



Monthly Investment Updates

December 2025



Macro Overview



Growth

- The US ISM Manufacturing Index (an economic indicator that reflects the manufacturing sector's performance) fell in November because of weaker orders. Many companies have paused or delayed orders due to trade uncertainty and tariffs eroding the margins. Layoffs and hiring freezes have caused the unemployment rate to rise to 4.6% - its highest level since September 2021. The US economy's growth projections for 2025 have been revised upward since September, from 1.6% to 1.7% while current forecasts for 2026 Gross Domestic Product (GDP) range between 1.8% to 2.3%.
- In Asia, China's monthly economic data remained weak in November. While exports rebounded to 5.9% year on year, from -1.1% in October, both retail sales and fixed asset investment growth slowed further. The persistent weakness in domestic demand puts most of the heavy lifting burden on policy support. Meanwhile, Japan's exports rose for a third straight month in November; supported by a recovery in shipments to the US and a weaker yen that enhanced competitiveness.

Inflation


- US retail sales were unexpectedly flat in October although consumer spending remains on solid footing. Nonetheless a survey by the University of Michigan reported that US consumer sentiment sank in November as US consumers remained frustrated by persistent high prices.
- While inflation remains largely benign across most of Asia, high food costs has been keeping inflation above 2% in Japan. As a result, the Bank of Japan is widely expected to raise rates by 25 basis points to 0.75% in its December 2025 meeting.

Monetary policy

- The US Federal Reserve (Fed) cut rates by 25 basis points as expected in December. Although Powell described the move as the last insurance cut in the current easing cycle, the emphasis on data dependency leaves the door open for further cuts. Significant uncertainties remain around the US policy rate—from a potentially lagged tariff pass-through to inflation to a possible uptick in unemployment and the choice of the next Fed chair.
- Meanwhile other developed markets' central banks are increasingly cautious about further rate cuts amid better-than-expected growth and signs of inflation bottoming out. Since late November, futures markets have scaled back rate-cut expectations across major developed economies.

Asset class views

- Uncertain financial markets require tactical flexibility and prudent (and active) downside risk management. That said, we think it may be too early to be outright bearish on risk assets such as global equities. Despite still lofty valuation levels (i.e., US equities notching new record highs), current macroeconomic fundamentals can still be supportive over the near-term.
- As higher equity valuations can make stock markets more sensitive to news and market development fluctuations, the team continues to actively identify promising investment opportunities in less expensive markets (e.g., Emerging Markets, Asia). Singapore equities, for example, exhibit attractive characteristics while providing an attractive dividend yield, alongside a strong roster of quality companies.
- Within fixed income, in early December we upgraded our tactical stance on US duration, from previously neutral to now slightly constructive, as the US 10Y yield has recently risen from the key 4% support level, presenting an attractive entry point to re-engage.

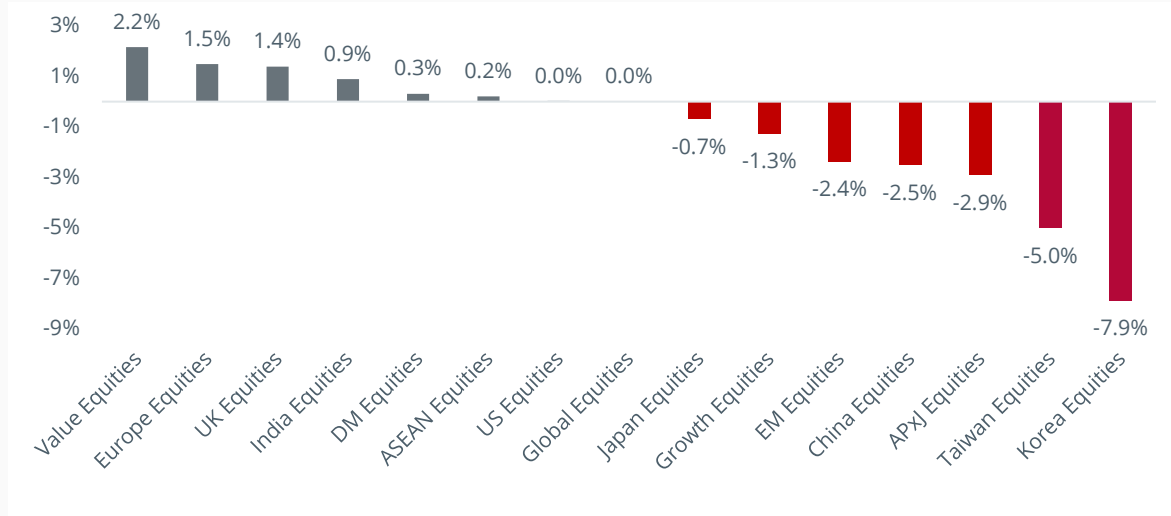
 Top 3 risks	Likelihood	Magnitude of market impact
The US economy slows more-than-expected due to labour market weakness and as gradually rising tariff-related price pressures erode US consumption growth, a key tailwind for US GDP growth. While we doubt inflation will rise to more than 4% in a worst-case scenario, weaker growth with inflation stuck above 3% would rekindle stagflation concerns. Another key risk is that companies begin scaling back AI-related tech hardware investments as US equities and GDP growth have become highly dependent on AI-driven spending.	Medium	High
Key upside risks include but are not limited to a) the US economy proves more resilient to tariffs than expected and b) the Fed cuts rates more than expected. If tariff passthrough remains subdued, US consumption growth could stay resilient while inflation would prove lower than expected. The latter would create room for the Fed to credibly cut interest rates more than is currently priced, stimulating both the economy and asset prices. Another source of potential upside would be a larger-than-expected Chinese policy stimulus to maintain 5% GDP growth which could boost equities, strengthen the yuan, and support broader Asian growth.	Medium	Medium
Geopolitical instability. We continue to monitor the potential for stress emerging from China-Taiwan cross-strait relations.	Low	High

Views provided herein are subject to change without prior notice.

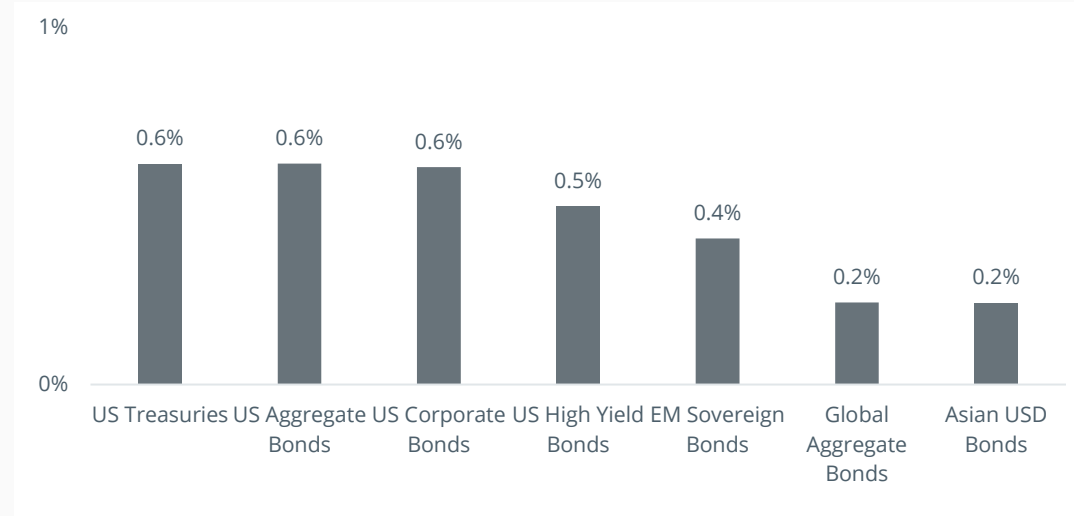
Market Recap and Update



Global Equity Markets
(Monthly gross returns as of 28 November 2025, in USD)



Global Bond Markets
(Monthly gross returns as of 28 November 2025, in USD)



- Global equities, as proxied by the MSCI ACWI Index, were flat in November as technology stocks came under pressure amid concerns over an artificial intelligence (AI) bubble, in addition to mid-month volatility driven by uncertainty over a potential US Federal Reserve (the Fed) rate cut in December. AI jitters also shook US markets, as investors booked profits amid concerns over stretched valuations in technology and artificial intelligence-related stocks; a shutdown-delayed jobs report which also added to further uncertainty. Overall, a late-month rally led to a modest 0.3% return overall for the S&P 500 Index, while the tech-heavy Nasdaq fared worse, returning -1.5%. European equities, which are less exposed to the AI sector, rose by 1.5%, outperforming the US.
- Emerging Market (EM) equities declined -2.4% in November, underperforming Developed Markets (0.3%). The Asia Pacific ex-Japan region also lagged, returning -2.9%, driven primarily by China underperformance and also a pronounced weakness in the global trade bellwethers of South Korea and Taiwan. Chinese equities, which returned -2.5%, were weighed down by pronounced weakness in the property sector, with the crisis escalating as China Vanke Company faced mounting default risks alongside persistently sluggish home sales. South Korean equities lagged as technology stocks were hit by a sharp drop in semiconductor output and renewed fears of an AI bubble. Taiwanese equities also fell, pressured by renewed concerns over stretched valuations in AI-related stocks.

- In November, global fixed income markets experienced gains across most fixed income sub-asset classes, benefitting from expectations of a Federal Reserve (Fed) rate cut in December. Short- and mid-end US Treasury yields decreased during the month; the 2-year yield fell 13 basis points (bps) to 3.47%, the 10-year yield declined 9 bps to 4.02% and the 30-year yield remained at 4.67%.
- Global aggregate bonds returned a modest 0.2%, while US aggregate bonds and US Treasuries fared better, both returning 0.6%. US investment grade bonds posted a 0.6% return, benefitting from the rally in short- and mid-end US Treasuries. US high yield bonds also finished in the positive territory; solid earnings and increased expectations of a Fed rate cut in December helped offset downgrades and weakness in lower-rated bonds.
- Emerging Market (EM) sovereign bonds rose by 0.4%, led by outperformances from high yield issuers. The Asian USD bond market recorded a modest gain of 0.2%, supported by the investment-grade segment.

Data source: Eastspring Investments, LSEG Datastream and MSCI. *Monthly gross total returns as of 28 November 2025. **Equity Markets** - "Global" : MSCI ACWI, "DM" : MSCI World Index, "APxJ" : MSCI AC Asia Pacific ex Japan Index, "EM" : MSCI Emerging Markets Index' "Value" and "Growth" : MSCI World Value Index and MSCI World Growth Index, respectively, and "China" : MSCI China Index. **Bond Markets** - "U.S. Corporate Bonds": ICE BofA U.S. Corporate Index, "EM Sovereign Bonds": J.P. Morgan EMBI Global Diversified Index, "U.S. Treasuries" : Bloomberg U.S. Treasury Index, "Asian USD Bonds": J.P. Morgan Asia Credit Index, "Global Aggregate Bonds": Bloomberg Global Aggregate Index, "U.S. Aggregate Bonds": Bloomberg U.S. Aggregate Index, and "U.S. High Yield Bonds": ICE BofA U.S. High Yield Index Index. Past performance of the indices is not indicative of future performance of the indices.



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