



Macro and Markets Update

Dorovia Global Multi-asset Fund
November 2025

Summary

Global Market Performance

Key Macroeconomic Indicators

Cross-Asset Analysis

Investment Strategy & Outlook

Portfolio Positioning

Key Macroeconomic Indicators

November

Date	Country	Indicator	Data as of	Survey	Prior	Comment
Sun, 09 November	US	Earnings	Q3			80% of S&P500 have reported. Healthcare (beasts) in top spot, with Comms Services near bottom. In Europe, Financials fare well
Mon, 10 November	CN	CPI (yoy)	Oct	0.00%	-0.30%	Headline inflation is likely to remain subdued due to a continued drag from food, while the core gauge should stay largely stable
	US	NFIB Index of Small Business Optimism	Oct	-	98.80	Given SMEs are important employers, markets will be watching to see if last month's fall in confidence was the start of a trend
Wed, 12 November	BR	CPI (yoy)	Oct	-	5.2%	Core inflation has eased recently, aided by softer goods price inflation. Services inflation remains sticky
Thu, 13 November	IN	CPI (yoy)	Oct	0.40%	1.50%	Lower food prices could continue to weigh on headline inflation while lower GST rates should push core inflation down
	CN	Industrial Production (yoy)	Oct	5.6%	6.5%	Industrial production growth should remain largely resilient, supported by continued strength in high-tech manufacturing
Fri, 14 November	CN	Retail Sales (yoy)	Oct	2.7%	3.0%	Retail sales growth may moderate further, reflecting rising tariffs and trade-in subsidies and unfavourable base effects
Mon, 03 November	US	ISM Manufacturing Index	Oct	48.70	49.10	The headline index remains in contraction territory, but contrasts with the more robust manufacturing PMI
Wed, 05 November	US	ISM Services Index	Oct	52.4	50	Broad-based strength in the ISM was overshadowed by the price-paid index rising to a three-year high and still-soft employment
	US	ADP Employment Report (mom)	Oct	42.0k	-29.0k	Employment picked up in October following a decline in September. The underlying trend is one of soft growth
Thu, 06 November	US	Supreme Court hearing on oral arguments for US tariffs				Supreme Court justices suggested scepticism on using IEEPA to impose reciprocal tariffs
Fri, 07 November	CN	Trade Balance (USD)	Oct	90.1bn	90.5bn	The trade surplus remained sizeable although exports unexpectedly dropped yoy while imports showed smaller-than-expected growth
	US	Univ. of Michigan Sentiment Index (Prelim)	Nov	-	53.60	The UoM measure of consumer confidence remains well below normal levels but has not been a good guide to spending
Sun, 16 November	JP	GDP (qoq)	Q3	-0.4%	0.6%	Q3 GDP fell, dragged down by lower net exports and residential investment. Consumer spending slowed to a crawl
	UK	CPI (yoy)	Oct	3.60%	3.80%	Headline inflation softened, driven by easing utility price base effects. Services inflation moderated. Food inflation rose
Thu, 20 November	US	Change in Non-farm Payrolls	Sep	119k	-4k	Payrolls exceeded forecasts but the unemployment rate edged up. Other indicators point to continued cooling in the jobs market
	JP	CPI (yoy)	Oct	3.00%	2.90%	Core CPI (excluding fresh food) edged higher. Service sector inflation firmed, reflecting price resets in various categories
Fri, 21 November	US	Composite PMI, Flash	Nov	-	54.6	The composite PMI has remained in expansion territory during 2025, in contrast to the downturn ISM manufacturing survey
	EZ	Composite PMI, Flash	Nov	-	52.5	Business sentiment has improved since the summer, aided by increased domestic demand. Hiring intentions have increased
	UK	Composite PMI, Flash	Nov	-	52.20	Right-risk women are likely to weigh on business confidence. A renewed weakening of the employment component is expected
	IN	Composite PMI, Flash	Nov	59.90	60.40	India's PMI readings remain elevated, although the manufacturing gauge retreated in November as new orders growth softened
Mon, 24 November	US	Earnings	Q3			S&P results are 95% complete. Tech, healthcare and financials beats. Communication services lagged. 2026 EPS growth 13.5%
	GE	IFO Business Confidence Index	Nov	-	88.4	IFO's business confidence measure has trended marginally higher during 2025, mirroring other business surveys
Tue, 25 November	US	Consumer Confidence Index, Conference Board	Nov	93.3	94.6	Consumer confidence has fallen since the summer. Consumers have become more pessimistic about the labour market
	NZ	PPI (mom)	Sep	-	-0.1%	Core PPI likely rebound in September following August's benign print, driven by transport repairs
Wed, 26 November	UK	UK Budget	Nov			The Chancellor is likely to unveil sizeable tax hikes to boost fiscal headroom. Political constraints limit scope for spending cuts
	US	PCE (yoy)	Sep	-	2.7%	PCE has trended gradually higher since the spring, and the core rate remains above the Fed's 2% target
	US	GDP (prel)	Q3	-	3.8%	Q3 GDP should be solid. AI-related investment is a key driver of growth, and consumer spending remains resilient
Fri, 28 November	IN	Industrial Production (yoy)	Oct	-	4.00%	Q3 growth held up, buoyed by strong infra/construction goods output while anticipated GST cuts boosted consumer durables

Source : HSBC Asset Management, Data as of 28/11/2025

Dorovia Global Multi-asset Fund



Global Market Performance

Equity Indices	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
World									
MSCI AC World Index (USD)	1 001	3.1	-1.3	4.6	16.6	18.9	1 017	723	21.3
North America									
Dow Jones Industrial Average	47 427	2.6	-0.6	3.9	6	11.5	48 432	36 612	22.8
US S&P 500 Index	6 813	3.2	-1.1	4.8	13.6	15.8	6 920	4 835	25
US NASDAQ Composite Index	23 215	4.2	-2.6	7	21.8	20.2	24 020	14 784	35.1
Canada S&P/TSX Composite Index	31 197	3.4	-2.8	9.7	22.1	26.2	31 255	22 228	19
Europe									
MSCI AC Europe (USD)	671	3	-0.7	3.2	24.6	26.9	687	516	16.1
Euro STOXX 50 Index	5 653	2.5	-0.9	4.8	18.8	15.5	5 818	4 540	17
UK FTSE 100 Index	9 694	1.8	0	5.2	17.7	18.6	9 930	7 545	14.1
Germany DAX Index*	23 758	2.9	-0.7	1.1	22.4	19.4	24 917	18 345	17.5
France CAC 40 Index	9 199	1.5	-1.4	4.3	22.8	17.7	9 314	6 764	17.4
Spain IBEX 35 Index	16 362	3.4	-1.7	8.6	40.9	41.1	16 662	11 311	14.1
Italy FTSE MIB Index	43 220	1.3	0.2	1.8	29.9	26.4	45 072	31 946	13.4
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	706	3	-3.1	6.3	22.4	23.9	737	607	16.9
Japan Nikkei 225 Stock Average	50 221	3.3	0	17.3	31	26.9	52 837	30 793	22
Australian Stock Exchange 200	8 614	2.3	-4.4	4.1	2	5.6	9 115	7 169	20
Hong Kong Hang Seng Index	25 864	2.6	-1.8	3.5	33.5	28.9	27 382	18 671	12.4
Shanghai Stock Exchange Composite Index	3 866	1.3	-2.6	1.1	17.9	15.9	4 034	3 041	15.1
Hang Seng China Enterprises Index	9 117	2.4	-2.9	7.6	32.8	27.5	9 770	6 769	11.6
Taiwan TAIEX Index	27 026	4.5	-1.9	14.9	28.9	19.9	28 548	19 307	20.9
Korea KOSPI Index	3 927	1.9	-2.1	22.8	56.8	63.6	4 227	2 285	13.9
India SENSEX 30 Index	85 852	0.7	-1.5	7.2	8.6	9.9	88 056	71 425	21.6
Indonesia Jakarta Stock Price Index	8 518	1.2	-5.3	7.1	18.3	20.3	8 622	5 883	15.8
Malaysia Kuala Lumpur Composite Index	1 604	-0.7	-0.5	1.2	-0.5	-2.2	1 659	1 387	15
Philippines Stock Exchange PSE Index	6 836	0.7	-1.4	2.6	6.5	7.6	6 778	5 885	14.8
Thailand FTSE SET Index	1 444	0	-4.5	0.4	-12.1	-10.4	1 458	1 054	11.8
Singapore Straits Times Index	3 439	0.9	0.2	5.2	10.4	9.3	3 467	3 095	15.9
Latam									
Argentina Merval Index	3 020 019	9.4	13.1	51.2	35.4	19.2	3 131 450	1 635 451	16.9
Brazil Bovespa Index*	180 560	2.3	7.4	12	27.1	7.7	158 894	119 723	12.1
Chile IPSA Index	10 078	2.6	9.2	13	36	50.7	10 093	6 560	13.8
Colombia COLCAP Index	2 052	0.5	3.8	1.6	46.8	48.7	2 096	1 363	9.4
Mexico S&P/BMV IPC Index	62 695	1.3	-0.2	6	25.5	26.6	64 406	48 770	13.6
EEMEA									
Saudi Arabia Tadawul Index	10 641	3.4	-9.9	-0.9	-9.6	-11.6	12 536	10 387	N/A
South Africa JSE Index	110 568	0.8	-0.7	8.6	30.4	31.5	115 717	77 185	13
Turkey ISE 100 Index*	10 945	0.2	0.7	3.7	13.5	11.3	11 605	8 873	9.2

Source : Bloomberg, Data as of 28/11/2025

Dorovia Global Multi-asset Fund



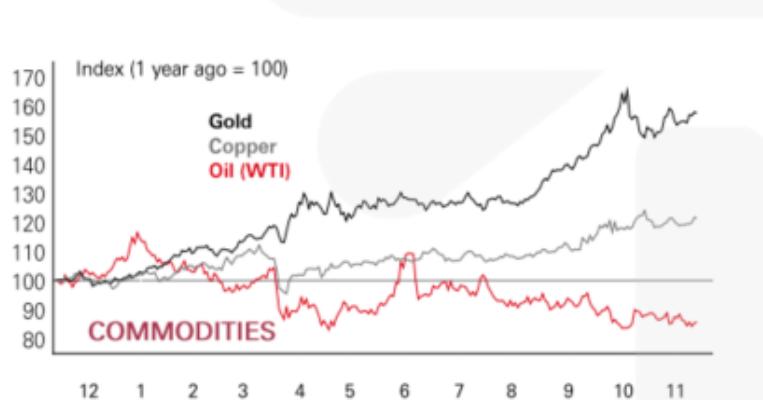
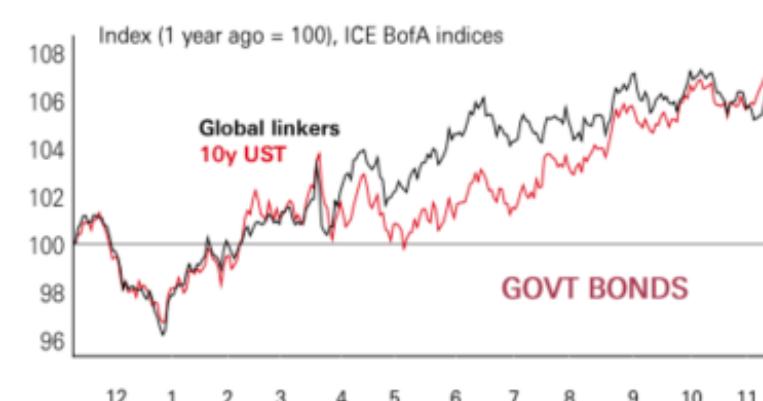
Global Market Performance

Bond Indices - Total Return		Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)			
BarCap GlobalAgg (Hedged in USD)		619	0.3	0.1	1.7	4.6	5.1			
BarCap US Aggregate		102	0.4	0	2.1	1.4	0.8			
BarCap US Corporate Index (USD)		3 556	0.8	-0.3	2.4	6.5	8.1			
BarCap Euro Corporate Index (EUR)		265	0.2	-0.3	0.8	3.1	3.2			
BarCap Global High Yield (Hedged in USD)		684	0.5	0.7	2.7	6	9			
Markit iBoxx Asia ex-Japan Bond Index (USD)		242	0.2	0	1.8	7	7.6			
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)		283	-0.1	-0.5	1.7	8.5	8.6			
Currencies (vs USD)		Latest	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2024	52-week High	52-week Low	Change (%)
Developed markets										
EUR/USD		1.16	1.15	1.17	1.17	1.06	1.04	1.19	1.01	0.6
JPY/USD		134.00	133.00	135.00	134.00	127.00	125.00	136.00	123.00	0.6
CHF/USD		1.24	1.24	1.26	1.25	1.22	1.21	1.28	1.19	0.4
CAD/USD		1.40	1.41	1.39	1.37	1.40	1.44	1.48	1.35	0.4
GBP/USD		1.56	1.56	1.57	1.47	1.52	1.52	1.62	1.45	0
AUD/USD		0.65	0.65	0.66	0.64	0.69	0.62	0.69	0.61	0.1
NZD/USD		0.57	0.56	0.58	0.59	0.59	0.56	0.61	0.55	1.8
Bonds		Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2024	1-week basis point change*		
US Treasury yields (%)										
3-Month		2.8	3.9	3.8	4.2	4.5	4.3	-1		
1-Year		3.5	3.5	3.5	3.6	4.2	4.2	-2		
2-Year		3.6	3.6	3.6	3.7	4.1	4.4	-6		
5-Year		4.0	4.1	4.0	4.2	4.3	4.6	-7		
10-Year		4.1	4.1	4.0	4.9	4.4	4.8	-6		
10-year bond yields (%)										
Japan		1.6	1.7	1.6	1.8	1.9	1.9	-5		
US		4.5	4.5	4.7	4.7	4.4	4.6	-9		
Germany		2.7	2.7	2.6	2.7	2.1	2.4	-2		
France		3.4	3.5	3.4	3.5	3.0	3.2	-6		
Italy		3.7	3.9	3.8	3.9	3.4	3.7	-8		
Spain		3.2	3.2	3.1	3.3	2.8	3.1	-4		
China		1.8	1.8	1.8	1.8	2.0	1.7	2		
Australia		4.5	4.5	4.2	4.2	4.4	4.4	5		
Canada		3.1	3.2	3.0	3.4	3.2	3.2	-7		
Commodities		Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	
Gold		4 188.0	1	3	7.6	13.5	12	4 222.0	2 829.0	
Brent Crude		63.6	1.6	-0.4	-5.2	-10	-11.2	75.0	58.0	
WTI Crude Oil		58.7	1.4	-1.7	-6.7	-10.9	-13.1	73.0	55.0	
R/J CRB Futures Index		207.9	0.8	-0.4	-1.3	-3.9	2.4	240.0	190.0	
LME Copper		10 940.0	1.5	-0.9	11.4	21.5	24.8	11 200.0	8 105.0	

Source : Bloomberg? Data as of 28/11/2025

Cross-Asset Analysis

Global equities demonstrated a **strong rebound this week**, with the MSCI AC World Index posting a **3.1% gain**. This rally was led by **North American technology** and growth stocks, reflected in the **US NASDAQ Composite Index's 4.2% surge**. Despite the weekly strength, several major indices, including the US S&P 500 and the Euro STOXX 50, remain slightly down over the one-month period, suggesting investors are taking profits following recent market highs. Asian markets also performed robustly, with the **Korea KOSPI Index** maintaining its significant lead, showing an impressive **63.6% Year-to-Date (YTD) gain**, highlighting the strong outperformance of key regional markets.



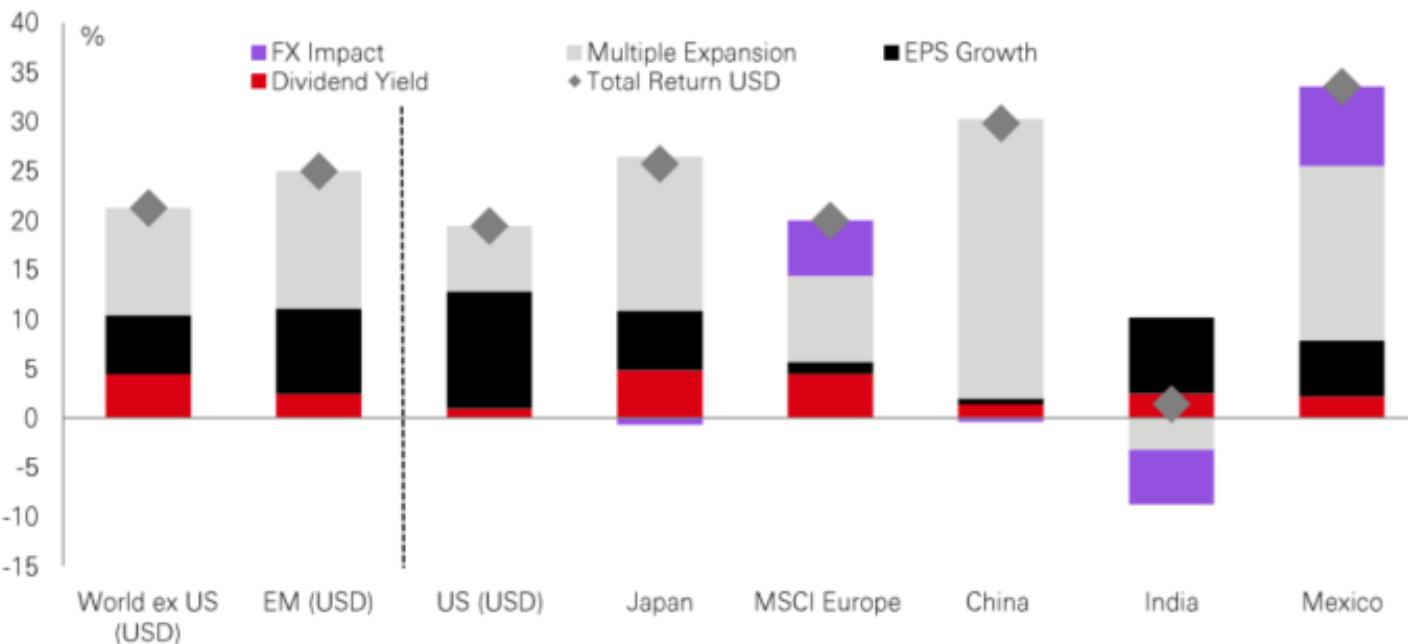
Source : HSBC Asset Management - Data as of 28/11/2025

Cross-Asset Analysis

The investment landscape in 2025 was marked by resilient growth, sticky inflation, and policy uncertainty, yet delivered broadly positive markets. Looking ahead, we anticipate a "**Role Reversal**" in market drivers for 2026. Global markets can no longer rely on fading US exceptionalism or a weaker dollar to drive price-to-earnings multiples. Instead, **2026 performance will be heavily dependent on profits growth and credit fundamentals**. Furthermore, the US growth lead is expected to face challenges, particularly outside of tech investment. We forecast growth rates to converge across Western economies next year, with the **fastest growth concentrated in Asia, the Gulf, and Frontier regions**. Emerging Market (EM) central banks have already begun to ease policy ahead of the Federal Reserve (Fed); however, in 2026, we expect EM policymakers will primarily be **following the Fed rather than leading it**, with further cuts in both the US and Europe remaining feasible. This **shifting macro and policy backdrop** supports a structural view that EM assets are becoming safer, while US markets face risks related to concentration and institutional quality.

2025 was again busy in terms of geopolitics, with President Trump launching trade wars, while trying to end conflict in the Middle East and Ukraine. OPEC+ has continued to boost output, which has depressed the price of oil. In Europe, German elections resulted in a change of government and a radical change of attitude towards government spending and debt. France and Japan didn't have elections but both had a change of prime minister. In the case of France the change was associated with political chaos, whereas in Japan it brought hope of a fiscal impulse.

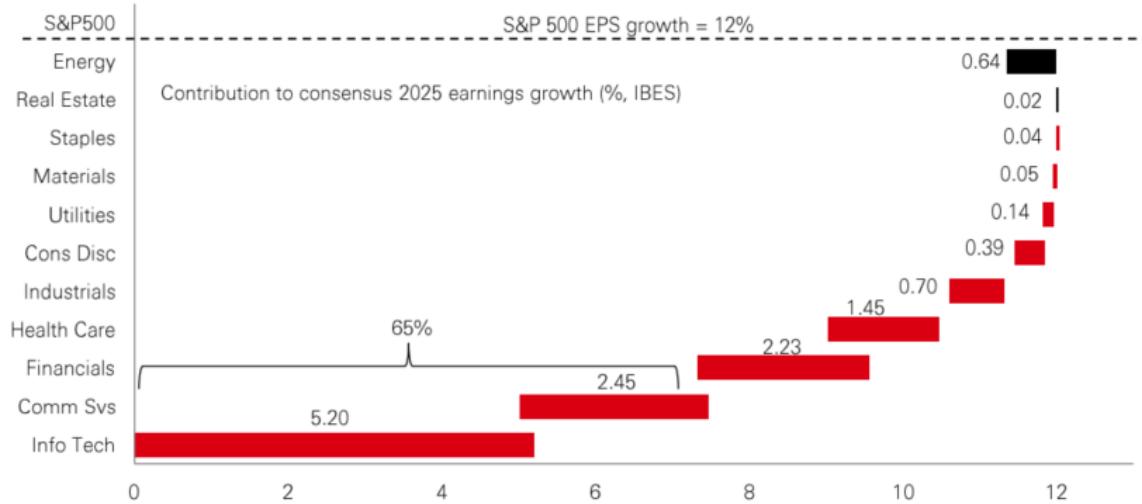
Figure : Global Stock Market returns



Source : HSBC Asset Management - Data as of 28/11/2025

Cross-Asset Analysis

Chart of the week – What next after bumper Q3 profits?

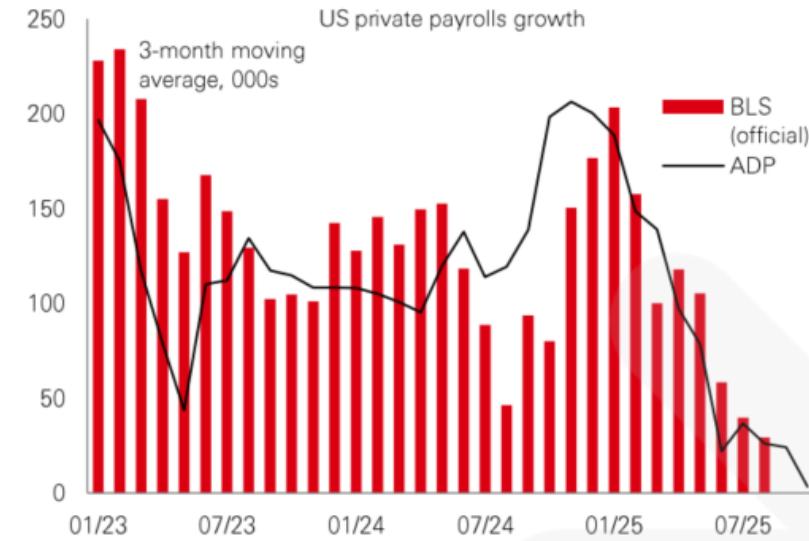


Third quarter earnings season is drawing to a close in the US and is well under way in Europe and Asia. The overall headline is that, with the exception of China, **Q3 has been strong almost everywhere**, including the US, Europe, Japan, and many emerging markets. Year-on-year Q3 earnings growth for the S&P 500 is on course to reach **13%**—up from an expected 8%.

Given the frenzy of **AI enthusiasm** this year, key US technology stocks have been the focus. The technology and communications services sectors are expected to contribute **65% of total profit growth in 2025** and managed to beat expectations due to continuing strong capex investment. Surprisingly, defensive sectors like healthcare and consumer staples saw the strongest beats.

Despite bumper Q3 numbers, **US stock market volatility has risen** as investors question the implications of massive AI-related capital expenditure and mixed news on the labour market (see Page 2). This uncertainty suggests **episodic volatility in US stocks could become the norm in 2026**. With global profits and GDP convergence next year supporting a broadening out of market returns, **geographically diversified portfolios may be the ideal route to maximising returns and limiting exposure to downside AI and US macro risks**.

Source : HSBC Asset Management, Data as of 14/11/2025



The US government shutdown has ended, but it will take time for official data production to get back on track. In their absence, markets have focused on privately produced data, especially on jobs.

These data broadly suggest the **labour market continues to cool**. While the ADP private payrolls number rebounded in October (+42k), it followed a 29k decline in September, and the three-month average is running at just 3k, implying further moderation of official payrolls. ADP's new series of weekly payrolls suggests jobs growth slowed in the second half of October.

Worryingly, the Challenger report showed the **largest number of layoff announcements for any October since 2003**. This is a reminder of the downside risks to employment that the Fed is concerned about.

Overall, the **US economy appears stuck in a tug-of-war between rampant AI investment and a cooling labour market**, which implies the potential for greater market volatility through year-end.

Cross-Asset Analysis

Relative stock market performance from 2010



US stock prices have surged over the last 15 years, especially in tech, making the market expensive. A premium valuation on US stocks is seen as justified by strong profits and innovation, but there are vulnerabilities. A major risk is tech firms' struggle to achieve sufficient returns; investors are excited by AI's profit potential, yet uncertainty over data center business models and demand creates pressure that's likely to intensify next year.

China's tech sector is rising, with focus on research and AI, shrinking the US's dominance. In conclusion, non-mega-cap tech stocks remain preferable given lower valuations and more sector diversification, which helps limit downside risk in the long term.

Source : HSBC Asset Management, Datastream, Goldman Sachs Research - Data as of 28/11/2025

Capex to sales ratios have risen for US tech...

...but are still relatively low versus free cash flow



The risk of over-investment by dominant tech companies, for example, is real. Surging capital expenditure, especially in AI and data centers, may not generate proportional returns and could expose investors to correction risk.

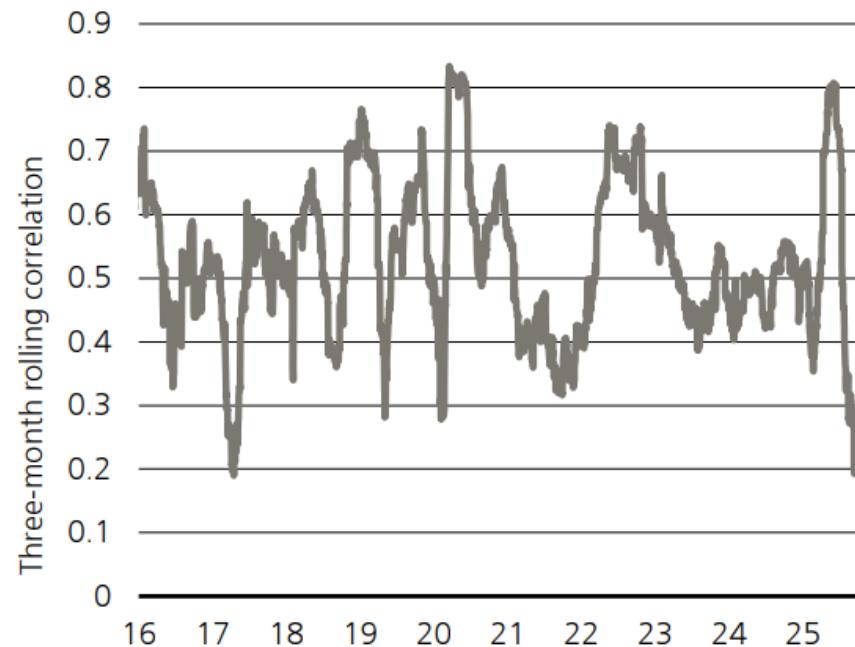
While capex-to-sales ratios have risen, they remain below historic bubble levels, and leverage is contained. Most spending is funded by internal cash flow, not debt, and the level of capex spending relative to free cash flow is significantly below levels experienced in the late 1990s.

Cross-Asset Analysis

Investors are demanding accountability in the AI sector

Despite exceptional earnings from mega-cap companies, the recent underperformance in the Tech sector reflects a growing market demand for clarity regarding the ultimate returns from substantial AI capital expenditures (capex). The market is now demonstrating a necessary 'discipline,' punishing outsized capex plans lacking a commensurate revenue outlook, which is a healthy development for the long-term sustainability of the AI theme. Evidence of this selectivity is clear: the stock price correlation between publicly traded hyperscalers has fallen from near 80% in June to 20% now, indicating the market is becoming more discerning about potential winners. This increased market concentration—where the Magnificent Seven accounts for 35% of the S&P 500—combined with the declining correlations, means that going purely 'passive' has become an 'active' bet. As the focus shifts from AI enablers to adopters, investors must prioritize active diversification to navigate this newly discerning environment.

Figure : Average 3m pairwise correlation for the top 5 hyperscalers

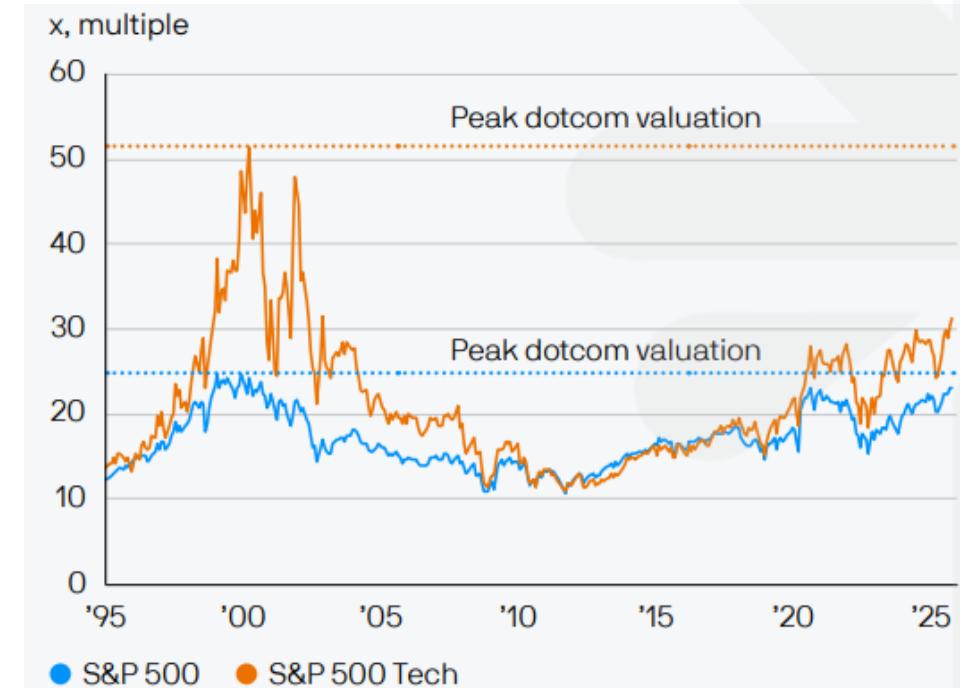


Source : HSBC Asset Management, Datastream, Goldman Sachs Research - Data as of 28/11/2025

The rapid expansion of the AI industry is creating both significant opportunities and growing concerns

AI investment is booming, but such booms often create overcapacity that pressures margins, and today's end-user demand is still too weak for most of the AI value chain to be profitable. Hyperscalers have been subsidizing the build-out of AI infrastructure using revenues from other business lines, which has mainly benefited hardware suppliers, raising the question of whether demand can grow fast enough to generate acceptable returns across the ecosystem. With tech stocks surging since the pandemic, comparisons to past bubbles are increasing; valuations are elevated but not extreme, with the S&P 500 at 23x forward earnings, the tech sector at 31x, hardware at 35x, and hyperscalers at 30x. Meanwhile, assessing the fundamentals of key AI model developers like Anthropic, Mistral, and OpenAI remains difficult because they are still private, limiting visibility into a core part of the AI ecosystem.

Figure : Valuations are high, but still below the dotcom peak



Cross-Asset Analysis

The federal funds rate currently stands in the **3.75–4.00% range**, and market expectations initially pointed to a **strong likelihood of a rate cut at the December meeting**. This view was supported by the FOMC's dot plot, which signaled a softer policy stance ahead.

However, once the government shutdown ended and the announcement was made that key economic data—such as **CPI** and **employment** figures—**would not be released**, the probability of a **December cut declined sharply**. With less visibility into the economic outlook, markets have grown more cautious, making a near-term rate cut far less certain.

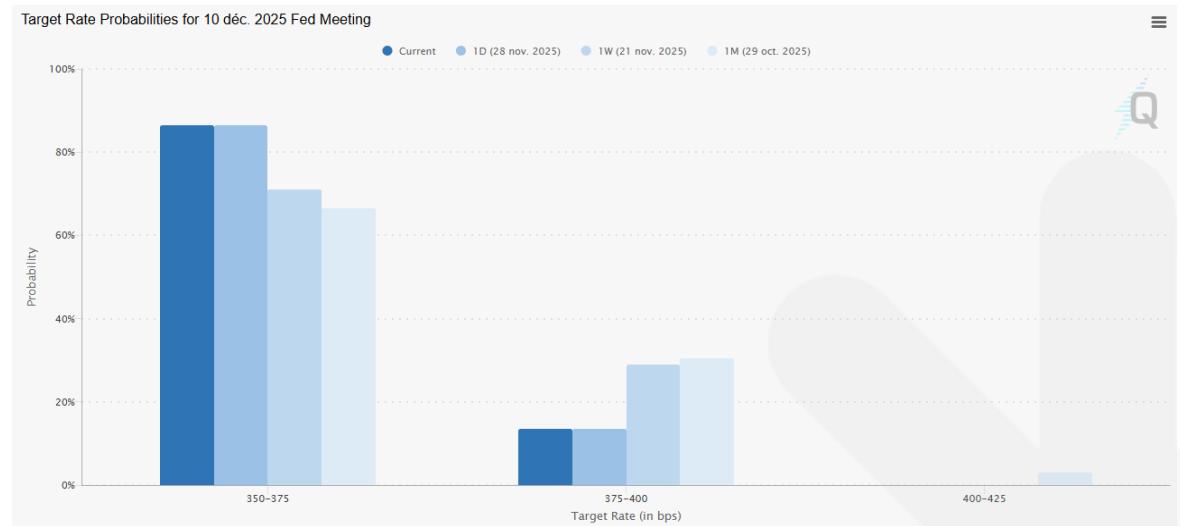
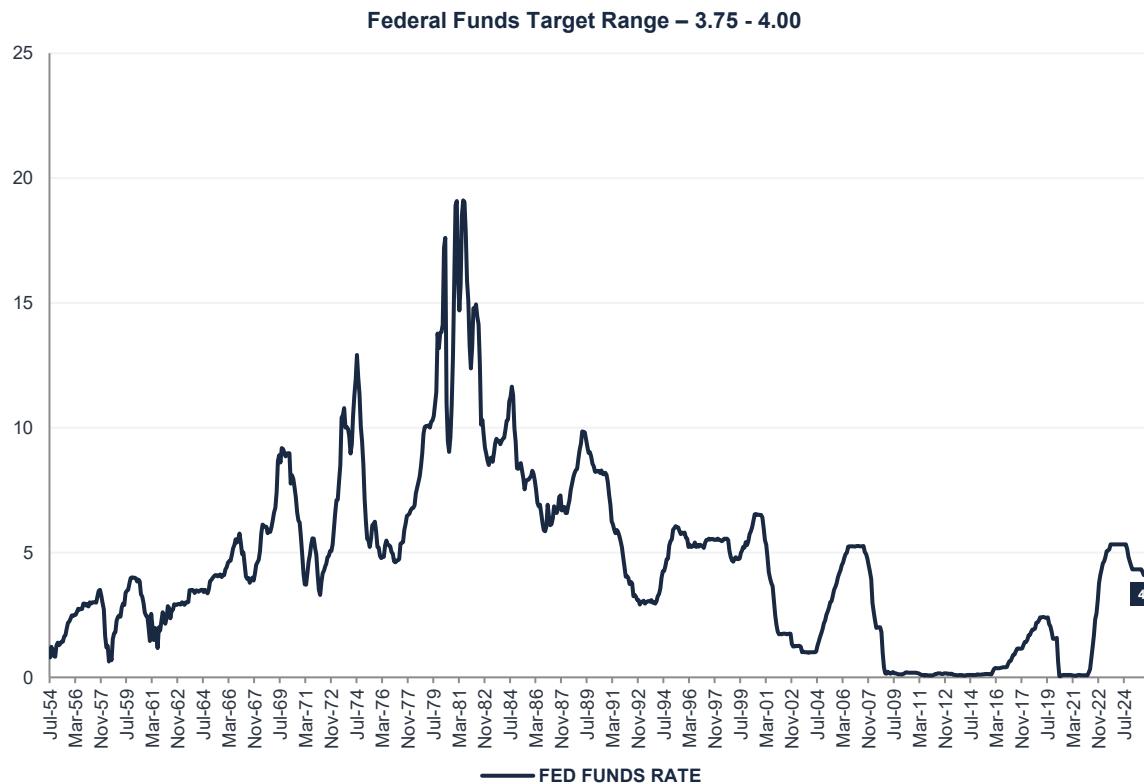
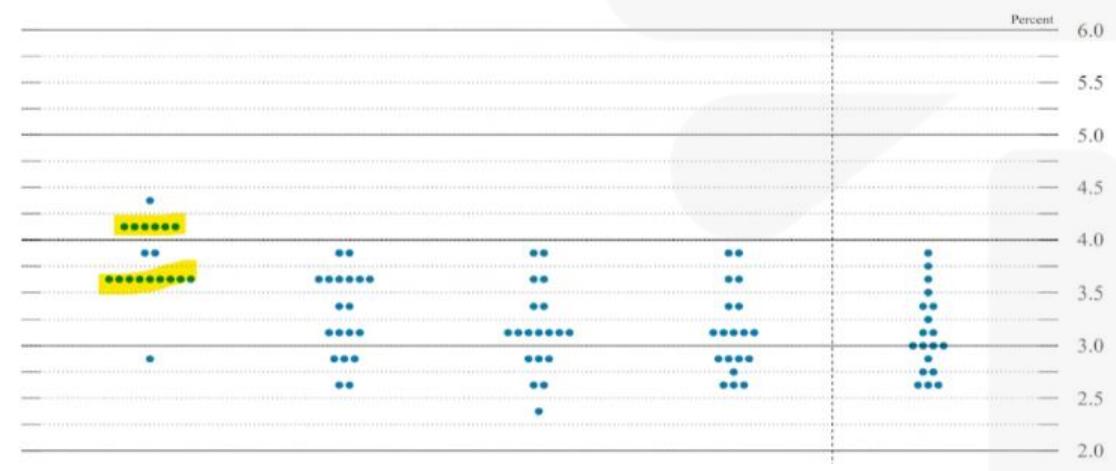


Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate

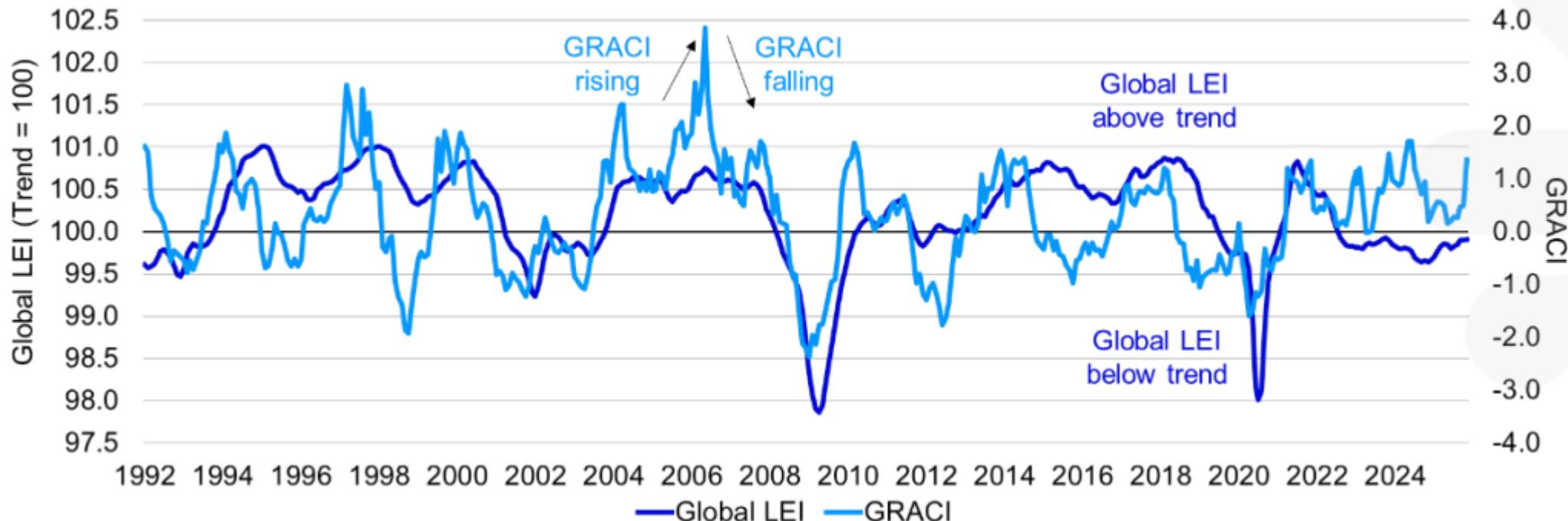


Economic momentum: improving, despite concerns about the US

The macroeconomic environment is poised for a significant shift in the coming year. We expect the **global economy to accelerate during 2026**, driven by synchronized economic recovery. This acceleration, coupled with anticipated **Federal Reserve easing** and a **weakening US dollar**, is expected to strongly **favor cyclical assets**. While our primary thesis is centered on this pro-cyclical shift, investment outcomes will be shaped by several complex factors. We will be closely monitoring key determinants including the trajectory of **global growth** and **inflation**, the path of central bank policy (especially the Fed), major political events such as the **US mid-term elections**, **French and UK politics**, and ongoing geopolitical risks, including **US-China relations** and the **war in Ukraine**.

The Figure shows two proprietary indicators from Invesco Solutions, designed to help decide where we are in economic and market cycles. The Global LEI (leading economic indicator) measure suggests global growth is improving (though below trend), while the GRACI (Global Risk Appetite Cycle Indicator) suggests risk appetite has improved.

Figure : Global risk appetite and the global business cycle

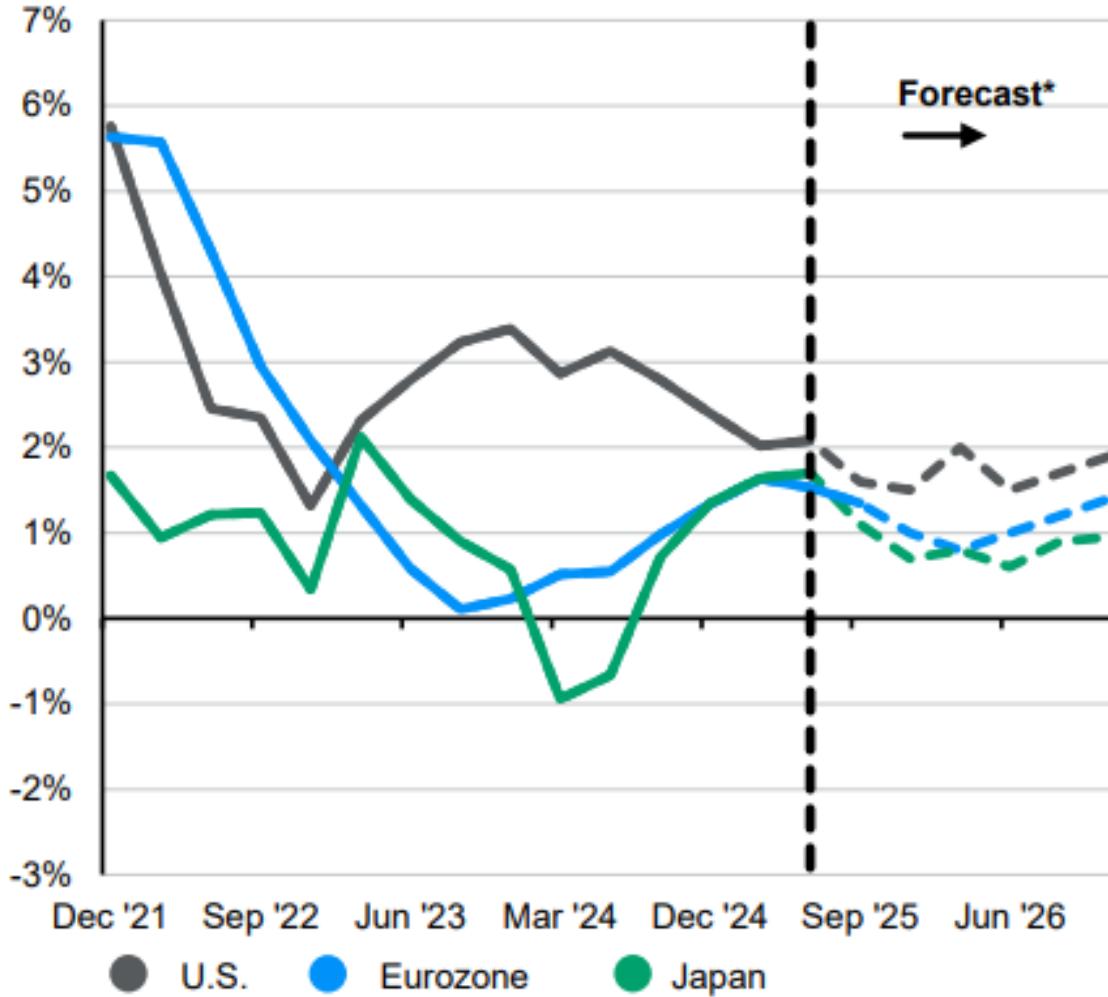


Source : Bloomberg L.P., Macrobond, MSCI, FTSE, JP Morgan and Invesco Solutions

Cross-Asset Analysis

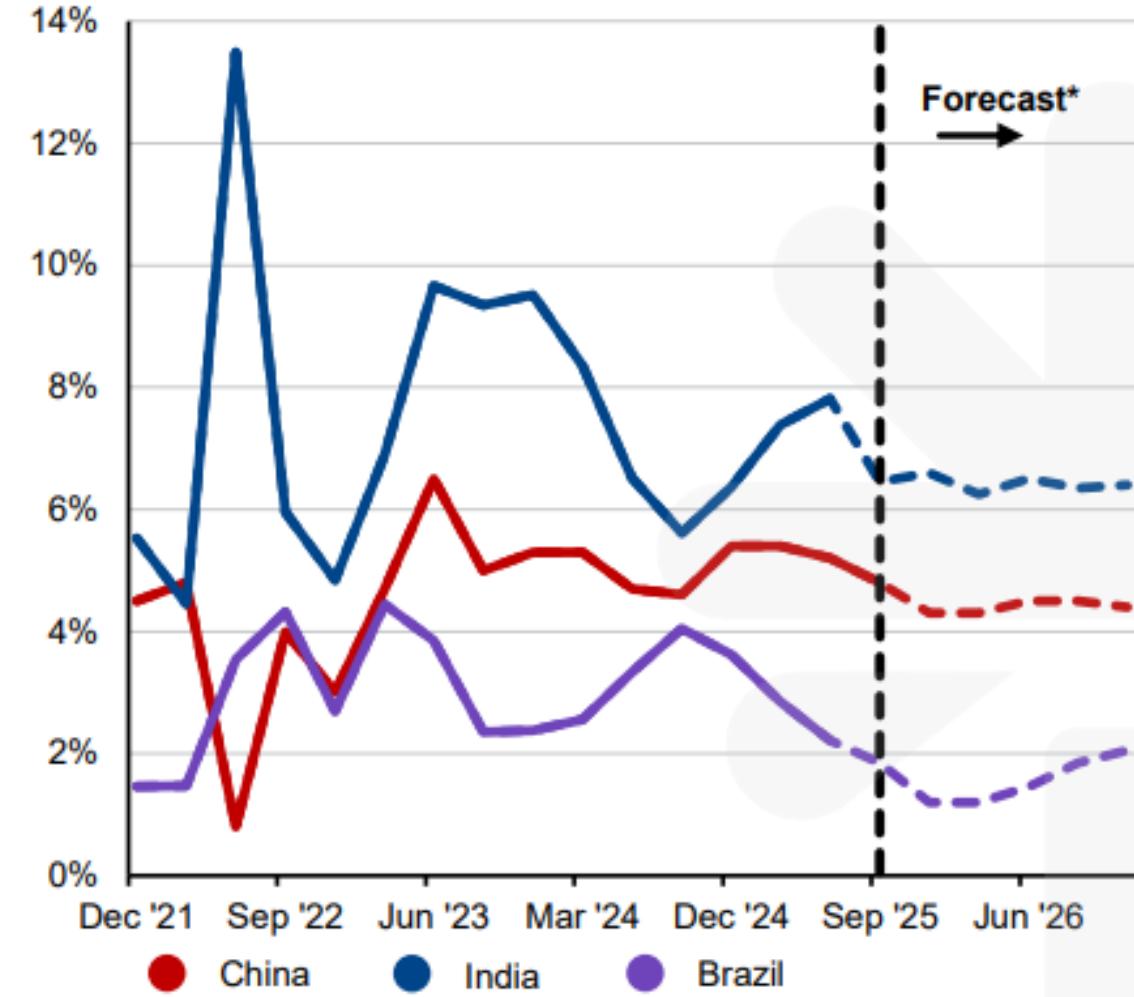
Developed markets quarterly real GDP growth

Year-over-year change



Emerging markets quarterly real GDP growth

Year-over-year change



Source : J.P Morgan Asset Management

Inflation: No longer trending down and could become an issue

Since peaking in 2022, global inflation fell materially as commodity prices retraced and pandemic-era supply-chain bottlenecks unwound, but both of those tailwinds are now largely neutral — and that helps explain why headline inflation has flattened rather than resumed its downward march. Recent research from major houses flags several sources of upside risk: core inflation remains stickier than hoped (services and shelter costs, plus still-solid wage growth), market inflation expectations have drifted above the 2% anchor in some regions, and the re-emergence of trade frictions or tariff moves would likely transmit higher input costs into consumer prices. JPMorgan Asset Management's models show CPI/Core measures could re-rise into the mid-3% area before easing again, and analysts warn that tariff-driven price pressure could produce a stagflation-type mix of slower growth with persistent inflation. Goldman Sachs and other strategists likewise note that structural forces — fiscal loosening, higher corporate capex (notably AI spend) and the potential for pass-through of input costs as margins tighten — leave central banks reluctant to ease policy quickly. Taken together, the consensus from top asset managers is that inflation is no longer a clear downward trend and remains a material macro risk for 2026 planning, arguing for higher neutral rates, monitoring real yields and inflation breakevens, and positioning portfolios for a range of inflation outcomes.

Figure : Proximate drivers of inflation remain neutral

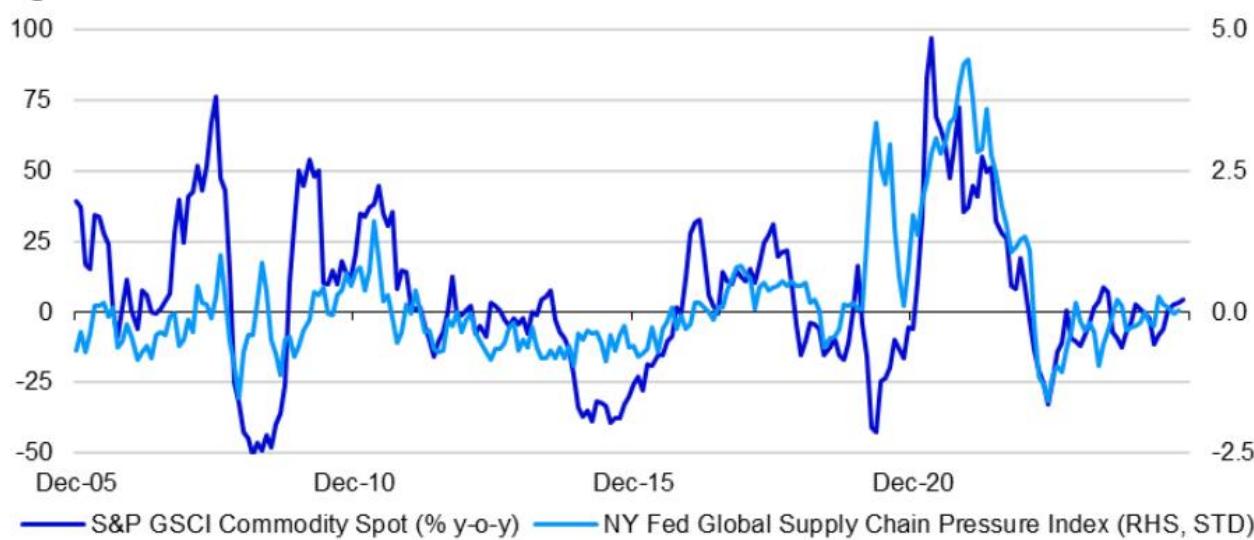
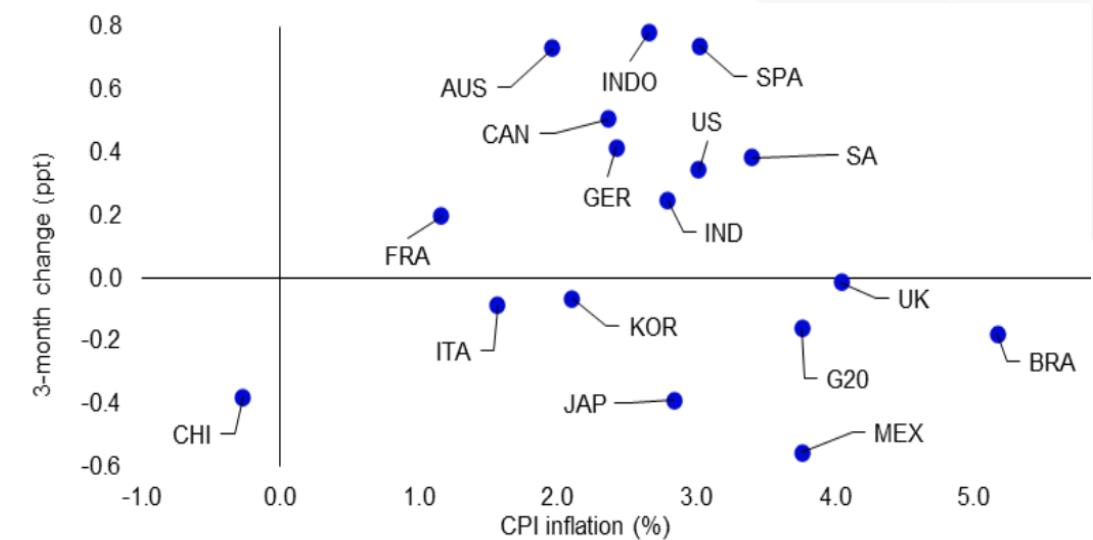
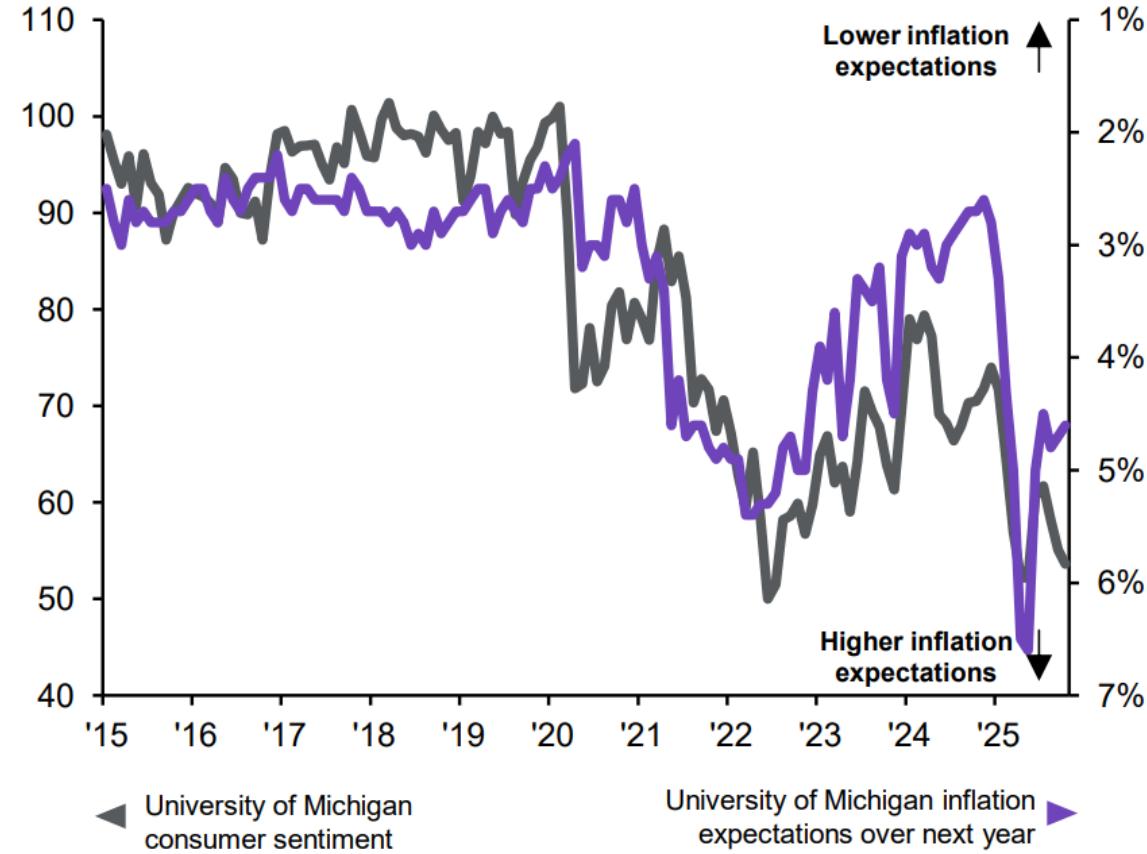


Figure : Consumer price inflation trends are mixed



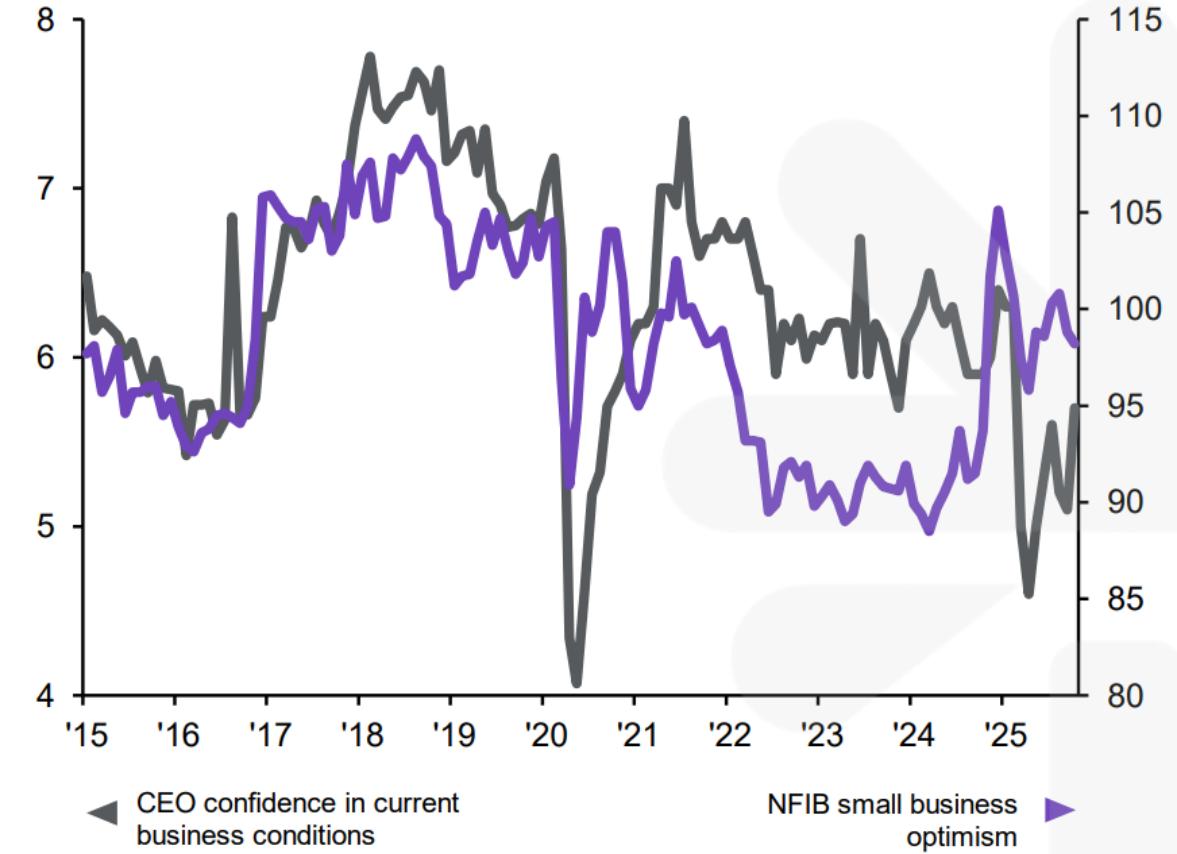
Consumer expectations

Index value



Business confidence

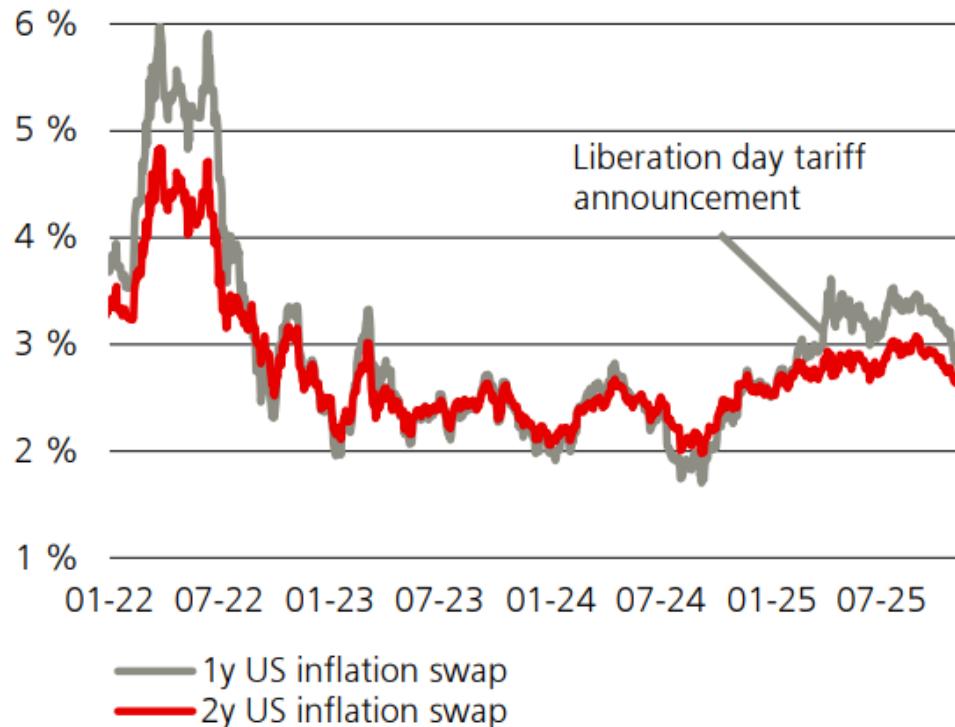
Index value



Inflation: No longer trending down and could become an issue

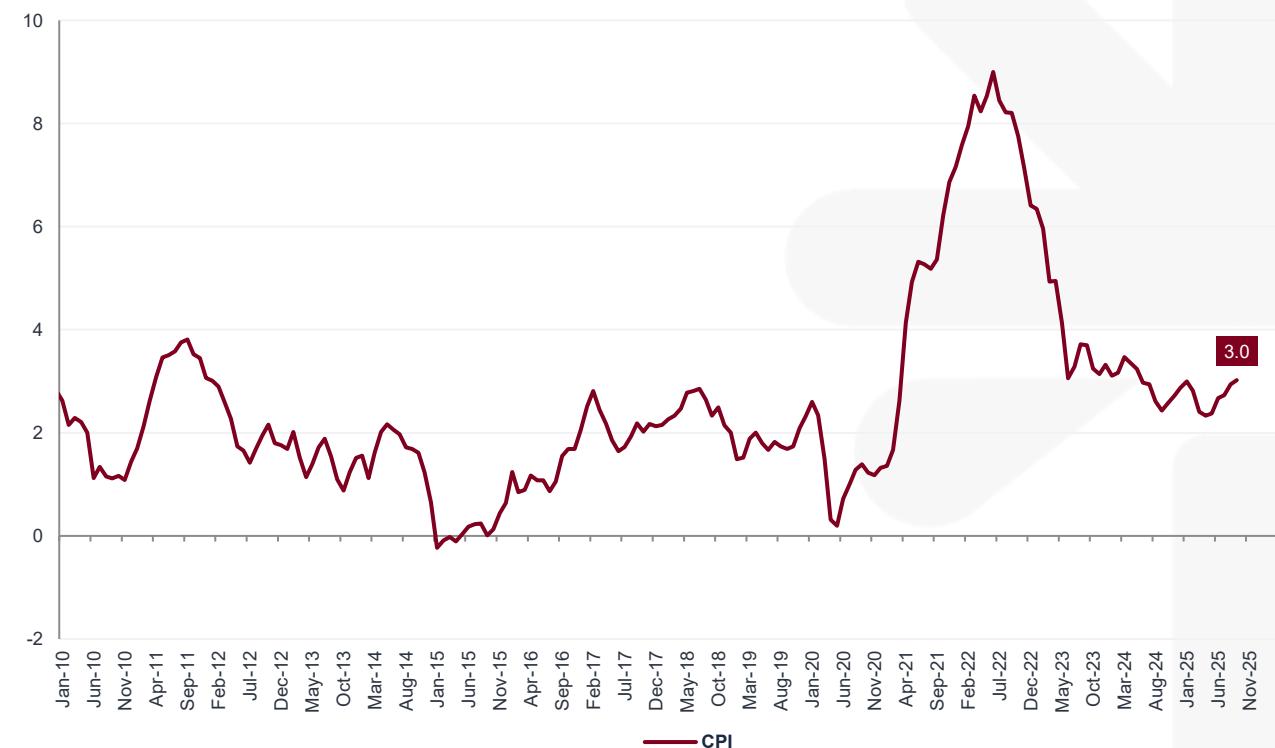
Inflation metrics continue to trend favorably for monetary easing, with the data generally **coming in lower than market expectations**. This disinflationary trend is building confidence that any **tariff-driven inflation** will be successfully **outweighed over time by disinflationary pressures** across the broader economy. A key indicator of market expectations, **one-year CPI swaps**, is already trending lower, reinforcing the view that long-term price stability will prevail. Given this backdrop, we anticipate Fed Chair Powell will judge the **upside risks to inflation as less significant** than the downside risks to the labor market, thus providing the necessary rationale to **build a consensus for a December rate cut**. Even if the Fed Hawks delay the cut, the market's long-term view remains anchored, as evidenced by the **market-implied terminal rate being largely unchanged**, suggesting a high conviction that the fight against inflation is nearly complete and further easing is inevitable.

Figure : US inflation swaps



Source : UBS Asset Management, Bloomberg, U.S. Bureau of Labor Statistics

Figure : Consumer Price Index for All Urban Consumers: All Items in U.S.



Cross-Asset Analysis

Labor Market Signals Indicate Divergence, Pressuring the Fed

The US labor market is presenting a complex and divergent picture. While headline corporate profitability remains **robust** across many sectors, layoff announcements, as tracked by **Challenger, Gray & Christmas**, have spiked to their highest level since the 2008 financial crisis. This rise in job cuts contrasts sharply with a relatively **low volatility** in the broader employment data, creating an unusual environment where **strong profits coexist with significant workforce reduction**. Furthermore, the latest private payroll data from **ADP** rebounded in October following a decline in September, confirming that the labor market is not suffering a widespread collapse. This mixed evidence—rising layoffs versus persistent, albeit modest, job creation—introduces a critical challenge for the Federal Reserve. The central bank is now navigating contradictory signals: concerns over **labor market deterioration** provide the rationale for a potential **25 basis point rate cut**, but continued corporate profitability and underlying job stability could argue for patience, keeping the path of monetary policy highly uncertain.

Figure : US employment data

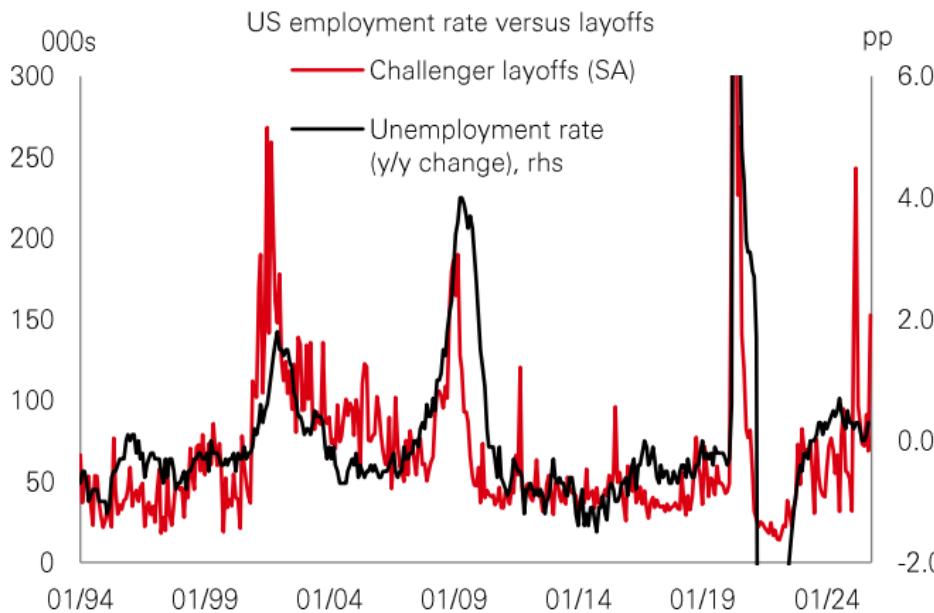
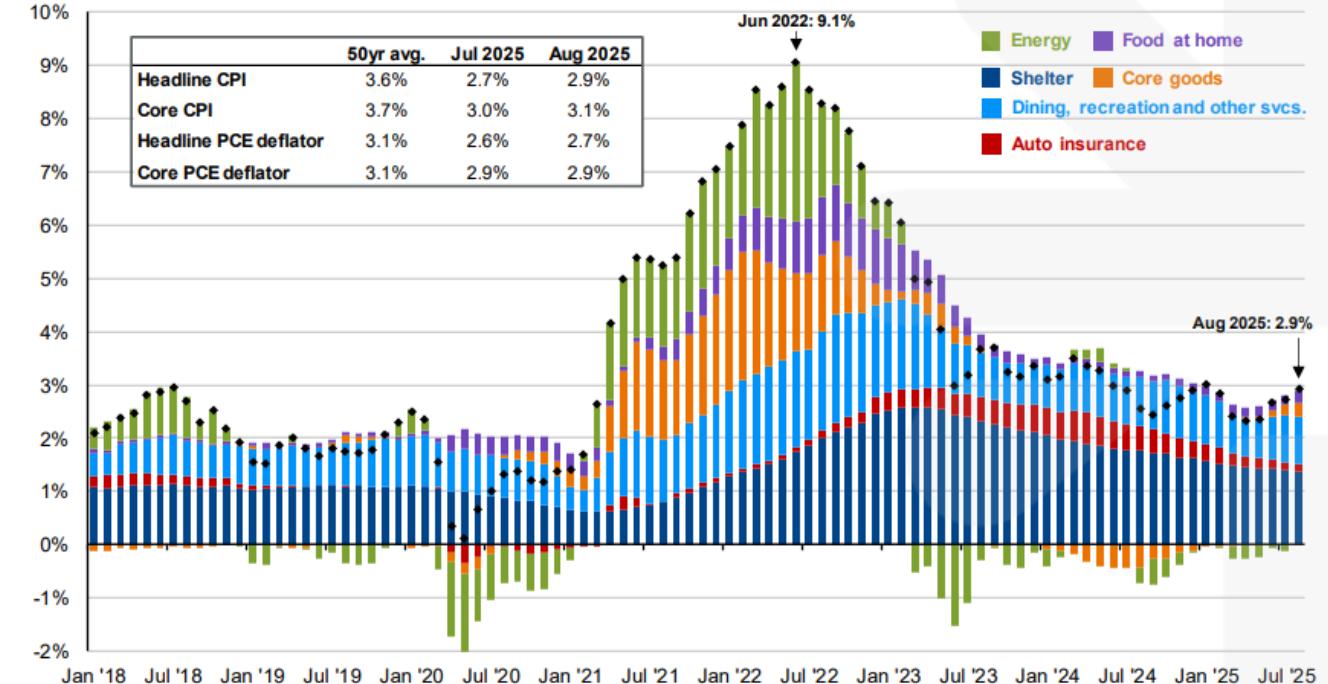


Figure : Contribution to year-over-year % change in CPI, non-seasonally adjusted



Exposure	View	Strategy
Fixed Income		
U.S. duration and curve		
• There are near-term risks of weaker labor market data, but the growth outlook is likely to improve into 2026. • The Fed may not be able to deliver on the full easing cycle that markets anticipate.		We have upgraded US Treasuries, as we expect Fed easing to continue and value the hedging properties in case the labor market surprises to the downside.
Euro Area		
• Positioned for a steeper yield curve. The market is underestimating the potential for renewed ECB easing on inflation undershoot.		
Global duration and curve		
• We expect increased German government bond supply to drive bond underperformance vs. the U.K. • Rising term premium pressures could hold global long-end yields higher. • BoJ policy normalization will pressure the Japanese government bond (JGB) yield curve higher and flatter.	• We are short Germany vs. longer-maturity U.K. and peripheral European countries. • We hold curve-steepening exposure in Europe, Canada, and Australia to capture rising global term premium pressures. • We remain short JGBs and are positioned for yield curve flattening.	
Fixed income granularity		
• We are overweight short-term inflation-linked bonds as U.S. tariffs could push up inflation. Within nominal bonds, we favor developed market (DM) government bonds outside the U.S. over global investment grade credit, given tight spreads.		
Mortgage-backed securities (MBS)/agencies		
• MBS has performed well as interest rate volatility has stayed low. • Proposed government-sponsored enterprise reform will be difficult and unlikely to result in materially wider MBS spreads.	• Tight valuations constrain our total MBS exposure. • We see security selection opportunities in non-agency residential mortgage-backed securities and sectors that have lagged, like agency commercial mortgage-backed securities (CMBS) and hybrid adjustable-rate mortgages.	
Credit		
Investment-grade corporates		
• AI investment remains robust, and tariff disruption has been manageable. • Investor demand for high-quality yield was more than enough to absorb a near-record September supply surge.	IG spreads remain exceptionally tight, while earnings and balance sheets remain solid, helping limit downside risks. The US IG market will have to increasingly absorb supply related to AI capex financing needs	
High-yield Credit		
• We expect spreads to remain range-bound amid sub-2% default rates, ongoing rating migration toward higher-quality buckets and persistent yield-seeking behavior. HY now trades at an average coupon close to current YTW, indicating that the refinancing cycle has likely passed its most challenging phase. Together, these factors create a favorable backdrop for carry-driven returns.		
Emerging markets		
• Flows to EM credit have recently accelerated, and the asset class remains underowned, which provides support despite tight valuations. • The underperformance of EM corporates and heavy primary issuance present opportunities to rebuild corporate exposures in high-quality sectors.	We are neutral on EMD in hard currency but overweight local currency EM debt, as we expect EM currencies to strengthen.	
Structured products		
• Asset-backed securities new issuance has been near-record levels, keeping spreads at attractive levels. • In CMBS, office and multifamily segments remain under pressure, but sectors like industrial, hotels, and even retail are stable and remain areas of opportunity.	• We have been adding exposure to autos, franchise, credit risk transfer, insurance premium, music royalty, and data centers. • We are rotating out of positions that have performed well in recent months and no longer offer compelling value.	

Equities

U.S. equities	● ● ● ● ●	US economic growth has remained resilient despite some labor-market softness, supported in part by ongoing AI enthusiasm lifting large-cap growth names, while strong third-quarter earnings and improved corporate guidance provide an encouraging backdrop; however, trade policy continues to pose a notable risk as rising input costs may be passed on to consumers amid tightening margins and elevated earnings expectations, with evolving US-China relations also having the potential to influence stock performance.	We remain overweight US equities. We still believe the Fed is in a cutting cycle, and think growth is set to improve early next year. Furthermore, earnings growth is strong among high-quality stocks, and US corporates continue to show adaptability to shocks.
International Equities (Developed Markets)	● ● ● ● ●	Recent outperformance has been catalyzed as responses to the “America First” agenda have driven fiscal stimulus and concerns about tariffs have been cooling rest-of-world (ROW) inflation. This is creating ROW opportunities to simultaneously enjoy monetary, fiscal and currency-related stimulus. The outlook is improving in Japan. Exported deflation from China and lower global oil prices help	
European Equities	● ● ● ● ●	Manufacturing activity is contracting due to Germany’s structural issues—high energy costs, labor shortages, and regulation—while political instability in France adds pressure. A weaker macro backdrop is weighing on eurozone equities, reflected in softer earnings and downgraded forward estimates. Europe’s close ties to China make it vulnerable to weaker Chinese demand, and a strong euro is further hurting exporters.	We are underweight European equities, as earnings growth remains weaker than other regions. We like European banks, which should benefit from strong earnings
Japanese Equities	● ● ● ● ●	The earnings outlook for exporters/cyclical areas is highly sensitive to global macro and trade conditions, and potential strength in the yen and JGB yields could add further headwinds. That said, valuations remain attractive, and are bolstered by investor-friendly corporate governance reforms. We believe domestically-oriented sectors look more favourable	We are overweight Japanese equities, which we believe should benefit from high domestic nominal GDP growth and improving earnings. More stimulative policy combined with a weak JPY may also support future earnings growth.
China	● ● ● ● ●	Retail investors, supported by substantial household savings, continue to prop up Chinese equity markets. Macro and corporate fundamentals remain weak, yet markets are looking past this as leading Chinese tech companies deliver upside surprises amid AI developments and easing trade tensions. Meanwhile, fiscal and monetary stimulus has had limited effect, and domestic demand remains stagnant due to the deteriorating property sector, a weak labor market, and low consumer confidence.	
Emerging Markets	● ● ● ● ●	We favor emerging over developed markets yet get selective in both. Emerging markets (EM) at the cross current of mega forces – like India – offer opportunities. In DM, we like Japan as the return of inflation and corporate reforms brighten the outlook.	We are overweight EM equities as earnings are strong across most regions. The MSCI EM index is heavily weighted toward North Asian tech giants – which, while under pressure now, should still benefit from the AI capex cycle over the medium-term.

Alternatives

Gold	● ● ● ● ●	Gold may be part of a secular growth story around collateralizing stablecoins and other crypto currencies as fiat currencies lose appeal.	
Commodities	● ● ● ● ●	Global reflation, tense geopolitics, especially in the Middle East, and ongoing fiscal spending suggest decent upside potential for precious metals and industrial commodities, including energy-related.	
Crypto	● ● ● ● ●		
Infrastructure equity and private credit	● ● ● ● ●	We see opportunities in infrastructure equity due to attractive relative valuations and mega forces. We think private credit will earn lending share as banks retreat – and at attractive returns.	
Hedged Strategies	● ● ● ● ●	We recently added to equity hedged positions, noting the pickup in idiosyncratic risk, falling borrowing costs and rising volatility. The current environment appears constructive for hedge fund managers, who are frequently good stock pickers and can use leverage and risk management to potentially amplify returns. We prefer very active and fundamental strategies, especially high quality, low beta, low volatility and absolute return hedge funds.	

Dorovia Global Multi-asset Fund

Portfolio Positioning



Only Available for our investors.

Disclaimer

This presentation is provided for informational purposes only and does not constitute an offer to sell or a solicitation to buy any mutual fund units, securities, or other financial products. The contents of this presentation are intended solely for the designated recipient. If you are not the intended recipient, or the person responsible for delivering this material to the intended recipient, any review, disclosure, copying, distribution, or use of this information is strictly prohibited and may be unlawful.

The information contained herein is not sufficient and should not be relied upon for the development or implementation of an investment strategy, nor should it be construed as investment, financial, legal, tax, or other professional advice. Any views, forecasts, or forward-looking statements—including those regarding duration or market outlook—are based on current assumptions and are subject to change without notice.

References to specific issuers or securities are solely for the purpose of illustrating the internal credit assessment process and do not constitute recommendations or indications of current or future positions of Dorovia LLP or the Dorovia Global Multi-Asset Fund. The Fund may or may not hold, or subsequently acquire, positions in any of the issuers mentioned.

Although every effort has been made to ensure the accuracy and completeness of the information provided, Dorovia LLP makes no representations or warranties, express or implied, regarding its accuracy, reliability, or completeness, and expressly disclaims any and all liability for losses or damages of any kind arising from the use of, or reliance on, this information.

Recipients should conduct their own independent investigation and obtain professional advice before making any investment decisions.

Investments are subject to market risks. Please read all scheme-related documents carefully before investing.



Dorovia Capital LLP

20, rue de Hollerich
L-1740, Luxembourg, Luxembourg

Arnold DUCASSE
Managing Partner
+33 6 52 55 14 73
arnold.ducasse.23@neoma-bs.com

Sarah ABOUD
Accountant
+33 6 60 11 95 95
sarah.abboud.23@neoma-bs.com

Badr-Eddine TAHIR
Portfolio Manager
+33 6 41 41 02 64
badreddine.tahir.24@neoma-bs.com