

MONTHLY MARKET UPDATE

November 2025

MONTHLY HIGHLIGHTS

- **Global markets were broadly steady in November**, with modest gains supported by shifting central bank signals and growing expectations of a December US Federal Reserve rate cut. Investors showed greater scrutiny of AI-related spending, although earnings remained resilient, and confidence was further lifted by solid performances across global property and infrastructure.
- **Australian shares declined over the month** as stronger-than-expected economic data led markets to shift from expecting rate cuts to preparing for a possible rate rise in the year ahead. This shift weighed on several interest-sensitive areas, although some sectors held up comparatively well, with healthcare showing resilience and resource companies continuing to support the broader market.
- **International shares delivered modest but broadly positive results**. US and European markets benefited from steady earnings and firmer economic indicators, while Asia presented a more mixed picture. Japan remained a standout, supported by improving domestic conditions and clearer policy direction, while China and emerging markets eased as softer sentiment weighed on investor appetite. Global small companies outperformed their larger counterparts.
- **Fixed interest markets were mixed**. Global bonds showed signs of stability as more accommodative commentary from the US Federal Reserve supported the outlook for interest rate cuts. Global credit markets advanced as credit spreads narrowed amid resilient labour conditions and solid corporate fundamentals. In Australia, the 10-year government bond yield rose as markets priced out near-term rate cuts, weighing on local fixed interest rates.

Key Market Performance — Trailing Total Returns (%)

As at 30 November 2025	1 mth	3 mths	12 mths	3 yrs p.a.	5 yrs p.a.	10 yrs p.a.
Australian Shares						
Australian shares	-2.7	-3.0	5.5	9.7	9.9	9.5
Australian small-cap shares	-1.5	3.8	19.4	11.5	7.1	8.9
International Shares						
International shares (hedged)	0.1	6.6	16.8	17.5	11.8	n/a
International shares	-0.2	5.7	17.4	19.5	14.6	12.5
International small-cap shares	1.6	3.7	10.7	13.7	11.1	10.1
Fixed Interest & Cash						
Australian fixed interest	-0.9	-0.4	4.4	3.2	-0.4	2.1
International fixed interest (hedged)	0.2	1.6	3.8	3.6	-0.5	2.0
Cash - bank bills	0.3	0.9	4.0	4.1	2.6	2.1

MARKET OBSERVATIONS

SLOW AND STEADY WINS

Global economic conditions continue to progress at a steady, measured pace, defying repeated predictions of an imminent downturn. Although delays in official US data have blurred the view, alternative labour-market indicators suggest the economy is sturdier than many expect, with stress gauges and private-sector employment pointing to a mild easing rather than any significant weakening. Across major economies — the US, Europe, China and Japan — services activity remains in expansion, and consumer spending has held up despite ongoing uncertainty. Overall, the backdrop is neither booming nor faltering but quietly stable, with room for upside if confidence improves.

While disruption is inevitable, history offers perspective: technological revolutions often displace certain roles before creating new ones. AI may unsettle parts of the labour market in the short term, but its potential to enhance efficiency and productivity appears genuine. Enthusiasm may occasionally run ahead of fundamentals, yet the broader transformation underway appears both tangible and enduring.

THE NEW GOLD RUSH

Gold's rapid rise has become one of the standout market stories of recent years. Since early 2020, prices have jumped more than 170%, far ahead of most major asset classes and raising understandable questions about how long the rally can continue. Much of this strength, however, appears to come from lasting forces rather than short-term speculation. Central banks have become major, steady buyers as they reduce reliance on

the US dollar and look for protection from geopolitical tensions, fiscal concerns and the growing use of financial sanctions. Many emerging-market countries have been especially active, and investment flows into gold ETFs have picked up again after several years of outflows, adding renewed support.

This rising demand meets a supply side that has struggled to keep pace. Gold mine output has plateaued after years of limited investment and increasing operational challenges, making it difficult to bring new supply to market quickly. Recycling — which often increases when prices rise — has only lifted slightly, leaving the overall supply of gold relatively tight. This imbalance has helped keep prices supported, even as occasional sharp pullbacks remind investors that gold can still be volatile.

In this environment, interest in gold from some investors has become more visible, particularly as shares and bonds have at times moved more in tandem. These features mean gold is often discussed as a potential diversifier, with a history of mixed behaviour during recessions, inflationary periods and geopolitical stress. It is also an asset with clear limitations — it produces no income, experiences periods of volatility and does not suit all investment approaches. For these reasons, views on gold's relevance vary widely, and its appeal ultimately depends on each investor's circumstances, objectives and preferences. Our role is to remain aware of these evolving dynamics while ensuring portfolios continue to be positioned appropriately for their intended outcomes.

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