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Market Summary – H2, 2024

Q3, 2024

- Global equity markets performed well in the third quarter. The interest rate cutting cycle was in full motion as the Federal Reserve (‘Fed’) joined other major central banks that started cutting rates earlier in the year, with Japan being the notable exception.
- Markets were upbeat supported by improving inflation readings, solid corporate profits and a generally strong economy despite some weaker economic data over the quarter. This led to increased volatility at times, especially in early August when the Bank of Japan’s unexpected hawkish stance triggered unwinding of “carry trades” (investment strategies that borrow in low-interest-rate currencies to invest in higher-yielding assets). By the end of the quarter, optimism returned as evidence grew that the economy remained resilient, and inflation was falling back to target levels.
- US Treasury yields fell during the quarter as the Federal Reserve cut short-term interest rates by 0.5% in September and markets priced in further rate cuts through late 2024 and into 2025.
- US inflation eased in the third quarter of 2024 and was expected to decline further as price pressure on remaining inflation components was expected to ease. The US labor market remained tight over the quarter but showed tentative signs of softening.
- The Middle East saw heightened conflict as Israel’s military operations expanded into Lebanon and Iran launched a second missile strike on Israel. Although oil prices spiked briefly, they ended the quarter lower overall.

October & November 2024

- In **October**, returns were negative for both equities and fixed income. US equities outperformed international and emerging market equities due to a strengthening US dollar, despite negative returns. Bond yields rose sharply following a stronger than expected US jobs report for September, which tempered expectations of the magnitude and timing of future interest rate cuts. Credit spreads tightened over the month, especially for lower quality bonds, reflecting strong economic data.
- Headline inflation continued its downward trend in the US and other developed markets in September. Oil prices increased slightly over the month while gold was among the strongest performers amid heightened geopolitical and election uncertainty.
- In **November**, returns were positive for both global equities and fixed income. The US dollar rallied along with US risk assets amid general positive market sentiment following Donald Trump winning the presidential election by a landslide. The markets positioned for a wave of deregulation, tax cuts, growth and generally favorable business conditions. US equities outperformed international and emerging market equities by wide margins. US small-caps significantly outperformed large-caps while growth outperformed value.
- Bond yields fell during a volatile month as markets weighed the potential impact of tariff policies. Headline inflation in the US rose to 2.6% year-over-year as of October, which was in line with expectations and marked the first increase in seven months. Inflation in other developed markets also increased for October.
- The US dollar strengthened meaningfully against all major developed currencies, driven by tempered expectations of interest rate cuts and optimism around the incoming administration’s growth-oriented policies. Real Estate Investment Trusts (REITs) and listed infrastructure underperformed US large-cap equities. Gold had its worst month of the year as uncertainty fell following the US presidential election.

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Looking ahead to 2025

Inflation

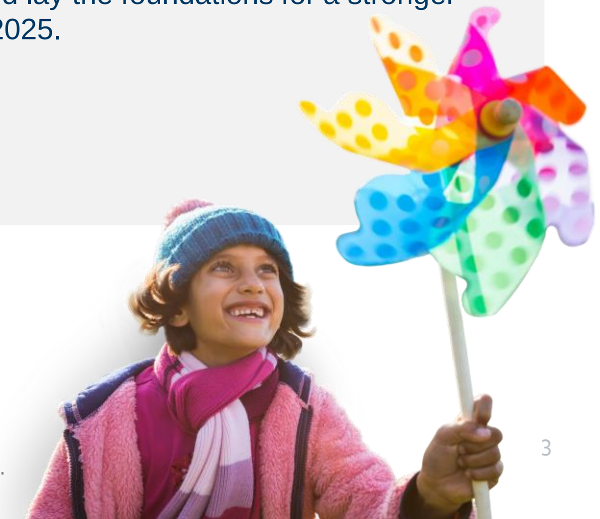
- Inflation started 2024 on a bad note, with numerous upside surprises, especially in the US. However, these upsides faded as the year progressed. We expect inflation to continue normalizing in 2025.
- Cooling labor markets should mean slower wage growth, further lowering service price inflation. Shelter inflation in the US should also fall reflecting the weakness in private-sector data on new rents. However, higher tariffs and higher fiscal deficits under the new administration present upside risks to inflation.
- Inflation across emerging market economies has come down significantly in the past two years. Broadly, we expect inflation to normalize in 2025 due to the lagged impact of tight monetary policies and lower inflation in China, which reduces import prices in emerging markets and elsewhere.

Central Banks

- With inflation risks receding across much of the developed world, central banks are cutting interest rates, aiming to return policy to neutral levels.
- While markets initially priced in aggressive interest rate cuts, expectations have moderated, particularly in the US. We suspect policymakers may pursue a more gradual easing of policy, especially as 2025 progresses.
- We expect developed market central banks, excluding Japan, to cut interest rates back to neutral levels by the end of 2025. However, a scenario is possible where central banks push interest rates below neutral if economies weaken more than expected. Conversely, a rise in inflationary pressures could lead to a higher path of interest rates in 2025 and beyond.

Economic Growth

- Growth in much of the developed world is likely to soften in the near term as the lagged impact of tighter monetary policy weighs on economic activity.
- However, we do not believe the risk of a recession is high. Instead, we expect developed market economies to grow modestly below trend at the end of 2024 and into 2025.
- Strong household and corporate sector balance sheets and easier financial conditions should partially offset the lagged negative impacts from past interest rate hikes, while the current interest rate loosening should lay the foundations for a stronger second half of 2025.



Interim Performance Update – to 30 November 2024*

The DEWS Plan is intended as a medium to long term savings vehicle. The summary of performance data shown below is for informational purposes only. We are required to show past performance in complete 12 month periods, for your information other periods are also provided.

Please note: an individual's performance may differ materially from the performance shown below and will depend on the date when their contributions were invested.

Past performance does not predict future returns.

DEWS Investment Option	Underlying fund share class inception date	Cumulative Performance								Annualized Performance (for periods longer than 1 year)				Calendar year Performance		
		From inception date to 30 November 2024	4 years to 30 November 2024	3 years to 30 November 2024	2 years to 30 November 2024	1 year to 30 November 2024	Year to Date (31 December 2023 to 30 November 2024)	3 months (31 August 2024 to 30 November 2024)	1 month (31 October 2024 to 30 November 2024)	From inception date to 30 November 2024 (p.a.)	4 years to 30 November 2024 (p.a.)	3 years to 30 November 2024 (p.a.)	2 years to 30 November 2024 (p.a.)	2021 Calendar Year	2022 Calendar Year	2023 Calendar Year
Low Growth[1]	23-Mar-20	6.0%	6.8%	8.1%	8.2%	4.1%	3.7%	0.9%	0.3%	1.2%	1.7%	2.6%	4.0%	-1.1%	0.3%	4.0%
Low / Moderate Growth (Default)[2]	26-Mar-20	28.8%	11.6%	6.3%	14.6%	9.9%	6.9%	0.8%	1.1%	5.6%	2.8%	2.1%	7.1%	5.2%	-9.9%	8.3%
Moderate Growth	26-Mar-20	48.2%	20.5%	10.8%	19.2%	13.5%	9.9%	1.6%	1.8%	8.8%	4.8%	3.5%	9.2%	9.4%	-11.3%	10.3%
Moderate / High Growth	26-Mar-20	51.3%	21.9%	10.4%	19.5%	14.7%	9.7%	1.9%	2.2%	9.2%	5.1%	3.3%	9.3%	11.1%	-11.8%	10.2%
High Growth	23-Mar-20	85.8%	27.3%	12.1%	21.9%	16.0%	10.7%	1.8%	2.5%	14.1%	6.2%	3.9%	10.4%	13.8%	-12.6%	11.9%
Global Defensive Bond	02-Mar-22	9.3%	-	-	11.8%	6.2%	4.8%	1.0%	0.5%	3.3%	-	-	5.8%	-	-	6.4%
Passive Global Equity	02-Mar-22	30.7%	-	-	42.1%	26.3%	20.4%	4.0%	4.5%	10.2%	-	-	19.2%	-	-	23.6%
Islamic Money Market[1]	02-Apr-20	6.7%	6.6%	7.1%	7.1%	3.7%	3.4%	0.8%	0.3%	1.4%	1.6%	2.3%	3.5%	-0.6%	0.2%	3.4%
Global Sukuk	19-Apr-21	-2.0%	-	-1.0%	7.6%	5.5%	2.4%	0.0%	0.4%	-0.6%	-	-0.3%	3.7%	-	-7.7%	4.7%
Islamic Global Equity	08-Apr-21	42.9%	-	25.9%	55.7%	29.6%	24.3%	2.9%	3.0%	10.3%	-	8.0%	24.8%	-	-25.9%	32.5%

Source: FE as at 30 November 2024 in USD http://webfund6.financialexpress.net/clients/zil/Pricetable.aspx?&scheme=230&Range=IPP&Currency=USD

* *Performance figures above are shown net of fees (i.e. after the deduction of fees and expenses). The DEWS Plan's fixed fee of 1.23% p.a. (for the Trustee, administration and investment advice provided to the DEWS Plan) plus the investment management costs and expenses are already factored into the unit prices used to calculate these figures.*

1. *The low-interest rate environment in the past has meant that returns for the Low Growth and Islamic Money Market options have been negative over some periods after the fixed DEWS fees of 1.23% p.a. have been deducted. This fixed fee is for the Trustee, administration and investment advice provided to the DEWS Plan.*
2. *The Low / Moderate Growth investment option is the default investment option for the Plan and is where your money will be invested unless you make an active decision to switch to one of the other available investment options.*

Please refer to https://zws.zurich.ae/ for detail on the Islamic Mudarabah investment option managed by National Bonds.

Risk Factors

Investors should be aware of the risks of the investment options and the underlying funds currently used within each investment option including, but not limited to, the risks described in the "SPECIAL CONSIDERATIONS AND RISK FACTORS" section of the fund supplements/prospectus (see links provided below).

Investment in the underlying funds is suitable only for persons who are in a position to take such a risk. There can be no assurance that the underlying funds will achieve their investment objectives.

For all information on "SPECIAL CONSIDERATIONS AND RISK FACTORS", please click on the list below for the respective fund supplements/prospectus for:

- Mercer Global Investments Europe Limited (MGIE) Funds
- Emirates Islamic Money Market Fund
- Franklin Global Sukuk Fund
- HSBC Global Islamic Equity Fund

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