House View Daily

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31 August 2026, 09:10 UTC Chief Investment Office GWM Investment Research US-Venezuela deal: Big reserves, but no quick barrels UBS House View - Daily US Ulrike Hoffmann-Burchardi, Chief Investment Officer Americas and Global Head of Equities, UBS Financial Services Inc. (UBS FS) Mark Haefele, Global Wealth Management Chief Investment Officer, UBS Switzerland AG Giovanni Staunovo, Strategist, UBS Switzerland AG James Dobson, CFA, CIO Equity Strategist, US Energy & Utilities, UBS Financial Services Inc. (UBS FS) Alejo Czerwonko, Chief Investment Officer Emerging Markets, UBS Financial Services Inc. (UBS FS) Kurt Reiman, Head of Fixed Income, Americas, UBS Financial Services Inc. (UBS FS) Jon Gordon, Strategist, UBS AG Hong Kong Branch Andrew Dubinsky, US Economist, UBS Financial Services Inc. (UBS FS) Prefer to listen? The UBS House View Daily is now available in audio across multiple platforms. Today's edition will be available shortly. Listen on UBS , Spotify , or Apple Podcasts . From the studio Podcast: Signal over Noise: How to position for the physical AI era, on Apple and Spotify. (6 mins) Podcast: Jump Start | US data in focus, and Broadcom earnings (5 mins) Video: The AI Show | NVIDIA's guidance and our upgrade of China hardware (4 mins) Video: Deep Dive | Position in gold and broad commodities (5 mins) Thought of the day US President Donald Trump late last Friday announced a deal with Venezuela, giving US companies a major role in developing 17 of the country's oil fields containing more than 65 billion barrels of proven reserves. Venezuela's interim President Delcy Rodríguez later said the 25- year agreement targets production of more than 1.5 million barrels per day and would require more than USD 100 billion of private-sector investment. Facing political criticism, she also said it would preserve Venezuela's ownership and sovereignty over its natural resources. Trump later indicated that future Venezuelan output would be used to replenish the US Strategic Petroleum Reserve, now at a 44-year low. The practical mechanism for doing so is not yet clear, given differences in crude quality and storage requirements. The US-Venezuela agreement comes against a backdrop of elevated oil prices and continued disruption around the Strait of Hormuz. Brent crude prices rose more than 2% on Monday after US forces struck two Iranian launchers on Larak Island. Iran's Revolutionary Guards retaliated with an attack targeting US forces in Jordan. The US-Venezuela agreement is strategically significant, in our view. But it is also unlikely to materially alter the oil-market outlook in the near term, for several reasons: What to watch: 1 September • Japan's consumer confidence in August • Eurozone August inflation • US ISM manufacturing purchasing managers' index for August • US JOLTS job openings in July This report has been prepared by UBS Financial Services Inc. (UBS FS), UBS Switzerland AG, UBS AG Hong Kong Branch. Please see important disclaimers and disclosures at the end of the document. Page 1 of 7

Daily US Hormuz disruption remains the dominant driver. Despite the headlines around Venezuelan reserves, oil prices continue to respond primarily to developments in the Gulf, given the risks to supply and shipping through the Strait of Hormuz. Roughly one-fifth of global oil trade passed through the strait prior to the conflict, making any threat to those flows immediately relevant for prices. The US Treasury's new economic sanctions campaign, which has already targeted one bank and is expected to expand in the coming weeks, could further raise tensions. There is also a risk that stronger US economic pressure could prompt renewed Iranian retaliation against energy infrastructure and shipping in the Gulf. Venezuelan production gains will take years. Even under optimistic assumptions, Venezuela faces substantial operational challenges. The country currently produces roughly 1.12 million barrels per day despite holding the world's largest proven reserves, reflecting years of underinvestment, sanctions, infrastructure deterioration, and power shortages. Oil output has risen by only around 100,000-200,000 barrels per day since the start of the year, underscoring the difficulty of rebuilding capacity from a low base. A material increase would require large-scale investment, technical expertise, new transport infrastructure, and a stable operating environment. Taken together, these constraints suggest that the agreement will not materially affect the balance between crude oil supply and demand in 2026. The deal's legal and political durability is uncertain. No formal agreement, decree, or contract has yet been published, and questions remain over how the arrangement fits within Venezuelan law and how future governments in either country might view it. The deal could potentially be structured to avoid US congressional approval, which may become important if Democrats regain either chamber in the midterm elections in November. Regardless, legal challenges cannot be ruled out, and international energy companies will need confidence that the framework can survive political changes in both countries before committing significant capital. We think the level of private investment will be closely linked to the stability of the resulting legal and political framework. One key near-term barometer to watch will be how much investment this draws versus competing opportunities elsewhere in the Americas with lower political and execution risks. So, while the US-Venezuela announcement reinforces the longer-term potential of the country's energy sector, we anticipate little immediate impact on crude oil or US gasoline prices. The key price drivers remain the US-Iran conflict, shipping levels through the Strait of Hormuz, and the broader trajectory of global energy demand. We forecast the Brent crude price at around USD 85 per barrel in December 2026, with upside risks to this view in the near term if the US-Iran conflict were to re-escalate. We continue to see value in broad commodity exposure as both a potential source of returns and a portfolio diversifier during periods of geopolitical stress and inflation uncertainty. Within US equities, we maintain a Neutral view on the energy sector. After strong year-to-date performance linked to rising crude prices and strong refining margins, we expect the sector to perform more in line with the broader market. Within the sector, we favor selective exposure to oilfield services, which should benefit from rising international spending over the next several years. Page 2 of 7

Daily US Caught our attention Fed rate-hike risk rises. Federal Reserve Chair Kevin Warsh set a higher bar for US inflation progress in his Jackson Hole speech on Friday, saying policymakers must be confident that underlying inflation is moving toward the Fed's objective "clearly and at sufficient speed." He said the Fed's predominant focus should be on prices, citing healthy economic growth, a stable labor market, and few signs that financial conditions are restrictive. Rate futures raised the implied probability of a hike at the Fed's 15-16 September meeting to nearly 60%, from around 35-40% before the speech. The two-year US Treasury yield rose 12 basis points, the US dollar index strengthened, and gold fell. Upcoming employment and inflation data will provide the final major tests before the September decision. Our view: Recent inflation and employment trends still support a patient approach, despite the increased risk of a rate hike in September. Core personal consumption expenditure inflation was close to 0.2% month over month in June and July. Market-based inflation measures, which are closer to observable transaction prices than the broader core index, also point to less persistent price pressure. Upward price pressures in oil- and tariff-sensitive categories have eased, and supply-bottleneck measures have generally improved. Meanwhile, private payrolls fell in July and earlier hiring estimates were revised lower, reducing the urgency for tighter policy. Our base case remains that continued progress in underlying inflation will allow the Fed to leave rates unchanged this year. However, a sustained monthly core inflation rate closer to 0.3%, or broader second-round effects from earlier supply shocks, would increase the risk of further tightening. We continue to favor quality bonds with maturities of two to five years to lock in elevated yields. Japanese equities retain their appeal. The Nikkei 225 edged lower on the last day of August as US Treasury yields remained elevated and geopolitical tensions persisted. The index has declined by more than 8% since its all-time high in late June. However, Japanese equities remain among the best-performing developed equity markets this year, with a year-to-date gain of more than 31%. Our view: Strong earnings, monetary policy normalization, and structural growth trends should support further gains in Japanese equities, in our view. Excluding one-off factors, Japanese corporate profits rose by more than 30% year over year in the June quarter, and we expect earnings at Japanese companies to rise 12% in the year ending March 2027. Meanwhile, further interest rate hikes by the Bank of Japan should create a more favorable environment for banks and life insurers, and continued AI investments and the secular trend of electrification should benefit leading semiconductor equipment and component manufacturers, as well as industrial, and heavy machinery companies. We maintain our Attractive rating on Japanese equities and favor balanced exposure across AI, cyclical, and structural beneficiaries. Page 3 of 7

Daily US Market update Source: Bloomberg, Factset, UBS Page 4 of 7

Appendix Non-traditional asset classes are alternative investments that include hedge funds, private equity, private credit, real estate, and managed futures (collectively, alternative investments). Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. An investment in an alternative investment fund is speculative and involves significant risks. Specifically, these investments (1) are not mutual funds and are not subject to the same regulatory requirements as mutual funds; (2) may have performance that is volatile, and investors may lose all or a substantial amount of their investment; (3) may engage in leverage and other speculative investment practices that may increase the risk of investment loss; (4) are long - term, illiquid investments, there is generally no secondary market for the interests of a fund, and none is expected to develop; (5) inte rests of alternative investment funds typically will be illiquid and subject to restrictions on transfer; (6) may not be required to provide periodic pricing or valuation information to investors; (7) generally involve complex tax strategies and there may be delays in distributing tax information to investors; (8) are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits. Interests in alternative investment funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in an alternative investment fund and should consider an alternative investment fund as a supplement to an overall investment program. In addition to the risks that apply to alternative investments generally, the following are additional risks related to an investment in these strategies: • Hedge Fund Risk: There are risks specifically associated with investing in hedge funds, which may include risks associated with investing in short sales, options, small - cap stocks, “junk bonds,” derivatives, distressed securities, non - U.S. securities and illiquid investments. • Managed Futures: There are risks specifically associated with investing in managed futures programs. For example, not all managers focus on all strategies at all times, and managed futures strategies may have material directional elements. • Real Estate: There are risks specifically associated with investing in real estate products and real estate investment trusts. They involve risks associated with debt, adverse changes in general economic or local market conditions, changes in governmental, tax, real estate and zoning laws or regulations, risks associated with capital calls and, for some real estate products, the risks associated with the ability to qualify for favorable treatment under the federal tax laws. • Private Equity: There are risks specifically associated with investing in private equity. Capital calls can be made on short notice, and the failure to meet capital calls can result in significant adverse consequences including, but not limited to, a total loss of investment. • Private Credit: There are risks specifically associated with investing in private credit. This could include losses stemming from defaults on loans, which in significant adverse circumstances could result in a substantial loss of investment. • Foreign Exchange/Currency Risk: Investors in securities of issuers located outside of the United States should be aware that even for securities denominated in U.S. dollars, changes in the exchange rate between the U.S. dollar and the issuer's "home" currency can have unexpected effects on the market value and liquidity of those securities. Those securities may also be affected by other risks (such as political, economic or regulatory changes) that may not be readily known to a U.S. investor. Page 5 of 7
