

Market Commentary & Outlook November 2025

Summary

- November saw **volatility** despite the end of the US government shutdown.
- **AI-related spending concerns** weighed on global tech valuations.
- **US rate cut expectations fluctuated**; Fed likely to ease in December.
- Australian CPI rose to 3.8% YoY, reducing chances of an RBA cut.
- Australian equities fell (-2.79%), led by IT and Financials; small caps outperformed.
- Global equities posted **modest gains**; defensive sectors outperformed.
- **Bond yields diverged**: US yields fell, Australian yields rose.
- **Gold surged (+5.91%)**, Bitcoin slumped (-16.7%).

Global Market Overview

November was marked by volatility across global markets. Despite the resolution of the US government shutdown, investor sentiment remained cautious amid concerns over heavy capital expenditure on artificial intelligence and its potential returns. Mixed US economic data caused expectations for a December Fed rate cut to fluctuate significantly.

Australia

Inflation surprised to the upside, with October CPI rising **3.8% YoY** (up from 3.6%). Housing (+5.9%), food (+3.2%), and recreation (+3.2%) were key drivers. This reduced the likelihood of an RBA rate cut in December.

- **ASX200 fell 2.79%**, led by IT (-11.58%) and Financials (-6.53%).
- Health Care (+1.99%) and Materials (+1.55%) outperformed.
- Small caps fell **1.48%**, outperforming large caps.

Global Equities

Of note was the volatility in US equities. Despite the S&P 500 recording its seventh consecutive monthly gain the S&P 500 was down as much as 4.3% intra-month before recovering to close November with a gain of 0.51% as valuation concerns regarding larger technology companies and their capital expenditure weighed on sentiment.

- Currency-hedged global equities gained **0.32%**, unhedged rose **0.17%**.
- Defensive sectors outperformed: **Global Listed Infrastructure +3.40%**, **GREITs +2.06%**.

Global Equity Return Themes

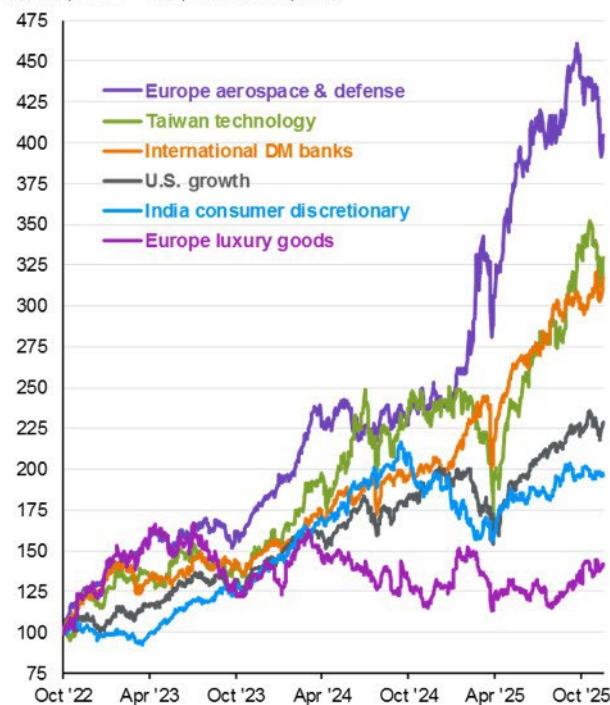
Regional performance since 2022

Oct 12, 2022 = 100, total return, USD



Major global investment themes

Oct 12, 2022 = 100, total return, USD



Source: J.P.Morgan Guide to the Markets, FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. 12/10/2022 was the market bottom for U.S. equities.

The charts above show some of the global equity return themes. On the left it shows that the European and Japanese equity markets have outperformed the S&P 500 (excluding Nvidia), since October 2022. On the right themes like European aerospace, Taiwan technology, international developed market banks, India consumer discretionary, and European luxury goods have kept pace with US Growth highlighting the importance of diversification and active management.

Fixed Income & Commodities

Bond yields in the US moved lower during the month with the US 10-year bond yield falling 7 bps to 4.01% and the US 2-year bond yield falling 8 bps to 3.49% as investors became more confident that the US Federal Reserve would cut the Fed Funds rate at its December meeting. In Australia, the 10-year bond yield increased 22 bps to 4.52% whilst the 2-year bond yield

increased 25 bps to 3.81% as stronger than expected CPI data quashed hopes of a December rate cut by the RBA.

- Gold surged **+5.91%** to US\$4,239/oz; Bitcoin slumped **-16.7%**.

Outlook and Positioning

Persistent inflation is likely to delay rate cuts in Australia with some market participants suggesting that the next move by the RBA will be to increase rates. In the US, consensus is that the Fed will cut in December. The debate over the AI driven market continues but a catalyst for a reversal is hard to pinpoint. Geopolitical and policy issues continue to take a backseat but could impact growth prospects. Some stresses in areas such as private credit are starting to emerge.

We continue to favor global equities, with a dedicated emerging market exposure. Global infrastructure continues to provide opportunities and defensive positioning. Our preference for active management in fixed interest continues with a bias towards Australian fixed interest. Staying diversified and cautious continues to be the order of the day.

Benchmark Returns

| Period Ended: 30 November 2025 | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | 10 Years |
|--|--------------|--------------|----------|--------|---------|--------------|----------|
| | % | % | % | % | % (pa) | % (pa) | % (pa) |
| Australian Shares | | | | | | | |
| Large Caps | -2.79 | -3.70 | 2.62 | 4.23 | 9.41 | 10.14 | 9.56 |
| Broad Caps | -2.64 | -2.86 | 4.11 | 5.81 | 9.66 | 9.79 | 9.47 |
| Small Caps | -1.48 | 3.84 | 16.73 | 19.43 | 11.49 | 7.13 | 8.90 |
| International Shares | | | | | | | |
| World ex-Australia in AUD Hedged (Net) | 0.32 | 6.34 | 14.92 | 15.75 | 18.00 | 12.72 | 11.45 |
| World ex-Australia in AUD unhedged (Net) | 0.17 | 5.55 | 12.54 | 16.49 | 20.16 | 15.67 | 13.08 |
| Australian Cash and Bonds | | | | | | | |
| Bank Bill Index | 0.30 | 0.89 | 1.84 | 4.04 | 4.09 | 2.64 | 2.10 |
| Australian Bond Index | -0.88 | -0.42 | 0.62 | 4.35 | 3.22 | -0.36 | 2.13 |
| International Bonds | | | | | | | |
| International Bond Index in AUD Hedged | 0.18 | 1.61 | 2.88 | 3.76 | 3.60 | -0.49 | 1.97 |
| Global Listed Infrastructures | | | | | | | |
| Global Listed Infrastructure in AUD Hedged | 3.40 | 5.18 | 7.94 | 6.79 | 7.13 | 7.45 | 8.46 |
| Property | | | | | | | |
| A-REIT – Accumulation | -3.85 | -6.28 | 2.96 | 0.77 | 12.71 | 8.51 | 8.12 |
| G-REIT - in AUD Hedged | 2.06 | 2.13 | 6.04 | 2.11 | 5.16 | 3.87 | 3.17 |

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