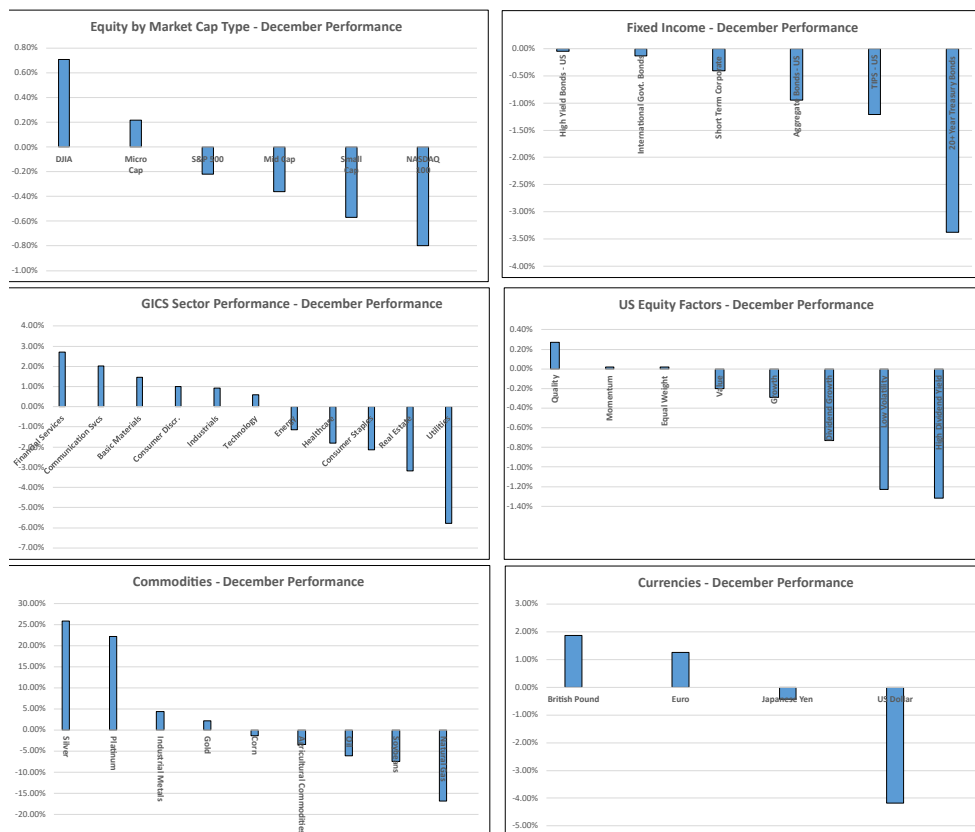


December 2025 - Market Comments

Markets in a Glimpse

- Year-End Rally Masks Valuation Divergence:** Global equities ended December with broadly positive annual returns, but performance in the final month was mixed. Major indices such as the S&P 500 and Nasdaq saw modest pullbacks in late December, as profit-taking and lingering valuation concerns, especially in AI-linked and high-growth stocks, led to end-of-year caution.
- Sentiment Steadies but Remains Cautious:** Business and consumer sentiment in key advanced economies stabilized slightly but remained historically subdued. While easing inflation and rate-cut expectations improved the policy outlook, uncertainty around 2026 growth prospects and geopolitical risks reinforced a preference for defensive and income-generating assets.
- Silver Ends as 2025's Star Performer:** Silver extended its outperformance finishing the year as one of the top-performing global assets, with gains exceeding 150%. Strong safe-haven flows, industrial use cases, and tight supply drove prices higher. Gold also rallied, hitting record highs above US\$4,300/oz, supported by central bank buying and macro uncertainty.
- Oil Finishes Soft Despite Volatility:** Oil prices ended December modestly lower, capping a volatile year. Concerns over sluggish Chinese demand, ample inventories, and muted global growth expectations kept crude under pressure, despite OPEC+ cuts and geopolitical tensions.
- Crypto Consolidates Amid Regulatory Uncertainty:** Cryptocurrencies entered a consolidation phase in December, with price action muted. Solana ETF approval in Hong Kong marked a milestone for institutional infrastructure, but macro risk-off sentiment and regulatory ambiguity curbed further upside into year-end.



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In-Depth Market Review

Financial Markets

Equities

Global equity markets finished the year strongly despite some late-month volatility. Major developed-market benchmarks retreated slightly on the final trading days, yet 2025 overall delivered robust double-digit positive returns driven by AI-led optimism and rate-cut expectations. US large-cap stocks ended the year with solid cumulative gains. Tech strength at times was offset by late-cycle valuation pressures but overall contributed to annual growth. European markets posted notable annual gains outperforming US markets, supported by fiscal stimulus and cyclical.

Fixed Income

Fixed income markets reflected broader risk sentiment and rate expectations during the month. Short-duration bonds and high-yield credit were beneficiaries of the anticipated Fed rate cuts, with yields compressing on the short end. Long-duration bonds, however, were under pressure as longer rates remained elevated amid global inflation concerns and tightening signals from some central banks (e.g., Bank of Japan).

Commodities

Gold and silver continued their exceptional run into December 2025, with prices closing the year near record highs. Typical drivers were safe-haven demand, central-bank buying and rate-cut expectations, making precious metals among the top-performing asset classes in 2025. Industrial metals showed mixed performance: general volatility with small moves in copper and other base metals reflecting demand concerns from China, but total 2025 performance remained positive as structural demand themes persisted. Crude oil finished the year relatively stable around ~\$60/bbl impacted by supply dynamics and global growth uncertainty.

Currencies

The U.S. Dollar ended the month lower against most major peers on the back of softening U.S. economic data and a stronger market conviction that the Federal Reserve will begin cutting interest rates in early 2026. In the crypto market, December 2025 saw continued sensitivity of digital assets to macro-risk sentiment and regulatory developments.

Monthly Key Takeaway

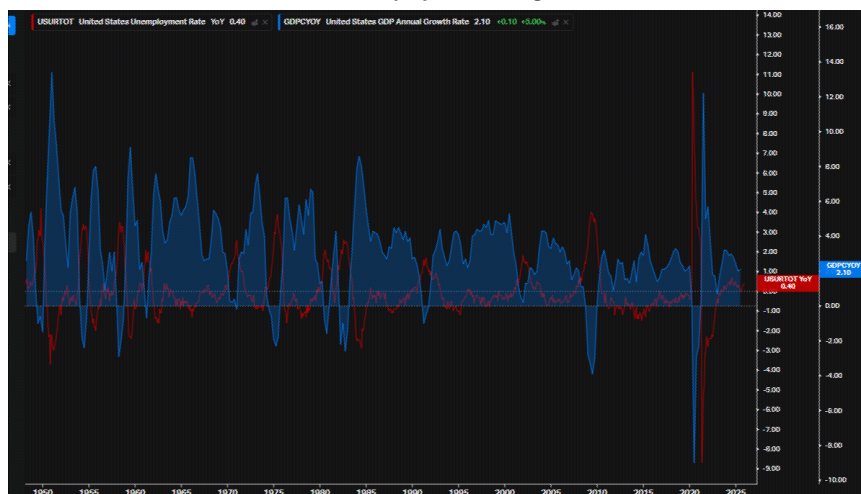
December was characterised by a continuation of 2025's broad risk-on backdrop — strong equity returns, exceptional precious metal performance, and a mixed fixed-income picture as markets balanced rate-cut hopes with inflation and global growth concerns. Defensive positioning was seen in safe-havens (gold, select government bonds), while carry and risk assets (equities, corporate credit) retained traction into year-end. Late-month volatility in equities and soft tech performance underscored continued valuation and macro uncertainty.

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Macroeconomy & Financial Markets

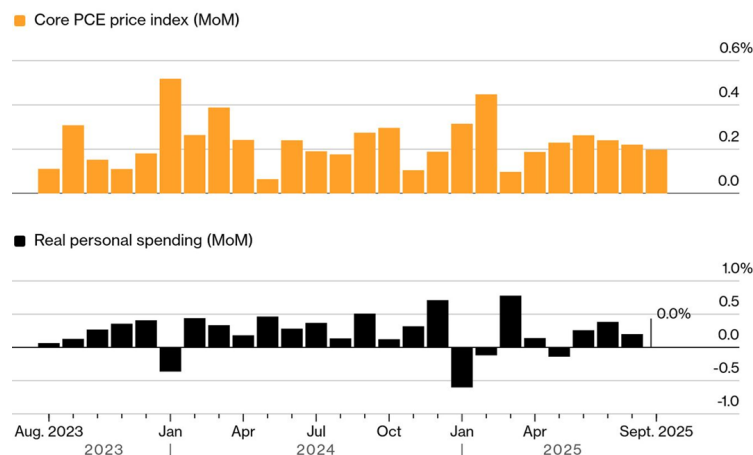
- Cooling Jobs Market Supports Fed's Easing Policy Outlook:** The latest U.S. employment reports for October and November reveal a clear deceleration in labour market momentum. October saw a sharp decline of 105,000 jobs—partly influenced by a protracted 43-day federal government shutdown—while November showed a modest rebound with 64,000 jobs added. Despite the improvement, overall employment growth remains subdued compared to earlier in the year. The unemployment rate rose to 4.6% in November, its highest since 2021, with particularly steep increases in joblessness among Black workers and teenagers. Sector trends were mixed: health care, construction, and social assistance led gains, while manufacturing, transportation, and warehousing contracted. Average hourly earnings rose 3.5% year-over-year, suggesting cooling wage pressures. The combination of rising unemployment and moderated wage growth points to a loosening labor market, reducing inflationary risks and giving the Federal Reserve greater scope to pause or ease monetary policy in 2026. However, the uneven nature of the recovery, especially across demographic lines, warrants continued vigilance from investors navigating this late-cycle environment. The inverse relationship between GDP growth and unemployment - consistent with Okun's Law - indicates that slower economic expansion typically coincides with rising joblessness, with a rough rule of thumb of a 2%–3% reduction in GDP for every 1 percentage point increase in the unemployment rate. Against this backdrop, the rise in unemployment of roughly 0.6% since early 2025, and more than 1% since early 2023, suggests that the U.S. economy is increasingly exposed to a period of slower growth.

Okun's Law – US Unemployment Change vs US GDP YoY



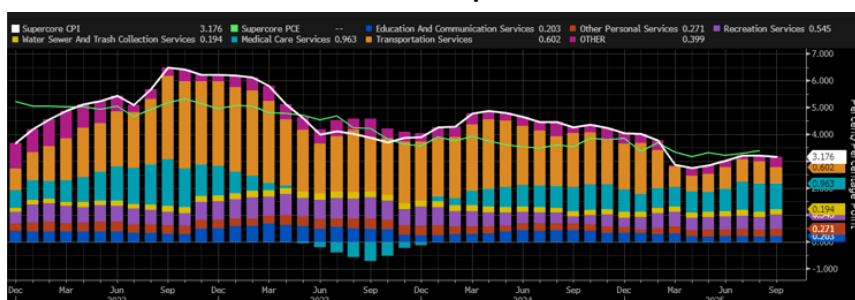
- Actual Consumer Spending Confirms Weak Sentiment:** U.S. consumer spending, adjusted for inflation, was flat in September, the weakest showing in four months, according to the Bureau of Economic Analysis. This stagnation underscores growing pressure on households, especially middle- and lower-income families who are grappling with affordability challenges. While personal income rose nominally by 0.4%, real disposable income was nearly unchanged, limiting purchasing power. Meanwhile, core PCE inflation held steady at 2.8% year-over-year, signalling persistent price pressures. The trend suggests cautious consumer behaviour may continue, as households prioritize essential over discretionary spending.

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- Reinflation Contradicts Fed's Monetary Easing:** After easing around the volatile second quarter of 2025, inflation has ticked higher in recent months and stood above 3% in the most recent, albeit delayed, U.S. reading. CPI inflation rarely moves in a straight line, but momentum appears to have picked up over the summer. Black Friday shopping data indicates prices were higher than last year, reflecting some pass-through of tariffs to consumers. Fed Funds futures are pricing a significantly higher probability of additional rate cuts; however, the Federal Reserve may signal a pause if inflation pressures persist. Some market participants believe the Fed may have erred by cutting rates earlier this year, and worry that continuing on a dovish path risks a resurgence of inflation reminiscent of the 1970s. In this way, the bar chart below shows that while inflation has declined steadily since its late-2022 peak, it remains above the Fed's target with supercore inflation (specific measure of inflation that focuses on the prices of core services, excluding housing and energy services) at 3.17%, exceeding any inflation level recorded during the 2010s. If inflation were to reaccelerate as it did in the 1970s after a period of moderation, the Fed might be forced to resume rate hikes.

Contribution to US Supercore CPI YoY



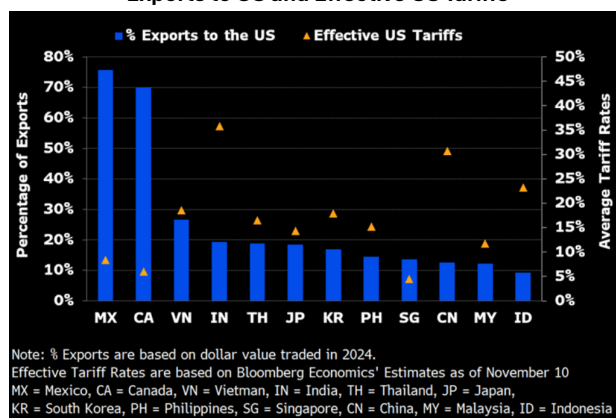
Source: Bloomberg, Dec 2020 to Nov 2025. US Supercore Inflation Index ECAN <GO>. Past performance is not

- Global Trade New Order:** Tariffs, industrial policy, and currency pressures are reshaping supply chains and capital flows, with the sharpest shifts occurring in Asia. U.S. tariffs, in particular, are speeding a realignment of global trade. As production moves out of China, the questions for Asia are which countries ultimately benefit and how durable these changes will be. ASEAN port data shows a familiar pattern: shipments spike as exporters rush ahead of tariff deadlines, then soften as inventories unwind—volatility that can hide longer-term

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trends. Two forces stand out: ASEAN exporters still face relatively low U.S. tariffs, encouraging manufacturing to relocate to Southeast Asia; and intra-Asia trade is strengthening as regional consumption and supply-chain integration deepen. For the U.S., these shifts diversify supply lines away from China but also help Asia build more self-sufficient trade networks. Without competitive industrial and trade policies, the U.S. risks capturing fewer of the long-term gains from this restructuring.

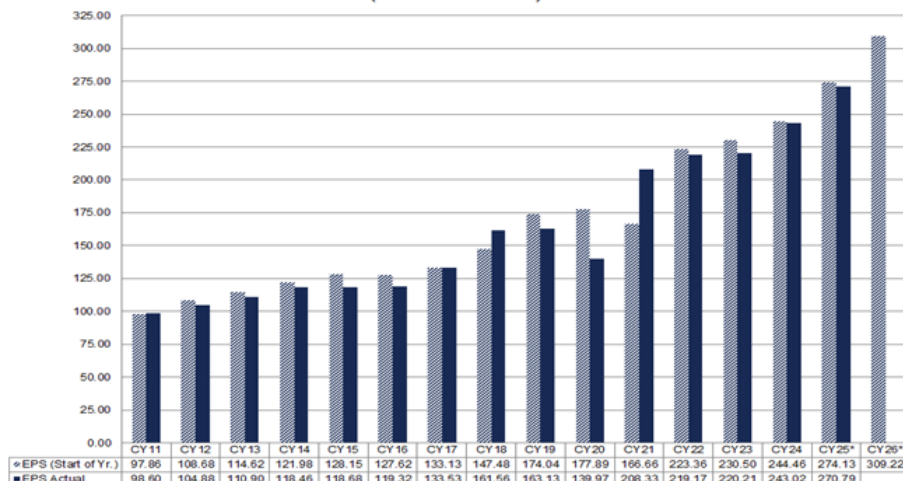
Exports to US and Effective US Tariffs



- S&P 500 2026 Earnings Outlook is Optimistic, but Not Implausible:** The current bottom-up S&P 500 EPS estimate of \$309 for 2026 implies record-high earnings, and while analysts have historically tended to overestimate profits one year ahead, the evidence suggests this optimism may not be excessive. Over the past 25 years, forward EPS estimates have overstated final results by an average of 6.2%, but this figure is heavily distorted by a handful of crisis years marked by unforeseen shocks (2001, 2008, 2009, 2020); excluding those periods, the average overestimation falls to just 0.9%. Recent experience reinforces this improved accuracy, with 2024 EPS forecasts missing final results by less than 1%. Even applying a conservative historical adjustment, 2026 EPS would likely fall in the \$290–\$306 range, which would still represent the highest earnings level on record. As a result, the key risk to current forecasts is not routine analyst bias, but the emergence of a major macroeconomic or geopolitical disruption that materially alters the earnings environment.

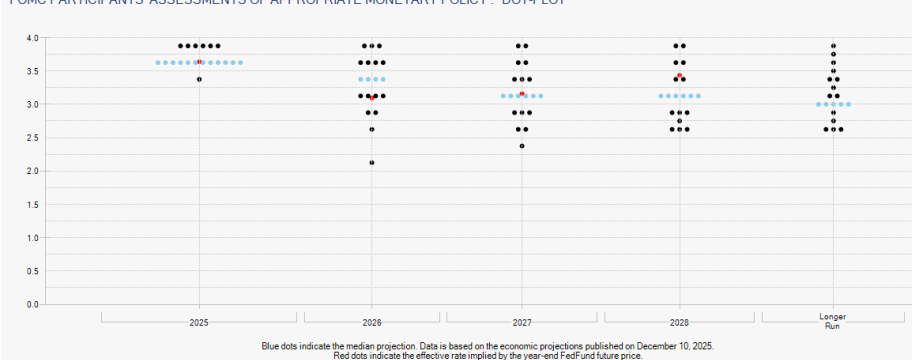
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S&P 500 Bottom-Up EPS: EPS at Start of Year vs. Final (Actual) EPS
 (Source: FactSet)



- Fed Eases Rates but Signals Uncertainty Ahead:** The Federal Reserve delivered a widely expected 25-basis-point rate cut - target federal funds rate set to a range of 3.50% to 3.75% - that markets welcomed, but the move was seen as “hawkish” because policymakers offered little guidance on further easing and signalled caution about next steps. Chairman Jerome Powell emphasized a wait-and-see approach, while the Fed’s updated dot plot still shows only one cut in 2026 and revealed unusually wide disagreement among FOMC members, including three dissenters who favoured no cut. The Fed’s projections show stronger growth and lower inflation next year, supporting a pause, but weakening labour market data and slower GDP nowcasts argue for additional easing, with Powell noting jobs data may be overstating employment gains. Meanwhile, Fed funds futures imply that markets expect looser monetary conditions in 2026 than those projected by the FOMC’s dot plot, with the chart below showing market expectations (red dots) falling below the Committee’s own rate projections (blue dots) for that year.

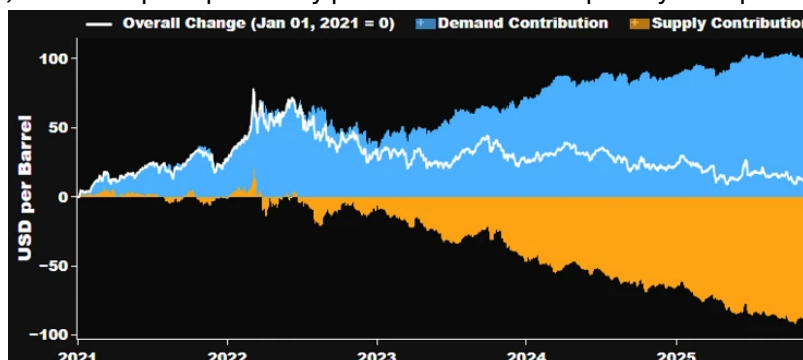
FOMC PARTICIPANTS' ASSESSMENTS OF APPROPRIATE MONETARY POLICY : "DOT-PLOT"



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Commodities and Currencies

- **Energy:** Oil supply has continued to rise, and forecasters expect a surplus of several million barrels by 2026. The U.S. has driven much of this growth, ramping up production sharply and helping offset supply risks tied to geopolitical tensions. The chart below illustrates how supply and demand have influenced oil prices and the direction of their respective impacts. Although supply has climbed steadily over the past three years, demand has also strengthened, which helps explain why prices have not completely collapsed.

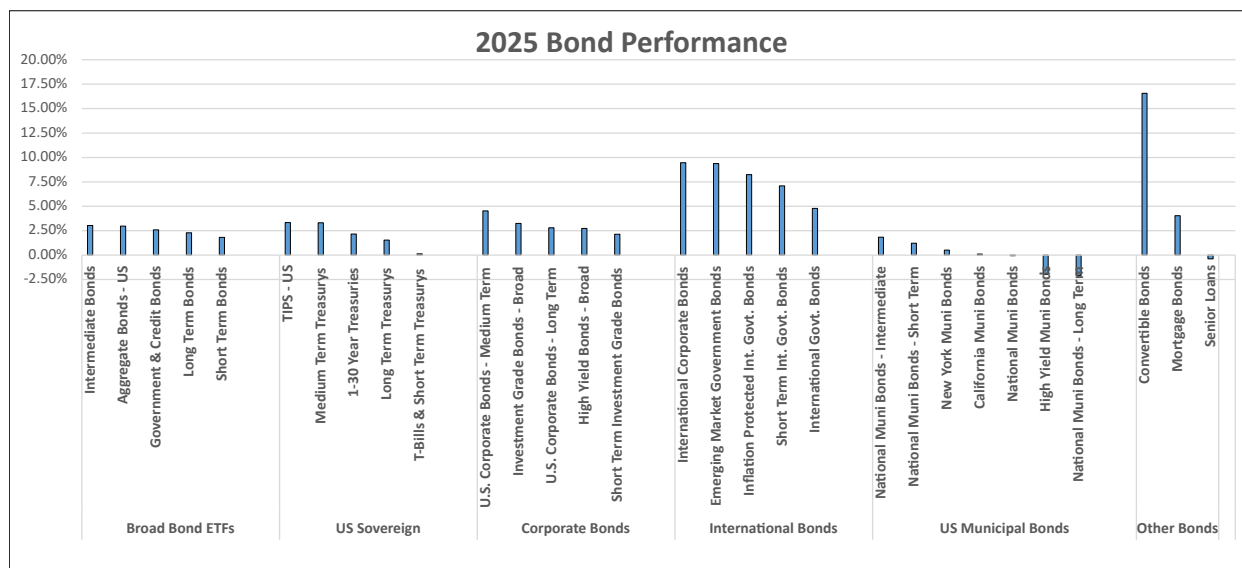


- **Metals:** In the precious-metals segment, safe-haven demand accelerated into year-end December 2025, with gold finishing the year up sharply (+64% annual gain) and closing the month at record levels around US \$4,500/oz supported by geopolitical uncertainty and Fed easing. Silver also posted an exceptional rally, climbing well over 150% on the year. By contrast, industrial metals continued to show mixed performance with copper advancing to multi-year highs driven by tight supply and continued industrial demand, but indicators of demand softness in China and broader cyclical headwinds remained relevant.
- **Soft Commodities:** Agricultural-commodity markets ended December 2025 under pressure from abundant global supplies and weaker demand dynamics. Major soft commodities such as sugar, coffee and other agricultural softs were lower on the year, with some (e.g., cocoa) down significantly, while select grains like soybeans showed mild support amid improved trade conditions. Overall, the soft commodity complex lagged metals and energy, reflecting the mixed supply/demand signals and the influence of weather and input cost dynamics.
- **Cryptocurrencies:** The month saw continued sensitivity of digital assets to macro-risk sentiment and regulatory developments. While there were pockets of technical rebounds in major cryptocurrencies, momentum remained heavily tied to regulatory clarity, institutional flows (including ETF launches such as the Solana spot ETF in Hong Kong), and broader risk appetite rather than fundamentals alone. This backdrop kept crypto performance muted relative to riskier asset classes.

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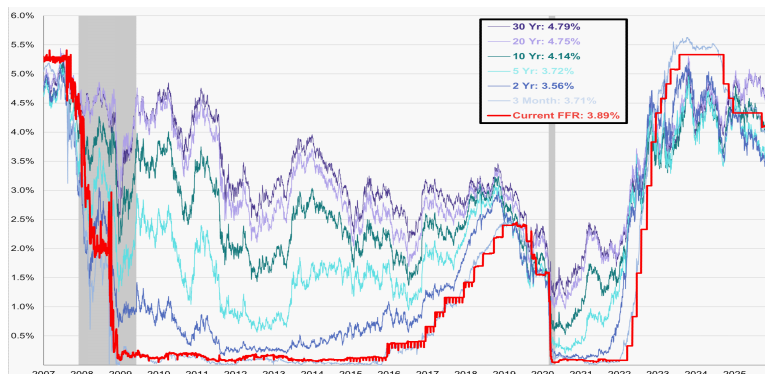
Topic of the Month: The End of Easy Gains? Fixed Income Amid a Divided Fed and Mixed Data

The U.S. bond market has delivered strong 2025 performance across virtually all major segments. The outperformance has been especially pronounced in intermediate-term corporate bonds, while shorter-term Treasury proxies have outpaced inflation moderately. That said, underlying risks and shifting macro dynamics suggest 2026 may present a more challenging environment for fixed-income investors. In effect, 2025 has offered a rare combination: higher yields and capital gains for fixed-income portfolios, a “double-barrelled” boost seldom seen in recent years.



A confluence of factors underpins the strong performance. Most remarkable, the expectation - increasingly hard-wired into markets - that the Federal Reserve (Fed) is entering a mild-to-moderate easing cycle. Yield curves have flattened and investors are favouring intermediate maturities as a sweet spot. The yield environment remains attractive relative to inflation, especially in the intermediate corporate space, encouraging reinvestment and inflows.

US Sovereign Yields and Fed Funds Rate



Another important factor has been the shifting investor preferences i.e. many are eschewing the extremes of ultra-short or very long durations, instead targeting intermediate-duration bonds where there is reasonable yield plus moderate interest-rate sensitivity.

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In short, the bond market in 2025 did successfully navigate macro uncertainty, tariff-driven inflation concerns and political noise, but also benefited from the market's tilt toward income-generating fixed income under a dovish rate regime. Despite the strong outcome in 2025, a number of structural and cyclical headwinds are forming, which could make 2026 a more turbulent ride:

1. Yield curve & interest-rate expectations may shift: While the “belly-of-the-curve” trade has paid off for now, rising yields, particularly at the long end, have sparked renewed investor scrutiny over long-term inflation expectations and duration risk. For instance, 30-year Treasury yields recently hit multi-month highs.



2. Potential for policy uncertainty at the Fed: The upcoming policy decision may lower rates again, but markets appear to be bracing for a shallower easing path than previously expected. Some of the major U.S. banks have already trimmed their rate-cut forecasts for 2026, reflecting lingering concerns around inflation and the economic growth outlook.
3. Sentiment possibly overextended: According to recent commentary, the investment-grade fixed-income benchmark appears almost “priced for perfection.” Any unexpected inflation spike, weak economic data, or hawkish surprise from policymakers could unsettle valuations and widen credit spreads, which for the time being are hovering around the lowest levels of the current century.

ICE BofA US High Yield Index Option-Adjusted Spread



4. Macro-data risks: With delayed or “lagging” economic data due to prior government shutdowns and other distortions, there is increasing uncertainty over how cleanly policy will respond to new developments. This delay complicates forecasting and may lead to volatility if data surprises emerge.

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MG's Message to Investors

- December was marked by a broad continuation of the risk-on momentum seen throughout 2025, although investor sentiment turned more cautious toward month-end. Global equities delivered strong full-year returns, but late-month volatility - especially in large-cap tech stocks - highlighted persistent valuation concerns. While US markets saw slight pullbacks in the final sessions, European and Asian markets outperformed, supported by fiscal support and sector rotation into cyclicals. Healthcare and defensives remained resilient, while technology showed mixed results due to profit-taking and elevated multiples.
- Despite the strong year-end backdrop, market tone in December reflected increasing investor sensitivity to macro risks and policy signals. A growing consensus around early 2026 Fed rate cuts supported high-yield credit, while long-duration bonds lagged on inflation fears. The decline in the U.S. dollar and strong safe-haven demand in gold and silver reinforced positioning toward stability. Overall, investors remained cautiously optimistic, balancing a favourable liquidity outlook with concerns about valuation stretch, earnings quality, and an uneven global growth recovery heading into 2026.
- As 2026 kicks off, MG highlights the following tactical views for the short term:
 - Equities: Overall, the equity asset class is positioned at an overweight risk exposure, with the exception of international developed market equities. This positioning suggests that the model is anticipating a performance reversal in 2026 following the significant outperformance of international equities in 2025.
 - Fixed Income: The model has maintained an overweight stance across fixed income segments, irrespective of credit quality or duration risk, while further increasing duration exposure. This indicates a view that current interest rate curves are embedding an excessive premium for inflation risk.
 - Alternatives: The model has shifted from an underweight to an overweight risk exposure across alternative assets, while maintaining a bearish outlook on oil. This stance appears reasonable in light of recent developments, as the removal of Maduro from the political landscape could allow additional supply to enter global markets.
 - 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	<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.