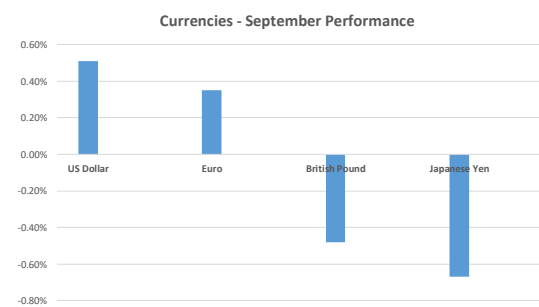
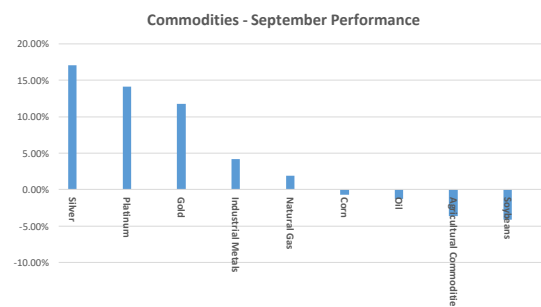
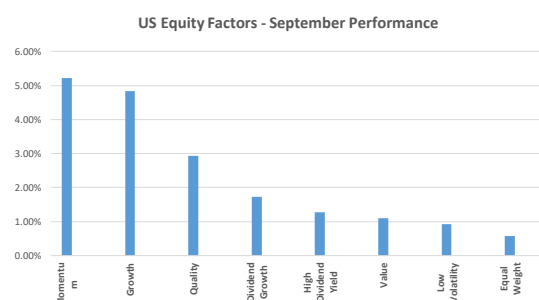
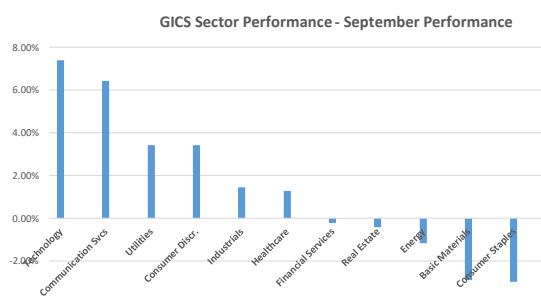
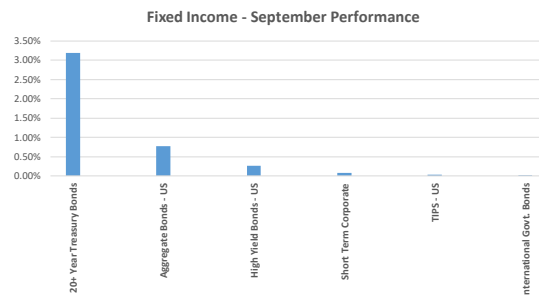
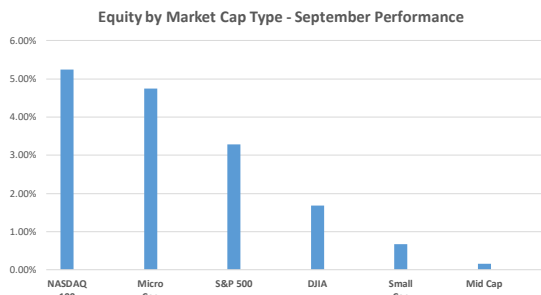


September 2025 - Market Comments

Markets in a Glimpse

- **Fed-Driven Small Cap and AI Rally:** Equities shifted from caution to rally, led by AI and tech strength alongside dovish central bank expectations. U.S. indexes swung through the month, with Large-cap tech driving gains despite yield pressures and weak data.
- **Fed's Dovish Stance Confirmed:** Momentum and Growth stocks benefitted the most from Powell's dovish message; whereas quality and value styles lagged as inflation data matched consensus estimates.
- **Emerging Markets Shining:** EM equities posted a broad-based rebound, shifting away from last year's China-driven gains on the back of improved credit conditions, supportive monetary policy, and stronger foreign investment boosted performance.
- **Labor Market Softening:** weak non-farm payrolls and weekly initial jobless claims reflected cooling in hiring momentum reinforcing expectations for Fed rate cuts.
- **Global Commodity Trends Hold Steady:** Oil retreated as supply resumed, though geopolitical risks limited the decline. Gold hit record highs on safe-haven demand, while base metals stayed mixed amid weak Chinese demand.
- **Crypto Uncertainty:** Cryptocurrencies weakened, as macro uncertainty and regulatory pressures weighed on Bitcoin and broader digital assets.



September 2025 - Market Comments

In-Depth Market Review

Financial Markets

Equities

Equity markets in September displayed a narrative shift: from earlier caution and consolidation to a renewed rally driven by strong gains in AI/technology, dovish central bank expectations, and liquidity flows chasing momentum. The rally was not devoid of tension - rising yields, disappointing U.S. data, and geopolitical uncertainty periodically paused the momentum - but the general bias was upward. US major indices all experienced intra-month swings, with the Nasdaq and large-cap tech leading the upside as major names like Nvidia and AI plays gained media and capital attention, while traditional cyclicals and commodity plays lagged. Defensive sectors, though out of the limelight, offered ballast during pullbacks.

Fixed Income

U.S. Treasury yields rose early in the month amid stronger-than-expected economic data and inflation fears, but later in the month pressure eased as markets leaned toward anticipated Fed rate cuts. The 10-year yield came under downward pressure in late September. The yield moves acted as a governor on how far multiple expansion could go.

Commodities

Oil prices fell in late September as Kurdistan exports resumed and OPEC+ signalled higher output, though geopolitical risks kept a floor under prices. Gold surged to record highs on safe-haven demand and easing rate expectations, while base metals remained mixed amid weak Chinese demand. Agricultural commodities were mostly flat to lower, with ample supply and softer demand offsetting tighter U.S. stock forecasts. Cryptocurrencies weakened, as macro uncertainty and regulatory pressures weighed on Bitcoin and broader digital assets..

Currencies

The U.S. dollar held up relatively well through September, supported by the safe-haven status, yield differentials, and caution among global investors. Commodity-linked currencies, such as the AUD and CAD, underperformed as commodity prices weakened.

Monthly Key Takeaway

September was defined by a rebound in risk appetite, tempered by macro uncertainty. Equities rallied on AI-driven momentum and dovish central bank signals, though rising yields and weak U.S. data created volatility. Treasury yields climbed early but eased later in the month as Fed rate-cut bets strengthened. Commodities painted a mixed picture: oil fell on resuming supply, gold hit record highs, and base metals lagged amid weak Chinese demand, while crypto retreated under regulatory pressure. The U.S. dollar held firm as commodity-linked currencies struggled, underscoring investors' preference for safety amid uneven global growth.

September 2025 - Market Comments

Macroeconomy & Financial Markets

Despite a positive month for stocks, global equities faced headwinds over the last week of September, with investors weighing the outlook for U.S. monetary policy while uncertainty over a potential government shutdown added further pressure to sentiment:

- Inflation Data Refuses to Back Down:** In August, the U.S. PCE index (the Fed's preferred gauge) rose 2.7% year-over-year, while core PCE (ex-food and energy) held steady at 2.9%. Meanwhile, the CPI data showed the "all items less food and energy" component increased 3.1% year-over-year as of August. The relative stickiness of core inflation implies that underlying price pressures remain entrenched even after excluding volatile food and energy categories. Food inflation remains a persistent pressure point, contributing to the sticky inflation environment even as energy and goods prices fluctuate. The stronger rise in "food away from home" suggests that labour, service, and input costs are feeding through into restaurant and service sectors. Because food is a staple, elevated food inflation tends to hit lower-income households hardest, which may constrain consumer spending and introduce political sensitivity.

US Inflation - Headline, Core and Food YoY



- Labor Market Softening:** August nonfarm payrolls came in very weak ($\approx +22,000$ jobs), and the unemployment rate rose to 4.3%. Weekly initial jobless claims also softened, reflecting cooling in hiring momentum. These signs of labor weakness reinforced expectations for Federal Reserve rate cuts.
- Tariff-induced Inflation & Disinflation Risks:** The OECD's interim outlook flagged that higher tariffs are starting to pull on demand, weighing on trade volumes and investment, even as services inflation remains sticky in many economies. Elevated input costs from tariffs are acting as an inflation tailwind, complicating the policy trade-off for major central banks. In this way, the US import tariffs are rising sharply to an estimated effective rate of 19.5%, the highest since the 1930s. While the full impact is still unfolding, early signs are evident in softer labor markets, higher unemployment, and stalled disinflation as food costs climbed and services inflation persisted. The full impact of tariff increases is still unfolding with many measures being introduced gradually and firms initially absorbing some of the costs through their margins. The effects of higher tariffs, however, are becoming increasingly evident.

September 2025 - Market Comments

US Effective Tariff Rate and Estimated Duty Revenue %



- Emerging Markets Leading Global Equities:** Looking at EM equities' actual performance, the contrast with last year is striking. In 2024, the rebound in Chinese stocks was driven largely by fiscal stimulus and monetary easing aimed at bolstering domestic demand, accounting for roughly 60% of total EM performance. By contrast, in 2025, gains have been broader-based: stronger credit activity, low interest rates, and rising foreign direct investment flows have underpinned a substantial double-digit rally. Beyond China, other key markets have delivered exceptional returns, led by South Korea (+60%), South Africa (+53%), and Taiwan (+29%). These gains were fuelled by a rerating of technology names in Korea and Taiwan. Greater clarity around US tariff policy further reinforced confidence, supporting a more widespread rebound across EM universe.

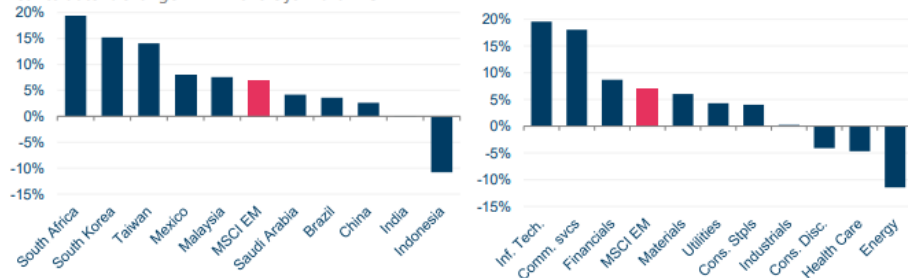
Most EM countries contribute to the rally this year

MSCI Emerging market – contribution to performance by country of domicile (YTD & 2024, in %)



Materials and Tech-exposed EM (South Africa, South Korea & Taiwan) benefitted from strong earnings upgrades

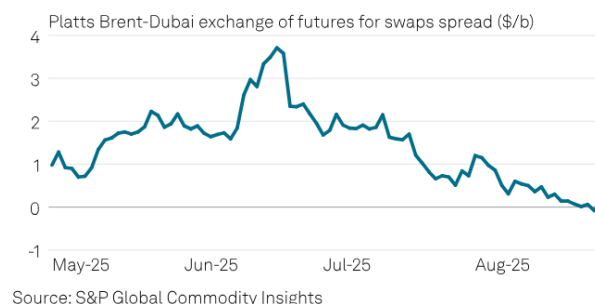
Year to date % change in 12 months forward EPS



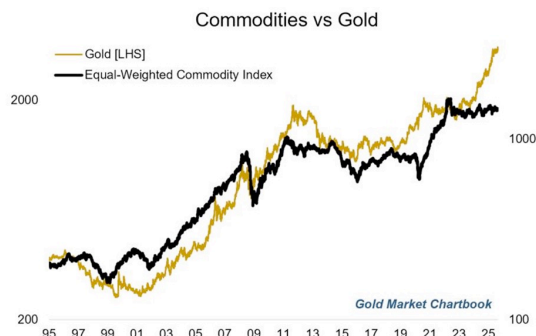
September 2025 - Market Comments

Commodities and Currencies

- Energy:** Oil came under pressure in late September as supply reemerged from Kurdistan and OPEC+ flagged a production increase. Brent slid toward \$69.79 per barrel, while WTI traded around \$65.29. Nevertheless, geopolitical risks, sanctions tensions (particularly concerning Iran), and OPEC+ slack in fulfilling quotas sustained a risk premium. Moreover, Asia's oil demand in 2025 has exceeded expectations as Asian refiners are capitalizing on low-sulfur sweet crudes from various regions making non-Middle East crudes attractive.



- Metals:** Gold continued its ascent, reaching successive record highs in September as investors sought safe haven amid macro uncertainty and an easing outlook for rates. The rally was underpinned by real rate declines and renewed inflows into precious metals. Silver, platinum, and palladium also benefited, though with more muted performance relative to gold, as industrial demand remained tepid. Base metals were mixed: copper, aluminium, nickel, and zinc met headwinds from slower demand in China and prospects of weaker global industrial activity.



- Soft Commodities:** Corn, wheat, soybeans, and other agriculture futures largely traded sideways to weaker over September, as adequate production, favourable weather forecasts, and modest demand concerns weighed. The USDA revised U.S. 2025/26 ending stocks downward, tightening supply forecasts slightly, but markets largely anticipated this. While supply revisions did tighten certain crop balances, demand softness, particularly from China and feed demand moderation, dampened upside momentum.
- Cryptocurrencies:** The crypto sector faced a more risk-off tone during late September, with Bitcoin and broader digital assets pressured by macro and regulatory uncertainty. Regulatory chatter in the U.S. and banking exposure concerns added drag. The correlation between risk assets and crypto remained high, constraining divergence.

September 2025 - Market Comments

Topic of the Month: Worldwide Monetary Easing

September 2025 was defined by the pivot in central bank policy narratives, as the Fed signalled readiness to ease after two years of tightening. With inflation broadly meeting expectations and growth showing visible signs of fatigue, investors increasingly positioned for rate cuts across developed economies. The U.S. Federal Reserve became the focal point, as markets speculated on whether September's meeting would bring the first rate reduction since the pandemic-era hikes.

The Fed maintained its policy rate in September but strongly hinted at forthcoming easing. Officials highlighted weakening factory output, record-high inventories, and moderating labour demand as reasons for a shift. Futures markets priced in a 25 bps cut at the next meeting, with expectations for 75–100 bps in cumulative cuts by mid-2026. Inflation (core PCE) remains sticky around 3%, but growth concerns have taken precedence.

MEETING DATE	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
29/10/2025					0.0%	0.0%	0.0%	0.0%	89.3%	10.7%	0.0%
10/12/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	66.4%	30.9%	2.8%	0.0%
28/01/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.0%	53.0%	20.3%	1.7%	0.0%
18/03/2026	0.0%	0.0%	0.0%	0.0%	0.0%	10.3%	36.5%	39.5%	12.6%	1.0%	0.0%
29/04/2026	0.0%	0.0%	0.0%	0.0%	2.3%	16.3%	37.2%	33.4%	10.0%	0.8%	0.0%
17/06/2026	0.0%	0.0%	0.0%	1.3%	9.9%	27.6%	35.1%	20.7%	5.0%	0.4%	0.0%
29/07/2026	0.0%	0.0%	0.4%	3.7%	14.8%	29.7%	31.1%	16.3%	3.7%	0.3%	0.0%
16/09/2026	0.0%	0.1%	1.5%	7.5%	20.0%	30.2%	26.0%	12.0%	2.5%	0.2%	0.0%
28/10/2026	0.0%	0.3%	2.4%	9.3%	21.5%	29.6%	24.0%	10.6%	2.2%	0.1%	0.0%
09/12/2026	0.2%	1.3%	5.7%	15.1%	25.3%	26.9%	17.6%	6.6%	1.2%	0.1%	0.0%
27/01/2027	0.1%	1.0%	4.5%	12.5%	22.5%	26.5%	20.2%	9.6%	2.7%	0.4%	0.0%
17/03/2027	0.2%	1.4%	5.3%	13.6%	22.9%	25.8%	19.1%	8.9%	2.4%	0.3%	0.0%
28/04/2027	0.2%	1.2%	4.9%	12.7%	21.9%	25.5%	19.8%	10.0%	3.1%	0.6%	0.1%
09/06/2027	0.2%	1.1%	4.4%	11.7%	20.8%	25.1%	20.5%	11.2%	4.0%	0.9%	0.1%
28/07/2027	0.1%	0.8%	3.3%	9.1%	17.6%	23.5%	22.1%	14.5%	6.6%	2.0%	0.4%
15/09/2027	0.1%	0.8%	3.3%	9.1%	17.6%	23.5%	22.1%	14.5%	6.6%	2.0%	0.4%

The September FOMC dot plot showed a split, but the majority now sees two more cuts this year, likely in October and December, for a total of three in 2025. Projections remain limited beyond that, with just one cut pencilled in for both 2026 and 2027, leaving rates at 3.50% and 3.25%. Overall, the Fed's path implies less easing than markets expect, highlighting the gap between policymakers' caution and investor optimism.

FOMC Participants Projected Appropriate Fed Funds Rate



September 2025 - Market Comments

Meanwhile, the European Central Bank (ECB), Bank of England (BoE), and other peers reinforced a dovish lean, acknowledging both disinflationary progress and demand-side weakness:

- Euro Area (ECB): The ECB held rates but lowered its growth outlook, projecting eurozone GDP to expand by just 0.7% in 2025. With inflation forecast to fall below 2% by early 2026, the central bank signalled readiness to trim rates by 50 bps over the next six months.
- United Kingdom (BoE): The BoE maintained its benchmark rate at 4.0% but struck a dovish tone, citing weaker consumer spending and fragile business investment. Inflation, at 3.3% in August, is projected to ease further, giving scope for a 25–50 bps reduction in late 2025.
- Japan (BoJ): The Bank of Japan postponed a long-expected rate hike amid stagflationary pressures, with GDP growth revised down to 0.7% in 2025 and core CPI still running above 3%. The decision reflects policymakers' concern over yen weakness and global slowdown risks.
- China (PBoC): The People's Bank of China continued with targeted easing measures, injecting liquidity to support property markets and tech-driven growth. Authorities reaffirmed their 5% growth target, though most analysts expect expansion closer to 4.8%. Deflationary pressures persist, with consumer prices dipping into negative territory for parts of the summer.

The coordinated dovish tilt had significant effects across asset classes:

- Equities surged globally, especially in technology and AI sectors, as lower discount rate expectations boosted valuations.
- Bonds rallied mid-month, with U.S. 10-year yields falling after peaking earlier, reflecting investor positioning for cuts.
- Gold set fresh record highs as investors hedged against monetary instability and falling real rates.
- Currencies saw mixed outcomes: the U.S. dollar remained firm due to safe-haven demand, while commodity-linked FX (AUD, CAD) weakened under softer commodity prices.
- Commodities showed bifurcation: oil fell on supply resumption, while metals, particularly gold, soared under the easing backdrop.

September 2025 - Market Comments

MG's Message to Investors

- September saw a rebound in risk appetite, led by AI-driven equity gains and dovish central bank signals, though rising yields, soft U.S. data, and geopolitical risks kept volatility elevated. Treasuries ended the month firmer as rate-cut bets gained traction. Commodities diverged—oil weakened on supply resumption, gold set fresh highs, and base metals faltered on weak Chinese demand—while crypto faced renewed regulatory pressure. The dollar's resilience contrasted with underperforming commodity-linked currencies, reflecting a cautious global backdrop.
- Looking into the fourth quarter, September's rebound in equities faces a more complex backdrop of cooling growth and shifting policy expectations. U.S. data showed softening in the labor market alongside record factory inventories, while inflation held broadly steady—fuelling bets on imminent Fed rate cuts. The September FOMC meeting confirmed divisions within the committee, with the dot plot pointing towards fewer cuts than markets expect. Abroad, China's factory activity weakened again, underscoring persistent demand strains, while Japan postponed a long-expected rate hike as stagflation risks and yen weakness complicated the policy outlook.
- As October kicks off, MG highlights the following tactical views:
 - Equities: Neutral equity exposure with a balanced approach favouring U.S. mid-caps, large-cap value, and European stocks while underweighting in U.S. large-cap growth and small caps in order to capture mean-reversion effects.
 - Fixed Income: Neutral stance by minimizing exposure to short-duration securities in exchange for overweighting longer-duration assets and selective High Yield exposures via anomaly strategies like Fallen Angels, which benefit from oversold corporate bonds on the back of the bond market microstructure inefficiencies.
 - Alternatives: Moderate Overweight exposure favouring REITs, Gold and IPOs but keeping a lower tilt towards Oil as persistent oversupply concerns more than offset geopolitical upside risks.
 - Outlook and Strategy: These positioning shifts are tactical in nature and will be reassessed as incoming economic data, policy developments, and market dynamics evolve.
- MG reminds its investors about the importance of disciplined risk management, reaffirming the necessity of adopting a cautious, data-driven methodology focused on achieving long-term performance objectives. In this way, MG remains steadfast in its commitment to diligently monitor financial markets and actively adjust risk exposures in alignment with shifting market dynamics. The primary recommendation emphasises the preservation of a fully diversified portfolio, ensuring its structural integrity by refraining from imprudent exposure to risks or opportunities that may appear excessively favourable or unsustainable.

September 2025 - Market Comments

MG Investment Solutions Taxonomy

- **MG ETF Asset Allocation Portfolios:** Multi-asset class diversified mandates employing a quantitative asset allocation framework that dynamically adjusts portfolio exposures in response to evolving market conditions and the distinct risk profile of each mandate, with the objective of effectively navigating the prevailing environment of uncertainty.
- **MG ETF High Income Portfolio:** A diversified ETF portfolio designed as an alternative investment vehicle for investors seeking short-duration, highly liquid exposure with the objective of generating monthly income. The strategy targets a mid-single digit yield and is recommended for investors with a minimum investment horizon of two years.
- **MG Opp Portfolio:** An equity portfolio managed through a quantamental investment process, selecting U.S. stocks with a higher likelihood of outperformance over the medium to long term. The portfolio maintains a strategic bias toward large-cap growth companies.
- **MG Opp Dividend Portfolio:** An equity portfolio constructed through a quantamental investment process, focused on the selection of U.S. stocks with a dividend yield significantly higher than the broad U.S. equity market. The portfolio emphasizes companies with high-quality balance sheet, aiming to enhance the likelihood of outperformance over the long term, with a strategic bias toward mid-cap value and quality-oriented stocks.
- **MG Emerging Technologies (MGET):** A Tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by allocating capital to high-growth transformative thematic opportunities such as Artificial Intelligence, Cybersecurity, Robotics, Biotechnology, Blockchain, and Quantum Computing.
- **MG Blockchain (MGBLOCK):** A tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by offering investors diversified access to the cryptocurrency sector. The strategy employs a combination of direct exposure to cryptocurrency-linked, fiat currency-denominated ETFs (focused on Bitcoin and Ether) alongside indirect exposure to publicly traded companies demonstrating high sensitivity to the blockchain ecosystem.

MG Solution	Short	Asset Class	Description
MG Asset Allocation ETF	<i>MGAA</i>	Multi-Asset Class	Multi-asset class diversified mandates employing a quantitative asset allocation framework that dynamically adjusts portfolio exposures in response to evolving market conditions and the distinct risk profile of each mandate, with the objective of effectively navigating the prevailing environment of uncertainty.
MG High Income ETF	<i>MGHI</i>	Fixed Income	A diversified ETF portfolio designed as an alternative investment vehicle for investors seeking short-duration, highly liquid exposure with the objective of generating monthly income. The strategy targets a mid-single digit yield and is recommended for investors with a minimum investment horizon of two years.
MG Opp	<i>MGOP</i>	Equity	An equity portfolio managed through a quantamental investment process, selecting U.S. stocks with a higher likelihood of outperformance over the medium to long term. The portfolio maintains a strategic bias toward large-cap growth companies.
MG Opp Dividend	<i>MGOD</i>	Equity	An equity portfolio constructed through a quantamental investment process, focused on the selection of U.S. stocks that prioritize a dividend yield approximately three to four times higher than that of the broad U.S. equity market. The portfolio emphasizes companies with high-quality balance sheet, aiming to enhance the likelihood of outperformance over the medium to long term, with a strategic bias toward mid-cap value and quality-oriented stocks.
MG Emerging Tech	<i>MGET</i>	Equity	A Tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by allocating capital to high-growth transformative thematic opportunities such as Artificial Intelligence, Cybersecurity, Robotics, Biotechnology, Blockchain, and Quantum Computing.
MG Blockchain	<i>MGBLOCK</i>	Equity & Crypto ETF	A tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by offering investors diversified access to the cryptocurrency sector. The strategy employs a combination of direct exposure to cryptocurrency-linked, fiat currency-denominated ETFs (focused on Bitcoin and Ether) alongside indirect exposure to publicly traded companies demonstrating high sensitivity to the blockchain ecosystem.