VIG HOUSE VIEW

VIG ASSET MANAGEMENT



What happened in the last month?

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November 2026

What happened in the last month?

In Focus: Oil, a Turnaround in AI

The escalation of the Iranian conflict and the explosive rise in crude oil prices (+17% in one month, +31% over three months) marked October's defining global macro-economic turning point. Mounting tensions in the region (including the conflict between the US and Iran, as well as concerns surrounding vital energy routes such as the Strait of Hormuz) triggered serious supply fears in the market, pushing the price of Brent crude above USD 110 per barrel. Owing to the geopolitical disruptions, a significant volume of oil (up to nearly one billion barrels) was missing from global inventories or was forced off its traditional routes. This directly stalled the earlier disinflationary process and pushed inflation indicators across OECD countries into the "red zone". The room for manoeuvre of central banks (the US Federal Reserve and the Frankfurt-based European Central Bank) has shrunk dramatically amid mounting inflationary pressure, which, based on past experience, may force rate hikes/tight-ening. In capital markets, all this set off a stagflationary sector rotation: markets began to punish highly valued growth and technology sectors, while capital flowed into the energy sector.

Brent crude oil world market price*



USD/barrel. Source: Trading Economics

Equity Market Developments

After the earlier rally, a deepening correction got under way in equity markets: single-stock volatility jumped to the levels of the 2008 and 2020 crises – although the volatility of equity indices actually declined. The technology sector was hit by a particularly strong sell-off, with the Nasdaq index falling some 10% from its peak amid disillusionment with the AI mania and concerns about overvaluation. In Asian emerging markets, South Korean equities slid into a bear market owing to their technology exposure. The share price of SpaceX, the US space exploration and satellite communications company, for instance, stands at 40 times earnings per share, and the stock fell from USD 225 in the summer to close to USD 100. Anthropic, the artificial intelligence research and development company behind Claude AI, also pointed to a moderation in its growth rate in its November IPO prospectus, which cooled expectations for the sector. Investors are now favouring traditional profitability over growth opportunities: KGHM, the Polish copper mining and smelting company, for example, benefited from rising commodity prices to post outstanding quarterly results and a rise in its share price.

Bond Market Developements

Following the earlier sharp rise in yields, global bond markets saw a temporary yield-decline correction by the end of October; the 10-year German government bond (Bund) yield, for example, fell by 26 basis points. However, high underlying government debt levels and expectations of central bank tightening continue to keep long-dated bond prices under selling pressure. At the same time, excessive issuance of AI-related corporate bonds and fears of an economic slowdown led to wider risk spreads on high-yield corporate bonds. The Central European region delivered mixed performance; the Hungarian 10-year government bond yield, however, fell by 30 basis points to below 5.5%, outperforming regional markets. This was driven by technical demand for domestic government securities: according to reports, banks may reduce next year's special bank tax by purchasing Hungarian government bonds. By contrast, the Polish 10-year yield rose to 6.40% on uncertainty surrounding next autumn's elections and on fiscal spending, so that – unusually – the Hungarian yield fell below the Polish level.

Alternative Investments News

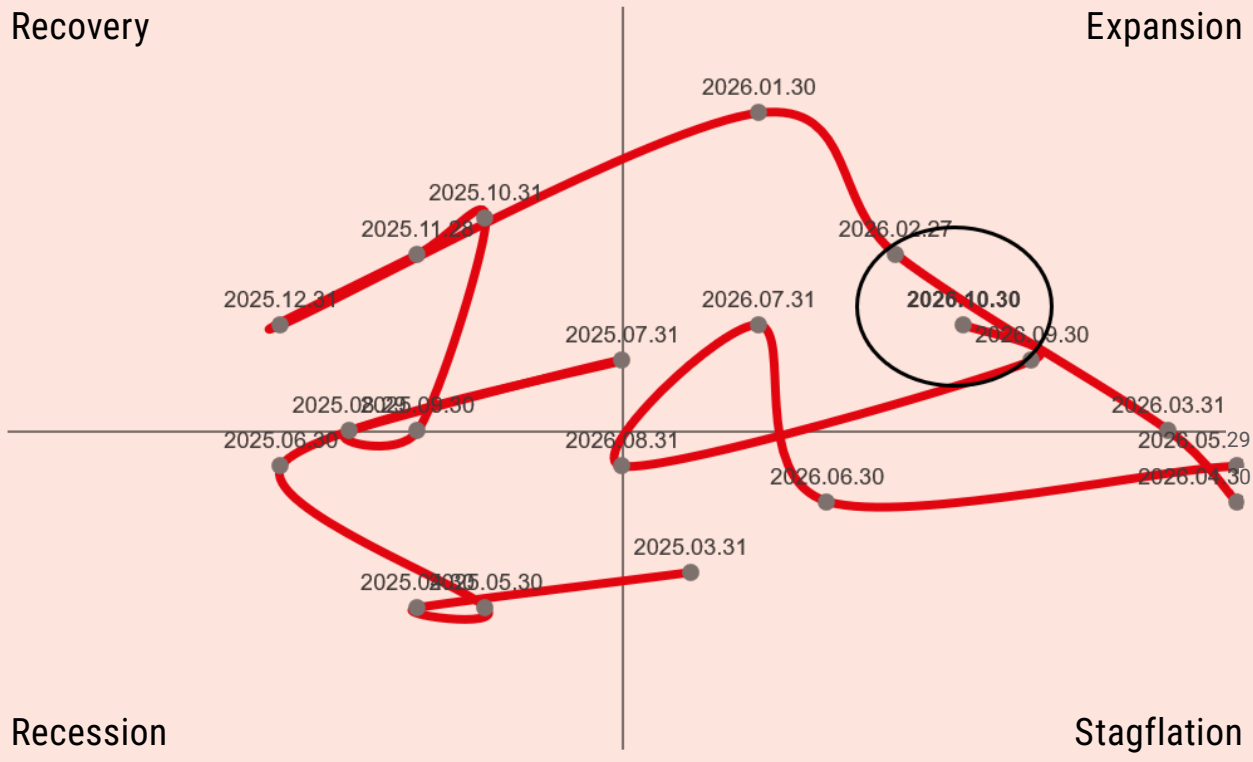
Crude oil (Brent/WTI) was the overwhelming driver of commodity markets, rising 17% in a single month and nearly 80% since the start of the year on the escalation of geopolitical tensions with Iran. European natural gas prices doubled and exceeded EUR 100/MWh due to the approaching winter and low European storage levels (below 20% of the annual average at German facilities). By contrast, precious metals moved against rising geopolitical risks: gold and silver prices came under a sharp sell-off owing to the unwinding of crowded positioning, high interest rates and the stronger dollar. Industrial metals (such as copper), however, held their price levels, supporting mining companies' profitability and share price gains. The rise in crude oil and gas prices benefited energy producers and refiners.

What can we expect in the coming period?

Investment clock

The science-based VIG Global Investment Clock, which forecasts economic cycles using indicators, remained firmly in the expansion phase in November 2026. The model's forward-looking indicators point to a slight strengthening of economic growth and a modest rise in energy-driven inflation. And steadily so: unlike in the earlier uncertain months, the indicator did not jump between phases but remained consistently within this range. In the United States, amid slowing job creation and stable economic activity, the Fed kept rates on hold, while in Europe the ECB remained cautious given the burden high gas prices place on industry.

At the same time, there is a significant divergence between macroeconomic data and actual market pricing, as moves across asset classes deviate from the theoretical model. In equity markets, rising oil prices and the sell-off in the technology sector have produced a stagflationary sector rotation instead of the market moves typical of the expansion phase. In China, inflation is being shaped by two opposing factors. While falling food prices and rents are pushing the index down, higher energy prices largely offset this effect. The country's main goal at present is to leave the earlier deflationary environment behind for good.



Source: VIG Asset Management

Tactical Asset Allocation

In our September tactical asset allocation, we set a more cautious, more risk-averse direction than before, yet one that is decisively active and tactically positioned at certain points. As part of this, significant changes were made both at the level of global asset classes and in specific model portfolios.

Wild Card: developed market bonds

Developed market government bond yields have risen close to multi-decade highs, creating an excellent entry point for investors to close earlier underweight and short positions and to lock in attractive yields. The US mid-term elections and the tensions with Iran are particularly supportive of US bonds: in the event of escalation, government bonds are regarded as a safe haven, while an easing of war tensions would alleviate inflationary pressure through falling commodity prices – which in turn supports a lower-yield environment. The bond market's earlier excessive pessimism had dissipated by the end of October, and yields began a meaningful correction (the 10-year German Bund yield fell by 26 basis points and the 10-year US yield by 36 basis points).

Upward: Emerging Market Equities

Emerging market equities excluding China may remain among the best-performing investments. Compared with developed markets, emerging equities trade at an extreme valuation discount, while economic growth prospects and corporate earnings revisions are distinctly positive. On exchanges with a strong Asian technology focus centred on the semiconductor industry, such as South Korea and Taiwan, the high profitability of the technology sector is expected to persist through 2027. Following the sector correction in October, the "oversold" level could offer a good technical entry point and rebound opportunity.

Monthly asset allocation (November 2026)

Asset class	H UW	UW	S UW	N	S OW	OW	H OW	Since Oct.
Cash (Money market)								
Fixed income								
Core market fixed income								
EM local currency bonds								
EM hard currency bonds								
CEE government bonds								
Commodities								
Gold								
Equities								
DM Equities								
US Equities								
EU Equities								
EM ex China Equities								
CEE Equities								

The table was prepared based on our investment clock and quadrant model.

Source: VIG Asset Management

Weights:

The weights indicate the evaluation of the respective country, region, and asset class, providing a basis for portfolio managers in structuring portfolios and establishing positions, thus helping to capitalize on market opportunities.

- Strongly underweight
- Underweight
- Slightly underweight
- Neutral
- Slightly overweight
- Overweight
- Strongly overweight
- Changes compare to the the previous month

Fund of the month

VIG Panoráma Absolute Return Investment Fund

The VIG Panoráma Fund flexibly combines different asset classes – including domestic and international bonds, developed and emerging market equities, and commodities. In a market environment where the volatility of individual S&P 100 stocks has jumped to the levels of the 2008 and 2020 crises, one-sided equity positions are particularly risky. The Panoráma Fund's multi-pillar structure provides investors with a key risk-management buffer. The fund's portfolio managers do not follow static weights; instead, they actively rebalance the portfolio in line with changing macroeconomic and geopolitical conditions. This is demonstrated, for example, by the successful sector rotation out of the overvalued artificial intelligence (AI) sector into highly profitable energy companies, or by the temporary reduction of emerging market equities in favour of bond markets offering a better risk/return profile. Thanks to its flexible investment policy, the Fund takes advantage of developed market bond yields at multi-decade highs, as well as the technical outperformance of the domestic government bond market (where institutional demand driven by special bank tax deductions provides a strong tailwind for Hungarian bonds). When rising oil and gas prices increase inflation risk, central banks are forced to tighten and the risk of stagflation intensifies, the VIG Panoráma Fund offers a professionally and actively managed, internationally diversified portfolio in a single decision.

We expect the fund of the month (based on tactical asset allocation) to outperform in the near future.



Source: Shutterstock

ESG theme of the month

The high cost of data centers: is our environment at risk?

The **NASDAQ Composite Index**, one of the leading benchmarks for technology stocks, has experienced considerable volatility in recent years, but has followed an overall strong upward trajectory, driven primarily by the artificial intelligence (AI) boom and the rapid growth of major technology companies. At the same time, investors are becoming **increasingly demanding** when assessing the expected returns on AI-related investments, particularly as numerous investment funds hold AI-related assets. Given the sector's rapid expansion, building data centers may currently appear to be an especially attractive business opportunity. However, their enormous electricity and cooling water requirements could pose significant sustainability risks in the future.

Google's case in Finland

Technology giants such as Google have also entered the data center construction market. While this may seem like a natural development, **media reports** suggest that the company made a serious mistake: more than 250,000 trees were allegedly cut down illegally!

Finland has attracted considerable interest from technology companies planning to build data centers. The country offers a relatively stable geopolitical and geological environment, while its cool climate provides a major advantage by significantly reducing cooling costs.
There are currently plans to build 145 data centers across the country. One of these projects was launched near the town of Muhos in northern Finland by Alphabet, Google's parent company and one of the world's leading technology corporations.
According to environmental campaigners, the company may have cut down approximately 350,000 trees across two sites covering several hundred hectares without first conducting the necessary environmental impact assessments. The incident sparked widespread public outrage, with residents expressing concerns about the destruction of their natural environment and the potential rise in energy prices.

This brings us directly to ESG considerations (Environmental, Social and Governance), as an incident of this nature can create challenges for both Alphabet and Google on several fronts.

From an Environmental (E) perspective, the issue is straightforward: the company's activities allegedly caused substantial environmental damage. The Social (S) dimension concerns the company's relationship with local communities, as the incident triggered strong negative reactions among Finnish residents and, more broadly, among people internationally. Finally, from a Governance (G) perspective, questions have arisen as to whether the company fully complied with and respected local laws and regulations.
This case demonstrates how both seemingly minor and major corporate decisions can have significant ESG implications, potentially influencing how investors perceive and evaluate a company.

Thinking beyond earth: data centers in space

As we have seen, while the construction of data centers is both justified and necessary, it can place a considerable burden on Earth's finite energy resources and natural environment.
With these challenges in mind, SpaceX, the privately held aerospace and space transportation company founded by Elon Musk, **announced** in the summer of 2026 that it planned to build a 93,000-square-meter factory in Bastrop, Texas, to support the future deployment of data centers in space.

According to Musk's plans, the facility would be capable of producing as many as 6,000 satellites per year, which would subsequently be launched into orbit to help achieve the company's objectives.
Whether this ambitious concept will prove technically feasible and economically efficient remains to be seen. Nevertheless, even if it does not provide a complete solution, it could represent a meaningful step toward reducing the environmental impact of data infrastructure on our planet.

ESG Funds in an investment portfolio

This raises an important question: considering environmental and regulatory concerns, should sustainability-conscious investors avoid the technology sector altogether? The answer is a resounding no! The primary objective of ESG investing is not necessarily to blacklist entire sectors, although VIG Asset Management does exclude certain industries as part of its ESG investment approach. Instead, the focus is on encouraging responsible corporate behaviour and identifying and managing potential risks.
At VIG Asset Management, we refrain from investing in companies whose activities are considered harmful under international standards. These considerations are carefully assessed across all our investment funds. Ultimately, the key to sound investment decisions may lie in building a well-considered, diversified portfolio that balances financial opportunities with sustainability-related risks.



Source: Alessandro Bonifazio / AFP

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