
Annual Market Review

2025

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2025 Annual Market Review








This report features world capital market performance for the past year.

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Market Summary

2025 yearly index returns (GBP)

	UK Market	Europe Developed Market	Developed Market	Emerging Market		UK Government Bond Market	Global ex UK Government Bond Market	Global Credit Bond Market
2025	STOCKS					BONDS		
	25.80%	26.08%	12.75%	24.37%		4.86%	3.63%	6.72%
								
Since Jan. 2001								
Average Yearly Return	6.7%	7.1%	8.7%	11.1%		3.5%	3.8%	4.7%
Best Year	27.6%	26.1%	28.2%	58.9%		16.9%	11.4%	14.0%
	2009	2025	2016	2009		2011	2008	2009
Worst Year	-28.5%	-26.2%	-27.6%	-35.4%		-27.1%	-13.1%	-15.3%
	2008	2002	2002	2008		2022	2022	2022

Past performance is not a guarantee of future results.

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.

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UK Equities

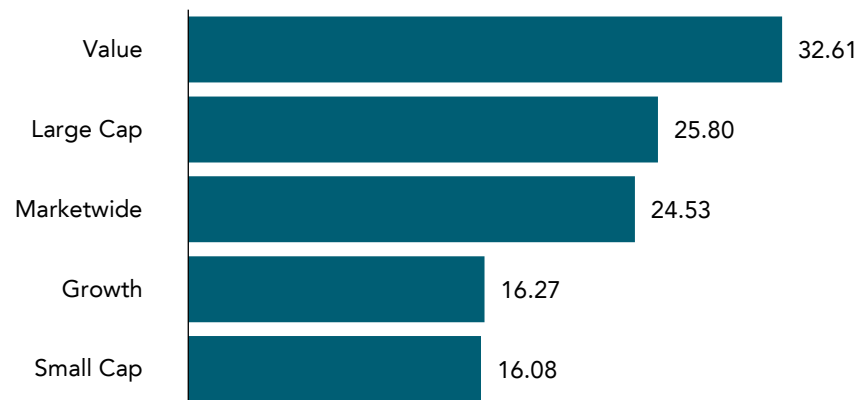
2025 index returns (GBP)

The UK equity market posted positive returns for the year and outperformed both world developed and emerging markets.

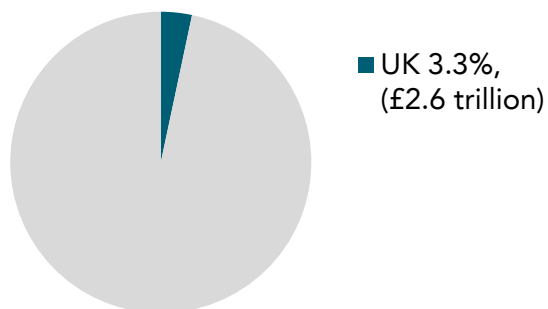
Value outperformed growth.

Small caps underperformed large caps.

RANKED RETURNS (%)



WORLD MARKET CAPITALISATION—UK



PERIOD RETURNS (%)

Asset Class	Annualised					
	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Value	32.61	16.64	16.46	9.47	7.78	6.23
Large Cap	25.80	14.02	13.69	8.82	7.43	6.71
Marketwide	24.53	13.62	12.07	8.26	7.39	6.79
Growth	16.27	10.00	9.11	7.87	7.26	7.16
Small Cap	16.08	10.83	3.89	5.09	7.50	7.18

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Europe Developed Markets Equities

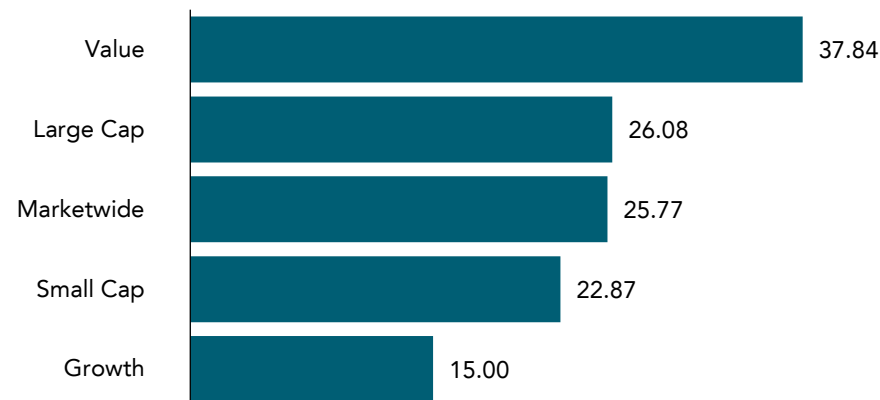
2025 index returns (GBP)

European developed equity markets posted positive returns for the year and outperformed both world developed and emerging markets.

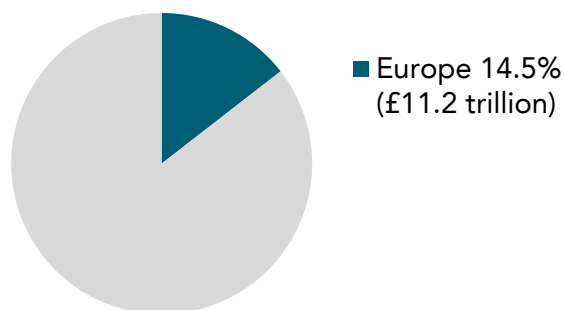
Value outperformed growth.

Small caps underperformed large caps.

RANKED RETURNS (%)



WORLD MARKET CAPITALISATION—EUROPE DEVELOPED



PERIOD RETURNS (%)

Asset Class	1 Year	3 Years	5 Years	Annualised		
				10 Years	15 Years	20 Years
Value	37.84	18.19	14.54	9.86	7.59	6.18
Large Cap	26.08	13.90	10.65	9.52	8.04	7.21
Marketwide	25.77	13.58	10.00	9.37	8.11	7.40
Small Cap	22.87	10.90	5.34	8.14	8.63	8.56
Growth	15.00	9.67	6.63	8.84	8.21	7.99

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World Developed Markets Equities

2025 index returns (GBP)

World developed equity markets posted positive returns for the year and underperformed emerging equity markets.

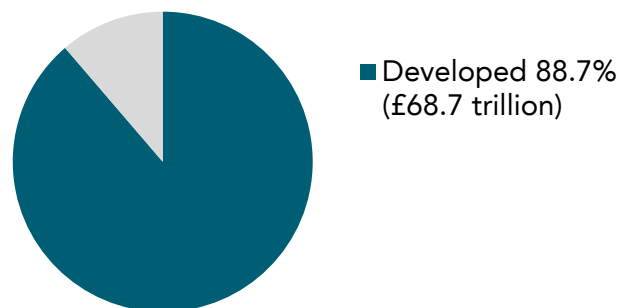
Value underperformed growth.

Small caps underperformed large caps.

RANKED RETURNS (%)



WORLD MARKET CAPITALISATION—WORLD DEVELOPED



PERIOD RETURNS (%)

Asset Class	1 Year	3 Years	5 Years	Annualised		
				10 Years	15 Years	20 Years
Growth	12.79	23.17	12.74	15.74	13.82	11.66
Large Cap	12.75	16.74	12.51	13.20	11.75	9.85
Marketwide	12.65	16.04	11.94	12.88	11.53	9.80
Value	12.47	10.32	11.71	10.23	9.37	7.78
Small Cap	11.62	10.31	7.48	10.42	9.89	9.03

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Emerging Markets Equities

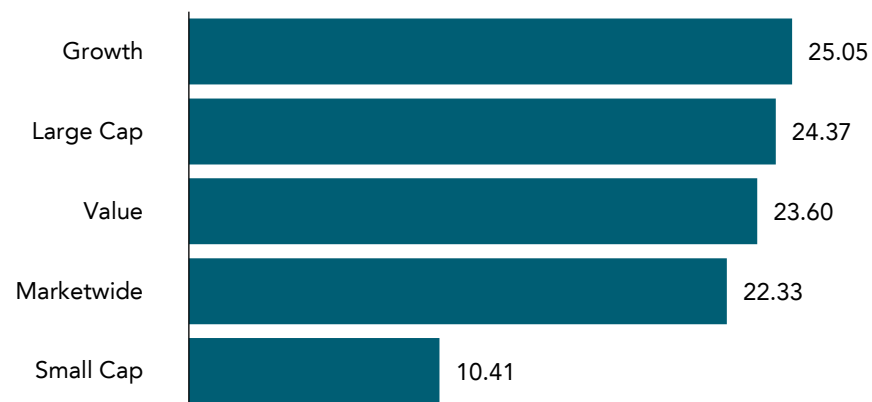
2025 index returns (GBP)

Emerging equity markets posted positive returns for the quarter and outperformed world developed equity markets.

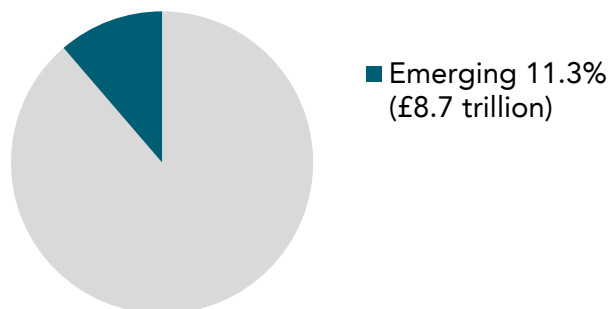
Value underperformed growth.

Small caps underperformed large caps.

RANKED RETURNS (%)



WORLD MARKET CAPITALISATION—EMERGING MARKETS



PERIOD RETURNS (%)

Asset Class	1 Year	3 Years	5 Years	Annualised		
				10 Years	15 Years	20 Years
Growth	25.05	11.92	2.10	9.76	5.78	7.54
Large Cap	24.37	12.14	4.53	9.41	4.87	7.29
Value	23.60	12.32	7.11	8.95	3.87	6.95
Marketwide	22.33	12.00	5.00	9.37	4.92	7.44
Small Cap	10.41	11.25	8.78	9.31	5.36	8.52

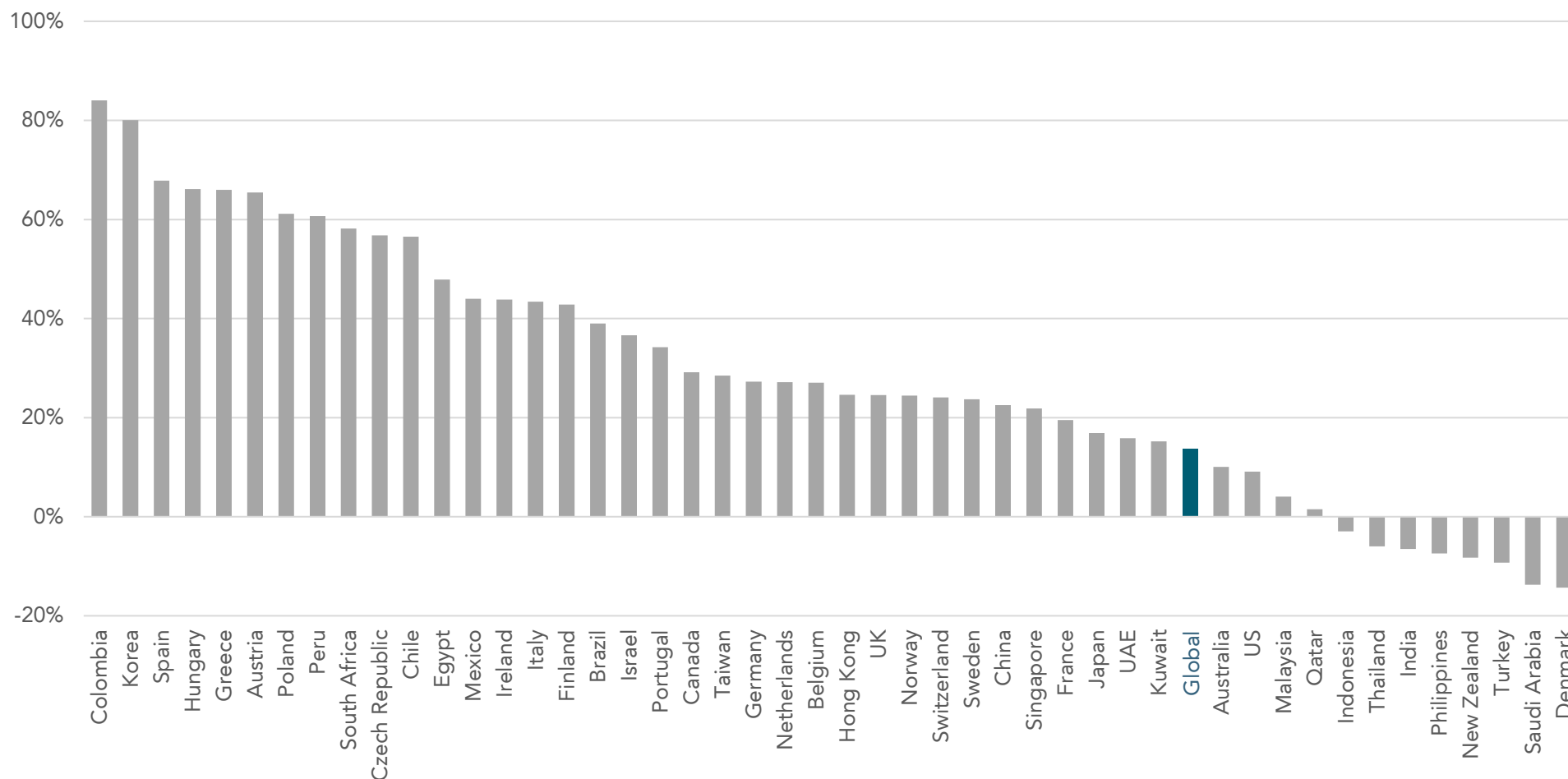
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Country Returns

2025 index returns (GBP)



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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 2026, all rights reserved.

Fixed Income

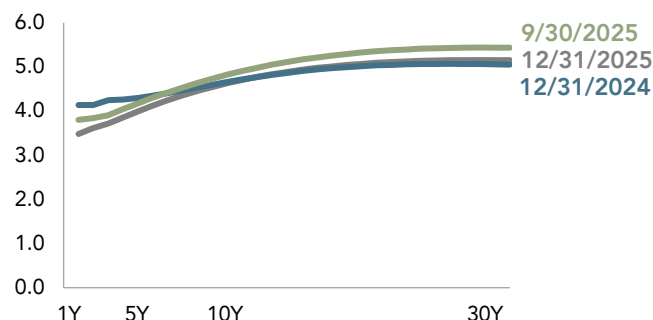
2025 index returns

Short- to intermediate-term interest rates decreased, and long-term interest rates increased in the UK government bond market during the year. The UK government yield curve began the year inverted in the short-term maturity range but upwardly sloped in the intermediate- to long-term maturity range. The yield curve ended the year upwardly sloped.

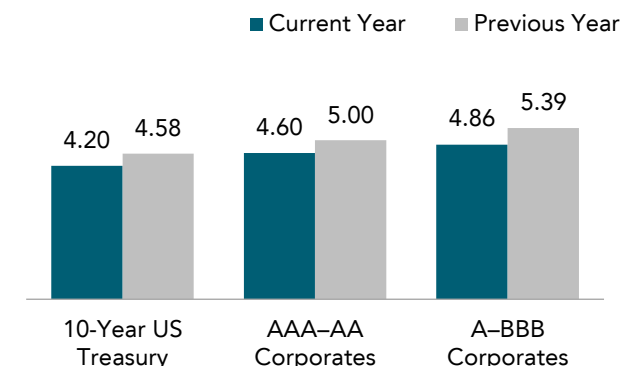
Realized term premiums for British pound-denominated bonds were mixed during the year as intermediate-term bonds generally outperformed their shorter and longer-term counterparts.

Realized credit premiums for British pound-denominated bonds were positive during the year as corporate bonds generally outperformed their government counterparts.

UK GOVERNMENT YIELD CURVE (%)



BOND YIELDS ACROSS ISSUERS (USD, %)



PERIOD RETURNS (GBP, %)

		Annualised				
Government Bonds (Hedged to GBP)	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Bloomberg Sterling Gilt 0–12 Months Index	4.08	4.10	2.59	1.49	1.14	—
FTSE UK Government Bond Index	4.86	1.38	-6.40	-0.39	1.65	2.46
FTSE Non-GBP World Government Bond Index	3.63	3.85	-0.98	1.10	2.11	2.83
Corporate Bonds (Hedged to GBP)	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Bloomberg Global Credit Bond Index	7.16	6.51	0.44	2.73	3.43	4.00
Bloomberg Global Credit Bond Index: Aaa	4.06	4.37	-0.88	1.00	1.93	2.69
Bloomberg Global Credit Bond Index: Aa	5.91	4.69	-0.79	1.49	2.34	2.93
Bloomberg Global Credit Bond Index: A	6.95	5.58	-0.18	2.16	3.02	3.36
Bloomberg Global Credit Bond Index: Baa	7.55	6.74	0.24	2.93	3.66	4.37
Bloomberg Global High Yield Corporate Index	8.14	9.62	3.71	5.28	5.39	6.22

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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 © 2026 FTSE Fixed Income LLC. All rights reserved, ICE BofA index data © 2026 ICE Data Indices, LLC.

Global Fixed Income

2025 yield curves

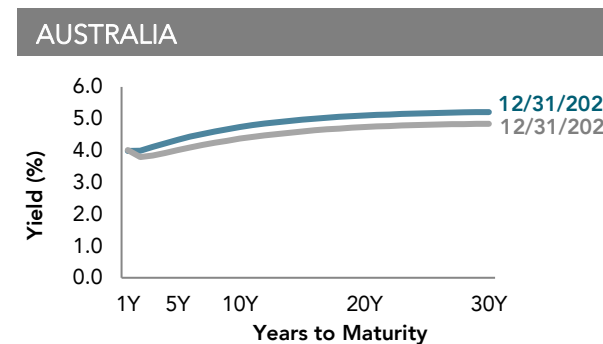
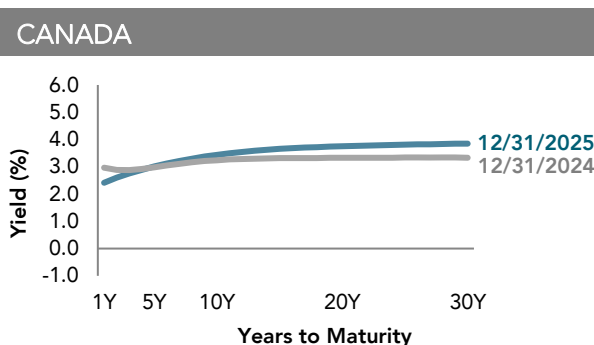
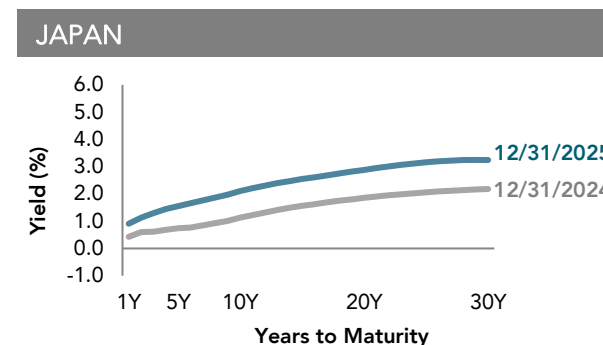
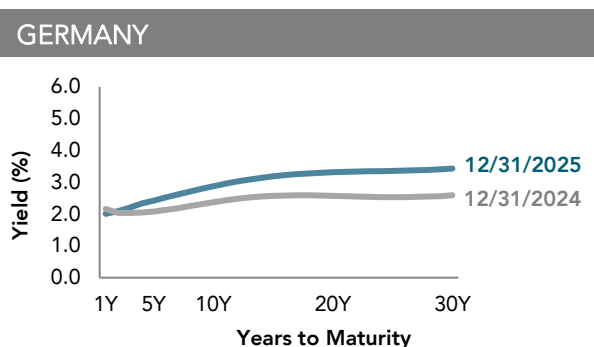
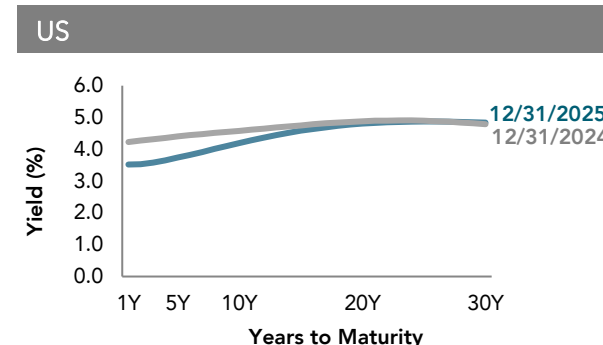
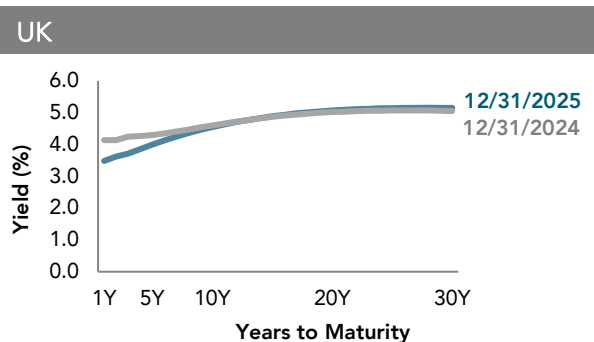
Except for the UK and the US, interest rates generally increased across global developed markets for the year.

In the US, interest rates generally decreased. In the UK, short- to intermediate-term interest rates decreased while long-term interest rates increased. In Canada, Germany, the UK, and Australia, the short-term maturity range of their yield curves was generally flat but steepened in the three- to five-year maturity range.

Global term premiums were mixed. Realized term premiums were mixed in the US and the UK, as intermediate-term bonds generally outperformed shorter and longer-term bonds. However, realized term premiums were generally negative in Canada, Germany, and Japan, as longer-term bonds generally underperformed shorter-term bonds for the year.

Changes in Yields (bps) Since 12/31/2024

Asset Class	1Y	5Y	10Y	20Y	30Y
UK	-65.5	-30.6	-5.0	5.3	9.6
US	-70.7	-66.6	-38.5	-7.7	5.6
Germany	-15.1	34.8	49.9	74.0	84.4
Japan	48.1	81.8	97.6	102.9	106.4
Canada	-55.7	2.8	19.7	42.7	51.4
Australia	-2.6	32.2	36.5	36.4	36.8



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