DRUMMOND

CAPITAL PARTNERS

INVESTMENT PERSPECTIVES

November 2025

Month In Review

Global Equities
0.1%

Aus Equities
-2.7%

Aus REITs
-3.4%

AUD/USD
-0.3%

US Bonds
0.6%

Commodities
0.1%

Global equities were largely unchanged over the month, with the MSCI ACWI edging up 0.1%. Market conditions were volatile, driven initially by profit taking in the technology sector, amid growing concerns the AI-led momentum had been running at an unsustainably rapid pace. Markets recovered late in the month as expectations firmed that the U.S Federal Reserve may cut interest rates faster than anticipated on softer labour market indicators. This was supported by several central bank official remarks signalling a willingness to ease policy settings. The S&P 500 finished 0.3% higher, with the index's concentration of the top 10 U.S companies by market capitalisation increasing and representing over 40% of the benchmark.

Australian equities underperformed global markets, declining 2.7% for the month. Investor sentiment was dampened by renewed concerns around elevated technology company valuations and persistent inflation pressures. The technology and financial sectors led the market lower, falling 7.9% and 7.3% respectively. A higher-than-expected trimmed mean inflation print of 3.3% over 12 months to October 2025, reduced the likelihood of immediate rate cuts. Australian REITs finished 3.4% lower as a gloomy backdrop for future interest rate cuts weighed on the sector. Emerging markets declined 2.4% for the month, tracking the sharp U.S pullback but failed to recover as strongly.

Expectations for a December rate cut by the Federal Reserve placed downward pressure on U.S Treasury yields, supporting a 0.6% rise in U.S bond markets. In contrast, Australian bonds fell 1.1%, weighed down by a surprise uptick in the latest inflation print pushing domestic yields higher. High-yield and investment-grade credit rose 0.8% and 0.9% respectively, with widening risk premiums signalling a slight increase in market caution.

Commodities were mixed, with oil down 5.1% on potential Ukraine-Russia peace talks and gold rose 5.6% on concerns about a slowing U.S economy in 2026. The Australian dollar slipped 0.3% against the U.S Dollar and saw a recovery late in the month on stronger than expected inflation signalling a potential end to rate cuts.

Things That Matter

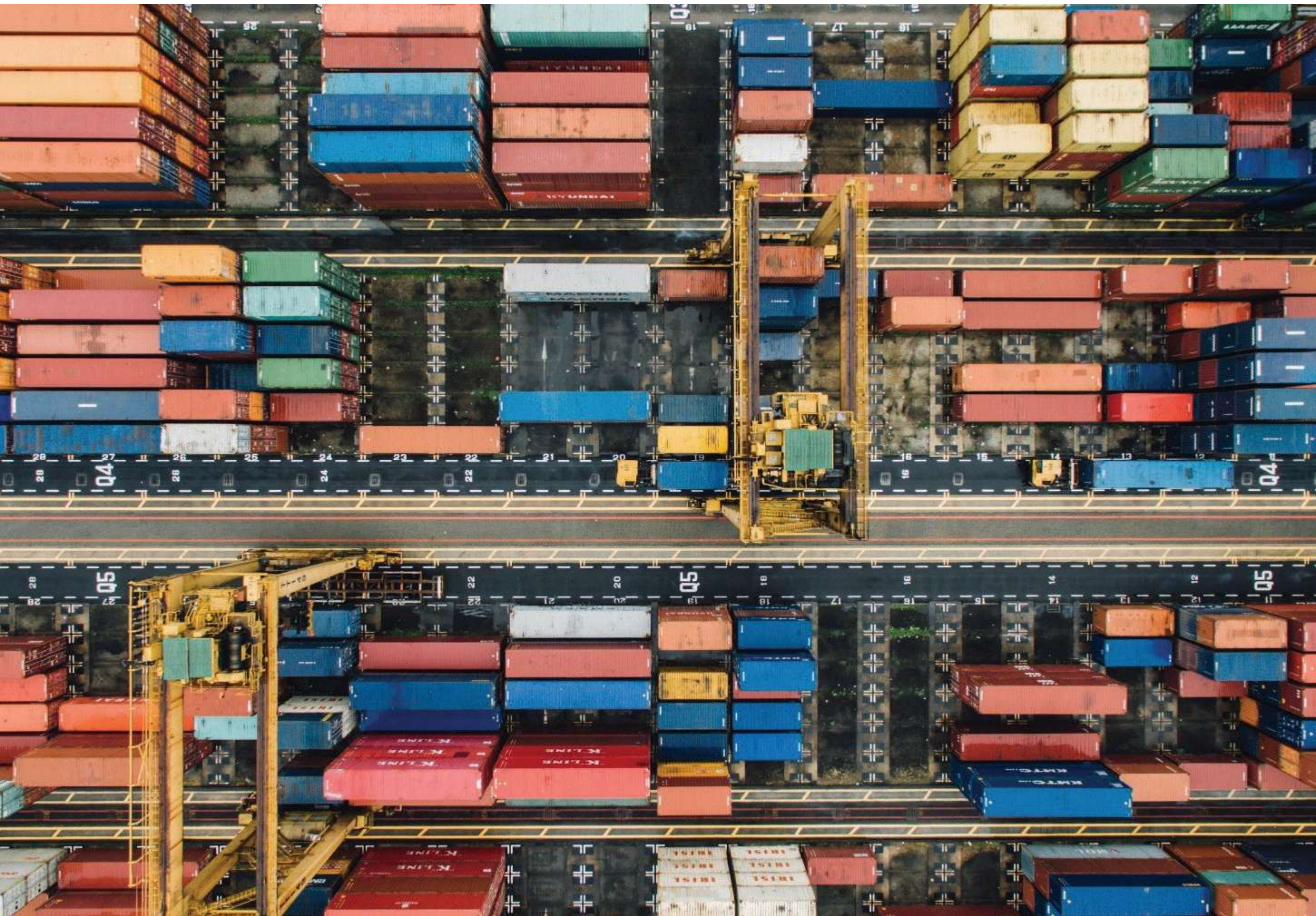
1.	As inflation shifts closer to target in key economies, central banks are nearing the end of the rate cutting cycle.
2.	Trade policy uncertainty is receding and is poised to support global markets if it continues this path.
3.	A divided Fed heightens global uncertainty, keeping volatility elevated across bonds, equities, commodities and currencies.
4.	AI adoption is in its infancy and is set to transform the competitive landscape across businesses, industries and geographies.
5.	Fiscal stimulus is currently boosting liquidity with mounting government debt presenting longer-term risks.

Asset Class Positioning

	Change MoM	Strong Underweight	Underweight	Neutral	Overweight	Strong Overweight
Australian Equities	■	○	●	○	○	○
Global Equities	■	○	○	○	●	○
Property	■	○	○	●	○	○
Infrastructure	■	○	○	○	●	○
Global Alpha	■	●	○	○	○	○
Government Bonds	■	●	○	○	○	○
Corporate Debt	■	○	○	○	○	●
Cash	■	○	○	●	○	○
Total Growth vs Defensive	■	○	○	○	●	○

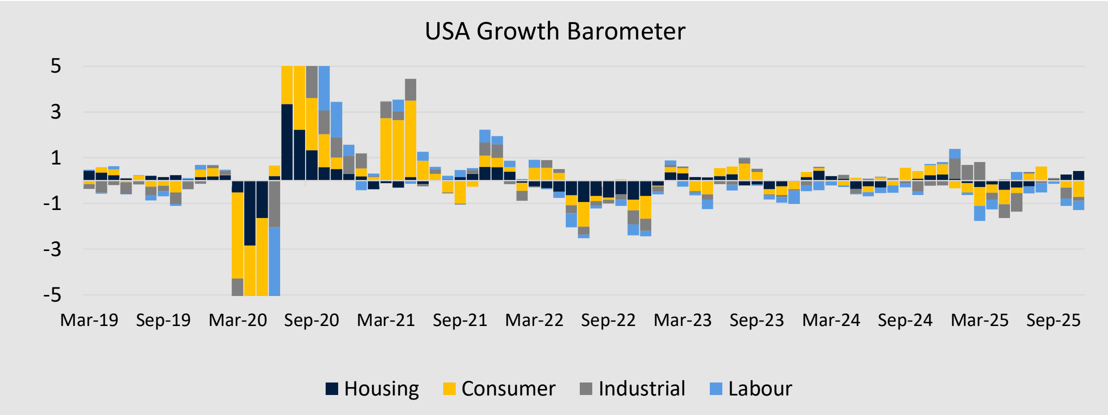
Macroeconomic Overview

North America	▼
Asia	●
Europe	▲
Australia	●



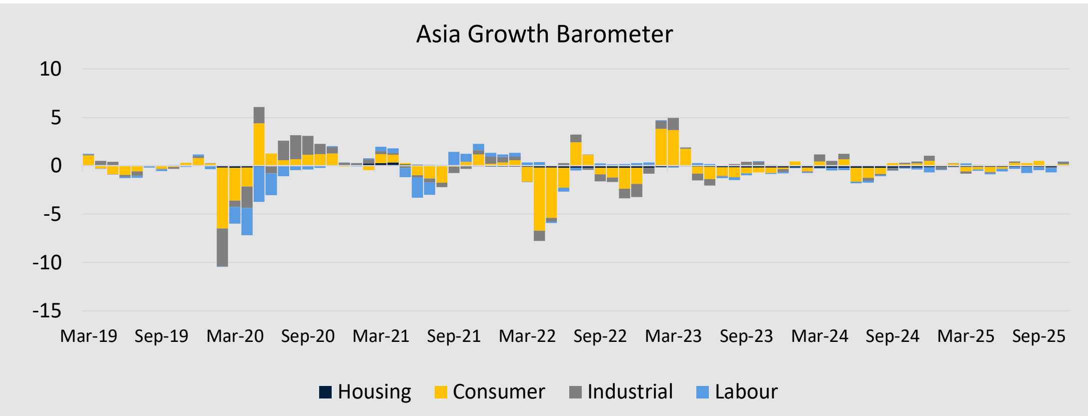
North America

The U.S dollar has depreciated sharply since March amid concerns that tariffs will dampen economic growth, compounded by rising fiscal deficit risks linked to the One Big Beautiful Bill Act. The U.S experienced its longest government shutdown on record, halting official data releases and leaving policymakers 'driving in the fog', as the Fed Chair observed. In November, consumer confidence fell to its lowest level since June 2022, while a softer labour market became evident with unemployment rising to 4.4%, the highest since June 2021. Conflicting signals from the Fed on the timing and magnitude of rate cuts persist, and although inflation remains above the 2% target, markets are pricing in an ~80% probability of a 0.25% cut in December. With the latest earnings season showing positive EPS growth from 9 out of 11 U.S sectors and a clear broadening beyond AI and tech, combined with the prospect of further monetary stimulus, the backdrop is supportive of a risk on stance.



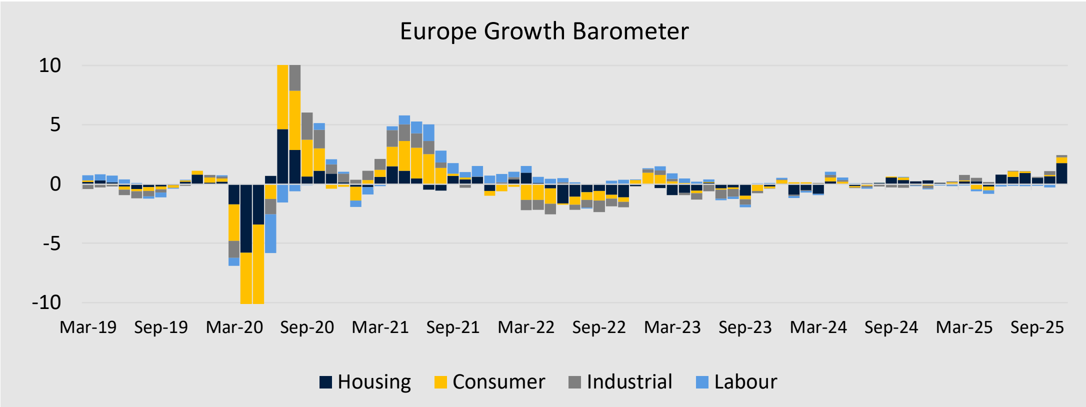
Asia

Although China continues to face structural challenges, including a declining working age population, an ailing property sector, and slowing productivity, its economy is showing signs of resilience to external shocks. Despite U.S tariffs under the Trump administration, China's exports rose 6% in the first nine months of 2025, even as shipments to the U.S fell more than 15%. Much of its industrial surplus was redirected to other markets, with exports to the European Union up nearly 8%. However, consumer spending remains below 50% of GDP, far short of that in the U.S at around two-thirds of GDP. Policymakers recognise the need for reform to strengthen consumption, and we expect further fiscal support measures ahead.



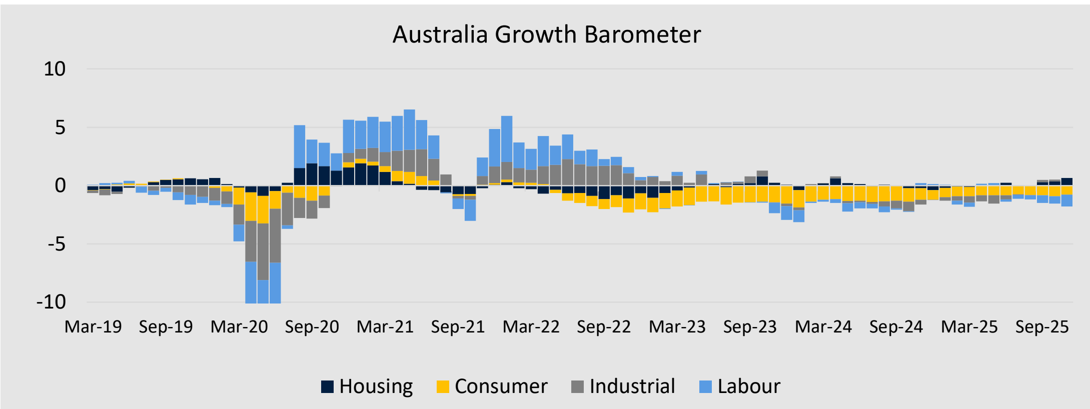
Europe

Europe continues to face structural headwinds including weak productivity, demographic pressures and rising demands on public finances tied to defence and the transition to a decarbonised and digital economy. Strengthening competitiveness and fiscal discipline remain critical for its long-term stability and prosperity. EU growth has steadily outperformed expectations through 2025, prompting upward GDP revisions to 1.4% and 1.5% for 2026 and 2027 respectively. Fiscal support, particularly in infrastructure and defence, is set to accelerate in 2026 and bolster the region's outlook. Meanwhile, China's dominance in critical minerals and rare earths, alongside recent export controls, is elevating risks for strategic EU sectors including defence, energy technology, automotive and AI infrastructure.



Australia

The Australian economy continues to grow below trend. While strong migration has supported the housing market and overall headline activity, per-capita economic output has been contracting since 2022. In November, trimmed mean inflation accelerated 10bps above expectations to 3.3% year-on-year. This is the second consecutive month this has occurred and is clearly exceeding the RBA's 2-3% target band with housing being the largest contributor. Higher-than-expected inflation is dampening prospects for policy easing in the near term and will likely weigh on business and consumer confidence. Markets have responded with the financials and consumer discretionary sectors down 7.3% and 4.6% respectively in November. Australia must adopt measures to lift labour productivity and reduce excessive regulation to foster a more dynamic investment environment.



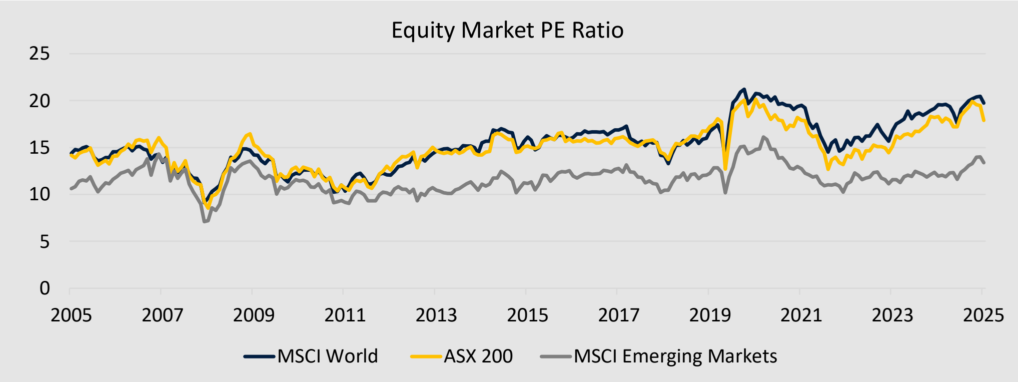
Asset Class Overview

Equities	Overweight
Bonds	Underweight
Credit	Overweight
Infrastructure	Overweight
Property	Neutral
Global Alpha	Underweight

Equities

Overweight

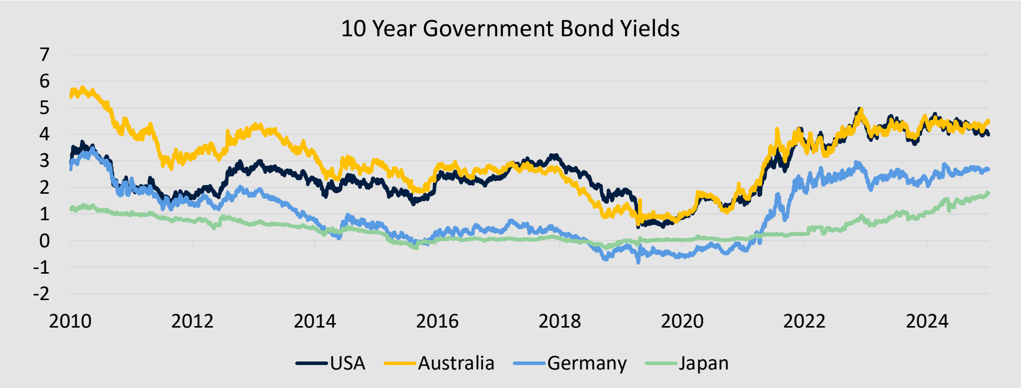
While valuations remain elevated, volatility spiked in November as fears of an AI-driven valuation bubble triggered a broad-based selloff. The pullback was short lived, with sentiment improving on rising conviction that the Federal Reserve will cut rates in December, reinforced by softer labour market indicators and dovish comments from various Fed members. Expected rate cuts, combined with a solid corporate earnings season backdrop that reinforced we are in an earnings driven market, remain supportive of risk assets. Any deterioration in the macro environment may unsettle markets and increase volatility in the near term, but reactions of this nature may be short lived with central banks containing ample capacity to deliver further monetary policy stimulus.



Bonds

Underweight

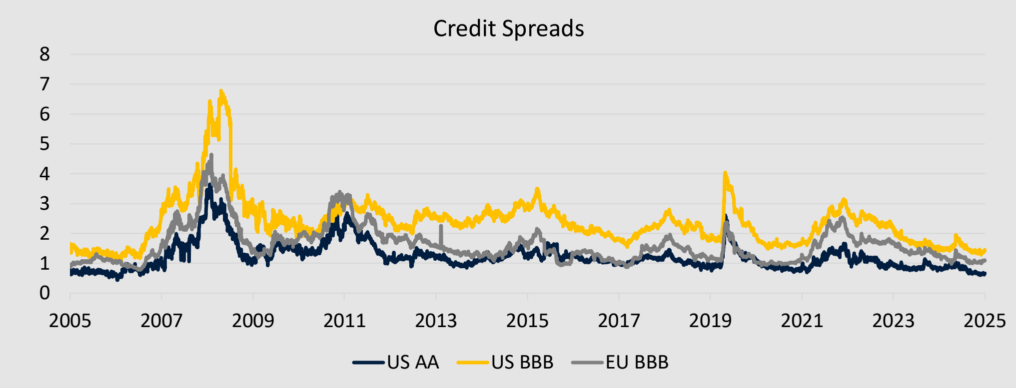
The portfolios remain underweight bonds as central banks, particularly the U.S Fed, continually reassess both the magnitude and timing of rate cuts. The Trump administration's potential policy shifts and rising fiscal deficit concerns stemming from the One Big Beautiful Bill Act, representing a US$4.1 trillion fiscal boost through to FY2034, have reshaped market expectations for longer dated Treasury yields. This uncertainty points to government bond markets remaining volatile until the interest rate path becomes clearer, with the evolving fiscal narrative emerging as an increasingly significant driver of duration risk. Nonetheless, bonds continue to offer diversification benefits and remain an important source of portfolio ballast in times of true economic crisis.



Credit

Overweight

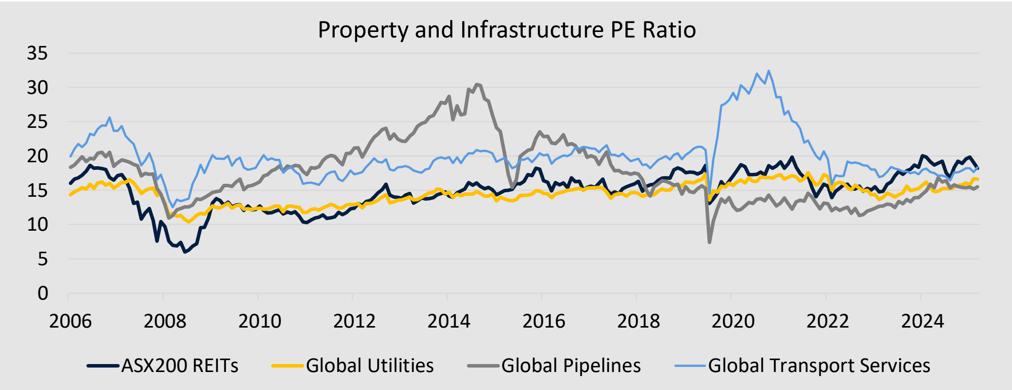
Our preference for floating rate Australian credit is underpinned by solid corporate earnings and resilient business models. The Australian market remains compelling on a relative value basis offering yield premium to offshore credit markets. Broadly, credit spreads have recently widened amid concerns about slowing growth. Importantly, present yields in Australian investment grade corporate debt are attractive versus alternatives in cash and government bonds. Portfolio sizing reflects this view, and we remain cautiously positioned with an emphasis on quality and liquidity.



Property / Infrastructure

Overweight

These assets are typically more defensive than global equities. Over the long-term both have robust inflation hedging characteristics. Current valuations are more compelling than global equities, offering valuable portfolio diversification. The portfolios remain neutral on property and overweight infrastructure.



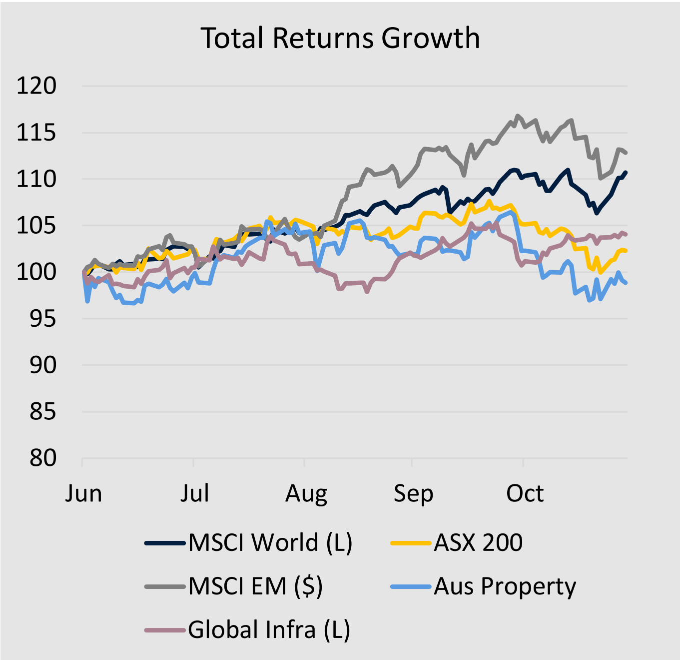
Global Alpha

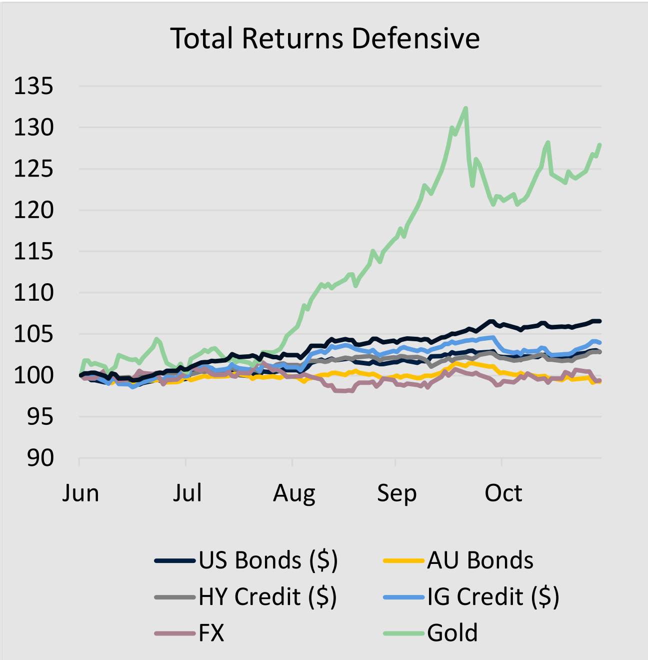
Underweight

An allocation to this asset class can be very manager and strategy specific. In periods of elevated market volatility, global alpha strategies offer prudent diversification in multi-asset portfolios. Under the most recent SAA changes, growth assets were positioned to sit modestly above neutral, reflecting our overweight allocations to infrastructure and global equities. This was offset by an underweight to global alpha and Australian equities.

Asset Class Returns

	Latest Value 30/11/25	Monthly Performance	Quarterly Performance	Half Year Performance	Yearly Performance
MSCI World All Countries	1,206	0.1%	6.7%	15.9%	17.4%
S&P/ASX 200	8,614	-2.7%	-3.1%	4.2%	5.5%
MSCI Emerging Markets	1,367	-2.4%	9.0%	19.1%	30.3%
Nasdaq Composite	23,366	-1.5%	9.1%	22.7%	22.4%
Euro Stoxx	598	0.4%	5.7%	6.3%	23.8%
Australian Property	99	-3.4%	-5.1%	3.1%	1.1%
Global Infrastructure	75	3.1%	4.0%	5.1%	5.4%
Australian Bonds	4.54%	-1.1%	-0.7%	0.6%	3.5%
US Bonds	4.02%	0.6%	2.2%	4.8%	4.9%
High Yield Credit (spread/return)	1.4%	0.8%	1.6%	5.0%	7.2%
Investment Grade Credit (spread/return)	0.7%	0.9%	3.0%	6.9%	5.8%
US $ / Australian $	0.65	-0.3%	-0.1%	1.5%	0.2%
Crude Oil-WTI	58.6	-5.1%	-9.0%	-6.3%	-14.2%
Gold Bullion $/T Oz	4,200	5.6%	22.0%	27.3%	57.9%





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