

Current market commentary

October is now delivering on its promise – at least to some extent. Historically, it is the month with the highest volatility in equities. After a quiet summer, volatility on the markets has picked up somewhat. Given the political chaos in France, the renewed tariff dispute between China and the US, the shutdown in the US, the insolvencies of First Brands and Tricolor, and the associated fears regarding US regional banks and the private debt segment, an even stronger market reaction might have been expected. This is particularly true given that highly positioned systematic strategies had to sell equities. However, discretionary investors are less highly positioned and are using setbacks to buy. The strong US reporting season, falling bond yields and interest rate cuts by the Fed – which are likely to happen again this week – as well as the possible increase in oil production at the OPEC meeting next Sunday suggest that this is currently a healthy breather after very strong performance in recent months – both for equities and for gold and silver. In the medium term, however, their bull market is likely to remain intact.

Short-term outlook

As a result of the ongoing US government shutdown, which is now entering its fourth week and is already the second-longest shutdown in US history, macro-economic data from the US remains sparse. The consumer price figures published last Friday are likely to prompt the Fed to cut interest rates again on Wednesday. No interest rate changes are expected from the ECB and the BoJ, which are also meeting this week.

Today, the Ifo Business Climate Index (Oct.) for Germany will be reported. On Tuesday, consumer confidence (Oct.) figures from the US are scheduled to be released. In addition to German consumer prices (Oct.), GDP (Q3) for the eurozone will also be released on Thursday. At the end of the week, China's purchasing managers' indices (Oct.) and the US consumer spending price index (Sep.) are on the agenda for Friday. Next week, the focus is likely to be on the Bank of England's interest rate decision.

The bi-weekly Monitor gives you a structured overview of the current capital market environment and highlights important developments:

- Performance
- Positioning
- Sentiment
- Surprise Indicators
- Economics
- Foreign Exchange
- Equities
- Sovereign Bonds & Central Banks
- Corporate Bonds
- Commodities

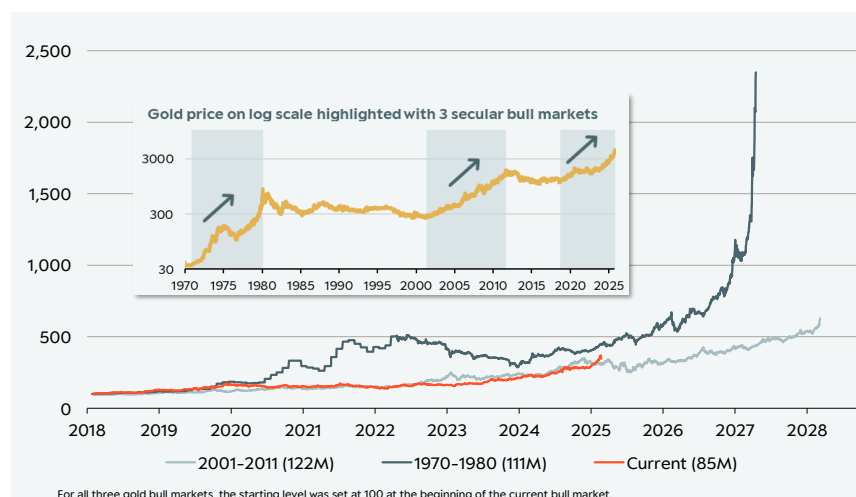


NEW: Insights on Emerging Markets

Central bank meetings of the Fed, ECB and BoJ in investors perspective.

Ifo Business Climate Index, consumer prices and BoE interest rate decision in the focus of the markets.

Gold takes a breather after a strong rally – drivers for bull market intact



- Despite the correction, the conditions for a secular gold bull market remain intact: (geo)political risks, rising government debt, fiscal dominance, financial repression and a weaker US dollar. In addition, many investors are still not highly positioned.
- Even by historical standards, the current gold bull market still has considerable upside potential: neither its length nor its performance is comparable to the major bull markets since 1970.

Source: Bloomberg, Time period: 01/01/1970 – 24/10/2025



Performance

Multi Asset

	4-week & YTD		12-month periods over that last 5 years				
	4W (26/09/25 - 24/10/25)	YTD (31/12/24 - 24/10/25)	24/10/24	24/10/23	24/10/22	24/10/21	23/10/20
Gold	10.1	39.6	40.0	35.9	11.3	8.5	-4.0
Industrial Metals	6.8	1.0	-0.8	13.5	-7.8	1.0	43.6
MSCI Emerging Markets	5.5	17.2	16.2	23.8	4.6	-21.0	18.2
Global Convertibles	4.3	6.1	11.7	15.1	-4.3	-14.0	24.8
MSCI World	2.9	6.1	11.1	31.5	6.5	-5.3	33.9
REITs	-6.1	2.6	-10.5	29.7	-11.0	-15.9	33.4
MSCI Frontier Markets	2.5	24.7	30.0	14.5	2.4	-18.7	33.1
EUR Coporates	0.7	3.4	3.8	10.1	4.5	-15.8	0.1
EUR Sovereign Debt	0.7	2.4	2.5	7.2	0.2	-11.1	-1.3
USDEUR	-11.0	0.6	-6.9	-2.2	-6.8	17.9	1.9
Euro overnight deposit	-4.2	0.2	2.5	3.9	2.8	-0.4	-0.6
Brent	-12.3	-4.2	-6.3	-6.0	0.7	60.9	117.0

MSCI World: MSCI World Net Return; MSCI Emerging Markets: MSCI EM Net Return; MSCI Frontier Markets: MSCI Frontier Markets Net Return;
REITs: MSCI World REITs Index; EUR Sovereign Debt: ICE BofA 1-10 Year Euro Government Index; EUR Corporates: ICE BofA Euro Corporate Index;
Global Convertibles: SPDR Convertible Securities ETF; Gold: Gold US Dollar Spot; Brent Crude: Bloomberg Brent Crude Subindex TR; Industrial Metals:
Bloomberg Industrial Metals Subindex TR; Euro overnight deposit: ICE BofA Euro Overnight Deposit Rate Index; USDEUR: Price of 1 USD in EUR.

- With the exception of oil, all asset classes gained in euro terms over the past four weeks, even though the last two weeks have been rather volatile and sideways.
- Gold leads the performance list over four weeks and since the beginning of the year, although it has already corrected by a good 5% after its strong rally.
- Industrial metals rose significantly. Emerging markets led the way in equities.

Total return for selected asset classes, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 23/10/2020 – 24/10/2025

Equities

	4-week & YTD		12-month periods over that last 5 years				
	4W (26/09/25 - 24/10/25)	YTD (31/12/24 - 24/10/25)	24/10/24	24/10/23	24/10/22	24/10/21	23/10/20
MSCI EM Asia	6.2	16.9	16.0	27.1	7.9	-24.9	14.2
Stoxx Europe Defensives	5.7	10.4	4.3	15.1	12.2	-1.9	26.3
Stoxx Europe Small 200	4.1	14.4	11.8	24.2	4.6	-29.5	38.5
Stoxx Europe 50	4.0	13.8	10.8	18.6	14.3	-2.5	30.2
MSCI UK	3.8	14.8	14.8	21.1	9.8	0.3	37.7
Euro Stoxx 50	3.2	18.4	17.7	24.4	18.2	-13.7	33.5
MSCI USA Small Caps	-0.7	3.1	4.6	30.1	-6.0	-6.7	45.5
S&P 500	2.9	3.9	10.1	35.9	6.1	0.0	35.5
MSCI Japan	2.6	9.1	16.4	16.9	12.5	-13.8	19.3
Stoxx Europe Cyclical	2.3	26.0	27.0	34.0	11.9	-18.0	40.5
DAX	2.1	21.8	24.7	30.7	15.1	-16.8	22.9
MSCI EM Latin America	0.3	25.7	13.9	2.3	-1.0	32.4	15.3

S&P 500: S&P 500 TR (US-Equity); Stoxx Europe 50: Stoxx Europe 50 TR; Euro Stoxx 50: Euro Stoxx 50 TR; MSCI Japan: MSCI Japan TR;
Stoxx Europe Small 200: Stoxx Europe Small 200 TR; MSCI USA Small Caps: MSCI USA Small Caps TR; Stoxx Europe Cyclical: Stoxx Europe Cyclical TR;
Stoxx Europe Defensives: Stoxx Europe Defensives TR; DAX: DAX TR; MSCI United Kingdom: MSCI UK TR; MSCI EM Asia: MSCI EM Asia TR;
MSCI EM Eastern Europe: MSCI EM Eastern Europe TR.

- All stock regions gained ground over the last four weeks, with Asian emerging markets and European markets leading the way.
- Fundamentally, a shift in favourites has been evident over the past few weeks. Defensive equities, growth stocks and small caps have outperformed cyclicals, value stocks and large caps, which have generally remained ahead since the beginning of the year.

Total return (including reinvested dividends) for selected stock indices, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 23/10/2020 – 24/10/2025

Fixed Income

	4-week & YTD		12-month periods over that last 5 years				
	4W (26/09/25 - 24/10/25)	YTD (31/12/24 - 24/10/25)	24/10/24	24/10/23	24/10/22	24/10/21	23/10/20
Gilts	-0.9	3.1	1.9	7.6	-5.3	-22.9	-6.5
EM Hard Currency Bonds	-1.1	2.1	0.1	12.3	-2.0	-9.2	2.8
Treasuries	-5.0	2.1	-2.1	6.4	-6.1	0.7	-1.3
USD Corporates	-3.7	2.1	10.8	18.5	8.9	-25.0	2.2
BTPs	1.6	3.7	3.7	13.0	1.2	-17.7	-0.2
EM Local Currency Bonds	1.5	0.9	0.7	14.1	-0.2	3.2	9.7
Bunds	1.2	0.1	-0.3	6.9	-2.0	-16.3	-3.3
Chinese Sovereign Bonds	-8.5	1.2	11.2	9.6	8.7	-18.0	0.6
EUR Non-Financials	0.9	3.3	3.6	10.1	4.2	-16.9	0.0
USD High Yield	-4.5	0.9	4.1	10.2	5.0	-13.9	0.5
EUR Financials	0.7	3.8	3.3	7.6	2.9	5.7	5.2
EUR High Yield	-0.2	4.4	5.7	14.1	10.7	-15.4	7.2

Bunds: ICE BofA German Government Index; BTPs: ICE BofA Italy Government Index; Treasuries: ICE BofA US Treasury TR;
Gilts: ICE BofA UK Gilt Index; Chinese Gov Bonds: ICE BofA China Gov; EUR Financials: ICE BofA Euro Financial Index;
EUR Non-Financials: ICE BofA Euro Non-Financial Index; EUR High Yield: ICE BofA EUR Liquid HY TR; USD Corporates: ICE BofA USD Corp TR;
USD High Yield: ICE BofA USD Liquid HY TR; EM Hard Currency: ICE BofA US Emer. Mark. External Sov.Index; EM Local Currency: ICE BofA Local Debt Markets Plus Index

- Unlike since the beginning of the year, corporate bonds, especially high-yield bonds, have been at the bottom of the spectrum over the last four weeks, clearly behind government bonds.
- Rising volatility and falling oil prices contributed to the decline in bond yields, while discussions about insolvencies, regional banks and private credit in the US led to higher risk premiums.

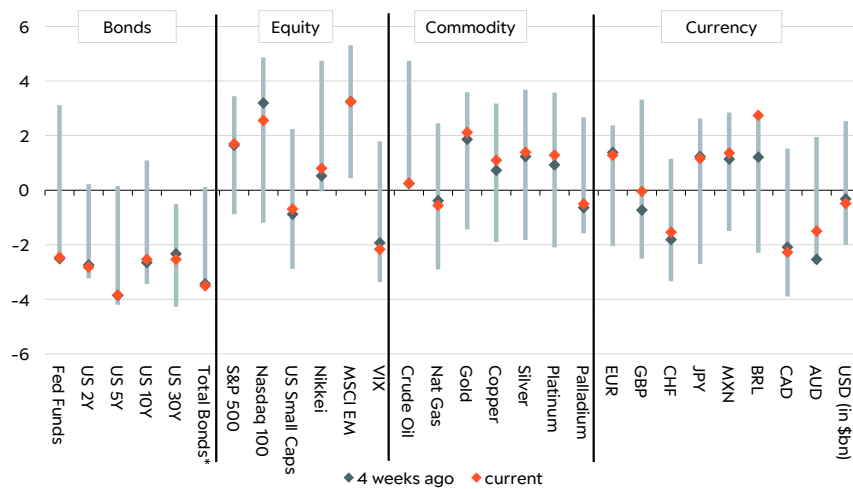
Total return (including reinvested coupons) for selected bond indices, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 23/10/2020 – 24/10/2025



Positioning

Non-commercial Positioning



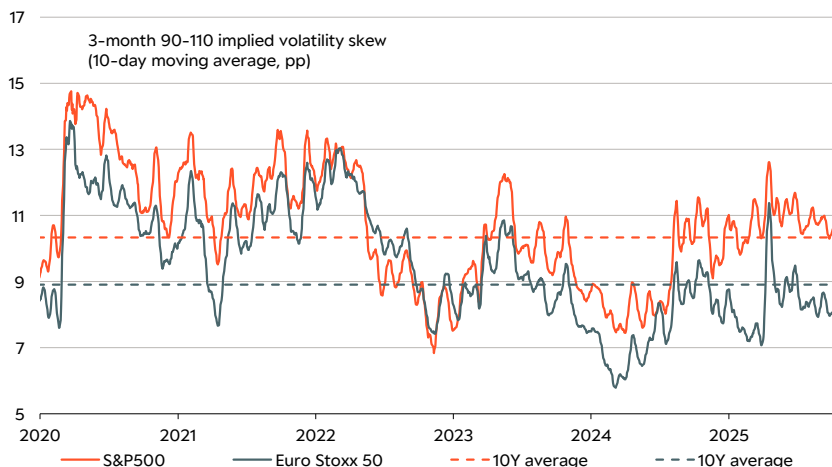
- The release of the CFTC's market positioning data remains suspended due to the US government shutdown.
- One of the big positioning questions remains if and to what extent speculators reduced their precious metals longs following last week's correction.

The Commodity Futures Trading Commission (CFTC) publishes the Commitments of Traders report every Friday. The chart shows the historical, normalised distribution in standard deviations and focuses on the net futures position (long positions minus short positions) of "non-commercial traders" (bonds, currencies), "asset managers/institutional" & "leveraged funds" (equities) and "managed money" (commodities) and shows how speculative investors are positioned.

*Weighted with the respective duration

Source: Bloomberg, CFTC, Time period: 23/09/2015 – 23/09/2025

Put-Call-Skew

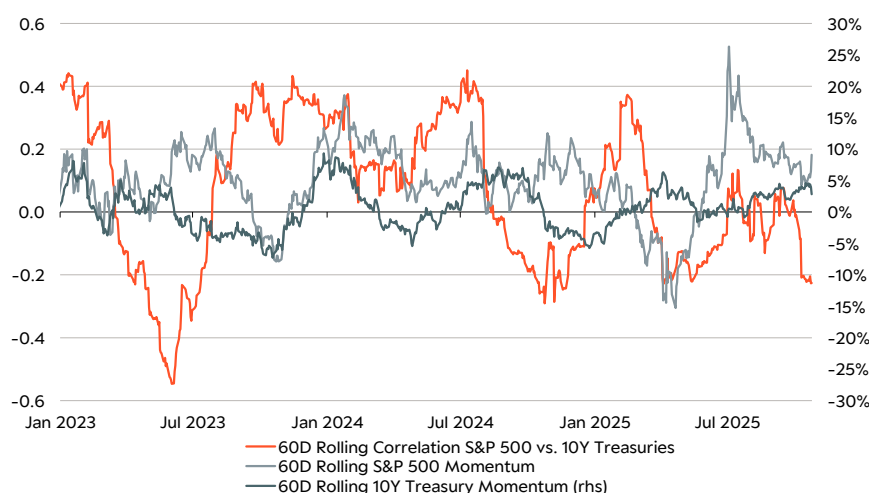


- Put-call skew metrics have risen again over the last few weeks. This applies to both the S&P 500 and the Euro Stoxx 50. Investors willing to spend more on downside protection.
- For options on the Euro Stoxx 50, the skew has risen above its 10-year average for the first time since July.

The put-call skew (90-110) indicates the difference in implied volatility of puts versus calls whose strike is 10% away from the current underlying in each case. It is a measure of how much more investors are willing to pay for hedging (puts) versus upside participation (calls). The higher (lower) the skew, the more cautious (optimistic) market participants are. Moreover, the skew typically increases with the level of implied volatility.

Source: Bloomberg, Time period: 01/01/2020 – 24/10/2025

60-Day Momentum and Correlation



- Momentum in US equities and US Treasuries remains positive.
- If Fed Chair Powell causes bonds and equities to sell off on Wednesday, there is a risk that systematic investors will be forced out of their long positions in Treasuries and equities, thereby increasing selling pressure.

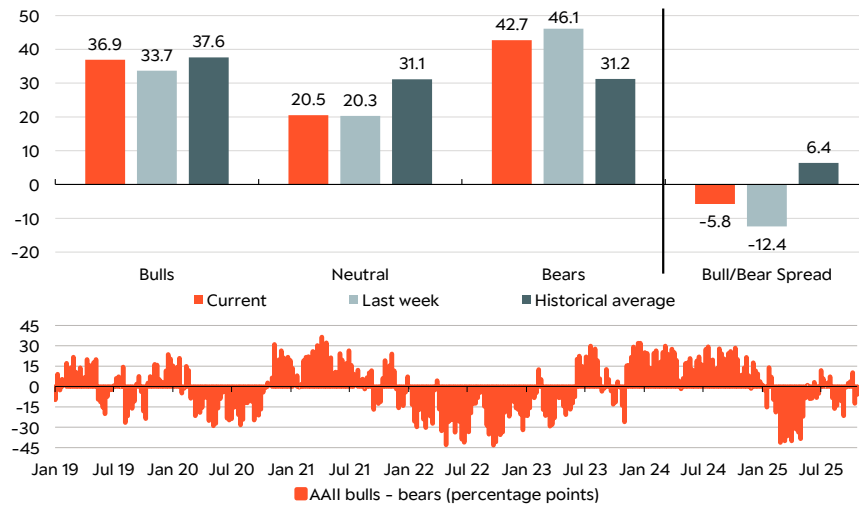
The 60-day momentum indicates the rolling return of the last 60 days. The more the momentum rises (falls), the more systematic momentum strategies build up (reduce) their positions in the corresponding asset class. Changes in the sign of the return mark important turning points. The 60-day correlation indicates how equitably stocks and bonds move. The higher (lower) the correlation, the fewer (more) equities demand risk-based investment strategies.

Source: Bloomberg, Time period: 31/12/2022 – 24/10/2025



Sentiment

AAll Markt Sentiment Survey (Bull vs Bears)

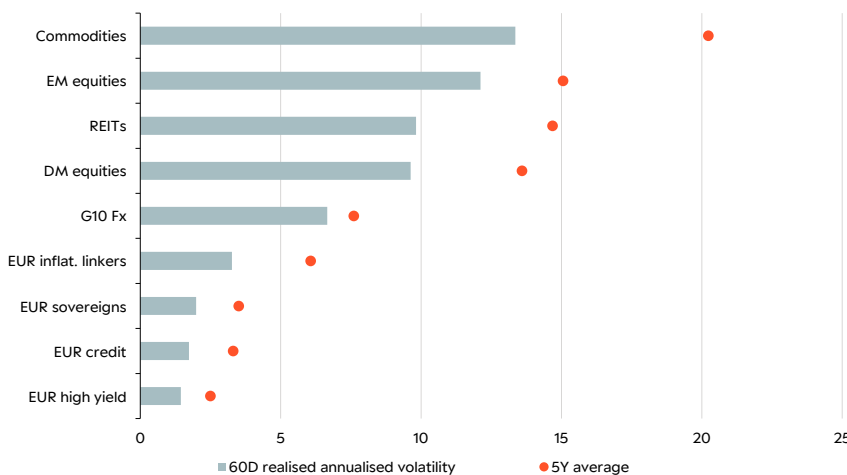


- Although US stock market indices broke through new all-time highs, there is no sign of euphoria among US retail investors.
- The AAll Bull-Bear Index has slipped back into negative territory over the last two weeks.

The Sentiment Survey, conducted by the American Association of Individual Investors, determines the percentage of individual investors who are optimistic, pessimistic or neutral about the US stock market over a six-month period. It has been conducted since 1987. The survey is conducted from Thursday to Wednesday and the results are published every Thursday. For the stock market, it tends to be supportive when there is a high proportion of bulls and a low proportion of bears. On the other hand, it tends to be negative when there are significantly more optimists than pessimists.

Source: Bloomberg, AAll, Time period: 23/07/87 – 23/10/2025

Realised Volatilities

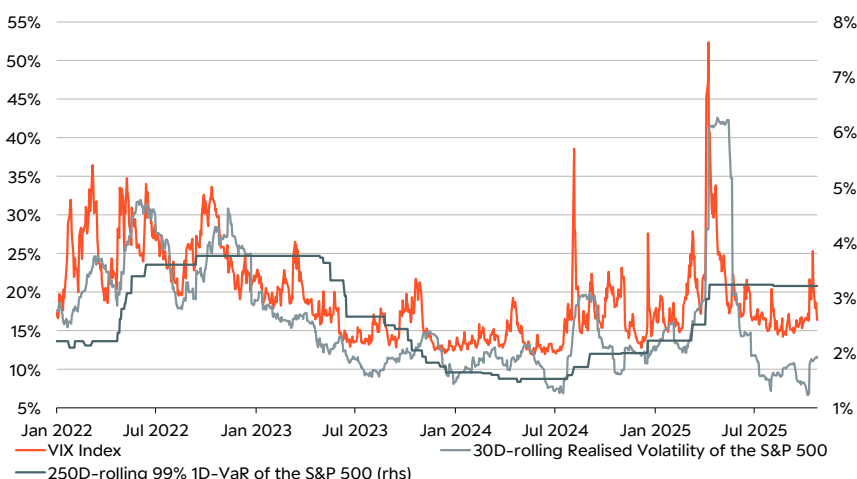


- Realised volatility measures remain below their corresponding 5-year average across all asset classes.
- This also applies to commodity markets, which have had a very volatile week due to the sharp rise in oil and gas prices and the severe correction in gold, silver and other precious metals.

The realised volatility (in per cent) measures the fluctuation range of a time series and is defined here as the standard deviation of the daily return over the last 60 trading days. Volatility is often used as a measure of risk.

Source: Bloomberg, Time period: 24/10/2020 - 24/10/2025

Volatility and Value-at-Risk of the S&P 500



- Political chaos, particularly the back-and-forth in the tariff spat between the US and China, combined with credit concerns about US regional banks, caused realised volatility to rise again slightly in October.
- However, market demand for options has recently declined again. The VIX fell back well below 20%.

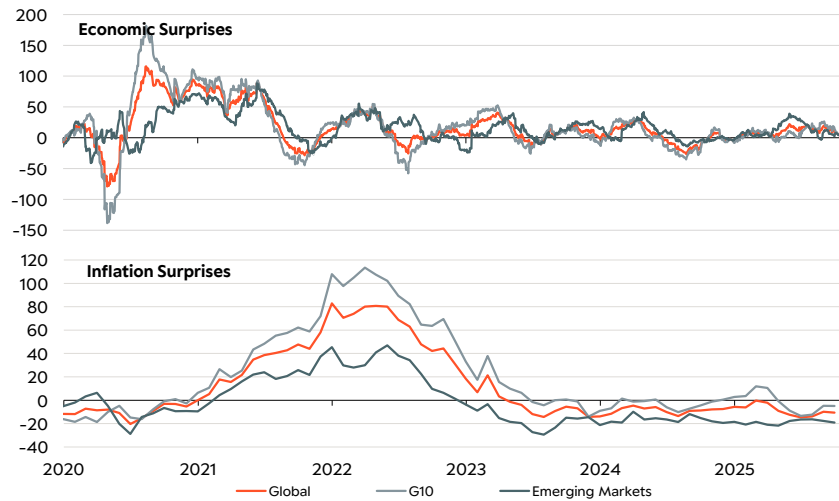
The VIX index is a measure of the implied volatility of the S&P 500 priced in options over approximately the next 30 days. Realised volatility indicates the range of variation in daily returns. The historical 99% value-at-risk indicates the minimum loss of the days that belong to the worst 1% of the observation period. The higher (lower) the VIX, realised volatility and value-at-risk, the fewer (more) stocks demand risk-based investment strategies.

Source: Bloomberg, Time period: 31/12/2021 – 24/10/2025



Surprise Indicators

Global

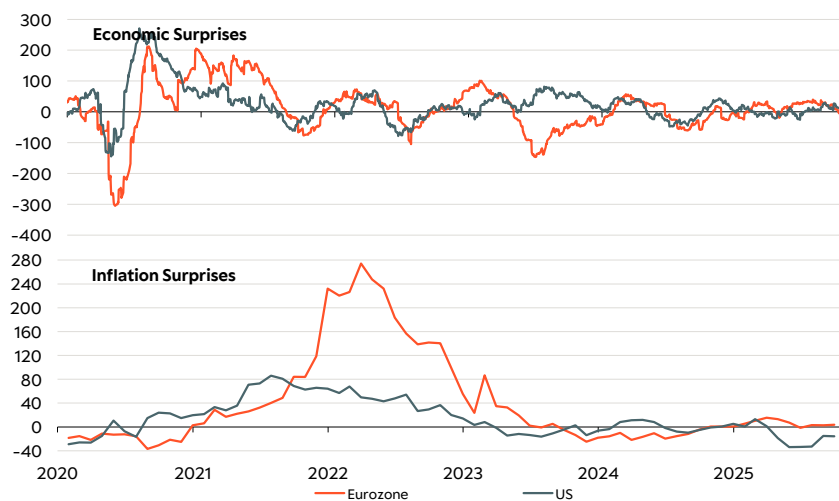


- Over the past two weeks, economic surprises have continued to be positive in both industrialised and emerging markets.
- In Canada, factory sales exceeded expectations in August, while housing starts surprised on the upside in September. In Australia, employment rose more strongly than expected in September.
- In India, the consumer price inflation rate was slightly above expectations in September.

See explanations below.

Source: Bloomberg, Time period: 01/01/2020 – 24/10/2025

Eurozone and US

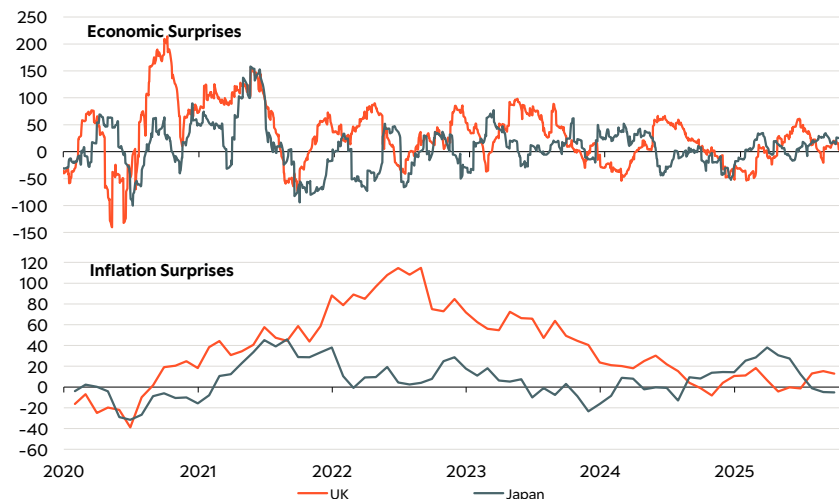


- While economic surprises in the US remained positive over the past two weeks, they recently turned negative in the eurozone.
- In the US, the Empire State Index exceeded expectations in October, while the Philadelphia Fed Factory Index surprised on the downside.
- In the eurozone, industrial production in August and consumer confidence in October exceeded expectations, while the consumer price inflation rate in September surprised on the upside.

See explanations below.

Source: Bloomberg, Time period: 01/01/2020 – 24/10/2025

UK and Japan



- In the United Kingdom, industrial production exceeded expectations in August, while the consumer price inflation rate surprised on the downside in September.
- In Japan, core industrial orders surprised on the downside in August.

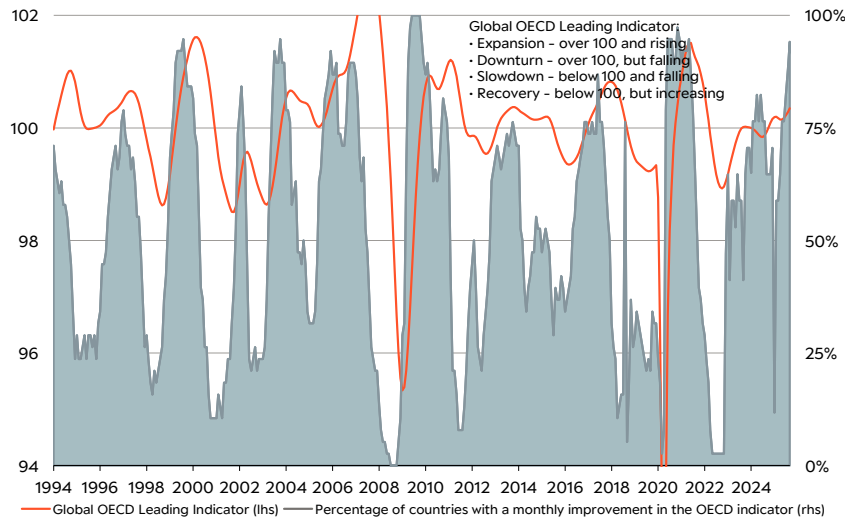
The Citigroup Economic Surprise Indices are defined as weighted historical normalised data surprises (actual releases vs. Bloomberg survey median) over the past three months. A positive value of the index indicates that, on balance, economic data have outperformed consensus. The indices are calculated daily in a rolling three-month window. The indices use a time decay function to replicate the markets' limited memory, i.e. the weight of a data surprise decreases over time.

Source: Bloomberg, Time period: 01/01/2020 – 24/10/2025



Economics

OECD Leading Indicator

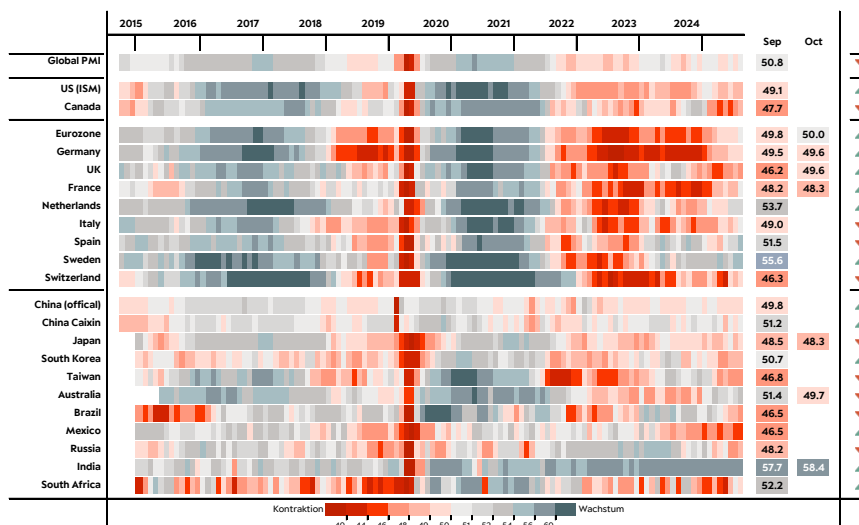


- Global economic expansion continues. At 100.3 in September, the revised OECD leading indicator was above the 100 mark for the twelfth consecutive month.
- According to the revised leading indicator, the economic situation improved in September in 97% of the countries surveyed compared with the previous month.

The OECD Leading Indicator is composed of a set of selected economic indicators whose composition provides a robust signal of future turning points. A turning point usually signals a turning point in the business cycle in 6-9 months. However, lead times are sometimes outside this range and turning points are not always correctly identified.

Source: Bloomberg, Time period: 31/01/1994 – 24/10/2025

Manufacturing Purchasing Managers Index (Manufacturing PMI)

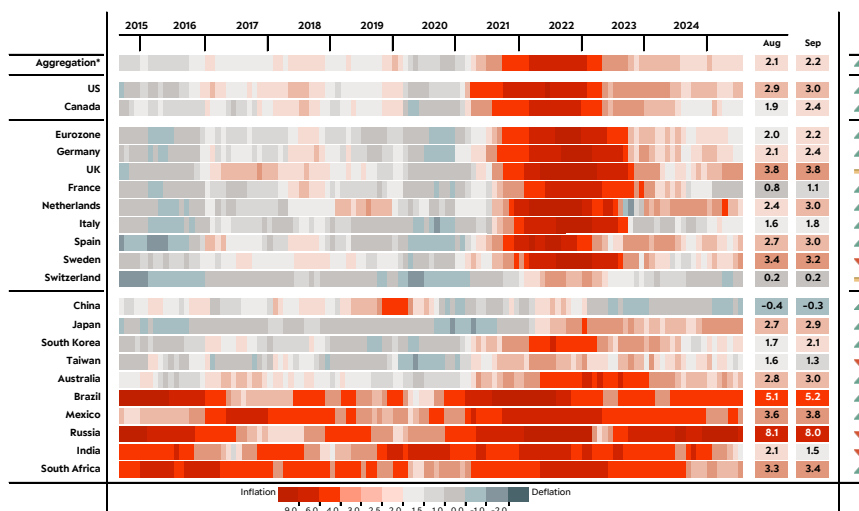


- The initial PMI data for October indicate improved manufacturing activity in the eurozone. In the UK, too, the PMI in October was above the previous month's figure.

The PMI is an overall index that provides a general overview of the economic situation in industry. The PMI is derived from a total of eleven sub-indices, which reflect the respective change from the previous month. A value of 50 is regarded as neutral, a value of over 50 points as an indicator of rising and a value of under 50 points as an indicator of declining activity in industry compared to the previous month. On average, the index has a lead time before actual industrial production of three to six months. The PMI is based on a survey of a relevant selection of purchasing managers on the development of key indicators such as new orders.

Source: Bloomberg, Time period: 01/01/2015 – 24/10/2025

Headline Inflation



- Consumer price indices for September point to an acceleration in global inflation. In France and Australia, for example, the annual harmonised inflation rate rose compared with the previous month. In Germany, rising service prices contributed significantly to an unexpected increase in the annual harmonised inflation rate compared with the previous month.

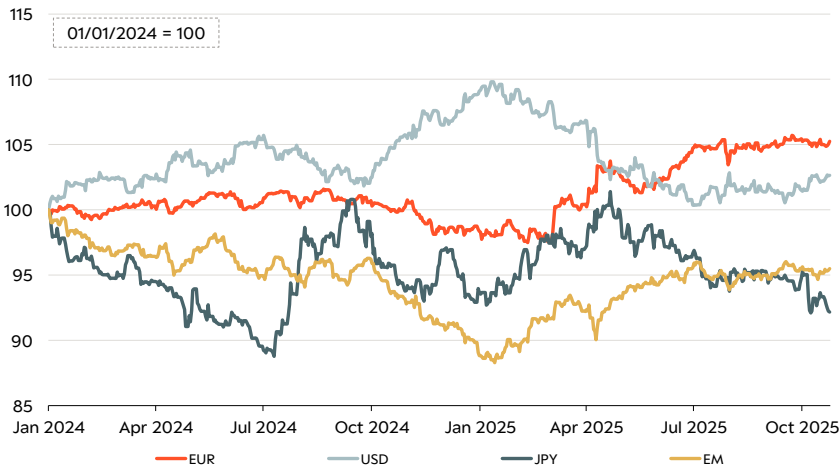
Inflation (in %, compared to the previous year) is measured using a consumer price index, also called a basket of goods. This basket contains all goods and services that a household purchases on average per year. * = Weighting according to gross domestic product.

Source: Bloomberg, Time period: 01/01/2015 – 24/10/2025



Foreign Exchange

Trade-Weighted Currency Development

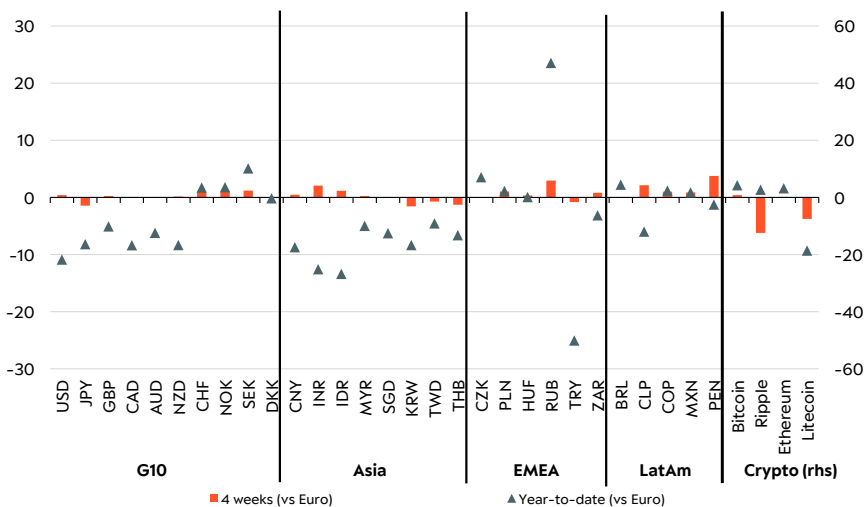


- After a sharp rise in the first half of the year, the euro has consolidated at a higher level in recent months. The ECB is likely to leave interest rates unchanged at its upcoming meeting.
- While the problems of some US regional banks have recently been discussed more clearly on the interest rate side, the dollar has remained largely unchanged.

A trade-weighted index is used to measure the effective value of an exchange rate against a basket of currencies. The importance of other currencies depends on the share of trade with the country or currency zone.

Source: Bloomberg, Time period: 01/01/2024 – 24/10/2025

Currency Moves vs Euro



- The currency markets have remained relatively calm over the past four weeks. G10 currencies remained largely unchanged against the euro. The Chinese yuan, Indian rupee and Indonesian rupiah, on the other hand, appreciated slightly.
- Cryptocurrencies were unable to follow the much-discussed 'debasement trade' and declined more significantly over the last two weeks. Bitcoin is now about 10% away from its all-time high of USD 125,000.

Performance of selected currencies against the euro, in percent.

Source: Bloomberg, Time period: 01/01/2025 – 24/10/2025

EUR/USD Exchange Rate and Interest Rate Differential of 10Y Bonds



- After the interest rate differential between US government bonds and German government bonds narrowed significantly in recent months, it has remained largely unchanged over the past four weeks.
- The euro weakened only slightly against the dollar during the same period. Over the past few weeks, however, the exchange rate has remained largely unchanged, fluctuating between 1.16 and 1.18.

EUR/USD exchange rate and interest rate differential (in percentage points) of 10-year US government bonds and 10-year Bunds. The forecasts were prepared by Berenberg Economics.

Source: Bloomberg, Time period: 01/01/2020 – 30/06/2026



Equities – Performance & Earnings

European Sector & Style Performance

	4-week & YTD		12-month periods over that last 5 years				
	4W (26/09/25 - 24/10/25)	YTD (31/12/24 - 24/10/25)	24/10/24	24/10/23	24/10/22	24/10/21	23/10/20
Health Care	8.6	2.9	-6.7	17.9	10.5	-4.3	21.6
Information Technology	7.6	12.5	17.2	29.9	13.7	-28.6	44.7
Utilities	7.0	28.1	20.1	19.9	11.7	-11.4	10.5
Consumer Staples	6.3	7.9	3.1	4.9	1.6	-3.8	15.1
Consumer Discretionary	5.7	1.4	1.8	12.7	16.5	-22.6	38.3
Growth	5.0	9.6	6.5	21.6	9.0	-17.9	30.4
Materials	4.1	7.6	2.0	19.9	2.4	-8.4	31.7
Industrials	3.4	25.7	25.5	38.0	13.0	-17.5	34.1
Value	2.7	22.4	20.7	22.2	13.9	-4.8	35.5
Energy	1.5	11.9	7.8	-5.3	17.2	27.5	82.6
Telecommunications	-0.5	12.3	9.2	27.1	9.0	-11.9	19.5
Finance	-0.8	31.6	35.3	36.7	18.0	-10.3	52.6

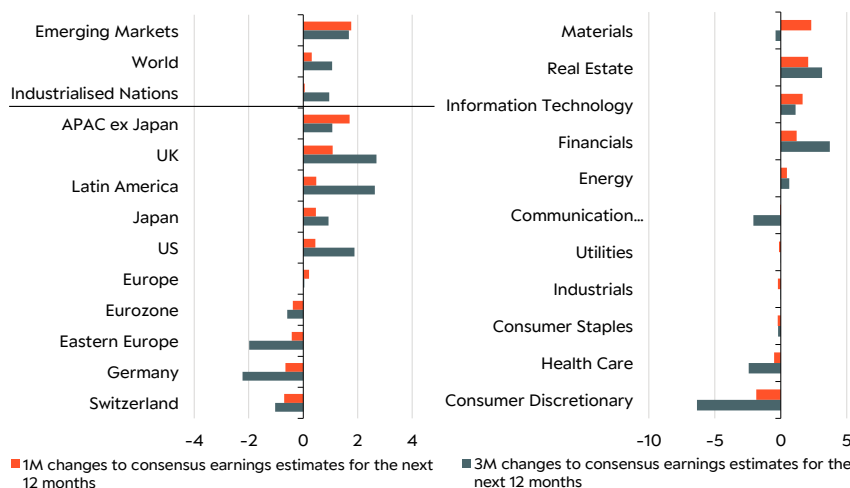
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Staples: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR; Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech. NR; Materials: MSCI Europe Materials NR; Communication Services: MSCI Europe Communication Services NR; Utilities: MSCI Europe Utilities NR; Value: MSCI Europe Value NR; Growth: MSCI Europe Growth NR.

- EU sectors and styles saw a change in favourites in October.
- Healthcare companies, one of the worst-performing sectors in 2025, recorded the largest price gains this month.
- Financial stocks, on the other hand, performed the worst but still have the highest YTD return.

Total return of European equity sectors and European style indices, in euros and in percent, sorted by 4-week performance. The difference between Value and Growth lies in the valuation. A growth stock is highly valued because the company is expected to grow strongly. Value stocks usually have less growth potential and are valued lower.

Source: Factset, Time period: 23/10/2020 – 24/10/2025

Changes in Consensus Earnings Estimates

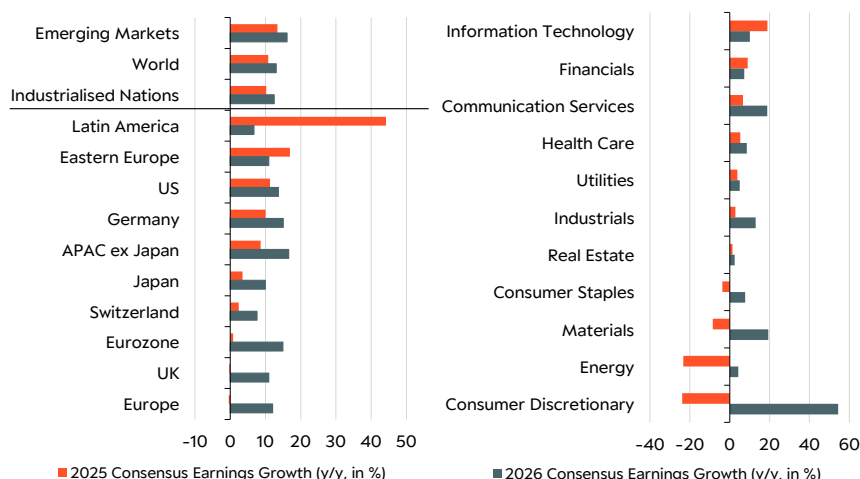


- Over the past few weeks, earnings expectations for emerging markets have been revised upwards, whilst those for DM markets have stagnated.
- Analysts have even revised their earnings expectations for the Eurozone lower.
- Companies in the basic materials and real estate sectors have seen the most earnings upgrades of all European sectors over the past four weeks.

1-month and 3-month changes in consensus earnings estimates for the next 12 months of the regional and Europe sector MSCI indices, in per cent.

Source: FactSet, as of 24/10/2025

Earnings Growth



- Analysts expect financial and technology companies to see the strongest earnings growth this year.
- According to the sell side, however, this will change next year. The market expects earnings in the cyclical consumer goods sector to grow the most, offsetting this year's projected slump.

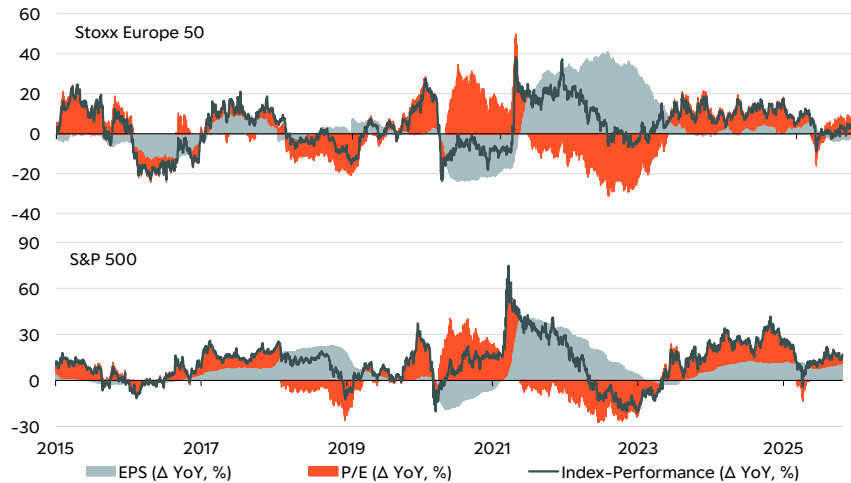
Consensus expected calendar year earnings growth for selected equity regions, year-on-year and in percent. The earnings estimates of the individual companies are aggregated upwards using the index weights ("bottom-up"). Regional and Europe Sector MSCI Indices. APAC ex Japan = Asia Pacific excluding Japan

Source: FactSet, as of 24/10/2025



Equities – Valuation

Contribution Analysis

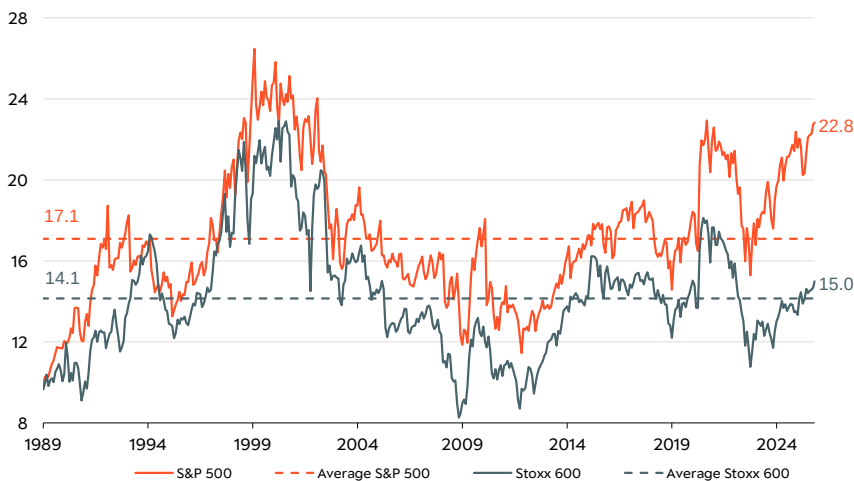


- The return on the S&P 500 Index continues to be driven by very strong corporate earnings. This could be a sign that fears of a supposed AI bubble and an impending major market correction may be somewhat overblown.
- In the EU, however, the picture is different. For the Euro Stoxx 50, it is primarily valuations that are rising, rather than earnings.

Analysis of the drivers of stock market development over the last 12 months. The change in earnings estimates and the change in valuation (price-earnings ratio) are taken into account. EPS = earnings per share

Source: Bloomberg, Time period: 01/01/2015 – 24/10/2025

Price-Earnings Ratio (P/E Ratio) of European and US Equities

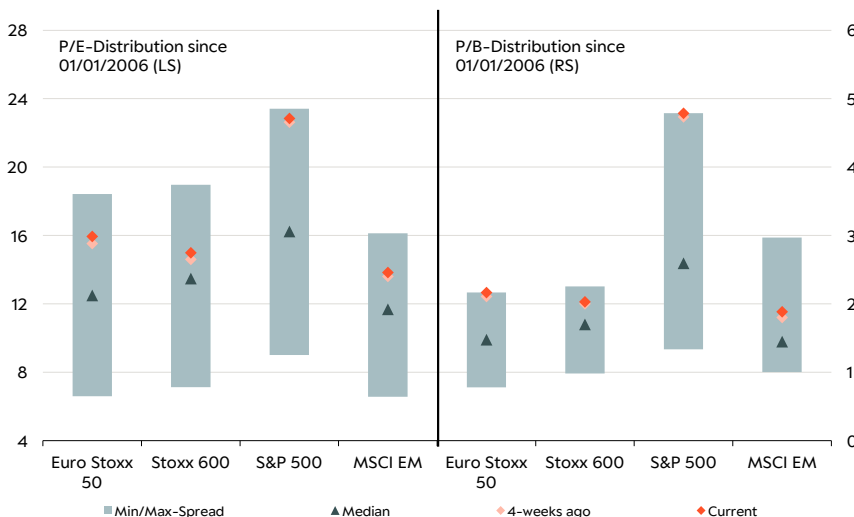


- US equities appear very expensive, trading at a P/E ratio of 22.8. This is the highest level reached by the S&P 500 P/E ratio in several years.
- European equities are significantly cheaper than their US counterparts, with a P/E ratio of 15.0. Nevertheless, valuations are also rising in Europe. They are now trading above their long-term average.

P/E valuation based on earnings estimates for the next twelve months of European and US equities as well as the respective P/E average since 1988. *For the Stoxx 600, the history before 2000 was taken from MSCI Europe.

Source: Bloomberg, Factset, Time period: 31/12/1987 – 24/10/2025

Historical Distribution: Price/Earnings and Price/Book Ratio



- In a global comparison, US equities are the most expensive – not only in absolute terms, but also relative to their own P/E ratio valuation history.
- On a P/B basis, the major stock indices in the EU and the US appear very expensive. For both the Euro Stoxx 50 and the S&P 500, the P/B ratio is close to its respective highs.

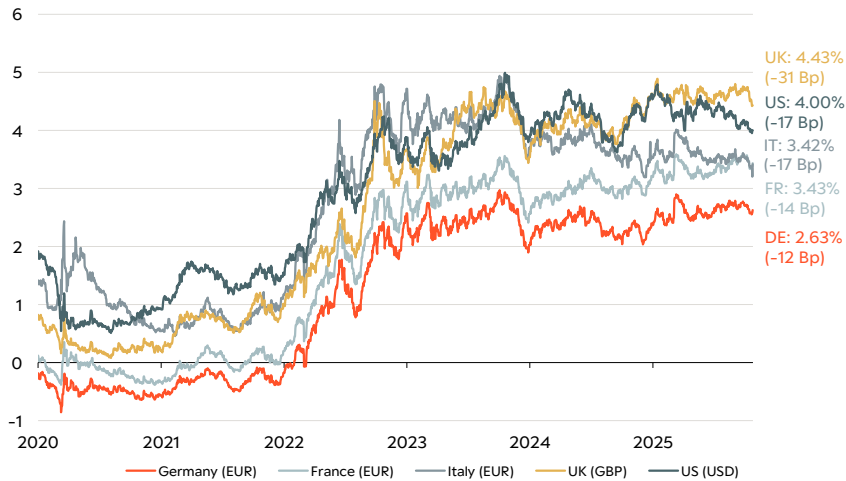
Historical distribution of valuation ratios for selected equity regions since 2006. In addition to the current value, the observation four weeks ago and the historical median, the maximum (upper limit of the blue bar) and minimum (lower limit of the blue bar) are shown.

Source: Bloomberg, Time period: 01/01/2006 – 24/10/2025



Sovereign Bonds & Central Banks

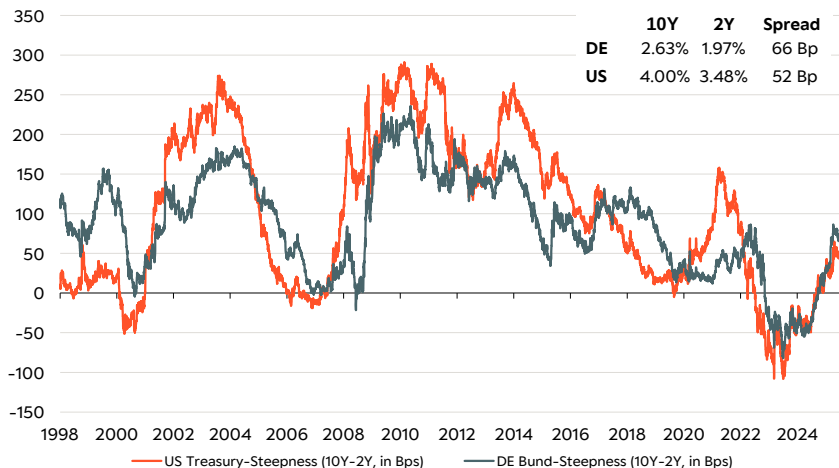
10-Year Government Bond Yields



- Yields on 10-year government bonds have fallen more significantly over the past four weeks.
- A data vacuum due to the ongoing US government shutdown and the recent discussion surrounding the private credit market of US regional banks weighed on yields in the US and Europe.
- In the UK, lower-than-expected consumer prices also led to a decline in gilt yields.

Effective yield on 10-year government bonds and change over the last four weeks in basis points (in brackets).
Source: Bloomberg, Time period: 01/01/2020 – 24/10/2025

Yield Curve Steepness (10Y - 2Y)

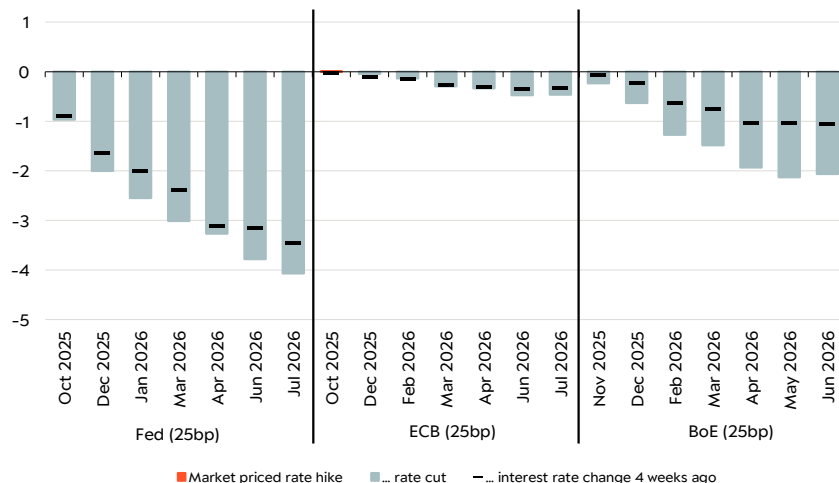


- Over the past two weeks, the yield curve flattened only marginally in both the US and Germany, by 1 and 3 basis points respectively.
- This movement was driven primarily by a slight decline at the long end of the curve.

The yield curve distinguishes between the so-called short end and the long end. The reason for this is the way in which factors influence yields. Central banks control the short end of the curve through their monetary policy and key interest rates. In contrast, the long end is influenced less by central banks and more by inflation expectations, supply, demand and risk premiums.

Source: Bloomberg, Time period: 01/01/1998 – 24/10/2025

Implicit Changes in Key Interest Rates



- In the wake of discussions surrounding the credit market for American regional banks and the continuing scarcity of data on the US economy, expectations of further interest rate cuts by the Fed rose slightly. Two interest rate cuts are now expected by the end of the year.
- Lower-than-expected inflation data from the United Kingdom led to a more significant adjustment with regard to further interest rate cuts by the Bank of England.

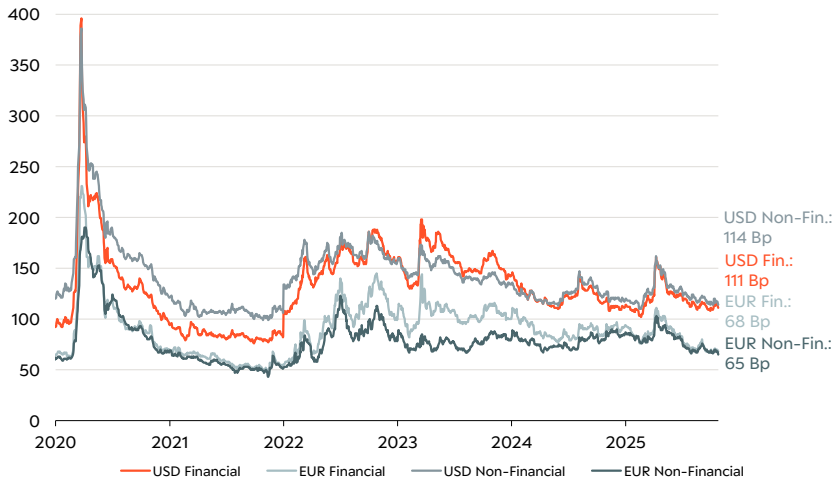
Derivatives on money market interest rates – such as the fed funds futures – can be used to determine the change (number of steps) in the key interest rate priced by the market.

Source: Bloomberg, Time period: 26/09/2025 – 24/10/2025



Corporate Bonds

Credit Spreads Financial and Non-Financial Bonds

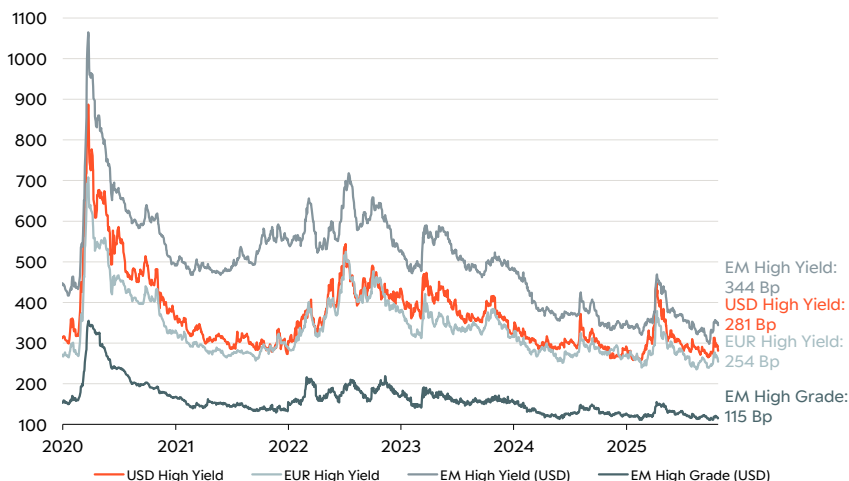


- Risk premiums on European corporate bonds have recently reached a new low for this year.
- The spread between euro-denominated corporate and financial bonds has risen slightly over the last few months.
- Risk premiums have also continued to fall in the US..

Explanations: see middle and lower figure.

Source: FactSet, Time period: 01/01/2018 – 24/10/2025

Credit Spreads High Yield and Emerging Markets Bonds



- The high-yield market has also benefited from the underlying risk-on sentiment in recent weeks.
- Risk premiums on EUR high-yield bonds have already fallen by more than 20 basis points since their mid-October high.
- In the US, spreads have even narrowed by more than 30 basis points.

How high the risk associated with the corporate bond is shown by its asset swap spread (in bp). This indicates the yield that the issuer must pay in addition to the swap rate for the respective term as compensation for its credit risk. See further explanation below.

Source: FactSet, Time period: 01/01/2018 – 24/10/2025

Bond Segments Overview

	Key figures			Asset Swap Spread			Total Return (% local)						
	Yield (in %)	Δ-1M	Modified Duration	Spread (Bps)	Δ-1M	10Y-Per-centile	1M	YTD	24/10/24	24/10/23	24/10/22	24/10/21	24/10/20
EUR Government	2.79	-0.10	6.9	-	-	-	1.1	1.2	1.1	9.2	-1.1	-17.8	-2.6
Germany	2.39	-0.09	7.0	-	-	-	1.0	-0.3	-0.3	6.9	-2.0	-16.3	-3.3
EUR Corporate	3.10	-0.06	4.4	66	-1	26	0.7	3.4	3.8	10.1	4.5	-15.8	0.1
Financial	3.14	-0.04	3.7	68	1	21	0.6	3.7	4.1	10.2	5.0	-13.9	0.5
Non-Financial	3.07	-0.08	4.8	65	-2	34	0.7	3.1	3.6	10.1	4.2	-16.9	0.0
EUR High Yield	5.51	0.08	3.3	254	15	11	-0.2	4.4	5.7	14.1	10.7	-15.4	7.2
US Treasury	3.83	-0.13	6.0	34	-3	90	1.2	6.6	5.3	8.5	0.6	-14.9	-3.1
USD Corporate	4.74	-0.11	6.6	113	-2	20	1.3	8.3	7.3	13.4	5.4	-19.9	1.2
Financial	4.69	-0.08	5.0	111	1	33	1.0	7.9	7.4	13.1	5.5	-16.5	0.9
Non-Financial	4.76	-0.12	7.3	114	-3	16	1.5	8.4	7.2	13.6	5.3	-21.4	1.4
USD High Yield	7.01	0.03	3.7	281	15	4	0.2	7.4	8.1	16.6	7.6	-12.9	9.5
EM High Grade	4.58	-0.06	5.5	115	2	0	0.8	7.9	7.3	12.2	5.7	-18.2	1.2
EM High Yield	7.26	0.19	4.3	344	43	9	-0.3	8.4	9.1	19.9	13.0	-24.3	3.5

- Yields have fallen across all segments over the past month, with the exception of high yield. This movement was driven primarily by the interest rate component rather than the spread component.

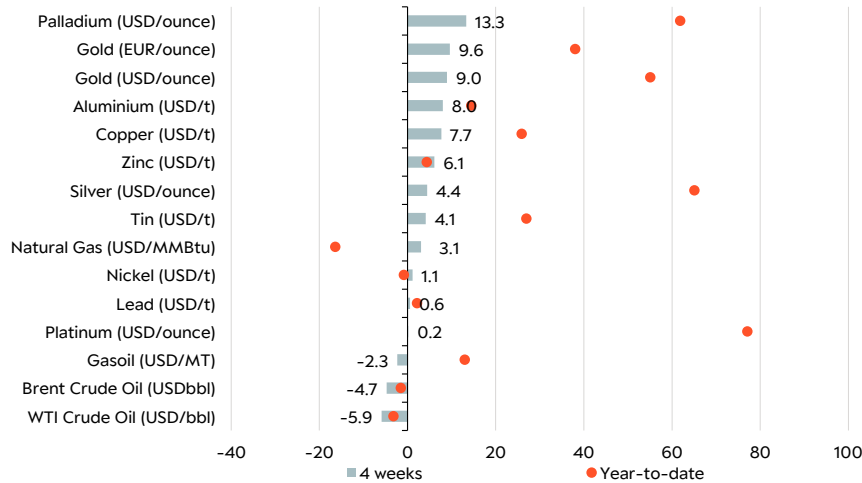
ICE BofA indices in the following sequence: Euro Government; German Government; Euro Corporate; Euro Financial; Euro Non-Financial; Euro High Yield; US Treasury; US Corporate; US Financial; US Non-Financial; US High Yield; High Grade Emerging Markets Corporate Plus; High Yield Emerging Markets Corporate Plus. EM indices are hard currency bonds.

Source: FactSet, Time period: 24/10/2015 – 24/10/2025



Commodities

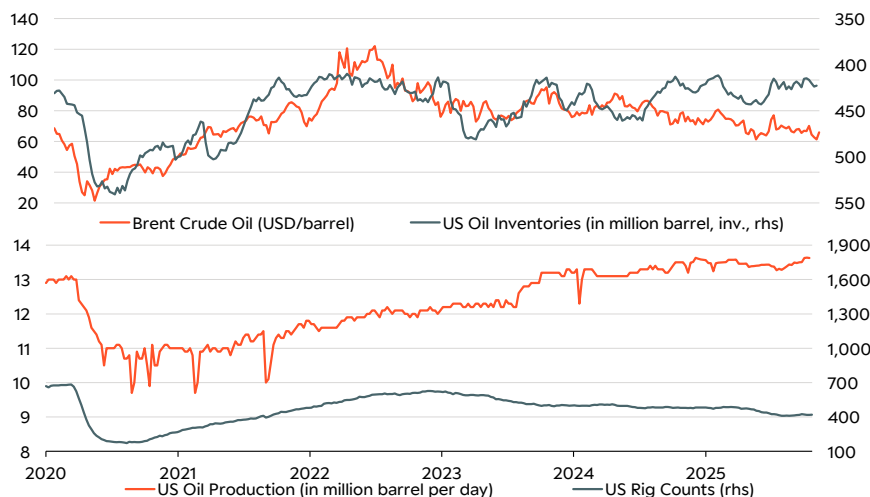
Commodities Performance



- Precious metals continued their upward trend despite the recent and significant setbacks over the last four weeks. Palladium, which is usually in high demand due to the weakening automotive industry, benefited the most.
- In addition to precious metals, industrial metals, especially copper, have also been shining recently due to supply bottlenecks.
- Despite increasing supply concerns and the recent price increase, crude oil has still lost value over the last four weeks.

Total return of selected commodity indices, in percent, sorted by 4-week performance. Source: Bloomberg, Time period: 31/12/2024 – 24/10/2025

Crude Oil

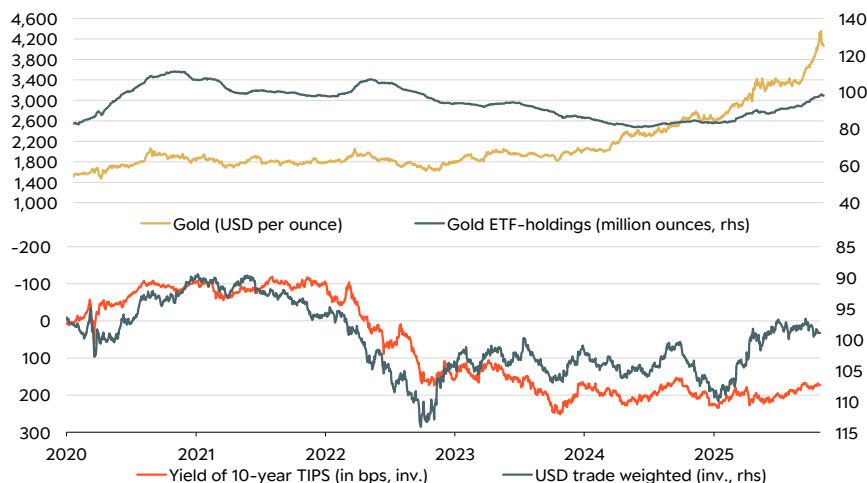


- The price of oil rose significantly within a few days after the US announced further sanctions against Russia. India, an important buyer of Russian oil, appears to be on the verge of a trade agreement with the US that provides for a gradual reduction in Russian oil imports.
- Despite the short-term shortage, oil supply is likely to exceed demand in the medium term.

Higher oil production and higher inventories tend to weigh on oil prices and vice versa. An increase in active oil wells indicates higher oil production in the future.

Source: Bloomberg, Time period: 01/01/2020 – 24/10/2025

Gold



- Gold recently recorded its sharpest daily loss since 2013. This was due to positive talks between the US and China, overbought market signals and a lack of positioning data due to the US government shutdown.
- Despite the setback, gold remains one of the best asset classes since the beginning of the year.

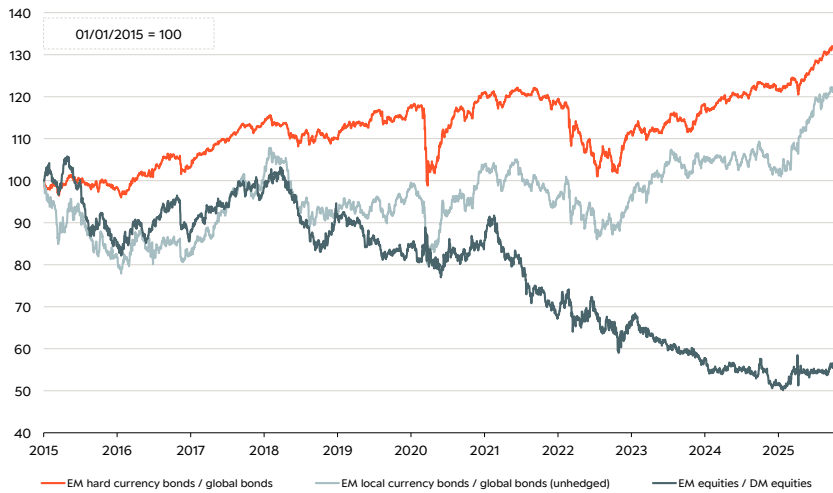
The US dollar and the real, i.e. inflation-adjusted, interest rate are among the fundamental price factors of the gold price. Rising real interest rates tend to weigh on the gold price, while falling real interest rates have a supportive effect. The same applies to the US dollar. The development of gold ETF holdings reflects financial investors' demand for gold.

Source: Bloomberg, Time period: 01/01/2020 – 24/10/2025



Emerging Markets

EM vs DM: Cross Asset Performance



- Investments in emerging markets have outperformed investments in industrialised countries since the beginning of the year. This applies to equities as well as hard currency and local currency bonds.
- The local currency bond segment performed particularly well in relative terms. High real yields, interest rate cuts by the relevant central banks and the weakness of the US dollar favoured this segment.

Relative development of total returns for selected indices, in euros. See indices on pages 2 and 13.

Source: Bloomberg, period: 01/01/2015 – 24/10/2025

Equities

		4-week & YTD		12-month periods over that last 5 years				
		4W (26/09/25 – 24/10/25)	YTD (31/12/24 – 24/10/25)	24/10/24	24/10/23	24/10/22	24/10/21	23/10/20
MSCI ACWI	100%	2.8	4.9	9.6	29.6	4.8	-6.8	32.0
MSCI EM	10%	5.5	17.2	16.2	23.8	4.6	-21.0	18.2
MSCI EM ASIA	80%	6.2	16.9	16.0	27.1	7.9	-24.9	14.2
MSCI EM EMEA	7%	3.7	15.0	18.9	17.7	-8.6	-22.8	46.4
MSCI EM LATAM	13%	0.3	25.7	13.9	2.3	-1.0	32.4	15.3
South Korea	12%	18.0	60.4	44.8	2.0	10.9	-26.0	21.5
Taiwan	20%	8.2	19.6	22.5	56.7	21.4	-23.3	40.4
India	15%	6.1	-8.0	-8.7	31.2	-0.6	6.1	50.4
South Africa	3%	5.2	42.2	31.3	35.5	-0.6	-10.2	26.9
Saudi Arabia	3%	3.1	-7.9	-3.0	12.9	-22.6	21.9	52.1
China	23%	1.2	23.1	24.4	22.8	8.7	-39.9	-4.1
Brazil	4%	0.1	22.8	7.6	-1.4	-2.9	45.3	5.0
Mexico	2%	-0.8	28.4	22.2	2.1	4.9	15.2	44.5

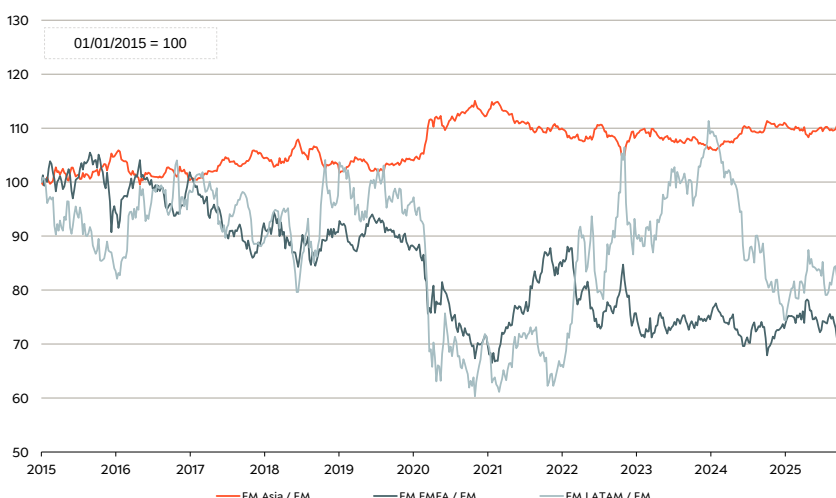
MSCI EM LATAM: MSCI EM Latin America; MSCI EM EMEA: MSCI EM Europe Middle East and Africa; MSCI EM Asia: MSCI EM Asia; China: MSCI China; Brazil: MSCI Brazil; South Africa: MSCI South Africa; Mexico: MSCI Mexico; South Korea: MSCI Korea; Saudi Arabia: MSCI Saudi Arabia; India: MSCI India; Taiwan: MSCI Taiwan; All indices are net total return indices. The weights of the indices are approximated using the weights of the iShares MSCI ACWI ETF and iShares MSCI Emerging Markets ETF as 20/10/2025.

- EM equities have outperformed the broader equity market over the last four weeks and since the beginning of the year.
- While Latin America has led the field since the beginning of the year thanks to strong performance in Mexico and Brazil, EM Asia and EMEA have been ahead in recent weeks. In addition to South Africa, equities from South Korea, Taiwan and India performed best.

Total return for selected equity indices, in euros and in percent, sorted by performance in the last four weeks.

Source: Bloomberg, period: 23/10/2020 – 24/10/2025

Equities: relative performance of EM regions



- Since the beginning of the year, the performance of emerging markets has been driven in particular by Latin America, which outperformed the broad emerging market index, especially at the beginning of the year.
- Recently, however, Latin America and EMEA have fallen slightly behind the broad market.

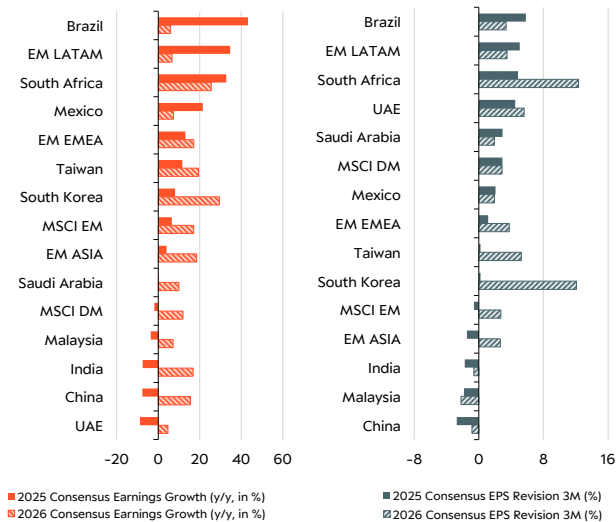
The comparison is based on net total return for the indices: EM Asia: MSCI EM Asia; EM EMEA: MSCI EM EMEA; EM LATAM: MSCI EM LATAM; EM: MSCI EM, in a single currency.

Source: Bloomberg, period: 01/01/2015 – 24/10/2025



Emerging Markets

Earnings growth and EPS revisions

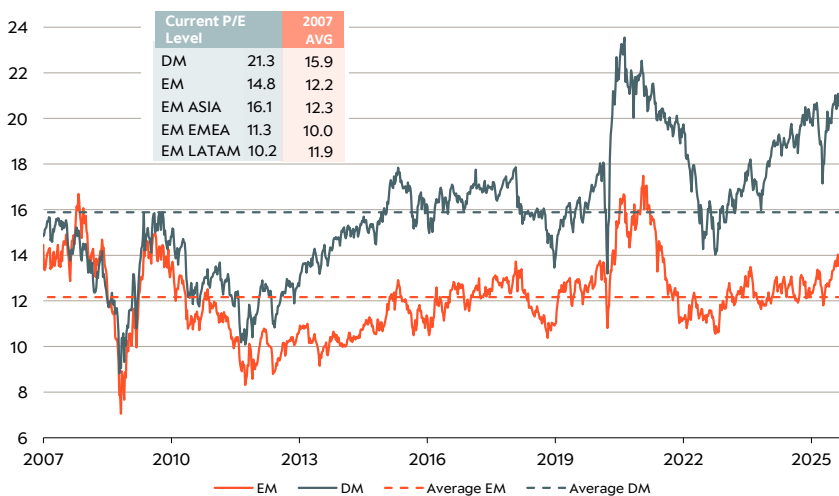


- Over the last three months, market analysts have revised their 2025 profit expectations upwards most significantly for Latin American markets and Brazilian equities in particular.
- South Korea is forecast to see the strongest profit growth next year. However, South African equities are also expected to see significant growth in 2026.

Expected consensus earnings growth and 3-month changes in consensus earnings estimates for 2025 and 2026 for the MSCI World (DM), MSCI EM and MSCI EM country Indices, in per cent.

Source: Bloomberg, date: 24/10/2025

P/E ratio of the markets

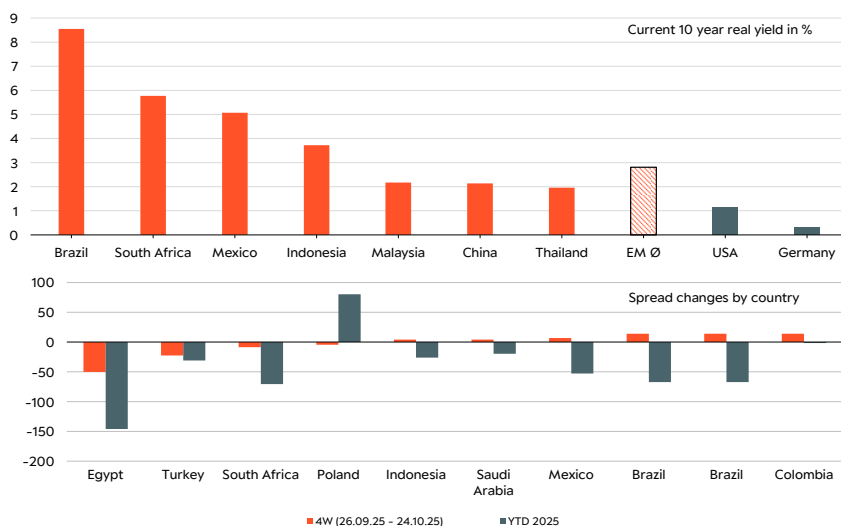


- Shares from industrialised countries continue to be valued significantly higher than their counterparts from emerging markets.
- The Latin American markets appear relatively cheap compared to other EM regions: they have the lowest P/E ratio and are the only EM region currently valued below their long-term average.

P/E ratio based on consensus earnings estimates for the next twelve months for the MSCI World (DM) and MSCI EM. See indices on page 13.

Source: Bloomberg, period: 01/01/2007 - 24/10/2025

Current 10-year real yield in % and spread changes by country



- At around 3%, the average 10-year real yield in developing countries is significantly higher than the real yields in industrialised countries. Brazil, South Africa and Mexico in particular are attractive with real yields of 5% and above.
- Since the beginning of the year, risk premiums for hard currency bonds have narrowed significantly. However, with increased uncertainty, there has recently been a small counter-movement in many countries.

10-year real yield calculated as 10-year nominal yield minus the annual change in the respective inflation rate. EM = Equilibrated average of 16 EM countries. Spread by country from ICE BofA indices.

Source: Bloomberg; date: 24/10/2025



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