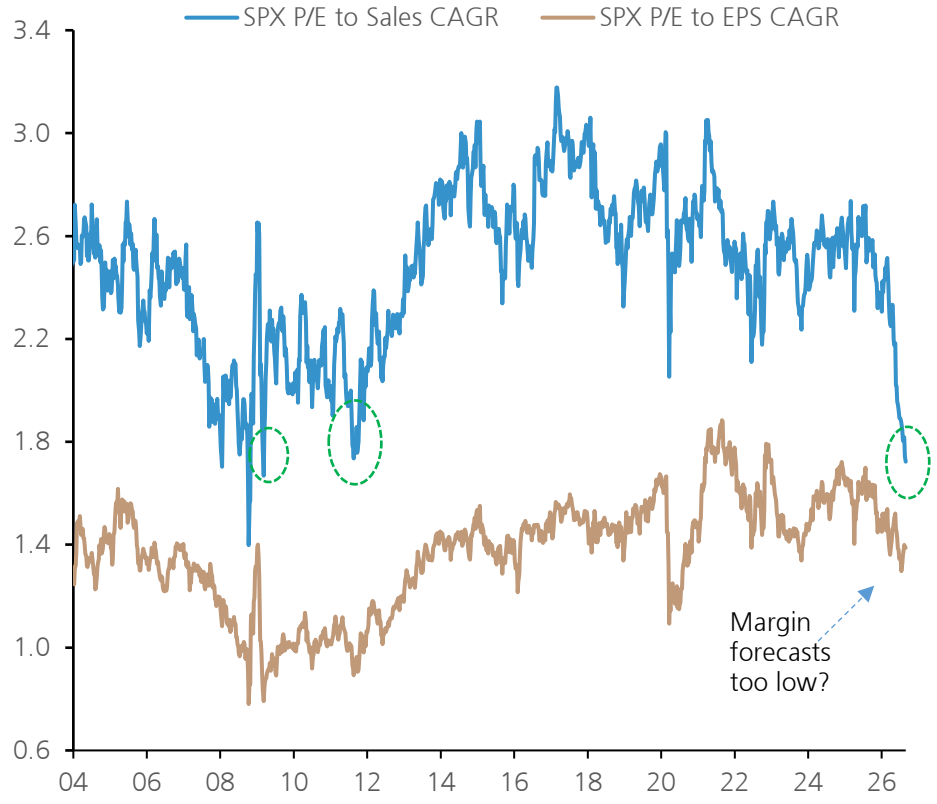
Source: Bloomberg, Baker Bloom, Haver, UBS

Valuation should be well supported, higher growth not priced

SPX P/E not pricing higher growth and CFROI



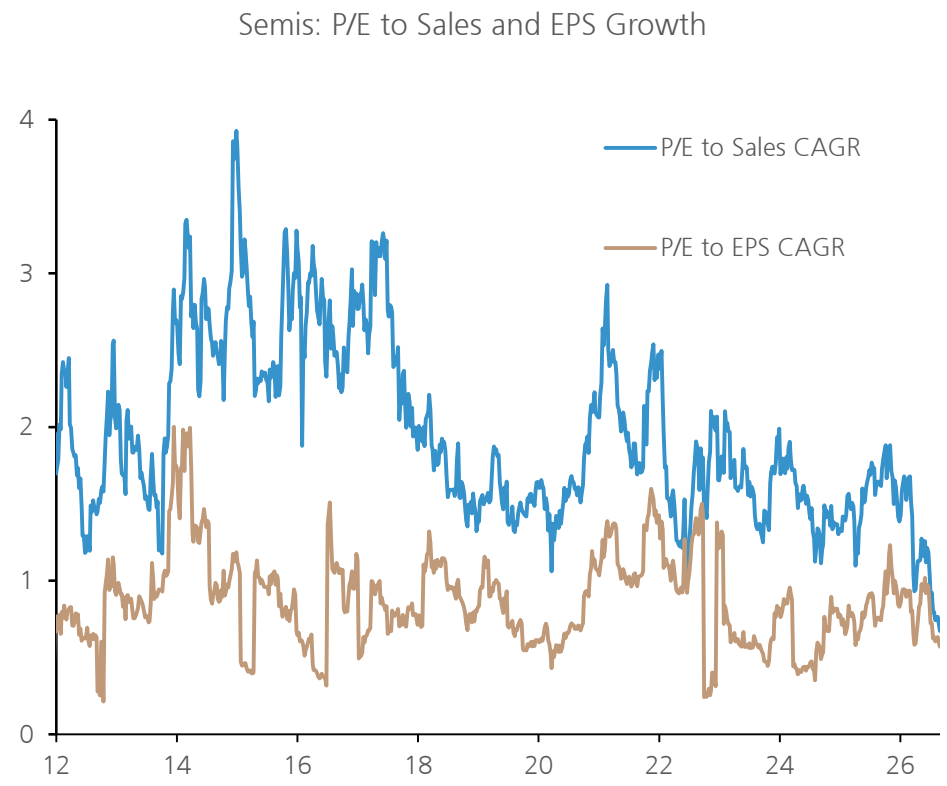
SPX P/E to sales growth ratio near the lows



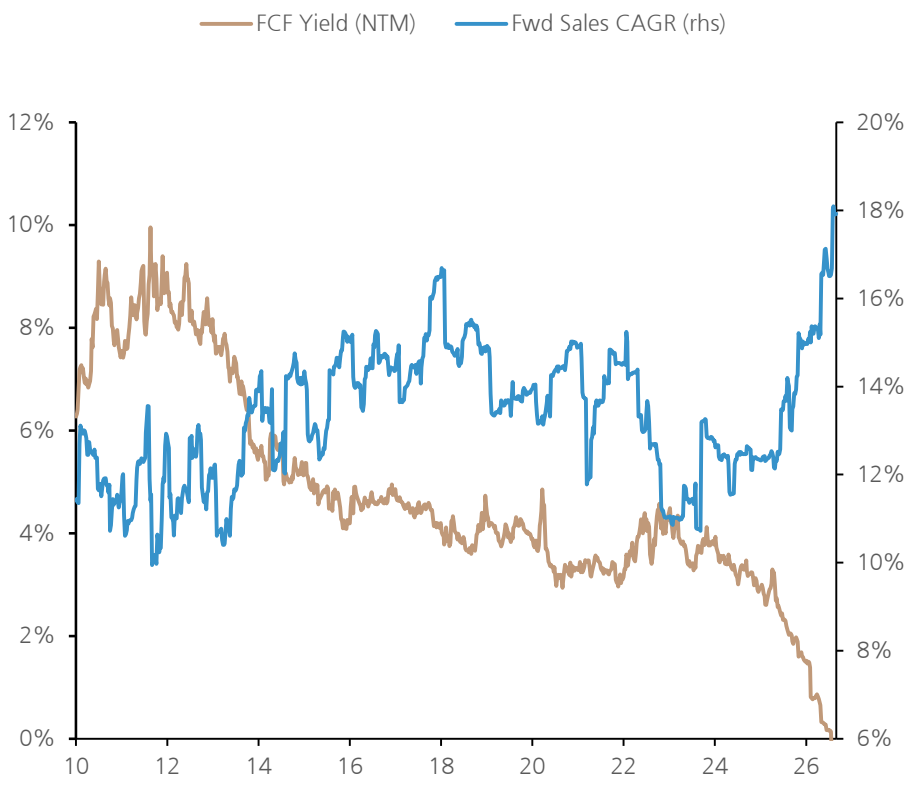
Source: Bloomberg, FactSet, UBS. Note: Sales and EPS CAGRs are float weighted.

Semis pricing lower growth, waiting for Hyperscaler FCF turn

Semis PEG ratios have collapsed

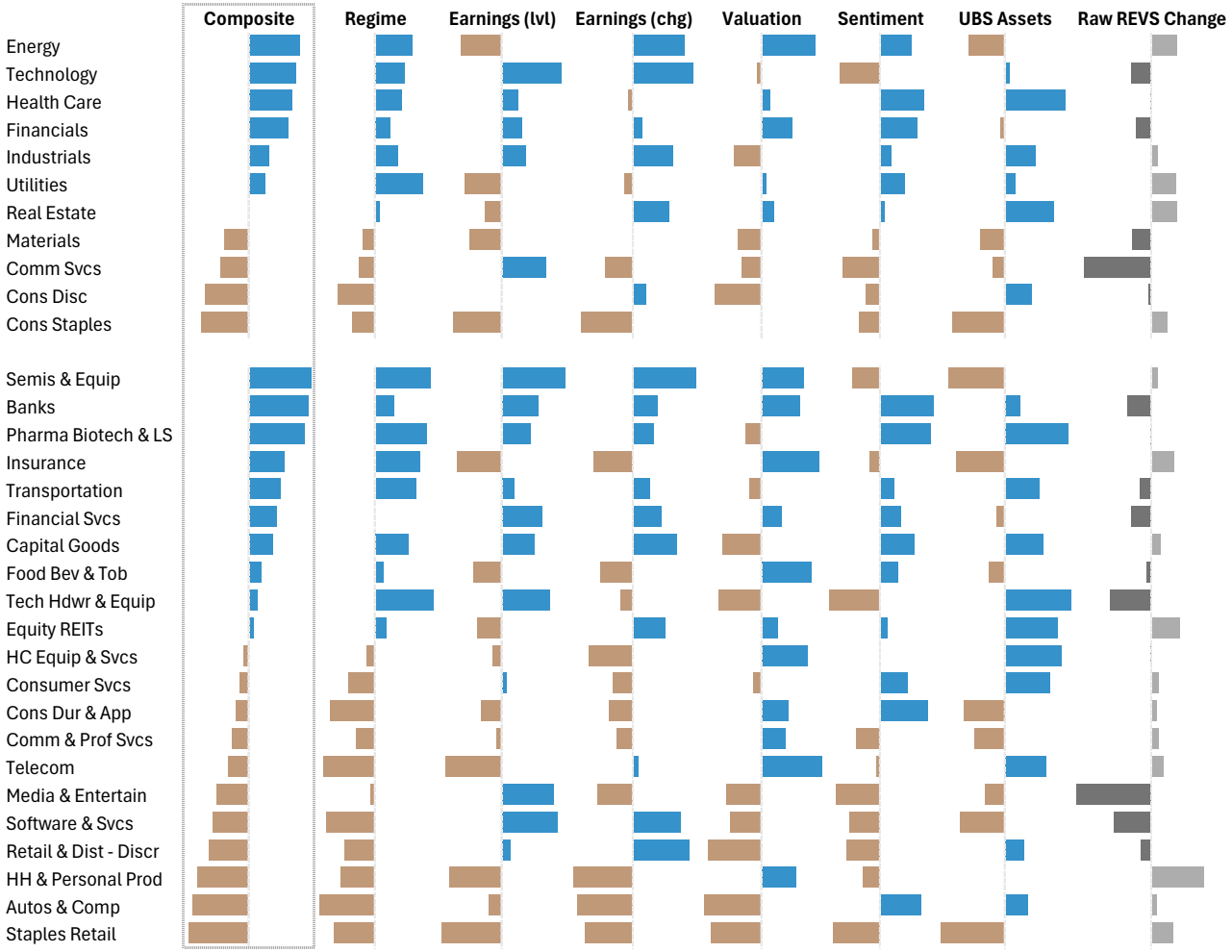


Hyperscaler FCF yield is low but sales CAGR is high



Source: FactSet, UBS

Sector and industry group scorecard



- **Regime:** Leading indicators, sector new orders and CTA momentum identify shifts in the cycle and market leadership.

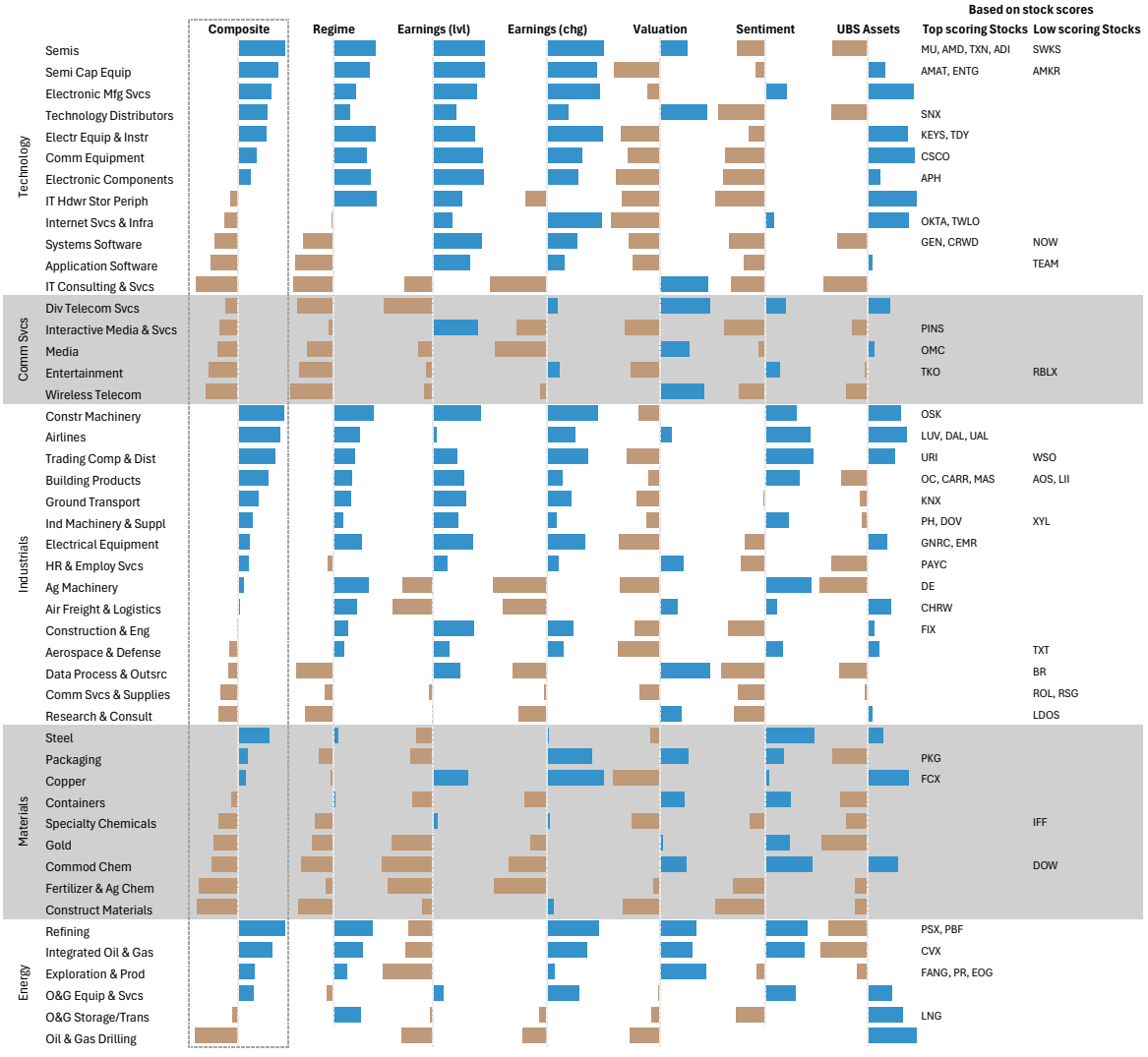
- **Earnings:** True NFQ revisions, expected growth inflections, forward sales and margin CAGRs, and HOLT CFROI capture the 2nd derivative of fundamentals.

- **Valuation:** Together with traditional measures, implied P/E based on macro, growth and profitability separates underpriced growth and genuine value from overpriced growth and value traps.

- **Sentiment:** Dynamic crowding and upside/downside volatility asymmetry identify strengthening positioning or emerging unwind risk.

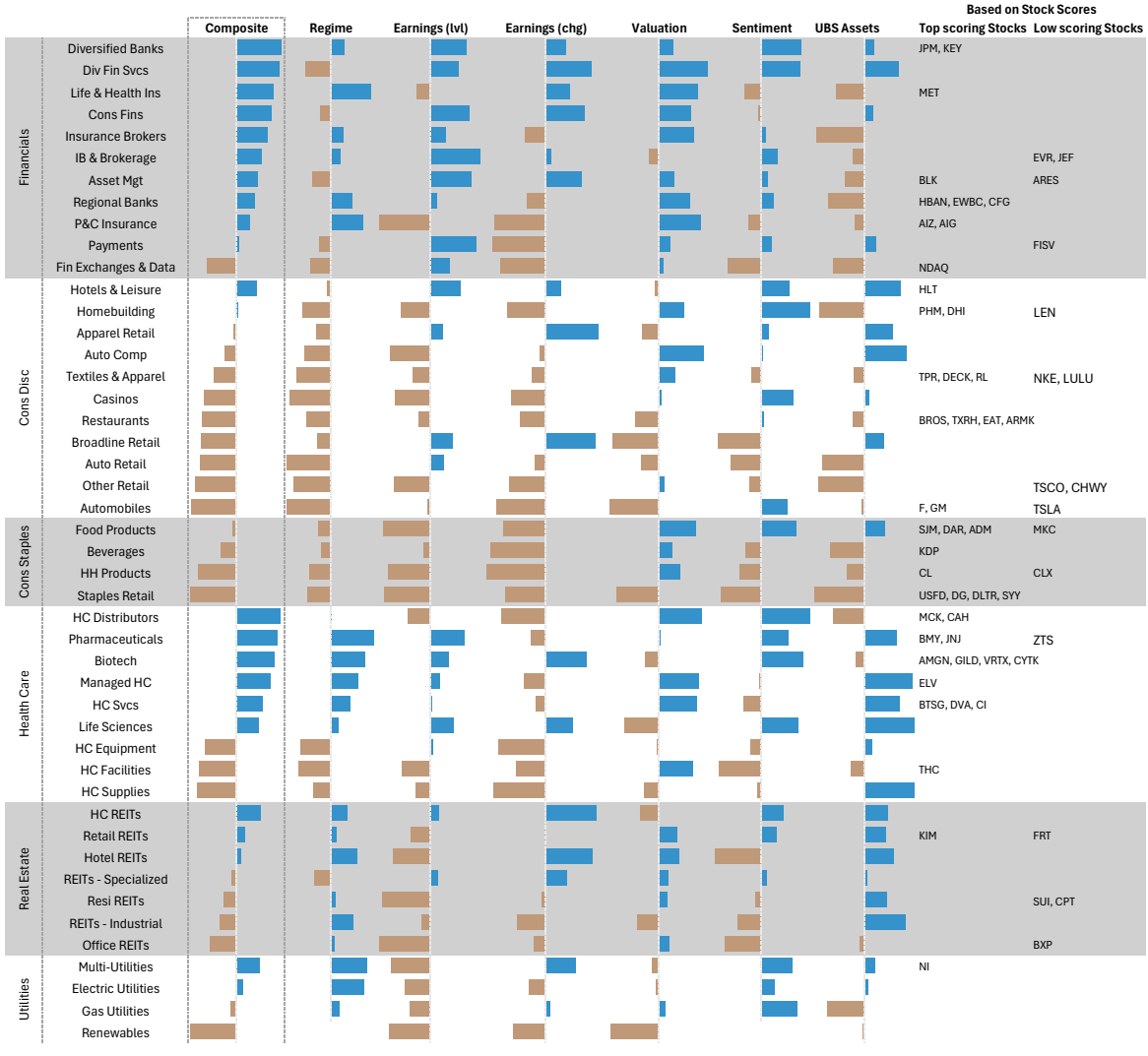
Source: UBS

Subindustry scorecard with select stocks



Source: UBS

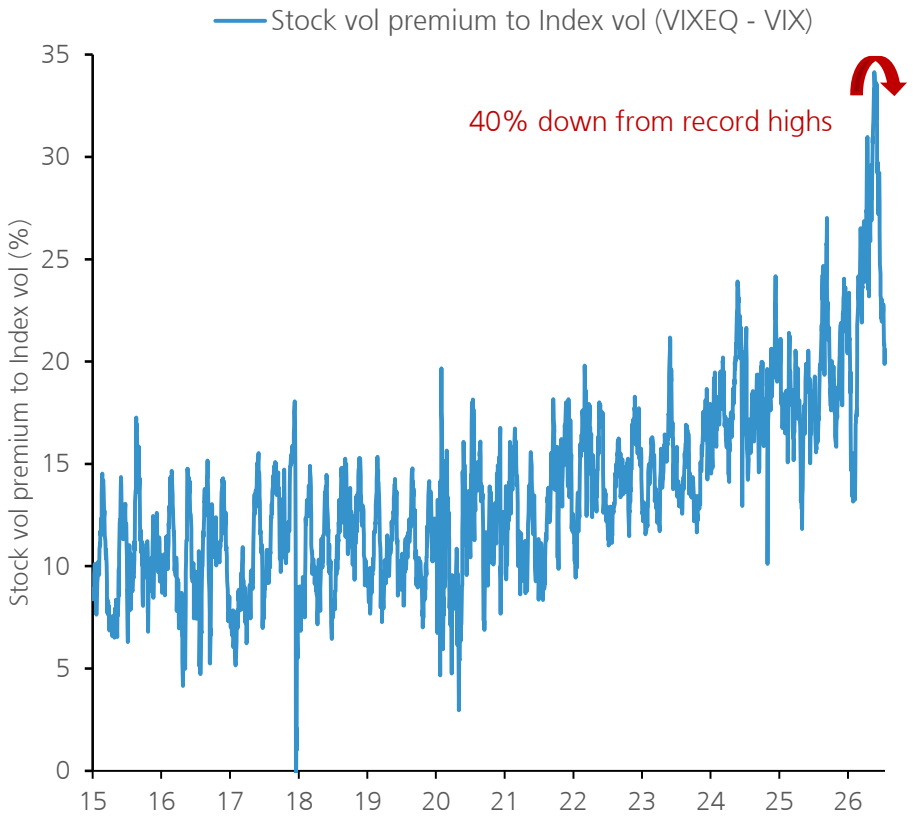
Subindustry scorecard with select stocks



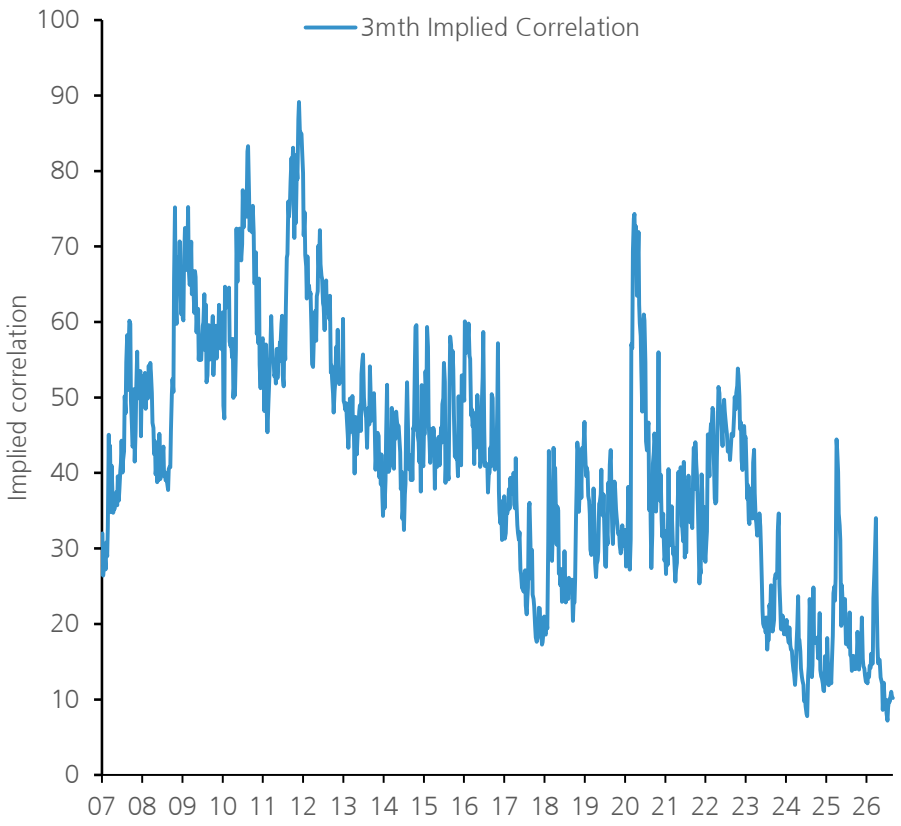
Source: UBS

Volatility market dynamics

Stock volatility: Still elevated but down from record highs



Correlation: Record lows



Source: Bloomberg, CBOE, UBS

Index and theme scorecard

Group_Identifier	Theme_Index	Composite	Regime	Earnings (lvl)	Earnings (chg)	Valuation	Sentiment
Nasdaq 100	NDX Index						
S&P 500	SPX Index						
S&P 400	MID Index						
Russell 2000	RTY Index						
AI 100	UBXXA100 Index						
Ex-AI 400	UBXXX400 Index						
AI Winners	UBXXAIW Index						
AI Adopters	UBXXAIAD Index						
AI Risk	UBXXAIRK Index						
Cyclicals	UBXXCYCL Index						
Stagflation	UBXXSTAG Index						
Early Cycle	UBXXERLY Index						
Defensives	UBXXDEFS Index						
Late Cycle	UBXXLATE Index						
High Momentum	UBQQHMTM Index						
Low Momentum	UBQQLMTM Index						
High Quality	UBQQHQLT Index						
Low Quality	UBQQLQLT Index						
High Value	UBQQHVAL Index						
Low Value	UBQQLVAL Index						
Crowded Longs	UBQQCRDL Index						
Hedge Fund Holdings	UBXXHOLD Index						
Crowded Shorts	UBQQCRDS Index						
High Short Interest	UBXXSHRT Index						

Source: UBS

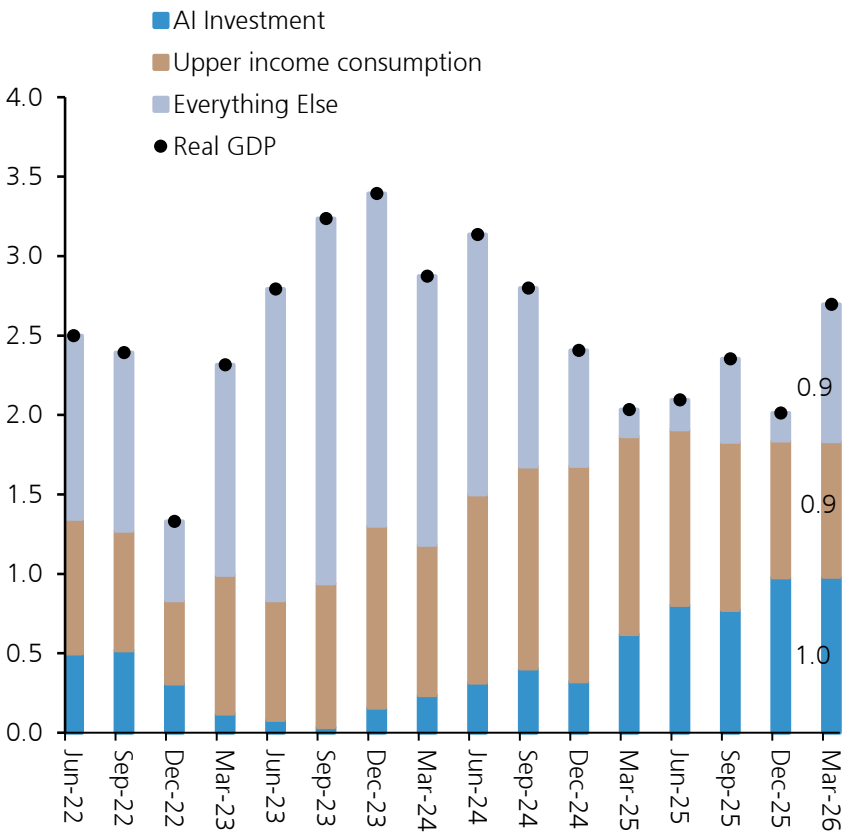
Section 2

Themes and trades:

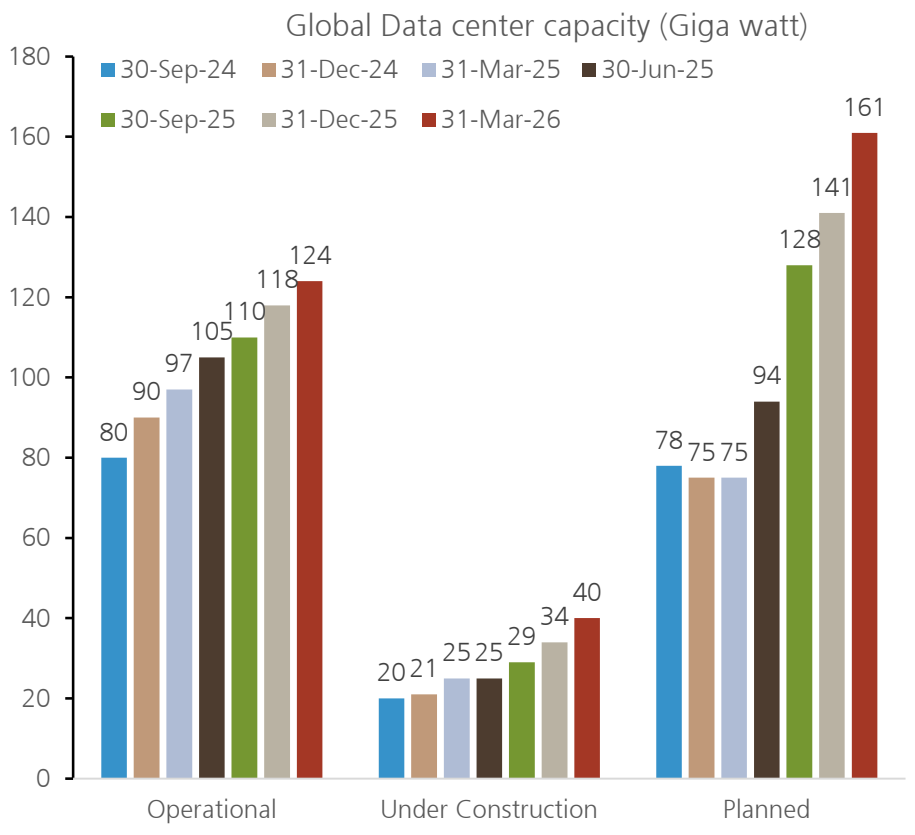
AI flywheel accelerating but valuations falling

AI led growth that has further to run

Contribution to US real GDP growth



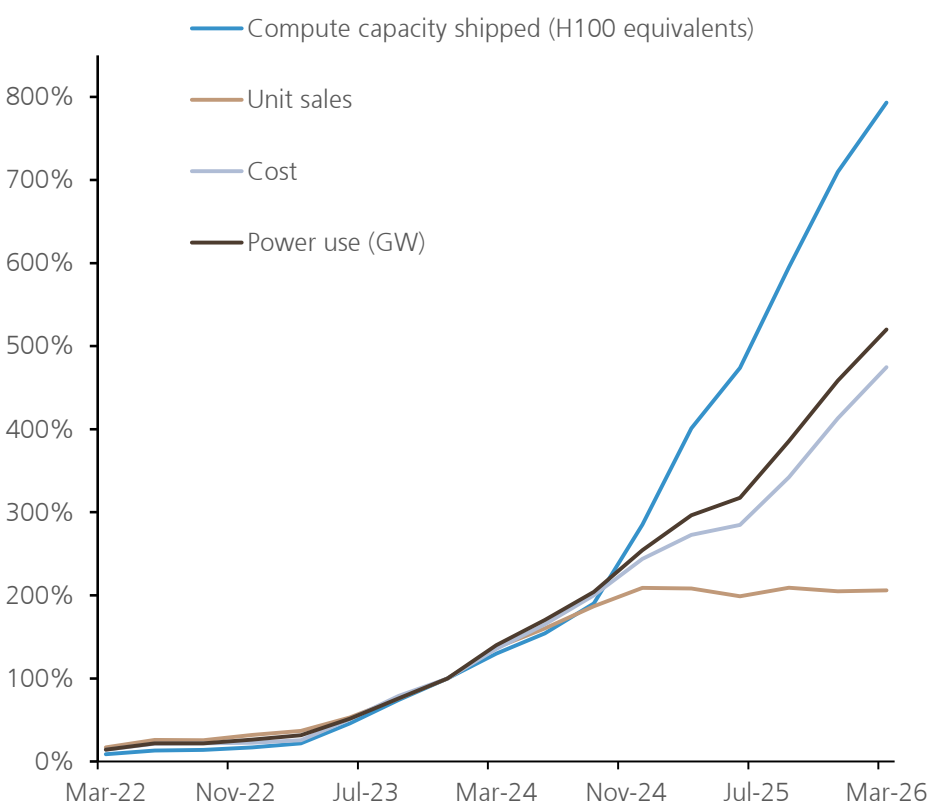
Data center capex planned construction continues to rise



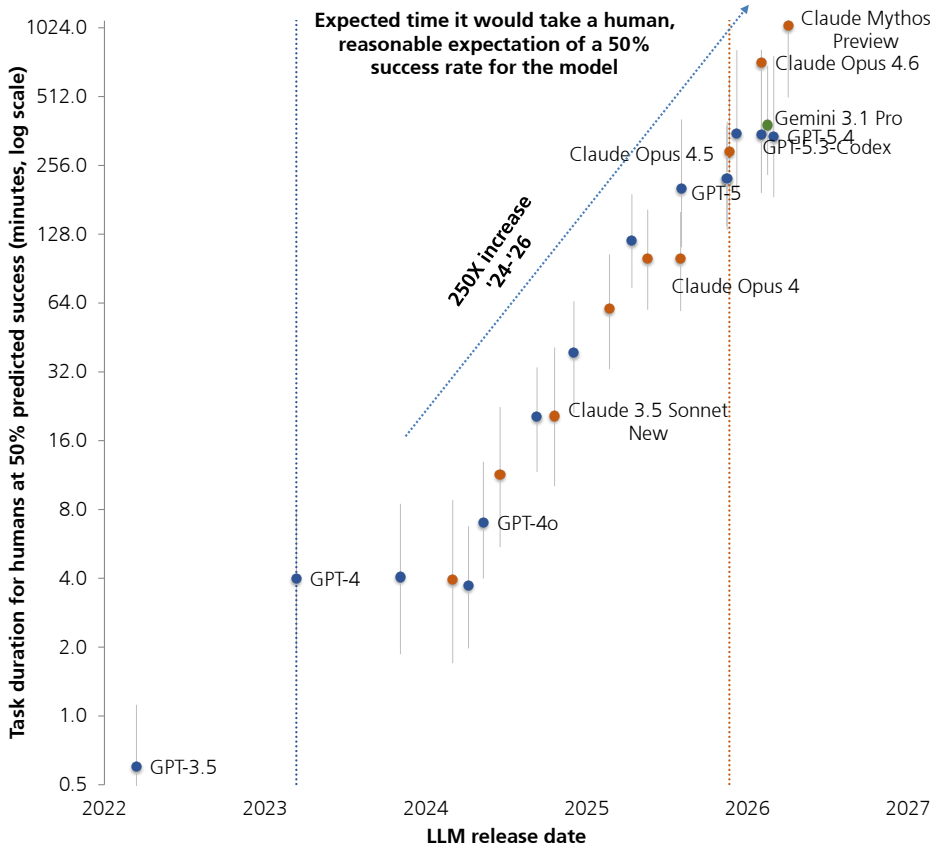
Source: BEA, Haver, UBS Evidence Lab (>access dataset)

Compute and intelligence stack value justifies pricing

Compute activity normalized to 100 (quarterly)



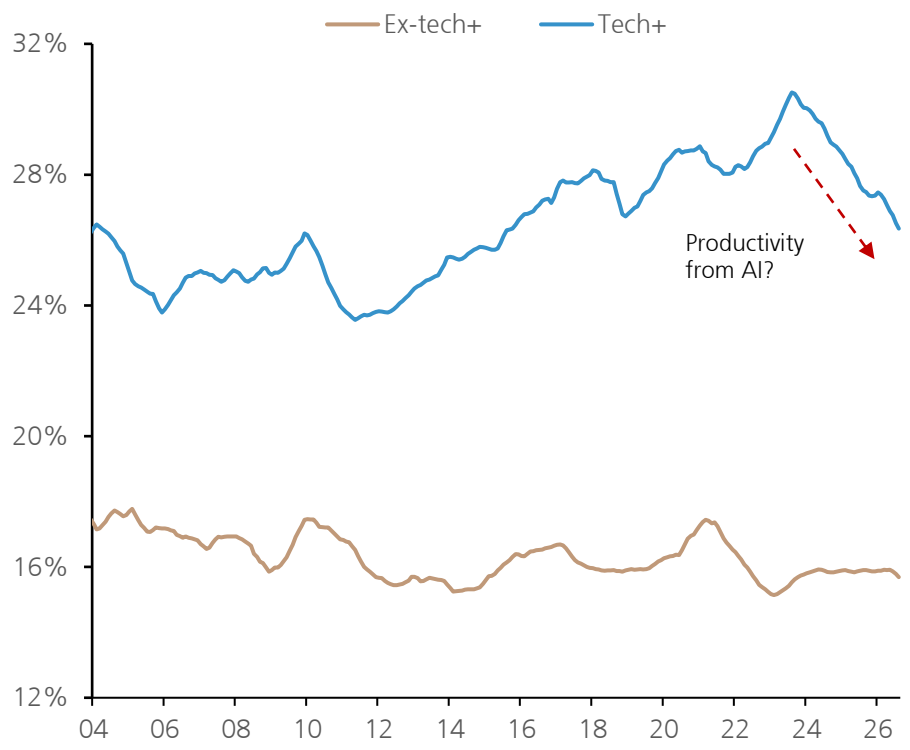
AI capabilities have climbed exponentially



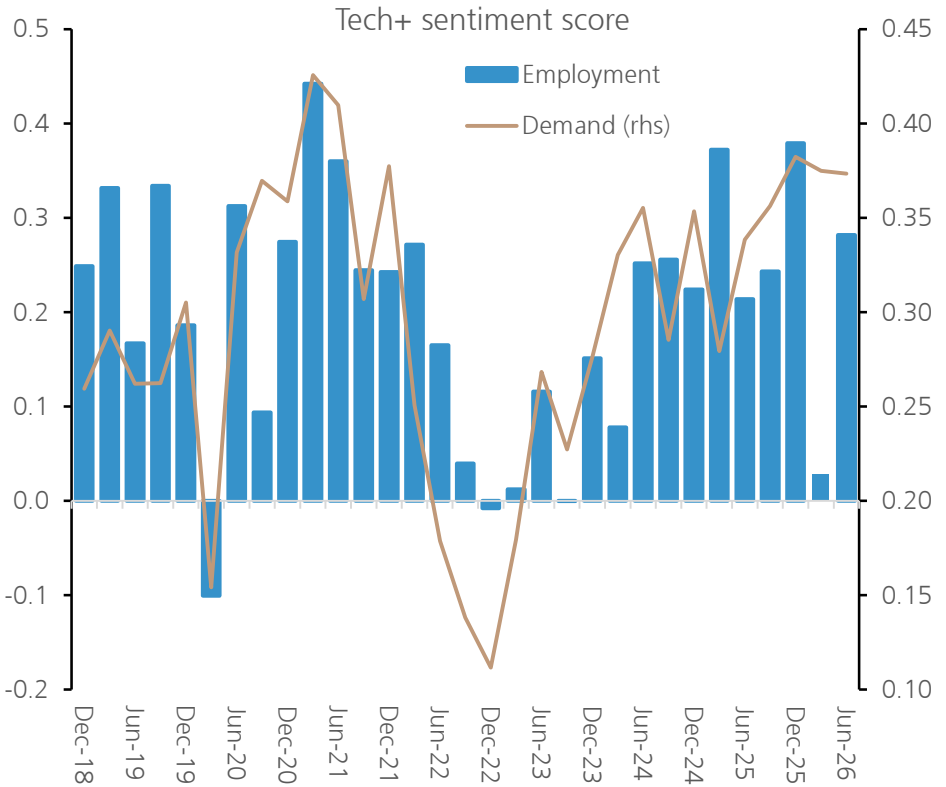
Source: EPOCH AI, UBS. Normalized to 100 at end 2023.

AI productivity helping Tech margins, not yet ex-Tech

SG&A expense as a % of sales



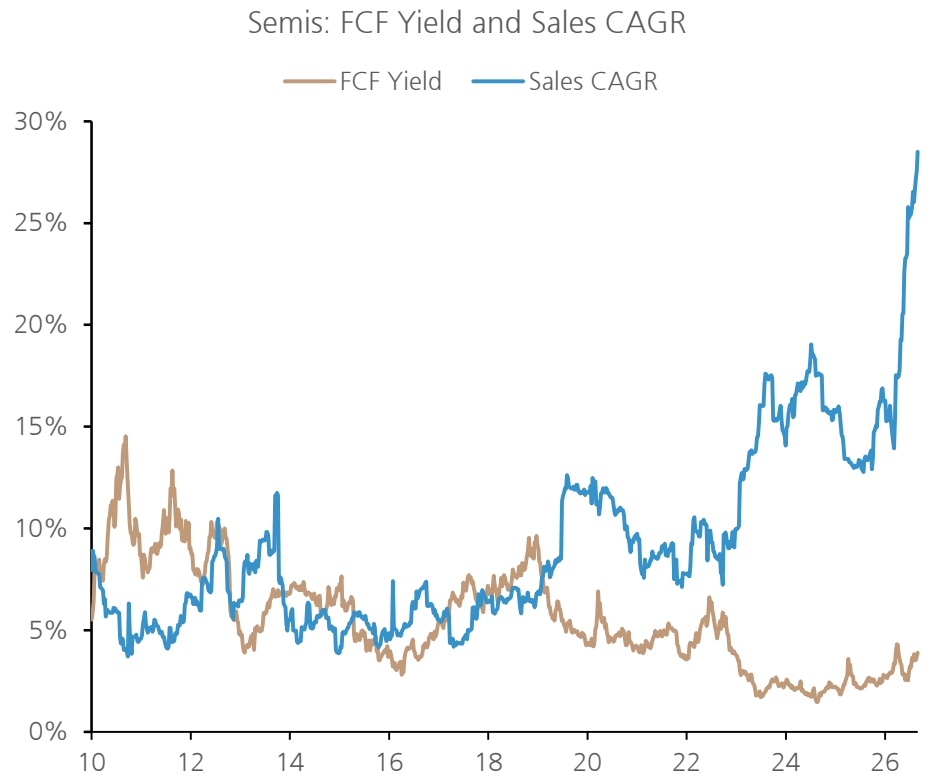
Divergence between Tech demand & employment sentiment



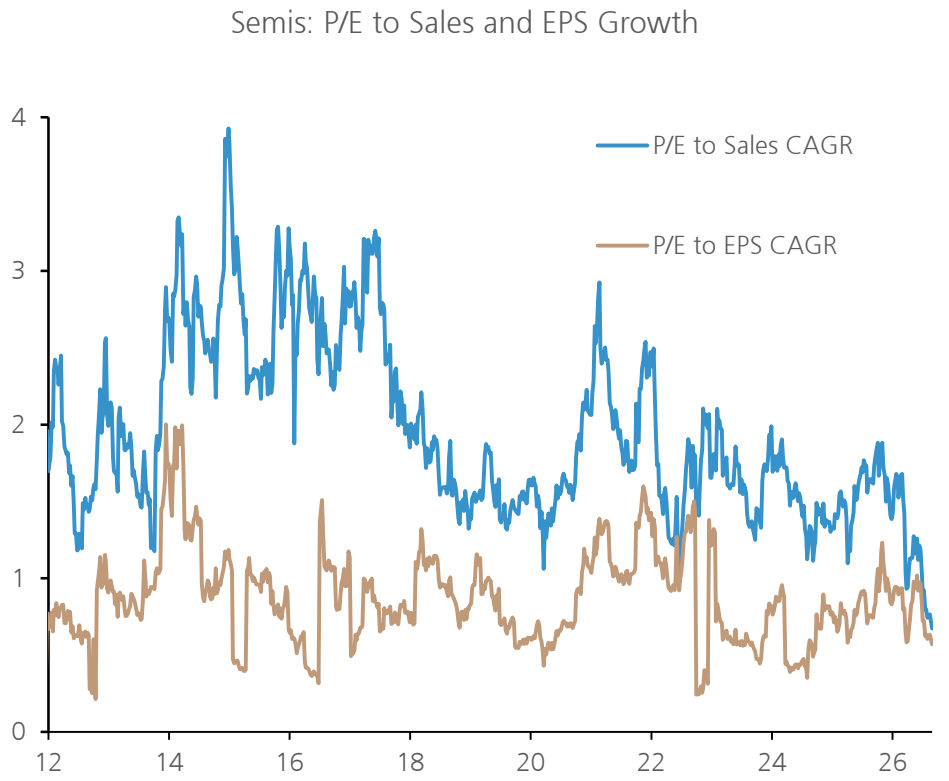
Source: FactSet, UBS. UBS Evidence Lab (> Access Dataset). Note: Average of 50% sentiment levels, 25% 3-month, 25% 1-year change

Semis P/E to sales growth CAGR at the lows

Forward sales CAGR has jumped



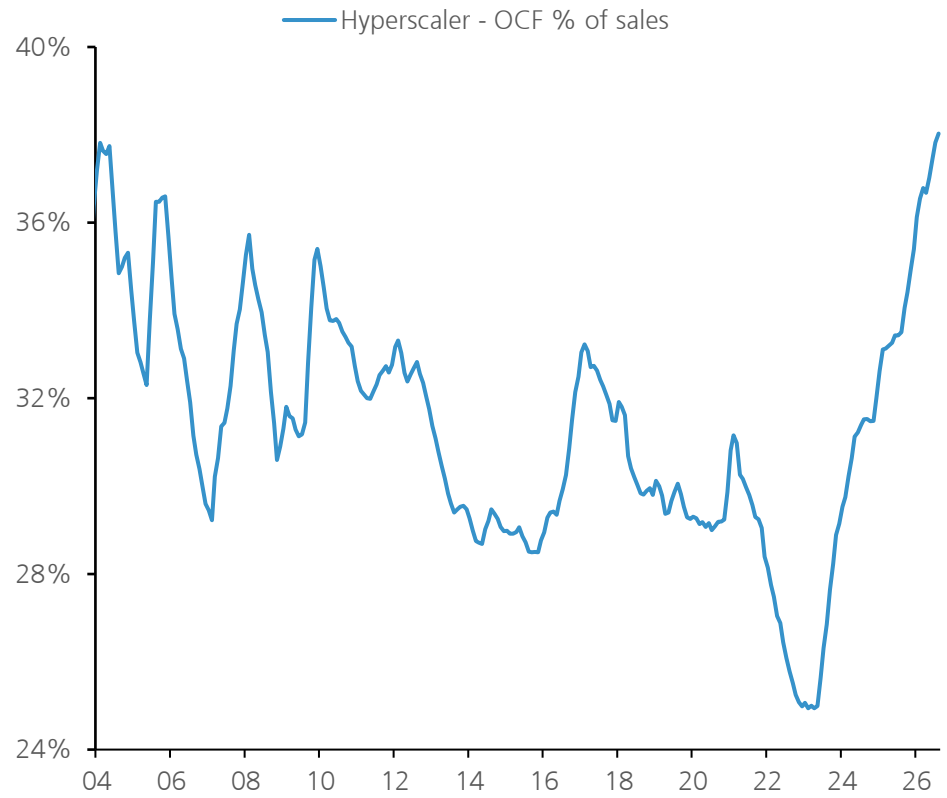
Semis PEG ratios have collapsed



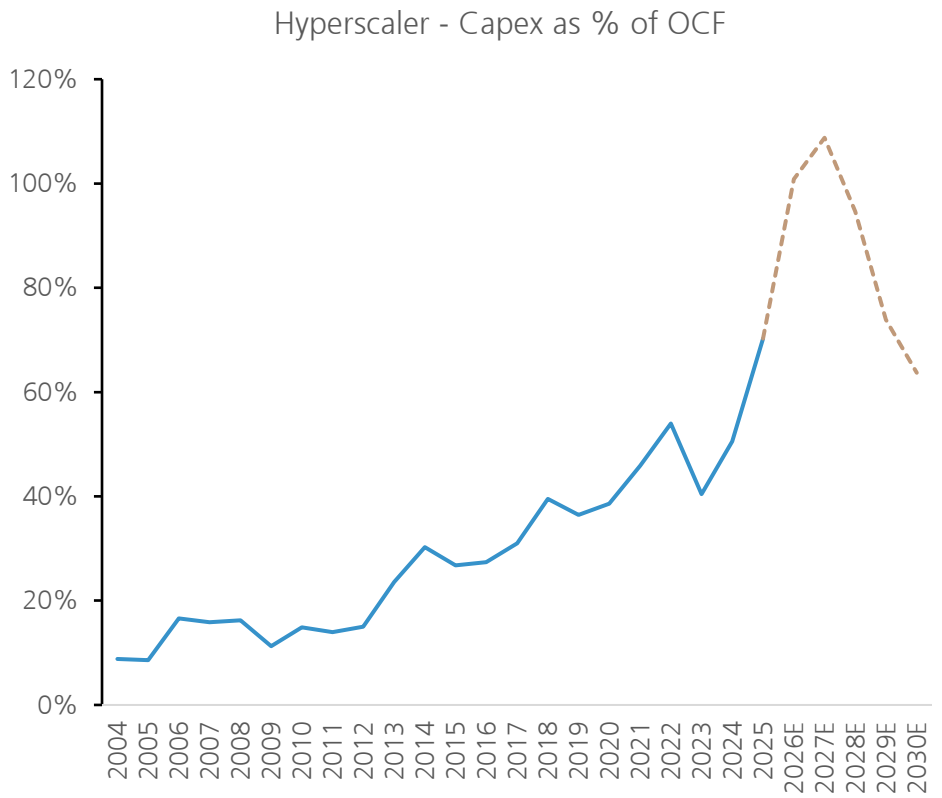
Source: FactSet, UBS

Hyperscaler cash flow margins rising as capex surges

Hyperscaler LTM OCF margins



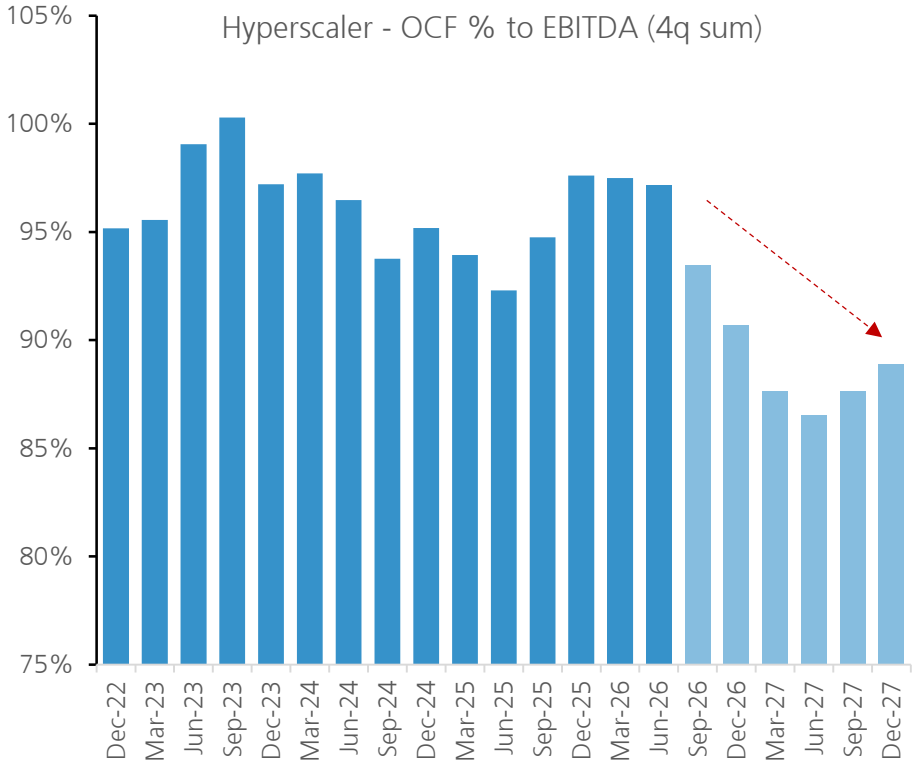
Hypercaler capex as % of OCF



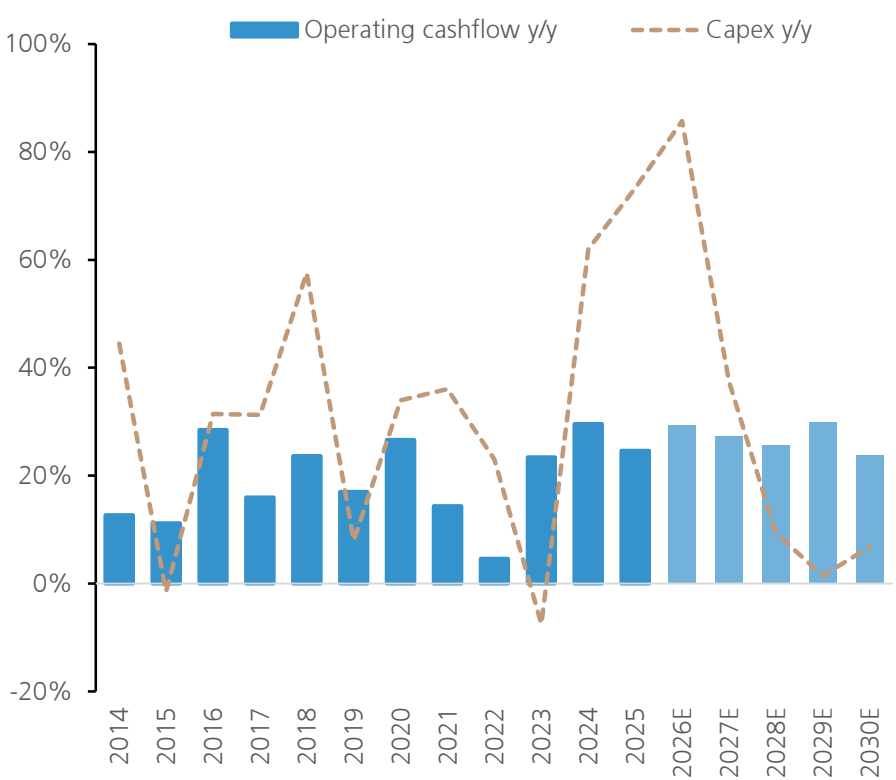
Source: FactSet, UBS

Hyperscalers OCF forecasts look beatable

OCF to EBITDA ratios forecast to fall



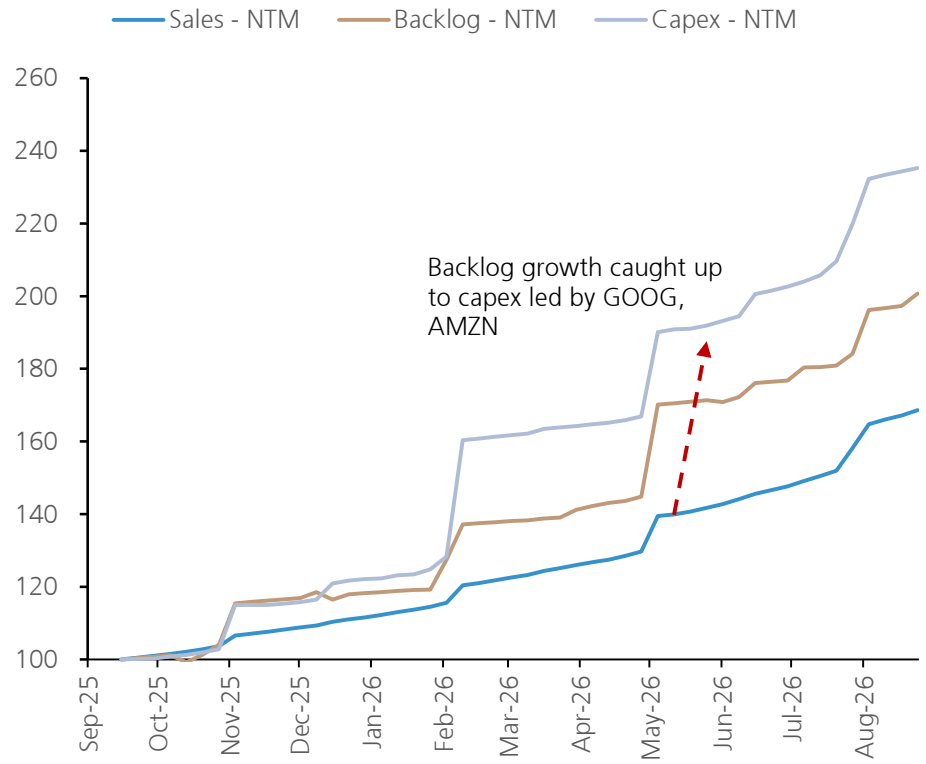
Hyperscalers OCF and capex growth y/y



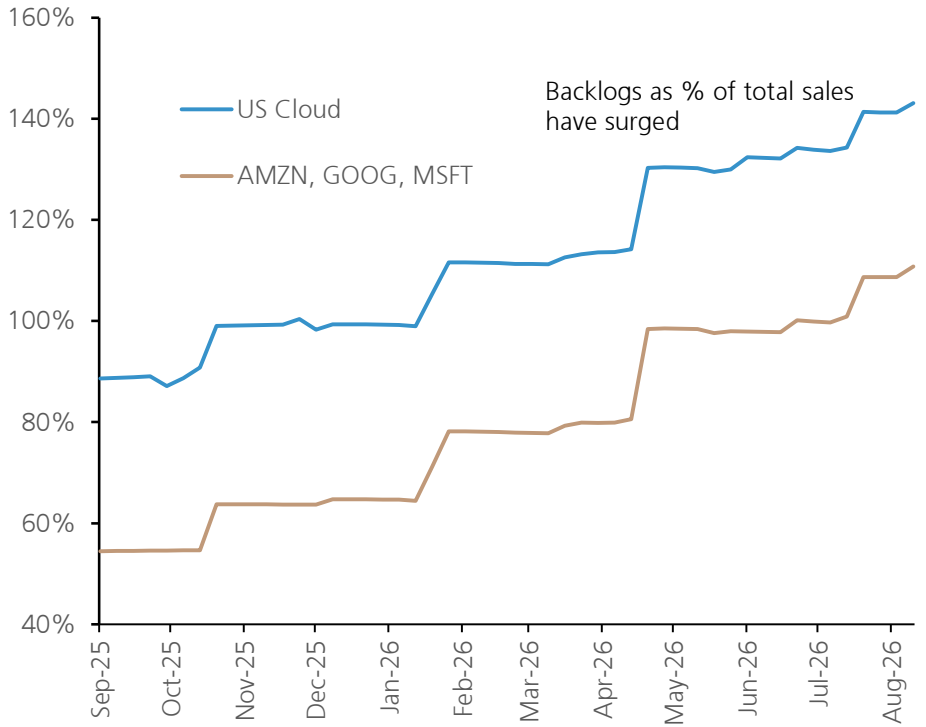
Source: FactSet, UBS

US Hyperscalers: adding opportunistically as revenues accelerate

Normalized US Cloud forward estimates



Ratio of Cloud backlog to total sales has surged



Source: Visible Alpha, FactSet, UBS

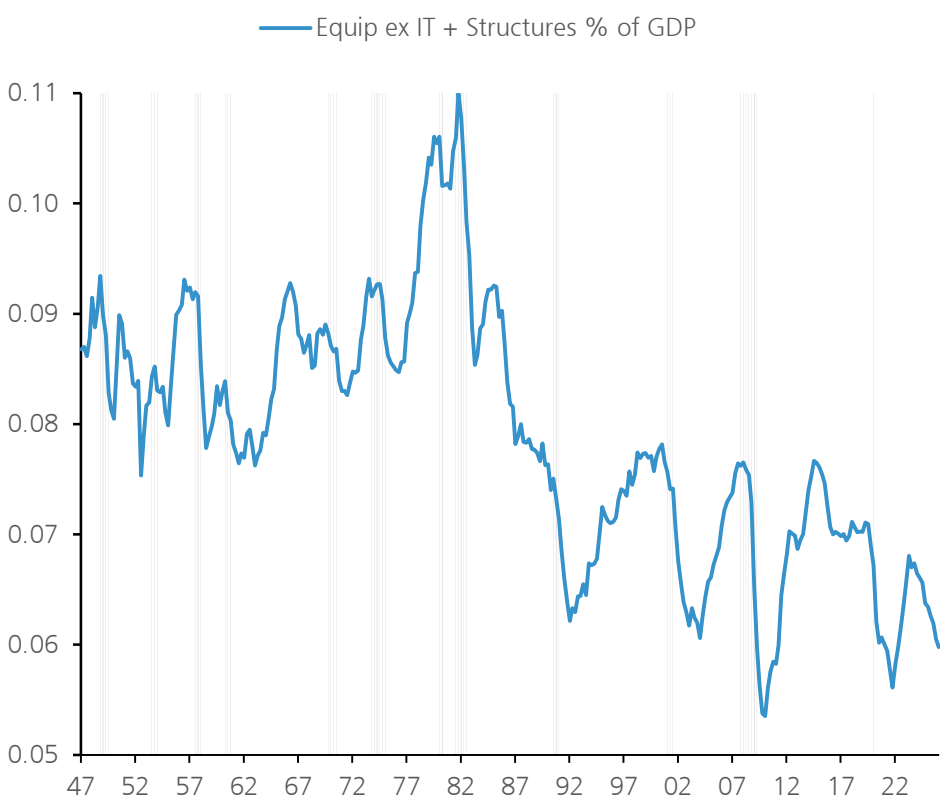
Section 3

Themes and trades:

Capex broadening over consumer broadening

Capex is low outside of Tech/Hyperscaler spend

Equipment ex-IT + structures as a % of GDP



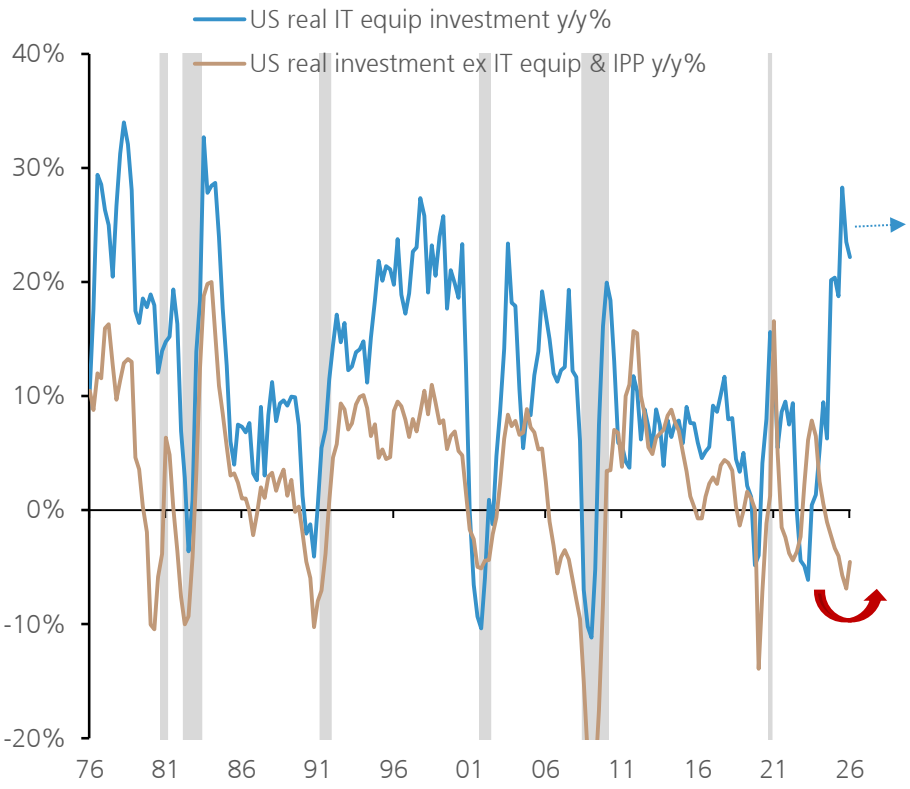
Capex as a % of OCF outside of hyperscalers/fins (LTM)



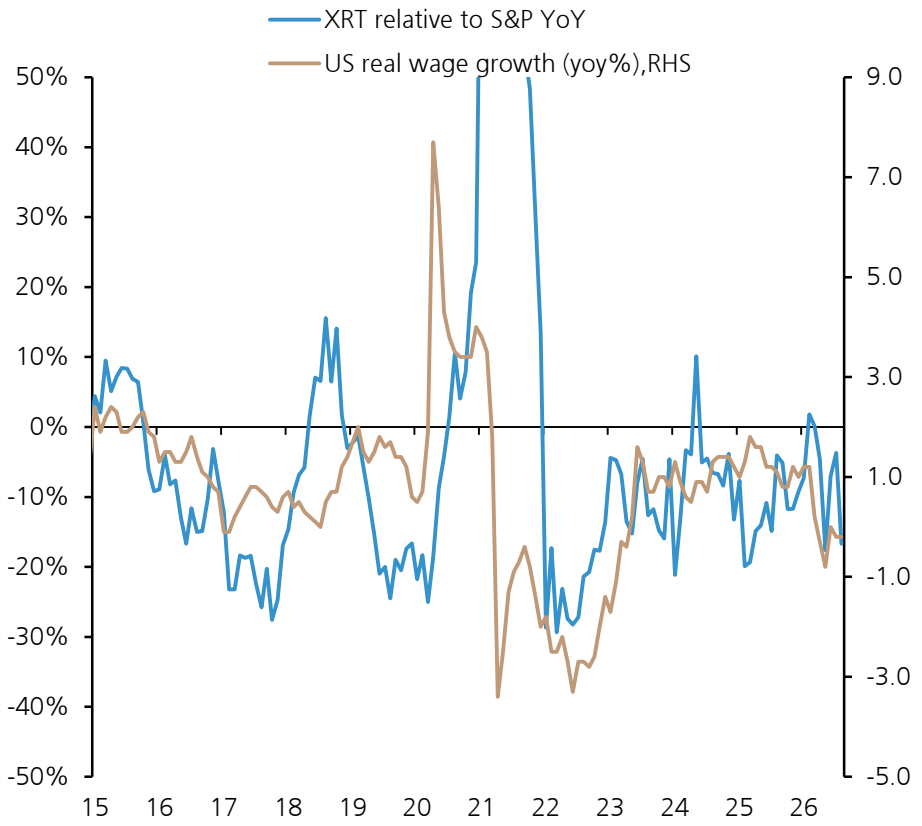
Source: BEA, Haver, FactSet, UBS

Industrials over Consumer Discretionary

US real IT equipment investment vs ex IT equip & IPP



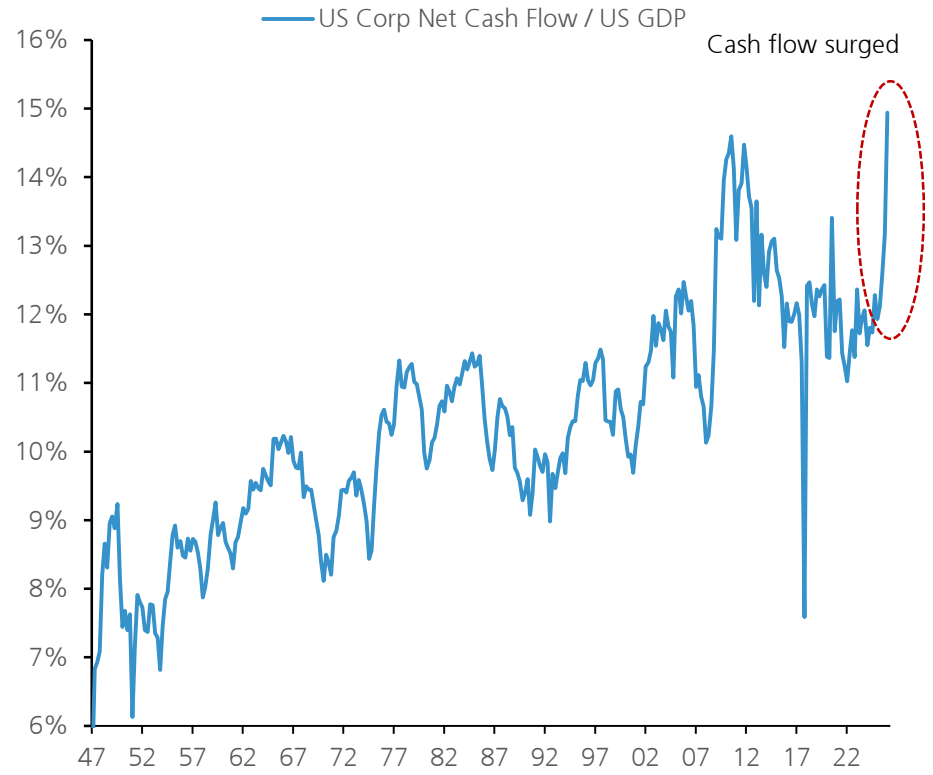
Low real wage growth points to Retail underperformance



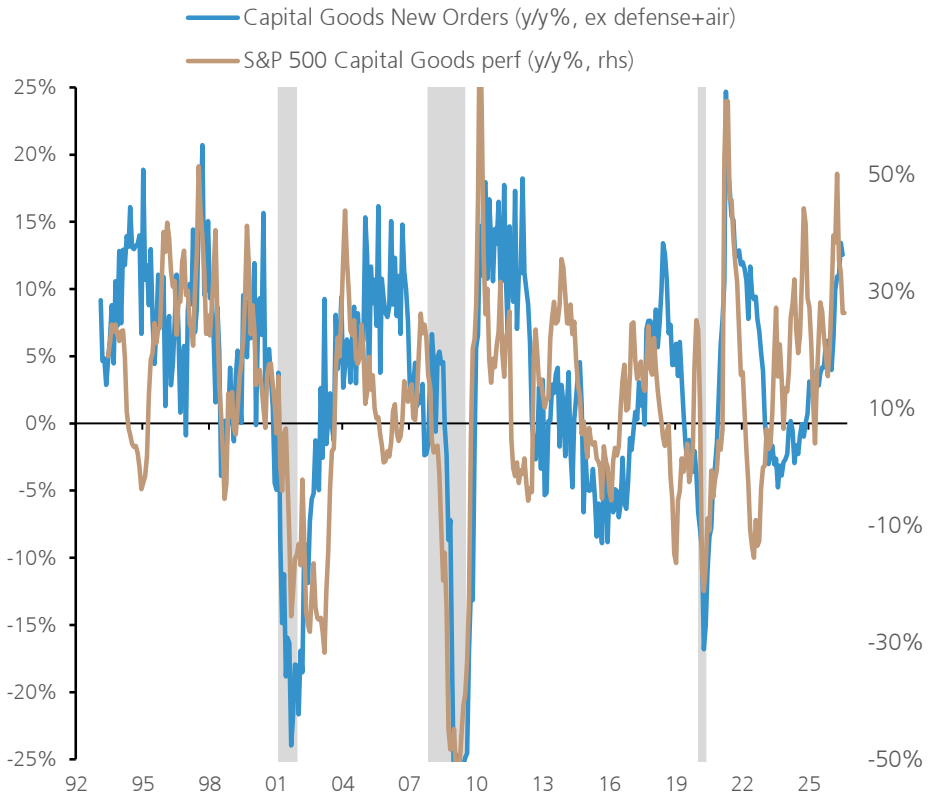
Source: BEA, Haver, Bloomberg, UBS

Long Cap Goods as order growth points to strong returns

US corporate net cash flow as a % of GDP surged



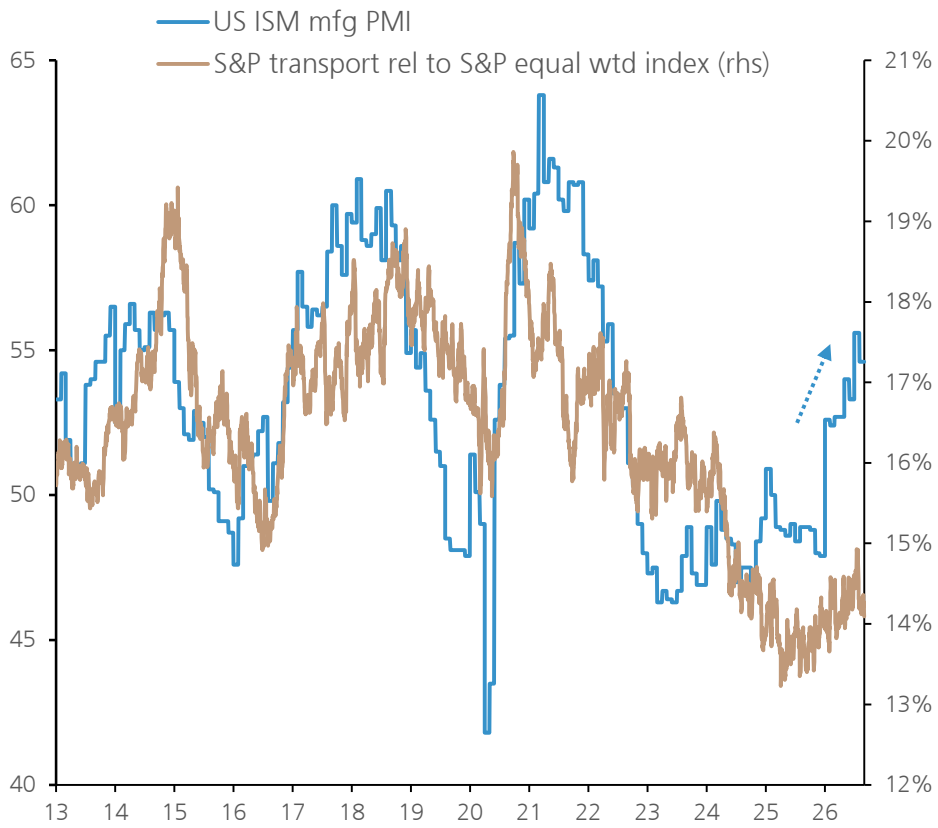
Capital goods order growth points to strong returns



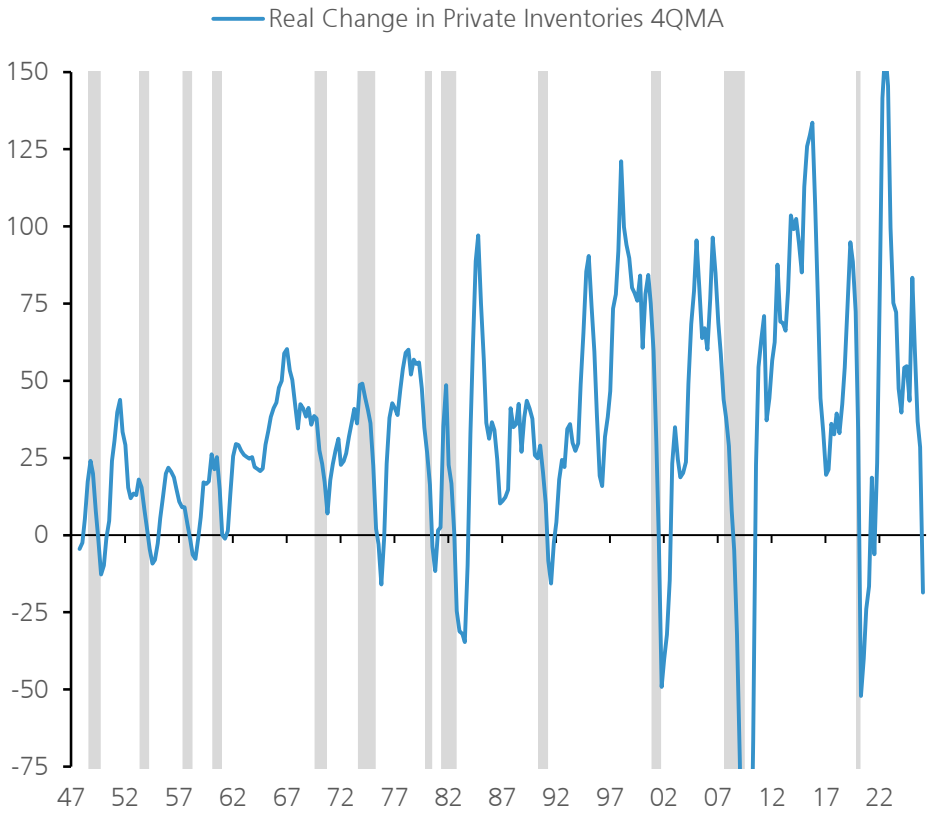
Source: BEA, Haver, Bloomberg, Refinitiv Datastream, UBS

Long Transports on manufacturing and pricing recovery

ISM mfg and Transports rel perf vs equal wt SPX



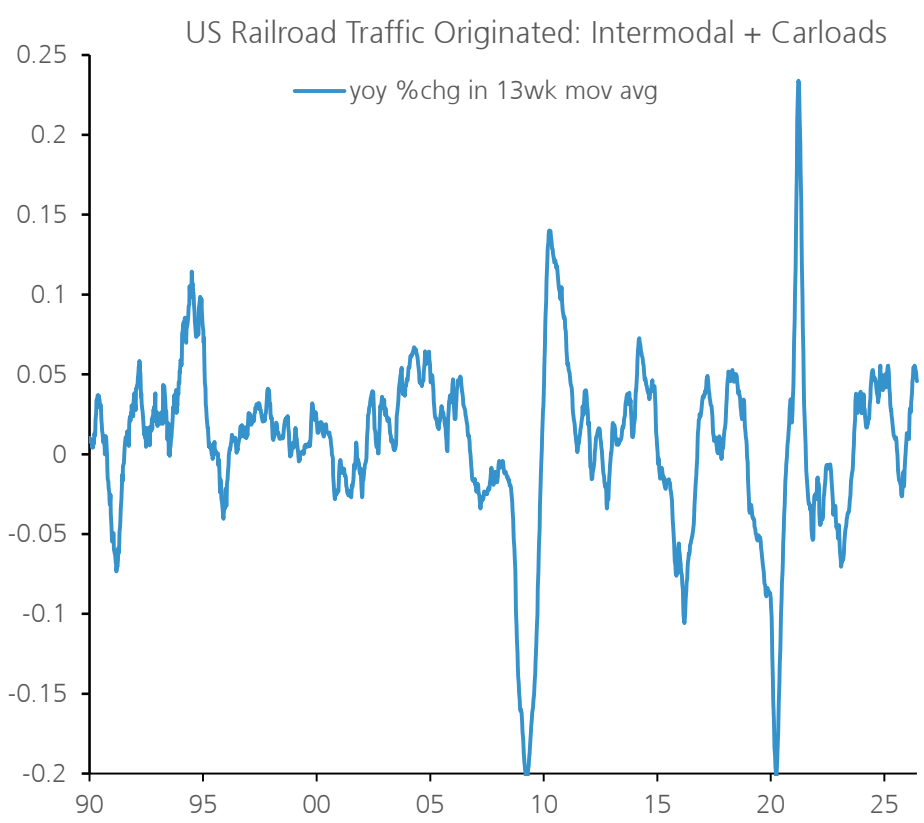
US real inventory change, 4q avg



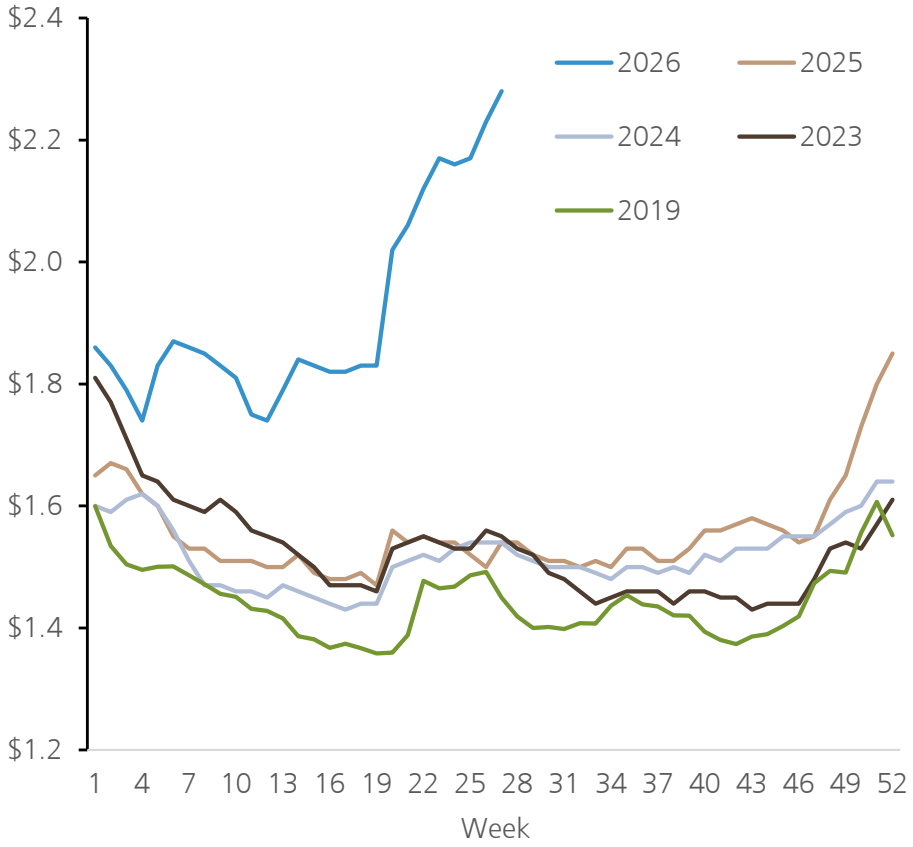
Source: Refinitiv Datastream, Haver, UBS

Long Transports on manufacturing and pricing recovery

US Railroad volumes



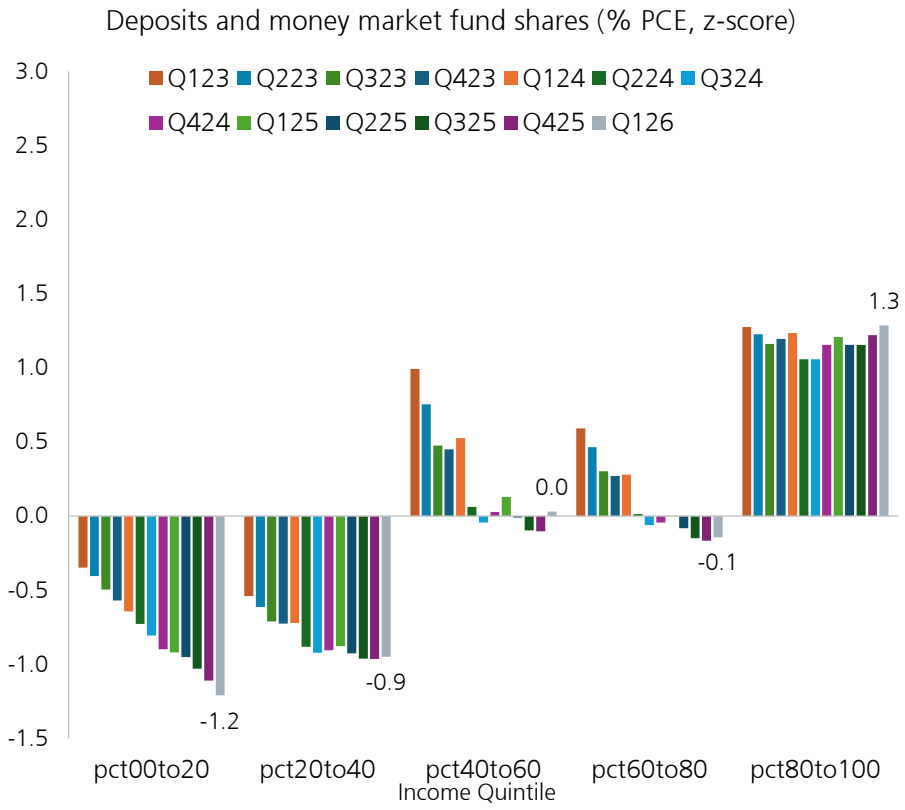
US Truckloads pricing



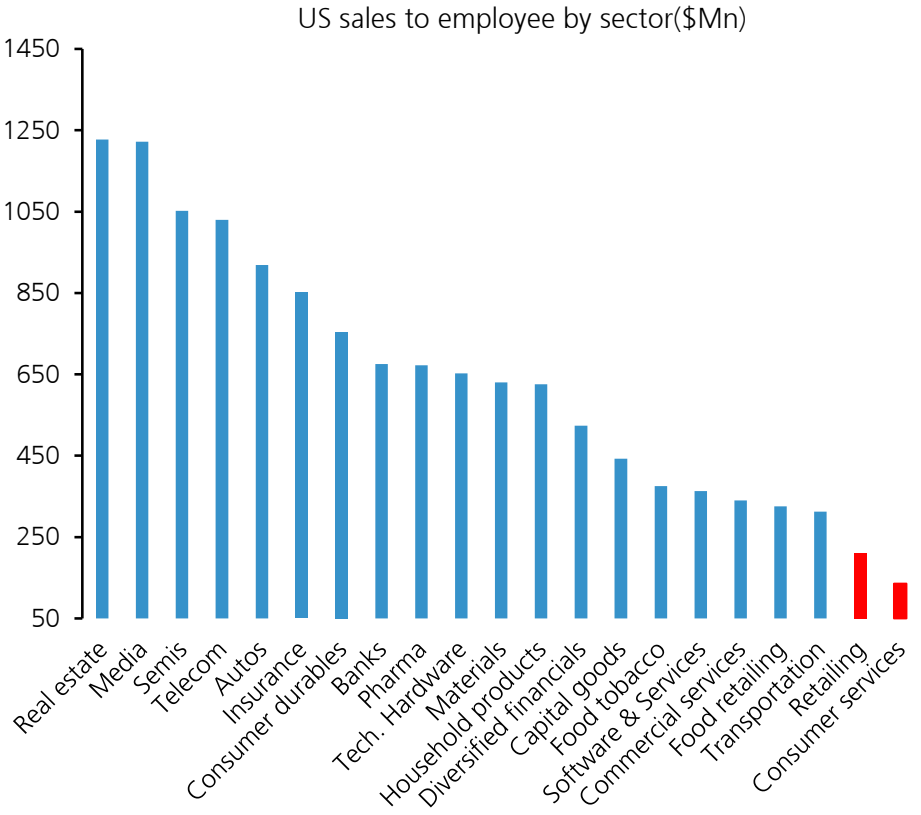
Source: Assc. of Americal Railroads, Bloomberg, Haver, UBS

Consumer pressures from low savings and labor pressure

Excess savings by income quintile



Industries by labor intensity



Source: UBS, Bloomberg, Refinitiv Datastresam

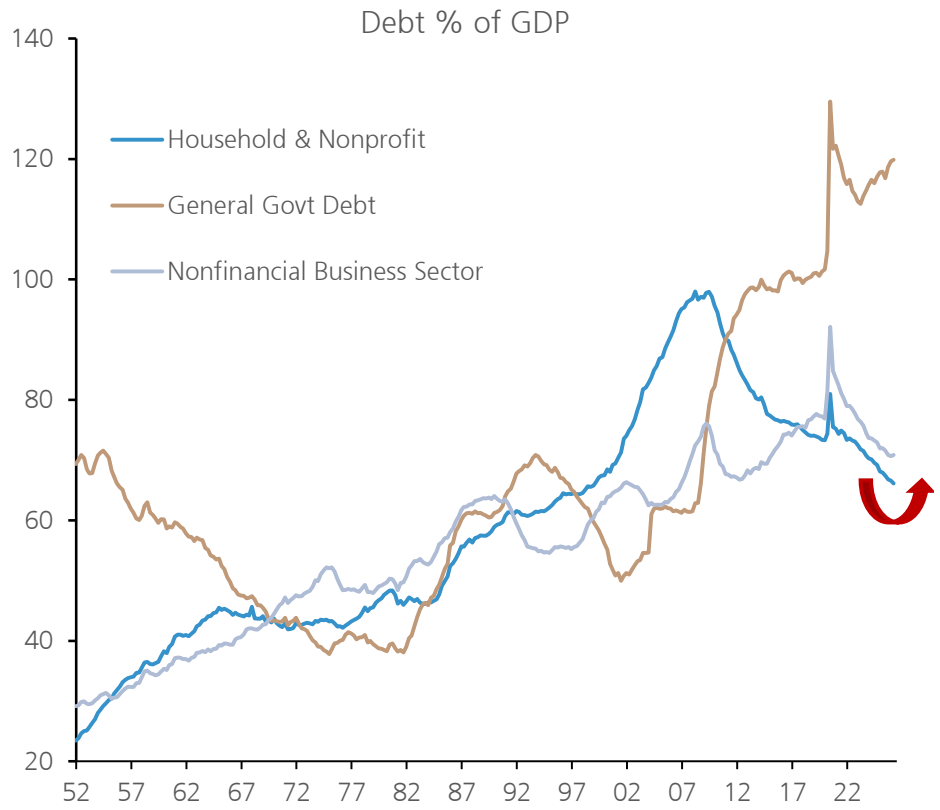
Section 4

Themes and trades:

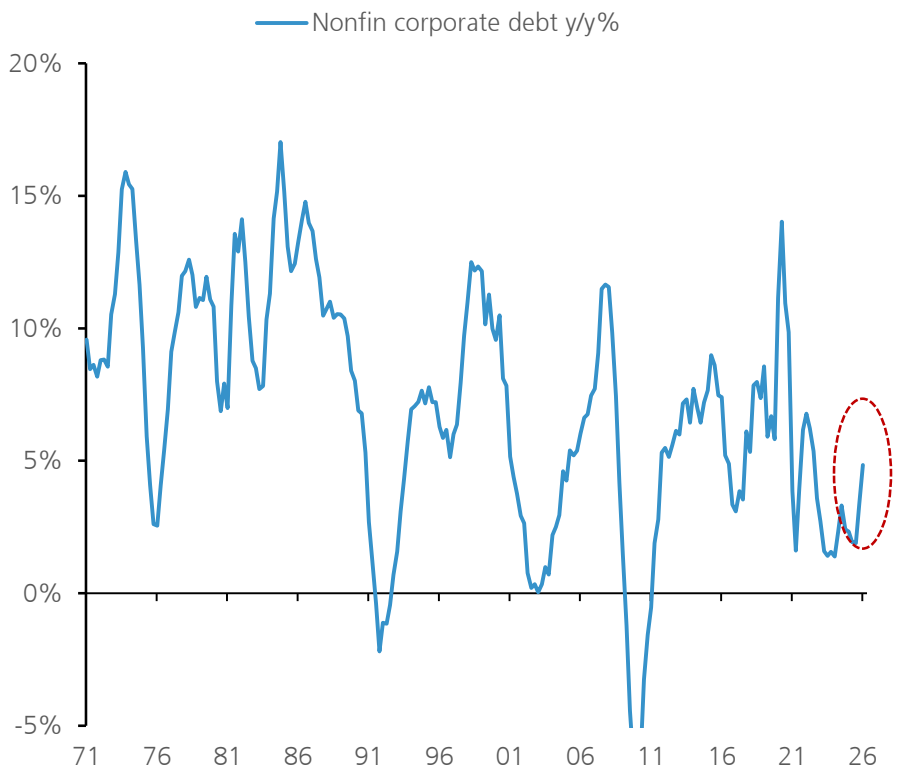
Private sector releveraging amid fiscal dominance

Private sector releveraging amid fiscal dominance

Debt as a % of GDP



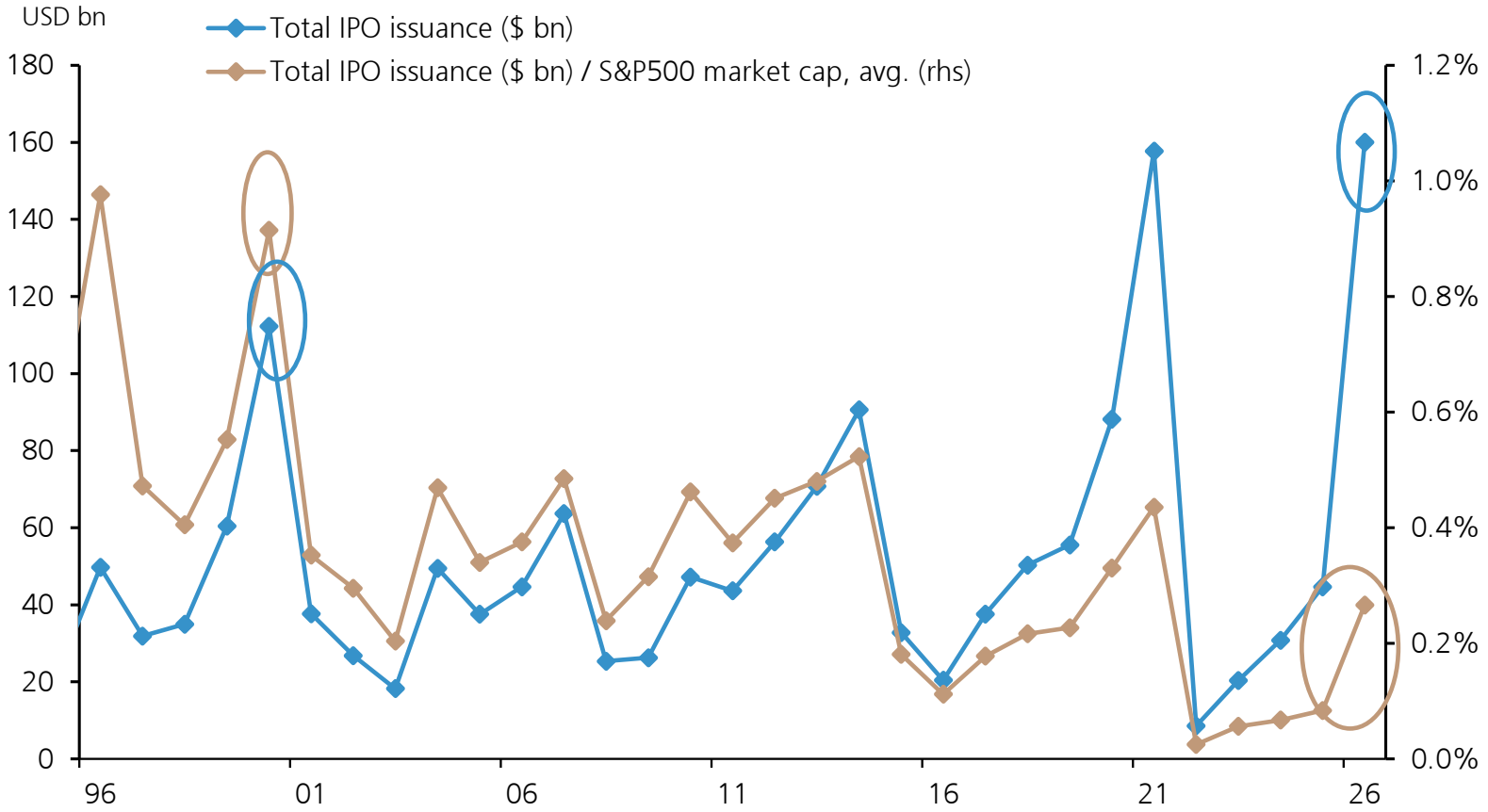
US non-financial corporate growth turning up



Source: FRB, Haver, UBS

Equity issuance surging, but not large as a % of market cap

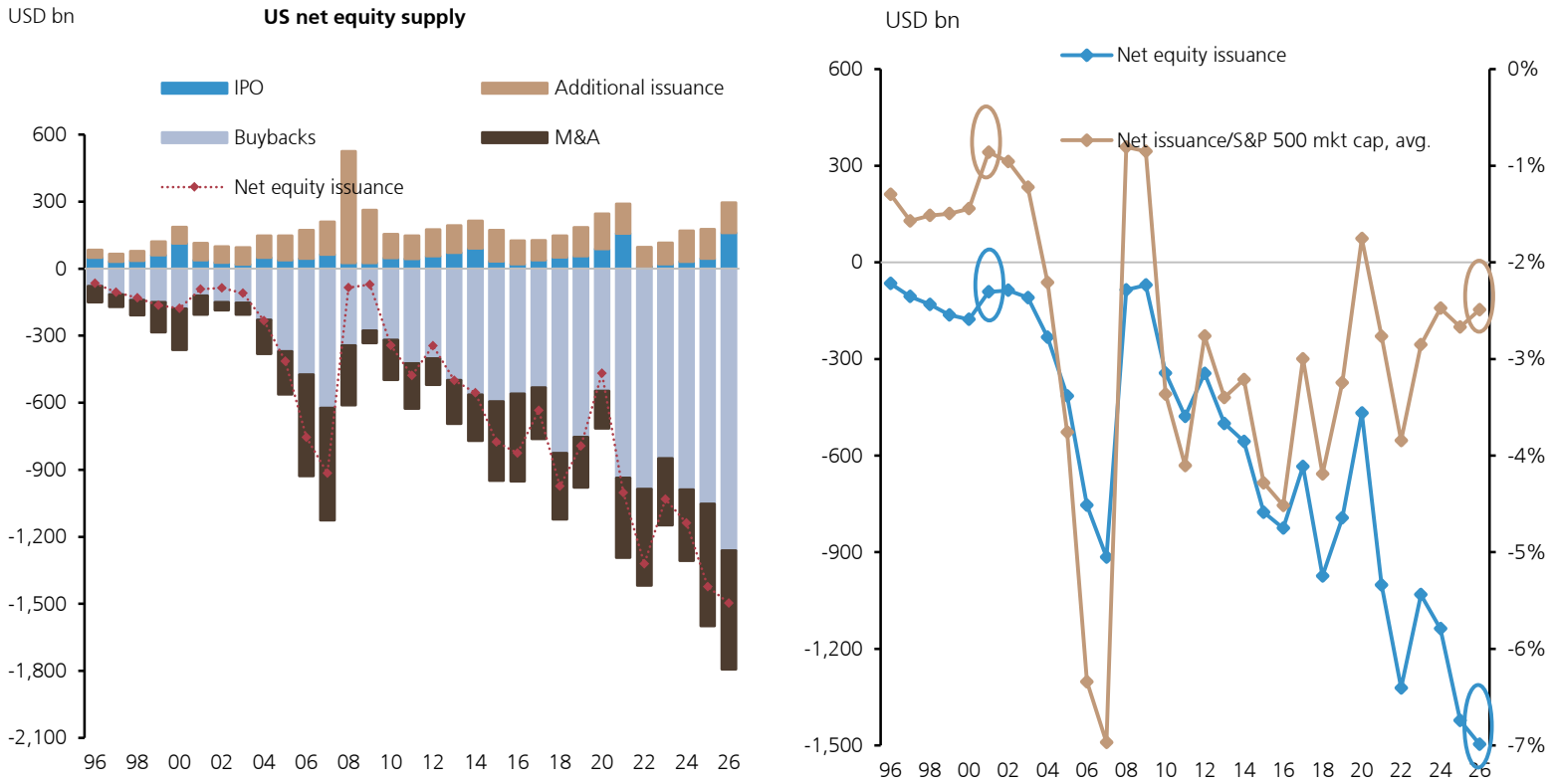
Total IPO issuance ($ bn)



Source: Factset, UBS. Note: a) used market estimates for 2026 IPO gross proceeds; b) S&P 500 market cap is average of monthly values of respective year.

Equity net supply still shrinking

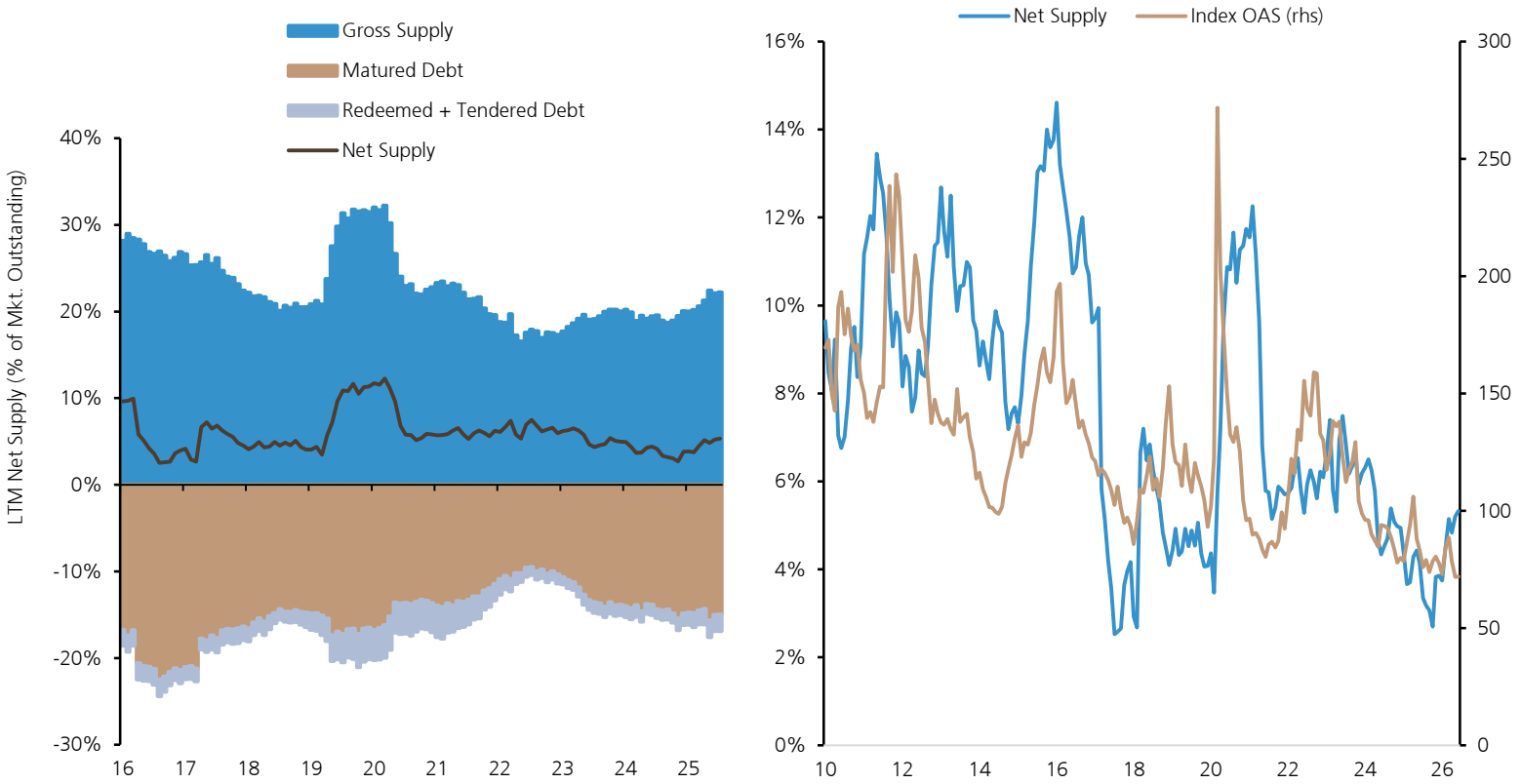
Buybacks and M&A keep US net equity issuance negative



Source: FactSet, UBS. Note: a) used market estimates for 2026; b) S&P 500 market cap is average of monthly values of respective year; c) used only cash transactions for M&A.

Credit issuance a bigger supply overhang than equity issuance

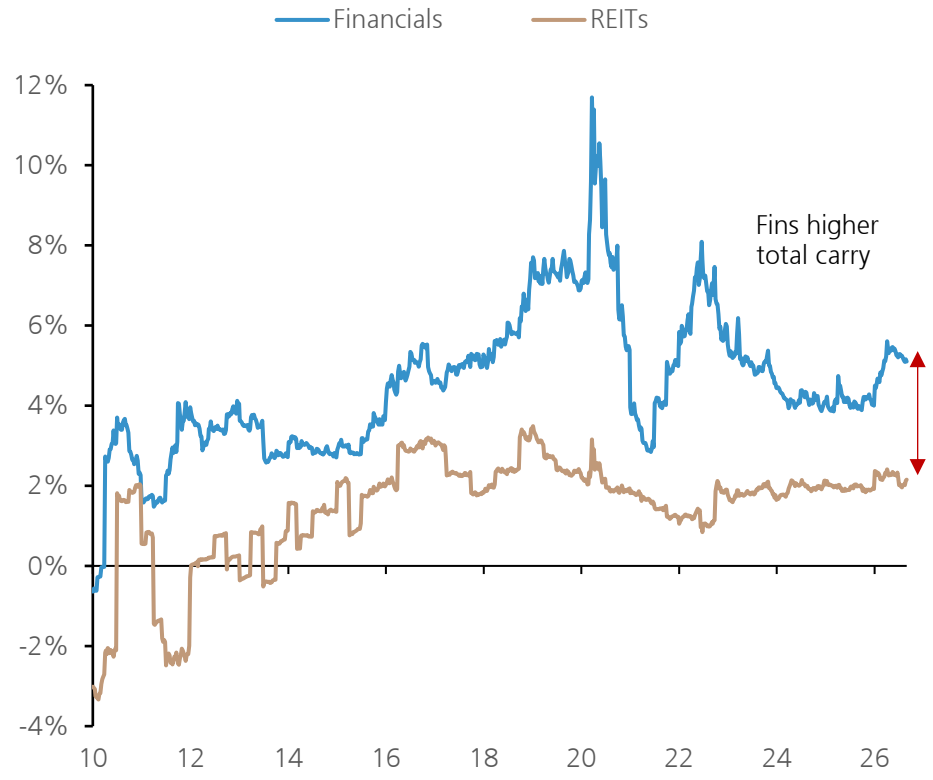
Credit issuance rel to market size is larger than in equities



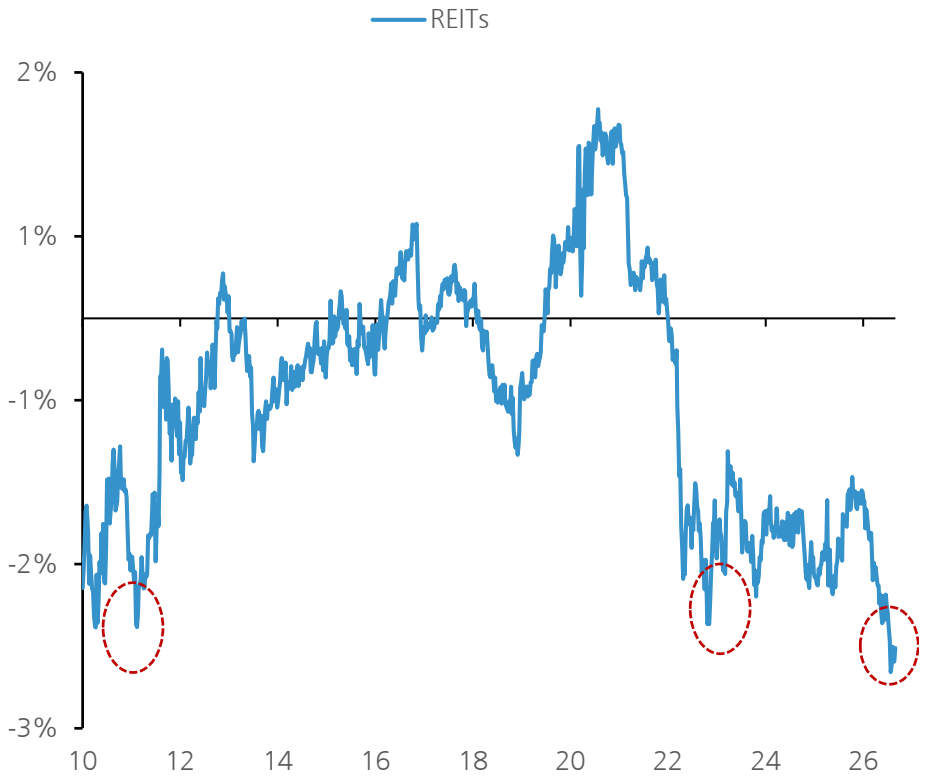
Source: Bloomberg, UBS

Financials over REITs broadly to play releveraging theme

Financials vs REITs total yield (dividend + buybacks)



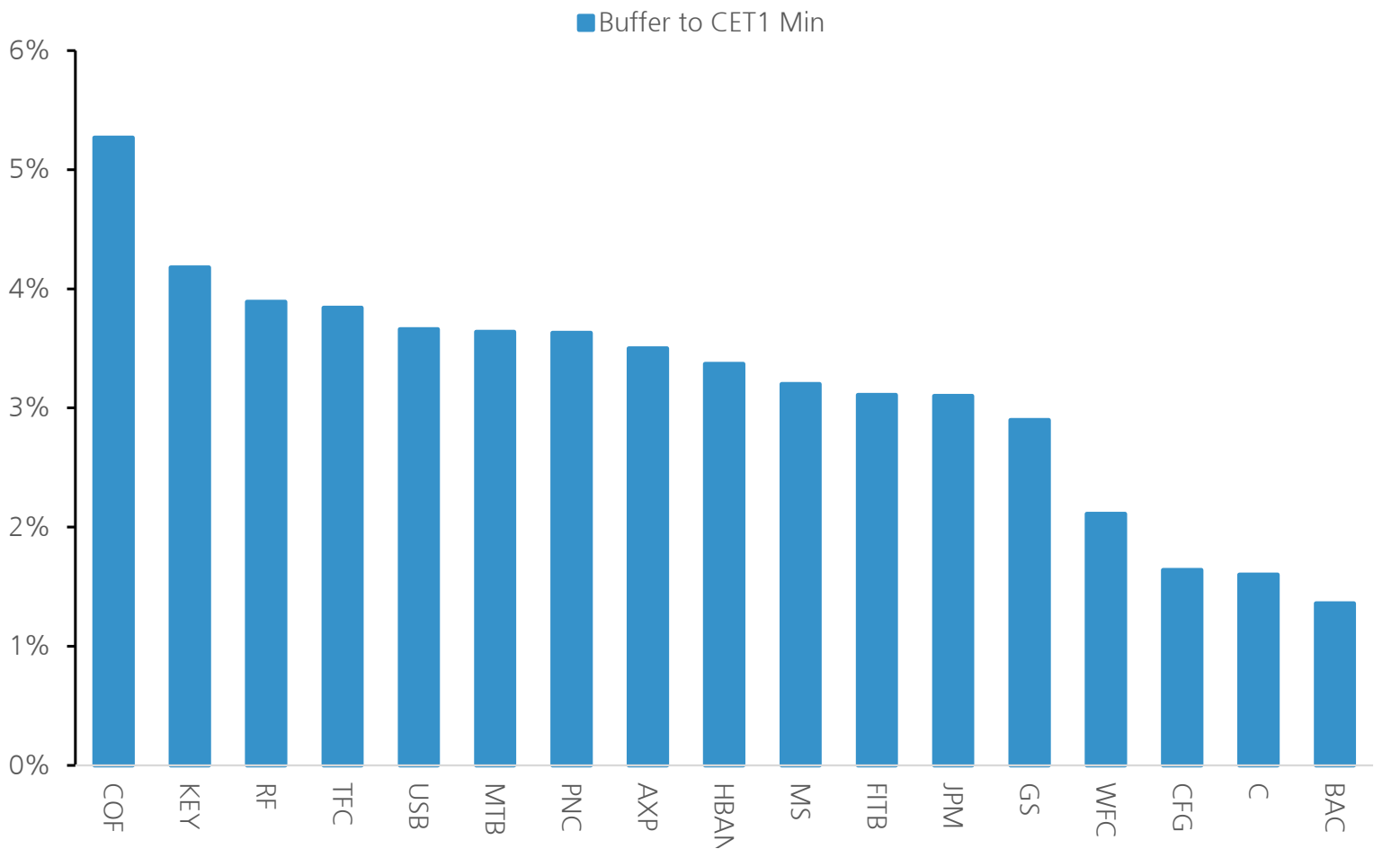
REITs dividend yield minus Baa bond yield



Source: Bloomberg, FactSet, UBS

Long Banks, Consumer Fins, IBs on regulatory loosening

US banks capital levels relative to CET1 requirement



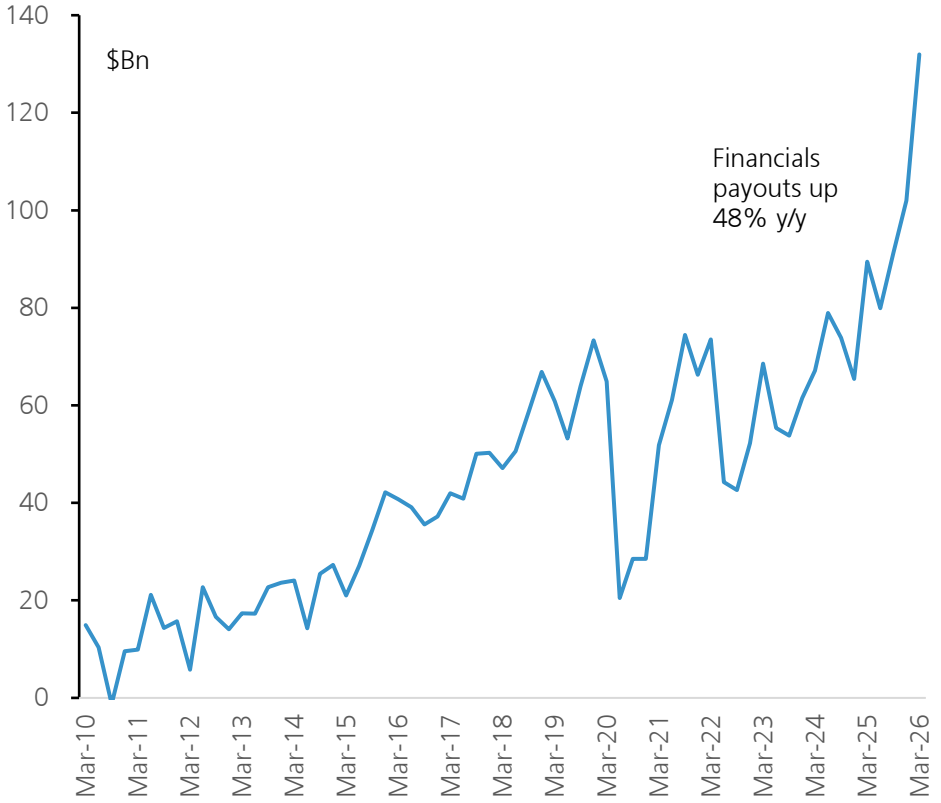
Source: UBS Research

Long Financials/Banks as ROEs and payouts rise

US Bank CFROI rising (adj cash earnings to tangible equity)



Financials total payouts are surging



Source: UBS HOLT, FactSet, UBS. Mkt cap wtd, Banks CFROE reduced 150bp to get comparable CFROI.

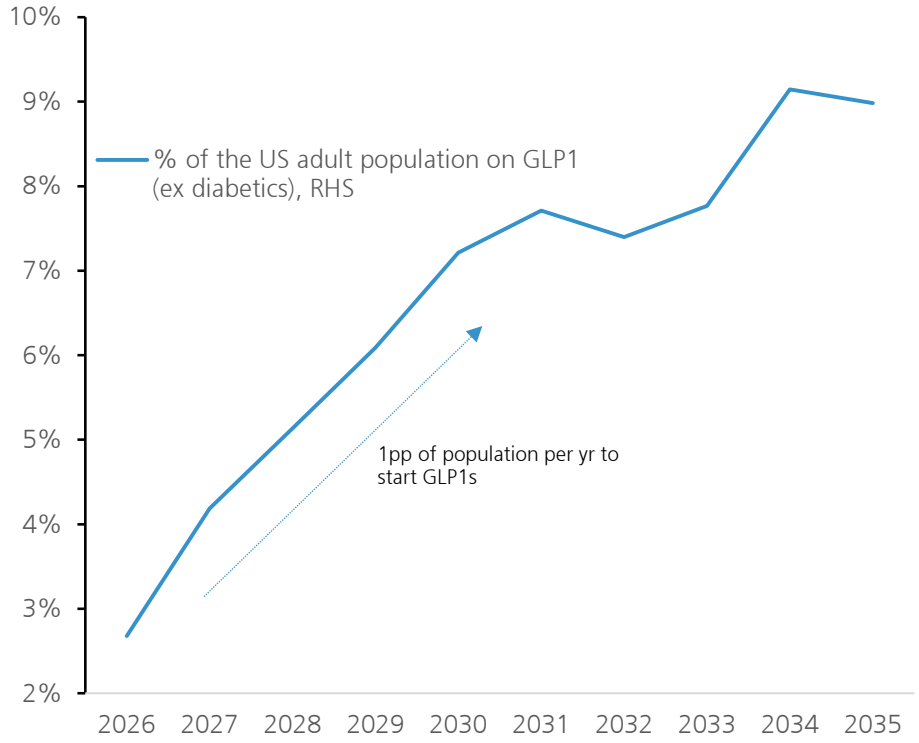
Section 5

Themes and trades:

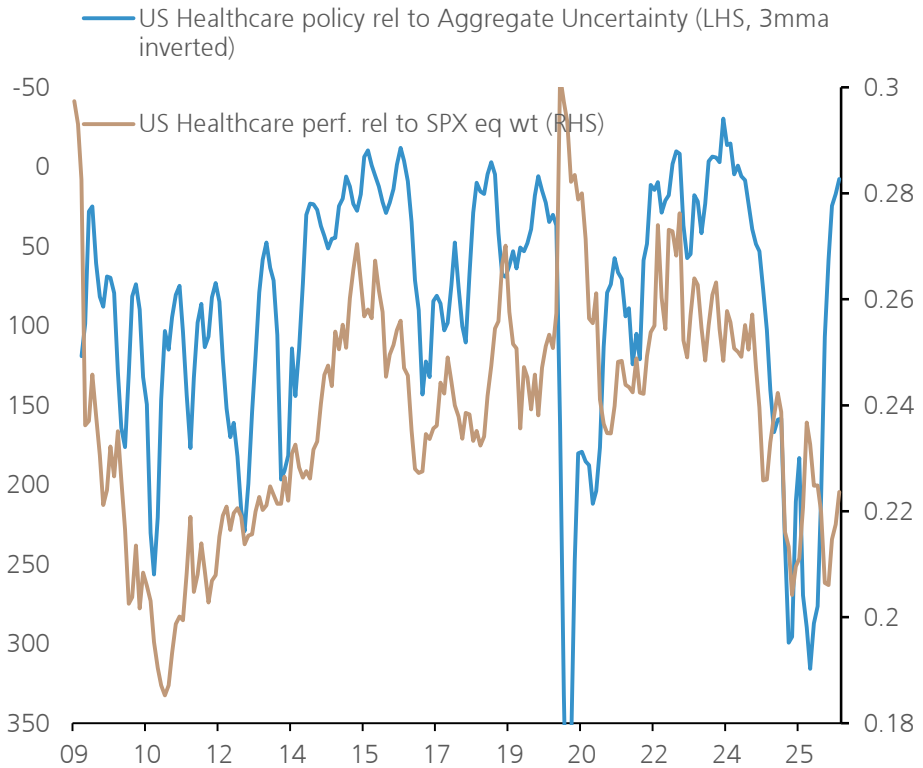
Healthcare: wellness & abating policy uncertainty

Healthcare: wellness & abating policy uncertainty

Forecasts for GLP1 takeup



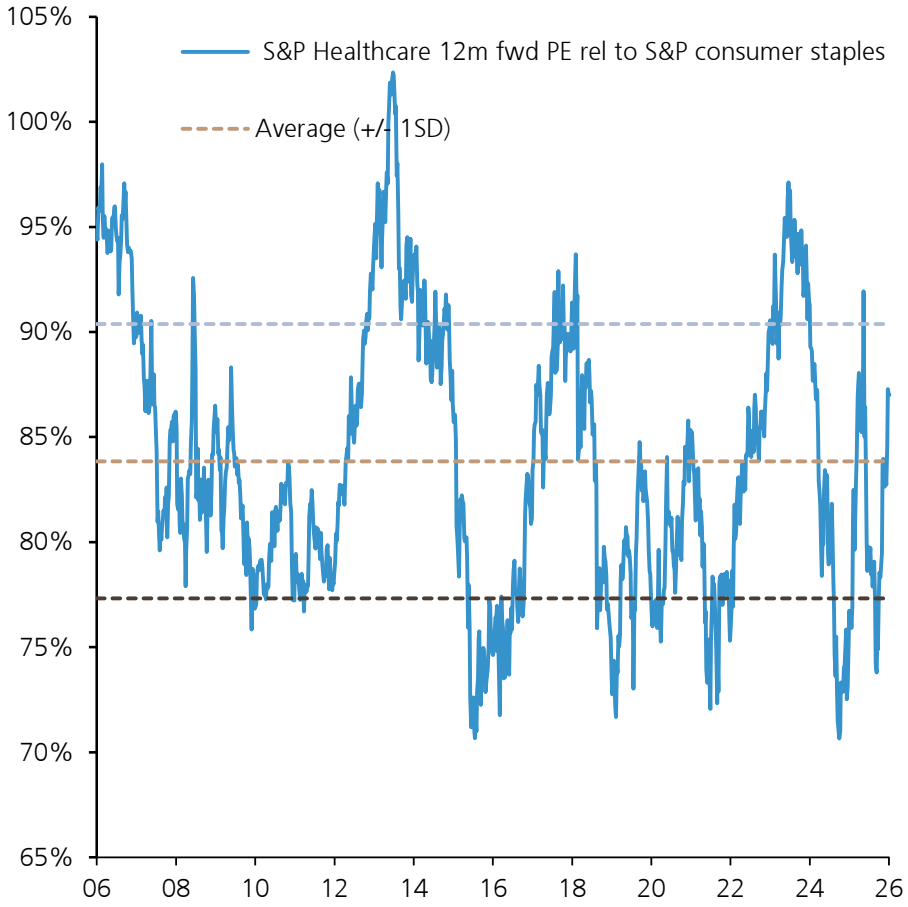
Falling Healthcare policy uncertainty



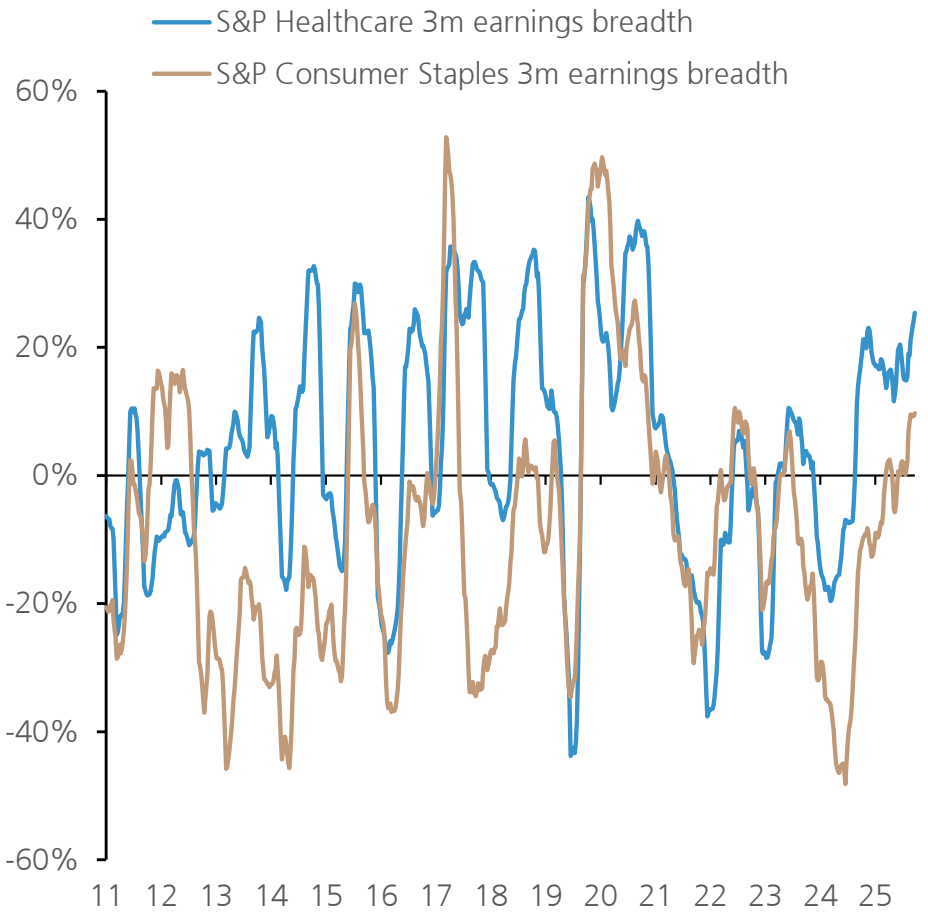
Source: Bloomberg, Refinitiv Datastream, Haver, UBS

Healthcare over Staples: P/E discount despite better momentum

Healthcare vs Staples relative NTM P/E



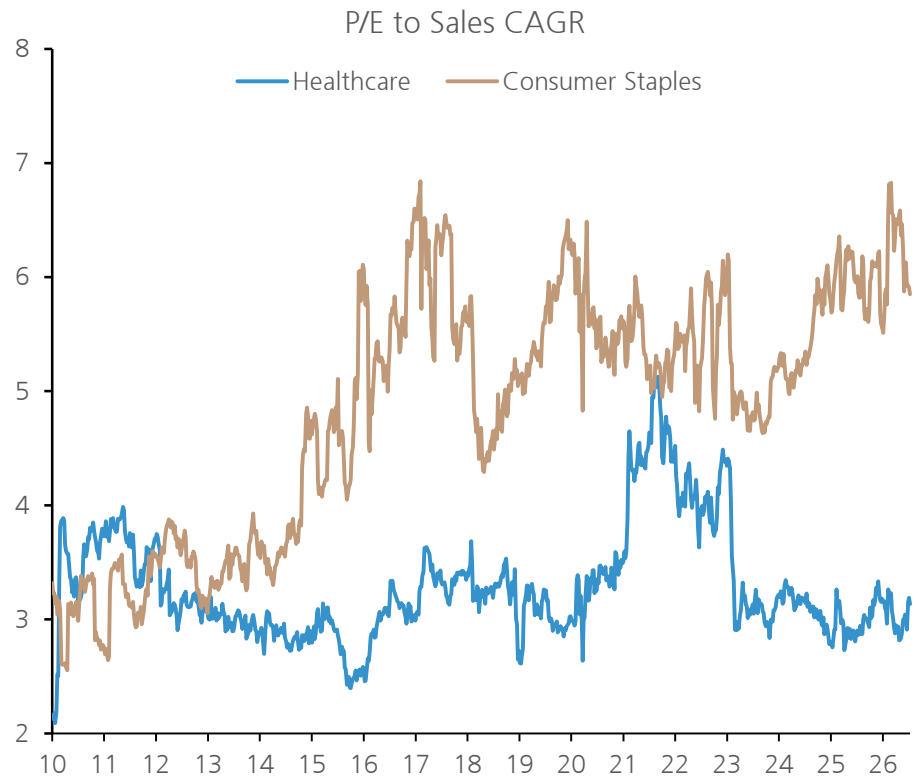
Healthcare vs Staples EPS revision breadth



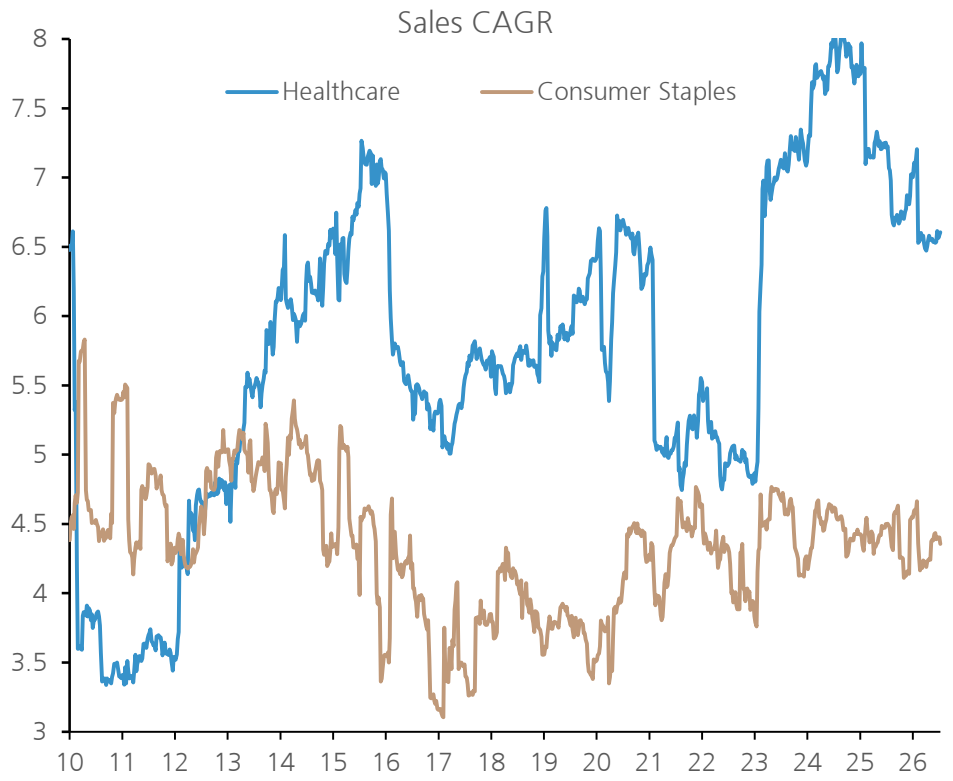
Source: Refinitiv Datastream, UBS

Healthcare over Staples as sales growth differences not priced

Healthcare vs Staples forward sales CAGR



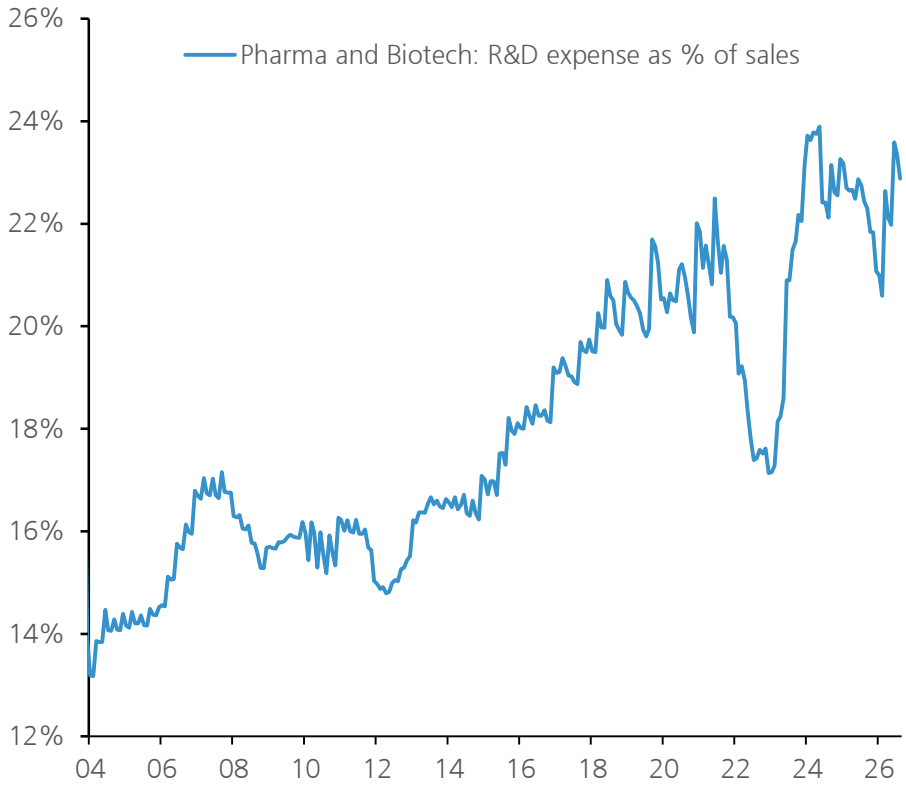
Healthcare vs Staples Forward sales CAGR



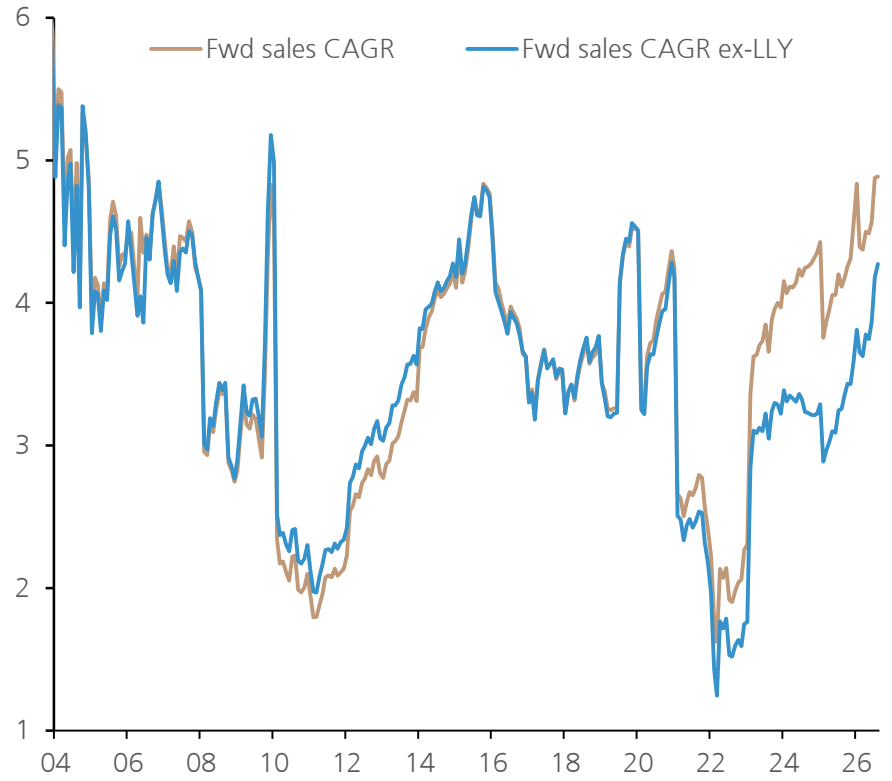
Source: FactSet, UBS

Long Pharma/Biotech as sales CAGRs rise amid strong pipelines

R&D expense as % of sales



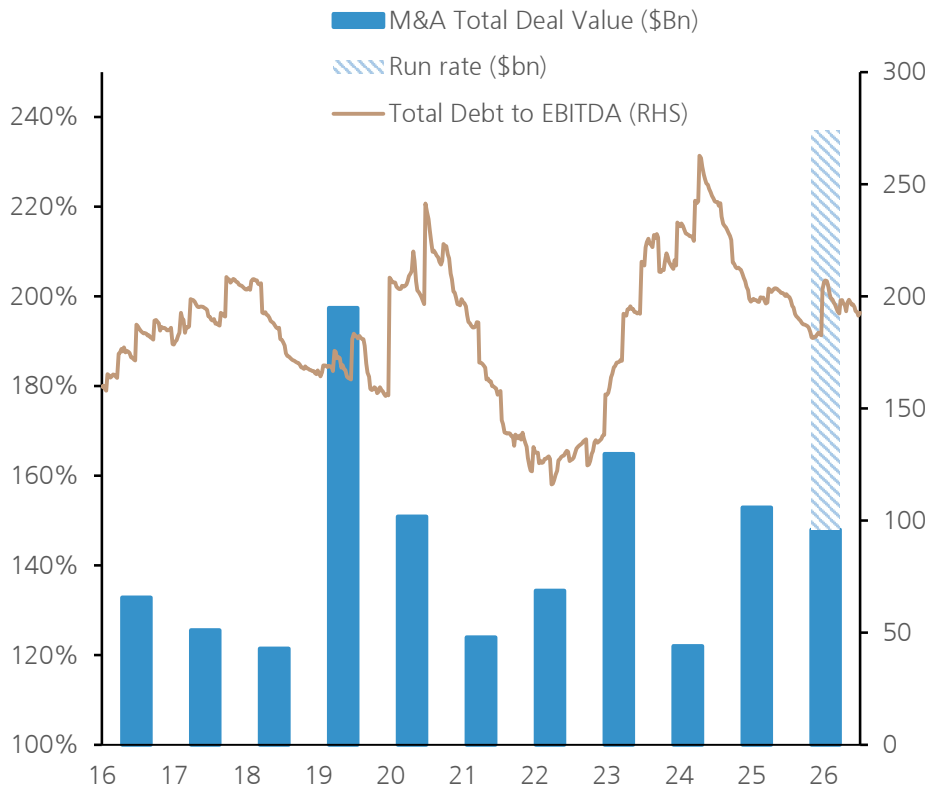
Pharma and Biotech forward sales CAGR rising



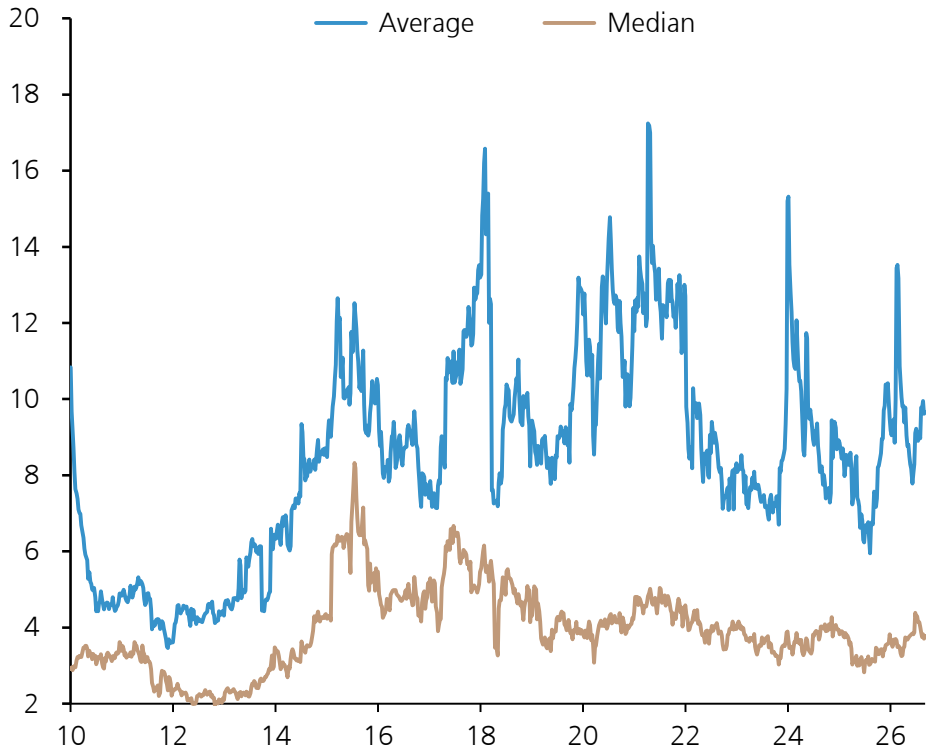
Source: FactSet, UBS; Note: Fwd CAGR is sales weighted;. See our Pharma team's note

Long Pharma/Biotech as M&A picks up

M&A activity is accelerating



SMID cap Pharma and Biotech EV/sales ratios not high



Source: FactSet, UBS. See our Pharma team's note

Section 6

Themes and trades:

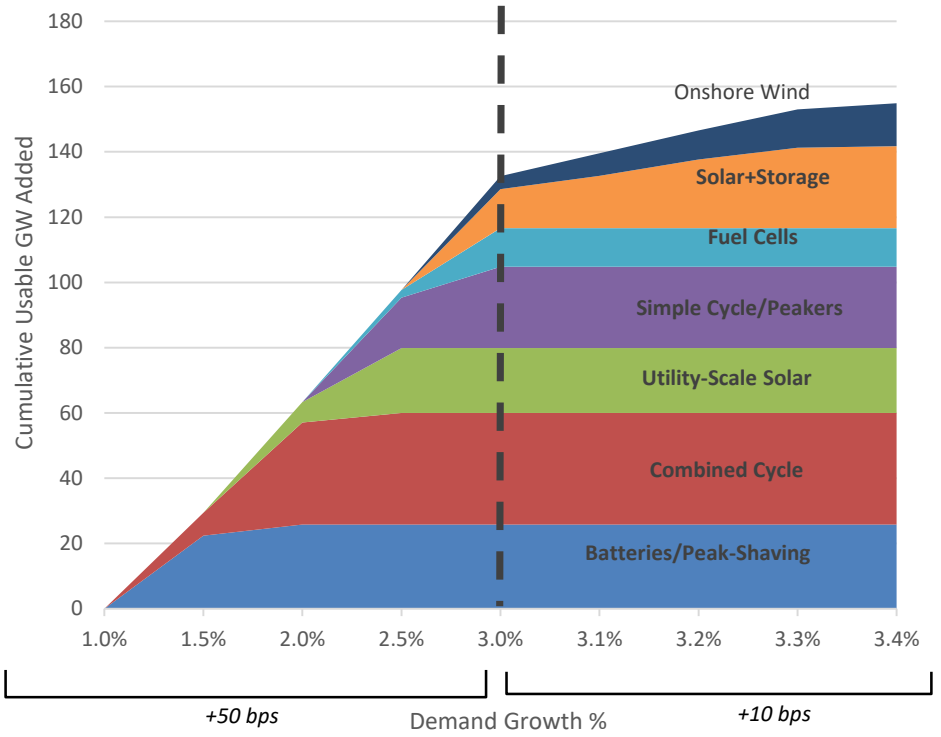
Energy/commodity production over midstream manufacturing

Power demand gap and capex dispatch curve

Capex source and NPC perusable MW

	Total Capex $MM/ usable MW	Cost NPV $MM/ usable MW
Batteries/Peak-Shaving	$3.27	$3.80
Combined Cycle Nat Gas	$3.33	$5.70
Utility-Scale Solar	$5.51	$5.92
Simple Cycle/Peakers	$3.21	$6.28
Fuel Cells	$4.19	$6.30
Solar+Storage	$5.59	$6.52
Onshore Wind	$6.10	$6.53

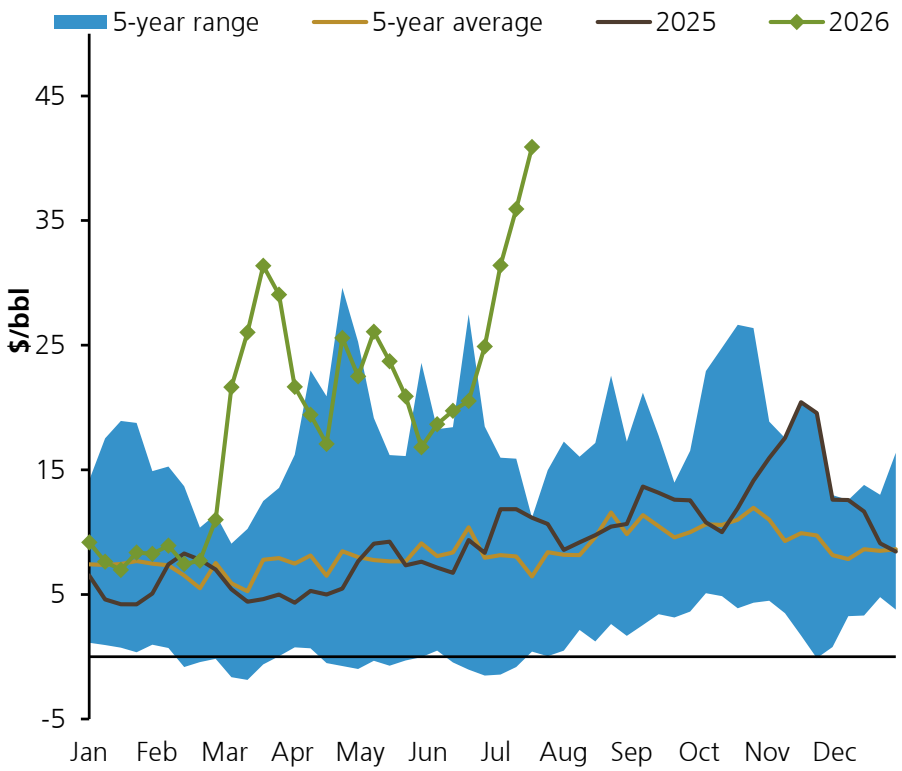
Cumulative MW additions by % demand growth



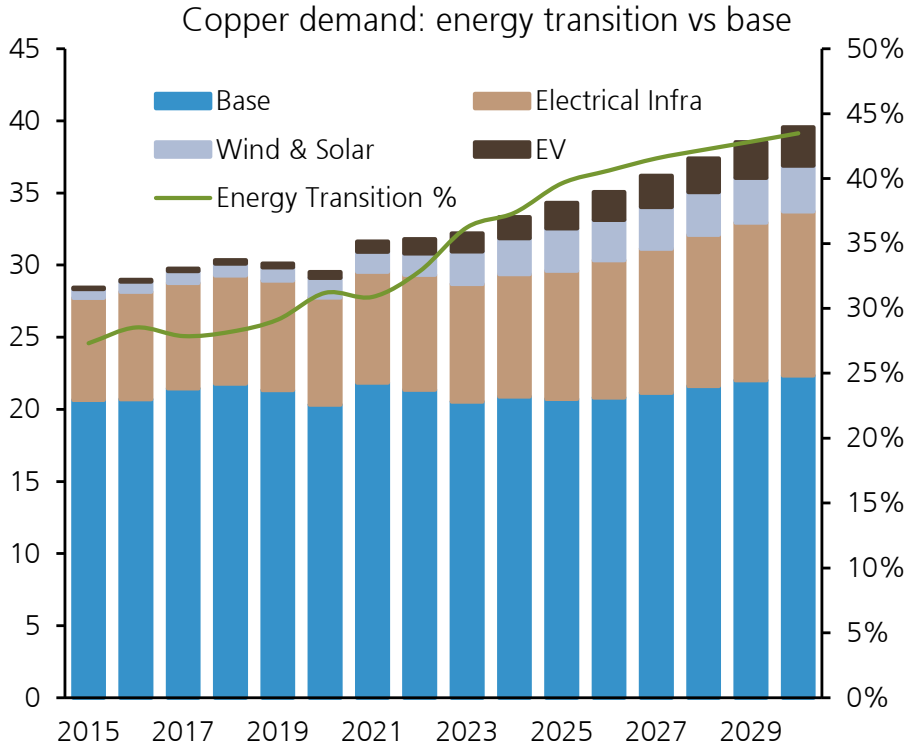
Source: UBS

Energy/commodity production over midstream manufacturing

Refining margins are elevated



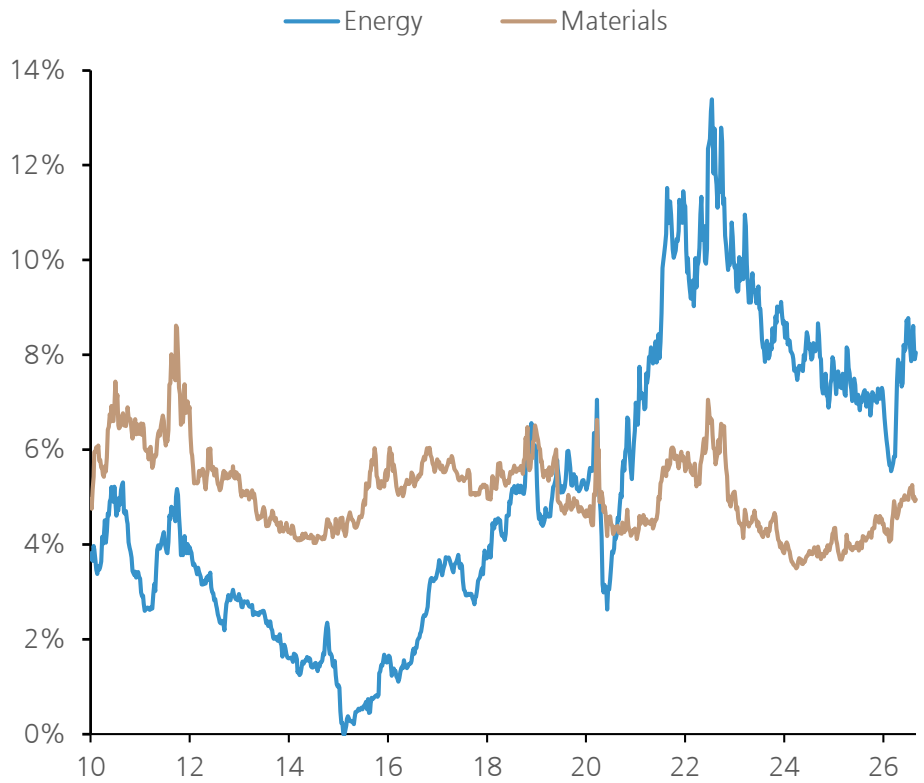
Increasing copper demand



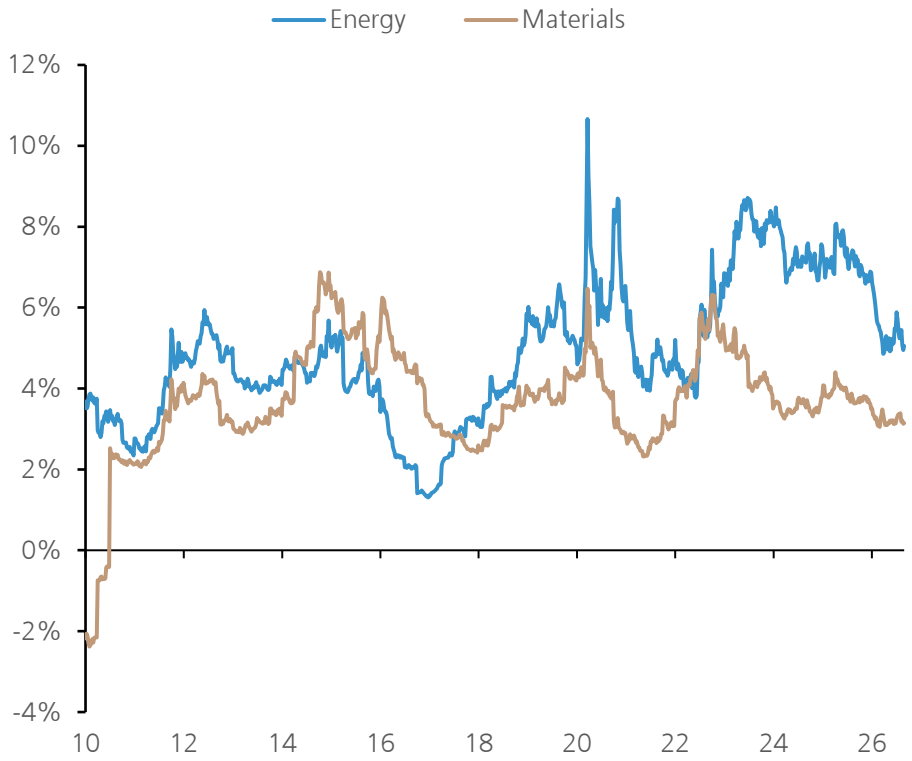
Source: Kpler, Bloomberg, WoodMac, UBS estimates. See our Energy team's note. Note: these are European margins. See our mining team's note.

Energy over Materials (ex Metals) as one expression

Energy vs Materials FCF yield



Energy vs Materials total yield (dividends + buybacks)



Source: FactSet, UBS

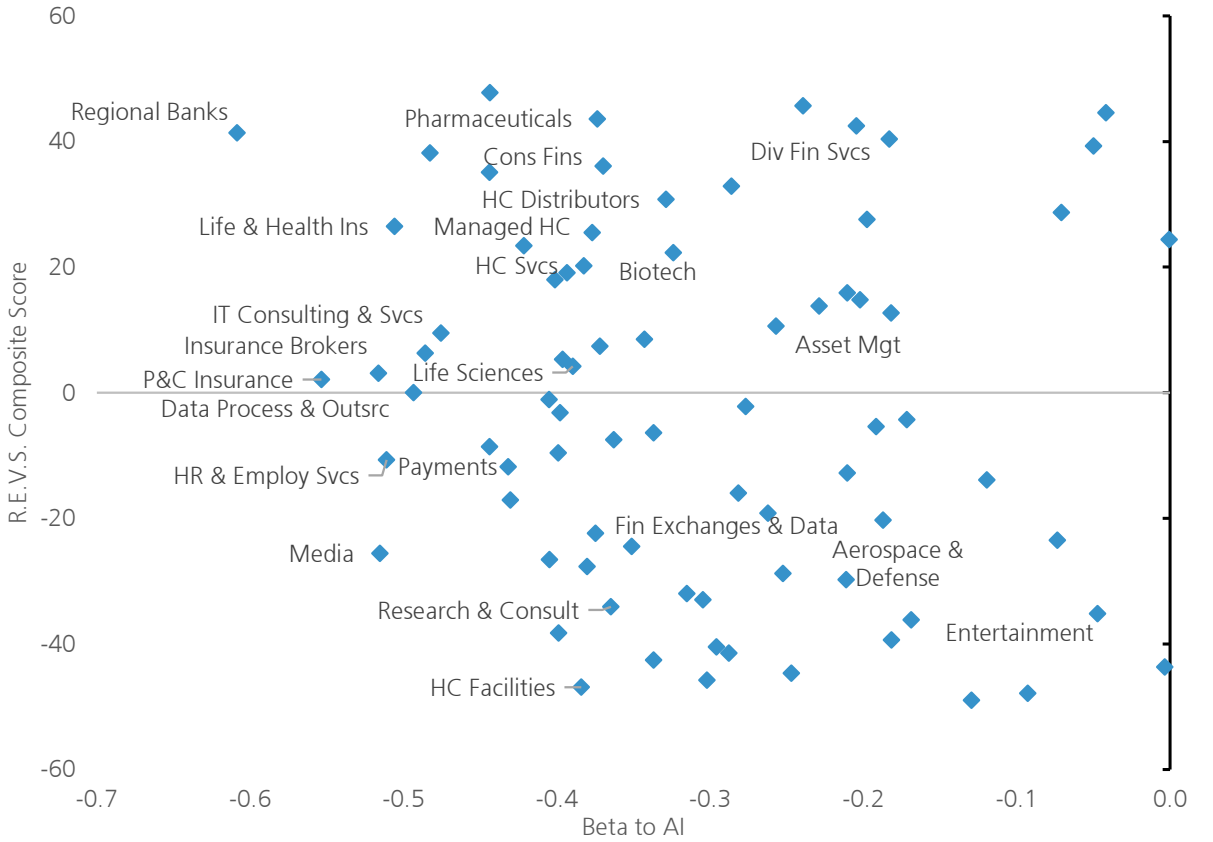
Section 7

Themes and trades:

AI disruption: sticky vs discretionary services and REVS

AI disruption: sticky vs discretionary services and REVS

REVS scores for subindustries compared to their beta to AI winners



Source: UBS

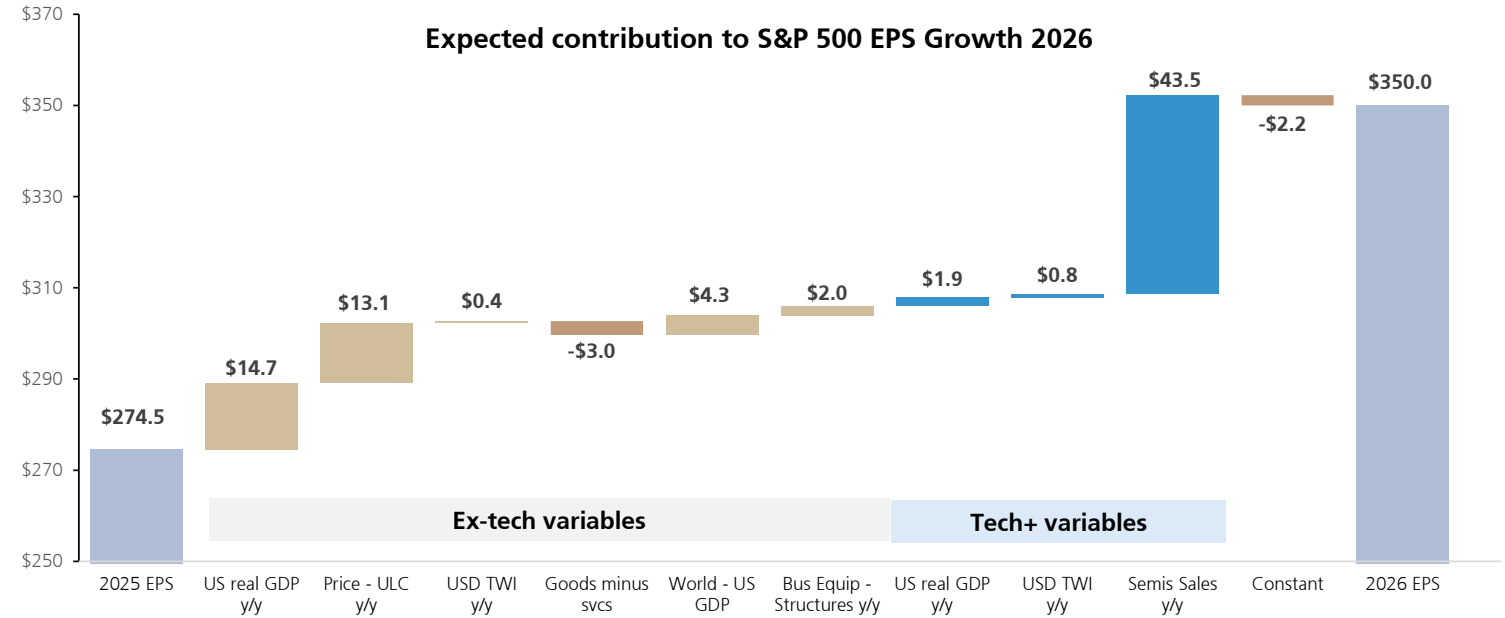
Section 8

Our frameworks:

Earning and valuation

Higher growth is not priced

S&P 500 earnings estimate for 2026, with contribution by key driver

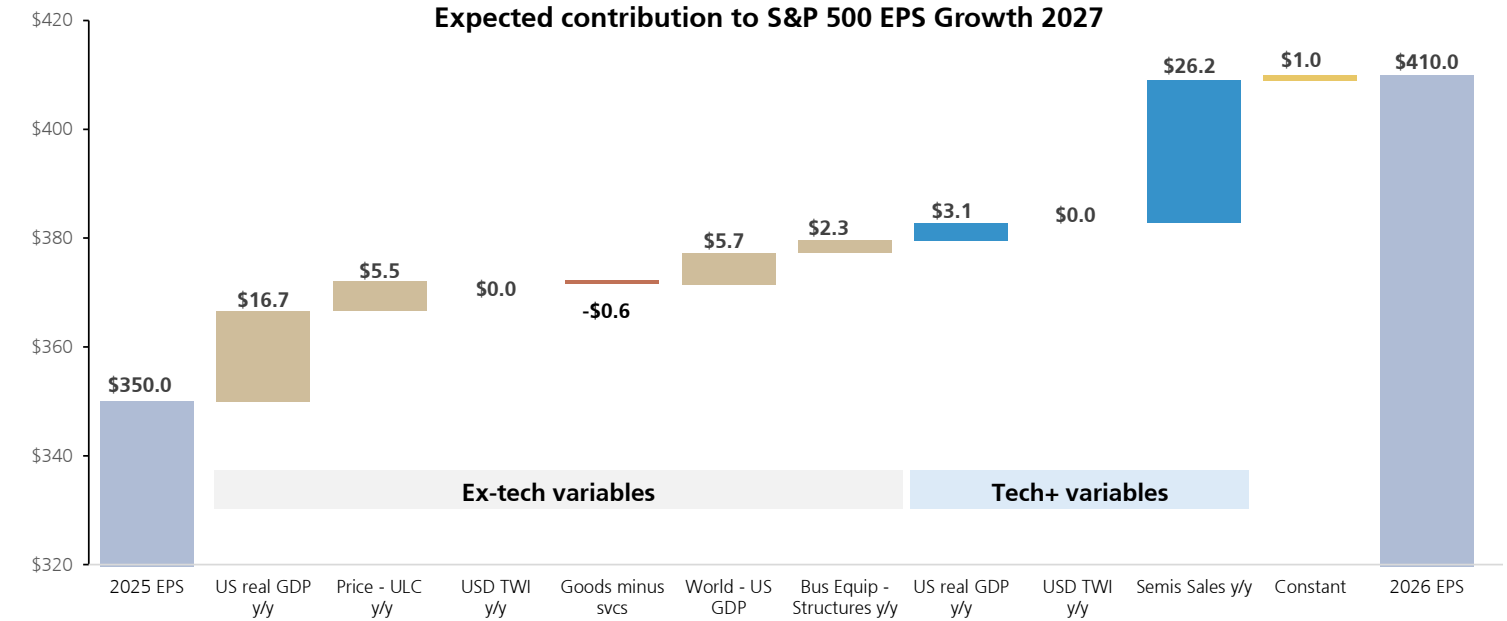


Beta	**4.0**	**3.9**	**-0.4**	**1.3**	**2.6**	**0.4**	**0.9**	**-1.2**	**0.7**	
Assumption	**2.1**	**2.0**	**-0.7**	**-1.4**	**0.9**	**3.0**	**2.1**	**-0.7**	**59.0**	

Source: FactSet, UBS estimate

Higher growth is not priced

S&P 500 earnings estimate for 2027, with contribution by key driver



Beta	**4.0**	**3.9**	**-0.4**	**1.3**	**2.6**	**0.4**	**0.9**	**-1.2**	**0.7**
Assumption	**2.2**	**0.7**	**0.0**	**-0.2**	**1.1**	**3.1**	**2.2**	**0.0**	**22.7**

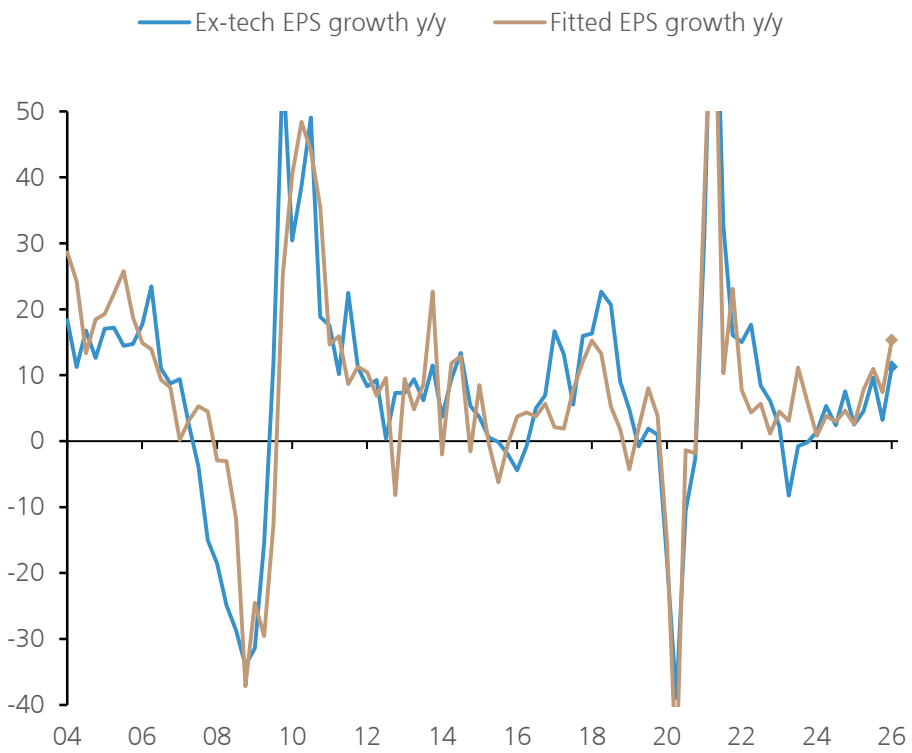
Source: FactSet, UBS estimate

Ex-Tech earnings model

ex-Tech EPS model inputs

Variable	Beta	t-stat
Real GDP y/y	4.03	6.3
Price - ULC y/y	3.85	4.5
USD TWI y/y	-0.36	1.5
Goods minus Services PCE	1.26	3.4
World minus US GDP	2.60	2.8
Bus Equip ex IT y/y minus Structures y/y	0.39	4.0
Intercept	*-7.93*	*2.0*

Actual vs model estimate y/y EPS growth



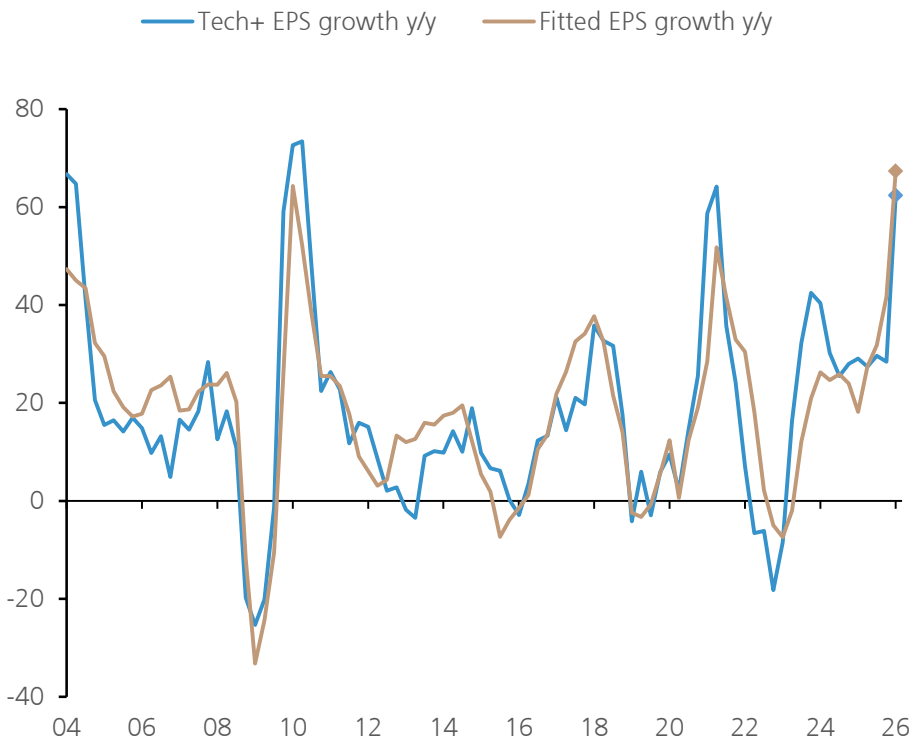
Source: FactSet, Bloomberg, UBS

Tech+ earnings model

Tech+ EPS model inputs

Variable	Beta	t-stat
Real GDP y/y	0.93	1.5
USD TWI y/y	-1.17	-4.9
Semis Sales y/y	0.73	7.7
Intercept	*10.63*	*5.8*

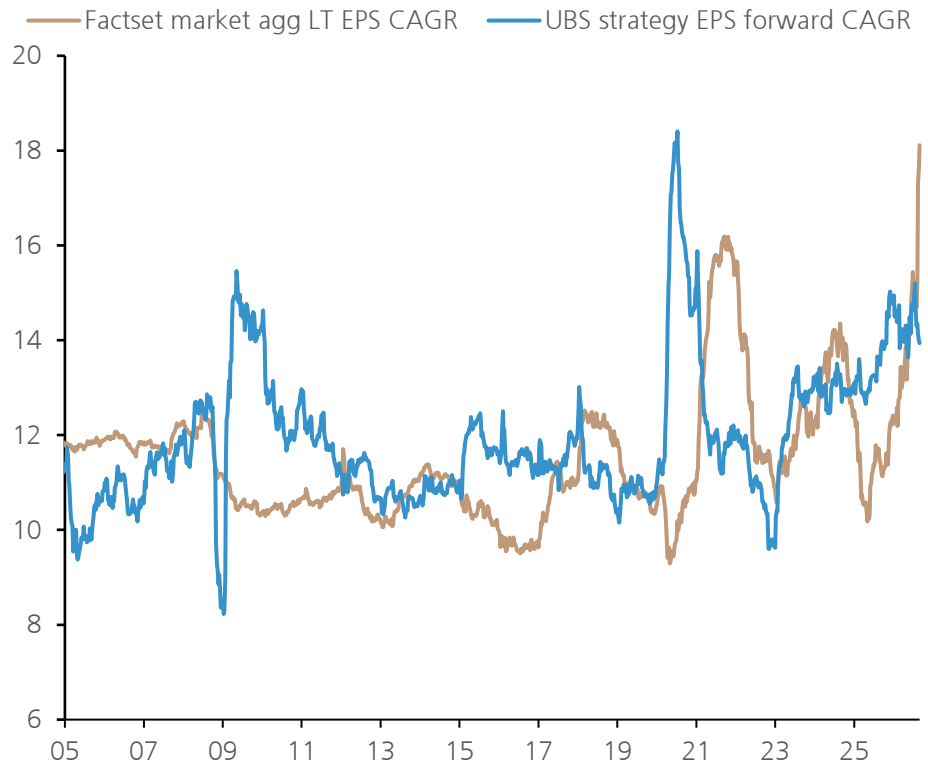
Actual vs model estimate y/y EPS growth



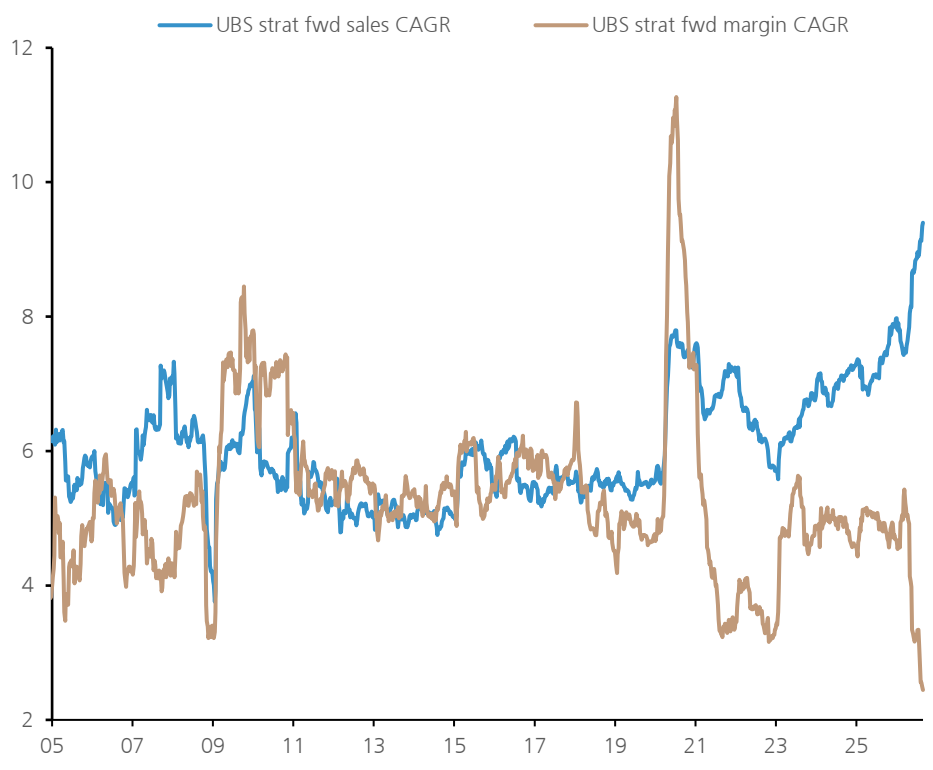
Source: Haver, Bloomberg, UBS

Proprietary forward growth CAGRs

Forward EPS CAGR vs market aggregate 3-5yr EPS CAGR (SPX)



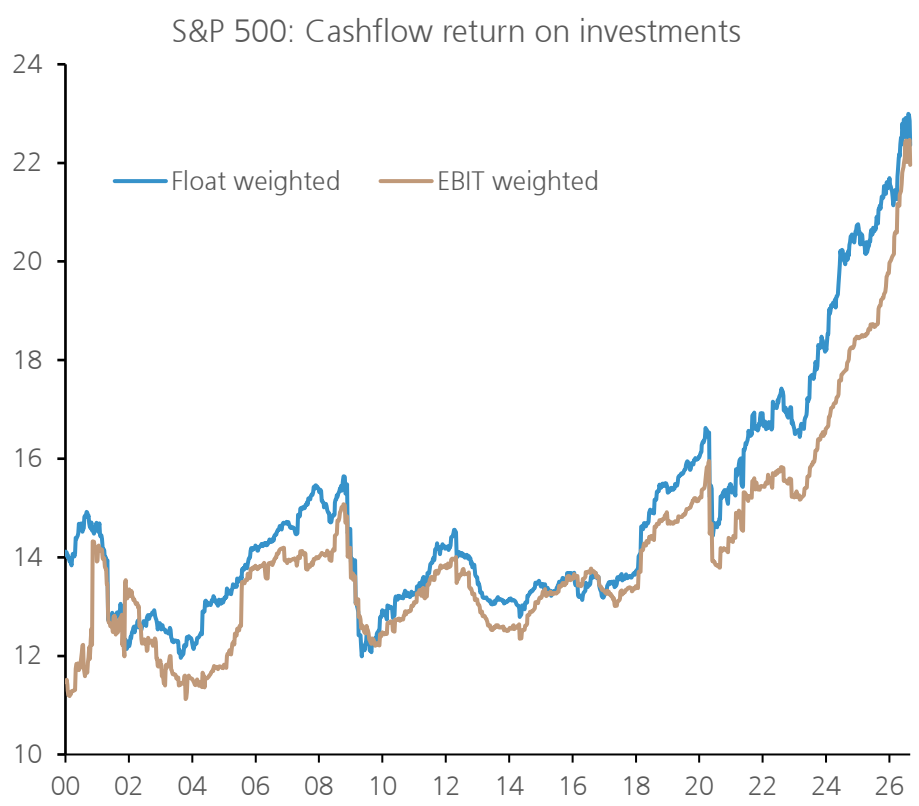
Forward sales and margin CAGRs for S&P 500



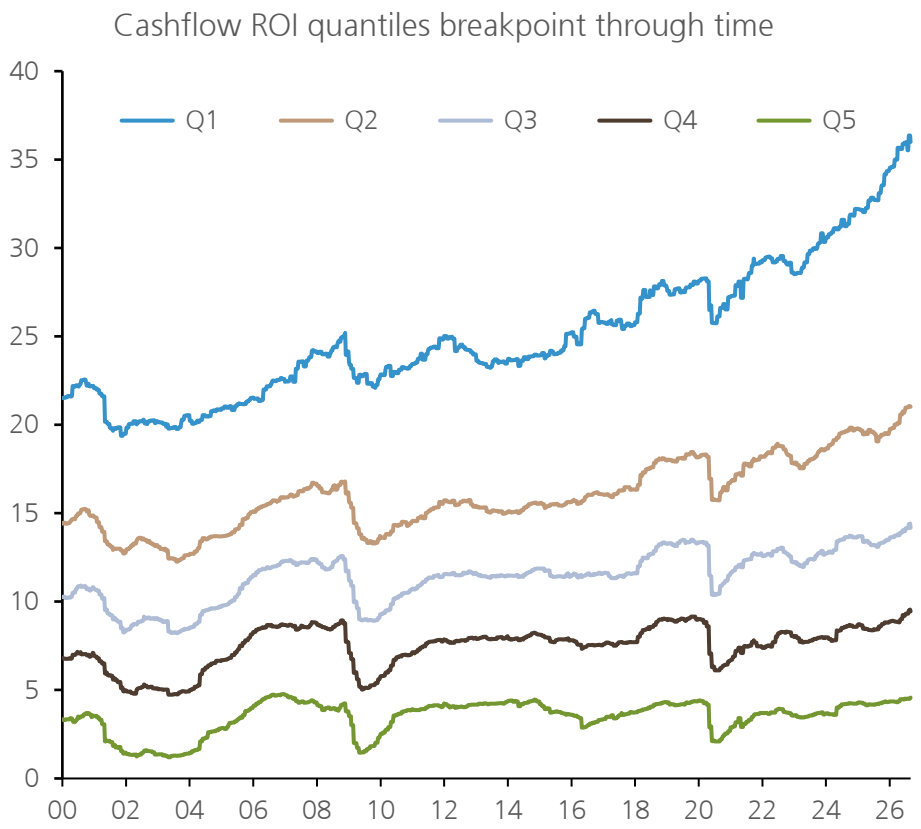
Source: FactSet, UBS. Note: UBS strat EPS CAGR is float wtd. Sales and margins CAGRs are avg of float and fundamental wtd.

HOLT CFROI: regime change in profitability

S&P CFROI: both float and EBIT weighted basis



CFROI quantiles breakpoint through time



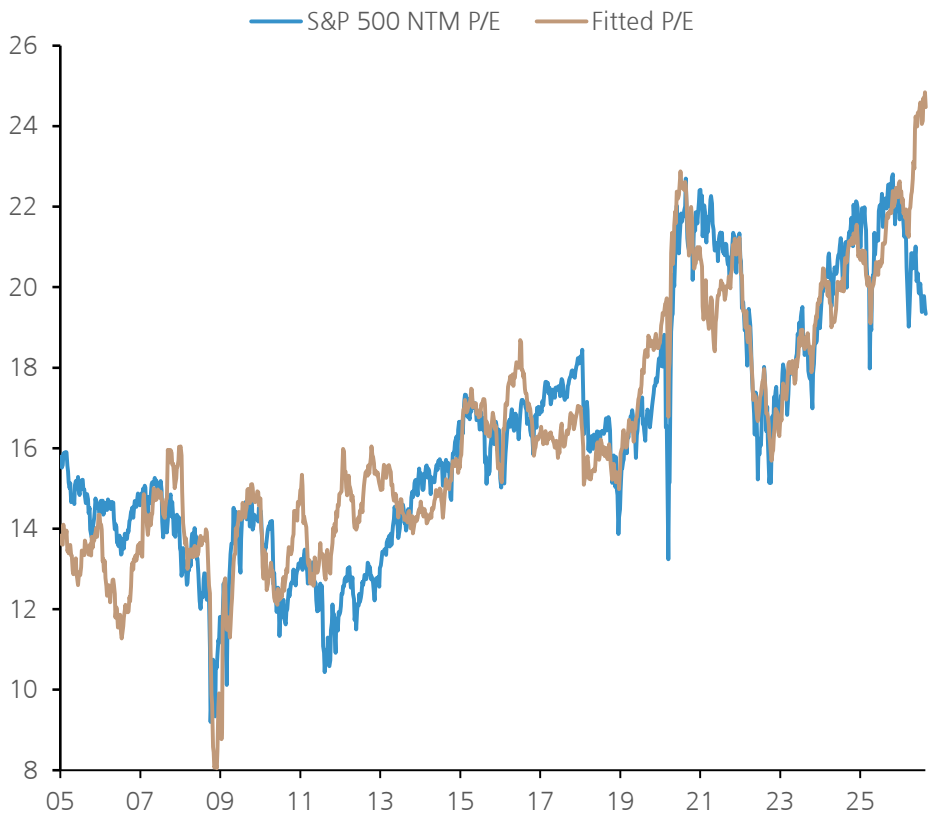
Source: HOLT, UBS. Note: Mean value within each quantile

Valuation framework for S&P 500 P/E

P/E model variables and coefficients

	Multivariate Regr	
Variable	**Beta**	**t-stat**
US 10yr + IG OAS	-1.19	34.55
Economic surprises	0.89	7.77
US 1yr minus Fed rate	-0.04	0.69
Sales growth - 3-5yr CAGR	1.48	20.76
Cash flow ROI	0.76	26.78
Equity vol / rates vol	-4.80	9.64
Sales growth inflection	0.19	10.40
Dividend payout	0.11	11.29
Intercept	18.45	96.14
R-square	0.88	

S&P 500 NTM P/E vs model implied



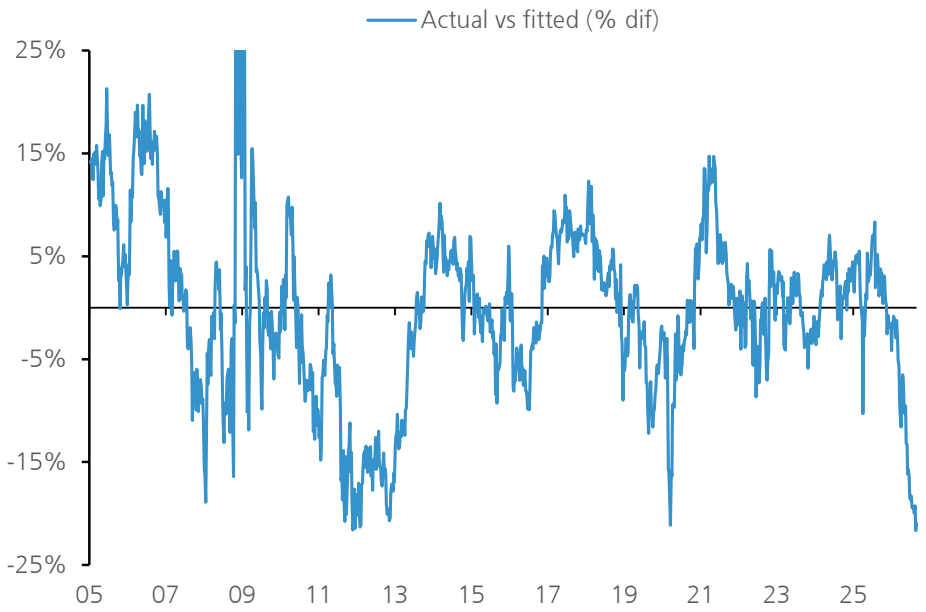
Source: FactSet, Bloomberg, UBS

Higher sales growth and CFROI point to valuation upside

Y1TD change in model implied P/E

Variable	Beta	Level as of 1/2/26	Level as of 8/28/26	Change in P/E impact
US 10yr + IG OAS	-1.19	5.0	5.5	-0.63
Economic surprises	0.89	0.1	0.1	-0.05
US 1yr minus Fed rate	-0.04	-0.3	0.4	-0.03
Sales growth - 3-5yr CAGR	1.48	2.2	3.6	2.10
Cash flow ROI	0.76	6.7	8.1	1.01
Equity vol / rates vol	-4.80	0.2	0.2	0.11
Sales growth inflection	0.19	-0.9	-1.9	-0.20
Dividend payout	0.11	25.9	21.8	-0.46
Intercept	18.45			
Fitted P/E - level / chg		**22.6**	**24.5**	**1.84**
actual SPX P/E		21.7	19.3	
% difference vs fitted		*-4.2%*	*-21.0%*	

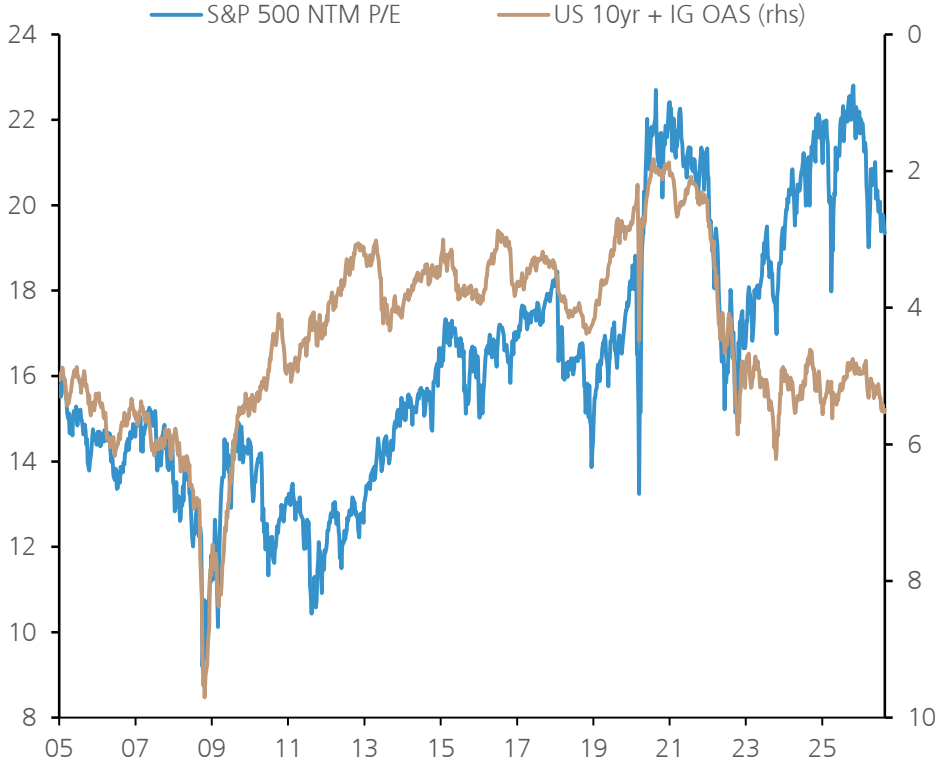
% 2difference between actual and fitted SPX P/E near lows



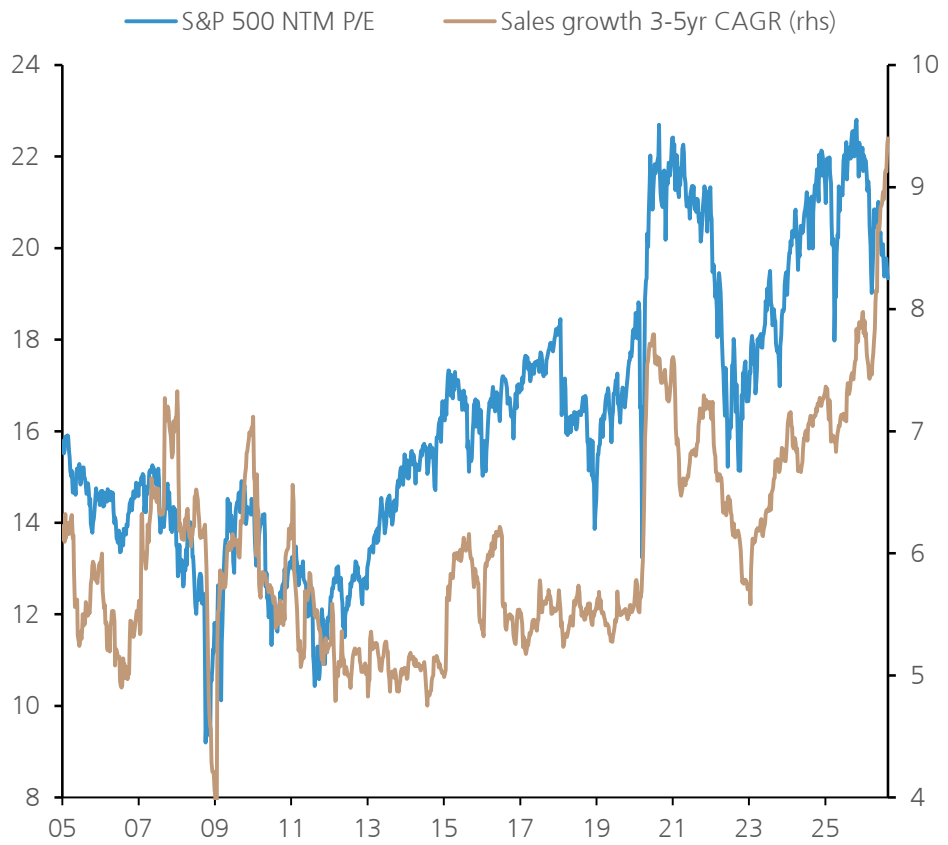
Source: Bloomberg, FactSet, UBS

Valuation framework: sales growth vs bond yields

Bond yields point to a lower P/E



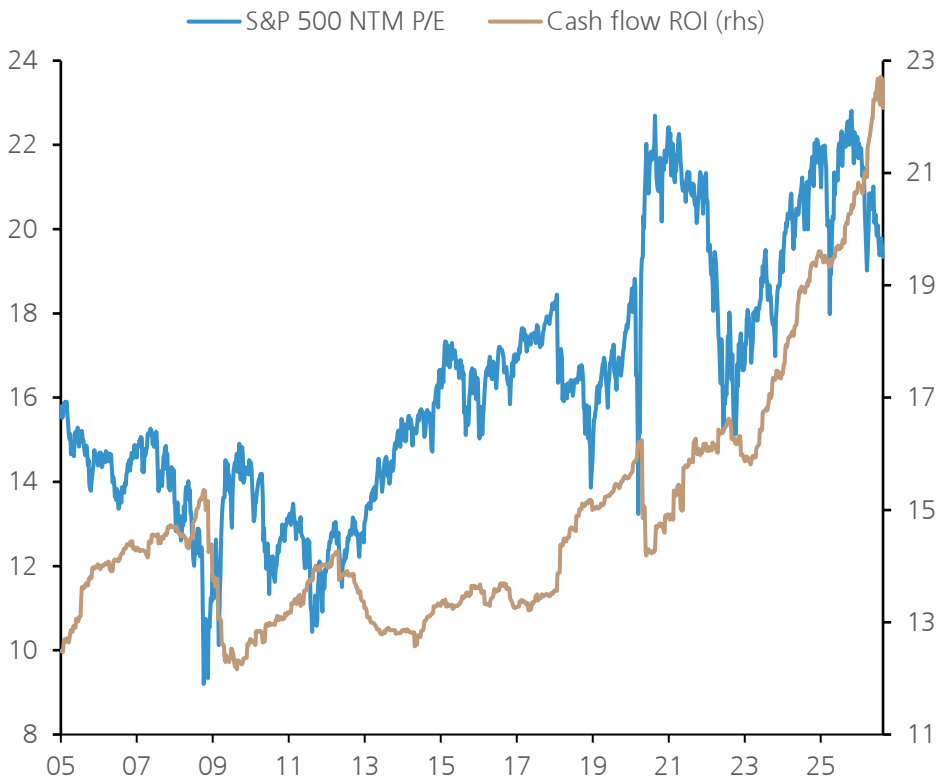
Sales growth supports a higher P/E



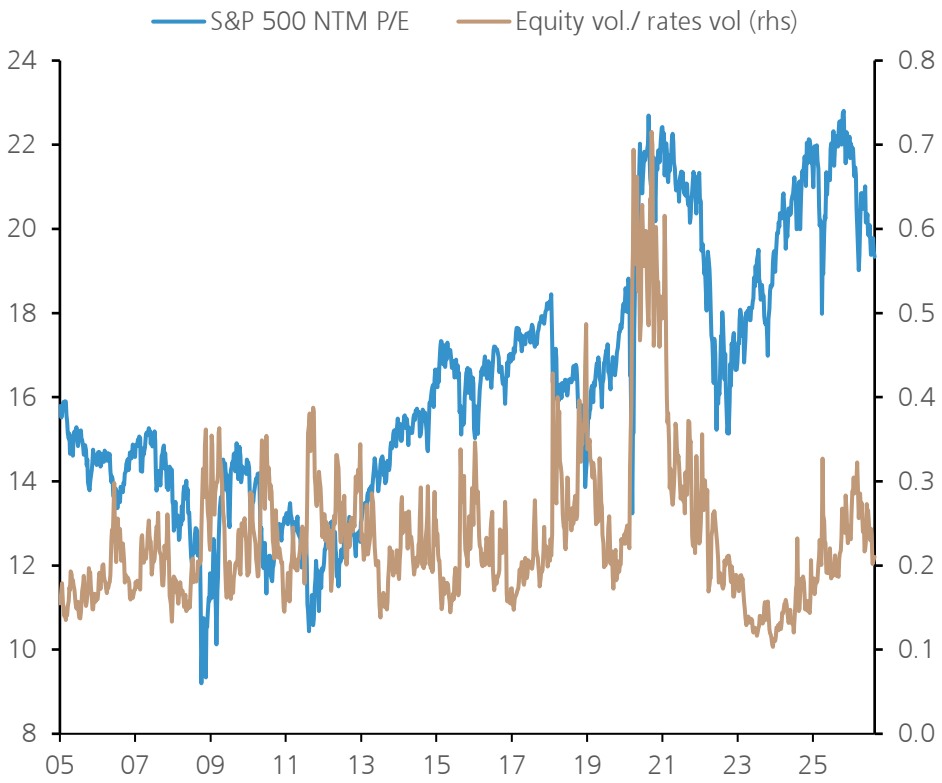
Source: Bloomberg, UBS. Note: Sales CAGR is avg of float and fundamental wtd.

Valuation frameworks: profitability vs VIX/MOVE ratio

Higher ROI supports a higher valuation



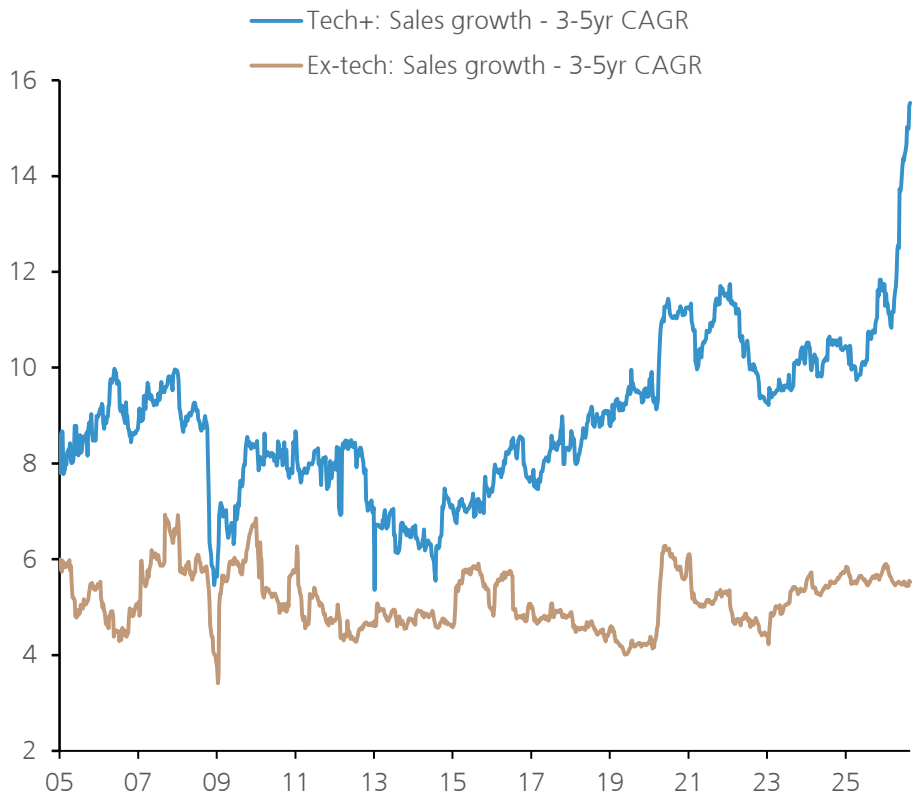
SPX concentration reflected in higher VIX



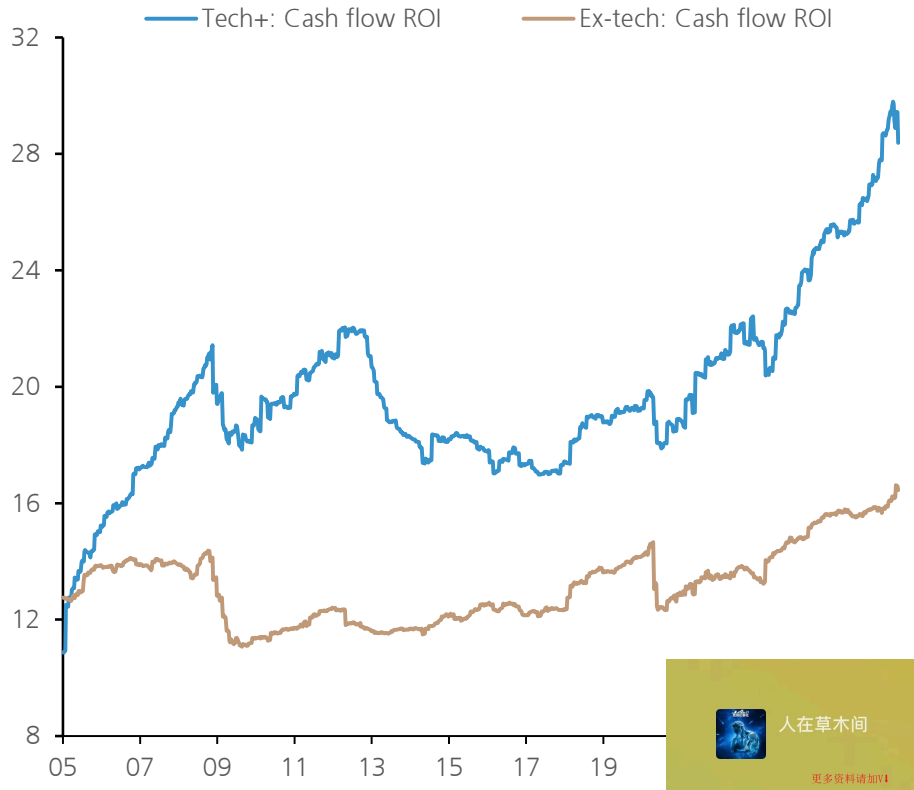
Source: Factset, HOLT, Bloomberg, UBS. Note: Cash flow ROI and Sales CAGR is avg of float and fundamental wtd.

Tech+ vs ex-Tech growth and profitability

Forward sales growth CAGRs for Tech+ vs ex-Tech



CFROI for Tech vs ex-Tech

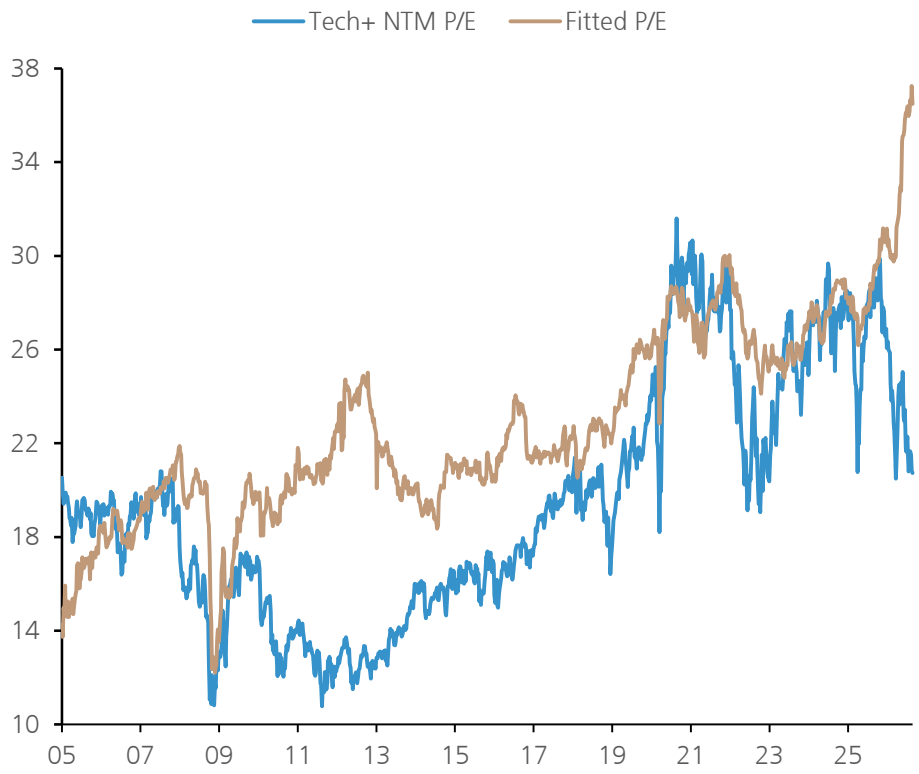


Source: FactSet, HOLT, Bloomberg, UBS. Note: Cash flow ROI and Sales CAGR are avg of float and fundamental wtd.

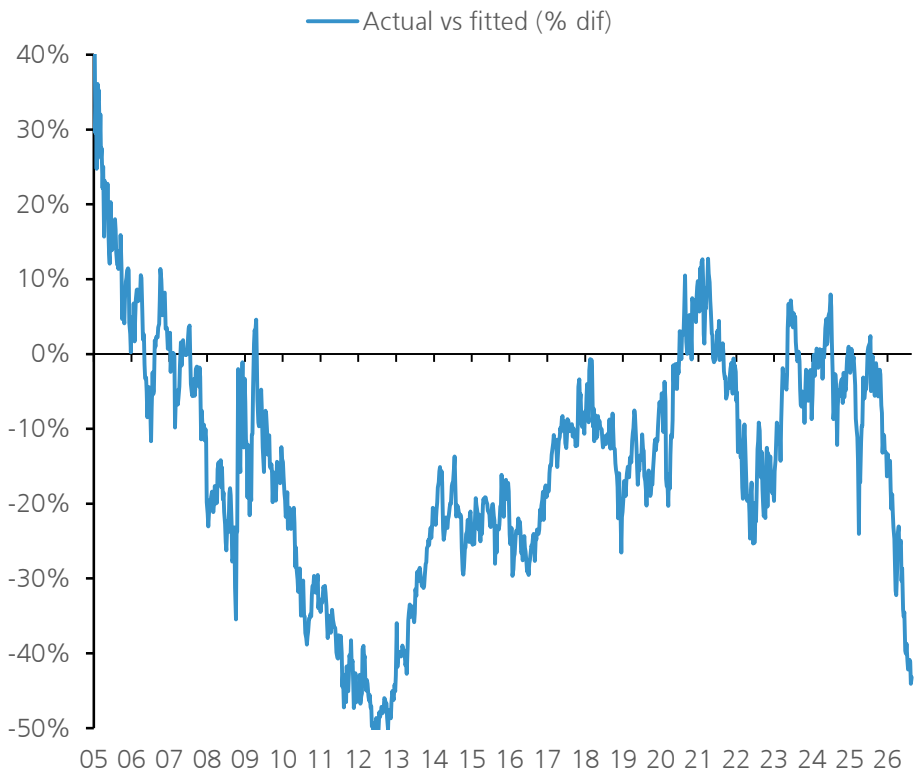
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Tech+ is cheap vs drivers

Tech+ NTM P/E vs model implied



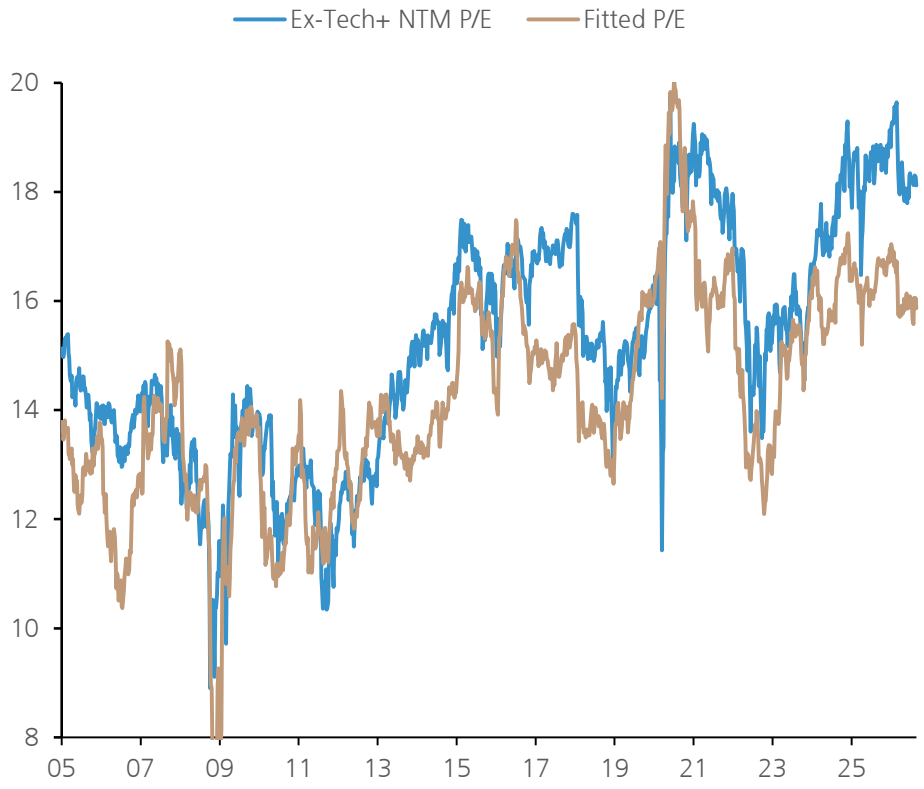
Tech+ NTM P/E % difference vs fitted



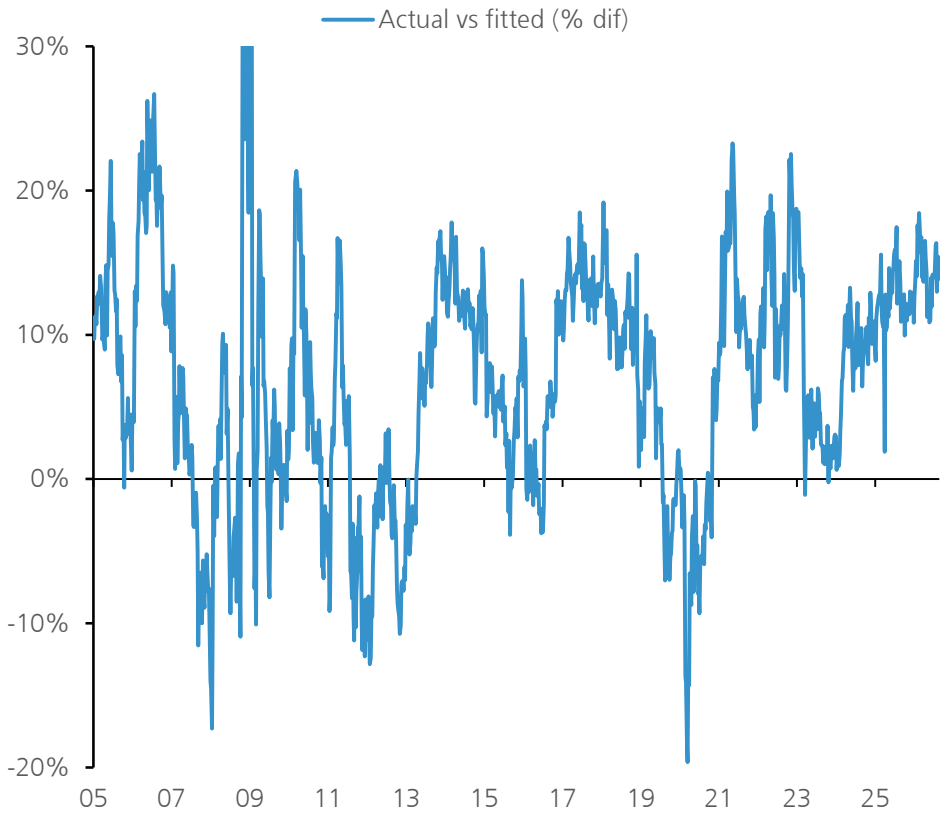
Source: FactSet, UBS

+ex-Tech is not cheap vs drivers

Ex-Tech+ NTM P/E vs model implied



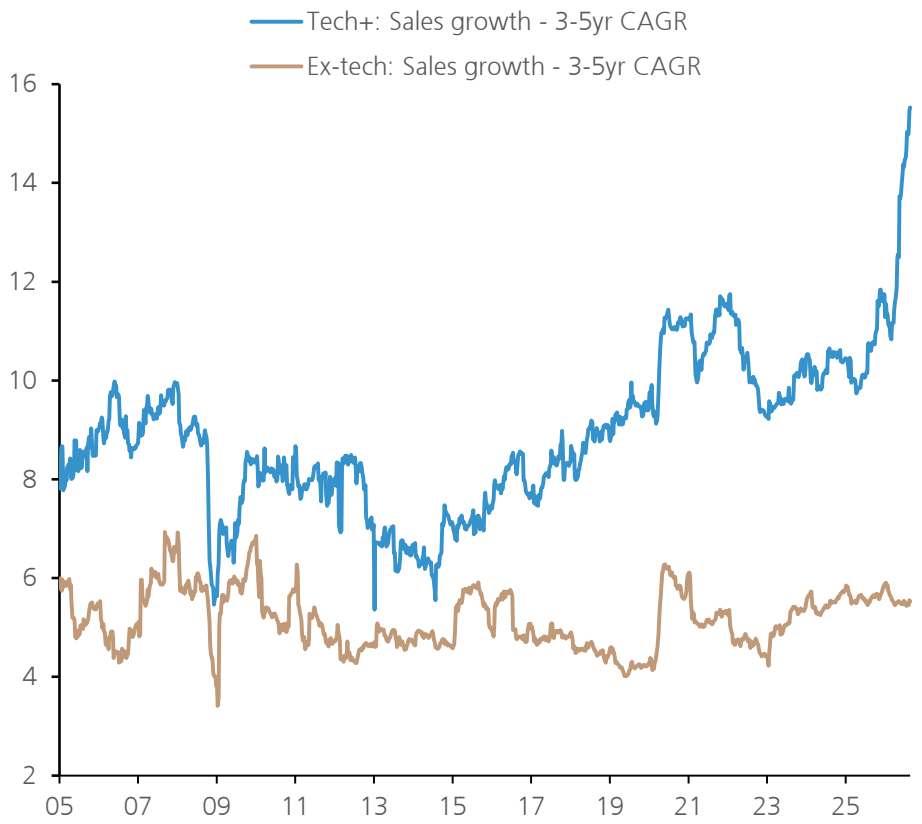
Ex-Tech NTM P/E % difference vs fitted



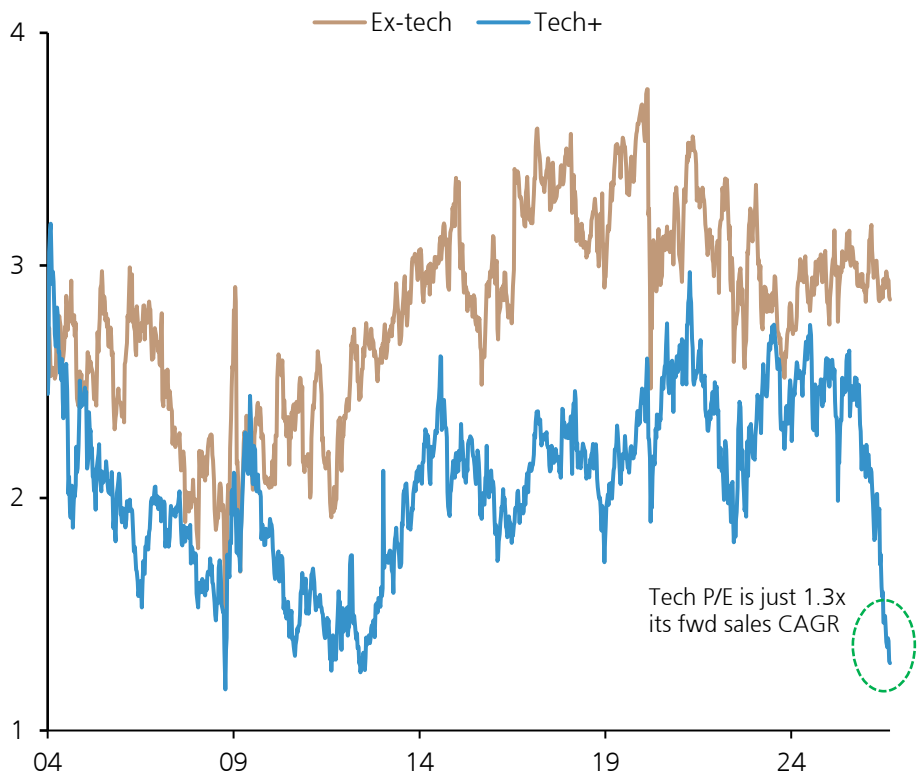
Source: FactSet, UBS

Tech+ cheap on PEG, ex-Tech is not

Forward sales CAGRs: Tech vs ex-Tech



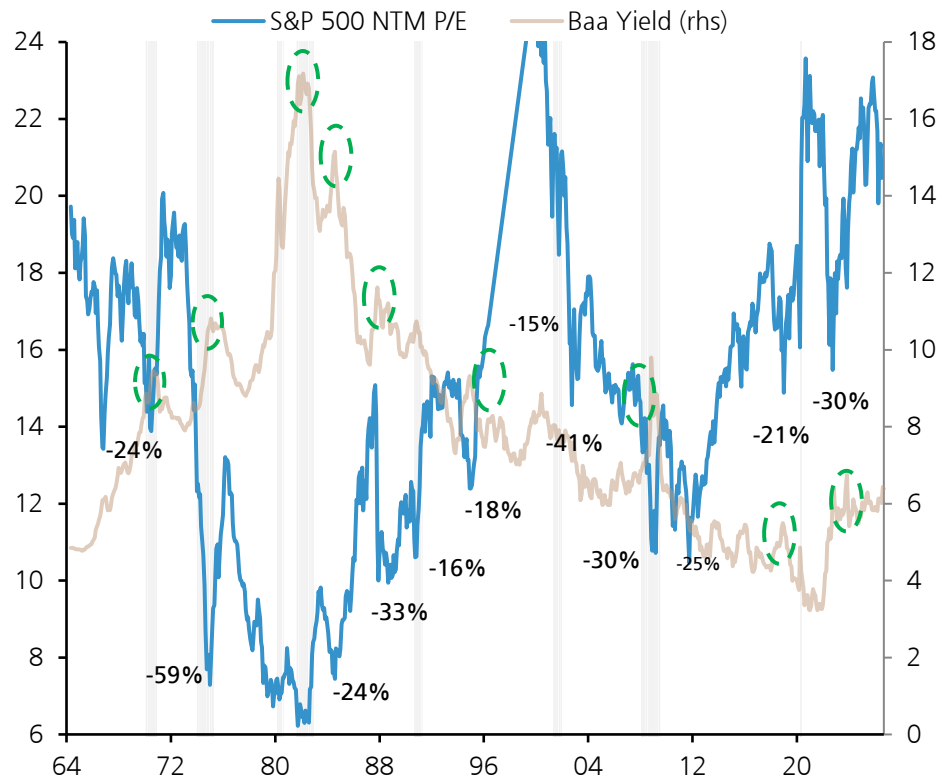
Tech+ P/E vs forward sales CAGRs



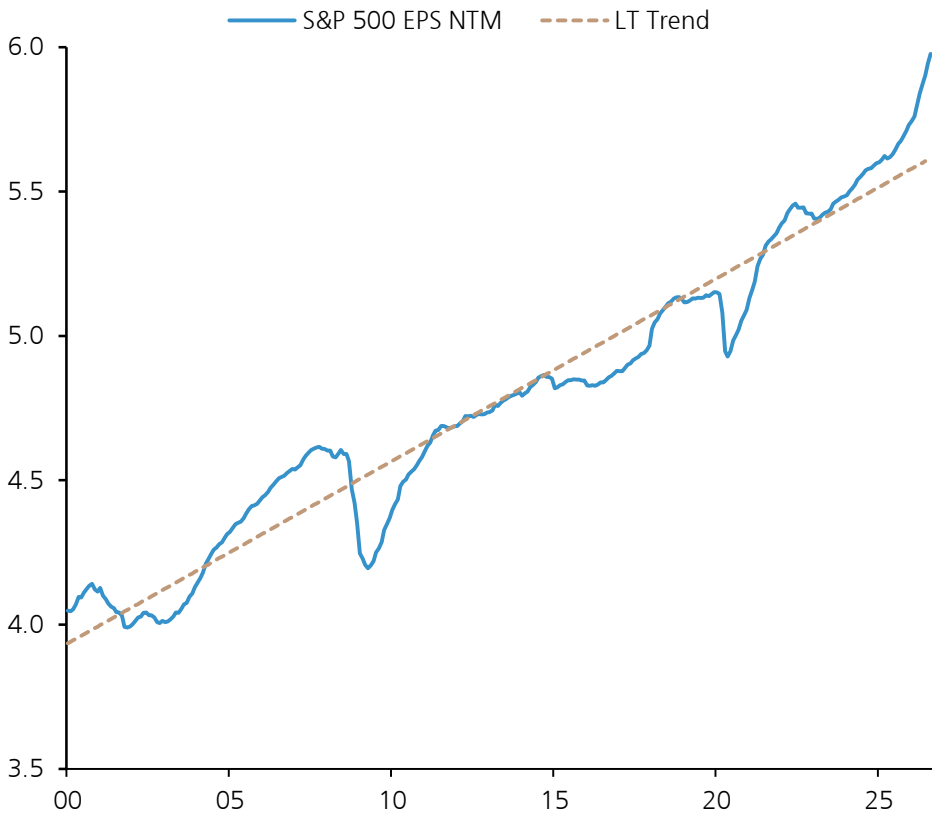
Source: Bloomberg, FactSet, FRB, Haver, UBS

Valuation de-ratings and earnings vs trend

SPX forward P/E historical de-ratings



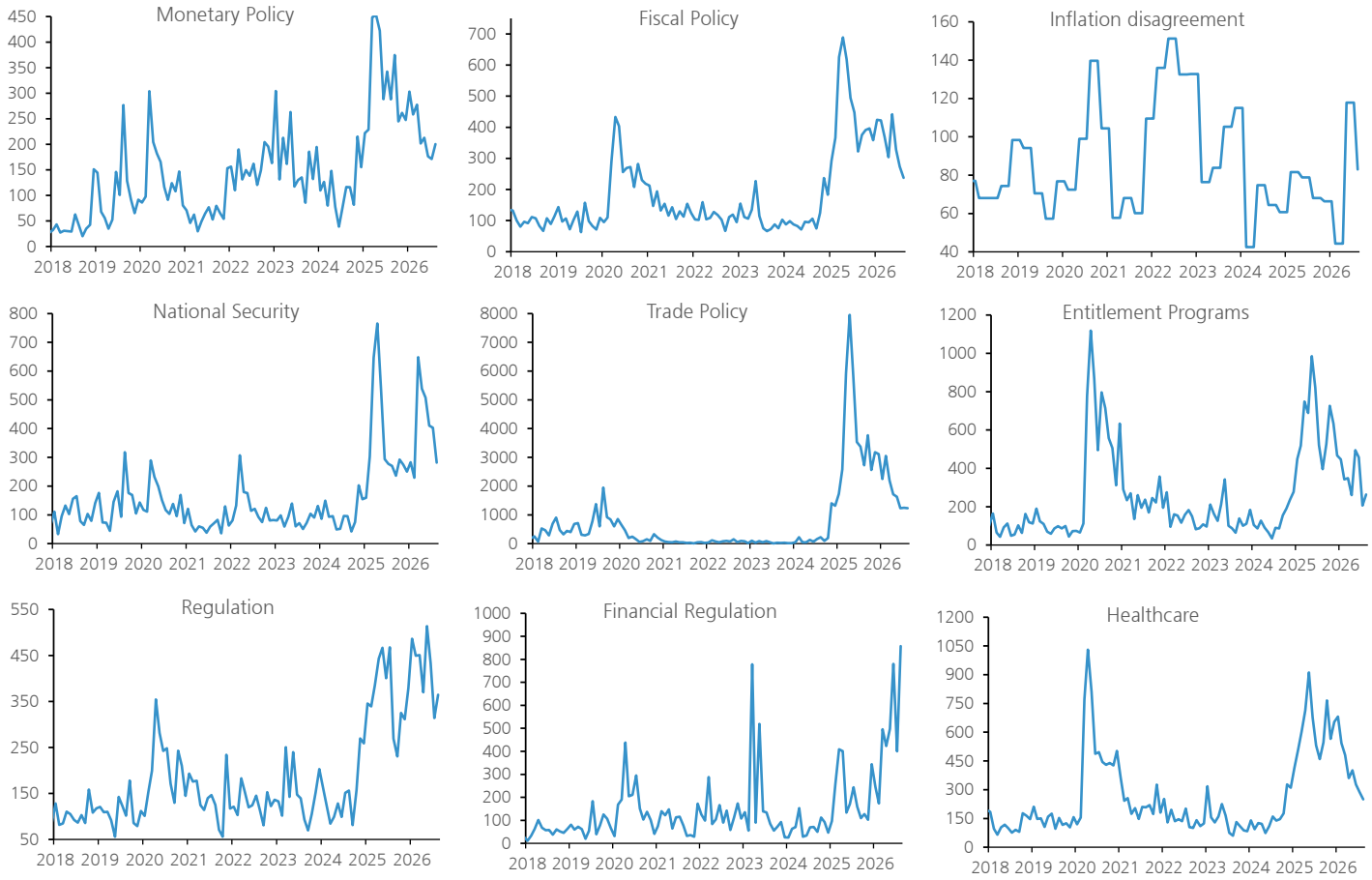
SPX earnings vs trend



Source: Bloomberg, FactSet, UBS. Note: EPS in log term

Policy uncertainty high across categories and impacts multiples

US economic policy uncertainty



Source: Haver, UBS

Valuation Method and Risk Statement

Investing in global equities poses currency, country, industry, and company-specific risks. Valuations can be impacted by company-specific factors, investor risk appetite, as well as changes in the macroeconomic landscape and financial market stability.
Risks of multi-asset investing include but are not limited to market risk, credit risk, interest rate risk, and foreign exchange risk. Correlations of returns among different asset classes may deviate from historical patterns. Geopolitical events and policy shocks pose risks that can reduce asset returns. Valuations may be adversely affected during times of high market volatility, thin liquidity, and economic dislocation. Valuation methods across sectors include DCF, SOTP and multiples analysis.
The HOLT methodology does not assign ratings or a target price to a security. It is an analytical tool that involves use of a set of proprietary quantitative algorithms and warranted value calculations, collectively called the HOLT valuation model, that are consistently applied to all the companies included in its database. The HOLT valuation model is a discounted cash flow model. Third-party data (including consensus earnings estimates) are systematically translated into a number of default variables and incorporated into the algorithms available in the HOLT valuation model. The source financial statement, pricing, and earnings data provided by outside data vendors are subject to quality control and may also be adjusted to more closely measure the underlying economics of firm performance. These adjustments provide consistency when analyzing a single company across time, or analyzing multiple companies across industries or national borders.
The default scenario that is produced by the HOLT valuation model establishes a warranted price that represents the expected mean value for a security based upon empirically derived fade algorithms that forecast a firm's future return on capital and growth rates over an extended period of time. As the third-party data are updated, the warranted price updates automatically. A company's future achieved return on capital or growth rate may differ from HOLT default forecast. Additional information about the HOLT methodology is available upon request.
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HOLT transferred to UBS on October 1, 2024 – renamed as UBS HOLT. The UBS HOLT Lens website and materials will be transitioning to UBS branding over time, with expected full redesign to UBS in time.