ALBERT E SHARP

INVESTMENT MANAGEMENT & STOCKBROKING

Market Commentary

November 2025

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Monthly returns and summary

Index	Portfolio Benchmark Risk Level	30/11/2025	1 Month	3 Months	1 Year	3 Years	5 Years
ARC Cautious	Low Risk	220.42	+0.0%	+1.7%	+6.1%	+14.8%	+12.7%
ARC Balanced	Medium Risk	284.37	-0.2%	+2.3%	+7.6%	+20.9%	+21.9%
ARC Steady Growth	Medium High Risk	348.09	-0.4%	+2.5%	+8.0%	+24.4%	+28.1%
ARC Equity Risk	High Risk	415.69	-0.5%	+2.7%	+8.4%	+27.4%	+33.4%

Source: Figures based on ARC estimates.

Index	Region / Asset Class	30/11/2025	1 Month	3 Months	1 Year	3 Years	5 Years
UK 100	UK	9720.51	0.0%	5.8%	17.3%	28.4%	55.1%
UK All Share	UK	5241.31	0.0%	5.4%	15.8%	26.6%	47.9%
Dow Jones Ind Avg	US	47716.42	0.3%	4.8%	6.2%	37.9%	61.0%
S&P 500 Index	US	6849.09	0.1%	6.0%	13.5%	67.9%	89.1%
Nikkei 225	Japan	50253.91	-4.1%	17.6%	31.5%	79.7%	90.1%
MSCI Europe Ex UK	Europe	227.90	0.8%	4.8%	13.3%	31.8%	45.7%
MSCI Asia Ex Japan	Asia	890.54	-2.9%	8.1%	26.6%	43.3%	12.6%
MSCI Emg Mkts (£)	Emg Mkts	839.07	-3.2%	11.1%	24.2%	35.7%	29.0%
MSCI World Index (£)	Global	4398.44	0.2%	5.3%	15.4%	61.7%	70.3%
UK Conventional	Gilts	3170.21	0.1%	3.5%	2.5%	0.7%	-22.9%
UK Index-linked	Gilts	3731.95	-0.7%	4.4%	-3.5%	-11.5%	-35.2%
UK Real Estate Investment Trusts	Property	1915.10	0.8%	6.4%	-2.0%	-6.7%	-19.1%
WTI Crude ($/Barrel)	Oil	58.55	-4.0%	-8.5%	-13.9%	-27.3%	29.1%
Gold Spot $/Oz	Commodities	4239.43	5.9%	23.0%	60.4%	139.7%	138.6%
£1 = US$	Currencies	1.3235	0.6%	-2.0%	3.9%	9.8%	-0.7%
£1 = €	Currencies	1.1411	0.1%	-1.2%	-5.2%	-1.5%	2.2%
£1 = Yen	Currencies	206.65	2.0%	4.1%	8.3%	24.1%	48.7%

Source: Bloomberg. NB: Price returns only, excluding dividends

Index	Region / Asset Class	30/11/2025	1 Month	3 Months	1 Year	3 Years	5 Years
UK Investment Companies	Diversified	13,852.56	-1.1%	4.3%	11.5%	17.9%	13.5%
Latest Weighted Average Discount	-12.9%						
12 Month Weighted Average Discount	-14.5%						

Source: Bloomberg, Refinitiv. NB: Price returns only, excluding dividends

General Comments

November proved to be one of the calmest months of the year for investors. Those based in the UK may be surprised to read this given the Autumn Budget (and many of its preceding leaks) fell within the month, but even the FTSE 100 was flat over the month.

Japanese equities sold off as their government bond yields reached levels not seen in decades. This elevated future returns on government debt did attract capital flows, however, which supported the yen. Broader Asian equity markets also struggled, with some degree of profit taking and a sell-off in some technology names, notably in South Korea and Taiwan.

The oil price continued to fall, while gold continued to rise in now long-established patterns. Meanwhile, investment company discounts narrowed somewhat, despite negative price performance. This is perhaps a sign that selling pressure on the sector has slowed, at least for now.

UK Commentary

The UK political and economic landscape was dominated by the Autumn Budget delivered by Chancellor Rachel Reeves, which took place despite the Office for Budget Responsibility (OBR) accidentally publishing its full fiscal scorecard ahead of the speech. Although the government technically avoided breaking key manifesto promises, the OBR documents confirmed that the combination of tax increases will result in the total tax burden reaching an all-time high of 38% of GDP by 2030-31. The Budget ultimately committed to raising taxes by £26 billion to secure almost £22 billion in so-called “fiscal headroom”.

Market reaction to the fiscal event was generally calm. Traders seemed satisfied with the recommitment to the fiscal rules and lower-than-expected long-dated gilt issuance. However, prior volatility was noted after the Chancellor and Prime Minister ditched a plan to increase income tax rates just days before the Budget. Overall, the constant leaking of proposed policies seems to have had more negative effects on markets than the actual policies themselves. While markets reacted somewhat positively after the event, they would certainly prefer a calmer, more measured approach in future. Investors dislike uncertainty, and the run up to the Budget was deliberately filled with large doses of doubt for them to digest. We are glad this process is over, and we now have some degree of certainty on policies.

In terms of economic data, it was revealed retail sales unexpectedly declined in October, and survey data suggested the UK economy had largely stalled in November, impacted by factors such as delayed spending ahead of Black Friday.

Meanwhile, Inflation eased to 3.6% in October, reinforcing expectations for future interest rate cuts by the Bank of England, which had held its rate at 4.0% by a narrow 5-4 vote earlier in the month.

North America Commentary

The North American market narrative was, once more, heavily influenced by volatility in the technology sector and growing fears about the sustainability of the artificial intelligence (AI) boom. Despite strong Q3 earnings from major players like Nvidia, the tech-heavy Nasdaq Composite saw significant declines, with over $1 trillion in market value wiped from AI-related stocks in a short period (although there was a significant recovery into the end of the month). This downturn was compounded by news that Google's latest large language model, Gemini 3, trained on its proprietary tensor processing units (TPUs), was seen as leapfrogging OpenAI's ChatGPT, causing Nvidia shares to tumble significantly.

In response to the industry's focus on AI, key tech groups continued to cement partnerships, with Microsoft and Nvidia planning to invest up to $15 billion in the San Francisco-based AI start-up Anthropic.

Meanwhile, investor Michael Burry, famously known for anticipating the 2008 crisis, closed his hedge fund after taking bearish positions against AI firms like Nvidia, indicating his belief that market valuations were out of sync with intrinsic value.

Politically, the longest US government shutdown in history—a 43-day impasse—concluded after President Trump signed a short-term budget bill. The US Supreme Court also cast doubt on the legality of President Trump’s authority to impose sweeping global tariffs without Congressional approval, arguing that tariffs are essentially taxes reserved for Congress.

Europe Commentary

The European investment landscape saw its Exchange Traded Fund (ETF) industry on track for a record year, with inflows for 2025 already surpassing the previous year's total. By October, total European ETF inflows reached €282.2 billion, driven largely by significant allocations to equity and bond ETFs.

In Switzerland, voters decisively rejected a controversial proposal to impose a 50% federal inheritance and gift tax on the super-rich, preserving the country's traditionally low-tax framework. Furthermore, Swiss officials and business leaders succeeded in moving closer to a deal with the US to reduce punishing 39% tariffs on Swiss exports down to an estimated 15%.

Corporate performance was robust for certain luxury goods companies, as Cartier-owner Richemont reported quarterly sales that exceeded forecasts, navigating global challenges by achieving strong growth in the Americas and a noticeable improvement in the Asia-Pacific region.

In France, a key business-friendly reform championed by President Emmanuel Macron was temporarily suspended when the parliament voted to halt increases in the pension age until January 2028, reflecting a political concession to secure support for the 2026 budget.

Asia Pacific Commentary

Markets across Asia presented a mixed picture, with technology-heavy regions like Korea and Taiwan suffering losses as investors took profits following a strong year, contributing to the broader underperformance of Emerging Markets against developed markets.

Japan, however, demonstrated strong economic momentum, releasing data that showed both retail sales and industrial production significantly exceeded expectations. Simultaneously, core inflation in Tokyo remained persistently high at 2.8%, above the Bank of Japan's (BOJ) 2% target, strengthening the case for an imminent BOJ interest rate increase. In an effort to support the economy, the Japanese government announced a substantial ¥21.3 trillion stimulus package. Benefiting from rising interest rates and increased domestic corporate activity, Japan's largest "megabanks" upgraded their annual profit forecasts and expanded their share buyback programs.

In Australia, the Reserve Bank (RBA) opted to maintain its key interest rate at 3.60%, suggesting the cycle of rate cuts is likely paused, given forecasts that core inflation is expected to remain above the target range until mid-2026.

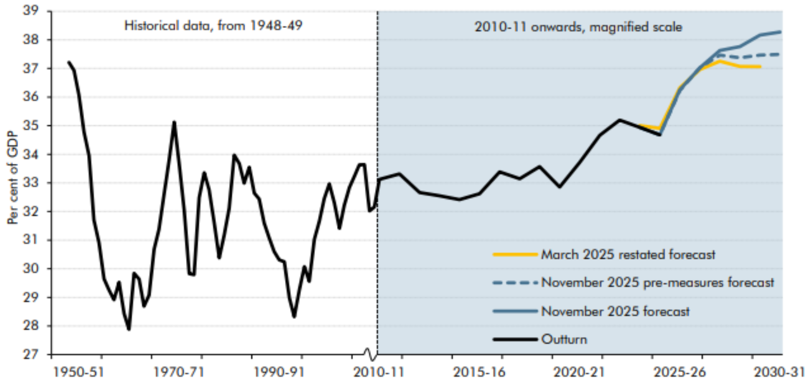
Emerging Market Commentary.

General Emerging Markets equities underperformed Developed Markets, partly due to profit-taking in Asian tech hubs and headwinds hitting Middle Eastern markets from a projected surplus in oil supply.

China's Tencent reported strong financial results, driven by double-digit growth in both its domestic and international gaming segments, alongside boosted advertising revenue attributable to the expansion of AI-driven services.

Chart(s) of the month – UK Taxation Levels

Chart 4.1: National Accounts taxes as a share of GDP



Source: ONS, OBR

Table 4.1: Public sector receipts as a share of GDP

	Per cent of GDP						
	Outturn	Forecast					
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Income tax	10.5	10.8	11.3	11.7	11.6	11.7	11.8
NICs	5.9	6.7	6.8	6.7	6.7	6.8	6.8
Value added tax	5.9	5.9	6.0	6.0	6.1	6.1	6.2
Onshore corporation tax[1]	3.2	3.2	3.3	3.3	3.4	3.4	3.4
Capital taxes[2]	1.4	1.6	1.7	1.8	2.0	2.1	2.1
Business rates	1.1	1.1	1.2	1.2	1.1	1.2	1.2
Fuel duties	0.8	0.8	0.8	0.8	0.8	0.7	0.7
Alcohol and tobacco duties	0.7	0.7	0.6	0.6	0.6	0.6	0.6
PSNB-neutral receipts[3]	3.0	3.2	3.3	3.3	3.3	3.3	3.4
Other taxes	2.2	5.4	5.5	5.4	5.5	5.5	5.6
National Accounts taxes	**34.7**	**36.3**	**37.0**	**37.6**	**37.8**	**38.2**	**38.3**
Interest and dividend receipts	1.5	1.4	1.4	1.4	1.4	1.4	1.4
Other receipts	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Current receipts	**38.9**	**40.5**	**41.2**	**41.8**	**41.9**	**42.3**	**42.4**

[1] Includes electricity generator levy and Pillar 2 taxes.
[2] Includes capital gains tax, inheritance tax, property transaction taxes, and stamp taxes on shares.
[3] Include council tax, VAT refunds, environmental levies, extended producer responsibility, and community infrastructure levy.
Source: ONS, OBR

The above chart & table from the Office of Budget Responsibility show the degree to which a lack of budgetary responsibility from various governments in recent years is projected to push up taxation levels to the highest level on record.

There is plenty of research to suggest that the higher the level of government spending in an economy, the lower the growth rate. Raising taxes to fund ever increasing government spending has proved many times to impede growth, not stimulate it.

It is therefore highly regrettable, in our view, that this was yet another “tax and spend” budget, raising levies on productive areas of the economy to fund day-to-day spending (not even for long-term investment projects with the hope of producing growth).

As we mention below, there were fears of a worse situation than this coming out of the budget, and many of the more pernicious policies which were rumoured/leaked did not come to pass. This did prove supportive of the mood in markets, which had feared the worst at times.

It is important to remember though, that taxes being at over 38% of GDP is historically anomalous.

Investment Profile – Allianz Technology Trust

Allianz Technology Trust (ATT) is a UK-listed investment trust focused on long-term capital growth via equities of global listed technology companies, benchmarked against the Dow Jones World Technology Index.

Mike Seidenberg leads the experienced team from their Silicon Valley base. They target innovative firms in AI, cloud computing, cybersecurity, EVs, and software, with circa. 80% in pure-play technology names, and over 90% of the portfolio listed in the US.

With total assets of £2.1bn and a market cap of £1.9bn, ATT operates without gearing and trades at a modest ~10% discount to net asset value, supported by an active share buyback programme. Over the past decade, it has generated an impressive cumulative return of approximately 730%, equating to a compound annual growth rate of around 25%, a track record recognised through multiple AIC sector awards for sustained performance.

Investment Team's thoughts

The Autumn Budget was disappointing; however, it was arguably less disappointing than expected. This improvement against rock bottom expectations has proved broadly positive for markets. That said, there is no hiding from the fact this was a classic "tax and spend" budget, which takes taxes to the highest level on record. We would argue the UK needs pro-business, pro-investment, and pro-growth policies. Regrettably, the actions of the incumbent government show they firmly disagree.

One interesting caveat to this, however, is the back-loaded nature of the enacted tax rises. Many are delayed until the end of this parliament, or even beyond, which has prompted many commentators to question the likelihood of them actually going ahead, as many governments seek to cut tax and stimulate growth in the run up to an election. It is entirely conceivable to us that a change of course comes in the run up to the 2029 election cycle.