



PACIFIC MULTI-ASSET SOLUTIONS

MONTHLY INVESTMENT COMMENTARY

NOVEMBER 2025

MARKET OVERVIEW

Global markets were mixed in November, following several months of strong gains. Volatility rose as concerns over stretched AI-related and technology stocks resurfaced, prompting a rotation into defensive sectors such as healthcare and consumer staples, while the technology sector faced its largest decline since March.

Investors were rewarded last month for looking beyond regional allocations, highlighting the benefits of a thematic and globally diversified approach. Our positions in the iShares Nasdaq US Biotechnology ETF and L&G Healthcare Technology & Innovation rose 8.7% and 7.6%, respectively, as both sectors stand to benefit from AI-driven innovation while trading at attractive valuation discounts. Meanwhile, our allocation to Latin American equities via the iShares MSCI Emerging Market Latin America ETF gained 7%, with Brazilian equities reaching all-time highs as markets priced in a potential US rate cut and an expected easing cycle in Brazil next quarter. Investor confidence was further supported by a decline in Brazilian unemployment to 5.4%, the lowest level since the series began in 2012, reinforcing optimism for the region.

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Fixed income markets were marked by volatility, driven by shifting US rate expectations. The probability of a December rate cut swung sharply, falling from nearly 98% in late October to around 40% by mid-November, before rebounding above 80% by month-end, contributing to a steepening of the US yield curve as short-term rates fell.

In this environment, we continue to favour corporate bonds. Despite a busy issuance calendar ahead of the holidays, our allocation to the Xtrackers USD Corporate Bond ETF rose 0.9%, supported by strong demand for corporate credit, robust fundamentals, and attractive all-in yields.

Within our Alternatives allocation, the allocation to physical gold remained the standout winner as the portfolio benefited from the addition to the holding on weakness in October.

Finally, our Diversifying Assets allocations delivered positive returns, with the Pacific G10 Macro Rate Fund, which offers low correlation to equities and fixed income, gaining 0.8%, and the AQR Style Premia Fund, which invests across equities, fixed income, commodities, and FX, up 0.3%.

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