GLOBAL MARKET COMMENTARY

Russell Investments

WEEK 49 = WEEK ENDING 5 DECEMBER 2025

EQUITY	CLOSING LEVEL VALUE	WTD % CHANGE	BONDS	CLOSING LEVEL VALUE	WTD % CHANGE	REAL ESTATE & COMMODITIES	CLOSING LEVEL VALUE	WTD % CHANGE
MSCI World Index	4418.63	0.46%	Bloomberg Global Agg USD	498.76	-0.24%	Global Property	6425.93	-1.52%
S&P 500	6870.4	0.31%	Bloomberg Global High Yield USD	1848.89	0.25%	Gold	4197.78	-0.98%
MSCI Eur xUK	229.25	0.59%	Bloomberg Global Credit USD	305.11	-0.36%	Oil	60.08	2.61%
FTSE 100	9667.01	-0.55%				Commodities	564.73	1.72%

Highlights

- The MSCI World Index increased by 0.5% over the week, helped by gains in technology stocks. Expectations of a rate cut by the Federal Reserve (Fed) at its 9th December meeting also supported sentiment.
- In the US, delayed September personal consumption expenditures (PCE) inflation data, the Fed's preferred metric, matched forecasts with both headline and core inflation at 2.8% YoY. Meanwhile, there were modest signs of an improvement in consumer sentiment.
- Eurozone inflation ticked up in November to 2.2%, while core inflation was unchanged.

Market commentary

North America: The S&P 500 Index edged up 0.3% to reach a new weekly high. Industrials was the best-performing sector, while utilities lagged. A raft of delayed economic data was released in the aftermath of the government shutdown. The ISM Manufacturing Index dipped in November to 48.2 from 48.7, below the 49.0 forecast. The ISM Services Index exceeded the 52.0 forecast at 52.6, up from 52.4. In a final November reading the S&P Global manufacturing PMI was revised upward from 51.9 to 52.2. Services was downgraded to 54.1 from 55.0. The composite was also lowered slightly. Industrial production matched forecasts for September, up 0.1% MoM following August's 0.3% dip. Factory orders rose 0.2% in September, below the 03% estimate and August's +1.3%. Elsewhere, PCE inflation matched forecasts for September at 2.8% YoY, ticking up from 2.7%. Core PCE also matched expectations, dropping to 2.8% from 2.9%. Meanwhile, the University of Michigan Sentiment Index improved in December to 53.3 from 51.0, beating the 52.0 estimate in an initial reading (see chart). In other news, data showed personal income and personal spending were largely in line with forecasts in September although personal spending slowed. In Canada, shares dipped with the TSX Composite Index dropping 0.2%. In the economy, unemployment unexpectedly fell to 6.5% in November, down from 6.9% the previous month, Market forecasts were for an increase to 7.0%. The outcome represented the lowest in 16 months. Elsewhere, the S&P Global manufacturing PMI dropped to 48.4 in November from 49.6.

Continental Europe: The MSCI Europe ex UK Index rose by 0.6% over the week. Technology was the best-performing sector. Consumer staples was the worst performer. In economic news, eurozone inflation rose to 2.2% YoY in November from 2.1% the previous month, according to a preliminary estimate. Consensus was for an unchanged outcome. Core inflation remained at 2.4%, just below the 2.5% forecast. Services inflation picked up to 3.5%, its highest since April, while energy prices fell at a slower pace. Third quarter eurozone GDP growth was revised higher to 0.3% from the previous 0.2% estimate. Eurozone retail sales rose 1.5% YoY in October, up from 1.2% in September and slightly above expectations. Meanwhile, unemployment in the region held steady at 6.4% in October. In Germany, factory orders increased by 1.5% MoM in October, more than the 0.3% rise expected (see chart). Elsewhere, November's eurozone services PMI was revised higher to 53.6 from the initial estimate of 53.1. Service sector momentum pushed the composite up to 52.8 from the flash estimate of 52.4. Germany's services PMI was also revised higher, to 53.1 from 52.7; the composite was finalised at 52.4 from 52.1. However, the manufacturing PMI was revised to 48.2 from 48.4.

UK: The FTSE 100 index was 0.6% lower over the week. Among the best performers were miners Antofagasta and Glencore. Retailers JD Sports and Burberry also fared well. Among the worst performers were Diageo and Auto Trader Group. In the economy, November's services PMI was revised higher, to 51.3 from 50.5. The composite was also revised up, to 51.2 from 50.5. However, construction activity contracted further, with the PMI slipping to 39.4 from 44.1 in October, marking the sharpest downturn in five-and-a-half years. Mortgage approvals slipped to 65,018 in October from a revised 65,647, though still above expectations of 64,200, signalling a steady recovery as borrowing costs ease. Data from Nationwide showed house prices rose 1.8%

YoY in November, above the expected 1.4% but easing from October's 2.4%, the weakest annual growth since June 2024.

Japan: Japan's share market fell over the week with the TOPIX down 0.5%. A late-week correction saw shares fall on market caution, with reports that October household spending declined, mainly caused by a reduction in automotive purchases. The pause was also due to investors shifting focus to upcoming central bank decisions. Early-week gains were in part due to optimism for a continued fall in the value of the US dollar and Fed rate cuts. Tech shares also rose, particularly chipmakers in the AI supply chain after reports that Nvidia's CEO met with the US President to discuss export controls. The Bank of Japan (BoJ) also looks set to increase its policy rate, which has been at 0.5% since October. A raise was flagged early in the week in a speech by Governor Kazuo Ueda.

Asia Pacific: Asian share markets edged up slightly, with the MSCI All Country Asia Pacific ex Japan Index closing the period up 1.4%. China's Shanghai Composite index broke a 3-day losing streak but still finished lower on concerns about slowing services growth and property prices. Markets were largely up across Asia. Thailand and Hong Kong saw modest gains driven by financial firms on optimism surrounding economic stimulus and interest rate expectations. Tech growth fuelled growth in Indonesian, South Korean and Taiwanese shares. Rising iron ore prices supported mining company returns in Australia, with the All Ordinaries finishing the week up slightly, 0.1%. While they still provided marginal gains, consumer staples and utilities were comparative underperformers.

Emerging Markets (EM): The MSCI EM Index increased 1.4%, with positive performance from the information technology and industrials sectors in what was a weak period for the US dollar. South Korea, South Africa and Taiwan climbed whereas India and Brazil declined. In China, RatingDog PMI data softened in November, with the manufacturing measure dipping back into contractionary territory at 49.9. In South Korea, third quarter GDP growth was ahead of expectations at 1.3% QoQ (1.8% YoY). In India, the central bank cut its interest rate by 25 basis points (bps) as expected to 5.25% in an unanimous decision. The bank revised down its inflation outlook and also increased liquidity amid tariff pressures and seasonal tightening. In Brazil, the market sank as imprisoned former President Jair Bolsonaro put his support behind his son in next year's presidential election, which is expected to be a close race. Meanwhile, GDP growth slowed in the third quarter. Data read 0.1% QoQ (slightly below forecasts) but was ahead of expectations at 1.8% YoY.

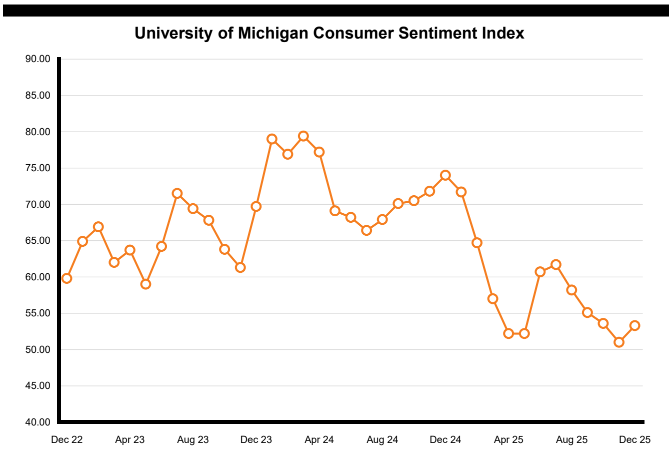
Fixed Income: The Bloomberg Global Aggregate index dropped by 0.2% over the week. US Treasury yields were broadly higher. The yield on benchmark 10-year Treasuries rose 13 basis points (bps) to end the week at 4.14% as investors absorbed a string of delayed US economic data. Market expectations are for the Fed to cut rates by 25 bps at its last meeting of the year and make two or three further cuts in 2026. In Europe, bund yields rose, mirroring markets in the US and Japan after BoJ Governor Ueda signalled the possibility of a rate hike this month. Later, 10-year bund yields reached the highest since March pushed higher on the latest inflation data that cemented expectations the European Central Bank would keep rates unchanged for the foreseeable future. Over the week 10-year German bund yields climbed 11 bps to 2.80%. In the UK, 10-year gilt yields rose earlier in the week, mirroring markets elsewhere, before falling back indicating the Budget may have reduced fiscal concerns among market participants. Over the week, the yield on benchmark 10-year gilts rose four bps to 4.48%.

Commodities: Commodity markets were mixed over the week. Oil gained 2.6%, boosted by expectations of a Fed rate cut. Stalled negotiations and ongoing military strikes in the Ukraine war also helped to support prices. Gold dropped by 1.0%. Copper climbed 3.9% amid expectations of a supply shortage exacerbated by stockpiling in the US.

Charts of the week

US Consumer Sentiment Ticks Up

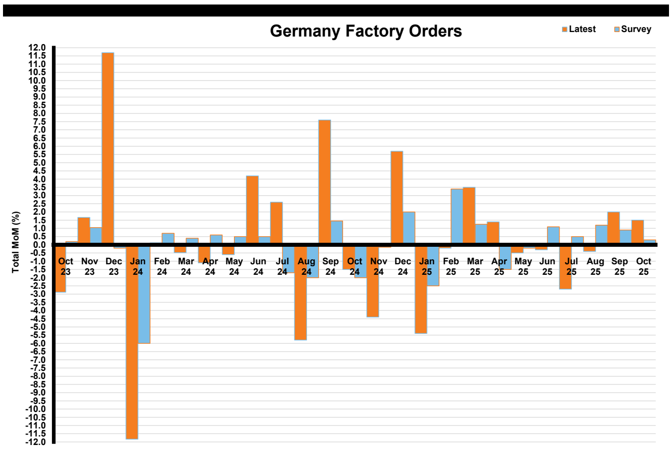
A preliminary December reading of the University of Michigan Sentiment Index showed a modest improvement, beating the forecast.



Source: Bloomberg as at 5/12/25

Germany's Factory Orders Strengthen

Germany's factory orders increased for the second consecutive month in October helped by significant orders for aircraft, ships, trains and military vehicles.



Source: Bloomberg as at 5/12/25

Market Data – Base Currencies

EQUITY	Value Fri, 05-Dec-25	WTD % CHANGE	MTD % CHANGE	YTD % CHANGE	12M % CHANGE
MSCI World Index	4,418.63	0.46%	0.46%	19.17%	14.81%
S&P 500	6,870.40	0.31%	0.31%	16.81%	13.09%
Russell 1000	3,748.87	0.32%	0.32%	16.39%	12.22%
FTSE 100	9,667.01	-0.55%	-0.55%	18.28%	15.78%
MSCI Europe xUK	229.25	0.59%	0.59%	14.41%	11.61%
DAX	24,028.14	0.80%	0.80%	20.69%	18.02%
Topix	3,362.56	-0.47%	-0.47%	20.74%	22.62%
MSCI APAC xJP	713.50	1.44%	1.44%	25.31%	21.83%
Hang Seng Index	26,085.08	0.87%	0.87%	30.04%	33.36%
MSCI Emerging	1,385.48	1.36%	1.36%	28.82%	25.69%
Australia All Ordinaries	8,926.13	0.08%	0.08%	6.00%	2.08%
S&P/NSX 50 Index	13,483.99	-0.04%	-0.04%	2.85%	4.55%
S&P/TSX Composite Index	31,311.41	-0.23%	-0.23%	26.62%	21.93%
BONDS (10YR, Yield in %)	**5-Dec-25**	**28-Nov-25**	**28-Nov-25**	**31-Dec-24**	**5-Dec-24**
US	4.14	4.01	4.01	4.57	4.18
UK	4.48	4.44	4.44	4.57	4.28
Germany	2.80	2.69	2.69	2.37	2.11
Japan	1.95	1.81	1.81	1.10	1.07
FIXED INCOME	**5-Dec-25**	**WTD % CHANGE**	**MTD % CHANGE**	**YTD % CHANGE**	**12M % CHANGE**
Bloomberg Global Agg USD	498.76	-0.24%	-0.24%	7.62%	5.14%
Bloomberg Global Agg Hedged USD	607.04	-0.44%	-0.44%	4.62%	3.59%
Bloomberg Global High Yield USD	1,848.89	0.25%	0.25%	11.25%	10.21%
Bloomberg Global Agg Credit USD	305.11	-0.36%	-0.36%	6.54%	4.98%
Bloomberg Global Agg Corporate USD	302.34	-0.23%	-0.23%	9.75%	7.27%
Bloomberg US Agg TR USD	2,340.93	-0.48%	-0.48%	6.94%	4.94%
Bloomberg US Corp High Yield USD	2,901.45	0.12%	0.12%	8.14%	7.34%
Bloomberg European Agg EUR	246.88	-0.46%	-0.46%	1.28%	0.03%
Bloomberg European Agg Corp EUR	265.87	-0.15%	-0.15%	3.07%	2.51%
Bloomberg Pan European High Yield EUR	500.89	0.15%	0.15%	4.57%	4.87%
COMMODITIES	**5-Dec-25**	**WTD % CHANGE**	**MTD % CHANGE**	**YTD % CHANGE**	**12M % CHANGE**
Global Property	6,425.93	-1.52%	-1.52%	10.15%	4.60%
Gold	4,197.78	-0.98%	-0.98%	59.95%	59.51%
West Texas Intermediate Oil	60.08	2.61%	2.61%	-11.49%	-8.72%
Commodities	564.73	1.72%	1.72%	2.74%	5.63%
ECONOMIC & MARKET INDICATORS	**5-Dec-25**	**28-Nov-25**	**28-Nov-25**	**31-Dec-24**	**5-Dec-24**
CME Term SOFR 3 month	3.74	3.79	3.79	4.31	4.43
SONIA Interest Rate Benchmark	3.97	3.97	3.97	4.70	4.70
ESTR Volume Weighed	1.93	1.93	1.93	2.91	3.17
Fed Policy Rate	4.00	4.00	4.00	4.50	4.75
BOE Policy Rate	4.00	4.00	4.00	4.75	4.75
ECB Policy Rates	2.15	2.15	2.15	3.15	3.40

Notes: Unless otherwise stated, data sourced from Bloomberg as of 5th December 2025. Equity Index returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD), percentage change in price levels as of 5th December 2025. Generic Government Bonds, 10Y yield in % shown. Fixed Income indices in USD, Total Return, and policy rates in percent. Global Property shows FTSE EPRA/NA REIT Dev TR USD. Gold in $/Oz. Oil WTI $. Commodities show S&P GS Commodity Index, USD.

Equity Indices Fundamentals

Index	VALUE 05-Dec-25	EARNINGS PER SHARE (EPS) TRAILING 12M	EXPECTED CURRENT YEAR	LT GROWTH RATE	PRICE-TO-EARNINGS (P/E) CURRENT	10Y AVERAGE	RETURN-ON-EQUITY (ROE) CURRENT	10Y AVERAGE
MSCI World Index	4,418.63	196.2753	196.7142	13.21%	22.5124	18.78954	15.33%	12.21%
S&P 500	6,870.40	269.0751	272.3148	11.85%	25.5334	20.4633	18.80%	15.35%
Russell 1000	3,748.87	148.0756	150.3919	11.81%	25.3173	20.79165	17.57%	14.39%
FTSE 100	9,667.01	672.9767	683.984	18.13%	14.3646	13.74709	10.63%	9.29%
MSCI Europe xUK	229.25	13.427	13.2857	7.28%	17.0738	16.04004	12.57%	10.68%
DAX	24,028.14	1387.2502	1361.902	-46.86%	17.3207	14.29106	9.47%	9.65%
Topix	3,362.56	190.7376	190.2478	-3.48%	17.6293	17.08968	9.19%	7.96%
MSCI APAC xJP	713.50	41.7873	41.8662	-7.07%	17.0747	15.26655	12.04%	10.75%
Hang Seng Index	26,085.08	2150.4127	2093.735	-0.84%	12.1303	11.07431	10.52%	10.50%
MSCI Emerging	1,385.48	119.8081	89.0374	-4.68%	11.5642	13.90254	13.02%	11.27%
Australia All Ordinaries	8,926.13	411.6064	431.4196	6.30%	21.6861	18.50165	9.95%	10.00%
S&P/NSX 50 Index	13,483.99	290.2591	370.2783	0*	46.455	29.42541	3.79%	9.18%
S&P/TSX Composite Index	31,311.41	1622.1475	1647.7893	0*	19.3024	16.99307	12.18%	9.32%

* For the S&P/NSX 50 Index and the S&P/TSX Composite Index, the value is 0 due to insufficient coverage of long-term EPS growth estimates among the index members.

Notes: Unless otherwise stated, data sourced from Bloomberg as of 5th December 2025. Returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD). Trailing 12-month Earnings per share (EPS): Market convention index earnings calculated by summing up the equity member EPS contributions for the last 12 months multiplied by the #shares and then divided by the index divisor sum. Expected current year EPS: index general estimated earnings for the current fiscal year based on the best estimates for each member. EPS LT growth rate: The estimated index long term growth rate of EPS is a weighted average of the underlying members estimated long term growth forecasts during the next business cycle, normally 3-5 years, computed by summing all members' growth EPS forecasts multiplied by their respective index weight. and implementation. Price-to-Earnings (P/E): Index estimated P/E Current Year, calculated as Last Price divided by estimated earnings full one year. Return-on-Equity: Index estimated measure for constituents' profitability revealing how much profit a company generates with the money shareholders have invested, in percentage.

QUESTIONS?

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