Market Commentary

November 2025

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SNAPSHOT

- Global markets advanced, with most major equity indices gaining despite rising volatility.
- AI rally pushed US indices to records despite mixed mega-cap earnings.
- Fed cut rates by 0.25%, citing labour market fragility while signalling caution about further easing.

All percentages below are monthly returns for October 2025

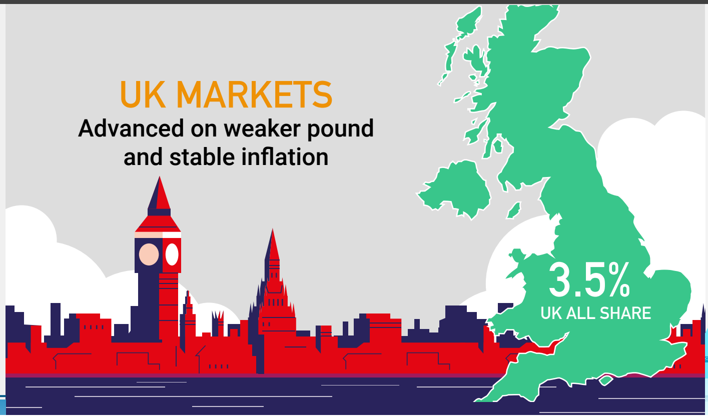
EQUITIES

US MARKETS

Record highs driven by AI euphoria

2.3%

US 500



UK MARKETS

Advanced on weaker pound and stable inflation

3.5%

UK ALL SHARE

EMERGING MARKETS

China slowdown tempered overall optimism

4.1%

EM

BOND MARKETS

BONDS

Yields dropped on Fed rate cuts

UK GILTS	2.7%
US TREASURIES	0.6%
GLOBAL CORPORATE BONDS	2.3%
GLOBAL HIGH YIELD BONDS	3.0%

*Values represent bond index returns

CURRENCIES

CURRENCIES

Sterling declined on weak data, rate-cut bets

Pound vs Other Currencies

GBP vs USD	GBP vs JPY	GBP vs EUR	GBP vs CNY
-2.3%	1.9%	-0.4%	-2.3%

KEY INDICATORS

GOLD – XAU/USD	OIL – BRENT CRUDE	COMMODITIES	INFLATION – UK CPI (YOY)
3.5%	-2.9%	3.8%	3.8%

DISCLAIMER – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.

GLOBAL MARKETS

Global equities surged, hitting records in the US and Europe, fuelled by AI enthusiasm and central bank easing expectations despite persistent US-China trade tensions and political instability.

US MARKETS

Continued to scale new highs

US indices achieved consistent record highs throughout October, largely supported by extreme enthusiasm for Artificial Intelligence (AI) stocks, epitomised by Nvidia's soaring market valuation. The Federal Reserve delivered a widely expected 0.25% rate cut, its second this year, responding to signs of a weakening labour market and softer inflation data. The government shutdown delayed crucial data releases, including CPI, which finally showed inflation easing below estimates. Sentiment remained mixed following late-month corporate earnings, especially concerning Meta and Microsoft's AI spending.

2.3%

US 500

UK MARKETS

Moved higher despite budget uncertainty

The FTSE 100 reached new record highs, gaining over 3% in four weeks. This performance contrasted sharply with deteriorating domestic fundamentals, including UK private sector activity stalling in September (Composite PMI 50.1) and unemployment rising to 4.8%. September CPI held steady at 3.8%, easing core inflation slightly, which reinforced expectations for the Bank of England to continue cutting rates, if slowly. Political uncertainty over the upcoming November budget also weighed on the pound and domestic assets.

3.5%

UK All Share

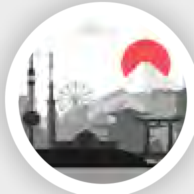
EUROPEAN MARKETS

Improved economic climate aided markets

Eurozone activity strengthened markedly in October (Composite PMI 52.2), marking the fastest expansion since May 2024, led by Germany's strongest growth in two years. French political instability persisted following the Prime Minister's resignation, though market stress eased after pension reform was postponed and key budget items were passed by the French senate. The ECB held rates steady in late October, anticipating stability in inflation, while markets priced in cuts only by mid-2026. Eurozone Q3 GDP growth surprised to the upside (+0.2%).

2.3%

Euro 600 Index ex UK



JAPAN MARKETS

New prime minister announcement pushed markets higher

Japan's equities hit record highs on optimism over Prime Minister Takaichi's upcoming fiscal stimulus and strong tech earnings. The Bank of Japan held rates but signalled a potential future hike, while the yen weakened against the dollar amid the gradual tightening expectations. Inflation stayed above target, with Tokyo Core CPI at 2.8% year-on-year, while retail sales recovered. Despite tighter monetary policy, fiscal optimism continued to draw global investors to Japanese stocks.

6.2%

Japan Index

THE WORLD AT A GLANCE

	2020	2021	2022	2023	2024	Oct 2025	Year to date
UK CASH	0.2	0.0	1.4	4.7	5.2	0.3	3.6
US DOLLAR INDEX	-6.7	6.4	8.2	-2.1	7.1	2.1	-8.0
UK GILTS	8.3	-5.2	-23.8	3.7	-3.3	2.7	4.7
US TREASURIES	8.0	-2.3	-12.5	4.1	0.6	0.6	6.0
GLOBAL CORPORATE BONDS	7.1	-1.9	-6.8	4.0	2.8	2.3	4.1
GLOBAL HIGH YIELD BONDS	3.8	2.0	-2.3	8.2	11.0	3.0	5.0
US 500	16.3	26.9	-19.4	24.2	23.3	2.3	16.3
UK ALL SHARE INDEX	-12.5	14.5	-3.2	3.8	5.6	3.5	17.3
EURO 600 INDEX EX UK	1.0	22.5	-15.0	14.9	4.5	2.3	13.1
JAPAN INDEX	4.8	10.4	-5.1	25.1	17.7	6.2	19.6
ASIA EX JAPAN	22.4	-3.1	-15.4	6.4	16.2	4.9	30.9
EMERGING MARKETS	15.8	-4.6	-22.4	7.0	5.1	4.1	30.3
COMMODITIES	-26.1	41.6	41.9	-9.7	11.2	3.8	2.5
GOLD	20.9	-4.3	-0.7	12.8	26.6	3.5	49.9
HEDGE FUNDS	6.8	3.7	-4.4	3.1	5.3	0.7	6.4

Source: Bloomberg

Total Return – Local Currency

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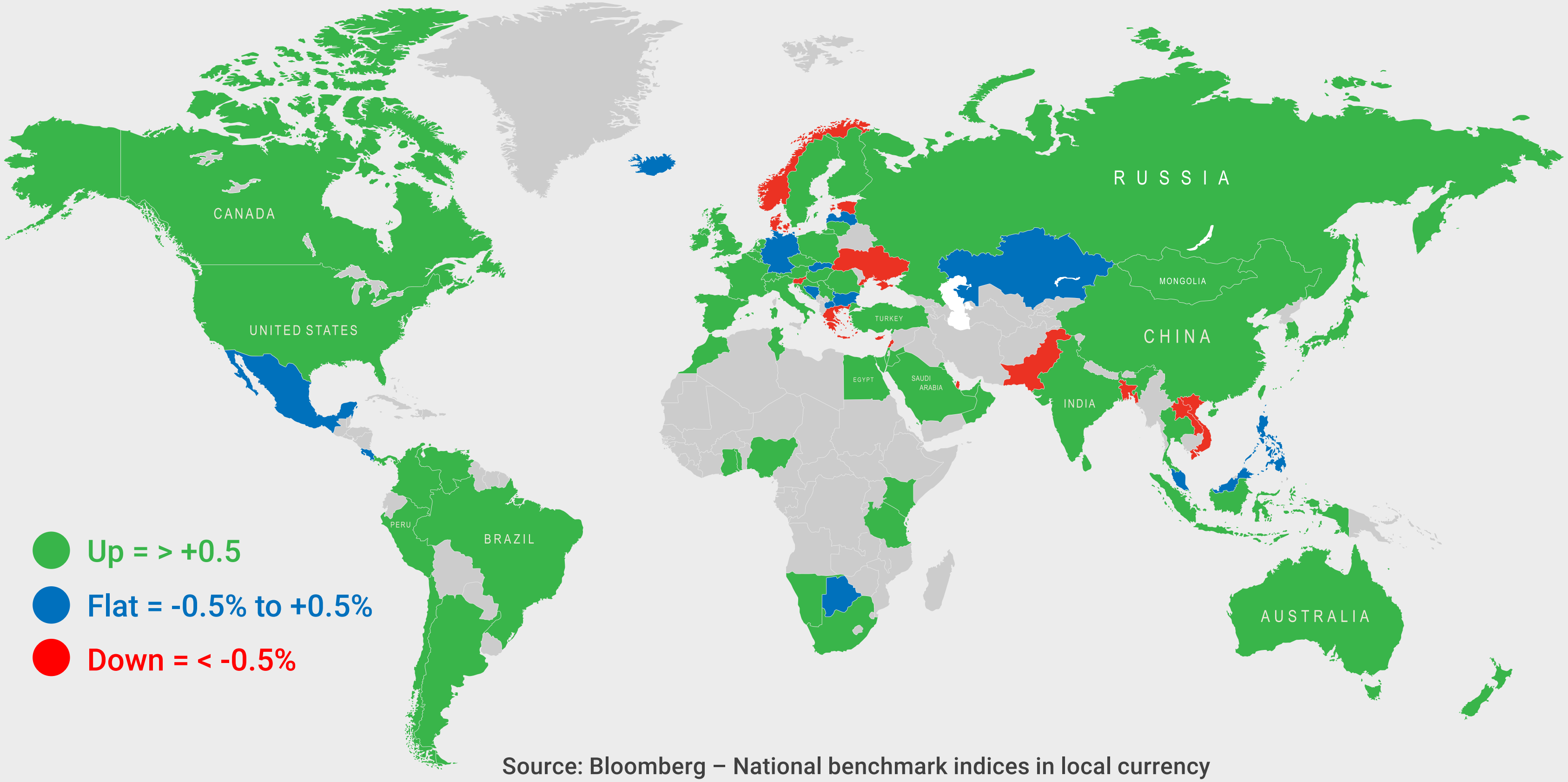
WORLD EQUITY MARKETS



Source: Bloomberg – National benchmark indices in local currency

2.3% USA

2.3% EUROPE

6.2% JAPAN

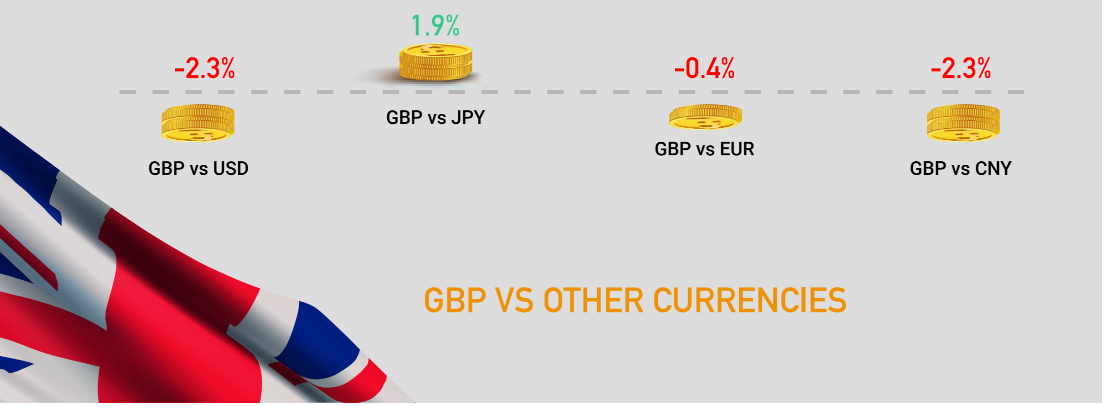
3.5% UK

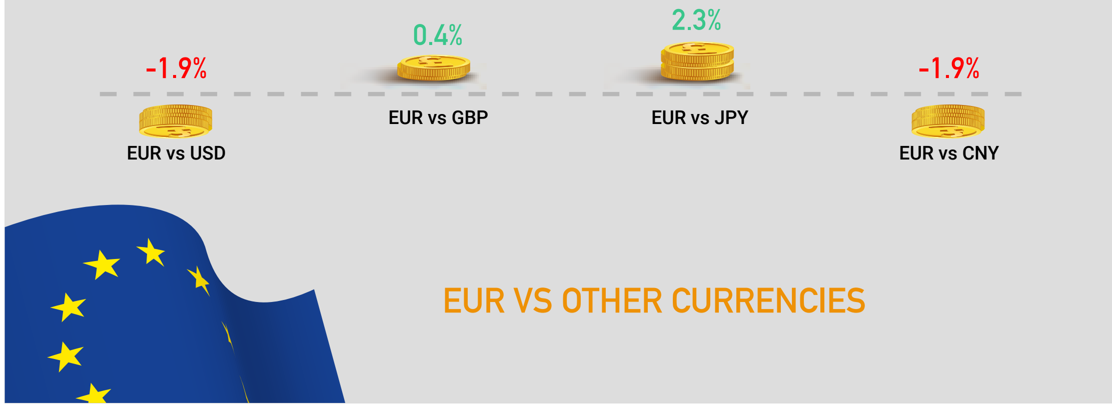
4.1% EMERGING MARKETS

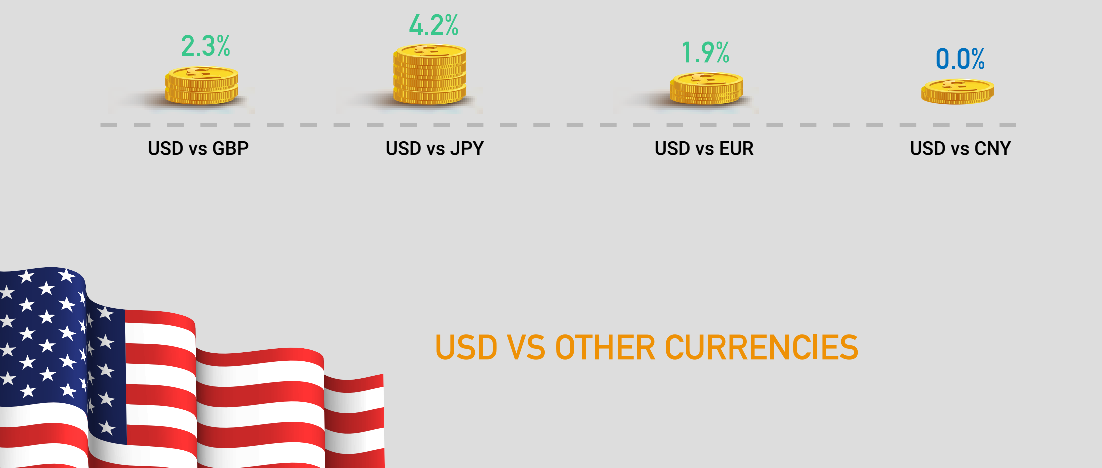
Key Points

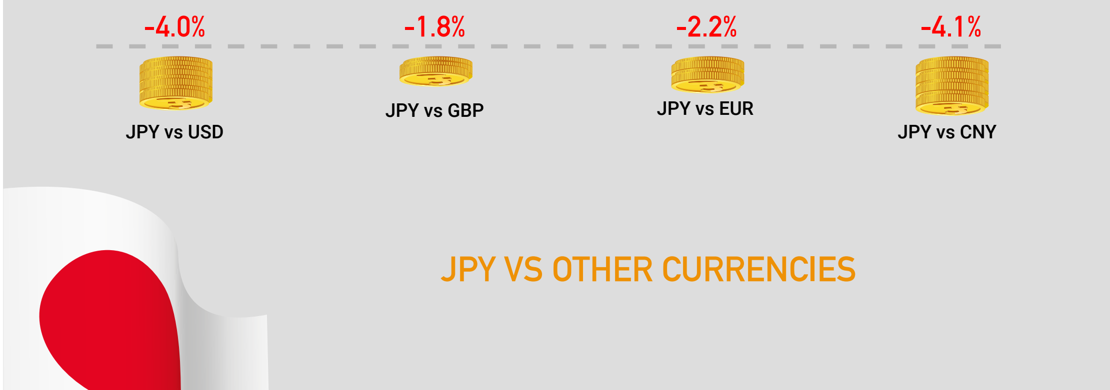
- Global equities advanced in October, led by strong US and Japanese gains. The technology sector dominated performance, fuelled by AI enthusiasm and major deals, driving the Nasdaq 100 and other global indices to record highs.
- US equities reached record highs as robust corporate earnings and easing trade tensions offset a late-month rise in bond yields following a 0.25% Fed rate cut and the end of its balance sheet (quantitative) tightening.
- Japanese equities surged to multi-decade highs, driven by optimism over fiscal stimulus, yen weakness, and strong technology earnings underpinned by continued monetary support.
- UK equities advanced, supported by sterling weakness and steady inflation, while markets priced in a potential Bank of England rate cut amid softer growth indicators.

CURRENCIES







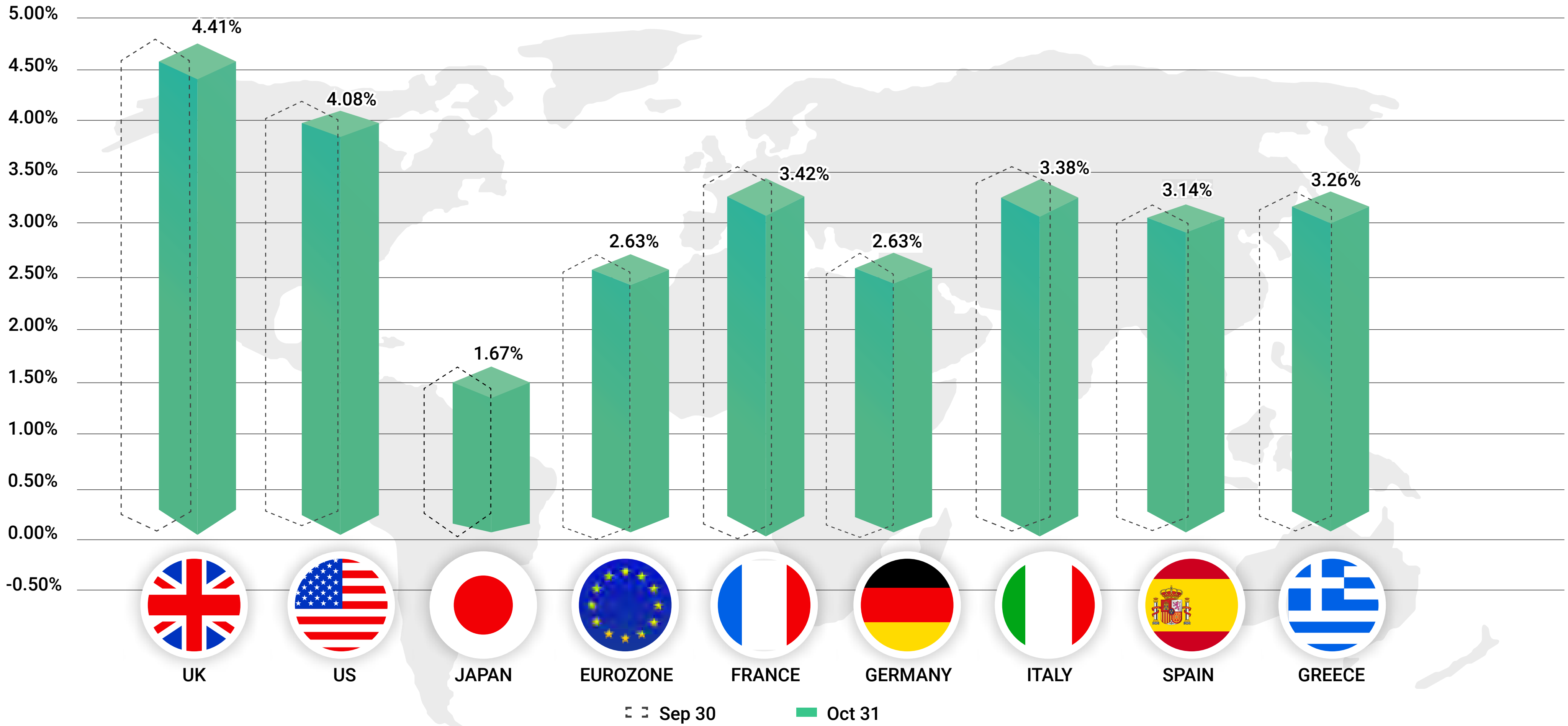


Key Points

- The US Dollar Index (DXY) climbed sharply to 99.56, its highest level since August 2025, supported primarily by weakness in the euro and yen.
- The Japanese yen plunged to 154 per USD, lowest since February 2025, driven by speculation of increased fiscal spending under new political leadership.
- The euro fell to its lowest level in three months versus the dollar, pressured by sustained US dollar strength and lingering French political instability and budget worries.
- The British pound fell significantly, dropping to its lowest level since August 2025 due to dollar strength and ongoing domestic economic and fiscal concerns.

GENERIC 10-YEAR YIELDS*

*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



Key Points

- US 10-year Treasury yields briefly fell below the 4% threshold, hitting a one-year low of 3.94% mid-month, driven by soft labour data and expected Fed easing, but closed the month back above 4.0%.
- UK 10-year gilt yields dropped to a four-month low (below 4.4%) as softer inflation (3.8%) fuelled speculation of early Bank of England rate cuts.
- German bund yields fell to a four-month low due to safe-haven demand, but tempering expectations for future ECB rate reductions meant they closed the month some way from their best levels.
- High-yield bonds outperformed marginally, supported by strong corporate earnings and low default activity.

GLOSSARY OF TERMS

BoE	Bank of England – central bank of the United Kingdom
BoJ	Bank of Japan – central bank of Japan
Correlation	The degree to which the returns of financial assets or instruments move in relation to each other
CNY	Chinese renminbi (yuan) – currency of the People's Republic of China
CPI	Consumer Price Index – a measure of inflation in which a basket of goods and services is calculated over different time periods
Dovish	The approach in which central banks are likely to keep monetary policy "loose" or accommodative
ECB	European Central Bank – the central bank of the European Union countries which have adopted the euro
EUR	Euro, the official currency of the European Union for the 20 of 27 member states that have adopted this currency
The 'Fed'	or the US Federal Reserve System – the central banking system of the United States of America, which includes the Federal Reserve Board and the twelve regional Federal Reserve Banks
GBP	British Pound – sometimes referred to as 'sterling'
GDP	Gross Domestic Product – a monetary measure of the market value of all goods and services produced in a specific time period by a country or countries

Growth Stocks	Stocks which display specific characteristics – high price-to-earnings (P/E), high price-to-book (P/B), low to no dividend yield – which typically demonstrate revenue growth and tend to reinvest earnings rather than distribute them as dividends
Hawkish	The approach in which central banks are likely to keep monetary policy "tight" or restrictive
JPY	Japanese Yen – currency of Japan
Macro	or Macroeconomics – a branch of economics that deals with the performance, structure, behavior, and decision-making of an economy as a whole
PMI	Purchasing Managers' Index – an economic indicator used to measure the activity of the manufacturing/service sectors of the economy
USD	US Dollar – currency of the United States of America
Value Stocks	Stocks which may trade at lower prices relative to their intrinsic value, as defined by traditional fundamental analysis, and typically include evaluation metrics such as lower price-to-earnings (P/E) and price-to-book (P/B) ratios, and higher dividend yields, compared to Growth stocks.
Yield Curve	a graph (line) which depicts how the yields on debt instruments – such as bonds – vary as a function of their years remaining to maturity
YoY	Year over year

DISCLAIMER

Sources: Collidr, Bloomberg. Indices: Barclays, FTSE, Bloomberg, STOXX, Japan Exchange Group, MSCI, S&P, New York Mercantile Exchange, Chicago Mercantile Exchange, Bureau of Labour Statistics, US and Office for National Statistics, UK