Quarterly Market Review

Second Quarter 2026

130180

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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- Fixed Income

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, 2026

	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
Q2 2026	3.44%	10.22%	13.03%	23.25%	2.10%	1.06%	1.84%
Since January 2000							
Average Quarterly Return	1.6%	1.7%	2.1%	2.4%	0.9%	1.0%	1.2%
Best Quarter	22.0% **2009 Q3**	26.6% **2009 Q3**	20.9% **2009 Q3**	27.8% **2001 Q4**	10.6% **2008 Q4**	6.2% **2008 Q4**	7.0% **2023 Q4**
Worst Quarter	-23.9% **2020 Q1**	-25.2% **2002 Q3**	-20.9% **2002 Q3**	-25.0% **2001 Q3**	-14.4% **2022 Q3**	-4.7% **2022 Q1**	-7.0% **2022 Q1**

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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. Actual returns may be lower.

 MSCI UK Index (net div., GBP), MSCI Europe Index (net div., GBP), MSCI World Index (net div., GBP), MSCI Emerging Markets Index (net div., GBP), FTSE UK Government Bond Index (hedged to GBP), FTSE Non-GBP World Government Bond Index (hedged to GBP), Bloomberg Global Aggregate Credit Bond Index (hedged to GBP).

Dimensional

Long-Term Market Summary

Returns (GBP), as of June 30, 2026

	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	24.23% ↑	22.49% ↑	25.28% ↑	48.17% ↑	2.51% ↑	2.28% ↑	4.34% ↑
5 Years	12.93% ↑	10.38% ↑	12.37% ↑	8.06% ↑	-5.21% ↓	-0.35% ↓	0.31% ↑
10 Years	8.89% ↑	10.00% ↑	13.22% ↑	10.15% ↑	-1.54% ↓	0.56% ↑	1.78% ↑
15 Years	7.75% ↑	8.23% ↑	12.34% ↑	6.59% ↑	1.54% ↑	2.11% ↑	2.97% ↑
20 Years	6.81% ↑	7.40% ↑	10.52% ↑	8.54% ↑	2.57% ↑	2.93% ↑	3.72% ↑

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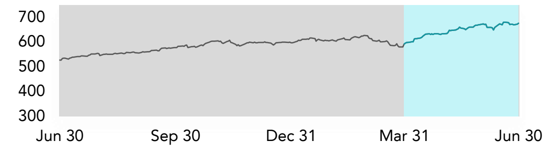
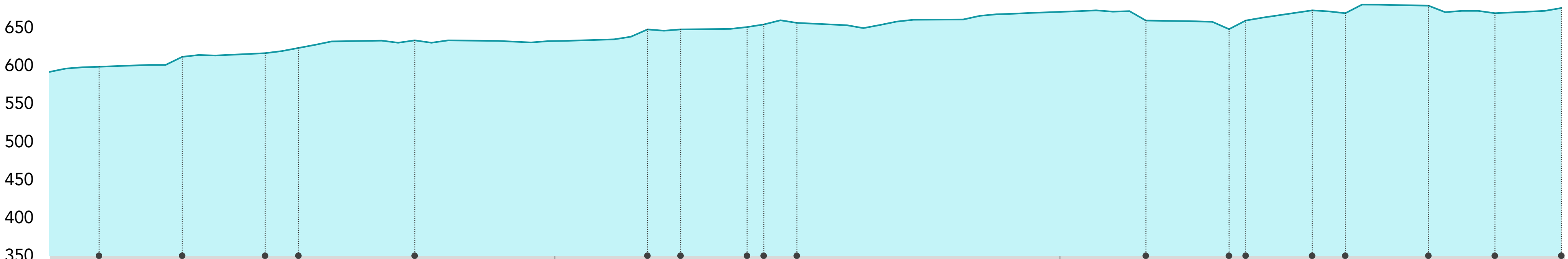
World Stock Market Performance

MSCI All Country World IMI Index with selected headlines from Q2 2026 (GBP)

1 YEAR (Q3 2025–Q2 2026)



Q2 2026



APRIL

04/03 "Hiring Defied Expectations in March, With 178,000 New Jobs"

04/08 "Stocks Jump After US, Iran Walk Back From the Brink"

04/12 "Trump Announces US Blockade of Strait of Hormuz"

04/15 "S&P Hits 7000, Closing at First Record Since January"

04/22 "US Officials Try to Get a Grip on Risks Bubbling Inside Private Credit"

MAY

05/06 "Oil Drops Sharply on Hopes of US-Iran Agreement"

05/08 "US Adds 115,000 Jobs in April With Solid Hiring Across Sectors"

05/12 "Inflation Soared to 3.8% in April, Driven by Gasoline Prices"

05/13 "Kevin Warsh Is Confirmed as Fed Chair in 54-45 Senate Vote"

05/15 "Mounting Inflation Pressures Deepen Global Bond Slide"

JUNE

06/05 "May Jobs Growth Puts US on a Strong Hiring Streak"

06/05 "Nasdaq Suffers Worst Week in More Than a Year"

06/10 "Inflation Heated Up to 4.2% in May, as Energy Costs Continued to Bite"

06/11 "ECB Becomes First Major Central Bank to Raise Rates Since Inflation Resurgence"

06/11 "SpaceX Officially Raises $75 Billion in Record-Breaking IPO"

06/14 "US and Iran Have Reached a Deal to Stop Fighting, Reopen Shipping"

06/17 "Fed Holds Rates Steady, but More Officials See Higher Rates as Next Move"

06/22 "UK Prime Minister Keir Starmer Quits Amid Rebellion"

06/28 "US and Iran Agree to Halt Days of Fighting Over Strait"

06/30 "S&P 500, Nasdaq on Pace for Best Quarter in Six Years"

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).

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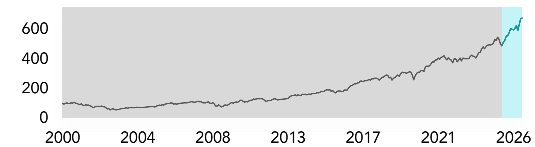
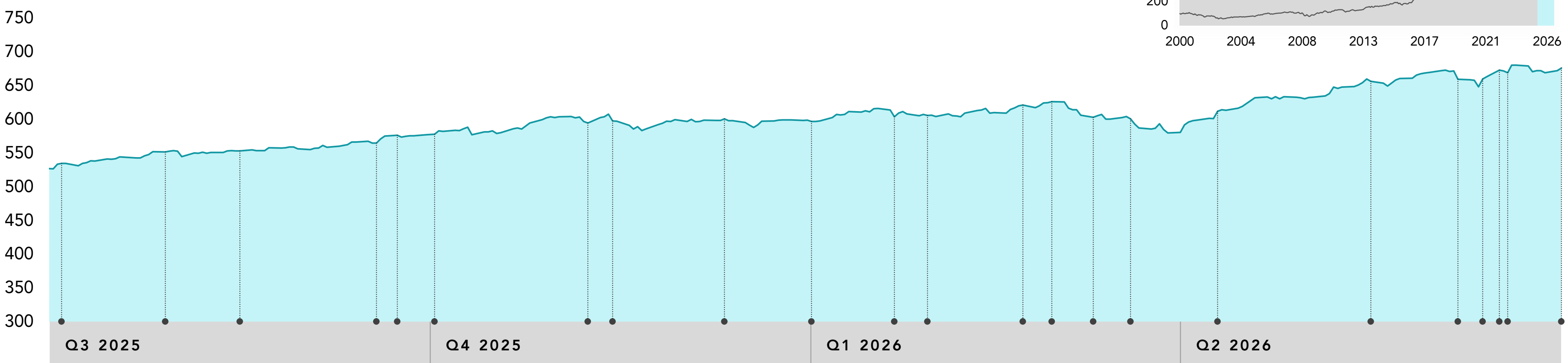
World Stock Market Performance

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

LONG TERM (2000–Q2 2026)



SHORT TERM (Q3 2025–Q2 2026)



Q3 2025

07/03 "President Trump's Megabill Passes House Vote"

07/27 "Trump and EU Reach Tariff Deal, Avoiding Trade War"

08/16 "Trump-Putin Summit Ends Without Breakthrough"

09/17 "Fed Cuts Rates by Quarter Point and Signals More Are Likely"

09/22 "A Deal Between AI Powers Lifts Stock Market to a Record"

Q4 2025

10/01 "Government Shutdown Begins as Funding Lapses"

11/07 "Nasdaq Has Its Worst Week Since April"

11/13 "Trump Signs Spending Bill, Ending Longest Shutdown in US History"

12/10 "Fed Cuts Rates Again, Signals It May Be Done for Now"

12/31 "Stock Markets Close Out a Record-Setting Year"

Q1 2026

01/20 "Tensions Over Greenland Rattle Wall Street"

01/28 "Fed Holds Rates Steady for First Time Since July"

02/20 "Supreme Court Strikes Down Trump's Global Tariffs"

02/28 "US and Israel Attack Iran"

03/08 "Oil Tops $100 a Barrel for First Time Since 2022"

03/18 "Fed Holds Steady and Maintains Rate-Cut Projection"

Q2 2026

04/08 "Stocks Jump After US, Iran Walk Back From Brink"

05/15 "Mounting Inflation Pressures Deepen Global Bond Slide"

06/05 "May Jobs Growth Puts US on a Strong Hiring Streak"

06/11 "SpaceX Officially Raises $75 Billion in Record-Breaking IPO"

06/14 "US and Iran Have Reached a Deal to Stop Fighting, Reopen Shipping"

06/17 "Fed Holds rates Steady, but More Officials See Higher Rates as Next Move"

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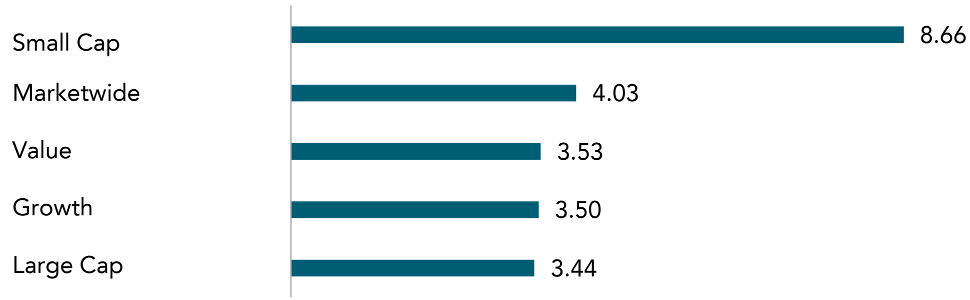
UK Equities

Returns (GBP), 2nd Quarter 2026

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

Ranked Returns (%)



World Market Capitalisation

UK
£2.7 Trillion

Periodic Returns (%)

			ANNUALISED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	8.66	3.07	8.20	11.87	2.45	6.03	7.48	7.02
Marketwide	4.03	7.05	22.04	15.36	11.23	8.46	7.67	6.85
Value	3.53	11.04	34.12	20.90	16.67	9.75	8.14	6.52
Growth	3.50	2.60	10.61	8.19	6.95	7.61	7.38	6.99
Large Cap	3.44	7.63	24.23	15.86	12.93	8.89	7.75	6.81

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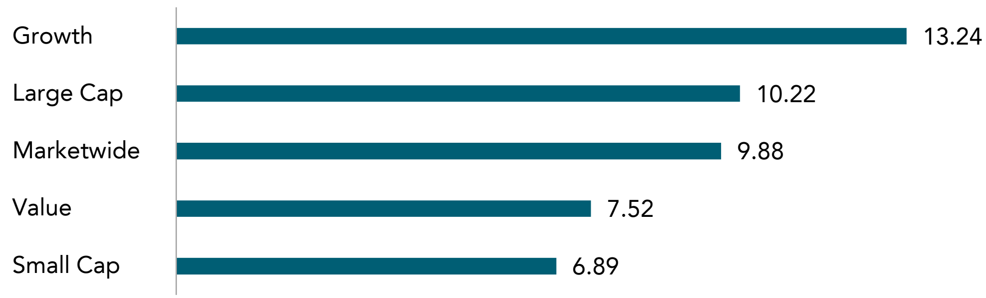
Europe Developed Markets Equities

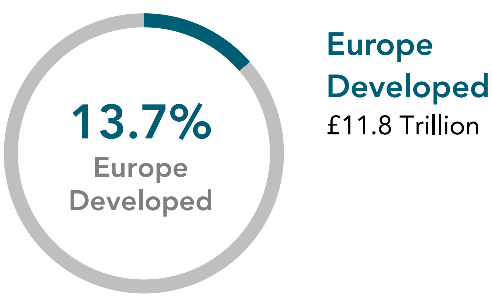
Returns (GBP), 2nd Quarter 2026

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

Ranked Returns (%)



World Market Capitalisation



Periodic Returns (%)

			ANNUALISED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	13.24	8.71	16.43	9.03	6.13	9.11	8.42	8.18
Large Cap	10.22	9.26	22.49	14.53	10.38	10.00	8.23	7.40
Marketwide	9.88	8.72	21.23	14.23	9.62	9.83	8.28	7.53
Value	7.52	9.74	28.68	20.17	14.54	10.55	7.76	6.37
Small Cap	6.89	3.99	10.65	11.53	4.03	8.39	8.62	8.24

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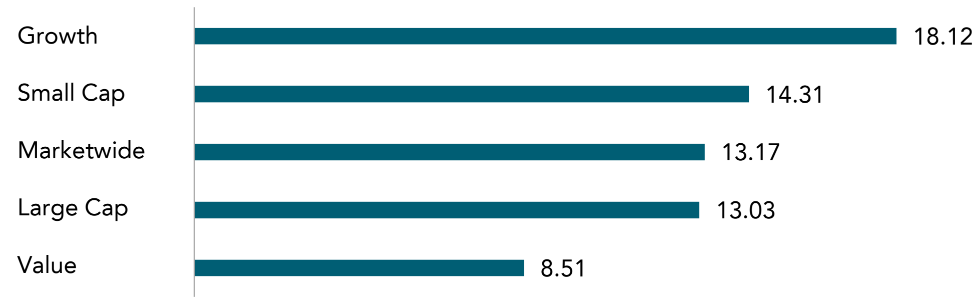
World Developed Markets Equities

Returns (GBP), 2nd Quarter 2026

- 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

Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALISED 1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	18.12	10.30	25.40	19.68	12.81	15.76	14.40	12.39
Small Cap	14.31	18.19	34.38	15.92	8.32	10.94	10.90	10.01
Marketwide	13.17	11.89	26.21	17.38	11.90	12.95	12.17	10.50
Large Cap	13.03	11.17	25.28	17.54	12.37	13.22	12.34	10.52
Value	8.51	11.98	24.76	15.19	11.40	10.24	9.97	8.38

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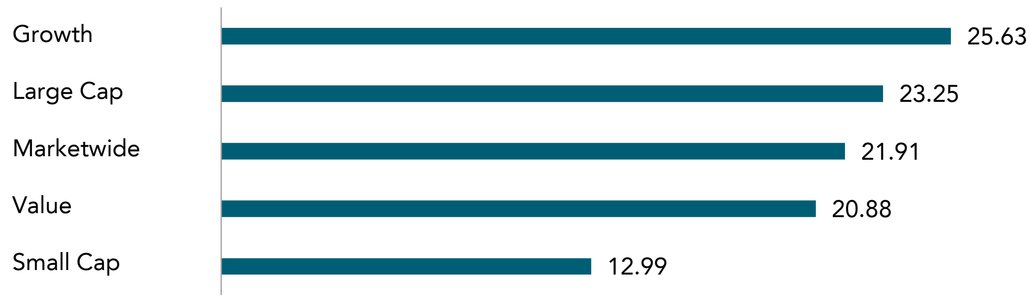
Emerging Markets Equities

Returns (GBP), 2nd Quarter 2026

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

Ranked Returns (%)



World Market Capitalisation

Emerging Markets
£10.6 Trillion

Periodic Returns (%)

			ANNUALISED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	25.63	26.31	49.35	21.90	6.16	10.68	7.54	8.89
Large Cap	23.25	25.51	48.17	21.27	8.06	10.15	6.59	8.54
Marketwide	21.91	24.05	44.86	20.37	8.03	10.06	6.60	8.67
Value	20.88	24.66	46.89	20.56	10.05	9.51	5.53	8.10
Small Cap	12.99	14.40	24.81	14.64	8.02	9.56	6.75	9.52

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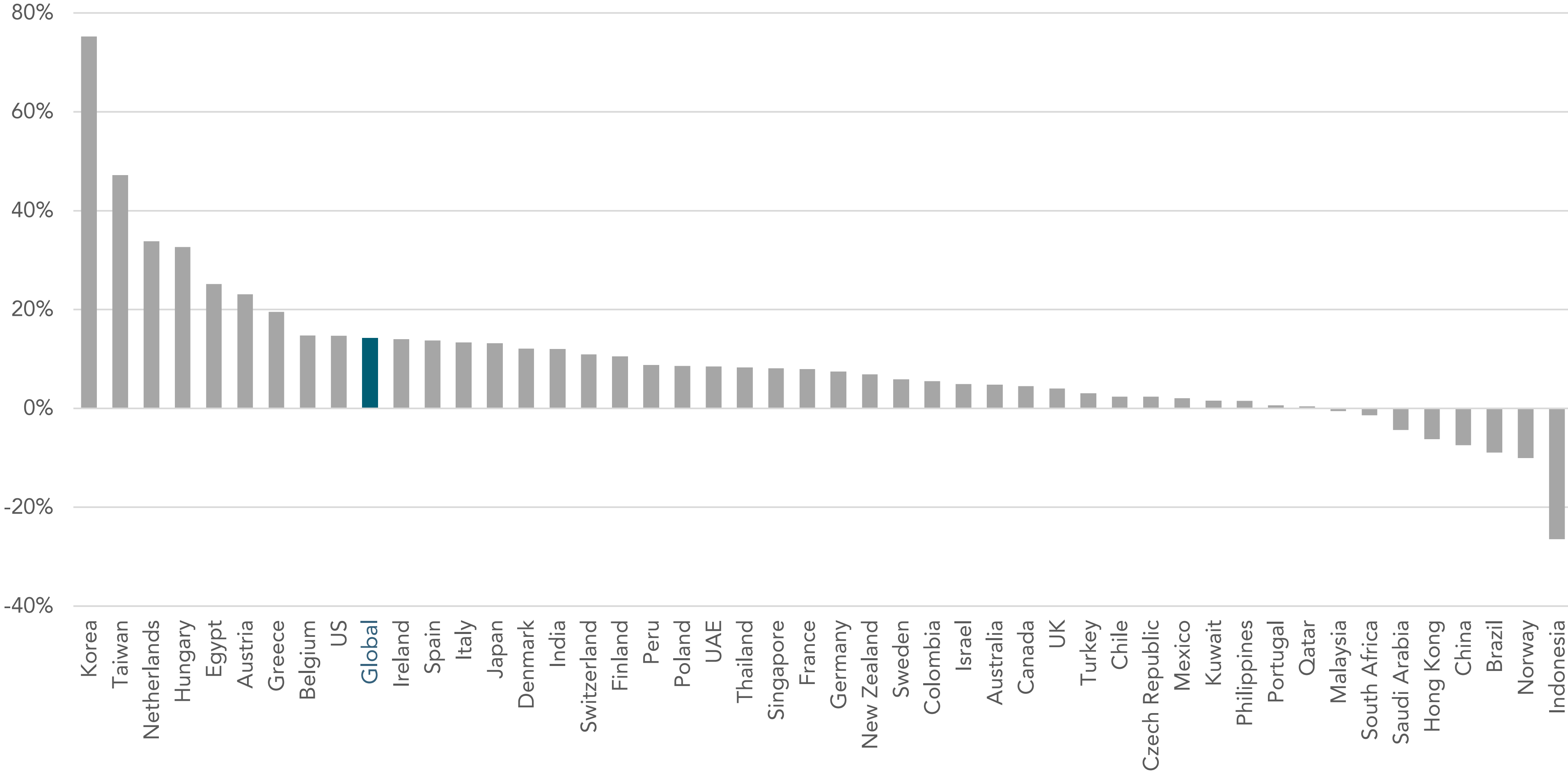
Country Returns

Returns (GBP), 2nd Quarter 2026



Past performance is not a guarantee of future results.

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.

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Fixed Income

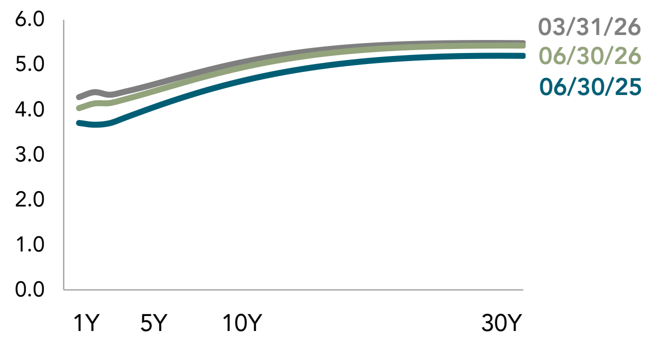
Returns, 2nd Quarter 2026

Interest rates decreased in the UK government bond market during the quarter. The UK government yield curve was relatively flat in the short-term maturity range while the intermediate- to long-term maturity range was upwardly sloped over the quarter.

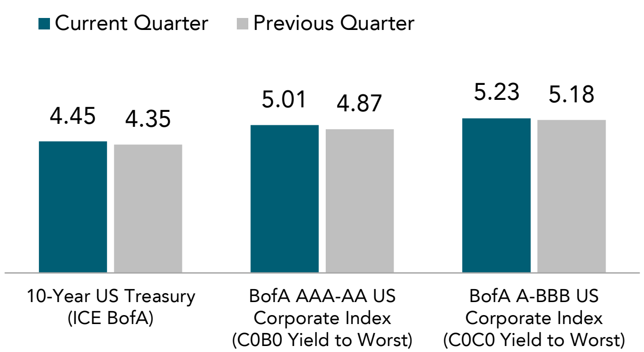
Realized term premiums, in bonds denominated in the British pound, were positive during the quarter as longer-term bonds outperformed their shorter-term counterparts.

Realized credit premiums, in bonds denominated in the British pound were positive 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	1 Year	YTD	3 Years	5 Years	10 Years	15 Years	20 Years
Bloomberg Global Credit Bond Index (hedged to GBP)	2.09	1.51	4.82	6.10	0.84	2.22	3.34	4.11
FTSE Non-GBP World Government Bond Index (hedged to GBP)	1.06	1.01	2.28	3.26	-0.35	0.56	2.11	2.93
FTSE UK Government Bond Index (hedged to GBP)	2.10	0.06	2.51	2.73	-5.21	-1.54	1.54	2.57
Corporate Bonds (hedged to GBP)	QTR	1 Year	YTD	3 Years	5 Years	10 Years	15 Years	20 Years
Bloomberg Global Credit Bond Index	2.09	1.51	4.82	6.10	0.84	2.22	3.34	4.11
Bloomberg Global Credit Bond Index: Aaa	1.64	1.60	3.39	4.38	-0.19	0.71	1.92	2.82
Bloomberg Global Credit Bond Index: Aa	1.35	0.90	3.45	4.34	-0.27	1.05	2.28	3.03
Bloomberg Global Credit Bond Index: A	1.74	1.20	4.28	5.24	0.34	1.69	2.93	3.49
Bloomberg Global Credit Bond Index: Baa	2.14	1.46	4.95	6.22	0.63	2.35	3.55	4.52
Bloomberg Global High Yield Corporate Index	2.86	2.21	5.96	8.82	3.49	4.73	5.21	6.17

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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.

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Dimensional

Global Fixed Income

Yield curves, 2nd Quarter 2026

Interest rate changes were mixed across global developed markets for the quarter. In the US and Japan, interest rates increased. Interest rates decreased in the UK, Germany, Canada, and Australia.

Realized term premiums were generally mixed across global developed markets. In the US, term premiums were broadly positive. However, within the short-term maturity range, term premiums were negative. In Canada and Australia, term premiums were positive. In Japan, term premiums were negative.

In the US, Canada, and Japan, yield curves remained generally upwardly sloped. In Germany, the short-term maturity range flattened but remained upwardly sloped like the overall yield curve. In Australia, the short-term maturity range inverted while the intermediate- to long-term maturity range remained upwardly sloped.

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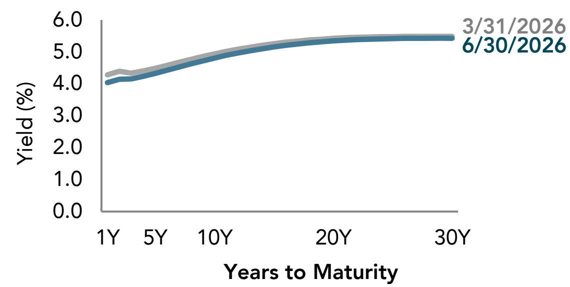
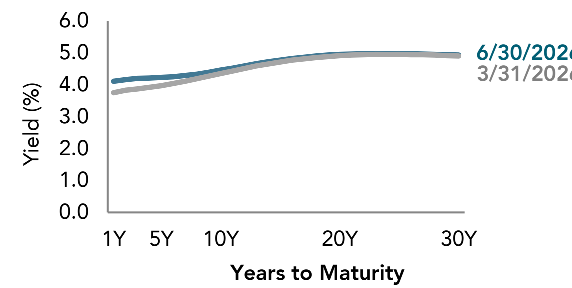
Changes in Yields (bps) since 3/31/2026

Asset Class	1Y	5Y	10Y	20Y	30Y
UK	-24.5	-15.9	-12.7	-8.0	-5.4
US	35.9	25.4	10.6	4.0	2.9
Germany	-7.8	-12.8	-13.5	-8.2	-4.0
Japan	5.3	12.4	30.2	30.4	20.5
Canada	-9.4	-6.6	-10.2	-9.8	-8.9
Australia	-0.1	-30.2	-23.2	-16.3	-10.6

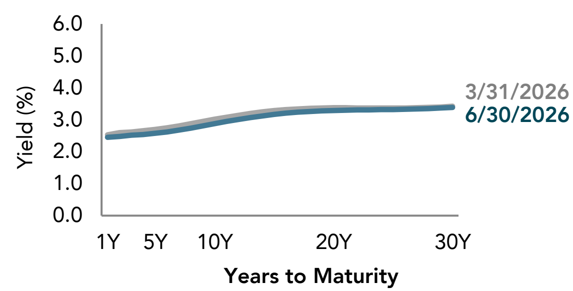
UK



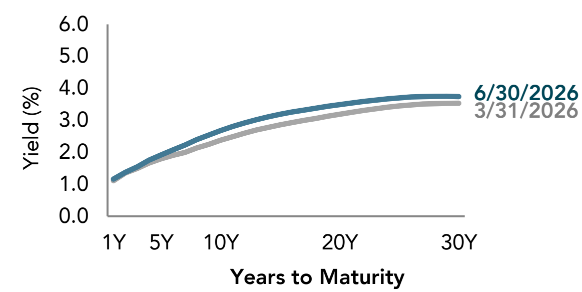
US



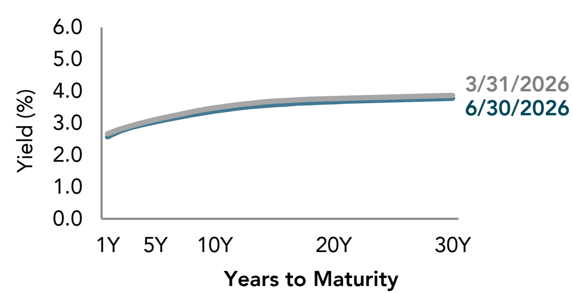
Germany



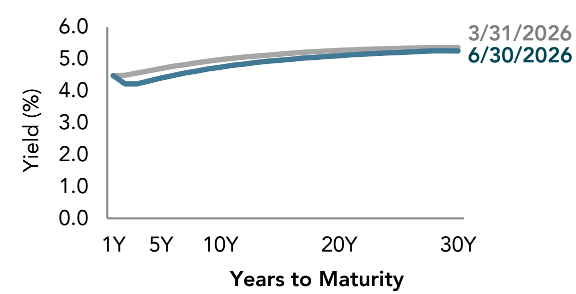
Japan



Canada



Australia



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One basis point (bps) equals 0.01%. Source: Bank of America government yield. ICE BofA index data © 2026 ICE Data Indices, LLC. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

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Appendix

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