Issued in November 2025

Schroder Multi-Asset Investments

Trusted Novus Bank – October 2025

The month in summary:

Both developed and emerging market equities performed well in October, as technology stocks continued to lead the way. Global government bond market returns were generally positive, with yields falling across major regions amid supportive central bank policies, though a US government shutdown and tariff concerns decreased investors' appetite for risk.

US

US shares, as measured by the S&P 500 Index, increased by 2.3% in October, and closed with record highs eight times during the month. The continuing AI boom, strong earnings reports and a welcome rate cut by the US Federal Reserve (Fed) fueled the rally. One potential cause for concern, however, remains the market's increasing concentration. The "Magnificent 7" stocks (Alphabet, Amazon, Apple, Microsoft, Meta, Nvidia and Tesla) now account for 36% of the S&P 500's market capitalization, up from 21% in late 2022. History may provide some reassurance on that score, given that the market in the past has seen greater concentration during periods of significant innovation. The strength of earnings, as well as increased capex spending and a pickup in mergers and acquisition activity, could continue to provide tailwinds for the market.

There has been some evidence of a divergence between the market and the real economy, however. While labor market data from the US government had been absent during the US government shutdown, a report from another source showed a significant decline in public and private sector jobs, and US manufacturing activity declined in October for the eighth straight month. While consumer spending has remained robust, the country's top 10% of earners now account for close to 50% of that spending, and there are more signs of lower- and middle-income consumers being under stress. Ongoing trade conflicts remain a continuing concern, as well, although China and the US did reach a truce on the two countries' trading tensions when US President Donald Trump and Chinese President Xi Jinping met in South Korea at the end of the month.

Eurozone

Eurozone shares saw a modest gain overall, with value stocks outperforming their growth counterparts. In a broadly quiet month, French politics remained a focal point following Prime Minister Sébastien Lecornu's resignation and subsequent reappointment amid parliamentary divisions. S&P Global Ratings downgraded France's sovereign rating to A+ amid the ongoing political instability.

For the region as a whole, investor sentiment appears to be muted but improving. Equity markets were aided by modestly favourable valuations and a pickup in structural themes such as industrial investment and reform narratives. Still, the modest economic backdrop and lingering cost pressures mean optimism is selective rather than broad-based.

Inflation in the eurozone eased to about 2.1 %, although core inflation (excluding food & energy) hovered near 2.4 %. Economic growth remains relatively weak, as the eurozone economy expanded during Q3 by just 0.2% quarter-on-quarter. Credit conditions are adding a note of caution, as banks are reporting a slight net tightening of standards for corporate loans and weak business-credit demand.

The European Central Bank (ECB) at its month-end meeting elected to leave interest rates unchanged, signalling that policy is on hold until there is clearer evidence of either stronger growth or a pick-up in inflation.

UK

In the UK, the FTSE All-Share rose by 3.7% as investors responded positively to a dovish Bank of England (BoE) stance despite persistent inflation and a challenging fiscal outlook. The BoE's dovish signals also led to a notable rally in the gilt market, with the 10-year gilt yield falling to around 4.5%—the largest monthly drop since December 2023—as markets brought forward their expectations for interest rate cuts. The Consumer Price Index inflation held at 3.8%, keeping pressure on the BoE, while economic growth remained subdued.

Fiscal concerns were prominent, with government borrowing reaching nearly £100 billion for the first half of the financial year, the highest since the pandemic. This has increased expectations that the Chancellor of the Exchequer will need to announce significant tax hikes or spending cuts in the November Budget. Sector performance was mixed, with energy and mining stocks benefiting from a weaker pound and higher oil prices, while manufacturing and retail sectors saw softer results.

Japan

The Japanese equity market recorded another strong month, with the TOPIX Total Return up 6.2% and the Nikkei 225 up 16.64% in yen terms. But gains were led by a limited number of stocks—chiefly those linked to generative AI and defense. A series of supportive headlines on AI demand out of the US lifted Japanese optical-component and semiconductor-equipment names. Domestically, the election of Sanae Takaichi as prime minister and a Liberal Democratic Party (LDP) and Japan Innovation Party (JIP) coalition government were read as providing greater political stability, with policy emphasis on defense and digital priorities. That helped further boost related shares. While these catalysts underpinned performance, the rally's narrow breadth highlights the need for investors to be selective and pay careful attention to earnings durability.

Emerging markets

October saw the US dollar strengthen against major currencies and the US Federal Reserve lowering interest rates for the second consecutive month. Emerging market (EM) equities rose over the month, outperforming the MSCI World index, boosted by strong performance from index heavyweights Korea and Taiwan. Strength in the Korean index market came from a combination of artificial intelligence (AI)-related technology demand, strength in industrials and the announcement of a new trade deal with the US. Details of the deal included a reduction in reciprocal tariffs to 15% and a $250 billion investment into the US by Korea. Taiwan also continued to benefit from ongoing investor demand for AI-related technology stocks.

Hungary outperformed, led by gains from OTP Bank, which makes up a significant portion of the Hungary market index. Chile, Poland, Thailand and the United Arab Emirates (UAE) were also ahead of the index. India's outperformance came against a backdrop of strong festive data (economic data tied to consumer spending around festivals and major holidays) and hopes of a trade deal with the US.

Indonesia and Saudia Arabia underperformed, with the latter impacted by softer energy prices. The Brazilian and South African index markets lagged, as local currencies weakened against a stronger dollar in the month. Malaysia also ended October behind the MSCI EM index.

Kuwait and Qatar posted negative returns with softer energy prices weighing on those markets, while Mexico's decline came as the economic outlook remained weak. Turkey's local currency was also weaker against the dollar. Higher-than-expected inflation and a 100-basis-point interest rate cut by the central bank contributed to the market index's decline.

China's equity market fell over the month. Following strong performance in the third quarter, the market gave back some of its gains. Concerns about trade talks with the US weighed on the market although authorities reached a deal at the end of the month that will see tariffs on Chinese exports to the US lowered from 42% to 32%. The outcome of the fourth plenum indicated no change to current policy. Greece posted the biggest losses over October in US dollar terms.

Asia (ex Japan)

The MSCI Asia ex Japan Index posted a 4.5% gain in October. The rally was largely fueled by enthusiasm for AI, which drove a technology-led surge. Positive developments in US-China trade relations further bolstered sentiment, offering relief to export-heavy economies such as South Korea and Taiwan. Domestic policy moves also played a role. South Korea's decision to abandon planned changes to capital gains taxes lifted investor confidence, while Chinese tech stocks benefited from progress in semiconductor self-sufficiency initiatives.

The standout performers in the month were South Korea, which surged 23%, and Taiwan, up 10%, with technology stocks like Samsung Electronics, TSMC and Alibaba leading the charge. While the Information Technology sector, which has the largest weight in the index, was the primary driver of the rally, Consumer Discretionary and Industrials also provided complementary gains. These movements underscored the strong regional appetite for growth-oriented sectors, particularly those positioned to capitalize on AI and semiconductor trends.

The Real Estate and Utilities sectors underperformed, as investors focused on higher-growth opportunities. Broader market gains in China were moderated by weaker performance in financials and energy, while markets such as Thailand and Singapore saw more modest increases in share prices. Ongoing US-China trade negotiations remain a key variable, as any renewed tensions could weigh on export-heavy economies and tech stocks.

Global bonds

Global government bond market returns were positive during October. A combination of the US government shutdown, renewed tariff-related concerns and the collapse of two US firms – First Brands and Tricolor – created a risk-off tone for markets. However, a hawkish sounding US Federal Reserve (Fed) later catalysed some market retracement.

Despite a generally positive earnings season, the souring of sentiment drove an underperformance of high yield corporates with spreads widening in both US and European markets.

It was more of a mixed picture in investment-grade markets, with US credit spreads widening over the month, but tightening modestly across Europe. Despite increased scrutiny around US regional bank exposures to non-bank financial institutions (NBFI), US financials performed broadly in line with other sectors overall.

The Fed cut interest rates by 25 basis points to 3.75-4%, in what was a split vote and announced an end its programme of quantitative tightening (which was designed to shrink its balance sheet). However, the main surprise was Fed Chair Jerome Powell's push back against market expectations of a further rate cut in December.

Meanwhile, the US Supreme Court ruled that Fed Governor Lisa Cook would remain in place until hearings in January, a decision that allayed, for now, market concerns about the independence of the Fed.

October's European Central Bank meeting was uneventful, with rates held at 2%, as expected. French politics remained in the spotlight, with the Prime Minister Sébastien Lecornu's resignation then subsequent reappointment. He later survived two votes of no-confidence following concessions on pension reforms. S&P downgraded France's sovereign rating, outside its scheduled update, to A+ (previously AA-), citing ongoing political instability.

Gilts outperformed other major markets as September's inflation print surprised to the downside and caused markets to reassess the likelihood of near-term interest rate cuts. Meanwhile, manufacturing and services activity data were better than expected, as were retail sales.

Politics continued to drive the performance of Japanese government bonds. Sanae Takaichi was voted the leader of the Liberal Democratic Party and that raised concerns over greater fiscal stimulus and a delay in further rate rises by the Bank of Japan.

Commodities

The overall spot commodity index, represented by the S&P GSCI Commodity Spot index, rose by 1.28% for the month. Precious metals were among the strongest performers. Concerns about slower global growth drove the strong gains for these "safe-haven" assets. In early October, gold surpassed $4,000 per ounce for the first time. Later in the month, however, prices for both gold and silver retreated, perhaps because of profit-taking and a strengthening of the US dollar.

On the energy side, oversupply concerns weighed heavily. The International Energy Agency reported a large surplus of crude supply, with Brent trading near $62 per barrel. Opec+ countries maintained a small increase in output, but prices weakened on higher inventories and easing geopolitical tensions. A tentative ceasefire agreement in the Middle East reduced the risk premium on oil supply and that contributed to the easing in crude prices in early October.

Industrial metals' rally was supported by the broader structural push (for electrification and renewables, for example) plus the weaker dollar. Still, demand, especially from China, is still a key question mark. Agriculture and soft commodities continued to face challenges. Improved yields, trade tensions and plentiful inventory are dampening their upside, while only a few segments, such as soybeans, have shown stronger gains.

Model portfolio positioning – October 2025

Recent weeks have seen increased concerns of a "soft patch" in the US due to weaker payrolls, a government shutdown, and ongoing risks around tariffs. We continue to view the risk of recession in the US as being low for now. The retirement of baby boomers and the clampdown on immigration have shifted the supply dynamics in the US labour market, leading to a low hiring / low firing equilibrium. We are starting to get concerned about frothiness in credit and equity markets and this month we downgrade US credit; after a prolonged period of insatiable demand for yield, credit spreads are tight and lending standards have relaxed amid high competition, with recent bankruptcies and write downs being symptomatic of this. We maintain our long position in equities, however, as corporate earnings remain supportive, with a preference for the US and China.

Our underweight position in US treasuries has been a source of underperformance in recent weeks, but we decided to maintain it given the extent of US rate cuts now priced into the curve and the fact that it is diversifying to our long equity and long gold positions (which are both liquidity-driven to an extent). We remain long gold as it provides a hedge against sovereign debt issues, inflation and geopolitical events. We also maintain our underweight position in the US dollar against the euro.

In the portfolio, we have added to equities funded by government bonds to take advantage of the recent volatility.

All in all, we remain positioned for positive nominal growth, driven by the stimulative policies being pursued by the Trump administration.

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Portfolio Positioning – as at 31 October 2025

	Stable		Balanced		Dynamic		Growth	
	Portfolio (%)	Benchmark (%)	Portfolio (%)	Benchmark (%)	Portfolio (%)	Benchmark (%)	Portfolio (%)	Benchmark (%)
Equities	**25.5**	**20.6**	**45.6**	**40.8**	**75.4**	**70.7**	**95.1**	**90.3**
Global Equities	**11.2**	**-**	**22.2**	**-**	**48.9**	**-**	**62.2**	**-**
Schroder ISF Global Equity Alpha	3.1		11.1		19.4		27.5	
Schroder ISF Global Recovery	3.0		3.9		5.0		5.9	
Schroder ISF Global Innovation	3.1		5.1		6.3		8.0	
Amundi MSCI World ETF	-		2.0		17.2		19.8	
iShares Core MSCI World ETF	2.0		-		1.0		1.0	
North American Equities	**9.7**	**-**	**15.2**	**-**	**15.4**	**-**	**18.9**	**-**
Schroder ISF US Large Cap	3.1		6.6		6.9		8.2	
S&P 500 ETF	6.6		8.6		8.5		10.7	
European Equities	**1.0**	**-**	**3.0**	**-**	**3.0**	**-**	**5.0**	**-**
Lyxor Euro Stoxx ETF	-		2.0		2.0		4.0	
Lyxor Stoxx Europe 600 Banks ETF	1.0		1.0		1.0		1.0	
Emerging Market Equities	**3.6**	**-**	**5.1**	**-**	**8.1**	**-**	**9.1**	**-**
Schroder ISF Global Emerging Market Opportunity	1.6		3.1		6.1		7.1	
Schroder ISF China	1.0		1.0		1.0		1.0	
HSBC Hang Seng Tech ETF	1.0		1.0		1.0		1.0	
Fixed Income	**63.5**	**78.4**	**40.4**	**58.2**	**10.8**	**28.3**	**-**	**8.7**
Government Bonds	**34.2**	**48.7**	**16.3**	**33.6**	**2.9**	**16.1**	**-**	**8.7**
iShares Global Government Bond ETF	26.8		13.8		-		-	
iShares USD Treasury 1-3Yr ETF	6.0		-		-		-	
iShares USD Treasury 20+Yr ETF	1.5		2.4		2.9		-	
Investment Grade Credit	**26.3**	**29.7**	**16.2**	**19.7**	**-**	**7.3**	**-**	**-**
Schroder ISF Global Corporate Bond	26.3		10.3		-		-	
iShares Global Corporate Bond ETF	-		5.9		-		-	
High Yield Debt	**2.0**	**-**	**4.5**	**2.5**	**4.4**	**2.5**	**-**	**-**
Schroder ISF Global High Yield	-		2.5		2.4		-	
Schroder ISF Euro High Yield	2.0		2.0		2.0		-	
Emerging Market Debt	**-**	**-**	**2.5**	**2.5**	**2.5**	**2.5**	**-**	**-**
Schroder ISF Emerging Market Bond	-		2.5		2.5		-	
Convertible Bonds	**1.0**	**-**	**1.0**	**-**	**1.0**	**-**	**-**	**-**
Schroder ISF Global Convertible Bond	1.0		1.0		1.0		-	
Alternatives	**10.1**	**-**	**13.0**	**-**	**12.9**	**-**	**3.9**	**-**
Schroder GAIA Cat Bond	3.0		3.0		2.9		1.9	
Schroder GAIA Egerton Equity	1.0		2.0		2.0		-	
Schroder GAIA Wellington Pagosa	1.0		2.0		2.0		1.0	
Schroder GAIA Two Sigma Diversified	1.0		2.0		2.0		1.0	
Schroder GAIA Contour Tech Equity	1.0		1.0		1.0		-	
Amundi Physical Gold	3.0		3.0		2.9		-	
Cash	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**

Source: Schroders, as at 31 October 2025. Schroder International Selection Fund is referred to as Schroder ISF.

Model Portfolio Performance

GBP Hedged

	1 Month %	3 Months %	1 Year %	3 Years %	Since Inception %
TNB GBP Stable	**1.6**	**4.1**	**8.7**	**24.9**	**16.8**
Benchmark	1.5	3.4	8.1	23.5	17.6
TNB GBP Balanced	**2.5**	**5.3**	**12.2**	**34.1**	**26.0**
Benchmark	2.3	4.9	11.3	32.5	27.2
TNB GBP Dynamic	**3.8**	**7.1**	**16.8**	**48.5**	**40.6**
Benchmark	3.5	7.1	15.8	45.2	41.4
TNB GBP Growth	**4.4**	**7.5**	**18.9**	**56.0**	**50.1**
Benchmark	4.3	8.5	18.5	52.9	50.6

Euro Hedged

	1 Month %	3 Months %	1 Year %	3 Years %	Since Inception %
TNB EUR Stable	**1.3**	**3.3**	**6.0**	**19.8**	**11.0**
Benchmark	1.2	2.7	5.7	18.5	11.7
TNB EUR Balanced	**2.0**	**4.1**	**9.0**	**29.3**	**20.4**
Benchmark	1.9	3.9	8.4	28.1	21.2
TNB EUR Dynamic	**3.2**	**5.8**	**12.8**	**43.1**	**33.4**
Benchmark	3.0	5.8	12.1	41.4	35.0
TNB EUR Growth	**3.6**	**5.9**	**14.2**	**50.3**	**41.1**
Benchmark	3.7	6.9	14.2	49.1	43.8

USD Hedged

	1 Month %	3 Months %	1 Year %	3 Years %	Since Inception %
TNB USD Stable	**1.1**	**4.1**	**9.2**	**30.1**	**19.9**
Benchmark	1.0	3.3	8.6	28.3	20.1
TNB USD Balanced	**1.4**	**5.0**	**12.9**	**42.8**	**29.3**
Benchmark	1.3	4.6	12.2	40.9	30.0
TNB USD Dynamic	**2.0**	**6.7**	**18.1**	**62.0**	**42.9**
Benchmark	1.8	6.6	17.5	59.9	44.6
TNB USD Growth	**2.1**	**6.8**	**20.4**	**72.1**	**50.2**
Benchmark	2.1	7.8	20.8	72.4	54.0

Source: Schroders, as at 31 October 2025. Performance calculated daily at close of business prices. Benchmark indices are as follows: Equities = MSCI All Countries World Index, Government Bonds = Bloomberg Global Treasury G7, Bloomberg 1-3 Year G7 Total Return Index, Investment Grade = Bloomberg Global Aggregate Corporate Bond, High Yield = Bloomberg Global High Yield, Emerging market Debt = Bloomberg Barclays EM Hard Currency Aggregate. These indices are hedged to the base currency of the model portfolio. The composition of the weighting of the indices in each benchmark vary with the risk profile of each portfolio. Inception date is 22/04/2022.

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Market Performance

Total returns (net) % – to end October 2025

	1 month			12 months		
Equities	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
MSCI World	2.0	3.8	4.5	22.0	14.8	19.4
MSCI World Value	-0.5	1.3	2.0	13.9	7.1	11.4
MSCI World Growth	4.2	6.1	6.8	29.9	22.2	27.1
MSCI World Smaller Companies	0.2	2.0	2.6	16.9	10.0	14.4
MSCI Emerging Markets	4.2	6.1	6.7	27.9	20.3	25.2
MSCI AC Asia ex-Japan	4.5	6.4	7.1	28.4	20.7	25.6
S&P500	2.3	4.2	4.9	21.5	14.3	18.9
MSCI EMU	0.6	2.4	3.1	29.9	22.2	27.2
FTSE Europe ex UK	0.6	2.4	3.0	24.0	16.6	21.3
FTSE All-Share	1.2	3.1	3.7	25.2	17.8	22.5
TOPIX*	1.8	3.7	4.3	25.3	17.8	22.6

	1 month			12 months		
Government bonds	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
JPM GBI US All Mats	0.6	2.4	3.1	5.1	-1.1	2.9
JPM GBI UK All Mats	0.3	2.1	2.8	6.1	-0.2	3.8
JPM GBI Japan All Mats**	-4.0	-2.2	-1.6	-5.8	-11.4	-7.8
JPM GBI Germany All Traded	-1.1	0.7	1.3	6.9	0.5	4.6
Corporate bonds						
BofA ML Global Broad Market Corporate	0.0	1.8	2.4	8.0	1.6	5.7
BofA ML US Corporate Master	0.4	2.3	2.9	6.8	0.4	4.5
BofA ML EMU Corporate ex T1 (5–10Y)	-0.9	0.9	1.6	12.2	5.5	9.7
BofA ML £ Non-Gilts	-0.5	1.3	2.0	9.6	3.1	7.3
Non-investment grade bonds						
BofA ML Global High Yield	-0.2	1.6	2.3	9.1	2.6	6.7
BofA ML Euro High Yield	-1.7	0.1	0.7	12.5	5.8	10.1

Source: LSEG DataStream. Local currency returns in October 2025: *6.2%, **0.18%.

Past performance is not a guide to future performance and may not be repeated.

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