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AIP

5th December 2025

The strong performance in 2025 underscores the value of smart diversification. Looking ahead, while the last two weeks of the year are historically the best for US equity markets, several events over the next two months, including next week's Fed policy meeting, expected Supreme Court decision on tariffs, President Trump's nomination of the next Fed Chair, have the potential to cause volatility. As uncertainty reigns heading into 2026, gold, on pace to handsomely beat global stocks and bonds this year, remains a top conviction, alongside equities.

Equities

Overweight Asia ex-Japan equities, within global equity allocations. There are compelling opportunities in China and India equities. Chinese equities to continue to re-rate higher, with government policy support and corporate AI investments as the key drivers. For India, recent monetary policy easing, plus tax reforms, offer support to economic growth and provide a foundation for revitalising earnings growth.

Bonds

A 25bps cut at the Fed policy meeting next week. The risk of further interest rate volatility is likely to be more pronounced in long-maturity bonds, as ongoing concerns about fiscal balances are likely to persist.

On technical charts, EUR/USD broke above the downtrend channel. EUR/USD to climb toward 1.1790 amid increasingly divergent ECB-Fed monetary policies. Weak US labour data and manufacturing contraction signal further Fed rate cuts. In contrast, the ECB is poised to hold rates steady at its December meeting.

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