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“Global markets enjoyed a strong finish to 2025, led by international stocks and corporate bonds.”

Q4 2025 Commentary

Global markets recorded steady gains over Q4, with many ending the year close to record highs. For the first time in several years, markets outside the United States delivered stronger returns than the US, driven by a weaker US dollar, more attractive overseas valuations, and a market rotation from highly priced US technology stocks. Solid company earnings and easing inflation supported markets, increasing confidence that major central banks would continue cutting interest rates in 2026.

United Kingdom

FTSE All Share: 2.19%

UK equities performed strongly during the final quarter of 2025, finishing the year at some of the strongest levels seen in recent years. Returns were led by large companies that generate much of their income overseas, particularly in financials, mining, defence, and commodity-related sectors. These companies benefited from strong global demand, high commodity prices, and weaker Sterling, which increased the value of foreign earnings. Businesses more reliant on UK consumer spending lagged as household budgets remained under pressure. Over the year, relatively low share prices and attractive dividend income supported strong overall performance.



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United States

S&P 500: -1.46%

US equities rose, in Dollar terms, over Q4 2025 despite political disruption from a prolonged government shutdown and signs that job growth is easing after a strong period. While the market experienced some volatility toward year-end, gains earlier in the period helped deliver another strong annual return. Performance remained concentrated in large

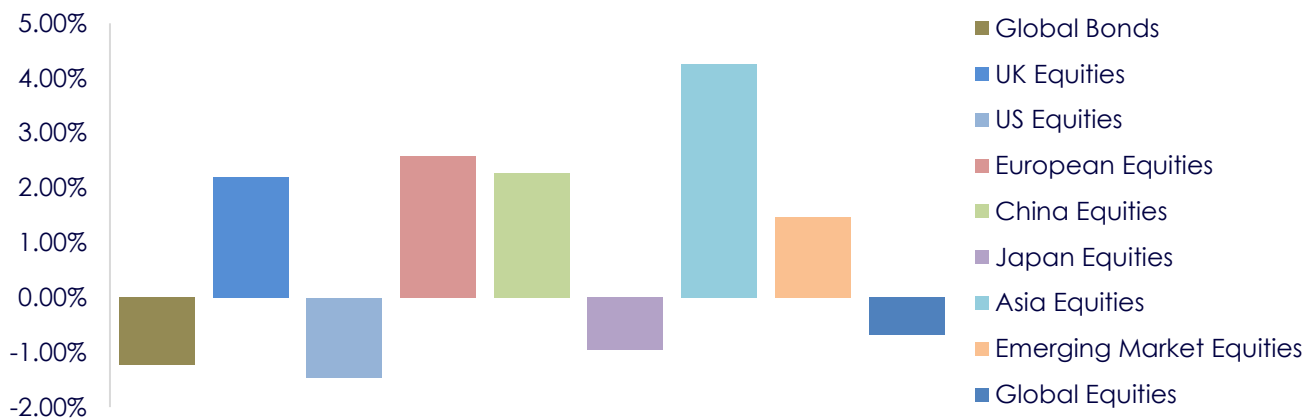
Germany, but this was offset by resilient services activity. Easing inflation and a modestly improved growth outlook from the European Central Bank further supported market sentiment.

Japan

MSCI Japan: -0.96%

Japanese equities rose during Q4 2025, supported by optimism around global demand

Discrete Monthly Performance as at 31/12/2025



technology and communication services companies, although returns broadened as other sectors such as industrials, healthcare, and financials also performed well. The US Federal Reserve's December interest rate cut supported investor confidence, as lower rates tend to encourage spending and investment.

Europe

FTSE Developed Europe ex UK: 2.58%

European equities delivered strong gains, ending the year near their highest levels and outperforming US markets. Investor confidence was supported by lower global interest rates, which reduced borrowing costs and improved financial conditions for European companies. Banks benefited from improving lending prospects, while healthcare and utility stocks attracted investors seeking stable earnings and dependable income. Economic conditions remained mixed, with manufacturing activity weak in parts of the region, particularly

for artificial intelligence and defence-related technologies. However, for UK investors, returns were reduced when converted into Sterling due to the weakening UK currency. Domestically, political developments were seen as a sign of greater stability and potential government support. The Bank of Japan raised interest rates in December and signalled that further increases could follow in 2026, reinforcing confidence in economic momentum. While higher share prices led to increased volatility toward quarter-end, solid corporate earnings and ongoing governance reforms continued to support the market.

China

CSI 300: 2.26%

Chinese equities rose in Q4 2025, but at a slower rate than earlier in the year, as many investors sold shares to lock in gains and became more cautious due to concerns about the economic outlook.

Weaker economic data and renewed concerns about the property sector weighed on confidence, particularly following financial stress at major property developers in December. Although the government provided support for specific sectors, such as financial aid for struggling companies, tax incentives, and help for property developers, these measures were not enough to fully offset challenges in consumer spending and the real estate market. As a result, investor sentiment softened toward the end of the year, and Chinese markets lagged behind other regions despite selective areas of support.

Emerging Markets

MSCI Emerging Markets: 1.46%

Emerging market equities delivered positive returns during Q4 2025 led by technology-focused markets such as South Korea and Taiwan, which benefited from continued demand related to artificial intelligence and semiconductors. Lower US interest rates also supported emerging markets by making it easier for capital to flow into these economies.

Performance varied across regions, with commodity-exporting countries benefiting from higher prices, while others were influenced by local economic and political factors. Overall, rising confidence in global growth helped emerging markets stay strong, even with some short-term fluctuations.

Global Bonds

Bloomberg Barclays Global Agg: -1.23%

Global bond markets performed differently across regions at the end of 2025. In the UK, government bonds performed well after the Budget reassured investors and the Bank of England cut interest rates, which supported bond prices. US bonds delivered smaller gains, as short-term yields fell following Federal Reserve rate cuts, while longer-term yields rose on expectations of steady economic growth. In Japan, rising yields and a large government spending plan led to weaker bond prices. Corporate bonds performed well in the US and Europe, providing investors with higher income than government bonds.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 31/12/2025

	5 Years %	3 Years %	1 Year %	Volatility %
Global Bonds	-9.34	1.32	1.27	5.05
UK Equities	98.57	41.33	19.96	11.31
US Equities	116.85	55.51	9.98	13.04
European Equities	79.08	43.92	22.67	12.99
Japan Equities	58.93	45.54	18.48	10.91
Asia Equities	84.44	41.41	23.17	14.63
China Equities	3.46	15.77	16.40	18.67
Emerging Market Equities	41.01	35.69	24.24	12.37
Global Equities	103.02	51.87	12.23	11.91

Data source FE Analytics 31.12.2025. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

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