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momentum
global investment management



GLOBAL MATTERS VIEWPOINT

MARKET VIEW & OUTLOOK
NOVEMBER 2026

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GLOBAL MARKET REVIEW & OUTLOOK

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October saw the final quarter get underway and the clocks turn back in the UK, but this did little to stop the mood around AI from darkening as market worries shifted away from sovereign bonds and back towards technology stocks. Following a familiar story, investors did not take kindly to soaring capital expenditure in corporate earnings releases, reigniting fears of overinvestment in data centres and associated infrastructure. Attention also turned to 'neoclouds' such as CoreWeave, a new cohort of specialist firms renting out the computing capacity needed to run AI models, where rising credit default spreads reflected unease over mounting debt and the ability to service it. Fixed income investors therefore found themselves worrying less about governments and more about corporations, particularly those financing the AI build out.

Over the final three weeks of October, markets turned and tech underperformed the wider S&P 500 by 16%, while the NASDAQ fell more than 10% from its peak, entering a technical correction. This whipsawing in AI sentiment is nothing new. The sector has seen similar sell offs five times in the last two and a half years, only to rally aggressively to new heights. However, this time there are more tangible concerns, particularly around neoclouds and financing. As ever, the jury is out, but the balance of risks increasingly appears to be shifting from favourable to unfavourable.

Investors went into earnings season expecting another blockbuster quarter, with consensus estimates of nearly 30% year on year growth for the S&P 500, an astronomical rate for an economy already on a strong footing. On the surface, results largely delivered, with the exception of banks, which suffered above average trading losses, largely from rising fixed income yields over Q3. Technology stocks continued to produce strong results, although beats were less emphatic than in previous quarters, partly reflecting the increasingly high bar of expectation. More concerning was the continued climb in capital expenditure across the hyperscalers. Semiconductor companies such as ASML and TSMC also warned that supply chain bottlenecks could start to bite over the next 12 months, while hyperscalers must demonstrate that their end demand can justify their enormous spending. With supply constrained, expenditure ballooning and many of the major AI players financing one another, maintaining the perfect equilibrium needed for the AI boom to continue at pace without turbulence looks increasingly difficult. Exactly how any unravelling might manifest remains guesswork, but sentiment has unquestionably turned more cautious.

Emerging markets, which carry significant exposure to the AI theme, also experienced a tough month, falling 8.1%. This was exacerbated by a shock Brazilian election result, where President Lula overcame the odds in the runoff election to beat Flavio Bolsonaro. The Brazilian real fell 12% the following day, while the stock market dropped 15% amid concerns around Lula's business agenda.

While there appeared to be few places to hide in equities, the sell offs were concentrated in the riskiest parts of the market. The equal weighted S&P 500 actually rose 4.9% over the month, while the MSCI Minimum Volatility Index gained 6%. Many 'intelligent' investors have been positioned in this part of the market for some time, watching the AI trade continue to defy belief with its exorbitant gains. A rotation from AI towards quality and defensive stocks therefore came as welcome relief for some.

Oil markets took another leg higher in October as markets priced in a greater probability of Trump taking a more aggressive stance towards Iran following the midterm elections. Although Trump was expected to lose the midterms and face a tougher Congress, his foreign policy can largely continue unchecked through executive orders. Some therefore see a defeat prompting

a 'nothing to lose' mentality, with the shackles of another election firmly removed. Brent crude climbed 13.6%, from $103.5 to $117.6 a barrel, taking its rise since 1 July to 30.5%. Given oil's critical role in energy and business costs, this has understandably concerned investors and central bankers alike. Inflation data offered little reassurance, with CPI rising from 3.1% to 3.5% in the UK, 3.4% to 3.7% in the US, 1.9% to 2.1% in Japan and 3.8% to 4.0% in Europe. Inflation is not running wild, but an upward trend from already elevated levels strengthens the case for further monetary tightening.

On a more encouraging note, government bonds posted a positive month despite the worsening inflation backdrop. The US 10-year yield fell from 5.29% to 4.91% over October, following September's bout of panic selling and rewarding investors who were willing to step in. Government bonds also restored some of their safe-haven credentials, performing well on days when the AI trade suffered its largest falls. This will be an important dynamic to watch, as bonds have failed to provide protection over much of the past five years. Early signs are encouraging, although plenty of bond investors will still need convincing.

October therefore offered a useful reminder that markets rarely run out of things to worry about, they simply change the subject. For now, AI has taken the hot seat from sovereign bonds, underscoring a clear risk off move in the first month of Q4.

Maintaining the perfect equilibrium needed for the AI boom to continue at pace without turbulence looks increasingly difficult



Market Performance – Global

as of 31 October 2026 (local currency terms)

Asset Class/Region	Index	Ccy	1 Month	3 Months	Year to date	12 Months
Developed markets equities						
United States	S&P 500 NR	USD	-0.9%	1.4%	11.5%	11.7%
United Kingdom	MSCI UK NR	GBP	1.4%	-0.4%	11.3%	14.4%
Continental Europe	MSCI Europe ex UK NR	EUR	1.6%	-0.4%	10.7%	14.7%
Japan	Topix TR	JPY	-3.5%	0.0%	18.8%	21.7%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	-6.9%	-4.7%	15.3%	15.1%
Global	MSCI World NR	USD	-0.8%	0.6%	10.9%	12.1%
Emerging Markets Equities						
Emerging Europe	MSCI EM Europe NR	USD	-5.1%	-1.9%	19.0%	27.4%
Emerging Asia	MSCI EM Asia NR	USD	-8.5%	-5.6%	16.0%	15.5%
Emerging Latin America	MSCI EM Latin America NR	USD	-7.6%	-8.5%	6.0%	13.7%
BRICs	MSCI BRIC NR	USD	-5.1%	-9.7%	-14.7%	-16.0%
China	MSCI China NR	USD	-7.0%	-11.6%	-18.0%	-21.1%
Global emerging markets	MSCI Emerging Markets NR	USD	-8.0%	-5.5%	13.5%	14.1%
Bonds						
US Treasuries	JP Morgan United States Government Bond TR	USD	2.3%	0.4%	-0.3%	0.0%
US Treasuries (inflation protected)	BBgBarc US Government Inflation Linked TR	USD	2.7%	0.0%	0.4%	0.1%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	2.2%	-0.2%	-1.0%	-0.6%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	0.3%	-1.3%	0.4%	1.6%
UK Gilts	JP Morgan UK Government Bond TR	GBP	1.6%	0.5%	-1.1%	-0.8%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	0.6%	0.0%	-0.2%	0.4%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	1.0%	-1.7%	-2.1%	-2.7%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	0.8%	-0.8%	-0.5%	-0.9%
Euro High Yield	BBgBarc European HY 3% Constrained TR	EUR	-1.1%	-2.4%	-0.9%	-0.4%
Japanese Government	JP Morgan Japan Government Bond TR	JPY	1.8%	0.5%	-2.9%	-5.2%
Australian Government	JP Morgan Australia GBI TR	AUD	1.4%	0.2%	1.6%	-0.2%
Global Government Bonds	JP Morgan Global GBI	USD	1.5%	-0.7%	-2.4%	-2.4%
Global Bonds	ICE BofAML Global Broad Market	USD	1.4%	-0.6%	-1.3%	-0.8%
Global Convertible Bonds	ICE BofAML Global Convertibles	USD	-5.9%	-5.9%	6.3%	4.5%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	1.8%	-0.9%	1.4%	2.1%

Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns.

Market Performance – Global

as of 31 October 2026 (local currency terms)

Asset Class/Region	Index	Ccy	1 Month	3 Months	Year to date	12 Months
Property						
US Property Securities	MSCI US REIT NR	USD	3.2%	-5.5%	13.0%	12.6%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	1.7%	-7.4%	-13.7%	-16.2%
Global Property Securities	S&P Global Property USD TR	USD	1.7%	-6.1%	4.1%	5.2%
Currencies						
Euro		USD	-1.5%	-3.2%	-5.0%	-3.3%
UK Pound Sterling		USD	0.9%	-0.7%	-0.6%	1.8%
Japanese Yen		USD	-0.1%	-0.1%	-0.5%	-2.3%
Australian Dollar		USD	1.2%	0.2%	5.4%	7.4%
South African Rand		USD	-1.7%	-1.1%	-0.9%	3.7%
Commodities & Alternatives						
Commodities	RICI TR	USD	1.4%	9.6%	44.7%	46.2%
Agricultural Commodities	RICI Agriculture TR	USD	-5.1%	-2.0%	9.5%	7.4%
Oil	Brent Crude Oil	USD	13.6%	30.5%	93.3%	80.8%
Gold	Gold Spot	USD	-6.8%	-4.2%	-10.3%	-3.2%
Interest rates				**Current Rate**		
United States				4.00%		
United Kingdom				3.75%		
Eurozone				2.65%		
Japan				1.25%		
Australia				4.60%		
South Africa				7.25%		

Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns.

Market Performance – UK

as of 31 October 2026 (all returns GBP)

Asset Class/Region	Index	Local Ccy	1 Month	3 Months	Year to date	12 Months
Equities						
UK - All Cap	MSCI UK NR	GBP	1.4%	-0.4%	11.3%	14.4%
UK - Large Cap	MSCI UK Large Cap NR	GBP	1.2%	-0.9%	11.4%	15.0%
UK - Mid Cap	MSCI UK Mid Cap NR	GBP	3.5%	1.5%	7.7%	7.2%
UK - Small Cap	MSCI Small Cap NR	GBP	0.2%	1.8%	9.2%	11.8%
United States	S&P 500 NR	USD	-1.8%	2.0%	12.0%	9.6%
Continental Europe	MSCI Europe ex UK NR	EUR	-1.0%	-3.0%	5.7%	8.9%
Japan	Topix TR	JPY	-4.5%	1.8%	18.7%	16.9%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	-7.7%	-4.2%	15.9%	12.9%
Global developed markets	MSCI World NR	USD	-1.7%	1.2%	11.4%	10.0%
Global emerging markets	MSCI Emerging Markets NR	USD	-8.9%	-4.9%	14.0%	11.9%
Bonds						
Gilts - All	ICE BofAML UK Gilt TR	GBP	1.6%	0.5%	-1.2%	-0.9%
Gilts - Under 5 years	ICE BofAML UK Gilt TR 0-5 years	GBP	0.5%	0.2%	0.9%	1.5%
Gilts - 5 to 15 years	ICE BofAML UK Gilt TR 5-15 years	GBP	1.3%	-0.2%	-1.3%	-1.0%
Gilts - Over 15 years	ICE BofAML UK Gilt TR 15+ years	GBP	3.7%	1.8%	-3.7%	-3.4%
Index Linked Gilts - All	ICE BofAML UK Gilt Inflation-Linked TR	GBP	2.3%	3.0%	1.2%	1.0%
Index Linked Gilts - 5 to 15 years	ICE BofAML UK Gilt Inflation-Linked TR 5-15 years	GBP	1.4%	1.7%	2.7%	2.4%
Index Linked Gilts - Over 15 years	ICE BofAML UK Gilt Inflation-Linked TR 15+ years	GBP	4.3%	5.1%	-1.5%	-1.5%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	0.6%	0.0%	-0.2%	0.4%
US Treasuries	JP Morgan US Government Bond TR	USD	1.5%	0.9%	0.1%	-2.0%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	1.3%	0.3%	-0.6%	-2.5%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	0.3%	-1.3%	0.4%	1.6%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	1.0%	-1.7%	-2.1%	-2.7%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	0.8%	-0.8%	-0.5%	-0.9%
Euro High Yield	BBgBarc European High Yield 3% Constrained TR	EUR	-1.1%	-2.4%	-0.9%	-0.4%
Global Government Bonds	JP Morgan Global GBI	GBP	0.6%	-0.1%	-2.0%	-4.3%
Global Bonds	ICE BofAML Global Broad Market	GBP	1.4%	-0.6%	-1.3%	-0.8%
Global Convertible Bonds	ICE BofAML Global Convertibles	GBP	-5.9%	-5.9%	6.3%	4.5%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	GBP	0.8%	-0.3%	1.9%	0.2%

Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns.

Market Performance – UK

as of 31 October 2026 (all returns GBP)

Asset Class/Region	Index	Local Ccy	1 Month	3 Months	Year to date	12 Months
Property						
Global Property Securities	S&P Global Property TR	GBP	0.7%	-5.5%	4.6%	3.2%
Currencies						
Euro		GBP	-2.4%	-2.6%	-4.4%	-5.0%
US Dollar		GBP	-0.9%	0.7%	0.6%	-1.8%
Japanese Yen		GBP	-1.0%	0.7%	0.1%	-4.0%
Commodities & Alternatives						
Commodities	Rogers International Commodity (RICI) TR	GBP	0.5%	10.3%	45.4%	43.5%
Agricultural Commodities	Rogers International Commodity (RICI) Agriculture TR	GBP	-6.0%	-1.4%	10.1%	5.3%
Oil	Brent Crude Oil	GBP	12.6%	31.3%	94.3%	77.4%
Gold	Gold Spot	GBP	-6.8%	-4.2%	-10.3%	-3.2%
Interest rates				**Current Rate**		
United Kingdom				3.75%		

Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns.

Asset Allocation Views

2026

Score	Change	---	--	-	/	+	++	+++
	▲/▼/–							
MAIN ASSET CLASSES								
Equities	–							
Rates	▲							
Fixed Income	–							
Specialist / Alternatives	–							
Cash	▼							
EQUITIES								
Developed Equities	–							
UK Equities	–							
European Equities	–							
US Equities	–							
Japanese Equities	–							
Emerging Market Equities	▲							
FIXED INCOME								
Government	▲							
Index-Linked	–							
Investment Grade Corporate	–							
High Yield Corporate	–							
Emerging Market Debt	–							
SPECIALIST ASSETS/ALTERNATIVES								
Global Listed Property	–							
Global Listed Infrastructure	–							
Specialist Assets	–							
Liquid Alternatives	–							
Gold	–							

The asset allocation views are updated at the end of each quarter unless otherwise stated.

Important Notes

Investment Manager - Momentum Global Investment Management Limited (MGIM).

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