Monthly Market Commentary

Umbra

Asset Management

MARKET COMMENTARY

November 2025

Umbra

Key Points

- Umbra's MPS was broadly positive in relative terms over the month of November. Our more conservative degree of positioning towards US equity markets, and most specifically the US Technology sector, meant that portfolios proved to be slightly more resilient against broader market dislocations.

- Overall factor positioning within equities was incrementally supportive also, with the Value ends of the market, most notably within Japan (Arcus Japan Value Fund +6.3% in GBP) alongside our Quality factor tilt (+0.1%) within the US, providing modest degrees of relative outperformance (NASDAQ Index -2.8% in GBP terms).

- Our global healthcare overweight was additive (SPDR MSCI World Health Care ETF +8.3% in GBP) to related portfolios after the sector bounced back strongly on tangible signs that the major health care conglomerates are settling drug pricing discussions with the US administration. This paves the way for earnings clarity at a time when sentiment and valuations within the health care sector remain at relative cyclical lows.

Market Comment

- Global markets lost momentum in November as investors grappled with mixed economic signals, policy uncertainty, and the growing debate around whether the rapid build-up in Artificial Intelligence may be over extended.

- The longest-ever US government shutdown ended mid-month, removing a significant source of uncertainty but leaving investors with limited economic data and a less reliable read on underlying momentum. The combination of softer labour market indicators, a sharp slide in consumer confidence, and ongoing questions about the Federal Reserve's policy path increased expectations for a December interest-rate cut. Treasury yields moved lower as investors priced in a softer growth profile and looser policy accommodation.

- Technology and AI-linked names were again central to market volatility. While corporate results remained strong - most notably Nvidia's third-quarter update, which showed a 62% year-on-year increase in sales - concerns about elevated valuations and overly optimistic earnings projections weighed heavily on sentiment at several points during the month. The 'Magnificent Seven' continued to deliver robust results, and consensus now expects more than 22% EPS growth from the group in 2025. However, markets struggled to reward further upgrades contributing to pronounced underperformance in growth and technology stocks and prompting a rotation into defensive areas such as healthcare and consumer staples.

- In Europe ex-UK, earnings trends remained constructive, particularly in financials and information technology. A moderate 1.1% rise in European equities reflected both robust 2026 earnings expectations and the region's more diversified sector composition, which helped insulate European markets from the AI-related volatility seen elsewhere.

- UK markets experienced sharp swings as investors positioned ahead of the Chancellor's Budget. Expectations that banks would avoid new taxes supported the financial sector, while stocks exposed to consumer leisure and gambling were hit by newly announced levies. Despite these crosscurrents, the FTSE 100 reached a new high during the month, supported by rising precious-metal prices and a notable rally in selected industrial names following multi-year investment announcements.

- Across Asia, performance was mixed. Japanese equities rose as yen weakness continued to support exporters, although concerns persisted around the sustainability of fiscal expansion and the Bank of Japan's accommodative stance. Markets elsewhere in the region struggled as investors took profits following a strong year and as technology-heavy indices -particularly in South Korea and Taiwan - came under pressure before rebounding late in the month.

- Economic data across major regions remained uneven. In the UK, annual inflation moderated to 3.6%, increasing expectations that the Bank of England may begin cutting rates around year-end or early 2026. GDP growth remained subdued, expanding just 0.1% in the third quarter, while trade volumes weakened further due to the impact of US tariffs. In Europe, growth expectations for 2025 were revised modestly higher, although business confidence in Germany continued to reflect scepticism about the durability of the recovery.

- Commodity markets saw divergence across components. Precious metals rose as investors sought safe-haven exposure against a backdrop of equity volatility and policy uncertainty.

Umbra MPS

Managing assets with discipline and alignment across multiple strategies

MARKET COMMENTARY

MPS Performance

Summary versus Primary ARC Benchmark

Private & Confidential

Source: Umbra Capital Partners LLP.

Umbra MPS Portfolio	November 2025	Rolling 3 Month	YtD 2025	3 Year Annualised	5 Year Annualised
Umbra MPS Passive Defensive	0.06	3.19	5.25	5.16	1.61
Umbra MPS Dynamic Defensive	0.20	3.24	6.17	5.46	2.22
Umbra MPS Blended Defensive	0.19	3.36	5.96	5.68	2.72
Umbra MPS Active Defensive	0.24	3.55	6.32	6.34	3.65
Umbra MPS Income Defensive	0.75	3.80	7.78	6.45	4.14
ARC Cautious PCI TR GBP	0.00	2.81	6.47	4.69	2.42
Umbra MPS Passive Cautious	-0.23	4.30	7.32	7.82	4.59
Umbra MPS Dynamic Cautious	0.08	4.29	7.92	7.47	4.33
Umbra MPS Blended Cautious	0.10	4.26	7.48	7.67	5.19
Umbra MPS Active Cautious	0.01	4.40	7.51	8.58	6.35
Umbra MPS Income Cautious	0.99	4.51	9.64	8.11	6.80
ARC Cautious PCI TR GBP	0.00	2.81	6.47	4.69	2.42
Umbra MPS Passive Moderate	-0.37	4.92	8.42	9.04	5.89
Umbra MPS Dynamic Moderate	-0.03	4.94	8.78	8.55	5.59
Umbra MPS Blended Moderate	0.03	4.75	7.81	8.40	6.19
Umbra MPS Active Moderate	-0.09	4.70	7.74	9.30	7.26
Umbra MPS Income Moderate	1.12	4.83	10.28	8.71	7.88
ARC Balanced Asset PCI TR GBP	-0.20	4.11	8.68	6.54	4.05
Umbra MPS Passive Balanced	-0.53	5.51	9.38	10.20	7.20
Umbra MPS Dynamic Balanced	-0.07	5.63	10.56	10.09	7.14
Umbra MPS Blended Balanced	-0.05	5.39	9.33	9.70	7.56
Umbra MPS Active Balanced	-0.18	5.08	8.11	10.17	8.27
ARC Balanced Asset PCI TR GBP	-0.20	4.11	8.68	6.54	4.05
Umbra MPS Passive Growth	-0.69	6.05	10.32	11.35	8.51
Umbra MPS Dynamic Growth	-0.24	5.98	10.17	10.75	8.11
Umbra MPS Blended Growth	-0.14	5.63	8.86	10.15	8.24
Umbra MPS Active Growth	-0.30	5.34	8.55	10.98	9.16
ARC Steady Growth PCI TR GBP	-0.40	4.52	9.25	7.54	5.08
Umbra MPS Passive Adventurous	-0.85	6.62	11.21	12.48	9.83
Umbra MPS Dynamic Adventurous	-0.30	6.74	11.29	12.38	9.56
Umbra MPS Blended Adventurous	-0.16	6.06	9.60	11.30	9.25
Umbra MPS Active Adventurous	-0.37	5.78	8.68	11.84	10.24
ARC Steady Growth PCI TR GBP	-0.40	4.52	9.25	7.54	5.08
Umbra MPS Passive Equity	-1.15	7.77	13.70	15.09	12.53
Umbra MPS Dynamic Equity	-0.62	7.82	13.13	15.03	11.99
Umbra MPS Blended Equity	-0.47	7.32	11.28	13.70	11.58
Umbra MPS Active Equity	-0.71	6.62	9.61	13.50	11.97
ARC Equity Risk PCI TR GBP	-0.50	4.93	9.70	8.41	5.93

All performance figures are shown in percentage terms in GBP and are net of underlying fund OCF's and Net of Umbra's AMC. Returns are Gross of any platform fee. From May 2022, performance reflects actual portfolio returns and reflects portfolio drift in line with market movements, with rebalances carried out on an ad-hoc basis, and informed by prevailing market conditions and portfolio positioning. Performance from July 2019 to April 2022 is based on back-tested data, using simulated past performance derived from the actual historical performance of the underlying investments.

Umbra

Equities

- Global equities, as measured by the MSCI ACWI, were flat in November, with the headline figure masking pronounced divergences across regions, sectors, and styles.

- In the US, the S&P 500 advanced +0.3% despite a strong earnings season. Technology was the weakest major sector as elevated expectations proved increasingly difficult to meet. Growth stocks declined –1.7%, compared to Value's gain of +2.7%, reflecting investor preference for more defensive and lower-valuation opportunities.

- European equities (MSCI Europe ex-UK) rose +0.9%, supported by strong 2026 earnings expectations. Weakness in consumer-facing areas, particularly autos, tempered gains.

- The UK rose +0.4% as Budget-related speculation drove notable swings across sectors. Banks benefited from relief that they would avoid additional taxes, while gambling and leisure names declined after duty increases were confirmed.

- In Japan, the TOPIX climbed +1.4%, with yen depreciation boosting exporters and semiconductors rallying after upbeat US results reinvigorated sentiment across the supply chain.

- Asia ex-Japan lagged, with investors locking in gains after a strong year. Korean (–and Taiwanese equities fell on concerns tied to tech valuations before recovering somewhat late in the month.

- Emerging markets underperformed developed markets, driven primarily by weakness in Asian technology exporters and softer performance in the Middle East linked to a weaker oil outlook.

Fixed Income

- Global bond markets were modestly positive, returning +0.3%, as investors weighed softer US data and expectations of near-term Fed easing against higher forecasts for sovereign issuance in 2026.

- US Treasury yields fell on rising expectations of a December rate cut and increasing signs that labour-market momentum is moderating. The combination of higher unemployment, elevated continuing claims, and weakening consumer sentiment reinforced the view that the Fed may feel able to reduce interest rates.

- Japanese government bonds were among the weakest performers, falling –1.3%, given growing concerns about the sustainability of expansionary fiscal and monetary policy.

- In the UK, gilts traded sideways as moderating inflation was offset by uncertainty around the government's fiscal strategy ahead of the Budget.

- Eurozone government bonds underperformed as updated borrowing projections exceeded earlier estimates.

- Emerging Market debt delivered modest gains, with hard-currency bonds rising +0.2% and local-currency debt +-.1%. In contrast, Asian High Yield weakened as softer risk sentiment across the region spilled over into credit markets.

Alternatives

- The pickup in equity market volatility and prospect for looser monetary policy helped Gold push higher, gaining +5.5% during the month, bringing its return for the year to a spectacular +60%.

- Other interest rate sensitive alternatives in the iShares Developed Market Property Yield ETF and iShares Global Infrastructure ETF rose +1.3% and +2.3% respectively.

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