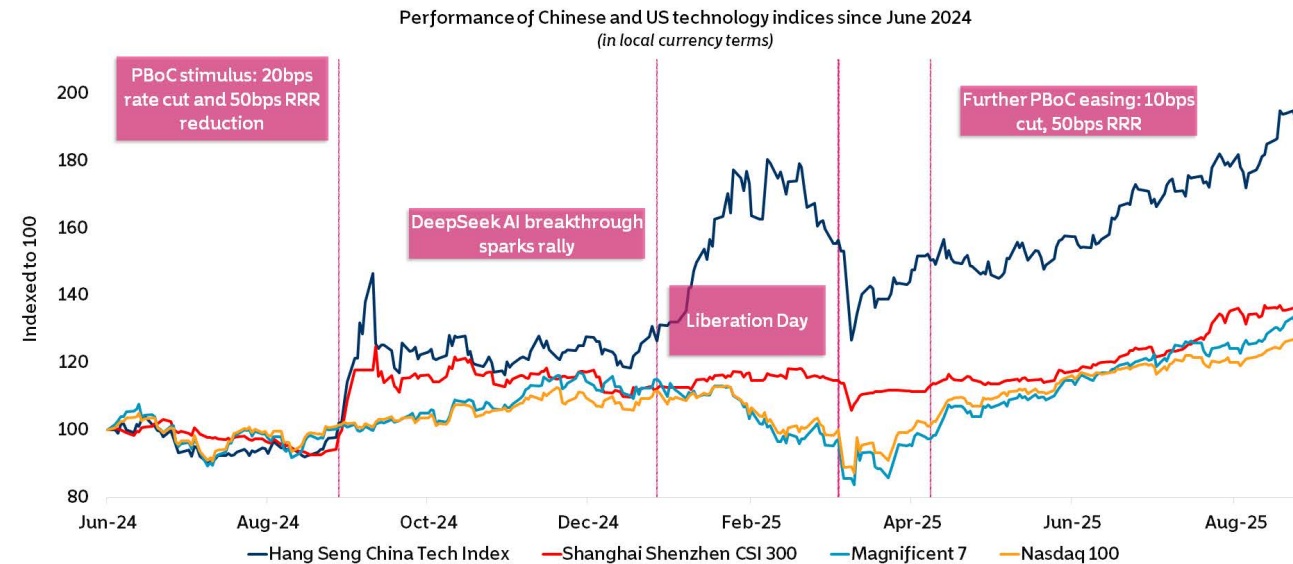


Chart of the Week

29 September 2025



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 25 September 2025.



Beyond the Magnificent 7

Gabby Byron
Client Portfolio Manager

What this chart shows

This week's chart compares the performance of Chinese and US technology indices since June 2024 in local currency terms. The Hang Seng Tech index has surged way ahead of both the Nasdaq and the Magnificent 7 over this period, driven by a combination of breakthroughs in artificial intelligence – notably DeepSeek's success in January – and policy support from the PBoC in the form of interest rate and reserve requirement ratio (RRR) cuts. The broader Chinese equity market (CSI 300) has also kept up, even managing to outperform the Magnificent 7 despite persistent concerns around China's economic outlook.

Why this is important

For a number of years, Chinese equities traded at a steep discount, reflecting geopolitical risks, slowing domestic growth, and the impact of government intervention. The speed and scale of the current rally shows how quickly sentiment can shift when a compelling growth narrative emerges. Whether China's AI chip ambitions deliver lasting competitiveness remains to be seen, but the recent performance demonstrates that investor appetite for transformative AI themes is not limited to the US. Importantly, concentration and valuation risks now extend beyond US technology. While much of the debate has focused on the stretched valuations of the Magnificent 7, China makes up a substantial portion of emerging market equity indices, and its rally has largely been fuelled by the same AI-led enthusiasm. At MGIM, we remain cautious on both fronts: US mega-cap tech valuations remain expensive and relying on passive EM exposure as a diversifier can still leave investors tied to a similar, narrow and expensive growth theme. True diversification means looking further afield into areas less dependent on a single sector narrative, to build more resilient portfolios.

Weekly market update

week ending 26 September 2025

momentum

global investment management

Global debt hits a record \$337.7 trillion. The Institute of International Finance reported that total global debt rose by approximately \$21 trillion in first half 2025, driven by loose financial conditions, a weaker US dollar, and accommodative monetary policies, pushing the debt-to-GDP ratio above 324%.



US

- » Equities rallied: US indexes hit fresh records early in the week as AI-related wins (Nvidia / OpenAI tie-ups) and a dovish Fed outlook supported risk appetite.
- » The Fed's Lorie Logan proposed swapping the central bank's benchmark funds rate for a more widely used measure, possibly the tri-party GC rate.
- » Donald Trump said he'll impose a 100% tariff on branded or patented drugs on the 1 October unless a company is building plants in the US. He also announced new levies targeting heavy trucks, kitchen cabinets and bathroom vanities.
- » US macro revisions and labour metrics remained under scrutiny (benchmark payroll revisions and softer labour signals featured in research commentary).



UK

- » Bank Rate remained unchanged at 4% (MPC majority) with dissenters preferring a cut; the BoE continued to emphasise data dependence and gradualism.
- » Gilt markets and talk of further quantitative policy moves (planned reduction in asset holdings) stayed in investor focus as the BoE signalled continued balance-sheet adjustments.
- » Sterling moves driven by cross-channel macro data and UK-specific inflation/money-policy commentary.
- » Rachel Reeves has backed Sir Keir Starmer's claim that Reform UK's policy to scrap indefinite leave to remain for migrants is "racist".



Europe

- » European new-car registrations rose 4.7% in August from a year earlier. Germany and Spain gained more than 5%, while demand in Britain and Italy dwindled.
- » The ECB kept key rates steady earlier in September, but markets watched consumer sentiment and CPI data for hints on the next policy moves.
- » Eurozone data releases (inflation expectations / retail indicators) dominated local market flows and fixed-income positioning during the week.
- » Russia has been testing NATO's allies over the last few weeks, after Estonia claimed that Russia had violated its airspace, which Russia denied. NATO promised a "robust" response to Russian incursions into its airspace and said it would use all options to defend itself and deter threats.



Rest of the World/Asia

- » PBOC / central bank officials pledged stepped-up, data-driven support to shore up growth and liquidity, signalling readiness to deploy policy tools.
- » Chinese Premier Li Qiang met with top execs from American companies including Citadel Securities and Pfizer, and said the US and China can become "friends and partners."
- » Tokyo's core CPI unexpectedly held steady at 2.5% in September, supporting the BOJ's cautious approach to raising rates, though there were notable dissents.
- » Donald Trump was more optimistic about Ukraine's prospects, saying it could reclaim all territory lost in its war with Russia with help from the EU. He also said NATO should shoot down Russian aircraft violating the alliance's airspace.

Weekly market data

week ending 26 September 2025

Cumulative returns					
Asset Class / Region	Currency	Week ending 26 September	Month to date	YTD 2025	12 months
Developed Markets Equities					
United States	USD	-0.3%	2.9%	13.7%	16.7%
United Kingdom	GBP	0.8%	1.0%	16.7%	15.9%
Continental Europe	EUR	-0.1%	1.2%	12.0%	7.4%
Japan	JPY	1.2%	3.6%	16.0%	20.1%
Asia Pacific (ex Japan)	USD	-1.5%	4.0%	23.0%	14.6%
Australia	AUD	0.2%	-1.5%	10.7%	10.7%
Global	USD	-0.4%	2.4%	16.5%	16.5%
Emerging Markets Equities					
Emerging Europe	USD	-0.1%	1.0%	42.7%	30.6%
Emerging Asia	USD	-1.5%	5.7%	24.3%	15.9%
Emerging Latin America	USD	0.1%	5.5%	41.7%	17.5%
BRICs	USD	-1.8%	4.4%	22.5%	13.9%
China	USD	-0.9%	6.5%	37.4%	37.0%
MENA countries	USD	1.8%	2.3%	4.2%	3.6%
South Africa	USD	1.1%	9.9%	52.7%	31.7%
India	USD	-3.3%	0.4%	1.7%	-10.2%
Global emerging markets	USD	-1.1%	5.5%	25.6%	16.3%
Bonds					
US Treasuries	USD	-0.2%	0.7%	5.2%	1.7%
US Treasuries (inflation protected)	USD	-0.3%	0.4%	6.6%	3.7%
US Corporate (investment grade)	USD	-0.4%	1.2%	6.7%	3.7%
US High Yield	USD	-0.2%	0.7%	6.9%	7.3%
UK Gilts	GBP	-0.1%	0.3%	1.5%	-1.6%
UK Corporate (investment grade)	GBP	0.1%	0.7%	3.9%	3.6%
Euro Government Bonds	EUR	0.0%	0.2%	0.0%	0.2%
Euro Corporate (investment grade)	EUR	0.0%	0.3%	2.6%	3.7%
Euro High Yield	EUR	0.0%	0.5%	4.6%	6.5%
Global Government Bonds	USD	-0.6%	0.0%	6.6%	0.8%
Global Bonds	USD	-0.5%	0.3%	7.8%	2.6%
Global Convertible Bonds	USD	-0.7%	3.5%	19.9%	21.9%
Emerging Market Bonds	USD	0.4%	1.5%	9.5%	7.1%

Cumulative returns					
Asset Class / Region	Currency	Week ending 26 September	Month to date	YTD 2025	12 months
Property					
US Property Securities	USD	0.8%	0.3%	3.1%	-2.7%
Australian Property Securities	AUD	-2.5%	-3.1%	8.5%	0.4%
Asia Property Securities	USD	0.0%	0.0%	18.4%	4.0%
Global Property Securities	USD	-0.4%	0.1%	10.5%	1.5%
Currencies					
Euro	USD	-0.5%	-0.1%	13.0%	4.7%
UK Pound Sterling	USD	-0.6%	-0.8%	7.0%	-0.1%
Japanese Yen	USD	-1.1%	-1.8%	5.2%	-3.1%
Australian Dollar	USD	-0.7%	0.0%	5.9%	-4.9%
South African Rand	USD	-0.2%	1.6%	8.8%	-1.1%
Swiss Franc	USD	-0.5%	0.1%	13.7%	6.1%
Chinese Yuan	USD	-0.2%	0.0%	2.3%	-1.7%
Commodities & Alternatives					
Commodities	USD	2.5%	1.9%	5.8%	7.3%
Agricultural Commodities	USD	-0.3%	-2.6%	-4.3%	-5.2%
Oil	USD	5.2%	3.0%	-6.0%	-2.1%
Gold	USD	2.0%	9.0%	43.3%	40.9%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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