



October 2025

General overview

September wobbles did not materialize

Multi asset	1mo	3mo	YTD	1yr	3yr	5yr
Gold (USD)	10.5%	16.4%	44.8%	44.1%	31.3%	14.4%
Emerging Markets (LC)	7.1%	12.2%	24.3%	18.8%	18.1%	8.6%
Emerging Markets (UH, EUR)	6.7%	10.5%	12.4%	11.4%	11.3%	7.0%
MSCI World local currency	3.2%	7.5%	14.6%	16.8%	22.4%	14.9%
MSCI World (H, EUR)	3.1%	7.0%	13.3%	15.3%	20.6%	13.2%
MSCI World (UH, EUR)	2.8%	7.2%	3.5%	11.4%	16.4%	14.4%
Global real estate (UH, EUR)	1.3%	5.5%	-3.1%	-3.6%	5.2%	6.4%
Global investment grade bonds (H, EUR)	1.0%	1.6%	4.5%	2.4%	5.1%	-0.9%
EMD hard currency (UH, EUR)	0.7%	3.1%	-3.3%	2.0%	4.5%	1.6%
Global inflation-linked bonds (H, EUR)	0.6%	0.1%	1.8%	-1.4%	0.3%	-2.7%
Global Gov Bonds (H, EUR)	0.5%	0.2%	1.6%	-0.5%	1.4%	-2.7%
Global high yield (H, EUR)	0.4%	2.1%	5.9%	6.6%	10.6%	3.7%
EMD local currency (UH, EUR)	0.4%	1.8%	0.7%	1.3%	4.1%	2.2%
GSCI Commodities (USD)	0.3%	4.0%	-6.5%	4.6%	-1.5%	17.5%
Cash (EUR)	0.2%	0.5%	1.8%	2.7%	3.1%	1.7%
Oil Index (USD)	-1.7%	0.5%	-1.8%	6.2%	4.1%	21.5%

Equities continue to brush off geopolitical concerns

- > The world's oldest store of value, gold, again beat all newcomers in September, bested only by its less popular cousin, silver. In the commodities complex, only oil disappointed. Lower oil prices are the only bright spot in an otherwise gloomy inflationary outlook.
- Emerging market assets crept up the table, benefiting from a weaker US dollar and more attractive equity and credit valuations.
- > The prospect of lower US interest rates saw most assets deliver positive returns.
- > The artificial intelligence productivity miracle continued to excite investors and governments alike; the US government took a stake in a US chip manufacturer, causing a flurry of demand. Asian stocks also benefited from the tech fervour, with large tech stocks bouncing hard in Hong Kong.

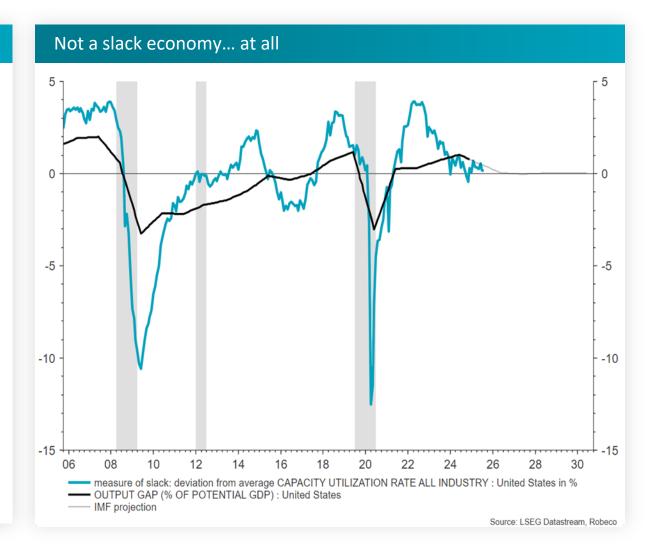
Source: Robeco, Bloomberg. Returns are in euros All market data to 30 September 2025 unless mentioned otherwise

Theme of the month

Full steam ahead: The US economic pressure cooker

Increasing characteristics of a high-pressure economy

- Over recent years, the US has increasingly exhibited characteristics of a high-pressure economy — a scenario where robust growth with full employment meets limited economic slack (see chart) and is further pumped up by policy stimulus through tax cuts and lower interest rates.
- > The additional stopper is tariffs, as this will avoid importing the deflation dynamic we saw in previous bull markets of the 1990s and 2000s.
- > We see this environment presenting both opportunities and risks that are reshaping the macroeconomic landscape and investor behaviour. The awkward element is that market pricing dislocates from the valuations and sometimes longer-term reality.

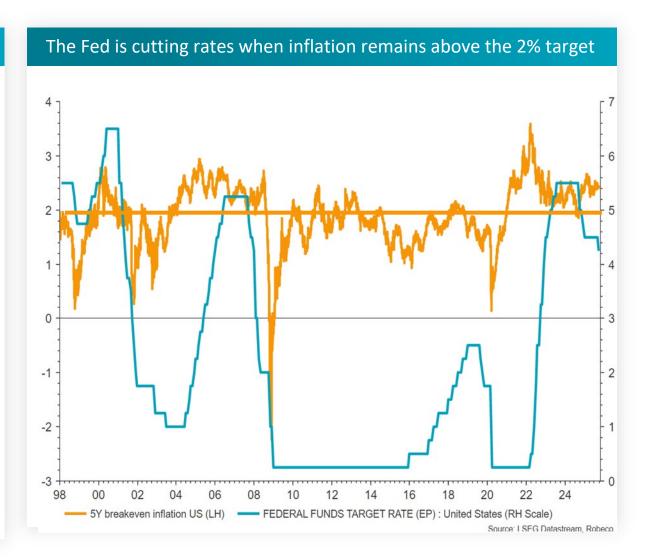


Theme of the month

Full steam ahead: The US economic pressure cooker

The Fed's reaction function has changed

- > While this is not our core scenario, the signposts of lower rates and more tax cuts mean there is an increasing probability that financial markets will price this in.
- > The US high-pressure economy reflects a delicate balance of strong demand, constrained supply, and evolving pro-cyclical policy responses.
- > While it supports near-term growth, the persistent inflation risks necessitate vigilant monitoring of monetary policy and economic indicators. For investors, understanding this regime's nuances is critical to navigating asset allocation, managing risk effectively and assessing when the pressure cooker is about to blow.



Theme of the month

Full steam ahead: The US economic pressure cooker

Implications for asset classes

- > For investors, this raises market volatility and heightens the risk of policy-driven mistakes. The implications for asset classes are:
 - > **Equities**: A mixed outlook. On the one hand, strong economic growth and corporate earnings support equity valuations. Conversely, sectors reliant on low rates and thin margins, such as consumer stocks, may experience heightened downside risk.
- > **Bonds**: Rising inflation and interest rates pose headwinds for traditional fixed income, especially long-duration government bonds. However, credit spreads are already at historic lows, so they offer lower protection from rising bond yields.
- Emerging markets: The prospect of Fed tightening and a stronger US dollar tends to pressure emerging markets via capital outflows and currency depreciation. This is contrary to Robeco's longer-term US dollar derating view in Expected Returns.
- > **Commodities**: Commodities and real assets such as gold, which has reached record highs, tend to perform well amid inflationary pressures, benefiting from demand and supply bottlenecks.

Rising inflation is a headwind for bond investors

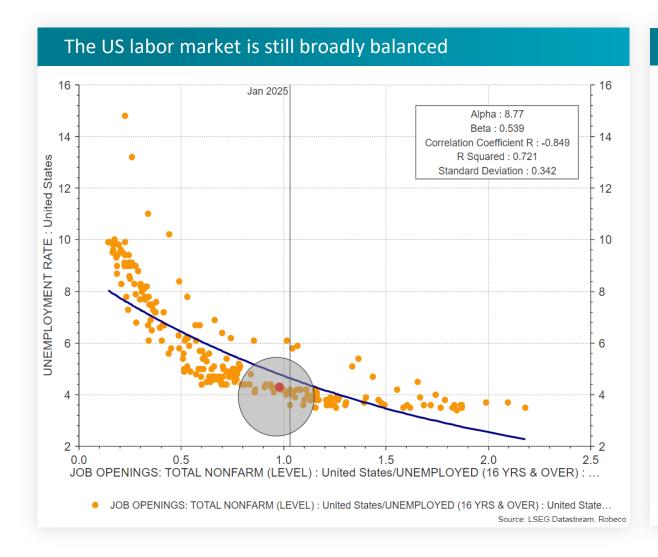
Asset class returns, 1875-2021

Asset class	Inflation <0%	0%-2%	2%-4%	Inflation >4%
Equities	5.5	9.8	8.2	-1.7
Bonds	8.4	3.4	1.6	-4.6
Cash	5.9	1.5	0.5	-4.3

Past performance is no guarantee of future results. The value of your investments may fluctuate.

Source: Robeco

Economy

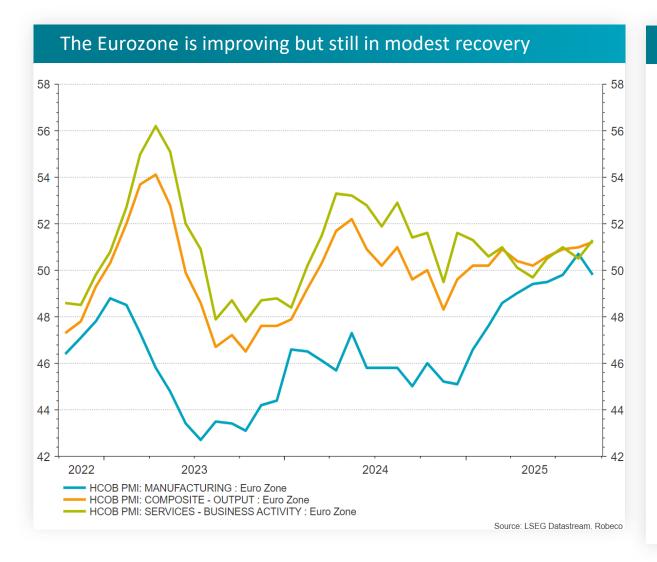


Conundrum of weakening US labor market, above-trend GDP growth

- > The US economic shutdown led to a delay in the closely watched NFP report over September. Nonetheless, the independent ADP payroll report showed a contraction of 32,000 jobs over the month, hinting that the official non-farm payrolls report could confirm a labor market showing a persisting slow hiring pace. While hiring is slowing, firing is also slow at the same time.
- The job openings per unemployed is still close to 1, suggesting we are seeing a US labor market that is still largely in balance amid signs of weakening. Jobless claims also trended down over the past few weeks. Given the asymmetric reaction function of the Fed, we will likely see another couple of rate cuts before the year-end.
- However, the strange constellation we pointed out last month of US jobs growth declining while overall demand indicators remaining healthy continues. As such, further rate cuts might only refuel a high-pressure US economy. A Fed nowcast of Q3 US GDP growth at 3.9% signals the economy is still running well above a trend growth pace. Part of this conundrum might be explained by improvements in productivity growth on the back of increased AI implementation.

Source: LSEG Datastream, Robeco. All market data to 30 September 2025 unless mentioned otherwise

Economy



Manufacturing is still weak despite subdued energy prices

- > On the macro front, the Eurozone's composite PMI hovered just above the expansion threshold, buoyed by resilient services activity, but dragged down by contracting manufacturing.
- > Eurozone inflation rose to 2.2% in September, up from 2.0% in August. The uptick was driven by services inflation, though core inflation held steady at 2.3%. There are notable divergences in both activity growth and inflation in the Eurozone. While inflation in Germany ticked up by 30 bps to 2.4%, it was only 1.1% in France. France recently is suffering from an extended episode of political turmoil after the new PM stepped down after only one month. French leading indicators are pointing at an increasing deceleration of activity.
- > The ECB has adopted a cautious stance, leaving rates unchanged in September, in a unanimous decision. While signaling that the disinflation process is over, Lagarde sees the ECB in a 'good place', citing diminished trade uncertainty. The hurdle for future ECB rate cuts is quite high as downside risks to growth are diminishing. We foresee a continued recovery in the Eurozone and take comfort from the recent uptick in services and consumer confidence.

Source: LSEG Datastream, Robeco. All market data to 30 September 2025 unless mentioned otherwise

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