

Monthly Investment Update

November 2025

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Performance Update

Global stock markets continued their excellent run, with the S&P 500, Euro Stoxx, FTSE 100, and Nikkei 225 gaining 4.87%, 3.04%, 4.09%, and 12.86%, respectively. Our portfolios advanced between 2.83% and 7.88%.

Global stock markets continue to advance and remain on strong upward trends, with most major markets hitting new all-time highs again. The main reason for October's strong positive returns is that the US Federal Reserve (Fed) lowered interest rates for the second time in 2025. Analysts were expecting another cut this year, but concerns exist that if rates are cut too quickly, inflation may not return to target. In addition, there is another Government shutdown in the US, so economic data has not been published, creating a bit more uncertainty about the levels of inflation and employment, two key determinants of how well the economy is performing.

Bonds enjoyed the US interest rate cut, with UK Gilts rising 2.72%, corporate bonds advancing 2.05% and emerging market bonds up by 3.79%. The yield on UK government bonds (the interest rate that the government pays when borrowing money) fell from 4.7% to 4.4%. This should give Rachel Reeves more headroom in the forthcoming budget.

Gold had a very interesting month, advancing by 6.87% in sterling terms. However, it was extremely volatile, rising 12.67% initially, then suffering an 8% drop before recovering somewhat. This volatility is normal after an asset class has risen significantly over a long period. It remains a safe haven from geopolitical tensions and benefits from falling interest rates. It is experiencing strong demand from central banks, particularly in emerging markets, as they continue to build their reserves.

Bonds, gold, and equities all advanced last month, primarily driven by the US interest rate cut and the expectation of further rate cuts. This is a favourable time for our wealth, especially as we are in the seasonal period when stock markets tend to outperform.

The performance of the portfolios over the last month, six months and one year is shown below:

Portfolio	Performance % 1 month	Performance % 6 months	Performance % 1 year
Foundation	3.35	10.44	10.57
Cautious	3.63	12.39	12.26
Balanced	3.72	14.20	13.60
Adventurous	4.04	18.46	17.02
Dynamic Equity	3.96	22.86	19.20
Income Generating	2.83	10.53	10.57
Fourth Industrial Revolution	7.88	33.76	22.59
Retirement Investment Solution 1	3.78	14.59	13.31
Retirement Investment Solution 2	3.82	15.96	14.22
Retirement Investment Solution 3	3.84	17.19	15.03

Trend Following Signals

The table below shows whether the asset class has a positive trend (✓) or a negative trend (x). A positive trend occurs when the market price exceeds the average price over the previous 200 days. The portfolios will have more exposure to those asset classes in a positive trend and less (if any) to those in a negative trend. These are the main asset classes we monitor:

Asset Class	Trend Signal		Trend Signal
Global Equity	✓	Emerging Market Equity	✓
UK Equity	✓	Commodities	✓
Europe ex UK Equity	✓	UK Corporate Bonds	✓
US Equity	✓	UK Corporate Bonds (Short dated)	✓
Japan Equity	✓	UK Index-Linked Bonds	✓
Pacific Equity	✓	Global Bonds	✓
Gold	✓	UK Gilts	✓
Global Property	✓	Emerging Market Bonds	✓
Global Infrastructure	✓	Overseas Corporate Bonds	✓

Of the leading 23 markets we monitor, all are now above trend.

Cautious, Balanced and Adventurous portfolios

The Portfolios are now fully invested, with UK Inflation-Linked Gilts and Health Care moving above trend this month. The Adventurous portfolio also employs momentum in its investment philosophy, and changes were made, similar to those in the Dynamic Equity portfolio (see below). The Portfolios are enjoying the current market upward trend!

Dynamic Equity portfolio

There was a significant change in momentum this month, which certainly encapsulates investors' concerns that the US stock market is overvalued. Falling down the momentum scale and being replaced were US, North American, and Global equities. Replacing these three asset classes were Japanese, emerging market and mining equities. Despite US equities hitting new all-time highs, they have recently advanced at a slower rate than other markets, which is why they are being replaced. The chart below shows the ratio of the main US market to emerging markets and how, over the last 10 years, US equities have significantly outperformed (The lower it goes, the more the US has outperformed). As you can see, emerging markets are beginning to outperform the US, and this could be the perfect time to reduce exposure to US equities.



[Foundation portfolio](#)

The Portfolio is now fully invested and has benefited from this, particularly with its exposure to gold and technology shares. Last month, bonds advanced amid a further cut in US interest rates. The Portfolio's asset allocation is now roughly 47.5% equities, 10% commodities, 42% bonds, and 0.5% cash.

[Income Generating portfolio](#)

With the US cutting interest rates again last month, higher-yielding asset classes benefited. If the amount of interest you receive from cash falls below that of the dividend yield from an asset class, then it makes investing in that asset class more appealing, and the price of it should go up. The dividend yield from the Portfolio is currently 3.5%. This is very similar to the dividend yield of the FTSE 100, and global investors are beginning to invest more money in equities with higher dividend yields, which is why the FTSE 100 has increased significantly over the last year. If inflation in the UK falls, then the Bank of England will lower interest rates. This, in turn, will cause UK bonds and UK companies that pay higher dividends to rise significantly. This is not yet happening but expect the Portfolio to perform extremely well if/when this happens.

[Fourth Industrial Revolution portfolio](#)

The Portfolio advanced by 7.88%, taking the three-year return to 55.69%. The Portfolio currently holds 10 underlying funds, ensuring it remains diverse by investing in over 2500 global companies linked to some of the world's fastest-growing sectors. Within the 10 holdings, a large range of individual returns persists, with the iShares Global Clean Energy fund rising 14.55% last month and the iShares Digitalisation fund increasing by just 1.00%.

[Retirement Investment Solutions](#)

The Retirement Investment Solutions are designed to reduce losses during sustained periods of negative stock market returns, while also harvesting gains when stock markets trend higher. This is achieved by investing in three portfolios: the Foundation, Dynamic Equity and Multi-Asset Trend Following. The Dynamic Equity portfolio is high risk, and the Solutions are benefiting from their exposure to this portfolio, which is a major reason why returns over the last two years have been robust. The other two portfolios will significantly increase their cash position during the difficult investment periods, which will hopefully protect your wealth from significant declines. However, during sustained periods of markets trending higher, they will increase their risk, and we have seen both portfolios perform well recently as they are fully invested.

[Summary of Portfolios](#)

President Trump continues to affect investment markets. He has publicly announced that he wants US interest rates to be significantly lower than current levels. He desperately wants the cost of the US debt to fall so that he can push ahead with tax cuts and possibly increase spending. He has threatened to remove Federal officials who do not align with his desired policies and nominated individuals who advocate for aggressive rate cuts to the Fed. Last month, the US cut interest rates for the second time this year. This has helped boost the value of most asset classes.

Stock markets have historically outperformed between October and April, including the Santa Rally. October saw some strong returns, and we are set for a strong rally into Christmas. However, markets have a way of surprising us all from time to time, and there have been periods running up to Christmas in which returns have been negative

Asset Class Review

This section provides insight into our current thinking. As major stock markets once again hit new all-time highs, we take a look at the most interesting charts.

FTSE 100 v S&P 500- The FTSE 100 is so cheap

The S&P 500 is the world's most important stock market index, comprising many of the largest companies we are familiar with, such as Microsoft, Apple, Amazon, and Tesla. Since January 2000, the S&P 500 has grown by 8.35% per annum, but the FTSE 100 has only grown by 5.03% per annum. The chart below shows the ratio between the two. From 2010 onward, you can see that the FTSE 100 has fallen significantly relative to the S&P 500. Perhaps now is the time it catches up.

FTSE100 (UKX INDEX) / S&P 500 (SPX INDEX) 1.421 0.0

2025-10-31



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Nikkei 225- breaking higher.

The Nikkei 225 is a classic example of how a stock market can perform during an upward trend. You can see how each step higher (green line) is followed by a consolidation period (red line) – this is a very healthy pattern. The most recent breakout has seen it move exponentially higher, and our portfolios are enjoying the gains. At some stage, this market will see a correction, but it can move significantly higher before then (see the gold chart below).

Japan Nikkei 225 Index (NKY INDEX) 52411.34 1085.73

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Gold suffers a pull back.

Similar to the Nikkei 225, gold has also shown a stepping pattern. After a long consolidation period, 2024 saw it experience its first step higher. The last breakout was significant as it rose 30% since the end of August, which is a similar trend to that of the Nikkei 225. However, Gold has suffered a small pullback of nearly 10% and we expect it to consolidate around the 4000 level. This consolidation will probably last longer than the last one, and the likelihood is that we will experience another step higher.



Good news for Rachel

Rachel Reeves announced a relatively late budget for the 26th of November, in the hope that the delay would deliver her some good news. The chart below shows the borrowing costs that the UK government pays for borrowing over a 10-year period. You can see how the rate dropped from 4.7% to just over 4.4% last month. This will help fill in some of the “black hole”.



In Summary

Many of the world’s biggest stock markets continue to make new all-time highs. The good news is that a consistent pattern appears to be in place, with no signs of the trend coming to an end. In addition, we are in the seasonal period when stock market returns are favourable, including the so-called Santa Rally. Whilst the headlines in the UK continue to be negative, with tax rises on the horizon, global growth and profits from the companies we invest in are what matter most to our investments.

Fantasy Budget

The Chancellor will deliver her next budget on the 26th of November, and there is much speculation on what tax changes she will make. Recent policy reversals, rising debt interest costs, and a gloomier economic outlook have led to annual borrowing being £20-40 billion above the March forecast. Therefore, taxes will have to rise as it is unlikely that Government expenditure will be cut dramatically and borrowing more money could be risky.

We look at what changes might happen that could affect our clients:

- **Reduce National Insurance by 2p and increase income tax by 2p.** This would achieve the Government's pledge to "not increase taxes on working people," as it would be effectively neutral. However, it will ensure a higher tax take on income that is not subject to national insurance, such as rental income, pension income and interest on cash savings. This could raise £6 billion. Subsequent budgets could then remove employee national insurance (currently 8%) and increase basic rate tax to 28%. **Most affected: Pensioners and landlords holding property in their own name.**
- **Apply Employer National Insurance to Limited Liability Partnerships (LLP).** Today, employers pay National Insurance on their employees' wages, but LLP partners do not have to pay any Employer National Insurance on their profits. Applying a tax would level the playing field and raise cash immediately (£1.9 billion approximately). **Most affected: Legal and accountancy firms.**
- **Reform VAT.** The UK's headline rate of 20% is broadly in line with many European neighbours, though some are higher, e.g., Spain at 21% and Denmark at 25%. Where the UK clearly stands out, however, is its zero-rating and reduced-rate regime. The UK reduced rate is 5% (for example, this applies to domestic energy), but, perhaps more importantly, its zero rating is relatively generous compared to others. Goods that are on zero rating that could be moved to a reduced rate include children's clothing, books, and basic food. Most EU countries charge 5-10% on these items, and if the UK followed suit, this could raise over £15 billion a year. **Most affected: Everyone; however, this could lead to inflation and, therefore, higher mortgage interest rates.**
- **Car Taxes.** It is likely that the fuel duty freeze will end (they could restore the 5p cut and resume indexation), and a mileage tax (e.g. 6p a mile) for electric vehicles could be discussed and implemented in the future. Together, both taxes could raise £4 billion a year, rising to £6 billion in a couple of years. **Most affected: Elon Musk!**

What about Pensions and Inheritance Tax?

What all of the above have in common is that they raise money immediately. The Government does not have time to wait for future taxes as it needs the money now to satisfy the markets. If they reform Inheritance Tax, say by reducing the allowance, they will only raise money slowly. Similarly, if they cut the tax-free cash limit for pensions from £268,750 to, say, £200,000, it probably wouldn't raise any money, as people would still only tax the maximum and end up with the same level of taxable income.

Summary

There are many levers the Chancellor can pull now to raise significant revenue quickly and without too many bad headlines. There are also many taxes that will generate extremely negative headlines and raise little money. However, as we have seen, the Chancellor is not afraid of making bad headlines with her decisions.

Final Comment

We continue to see stock markets hit new all-time highs, a recurring pattern over the last few months. We have entered a period when stock markets tend to outperform, with October showing strong returns. Short-term pullbacks are always possible—gold's recent surge and retracement is a helpful reminder. Still, there is no reason to expect stock markets to fall significantly unless economic data changes.

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