



Wealth  
Management

# An evolution of bond markets

## The case for fixed income in portfolios



### Core Offerings November 2025

Chief Investment Office, Australia

Our Australian investment team's view of the markets and insights into our latest strategic and tactical positions

Forward-looking  
for generations

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# An evolution of bond markets

## The case for fixed income in portfolios



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Diversification of the investor base has strengthened the depth and resilience of the Australian bond market.

With the RBA still forecasting below-trend growth over the coming year, core inflation should still return to the mid-point of the 2–3% inflation target during 2026.

The Australian fixed income market has undergone a renaissance. What was once a narrow, single-sector market focused primarily on government bonds has evolved into a broad, diversified investment universe. Today, investors can access multiple sectors, including semi-government, supranational, and corporate credit bonds, each offering distinct benefits and characteristics.

This wasn't always the case. In the early 1980s, the corporate credit represented only a small portion of Australia's capital markets, with total non-government bond issuance amounting to less than AUD 1 billion. This limited depth and breadth led not only to low liquidity but also to low awareness, particularly among retail investors, since the market was largely viewed as the domain of institutions.

Today, the Australian bond market exceeds AUD 2 trillion in size, with corporate bonds accounting for roughly half of the total issuance. Growth has been driven by demand from superannuation funds and banks, while foreign investors have been drawn to Australia's stable regulatory environment, strong credit profile, and relatively attractive yields. More recently, the phasing out of bank hybrids and higher outright yields have encouraged greater participation from the wealth sector. This diversification of the investor base has further strengthened the depth and resilience of the Australian bond market.

### The macro backdrop remains supportive for Aussie fixed income

Over the coming few quarters, the global macro backdrop should be relatively supportive for fixed income assets, as H225 global growth slows, inflation remains benign and most central banks continue to modestly trim interest rates. But as we wrote in our October *Core Offerings*, we are now assigning a higher probability to a global 'reflation' scenario emerging from mid-2026, one in which central banks face renewed growth momentum, complicating their efforts to deliver further rate cuts beyond mid-2026. This is a scenario where global bond yields could retrace higher toward the top of their recent ranges. Importantly, we anticipate the impact of this will be concentrated in the US, where the fiscal dynamics are less robust, central bank independence is more at risk, and an AI-induced growth upswing has more potential to pressure cyclical inflation higher.

Within this backdrop, and as we discuss in this month's *Core Offerings*, Australia's fixed income market remains well positioned. A now structurally deeper and more resilient market – helped by a more robust starting fiscal position than many key global economies – should combine with a likely less challenging cyclical pick-up in growth and inflation during 2026, to see both sovereign and corporate exposures deliver strong diversifying returns to portfolios.

Australia's recent strong Q3 inflation print will certainly challenge those expecting a rate cut this month, coming in above the market's and the Reserve Bank of Australia's (RBA) forecast. Adding pressure to the near-term rates outlook is our belief that after a year and a half of a 'per capita' recession (and mid-2024 private sector activity near zero), that Australia is now amidst a mild cyclical growth recovery, led by an improving consumer and housing sector. Despite this, from an inflation perspective (which lags the growth cycle), Australia remains 'late cycle'. After several years of robust employment gains, job vacancies are now easing, and the unemployment rate has risen to 4.5% from a cycle low of 3.5%. Wage growth, while still elevated, is showing signs of peaking as businesses respond to slowing revenue growth and higher operating costs.

Reflecting this, and with the RBA still forecasting below-trend growth over the coming year, core inflation (which has already halved from a peak of over 6% mid 2022 to 3% in Q3) should still return to the mid-point of the 2–3% inflation target during 2026. This suggests further modest rate cuts remain the most likely direction for policy, as the RBA returns rates to a more neutral setting (from 3.6% currently, to around 3.0%). This should still see duration exposures perform well, with elevated yields continuing to attract both domestic and offshore investors.

## What does this mean for Australian credit markets?

### The demand side of the equation

In the Australian bond market, the investor base has broadened significantly, an evolution driven by both supply and demand dynamics. The Australian credit market presents a compelling opportunity to gain exposure to high-quality issuers, with Australian banks among the most highly regulated and best-capitalised globally. Investors can access these opportunities within a market characterised by a stable macroeconomic backdrop, a consistent issuance pipeline, lower volatility, and an attractive credit spread premium relative to other regions.

This favourable environment, together with the increasingly diversified investment universe outlined earlier, provides investors with ample scope to remain active and fully invested. These advantages extend to both domestic and offshore investors. Notably, recent new-issue data highlight growing participation from Asia-based investors, who have become increasingly active in the Australian market. As offshore participants are typically more accustomed to fixed-rate structures, demand in recent transactions has tended to skew towards fixed-rate tranches.

Figure 1: Australian credit spreads reflect an attractive premium to other regions



Source: Bloomberg, as at 24 October 2025.

### Healthy demand is driving supply

On the supply side, the Australian credit market has experienced a notable surge in issuance this year, ranking fourth globally, with CAD issuance recently overtaking AUD issuance, and the market now sitting behind EUR, USD, and CAD year to date. While investment grade spreads remain near historically tight levels (see Figure 1, above), outright yield levels have continued to attract strong investor demand. This supportive backdrop has given local issuers, both financial and corporate, the confidence to bring new transactions to market, including innovative formats across different maturities and parts of the capital structure.

The Australian market has also welcomed a growing number of new participants over recent years, including offshore borrowers, known as “Kangaroo” issuers, who are increasingly turning to Australia as an attractive funding source. Their presence has further enhanced diversification within investors’ fixed income portfolios, broadening the pool of high-quality investment grade issuers available in the domestic market.

### The development of a corporate subordinated debt market

Investor demand for exposure to high-quality, investment grade issuers has driven significant growth in the Australian corporate subordinated debt market. Issuing investment grade bonds that are subordinated within the capital structure allows issuers to receive equity credit from rating agencies, helping them maintain investment grade status, while offering investors an additional yield premium.

Elevated yields are continuing to attract both domestic and offshore investors.

Recent new-issue data highlight growing participation from Asia-based investors, who have become increasingly active in the Australian market.

The Australian market has also welcomed a growing number of new participants, including offshore borrowers, known as “Kangaroo” issuers, who are increasingly turning to Australia as an attractive funding source.

**Figure 2: Australia ranks fourth globally in terms of year-to-date issuance**

Source: Bloomberg, as at 30 September 2025

Investor demand for exposure to high-quality, investment-grade issuers has driven significant growth in the Australian corporate subordinated debt market.

In 2025 alone, we have seen over AUD 6 billion in subordinated issuance, led by infrastructure and real estate names. These subordinated instruments, often referred to as “corporate hybrids,” combine characteristics of both debt and equity. To qualify for equity treatment, they typically carry very long maturities, often 30 years or more, but include call options within 5 to 10 years. If the issuer fails to call the bond at the first call date, the rating agencies withdraw the equity credit, potentially affecting the issuer’s credit rating and leverage metrics. This dynamic generally incentivises issuers to call, though a deterioration in credit quality could impair their ability to do so.

#### Pushing the boundaries on tenor

In August, ANZ bank launched and priced a landmark 20-year bullet subordinated Tier 2 bond at a yield of 6.171% (ASW +180 basis points). Historically, Australian investors have become accustomed to 10NC5 (10-year maturity, 5-year non-call) or 15NC10 (15-year maturity, 10-year non-call) structures. By contrast, many offshore investors, such as insurers and pension funds, prefer to liability-match through 10-year or 20-year bullet structures.

ANZ issued an inaugural 20-year subordinated bullet transaction in the Australian market.

Given this was the inaugural 20-year subordinated bullet transaction in the Australian market, there was some initial uncertainty about investor reception. However, the deal attracted over AUD 3.5 billion in demand, demonstrating strong participation from both domestic and offshore investors, particularly across Asia. The success of this issue has set the stage for future long-tenor deals from other major banks and corporate issuers.

While a 20-year tenor introduces meaningful duration risk to portfolios, the bond has performed strongly in secondary markets and is currently yielding around 5.80%, highlighting continued investor appetite for quality duration exposure.

#### Will we see more perpetual AT1 instruments?

Although bank hybrids are being phased out in Australia, Additional Tier 1 (AT1) instruments continue to feature prominently in offshore markets, and can still be issued in Australian dollars by offshore institutions.

In September, UBS issued its first AUD AT1 contingent convertible (CoCo) bond since 2019, attracting over AUD 7 billion in demand and pricing at a 6.375% yield. Despite UBS not being a local major bank, the strong bookbuild highlights significant investor appetite for high-quality, yield-enhancing instruments. This may encourage other offshore issuers to consider tapping the Australian market.

However, investors should remain mindful of the structural and regulatory differences of these instruments. AT1 securities are perpetual if not called and are governed by offshore regulatory frameworks, which can materially affect risk and return dynamics.



We believe investors should adopt a more active approach to managing hybrid exposures, taking advantage of capital gains opportunities before call dates, when spreads remain tight and liquidity is still strong.

We may lament the phasing out of bank hybrids...

...but the market offers a diverse and evolving opportunity set that continues to deliver strong fundamentals and compelling value.

This backdrop reinforces the case for maintaining an active, well-diversified allocation to Australian fixed income as a core component of long-term portfolio strategy.

## What about bank hybrids?

The Australian Prudential Regulation Authority's (APRA) decision to phase out the AUD 40 billion bank AT1 hybrid market by 2032 will reshape fixed income portfolios for our investor base. We have previously discussed the implications of this change (see *"Phasing out of Bank Hybrids...where to next?"*, February 2025)", which unfortunately removes a well-recognised and historically popular investment opportunity. Bank hybrids have been favoured due to the familiarity of major bank issuers and their historically attractive credit spread pickup, although spreads have now compressed considerably in the wake of that decision.

With APRA's policy now formalised, issuers are opting to call rather than refinance existing hybrids. For instance, Westpac redeemed its Westpac Capital Notes 5 (WBCPH) in September. As the call risk has been removed and hybrids transition to Tier 2 classification from 2027 onwards, credit spreads have tightened sharply, with many now trading below BBSW +200 basis points.

We believe investors should adopt a more active approach to managing hybrid exposures, taking advantage of capital gains opportunities before call dates, when spreads remain tight and liquidity is still strong.

Figure 3: WBCPH Price – with call risk removed, credit spreads have tightened sharply



Source: Bloomberg

As illustrated in the chart above, hybrids typically trade closer to par as they near their call date, while liquidity diminishes as active investors exit their positions earlier. For those prepared to manage timing actively, there are opportunities to realise capital gains ahead of redemption, especially as hybrid credit spreads have continued to compress.

While we may lament the phasing out of bank hybrids, we remain confident that this shift will prompt investors to look more broadly across the Australian fixed income landscape. The market offers a diverse and evolving opportunity set that continues to deliver strong fundamentals and compelling value.

The Australian investment grade fixed income market stands out for its ability to provide steady and predictable income, lower volatility through market cycles, and meaningful diversification benefits within multi-asset portfolios. These characteristics remain as important as ever, helping investors navigate a multi-polar, changing global environment, where neutral interest rates are likely to stay higher for longer.

In our view, this backdrop reinforces the case for maintaining an active, well-diversified allocation to Australian fixed income as a core component of long-term portfolio strategy. The market is continuing to evolve and provide investors with new opportunities for investment.

# What's driving our views?

We remain convicted in our constructive, reflationary outlook for 2026

Global equity markets have continued to rally, brushing off short-lived intra-month US-China trade tensions, as investors remained focussed on global policy easing and the AI build-out. We maintain our constructive positioning. While we continue to recognise that expensive and over-exuberant markets are vulnerable to downside shocks, we are also mindful that political and geo-political risks have receded significantly since April.

We continue to believe that US trade and global geo-political uncertainty peaked in Q2 2025, reducing negative risks to global markets and the global economy. While headline noise around the mid-October US-China trade spat was loud, our constraints-based analysis proved invaluable once again. We already knew from Liberation Day that US bond markets would not allow an effective trade embargo between the US and China to stand, therefore we knew that the 100% tariffs that the US threatened on Chinese imports were most likely a negotiating tool. We stayed invested based on this analysis, which has so far proven to be the right decision.

We continue to believe that tariffs are ultimately disinflationary, allowing global central banks to continue modestly cutting rates to see out 2025. The Supreme Court's expected ruling on the Trump Administration's reciprocal tariffs is a key near-term event to monitor between now and Christmas. If the tariffs are struck down, that could lead to upward pressure on US bond yields as it would remove a key revenue pillar supporting the fiscal stimulus in the One Big Beautiful Bill Act.

More broadly, the pulse of easier global monetary policy should continue to act as a tailwind for the global economy. Further modest easing of mortgage rates in the US could help to further unlock the significant excess homeowners' equity on US household balance sheets. In the meantime, the ongoing AI build-out is contributing as much to US economic growth as the US consumer (which typically makes up 66% of the US economy) and if sustained, has the potential to almost singlehandedly circumvent US recessionary risks. In addition, we are seeing more anecdotal evidence of the proliferation of AI applications across the broader economy, including around 'agentic AI'. This could support a broadening of the admittedly extended equity rally to smaller and mid-sized companies and to regions outside the US. Of course, we also acknowledge the justified angst that a potential bubble may be forming in this space.

Our view is that the 2026 outlook tilts towards more reflationary scenarios, where resilient economic activity imparts renewed underlying inflationary pressures as we enter 2026, limiting the extent to which central banks can cut and imparting upside risks to government bond yields.

Reflecting this view, we maintain our overall tactical positioning. We retain our overweight to investment grade and high yield credit and our underweight to global government bonds. We also retain our modest overweight to global equities, with a preference for Japan and Europe.

## Key cyclical views

**Has policy uncertainty peaked?** Our frameworks tell us that trade and geopolitical uncertainty has peaked, pointing to moderating (though still-present) risks to the global economy.

Reflationary risks are rising; US rate cuts could help unlock the significant levels of excess homeowners' equity on US household balance sheets, supporting a transition to a leverage-driven cycle. In the meantime, the ongoing AI build-out has the potential to single-handedly support the US economy over the next 6–12 months. Both dynamics point to rising reflationary risks as we look to 2026, that is, an environment that should support equities and credit relative to bonds.

**Can central banks keep cutting in 2026?** Progress on inflation and the ultimately disinflationary impact of tariffs should allow central banks to continue cutting rates as we see out 2025. A resilient US economy and rising reflationary risks present a key challenge looking out to 2026, where we see a risk that markets are pricing in too many rate cuts.

**Opportunities are ripe for 'active' hunters vs 'passive' gatherers:** The best opportunities will likely lie beneath the broad index level, rewarding more active 'hunter' versus passive 'gatherer' investors. This has proven particularly true so far this year.

**Fortune favours the bold:** The current environment is likely to continue to favour investors who can digest and exploit the opportunities that come with market volatility. Prudent portfolio diversification and active management will be important tools in the astute investor's arsenal.

## Key structural views

**Welcome to a multi-polar world:** The global community is increasingly adjusting to a multi-polar world, an environment that will likely create more volatility and uncertainty but also present more growth and opportunities for investors.

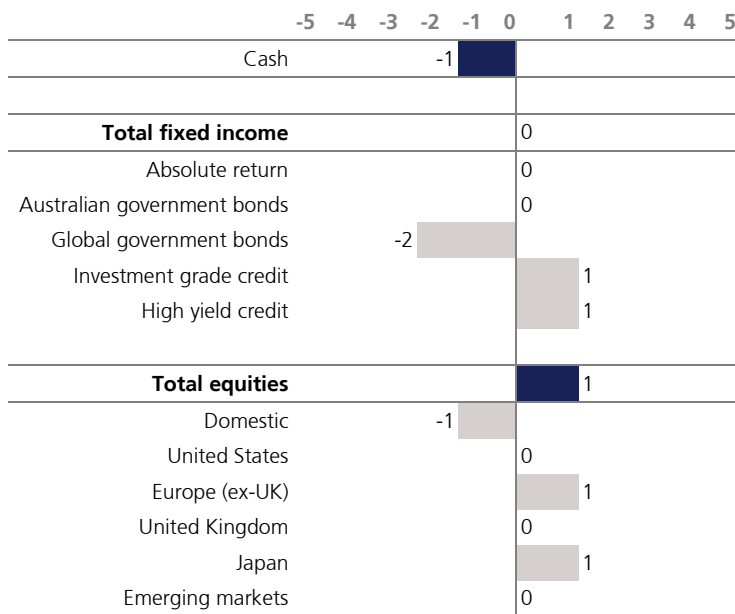
**The energy transition is growing more challenging:** Policy uncertainty, cost, energy security, and more extreme physical impacts are likely to complicate an already-challenging energy transition.

**The rise of artificial intelligence:** AI presents significant challenges and opportunities for the global economy and human society.

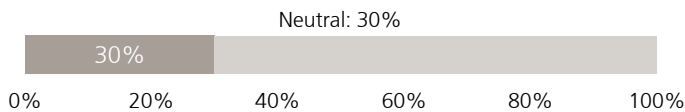
**Higher base rates increase investor options:** We expect interest rates to remain higher-for-longer, particularly relative to the post-GFC zero rate policy environment. Higher base rates increase forward-looking returns across all asset classes, giving investors more options to build robust, multi-asset portfolios.

# Tactical asset allocation

## Tactical asset allocations (% weights)



## Foreign currency exposure (Balanced SAA)



## Active portfolio weights and active tactical asset allocation tilts

	Active tilt	Yield (%)	Balanced (%)	Growth (%)	Endowment (%)
<b>Cash</b>	<b>-1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Fixed income</b>	<b>0</b>	<b>52</b>	<b>34</b>	<b>16</b>	<b>13</b>
Absolute return	0	11	6	2	2
Australian government bonds	0	13.5	7	3.5	2.5
Global government bonds	-2	11.5	5	1.5	0.5
Investment grade credit	1	12	13	6	5
High yield credit	1	4	3	3	3
<b>Equities</b>	<b>1</b>	<b>23</b>	<b>41</b>	<b>59</b>	<b>39</b>
Domestic	-1	8	15	23	10
United States	0	8	14	20	16
Europe (ex-UK)	1	3	4	6	5
Japan	1	2	3	4	3
United Kingdom	0	1	2	2	2
Emerging markets	0	1	3	4	3
<b>Alternatives</b>	<b>-</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>45</b>
<b>FX exposure</b>	<b>0</b>	<b>20</b>	<b>30</b>	<b>40</b>	<b>40</b>



Decreased weight this month



Increased weight this month

## Our current tactical asset allocation views

We believe that trade and geo-political uncertainty have peaked, reducing left-tail (downside) risks to markets and the global economy. We also assess that risks are tilting towards more reflationary scenarios which could support risk assets but impart upward pressure on bond yields. That said, a disinflationary negative growth shock remains the key downside risk on our radar. Australia continues to be challenged by stagnant productivity.

The ongoing roll-out of AI presents a potentially enduring tailwind to productivity and earnings, though it brings with it clear societal risks.

**Cash:** We remain underweight cash this month, though we retain ample dry powder to deploy into any buying opportunities that may emerge.

**Fixed income:** We are neutral fixed income, favouring investment grade and high yield credit over global government bonds, reflecting our positioning for reflationary risks.

**Equities:** We remain overweight equities and retain our preference for European and Japanese equities. We are underweight domestic equities.

Source: LGT Wealth Management. Investment grade credit includes Australian listed hybrid securities.



# Strategic asset allocation

## Why do we believe in strategic asset allocation?

We believe that the central component of successful long-term performance is a well-constructed strategic asset allocation (SAA). Empirical evidence suggests that a disciplined SAA is responsible for around 80% of overall investment performance over the long term<sup>1</sup>. Diversification plays a critical role within SAA. By diversifying your portfolio among assets that have dissimilar risk and return behaviour, lower overall portfolio risk can be achieved, and your portfolio can be better insulated during major market downswings.

## Why do we advocate SAAs to our clients?

We believe that SAAs encourage a disciplined approach to investment decision-making and help to remove emotion from these decisions. A thoughtfully designed SAA provides a long-term policy anchor for clients. Over the long term, we believe clients are best served by identifying the risk they can bear, then adjusting their return expectations accordingly. Return expectations may be anchored unrealistically. However, risk tolerance tends to remain more consistent through different cycles.

## Why strategic asset allocation?

Strategic asset allocation is an important part of portfolio construction as it structures your portfolio at the asset class level to match your specific objectives and risk tolerance.

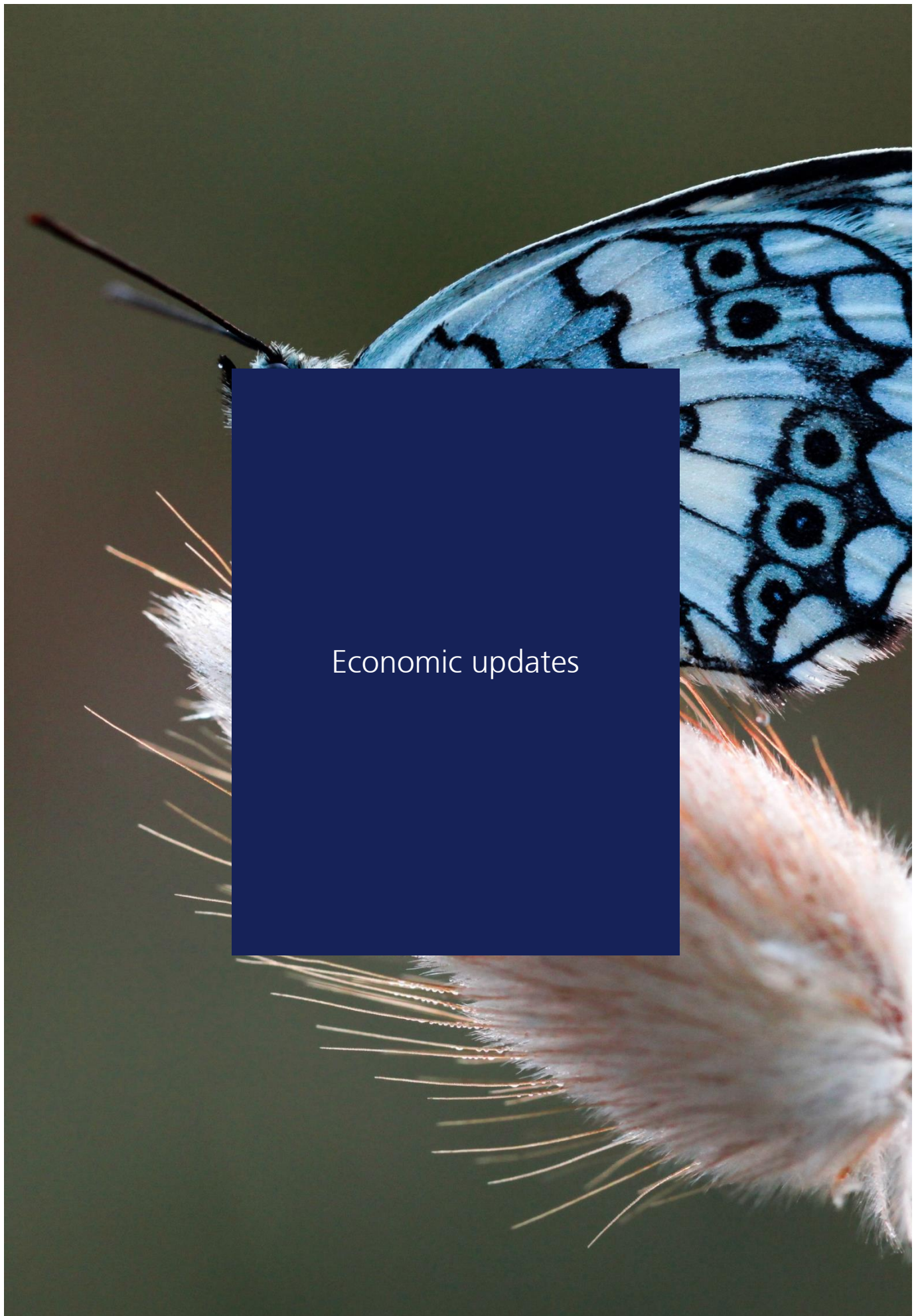
Furthermore, history has shown that a disciplined strategic asset allocation is responsible for around 80% of overall investment performance over the long term.

### Strategic asset allocations in models

	Yield (%)	Balanced (%)	Growth (%)	Endowment (%)
<b>Cash</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Fixed income</b>	<b>52</b>	<b>34</b>	<b>16</b>	<b>13</b>
Absolute return	11	6	2	2
Government bonds	27	14	7	5
Investment grade credit	11	12	5	4
High yield credit	3	2	2	2
<b>Equities</b>	<b>22</b>	<b>40</b>	<b>58</b>	<b>38</b>
Domestic	9	16	24	11
United States	8	14	20	16
Europe (ex-UK)	2	3	5	4
Japan	1	2	3	2
United Kingdom	1	2	2	2
Emerging markets	1	3	4	3
<b>Alternatives</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>45</b>
Private markets	8	10	11	20
Real assets	9	8	7	14
Hedge funds and diversifiers	5	4	4	11
Target foreign currency exposure	20	30	40	40
Indicative range for foreign currency	15–25	25–35	35–45	35–45

Source: LGT Wealth Management. Investment grade credit includes Australian listed hybrid securities.

<sup>1</sup> Ibbotson, Roger G., and Paul D. Kaplan. 2000. 'Does Asset Allocation Policy Explain 40, 90, or 100 Percent of Performance?' Financial Analysts Journal, vol. 56, no. 1 (January/February).



# Economic outlook

## Global Economy



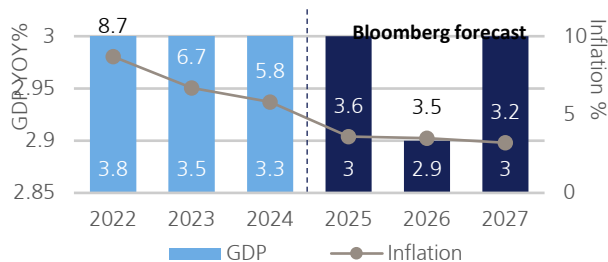
The past month has seen little change to the consensus view that the global economy can navigate a significant slowing in activity in H225 and early 2026 but still avoid a recession. As Longview Economics notes, “major central banks are in the midst of meaningful rate cutting cycles. Some are advanced (as in Europe), while others have more loosening ahead (such as the US and UK). Other global central banks are also cutting. That loosening is starting to generate a change in the global macro theme, away from ‘tight money’, and towards ‘reflation’, as key sectors of the global economy emerge from recession e.g. manufacturing and housing”. We also continue to view the risks, especially for the US, as evolving to a reflationary outlook, with the US Fed cutting into a resilient consumer, weak housing sector and an AI capex program that appears unstoppable.

Despite a renewed escalation in the US-China trade dispute and a US government shutdown that’s limiting data visibility, the broadly calmer geo-political backdrop over recent months largely remains intact. The latest US-China meeting late October has progressed trade discussions materially, while a delicate cease-fire in the Middle East adds to past positive developments including the passing of the US fiscal package and other successful trade deals (including progress surrounding a trade deal with India).

Global growth continues to slow at a less significant pace than signalled by the sharp falls in business and consumer confidence during H125. A weakening US jobs market has been key to a renewed US Fed pivot toward lower rates. Despite this, the US consumer continues to prove resilient, Japan growth has been revised higher while sentiment in Europe, despite flatter growth, remains on a positive trend. Emerging market growth, especially in Asia, has slowed only modestly, as a weaker US dollar affords scope for policy makers to support activity, despite headwinds from weaker exports. China’s growth continued to surprise weaker in Q3, led by property and the consumer.

After 3.4% in 2024, consensus world growth has edged higher to 2.9% (from 2.8%) for 2025, with 2026 unchanged at 2.9%. UBS expects growth to remain more resilient in 2025 at 3.2%, slowing to consensus of 2.9% for 2026.

Global GDP growth and inflation



Source: Bloomberg

## Australia



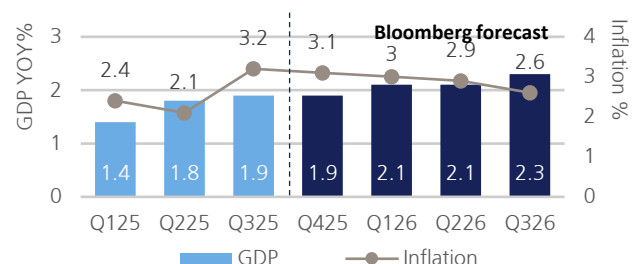
Australia appears increasingly amidst a mild cyclical recovery, led by an improving consumer and housing sector. After the past year and a half of a ‘per capita’ recession, growth has recovered to almost 2% mid-year, likely supported by easing inflation and the early impacts of lower interest rates. Recent data point to even faster activity during Q3, as growth from the public sector (the key driver of growth over the past year) seemingly passes the baton to the private sector, with business conditions also showing recent signs of improvement. Despite better near-term growth, a recent rise in unemployment (likely reflecting past growth weakness) has challenged whether further reductions in interest rates will be needed before end-year to support the recovery.

Growth rose a solid 0.6% in Q2, after 0.3%, with the annual pace lifting from 1.3% to 1.8%. “Demand is increasingly driven by private demand”, as UBS notes, with consumer spending up a sharp 0.9% in Q2, while dwelling capex lifted to its fastest pace since 2021. Recent data have provided further evidence of an improving trend, with August’s household spending up 0.1% – building on the near 1% rise over the prior two months – keeping the annual pace near a solid 5%. Credit growth is also accelerating. In contrast, jobs growth has slowed over recent months, and unemployment jumped to 4.5% from 4.3%, questioning the sustainability of the growth pick-up.

Inflation surprised meaningfully higher in Q3, with the headline rate rising to 3.2% from 2.1%, while the key trimmed mean rose to 3.0% from 2.7%. The upside surprise largely reflected administered prices (including housing rates), travel, and motor vehicles, which were all higher than expected. Expectations for a November RBA rate cut has now been reversed, with both UBS and CBA now not expecting any further cuts to the policy rate this cycle, albeit a further cut in May 2026 is viewed as possible, if inflation returns to the target.

After just 1.0% in 2024, UBS expects growth to strengthen to 1.9% in 2025 and 2.2% in 2026, revised higher post Q2’s strong growth result. CBA is similarly upbeat, expecting growth to pick up to 1.8% and 2.2%, respectively. The global backdrop and the potential for new China stimulus over coming months, will be key to Australia’s growth outlook over the coming year.

Australian GDP growth and inflation



Source: Bloomberg

# Economic outlook

## United States



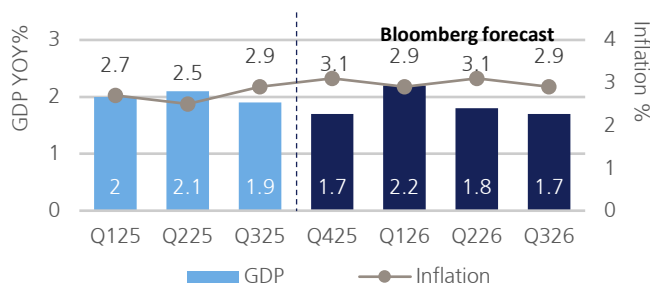
Assessing the outlook for the US economy has been severely challenged over recent weeks due to the US government shutdown and a lack of data visibility. Available, often second tier, data have continued to suggest the jobs market is slowing meaningfully, though broad-based demand in the economy remains robust, and has potentially lifted following its marked slowing through H125. While interest rates remain in a restrictive position – and are likely to be lowered further this year – resilient growth is likely contributing to inflation remaining above the target, potentially limiting the extent the US Fed can trim rates further in 2026. Despite renewed trade tension, we continue to believe we are past peak trade uncertainty. Together with the ongoing strength in AI-related capex, and recent rate cuts supporting consumer and housing sectors, the US economy seems likely to avoid recession and could cyclically accelerate through 2026.

Growth in Q2 jumped by 0.9% (saar 3.8%), after Q1's 0.1% fall (-0.6%). But domestic activity eased further, rising just 0.2% in Q2, well below the 0.8% pace in H224. There have been limited new 'hard data' releases over recent weeks due to the government shutdown. Still, the Atlanta Fed's Q3 Nowcast points to almost 4% (saar) growth for the quarter, while October's composite purchasing managers' index (PMI) rebounded to 54.8 from 53.9, well above the key 50 mark. Inflation has continued to drift higher, albeit lacking the tariff-induced thrust many had anticipated. From a post-pandemic low of 2.3% in April, the CPI has risen to 3.0% in September. The US Fed's preferred core PCE measure has also risen to a five-month high of 2.9%, above the 2.0% target.

The US Fed followed its September rate cut of 0.25% (the first in 2025) with a further 0.25% cut in October, taking the funds rate to 4.0%. Once again, Governor Miran voted for a larger 0.5% cut, while Chair Powell, in contrast, noted that "a further reduction in the policy rate at the December meeting is not a foregone conclusion", setting a hawkish tone.

After strong growth of 2.8% in 2024, UBS forecast still solid growth of 1.9% and 1.7% for 2025 and 2026 (revised up from 1.8% and 1.5% this month). Barclays Research has remained upbeat, forecasting growth of 1.8% in 2025 and 2.0% for 2026.

US GDP growth and inflation



Source: Bloomberg

## Europe



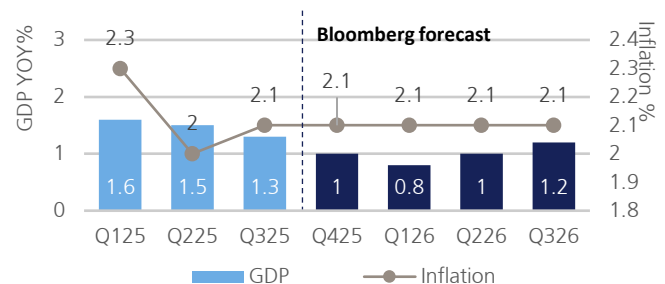
While growth in Europe looks set to be relatively lacklustre during H225 (as US tariffs impact and the global backdrop softens), renewed fiscal stimulus, and the lagged impact of lower rates, should improve activity through 2026. With limited further progress on inflation, interest rates appear more likely to remain at their new lower 'neutral' rate, though further stimulus could be forthcoming should growth turn negative during H2 2025. Renewed political turmoil continues in France; after September's collapse of the Bayrou government, newly appointed Prime Minister Lecornu resigned and was then reappointed by Macron (and survived two confidence motions), with the urgency to deliver a new budget compromise by year-end likely to prove challenging.

Growth in Q3 rose 0.2%, beating Q2's 0.1% pace, with the annual pace easing to 1.3% from 1.5%. There was clear divergence between Spain/France (strong) and Germany/Italy (weak). Near-term growth momentum has been mixed. Retail sales showed a muted rebound of 0.1% in August after July's 0.4% fall, further weakening an already soft consumer trend, albeit the jobs market remains relatively tight, with August's unemployment remaining low at 6.3%. More positively for Q4, October's composite PMI showed resilience, rising to 52.2 from 51.2, led by stronger services, as manufacturing steadied.

Inflation in Europe remains relatively well-behaved, albeit September data showed some disappointing 'broadening out' according to UBS. Headline lifted to 2.2% from 2.0%, while core edged higher to 2.4% after several months at 2.3%. Both are expected to retrace in October's data. Still, reflecting limited further disinflation, the European Central Bank (ECB) remained firmly in a data-dependant mode at its late October meeting, viewing risks to the outlook as now balanced. Absent renewed growth weakness, the ECB is widely seen to now be 'on hold' at 2.0%, broadly neutral.

After trend-like growth of 0.9% in 2024, stronger Q2 growth has led UBS to lift its 2025 forecast to 1.1%, stabilising at 0.9% in 2026. Barclay's Research is more upbeat, expecting 1.3% in 2025 and 1.0% in 2026. Both see improving quarterly momentum through H1 2026, led by policy stimulus.

European GDP growth and inflation



Source: Bloomberg



# Economic outlook

## United Kingdom



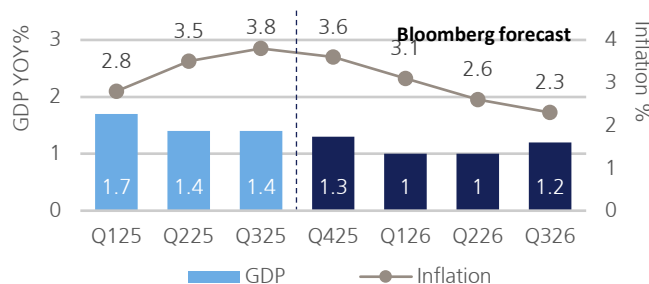
After stronger-than-expected H125 growth, recent data has confirmed stagnant activity in Q3 together, with a weakening jobs market. Higher US tariffs are also expected to be a headwind for the key export sector. With inflation appear to pass a peak in September, this is likely to keep policy makers on track for lower rates before end-year, or early in 2026. The government will also deliver their latest budget in November, where the Chancellor needs to close a 1% deficit gap relative to her fiscal rules, with Barclays Research judging the most likely outcome will be “a breaking of the promise through increasing income tax”.

Growth in Q2 slowed to a better-than-expected 0.3% (after 0.7%), leading the annual pace lower to 1.4% (after 1.7%). But the details of the release were less positive, with growth largely due to higher government spending (defence and health), while private consumption slowed, and business capex fell. Recent data has been mixed, with monthly output printing ‘flat’ across July and August. Unemployment rose to 5.3%, its highest since late 2020, while private sector wage growth continues to ease, falling from 4.7% to 4.4% in August. More positively, October’s PMI rebounded modestly, rising to 51.1 from 50.1 (led by stronger services), while retail sales proved resilient in August, rising by 0.5% (as it did in July), keeping the annual pace around 0.7%.

After recently surprising to the higher side, September’s CPI beat expectations, unchanged at 3.8%, while core inflation eased to 3.5% from 3.6%. After cutting rates by 0.25% to 4.0% in August, the Bank of England (BoE) voted 7–2 to keep the policy rate steady in September. The BoE maintained its guidance that future cuts will be “gradual and careful” and “depend on the extent underlying disinflationary pressures ease”. While UBS delayed the next cut from November to February 2026 (with three cuts to 3.25% in 2026), they now see the risk of a December move post the inflation print. Barclays still sees a November cut as likely (with only one cut and a terminal rate of 3.5% in 2026).

After growth of 1.1% in 2024, UBS expects growth of 1.2% in 2025, with a similar pace anticipated for 2026 (1.1%). Barclay’s Research remains more upbeat, forecasting growth of 1.4% across 2025 and 2026 (revised slightly higher over the past few months).

UK GDP growth and inflation



Source: Bloomberg

## Japan



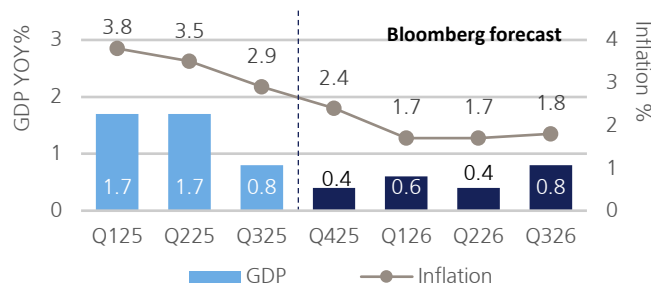
Japan is likely to show weaker growth in H225, reflecting a range of factors, from US-related trade uncertainty, the recent political uncertainty, through to some reversal of the previously strong wages growth that had been supporting consumption. Despite this, the economy remains on a recovery path following decades of deflation with stronger growth likely to re-emerge as 2026 gets underway. Business conditions continue to improve, and the jobs market remains tight. A new Prime Minister (PM) Takaichi is widely viewed as championing a slower path of hiking (and consumer stimulus) to support the growth recovery.

Growth in Q2 beat expectations, up by 0.5% (2.2% saar), while Q1 was revised up from ‘flat’ to 0.1% (and from -0.2% to 0.3%). Net exports added significantly to growth in Q2, while domestic activity also contributed, led by housing and business investment. Recent data has been mixed. Consumer spending fell 0.4% in August (after -0.5%), with the soft result attributed to food inflation and flat services demand, according to UBS. The unemployment rate also jumped from 2.3% to 2.6%, its highest in a year. In contrast, Tankan business survey confirmed solid conditions and capex plans, which “were optimistically revised up” from already high levels, with the recent US-Japan trade agreement having a positive impact, according to UBS.

After four months of easing, inflation rebounded to 2.9% (from 2.7%) in September, albeit still well below its 4.0% high in January. Core inflation rose from 2.7% to 2.9%. Having raised rates to 0.50% in late January 2025, the Bank of Japan (BoJ) held rates steady in October, as expected. At the press conference, BoJ Governor Ueda was more neutral than many had expected, noting that “I do not have any preconceived notions about whether to raise interest rates or about the timing at this point.” UBS now expects a December hike to 0.75% (was Q1 2026).

Despite better momentum in early 2025, UBS has trimmed its growth forecast for 2025 from an initial 1.2% to 0.8% and is still anticipating a H2 recession. Barclays Research has reversed its earlier reduction to the growth outlook, lifting 2025 to 1.2% from 0.8% for 2025. For 2026, growth is expected to ease back toward the longer-term growth trend of 0.5%-1.0%.

Japanese GDP growth and inflation



Source: Bloomberg



# Economic outlook

## China



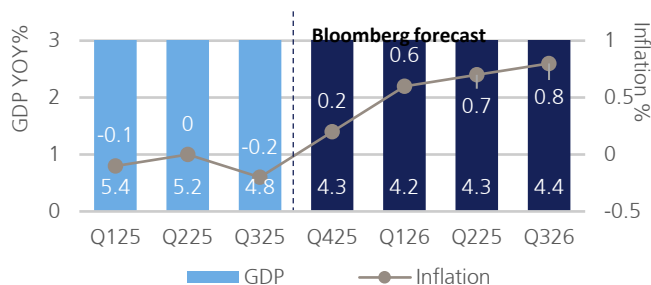
China's economy continues to face significant challenges, with the latest data revealing growth in Q3 fell below the key 5% target for the first time in a year. The property sector continues to deteriorate, while positive factors supporting H1 growth – pre-tariff export demand and consumer durable subsidies – are now fading. There is also uncertainty regarding China's export outlook and where US trade negotiations will settle. Still, some analysts are now beginning to adopt a more optimistic 2026 outlook. As Longview Economics notes, "a cyclical recovery is brewing. In particular, monetary and fiscal policy easing is ongoing – with more easing likely in coming quarters, as the authorities (continue to) battle against deflation and 'below target' growth".

China's Q3 growth slowed to a still robust 4.8% albeit below H125's average 5.3% pace. Strong export growth (6.6% in Q3 after 6.1% in Q2) together with resilient industrial output (5.8% after 6.2%) were key growth supports. In contrast, the property downturn intensified (with sales -9.8% after -4.0%), capex growth unexpectedly contracted (-6.2% after 2.1%) and retail sales growth moderated (3.4% after 5.4%). Data for September reveals a weakening trend through the month, including few signs that current deflationary pressures are easing, with the CPI at -0.3% after -0.4% in August.

We expect additional stimulus to emerge at a faster pace during the final months of the year. According to UBS, "the government has announced RMB 500bn in policy bank special bonds, which will serve as capex for targeted infrastructure". China's fourth plenum remained consistent with the recent policy direction, targeting growth in a "a reasonable range" (which likely means 4.5-5.0%), "steadily" enhanced productivity (a nod to the current involution campaign), and a "significantly" increased household consumption share

After 5.0% in 2024 (in line with the target), both UBS and Barclays have recently trimmed their 2025 forecast, to 4.7% and 4.5% respectively. Both expect a significant loss of momentum in Q4 (with sequential growth closer to a 3% pace), driving more policy support and a growth stabilisation near 4% for 2026.

Chinese GDP growth and inflation



Source: Bloomberg

## Emerging Markets

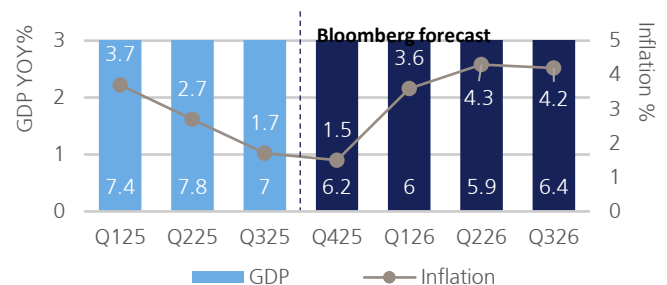
The outlook for emerging markets remains vulnerable to a largely anticipated slowing in global growth during H225 and early 2026. A number of larger emerging market economies – China, Brazil and India – are also yet to establish trade deals with the US, albeit negotiations are progressing and may potentially deliver near-term upside to the emerging market outlook. However, in contrast to some prior cycles, the weakness in the US dollar, and now increasingly lower US interest rates, has provided scope for emerging market policy makers to support growth through both easier fiscal and monetary policy.

Recent data shows falling exports to the US across most of Asia, except Taiwan. This contraction was largely expected, given Q3 saw the start of reciprocal tariffs, removing the incentive to expedite shipments ahead of tariff increases. The export decline was most pronounced in China, as shipments to the US in August contracted by another 13% (-33% y/y), bringing the monthly export value to the lowest level since April. This was followed by ASEAN, where aggregate exports to the US fell by 9.9% and for South Korea by 7.2%, while Taiwan's rose 8.6% on tech-related exports. Central banks have not yet finished easing in Asia, with recent cuts in Indonesia, while other central bank commentary remains tilted to further easing, including Malaysia and India.

For Brazil, a weakening growth outlook is now reflecting the impact of relatively higher real interest rates. As UBS notes, the central bank has "the tightest policy stance since (at least) 2010...and while inflation expectations remain high, they have also started to move towards the target. Fiscal uncertainties remain, but short-term risks look contained". This is likely to support a number of rate cuts during early 2026 as inflation prints closer to the central bank's inflation target.

After 5.0% in 2024 (in line with the target), both UBS and Barclays have recently trimmed their 2025 forecast, to 4.7% and 4.5% respectively (lifted recently from 3.9%), with 2026 expected to ease modestly further to 3.9%. Barclays holds a similar view for 2025, holding at 4.0% in 2025 before easing to 3.6% in 2026.

Indian GDP growth and inflation



Source: Bloomberg



Asset class updates

# Fixed income update

## Absolute return and government bonds

Position: Neutral absolute return; underweight global government bonds; neutral Australian government bonds

### Key points

- The ongoing US government shutdown has limited the availability of domestic economic data.
- Locally, the September labour market survey signalled a potential turning point for employment conditions although the most recent CPI print has surprised to the upside.
- We are underweight global bonds. We believe the market may have overpriced the number of US Fed cuts and there are now upside risks to bond yields.

The US government shutdown is now entering its fourth week, with no signs of progress toward reopening. As it currently stands, the longest political standoff on record lasted 35 days (2018–2019), and there is every possibility that the current shutdown could surpass this period. While this data void has made it difficult for investors to assess the current state of the US economy, movements in US Treasury yields have been surprisingly subdued, with a downward bias. The yields on 2-year and 10-year bonds started the month at 3.61% and 4.15%, respectively, and are currently at 3.49% and 3.97%. From a macroeconomic perspective, we are of the view that the recent CPI figures, combined with the deterioration in the labour market, validate the 0.25% rate cut at the US Fed meeting late October. In Europe, the ECB is set to hold its second-to-last Governing Council meeting for the year on 30 October. Financial markets are currently pricing in no change to the three key deposit rates, and the same is expected when they meet again for the final time on 18 December. The ECB has eased monetary policy by 1% this year and appears close to the end of its monetary policy cycle. Financial conditions and sentiment have improved recently, and this improvement is reflected in some of the latest data, which have rebounded. Yields on German bunds are currently trading near year-to-date lows. One area worth watching more closely in Europe is France, where recent geo-political turmoil has resulted in an unscheduled downgrade of the sovereign credit rating from AA– to A+ (S&P).

Locally, the domestic economic backdrop continues to evolve in line with a maturing monetary policy cycle. However, the most recent upside CPI surprise has tempered expectations for near-term easing. Headline inflation, driven by sticky services prices and higher housing and energy costs, suggesting inflationary pressures remain more persistent than anticipated. This prompted a notable repricing in interest rate expectations, with markets now pushing back the expected timing of the first RBA rate cut to mid-2026, with a risk of no further cuts coming. Despite the earlier signs of labour market softness, the inflation data reinforces the case for the RBA to remain patient. The ACGB curve has shifted higher at the front end, reflecting the adjustment in policy expectations, and we maintain a neutral stance on ACGBs.

## Investment grade credit and high yield credit

Position: Overweight investment grade credit; overweight high yield credit

### Key points

- Investment grade (IG) and high yield (HY) credit spreads have experienced episodes of volatility throughout the month but continue to grind tighter.
- The Australian primary market is on track for a record year in issuance.
- We are overweight IG and HY credit. Credit will benefit from the reflationary dynamics.

The Australian primary market is on track for a record year in issuance, with corporates dominating activity as banks enter blackout ahead of November reporting season. Major banks have focused on offshore markets, leading to reduced AUD issuance year to date, though this could shift as earnings are released. The limited supply of major bank deals supported NAB's AUD 3 billion three-tranche transaction, comprising 3-year fixed and floating-rate senior notes and a 10-year fixed-rate senior note, only the second 10-year senior bullet issue from a major bank since 1999. The 10-year tranche attracted over AUD 4.7 billion in demand, pricing at ASW +105 bps, while the 3-year senior priced at BBSW +60 bps, the tightest level since February 2022.

Corporate issuance has also been strong and varied. Lendlease issued a AUD 450 million PerpNC3 subordinated bond, pricing 100 bps inside initial guidance at +170 bps. The inclusion of franking credits appealed to domestic investors, though offshore demand was limited given its sub-investment-grade rating, relatively lower cash yield of 5.20% and lack of franking benefits for offshore investors. The month saw a busy issuance pipeline, including deals from Patrick Terminals, Stockland, VPN, E.ON, and Weir Group. However, recent yield rallies have softened appetite from outright yield buyers, with senior corporate yields now around 5.5% or below. Ampol Limited priced a subordinated fixed-to-floating rate 30NC8.25-year bond at ASW +200bps and yield of 5.89%. The higher yield attracted a book of over AUD 3.5 billion.

In the US, investment grade credit markets cooled for the first time since April as investors turned more cautious. Concerns around regional banks and subprime lending, coupled with renewed tariff tensions and mixed data, have contributed to wider spreads and increased volatility.

High-yield markets, which had rallied for five consecutive months, also softened toward month-end as spreads unwound and performance turned negative. Nonetheless, credit fundamentals remain strong, supported by stable leverage and healthy interest coverage ratios. Recent defaults from First Brands, Tricolor, and Cantor Group have been viewed as isolated events rather than signs of systemic stress. With default rates trending lower and monetary policy expected to ease, issuers are positioned to benefit from lower borrowing costs into next year.

# Our outlook and tactical asset allocation

## Australian government bonds

**We are neutral Australian government bonds.** The recent labour force survey signalled a potential turning point in employment conditions. However, the RBA will remain data dependent for further rate cuts (particularly post the high Q3 CPI print), with potential upside risks to yields if the RBA pauses its rate cutting. We prefer to add duration via investment grade bonds and harvest income by adding credit to portfolios.

## Global government bonds

**We are underweight global government bonds.** Uncertainty surrounding the US government shutdown is making it difficult for investors to assess the current state of the US economy. Further cuts are possible but not guaranteed so upside risks to government bond yields remain.

## Investment grade credit

**We are overweight investment grade credit.** Although investment grade credit spreads remain close to year-to-date lows with some softening in the month, yields remain elevated relative to historical levels, and we see value adding some duration to portfolios via quality investment grade companies as there is potential for yields to remain higher for longer.

## High yield credit

**We are overweight high yield credit.** High yield credit spreads remain close to historical tights. However, if the economy and credit fundamentals remain in robust form, HY will continue to perform. Any delays to rate cuts will also benefit the carry performance of HY bonds.

### Active fixed income weights (%): we are neutral fixed income

	-5	-4	-3	-2	-1	0	+1	+2	+3	+4	+5
Total fixed income						0					
Absolute return											
Australian government bonds											
Global government bonds				-2							
Investment grade credit							1				
High yield credit							1				

### Fixed income market summary

Fixed income indices	Current	One month ago,
Australian iTraxx	65.59	64.45
Australian 3-year yield	3.60%	354.80%
Australian 10-year yield	4.30%	4.33%
Australian 3/10-year spread	68.7 bps	79.5 bps
Australian/US 10-year spread	21.8 bps	0.2 bps
US 10-year Bond	4.08%	4.15%
German 10-year Bund	2.63%	2.72%
UK 10-year Gilt	4.41%	4.74%
Markit CDX North America Investment-Grade Index	52.6 bps	50.9 bp
Markit iTraxx Europe Main Index	54.7	55.7
Markit iTraxx Europe Crossover Index	266.0	261.2
SPX Volatility Index (VIX)	17.4	16.4

Source: LGT Crestone Wealth Management, Bloomberg as of 30 October 2025. Active fixed income weights sourced from LGT Crestone Wealth Management. Units refer to the percentage point deviation from strategic asset allocation.



# Alternatives update and outlook

## Hedge funds and diversifiers

**Hedge funds have proven attractive year to date warranting their inclusion in portfolios.** 2025 has been a volatile period for traditional asset classes despite equity markets returning to all-time highs. Markets have been impacted by volatility, greater asset price dispersion, higher interest rates and the need for liquidity provision. Hedge funds navigated and took advantage of these challenging market conditions. We believe market conditions should remain conducive for hedge funds. As such, we expect hedge funds with low-beta, multi-strategy vehicles, to continue providing differentiated source of returns.

**Other diversifying strategies including insurance (life run-off), royalties and litigation demonstrated resilience due to their minimal exposure to market or economic sensitivity.** The European insurance market is undergoing a significant wave of consolidation, driven by increasing regulatory pressures, the need for capital efficiency, and the operational challenges of managing closed books. Those with licensed and regulated platforms across key European jurisdictions are primed to take advantage of these market conditions and provide a unique source of returns through acquisitions of legacy books. We continue to highlight the true diversifying role of these asset classes relative to private markets, where underlying risk factors still align to equity, credit and interest rates.

## Private markets

**Private equity liquidity remains an issue – secondaries are key to activity.** Industry rhetoric around new investment and liquidity are improving after the tariff-related uncertainty earlier in the year, whilst secondary markets are still firing with institutional investors tapping the Limited Partner-led-secondary market. Private equity firms continue to use General Partner-led secondaries to generate liquidity alongside traditional exits. We believe both private equity and venture capital secondaries are attractive at this time but caution that investors should not be complacent nor overly focussed on the upfront 'discount' at the expense of portfolio quality. Manager selection remains critical.

## Private debt remains preferred, despite the noise.

Whilst there has been significant noise associated with private debt, we continue to find the asset class attractive on a risk-adjusted return basis. We are keeping an eye on global news but do believe that Tricolor and First Brands defaults are more idiosyncratic and not indicative of private debt market health. Declining interest rates will reduce absolute returns but spread pick-up over public equivalents combined with conservative underwriting warrants the reduced liquidity. We currently favour building highly diversified exposures via the nascent debt secondaries market, which we expect to grow meaningfully over the coming years.

## Real assets

### Global real estate continues to shift to the positive.

Both US and domestic property indices have continued their positive momentum year to date re-enforcing a shift in sentiment following a very challenging period for the asset class. Moderating interest rates should further support valuations, albeit we caution investors not to focus on declining interest rates as the primary driver of forward-looking returns.

**Infrastructure is the most preferred sub-asset class within alternatives.** Infrastructure continues to perform strongly, given its more defensively positioned assets with often long term, inflation-linked contracts. It also plays to long-term, multi-decade structural growth themes, most notably decarbonisation and digitisation, where we are happy to take on a little more risk through value-add exposures. An attractively priced and growing secondary market is creating opportunities and supporting new investment vehicles, which are more suitable to private clients. New product in the space is enabling wider access outside of institutional investors. However, we are cautious of the future liquidity of such vehicles given infrastructure assets are typically longer life in nature and portfolios are expected to be more concentrated than peer private equity vehicles.

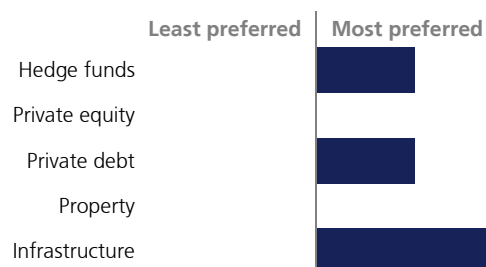
**We favour infrastructure, private debt, hedge funds and diversifying strategies, and are maintaining private equity exposures. We are now more constructive on real estate globally.**

### What we like

- Multi-strategy hedge funds and other diversifying strategies
- Global private debt, including both corporate and asset-based finance, including private debt secondaries
- Global infrastructure across the risk spectrum and investment type (including secondaries), particularly playing to long-term structural themes.

### What we don't like

- Domestic construction and/or junior lending within real estate
- Carbon-intensive assets and industries with no transition plan.





# FX and Commodities update and outlook

## Currencies

### Key points

- The US dollar rebounds modestly in October, amid short-lived US-China trade tensions and ongoing US resiliency.
- The Australian dollar weakened modestly and is trading just under USD 0.66.

The US dollar rose against most major trading partners over the month, as investors processed a renewal (and swift moderation) of US-China trade tensions. While the medium-term outlook continues to point to a weaker US dollar, the risks of (1) a disinflationary growth shock or (2) a resilient US economy buoyed by AI capex could see a tactical reversal or 'pain trade' that leads to a stronger US dollar in coming weeks or months.

On a fundamental basis, the ongoing relative US fiscal drag compared to the rest of the world (Germany re-arming, China potentially stimulating, Japan stimulating etc) points to modest US dollar weakness from here, though near-term volatility is likely to remain elevated. Structural factors including increasing geo-political multipolarity also point to downside pressures longer-term.

The Australian dollar weakened over the month, and trades just below USD 0.66, still within its year-to-date trading range. US-China trade tensions weighed on our currency, which duly rebounded as tensions eased. Our external partners are expecting the Australian dollar to end 2025 between USD 0.67 and USD 0.70, pointing to modest upside from here.

The EUR weakened modestly over the month, and trades at close to USD 1.17, in line with the broader US dollar rebound. We continue to expect the Eurozone to face trade risks on a cyclical basis and macro risks on a structural basis, though the scale of the US' own goal on trade aggression and the extent of Germany's fiscal shift may herald the start of a paradigm shift for Europe.

The Yen fell significantly over the month and is now trading around 152 to the US dollar. Domestic political uncertainty drove this weakness, with Sanae Takaichi unexpectedly winning the leadership of the LDP party and, after losing her initial coalition partner, was elected as Japan's first female PM. Abstracting from the near-term noise, Japan's internal inflation and macro dynamics remain tilted towards policy normalisation and a 'nominal renaissance' in growth to continue over the next 12-18 months, though it will not be immune to volatility surrounding potential trade and geo-political tensions as we look to 2026.

## Commodities

### Key points

- Global commodity prices have traded higher over the month, as gold hovers near USD 4,000 per ounce (p/o), having retraced from its earlier record highs.
- Iron ore prices are broadly stable at around USD 105 per tonne (p/t).

Global commodity markets are trading higher over the month, with Bloomberg's broad commodity price index up around 1.2% in October, boosted by industrials and gold.

Crude oil prices were weaker over the month, with oversupply concerns overwhelming rising geo-political tensions between the US and Russia over the conflict in Ukraine. Brent crude is currently trading at around USD 66 per barrel (p/b) towards the end of October.

Meanwhile, gold prices pushed higher to new record highs over the month but fell back towards the end of October to trade at around USD 4,000 per ounce. Improving risk sentiment, near-term overcrowding, and easing geo-political concerns were key drivers weighing on gold towards the end of the month.

Industrial metal prices pushed higher over the month, as mine disruptions in Indonesia and Chile sparked supply tightness in London markets. Copper prices rose about 6%, while iron ore is trading around USD 105 p/t.

The evolution of US trade policy, particularly with respect to China, as well as China's economy itself, will continue to play a key role in the near-term outlook for commodities.

Longer-term themes, including climate change and geo-politics, are likely to support the commodity complex on a secular basis. It is difficult to determine how these competing cyclical and secular forces might evolve over the year ahead. We are particularly cognisant of the risk that a cyclical downturn could outweigh secular tailwinds in the near term.

# Equities update

## Domestic equities

### Key points

- Domestic equities clawed back some of September's losses, rising 0.4% in October, underperforming global equities.
- This saw the ASX200 rise to a record high, led by YTD laggard Materials (+4.1%).
- Some uncertainty in the outlook for the RBA cash rate has emerged following inflation and unemployment data.

Markets were priced for a December rate cut after October's employment data showed a jump in unemployment to 4.5% versus expectations for 4.3%. However, late October's Q3 inflation data, that was materially higher than expected, suggests the RBA is now on hold for the rest of this year, leading domestic equities lower late in the month. This has also created a less clear investing backdrop for the Consumer Discretionary sector, which has now started to lag the market over the past several months.

Although domestic equities were able to claw back returns in October, September's weak performance is worth putting in perspective – the MSCI Australia Index recorded its weakest relative performance to developed markets since October 2021, lagging by 530 basis points. All sectors declined in absolute terms, led by Energy's double-digit fall, while Technology posted its second-worst relative performance on record.

Across the market, earnings trends remain negative, and valuations are stretched – over two standard deviations above their 10-year average – leaving little margin for error.

The cyclical debate between Banks and Miners continues, but from a profitability and secular standpoint, Miners appear better positioned, according to UBS. They currently offer stronger returns on equity and more attractive yields relative to Banks, supported by improved capital discipline. UBS retains an underweight stance on Banks overall but sees room for selective exposure, preferring Westpac among the majors.

Global earnings expectations have risen modestly, with MSCI ACWI one-year forward EPS estimates up 1.4% over the past month, led by the Russell 2000's 3.1% increase. In contrast, ASX 200 earnings expectations are flat, and ASX 50 EPS forecasts have fallen by nearly 1% month-on-month, highlighting Australia's earnings stagnation relative to global peers.

The domestic market now faces an "information void". With the August reporting season concluded and the RBA expected to remain on hold through year-end, catalysts are scarce. Investors are instead likely to take cues from global developments, including US third-quarter earnings, AI-related capital expenditure trends, China's fourth plenum (October 20–23), and the potential fallout from the US government shutdown.

China's fourth plenum remained consistent with the recent policy direction, targeting growth in a "reasonable range" (which likely means 4.5–5.0%), "steadily" enhanced productivity, and a "significantly" increased household consumption share. While the full five year plan will be released in 2026, once again, there does not appear to be any overwhelmingly positive stimulus for Australia's resource-linked economy.

## International equities

### Key points

- Global equity markets again performed well in October, rising 2%. Despite this, there was increasing evidence of a more volatile investing backdrop.
- Historically, markets consolidate when the US Fed begins easing, before advancing again once cuts take hold.

After one of the best six-monthly periods for global equities this century, global markets are showing signs of two-way volatility as elevated valuations, excessive optimism, and renewed tariff tensions combine to challenge the current bull market, now entering its fourth year. The sharp selloff following the US-China tariff flare-up illustrates how relaxed investors had become with the current backdrop. With valuation metrics approaching prior peaks, and AI expectations high, markets are vulnerable to further volatility as conditions evolve.

A key structural driver this year has been the significant capital expenditure from hyperscalers on AI infrastructure – data centres, software, and computing hardware – adding roughly 1 percentage point to US GDP growth in both Q1 and Q2 of 2025.

In the US, the S&P 500 has just experienced its third best six-month period this century – comparable only to the rebounds after the GFC and COVID-19. Yet valuations are near 2020 vaccine-era peaks and not far below dot-com extremes. The performance of momentum as a factor mirrors levels of prior market euphoria, and the valuation gap between the US and Europe has widened to 2001-like extremes. However, while margin debt and falling money market balances indicate optimism, neither is yet at extremes.

Europe offers a contrasting setup. After months of underperformance, sentiment and positioning are subdued, creating room for upside. JPMorgan argues that European equities are now attractive, supported by potential fiscal stimulus of 3–4% of GDP following Germany's delayed 2025 budget, improving credit impulses, and potential ECB easing. Lingering geopolitical risks – China exposure, French politics, and the protracted Russia-Ukraine war – remain, but easier earnings comparisons could support a rebound.

Consensus earnings for Emerging Markets in 2025 have fallen about 4% year-to-date, with US tariffs weighing on outlooks. However, the region is starting to benefit from global rate cuts, with performance improving relative to developed markets over the past several months. China's consumer activity is recovering strongly, and risk-on sentiment has lifted Taiwan's AI-linked equities. However, India has seen foreign outflows amid stretched valuations and weak earnings.

In Japan, political turmoil following the ruling coalition's collapse has unnerved markets, though fiscal expansion remains likely regardless of leadership outcomes. The BoJ's delayed rate hikes and a weaker yen should continue to support exporters. In the UK, equities have rallied to record highs, aided by banks and commodities, though domestic valuations remain low, global investors continue to shun the market amid structural underweights in technology and persistent fiscal uncertainty.

# Equities outlook and tactical asset allocation

## Domestic – we are underweight

Australian equities remain challenged by weak earnings momentum and stretched valuations (two standard deviations above their long-term average). With limited domestic catalysts, and now an uncertain outlook for the RBA cash rate, global factors such as China's 4th plenum, 3rd quarter earnings from the US and Europe, and the US Government shutdown are likely to be of greater influence for Australia equities in the near term.

## US – we are neutral

US equities reflect ongoing AI optimism, with valuations, in aggregate, near dot-com peaks and the performance of momentum as a factor comparable to 2000. Nonetheless, renewed US Fed easing, ongoing hyperscaler spend, broadening and positive earnings revisions, and easy financial conditions suggest any volatility in markets will be met with some buying enthusiasm.

## Europe (ex-UK) – we are overweight

European equities offer an improving risk-reward profile following months of underperformance. Fiscal expansion, rising credit impulses, and potential ECB easing create a more constructive macro backdrop. Depressed sentiment, attractive valuations, and easier earnings comparisons provide upside potential, especially as geopolitical and Chinese growth headwinds begin to stabilize into 2026.

## United Kingdom – we are neutral

UK equities trade at record highs but remain structurally undervalued amid limited tech exposure and fiscal uncertainty. Banks and commodities are supporting gains, yet domestic cyclical lag. With the BoE nearing neutrality and investors underweight domestic assets, the outlook is balanced—offering selective value but constrained by weak growth sentiment.

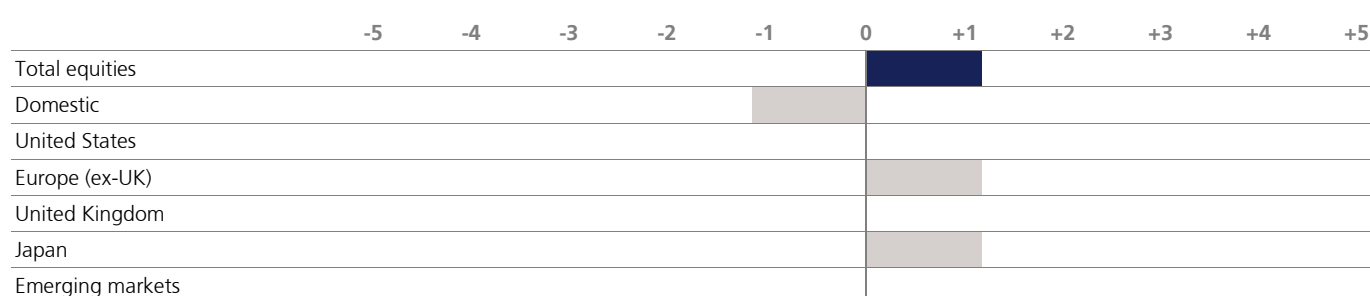
## Japan – we are overweight

Japan's equity outlook is supported by ongoing fiscal expansion, yen weakness, and ongoing corporate reform. Although leadership uncertainty briefly unsettled markets, structural reforms and "Sanaenomics" should sustain growth. With rate hikes delayed and foreign fund inflows rising, valuations remain compelling, positioning Japan as a key beneficiary of global AI and manufacturing resilience.

## Emerging market equities – we are neutral

Strategists are upgrading their recommendations towards Global Emerging Markets, as a resumption of US Fed rate cuts, prospects of China stimulus, ongoing EM central bank easing, and a broadening of the AI trade (beyond the US) stoke investor optimism.

## Active equity weights (%): we are overweight equities



## Equity market summary

Region	Index	Latest price	Consensus 1 yr		Next year	
			Target	Upside	P/E <sup>1</sup>	D/Y <sup>2</sup>
Australia	S&P ASX 200	8,882	9,058	2.0%	21.1	3.2%
New Zealand	S&P NZ 50	13,548	14,313	5.6%	29.7	2.9%
United States	S&P 500	6,840	7,683	12.3%	22.3	1.2%
Europe	Euro Stoxx	597	663	11.2%	14.7	3.1%
United Kingdom	FTSE 100	9,717	10,667	9.8%	13.0	3.3%
China	CSI 300	3,955	4,515	14.2%	13.9	2.6%
Japan	Nikkei 225	52,411	51,544	-1.7%	24.2	1.5%
India	Sensex	83,939	94,695	12.8%	23.8	1.5%

Source: Bloomberg. Data as of 30th October 2025; 1 P/E = Price to earnings ratio; 2 D/Y = Dividend yield. Active equity weights sourced from LGT Wealth Management. Units refer to the percentage point deviation from strategic asset allocation.

# Domestic equities: Best sector ideas

## Objective of this list

The objective is to identify the best business models or best in breed by GIC's Industry Group for longer-term investors. While we also overlay valuation, companies are included based on anticipated three to five-year performance. When analysing companies to add to the list, some metrics we consider are:

- **Profitability measures**—Return on net operating assets, return on invested capital, free cashflow and return on equity.
- **Liquidity and leverage**—Net debt to equity, Altman Z-score, net debt to earnings before interest, tax, depreciation, and amortisation (EBITDA).
- **Efficiency**—Capital expenditure to sales.
- **Valuation**—Price/earnings ratio, price/book ratio, enterprise value to sales and EBITDA, private equity screens.

Code	Company	Sector	Market price	Consensus price target	P/E 1yr fwd (x)	Dividend yield	ROIC	ROE	1yr EPS growth	MSCI ESG rating
REA	REA Group Ltd	Comm. Services	\$213.09	\$253.30	42.7	1.4	45%	32%	16.8%	AA
ALL	Aristocrat Leisure Ltd	Cons. Disc.	\$63.35	\$75.51	26.0	1.4	28%	22%	14.7%	AA
TLC	Lottery Corp Ltd/The	Cons. Disc.	\$5.50	\$5.76	29.9	3.3	25%	126%	9.8%	AA
MTS	Metcash Ltd	Cons. Staples	\$3.81	\$4.29	14.6	4.8	15%	17%	11.5%	AAA
ALD	Ampol Ltd	Energy	\$30.70	\$33.48	17.9	3.2	12%	11%	20.5%	AA
BPT	Beach Energy Ltd	Energy	\$1.24	\$1.27	7.2	5.1	19%	13%	12.1%	AAA
MQG	Macquarie Group Ltd	Financials	\$218.56	\$239.00	20.0	3.3	3%	11%	10.9%	AA
SUN	Suncorp Group Ltd	Financials	\$19.62	\$21.77	16.6	4.4	7%	12%	3.5%	AAA
COH	Cochlear Ltd	Health Care	\$287.16	\$305.63	41.5	1.6	29%	22%	14.2%	AAA
RMD	ResMed Inc	Health Care	\$39.53	\$48.04	23.6	0.6	30%	25%	10.7%	A
MND	Monadelphous Group Ltd	Industrials	\$23.24	\$20.39	26.4	3.3	22%	17%	5.5%	AAA
BXB	Brambles Ltd	Industrials	\$24.86	\$25.31	22.8	1.8	21%	29%	11.2%	AAA
XRO	Xero Ltd	Info. Tech	\$145.00	\$190.42	86.0	0.0	11%	10%	8.5%	AA
IGO	IGO Ltd	Materials	\$5.37	\$5.26	na	0.4	-3%	0%	na	AAA
GMG	Goodman Group	Real Estate	\$33.03	\$37.81	25.4	0.9	10%	11%	11.6%	AA
APA	APA Group	Utilities	\$9.18	\$8.82	45.9	6.3	6%	12%	23.5%	AAA

Source: Bloomberg Analyst consensus and MSCI Research. This list does not constitute research and is the output of material prepared by our research providers. To obtain a copy of the underlying research, please contact your investment adviser. Data as of 30th October 2025. ESG is environmental, social, and corporate governance.

## Trade opportunities

Please note the following opportunities may not fully satisfy metrics for the above table.

**Cochlear Limited (COH AU) – Buy.** JPMorgan analysts believe that Cochlear's new implant will offer exciting new features and potentially superior hearing outcomes, supporting a material boost in market share. This next-generation Cochlear implant is coming to market in mid-2025 and is the first significant new platform since 2009 (there have been processor and implant upgrades, but nothing of this overarching scale).

**REA Group (REA AU) – Buy.** REA printed another strong Full Year result, with 15% revenue growth. Operating leverage translated into an impressive 23% NPAT growth, despite election and public holiday disruptions. Looking out to FY26, Management expressed confidence in the outlook, guiding to Double Digit yield growth (7% price increase, flat volumes, greater penetration of higher margin products) vs High Single Digit cost growth.

**Xero Limited (XRO AU) – Buy.** Xero's share price has recently entered into a 'bear market', down more than 20% from its highs. In part, this was due to valuation but also the recently announced \$2.5 billion acquisition of Melio, an Israeli digital platform that simplifies business-to-business (B2B) payments for small and medium-sized businesses. Although the price paid was full, it has significant strategic merits by enlarging the Total Addressable Market and embedding customers into a stickier ecosystem.

# Domestic equities: Sustainable income

## Objective of this list

This objective is to generate ‘sustainable income’ over time. Historically, companies that grow their dividends consistently can offer superior long-term performance. While we also overlay valuation, companies are included based on anticipated three- to five-year performance. When analysing companies to add to this list, some metrics we consider are:

- **Profitability measures**—Return on assets, cashflow, return on invested capital and return on equity.
- **Liquidity and leverage**—Net debt to equity.
- **Efficiency**—Change in revenue, EBITDA, and margins.
- **Management signalling**—Dividend growth and pay-out ratios.

Code	Company	Sector	Market price	Consensus price target	P/E 1yr fwd (x)	P/B 1yr fwd (x)	Franking	Div. yield	1yr DPS growth	MSCI ESG rating
SUN	Suncorp Group Ltd	Financials	\$19.62	\$21.77	16.6	2.01	100%	4.4	3.8%	AAA
MQG	Macquarie Group Ltd	Financials	\$218.56	\$239.00	20.0	2.25	35%	3.3	8.2%	AA
ANZ	ANZ Group Holdings Ltd	Financials	\$36.65	\$33.54	17.8	1.52	75%	4.5	-1.6%	AA
QBE	QBE Insurance Group Ltd	Financials	\$19.84	\$23.20	10.1	1.79	25%	3.8	-1.1%	AAA
COL	Coles Group Ltd	Cons. Staples	\$22.05	\$23.58	23.2	7.74	100%	3.6	9.8%	AA
MTS	Metcash Ltd	Cons. Staples	\$3.81	\$4.29	14.6	2.57	100%	4.8	11.4%	AAA
TLC	Lottery Corp Ltd/The	Cons. Disc.	\$5.50	\$5.76	29.9	38.03	100%	3.3	8.8%	AAA
TAH	Tabcorp Holdings Ltd	Cons. Disc.	\$1.07	\$0.98	35.5	1.94	0%	2.2	17.4%	AA
TLS	Telstra Group Ltd	Comm. Services	\$4.88	\$4.97	23.8	4.00	100%	4.1	4.5%	AA
CAR	CAR Group Ltd	Comm. Services	\$35.70	\$39.86	32.3	na	0%	2.5	12.9%	AA
RMD	ResMed Inc	Health Care	\$39.53	\$48.04	23.6	5.89	100%	0.6	9.4%	A
PME	Pro Medicus Ltd	Health Care	\$263.61	\$306.89	174.2	107.17	100%	0.3	36.0%	BBB
REP	RAM Essential Services	Real Estate	\$0.61	\$0.78	13.2	1.53	0%	8.3	2.0%	--
MGR	Mirvac Group	Real Estate	\$2.30	\$2.47	17.7	1.00	0%	4.2	8.2%	--
IRE	IRESS Ltd	Info. Tech	\$8.86	\$9.40	24.7	4.28	0%	2.6	14.2%	AA
DBI	Dalrymple Bay Infrastructure L	Industrials	\$4.43	\$4.85	23.4	2.09	58%	5.4	3.8%	--
ALX	Atlas Arteria Ltd	Industrials	\$4.86	\$5.36	22.1	1.15	0%	8.2	1.3%	AA
APA	APA Group	Utilities	\$9.18	\$8.82	45.9	4.49	0%	6.3	1.7%	AAA
ALD	Ampol Ltd	Energy	\$30.70	\$33.48	17.9	2.35	100%	3.2	31.0%	--
BPT	Beach Energy Ltd	Energy	\$1.24	\$1.27	7.2	0.90	100%	5.1	33.3%	AAA
BHP	BHP Group Ltd	Materials	\$43.45	\$43.76	12.0	3.03	100%	2.6	-3.4%	A
AMC	Amcor PLC	Materials	\$12.09	\$16.14	9.8	1.56	0%	4.3	2.9%	AA

Source: Bloomberg Analyst consensus and MSCI Research. This list does not constitute research and is the output of material prepared by our research providers. To obtain a copy of the underlying research, please contact your investment adviser. Data as of 30th October 2025. ESG is environmental, social, and corporate governance.

## Trade opportunities

**Atlas Arteria (ALX AU) – Buy.** Having just gone ex-dividend (20c), the ALX share price is now trading below \$5 again. At current prices, its 40c per share dividend is the equivalent of an 8.2% dividend yield, a yield only surpassed by seven other companies in the ASX 300.

**Ampol (ALD AU) – Buy.** Although Ampol has bounced nicely on the back of a bounce in refining margins, and a well-timed acquisition that has the potential to be very accretive to earnings, the stock’s 30% discount to the ASX 200 is only marginally above the GFC lows, and well below the 10% discount it has averaged over the past 20 years.

**Dalrymple Bay Infrastructure (DBI AU) – Buy.** During September, Brookfield sold down their remaining 26% stake in DBI at \$4.05 per share. This removes a key overhang on the stock, allowing the stock to trade on fundamentals. Management commented that financing options are becoming more diverse, which should provide balance sheet flexibility and potential upside to distributions. The stock yields 5.7%, which still ranks in the top 15% of ASX 300 companies for dividend yield.



# International equities: Best sector ideas

## Objective of this list

The objective is to provide a list of large-cap international companies across sectors with sustainable business models that generate compounding returns on investment and capital over the longer term. While we also overlay valuation, companies are included based on anticipated three to five-year performance. When analysing companies to add to the list, some metrics we consider are:

- **Profitability measures**—Return on net operating assets, return on invested capital, free cashflow and return on equity.
- **Liquidity and leverage**—Net debt to equity, Altman Z-score, net debt to EBITDA.
- **Efficiency**—Capital expenditure to sales.
- **Valuation**—Price/earnings ratio, price/book ratio, enterprise value to sales and EBITDA, private equity screens.

Code	Company	Sector	Base CCY	Market price	Consensus price target	P/E 1yr fwd (x)	Yield (%)	Market cap (USD bn)	MSCI ESG rating
GOOGL US	Alphabet Inc	Comm. Services	USD	281.19	315.07	26.2	0.2	3,396,791	BBB
UMG NA	Universal Music Group NV	Comm. Services	EUR	23.27	29.06	22.7	2.5	49,186	AA
DIS US	Walt Disney Co/The	Comm. Services	USD	112.62	134.65	19.1	1.0	202,483	A
9988 HK	Alibaba Group Holding Ltd	Cons. Disc.	HKD	165.10	197.68	25.0	0.6	405,486	BBB
NKE US	NIKE Inc	Cons. Disc.	USD	64.59	84.05	38.5	2.6	95,477	BB
SBUX US	Starbucks Corp	Cons. Disc.	USD	80.87	93.12	32.7	3.2	91,925	A
ABNB US	Airbnb Inc	Cons. Disc.	USD	126.54	138.77	29.5	0.0	78,636	BB
RMS FP	Hermes International SCA	Cons. Disc.	EUR	2149.00	2441.27	50.3	1.0	261,443	A
COST US	Costco Wholesale Corp	Cons. Staples	USD	911.45	1072.20	45.4	0.7	403,936	A
288 HK	WH Group Ltd	Cons. Staples	HKD	7.46	8.87	8.0	0.9	12,315	--
SHEL LN	Shell PLC	Energy	GBP	2847.50	3067.31	11.9	0.1	216,122	AA
LSEG LN	London Stock Exchange	Financials	GBP	9486.00	12291.11	23.2	1.7	64,423	AA
LLOY LN	Lloyds Banking Group PLC	Financials	GBP	89.08	96.25	11.9	4.7	69,191	AA
WFC US	Wells Fargo & Co	Financials	USD	86.97	93.62	13.9	2.2	273,006	BB
2318 HK	Ping An Insurance Group	Financials	HKD	56.15	72.51	6.5	5.1	140,360	A
939 HK	China Construction Bank C	Financials	HKD	7.70	9.40	5.4	5.2	265,341	AA
MA US	Mastercard Inc	Financials	USD	551.99	654.46	33.6	0.6	495,685	AA
JNJ US	Johnson & Johnson	Health Care	USD	188.87	202.73	17.4	2.8	455,044	BBB
NOVOB DC	Novo Nordisk A/S	Health Care	DKK	315.95	429.00	13.3	4.1	217,713	AAA
ISRG US	Intuitive Surgical Inc	Health Care	USD	534.28	595.57	61.9	0.0	189,400	A
EXPN LN	Experian PLC	Industrials	GBP	3547.00	4346.06	26.5	0.0	42,742	A
DSV DC	DSV A/S	Industrials	DKK	1375.00	1784.61	27.5	0.6	51,023	AA
2330 TT	Taiwan Semiconductor	Info. Tech	TWD	1500.00	1777.06	23.5	1.5	1,265,582	AAA
ASML NA	ASML Holding NV	Info. Tech	EUR	918.10	943.54	37.4	0.9	410,667	AAA
MSFT US	Microsoft Corp	Info. Tech	USD	517.81	633.49	32.4	0.8	3,848,559	AA
ACN US	Accenture PLC	Info. Tech	USD	250.10	282.04	18.1	2.8	155,951	AA
SHW US	Sherwin-Williams Co/The	Materials	USD	344.94	386.23	30.3	1.0	85,508	A
EQIX US	Equinix Inc	Real Estate	USD	846.01	968.07	57.4	2.4	83,066	AA
CEG US	Constellation Energy Corp	Utilities	USD	377.00	400.82	40.7	0.5	117,777	AAA
Average Yield:							1.7%		

Source: Bloomberg Analyst consensus and MSCI Research. This list does not constitute research and is the output of material prepared by our research providers. To obtain a copy of the underlying research, please contact your investment adviser. Data as of 30th October 2025. ESG is environmental, social, and corporate governance.

# Thematic investing—Trade wars

## Objective of this list

Thematic investing is an approach which focuses on predicting long-term trends rather than specific companies or sectors. As it is also often associated with secular forces, this means it can provide investors with exposure to themes that are expected to grow at rates above economic growth over the longer term. Thematic investing is best suited to longer-term investors and those looking for opportunities beyond the comparatively smaller investment universe that exists in Australia. Some key themes that investors are exploring include:

- Climate change.
- Cryptocurrency and blockchain.
- Demographics.
- Electric vehicles.
- Healthcare and genomics.
- Energy transition.
- Artificial Intelligence.
- Security and safety.
- Supply chain disruption.
- Sustainable investing.

## Supply chain disruption: Select exposures

A recent convergence of factors has put global supply chains in focus. Trump's bluster around global tariffs, simmering geopolitical tensions, and ongoing military conflicts around the world have emphasised the importance of our logistics networks.

Code	Company	Sector	Base CCY	Market price	Consensus price target	P/E 1yr fwd (x)	Yield (%)	Market cap (USD bn)	MSCI ESG rating
AMZN US	Amazon.com Inc	Cons. Disc.	USD	\$244.22	\$289.86	1869%	26.2	0.0	2,610,765
BABA US	Alibaba Group Holding Ltd	Cons. Disc.	USD	\$170.43	\$200.62	1771%	17.9	5.0	406,652
EBAY US	eBay Inc	Cons. Disc.	USD	\$81.31	\$94.84	1664%	13.9	1.5	36,752
WMT US	Walmart Inc	Cons. Staples	USD	\$101.18	\$113.91	1258%	34.3	1.0	806,693
SHEL LN	Shell PLC	Energy	GBP	\$2,847.50	\$3,067.31	772%	11.4	0.1	216,122
BPT AU	Beach Energy Ltd	Energy	AUD	\$1.24	\$1.27	274%	6.4	6.8	1,850
LLOY LN	Lloyds Banking Group PLC	Financials	GBP	\$89.08	\$96.25	805%	9.3	0.0	69,191
DSV DC	DSV A/S	Industrials	DKK	\$1,375.00	\$1,784.61	2979%	20.7	0.6	51,023
KNIN SW	Kuehne + Nagel	Industrials	CHF	\$154.00	\$161.30	474%	19.5	4.2	23,127
DHL GY	Deutsche Post AG	Industrials	EUR	\$39.80	\$42.70	729%	12.1	4.8	55,039
DE US	Deere & Co	Industrials	USD	\$461.63	\$519.96	1263%	22.8	1.5	124,792
BXB AU	Brambles Ltd	Industrials	AUD	\$24.86	\$25.31	179%	20.5	2.0	22,149
WTC AU	WiseTech Global Ltd	Info. Tech	AUD	\$69.12	\$123.77	7906%	42.3	0.3	15,186
ACN US	Accenture PLC	Info. Tech	USD	\$250.10	\$282.04	1277%	16.8	2.8	155,951
INTC US	Intel Corp	Info. Tech	USD	\$39.99	\$37.41	-645%	63.7	0.1	186,017
SAP GY	SAP SE	Info. Tech	EUR	\$224.45	\$285.81	2734%	31.0	1.2	317,760
GMG AU	Goodman Group	Real Estate	AUD	\$33.03	\$37.81	1448%	22.7	0.9	44,157
PLD US	Prologis Inc	Real Estate	USD	\$124.09	\$129.95	473%	34.7	3.4	117,826

Source: Bloomberg Analyst consensus and MSCI Research. This list does not constitute research and is the output of material prepared by our research providers. To obtain a copy of the underlying research, please contact your investment adviser. Data as of 30th October 2025. ESG is environmental, social, and corporate governance.

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