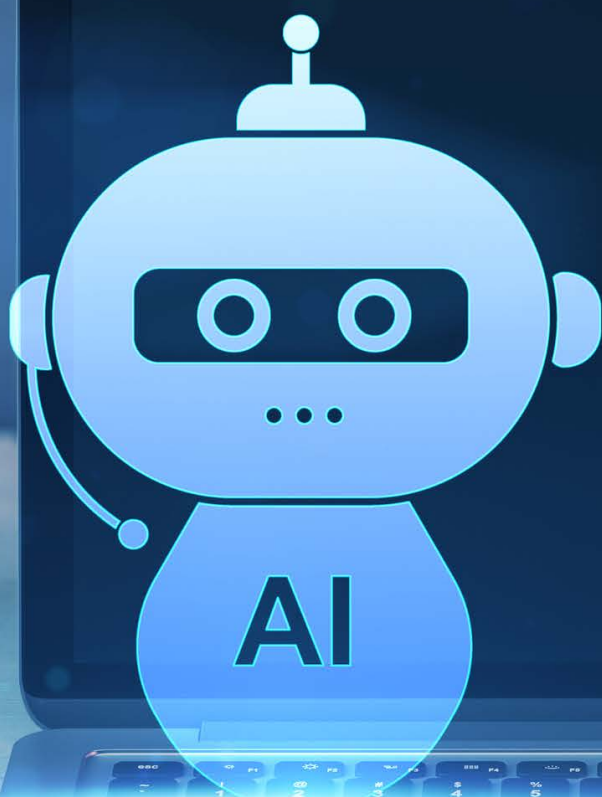


Global Matters Viewpoint

Market review & outlook
November 2025

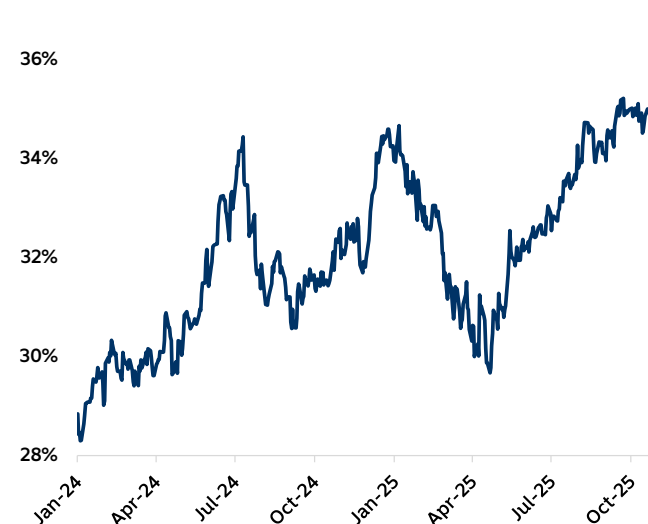


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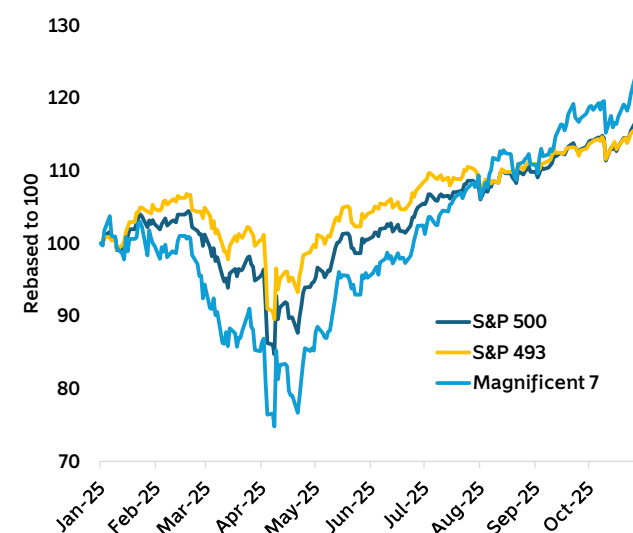
Global market review & outlook

The unbroken run of equity market gains since April's Liberation Day sell-off continued into October, driven again by AI stocks. The MSCI World index returned 2.0% in the month, with the S&P 500 +2.3% and the Magnificent 7 (Mag 7) megacap tech stocks +5.2%. By the end of October, the market capitalisation of the Mag 7 represented 36% of the S&P 500 (and 24% of the MSCI World index), compared with 32% a year ago. Markets outside the US also produced solid gains, with Japan's Topix index +6.2%, and the UK +4.2%, both in local currency terms. A continuing recovery in the USD from its mid-year lows, up 1.9% on a trade weighted basis in October, reduced returns in USD terms. Currency moves made the biggest contribution to returns in bonds, with the JPMorgan Global Government bond index -0.5%, masking falls in bond yields and a positive return on US Treasuries of +0.6%.

Market cap of Mag 7 as % of S&P 500



US megacap tech stocks drive markets post Liberation Day



Source: Bloomberg Finance L.P., as at 5 November 2025. S&P 493 index is S&P 500 less Mag 7.

Further signs of cooling in the US labour market, along with softer than expected inflation data, enabled the Fed to deliver its widely anticipated 25bps cut in interest rates, taking the Fed Funds rate to 3.75-4.0%, in turn underpinning a fall in bond yields. The Fed also announced an end to its balance sheet run-off (quantitative tightening) from 1 December, which will further ease financial conditions and liquidity. The 10-Y US Treasury yield fell to 4.1% at the end of October, some 50bps lower than its level in mid May, and close to the early April low when markets were building in expectations of a tariff-induced recession. However, there was a somewhat cautionary note from Chair Powell, who noted that a December rate cut is 'far from a foregone conclusion', leading to markets dialling back their expectations.

Also supporting markets was a US-China trade deal, extending their trade truce for a year, rolling back restrictions on rare earth exports from China, semi-conductor exports from the US, and retaliatory tariffs on both sides. While by no means a long term strategic breakthrough, and leaving US tariffs on Chinese imports at an average 47%, the deal nonetheless represents a major de-escalation of the trade war.

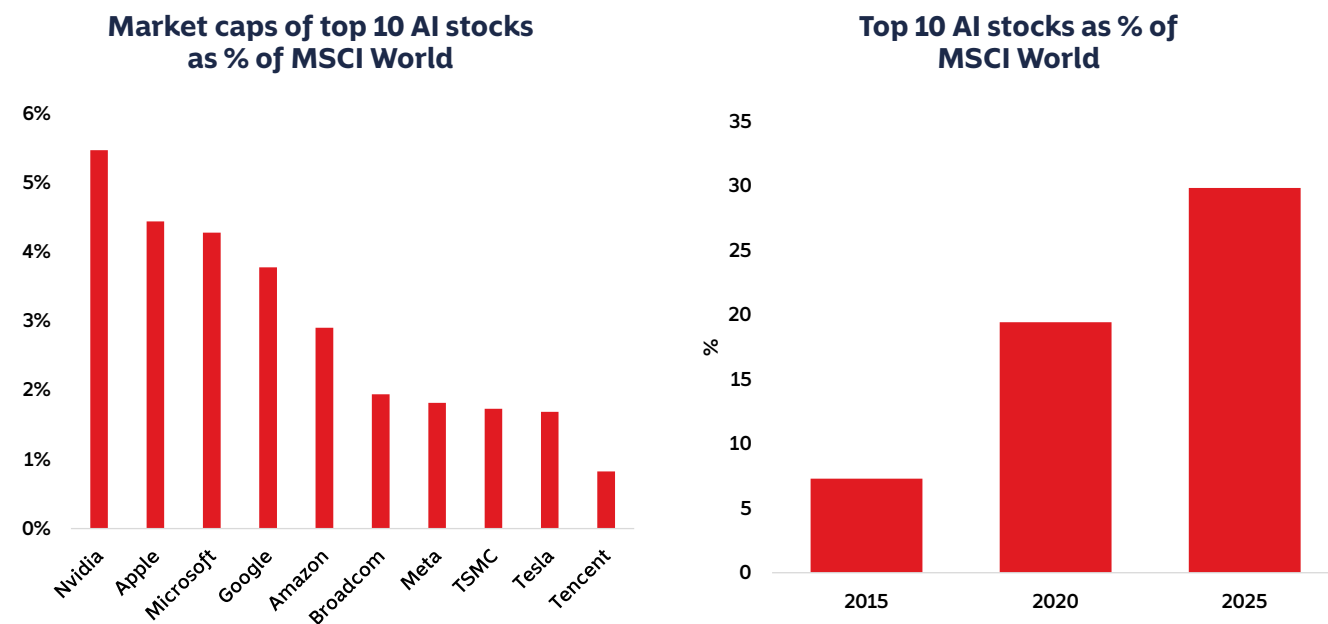
China's economy continues to struggle, as a result of the damage to US exports from tariffs, continuing headwinds from its over-indebted property development industry and soft consumer demand. China is in deflationary territory, with the CPI -0.3% yoy and PPI -2.3% yoy in September. The stock market gave up some of its previous strength, with a fall of 3.8% in the MSCI China index in October, led by falls in some of its big tech stocks which had driven earlier gains in the market.

In contrast, Japanese equities had a very strong month, boosted by the election of new Prime Minister Takaichi who is seen as a fiscal and monetary dove and is expected to stimulate the economy. The Topix index gain in October took it to over 14% in the last 3 months, by far the best performer of the major markets. The yen, however, had a sharp fall, -3.9% in the month, taking it close to its lowest level of the year vs the USD, while against the euro the yen was at its lowest for 35 years.

The UK market was lifted by prospects for further interest rate cuts following a downside surprise to inflation, albeit still a high 3.8% in September; evidence of a weakening labour market, with unemployment rising to 4.8%, the highest since the pandemic driven spike; and a sluggish economy with growth essentially flat in recent months, all of which helped to push UK gilt yields significantly lower, the 10-Y gilt yield down by 30bps to 4.4% in the month. The equity market responded with a gain of over 4% in the broad index, although the gains were primarily in the financials and big international stocks; the more domestically biased mid-cap index managed a gain of less than 1%.

The most significant developments in the month, however, came in the broad AI infrastructure ecosystem, that has dominated markets for much of the past 2 years. Megacap tech companies in the US drove index returns as the Q3 earnings season highlighted strong profitability and the durability of AI investment and cloud computing demand. Microsoft, Amazon and Alphabet all reported strong results on the back of cloud services growth, while Apple was boosted by unexpectedly good iPhone sales. On top of that was a string of huge deals, involving multi-billion dollar bi-lateral investments and partnerships among the major players in the AI boom including Nvidia, Microsoft, OpenAI, AMD, Broadcom, Samsung and SK Hynix, illustrating the durability of the capex spending boom underway. Results announced by Microsoft, Alphabet, Amazon and Meta showed aggregate capex in Q3 up almost 70% yoy to \$97bn, with firm commitments to continue at pace. During October Nvidia became the world's first \$5tn market cap company, having crossed the \$1tn mark in June 2023, while Microsoft and Apple reached \$4tn.

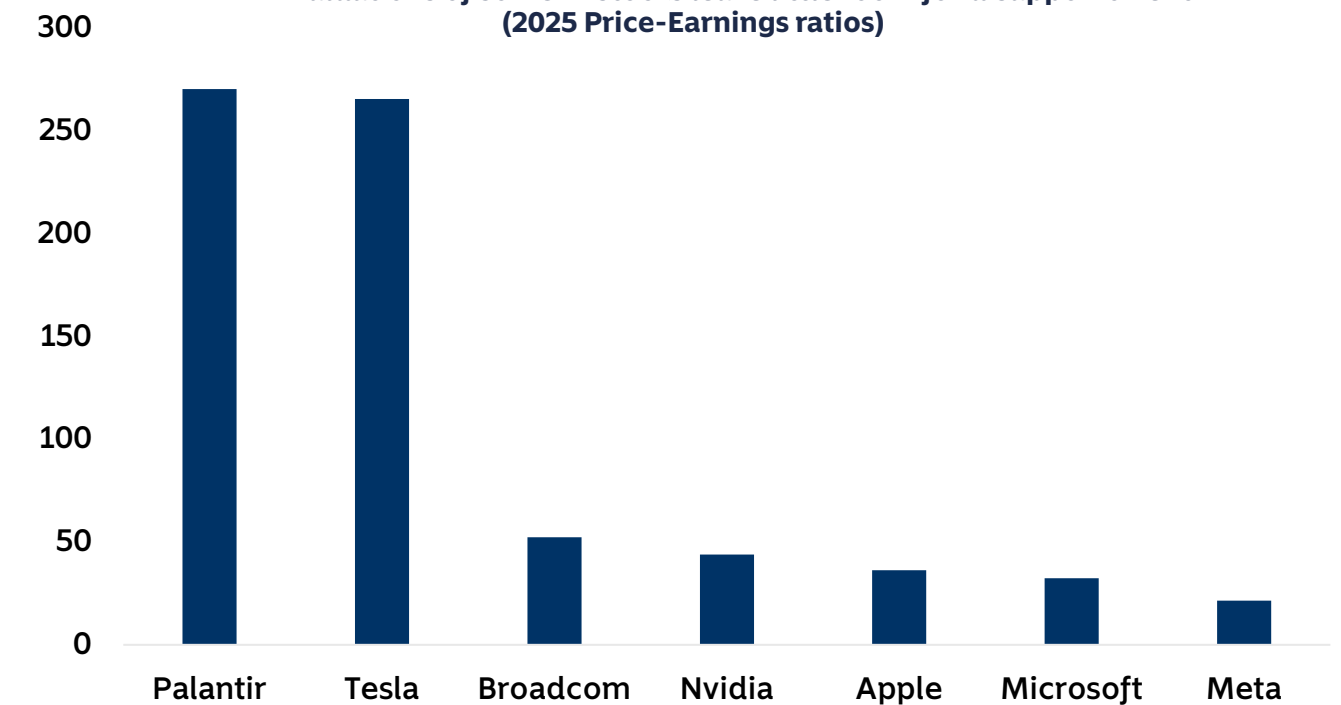
Market caps of AI stocks soar



Source: Bloomberg Finance L.P., as at 5 November 2025.

The concentration of S&P 500 and MSCI World indices in a handful of stocks is at levels rarely seen. The sheer size and dominance of these companies, along with valuations which have risen significantly in the past 6 months as earnings have not kept pace with share price moves, and doubts about the increasing circularity of deals in the AI ecosystem and returns on the huge capex underway, are giving rise to worries that the boom is extending into a bubble. While we do not believe we are in bubble territory, the risks of disappointment have risen, as was evident in the Meta Q3 results, which were good but raised investor concerns about their capex programme and led to an immediate drop of 12% in the share price.

Valuations of some AI stocks leave little room for disappointment (2025 Price-Earnings ratios)



Source: Bloomberg Finance L.P., as at 5 November 2025.

The AI driven investment spending boom along with cuts in interest rates, taxes and regulations should ensure continuing growth in the US. But there remains uncertainty about when and where the costs of tariffs will ultimately fall, and their impact on growth and inflation, as well as questions about the ultimate returns on capital from the huge AI investment spending underway. Rumbling concerns about the risks in the \$3tn private credit market and debt sustainability in several major economies are hurdles which add to the uncertainty. This all comes when valuations of equity markets have risen significantly after the strong rally since April, in some cases to levels which leave little room for disappointment and require continuing strong earnings growth to be justified. Furthermore, the Fed's anticipated rate cuts are largely discounted in markets, leaving some risk of negative surprises. A period of consolidation is overdue, and a degree of caution is called for shorter term. But the foundations are firm enough for us to remain constructive about markets in the medium term, and to seek opportunities to add to risk, albeit with a degree of patience in the short term.

“

Valuations now leave little room for disappointment, making a period of consolidation overdue and calling for a degree of short-term caution – even as the medium-term foundations remain firm

Market performance - Global as at 31 October 2025 (local currency terms)

Asset Class / Region	Index	Ccy	1 month	3 months	YTD	12 months
Developed Markets Equities						
United States	S&P 500 NR	USD	2.3%	8.1%	17.2%	21.0%
United Kingdom	MSCI UK NR	GBP	4.2%	7.5%	22.4%	24.0%
Continental Europe	MSCI Europe ex UK NR	EUR	2.3%	5.3%	15.3%	15.0%
Japan	Topix TR	JPY	6.2%	14.3%	22.4%*	26.7%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	3.7%	11.3%	29.8%	25.4%
Global	MSCI World NR	USD	2.0%	8.0%	19.8%	22.0%
Emerging Markets Equities						
Emerging Europe	MSCI EM Europe NR	USD	1.1%	3.4%	44.9%	47.8%
Emerging Asia	MSCI EM Asia NR	USD	4.9%	13.6%	32.6%	28.0%
Emerging Latin America	MSCI EM Latin America NR	USD	0.9%	16.4%	44.4%	28.1%
BRICs	MSCI BRIC NR	USD	-1.0%	8.2%	23.6%	19.2%
China	MSCI China NR	USD	-3.8%	10.8%	36.2%	33.7%
Global emerging markets	MSCI Emerging Markets NR	USD	4.2%	13.1%	32.9%	27.9%
Bonds						
US Treasuries	JP Morgan United States Government Bond TR	USD	0.6%	2.6%	5.9%	5.1%
US Treasuries (inflation protected)	BBgBarc US Government Inflation Linked TR	USD	0.4%	2.4%	7.2%	6.0%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	0.4%	2.9%	7.3%	6.6%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	0.2%	2.2%	7.4%	8.2%
UK Gilts	JP Morgan UK Government Bond TR	GBP	2.8%	2.5%	4.6%	3.8%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	2.0%	2.4%	6.2%	7.3%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	0.9%	0.9%	1.3%	2.1%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	0.7%	1.1%	3.5%	4.7%
Euro High Yield	BBgBarc European HY 3% Constrained TR	EUR	0.1%	0.8%	4.7%	6.0%
Japanese Government	JP Morgan Japan Government Bond TR	JPY	0.2%	-0.2%	-4.0%	-4.7%
Australian Government	JP Morgan Australia GBI TR	AUD	0.4%	0.7%	4.3%	5.9%
Global Government Bonds	JP Morgan Global GBI	USD	-0.5%	1.5%	6.6%	4.2%
Global Bonds	ICE BofAML Global Broad Market	USD	-0.3%	2.0%	7.8%	5.7%
Global Convertible Bonds	ICE BofAML Global Convertibles	USD	2.6%	10.0%	24.3%	25.8%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	1.7%	4.1%	11.5%	12.0%

Asset Class / Region	Index	Ccy	1 month	3 months	YTD	12 months
Property						
US Property Securities	MSCI US REIT NR	USD	-1.6%	3.7%	2.1%	-1.6%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	0.6%	1.3%	9.1%	4.0%
Global Property Securities	S&P Global Property USD TR	USD	-1.4%	3.9%	10.1%	5.6%
Currencies						
Euro		USD	-1.7%	1.1%	11.4%	6.0%
UK Pound Sterling		USD	-2.2%	-0.4%	5.1%	2.0%
Japanese Yen		USD	-3.9%	-2.1%	2.1%	-1.3%
Australian Dollar		USD	-1.0%	1.9%	5.8%	-0.6%
South African Rand		USD	-0.4%	5.1%	8.7%	1.6%
Commodities & Alternatives						
Commodities	RICI TR	USD	1.6%	2.2%	5.9%	8.0%
Agricultural Commodities	RICI Agriculture TR	USD	0.7%	0.4%	-4.3%	-3.5%
Oil	Brent Crude Oil	USD	-2.9%	-10.3%	-12.8%	-11.1%
Gold	Gold Spot	USD	3.7%	21.7%	52.5%	45.9%
Interest Rates						
Current Rate						
United States		4.00%				
United Kingdom		4.00%				
Eurozone		2.15%				
Japan		0.50%				
Australia		3.60%				
South Africa		7.00%				

Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns.
*estimated figures.

Market performance - UK as at 31 October 2025 (all returns GBP)

Asset Class / Region	Index	Local Ccy	1 month	3 months	YTD	12 months
Equities						
UK - All Cap	MSCI UK NR	GBP	4.2%	7.5%	22.4%	24.0%
UK - Large Cap	MSCI UK Large Cap NR	GBP	4.5%	7.8%	24.1%	25.3%
UK - Mid Cap	MSCI UK Mid Cap NR	GBP	2.1%	4.6%	10.2%	12.5%
UK - Small Cap	MSCI Small Cap NR	GBP	1.0%	2.2%	13.5%	13.9%
United States	S&P 500 NR	USD	4.9%	8.9%	11.7%	18.5%
Continental Europe	MSCI Europe ex UK NR	EUR	2.8%	6.9%	22.4%	19.4%
Japan	Topix TR	JPY	4.3%	12.5%	19.3%*	22.5%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	6.3%	12.1%	23.7%	22.8%
Global developed markets	MSCI World NR	USD	4.5%	8.8%	14.2%	19.5%
Global emerging markets	MSCI Emerging Markets NR	USD	6.8%	13.8%	26.7%	25.3%
Bonds						
Gilts - All	ICE BofAML UK Gilt TR	GBP	2.9%	2.4%	4.6%	3.8%
Gilts - Under 5 years	ICE BofAML UK Gilt TR 0-5 years	GBP	0.8%	1.2%	4.6%	5.3%
Gilts - 5 to 15 years	ICE BofAML UK Gilt TR 5-15 years	GBP	2.5%	2.2%	5.6%	5.3%
Gilts - Over 15 years	ICE BofAML UK Gilt TR 15+ years	GBP	5.4%	4.1%	3.4%	0.4%
Index Linked Gilts - All	ICE BofAML UK Gilt Inflation-Linked TR	GBP	3.7%	2.7%	1.6%	-2.5%
Index Linked Gilts - 5 to 15 years	ICE BofAML UK Gilt Inflation-Linked TR 5-15 years	GBP	1.6%	0.9%	2.1%	0.5%
Index Linked Gilts - Over 15 years	ICE BofAML UK Gilt Inflation-Linked TR 15+ years	GBP	7.1%	5.2%	0.3%	-7.2%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	2.0%	2.4%	6.2%	7.3%
US Treasuries	JP Morgan US Government Bond TR	USD	3.1%	3.3%	1.0%	2.9%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	2.9%	3.7%	2.3%	4.3%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	0.2%	2.2%	7.4%	8.2%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	0.9%	0.9%	1.3%	2.1%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	0.7%	1.1%	3.5%	4.7%
Euro High Yield	BBgBarc European High Yield 3% Constrained TR	EUR	0.1%	0.8%	4.7%	6.0%
Global Government Bonds	JP Morgan Global GBI	GBP	2.0%	2.2%	1.6%	2.0%
Global Bonds	ICE BofAML Global Broad Market	GBP	-0.3%	2.0%	7.8%	5.7%
Global Convertible Bonds	ICE BofAML Global Convertibles	GBP	2.6%	10.0%	24.3%	25.8%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	GBP	4.3%	4.8%	6.3%	9.6%

Asset Class / Region	Index	Local Ccy	1 month	3 months	YTD	12 months
Property						
Global Property Securities	S&P Global Property TR	GBP	1.1%	4.6%	5.0%	3.4%
Currencies						
Euro		GBP	0.5%	1.5%	6.0%	4.0%
US Dollar		GBP	2.2%	0.4%	-4.8%	-1.9%
Japanese Yen		GBP	-1.8%	-1.7%	-2.9%	-3.2%
Commodities & Alternatives						
Commodities	Rogers International Commodity (RICI) TR	GBP	4.1%	2.9%	0.9%	5.8%
Agricultural Commodities	Rogers International Commodity (RICI) Agriculture TR	GBP	3.2%	1.0%	-8.8%	-5.5%
Oil	Brent Crude Oil	GBP	-0.5%	-9.7%	-16.9%	-12.9%
Gold	Gold Spot	GBP	6.3%	22.5%	45.4%	42.9%
Interest Rates						
Current Rate						
United Kingdom			4.00%			

Source: Bloomberg Finance L.P., Momentum Global Investment Management. Past performance is not indicative of future returns.
*estimated figures.

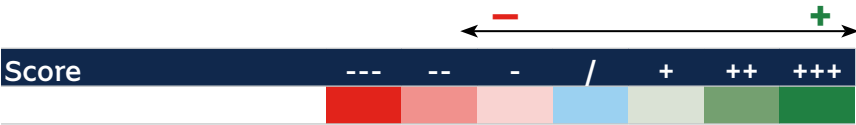
Asset allocation views

Score	Change	---	--	-	/	+	++	+++
MAIN ASSET CLASSES	▲/▼/—							
Equities	—							
Fixed Income	—							
Alternatives	—							
Cash	—							

Score	Change	---	--	-	/	+	++	+++
EQUITIES	▲/▼/—							
Developed Equities	—							
UK Equities	—							
European Equities	▲							
US Equities	—							
Japanese Equities	▼							
Emerging Market Equities	—							

Score	Change	---	--	-	/	+	++	+++
FIXED INCOME	▲/▼/—							
Government	▲							
Index-Linked	▲							
Investment Grade Corporate	—							
High Yield Corporate	—							
Emerging Market Debt	▲							

The asset allocation views are updated at the end of each quarter unless otherwise stated.



Score	Change	---	--	-	/	+	++	+++
SPECIALIST ASSETS/ALTERNATIVES	▲/▼/—							
Global Listed Property	—							
Global Listed Infrastructure	—							
Specialist Assets	—							
Liquid Alternatives	—							
Gold	—							

Score	Change	---	--	-	/	+	++	+++
CURRENCIES vs. USD	▲/▼/—							
GBP	—							
EUR	—							
JPY	—							



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Important Notes

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