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Monthly Investment Research Roundup

NOVEMBER DIVERGENCE

Policy Divergence and Geopolitical risks shaping up

Investment Research Spotlight

From the SGA Research Desk

In October 2025, markets balanced cautious optimism with significant policy uncertainty, dominated by the US government shutdown's "unprecedented data blackout." The Fed executed a "hawkish cut," lowering rates 25-bps to a 3.75%-4.00% range, but Chair Powell's pushback on December expectations tempered market optimism. This "blindfolded" move contrasted with the European Central Bank (ECB), which held rates at 2.0% as headline inflation eased to 2.1%. The Bank of Japan (BoJ) also held rates at 0.5%, explicitly citing the US data blackout and its new political leadership as cause for a pause.

US equities reached new highs, but with dangerously narrow breadth; the S&P 500 gained due to an increasingly discriminating AI trade that rewarded Alphabet's monetization but punished Meta's margin-crimping spending.

European stocks saw defensive gains, while Japan's Nikkei hit a record before tumbling. Emerging markets bifurcated: India's robust economic growth and an actively managed rupee rebound contrasted sharply with China's contracting official manufacturing PMI.

Global government bond yields reflected this policy divergence, falling across most developed markets. In the US, the 10-year Treasury yield declined to 4.1%, following the Fed's rate cut. European yields moved more significantly; the UK 10-year Gilt yield fell significantly, and the German 10-year Bund yield reported a notable drop.

Gold and Silver rally fizzled out as geopolitical tensions eased and institutional investors booked profits. Nonetheless, both gained m/m. Copper continued to show strength due to solid demand and supply-side constraints. Bitcoin remained volatile and at crucial support levels.

Our Views on Asset Classes

Asset Class	US	Europe	UK	Japan	EM/Others
Rates	▲ Positive	● Neutral	▲ Positive	▼ Negative	● Neutral (Local Currency)
Credit	● Neutral	▲ Positive	–	–	▲ Positive (Hard Currency)
Currencies	● Neutral	▲ Positive	● Neutral	● Neutral	● Neutral
Equities	● Neutral	▲ Positive	● Neutral	▲ Positive	● Neutral
Real Estate	● Neutral	▲ Positive	–	▲ Positive	▲ Positive (APAC)
Commodities					
Commodity	**Oil**	**Gold**	**Silver**	**Bitcoin**	
Views	▲ Positive	▲ Positive	▲ Positive	▼ Negative	

Source: SGA Research

Outlook & Strategy

We remain cautious amid policy uncertainty. We favor US and UK government bonds, given the policy easing expectations. Equities require selectivity: focus on AI monetization and EM, diversifying beyond concentrated US markets. Gold offers a structural hedge, while silver and oil prices are expected to gain support. The USD is expected to remain stable, with the ECB's rate pause supporting the EUR.

Global Macroeconomic Development

Global Macros: Diverging Policies, Rising Growth, Geopolitics Tensions

US: Fed Delivers a Hawkish Cut in a Data Vacuum Amid Shutdown

October 2025 was marked by a historic US government shutdown that began on October 1 and, by month's end, was poised to surpass the 31-day record. The shutdown furloughed 670,000 federal employees and left another 730,000 working without pay, with severe economic consequences.

The Congressional Budget Office (CBO) projected that 4Q GDP would shrink by 1.0–2.0%, resulting in a permanent economic loss of $7–14 billion per day. The shutdown created a "data vacuum," halting key agencies such as the Bureau of Labor Statistics and the Bureau of Economic Analysis, which delayed the September jobs and Q3 GDP reports.

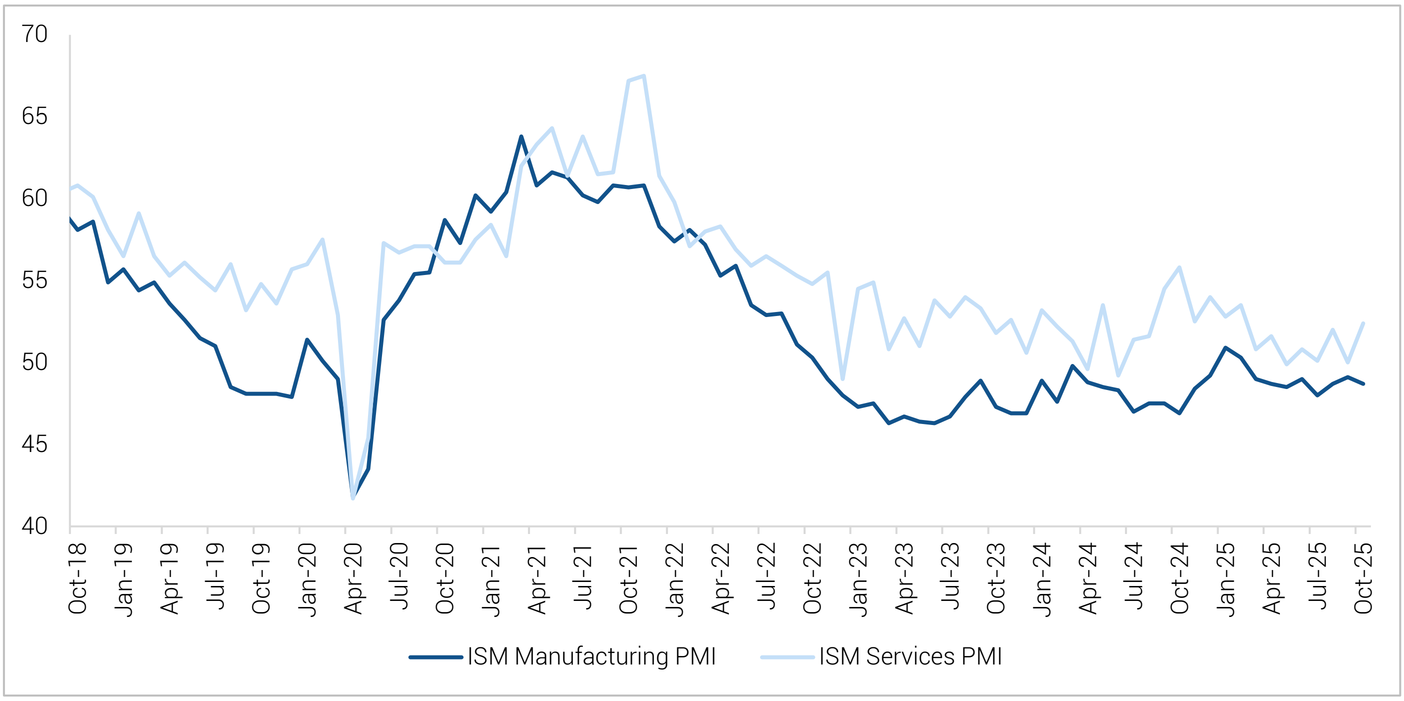
This forced the Fed to rely on alternative indicators. The most critical signal came from the September ISM Services PMI, released on October 3, which fell to 50.0—its lowest level since May 2020—while business activity contracted to 49.9. October's ISM Manufacturing PMI confirmed weakness with an eighth consecutive month of contraction (48.7). When September CPI finally arrived on October 24, its benign core reading (+0.2% m/m) gave the Fed room to act.

At its October 29 meeting, the FOMC cut rates by 25-bps to 3.75%–4.00% and announced that Quantitative Tightening (QT) would end in December—a dovish shift.

Yet, this was a "hawkish cut": Chair Powell warned a December cut was "not a foregone conclusion," and two members dissented, citing persistent inflation risks.

Looking ahead, the shutdown's distortions will complicate Fed analysis. While the CBO expects most lost output to rebound post-reopening, uncertainty remains. Markets now price a 70% chance of a December cut, down from 90% before the meeting, reflecting Powell's cautious tone and a divided committee.

US ISM Manufacturing PMI continues to remain in contraction territory



Source: Institute for Supply Management, SGA Research

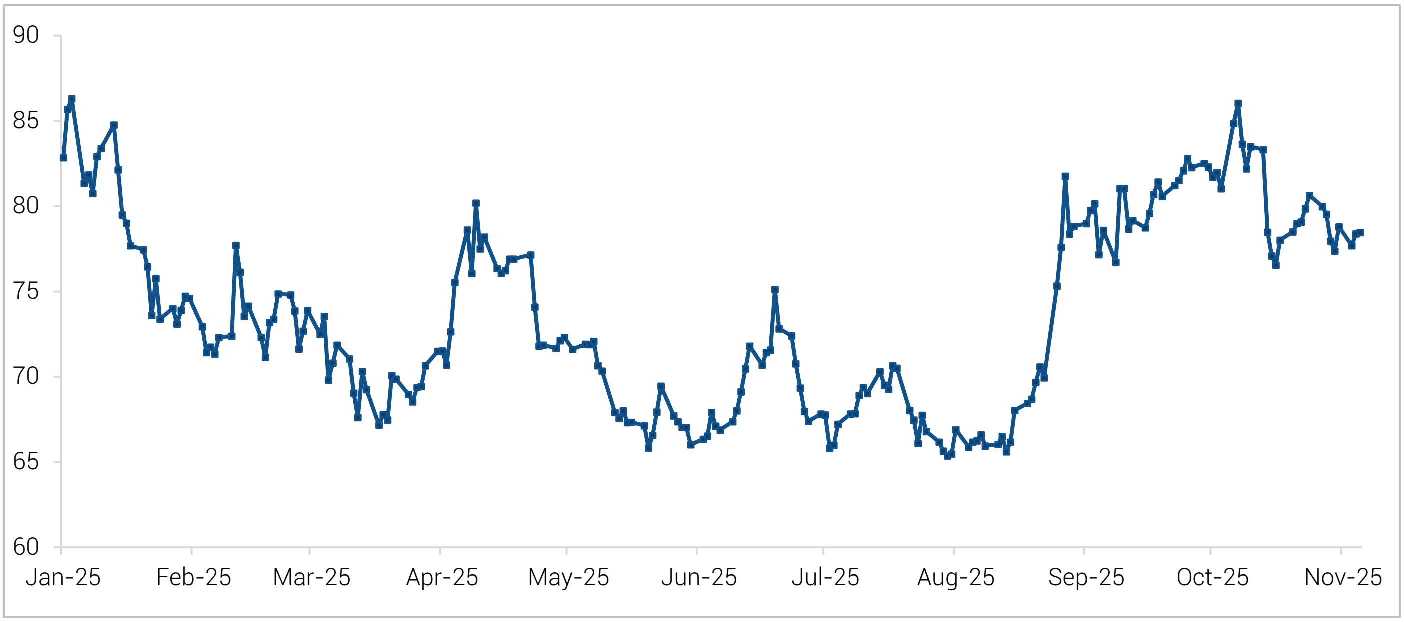
Europe: ECB's Hawkish Bind: Trapped by Inflation and Divergence

The Eurozone's economic landscape fractured in October, revealing a sharp divergence that complicates the investment outlook. While headline activity expanded, driven by a resurgent German services sector (HCOB Flash PMI 53.8), France's economy contracted at an accelerating pace, weighed down by political instability (Services PMI 48.0). This political risk materialized on October 17 when S&P downgraded France's sovereign credit rating to 'A+', citing "weak political consensus" and a deteriorating debt trajectory.

The ECB, meeting in Florence, held its deposit rate at 2.0%, a "hawkish pause" immediately validated by inflation data on October 31. That data showed headline HICP easing to 2.1%, but this masked a stubborn core rate (2.4%) and an alarming acceleration in services inflation to 3.4%. This toxic mix—a two-speed economy, sticky core inflation, and re-emerging sovereign risk—locks the ECB into its "data-dependent" hold, eliminating the prospect of rate cuts in 2025.

We expect this environment to fuel a structural widening of the OAT-Bund (French-German) yield spread, creating clear "pairs trade" opportunities that favor German services-exposed equities over French domestic-facing stocks.

France-Germany 10Y government bond yield difference increases amid political uncertainty in France



Source: Investing.com, SGA Research

UK: Economy at a Crossroads as Inflation Surprise Puts BoE on the Spot

October 2025 proved pivotal for the UK, as incoming data challenged the narrative of entrenched inflation. August GDP figures revealed an economy on the brink of stagnation, posting just 0.1% growth, while July was revised down to a 0.1% contraction. Labor market data on October 14 reinforced this weakness: unemployment climbed to 4.8%, and job vacancies fell below pre-pandemic levels for the first time after 39 consecutive quarterly declines.

The most consequential release occurred on October 22, with the release of the September inflation report. Contrary to expectations of a 4% peak, headline CPI held steady at 3.8% for the third straight month, driven by the first monthly decline in food prices in over a year. Services inflation remained sticky at 4.7%, but the combination of easing core inflation, a softening labor market, and stagnant growth has intensified pressure on the Bank of England (BoE).

These dynamics turned the November 6 policy meeting into a critical event, with markets rapidly pricing in earlier rate cuts. However, the central bank maintained a steady interest rate amid concerns about inflation.

Looking ahead, the November 26 Budget—expected to deliver fiscal consolidation—adds further impetus for a counterbalancing monetary response.

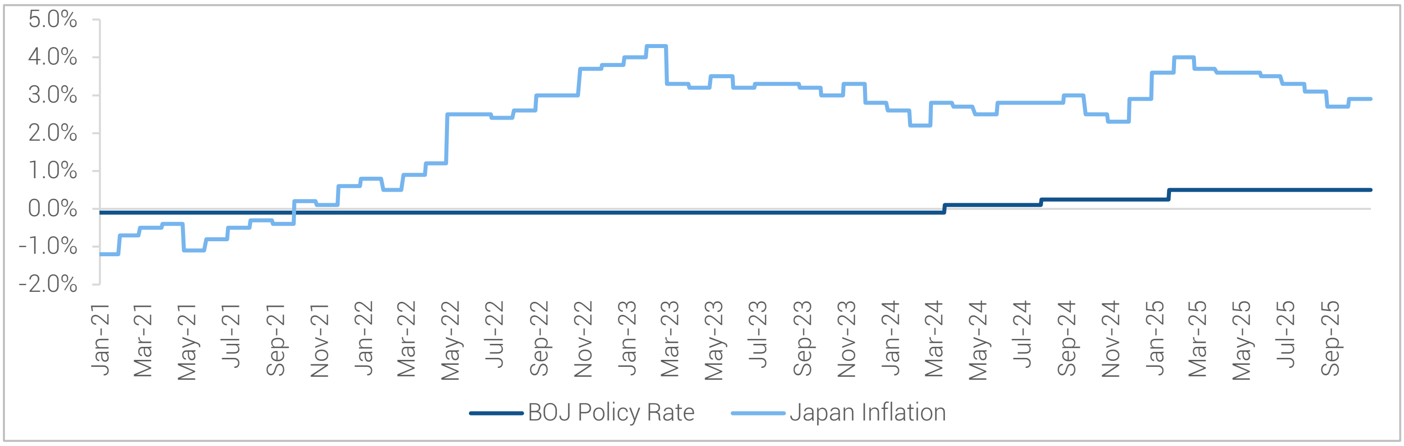
Asia: Key Economies Confronting Internal and External Pressures

Japan: Policy Divergence Fuels Historic Rally

October 2025 marked a turning point for Japan, underscored by sharp policy divergence. The newly sworn-in Takaichi administration, on October 21, unveiled an expansive fiscal stimulus exceeding ¥13.9 trillion to counter surging living costs. This aggressive fiscal stance contrasted with the BoJ's "hawkish hold," as the BoJ maintained its policy rate at 0.50%, citing global trade uncertainty. A narrow 7–2 vote exposed growing internal rifts, with two members favoring a hike to 0.75%. The decision came despite mounting inflation pressures—September's National CPI climbed to 2.9%, while October's Tokyo CPI surprised at 2.8%. Market reactions were mixed: the Nikkei 225 breached the 50,000 mark for the first time, closing at a record high, while the yen slid beyond 154 per US dollar, prompting stern verbal interventions from the new Finance Minister.

While fiscal stimulus offers the BoJ temporary political cover, persistent inflation has sharpened expectations for a potential rate hike in December.

Japan inflation edges up but policy rate remains steady amid Takaichi trade



Source: Bank of Japan, SGA Research

India: India's Domestic Engine Overpowers External Drags

Data released in October 2025 confirmed a "Goldilocks" scenario for India's domestic economy. The headline CPI inflation for September, released on October 13, plummeted to 1.54%, an eight-year low that fell below the Reserve Bank of India's (RBI) tolerance band. The low inflation numbers gave the RBI's Monetary Policy Committee (MPC), at its October 1 meeting, the confidence to hold the repo rate at 5.50% while simultaneously upgrading its FY26 GDP growth forecast to 6.8%. The domestic growth narrative was further validated by the October Manufacturing PMI, which surged to a five-year high of 59.2. This strength, however, stands in stark contrast to the external front. September's merchandise trade deficit, released on October 15, ballooned to a concerning $32.15 billion. This was driven by a surge in imports and slowing export orders, with new data revealing that US tariffs have caused a sharp 37.5% fall in exports to the US between May and September.

Looking ahead, the outlook remains bifurcated. Domestic-facing sectors, supported by government capex and expanding corporate margins, are poised to outperform. However, the Rupee and export-oriented sectors face significant vulnerability until a favorable resolution is reached in US-India trade negotiations.

China: Domestic-Led Slump Deepens

China's economic data in October painted a starkly divergent picture. The economy is bifurcating, with a resilient, state-supported external sector masking a deepening domestic-led slump. September's lagging data appeared strong, with industrial production accelerating to 6.5% y/y and exports growing 8.3%, driven by a successful diversion to emerging markets. However, this strength is illusory. Forward-looking October data shows the official manufacturing PMI falling into contraction at 49.0, a six-month low. The domestic engine has stalled: year-to-date fixed asset investment turned negative for the first time (-0.5%), and retail sales hit a one-year low at 3.0%. Deflation persists (CPI: -0.3%), although a bright spot in the Core CPI (+1.0%) suggests that spending on services is outpacing that on goods. The People's Bank of China (PBoC) held rates steady but resumed bond purchases, signaling a pivot to enabling fiscal stimulus. The outlook remains highly cautious, as the property crisis (-0.4% m/m price decline) and faltering private demand create significant headwinds.

Latin America: Policy Divergence Intensifies

October data confirmed the "easy" phase of disinflation in Latin America is over. As domestic price pressures prove stubborn, the region's policy paths are fracturing. Central banks are now trapped in a stagflationary bind, forced to choose between supporting collapsing growth or re-anchoring inflation expectations. This divergence defined the month.

Brazil is navigating a classic stagflationary scenario. Data released in October confirmed the economy is sputtering under the Central Bank's (BCB) restrictive 15.00% Selic rate. September industrial production fell 0.4% m/m, and August retail sales, released on October 15, were nearly flat, ending a four-month decline but showing no real signs of consumer strength.

Despite this weakness, the BCB's hawkish stance was validated. September's IPCA inflation data (released on October 9) showed a re-acceleration to 5.17% y/y. With inflation rising and activity stagnating, the BCB's "prolonged pause", set in September, appears fully justified.

Mexico faces a severe policy trap. Data in October revealed two contradictory and dangerous trends. First, on October 9, the September inflation data showed that headline inflation rose to 3.76%, but more critically, core inflation accelerated to 4.3%. This proves sticky service inflation is becoming entrenched. Second, on October 21, the IOAE activity indicator signaled a 0.6% contraction y/y for September.

Banco de México (Banxico) is now trapped: the economy is contracting, but core inflation is accelerating. While markets had been pricing in a rate cut for November, easing policy now would risk the central bank's credibility.

Colombia's inflation battle intensified, forcing a hawkish policy response. The September CPI data, released in early October, showed that inflation accelerated for the third consecutive month to 5.18% y/y, with core inflation also rising to 5.30%. The drivers are entrenched, with significant "indexation effects" noted, where past inflation is mechanically carried over into new contracts.

Faced with this, the Banco de la República (BanRep) maintained its benchmark rate at 9.25% as of October 31. The decision was not unanimous, revealing a 4-3 split board. However, the majority's decision to hold firm was a necessary move to defend policy credibility against accelerating, indexed inflation.

October was a pivotal month for Argentina's stabilization plan, which received two major endorsements. The first was domestic and political. In the October 26 midterm elections, President Javier Milei's La Libertad Avanza party secured a stunning and decisive victory. Winning approximately 41% of the national vote, the party significantly increased its seats in both houses of Congress. The result is seen as a clear public mandate for Milei's painful but successful austerity program, which saw September inflation (released on October 14) fall to 31.8% y/y. This victory gives Milei new leverage to push structural reforms and enough congressional power to sustain presidential vetoes.

The second endorsement was external. On October 20, the Central Bank (BCRA) announced a $20 billion exchange rate stabilization agreement with the US Treasury. This swap serves as a critical credibility anchor, enabling the BCRA to manage exchange rate volatility as it navigates the trade-off between an economic slowdown and achieving lasting disinflation.

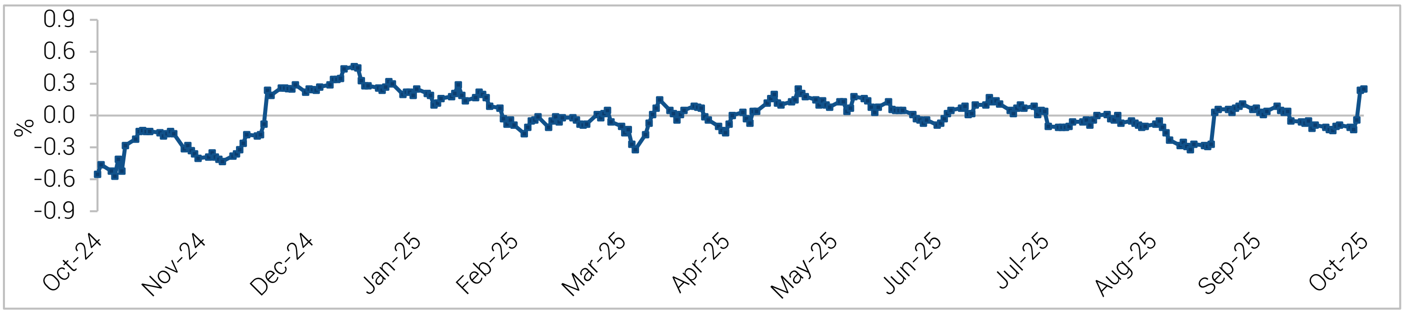
Fixed Income

Global Bond Yields Shift as Policy Divergence Shapes Credit Risk Outlook

Inflection Point: Hawkish Fed Cut Drives Curve Re-Steepening

In October 2025, US Treasury yields navigated complex policy and global divergence. Ahead of the FOMC meeting, markets priced in a near-certain 25-bps cut, supported by soft labor data and muted inflation at 3.0% y/y from 2.9% y/y. The Fed delivered, lowering the target range to 3.75%—4.00%, but Chair Powell introduced a hawkish surprise, stating a December cut was “not a foregone conclusion”. Meanwhile, an ongoing government shutdown is creating a ’data vacuum,’ delaying key releases such as Q3 25 GDP and PCE data. Amid this, the 10-year yields initially dipped in response to safe-haven demand, from 4.15% at the beginning of the month to around 4.10% in October, while the 2-year yield slightly edged up from 3.60% to 3.61%, leaving the 10s-2s spread at 50-bps as investors adjusted long-term rate expectations. This transition from deep inversion to early normalization is captured in the chart below. After hitting a one-year low of nearly -0.6%, a classic recessionary signal, the 10-year US Treasury minus Fed Funds rate spread surged above 0.4% by winter as pivot expectations grew. It oscillated around zero through the summer, reflecting deep uncertainty over growth and inflation. By late October, the spread climbed decisively, driven by the Fed’s rate cut (pushing the Fed Fund rate down) while stable long-end yields (10-year) held firm. This re-steepening signals improving carry-and-roll dynamics and a key early-cycle policy adjustment. Accordingly, we remain constructive on duration, favoring intermediate maturities for their roll-down appeal as the curve normalizes.

Fed policy shift drives the differential between the 10Y and Fed Fund rate higher



Source: FRED, SGA Research

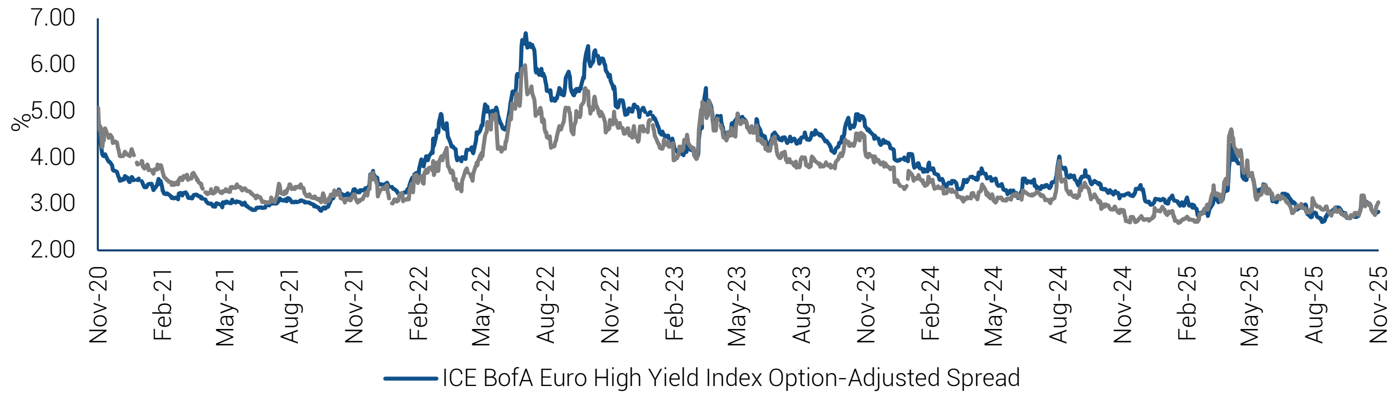
Policy Pause And Growth Risks Shape European Yields

European bonds diverged amid policy and political friction. The ECB held its deposit rate at 2.00%, signaling a prolonged, data-dependent pause as inflation eased slightly to 2.1% y/y from 2.2% y/y. German Bund yields mirrored this stance, with the 10-year opening at 2.71% and closing at 2.64%, following a mid-month dip. The 2-year Bund fell from 2.02% to 1.99%, while the 30-year declined from 3.29% to 3.22%, reflecting a curve steepening. Concurrently, French 10-year yields opened near 3.54%, spiked above 3.58% mid-month on political turmoil and an S&P downgrade, widening spreads to Bunds, before closing at 3.42% as inflation softened and Q3 25 GDP improved sentiment.

In the UK, the BoE held its rate at 4.00%. However, rising unemployment to 4.8% from 4.7% and steady CPI at 3.8% y/y reinforced expectations of earlier rate cuts. This drove 10-year gilt yields down, from 4.70% to 4.41%, as markets priced a dovish pivot.

Looking ahead, the ECB’s data-dependent stance and inflation near target support stability in Eurozone yields, while fiscal supply may cap gains. For the UK, softer growth reinforces expectations of BoE rate cuts in the near term. We hold a neutral view on European sovereigns and a selective long bias on gilts.

Euro vs. US High Yield option-adjusted spreads

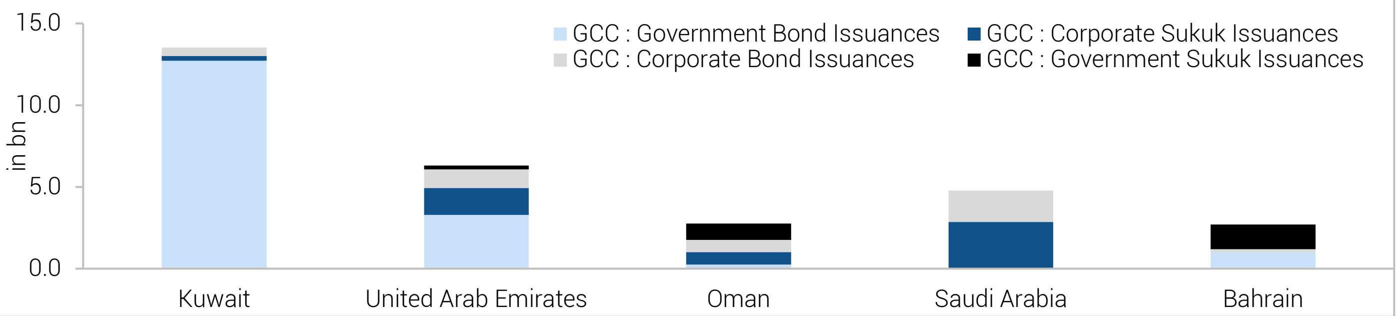


Source: FRED, SGA Research

Transatlantic High Yield: The 2022 Divergence and 2025 Re-Convergence

The ICE BofA High Yield Index Option-Adjusted Spread (OAS) measures the additional yield investors require for holding high-yield bonds, reflecting credit risk sentiment and default expectations. Historically, Euro High Yield spreads traded below US spreads. However, from early 2022, Euro spreads surged above US levels, peaking near 6.5% versus 5.5% for the US amid Europe's energy crisis, recession fears, and geopolitical shocks, namely the Russia-Ukraine war. Recently, this trend reversed dramatically as the "disaster" premium priced into Europe evaporated. As of late October 2025, the Euro spread (2.81%) has fallen sharply, trading back inside the US spread (2.94%), a slim 13-bps differential. This new alignment is driven by diverging economic outlooks; the US spread reflects growing concerns over slowing domestic growth, which prompted 2025 Fed rate cuts, while Euro spreads tightened as Europe's economy proved more resilient than feared. Looking ahead, this near-parity is likely temporary; any new divergence in regional growth, inflation, or central bank policy will almost certainly drive new periods of decoupling.

October 2025 MENA issuance by country



Source: Zawya.com, SGA Research

MENA Debt Markets Hit Record as Kuwait's Historic Return Dominates October

The MENA bond market experienced a record year in 2025, with year-to-date (YTD) issuance surging to $128 billion, already eclipsing 2024's $109 billion. Full-year projections now target $147 billion. This surge is driven by sovereigns funding large-scale economic diversification, with Saudi Arabia serving as the anchor of the year's supply (45%) to fund Vision 2030. However, October was a historic month defined by Kuwait's landmark return. As the chart data confirms, Kuwait dominated the month's $30 billion in sampled deals, raising $13.5 billion. This was driven by its $11.25 billion multi-tranche conventional bond, its first major international issue since 2017, under its new public debt law. The UAE followed with $6.3 billion, supported by Abu Dhabi's long-dated bonds. This jumbo conventional issuance heavily skewed the monthly mix; while YTD issuance is 58% Sukuk, Islamic finance comprised only ~28% of this October sample, highlighting the market's event-driven maturity. Looking ahead, the pipeline remains robust, driven by KSA, the UAE, and a re-engaged Kuwait, as refinancing needs align with a softer global rate backdrop. However, supply bulges and geopolitical risks may inject volatility.

Currencies

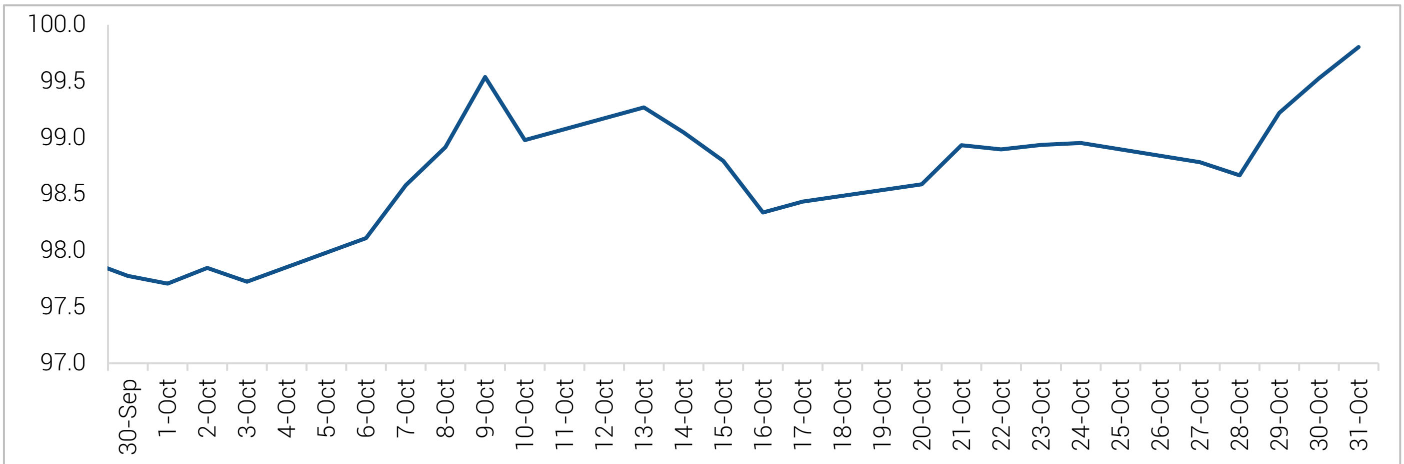
Dollar Volatility Dominates October; G10 and EM Currencies Reprice

Data Vacuum Forces Fed Pivot Amid Dollar Volatility

October 2025 was marked by a profound "data vacuum" and a confirmed policy pivot, leading to exceptional volatility in the US dollar. The DXY commenced the month on a weak footing, sliding near 97.723 as mounting fears of a US government shutdown coincided with clear signs of a cooling labor market, including a surprise contraction in ADP private payrolls. However, the greenback reversed sharply mid-month, climbing to 99.538 on safe-haven demand as the shutdown lingered. However, this strength proved transient. The DXY subsequently tumbled to multi-week lows near 98.433, driven by an explicitly dovish pivot from Federal Reserve officials, including Chair Powell, who emphasized the rising risks of employment.

The shutdown's mounting economic costs compounded pressure on the US dollar. Eventually, the month culminated in the main event: the October 29th FOMC meeting. As broadly anticipated, the Fed delivered a 25-bps rate cut, navigating the "data vacuum" by citing deteriorating labor conditions visible in private surveys. In the final days of the month, the DXY rallied back above 98.952, largely on G10 weakness. With this cut delivered, market consensus expects an additional 25-bps cut in December, awaiting delayed data like Core PCE to validate this easing cycle. We remain neutral on the US Dollar amid further expected rate cuts and fiscal concerns, with some support from safe-haven demand.

DXY remained volatile throughout October



Source: Investing.com, SGA Research

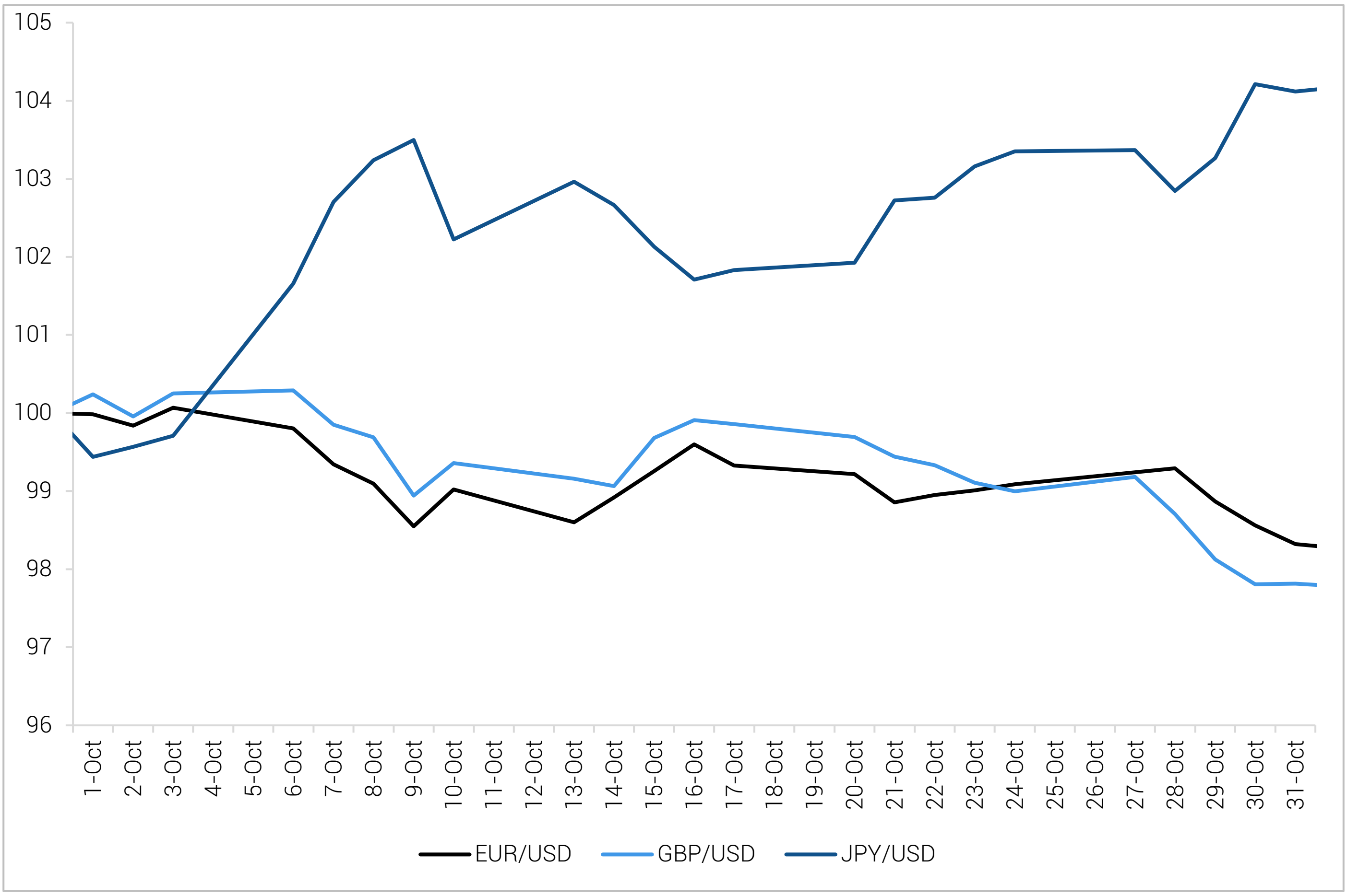
G10 Currencies Falter as Domestic Headwinds Mount

Major G10 currencies faltered in October, succumbing to renewed US dollar strength and acute domestic headwinds. The Euro slipped by 1.7% m/m to $1.153, weighed down not only by broad dollar demand but also by a sovereign downgrade of France, which amplified fiscal risk perceptions. Meanwhile, the sterling dropped 2.2% m/m to $1.315 as its narrative soured significantly. Softer-than-expected inflation at 3.8% and mounting fiscal deficits have solidified market expectations for BoE rate cuts in late 2025 and/or 2026.

The Japanese Yen was the standout under-performer, collapsing 4.1% m/m past 154.0 on the "Takaichi trade." Expectations of massive fiscal stimulus have completely overshadowed risks of rising inflation, forcing the market to price out any near-term BoJ policy normalization.

Looking to November, we maintain our positive view on the Euro, anticipating improving fundamentals against the USD. We revise our stance on GBP from positive to neutral, as significant fiscal risks can lead to sooner rate cuts. We also revise our stance on JPY from positive to neutral, given its structural weakness and new expansionary policy conflict.

Major G10 currencies under pressure amid broad dollar strength



Source: Investing.com, SGA Research

EM FX Slides as US Dollar Reasserts Dominance

Emerging Market (EM) currencies faced significant headwinds in October, as the US dollar strengthened. The offshore yuan (CNY) traded weakly, hovering near 7.117 against USD, driven by disappointing composite PMI data, which signaled a softer pace of expansion. This overshadowed a temporary US-China trade truce. The Indian rupee (INR) was similarly pressured, sliding towards its record low near 88.739 against the USD. A resurgent dollar, strong import demand, and ongoing tariff concerns weighed heavily, prompting the RBI to intervene to strengthen the rupee.

Meanwhile, the Turkish lira (TRY) continued its managed decline, hitting a fresh record low of 42.017/USD. The currency's weakness was exacerbated by the central bank delivering another 100-bps rate cut, despite September inflation accelerating. The South African rand (ZAR) fell to 17.314/USD, tracking lower gold prices towards the end of the month, while the Brazilian real (BRL) weakened past 5.377/USD, caught between US trade policy and domestic fiscal uncertainty. Looking ahead to November, the US dollar remains the dominant driver. We expect diversification to be key; currencies with acute domestic vulnerabilities (TRY, BRL) remain exposed, while others (INR) will depend on central bank policy divergence.

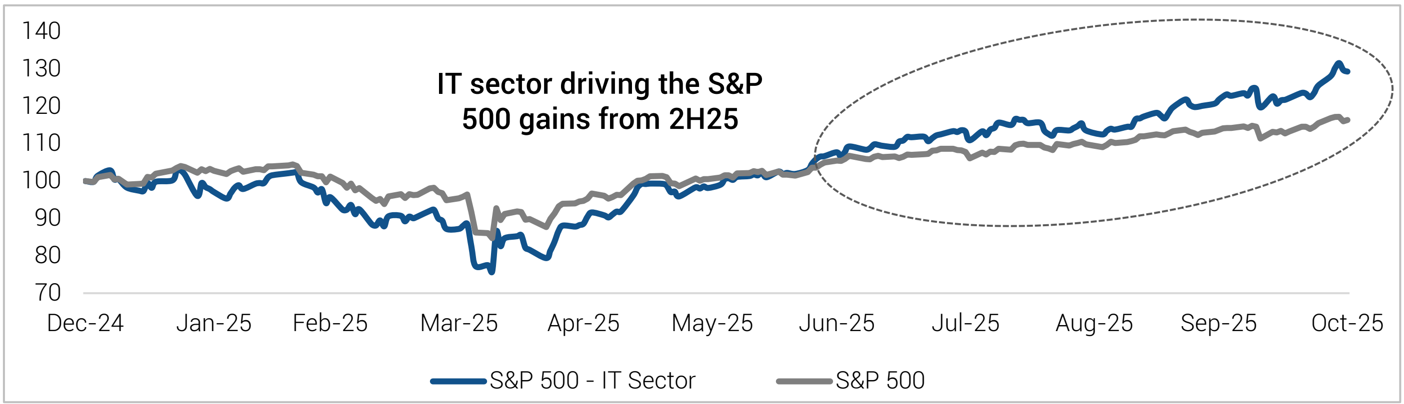
Equities
US Tech Leads as Sector Divergence Widens into Year-End

Fed Easing Fuels US Tech Rally as Cyclicals Face Pressure

The S&P 500 gained 2.3% in October 2025, marked by extreme divergence. The primary growth engine was the Information Technology sector (+6.2%), fueled by accelerating AI investment and strong corporate earnings. Sharp declines in cyclical and rate-sensitive sectors counterbalanced this strength. Materials (-5.1%), Financials (-3.0%), and Real Estate (-2.7%) struggled due to persistent economic concerns and high interest rates. A Federal Reserve rate cut offered support, but capital overwhelmingly flowed into quality, high-growth names. Semiconductor and tech hardware stocks led gains, with AMD (+58.3%) and Micron (+33.7%) surging on strong AI-driven demand and earnings momentum. Conversely, Fiserv (-48.3%) and Alexandria Real Estate (-30.1%) were among the worst performers, hit by margin pressures and declining commercial property valuations amid economic uncertainty.

As 2025 nears its end, the S&P 500 is expected to show selective strength, led by Information Technology and AI-driven stocks, which continue to benefit from robust enterprise demand and innovation. Health Care and Consumer Discretionary may also perform well due to defensive positioning and resilient spending. However, Real Estate, Financials, and Materials face headwinds from high interest rates, margin pressures, and slowing global industrial activity. Key catalysts shaping market performance include the Federal Reserve's monetary policy, alongside Q4 corporate earnings, geopolitical developments, and the evolving US election landscape. Investors are likely to favor high-growth, quality-focused names, while rate-sensitive and cyclical sectors may remain under pressure. Overall, sectoral divergence is expected to persist, and macroeconomic signals will continue to play a pivotal role in determining market direction through year-end.

Tech Powers S&P 500 Gains While Cyclical Sectors Falter



Source: S&P500, SGA Research

Cautious Optimism Builds in European Markets Amid Rate Cut Hopes and Sector Rotation

European equities posted mixed returns in October 2025, with tech and trade optimism driving gains in some regions while earnings volatility weighed on others. Germany's DAX rose nearly 0.3%, supported by resilient industrial stocks and optimism surrounding US-China trade talks. The pan-European STOXX 600 edged up 2.5% driven by strong business activity amid macro uncertainty. France's CAC 40 gained 2.9%, buoyed by initial optimism over potential US Federal Reserve easing and a tech rally, but was later weighed down by mid-month French political instability.

In contrast, the UK's FTSE 100 surged 3.9%, hitting record highs fueled by AI momentum, strong earnings, and cooling inflation, which boosted hopes for a BoE rate cut. Overall, performance hinged on tech strength, central bank signals, and corporate earnings.

European equities are expected to maintain a cautiously optimistic trajectory through the remainder of 2025, supported by improving macro conditions and attractive valuations. The potential for further interest rate cuts by the ECB could provide additional tailwinds, especially for small and mid-cap stocks. Financials and industrials are likely to benefit from stronger economic momentum, while healthcare and consumer staples offer defensive appeal amid lingering global uncertainties. Despite ongoing trade and geopolitical risks, improved transatlantic relations and shareholder-friendly reforms are enhancing Europe's investment narrative.

Strong Asia Rally Amid Patchy Regional Performance

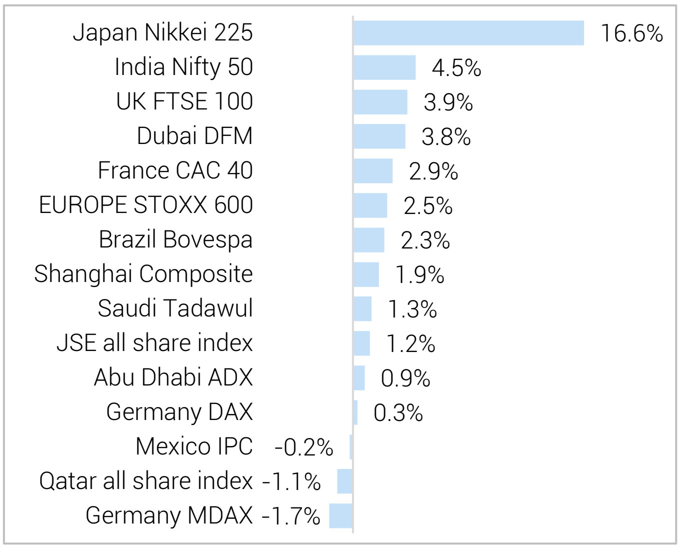
Asian markets showed a mixed performance in October, with Japan's Nikkei 225 leading strongly (+16.6%), driven by a weaker yen that boosted exporters, optimism surrounding corporate reforms, and robust earnings guidance. India's Nifty 50 rose 4.5%, supported by resilient domestic demand, strong GDP growth expectations, and sustained foreign inflows. In contrast, China's Shanghai Composite posted a modest 1.9% gain amid lingering property sector stress and cautious investor sentiment despite policy easing measures.

Middle Eastern markets also showed mixed trends in October. Dubai's DFM led with a solid 3.8% MTD gain, supported by strong real estate momentum and a positive earnings outlook. Saudi Tadawul rose 1.3%, aided by stable oil prices and banking sector resilience, while Abu Dhabi's ADX posted a modest 0.9% increase, reflecting selective buying in energy-linked stocks. Conversely, Qatar's all-share index declined 0.9%, pressured by weaker corporate results and subdued liquidity.

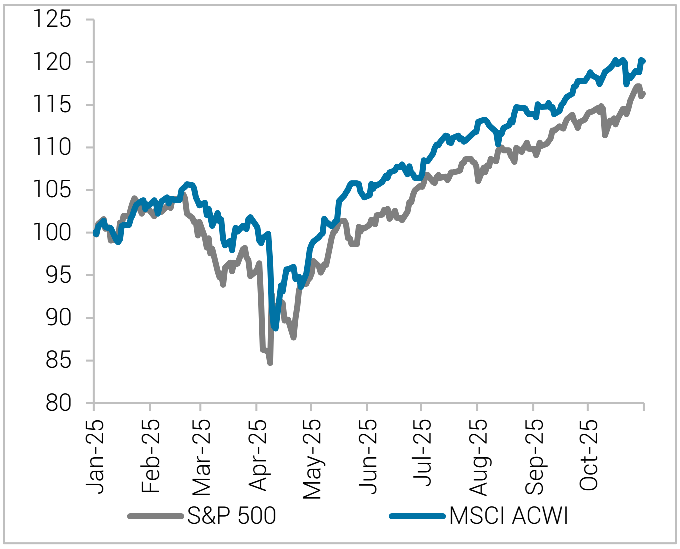
Amongst Emerging Markets, Brazil's Bovespa gained 2.3% in October, supported by strong commodity prices and easing inflation expectations. South Africa's JSE rose 1.2%, driven by mining stocks and a stable rand. In contrast, Mexico's IPC slipped 0.2%, reflecting profit-taking and cautious sentiment amid global growth concerns. Overall, Emerging Markets delivered modest gains, led by Latin America, while performance remained uneven across regions.

Asia-Pacific equities are expected to remain volatile, influenced by US trade policies and China's measured stimulus, while Japan benefits from structural reforms and steady domestic demand. Middle Eastern markets are expected to remain resilient, supported by robust sovereign capital, economic diversification, and high-impact sectors such as technology and green energy. Emerging Markets overall are poised for moderate gains, aided by a weaker US dollar, easing inflation, and structural growth drivers in technology and consumer sectors, though performance will vary across regions. Active stock selection and focus on quality remain critical amid geopolitical uncertainties and uneven macro conditions.

Japan Outshines Global Markets…



…as US rally powers the YTD global gains



Source: Investing.com, SGA Research

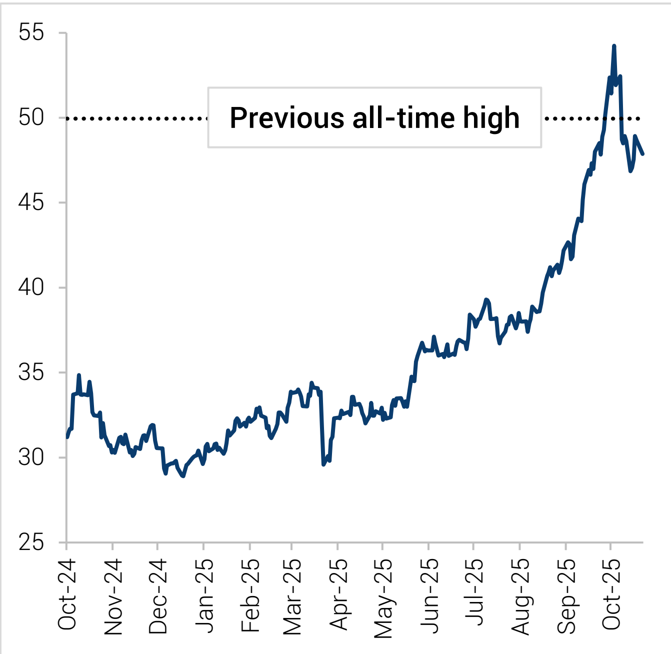
Commodities

After the Surge: Commodities Take a Breather

Silver Cools off After Breaching All-time High on Profit Taking

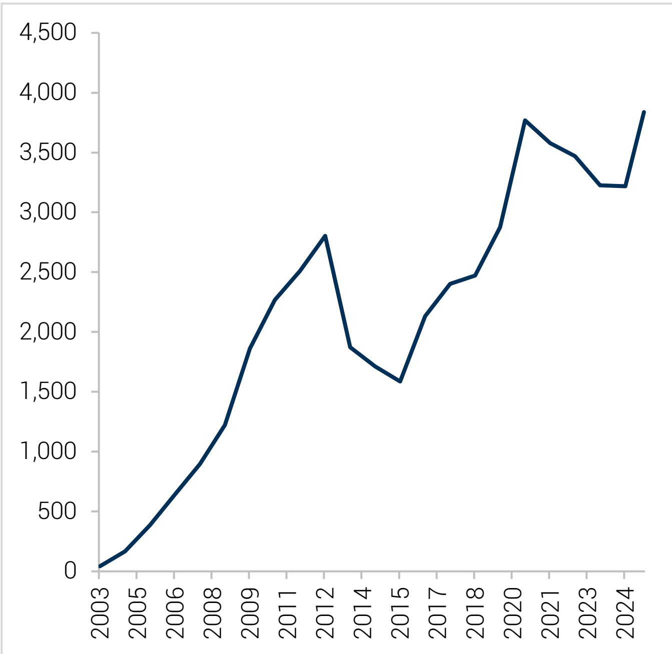
Silver witnessed sharp volatility in October, surging past the psychological $50 mark to set a new all-time high. The rally was propelled by silver's relative attractiveness to gold, strong inflows into ETFs, and a persistent shortage in the spot silver market. However, prices subsequently corrected by over 16.0% following the peak, driven by profit-taking as the US dollar strengthened and US-China trade negotiations showed a favorable outcome. Despite the sharp pullback, silver partially recovered to end the month with a gain of about 4.0%. Despite short-term correction, the long-term outlook remains favorable, which is supported by factors such as sustained industrial demand from the green transition, tapering supply, and a continued low interest rate climate.

Silver slides ~16.0% from all-time high



Source: Investing.com, SGA Research

Gold ETFs annual flows (tons)



Source: Investing.com, SGA Research

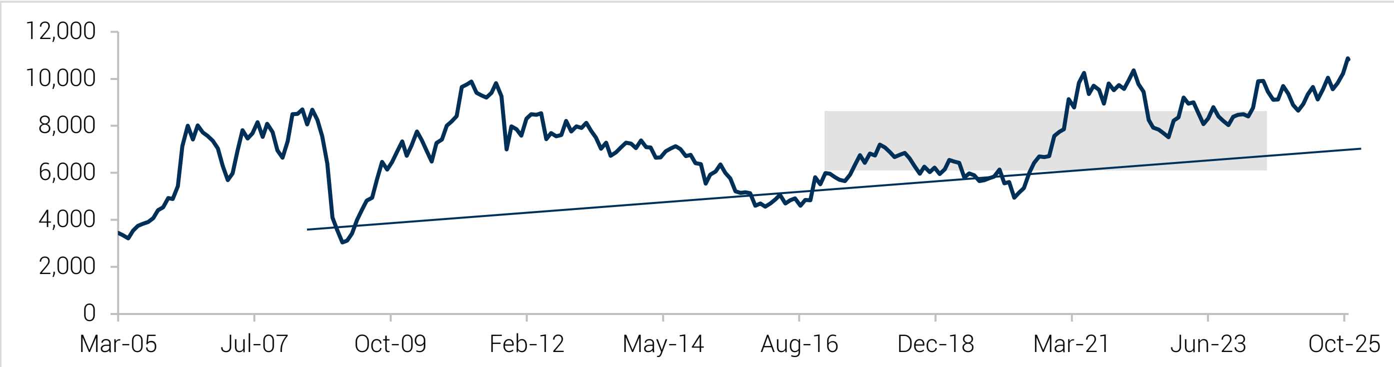
Gold Rally Pauses…A Technical Reset

Gold also experienced heightened volatility, moving past $4,000 and briefly climbing close to $4,400 per ounce to set a new all-time high. The surge was driven by expectations of US rate cuts, which boosted the appeal of non-yielding assets, along with strong central bank purchases and heightened geopolitical tensions that supported demand for safe-haven assets. However, after a year-to-date rally of more than 50%, profit-taking by institutional investors triggered a correction of around 11%. The pullback was further reinforced by progress in US-China trade negotiations, uncertainty over a potential December Fed rate cut, a stronger US dollar, and technical pressures, bringing prices back below $4,000. Nonetheless, the broader long-term outlook for gold remains constructive.

Copper Nears Record High as Energy Transition Meets Supply Constraints

Copper led the industrial metals complex in October, rallying from ~$10,300 per ton to above $11.000 per ton, nearing its all-time high. The rally was driven by structurally inelastic demand from the global energy transition, including EVs, renewables, and AI-linked and green infrastructure. On the supply side, major disruptions at key mines, including Grasberg (Indonesia), El Teniente (Chile), and Kakula (Congo), have tightened the market. The ICSG revised its 2025e mine supply growth forecast down to 1.4% from 2.3% and now expects a 150,000-tonne deficit in 2025e from a previously expected surplus. LME inventories declined steadily through October, falling from 141,725 tons at the start of the month to around 134,500 tons by October end, reinforcing the tightening narrative. With long lead times for new capacity, copper's outlook remains highly bullish, with forecasts pointing toward $13,500-15,000 per ton under continued supply constraints.

Copper remains strong ($/ton)

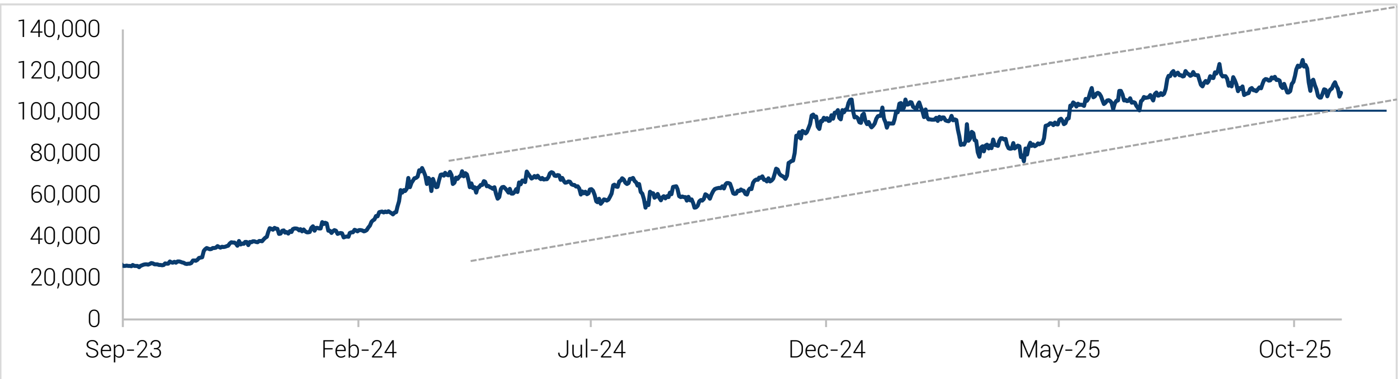


Source: LME, SGA Research

Bitcoin Stabilizes After Leverage Shakeout

Bitcoin opened October with a sharp breakout from a multi-week consolidation, rallying past $120,000 to a record high of ~$124,700. The move, driven by elevated volumes and speculative positioning, lifted the broader altcoin complex. However, excessive leverage, particularly in offshore derivatives where open interest hit $52 billion, left the market vulnerable. A renewed bout of US-China trade tensions triggered $19 billion in forced liquidations, sending Bitcoin ~15% lower to ~$106,000. The market stabilized as leverage was flushed out. Institutional demand remained resilient, supported by dovish Fed signals and Bitcoin's perceived safe-haven role during the US government shutdown. Favorable US-China trade negotiations support the sentiment. While long-term outlooks remain favorable, cryptos such as Bitcoin are increasingly witnessing a strong bearish bias due to increased risk aversion in the financial market. Bitcoin is approaching a crucial support level of $100,000-$111,000, and breaching this level may push prices lower to $80,000-$90,000.

Bitcoin at crucial support ($)



Source: Investing.com, SGA Research

Real Estate

A Market of Sharp Contrasts: US Headwinds, UK Freeze, and APAC Revival

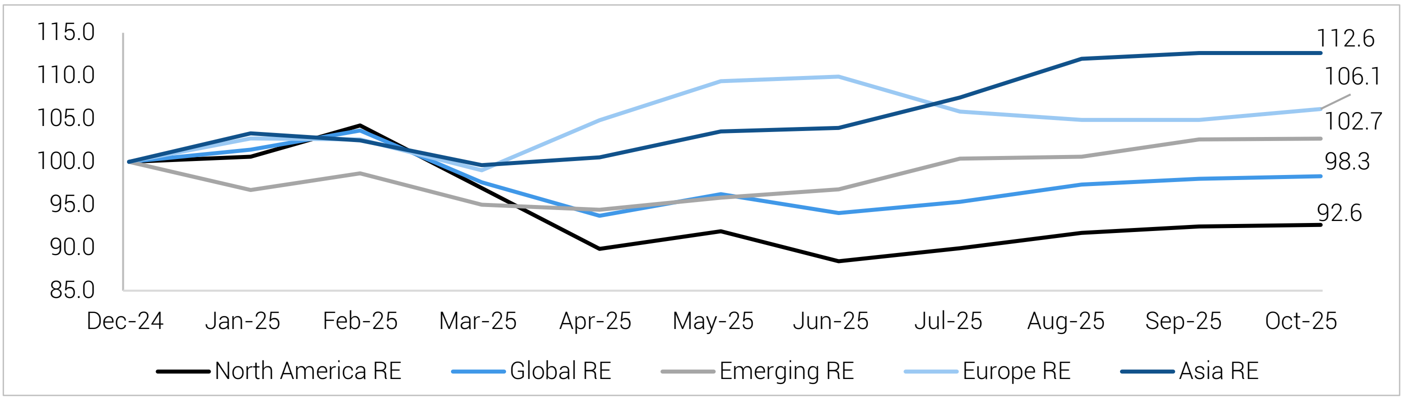
APAC Leads Global Growth Amid US & UK Uncertainty

October 2025 painted a stark picture of divergence in the global real estate market, splitting the West from the East. The US CRE sector initially faced headwinds from the federal government shutdown, which caused widespread economic turbulence and stalled real estate deals, with the National Association of Realtors warning of "sidelined buyers." That said, the rate cut by the Fed is expected to aid capital flow & affordability for the sector in the remainder of the year.

Elsewhere, the UK market was "in freeze," with transactions slowing as investors nervously await the pending November budget and its anticipated property tax hikes. In Europe, flight to high quality kept the transaction activity going with regional differentiations. Notably, the APAC region staged a strong revival, with Q3 commercial investment volumes reaching a record high, marking more than 50% y/y growth.

The global RE indices were down 1.7% YTD October 2025. Among the regional indices, North America RE had the largest decline, at 7.4% YTD, while Asia RE grew 12.7%, the highest among all regions. Europe RE expanded at a moderate rate of 6.0% on a YTD basis, whereas Emerging RE was up 2.8%

Global CRE performance – YTD October 2025



Source: EPRA, Global RE Represented by FTSE EPRA Nareit Global Index, Regional RE Indices Are Subsectors of Broader Index, SGA Research

US Housing Stalls Amid Uncertainty while Office Rebounds on Quality

The US residential real estate market's recovery stalled in October, caught between slowing inventory growth and weak buyer demand. While active listings rose for the 24th straight month (+15.3 y/y), the pace of growth has eased, leaving inventory 13.2% below pre-pandemic levels. This sluggish inventory met soft demand, with pending sales slipping 1.9% y/y despite 12-month low mortgage rates. Nationally, prices were flat (+0.4% y/y), masking regional risk divergence and offering little relief from persistent affordability concerns. Compounding this fragile state, the federal government shutdown is now injecting new uncertainty, already pausing buyer and seller activity in federal-heavy metros such as Washington, D.C.

The US CRE witnessed a 13% y/y increase in investments to $112 billion in Q3, reflecting growing institutional confidence and liquidity. The opportunistic buying by tech majors provided renewed strength to the office market. Sixth consecutive quarter of positive net absorption and first y/y vacancy decline (to 18.8%) since Q1 2020, the office market is starting to stabilize, led by a continued preference for high-grade assets.

This clear inclination for quality is evident from tech and financial firms disproportionately favoring prime buildings, causing their vacancy rate (14.2%) to fall more than twice as fast as that of non-prime assets (19.1%). However, this recovery is tempered; while nominal rents are up 1.3%, they represent an 18% loss in real terms since Q1 2020 when adjusted for inflation.

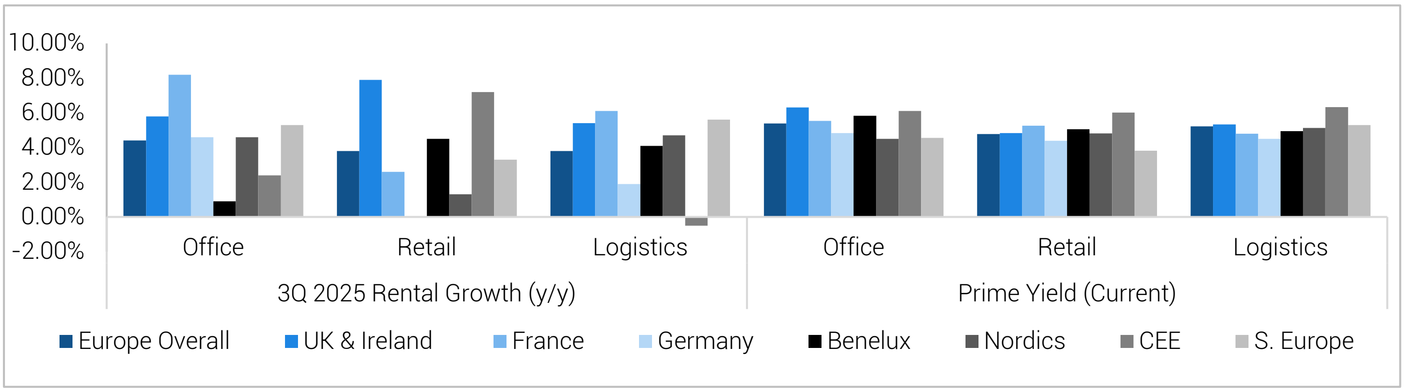
In the retail market, strip malls anchored by restaurants and essential services remain popular among investors. Moreover, demand momentum for logistics space continued in Q3, driven by e-commerce, and is expected to persist for the remainder of the year. However, the hotel sector's performance declined due to difficult comparisons and travel disruptions resulting from the government shutdown.

Rally Towards Quality Remains a Common Theme For European & UK CRE

In October, the UK housing market was characterized by record-high prices, a slowdown in sales, and an increased lead time. Property investment remained muted in Q3, influenced by budget uncertainty and the potential for an early pre-Christmas slowdown. Demand for high-quality office spaces in key regional hubs kept the prime yield at an elevated level. Though retail investment volume remained below peak levels, a healthy increase in big-box investments in Q3 indicates growing investor confidence. Moreover, as vacancies continued to compress across all sub-sectors, rental growth surged by around 8% on a y/y basis.

Across Europe, commercial sectors showed divergence. The office market demonstrated resilience, with nearly half of the major markets recording prime rental growth, as quality assets continue to be the top draw for capital flows. Similarly, retail's recovery was targeted, with investor interest returning to high-yield retail parks and dominant shopping centers. The student living remained a core focus, driven by large-scale deals in Purpose-Built Student Accommodation (PBSA), particularly in continental Europe. In logistics, despite a structural push by e-commerce, occupiers remained cost-conscious, keeping rents flat. Going forward, Q4 could see a larger number of assets coming to market, strengthening investor confidence in European CRE.

Healthy rental fundamentals across Europe and the UK



Source: Cushman & Wakefield, SGA Research

Record Q3 Investment Signals Strategic Shift in APAC Commercial Real Estate

The Asia-Pacific CRE market experienced a strong revival in Q3, with investment volumes reaching a record $63.8 billion, a 56.8% y/y surge and nearly double the transaction volumes recorded in Q2. This "genuine market revival" is attributed to enhanced policy clarity, the stabilization of capital rates, and the completion of several major transactions that had been previously delayed (Source: Knight Frank).

Cross-border investment was exceptionally strong, totaling $17.8 billion, a 28.6% y/y increase. South Korea led the region with $14.3 billion in total transactions, primarily in office assets. Australia was the top destination for cross-border capital ($5.0 billion), followed by Japan ($3.5 billion).

The data signals a strategic shift, with investors moving away from cap rate compression strategies and toward active asset management and income growth. This has directed substantial capital into defensive sectors, particularly logistics and housing.

Looking ahead, it is expected that investment momentum will stay firm in Q4, supported by monetary policy clarity and improved liquidity. Despite lingering US-China trade tensions, stabilizing cap rates and narrowing yield spreads are boosting investor conviction.

Currencies

Currencies	Oct-end	▲ 1-Month	▲ YTD	▲ YoY
DXY Index	99.8040	2.1%	-8.0%	-4.0%
EUR/USD	1.1534	-1.7%	11.4%	6.0%
GBP/USD	1.3151	-2.2%	5.1%	2.0%
USD/CHF	0.8042	1.0%	-11.4%	-6.9%
USD/CAD	1.4010	0.6%	-2.6%	0.6%
USD/AUD	1.5284	-1.0%	5.8%	-0.6%
USD/AED	3.6726	0.0%	0.0%	0.0%
USD/INR	88.7390	-0.1%	3.7%	5.6%
USD/CNY	7.1169	0.0%	-2.5%	0.0%
USD/JPY	154.0000	-4.1%	-2.0%	1.3%
Bitcoin	109,428.0100	0.3%	-4.5%	71.6%

Commodities

Commodities	Oct-end	▲ 1-Month	▲ YTD	▲ YoY
WTI Crude ($/barrel)	61.0	-2.2%	-15.0%	-12.0%
Brent Oil ($/barrel)	65.1	-2.9%	-12.8%	-11.1%
Natural Gas ($/mmBtu)	4.1	24.9%	13.5%	52.3%
Gold ($/oz)	4,001.8	3.7%	52.5%	45.8%
Silver ($/oz)	48.7	4.2%	68.5%	49.0%
Platinum ($/oz)	1,568.1	-0.4%	73.5%	58.8%
Palladium ($/oz)	970.5	0.8%	6.3%	1.7%
Copper ($/metric ton)	9,518.8	3.8%	10.0%	12.6%

Fixed Income

Rates	31-Oct-25	30-Sep- 25	31-Dec-24	30-Sep-24
Fed Funds Target	4.0%	4.3%	4.5%	5.0%
ECB Depo Rate	2.0%	2.0%	3.0%	3.3%
US Treasuries 2-year	3.6%	3.6%	4.2%	4.2%
US Treasuries 10-year	4.1%	4.2%	4.6%	4.3%
US Treasury 2–10 Spread (bps)	50	55	33	12
German Bunds 2-year	2.0%	2.0%	2.1%	2.3%
German Bunds 10-year	2.6%	2.7%	2.5%	2.4%
UK Gilts 10-year	4.4%	4.7%	4.5%	4.4%
Japanese Govt Bonds 10-year	1.7%	1.6%	1.2%	0.9%
Swiss Govt Bonds 10-year	0.2%	0.3%	0.4%	0.4%
China 10-year	1.8%	1.9%	1.7%	2.1%
India 10-year	6.5%	6.6%	6.7%	6.8%
Australia 10-year	4.3%	4.3%	4.4%	4.5%

Source: investing.com, October-end data as of 31 October 2025, SGA Research

Global Equity Markets

Country	Index	Oct-end	▲1-Month	▲YTD	▲YoY
US	S&P 500 ($)	6,840.2	2.3%	16.3%	19.9%
	DJ Industrial Average ($)	47,562.9	2.5%	11.8%	13.9%
	Nasdaq 100 ($)	25,858.1	4.8%	23.1%	30.0%
Europe	STOXX Europe 600 (€)	571.9	2.5%	12.7%	13.2%
	STOXX Europe 50 (€)	5,662.0	2.4%	15.6%	17.3%
	UK FTSE 100 (£)	9,717.3	3.9%	18.9%	19.8%
	Germany DAX (€)	23,958.3	0.3%	20.3%	25.6%
	France CAC 40 (€)	8,121.1	2.9%	10.0%	10.5%
	SWISS MKT (CHF)	12,234.5	1.0%	5.5%	3.7%
APAC	Japan Nikkei 225 (JPY)	52,411.3	16.6%	31.4%	34.1%
	SHANGHAI COMPOSITE (CNY)	3,954.8	1.9%	18.0%	20.6%
	Hang Seng (HKD)	25,906.7	-3.5%	29.1%	27.5%
	Australia S&P/ ASX 200 (AUD)	8,881.9	0.4%	8.9%	8.8%
	India Nifty 50 (INR)	25,722.1	4.5%	8.8%	6.3%
MENAT	UAE ADX (AED)	10,099.9	0.9%	7.2%	8.3%
	Dubai DFMGI (AED)	6,059.4	3.8%	17.5%	32.0%
	Qatar DSM (QAR)	10,956.8	-0.9%	3.6%	4.1%
	Saudi Arabia Tadawul (SAR)	11,655.9	1.3%	-3.2%	-3.0%
	Kuwait BK Main 50 (KWD)	8,853.6	4.1%	30.1%	37.9%
	Muscat MSM30 (OMR)	5,610.3	8.3%	22.6%	18.1%
	Bahrain All Share (BHD)	2,062.9	5.9%	3.9%	2.2%
	Egypt EGX 30 (EGP)	38,267.8	4.4%	28.7%	24.8%
	Turkey N100 (TRY)	10,971.5	-0.4%	11.6%	23.8%

Source: investing.com, October-end data as of 31 October 2025, SGA Research

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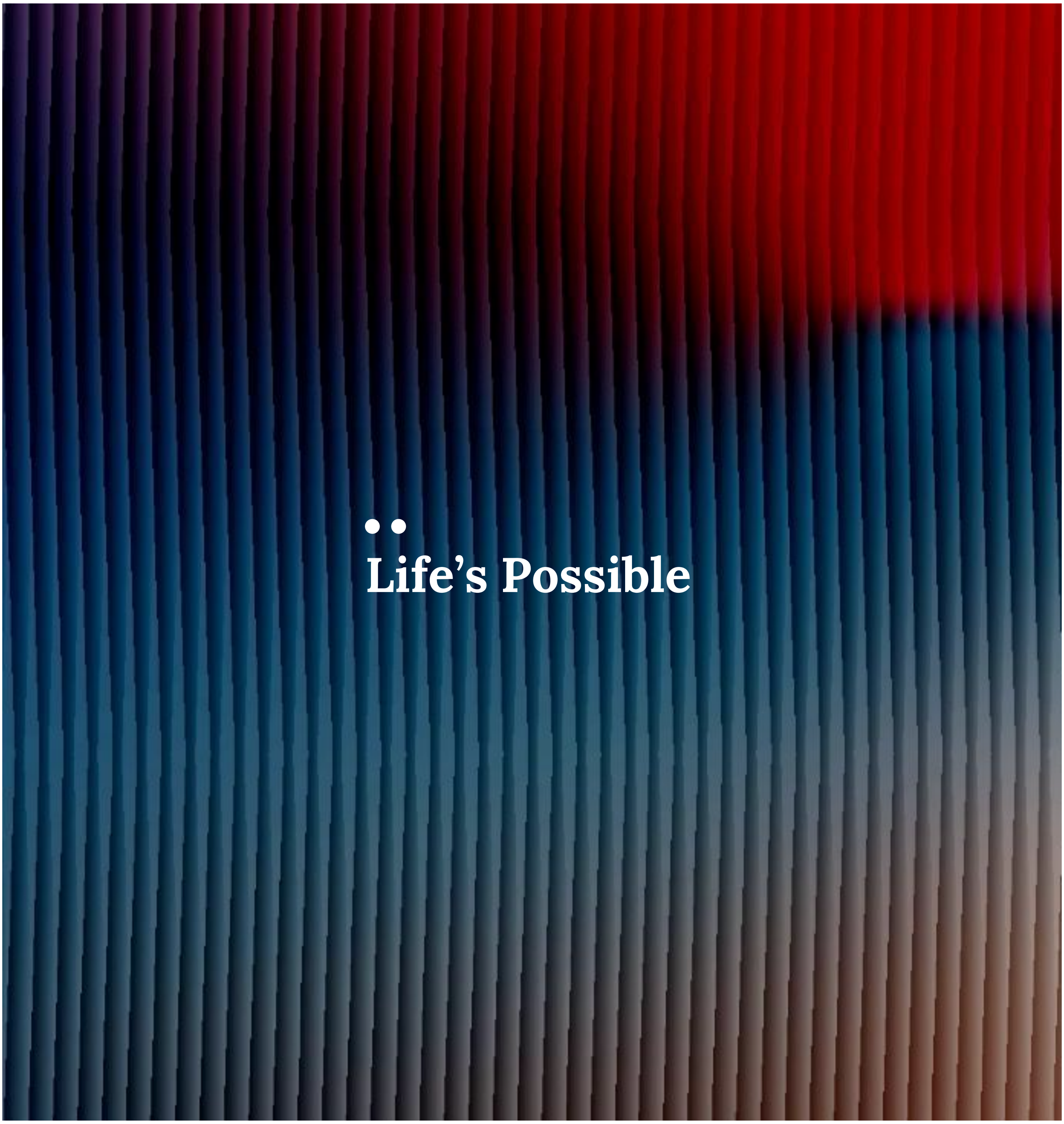

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