

October Market Overview

Global equity markets continued to climb in October, with developed markets up +2.8%. The rally was supported by easing US-China trade tensions and another strong US earnings season. Late-month talks boosted sentiment after both nations agreed to pause tariff escalation and ease export controls on rare earth minerals, key components for AI, clean technology, and global manufacturing. However, with U.S. equities near all-time highs, much of the optimism now appears priced in.

Growth stocks (+4.2%) continued to outperform value (+0.4%), led by technology and innovation-focused companies with strong balance sheets and durable earnings. Industrial metals (+4.8%) and precious metals (+3.5%) were the best-performing commodities, with gold and silver up approximately +52% and +69% year to date, highlighting their role as portfolio diversifiers and stores of value.

Within fixed income, emerging-market debt (+2.2%) outperformed as real yields rose and currencies weakened, while high yield (+0.2%) slightly beat investment grade (-0.1%) as investors sought income amid cautious central bank policy.

For investors following Sharia principles, these market dynamics reaffirm the importance of selectivity, diversification, and active oversight. Sectors aligned with real economic growth, such as technology, healthcare, and infrastructure, continue to offer opportunity, while the avoidance of cyclical and heavily indebted businesses adds a disciplined quality lens which is certainly working in our portfolios' favour.

Portfolio Positioning

There were no new trades in the month of October given the current asset allocation is delivering on TAM's macroeconomic view. The month continued a strong run for TAM's Sharia portfolios, and we are optimistic of this strength continuing into the end of the year.

We are positioned to benefit from the current macroeconomic climate. Firstly, allocations to high-quality Sharia-compliant equities performed well including a continuation of the stellar rally in high-quality technology companies. Natural exclusions from conventional banking and highly leveraged sectors enhanced resilience without hindering returns. Earlier in the year, a weaker dollar reduced gains from many of our

underlying funds which are priced in US dollars. That headwind eased in the third quarter, and some more in October in a growing rebound for the greenback. Emerging markets continued their regained momentum on the view of improving growth prospects and a search from global investors to diversify US exposure. Sharia-compliant emerging market funds added valuable diversification and return potential. We were also pleased to see Sukuk bonds continued their strong performance, with our Sukuk managers all contributing well. Precious metals were however the standout. Both silver and gold delivered exceptional gains and we participated well in both rallies in across all risk profiles. We maintain high conviction in both as momentum and interest builds in the sector.

On the whole, portfolios remain balanced between growth and resilience. Equities provide upside participation while real assets add a unique opportunity for capital appreciation, in our view.

Outlook

As we enter the final stretch of 2025, global markets remain resilient. Growth is steady, corporate earnings continue to expand, and consumer spending is healthy, particularly among higher-income groups. Investor enthusiasm for artificial intelligence has driven nearly half a trillion dollars of new investment this year, supporting sentiment.

While US equity valuations are elevated, especially in technology, momentum-driven rallies can extend if earnings hold up. The upcoming reporting season will be important for confidence. We expect leadership to broaden beyond US technology, with opportunities across both developed and emerging economies.

On the topic of valuations, Sharia Portfolio Manager, Daniel Babington wrote a note on common misconceptions about markets & what to look out for in financial headlines as the stock market runs higher. You can read it [here](#).

We of course remain alert to risks. The combination of slowing growth and rising gold prices suggests a cautious undertone. Inflation and employment trends are critical. Any resurgence in inflation could delay expected rate cuts and trigger volatility.

Our strategy is to stay fully invested while maintaining our high conviction in precious metals. In fixed income, we continue to favour corporate Sukuk with shorter maturities and selective exposure to emerging market Sukuk that offer attractive yields within Sharia compliant parameters. Precious metals and other real assets

remain important diversifiers, providing protection against inflation, debt concerns, and geopolitical risks.

This disciplined approach allows TAM's Sharia portfolios to participate in ongoing market strength while preserving resilience. As the year draws to a close, we expect contained inflation, steady US leadership, and supportive monetary policy to sustain favourable conditions for investors.



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