Raiffeisen
Investiční společnost

# Commentary on the Financial Markets

12/25

**Global stock markets stagnated in November**

Global stock markets remained broadly unchanged in November 2025, with the US S&P 500 index rising slightly by 0.1%, while the broader MSCI World fell slightly by 0.1%. Volatility, as measured by the VIX index, rose above 27 during the month, but by the end of November it had fallen below the long-term average around 17, suggesting that markets have calmed down.

In the US and Europe, the earnings season for the third quarter of 2025 was underway, with 83% of companies in the S&P 500 exceeding expectations in earnings per share, indicating solid corporate health. Still, markets faced pressure from the artificial intelligence sector, where there were concerns about overheating and a possible bubble, as well as a change in interest rate expectations – investors were no longer counting on a rate cut by the Fed by the end of the year. However, at the end of the month, there was a calming down, a decrease in volatility and the erasure of previous losses.

The defensive sectors performed best, notably healthcare (+9.3%), consumer non-durable goods (+4.0%) and materials (+4.3%). The healthcare sector was dragged up by Eli Lilly shares, which rose by 25%. On the other hand, the technology sector weakened by 4.8%, mainly due to the fall in AMD and Nvidia shares after the news that Alphabet will supply similar chips to Nvidia to Meta. Alphabet shares continued to rise after the announcement of Berkshire Hathaway's larger investment in the company.

The yield on ten-year German government bonds rose slightly to about 2.7% p.a., Czech bonds are trading around 4.5% p.a. Gold has crossed the $4,200 per ounce mark, which has long been supported by geopolitical uncertainty, higher inflation, rising debt and doubts about the Fed's independence.

**During November, analysts raised their estimates of the growth of profits and sales of companies in the S&P 500 index for this year and next. For 2025, they expect profits to grow by 11.8% and sales by 6.8%, and for 2026, earnings growth of 14.2% and sales growth of 6.8% (source: Factset) This growth, along with the expected interest rate cuts, could continue to support stock markets.**

The S&P 500 is trading at a price/earnings (P/E) ratio of 22.9, which is above the five-year average of 20.0 and the ten-year average of 18.7, indicating higher valuations.

The main risks for further developments include the possibility of an increase in inflation and interest rates, which could slow down economic growth, as well as a potential technical correction given the currently higher valuations. Nevertheless, the long-term outlook remains positive, with the momentum of the AI sector likely to continue to support stock markets.

**Transactions in RIS funds**

The November correction of stock markets was used within RIS funds for cheaper buybacks of selected positions, followed in some cases by quick withdrawals of trading profits. After a more than 13 percent drop in price from the closing price reached on November 3, investments were made in the exchange-traded fund "Global X Robotics & Artificial Intelligence ETF" with a gap of about two weeks across funds. At the beginning of the second decade of November, a part of the funds' temporarily free funds was also directed to shares of European industrial companies, but these were sold off again at the end of the month with price gains of several percent. The overweighting of the equity component to the so-called neutral position continues to be approximately 5 percentage points. Within the framework of conservative instruments, we can mention the partial transfer of funds from foreign currency bonds to government bonds of the Czech Republic, the yield to maturity of which has already exceeded the attractive level of 4.5% p.a. in a number of cases.

**Investment Strategy**

We continue to outweigh stocks over bonds. Regionally, we weigh North America, we weigh Europe and Emerging Markets, and we slightly underweight the Pacific. In sectors, we remain predominantly in growth sectors such as technology, communications services, industrials, finance and segment of dividend stocks. In bond strategies, we maintain a slightly overweighted duration on koruna and euro bonds and an underweighted duration on US dollars.

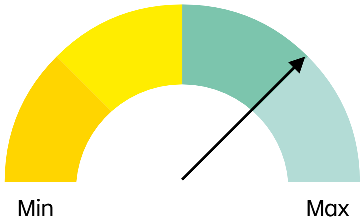
We wish you a lot of success in the next period!

**Michal Ondruška**
*CIO, Member of the Board*

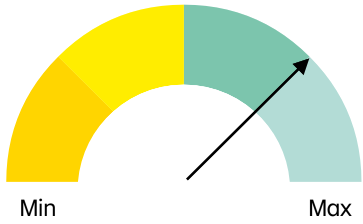
# Investment Strategy Summary

## Tactical Allocation
Overweighting of stocks in portfolios

**Current**

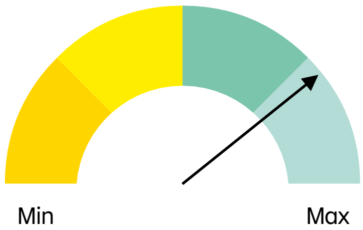



**3-month outlook**

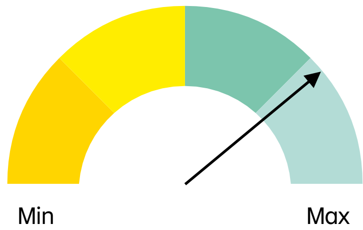



## Interest Rate Risk
Average duration of bonds

**Current**

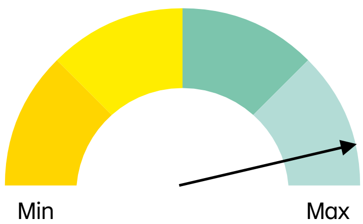



**3-month outlook**

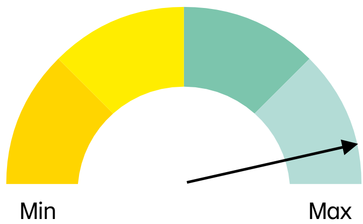



## Credit Risk
Share of corporate bonds

**Current**

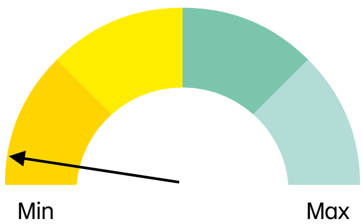



**3-month outlook**

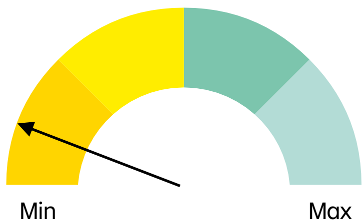



## Currency Risk
Unhedged positions in foreign currency

**Current**




**3-month outlook**




source: Raiffeisen investiční společnost, a. s., as of December 1st, 2025

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