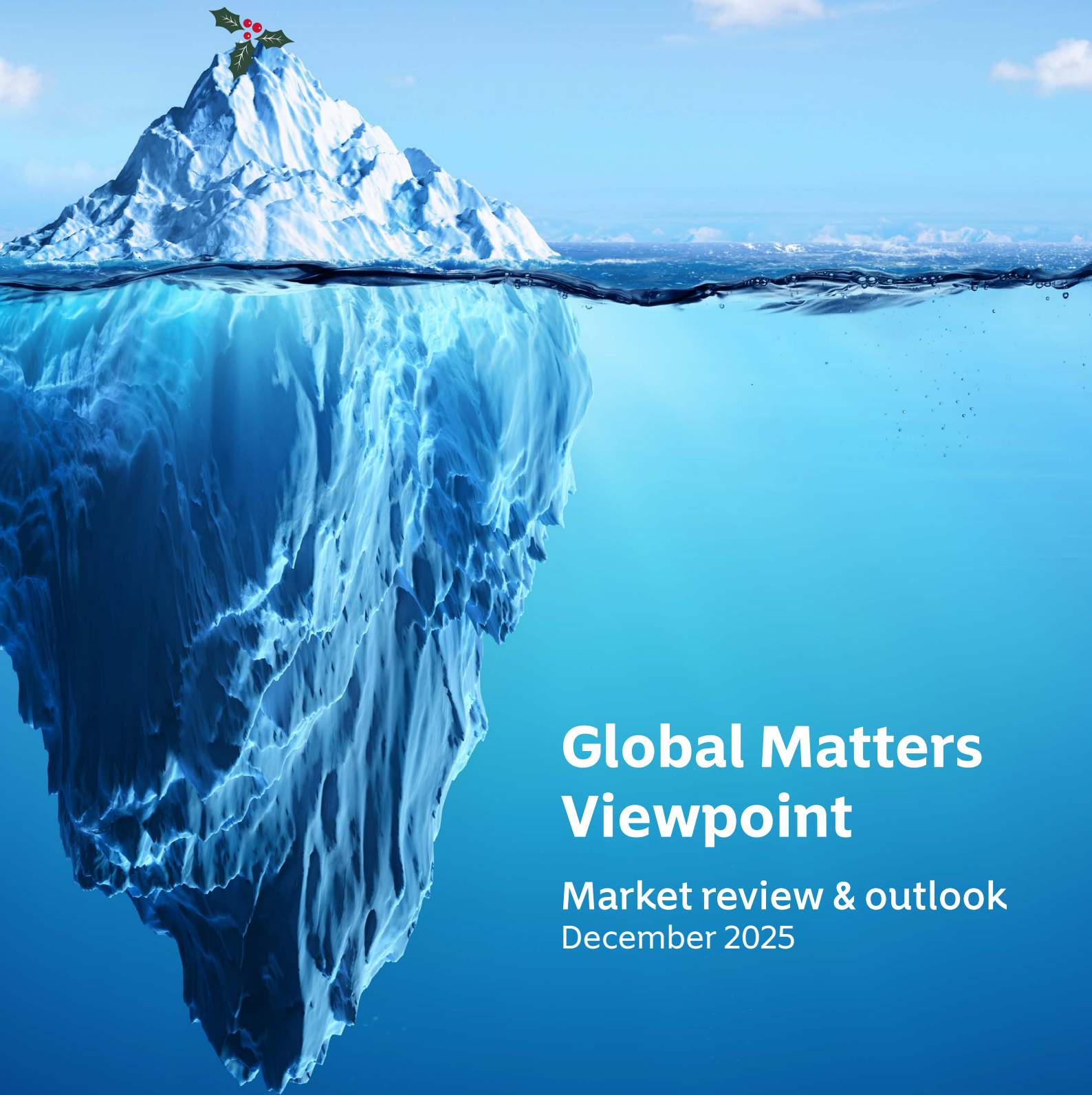




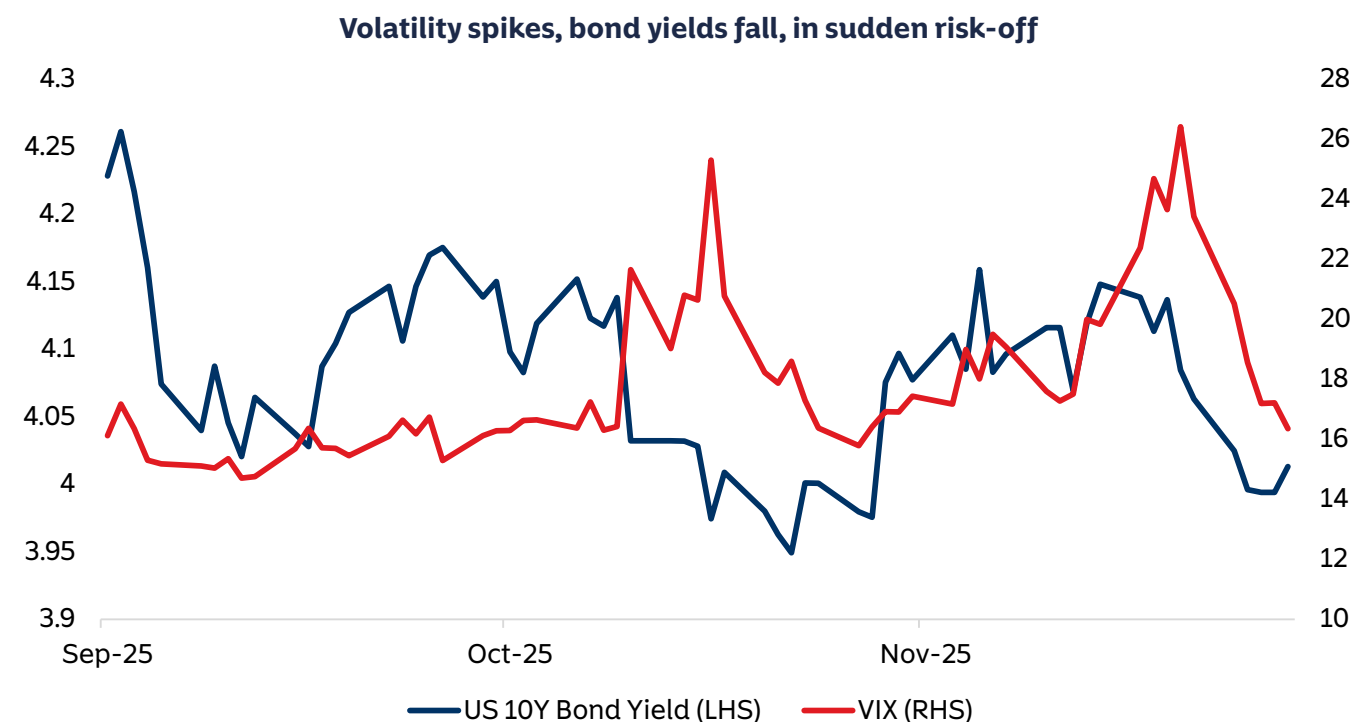
Global Matters Viewpoint

Market review & outlook
December 2025

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Global market review & outlook

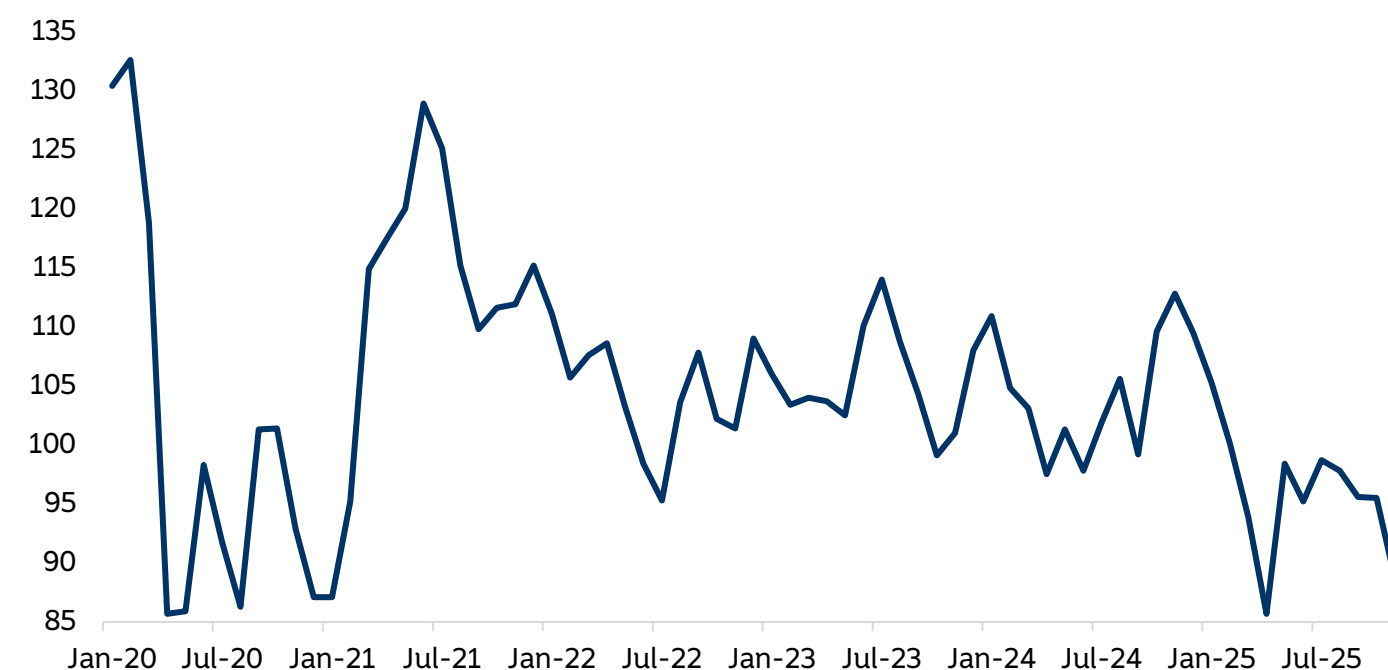
On the surface, returns from most asset classes and markets appear to reflect a becalmed and uneventful month: global equities returned 0.3% (MSCI World index), and global government bonds 0.1%. However, this masks considerable intra-month volatility; the S&P 500 index suffered its biggest setback since April's 'Liberation Day', with a fall of over 5% by 20th November from its all-time-high on 28th October, before regaining all of that ground by month end. The VIX index of US equity market volatility spiked sharply higher and US Treasury bond yields fell in a risk-off reaction, before both moves reversed.



Source: Bloomberg Finance L.P., as at 28 November 2025. Vix is an index of US equity market volatility.

The volatility was driven by two of the key market drivers of much of 2025 and reflects the uncertainty pervading markets as we move towards year end. First, Fed policy rate expectations moved sharply: in the early part of the month, in the absence of official data on the state of the US economy due to the government shutdown, which ended only mid-month, and with some cautious comments from the Fed about the pace of future rate cuts, investors largely priced out another rate cut this year, before changing tack as data emerged showing weak consumer confidence and a softening labour market. Expectations of more rate cuts ahead were also boosted by the increasing likelihood that Trump's nomination for the new Fed chair will be the dovish Kevin Hasset, who has called for deeper and faster falls in interest rates.

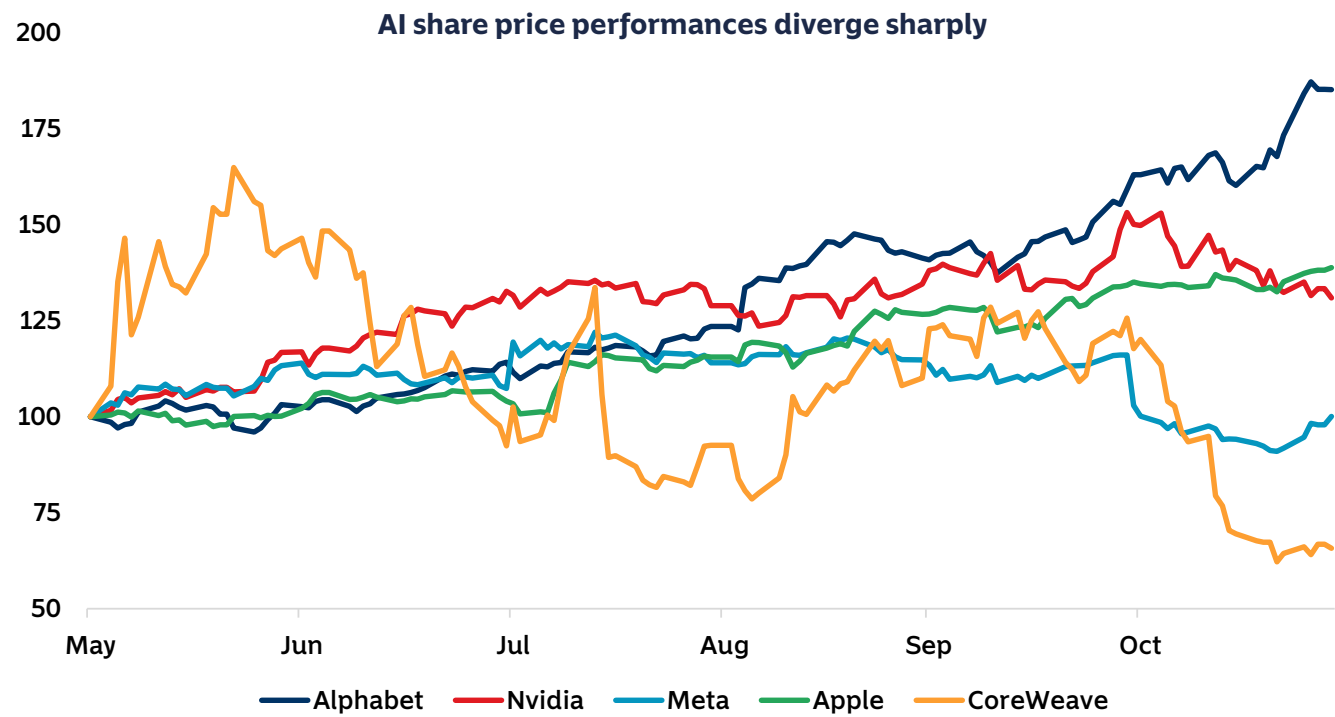
US consumer confidence falls to pandemic lows



Source: US Conference Board consumer confidence index as at 30 November 2025.

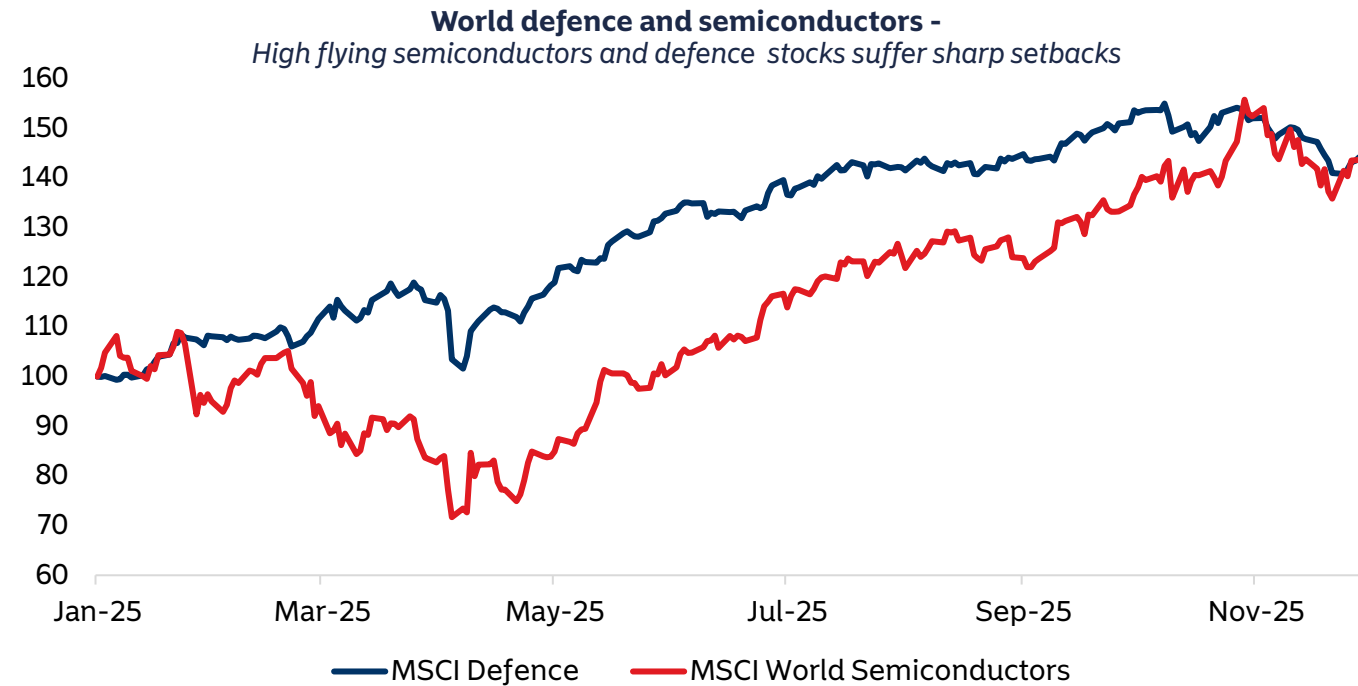
Secondly, concerns around the AI boom, with intensifying questions about its sustainability and valuations of the major stocks, compounded the risk-off sentiment. A series of circular deals in which the big AI companies commit to funding their customers in return for reciprocal purchases, concerns about the returns on the huge capex programmes on computing infrastructure, debt issuance to fund these investments, and worries about the high valuations of the stocks, combined to trigger sharp falls in some share prices. The more speculative and highly rated stocks were the most vulnerable, with shares of loss-making AI infrastructure operator CoreWeave, for example, down by 45% in November. More importantly Nvidia, the leader and biggest beneficiary to date of the boom, produced another set of strong quarterly results, yet its share price fell by 17% from its late October peak to its November low.

Nvidia remains the world's largest company by market cap but close behind is Apple, which has not been at the forefront of the AI boom but has been helped by strong sales of its latest iPhone, while Alphabet has seen a surge in its share price, up 14% in November and 68% YTD, to take its market cap above Microsoft to the third largest, on the back of positive news for the new version of Gemini, its AI tool, and its in-house custom AI chips, which are increasingly seen as competition to Nvidia, highlighted by Meta entering talks with Google to buy their chips. These four companies account for 19% of the MSCI World index, an extraordinary degree of concentration, and each has a market capitalisation larger than every country in the world other than the US and Japan.



Source: Bloomberg Finance L.P., as at 28 November 2025.

The impact of the setback in share prices was reflected in the global semiconductors sector which suffered a sharp fall followed by a partial recovery. Another high-flying sector, global defence stocks, which has risen sharply on the prospects of substantially increased defence spending, especially in Europe, followed a similar pattern, triggered in part by high valuations but also by the perceived improvement in prospects of a settlement of the Russia-Ukraine war.

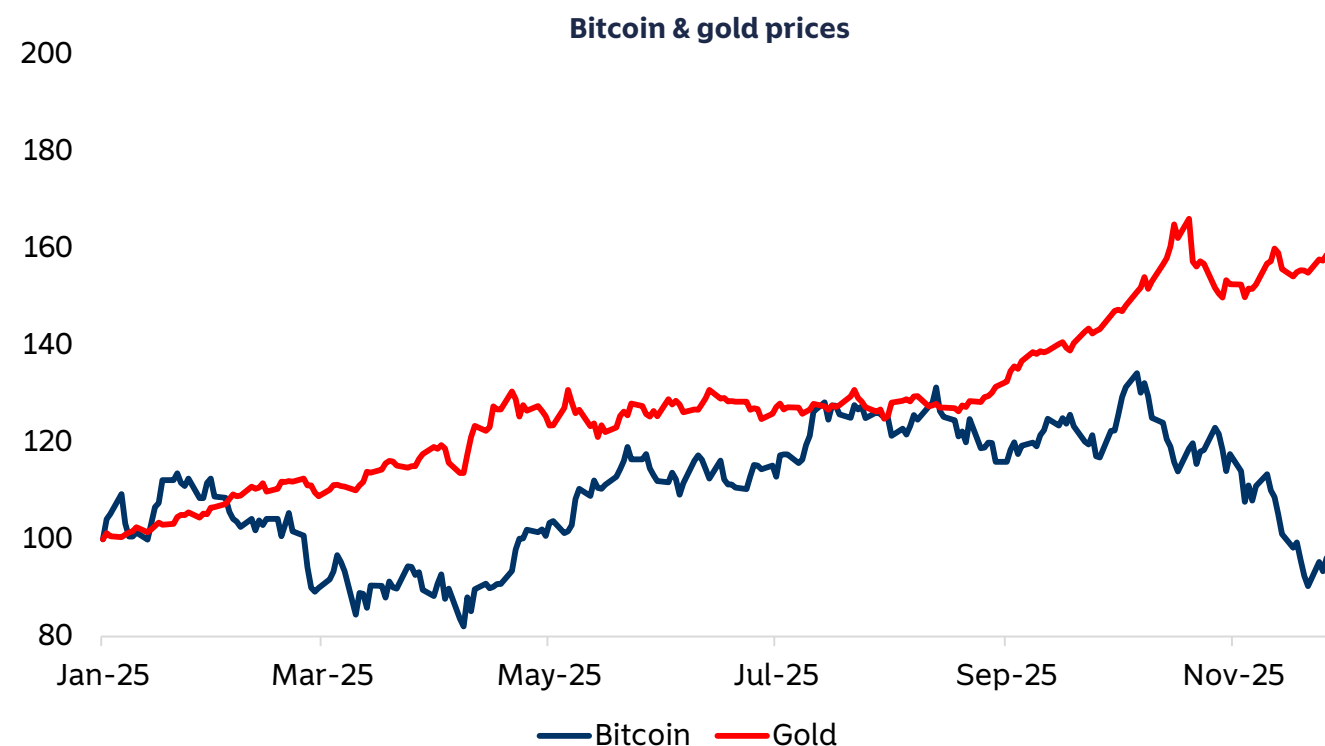


Source: Bloomberg Finance L.P., as at 28 November 2025.

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Alphabet, Apple, Microsoft and Nvidia account for 19% of the MSCI World index, an extraordinary degree of concentration, and each has a market capitalisation larger than every country in the world other than the US and Japan

The risk-off setback was most evident in the crypto world, which has been in bubble territory in recent months. Many crypto currencies have been decimated in the past few weeks, and the largest and most widely traded, Bitcoin, suffered a drop of around one-third. Widespread use of leverage has compounded the falls as speculative investors are forced to sell, with risks of collateral damage as liquidity is raised to fund margin calls. The falls have wiped out Bitcoin's gains this year, in sharp contrast to gold, which rose by 6% in November, taking its gain year-to-date to 61%. We do not invest in crypto currencies as they have no intrinsic value and are highly volatile and speculative; we do use gold as a safe-haven asset, with its enduring and diversifying qualities, and a very long history as a store of value, especially valuable in times like these when the role of the dollar is being called into question and geopolitics is the most fragile since WWII.

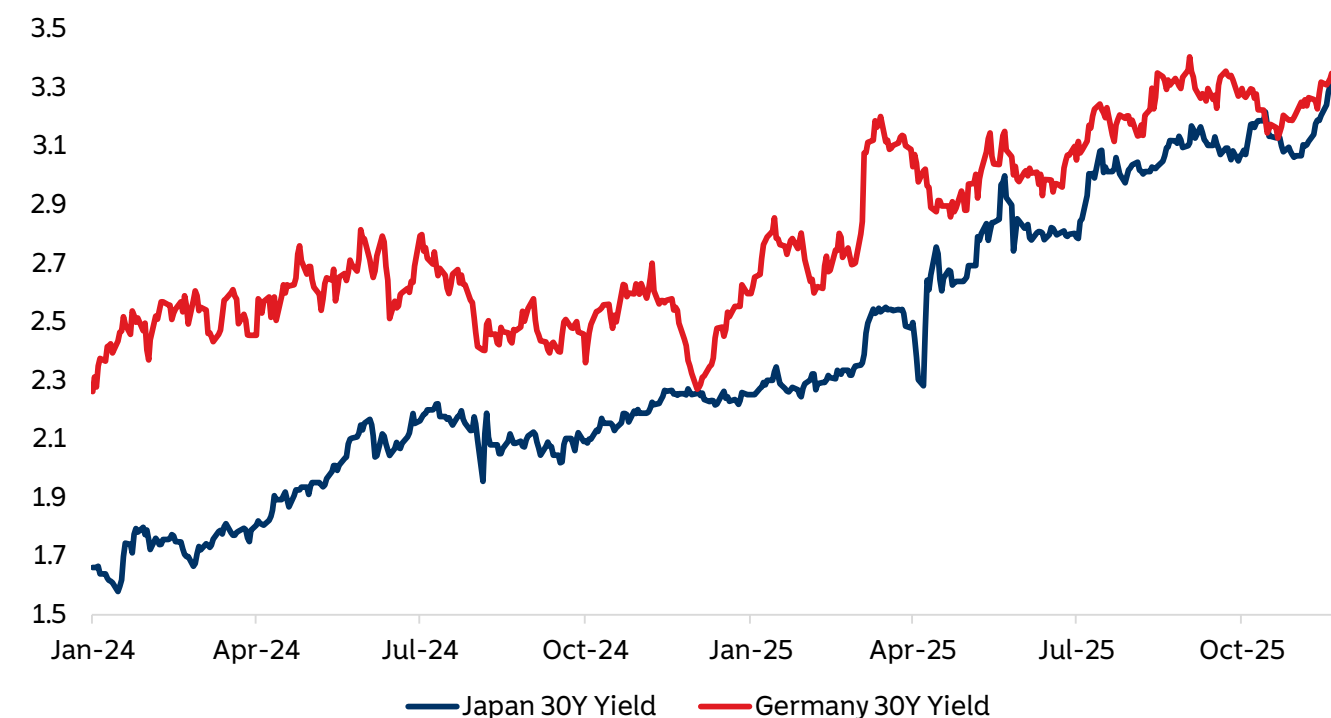


Source: Bloomberg Finance L.P., as at 28 November 2025.

After a strong rise this year, China's market was among the weakest in November, down 2.5% on the MSCI China index, held back by its big tech stocks and by continuing weakness in the domestic economy, with retail sales subdued and ongoing problems with the over-indebted property sector – new home prices fell by 2.2% in November, a slower pace of decline as a result of government support measures, but nevertheless the 28th consecutive month of falls. With a further drop in the Producer Price Index (PPI) in October, China has been in deflationary territory for three years, and continues to export that deflation globally with surging exports of goods.

In contrast, Japan's inflation rate moved up to 3.0% in October and has been above the Bank of Japan's (BoJ) target of 2% since April 2022, but this did not dissuade new Prime Minister Takaichi from introducing a 21.3tn yen (\$135bn) economic stimulus package in her drive to boost nominal GDP growth. The stock market reacted favourably, +1.4% in yen terms in the month, but the currency fell, -1.4% vs the USD, leaving it down 4.1% over 12 months, and bond yields moved significantly higher, with the 30 year government bond (JGB) yield up by 30bps in November to its highest ever level of 3.33%. JGBs and the yen are becoming a focus of investor attention and a potential source of instability given the size of Japan's debt and concerns over fiscal sustainability, with a risk that the PM's reflationary policy will be used to inflate away the debt problem, and amidst expectations that the BoJ will raise interest rates, along with continuing quantitative tightening as it reduces its holdings of JGBs.

Japanese bond yields soar



Source: Bloomberg Finance L.P., as at 28 November 2025.

The UK attracted attention as the government delivered its long-awaited budget, perhaps most memorable for endless leaks and flip-flopping by the Chancellor in preceding months and then the fiasco of a leak of the whole package by the independent watchdog, the Office for Budget Responsibility, ahead of the Chancellor's speech. The wide-ranging measures amount to a further substantial increase in public spending, mostly on welfare payments, offset by another big rise in taxes, most of which are back loaded towards the end of this parliament, raising concerns that they might not be implemented in full. In the meantime, markets were satisfied that enough had been done to contain the fiscal deficit and provide room for the Bank of England to cut rates further, although there remains a sense that the fiscal position is not on a long-term sustainable footing, while growth is expected to remain anaemic. Bond yields and sterling have been trading in a fairly narrow range for much of this year, with the 10-Year UK gilt around 4.5-4.75% and USD:GBP \$1.30-1.35, and the immediate prospects suggest little change.

The sharp setback in equity markets in early November is a reminder of the uncertainties around the AI driven investment spending boom, the prospects for growth and inflation next year, and central bank policy decisions in coming months. The high valuations of parts of the equity market can lead to sizeable setbacks when the newsflow darkens. However, cuts in interest rates, taxes and regulations should ensure continuing growth in the US, and the environment for corporate profits remains broadly supportive, albeit with careful selection necessary. The concentration of markets in a relatively small number of highly rated megacap tech stocks calls for some caution and makes a powerful case for broad diversification across markets and styles, and a nimble approach will be necessary to take advantage of tactical opportunities during the inevitable periods of volatility that lie ahead. 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 during such periods of volatility.

“foundations are firm enough for us to remain constructive about markets in the medium term and seek opportunities to add to risk during such periods of volatility”

Market performance - Global as at 30 November 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	0.2%	6.2%	17.4%	14.6%
United Kingdom	MSCI UK NR	GBP	0.6%	6.5%	23.1%	21.7%
Continental Europe	MSCI Europe ex UK NR	EUR	0.9%	5.1%	16.3%	15.9%
Japan	Topix TR	JPY	1.4%	10.9%	24.2%*	29.2%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	-2.9%	6.5%	26.0%	24.6%
Global	MSCI World NR	USD	0.3%	5.6%	20.1%	17.0%
Emerging Markets Equities						
Emerging Europe	MSCI EM Europe NR	USD	2.3%	4.9%	48.2%	49.5%
Emerging Asia	MSCI EM Asia NR	USD	-3.2%	9.1%	28.3%	28.6%
Emerging Latin America	MSCI EM Latin America NR	USD	6.1%	14.1%	53.2%	43.8%
BRICs	MSCI BRIC NR	USD	-0.6%	4.8%	22.9%	22.4%
China	MSCI China NR	USD	-2.5%	2.9%	32.8%	36.4%
Global emerging markets	MSCI Emerging Markets NR	USD	-2.4%	9.0%	29.7%	29.5%
Bonds						
US Treasuries	JP Morgan United States Government Bond TR	USD	0.6%	2.1%	6.6%	4.9%
US Treasuries (inflation protected)	BBgBarc US Government Inflation Linked TR	USD	0.1%	1.0%	7.3%	5.6%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	0.7%	2.6%	8.0%	5.9%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	0.6%	1.6%	8.0%	7.5%
UK Gilts	JP Morgan UK Government Bond TR	GBP	0.1%	3.6%	4.7%	2.2%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	0.2%	3.0%	6.4%	5.8%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	0.0%	1.2%	1.3%	-0.1%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	-0.2%	0.8%	3.2%	2.8%
Euro High Yield	BBgBarc European HY 3% Constrained TR	EUR	0.1%	0.7%	4.9%	5.6%
Japanese Government	JP Morgan Japan Government Bond TR	JPY	-1.2%	-1.1%	-5.1%	-5.2%
Australian Government	JP Morgan Australia GBI TR	AUD	-1.0%	-0.6%	3.2%	3.6%
Global Government Bonds	JP Morgan Global GBI	USD	0.1%	0.2%	6.7%	3.8%
Global Bonds	ICE BofAML Global Broad Market	USD	0.2%	0.6%	7.9%	5.6%
Global Convertible Bonds	ICE BofAML Global Convertibles	USD	-1.9%	5.2%	22.1%	18.3%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	0.4%	2.8%	11.9%	10.3%

Asset Class / Region	Index	Ccy	1 month	3 months	YTD	12 months
Property						
US Property Securities	MSCI US REIT NR	USD	2.2%	1.5%	4.3%	-3.6%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	-3.9%	-6.4%	4.9%	-2.4%
Global Property Securities	S&P Global Property USD TR	USD	1.9%	1.7%	12.3%	5.6%
Currencies						
Euro		USD	0.5%	-0.8%	12.0%	9.7%
UK Pound Sterling		USD	0.6%	-2.0%	5.7%	3.9%
Japanese Yen		USD	-1.4%	-5.8%	0.7%	-4.1%
Australian Dollar		USD	0.1%	0.2%	5.9%	0.6%
South African Rand		USD	1.3%	3.2%	10.1%	5.5%
Commodities & Alternatives						
Commodities	RICI TR	USD	1.0%	3.0%	6.9%	9.0%
Agricultural Commodities	RICI Agriculture TR	USD	-0.3%	-2.9%	-4.6%	-4.6%
Oil	Brent Crude Oil	USD	-2.9%	-7.2%	-15.3%	-13.4%
Gold	Gold Spot	USD	5.9%	23.0%	61.5%	60.4%
Interest Rates				Current Rate		
United States				4.00%		
United Kingdom				4.00%		
Eurozone				2.15%		
Japan				0.50%		
Australia				3.60%		
South Africa				6.75%		
Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns. *estimated figures.						

Market performance - UK as at 30 November 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	0.6%	6.5%	23.1%	21.7%
UK - Large Cap	MSCI UK Large Cap NR	GBP	0.9%	7.1%	25.2%	23.8%
UK - Mid Cap	MSCI UK Mid Cap NR	GBP	-2.1%	1.6%	7.8%	5.1%
UK - Small Cap	MSCI Small Cap NR	GBP	0.3%	4.4%	13.8%	12.0%
United States	S&P 500 NR	USD	-0.6%	8.4%	11.0%	10.1%
Continental Europe	MSCI Europe ex UK NR	EUR	0.8%	6.3%	23.4%	22.3%
Japan	Topix TR	JPY	-0.7%	6.4%	18.4%*	18.9%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	-3.7%	8.7%	19.2%	19.7%
Global developed markets	MSCI World NR	USD	-0.5%	7.7%	13.6%	12.5%
Global emerging markets	MSCI Emerging Markets NR	USD	-3.2%	11.2%	22.7%	24.5%
Bonds						
Gilts - All	ICE BofAML UK Gilt TR	GBP	0.1%	3.7%	4.8%	2.1%
Gilts - Under 5 years	ICE BofAML UK Gilt TR 0-5 years	GBP	0.3%	1.4%	5.1%	4.9%
Gilts - 5 to 15 years	ICE BofAML UK Gilt TR 5-15 years	GBP	0.1%	3.1%	5.7%	3.5%
Gilts - Over 15 years	ICE BofAML UK Gilt TR 15+ years	GBP	0.0%	7.1%	3.4%	-2.1%
Index Linked Gilts - All	ICE BofAML UK Gilt Inflation-Linked TR	GBP	-0.8%	4.6%	0.7%	-3.6%
Index Linked Gilts - 5 to 15 years	ICE BofAML UK Gilt Inflation-Linked TR 5-15 years	GBP	-0.2%	2.0%	1.9%	-0.5%
Index Linked Gilts - Over 15 years	ICE BofAML UK Gilt Inflation-Linked TR 15+ years	GBP	-1.7%	8.9%	-1.5%	-8.6%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	0.2%	3.0%	6.4%	5.8%
US Treasuries	JP Morgan US Government Bond TR	USD	-0.3%	4.1%	0.7%	0.7%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	-0.2%	4.6%	2.1%	1.6%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	0.6%	1.6%	8.0%	7.5%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	0.0%	1.2%	1.3%	-0.1%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	-0.2%	0.8%	3.2%	2.8%
Euro High Yield	BBgBarc European High Yield 3% Constrained TR	EUR	0.1%	0.7%	4.9%	5.6%
Global Government Bonds	JP Morgan Global GBI	GBP	-0.7%	2.2%	0.9%	-0.2%
Global Bonds	ICE BofAML Global Broad Market	GBP	0.2%	0.6%	7.9%	5.6%
Global Convertible Bonds	ICE BofAML Global Convertibles	GBP	-1.9%	5.2%	22.1%	18.3%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	GBP	-0.4%	5.0%	5.9%	6.0%

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%	3.8%	6.2%	1.5%
Currencies						
Euro		GBP	-0.1%	1.3%	5.9%	5.5%
US Dollar		GBP	-0.6%	2.0%	-5.4%	-3.8%
Japanese Yen		GBP	-2.0%	-3.9%	-4.8%	-7.7%
Commodities & Alternatives						
Commodities	Rogers International Commodity (RICI) TR	GBP	0.2%	5.1%	1.1%	4.7%
Agricultural Commodities	Rogers International Commodity (RICI) Agriculture TR	GBP	-1.1%	-0.9%	-9.8%	-8.3%
Oil	Brent Crude Oil	GBP	-3.6%	-5.3%	-19.9%	-16.7%
Gold	Gold Spot	GBP	5.1%	25.5%	52.8%	54.2%
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.						

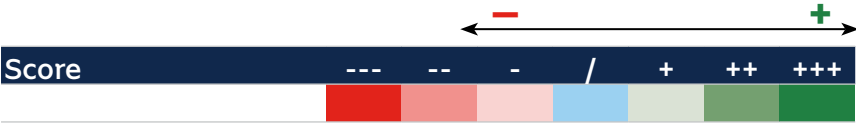
Asset allocation views

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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