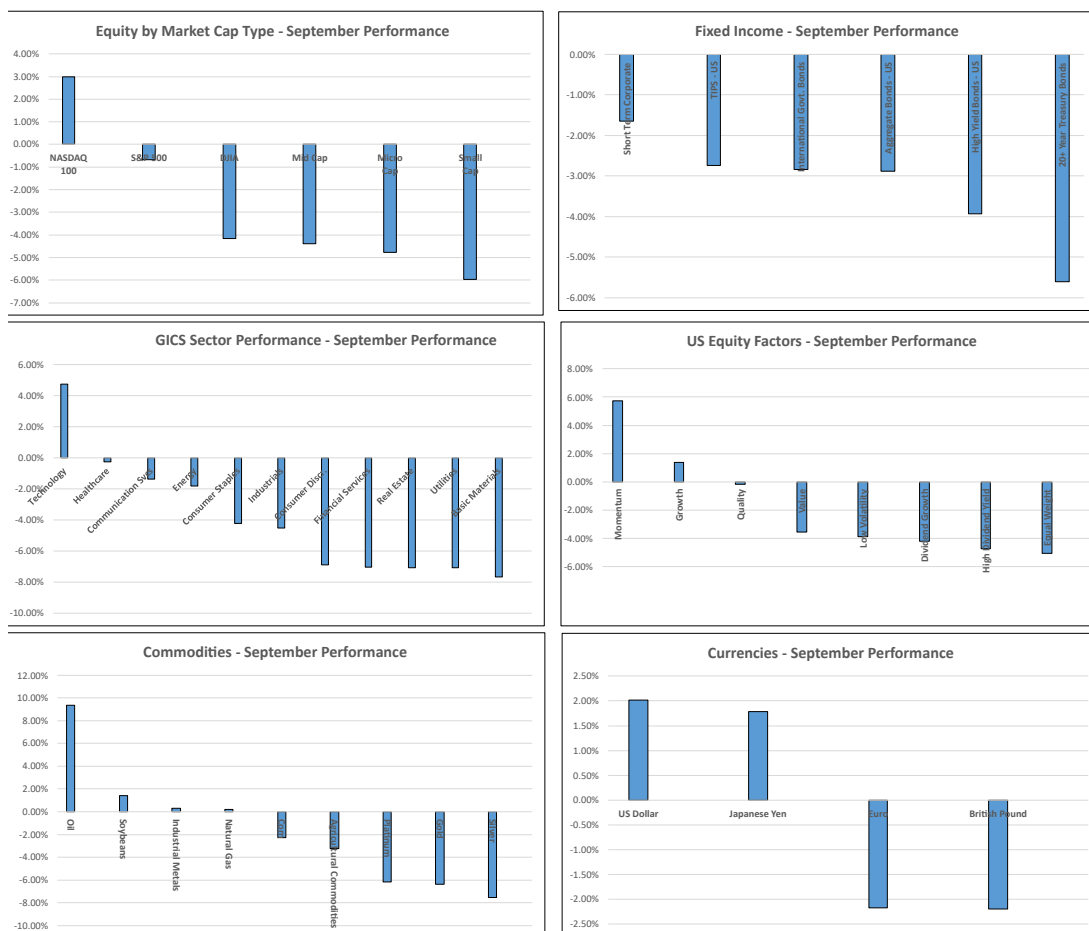


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Markets in a Glimpse

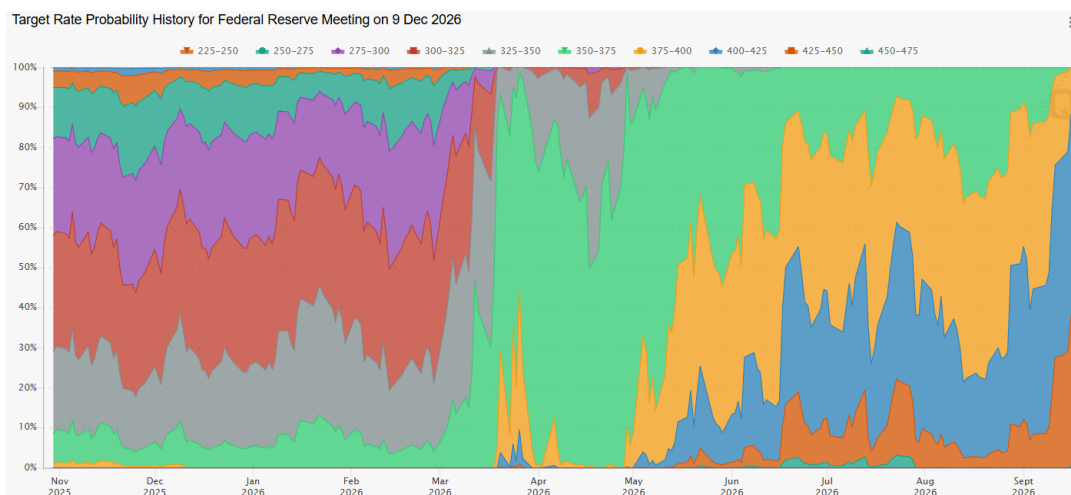
- **Inflation Risk Returns:** Persistent Middle East supply disruptions kept Brent above \$100, pushing energy risk back into inflation expectations, sovereign yields, and monetary policy expectations. Markets increasingly faced a stagflationary mix of resilient economic activity, elevated inflation, and tighter financial conditions.
- **Global Monetary Policy Hawkish Shift:** Strong U.S. employment and sticky core inflation culminated in a 25 bp Fed hike to 3.75%–4.00%, while the ECB and BOJ also tightened policy. September therefore marked a broader shift from expectations of eventual easing toward renewed concerns over how restrictive global monetary policy may need to become.
- **Equities remained unusually resilient:** Despite the tighter monetary conditions, U.S. growth stocks absorbed higher yields and geopolitical uncertainty better than expected, supported by continued strength in AI-related earnings and investment.
- **AI Trade Became Selective:** Investors began differentiating more aggressively between companies demonstrating visible AI monetization and those relying primarily on capital spending-driven growth narratives, especially in credit markets.
- **Fragmented Cross-Asset Performance:** Oil benefited from geopolitical risks, while the dollar strengthened alongside higher rates. Gold weakened as rising real yields outweighed safe-haven demand, while Bitcoin rallied alongside renewed institutional ETF inflows.



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In-Depth Market Review

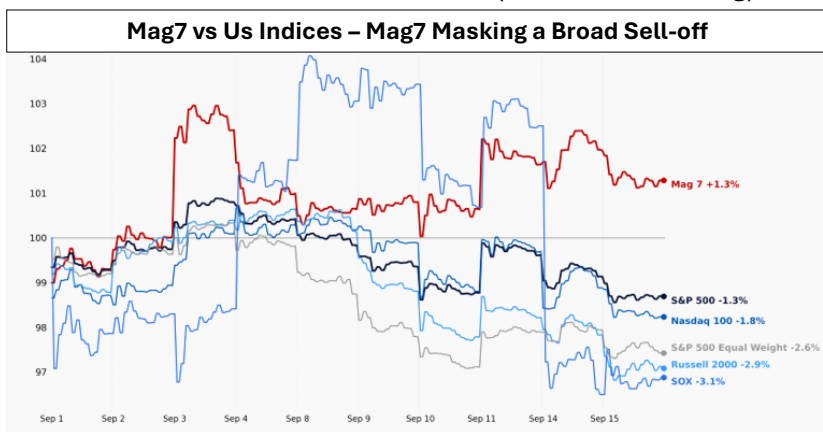
- Markets Adjust to Hawkish Fed:** The Federal Reserve delivered a rate hike in September, with policymakers signalling another increase could follow before year-end. Importantly, the Fed views these moves as removing accommodation rather than pushing policy into restrictive territory. This has reinforced expectations that interest rates could remain elevated, with long-term Treasury yields already around their highest levels in more than two decades. The challenge is that tighter monetary policy may help contain inflation but could also weaken household consumption and economic growth. Long-term borrowing costs are therefore becoming increasingly important for equity and credit markets, particularly as parts of the corporate sector have become more leveraged. At the same time, heavy long-dated issuance, including financing associated with AI infrastructure, is adding to supply pressures in the bond market. Despite concerns around US debt sustainability, the discussion argues that nominal economic growth remains an important counterweight to rising government debt. In this way, expectations for US monetary policy have changed significantly with markets positioned for the possibility of rate cuts in early 2026; yet persistent inflation, resilient employment and higher energy prices have forced a sharp reassessment. The Fed's September rate hike to 3.75–4.00% confirmed this shift, with policymakers signalling that further tightening may be needed before year-end. Markets are now assigning a meaningful probability to another increase as soon as October, while further tightening into December remains in focus.



- Magnificent Seven Masking A Much Deeper Market Drawdown:** Nine of the eleven sectors are lower month-to-date, with only Energy and Communication Services—together representing roughly 14% of the index—posting gains. Since the August high, Information Technology, Industrials, and Consumer Discretionary have accounted for the entire decline in index points, partly offset by roughly 40 points of gains from Energy and Communication Services. Beneath the headline index, the drawdown has therefore been considerably more severe, although it has remained rotational rather than disorderly. The S&P 500's extreme concentration has masked much of this underlying weakness. The 10 largest constituents now represent roughly 40% of the index, with the Magnificent Seven carrying much of that

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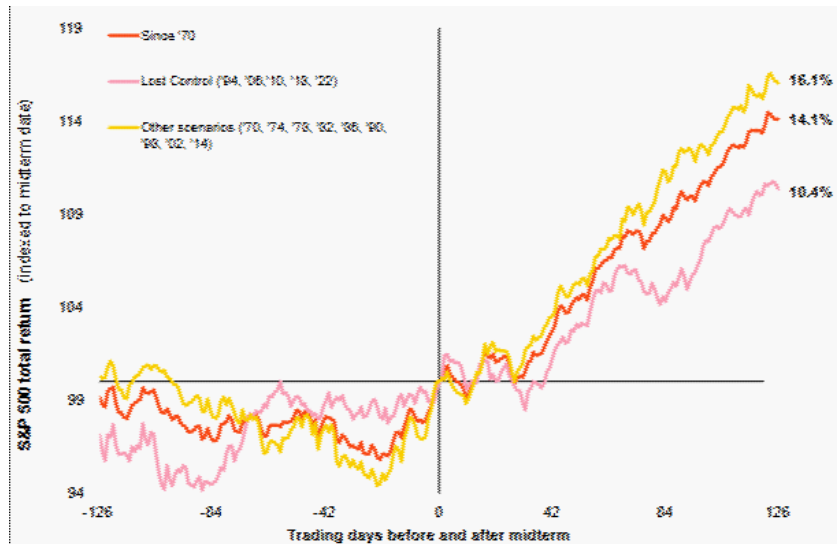
weight and generally holding up better than the average stock. Their resilience has cushioned the headline index, making the market appear relatively stable even as losses have spread across a much broader share of stocks and sectors (Source: Bloomberg).



- Midterm Seasonality Already Priced In:** September has historically been a difficult month for equities, with most of the weakness typically concentrated in the second half. This pattern has been even more pronounced during U.S. midterm election years. Since 1930, the S&P 500 has fallen by an average of roughly 100 bps from this mid September through quarter-end during midterm years. The historical pattern then improves significantly: markets have typically recovered through October, strengthened around Election Day in early November, and gained an average of 5.6% from the end of September through year-end. More broadly, midterm years have historically been the weakest year of the four-year U.S. election cycle, with average annual equity returns of 7.5%, compared with 12.4% across all years. The two most recent midterm years were particularly weak, with the S&P 500 falling 18.1% in 2022 and 4.4% in 2018. Historically, however, there have never been three consecutive negative midterm years. Sector performance has also varied with Healthcare and Energy more resilient during midterm years, whereas Industrials and Financials prone to lag. The clearest historical pattern, however, has been around the election itself. Since 1970, equities have typically begun to recover around 22 trading days before midterm elections as polling provides greater clarity and political uncertainty starts to fade. The market has subsequently gained an average of 14.1% during the six months following the election. Political outcomes have also influenced the strength of that rebound. Six-month returns averaged 10.4% when one party lost unified control of the presidency and Congress, compared with 16.1% when unified control was gained or Congress remained divided. In both cases equities historically advanced, although changes in the expected ability of the government to pass legislation appear to have influenced the magnitude of the move.

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S&P 500 Total Return – Pre and Post Midterms Elections since 1970



- U.S. Pension Funding at 20-Year Highs:** The top 100 U.S. corporate pension plans are approximately 112% funded, near their strongest funding position since 2001. Elevated funded ratios are reinforcing the incentive for plan sponsors to de-risk and progress along their liability-driven investment (LDI) glide paths, particularly after periods of equity-market strength. As funded status improves, plans can lock in gains by reducing growth-asset exposure and increasing allocations to long-duration, investment-grade fixed income that more closely matches the duration and cash-flow characteristics of their liabilities. This dynamic creates the potential for mechanical equity selling and duration buying into quarter-end, as pension plans rebalance toward strategic targets and immunize liabilities. The flow could be particularly relevant following strong equity performance or moves in long-term interest rates that further improve funded status. The magnitude and timing are uncertain, however, as actual flows depend on individual plan glide paths, asset performance, contribution policies, liability hedging ratios, and the level and shape of the yield curve. (source: Citadel Securities).



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- Oil Shock is Moving Downstream:** The Strait of Hormuz remains severely disrupted, although US escorts, ship-to-ship transfers and alternative pipelines have helped keep some oil flowing. These workarounds, however, remain vulnerable as the conflict broadens. Pressure on Iran's exports and conventional capabilities increases the risk of disruption to commercial shipping, Gulf energy infrastructure and alternative routes through Fujairah, the East-West pipeline and Red Sea. This matters because spare production capacity provides limited protection if the infrastructure needed to move oil is itself at risk. At the same time, the buffers that initially softened the shock - including inventories, emergency releases and alternative export routes - are becoming thinner. With Brent above \$100/bbl and inventories falling, higher prices are increasingly weighing on demand. More importantly, the pressure is now spreading beyond crude oil. Refining margins have risen sharply, particularly for diesel, as constrained refining capacity, tight inventories and weaker product exports tighten downstream markets. Diesel is a critical input across transport, agriculture, construction and global supply chains, meaning higher prices can feed directly into business costs and inflation. For investors, the key message is that stabilising crude prices would not necessarily mark the end of the energy shock. Persistently elevated refining margins, as measured by crack spreads, could keep inflation pressures higher, weigh on economic growth and sustain volatility across bonds, equities and broader macro markets (source: Bloomberg).



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MG's Message to Investors

- Inflationary Shock and AI Resilience Defined September: The month was shaped by the tension between a renewed global inflation shock and surprisingly resilient risk assets. Persistent disruption around the Strait of Hormuz and renewed Middle East tensions kept Brent above \$100 per barrel, reinforcing inflation concerns and pushing sovereign yields higher. In the U.S., stronger-than-expected employment and sticky core inflation shifted the policy debate decisively toward renewed tightening, culminating in a 25 bp Fed hike to 3.75%-4.00%, while the ECB and BOJ also raised rates. Despite the sharp repricing in global rates, U.S. equities remained resilient as strong AI-related demand and continued infrastructure spending supported technology earnings and helped the Nasdaq reach new highs. Leadership became more selective, however, as investors increasingly differentiated between companies demonstrating visible AI monetization and cash generation and those dependent on sustained capital spending and elevated valuations, while credit markets began demanding greater compensation for AI-related debt issuance. Cross-asset performance was similarly fragmented: oil rallied on geopolitical supply risks and the dollar benefited from higher U.S. rates, while gold weakened as rising real yields outweighed safe-haven demand. Bitcoin moved sharply higher alongside renewed institutional ETF inflows, highlighting a recovery in crypto liquidity and risk appetite. European markets faced additional pressure from rising sovereign yields and widening fiscal risk premiums, while Japan remained an important global rates pressure point as the BOJ tightened policy and JGB yields stayed elevated. Overall, September reinforced a late-cycle regime in which resilient growth and AI-driven earnings continued to support risk assets, but higher energy prices, persistent inflation and synchronized monetary tightening increasingly challenged the durability of that resilience.
- As October starts, MG highlights the following tactical views for the short term:
 - o Equities: The model is underweight in this asset class with a conservative exposure to U.S. equities and a more aggressive exposure to international equities, reflecting relatively more attractive valuations outside the U.S., and greater diversification across regions and sectors.
 - o Fixed Income: The model maintains an overweight allocation highlighting mortgage-backed securities, as well as long and intermediate duration sovereign bonds, reflecting attractive entry yields. By contrast, the model remains underweight inflation-linked bonds following their recent rally, and it also continues to favor corporate and emerging market bonds, where relatively attractive yields and carry provide additional income potential.
 - o Alternatives: the model is keeping an overweight allocation with tactical tilts in Gold, Real Estate, and IPO exposure. At the same time, it avoids exposure to Commodities, particularly given the overall commodity ETF's relatively high exposure to oil on the back of the recent volatility in energy markets, and their asymmetric risk-reward profile.
 - o Outlook and Strategy: Positioning has become more defensive while shifting toward fixed income and selective rate-sensitive alternatives. These tactical allocations will be reassessed as macroeconomic and geopolitical risks 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-

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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.

MG Investment Solutions Taxonomy

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 Sector ETF	<i>MGS</i>	Equity	An actively managed ETF strategy designed to deliver high-single-digit annualized returns over the long term through a concentrated sector rotation approach. The portfolio invests exclusively in liquid, U.S.-listed ETFs that provide targeted exposure to GICS sectors, and using a dynamic, machine-learning-based quantitative model developed to address the limitations of traditional factor strategies.
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.