Apt.
WEALTH PARTNERS

RESEARCH UPDATE

MARKET watch

DECEMBER 2025

Global equity markets were mixed in November as markets generally shifted towards a more risk-off sentiment. The S&P 500 edged 0.1% higher over the month, but the Nasdaq Composite closed 1.5% lower following a sell-off in technology companies. The Healthcare and Communications sectors led gains in the US. The Hang Seng Index was volatile across the month and ended the month down 0.2%. The S&P/ASX 200 underperformed other markets after a shock spike in the inflation rate ruled out the possibility of further rate cuts by the Reserve Bank of Australia (RBA) and opened the possibility of future rate hikes.

S&P/ASX 200 Sector Performance

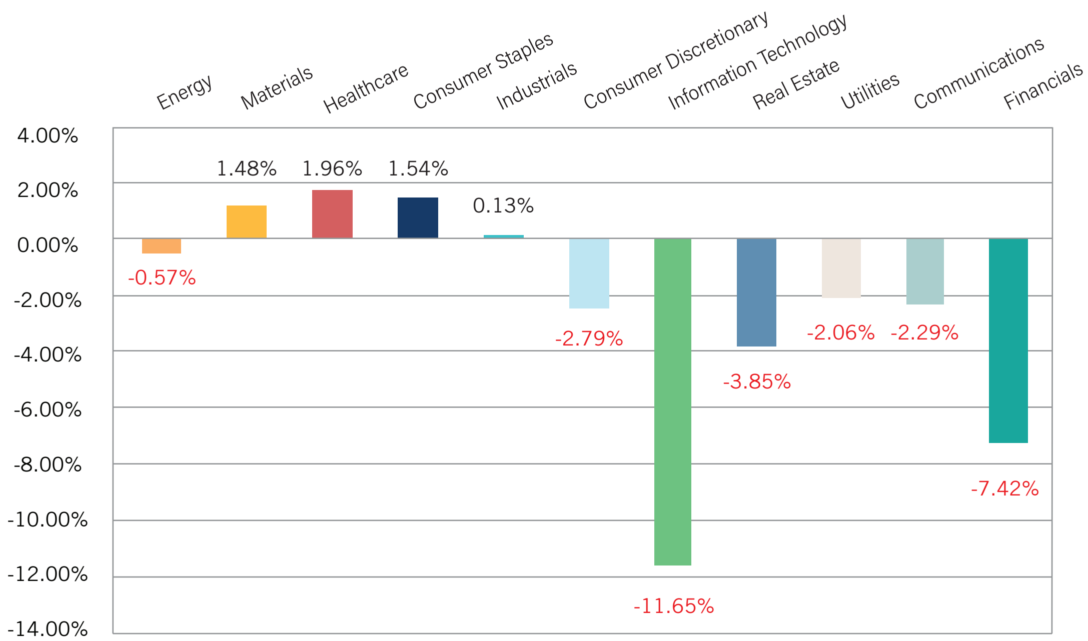
The best-performing sector for November was Healthcare (2.0%), benefiting from a broader shift towards more defensive sectors. Ramsay Health Care Limited (18.5%) led gains after its first quarter update revealed a 6.5% increase in total revenue growth and a 5.8% increase in earnings before interest and tax (EBIT). The company also announced the appointment of a new group chief financial officer. Regis Healthcare Limited has continued to rally since acquiring two high-quality aged care homes in Victoria. At its annual general meeting in November, the company reported a 14.5% increase in revenue from services and a 37.3% increase in underlying net profit after tax (NPAT). Sonic Healthcare Limited (10.4%) also advanced after reaffirming earnings guidance for the 2026 financial year after four months of trading while decreasing depreciation and interest expense guidance.

The Consumer Staples sector remained resilient, returning 1.5% on spending growth and improving consumer confidence ahead of the festive season. Woolworths Group Limited and Endeavour Group Limited led gains at 6.0% and 2.2% respectively. Endeavour Group Limited reported a return to positive sales growth in September and continued sales growth in its hotels business.

The major laggard was again the Information Technology sector (-11.7%) as investors pivoted out of the ‘risk-on’ sector. Catapult Sports Limited (-24.9%) dragged on the sector, with its half-year results underwhelming investors despite reporting a 19% year-on-year increase in average contract value and a 16% year-on-year increase in revenue, both on a constant currency basis. Similarly, TechnologyOne Limited (-20.8%) retreated despite beating its own profit guidance and reaching record annual recurring revenue (ARR) and profit. Growth was driven by the company's strategic focus in the UK, with strong results in local government and higher education verticals.

Financials were also weak in November, with heavy selling across the sector. Bendigo and Adelaide Bank lost -19.1% after an independent investigation by Deloitte, following suspicious activity at one of its branches, found that the bank had 'deficiencies in approach to the identification, management and mitigation of money laundering and terrorism financing risk'. Commonwealth Bank of Australia fell -11.2% over the month given the cautious commentary provided by management with its first quarter result. GQG Partners Inc. (12.6%) was the lone standout in the sector, buoyed by its first half-year results, including net inflows of US$8.0 billion and an 11.0% increase in net revenue on the prior corresponding period.

S&P/ASX 200 Sector Performance



Data Source: Desktop Broker, 31 December 2025.

Highlights

Australia: The Australian Bureau of Statistics (ABS) published its monthly consumer price index for October. In the 12 months to October, the consumer price index rose 3.8%, up from 3.6% in September. This inflation rate reading was the highest since June 2024, before the Reserve Bank of Australia (RBA) began its monetary easing cycle. The increase was driven by housing, food and non-alcoholic beverages, and recreation and culture. Trimmed mean annual inflation came in at 3.3%, slightly up from 3.2% in September.

The Australian Securities and Investments Commission (ASIC) has outlined its priorities for 2026. These include increased focus on investigating misleading pricing practices, poor practices by insurers, poor private credit practices and financial reporting misconduct.

Australia and Indonesia have agreed to a new bilateral Treaty on Common Security. The treaty is likened to the agreement signed by former prime minister Keating and former president Soeharto back in 1995. The treaty will be officially signed by the respective leaders in the new year.

US: The US government shutdown has officially ended after 43 days, making it the longest ever shutdown. Eight moderate senators switched sides to strike a deal with the Republicans to reopen the government, citing that too many regular people were suffering.

The US government has approved US$92.8 million worth of arms sales to India following the ten-year defence pact signed in October, where both countries agreed to increase defence ties, and with India wanting to diversify its procurement of arms supplies. The sale includes anti-tank missiles and precision artillery projectiles.

United Kingdom: The UK Department of Health and Social Care announced it would be expanding its sugar tax to include milk-based drinks, including milkshakes, flavoured milk and certain coffees. The tax can reach 30 cents per litre, depending on the number of grams of sugar per 100 millilitres of drink. The new requirements will begin at the start of the 2028 calendar year.

Brazil: The 2025 United Nations Climate Change Conference, known as COP30, was held in Belém, Brazil. Representatives from 195 countries attended the two-week summit, negotiating plans on managing climate change. The final eight-page statement avoided direct mention of oil, gas and coal but contained 29 agreements on topics including the transition to clean energy, trade and technology, and the increase of an ‘adaptation finance’ goal for poor nations to US$120 billion, with the funds intended to be used to enable poor nations to adapt to climate change.

New Zealand: The Reserve Bank of New Zealand (RBNZ) has made a 0.25% rate cut to bring its official cash rate to 2.25%. The move was widely expected as the Central Bank aims to boost consumer and business confidence.

China: Chinese factory activity has fallen for the eighth consecutive month, coming in at an index score of 49.2 in November. A score above 50 indicates growth. Its services activity fell to a three-year low of 49.5.

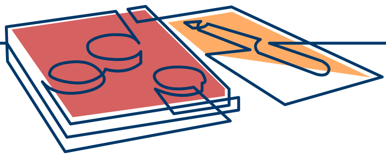
South Korea: South Korea has committed to phasing out its unabated coal plants by 2040. South Korea currently uses coal to generate more than 30% of its energy needs and is Australia’s third-largest buyer of thermal coal.

Japan: The Japanese economy has shrunk for the first time in more than a year over the September quarter, with a 1.8% decline. The fall was driven by lower exports, particularly in automobiles and parts, which have been affected by higher US tariffs.

What to watch out for

The RBA will hold its next Monetary Policy Board Meeting on the 8th and 9th of December. The stronger-than-expected inflation result for the September quarter and the monthly indicator for October have put further rate cuts in doubt. Their reading has also introduced the possibility of a rate hike. December's decision will be key given the two-month break until the following meeting in February.

Conclusion



Global equity markets were slightly higher in November, with momentum fading as investors became concerned about market concentration and a potential correction in artificial intelligence companies. Inflation has continued to moderate in most markets which has enabled Central Banks to cut interest rates, but there is some uncertainty as to whether inflation will continue to trend down. Geopolitical tensions across the world remain elevated but have so far had little impact on markets.

During periods of uncertainty, clients should:

- **Stick to the plan:** Focus on your long-term goals. Our investment approach is focused on the long term and designed so that your portfolio can ride out any downturns – including this one. Staying the course, despite how uncomfortable it may feel right now, will prove to be the better option when looking back five years from now.
  Investors who stayed the course while equity markets declined in the depths of the COVID-19 pandemic in early 2020 have benefited from one of the fastest market turnarounds with equity markets. Investors who sold equities during the downturn and waited until economies started to show recovery before buying back into the market missed a large part of the recovery.

Apt Wealth Partners AFSL 436121 ABN 49 159 583 847

- **Maintain a buffer of safety:** Holding a buffer of cash and term deposits has been a key strategy to provide a cushion against market downturns and to protect capital.
- **Take advantage of the weakness:** Market downturns provide buying opportunities to invest in long-term, quality investments.
- **Focus on quality investments:** Invest in companies that generate stable cash flows to support distributions, which are not connected to the movements in asset prices, and partner with fund managers who share the same investment philosophy and objectives.
- **Diversify:** Spread investments across asset classes, industries, sectors and geographies.
- **Regularly rebalance the portfolio back to your risk profile:** Ensure the portfolio is not exposed to unwanted risks to lock in profits.
- **Remain calm, and speak to your Apt adviser:** It is important that you speak to your Apt adviser before making any financial moves. Your adviser understands your long- and short-term goals and will have been planning for these types of scenarios already, so they are best placed to explain any impact and discuss the best options and opportunities for you personally.

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