MARKET GUARD®
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November 2025 - Market Comments

Markets in a Glimpse

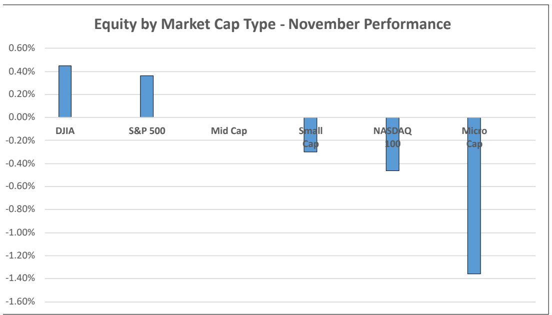
• **Valuation Concerns Spook Investors**: Global equities delivered uneven returns in November, as rate-cut expectations persisted but investor sentiment shifted toward defensiveness as those segments perceived as expensive such as AI-related stocks underperformed amid valuation fears.

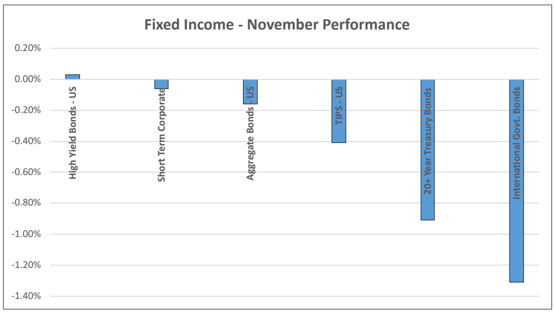
• **Global Sentiment Remains Subdued**: Consumer and business confidence across major advanced economies remained fragile. Mixed economic data and monetary policy uncertainty continued to weigh on sentiment, reinforcing a preference for yield and stability over risk.

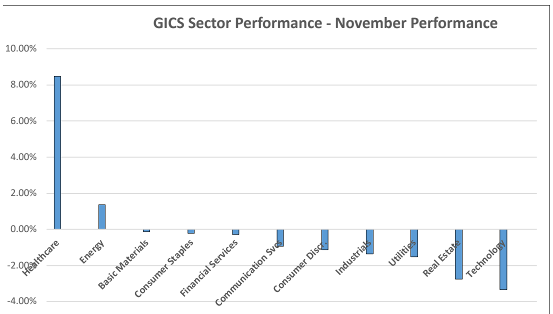
• **Silver Leads**: Precious metals regained their safe-haven appeal amid dovish policy expectations. Silver was the top performer, driven by strong investor demand and supply constraints. Gold also gained but experienced mid-month volatility tied to shifting inflation data.

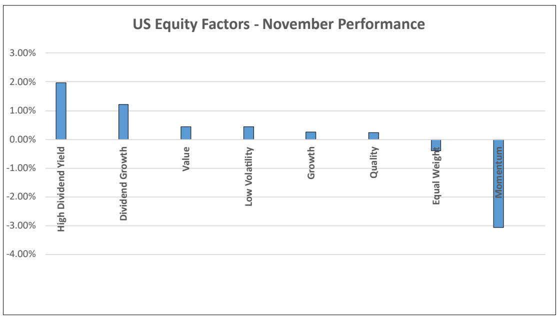
• **Oil Pressured by Demand Concerns:** Oil prices declined modestly, weighed down by weak Chinese demand and softer global growth outlooks. Supply-side risks such as OPEC+ dynamics and geopolitical tensions were not enough to offset bearish demand signals and inventory overhangs.

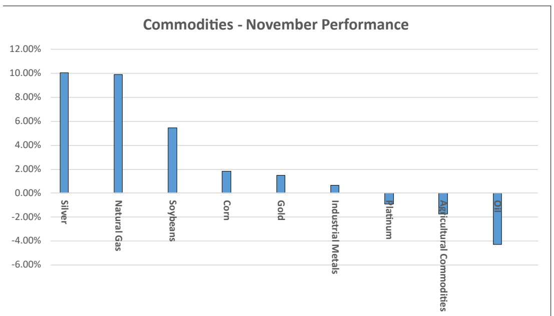
• **Crypto Enters Technical Correction:** After Q3 strength led by institutional flows, cryptocurrencies faced a pullback in November amid tighter liquidity conditions and leveraged position adjustments as a shift toward risk-off sentiment have dampened momentum in digital assets.

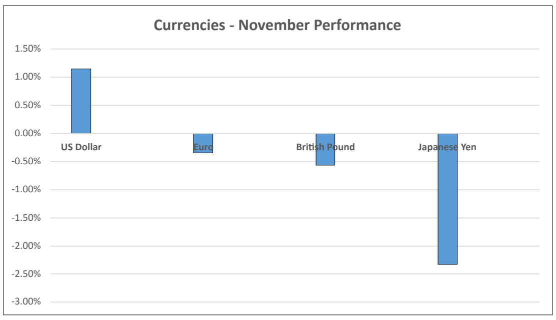












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In-Depth Market Review

Financial Markets

Equities

In November, equity markets were mixed amid ongoing rate-cut expectations. Large-cap indices posted modest gains or held flat, while mid- and small-caps declined. Healthcare led sector performance with strong gains, reflecting a pivot toward defensiveness, while technology lagged due to valuation concerns. Overall, investor preference leaned toward yield and stability, as uncertainty around economic data and policy direction persisted.

Fixed Income

Bond and interest-rate developments added another layer of complexity. Although markets increasingly priced in a rate cut by the Fed in December, yields softened in the short-end, which helped low duration bonds as well as high yield securities due to the lower risk of default. That said, long duration bonds experience mild losses as a higher-than-expected inflation premium was priced as investors gradually acknowledge that inflation eventually is making a comeback.

Commodities

Precious metals such as Gold and Silver regained its safe-haven status amid dovish rate expectations. Silver was the best performer reflecting both investor demand and tight supply dynamics. By contrast, more cyclical commodity proxies such as industrial metals and oil lacked were laggards on the back of the weak Chinese demand and overall softer global growth undermined broad commodity upside.

Currencies & FX

The U.S. Dollar strengthened while the Japanese Yen weakened, driven by widening interest rate differentials and diverging monetary policies. The Fed's higher rates made USD assets more attractive, while the BoJ's ultra-loose stance pushed investors away from the yen. This fuelled carry trades and capital outflows from Japan into the U.S., reinforcing both trends.

Monthly Key Takeaway

November was marked by a cautious but tangible tilt toward risk, underpinned by growing conviction that the Fed may begin loosening monetary policy soon. Defensive sectors (like healthcare), dividend-oriented and quality equities saw relative strength, while high-valuation areas such as tech (especially growth/AI-linked names) remained under pressure, reflecting investor wariness. Financial markets appear to be threading a fine needle i.e. catching an easing-driven tailwind, but navigating through elevated valuation risk, mixed global demand, and uncertain growth prospects.

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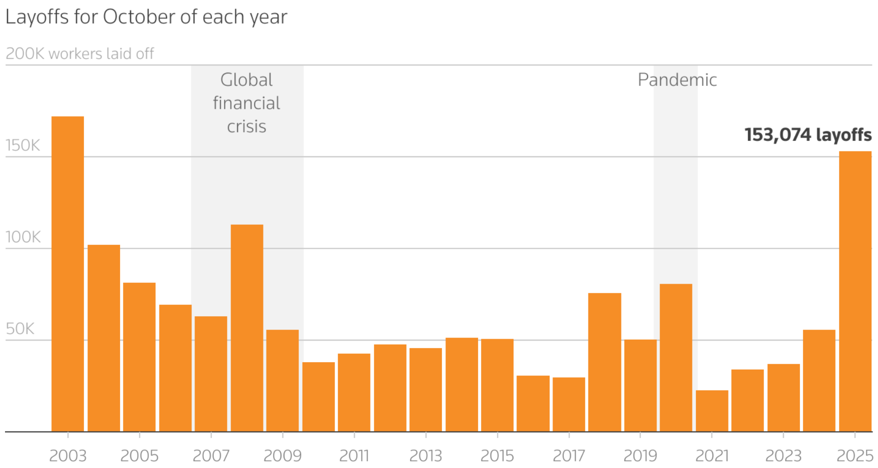
Macroeconomy & Financial Markets

- **US Job Cuts hit a 22-year high**: The Challenger, Gray & Christmas report shows the largest number of announced layoffs in over 20 years confirming U.S. companies are entering a softening labor cycle marked by record layoff announcements, slow hiring, and automation pressures. However, these are announcements, not yet executed cuts meaning the real labor impact will appear over coming months e.g. Many companies (e.g., Amazon) gave workers 90 days' notice, so the layoffs won't immediately show up in weekly jobless claims or official unemployment data. Cutting interest rates may not improve employment, since cheaper borrowing doesn't fix automation or demographic issues. Likewise, Fed policymakers face a dilemma: stimulating demand may not create jobs if firms are replacing workers with technology as the consensus of economists is reflecting with a downgrade in job forecasts from job creation to job termination.



Source: Challenger, Gray and Christmas
Prinz Magtulis | REUTERS, Nov. 6, 2025

- **US Job Cuts hit a 22-year high**: U.S. consumer sentiment deteriorated further in November, according to the University of Michigan's monthly survey, as persistent inflation and an ongoing federal government shutdown weighed heavily on household confidence. The survey's headline index fell to 50.3 from 53.6 in October, below expectations and approaching levels last seen during the 2022 inflation surge. Respondents expressed mounting concern over the economic fallout from the protracted shutdown, with sentiment falling even below spring levels following the administration's tariff announcements. The decline was particularly pronounced among lower-income households, though wealthier consumers also reported diminished optimism despite support from strong equity markets. Underlying economic conditions remain strained: inflation has stabilized near 3% but remains above target, while layoffs from major firms such as Amazon and UPS have eroded labor-market confidence. With official data releases suspended during the shutdown, private surveys like Michigan's have become key indicators, showing modestly higher near-term inflation expectations but easing long-run inflation fears.

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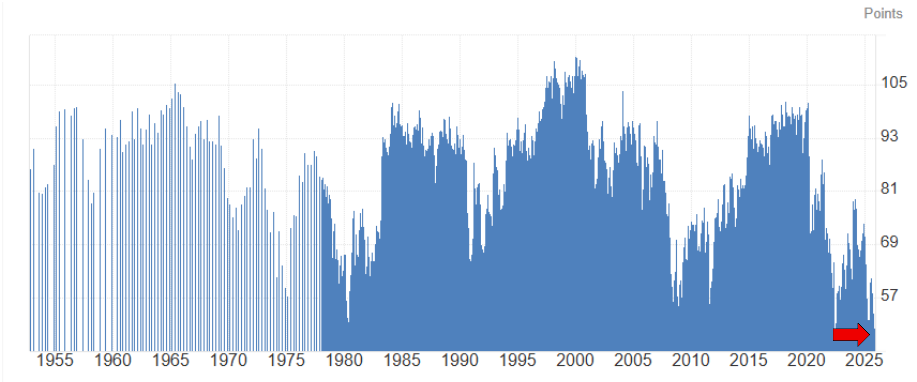
Consumer Confidence - University of Michigan – 1952-2025



- **Fed Signals Shift Amid Data Disruptions**: Federal Reserve Bank of New York President John C. Williams recently described U.S. monetary policy as "modestly restrictive," noting there is scope for a near-term adjustment to the federal funds rate. This follows the October rate cut, which brought the target range to 3.75%-4.00%. However, the outlook remains uncertain. Disruptions from the recent government shutdown have delayed key data releases, complicating the Fed's ability to assess the economy. As a result, market expectations for a December cut vary widely - between 30% and 60% - reflecting the mixed nature of recent indicators. Further easing will depend on clearer evidence of labour market softening, easing inflation, and a broader slowdown in growth. Although multiple rate cuts in 2026 remain a common analyst expectation, their timing and scope are increasingly uncertain. A close surveillance of five risk factors is required: inflation surprises, labour market resilience, data disruptions, divisions within the FOMC, and external shocks. These will play a crucial role in shaping future policy moves and market reactions.

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES				
MEETING DATE	275-300	300-325	325-350	350-375	375-400
10/12/2025	0.00%	0.00%	0.00%	69.50%	30.50%
28/01/2026	0.00%	0.00%	0.50%	99.50%	0.00%
18/03/2026	0.00%	0.00%	45.50%	54.50%	0.00%
29/04/2026	0.00%	0.00%	75.50%	24.50%	0.00%
17/06/2026	0.00%	41.02%	58.98%	0.00%	0.00%
29/07/2026	0.00%	79.50%	20.50%	0.00%	0.00%
16/09/2026	22.36%	77.64%	0.00%	0.00%	0.00%
28/10/2026	44.50%	55.50%	0.00%	0.00%	0.00%
09/12/2026	66.76%	33.24%	0.00%	0.00%	0.00%

- **Nearly half of US imports are subject to tariffs**: President Trump's new tariff program marks a sweeping shift in U.S. trade policy, sharply increasing average import duties from about 2.5% to nearly 18%. The initiative has already generated roughly $89 billion in new tariff revenues but faces serious legal challenges, as the Supreme Court reviews whether the administration can use emergency powers under the International Emergency Economic Powers Act (IEEPA) to impose such broad taxes. Economically, the tariffs have driven up import costs, contributing to higher consumer prices and adding an estimated $1,200 in annual expenses for the average U.S. household acting as an indirect tax on them.

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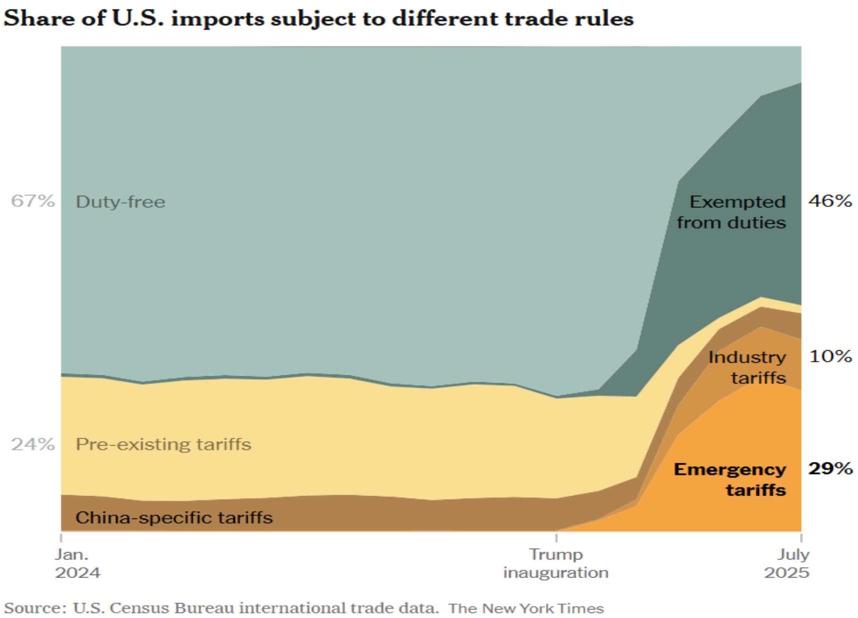
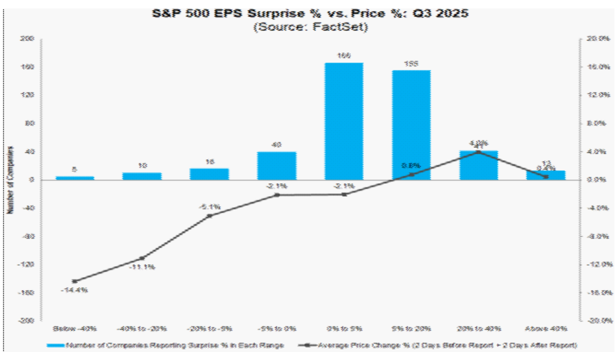
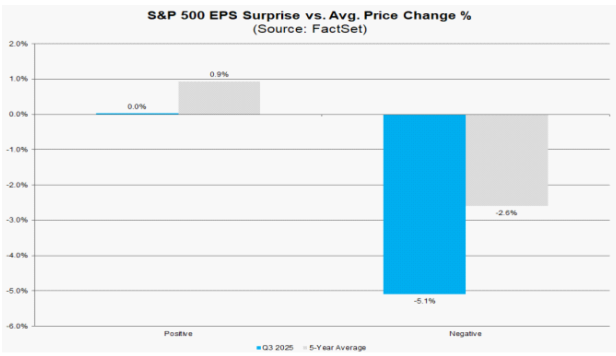
Meanwhile, manufacturing job growth has stalled, suggesting limited domestic industry benefits. Globally, the policy has fuelled concerns over retaliatory tariffs and shifting supply chains as trading partners adjust. Overall, the move introduces inflationary pressure, legal uncertainty, and potential disruptions for import-reliant sectors.



- **Defensive Sentiment Amid Asymmetric Earnings Reactions:** Despite a solid earnings season, aggregate investor sentiment appeared to be cautious and risk-averse. Although US companies delivered the goods with impressive top-line and revenue beat rates and year-over-year growth above expectations, a market's muted reaction to positive earnings surprises and its disproportionate punishment of negative ones suggest that investors are exhibiting low confidence and heightened sensitivity to downside risks. In other words, even when companies exceed expectations, investors are reluctant to reward them, implying skepticism about the sustainability of earnings growth or broader macroeconomic conditions. Conversely, the sharper-than-average selloffs following negative EPS surprises indicate a defensive market mood, where participants are prioritizing capital preservation and reacting strongly to signs of weakness. This asymmetry in market response reflects a bearishly skewed sentiment consistent with broader economic uncertainty.





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Commodities and Currencies

- Energy: Oil markets in November continued to navigate a complex interplay of forces, balancing periodic supply shocks against a structurally oversupplied backdrop. On the one hand, The U.S. Energy Information Administration (EIA) recently raised its production forecast for 2025 to 13.59 million barrels per day, reinforcing the narrative that global output is exceeding consumption. On the other hand, while isolated events - such as a drone strike on a Russian Black Sea export terminal - briefly lifted prices (Brent rose +2% following the incident), such geopolitical disruptions have not reversed the broader trend. The risk of oversupply continues to weigh heavily on sentiment with consensus now cautioning that Brent could fall below US$60 if current dynamics persist; while EIA forecasts suggest WTI may average US$58.65 in the fourth quarter, with further declines possible in 2026 absent a material demand rebound.

- Metals: In the precious-metals segment, gold continues to ride safe-haven flows and central-bank buying aided by a weaker U.S. dollar and elevated expectations of policy easing. By late November, the price of Comex gold slipped to about US$4,062/oz amid caution ahead of the Federal Reserve's next decision. In the industrial-metals sector, the tone is more muted. With regards base metals, although structural demand from clean-energy transitions remains supportive, near-term headwinds prevail; notably demand softness from China and broader economic weakness. Consensus forecasts point to lower industrial metal prices in 2026 compared with 2025. Hence, precious metals remain a tactical hedge; industrial metals face a more challenging short-term backdrop.

- Soft Commodities: Agricultural-commodity markets are navigating mixed signals. On the supply side, favourable weather in certain regions is supportive; conversely, pressures persist from elevated input costs (fertiliser, fuel) and uncertain global demand. The World Bank estimates that overall commodity prices in 2025 will average approximately 23% above 2019 levels, reflecting structural supply-chain inflation and broader real-asset pressures. While the fundamentals remain intact for agricultural inflation, the balance of risks includes demand weakness and diverging regional supply conditions.

- Cryptocurrencies: In the crypto market, rising geopolitical tensions (notably between the U.S. and China) and the resulting shift toward risk-off sentiment have dampened momentum in digital assets and other high-beta risk plays. Meanwhile, a landmark development: Hong Kong - ahead of many Western jurisdictions - approved the world's first spot ETF linked to Solana (SOL), launched by ChinaAMC, marking a notable step in crypto-institutional infrastructure evolution. Despite the technical bounce, forward momentum remains heavily dependent on regulatory clarity, ETF capital flows, and macro-risk sentiment rather than fundamentals alone.

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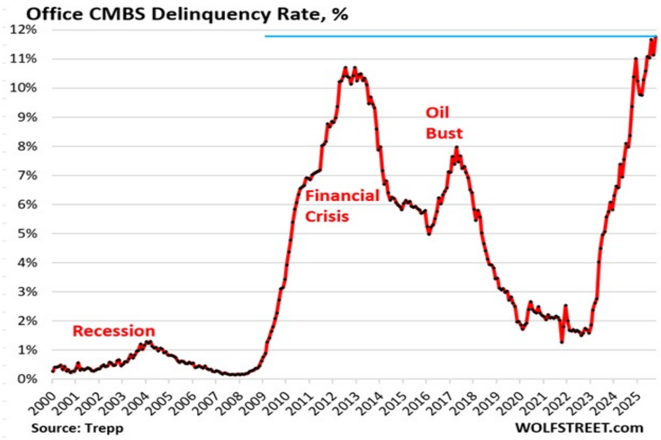
Topic of the Month: The CMBS Crisis is Worsening

The delinquency rate for office-related Commercial Mortgage-Backed Securities (CMBS) rose sharply by 63 basis points in October, reaching a record 11.8% - surpassing the post-2008 financial crisis peak of 10.7% by more than one percentage point. Since October 2022, office CMBS delinquencies have increased by 10 percentage points. Multifamily CMBS also saw a notable rise, climbing 53 basis points to 7.1%, the highest level since December 2015 (source: Trepp).



The overall U.S. CMBS delinquency rate increased 23 basis points to 7.46%, marking the highest reading in at least four years and signalling escalating stress in the commercial real estate sector. That said, the magnitude of the outstanding CMBS exposure does not seem to be as critical as the subprime one during the late 2000s Global Financial Crisis:

Category	Outstanding Balance	Notes
Total MBS	**~$11.5–12 trillion**	Dominated by **residential MBS (RMBS)**, including agency (Fannie/ Freddy/ Ginnie) and some legacy private-label
CMBS	**~$1.0–1.1 trillion**	Purely commercial real estate loans; ~8–10% of the total MBS universe

The Insurance industry seems to be most exposed to CMBS: The National Association of Insurance Commissioners (NAIC) estimates that U.S. insurers held about US $287 billion in CMBS at year-end 2024, up ~1% year-over-year. Diving deeper into the exposure, approximately 72% was private-label CMBS, whereas 28% was “agency” CMBS (i.e., securities backed by entities like the GSEs). The credit quality remains strong in aggregate: for example ~93.8% of CMBS held by insurers carried the NAIC 1 designation at end-2023.

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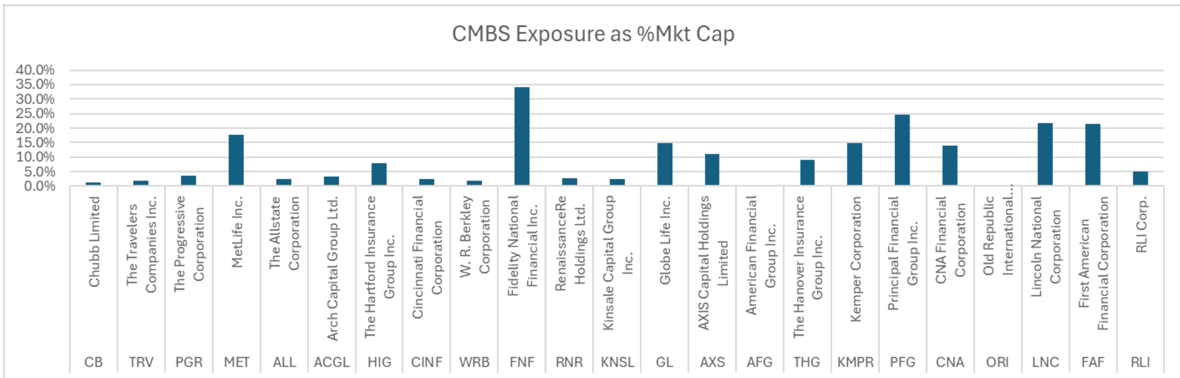
A research paper shows that for life insurers in particular, their CMBS portfolio tends to have higher loan-to-value (LTV) and greater office-property concentration (via underlying collateral) compared to their direct lending portfolios. There is substantial exposure of insurers' CMBS portfolios to office-property risk and cash-flow shocks (e.g., leases expiring, hybrid work impacts). For example: "the median insurance company has its private-label CMBS with an average exposure of about 26% to office properties."

A thorough bottom-up analysis of several high-quality U.S. insurers reveals that, on average, their exposure to CMBS constitutes approximately 10% of their respective market capitalisations. Consequently, even in the event of a severe downturn in the CMBS market comparable to the subprime collapse of the late 2000s, the potential impact would be significantly more limited. Such a scenario is unlikely to result in structural damage to the broader economy, in contrast to the profound effects experienced during the subprime crisis.



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MG’s Message to Investors

- November was characterized by a more mixed market tone, as investor sentiment grappled with conflicting signals from economic data and policy expectations. While hopes for a December rate cut by the Federal Reserve provided some support, equity markets delivered uneven performance. Large-cap indices held modest gains or remained flat, but mid- and small-caps declined, reflecting more selective risk appetite. Defensive sectors like healthcare outperformed strongly, while technology stocks faced sharp corrections amid valuation concerns, despite partial recovery by month-end.
- Overall, while markets maintained a cautious tilt toward risk, the rotation into yield and defensive assets signalled growing concern over elevated valuations and inconsistent macro signals. Investors appeared increasingly aware that monetary easing may not come without renewed inflation pressures, and the market remains vulnerable to policy surprises or further growth disappointments.
- As December kicks off, MG highlights the following tactical views for the short term:
    - Equities: The model maintains an overweight equity exposure, recognizing an improved reward-to-risk profile in global equity markets following the recent correction—excluding Japan, which remains an exception. No changes were made to existing equity holdings, reflecting confidence in current positioning.
    - Fixed Income: The model continues to recommend an overweight stance in fixed income, with a preference for sovereign bonds, including exposure to emerging market debt. At the same time, it has reduced high yield bond exposure, while adding to mortgage-backed securities and long-duration U.S. Treasury bonds.
    - Alternatives: The model keeps an overweight allocation to alternatives, though it remains bearish on oil, citing oversupply concerns and weak industrial demand signals from recent macroeconomic data.
    - 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.

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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	*MGAA*	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	*MGHI*	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	*MGOP*	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	*MGOD*	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	*MGET*	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	*MGBLOCK*	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.