



S.P. HINDUJA

BANQUE PRIVÉE

Global House View

November 2025



Thoughts of the CEO

“Demographics and Longevity: Shaping the Next Investment Frontier”

As we enter the final quarter of 2025, the global economy is navigating a delicate balance between cyclical challenges and profound structural transformations. While central banks continue to calibrate policy against persistent inflationary pressures, another, more enduring force is reshaping growth, productivity, and investment flows: demographics and longevity. Aging societies are no longer a distant concern; they are a present and accelerating reality. This shift, combined with innovations in health and longevity technologies, is creating both constraints and opportunities that investors must address proactively.

Two themes stand out. First, the demographic transition, marked by shrinking working-age populations in advanced economies and slower labor force growth globally, is redefining productivity dynamics. Labor shortages are already evident in sectors ranging from healthcare, to construction and logistics, exerting upward pressure on wages and inflation. In parallel, extended life expectancy and advances in health innovation are fueling demand for new services, technologies, and financial solutions designed to meet the needs of longer retirements and healthier aging. Together, these forces are reshaping the long-term investment landscape.

Second, the consequences for capital allocation and policy are becoming clear. Pension systems, many of which were designed for shorter life spans and larger working-age cohorts, are under strain. Governments face mounting fiscal pressures as social spending rises, while private capital is being called upon to fill the gaps. Healthcare, retirement financial solutions, and longevity technologies are set to attract growing investment flows, not only because of their social necessity but also because of their potential for durable growth and innovation-driven returns.

For investors, the message is twofold. On the risk side, demographic headwinds will constrain economic potential in many advanced markets, raising questions about debt sustainability, productivity, and structural inflation. On the opportunity side, longevity as a driver of demand offers a roadmap for identifying growth sectors and long-term winners. Healthcare innovation, biotech, retirement savings products, and age-friendly infrastructure are all areas where capital can find resilient, uncorrelated returns.

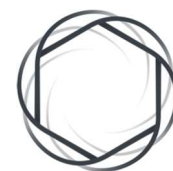
Portfolio positioning should reflect this duality. We continue to recommend maintaining a balanced allocation that hedges against demographic-driven inflationary pressures, through exposure to inflation-protected securities, real assets, and selective commodities, while simultaneously seeking growth through targeted exposure to healthcare, life sciences, and longevity-focused equities. Within fixed income, caution is warranted in sovereign debt from economies facing steep social spending trajectories, while private credit and infrastructure financing linked to demographic solutions may offer attractive relative value.

Looking ahead, investors should not view demographic shifts merely as constraints but as catalysts for innovation and portfolio diversification. The interplay between aging populations, workforce limitations, and health advancements is creating a “longevity economy” with enormous investment implications. As always, our role is to help you navigate these changes with clarity and conviction.

Yours sincerely,

Fabrice d'Erm





Investment Positioning

We hold a more skeptical view of the disinflation process than the market appears to anticipate following the latest CPI data in the US. We are still in the early stages of a structural adjustment in tariffs, and the broader geopolitical environment has not been supportive, continuing to add to inflationary pressures. The increasing use of trade measures and sanctions as geopolitical tools risks translating into higher input costs across global supply chains. At the same time, in the US, leading indicators such as credit growth and private consumption point to a slowdown in economic activity, which is compounded by a weakening labor market. Therefore, we maintain our neutral stance on global equities unchanged, with a preference for Asian markets in particular Japan where we see supportive politics and have a more selective view in US and the Eurozone. As far as fixed income is concerned, given the degree of Fed easing currently priced in, Treasury yields may have reached a near-term low and could move higher if inflation surprises to the upside. We remain overweight in alternatives.

Recent Investment Committee Decisions

Our current geographic and sub-asset class diversification within equities proved particularly valuable in October, as most of our positions outperformed the MSCI ACWI Index. Notably, our allocations to listed infrastructures, Indian equities, and quality European stocks contributed significantly to this relative strength, underscoring the resilience and effectiveness of our diversified equity exposure.

Demographic Shift and Longevity as Structural Drivers

Demographics have always been among the most powerful forces shaping economies and financial markets. Unlike cyclical trends, they evolve slowly but exert profound and predictable impacts. In 2025, the interplay between aging populations, workforce constraints, and health innovations is not only a defining structural driver of global growth but also a key determinant of long-term investment flows.

The Global Aging Phenomenon

By mid-century, one in six people worldwide will be over the age of 65, compared with one in eleven in 2019. This transformation is especially pronounced in advanced economies such as Japan, Germany, Italy, and South Korea, where fertility rates have fallen below replacement levels and life expectancy continues to rise. Emerging markets, once thought immune, are also aging more rapidly than expected, particularly China, where the demographic decline is

accelerating due to decades of restrictive birth policies and rapid gains in longevity.

The economic implications are multifaceted. Fewer workers relative to retirees mean slower labor force growth, reduced potential output, and upward pressure on wages. Dependency ratios, defined as the number of non-working individuals supported by each worker, are climbing to levels not seen in modern history. This places stress on public finances, pension systems, and healthcare infrastructure.

Workforce Constraints and Productivity

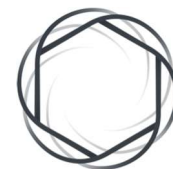
One of the most immediate consequences of demographic aging is labor market tightening. Across advanced economies, shortages in healthcare, manufacturing, building and technology are already constraining growth. Therefore, wage inflation is no longer only a cyclical concern but increasingly a structural one.

At the same time, productivity gains must do more of the heavy lifting. Without robust productivity growth, aging societies risk stagnation. This places a premium on investment in automation, digitalization, and artificial intelligence. While technology may offset some of the drag from shrinking workforces, the transition is uneven across sectors and regions. Countries and businesses that successfully integrate innovation into labor-constrained economies will outperform.

Longevity and the Expansion of Life Expectancy

Longevity itself, however, is a double-edged sword. Longer life spans increase the fiscal burden on governments and





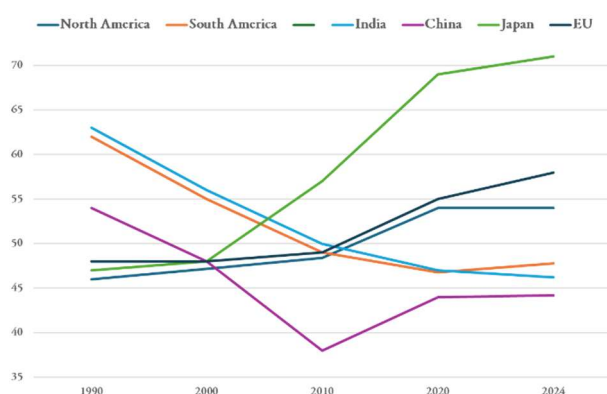
pension systems, but they also expand the consumer base for products and services tailored to older populations. Advances in medical science, biotech, and digital health are extending not only life expectancy but also healthy life years.

This creates opportunities across healthcare, pharmaceuticals, medtech, financial planning, and wellness sectors. From personalized medicine to home-based care technologies, the “longevity economy” is becoming a key growth driver. Moreover, as people remain healthier for longer, patterns of consumption, housing, and leisure are shifting, generating ripple effects across multiple industries.

Fiscal Pressures and Social Spending

Governments face daunting fiscal challenges as social spending on pensions and healthcare rises. In many countries, pension outlays already exceed 10% of GDP, and without reforms, this will rise sharply. Healthcare spending, too, is accelerating, driven by chronic diseases prevalent among older populations. These dynamics strain public balance sheets, raising concerns about debt sustainability in advanced economies.

Fig 1: Pension Expenditure as % of GDP



Source: World Bank's World Development Indicators (WDI)

Fiscal adjustments are inevitable. Options include raising retirement ages, adjusting benefit formulas, and increasing contributions among other. However, political resistance is strong, and the path forward is uncertain. For investors, this implies heightened sovereign risk in countries with aging populations and limited fiscal flexibility.

Considering that governments are at the frontline of demographic pressures, rising pension and healthcare outlays will demand either higher taxation, reduced benefits, or expanded borrowing. None of these options is politically

easy, and many governments will resort to incremental reforms rather than sweeping change.

For investors, the implications are twofold. First, sovereign debt sustainability is increasingly a concern in advanced economies, particularly in Europe and parts of Asia, leading to sustained pressure on long-term yields. Second, rising social spending creates opportunities for private capital to step in, whether through public-private partnerships in healthcare, private retirement solutions, or infrastructure investment.

Global Divergence and Emerging Market Implications

The demographic story is not uniform. Some emerging markets, such as India, Indonesia, and much of sub-Saharan Africa, still enjoy favorable demographics, with large working-age populations supporting growth. These countries are potential beneficiaries of “demographic arbitrage,” as capital and production should gradually shift toward younger, faster-growing markets.

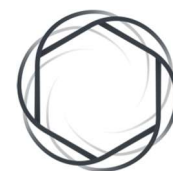
However, even here, success depends on governance, education, and the ability to absorb labor into productive employment. Without adequate institutions and infrastructure, a demographic dividend can easily become a liability.

Investment Implications.

For investors, demographic and longevity shifts demand a dual approach. On one hand, they present risks: slower growth, fiscal pressures, and structural inflation. On the other, they create opportunities in sectors aligned with aging populations. Key implications include:

- **Fixed Income:** As said, ageing demographics imply rising fiscal burdens due to higher healthcare and pension expenditures, increasing sovereign risk in developed markets. This could lead to widening spreads and potential rating pressures for issuers with weak fiscal anchors. However, it also heightens demand for long-duration and income-generating assets among retirees, supporting demand for quality sovereigns and investment-grade credit. Inflation-linked bonds remain attractive as a hedge against structural price pressures from healthcare and labor shortages. Furthermore, thematic credit opportunities, such as corporate issuers in healthcare, pharmaceuticals, and senior housing, can

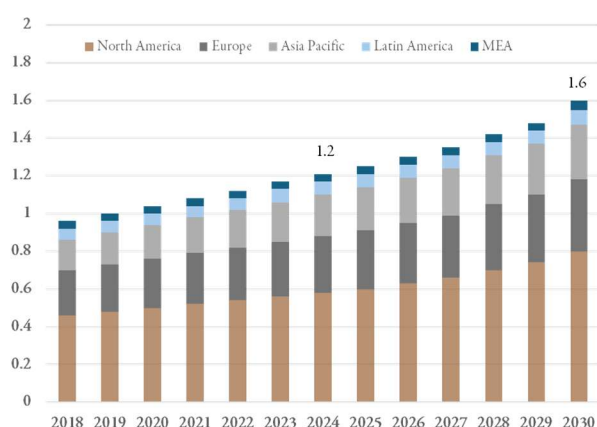




offer both yield enhancement and exposure to demographic trends.

- **Equities:** Equity investors can benefit from secular growth in industries catering to an older population. Beyond healthcare, biotech, and medtech, there is growing potential in financial services. To this effect, ageing societies will require expanded life insurance, annuities, and long-term savings products, directly benefiting financial institutions and wealth management firms. In addition, opportunities will emerge in automation and AI-driven care solutions, and consumer staples oriented toward aging consumers. Companies with strong pricing power and innovation capacity in these areas are well-positioned for sustainable margin expansion. A barbell approach, combining defensive, dividend-paying healthcare and utilities with high-growth longevity innovators, can balance risk and return.

Fig 2: Geriatric Care Service Market, USD Bn (2023-30)



Source: Grand View Research

- **Alternatives:** Private markets offer targeted exposure to the longevity theme. Private equity is increasingly active in healthcare services, diagnostics, and age-tech, capturing innovation cycles not yet reflected in public markets. Infrastructure opportunities lie in retirement communities, healthcare facilities, and social infrastructure addressing long-term care needs.
- Additionally, private credit can benefit from the financing demand associated with this expansion, offering stable, collateralized income streams. These segments provide both diversification and inflation protection characteristics—particularly valuable in the current macro backdrop.

- **Geographic Allocation:** Favorable demographics in certain emerging markets may justify increased exposure, but only where institutional quality supports sustainable growth.

The Long-Term Perspective

Demographic shifts unfold over decades, but their market consequences are already material. Aging societies will define macroeconomic trajectories, fiscal policies, and investment returns in the decades ahead. Investors who anticipate and position for these changes can capture resilient, long-duration opportunities while mitigating risks from demographic headwinds.

Sectoral Impacts: Healthcare, Retirement Solutions, Longevity Tech, and Financial and Insurance Planning

While demographics and longevity shape the macro backdrop, the sectoral consequences are where investors can find tangible opportunities and risks. Several industries stand at the nexus of aging societies and extended life expectancy, each with distinct investment implications.

Healthcare and Life Sciences

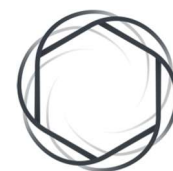
Healthcare is the most immediate beneficiary of demographic and longevity shifts. Demand for medical services, pharmaceuticals, and care delivery systems is rising steadily. Chronic conditions such as diabetes, cardiovascular disease, and dementia are becoming more prevalent, requiring sustained investment in treatment and management.

At the same time, innovation in biotech and medtech is reshaping the sector. Advances in genomics, cell therapies, and digital health are enabling more personalized, efficient, and preventative care. These technologies not only improve outcomes but also create scalable business models with global reach. For investors, healthcare equities and private investments in biotech remain core long-term growth opportunities.

Retirement Solutions and Financial Services

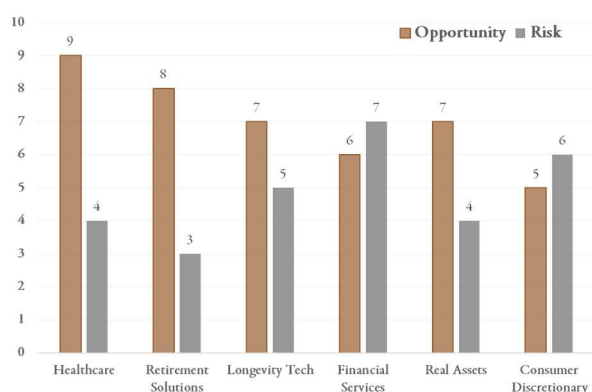
As individuals live longer, retirement planning becomes more complex. Traditional defined benefit pension systems are under strain, and defined contribution models place greater responsibility on individuals. This is driving demand for innovative retirement solutions, from annuity products to longevity-linked securities.





Asset managers and insurers are responding with products designed to provide stable income across extended retirements. The market for retirement savings and income solutions is expected to grow significantly, offering attractive opportunities for financial institutions positioned to innovate in this space.

Fig 3: Sectoral Impact of Demographic Aging



Source: SP Hinduja Banque Privée

Pension Fund Repositioning

Pension funds face some of the most acute challenges from demographic aging. Rising liabilities, low interest rates (despite recent volatility), and extended life spans require a rethinking of asset allocation. Many funds are shifting toward higher-yielding alternatives, including private equity, infrastructure, and private credit, in search of returns that can meet obligations.

This repositioning has broader implications for capital markets. Pension funds are among the largest institutional investors, and their reallocation toward alternative assets increases liquidity and innovation in these sectors. At the same time, the pressure on traditional fixed income markets may persist, particularly if public debt levels rise alongside social spending.

Longevity Tech and Age-Friendly Infrastructure

Beyond healthcare and finance, longevity is creating entirely new industries. “Longevity tech” encompasses everything from digital platforms for elder care to robotics designed for assisted living. Smart homes, mobility solutions, and community-based services tailored to older populations are gaining traction.

Similarly, age-friendly infrastructure, retirement communities, healthcare facilities, and urban designs that

support active aging, represents a growing segment of real assets. Infrastructure funds and REITs focused on senior housing are well positioned to capture durable, inflation-hedged returns.

Consumer Discretionary: some opportunities amid structural headwinds

Consumer Discretionary is structurally more exposed to risks than opportunities in the context of demographic aging. As societies age, household spending patterns shift away from goods and services that dominate discretionary consumption, such as luxury, fashion, and mass-market consumer products, toward essential areas like healthcare, insurance, and retirement-related services. The shrinking share of prime-age consumers, combined with rising fiscal pressures to fund pensions and healthcare, also reduces disposable income for non-essential purchases. These dynamics, coupled with slower potential GDP growth in aging economies, create headwinds for broad-based discretionary demand.

That said, the sector is not without opportunity. Specific niches within travel, leisure, wellness, and age-friendly experiences are likely to benefit from rising life expectancy and healthier aging cohorts. These areas will see steady demand from retirees seeking lifestyle services, though their scale will not fully offset the structural challenges facing the broader sector. For investors, Consumer Discretionary therefore remains a space where careful, selective exposure is critical.

Conclusion

The sectoral consequences of demographic and longevity shifts are already visible and will only intensify. Healthcare and life sciences, retirement financial products, longevity tech, and age-friendly infrastructure are positioned for sustained growth. Pension funds’ repositioning toward alternatives reinforces these trends, while governments’ fiscal pressures create both risks and opportunities.

For investors, the key is to recognize that demographics are not destiny alone, they are catalysts for innovation, structural change, and new avenues of capital deployment. By aligning portfolios with the industries and solutions that address demographic realities, investors can turn long-term challenges into durable investment opportunities.

Our investment team can help investors capture value in this theme through a range of tailored instruments and strategies.





Macroeconomic estimates (per cent)

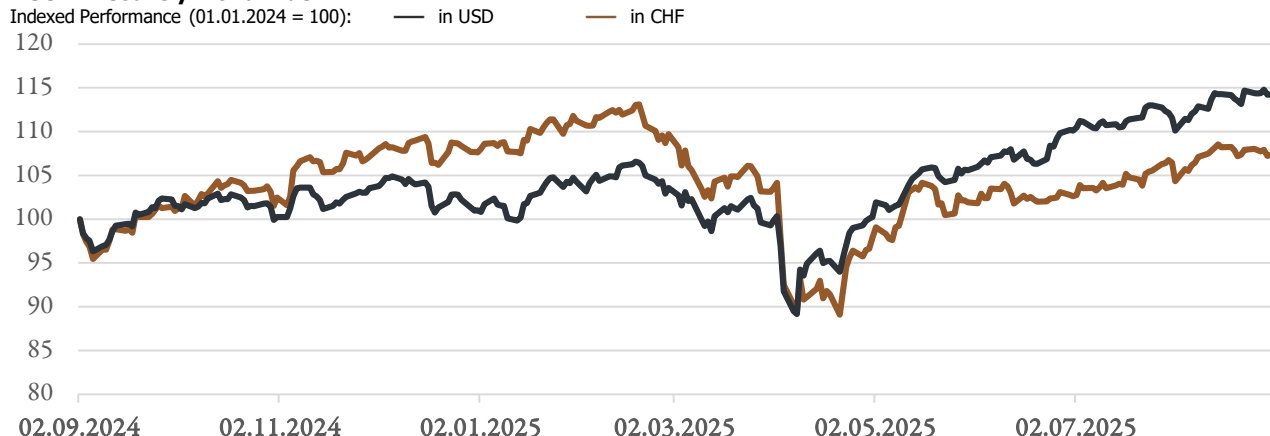
	GDP Growth		Inflation		Interest Rates	Fiscal Balance
	2024	2025E	2024	2025E	Current	Current
USA	2.8	1.6	2.95	2.8	4.50	-6.4
Eurozone	0.7	1.1	2.4	2.1	2.15	-3.0
UK	0.8	1.2	2.5	3.3	4.00	-5.4
Switzerland	1.3	1.1	1.1	0.2	0.00	0.6
Japan	0.1	1.0	2.7	3.0	0.50	-2.2
China	5.0	4.7	0.2	0.1	3.00	-4.8
Brazil	3.4	2.3	4.4	5.2	15.00	-7.3
India	7.8	6.4	4.8	4.6	5.50	-5.1
Russia	3.7	1.3	8.4	9.1	18.00	-2.5
World	3.0	2.8	4.2	3.8	-	-

SOURCE: Bloomberg

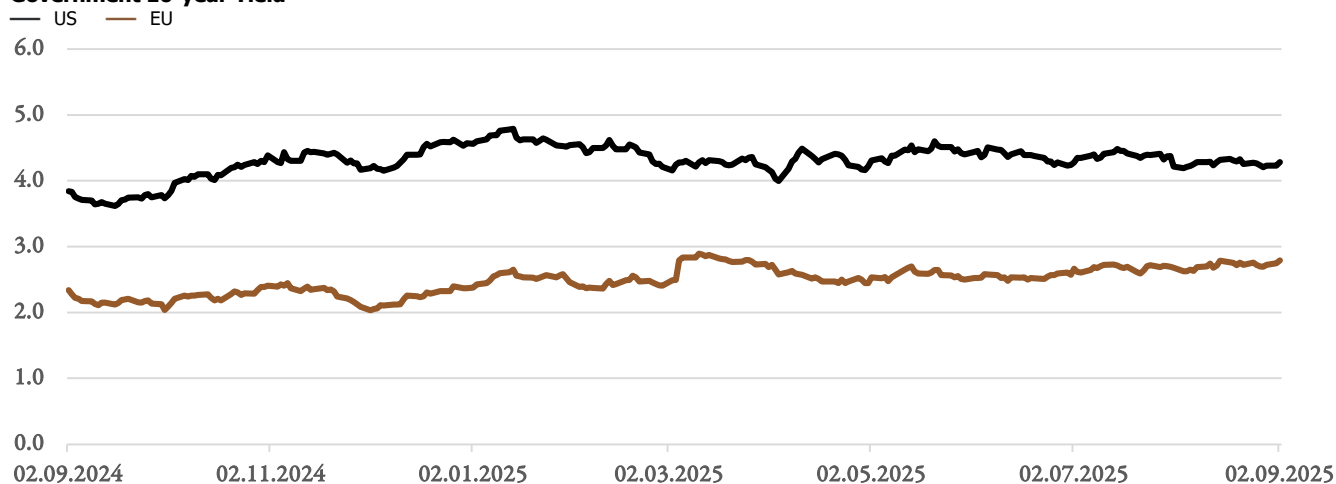
Financial Markets

MSCI All Country World Index

Indexed Performance (01.01.2024 = 100):



Government 10-year Yield



SOURCE: Bloomberg





Global Asset Allocation Preferences

Global Asset Allocation Preferences					31 October 2025
Asset Class	Opinion	Constituents	Most Preferred	Least Preferred	Commentary
Cash	=				We remain neutral in view of growing macro uncertainties surrounding risk assets and economic growth. Cash is still offering ca. 4% yield in USD.
Fixed Income	=	Segments	Core fixed income and IG credit	Convertibles	We soften our preference for core fixed income. Treasury yields could have seen a near-term low and reverse higher, if the macro data stabilize or improve in the coming months. We could also see a pause in the curve steepening trend and Treasuries could underperform other developed market bonds. Therefore, we do not see reasons to extend duration and remain comfortable with a shorter stance.
		Duration	Short-term.		We are cautious on long-duration IG credit. In terms of IG credit, although spreads have become tighter and further spread compression is limited, we recognize a sweet spot from a carry perspective. Besides, the demand for US IG credit remains robust. We recommend maintaining a moderate exposure, favouring intermediate maturities say 3-5 years. Look for quality businesses and low refinancing risks.
Equities	=	Markets	Neutral to overweight in EZ and slightly underweight in US. Long-term India, and Japan	Rest of EM and UK	We maintain our cautious stance on Equities (Neutral). In the US, we observe a positive and rare combination of strong earnings, (accompanied by upward revisions) and expectations of rate cuts. However, we are of the view that the market is still in the early stages of a structural adjustment in tariffs, and the broader geopolitical environment has not been supportive. These two elements continue adding to inflationary pressures.
		Styles/Sectors	High quality. Value. Dividend growers. Cash-flow resilient sectors.	Small Caps, Cyclical, Discretionary and Materials	The US presents the highest earnings momentum, the highest RoE and the power of the Mag-7 but are aware of the limited surprise factor going forward. We remain constructive on Japanese equities benefiting from earnings upgrades and a supportive political shift.. EZ requires more selectivity and we have preference for satellite countries as core Eurozone markets will take some months to shift the sentiment on earnings. Meanwhile, we view Swiss equities as a stabilizing element within equity portfolios, offering the added benefit of the Swiss franc strength. We are neutral on emerging markets though with regional disparities (underweight China and overweight India). On a global basis, we favor high-quality stocks, dividend stocks, with a particular tilt toward value opportunities in Europe. Our preferred sectors include banks, insurance, utilities, and technology software.
Alternatives	+		Infrastructure, Gold. Hedge Funds.	Commercial REITs.	Despite gold's strong recent outperformance, we maintain a constructive view. The asset class continues to stand to benefit from ongoing geopolitical and global trade uncertainties which, together with mounting US debt levels, are likely to sustain central bank buying. That said, recent gains also make a case for taking some profits. Infrastructure assets, particularly in transport and energy, remain attractively valued and could perform well across a variety of market conditions. We are constructive on selective private credit strategies given their potential for diversification resilient income. We continue to avoid commercial REITs.

Opinion legend: (--) very unattractive; (-) unattractive; (=) neutral; (+) attractive; (++) very attractive.





Figure of the Month

2.8

This is the percentage at which the US Social Security benefits will be adjusted in 2026. The Cost-of-Living Adjustment (COLA), for next year thus highlights resilient retiree purchasing power amid persistent inflation. For investors, this supports opportunities in defensive consumption, healthcare, and income-oriented assets, as stable benefit growth underpins steady demand from aging cohorts and reinforces long-term themes linked to longevity and retirement security.

S. P. Hinduja Banque Privée S.A. – A family-owned Swiss Bank with Indian roots.

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Founded in Geneva in 1994 by Srichand Parmanand Hinduja with a vision to provide clients with a bridge between East and West, our institution remains the only Indian-owned Swiss bank in history. With an active presence in Switzerland, India, UAE and the UK, S.P. Hinduja Banque Privée offers its clients the reliability of Swiss regulatory oversight, while providing specialized access to high-growth markets.

We are a private bank with an entrepreneurial spirit, embracing collective action and building creative solutions that advance the world, economically and socially.

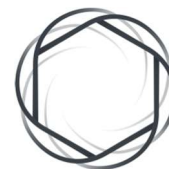
The future of banking is emerging at the intersection of profit and purpose.

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