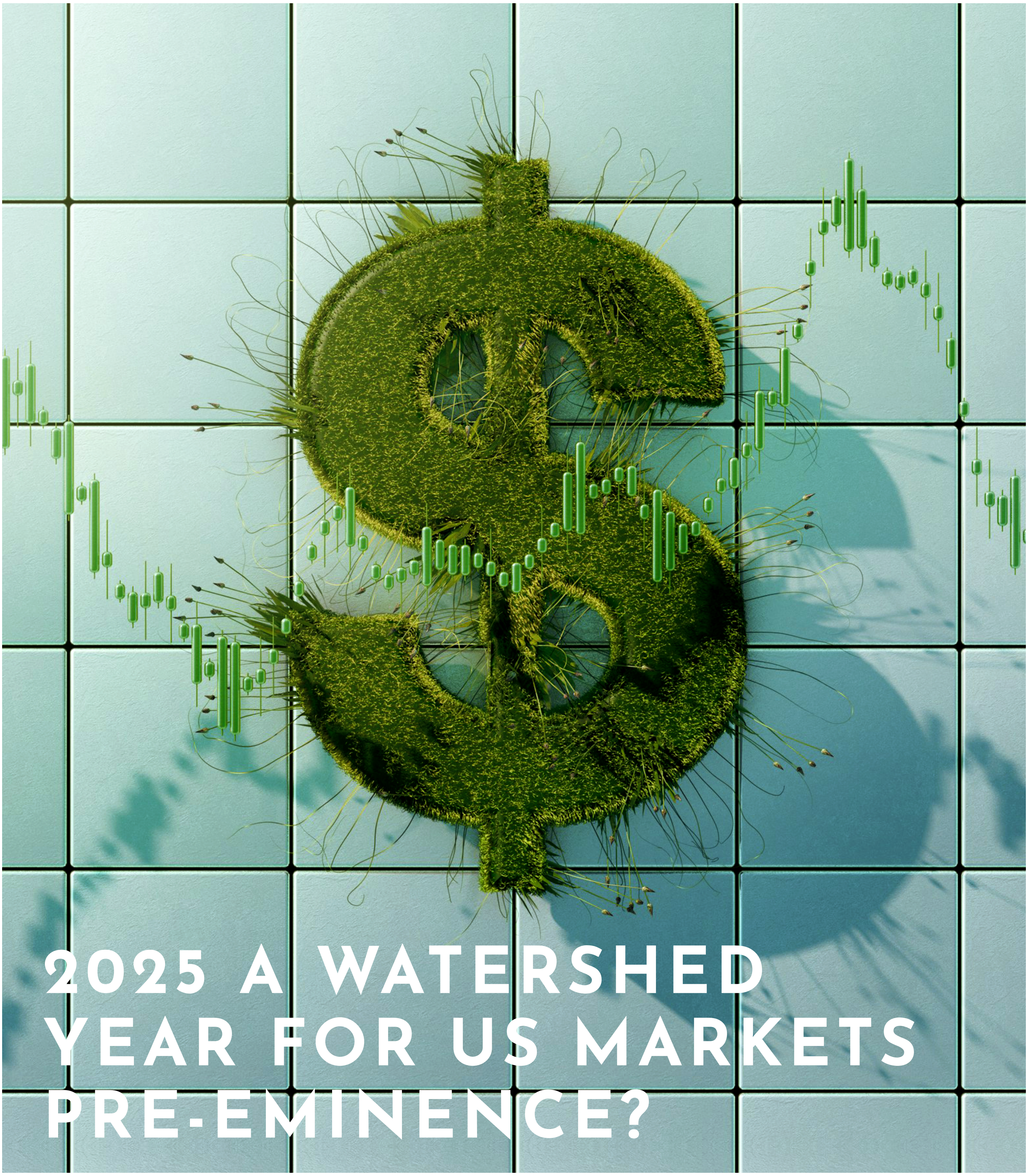
ASSET PULSE

STRATEGIC CAPITAL FOR A SHIFTING MARKET
A Q&A with EquitiesFirst's Europe CEO James Mungovan

KEY MARKET AND CAPITAL TRENDS
Timely actionable insights each month

ISSUE 3 NOVEMBER 2025

FOR PROFESSIONAL INVESTORS



2025 A WATERSHED YEAR FOR US MARKETS PRE-EMINENCE?

WILL NON-US EQUITIES MAINTAIN A LEAD OVER US BY YEAR-END?

"For 240 years, it's been a terrible mistake to bet against America" was Warren Buffett's famous warning to global investors nearly a decade back.[1] It proved to be a prescient call given a decade of American exceptionalism but developed and emerging market equities are finally daring to question that maxim as they quietly pull ahead this year.

US and non-US developed market stocks tend to swap leadership positions over long cycles.[2] And so, after a long stretch of US outperformance since the 2010s, this year has seen international stocks come to the fore. The MSCI EAFE Index of developed country ex-US stocks has posted more than double the return of the S&P 500 in the first nine months of 2025.[3] Meanwhile, an MSCI benchmark of emerging-market stocks has climbed 28 per cent so far this year – its strongest performance for the period since 2009 – reflecting renewed investor appetite for cyclical and technology-linked growth stories across Asia and beyond.[4]

European and UK value stocks are now ahead of the S&P 500 in USD total return terms over 1, 3, and 5 years.[5] Lower price-to-earnings ratios and higher dividend yields in Europe and other non-US developed markets are now attracting fund managers who see better value there after years of neglect.[6]

At the same time, US policy volatility and rising isolationist measures – from steeper H-1B visa fees to tariff threats – are also eroding Wall Street's long-held appeal as the world's capital magnet.[7] The last time US markets surrendered their leadership was in the 2000s, after the dot-com bust, when they were weighed down by war spending and when China's WTO accession was turbocharging globalization.

Today, the context is different. The US is more isolationist, global capital is extending the AI-driven rally into emerging markets that dominate the production of chips and other high-end components, while other developed economies, although ageing and fiscally stretched, are navigating the moment with greater stability. Valuations in US tech remain elevated, and other markets are yet again finding their voice. Asset managers like Amundi and M&G are rotating toward Europe and Japan, citing stronger diversification benefits.[8] New investment cycles across green industry, defense, and digital infrastructure – combined with higher input costs and shifting supply chains – could create earnings headwinds for US companies relative to EAFE peers.[9]

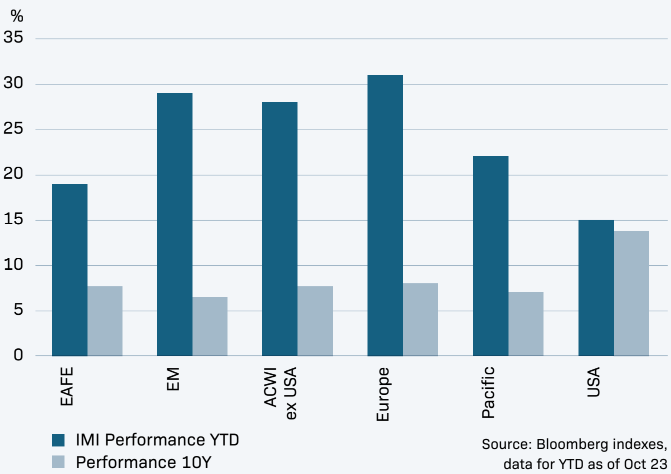
The euro's 13% surge against the US dollar this year follows Germany's pledge to spend nearly EUR 1 trillion on defense and infrastructure, with major disbursements due in the fourth quarter.[10] In Japan, the election of the country's first female prime minister has lifted sentiment and raised expectations for further fiscal stimulus, given Sanae Takaichi's dovish leanings and emphasis on domestic investment.[11]

Yet US equities continue to defy gravity. The S&P 500 and Nasdaq rose 8% and 11% respectively in the third quarter, buoying a powerful "wealth effect". Rising portfolio values have emboldened the richest consumers, helping to drive growth in personal spending for a third consecutive month in August despite stubborn inflation.[12,13]

A 25-basis-point Fed rate cut and a full-throated tech build-out are feeding expectations that the rally can extend, even as many analysts had predicted a correction earlier in the year. Momentum in particular has been juiced by AI-linked surges — AMD, for example, jumped 34% in a single session on news of an OpenAI supply deal.[14] Whether this reflects genuine productivity gains or merely an optimism-fueled economic sugar rush remains to be seen.

Buffett may have said "never bet against America", but it's clear that developed markets ex-US are mounting their strongest challenge in years – buoyed by cheaper valuations, fiscal expansion, and currency tailwinds. Whether 2025 marks a decisive passing of the baton or yet another instance of the Sage of Omaha being proven right will only become clear in the final stretch.

US AND NON-US EQUITY MARKET PERFORMANCE



Source: Bloomberg indexes, data for YTD as of Oct 23

STRATEGIC CAPITAL FOR A SHIFTING MARKET: INSIDE EQUITIESFIRST'S EUROPEAN APPROACH

A Q&A with EquitiesFirst's Europe CEO James Mungovan

James Mungovan

You were a lawyer before moving into private credit. What prompted that shift, and how has it shaped your perspective on capital markets?

I began my career as a lawyer advising listed companies on capital markets and M&A transactions. Joining EquitiesFirst in 2013 aligned with my network and experience, especially as traditional banks tightened lending post-financial crisis and there was a clear need for alternative credit solutions. We've built the business in Europe from the ground up, and we're known today for high-quality deal execution and helping growth-focused founders and shareholders unlock liquidity. Many of these founders remain under-served by banks until they scale, and we provide tailored lending solutions that support their ambitions while preserving their equity upside exposure.

You've been with EquitiesFirst in Europe for over a decade. How has the organization evolved in that time?

At EquitiesFirst Europe, we've built a lean but highly skilled team with deep sector expertise over the past decade. When expanding into new markets, we have always partnered with top-tier legal and custody partners and worked with local experts to identify quality opportunities. London is our main European market given its international outlook. Spain and Germany were an early focus when we came to mainland Europe, due to their active equity markets. Switzerland remains key, both for local opportunities and its role as a global banking hub.

STRATEGIC CAPITAL FOR A SHIFTING MARKET: INSIDE EQUITIESFIRST'S EUROPEAN APPROACH CONTINUED

You've argued for private credit to fund public growth in the UK in Investment Week. Across Europe, do businesses need private credit now more than ever?

Liquidity remains a priority for our clients, regardless of trade tensions or regulatory uncertainty. Having said that, Europe's capital markets are maturing, with regulators aiming to improve credit access. In the UK, I'm optimistic that potential reforms could modernize the financial ecosystem.

Across Europe, we regularly engage with businesses in France, Germany, Italy, and beyond – particularly in fintech, infrastructure, and resources – with real capital needs. One recent example involved a shareholder in a €200 million market cap company who sought to refinance high-interest debt involved in the buyout through our equity backed loan structure.

This is a common scenario. Many clients come to us looking to replace their full-recourse Lombard loans collateralized on both their equity and personal assets. We ring-fence the equity position and offer tailored, lower-cost funding to unlock liquidity while preserving their long-term equity exposure.

How has the client base for equity-backed financing changed over the past five years?

Demand for equity-backed financing closely follows market conditions, especially share price performance. Strong markets prompt clients to unlock liquidity for reinvestment or new ventures. While our sector focus may shift, the core client profile has remained consistent: concentrated shareholders seeking strategic capital solutions. Greece is a key focus this year, with rising numbers of infrastructure and family-owned firms open to strategic lending. We also have a growing network of Canadian clients having seen an uptick in demand from the natural resources sector there.

We're also seeing generational shifts in asset ownership. As wealth transitions, younger shareholders may not want to manage the business directly but still want to benefit from its growth. They're often more receptive to structured liquidity solutions that allow diversification or re-investment.

At the same time, expectations around financial services are evolving. In continental Europe, traditional banking models are being challenged by newer entrants. We see ourselves as part of that modernization journey – offering flexible, equity-backed solutions that meet the needs of today's shareholders.

Are you happy with how the business has performed this year?

We've achieved strong performance this year, particularly given the size of our team. Since we received our UK license from the FCA back in 2014, we've seen consistent growth across Europe. That trajectory has been driven not only by client demand but also by the increasing acceptance of our model among introducers and private banks. Many of these institutions now refer clients to us when they're unable to offer a suitable solution themselves, which speaks to the trust we've built in the market.

Asia continues to be a major market for EquitiesFirst, and we collaborate closely with our colleagues in our local offices, especially on cross-border transactions. But in terms of standalone European growth, it's been a steady upward curve. We've seen strong momentum over the past several years, and we're optimistic about the trajectory going forward.

What are clients telling you about European equities over the next one to two years? Are they optimistic, and what are the biggest drivers of performance in your view?

One of the key advantages of equity-backed financing is that it allows clients to retain exposure to long-term upside in their holdings. In Europe, sentiment is cautiously optimistic. Currency tailwinds – particularly a weaker US dollar – have made European assets more attractive to global investors.[15] A stronger euro has lifted valuations and redirected capital flows toward eurozone equities.[16]

However, outlooks vary by market. In London, there's an active effort to revitalize the equity market, where liquidity in mid- and small-cap stocks has declined. Government-backed reviews and proposed reforms aim to modernize the listing environment and attract more IPOs. The recent decision by Greece-based energy and metals group Metlen to move its primary listing to London is a positive sign.[17]

Overall, our clients are seeking ways to unlock liquidity without sacrificing long-term exposure – and European equities are increasingly central to that strategy.

After more than a decade, what keeps you excited about leading EquitiesFirst's European business?

While we're always looking to grow our client base, maintaining strong relationships with existing clients is just as important. Many of our best deals come from long-standing relationships – clients who return for new transactions or refer others. Such trust and continuity are key markers of success.

What makes this role especially rewarding is the direct engagement with decision-makers – founders, owners, and major shareholders – who are actively shaping their businesses. These conversations go beyond surface-level transactions; they offer insight into how companies were built, their growth journeys, and where they're headed next.

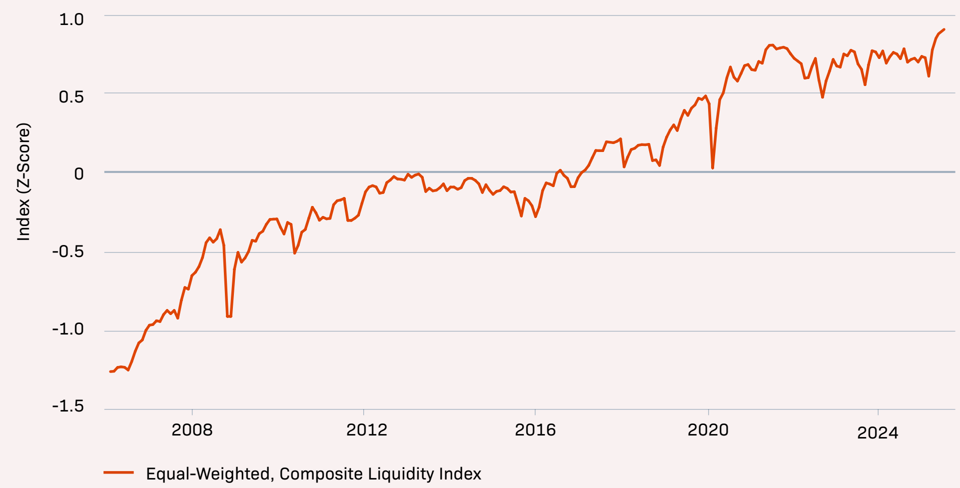
Our work is hands-on and forward-looking. Conversations help shape our approach to, aiming to reflect client goals and key business milestones. It's the combination of strategic conversations and long-term partnerships that makes the work both rewarding and energizing.

BEHIND THE NUMBERS: HUNTING A BUBBLE IN OUR LIQUIDITY PULSE INDEX

Our indicator of lending conditions shows how markets were at first shocked and then pragmatic about tariffs

LIQUIDITY PULSE COMPOSITE INDEX

As of end-August 2025



About Liquidity Pulse
Liquidity Pulse is a proprietary composite index that tracks global credit and liquidity conditions across a selection of major economies, drawing on both market-based signals and central bank-reported lending data. It is a purely indicative editorial feature: it has no connection to any EquitiesFirst product, it is not tradable, nor is it a benchmark of any kind. The index runs from January 2006. Market indicators are the US 10-year Treasury yield, the CBOE Volatility Index (VIX), and the Broad Dollar Index, each of which is inverted. Lending data is taken from central banks in six economies: UK (M4 lending), euro area (loans to non-financial corporations), Singapore (commercial bank lending by industry), Hong Kong (loans and advances by licensed banks), Japan (loans and discounts, total of major and regional banks), and China (total loans). Each data series is standardised using z-score normalisation, with index values reflecting deviations from average for whole time period. All indicators are weighted equally.

For a full overview of the index and how it is compiled, refer to the first issue of Asset Pulse here.

Global markets are full of bubble talk. As equity indices continue to hit highs, fuelled by investor rapture over the latest deals announced by artificial intelligence pioneers[18] and the way in which their solutions might transform other sectors of the global economy, many observers are increasingly warning of an unsustainable boom in AI and in markets.[19]

The euphoria is reflected in our Liquidity Pulse index too, which hit a high in August 2025, the latest period for which data is available. The index now stands at 0.855 (see chart), indicating the loosest conditions since inception and continuing the strong rise so far this year.

Many of the individual components of the index are looking ever more benign. Equity market volatility, as reflected in the VIX, continues to fall. Having peaked at a monthly average of nearly 32 in April when tariff fears hit their highs, by August it had halved to below 16[20]. Monthly average yields on the 10-year Treasury fell from 4.42% in May to 4.26% in August[21]. In January they had been as high as 4.63%.

At the same time, lending to businesses has been rising this year in the six markets whose data feeds into our index. Singapore is up 0.7%, Hong Kong 1.3%, the Eurozone 1.5%, Japan 2.3%, the UK 3.2% and China 5.2%.[22]

But there are warning signs too. Chief among them is the fact that the rise in our index has now, by one measure, overtaken even the post-pandemic recovery in 2020. For the first time, the August 2025 data has taken the index's recent upward run beyond the rise that was seen after the initial Covid-19 shock in March 2020 – and well beyond the two other upward spikes since then, in October 2022 and October 2023. This is because the uptick of recent months has come after what was a sudden but only relatively small fall in the index in April 2025, when concerns around tariffs had triggered a surge in volatility. Unlike after other recent dips, the performance today has now moved well beyond any mere recovery.

In fact, the index now stands 0.31 points above where it was in February, a rise that is nearly 2.5 times the March-April drop – and far higher than the increase seen after the low in 2020. For the entire period of our index, which begins in January 2006, the most recent comparable increase was in 2017, and that was over a much longer period. For steepness, the only comparable period is the extraordinary run-up to the 2008 crisis.

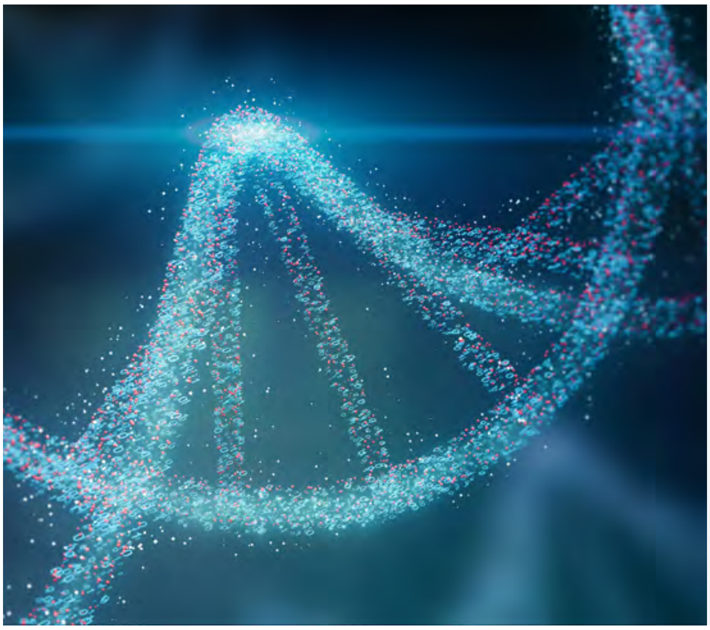
If this feels frothy, there are also other warning signs today, not least the continued rise in the price of gold, which has recently surpassed $4,000 per ounce for the first time.[23]

And despite the record composite value for our index, some of its components have begun to fall. While UK, Japanese and Chinese lending volumes continue to rise, lending has most recently dropped slightly in each of in the Eurozone, Singapore and Hong Kong.

Might the tide be starting to turn?

OUR LATEST THINKING ON KEY MARKET AND CAPITAL TRENDS

EquitiesFirst monitors critical market and industry trends relevant to our clients, providing timely and actionable insights each month.



HEALTHIER PROFITS: WHY CHINA BIOTECH IS A PRESCRIPTION FOR GROWTH

After years of muted performance, China's biotech sector is enjoying a sharp rebound, driven by the belief that the local industry can bridge the gap between scientific excellence and global commercial dominance. While China's biotech sector is efficient at scaling and manufacturing, proponents argue there's ample room for growth as firms combine low-cost R&D, growing patent portfolios, and greater fluency in global regulatory standards. For investors, this presents a long-term growth opportunity as ageing populations and rising affluence drive sustained global demand for innovative healthcare solutions.

READ THE FULL ARTICLE HERE

'COOL-TECH' SOLUTIONS HEAT UP IN THE MIDDLE EAST

As extreme heat and water scarcity intensify, the Middle East could become a proving ground for "cool-tech" innovations — from solar-powered water systems and passive cooling retrofits to atmospheric water generators. These solutions are vital for achieving ambitious net-zero goals while safeguarding life in one of the world's hottest regions. Yet many start-ups face a funding squeeze, with traditional venture capital flows slowing.

READ THE FULL ARTICLE HERE

EUROPE'S SPACE SECTOR IS READY FOR LIFT-OFF

A rejuvenated European space sector is emerging as a compelling investment theme. As the US private space ecosystem matures and questions around European security grow louder, Europe is carving out a distinct role in the global space economy. New initiatives like IRIS, a surge in private sector innovation, and growing venture interest are helping Europe transform into a hub for space technologies. But in this capital-intensive industry, timing is everything.

READ THE FULL ARTICLE HERE

KEY MARKET AND CAPITAL TRENDS
CONTINUED

GOING DOWN UNDER TO PROTECT PORTFOLIOS INCREASES IN POPULARITY

In a world of decoupling and fractured trade, going "Down Under" looks less like a retreat and more like a proactive strategy to protect – and potentially enhance – global portfolios. Australia is gaining attention as a strategic destination for portfolio diversification, with some of the world's biggest investors increasing exposure to ASX-listed equities earlier this year, to add a buffer to their global portfolios.

READ THE FULL ARTICLE HERE

ARE LONDON'S DISCOUNTS BECOMING TOO BIG TO IGNORE?

After years in the shadows, UK equities are catching fresh attention. With US markets increasingly concentrated around a few mega-cap tech names – and signs of strain emerging in the US economy – international investors are looking elsewhere for value. Buoyed by resilient fundamentals, attractive dividend yields, and a stronger pound, UK-listed firms are starting to turn heads – especially among foreign buyers who see opportunity where others once saw uncertainty.

READ THE FULL ARTICLE HERE

DEEPER CREDIT MARKETS CAN HELP GULF CONSUMER BRANDS REACH GLOBAL SCALE

The Gulf's consumer economy is booming, and the region is increasingly shaping global tastes. From fashion and beauty to food and wellness, talented founders are emerging across sectors, ready to take their brands global. But while demand is strong, scaling a business internationally requires access to affordable capital and in the Gulf, high interest rates and limited traditional financing options can still be roadblocks.

READ THE FULL ARTICLE HERE

DISCLAIMER

Past performance does not guarantee future returns, and individual returns are not guaranteed or warranted.

This Document is intended solely for accredited investors, sophisticated investors, professional investors, or otherwise qualified investors, as may be required by law or otherwise, and it is not intended for, and should not be used by, persons who do not meet the relevant requirements. The content provided herein is for informational purposes only and is general in nature and not targeted to any specific objective or financial need. The views and opinions expressed in this Document have been prepared by third parties and do not necessarily reflect the views and opinions of EquitiesFirst. EquitiesFirst has not independently examined or verified the information provided herein, and no representation is made that it is accurate or complete. Opinions and information herein are subject to change without notice. The content provided does not constitute an offer to sell (or solicitation of an offer to purchase) any securities, investments, or any financial products ("Offer"). Any such Offer shall only be made through a relevant offering or other documentation which sets forth its material terms and conditions. Nothing contained in this Document shall constitute a recommendation, solicitation, invitation, inducement, promotion, or offer for the purchase or sale of any investment product by Equities First Holdings, LLC or its subsidiaries (collectively, "EquitiesFirst"), nor shall this Document be construed in any way as investment, legal, or tax advice, or as a recommendation, reference, or endorsement by EquitiesFirst. You should seek independent financial advice prior to making an investment decision about a financial product.

This Document contains the intellectual property of EquitiesFirst in the United States and other countries, including, without limitation, their respective logos and other registered and unregistered trademarks and service marks. EquitiesFirst reserves all rights in and to their intellectual property contained in this Document. The Document should not be distributed, published, reproduced or otherwise made available in whole or in part by recipients to any other person and, in particular, should not be distributed to persons in any country where such distribution may lead to a breach of any legal or regulatory requirement.

EquitiesFirst make no representation or warranty with respect to this Document and expressly disclaim any implied warranty under law. You acknowledge that EquitiesFirst is not liable under any circumstances for any direct, indirect, special, consequential, incidental, or punitive damages whatsoever, including, without limitation, any lost profits or lost opportunity, even if EquitiesFirst has been advised of the possibility of such damages.

EquitiesFirst makes the following further statements that may be applicable in the stated jurisdiction:

Australia: Equities First Holdings (Australia) Pty Ltd (ACN: 142 644 399) holds an Australian Financial Services Licence (AFSL Number: 387079). All rights reserved.

The information contained on this Document is intended for persons located in Australia only and classified as a Wholesale Client only as defined in Section 761G of the Corporations Act 2001. The distribution of information to persons outside this criteria may be restricted by law and persons who come into possession of it should seek advice and observe any such restriction.

The material contained in this Document is for information purposes only and should not be construed as an offer or solicitation or recommendation to buy or sell financial products.

The information contained in this Document is intended to be general in nature and is not personal financial product advice. Any advice contained in the Document is general advice only and has been prepared without considering your objectives, financial situation or needs. Before acting on any information, you should consider the appropriateness of the information provided and the nature of the relevant financial product having regard to your objectives, financial situation and needs. You should seek independent financial advice and read the relevant disclosure statements or other offer documents prior to making an investment decision about a financial product.

Forecasts are not guaranteed, and undue reliance should not be placed on them. This information is based on views held by Equities First Holdings (Australia) Pty Ltd as at the publishing date of this material.

Dubai: Equities First Holdings Hong Kong Ltd (DIFC Representative Office) at Gate Precinct Building 4, 6th Floor, Office 7, Dubai International Financial Centre (commercial license number CL7354) is regulated by the Dubai Financial Services Authority ("DFSA") as a Representative Office (DFSA Firm Reference No.: F008752). All rights reserved.

The material contained in this document is for information purposes only and should not be construed as financial advice, including an offer or solicitation or recommendation to buy or sell financial products. The information contained in this document is intended to be general in nature and any advice contained in this document is general advice only and has been prepared without considering your objectives, financial situation, suitability of the financial products or your needs. Before acting on any information, you should consider the appropriateness of the information provided and the nature of the relevant financial product having regard to your objectives, financial situation and needs. If you do not understand the contents of this document, you should consult an authorised financial adviser.

This document relates to a financial product which is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any documents in connection with this financial product. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

Hong Kong: Equities First Holdings Hong Kong Limited is licensed under the Money Lenders Ordinance (Money Lender's Licence No. 1659/2024) and to carry on the business of dealing in securities (Type 1 licence) under the Securities and Futures Ordinance ("SFO") (CE No. BFJ407). This Document has not been reviewed by the Hong Kong Securities and Futures Commission. It is not intended as an offer to sell securities or a solicitation to buy any product managed or provided by Equities First Holdings Hong Kong Limited and is only intended for persons who qualify as Professional Investors under the SFO. This document is not directed to individuals or organizations for whom such offers or invitations would be unlawful or prohibited.

Korea: The foregoing is intended solely for sophisticated investors, professional investors or otherwise qualified investors who have sufficient knowledge and experience in entering into securities financing transactions. It is not intended for, and should not be used by, persons who do not meet those criteria.

United Kingdom: Equities First (London) Limited is authorised and regulated in the UK by the Financial Conduct Authority ("FCA"). In the UK, this Document is only being distributed and made available to persons of the kind described in Article 19(5) (investment professionals) and Article 49(2) (high net worth companies, unincorporated associations etc.) of Part IV of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (''FPO'') and any investment activity to which this presentation relates is only available to, and will only be engaged in with, such persons. Persons who do not have professional experience in matters relating to investment or who are not persons to whom Article 49 of the FPO applies should not rely on this document. This Document is only prepared for and available to persons who qualify as Professional Investors under the Markets in Financial Instruments Directive.

NOTES

1 https://www.berkshirehathaway.com/letters/2015ltr.pdf
2 https://www.hartfordfunds.com/dam/en/docs/pub/whitepapers/CCWP014.pdf
3 https://www.barrons.com/articles/foreign-stocks-60-40-portfolio-bond-fund-7f851801
4 https://www.ft.com/content/fbf77fd7-5cfc-4ab9-9793-5cd514bd75ca
5 https://www.schroders.com/en-us/us/intermediary/insights/schroders-equity-lens-september-2025-your-go-to-guide-to-global-equity-markets/
6 https://www.msci.com/indexes/markets-in-motion/visualizations/ex-us-indexes-outpace-the-us
7 https://www.reuters.com/commentary/breakingviews/global-markets-breakingviews-2025-09-29/
8 https://www.reuters.com/business/aerospace-defense/investors-see-european-stocks-compelling-bid-diversify-2025-09-22/
9 https://www.mfs.com/content/dam/mfs-enterprise/mfscom/insights/2025/August/pdfs/mfsaf_fly_3842405.pdf
10 https://www.reuters.com/markets/europe/time-germanys-sugar-rush-hit-2025-10-05/
11 https://www.reuters.com/world/japan-lawmaker-takaichi-call-income-tax-cuts-cash-payout-nikkei-says-2025-09-18/
12 https://www.reuters.com/markets/us/who-needs-us-economic-data-when-you-have-wall-street-2025-10-06/
13 https://www.bloomberg.com/news/articles/2025-09-26/us-consumer-spending-beats-estimates-with-core-inflation-steady
14 https://www.reuters.com/business/amd-signs-ai-chip-supply-deal-with-openai-gives-it-option-take-10-stake-2025-10-06/
15 https://am.jpmorgan.com/gb/en/asset-management/adv/insights/market-insights/investment-outlook/managing-currency-risk-portfolio-volatility/
16 https://www.reuters.com/business/jp-morgan-upgrades-euro-zone-overweight-cites-attractive-equities-2025-10-06/
17 https://www.ft.com/content/2df1fe75-f451-4887-afee-8df6b21dc0fb
18 https://www.bloomberg.com/news/features/2025-10-07/openai-s-nvidia-amd-deals-boost-1-trillion-ai-boom-with-circular-deals
19 https://www.bloomberg.com/news/articles/2025-10-09/why-experts-are-warning-the-ai-boom-could-be-a-bubble
20 https://fred.stlouisfed.org/graph/fredgraph.png?g=1MSlJ&height=490
21 https://fred.stlouisfed.org/graph/fredgraph.png?g=1MSlQ&height=490
22 See text accompanying chart for description of each data series.
23 https://www.bloomberg.com/news/articles/2025-10-08/gold-soars-past-4-000-as-us-shutdown-adds-fuel-to-record-rally