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1. Weekly Roundup — November 10, 2025

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Market Overview

- Global equities posted mixed performance over the past two weeks as investors balanced resilient macro data with concerns over stretched valuations and geopolitical risks.
- The S&P 500 fell 2.4% amid profit-taking in megacap tech, while European indices gained modestly, buoyed by defensive sectors and stable inflation readings.
- Treasury yields edged higher toward 4.3%, reflecting hawkish Fed rhetoric and firmer U.S. data.
- Gold remained well-bid near $2,380/oz, while oil prices steadied around $88 per barrel after OPEC+ confirmed production pauses into early 2026.
- The dollar was broadly stable; sterling and the euro strengthened slightly on softer U.S. inflation expectations.
- Fund flows showed renewed rotation into European and emerging-market equities, while U.S. tech valuations came under scrutiny.
- Overall tone: investors remain constructive but selective — risk appetite supported by soft-landing optimism, tempered by policy uncertainty.

Political & Policy Developments

- The U.S. government shutdown showed signs of resolution, removing a near-term fiscal overhang and calming Treasury markets.
- Fed officials, including Governor Cook and Vice-Chair Jefferson, reiterated a data-dependent but patient stance, signalling no rush toward rate cuts.
- In the UK, the Bank of England held rates at 5.25%, maintaining a cautious bias while acknowledging easing wage pressures.
- European policymakers maintained a steady line ahead of November's flash GDP and CPI data, emphasising disinflation progress.
- Trade developments remained constructive: U.S.–China working-level talks resumed, and early progress toward a partial tariff rollback lifted sentiment.
- Fiscal attention now turns to the UK Autumn Statement later this month, where modest stimulus is expected to offset stagnant growth.

IPOs & Capital Markets

- Global equity issuance remained steady, with selective demand for AI, semiconductor, and renewable-energy names.
- Venture funding flows were concentrated in automation, climate tech, and cybersecurity — valuations, however, are under tighter scrutiny.
- Fixed-income issuance accelerated as corporates locked in funding ahead of potential rate cuts in 2026.
- U.S. equity funds saw modest outflows, offset by renewed inflows into European ETFs, highlighting early signs of regional rotation.
- Analysts note that the 2025 IPO calendar remains active but increasingly selective, with strong appetite only for profitability-ready firms.

UK & European Markets

- European equities outperformed the U.S. in early November, supported by falling inflation and a weaker dollar.
- The FTSE 100 held near record highs, lifted by energy, healthcare, and financials.
- Sterling firmed slightly as labour data suggested slower but still-positive wage growth, tempering BoE cut expectations.
- German and French indices benefited from better-than-expected corporate earnings and easing geopolitical risk.
- Overall sentiment across Europe improved as the region's disinflation narrative gained traction and fiscal expectations turned supportive.

Commodities & Supply Chains

- Oil prices stabilised near $88 per barrel as OPEC+ paused output hikes and U.S. inventories declined modestly.
- Gold remained firm as investors sought hedges against policy uncertainty and high equity valuations.
- Industrial metals advanced on improving Chinese demand expectations following stimulus measures.
- Rare-earth supply constraints persisted, prompting Western producers to expand alternative sourcing initiatives.
- Agricultural trade volumes recovered in ASEAN markets, offsetting softness in U.S.–China agricultural flows.
- Defence and clean-energy manufacturers continued to benefit from supply-chain localisation incentives.

Crypto Markets

- Bitcoin traded between $59,000 and $62,000 amid stable ETF inflows and subdued retail activity.
- Ethereum hovered around $2,800 as staking adoption continued ahead of the Deneb upgrade.
- Broader crypto sentiment improved slightly, driven by institutional participation rather than retail speculation.
- AI-linked tokens (including MasterBOT $BOT) remained volatile following NVIDIA's GTC announcements but attracted speculative attention.
- Regulatory uncertainty persisted, though markets appeared more resilient to headline-driven swings.

Volatility & Macro Sentiment

- The VIX held steady around 15, signalling controlled risk appetite and effective hedging ahead of major data releases.
- Liquidity conditions remained thin, with funds trimming leverage into year-end.
- Equity positioning stayed moderately risk-on, concentrated in industrials, energy, and large-cap defensives.
- Macro sentiment: cautiously optimistic — confidence improving but constrained by policy ambiguity and valuation risk.

Key Takeaways

- Markets remain supported by disinflation and resilient growth data but face valuation headwinds, particularly in U.S. tech.
- Investor positioning shows rotation into Europe and emerging markets as relative performance gaps narrow.
- Commodities and gold remain strategic hedges amid policy and geopolitical uncertainty.
- Crypto resilience underscores structural demand from institutions despite weak retail volumes.
- Overall tone: guarded optimism — steady growth, improving inflation, but elevated policy sensitivity.

Dual exposure to Gold and Silver: Quantitative Evidence and Strategic Implementation

November 10 2025

Thomas Amara - Editor-in-Chief, Head of Investing

2. Investment Report: Gold and Silver

In recent quarters, precious metals have re-emerged at the centre of global macro discourse, propelled by a convergence of economic uncertainty, inflation dynamics, and structural industrial shifts. Gold has reached unprecedented nominal highs, surpassing the 4,000 USD per troy ounce threshold, while silver has appreciated more than one hundred percent over the past five years, registering a striking 65.46 % gain in 2025 alone. The magnitude and synchronicity of these rallies invite a deeper examination of their underlying drivers and inter-metal dynamics.

This report outlines the strategic drivers justifying a dual long position on silver and gold by the Commodities department of the University of Southampton's investment fund. The analysis combines comprehensive qualitative analysis with rigorous quantitative analysis through integrating parametric and bootstrap Monte Carlo simulations, and fractional Kelly-criterion for optimal portfolio allocation. The report then outlines the practical implementation of the strategy and a risk analysis outlining signals prompting the potential exit out of the position.

Furthermore, this report revisits the gold/ silver ratio with rigorous econometric and market analysis to determine whether "playing" the spread remains a profitable or meaningful strategy and finds no basis for such execution in current market conditions.

Table 1: Executive Summary: Trade Recommendation — Dual Long Gold & Silver Strategy

Category	Recommendation Details
Trade Structure	Dual-long exposure to gold and silver through a mix of ETFs (GLD, SLV) and selective mining equities (e.g., NEM, GOLD, AG) or mining equity ETFs to capture both monetary and industrial demand.
Investment Rationale	Gold benefits from negative real yields, central bank demand, and geopolitical risk. Silver adds industrial and energy-transition exposure, supported by ongoing supply deficits. The dual allocation balances macro-financial and industrial cycles, providing convexity across regimes.
Entry Point	Current market conditions (as of report date) show elevated real-yield sensitivity and strong ETF inflows, offering an attractive entry.
Target Horizon	6–12 months tactical horizon. Review when key macro thresholds are breached.
Expected Returns	Mean expected annual return: 12–15% (Monte Carlo simulations). Expected Shortfall (P5): –20%. Probability of strong gain (>10%): 50–55%.
Monitoring Metrics	10Y TIPS real yields, USD broad index (DXY), gold–silver ratio z-score, ETF flows (GLD, SLV), and CFTC positioning.
Exit Triggers	10Y TIPS real yields > 2.5% (real rate shock). Gold–silver ratio outside historical bounds. CFTC speculative longs > $+2\sigma$ vs. 5Y mean. ETF outflows > 10% AUM within two weeks. Drawdown exceeding 20% from peak.
Key Risks	Real-yield repricing, rapid USD appreciation, industrial demand slowdown, speculative unwind, and ETF redemption cycles.
Conviction Level	High. Macroeconomic conditions (disinflation, dovish bias) and strong industrial demand support continuation of the metals rally, with attractive risk-adjusted characteristics.
Analyst View	Maintain constructive dual-long exposure. Prefer hybrid approach combining ETFs and miners for diversification and convexity. Consider short-dated options overlays to hedge real-yield risk.

Note: All expected return metrics are derived from 1,500 Monte Carlo and block-bootstrap simulations. Data sources: Yahoo Finance, Silver Institute, CFTC, and ETF provider reports.

Figure 2.1: Normalized returns of a equally-weighted Gold - Silver position in the last 20 years

Price Determinants and Drivers

This section outlines the underlying reasons for the current gold and silver rallies, exploring both common drivers and metal-specific factors.

A. Common Macro-financial drivers

a. Real yields, dollar dynamics and monetary policy.

Firstly, precious metals are financial assets, implying their opportunity cost is driven by real interest rates and the expected path of nominal policy rates. Falling real yields reduce the carry cost of holding non-yielding cash and raise the present value of a convenience yield in gold and silver: empirically, gold and silver both exhibit a negative exposure to real yields. A weaker USD mechanically increases dollar-priced commodity levels for rest-of-world buyers, amplifying demand. In the recent episode, markets priced a marked easing bias in the Fed's path (late-2024/2025) and a softer dollar: a catalyst common to both metals.

b. Safe-haven, geopolitical risk and portfolio reallocation.

Heightened geopolitical uncertainty and episodic risk-off events reawaken investors' allocation to tangible stores of value. Gold is the archetypal beneficiary; silver participates when the portfolio reallocation is broad and when investors seek incremental diversification via metal exposure. ETF inflows into gold and physical silver trusts have been an important flow channel. Rapid inflows compress physical availability and lift spot. Reuters and market

commentaries in 2025 documented substantial ETF and central bank demand at record levels for gold and elevated institutional flows for silver and participated in the rise in prices.

B. Metal-specific price drivers: Silver

a. Industrial demand

Silver's recent price rally has been significantly driven by a supply deficit, which has been predicted to represent 117.6 million ounces in 2025 according to the World Silver Survey. What differentiates silver from gold is the magnitude and growth of industrial consumption. Silver's demand split is materially biased toward industrial use (the Silver Institute and Metals Focus report industrial shares in the high-fifties percent range), and critical sub-sectors are expanding: photovoltaics, semiconductors/electronics, and electrification for transport and grid hardware. This has intertwined the metal with the energy transition and has placed it as a proxy for technological growth.

The key mechanisms linking industrial growth to price are:

Photovoltaic demand: each GW of installed photovoltaic requires a fixed grams-per-panel silver intensity; even modest growth in installations scales quickly into tens of millions of ounces of incremental annual demand.

Electronics and semiconductors: rising unit shipments and device complexity (5G, semiconductors) raise per-device silver intensity and total demand.

Automotive electrification: silver is used in contact points and sensors; penetration of electric vehicles increases per-vehicle silver use and overall demand.

b. Supply constraints and market tightness.

A defining feature of the current silver market is the inelasticity of supply. Roughly 70% of global silver output arises as a by-product of mining for base metals such as copper, lead, and zinc, implying that production decisions respond more to the profitability of these metals than to silver's own price. Consequently, a surge in silver demand cannot be quickly offset by increased output.

Mine development is further hampered by declining ore grades, delayed exploration investment during the 2015–2020 bear cycle, and tightening environmental regulations in key producing countries (notably Mexico, Peru, and China). Secondary supply through recycling, while flexible, represents less than a fifth of global output and is sensitive to price volatility and collection efficiency.

This structural inelasticity means that even moderate demand shocks—particularly those linked to industrial decarbonisation, translate into disproportionate price adjustments. As inventories on COMEX and the Shanghai Futures Exchange have steadily declined since 2023, spot and futures markets have begun pricing a persistent scarcity premium.

c. Investment and speculative demand.

Alongside industrial fundamentals, financial investment has magnified silver's momentum. The metal's half industrial, half monetary manifestation makes it highly sensitive to investor sentiment shifts. ETF holdings in products such as iShares Silver Trust (SLV) expanded markedly in 2025, as both retail and institutional investors sought leveraged exposure to the energy transition narrative.

CFTC data corroborate this pattern: net speculative long positions in COMEX silver futures reached multi-year highs by mid-2025, coinciding with accelerating prices. While such positioning can fuel temporary overshoots, it also reflects a broader structural reallocation toward commodities as inflation hedges and decarbonisation plays. In effect, investment demand has reinforced, rather than distorted, silver's fundamentally driven uptrend.

C. Metal-Specific Price Drivers: Gold

a. Central bank Accumulation and Diversification.

Gold's rally has been primarily monetary and financial in nature. Over 2023–2025, global central banks have accumulated record tonnages of gold, motivated by both macroprudential and geopolitical considerations. The World Gold Council estimates net purchases exceeding 1,000 tonnes in 2024 alone, led by emerging-market central banks such as those of China, Turkey, and India.

This accumulation serves as a hedge against sanctions risk and dollar exposure. As global reserves become more multipolar, gold has reasserted itself as the de facto neutral reserve asset. The steady, price-insensitive nature of these flows creates a durable structural bid beneath the market.

b. Speculative Bubble fears and strong safe haven views

As outlined in the shared price drivers of both gold and silver, gold's status as a safe haven in times of uncertainty and perceived high macroeconomic uncertainty have driven the price surge in 2025 to a large extent, more so than that of silver. Gold ETFs have seen a particular increase in net-long positions and large order inflows. The climate of fear that reigned in regards to US economic growth prospects, the unprecedented weight of the magnificent 7 in the S&P 500 and suspicions of AI constituting a speculative bubble, among further fears.

c. Supply and production Dynamics.

Unlike silver, gold's supply is less sensitive to industrial cycle. The annual production of gold has been is restricted to 1-2% since 2018 due to a combination of declining ore grades, elevated extraction costs, and limited new discoveries. Furthermore, the supply is additionally restricted by ESG regulations and permitting delays through the extension of project timelines. Price rallies are in consequence rarely met with immediate supply responses to demand increases, mechanically reinforcing gold's tendency to sustain high price levels once a new equilibrium is reached.

Gold/silver ratios and its navigation

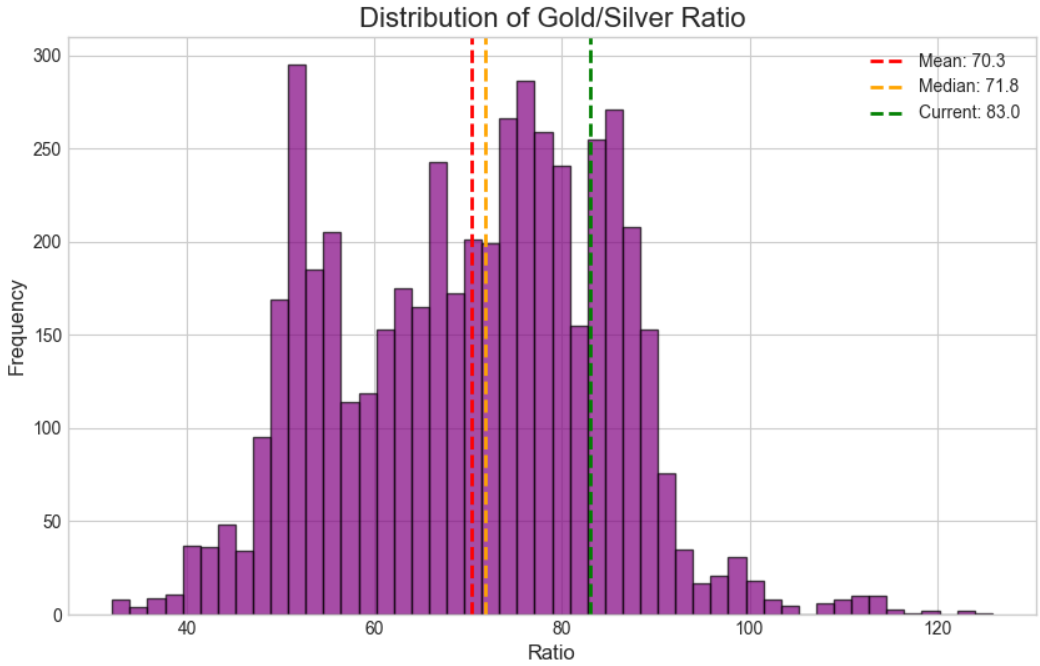


Figure 2.2: The Gold/Silver ratio: Near historical norms

The Gold/Silver ratio is near its historical norm, implying a neutral relative pair valuation. The current Gold/Silver ratio is currently 83, this is far from unprecedented levels, where statistical outliers on the right-tail of the distribution are far closer to 100, or above 100. The mean ratio is 70.3, and a ratio equal to 83 has been present in more than 250 out of 5025 observations, or in nearly 5% of all observations.

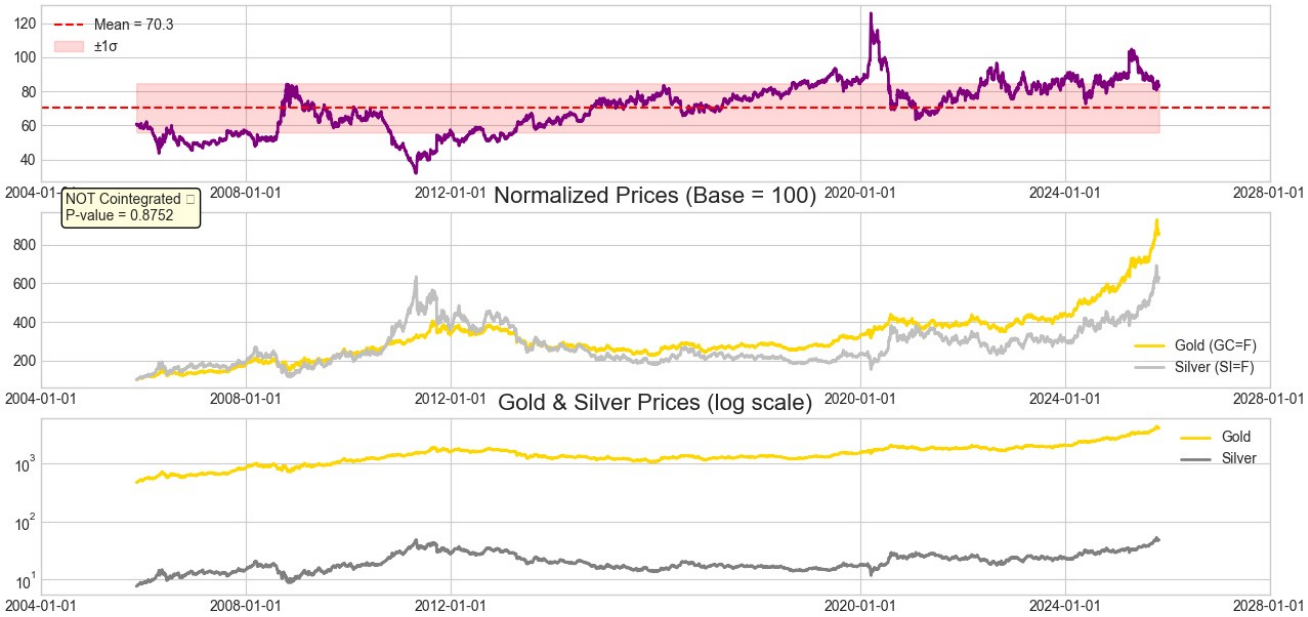


Figure 2.3: Gold/Silver dynamics

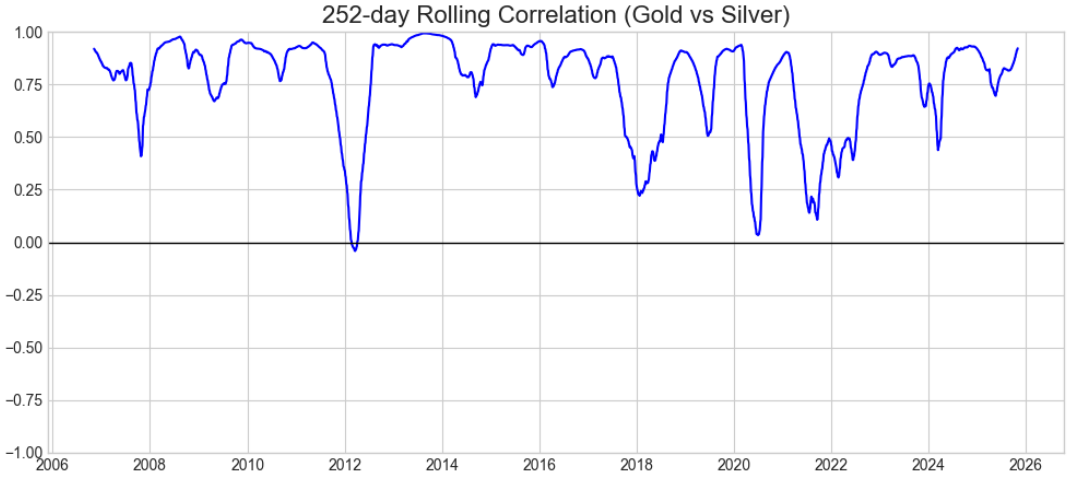


Figure 2.4: Gold/Silver 252-day Rolling correlation

Table 2: Gold–Silver Time Series Analysis Summary

Category	Metric	Value / Interpretation
Additional Time Series Analysis		
	Price Correlation	0.7944
	Returns Correlation	0.7953
	Hedge Ratio (β)	62.8662
	Coefficient of Determination (R^2)	0.6311
Gold–Silver Ratio Summary		
	Current Gold Price	\$3,996.50
	Current Silver Price	\$48.16
	Current Ratio	83.0
	Mean Ratio ($\pm$ Std. Dev.)	70.3 ± 14.4
	Data Span	2005–11–07 - 2025–10–31 (5025 obs)
	Interpretation	Ratio near historical average
	Cointegration Relationship	No strong evidence of equilibrium relationship
Cointegration Test Results		
	Test Statistic	-1.1672
	P-value	0.8663
	Critical Value (1%)	-3.8986
	Critical Value (5%)	-3.3373
	Critical Value (10%)	-3.0453
	Conclusion	Gold and Silver are not cointegrated

The results underline the strong but imperfect co-movement between gold and silver prices over the past two decades. The high price and returns correlations (0.79 in both cases) confirm that the metals typically respond in the same direction to macro-financial impulses—particularly shifts in real yields, dollar dynamics, and risk sentiment. Nevertheless, the estimated hedge ratio ($\beta = 62.87$) and moderate explanatory power ($R^2 = 0.63$) suggest that this relationship is not one of strict parity, reflecting silver's greater exposure to industrial cycles.

The cointegration test fails to reject the null hypothesis of no long-term equilibrium ($p = 0.87$). This indicates that, despite frequent short-term co-movement, gold and silver prices do not revert to a stable long-term ratio. The gold–silver ratio, currently near its historical mean (83.0 vs. 70.3 ± 14.4), therefore lacks statistical justification for mean-reversion trades at present levels. Instead, it reflects independent structural drivers—financial in the case of gold and industrial in the case of silver.

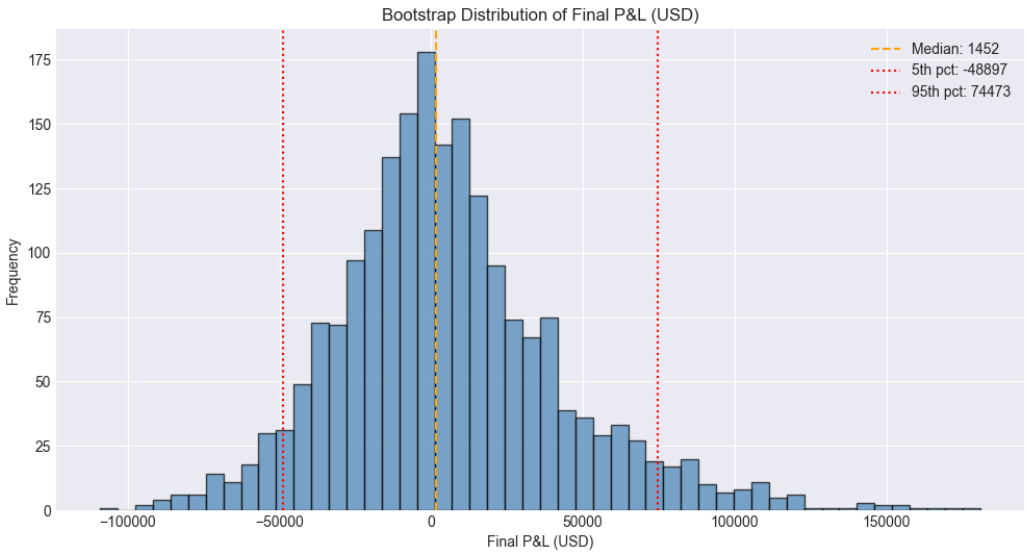


Figure 2.5: Bootstrap Resampling results: inefficacy of a short Gold/ long silver directional trading strategy

Here, we evaluate the robustness of our estimates using bootstrap resampling. Bootstrap resampling is a non-parametric technique that treats the data as its own empirical population. By repeatedly drawing random samples with replacement and recalculating the statistic of interest, the method constructs an empirical sampling distribution that captures the true uncertainty of the estimates—particularly valuable when parametric assumptions or asymptotic approximations may not hold in financial time series.

The results of bootstrap resampling confirm the irrationality of betting on a supposed mean reversion of the Gold/Silver ratio through short gold, long silver trade executions. The results show strong variability and low expected returns, with the triggering of stop-losses short after the strategy's start in a large proportion of the simulations.

Qualitative Rationale for Long Exposure to Gold and Silver

A. The Macroeconomic Backdrop: End of the Fiat Cycle

The renewed ascent of precious metals cannot be interpreted as a transient speculative phase; it reflects a structural repricing of monetary assets under the late phase of the fiat monetary cycle. Since the global financial crisis of 2008, successive episodes of policy accommodation have eroded the real return on sovereign bonds, culminating in a world where risk-free nominal yields fail to compensate for inflation volatility. In this context, gold reclaims its ancestral monetary role: a store of value immune to default risk and central bank discretion.

The unprecedented expansion of central bank balance sheets and the financialization of

public deficits imply that gold and, by extension, silver, now serve as the residual asset class in a system saturated with nominal claims. The current era resembles, in qualitative structure, the late 1960s—when fiscal overextension and geopolitical competition gradually eroded confidence in the Bretton Woods framework. Then, as now, gold transitioned from a passive reserve to an active monetary hedge.

B. The Institutional Bid: Central Bank Reaccumulation

A key differentiating feature of this cycle is the persistent net buying of gold by central banks. According to IMF and World Gold Council data, 2022–2025 marked the most intense phase of official sector accumulation since the late 1940s. Emerging-market central banks, particularly those of China, India, and Turkey, have been diversifying away from USD reserves to hedge against sanction risk and currency weaponization.

This strategic reallocation has introduced a structural bid in the gold market independent of speculative flows. The qualitative significance of this phenomenon lies not merely in its scale but in its *composition*: the marginal buyer of gold is now policy-driven, not profit-driven. That confers durability to demand and depresses the probability of cyclical liquidation. In essence, central bank accumulation is transforming gold into a quasi-sovereign asset class whose price is underwritten by geopolitical distrust.

C. Silver: The Industrial-Hard Money Hybrid

Silver's revaluation, in contrast, derives not from monetary hedging alone but from its dual identity as both a precious and an industrial metal. The accelerating energy transition—anchored in photovoltaics, electrification of transport, and semiconductor proliferation—has generated structural demand growth. Each gigawatt of new solar capacity embeds approximately 20 kilograms of silver; at current deployment rates, photovoltaic demand alone absorbs over 180 million ounces annually, a figure expected to rise as panel efficiency plateaus.

This duality grants silver a unique convexity: it appreciates in both inflationary-financial and expansionary-industrial regimes. Whereas gold's demand elasticity to global growth is near zero, silver benefits directly from industrial momentum while preserving its safe-haven characteristics. Its correlation matrix with industrial metals such as copper and aluminium is positive in booms yet collapses to zero or negative in risk-off episodes, granting it rare two-regime optionality.

D. Supply Constraints and Mining Economics

The supply side of both metals is equally supportive. Gold mine production has plateaued near 3,600 tonnes annually, constrained by declining ore grades and environmental regulation. For silver, the situation is more acute: over 70% of global silver output is a by-product of lead, zinc, or copper mining. Thus, silver supply responds weakly to price incentives—a classic case of inelastic secondary production. This structural inelasticity creates a self-reinforcing

dynamic: rising industrial demand meets supply rigidity, compressing inventories and raising the shadow price of immediate delivery.

Moreover, the capital discipline imposed after the 2012–2013 commodity bear market has curtailed new exploration spending. Miners now prioritize shareholder returns over capacity expansion, a behaviour that paradoxically enhances the long-term investment case for the metals themselves. In other words, the mining sector's financial prudence functions as a call option for metal holders.

E. Monetary Hedging and the Regime of Financial Repression

Real yields remain the dominant macro driver of gold valuations. Even though nominal yields may fluctuate, persistent inflation volatility ensures that ex-ante real yields hover near zero or negative territory. Under financial repression—defined as policy-engineered caps on nominal yields below inflation expectations—precious metals become one of the few unencumbered assets retaining purchasing power.

Historically, every regime of real-yield compression (1971–1979, 2008–2012, 2020–2025) has coincided with multi-year bull cycles in gold. Silver, while more volatile, tracks the same macro rhythm with higher beta. Thus, the secular environment of over-indebtedness and policy constraint structurally advantages long positions in both metals.

F. De-Dollarization and Geopolitical Fragmentation

The multipolarization of the global monetary system further reinforces the thesis. As cross-border settlement gradually diversifies into regional currencies and digital central bank instruments, demand for non-sovereign collateral—principally gold—rises. The weaponization of financial infrastructure (e.g., SWIFT exclusions, reserve freezes) has made physical reserves geopolitically valuable. Silver, though less central to monetary reserves, benefits indirectly: its industrial ecosystem is geographically diversified, and demand emanates from precisely those economies (China, India, Southeast Asia) that are reducing dollar dependence.

This decoupling from Western financial cycles introduces a new qualitative layer of demand—one that is strategic, long-horizon, and insensitive to short-term price volatility.

G. Portfolio Context and Behavioural Considerations

From a behavioural-finance perspective, gold and silver also serve as countercyclical anchors. They attract capital in regimes of declining trust—whether in fiscal discipline, geopolitical stability, or fiat money's purchasing power. Their psychological value lies in *tangibility*: investors perceive them as assets that exist outside the credit system, a trait that becomes prized precisely when other instruments rely on counterparties.

For institutional allocators, this behavioural characteristic translates into real diversification. During episodes of market stress, gold's correlation with equities and bonds typically inverts,

generating positive convexity. Silver amplifies this effect when industrial cycles rebound, offering cyclical torque in recovery phases.

H. Synthesis: The Case for Dual-Long Exposure

The confluence of these structural and behavioural factors constitutes a coherent investment narrative. Gold provides the monetary hedge—the "insurance premium" against systemic debasement—while silver offers industrial leverage as a "growth option" on the global energy and technological transition. Together, they replicate the barbell structure of a solid portfolio: one limb protects capital, the other enhances it.

In the context of the University of Southampton Investment Fund, this dual exposure is not speculative but strategic. It aligns with the Fund's mandate to combine prudent capital preservation with opportunistic capture of secular megatrends. The fund positions itself with company outlooks such as that of Goldman Sachs Research, which sees a greater risk that the gold price will exceed its forecast rather than undershoot, and JP Morgan, who raised their June 2025 Gold price predictions to 4,250 USD per troy ounce by Q4 2026.

Quantitative Rationality of Gold and Silver Exposure

Figure 2.6: Historical returns of hybrid gold and silver commodity, gold and silver ETFs, and Gold and silver mining company ETFs

The historical returns of a hybrid investment in gold and silver are remarkable. Whether, the investment was executed through investing in the commodities themselves, through gold

and silver ETFs, in mining company ETFs or a hybrid approach combining all 3, the strategy delivered substantial gains.

This section details the quantitative analysis of strategic position of exposure long gold, long silver position.

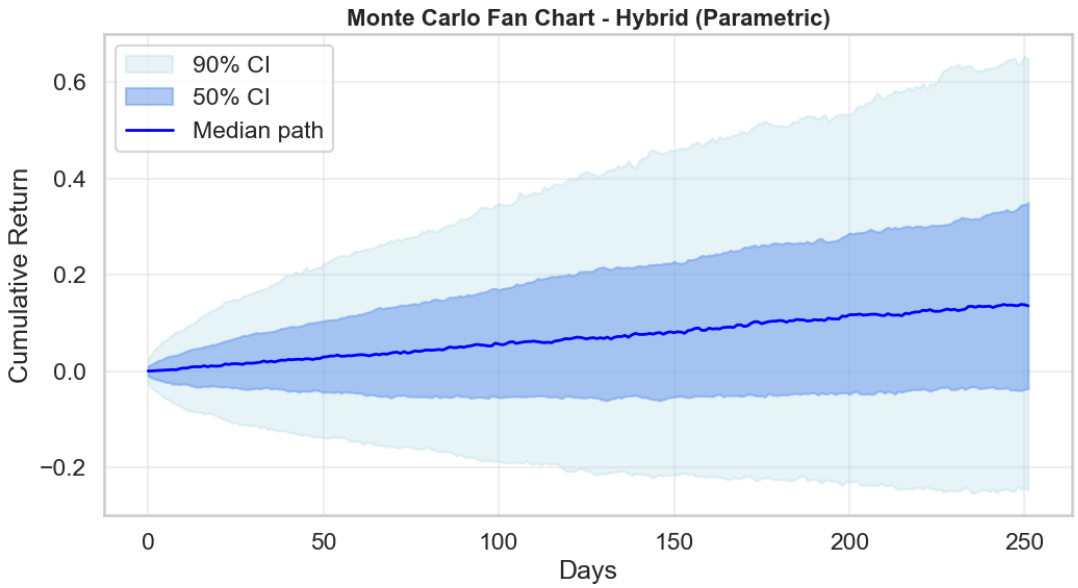


Figure 2.7: Parametric Monte Carlo using Kelly Criterion-adjusted hybrid approach to Gold and Silver long position

The results of 1,500 simulated paths using parametric Monte Carlo simulations provide a probabilistic envelope of possible price paths over a one-year horizon, synthesizing both historical covariance and simulated noise. The median trajectory remains upward sloping across all strategy classes, with the 50% confidence band widening modestly over time, signifying controlled volatility growth.

For the hybrid strategy, the 90% confidence interval remains asymmetrically skewed to the upside, reflecting a fat right tail of outcomes where compounding effects amplify positive drift. The absence of negative median slopes even in stress-adjusted simulations visually corroborates the robustness of the long-only thesis. The narrowness of the 25–75% band underscores low variance in expected returns, indicative of a stable risk–reward surface under current volatility clustering.

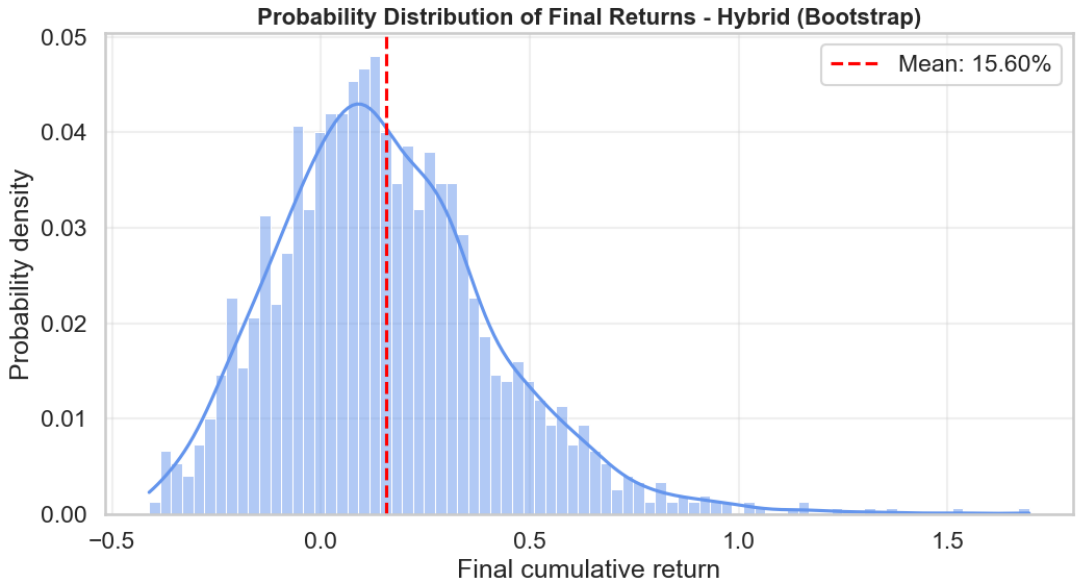


Figure 2.8: Block Bootstrap Monte Carlo probability distribution of final results using Kelly Criterion-adjusted hybrid approach

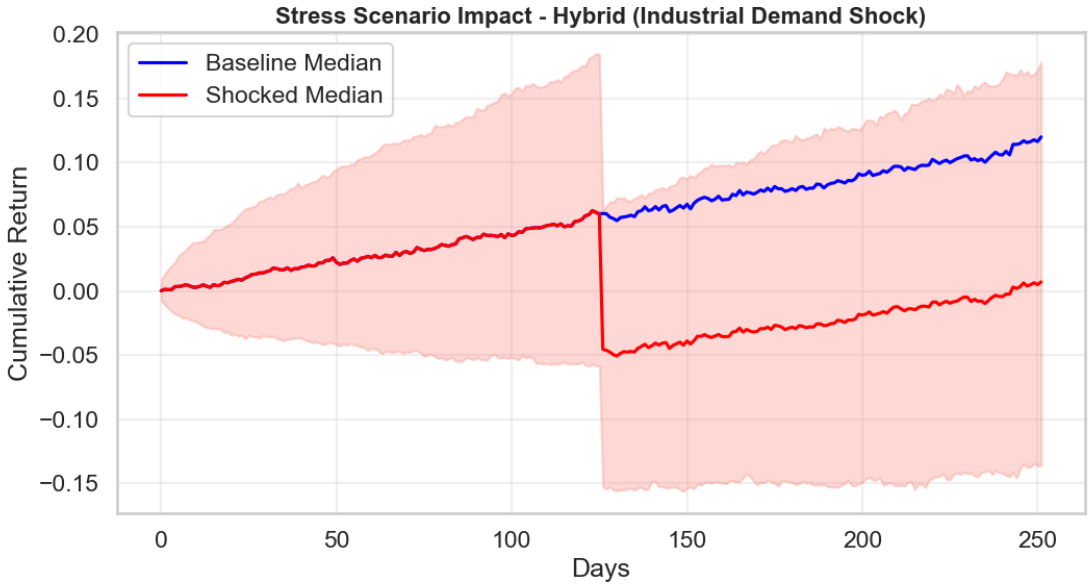


Figure 2.9: Stress scenario impact on hybrid portfolio

Beyond higher median returns, the hybrid portfolio composed of gold and silver as commodities, as ETFs and mining companies ETFs show less sensitivity in the simulated paths to stress scenarios. Here, the predicted impact of an industrial demand shock leads to a shocked median return drawdown of 5%, which then recovers to final median return slightly

above 0. In this portfolio configuration, the worst case scenarios are better than in the other approaches.

Table 3: Monte Carlo Simulation Results for Gold–Silver Strategies

Strategy	**Catastrophic** *(< −50%)*	**Large Loss** *(−50 to −10%)*	**Mild Loss** *(−10 to 0%)*	**Mild Gain** *(0 to 10%)*	**Strong Gain** *(> 10%)*	**Mean Return**	**CVaR**
Commodities	0.00%	13.47%	16.27%	18.80%	51.47%	12.81%	-19.53%
ETFs	0.00%	14.20%	15.73%	20.53%	49.53%	12.88%	-18.16%
Hybrid	0.00%	15.53%	12.87%	16.53%	55.07%	15.60%	-22.56%

Note: Probability of ruin (< 50% of initial capital) was 0.0% across all strategies. Simulations used 1,500 paths each for both parametric and block bootstrap methods. Mean returns represent expected cumulative gain over a one-year horizon. CVaR, or conditional value at risk, represents the average loss in the worst 5% of cases of the return distribution.

The terminal-return probability density functions reveal right-skewed distributions for all strategies, characteristic of long-only exposures with embedded convexity. The hybrid configuration shows the highest kurtosis, meaning rare but disproportionately large positive outcomes. This statistical property aligns with its superior mean return (15.6%) and justifies its inclusion as a convex payoff within the Fund's commodity sleeve.

Over 50% of simulated paths in the hybrid strategy end with returns exceeding 10%, while only 15.53% register moderate losses between 10–50%. The absence of any catastrophic outcomes under both parametric and bootstrap regimes confirms that systemic risk exposure is minimal. This robustness is reinforced by the block bootstrap methodology, which preserves autocorrelation and volatility clustering, hence replicating realistic market persistence rather than Gaussian idealization.

Table 4: Implementation, Risks and Exit Strategy Monitoring

Category	**Details**
Trade Expression	Strategy: Dual-long gold and silver exposure capturing both monetary and industrial drivers. Objective: Participate in macro tailwinds (negative real yields, geopolitical risk) while maintaining diversification. Bias: Long both metals; rebalance based on Gold/Silver ratio extremes.
Primary Instruments	Gold: SPDR Gold Shares (GLD). Silver: iShares Silver Trust (SLV). ETF exposure ensures liquidity, simplicity, full physical backing.
Secondary Instruments	Mining Equities: Mining ETFs or high-conviction individual equities (e.g., Newmont, Barrick, First Majestic Silver). Typical allocation: 20–25% overlay for upside convexity.
Monitoring Metrics	10Y TIPS real yields. USD broad index (DXY). Gold–silver ratio (monitor z-score deviations). ETF flows (GLD, SLV) and CFTC speculative positioning.
Key Risks	Real Yield Repricing: Sustained move above 2.5% in TIPS compresses valuations. Dollar Strength: 5% DXY appreciation could imply 6–8% metals downside. Crowded Positioning: Speculative net-longs $> +2\sigma$ above mean increase drawdown risk. Industrial Demand Shock: Slower-than-expected PV, EV, or semiconductor growth reduces silver demand. ETF Liquidity: Heavy profit-taking accelerates sell-offs.
Exit / Rebalancing Triggers	Macro: 10Y US TIPS yield $> 2.5\%$ or Fed repricing $> +100$bps. Technical: Gold–silver ratio at extremes (e.g., >90 or <60) signals rebalancing. Positioning: CFTC longs $> +2\sigma$ of 5Y mean. Performance: Drawdown exceeding $\approx 20\%$ from recent peak. Liquidity: ETF outflows $> 10\%$ of AUM within two weeks.

Note: Monitoring is frequent and rebalancing decisions reviewed upon breach of key macro or technical thresholds. Data sources include Bloomberg, CFTC, and Yahoo finance.

Conclusion

The analysis of gold and silver through both a macro-financial and quantitative lens reveals a market configuration defined not by relative mispricing, but by the coexistence of distinct and complementary structural drivers. The traditional narrative of the gold–silver ratio as a mean-reverting arbitrage opportunity no longer holds under current macroeconomic and industrial regimes. Instead, both metals are advancing along parallel yet separate axes of demand—gold as the monetary hedge within a disinflationary yet fragile fiat environment, and silver as the industrial conductor of the energy and digital transitions.

Upon this outcome, a dual exposure to gold and silver were tested and analysed. Quantitatively, Monte Carlo and bootstrap simulations across 1,500 paths show positively skewed distributions with low tail risk and negligible probability of ruin. The hybrid allocation—integrating physical exposure, ETFs, and mining equities—emerges as the most convex configuration, achieving an expected annual return of 15.6% with –22.6% returns in the worst 5% of cases of the return distribution. These outcomes underline the resilience of dual-long exposures to diverse macro shocks, including rising real yields, dollar volatility, and fluctuations in industrial activity.

From a strategic perspective, the portfolio implications are unambiguous. The rational stance for a long-horizon commodities investor is not to speculate on the convergence of gold and silver prices, but to harness their joint convexity. Holding both assets simultaneously creates an internal hedge structure: gold stabilises drawdowns under monetary tightening or geopolitical stress, while silver mainly amplifies performance in industrial expansionary phases. This duality offers asymmetric exposure to the two dominant forces shaping the decade ahead—monetary debasement and technological electrification.

In the broader context of the Fund's investment philosophy, the findings advocate for a disciplined yet opportunistic commodities allocation: a core exposure to precious metals sustained through market cycles, complemented by tactical tilts responding to volatility, ETF flows, and industrial indicators.

This report justifies why the Commodities department of the University of Southampton's investment fund will implement the strategy with a 20-30% position in our portfolio, a department specialised in commodities and commodities-related equities. This report also lays the groundwork of the processes and analyses through which the positions and strategies of the department will be established: a strategy aiming to combine both comprehensive quantitative and qualitative analyses

Appendix: Methodology

A. Monte Carlo Simulation Framework

To assess robustness and forward-looking risk, two forms of stochastic simulation were implemented:

(a) Parametric Monte Carlo. Returns were assumed to follow a multivariate normal distribution calibrated on the empirical mean vector and covariance matrix of historical daily returns. Simulated paths ($N = 1500$) for each strategy were generated as:

$$r_t^{(i)} \sim \mathcal{N}(\mu, \Sigma)$$

and compounded to obtain terminal wealth distributions. This approach captures average volatility and cross-asset correlation structure under stationarity.

(b) Block Bootstrap Simulation. To relax normality and independence assumptions, a moving block bootstrap was applied to the empirical return series. This resampling technique preserves autocorrelation and volatility clustering by sampling contiguous blocks of returns, generating alternative but statistically consistent price paths.

Both simulations were run for 1,500 iterations each to derive empirical distributions of portfolio outcomes.

B. Strategy-Level Evaluation

Three portfolio strategies were tested:

1. **Commodities-only:** Equal-weighted long positions in gold and silver spot/futures.
2. **ETF strategy:** Equal-weighted long positions in GLD and SLV.
3. **Hybrid strategy:** Equal-weighted exposure to commodities, ETFs, and major mining equities.

Each simulated portfolio was initialized at a £10,000 notional, consistent with the fund's mandate, and allowed to evolve over a one-year horizon.

For each strategy, the Monte Carlo distribution of terminal wealth was analyzed to compute:

- Probability of catastrophic loss ($< -50\%$)
- Loss/gain bins (-50% to -10%, -10% to 0%, 0% to 10%, $> 10\%$)
- Expected shortfall ($ES_{5\%}$)
- Probability of ruin (capital falling below 50%)
- Mean expected return and variance

C. Stress-Scenario Analysis

To test resilience, the calibrated model was re-run under stressed parameter configurations:

- **Yield shock:** +100bp real yield increase
- **USD appreciation:** +5% DXY shock
- **Liquidity shock:** 50% reduction in ETF flow liquidity
- **Industrial contraction:** 15% drop in silver industrial demand proxy

The simulations quantified the resulting change in mean return, expected shortfall, and probability of ruin, thereby approximating the strategy's sensitivity to key macro and sectoral risks.

D. Risk and Position Sizing

Optimal position sizing was computed via the fractional Kelly criterion, using Monte Carlo mean and variance estimates to determine the capital allocation maximizing long-run growth subject to drawdown limits:

$$f^* = \frac{\mu}{\sigma^2}$$

but capped at 25% of available capital to prevent excessive leverage. Expected shortfall and drawdown distributions were used to allocate risk budgets per metal within the £10,000 mandate.

Continuation Vehicles and Their Effect on the Private Equity Landscape

November 10 2025

Adam Dewji

3. The Current Private Equity Market

Few corners of the global financial world have been impacted by recent macroeconomic developments as much as private equity. While it is accustomed to a cyclical method of acquiring, financing and exiting predictably, private equity is now adjusting to a new reality. With high interest rates and minimal IPOs and merger and acquisitions, the environment has made it harder for firms to divest assets and return capital to investors on schedule. Now it is a much more delayed process.

However, private equity is still a powerhouse: assets under management is over $8 trillion worldwide and with pensions, sovereign wealth funds and insurers still eager for returns above public markets. Fundraising is soaring for those in the top quartile, while mid-market and newer firms are meeting resistance from investors who are growing more selective.

The cyclical method of fundraising, capital deployment, improvements in portfolio companies and exit in seven to ten years is being challenged. Companies are being held longer than expected since public markets need discounts to warrant sale as strategic buyers are minimal. This has forced firms to reconsider both how and when they are returning capital.

Performance has become more polarised as well, as firms with operationally driven, sector-focused characteristics continue to generate decent returns while others are more affected by rising finance costs and slower growth. Yet, as some assets require longer ownership and more capital to scale, the industry is shifting away from quick turnaround strategies toward longer-term and more flexible capital structures.

Overall, private equity is in a great place and is well-capitalised but access to abundant leverage, quick exits and predictable fundraising are no longer feasible. Therefore, firms must manage the conflict of investor desires for liquidity versus investment needs for longevity without any forced sale devaluation. This means that firms are increasingly turning to alternative tools such as continuation vehicles. What started as a niche solution is now beginning to become more mainstream in the industry's operating model.

Continuation Vehicles (Squared) Overview

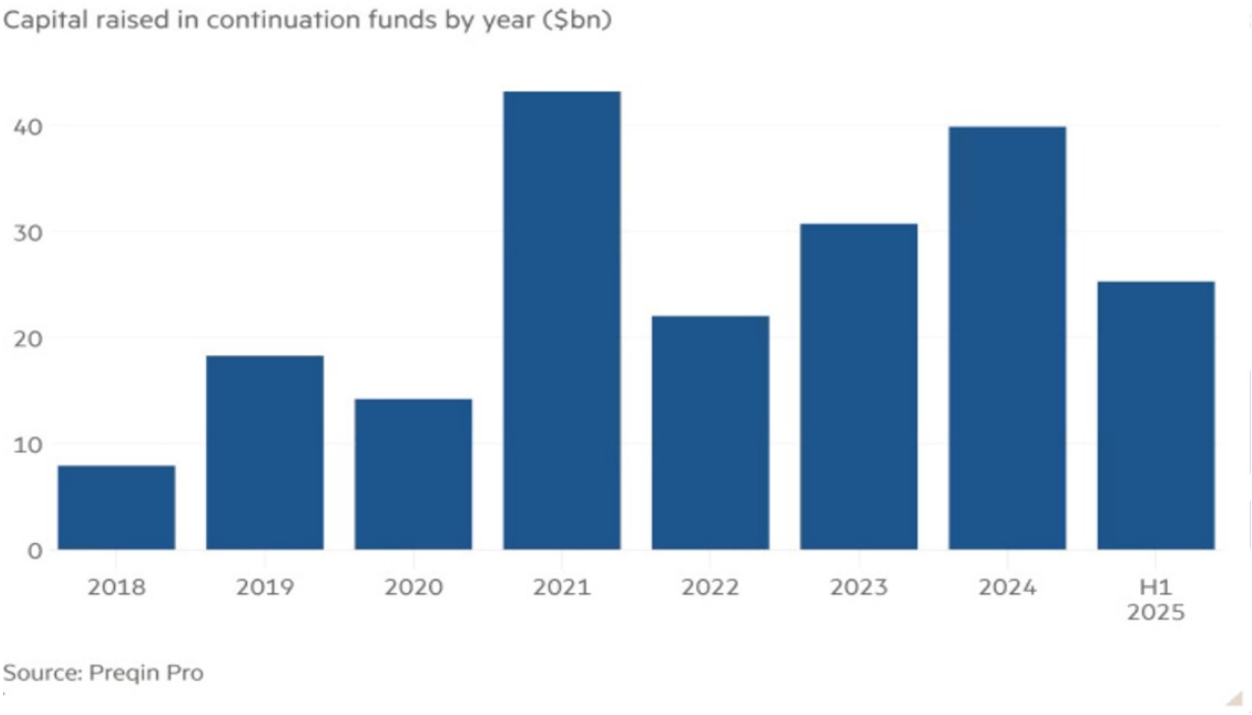
Continuation vehicles emerged as a solution to a developing issue that could cripple the private equity ecosystem. Firms were unable to exit portfolio companies within the typical seven-to-ten-year fund cycle due to weak IPO markets and slow M&A activity. This led to the creation of new investment structures such as continuation vehicles as a means to transfer assets out of older funds and into new ones. This facilitated investors to receive cash or rollover new equity interest into the newer vehicle (with debt formed for those who wish to rollover) while simultaneously allowing fund managers to retain ownership of companies they believe have further growth potential.

The usage of continuation vehicles became massive in 2021, with lifespans of three to five years. Early results have been successful. According to Morgan Stanley, continuation vehicles launched between 2018 and 2023 have a median return of 1.4× capital deployed, while traditional buyout vehicles have a 1.3× median return. Since in continuation vehicles capital is not sitting idle, but instead is readily deployed into assets within, secondary investors have often purchased assets at discounts to their net asset value, which makes them even more attractive from a risk-adjusted perspective.

But after the continuation vehicle lives out its four years private equity firms are encountering a similar issue as before: deadlines approach but exit markets remain constrained. This has led to the emergence of CV-squared structures which take assets from one CV and moves it to another as a means to extend ownership for a second time. Already, this exists in the market. PAI Partners look to move over a part of its -KKR announced that it secured $1.9bn to move Isolved, a business in a CV since 2019, into its subsequent CV.

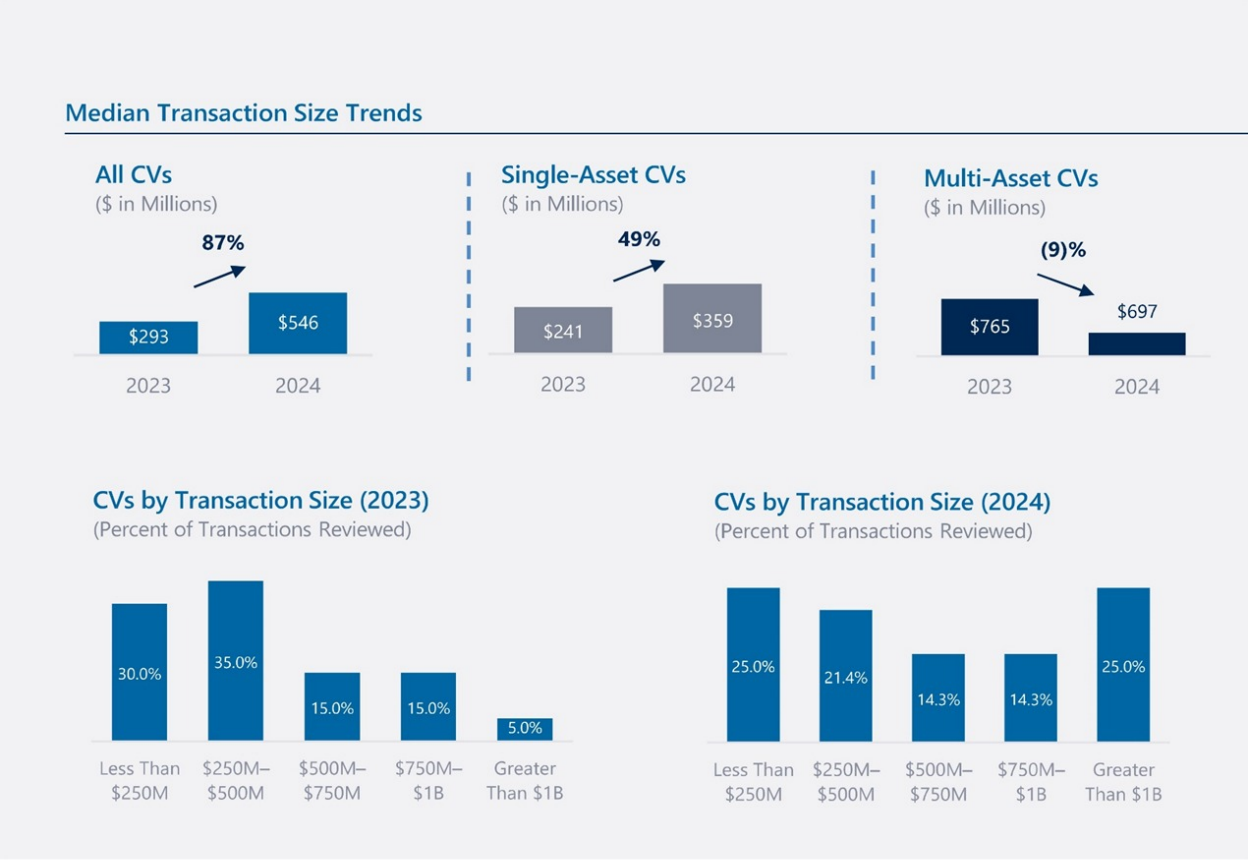
The CV-squared has its flexibility though it does also carry some risk. A CV-squared can become like a prison for ageing businesses that are unattractive to strategic buyers or public market investors. Ultimately, many portfolio companies will still need to return to public markets and often at discounted valuations. But a growing frequency of such options suggests at something larger. Private equity is no longer navigating through economic cycles but is instead transforming its lifecycle. Once rare continuation vehicles are now rapidly becoming engrained into the industries' toolkit as a way of managing risk, liquidity and time.

Fundamental Analysis



Continuation vehicles are often used in industries where assets generate predictable cash flows, have long-term growth prospects and are not well positioned for current market exits. For infrastructure and energy, private equity is rolling renewable energy portfolios, data centres and toll-road operators into continuation vehicles as these companies operate with predictable utility-driven cash flows and public investor interest fails to provide full valuations. For healthcare services, specialist clinics, veterinary groups and pharmaceutical outsourcing have been rolled into continuation vehicles as a way for managers to continue compounding revenues as healthcare demand remains stable and potential buyers are scarce. The industrial and manufacturing sector has also seen increased use particularly in niche market leaders such as aerospace component suppliers, packaging manufacturers and waste management firms, where cash generation is stable, but sale processes are undervalued or slow. Even in financial services and insurance brokerage, firms have often employed continuation vehicles for platforms with recurring fee income and client retention. These are the sectors where secondary investors want to come in because they offer durability, high visibility of earnings and defensible market positions. Yet at the same time their maturity creates friction as it seems that continuation vehicles might be evolving into long-term storage for assets that are profitable but difficult to exit at premium valuations.

Long-term Macroeconomic Analysis



Source: Houlihan Lokey 2024 Continuation Fund Study

Continuation vehicles will shape not only fund dynamics but the overall private equity macroeconomic environment going forward. They emerge from structural pressures: low growth in developed markets, high interest and low IPO/M&A activity make traditional exits that much harder. As they extend exit deadlines, continuation vehicles allow private equity firms to keep hold of their high-performing companies and delay sales. Eventually, this changes capital cycles from buy-improve-sell vehicles to a more permanent capital type equity or infrastructure-type investing.

If these present realities prevail, low growth, high interest and geopolitical tensions, then continuation vehicles will function as a staple as they enable firms to continue compounding value within the more stable sectors like healthcare services, infrastructure and energy. This aligns private equity with a longer-term investment approach that private equity investors and sovereign wealth funds prefer as liabilities extend for decades and not just a few years.

However, there are also long-term drawbacks to consider. If used shrewdly, continuation funds could stabilise returns, reduce forced sales during downturns and support sustained

investment in companies that benefit from patient ownership. But if they are overused, they risk creating an economy of permanently recycled assets where companies are passed between funds rather than evaluated in public markets. This inflates valuations by keeping assets in private hands longer than fundamentals justify.

For investors, there are significant implications. With continuation vehicles providing more sustainable returns and greater alignment with long-dated liabilities, this is a positive outcome. However, it also suggests that liquidity is increasingly engineered rather than market-driven. Whether this is a matter of last resort or obfuscating reality is yet to be seen as we observe in the 2020s how far the continuation vehicles will go beyond their intended use.

How Social and Governance Oversights Sank Byju's: A Case for ESG-Centered Investing

November 10 2025

Avi Pasikanti

4. Introduction

Byju's was once the poster child of India's startup boom. It was an education technology company that attracted billions in venture capital and soared to a valuation of 22 billion dollars by 2022. At its peak, the company was India's most valuable startup with plans to go public via a SPAC deal at a valuation of 48 billion dollars. Backed by global investors and boosted by pandemic driven demand for online learning, Byju's pursued rapid growth through high profile acquisitions and aggressive sales expansion. However, behind this meteoric rise lay critical lapses in Social and Governance practices, including predatory sales tactics and audit and boardroom failures that ultimately spooked investors.

This article explores how Byju's neglected key Environmental, Social, and Governance factors, focusing on the Social and Governance pillars, and how those oversights contributed to its downfall. The analysis includes Byju's trajectory, its funding history, expansion strategy, and the red flags that emerged. It compares Byju's with other high-profile startup failures such as WeWork, GoMechanic, and Theranos. The article also presents examples of ESG forward startups like Duolingo and Canva that achieved growth without compromising governance or societal values. Through this analysis, we make a data driven argument that ESG centered investing is essential for investors who wish to avoid future unicorn collapses.

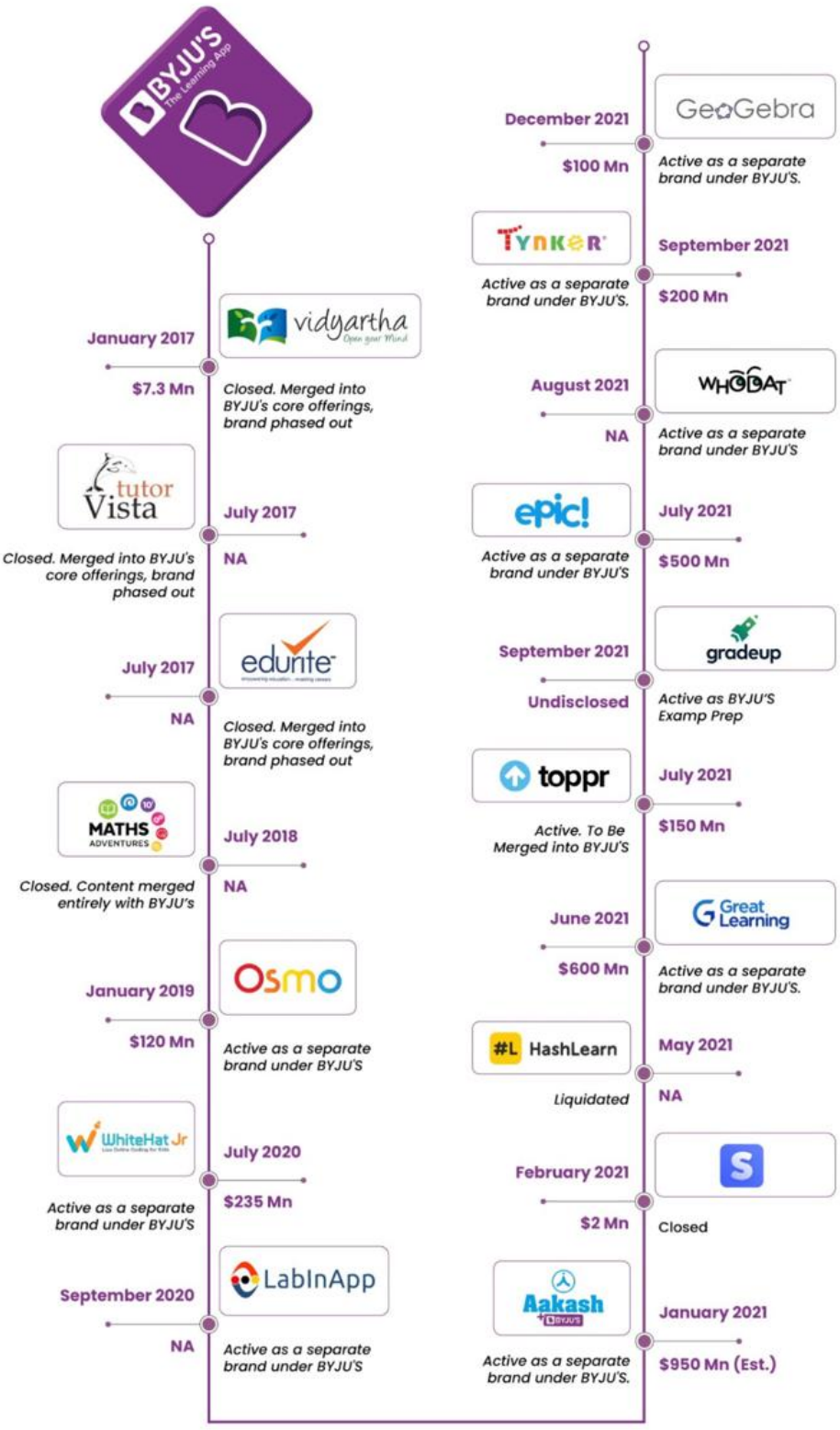
Byju's Meteoric Rise and Overreach

Founded in 2011, Byju's quickly tapped into India's vast student market. The company's funding history includes investments from Sequoia Capital India, Tencent, General Atlantic, and the Chan Zuckerberg Initiative. Successive funding rounds during the 2010s and the pandemic period increased its valuation from five billion dollars in 2020 to 22 billion dollars in 2022. In late 2021, Byju's explored going public via a merger with Churchill Capital SPAC. The proposed deal valued Byju's at 48 billion dollars, reflecting high investor expectations. Byju's pursued aggressive expansion by spending more than 2.5 billion dollars on acquisitions in 2021 and 2022. Notably, it acquired WhiteHat Jr for 300 million dollars in 2020 and Aakash Educational Services for approximately 950 million dollars in 2021. These acquisitions aimed

to diversify the company's offerings and fuel revenue growth. Byju's founder predicted that the Aakash acquisition would help the company surpass one billion dollars in revenue within a year. Despite increasing revenue, the financial foundation was weakening. Byju's delayed the release of its financial statements and finally disclosed FY2022 results that revealed revenue of 5,298 crore rupees, an increase of 118 percent. However, net loss reached 8,245 crore rupees, over one billion dollars. In other words, Byju's lost more money in one year than it earned. The company struggled to service a 1.2 billion dollar loan and was accused of concealing 500 million dollars in funds by creditors. By 2023, the company faced a financial crisis that exposed deeper issues in governance.

Cracks in the Foundation: Financial Strain and Governance Red Flags

Investors became alarmed when Byju's failed to produce timely audited financials. Deloitte resigned as auditor in June 2023, citing long-delayed statements and lack of access to financial information. On the same day, three board members representing Peak XV, Prosus, and the Chan Zuckerberg Initiative resigned. This left the board composed solely of Byju Raveendran and his family members, eliminating independent oversight and increasing the chance of conflicts of interests. The company also lacked a permanent Chief Financial Officer for over a year. A new CFO, Ajay Goel, was appointed in 2023 but resigned within six months. Frequent top level exits indicated deeper governance dysfunction. Mohandas Pai, former CFO of Infosys, criticized Byju's for failing to provide timely financial data and emphasized that private companies taking external capital must uphold transparency. Regulators and lenders grew wary as the company missed debt payments and engaged in legal disputes over its 1.2 billion dollar loan. BlackRock reduced its internal valuation of Byju's to 8.4 billion dollars. In November 2023, Prosus slashed its valuation to under 3 billion dollars, citing poor governance. These developments, including auditor exit, board resignations, and investor markdowns, highlighted a lack of governance discipline and an overemphasis on growth. (source : Startupnews.fyi, 2024)


Acquisitions
BYJU'S The Learning App
January 2017
$7.3 Mn
vidyartha Open your Mind
Closed. Merged into BYJU's core offerings, brand phased out
tutor Vista
July 2017
NA
Closed. Merged into BYJU's core offerings, brand phased out
July 2017
NA
edunte
Closed. Merged into BYJU's core offerings, brand phased out
MATHS ADVENTURES
July 2018
NA
Closed. Content merged entirely with BYJU's
January 2019
$120 Mn
Osmo
Active as a separate brand under BYJU'S
July 2020
$235 Mn
WhiteHat Jr
Active as a separate brand under BYJU'S
September 2020
NA
LabInApp
Active as a separate brand under BYJU'S
December 2021
$100 Mn
GeoGebra
Active as a separate brand under BYJU'S.
September 2021
$200 Mn
TYNKER
Active as a separate brand under BYJU'S.
August 2021
NA
WHODAT
Active as a separate brand under BYJU'S
July 2021
$500 Mn
epic!
Active as a separate brand under BYJU'S
September 2021
Undisclosed
gradeup
Active as BYJU'S Examp Prep
July 2021
$150 Mn
toppr
Active. To Be Merged into BYJU'S
June 2021
$600 Mn
Great Learning
Active as a separate brand under BYJU'S.
May 2021
NA
#L HashLearn
Liquidated
February 2021
$2 Mn
Closed
January 2021
$950 Mn (Est.)
Aakash BYJU'S
Active as a separate brand under BYJU'S.

Aggressive Sales and Public Trust Erosion

Byju's also faced widespread criticism for unethical sales practices. A Reuters investigation in 2022 revealed that sales representatives pressured parents into buying expensive courses, sometimes misleading them into taking loans. Some families reported being told that failure to purchase Byju's services would jeopardize their children's futures. Complaints surged on social media and consumer forums, and refund requests were often ignored. These practices harmed Byju's reputation and violated basic social responsibility principles.

Internally, Byju's was reported to have a toxic work environment. Employees described unrealistic sales targets, excessive work hours, and poor management practices. Glassdoor reviews showed a 34 percent recommendation rate and low scores in work life balance and company culture. These indicators reflect a disregard for employee wellbeing and a misalignment between rapid expansion and sustainable social practices.

There was no formal ESG rating for Byju's as it was a private company. However, based on proxies such as customer complaints, employee feedback, and regulatory scrutiny, it would likely score poorly on social factors. Byju's sacrificed public trust and stakeholder goodwill for short-term revenue gains, a decision that contributed to its decline.

What Happens When Hype Trumps Governance

Byju's is not alone in its downfall due to ESG failures. Other notable examples include WeWork, GoMechanic, and Theranos.

WeWork was valued at 47 billion dollars at its peak but collapsed after investors scrutinized its losses and governance structure. The founder, Adam Neumann, had numerous conflicts of interest, and the board failed to provide adequate oversight. The IPO was canceled, and WeWork eventually filed for bankruptcy in 2023.

GoMechanic, an Indian startup, admitted to inflating revenue and fabricating data. An external audit revealed that approximately 60 of its service centers were fake. The company laid off 70 percent of its staff and lost investor trust overnight. It serves as a cautionary tale about falsifying growth metrics and lacking financial controls.

Theranos claimed to revolutionize blood testing but misled investors and regulators. The founder, Elizabeth Holmes, exerted excessive control, and the board lacked relevant expertise. When the deception was uncovered, Theranos was dissolved, and its leaders were convicted of fraud.

These cases share common traits: founder overreach, inadequate governance, ethical breaches, and investor complacency. They illustrate that ESG failures can result in catastrophic financial consequences.

Responsible Startups That Succeeded

Not all startups fall into the trap of neglecting ESG. Duolingo and Canva provide examples of companies that embedded ESG into their business models and thrived.

Duolingo pursued a mission to provide accessible education and grew through a freemium model without aggressive sales. The company fostered a transparent and supportive culture. It went public with solid financials and a strong brand reputation, demonstrating that social purpose can drive durable growth.

Canva focused on empowering users and building an inclusive workplace. The company emphasized values such as ethical behavior, diversity, and teamwork. Its valuation reached 40 billion dollars, and it maintained strong employee satisfaction and customer loyalty. Canva shows that ESG principles can support innovation and resilience.

These examples highlight that ESG is not a constraint but a strategic asset. Startups that prioritize ethics, culture, and stakeholder alignment can outperform peers that chase growth without responsibility.

Financial Metrics Versus ESG Metrics

The venture capital industry often emphasizes growth metrics such as total addressable market, revenue growth, and customer acquisition costs. However, the collapse of companies like Byju's suggests that ignoring ESG factors can lead to financial ruin.

ESG considerations are now recognized as indicators of long-term viability. Studies show that diverse leadership teams and ethical cultures correlate with better performance. BlackRock and other asset managers advocate for ESG integration, not just for ethical reasons but for risk management.

Startups that incorporate ESG principles early can build trust with customers, employees, and regulators. They are more likely to attract long-term investors and withstand market volatility. ESG is not an alternative to financial analysis but a complement that enhances investment decision making.

Conclusion

Byju's rise and fall demonstrate the dangers of prioritizing valuation and growth over governance and ethics. The company's failure to maintain transparency, fair practices, and employee welfare led to financial and reputational decline. Investors who overlooked these red flags suffered significant losses.

To avoid similar outcomes, investors should adopt ESG-centered investing. This approach involves evaluating companies not only on financial performance but also on how they manage social impact and governance structures. ESG integration can uncover risks that traditional metrics miss and identify startups that are built to last.

Investor ESG Due Diligence Checklist

This is in my opinion a good checklist or guide to assessing how sustainable a company is:

Table 5: Superficial Metrics vs. Sustainable Drivers of Growth

Category	Superficial Signs (Vanity Metrics)	Sustainable Drivers of Growth
Revenue	- High topline revenue with massive losses - Revenue spikes driven by heavy discounts	- Recurring revenue (e.g., subscriptions) - Improving margins and a clear path to profitability
User Growth	- Total downloads or sign-ups - Paid acquisition with low retention or engagement	- High daily/monthly active users (DAU/-MAU) - Low churn and strong organic growth
Valuation	- Valuations increasing without financial backing - Valuation hype driven by media or investor momentum (FOMO)	- Valuation supported by financial performance - Clear investor rationale with realistic growth forecasts
Customer Metrics	- One-off big clients - Unprofitable or unsatisfied customer base	- High customer lifetime value (LTV) - Low churn and high net promoter scores (NPS)
Product Performance	- Constant feature releases with little adoption - Reliance on temporary trends or hype cycles	- Strong product-market fit - Feedback-driven improvements and consistent user satisfaction
Financial Health	- High cash burn without efficiency - Continuous fundraising with no profitability in sight	- Improving EBITDA or operating margins - Sustainable burn rate with disciplined capital allocation
Employee Metrics	- Rapid headcount expansion - High attrition masked by hiring surges	- Strong employee retention - Positive workplace culture (e.g., Glassdoor ratings, internal surveys)
Governance	- Founder dominance with no oversight - Lack of independent board members or weak internal controls	- Independent directors with accountability power - Transparent decision-making and timely board reporting
Sales Practices	- Aggressive or misleading tactics - High refund or complaint rates	- Ethical and customer-focused sales processes - High repeat purchase rates and positive customer feedback
Audit and Compliance	- Delayed audit filings - Auditor or board resignations due to lack of access or trust	- Timely and clean audits - Full regulatory compliance and proactive risk reporting

By following these guidelines, investors can mitigate ESG risks and support startups that deliver both financial returns and positive impact.

5. What to look out for this Week

Zaki Bawany - Macro and Strategy Editor, Head of Trading

1. Macro & Policy Calendar

- Monday, Nov 10 — New Zealand Inflation Expectations (Q4)
  Two-year inflation expectations forecast to ease to 2.7% (from 2.8%), supporting the case for the RBNZ to remain on hold.
  Market focus: whether policymakers hint at an easing bias heading into 2026.
- Tuesday, Nov 11 — UK Claimant Count Change
  Jobless claims expected to rise modestly for a third straight month, confirming labour-market cooling.
  Market focus: implications for wage inflation and timing of potential BoE pivot.
- Wednesday, Nov 12 — Australia Unemployment Rate
  Consensus 4.1%, unchanged from prior month, indicating resilience despite slower domestic growth.
  Market focus: whether stable employment delays RBA easing expectations.
- Thursday, Nov 13 — UK GDP (YoY, Q3)
  Forecast +0.4%, down from +0.6%. Growth remains stagnant but avoids contraction.
  Market focus: confirmation of subdued UK momentum and fiscal stimulus prospects.
- Thursday, Nov 13 — U.S. CPI (October)
  Headline 3.2% YoY, core 3.4% expected. A softer print would reinforce the Fed's disinflation narrative.
  Market focus: direction of real yields and probability of a December rate cut.
- Thursday, Nov 13 — China Retail Sales (YoY)
  Consensus +5.0%, up from +4.6%, signalling consumption recovery on policy support.
  Market focus: whether domestic demand strengthens commodity sentiment.
- Friday, Nov 14 — Euro Area GDP (YoY, Q3)
  Expected +0.3%, unchanged from Q2. The region continues to tread water.
  Market focus: implications for ECB policy guidance.
- Friday, Nov 14 — U.S. Retail Sales (October)
  Forecast +0.1% m/m, pointing to softer consumption as higher borrowing costs bite.
  Market focus: confirmation of cooling consumer resilience and Q4 growth trajectory.

2. Corporate Events & Earnings Highlights

- Remaining Q3 earnings releases focus on global financials, energy, and consumer names.
- Retail and logistics firms (Walmart, Target, Maersk) will provide insight into holiday-season demand and shipping volumes.

- European industrials and banks to issue guidance updates; sentiment remains constructive but cautious on 2026 margins.
- Tech and semiconductor firms continue to digest post-GTC momentum, with analysts monitoring AI-related capex outlooks.

3. Commodities & Geopolitics

- Oil: OPEC+ output discipline and limited U.S. inventory growth should keep Brent near $88–90 per barrel; demand signals from China and U.S. data will guide direction.
- Gold: Could test $2,450 if U.S. CPI surprises soft and yields decline; ETF inflows remain steady.
- Geopolitics: Ongoing Russia–Ukraine risk premium persists, though markets have largely adjusted; Middle-East tensions remain a mild tail risk.
- Trade: U.S.–China negotiations to continue post-CPI; any tariff relief could boost global risk sentiment.

4. Crypto & Digital Assets Outlook

- Bitcoin (around $60k) expected to remain range-bound with institutional accumulation offsetting muted retail interest.
- Ethereum (around $2.8k) continues to track tech-sector sentiment, with focus on Deneb upgrade implementation.
- Broader crypto market sentiment tied to U.S. liquidity and real-yield trends; downside risks from policy tightening appear limited near-term.
- AI-linked altcoins may see speculative volatility but overall structural participation remains intact.

5. Key Watchpoints for Investors

- Fed tone — any hawkish comments post-CPI could extend Treasury sell-off.
- UK data — labour and GDP figures to confirm whether the slowdown is shallow or structural.
- Euro Area GDP — potential for soft-patch confirmation and ECB communication risk.
- China data — retail sales trajectory critical for global cyclical momentum.
- Commodities — whether oil and gold sustain current levels amid mixed growth data.
- Seasonality — November historically strong for equities but fragile if inflation surprises higher.

Overall Outlook

Markets enter mid-November balancing optimism around disinflation and steady growth with concern over valuations and policy ambiguity.
Base case: global growth holds near 3%, inflation eases, and major central banks maintain a cautious hold stance — supporting mild equity upside and softer yields.
Upside risks: dovish U.S. CPI, resilient retail data, and constructive U.S.–China dialogue could lift risk assets and commodities.
Downside risks: inflation surprises, hawkish policy tone, or geopolitical shocks could spark renewed volatility.
Tone: cautiously constructive — markets sustained by soft-landing momentum, but investors remain vigilant amid tightening liquidity and elevated valuations.