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# Quarterly Market Review

Second quarter 2025

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# Quarterly Market Review

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the UK and international markets.

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### **Past performance is no guarantee of future results.**

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets. The report also illustrates the performance of globally diversified portfolios.

# Market Summary

Returns (GBP), as of June 30, 2025

	Stocks				Bonds		
	UK Market	Europe Developed Market	Developed Market	Emerging Market	UK Govt. Bond Market	Global ex UK Govt. Bond Market	Global Credit Bond Market
<b>Q2 2025</b>	2.40%	4.91%	5.00%	5.48%	1.99%	1.36%	1.94%
	↑	↑	↑	↑	↑	↑	↑
<b>Since January 2001</b>							
Average Quarterly Return	1.5%	1.7%	2.0%	2.5%	0.8%	0.9%	1.1%
Best Quarter	22.0%	26.6%	20.9%	27.8%	10.6%	6.2%	7.0%
	<b>Q3 2009</b>	<b>Q3 2009</b>	<b>Q3 2009</b>	<b>Q4 2001</b>	<b>Q4 2008</b>	<b>Q4 2008</b>	<b>Q4 2023</b>
Worst Quarter	-23.9%	-25.2%	-20.9%	-25.0%	-14.4%	-4.7%	-7.0%
	<b>Q1 2020</b>	<b>Q3 2002</b>	<b>Q3 2002</b>	<b>Q3 2001</b>	<b>Q3 2022</b>	<b>Q1 2022</b>	<b>Q1 2022</b>

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# Long-Term Market Summary

Returns (GBP), as of June 30, 2025

	Stocks				Bonds		
	UK Market	Europe Developed Market	Developed Market	Emerging Market	UK Govt. Bond Market	Global ex UK Govt. Bond Market	Global Credit Bond Market
1 Year	10.66% ↑	9.20% ↑	7.24% ↑	6.35% ↑	1.14% ↑	5.38% ↑	6.78% ↑
5 Years	11.66% ↑	10.08% ↑	12.20% ↑	4.62% ↑	-6.99% ↓	-1.05% ↓	0.00% →
10 Years	6.91% ↑	8.26% ↑	12.19% ↑	6.27% ↑	-0.44% ↓	1.19% ↑	2.01% ↑
15 Years	7.79% ↑	8.48% ↑	12.12% ↑	5.05% ↑	1.59% ↑	2.02% ↑	2.99% ↑
20 Years	6.50% ↑	7.33% ↑	9.96% ↑	7.89% ↑	2.50% ↑	2.82% ↑	3.48% ↑

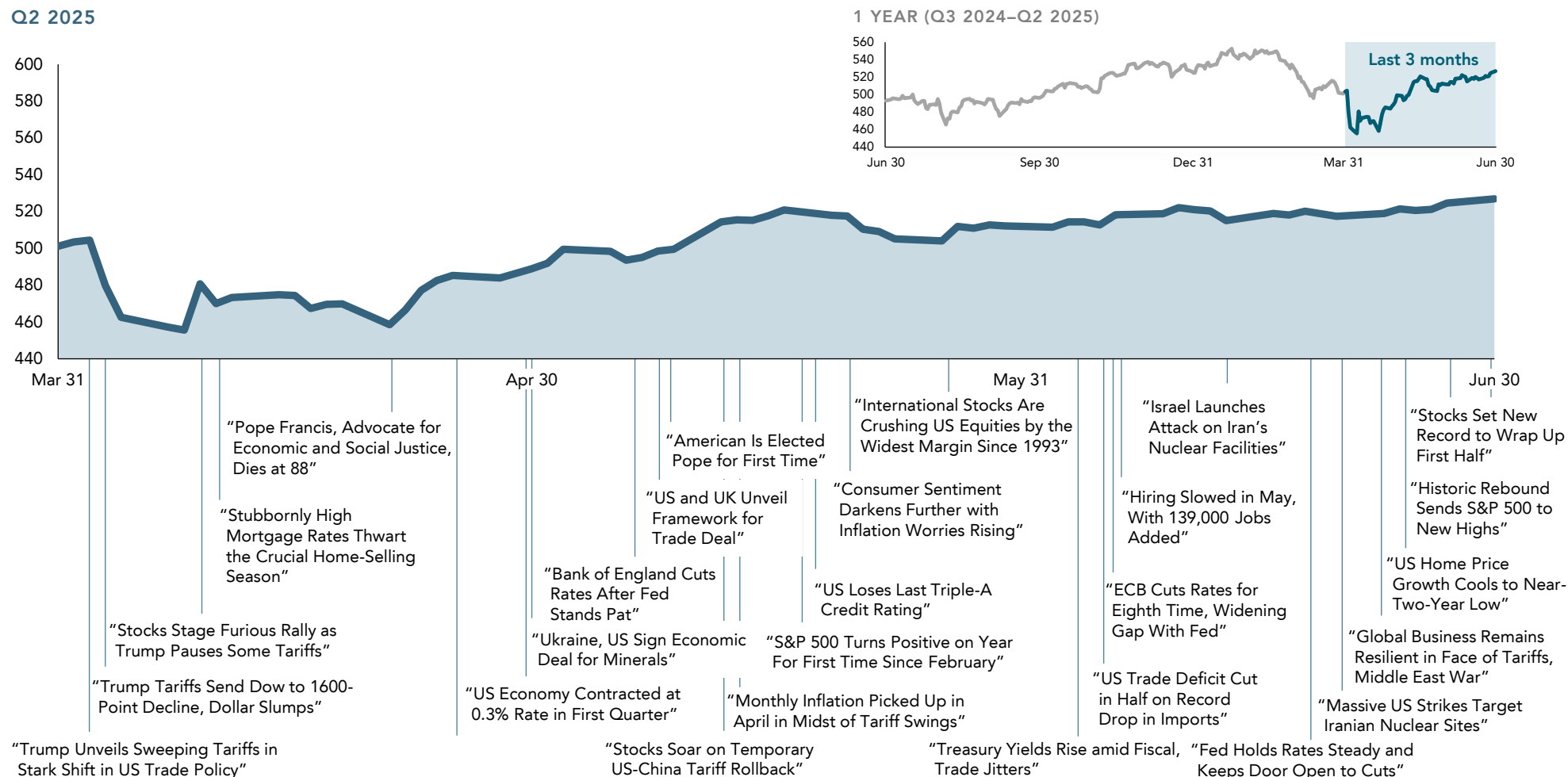
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# World Stock Market Performance

MSCI All Country World IMI Index with selected headlines from Q2 2025 (GBP)



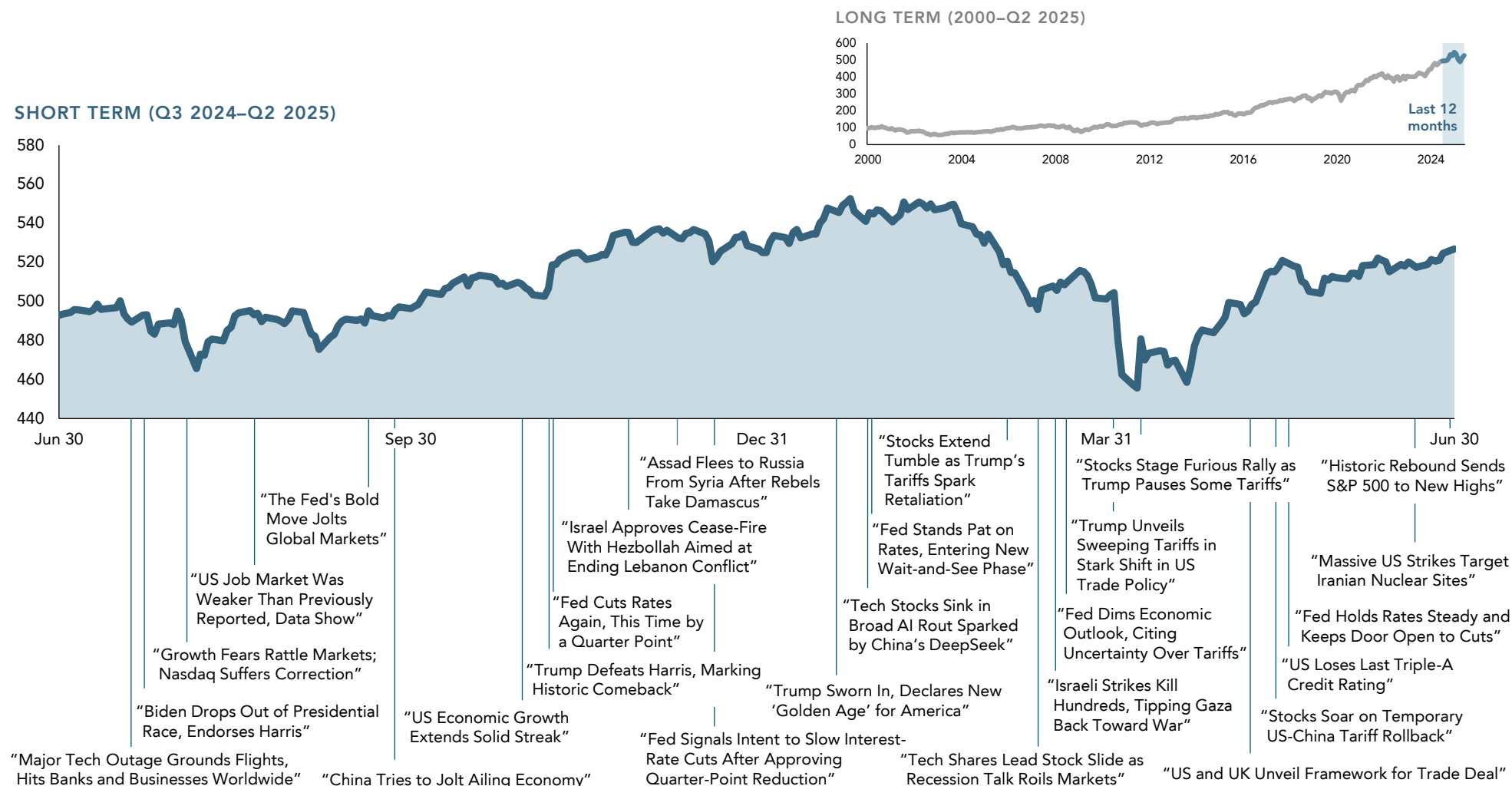
*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

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Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Graph source: MSCI All Country World IMI (net div., GBP). MSCI data © MSCI 2025, all rights reserved.

# World Stock Market Performance

MSCI All Country World IMI Index with selected headlines from past 12 months (GBP)



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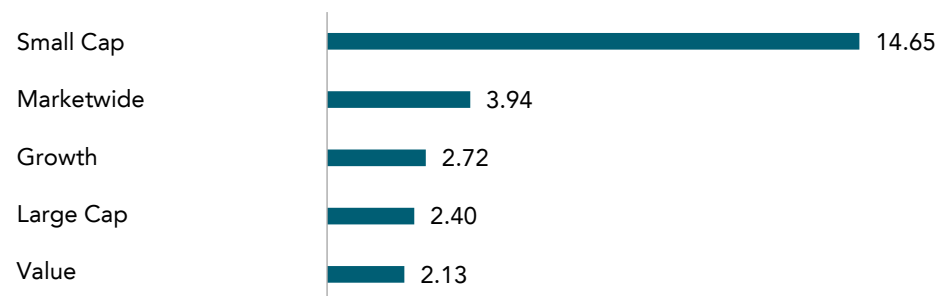
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# UK Equities

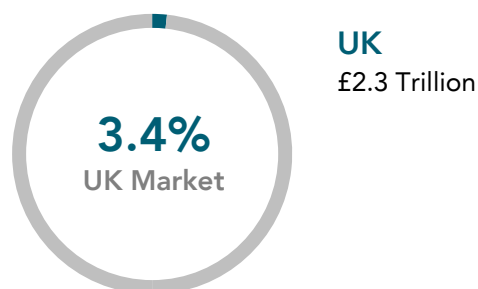
Returns (GBP), 2nd Quarter 2025

- The UK equity market posted positive returns for the quarter and underperformed both world developed and emerging markets.
- Value underperformed growth.
- Small caps outperformed large caps.

## Ranked Returns (%)



## World Market Capitalisation



## Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALISED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	14.65	10.57	13.50	9.11	7.03	4.78	8.91	7.89
Marketwide	3.94	9.24	11.09	10.41	10.89	6.57	7.88	6.71
Growth	2.72	7.85	6.56	9.15	8.27	7.59	8.11	7.37
Large Cap	2.40	9.00	10.66	10.62	11.66	6.91	7.79	6.50
Value	2.13	9.79	13.56	11.51	13.52	6.43	7.82	5.73

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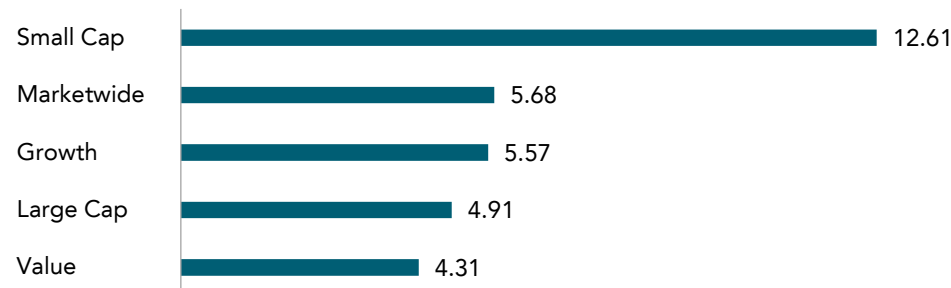
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# Europe Developed Markets Equities

Returns (GBP), 2nd Quarter 2025

- European developed equity markets posted positive returns for the quarter and underperformed both world developed and emerging markets.
- Value underperformed growth.
- Small caps outperformed large caps.

## Ranked Returns (%)



## World Market Capitalisation



Europe Developed  
£10.2 Trillion

## Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALISED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	12.61	15.48	13.32	10.09	8.27	8.19	10.11	9.16
Marketwide	5.68	12.79	9.64	12.29	9.86	8.25	8.66	7.57
Growth	5.57	7.38	-0.04	9.76	7.04	8.56	9.06	8.28
Large Cap	4.91	12.46	9.20	12.59	10.08	8.26	8.48	7.33
Value	4.31	17.55	18.99	15.41	12.95	7.61	7.62	6.13

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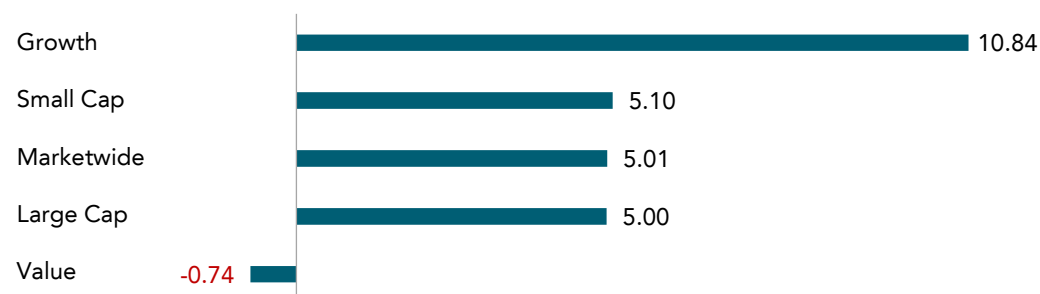


# World Developed Markets Equities

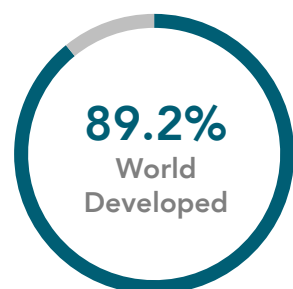
Returns (GBP), 2nd Quarter 2025

- World developed equity markets posted positive returns for the quarter and underperformed emerging equity markets.
- Value underperformed growth.
- Small caps outperformed large caps.

## Ranked Returns (%)



## World Market Capitalisation



**World Developed**  
£61.4 Trillion

## Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALISED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	10.84	-0.79	7.55	18.17	12.73	14.80	14.28	11.76
Small Cap	5.10	-1.82	5.60	7.74	8.70	9.06	10.60	9.28
Marketwide	5.01	-0.14	7.07	13.01	11.82	11.83	11.95	9.93
Large Cap	5.00	0.05	7.24	13.64	12.20	12.19	12.12	9.96
Value	-0.74	0.95	6.95	9.00	11.15	9.19	9.67	7.93

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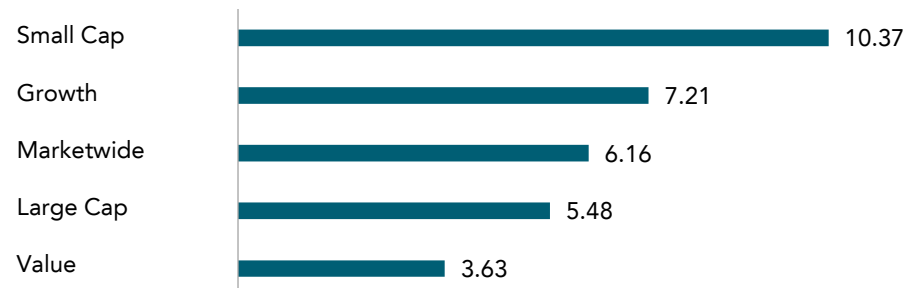
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# Emerging Markets Equities

Returns (GBP), 2nd Quarter 2025

- Emerging equity markets posted positive returns for the quarter and outperformed world developed equity markets.
- Value underperformed growth.
- Small caps outperformed large caps.

## Ranked Returns (%)



## World Market Capitalisation



**Emerging Markets**  
£7.5 Trillion

## Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALISED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	10.37	1.20	0.00	9.32	11.53	7.44	6.28	9.40
Growth	7.21	5.76	8.57	4.87	2.50	6.96	6.00	8.19
Marketwide	6.16	4.76	5.42	5.87	5.41	6.40	5.20	8.07
Large Cap	5.48	5.35	6.35	5.37	4.62	6.27	5.05	7.89
Value	3.63	4.89	3.92	5.87	6.83	5.46	3.99	7.50

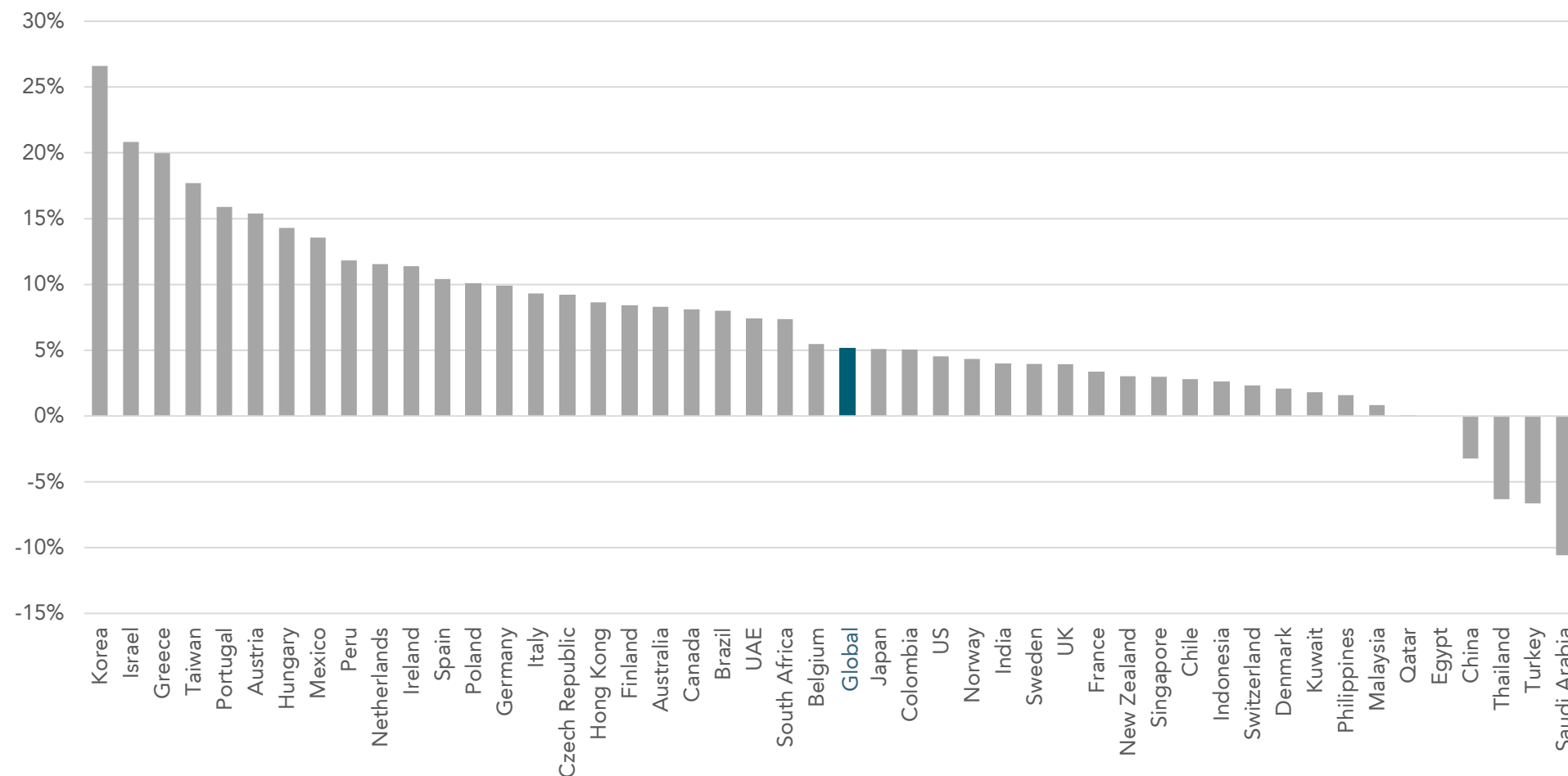
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# Country Returns

Returns (GBP), 2nd Quarter 2025



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Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2025, all rights reserved.

# Fixed Income

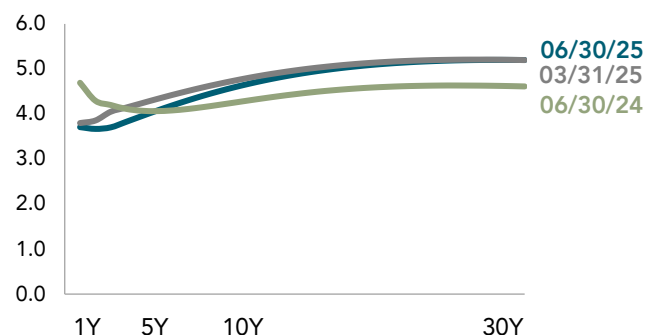
## Returns, 2nd Quarter 2025

Interest rates decreased in the UK government bond market during the quarter. The UK government yield curve was upwardly sloped in the short- to intermediate-term maturity segment during the quarter.

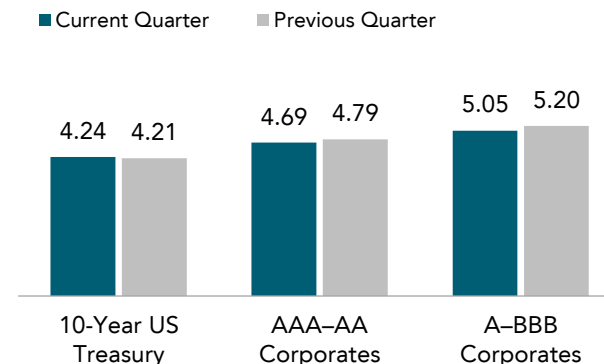
Realized term premiums were positive in British pound-denominated bonds during the quarter, as long-term bonds generally outperformed short-term bonds.

Realized credit premiums were positive in British pound-denominated bonds during the quarter, as corporate bonds generally outperformed government bonds.

UK Government Yield Curve (%)



Bond Yield Across Issuers (USD, %)



Periodic Returns (GBP, %)

			ANNUALISED					
Government Bonds (hedged to GBP)	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Year
Bloomberg Sterling Gilt 0–12 Months Index	1.00	2.14	4.42	3.74	2.21	1.32	1.03	—
FTSE UK Government Bond Index	1.99	2.35	1.14	-4.06	-6.99	-0.44	1.59	2.50
FTSE Non-GBP World Government Bond Index	1.36	2.35	5.38	1.83	-1.05	1.19	2.02	2.82
Corporate Bonds (hedged to GBP)	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Year
Bloomberg Global Credit Bond Index	2.14	3.77	7.40	4.82	0.72	2.36	3.42	3.90
Bloomberg Global Credit Bond Index: Aaa	1.91	2.26	5.58	2.20	-1.06	0.93	1.86	2.66
Bloomberg Global Credit Bond Index: Aa	1.54	3.30	5.90	2.54	-0.91	1.37	2.26	2.85
Bloomberg Global Credit Bond Index: A	1.90	3.79	6.74	3.62	-0.16	2.00	2.98	3.24
Bloomberg Global Credit Bond Index: Baa	2.12	3.98	7.43	4.99	0.66	2.49	3.67	4.22
Bloomberg Global High Yield Corporate Index	3.07	4.31	9.94	9.44	4.93	4.30	5.78	6.16

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One basis point (bps) equals 0.01%. Source: Bank of America government yield. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Actual returns may be lower. Yield curve data from: Federal Reserve, AAA-AA Corporates represent the Bank of America US Corporates, AA-AAA rated. A-BBB Corporates represent the Bank of America US Corporates, BBB-A rated. Return data: Dimensional Returns database. Bloomberg data provided by Bloomberg, FTSE fixed income indices © 2025 FTSE Fixed Income LLC. All rights reserved, ICE BofA index data © 2025 ICE Data Indices, LLC.

# Global Fixed Income

## Yield curves, 2nd Quarter 2025

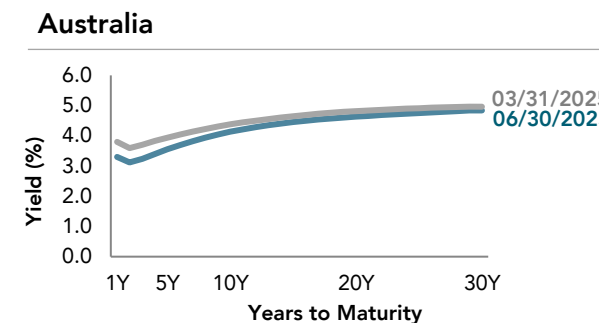
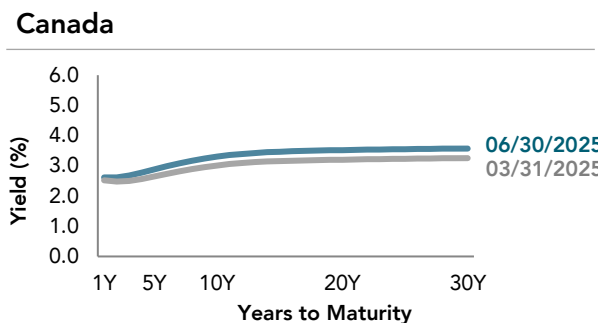
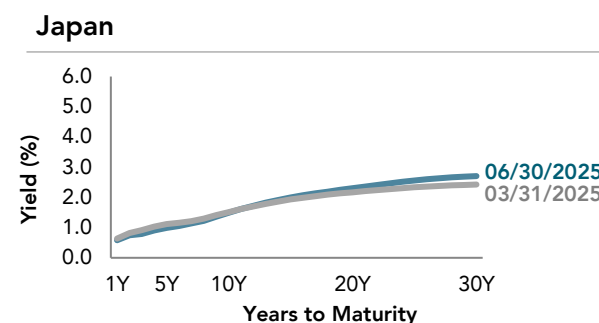
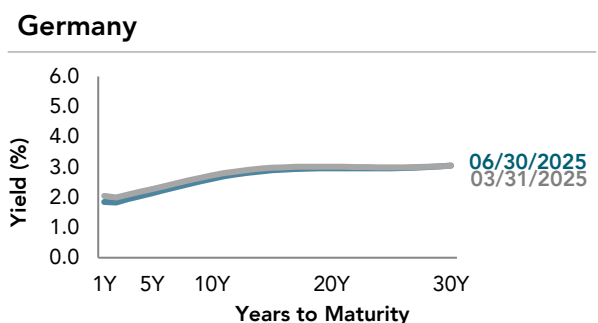
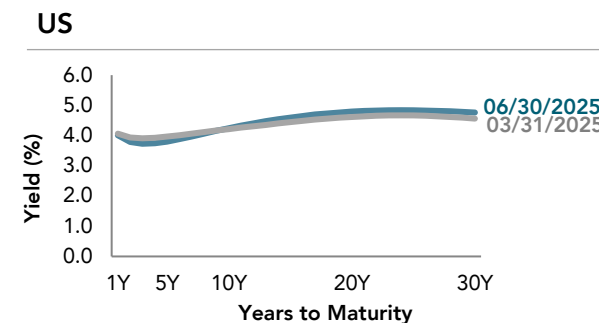
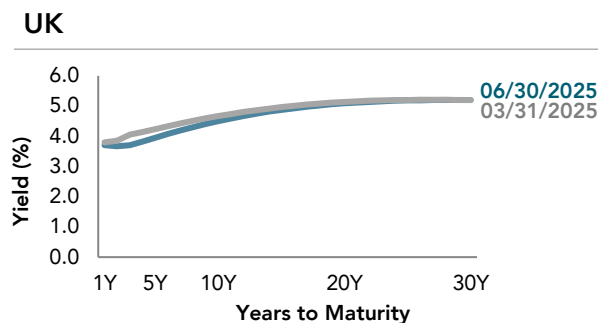
Except for in Canada and Japan, interest rates decreased in the global developed markets for the quarter.

Realized term premiums were mixed across global developed markets. Intermediate-term bonds generally outperformed both short- and long-term bonds during the quarter.

In Canada, interest rates increased across all maturity segments. In Japan, short- to intermediate-term interest rates decreased, and long-term interest rates increased. The short-term maturity segment of the yield curve remained flat to inverted in Germany, Canada, and Australia. However, the short-term segment of the yield curve in the UK remained upwardly sloped.

### Changes in Yields (bps) since 03/31/2025

Asset Class	1Y	5Y	10Y	20Y	30Y
UK	-9.1	-28.7	-16.7	-4.6	0.2
US	-5.6	-16.6	3.1	17.3	20.2
Germany	-20.7	-13.8	-11.4	-5.4	0.5
Japan	-5.5	-12.7	-2.5	13.6	27.9
Canada	9.5	23.2	29.2	31.8	31.7
Australia	-49.3	-38.9	-24.2	-18.1	-12.4



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