November 2025

Monthly Investment Insights

Macro Commentary

- The U.S Federal Reserve **cut interest rates for the second time** this year amid economic uncertainties from Fed government shutdown and Trump's tariffs. The quarter point cut to 3.75%-4.00% aims to support the economy. Policymakers are divided, balancing concerns over inflation persistency against safeguarding a resilient labor market.

- **The 3rd quarter earnings season has started positively**. As of 31 Oct, 64% of companies have reported, with 83% beating earnings expectations, helping lift the S&P 500. With the prolonged U.S government shutdown halting economic reports, investors turned to corporate results for insights. Strong earnings have eased growth concerns, though trade tensions with China and worries over bad loans continue to weigh on sentiment.

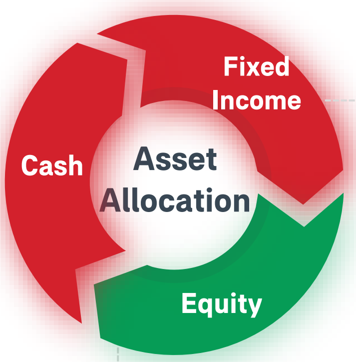
- On 30 Oct, Presidents Trump and Xi met in Busan to ease escalating trade tensions. The resulting "Busan Framework" is a one-year deal where the U.S reduces certain tariffs, and China resumes agricultural imports while lifting rare earth restrictions. **Though easing immediate strain, it offers only temporary relief to the persistent U.S-China rivalry**.

- China's new Five-Year Plan will shape its direction from 2026 to 2030, **emphasizing self-reliance, innovation, and technological advancement**. The blueprint focuses on advanced manufacturing, green industries and frontier technologies such as renewable energy and quantum computing. By moving up the value chain and reducing foreign dependence, China aims to strengthen its economic resilience and global competitiveness.

AIA Asset Allocation View

Underweight | Neutral | Overweight

Cash: Shift from N to UW Position, favoring risk assets that offer better return potential in the current easing environment.



Fixed Income: Maintain UW Position

- The Fed has cut rates twice, with further easing close to fully priced in. Lower yields cap price upside, making Fixed Income less appealing versus risk assets.
- U.S. investment-grade credit stays Neutral as yields remain attractive, Underweight high-yield on valuation concerns and emerging cracks within the broader credit space.

Global Equities: Maintain Moderate OW Position

- Global Equities remain supported by Fed easing, solid tech fundamentals, and balanced investor positioning.
- Within developed markets (DM), we prefer the U.S over Europe, as U.S hyperscalers outperform on strong earnings, high margins and continued capex amid a resilient economy. Europe's weaker fundamentals and sluggish momentum remain a drag in comparison.

Asia Ex-Japan Equities: Maintain N Position

- Asia Ex-Japan Equities continue to send mixed signals. While earnings surprises have softened, earnings per share (EPS) growth continues to rise steadily.
- The region has started to outperform DM, supported by China's more constructive policy stance. Strength in Korea and Taiwan's technology components, especially semiconductors has provided additional momentum, offsetting weakness in other sectors and anchoring the region's broader recovery.

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