Aknia

New Highs, Hidden Risks

October 2025

Aknia's Letter

"Liquidity Without Conviction"

October 2025 ended up being a month of dissonance. Bank Indonesia paused its rate-cutting cycle at 4.75% while the Federal Reserve delivered its second consecutive 25 bp cut, bringing the target range down to 3.75 - 4.00%. Markets loved the signal but hated the uncertainty. The result was record-high equity indices alongside surging gold and a sinking rupiah. So, easy money isn't translating into easy conviction; liquidity may support prices but will not rescue poorly positioned portfolios.

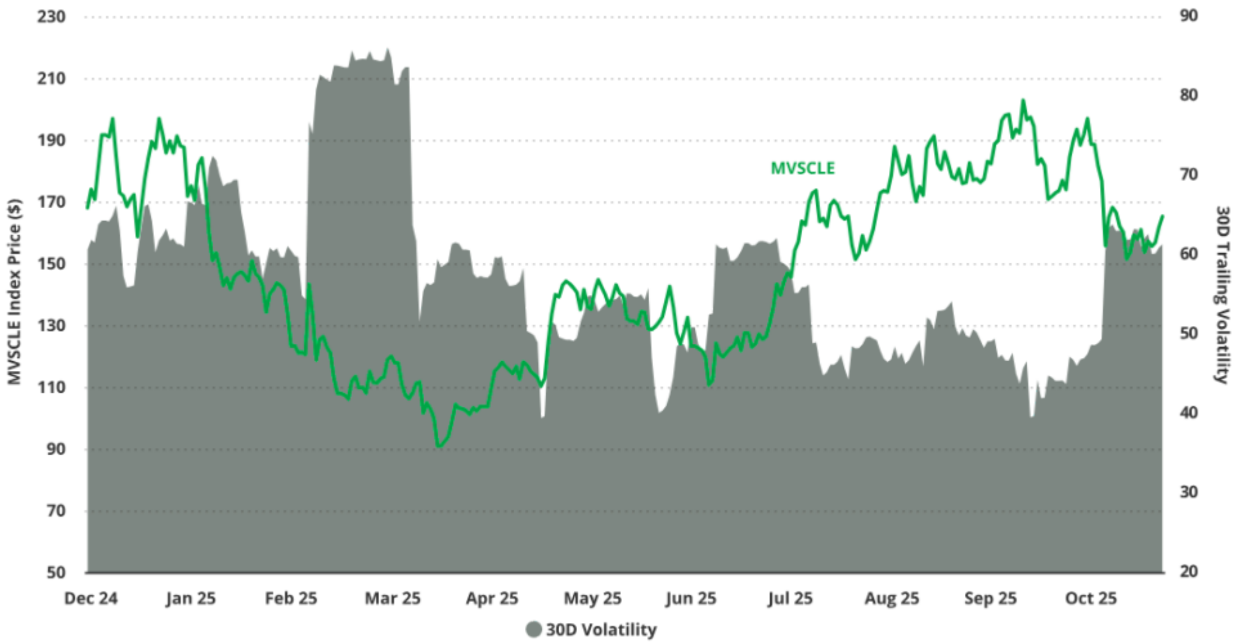
Indonesia's Jakarta Composite Index (JCI) logged its fourth consecutive monthly gain and ended October roughly 1.28% higher, buoyed by Bank Indonesia's pro-growth stance and a rate hold. The policy pause stabilises the currency and gives domestic investors breathing room, but net foreign outflows of IDR 30.76 tn suggest that confidence remains fragile.

U.S. equities pushed to new highs again; the S&P 500 gained about 2.3% in October, the Dow rose 2.5% and the Nasdaq Composite surged 4.7%. Q3 earnings were robust, 82% of reporting companies beat consensus expectations but valuations moved further above their five-year average. This is not simply "good news," it means any disappointment could trigger a sharp rotation.

2013	2014	2015	2018	2019	2020	2021	2022	2023	2024	YTD	Oct '25
Japan TOPIX 12.1%	UK FTSE All-Share 16.8%	MSCI Asia ex-Japan 42.1%	US S&P 500 -4.4%	US S&P 500 31.5%	MSCI Asia ex-Japan 25.4%	US S&P 500 28.7%	UK FTSE All-Share 0.3%	Japan TOPIX 28.3%	US S&P 500 25.0%	MSCI EM 33.6%	Japan TOPIX 6.2%
MSCI Europe ex-UK 9.1%	US S&P 500 12.0%	MSCI EM 37.8%	UK FTSE All-Share -9.5%	MSCI Europe ex-UK 27.5%	MSCI EM 18.7%	MSCI Europe ex-UK 24.4%	Japan TOPIX -2.5%	US S&P 500 26.3%	Japan TOPIX 20.5%	MSCI Asia ex-Japan 33.2%	MSCI Asia ex-Japan 4.5%
US S&P 500 1.4%	MSCI EM 11.6%	Japan TOPIX 22.2%	MSCI Europe ex-UK -10.6%	UK FTSE All-Share 19.2%	US S&P 500 18.4%	UK FTSE All-Share 18.3%	MSCI Europe ex-UK -12.2%	MSCI Europe ex-UK 17.3%	MSCI Asia ex-Japan 12.5%	Japan TOPIX 22.4%	MSCI EM 4.2%
UK FTSE All-Share 1.0%	MSCI Asia ex-Japan 5.8%	US S&P 500 21.8%	MSCI Asia ex-Japan -14.1%	MSCI EM 18.9%	Japan TOPIX 7.4%	Japan TOPIX 12.7%	US S&P 500 -18.1%	MSCI EM 10.3%	UK FTSE All-Share 9.5%	UK FTSE All-Share 20.9%	UK FTSE All-Share 3.7%
MSCI Asia ex-Japan -8.9%	MSCI Europe ex-UK 3.2%	MSCI Europe ex-UK 14.5%	MSCI EM -14.2%	MSCI Asia ex-Japan 18.5%	MSCI Europe ex-UK 2.1%	MSCI EM -2.2%	MSCI Asia ex-Japan -19.4%	UK FTSE All-Share 7.9%	MSCI Europe ex-UK 8.1%	US S&P 500 17.5%	US S&P 500 2.3%
MSCI EM -14.6%	Japan TOPIX 0.3%	UK FTSE All-Share 13.1%	Japan TOPIX -16.0%	Japan TOPIX 18.1%	UK FTSE All-Share -9.8%	MSCI Asia ex-Japan -4.5%	MSCI EM -19.7%	MSCI Asia ex-Japan 6.3%	MSCI EM 8.1%	MSCI Europe ex-UK 15.7%	MSCI Europe ex-UK 2.1%

Source: Bloomberg, FTSE, LSEG Datastream, MSCI, J.P. Morgan Asset Management. DM Equities: MSCI World; REITs: FTSE NAREIT Global Real Estate Investment Trusts; Cmdty: Bloomberg Commodity Index; Global Agg: Bloomberg Global Aggregate; Growth: MSCI World Growth; Value: MSCI World Value; Small cap: MSCI World Small Cap. All indices are total return in US dollars.

Crypto markets delivered a rude awakening. After rallying above US$126k early in the month, Bitcoin reversed dramatically when a Trump tariff tweet triggered a liquidation wave that wiped out US$19 bn in futures positions. Bitcoin closed October down about 4%, while Ethereum fell over 6%.



Source: Glassnode

Overall Firm Performance Overview

Nustantara Opportunity Fund: Bank Indonesia held its rate at 4.75% and signalled a pause after cutting 150 bp since September 2024. Foreign investors continued net selling Indonesian bonds and equities (Rp30.76 trillion net outflow), yet domestic investors drove the JCI higher for the fourth month in a row. Our fund benefited from this domestic bid, our exposure to coal and infrastructure names continued to pay off, but we're prepared to trim if rupiah weakness accelerates.

Chain Catalyst Fund: "Uptober" didn't materialise. After hitting new highs, Bitcoin ended the month down 3.88% and Ethereum dropped 6.31%. A Trump tweet promising 100% tariffs on Chinese goods triggered a cascade of US$19 bn in liquidations and a flash crash that sent BTC near US$100k. Exchange fragilities were exposed when Binance's trading engine froze, triggering auto-deleverage mechanisms and price dislocations. Volatility reasserted itself, proving that crypto markets remain reflexive and infrastructure-dependent.

Frontier Founders Fund: U.S. markets overcame government shutdown uncertainty and renewed trade tensions. The S&P 500 gained 2.3%, the Dow 2.5%, and the Nasdaq 4.7%. However, the rally was narrow: mega-cap growth stocks drove returns while sectors like materials (−5%) and financials (−2.8%) lagged. Our fund is concentrated in growth names, so this environment should have helped. We do know that semiconductors and AI names rallied strongly (SOX +13.5% in October), and we held some of these names. Still, valuations are rich and the term premium steepened, so risk management remains paramount.

Source: Nasdaq

Across funds, the common theme was dispersion. Some assets rallied despite macro noise, while others were punished for the slightest misstep. Cross-asset diversification remains critical, but idiosyncratic risk dominates returns. Aknia allocate risk budgets accordingly and ensure our hedging strategies cover both systemic and asset-specific shocks.

Nusantara Opportunity Fund

Thesis

Indonesia's domestic demand, energy transition and infrastructure drive remain intact despite capital outflows and currency weakness. We expect Indonesian equities to outperform other EMs if BI can stabilise the rupiah and maintain real rates moderately positive. Triggers: (1) IDR/USD sustained above 16,600 (capital flight), (2) headline inflation rising above 3.5%, (3) JCI surpassing 9,000 with valuations above long-term averages, any of these would force us to reassess.

Macro drivers

Bank Indonesia held the 7-day reverse repo rate at 4.75% after cutting 150 bp since September 2024, citing inflation within the 1.5 – 3.5% target range and a desire to support rupiah stability. Policy easing is on pause; credit growth may slow and we should not expect further rate cuts unless growth disappoints or inflation surprises on the downside. We will monitor lending rates and bank loan growth; if banks fail to pass on earlier cuts, BI could step up macroprudential measures.

Foreign outflows amounted to IDR 30.76 trillion in October, largely via government bond sales. The rupiah depreciated to Rp16,577/USD, down 3.05% YTD, while inflation ticked up to 2.65% in September from 2.31%. Currency weakness and capital flight show investors are wary of Indonesia's fiscal dominance narrative. We maintain a partial FX hedge and favour exporters and dollar earners. If outflows accelerate, we will increase hedges and reduce local-currency exposure.

BI's rate pause signals confidence in growth and inflation but emphasised that limited fiscal space could hamper stimulus. Moreover, moderate domestic demand recovery driven by infrastructure spending but warned that the new finance minister lacks the credibility of his predecessor. We view the current optimism as conditional; if credible fiscal policy emerges, valuations could re-rate. But political risk remains a wildcard; I keep position sizing under tight control.

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	Oct '25
Growth 3.5%	Small cap 13.3%	MSCI EM 37.8%	Global Agg -1.2%	Growth 34.1%	Growth 34.2%	Global REITs 32.6%	Cmdty 16.1%	Growth 37.3%	Growth 26.2%	MSCI EM 33.6%	Growth 4.2%
Global REITS 0.6%	Value 13.2%	Growth 28.5%	Global REITS -4.9%	DM Equities 28.4%	MSCI EM 18.7%	Cmdty 27.1%	Value -5.8%	DM Equities 24.4%	DM Equities 19.2%	Growth 23.0%	MSCI EM 4.2%
Small cap 0.1%	Cmdty 11.8%	Small cap 23.2%	Growth -6.4%	Small cap 26.8%	DM Equities 16.5%	Value 22.8%	Global Agg -16.3 %	Small cap 16.3%	Value 12.3%	DM Equities 20.2%	Cmdty 2.9%
DM Equities -0.3%	MSCI EM 11.6%	DM Equities 23.1%	DM Equities -8.2%	Global REITs 24.4%	Small cap 16.5%	DM Equities 22.4%	DM Equities -17.7%	Value 12.4%	Small cap 8.6%	Small cap 17.2%	DM Equities 2.0%
Global Agg -3.2%	DM Equities 8.2%	Value 18.0%	Value -10.1%	Value 22.7%	Global Agg 9.2%	Growth 21.4%	Small cap -18.4%	Global REITs 10.9%	MSCI EM 8.1%	Value 17%	Small cap 0.2%
Value -4.1%	Global REITS 6.5%	Global REITS 8.0%	Cmdty -11.3%	MSCI EM 18.9%	Value -0.4%	Small cap 16.2%	MSCI EM -19.7%	MSCI EM 10.3%	Cmdty 5.4%	Cmdty 12.5%	Global Agg -0.3%
MSCI EM -14.6%	Growth 3.2%	Global Agg 7.4%	Small cap -13.5%	Cmdty 7.7%	Cmdty -3.1%	MSCI EM -2.2%	Global REITs -23.7%	Global Agg 5.7%	Global REITs 2.8%	Global REITs 7.9%	Value -0.5%
Cmdty -24.7%	Global Agg 2.1%	Cmdty 1.7%	MSCI EM -14.2%	Global Agg 6.8%	Global REITs -10.4%	Global Agg -4.7%	Growth -29.1%	Cmdty -7.9%	Global Agg -1.7%	Global Agg 7.6%	Global REITs -1.3%

Source: Bloomberg, FTSE, LSEG Datastream, MSCI, J.P. Morgan Asset Management. DM Equities: MSCI World; REITs: FTSE NAREIT Global Real Estate Investment Trusts; Cmdty: Bloomberg Commodity Index; Global Agg: Bloomberg Global Aggregate; Growth: MSCI World Growth; Value: MSCI World Value; Small cap: MSCI World Small Cap. All indices are total return in US dollars.

Rally on Borrowed Time

Indonesia's rally appears to be a mirage driven largely by domestic retail flows. As soon as global risk appetite fades, the JCI is likely to underperform. Persistent outflows, a weakening rupiah, and growing fiscal strain all suggest that a deeper correction could be ahead. If foreign selling continues and the JCI fails to make new highs despite supportive policy. Recent data supports this red-team view, there have been foreign outflows of roughly Rp30 trillion, the rupiah is down about 3% year-to-date, and inflation remains elevated.

Top performers and laggard

- *Energy Conglomerate*: Our largest position benefited from continued strength in coal and early progress in its battery and nickel joint venture. A higher coal prices, government policy on downstream nickel processing remains supportive. So, we trimmed 50 bps after the stock rallied with JCI; profits could be cyclically high and currency risk remains.
- *Infrastructure Contractor*: Contracts secured in September continued to drive earnings momentum. Domestic construction spending is ramping up due to the Nusantara capital relocation and road projects. Future upside depends on the government's ability to finance these projects without crowding out private credit.
- *Digital & AR Platform*: The worst performer in September remained under pressure. Management's execution and flagged further delays in product rollout. So, we cut the position by half and will exit entirely if Q3 results confirm the slowdown or if the stock breaches our thesis.

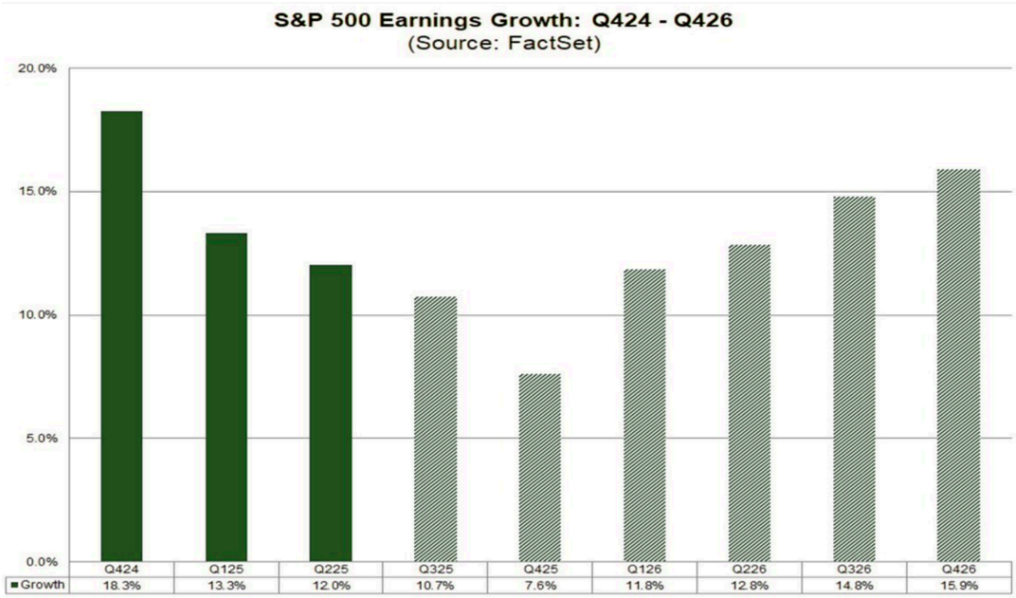
Frontier Founders Fund

Thesis

U.S. equities remain supported by resilient earnings, AI-driven productivity gains and a Fed committed to keeping financial conditions accommodative. However, concentration risk and elevated valuations demand selective positioning and robust hedging. Triggers: (1) 10-year Treasury yield sustainably above 5%, (2) earnings breadth deteriorating (less than 60% of companies beating expectations), (3) S&P 500 forward P/E exceeding 25x.

Macro & Market Drivers

The S&P 500 gained 2.3% in October, while the Nasdaq Composite jumped 4.7%. Third-quarter earnings season was impressive: 82% of companies beat consensus earnings and results were 6.4% above expectations. Corporate America continues to surprise to the upside; this supports our thesis that productivity improvements (largely AI-driven) can justify higher multiples. However, the forward P/E of 22.9x exceeds the five-year average of 19.9; any earnings miss could trigger multiple compression.



Source: FactSet

Macro conditions also showed modest improvement. Inflation eased slightly, giving the Federal Reserve confidence to deliver a 25-basis-point rate cut. Meanwhile, trade tensions between the US and China cooled as both sides signaled a temporary pause on new tariffs. While these developments provide a short-term tailwind, the margin of safety remains thin. Any reversal in policy tone or growth momentum could quickly unsettle markets.

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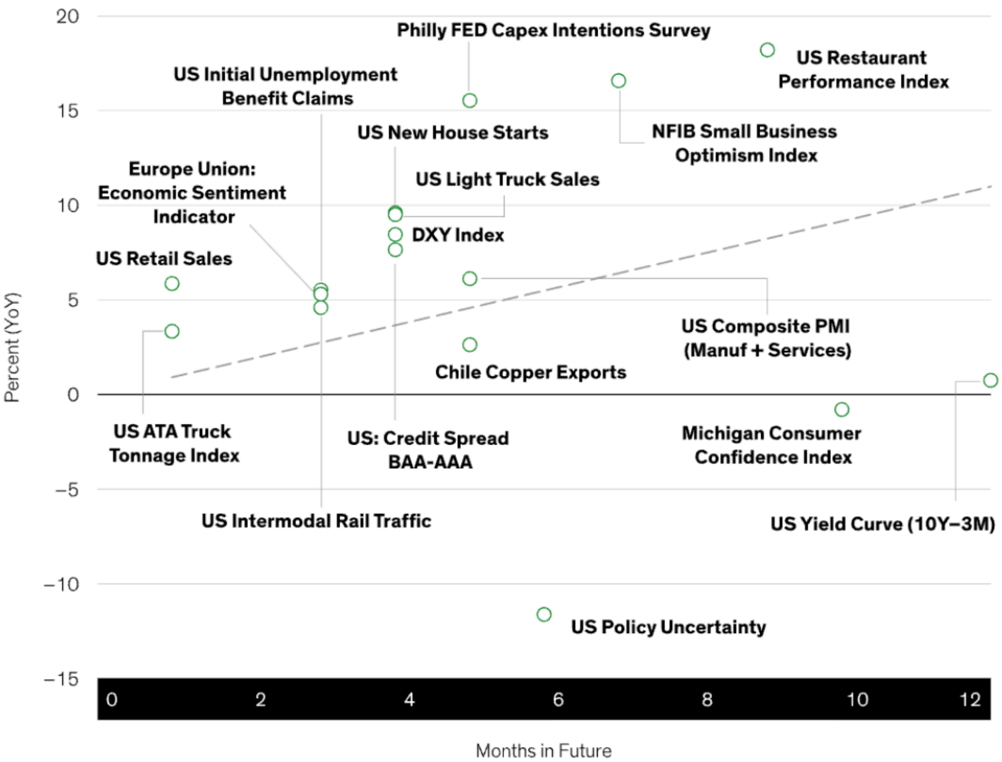
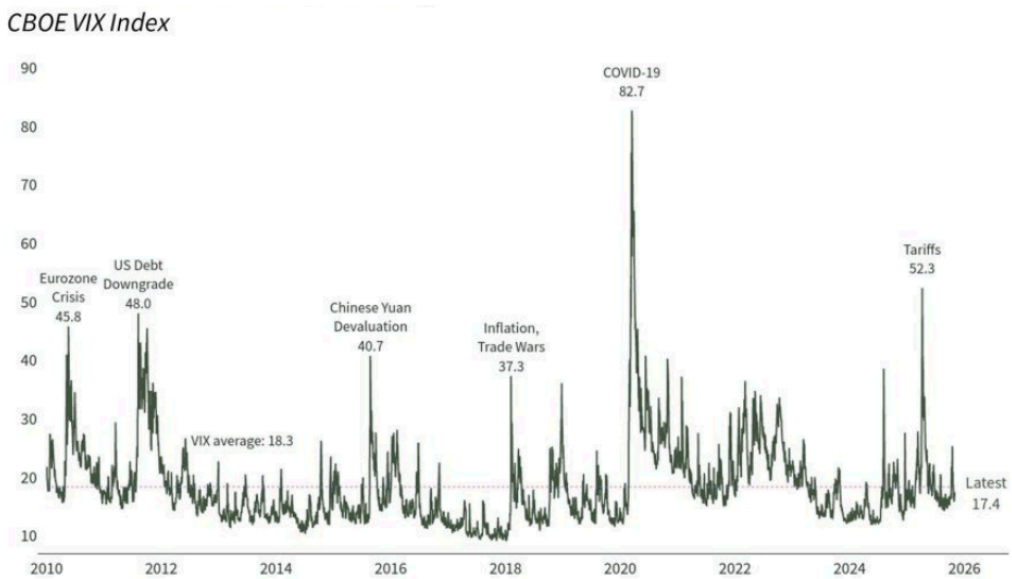
Based from our observation it appears that investors broadly view markets as “priced for perfection.” Forward earnings projections still point to roughly 11% growth over the next 12 months, yet positioning remains heavily skewed toward equities. Many portfolios are now adding gold or currency hedges as defensive buffers. Sentiment is cautiously optimistic, but we remain disciplined, prepared to reduce risk if the data turns or if growth expectations fail to materialize.



Source: Federal Reserve Bank of St. Louis, Macrobond and AllianceBernstein

The Double-Edged Market
October's rally in global equities stood out, particularly as it unfolded despite temporary government disruptions and renewed trade concerns. Our observation shows that while momentum remained firm with the S&P 500 marking 36 new all-time highs year-to-date, the market also experienced its sharpest single-day drop since April. This contrast underscores the fragility beneath the surface. Price momentum remains powerful, but the frequency of abrupt reversals serves as a reminder to avoid over-leverage and stay disciplined with position sizing.



Source: Clearnomics, CBOE

From a thematic standpoint, we continue to see evidence that AI-driven productivity gains are broadening beyond the technology sector, increasingly benefiting areas such as healthcare and industrials. At the same time, we are cautious on parts of the software space where rising leverage and expensive M&A could start to pressure margins and valuations. We are leaning into the first trend by adding selectively to AI beneficiaries outside of tech, while reducing exposure to highly levered software aggregators where risk-reward appears less compelling.

The Thin Line Between Momentum and Complacency
Throughout October, the narrow breadth of the current equity rally: despite solid index gains, only about a third of listed stocks outperformed. This suggests that leadership remains thin and concentrated, reinforcing our caution to maintain selective exposure. Moreover, the expansion of AI-driven productivity beyond technology and into sectors like healthcare and industrials. We share this view and have added watchlist to select healthcare equipment names that are embedding AI to improve efficiency and margins.

Finally, market increasingly focused on the 10-year yield approaching 5%, which many see as the key macro threshold for risk repricing. We continue to monitor this closely; a sustained move above that level would prompt us to reduce cyclical exposure and further increase defensive positioning. Our current barbell approach, balancing growth themes with defensive cash remains intact. We will rotate more aggressively into cyclicals if inflation continues to cool and the yield curve steepens, but we will pare back growth exposure if earnings soften or the Fed signals a pause in rate cuts.

Positioning Through Divergent Signals

We view the U.S. economy may be entering a stagflationary phase, with the Federal Reserve potentially behind the curve. If inflation reaccelerates while growth slows, equities could face a sharp repricing. A renewed rise in long yields or earnings downgrades could trigger a 20% market correction, with growth-heavy portfolios hit hardest. Supporting evidence is emerging: materials (–5%) and financials (–2.8%) weakened during the month, while fiscal uncertainty and delayed data releases raise the risk of policy missteps.

S&P 500 Sectors	October	YTD	Q3	Q2	Q1	vs. 52W High	vs. 52W Low
Technology	6.2%	29.9%	9.8%	23.7%	-12.7%	-2.3%	77.6%
Healthcare	3.6%	6.3%	2.1%	-7.2%	6.5%	-4.4%	13.3%
Discretionary	2.4%	7.8%	2.2%	11.5%	-13.8%	-0.8%	42.5%
Utilities	2.1%	20.2%	0.3%	4.3%	4.9%	-5.0%	25.2%
Communications	1.9%	26.8%	7.3%	18.5%	-6.2%	-2.7%	52.8%
Industrials	0.5%	18.8%	4.9%	12.9%	-0.2%	-1.2%	37.4%
Energy	-1.1%	5.9%	4.8%	-8.6%	10.2%	-9.3%	17.7%
Staples	-2.3%	1.5%	-1.9%	1.1%	5.2%	-8.7%	2.4%
REITs	-2.6%	3.4%	0.2%	-0.1%	3.6%	-9.5%	14.6%
Financials	-2.8%	9.5%	3.2%	5.5%	3.5%	-4.0%	23.9%
Materials	-5.0%	3.8%	2.3%	3.1%	2.8%	-9.9%	17.0%

Source: Standard & Poor's, Nasdaq, LSEG, Clearnomics

Top performers and laggard

- *AI Infrastructure Giant (Nvidia)*: The SOX semiconductor index surged 13.5% as investors rotated into chipmakers after robust earnings and easing of export controls. Semiconductors remain central to the AI theme; we will hold the position but consider if the 10-year yield exceeds 5% or if revenue growth guidance disappoints.
- *Cybersecurity Leader (CrowdStrike):* Cybersecurity stocks continued to rerate after strong earnings and high retention rates. The sector advanced by an estimated 10 – 15%, reaffirming its role as a structural growth area. Digital-security spending remains non-discretionary; we maintain exposure at current levels and closely monitor for potential margin compression as competition intensifies.
- *Software Roll-up (Constellation Software)*: Software roll-ups and aggregators likely underperformed, pressured by slower M&A activity and rising debt costs.

Chain Catalyst Fund

Thesis

Crypto adoption continues to advance despite volatility; institutional inflows and technological innovation (Layer-2s, privacy tech) underpin long-term value. However, leverage-driven rallies remain vulnerable to policy headlines and exchange-infrastructure fragilities. Triggers: (1) BTC breaking below US$100 k and staying there for a week, (2) daily on-chain active addresses falling below 500k, (3) regulatory crackdown (e.g., U.S. SEC halting new ETFs).

Market Mechanics

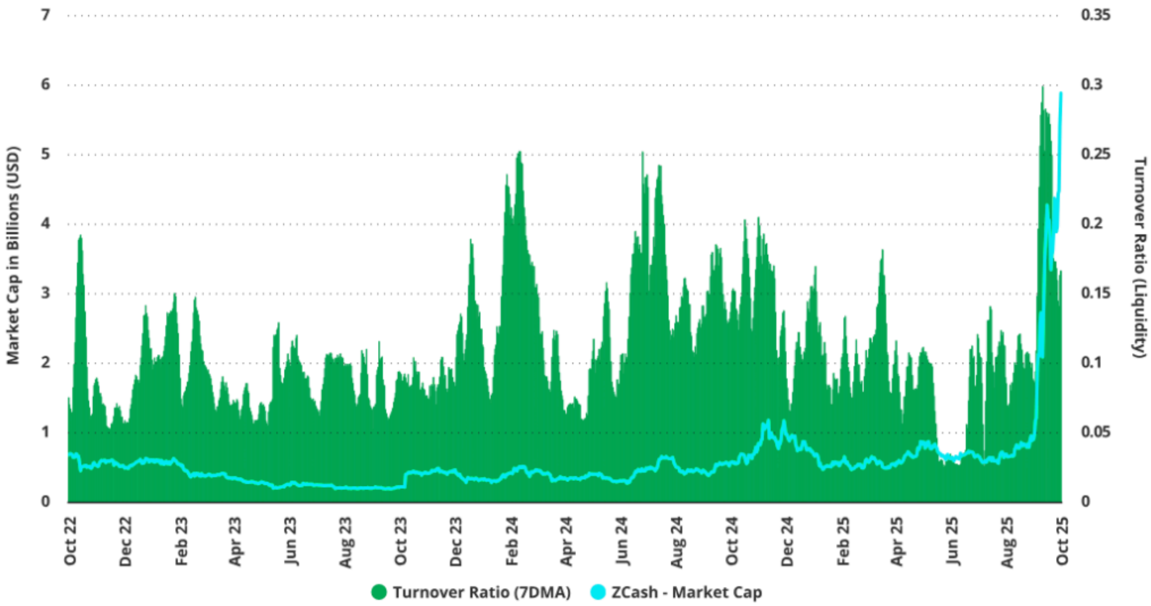
October began with Bitcoin near US$126k and Ethereum around US$4.7k. Institutional inflows remained steady as Bitcoin ETFs continued to attract meaningful capital, and many investors expected “Uptober” to deliver strong monthly gains. However, on October 10, a major geopolitical headline regarding proposed 100% tariffs on all Chinese goods triggered a swift market reaction. Within hours, the dollar surged, risk assets sold off, and Bitcoin plunged, erasing weeks of prior gains. Futures open interest dropped 19% in just 5 hours, and Bitcoin briefly fell toward US$100k before stabilizing.

Source: Glassnode

By the end of the month, performance turned negative across most digital assets. Bitcoin declined –3.88%, Ethereum –6.31%, and crypto infrastructure indices fell between 11 – 22%. In contrast, listed equities tied to the digital-asset sector, such as exchange platforms and blockchain service providers, rose 11.13%. There is a growing divergence between equity proxies and underlying tokens.

Exchange risk also returned to the forefront during the month. A leading global exchange experienced a 100-minute trading engine seizure, which triggered auto-deleveraging (ADL) mechanisms and led to widespread price dislocations across perpetual and spot markets. This event underscored the fragility of centralised infrastructure and the absence of clearinghouse-style protections in crypto derivatives markets.

On a more constructive note, zero-knowledge privacy assets, such as Zcash and similar protocols, rallied during the selloff, supported by institutional interest in confidentiality and private settlement features. Digital-asset treasuries continued to contribute accurately priced liquidity even through volatility. Thus, innovation in privacy and layer-two settlement continues to progress under the surface.



Source: Artemis

Signals Beneath the Selloff

Institutional inflows into Bitcoin ETPs remained resilient throughout the October volatility. On-chain data showed active addresses holding near 700k, underscoring the underlying participation strength despite market stress. Layer-2 adoption metrics including throughput, fee burn, and total value locked (TVL) continued to rise, even as speculative activity drove short-term noise. Thus, adoption momentum remains intact, though dispersion between high-quality protocols and speculative chains is widening. We remain constructive on scalable Layer-2 ecosystems while maintaining a strict bias against over-leveraged environments.

Nearly US$19 bn in market value was erased within hours as exchanges temporarily froze trading activity. So, crowd capitulation typically signals exhaustion rather than continuation; we used this environment to selectively rebuild exposure. In addition, Layer-2 throughput rose roughly 20% month-over-month, with transaction fees burning through to new all-time highs. Adoption is progressing quietly beneath the surface; we increased exposure to networks showing verifiable user traction while trimming positions in chains where usage metrics were stagnating. Finally, Bitcoin remains the best-performing major asset year-to-date, with persistent inflows. While we retain long-term conviction, we continue to manage near-term risk actively and avoid leverage during volatility spikes.

Top performers and laggard

- *Bitcoin (BTC, -4.0%)*: Bitcoin continued to outperform most altcoin indices. We reduced exposure at US$120k early in the month prior to the liquidation wave. We will continue to trade around a core position while maintaining the US$100k downside threshold as a structural stop.
- *Privacy-focused assets*: Investors rotated toward censorship-resistant and confidential settlement tokens. We initiated an allocation, and the position finished slightly positive. Privacy remains an emerging but investable narrative. We intend to scale this allocation selectively as on-chain adoption rises and regulatory risk remains contained.

Cross-Asset Synthesis

The Fed's second rate cut lowered the policy range to 3.75 – 4.00%, while U.S. ten-year yields retreated to around 4.08%. Bank Indonesia's decision to hold at 4.75% signalled a pause in regional tightening. Global liquidity therefore remains available, but the divergence in easing pace raises relative-carry risks. For now, this backdrop supports emerging-market carry trades, though it also heightens sensitivity to external shocks.

The rupiah weakened to 16,577 per U.S. dollar, while the DXY index edged up to roughly 99.8. Gold touched a record US$4,336/oz before retracing to US$3,997, as oil slipped around 1% and industrial metals advanced 5%. These moves highlight the trade-off between growth and stability, stronger U.S.-dollar momentum increases pressure on EM foreign exchange.

2017	2018	2019	2020	2021	2022	2023	2024	YTD	Oct '25
EM Debt 9.3%	Euro Gov. 1.0%	EM Debt 14.4%	Global IL 12.7%	US HY 5.3%	US HY -11.2%	US HY 13.5%	Euro HY 8.6%	EM Debt 12.5%	EM Debt 2.2%
Global IG 9.1%	US Treas. 0.9%	US HY 14.4%	Global IG 10.4%	Euro HY 3.4%	Euro HY -11.7%	Euro HY 11.9%	US HY 8.2%	Global IG 9.4%	Euro Gov. 0.9%
Global IL 8.7%	US HY -2.3%	Global IG 11.5%	US Treas. 8.0%	Global IL 2.7%	US Treas. -12.5%	EM Debt 10.5%	EM Debt 5.7%	Global IL 8.5%	US Treas. 0.6%
US HY 7.5%	Global IG -3.6%	Euro HY 10.7%	US HY 6.1%	EM Debt -1.5%	EM Debt -16.5%	Global IG 9.6%	Euro Gov. 1.9%	US HY 7.3%	US HY 0.2%
Euro HY 6.1%	Euro HY -3.6%	Global IL 8.0%	EM Debt 5.9%	US Treas. -2.3%	Global IG -16.7%	Euro Gov. 7.1%	Global IG 1.1%	US Treas. 6.0%	Global IL 0.2%
US Treas. 2.3%	Global IL -4.1%	US Treas. 6.9%	Euro Gov. 5.0%	Global IG -2.9%	Euro Gov. -18.5%	Global IL 5.8%	US Treas. 0.6%	Euro HY 4.8%	Euro HY 0.1%
Euro Gov. 0.2%	EM Debt -4.6%	Euro Gov. 6.8%	Euro HY 2.7%	Euro Gov. -3.5%	Global IL -22.9%	US Treas. 4.1%	Global IL -3.7%	Euro Gov. 1.2%	Global IG -0.1%

Source: Bloomberg, BofA/Merrill Lynch, J.P. Morgan Economic Research, LSEG Datastream, J.P. Morgan Asset Management. Global IL: Bloomberg Global Inflation-Linked; Euro Gov.: Bloomberg Euro Aggregate - Government; US Treas.: Bloomberg US Aggregate Government - Treasury; Global IG: Bloomberg Global Aggregate - Corporate; US HY: BofA/Merrill Lynch US HY Constrained; Euro HY: BofA/Merrill Lynch Euro Non-Financial HY Constrained; EM Debt: J.P. Morgan EMBIG. All indices are total return in local currency, except for EM and global indices, which are in US dollars.

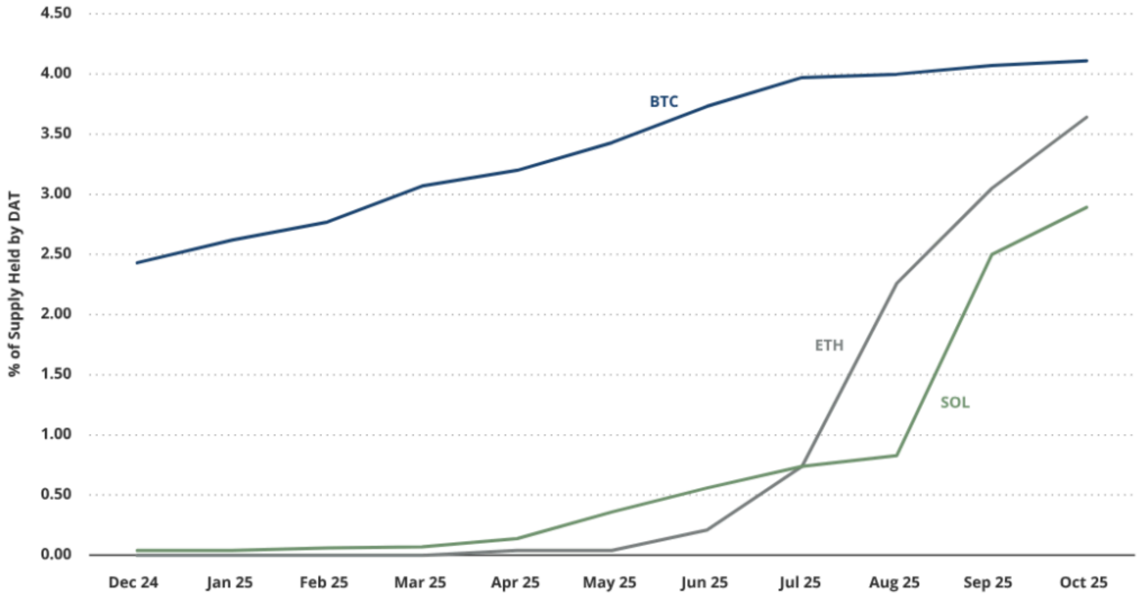
Across global equities, emerging markets gained about 2.2%, while developed-market bonds also produced positive returns. Earnings breadth in the United States remained robust, although Indonesian corporate results were more mixed due to limited reporting. Broad earnings support continues to justify equity exposure, but weakening participation warrants vigilance, making cross-asset hedges across bonds, gold, and cash essential.

From a forward-looking perspective, our central view anticipates moderate but sustained global growth, with the Fed pausing after the October cut, Bank Indonesia remaining on hold, and both the U.S. dollar and oil prices stabilising. A more optimistic outcome assumes that the trade truce holds, inflation continues to ease, and the Fed delivers another rate cut in December, potentially accompanied by policy easing in Indonesia, with Bitcoin rallying beyond US$130k. A less favourable path foresees reaccelerating inflation, renewed tariff pressure, and policy tightening, forcing Bank Indonesia to raise rates while crypto markets face additional regulatory constraints. Overall, the balance of probabilities still tilts toward a gradual soft-landing environment, but tactical hedging across currencies and digital assets remains prudent given the asymmetry of policy and liquidity risks.

Closing Statement

October was a reminder that markets can be both confident and fragile at the same time. Central banks continue to inject liquidity, which helps cushion volatility, but the structure underneath whether in equities, crypto, or currencies remains exposed to sudden shocks, system failures, and quick shifts in sentiment. In short, resilience in prices doesn’t always mean strength in fundamentals. That’s why Aknia keep coming back to the basics which are risk management, discipline, and diversification.

One idea we’re cautious about is the growing belief that low inflation combined with AI-driven productivity guarantees a never-ending bull market. Earnings have been strong, but heavy market concentration and rising geopolitical tension mean that setbacks can appear without warning. For now, we prefer to stay hedged and avoid chasing expensive valuations that rely on perfect conditions to hold.



Source: The Block

At the same time, we have to acknowledge that crypto adoption continues to grow even through turbulence. On-chain activity is holding up, and institutional inflows remain solid. Still, leverage and operational fragility are real risks. Our approach is to keep a core position but size it carefully, adding only when volatility creates genuine opportunity, and never assuming that liquidity will always be there when needed.

Heading into November, Aknia's focus is on three main areas: Indonesian exporters that could benefit from a softer rupiah and steady domestic demand, U.S. cybersecurity and AI-enabled industrial companies that are turning productivity gains into earnings, and Bitcoin as a long-term store of value, though managed with a tactical, risk-aware approach. We'll continue to deploy capital selectively, but stay ready to pivot if the data whether inflation, earnings, FX, or on-chain activity, suggests our assumptions no longer hold.

Markets move faster than the stories we tell about them, so conviction has to come with humility.