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Evolving Trends Strategy

US-China Trade Deal strengthens optimism around manufacturing supply chain

- Global equity gains fuelled by AI optimism and robust earnings season
- Continued strength from Automation theme in October
- We added Alibaba based on our growing conviction in its e-commerce and AI capabilities

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What's happening?

Global Equities had a strong month in October, thanks to continued momentum in the Artificial Intelligence theme, interest rate cuts and trade agreements between the US and key partners. Investors were encouraged by the one-year trade deal between the US and China that address the critical imports of rare earth metals that are critical for industries such as electronics and clean energy. Towards the end of the month, the US Federal Reserve met market expectations by cutting rates by 25 basis points to a range of 3.75%–4.0%, the lowest level for the Fed Funds Rate in three years. However, the U.S. Government shutdown has led to a lack of economic data, increasing uncertainty around future policy decisions.

Japanese equities had a standout month, reaching record highs following the election of Sanae Takaichi. Shortly after her election President Takaichi met with President Trump and reached agreements on trade and critical minerals, bringing much needed certainty to the economy.

Portfolio positioning and performance

The broader equity market rose 2.2% in USD terms for the month and the strategy performed in line with the market.

The Automation theme performed strongly, driven by continued momentum in semiconductor companies such as Nvidia, Broadcom, and TSMC, as demand signals for compute infrastructure continued to be robust.

Other positive contributors included Alphabet and American Express. Alphabet, Google's parent company, saw broad-based strength across Advertising and Cloud revenue streams. American Express also delivered third quarter results that were ahead of the market expectations, largely driven by resilient spending by their high-income customers.

Notable detractors were Fiserv and Zebra Technologies. Fiserv declined after management guided to slower growth across key business segments. A new CFO has been appointed to support a turnaround. Zebra shares also fell despite solid Q3 results due to subdued growth expectations for Q4.

During the month we added Alibaba to the strategy as we continued to build conviction in their advantaged competitive positioning in both e-commerce and AI.

Source: All data sourced from Bloomberg, local currencies, as at 31/10/2025



Outlook

The outlook remains constructive, with AI continuing to be a dominant theme. Despite the lack of economic data due to the government shutdown, the earnings power of the Evolving Trends strategy's underlying holdings remains strong. Further interest rate cuts should help ease valuation compression headwinds, and we remain confident in the portfolio's ability to recover and deliver long-term value.

No assurance can be given that the Evolving Trends Strategy will be successful. Investors can lose some or all of their capital invested. The Evolving Trends strategy is subject to risks including Equity; Emerging markets; Currency; Global investments; Investments in small and/or micro capitalisation universe; ESG.

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Source: All data sourced from Bloomberg, local currencies, as at 31/10/2025



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