Irish Life

A **Better** Decision

October 2026

Global Markets Review



October at a glance

- **Global equities were broadly flat in euro terms in October** as weakness in AI-linked technology shares was offset by strength in energy, healthcare and other defensive sectors. **Government bonds rallied** as investors sought protection, while **higher oil prices renewed inflation concerns** and kept the outlook for interest rates uncertain.

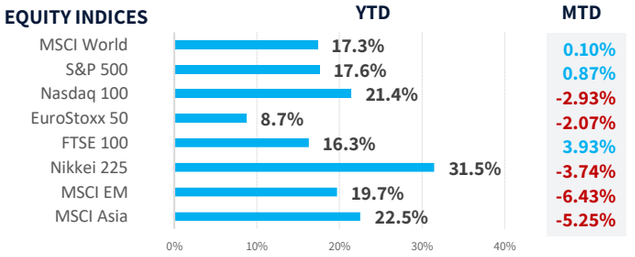
Macro

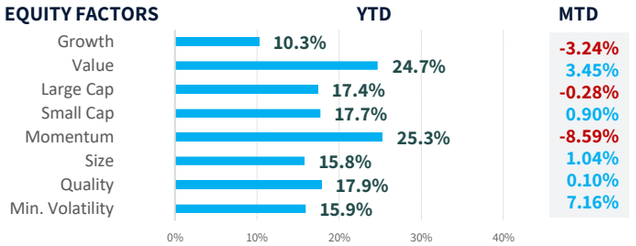
- **Geopolitical risk and oil dominated the month.** Brent climbed 13.6% as the US-Iran conflict threatened supply and disrupted energy flows. The renewed shock lifted inflation expectations and narrowed the room for central banks to support growth.
- **The Fed and ECB held rates but kept hikes in view.** The Fed voted 10-2 to hold at 3.75%–4.00%, with a December increase expected. Bond yields fell because investors sought safety during the technology sell-off.
- **US growth remained strong:** Q3 GDP rose 3.4% annualised and consumer spending 3.8%. However, payrolls added only 29,000 jobs, while September headline CPI rose to 3.7%, complicating the Fed's task.
- **France remained the focus in Europe.** Protests and fiscal impasse widened the OAT–Bund spread to around 165 basis points.

Markets

- **Global equities fell 1.5% in dollar terms but rose 0.1% in euro terms,** as concerns over AI investment weighed on technology.
- **Government bonds rallied** as investors sought safety, providing protection during the AI-driven equity sell-off.
- **Credit markets were mixed:** global investment-grade bonds returned 1.3% in US dollars, while weaker high-yield returns reflected concern about leveraged borrowers and AI financing.
- **Brent crude rose 13.6%,** while the broader S&P GSCI commodity index gained 6.6% in euro terms, as US-Iran escalation fears heightened concerns over oil supply.
- **The euro fell 1.6% against the US dollar,** reflecting French political risk and Lagarde's early departure announcement. Dollar strength cushioned euro-based returns from the equity sell-off.

Market Dashboard





BONDS	2Y		10Y	
US	4.59	▼	4.93	▼
Germany	3.04	▼	3.32	▼
France	3.66	▼	4.97	▼
Italy	3.52	▼	4.51	▼
UK	4.87	▼	5.28	▼
Japan	1.87	▲	2.77	▼

ALTS	Gold USD/oz	Crude Oil USD/barrel	EUR-USD
	3,875	118.1	1.11
	-6.5%	+13.6%	-1.6%

Sources: FE, Bloomberg, Amundi, data as at 30 October. Commodity prices and returns in US dollars.

Bond yield trends represent one-week changes.

Global Markets Review

October 2026

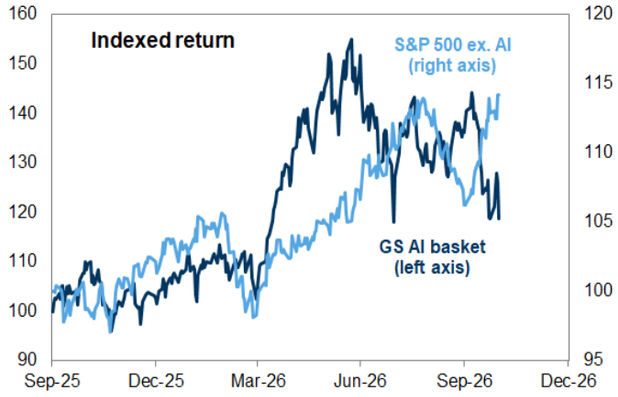
Equities

- **Regional returns diverged sharply.** US equities gained 0.9% in euros and Europe ex-UK rose 1.6%, while emerging markets fell 6.4%. Markets and sectors with less exposure to expensive AI-related shares generally proved more resilient.
- **Investors questioned how the AI build-out would be financed.** Demand for computing capacity remained strong, but rising capital expenditure, weaker free cash flow and greater reliance on debt shifted attention towards when the investment would begin generating adequate returns.
- **US market breadth improved dramatically.** The equal-weighted S&P 500 rose 5.0% in US dollars while the headline index fell 0.9%. More than 70% of constituents advanced, showing that technology weakness did not extend across the wider market.
- **Value extended its sizeable 2026 lead.** MSCI ACWI Value gained 3.5% in October and reached 24.7% year to date, while Growth fell 3.2% and remained well behind at 10.3%. Energy, consumer staples and healthcare led the rotation. Large-cap value beat growth by the widest margin since 2001.
- **Emerging markets absorbed the heaviest losses.** Technology-heavy South Korea and Taiwan fell as investors reduced AI exposure, while Brazil weakened following its presidential election. The MSCI Emerging Markets Index declined 6.4% in euro terms, reversing part of its earlier gains.

Fixed Income

- **Government bonds again provided portfolio protection.** Yields retreated from multi-year highs as AI concerns lifted demand for safe assets.
- **Euro government bonds recovered part of September's losses.** The ICE BofA 5+ Year Euro Government Bond Index returned 1.4%, although French debt remained under pressure.
- **Higher-quality credit benefited from falling yields.** Global investment-grade bonds returned 1.3% in US dollars and inflation-linked bonds gained 1.8% as investors favoured more defensive exposure.
- **Bonds offered diversification.** Yields fell as equities sold off, though sticky inflation, heavy borrowing and French fiscal risk mean the path for bond prices may not be smooth.

Figure 1: S&P 500 ex-AI stocks advanced as AI-linked shares sold off



Source: Goldman Sachs Global Investment Research, October 2026.

Alternatives

- **The S&P GSCI rose 6.6% in euro terms,** led by energy, while precious metals and grains fell. Geopolitical risk lifted some real assets while adding to inflation pressure and policy uncertainty.
- **Brent crude climbed 13.6% as US-Iran tensions and Houthi attacks on Saudi infrastructure** pushed prices towards USD$118 at points during the month. Higher energy prices supported energy exposure but increased pressure on fuel importers.
- **Gold fell about 6.5% in US-dollar terms,** slipping below US$4,000 an ounce for the first time since October 2025. Elevated yields, a firmer dollar and hawkish central banks reduced demand, while investors also unwound some earlier safe-haven positions.

Monthly Fund Performance

- For the latest fund performance, click on the image below



Less of the Same: AI and Active Value

Setanta Asset Management | Broker webinar, 28 October 2026

October 2026

Fund Manager Insights

SETANTA Asset Management

In our latest broker webinar, we were joined by **Sean Kenzie, CFA, Managing Partner at Setanta Asset Management**, to discuss markets, AI and the case for active value investing. Setanta is a specialist equity and multi-asset manager, founded in **1998**, with a track record of nearly 30 years.

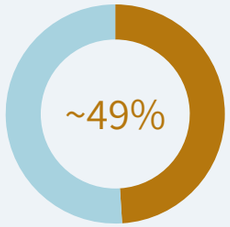
Sean noted that despite war, sticky inflation and rising rates, **MSCI World has returned 17.3%** in euro terms year to date. Earnings are the driver, **consensus forecasts point to almost 36% growth in global earnings in 2026**, while the global forward P/E has eased from close to 20x to near its long-term average.

His message, however, was that **the next phase of returns may look different**. The last decade was helped by rising margins, expanding valuations and a handful of dominant companies, and Setanta's framework points to more modest US returns of **around 5–7% a year** from here.

> "AI can be an extraordinary technological success but that doesn't necessarily translate into superior investment returns."
>
> *— Sean Kenzie, CFA, Setanta Asset Management*

01 CONCENTRATION

Concentration is the defining feature of today's market. A basket of 42 AI-related stocks now makes up around 49% of the S&P 500 and has driven about two-thirds of its price return since January 2024, while only 30% of S&P 500 companies have beaten the index over three years, so the index is increasingly pricing a single theme.

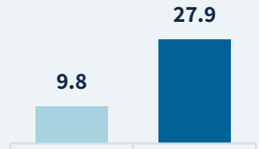


of S&P 500 value in 42 AI-related stocks

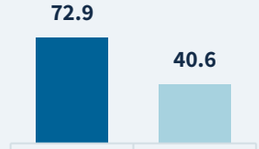
02 DIVERSIFICATION

Global portfolios may be less diversified than clients think. The ten largest MSCI World holdings are all US-listed and account for 27.9% of the index, with NVIDIA alone at 5.81%. The US is around 73% of the index but roughly a quarter of global GDP, so a "global" tracker is effectively a concentrated US bet.

Top 10 holdings: weight in MSCI World (%)



US weight in MSCI World (%)



03 SETANTA'S APPROACH

Setanta's approach is deliberately different. It invests in durable, high-quality businesses only when valuation offers a margin of safety, selects stocks independent of index weight and runs low turnover of around 25%. Setanta's flagship Global Equity strategy outperformed MSCI World in 11 of the 12 major market sell-offs examined, although it can lag in narrow, momentum-led rallies. This global equity engine drives the SAMA multi-asset funds.

- **Value is more than a number**
- **Focus on downside risk**
- **Quality and valuation must converge**

FOR ADVISERS A useful question for clients holding global index funds is how much of their portfolio sits in the same handful of US AI companies. SAMA offers an actively managed, value-oriented alternative within a risk-rated multi-asset fund.

Source: Setanta Asset Management broker webinar, 28 October 2026 (Bloomberg, JPMorgan, FactSet, MSCI; MSCI World weights as at 30 September 2026).

Irish Life

A **Better** Decision

Warning: Past performance is not a reliable guide to future performance.

Warning: The value of your investment may go down as well as up.

Warning: These funds may be affected by changes in currency exchange rates.

Warning: If you invest in these funds you may lose some or all of the money you invest.

This document is for financial advisers only.

This document is for illustration purposes only. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person and does not take account of the specific needs or circumstances of any person.

The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific funds are intended as an objective, independent view in relation to that fund generally, and not in relation to its suitability to any specific person.

Irish Life Assurance plc, trading as Irish Life, is regulated by the Central Bank of Ireland.
Irish Life Assurance plc, Registered in Ireland number 152576, VAT number 9F55923G.