CIO Views – Weekly Bulletin

Week 42: 13 Oct – 20 Oct 2025

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What's top of investors' minds?

Equities benefit from political de-escalation and stimulus

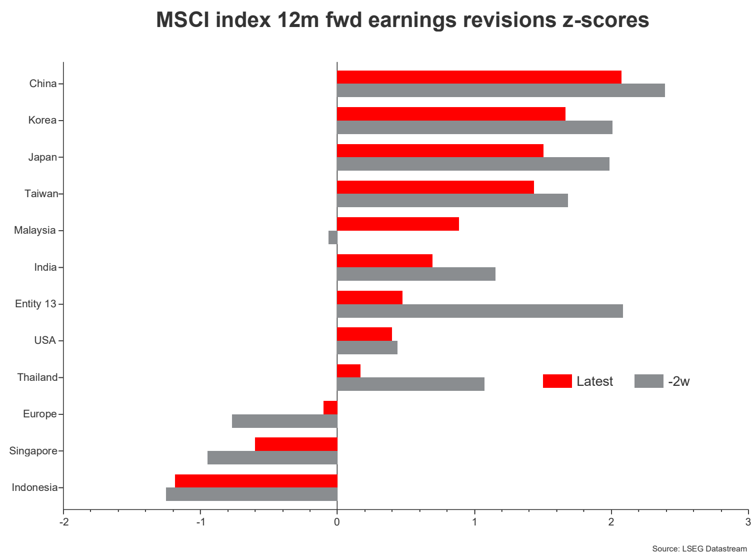
Positive political developments are benefiting equity markets globally. France kicked off the process last week with interim Prime Minister Lecornu surviving no-confidence votes and appearing to reach a compromise budget. More important for Asia, US President Trump has said he will meet with Chinese President Xi next week and that he expects a new trade deal. We are skeptical that a broad concrete deal will emerge, but, as we wrote last week, we judge that both sides want to de-escalate recent trade tensions, at least for now. This should support a recovery in Chinese equities.

In Japan, Liberal Democratic Party (LDP) President Sanae Takaichi signed a coalition agreement with the Ishin party that led to her being elected as Japan's first female prime minister today. We expect her to gradually increase Japan's fiscal stimulus, with a focus on reducing consumption taxes and increasing direct government support for strategic industries.

The coalition deal will also probably moderate some of the pressure on the Bank of Japan (BoJ) to tighten monetary policy, which was a market concern following Takaichi's election as LDP president. We expect the BoJ to raise its policy rate 25bps in January 2026 and to signal a further hike later in the year. This should help to stabilise the Japanese yen exchange rate. The JPY looks tactically cheap compared to interest rate differentials, recently positive Japanese data surprises, and the improvement in Japan's goods and services trade balance. Positive earnings revisions should increase estimates for Japanese earnings growth somewhat further.

In ASEAN, Indonesia and Thailand have announced new fiscal stimulus. The Thai government has proposed a programme of tax deductions for domestic tourism and cuts to retail fuel prices this month on top of the 60bn baht stimulus package announced in late September. In Indonesia, the government announced a new 30tn rupiah cash transfer programme for 35m families, to be disbursed by year-end. Bank Indonesia is likely to cut its policy rate another 25bps this year, most likely at this Wednesday's policy meeting. These steps should help to stabilise the backdrop for economic growth and earnings in both countries.

Earnings revisions have been positive in most Asian markets



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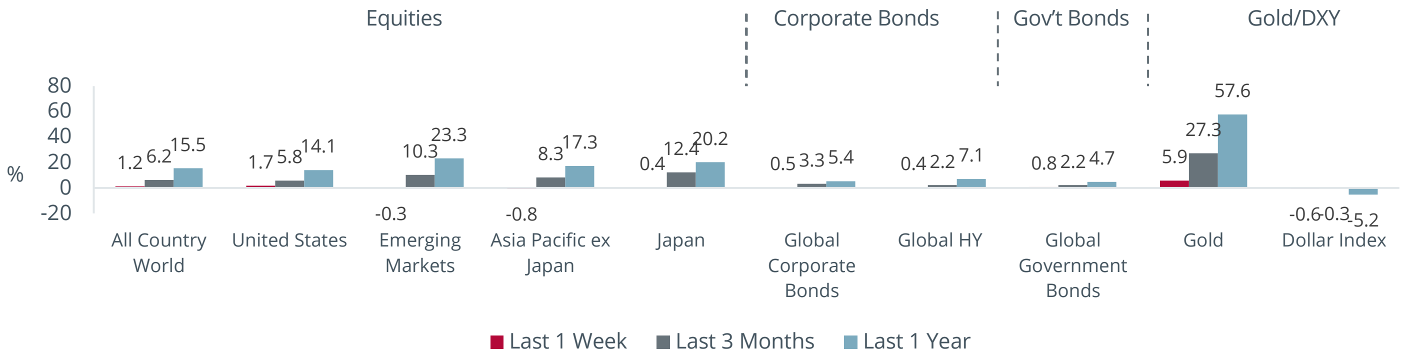
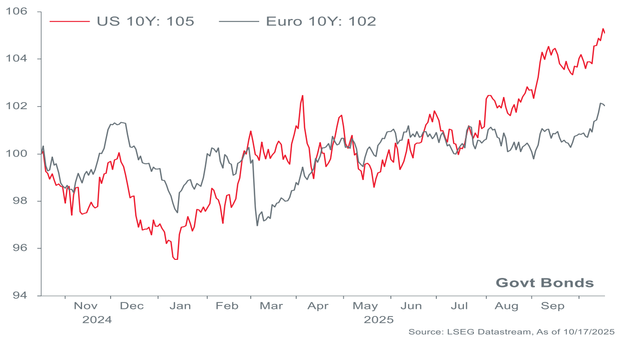
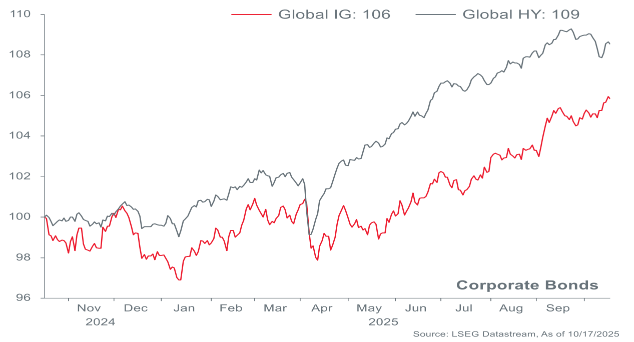
Market Review

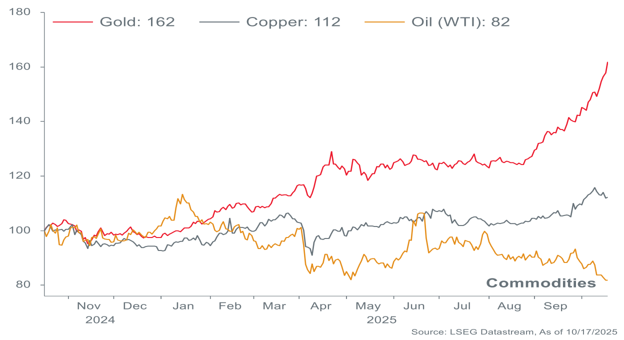
Following a volatile week which had the Federal Reserve signaling further monetary policy easing, global equities ended the week on a positive note, with the MSCI ACWI Index gaining 1.2%. US markets also saw gains, with the S&P 500 Index and Nasdaq Index returning 1.7%, and 2.1%, respectively. Elsewhere, Asia Pacific ex Japan and Emerging Markets (EM) equities fell by -0.8% and -0.3%, respectively. US Treasury yields generally fell along the curve during the week, with the 10-year yield down by 3 basis points to roughly 4.01%. Amid falling US yields, US Treasuries and US aggregate bonds registered gains. Interest rate sensitive global corporate bonds marginally outperformed their high yield counterpart. The US dollar (DXY) declined during the week while gold continued its surge.

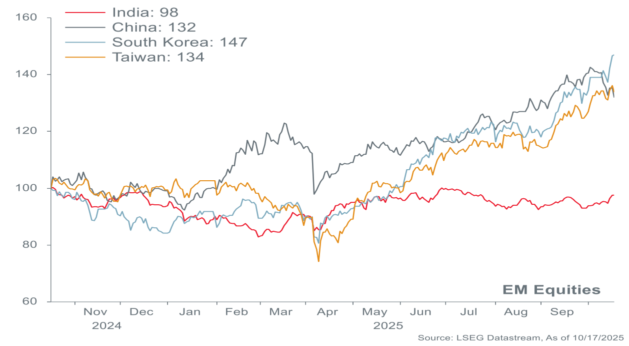
Asset Performances

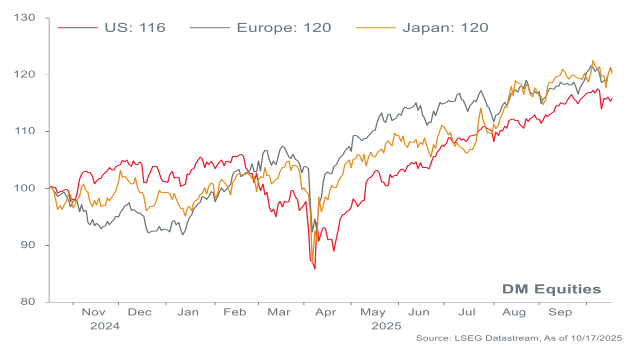












Market Data

Government Bonds	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
US Treasury Yield (%)								
10 Year	4.01	-1.04	-1.64	-10.17	-2.12	-12.41	4.81	3.98
10 Year Bond Yield (%)								
Japan	1.63	-3.85	1.82	4.23	68.92	48.95	1.70	0.94
China	1.76	-5.27	-5.72	6.08	-15.65	4.94	2.15	1.61
Australia	4.10	-6.22	-3.01	-5.92	-3.28	-6.14	4.70	4.10
Singapore	1.75	-3.89	-0.11	-18.08	-36.25	-38.73	3.09	1.75
Malaysia	3.47	-0.63	1.76	1.20	-9.50	-9.24	3.99	3.36
Indonesia	5.93	-3.45	-6.50	-10.06	-11.13	-15.59	7.30	5.92

	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bond Indices								
Bloomberg Global Aggregate USD	95.49	0.41	0.39	1.65	0.66	1.85	95.54	92.65
Bloomberg U.S. Aggregate USD	94.65	0.39	0.42	3.27	2.31	4.67	94.77	89.27

Equity Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
World								
MSCI AC World Index (USD)	983.90	1.20	0.77	6.22	15.47	16.95	996.11	742.96
North America								
US S&P 500 Index	6,664.01	1.70	0.96	5.82	14.08	13.30	6,764.58	4,835.04
US Nasdaq Composite Index	22,679.97	2.14	1.88	8.59	23.44	17.45	23,119.91	14,784.03
Europe								
MSCI Europe	2,517.71	1.20	1.41	4.45	16.36	25.70	2,550.22	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	705.70	-0.78	0.11	8.30	17.31	23.94	716.56	513.60
Japan Nikkei 225	47,582.15	-1.05	6.23	19.25	22.28	19.27	48,597.08	30,792.74
Shanghai Stock Exchange Composite	3,839.76	-1.47	-0.94	9.18	21.15	14.56	3,936.58	3,040.69
Hong Kong Hang Seng	25,247.10	-3.97	-6.17	3.05	25.74	25.86	27,381.84	18,671.49
Taiwan TAIEX	27,302.37	0.00	7.33	18.12	18.43	18.53	27,732.78	17,306.97
Korea KOSPI	3,748.89	3.83	9.83	17.44	43.67	56.24	3,794.87	2,284.72
India NIFTY 50	25,709.85	1.68	1.50	2.38	3.88	8.73	25,781.50	21,743.65
Australia Stock Exchange 200	8,995.30	0.41	2.01	4.12	7.65	10.25	9,109.70	7,169.20
Indonesia Jakarta Composite	7,915.66	-4.14	-1.37	8.63	2.34	11.81	8,288.28	5,882.61
Thailand SET	1,274.61	-0.96	-2.46	6.39	-14.74	-8.97	1,506.82	1,053.79
Malaysia FTSE Bursa KLSE	1,607.18	-0.93	-0.28	5.67	-2.09	-2.14	1,658.73	1,386.63
Philippines Stock Exchange PSE	6,089.53	0.86	-1.95	-3.27	-17.71	-6.73	7,484.67	5,804.56
Singapore FTSE Straits Times Index	4,328.93	-2.22	0.12	4.03	19.41	14.29	4,474.12	3,372.38

Currencies (vs USD)	Latest	1 week Change	1 Month Ago	3 Months ago	1 Year Ago	YTD	52 week high	52 week low
Developed Markets								
EUR	-0.31	0.28	-1.36	0.48	7.57	12.54	1.19	1.02
GBP	-0.04	0.49	-1.48	0.07	3.18	7.30	1.37	1.22
CHF	-	-0.75	0.55	-1.43	-8.41	-12.60	0.92	0.79
JPY	0.13	-0.35	2.48	1.36	0.28	-4.17	158.35	140.85
Asia								
CNY	0.05	-0.11	0.33	-0.79	0.04	-2.37	7.35	7.10
HKD	-0.04	-0.19	-0.14	-1.04	-0.08	-0.01	7.85	7.75
INR	0.01	-0.88	0.28	2.27	4.69	2.83	88.84	84.04
MYR	-0.02	0.05	0.88	-0.42	-1.93	-5.46	4.51	4.19
KRW	0.35	-0.52	3.00	2.16	3.78	-3.74	1,485.83	1,352.45
SGD	0.10	-0.13	1.34	0.72	-1.45	-5.16	1.37	1.27
TWD	0.02	-0.19	1.78	4.12	-4.65	-6.60	33.25	28.90
IDR	0.06	0.18	0.91	1.53	7.00	3.01	16,865.00	15,460.00

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Sources

Asset performances: (bar charts) Eastspring Investments, Refinitiv, as at 17 October 2025. Equities: using MSCI indices in USD, United States is using the S&P 500. Corporate Bonds: using ICE BofA indices in USD. Government Bonds: using the FTSE Global Sovereign Bond index, in USD. Gold is London Bullion Market US Dollar per Metric Tonne. DXY is US Dollar Index. **(line charts**) Eastspring Investments, Refinitiv, as at the end of the prior week, rebased to 100 as at 1 year ago. Equities: MSCI indices, in USD. Corporate Bonds: using Bloomberg indices in USD. Government Bonds: using ICE BofA US 10 Year US Treasury and ICE BofA 7-10 Year Euro Government indices. Commodities: Gold is London Bullion Market US Dollar per Metric Tonne Ounce. Copper is LME Copper Grade A Cash US Dollar per Metric Tonne. Oil is Crude Oil WTI Spot Cushing US Dollar per Barrel. US Dollar is US Dollar Index.

Market data: Eastspring Investments, Refinitiv, as at 17 October 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated. Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes/sector. The historical performance or forecast presented in this slide is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund