



## November 2025

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"Steady markets and easing policy signals made October a supportive month for long-term investors."



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## October 2025 Commentary

Global markets made steady progress in October, with most major regions delivering positive returns. Technology companies continued to lead the way, supported by strong earnings and ongoing interest in AI. Government bond prices also rose as investors became more confident that central banks are moving closer to lowering interest rates. The US government shutdown and renewed trade tensions caused some short-term disruption, but these concerns eased later in the month. Overall, the global backdrop remained supportive, and most asset classes benefited from improving confidence and more stable economic conditions.

### United Kingdom

FTSE All Share: 3.71%

UK markets moved higher in October, helped by expectations that the Bank of England may start reducing interest rates sooner than previously thought. This shift in investor expectation supported both equities and bonds, with gilt yields falling sharply. Inflation remained at 3.8%, and economic growth stayed weak, but investors welcomed signs that financial conditions may become less restrictive.

Government borrowing rose to its highest level since the pandemic, with speculation about potential tax increases in the autumn budget.

## United States

S&P 500: 4.84%

US equities continued to rise in October, with the S&P 500 reaching several new record highs. Strong company earnings, enthusiasm around artificial intelligence, and an interest rate cut from the Federal Reserve all supported the market. However, the strongest performance came from a small group of large technology companies which dominate

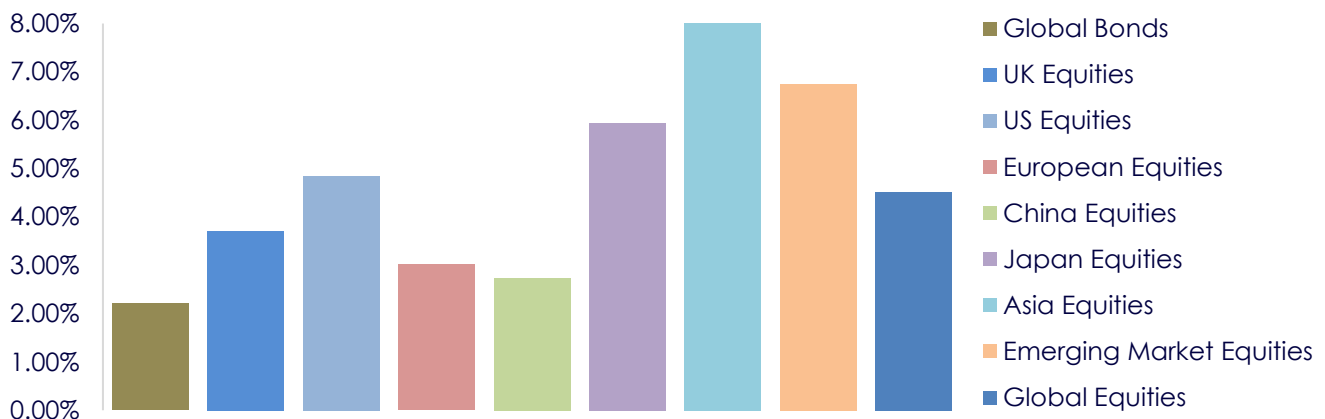
remain steady until clearer signs of stronger activity or lower inflation emerge. Overall, confidence improved slightly but remained cautious.

## Japan

MSCI Japan: 5.94%

Japanese markets had another strong month, helped by solid company earnings and renewed interest in technology businesses

### Discrete Monthly Performance as at 31/10/2025



the market, while the rest, saw only modest gains. Economic signals were mixed: manufacturing activity weakened, and signs of financial pressure increased among lower-income households, even as overall consumer spending remained solid. Trade tensions eased slightly late in the month following a temporary agreement between the US and China.

## Europe

FTSE Developed Europe ex UK: 3.02%

European markets posted modest gains in October, supported by gradually improving sentiment and more attractive valuations. Inflation continued to move closer to the European Central Bank's 2% target, although economic growth remained limited. Political uncertainty in France persisted, but this had little impact on the wider region. Banks and value-oriented companies performed relatively well, while growth areas were more subdued. The European Central Bank kept interest rates unchanged, signalling that policy is likely to

linked to artificial intelligence. Political developments also supported confidence, with the formation of a more stable coalition government expected to prioritise digital and defence spending. However, gains were concentrated in a relatively small group of companies, especially those in industrial technology and semiconductor equipment. While these themes supported overall performance, the fact that gains were concentrated in only a few companies highlighted the importance of being selective and focusing on businesses with reliable long-term earnings.

## China

CSI 300: 2.73%

Chinese equities fell in October, giving back some of the strong gains seen earlier in the year. Concerns about US - China trade relations weighed on the market, although a late-month agreement to reduce some US

tariffs helped sentiment somewhat. Sector performance was mixed: financial and energy companies held back returns, while technology stocks benefited from continued investment in domestic semiconductor development. With no major new policy announcements and some areas of the economy improving while others continued to struggle, investors remained cautious despite a few supportive developments.

### Emerging Markets

MSCI Emerging Markets: 6.75%

Emerging markets delivered positive returns in October, driven largely by strong performance in Korea and Taiwan, where demand for AI-related technology helped lift share prices. Improved trade sentiment across Asia also supported these export-focused economies. Central and Eastern European markets, such as Hungary and Poland, performed well, while India benefited from strong seasonal consumer spending. However, several commodity-dependent countries, including Saudi Arabia

and local currencies weakened. Market performance across Southeast Asia was mixed, with Thailand and Singapore posting modest gains.

### Global Bonds

Bloomberg Barclays Global Agg: 2.21%

Global bond markets performed well in October as falling government bond yields supported returns. Investors reacted to signs that central banks may pause or slow further interest rate increases, while concerns about the US government shutdown briefly increased demand for safer assets. Corporate bonds delivered mixed results: high yield bonds came under pressure as risk appetite weakened, but investment-grade bonds were steadier, with European credit markets showing slight improvement. UK gilts outperformed following lower-than-expected inflation data, while Japanese government bonds were influenced by political developments that raised expectations of increased fiscal spending.

**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 31/10/2025

	1 Year %	3 Years %	5 Years %	Volatility % <sup>2</sup>
Global Bonds	3.42	3.20	-9.34	5.05
UK Equities	22.50	50.86	98.57	11.06
US Equities	18.38	59.86	98.57	12.95
European Equities	20.11	54.19	79.08	12.64
Japan Equities	22.50	56.72	58.93	10.95
Asia Equities	28.40	65.74	84.44	15.38
China Equities	19.97	21.92	3.46	19.15
Emerging Market Equities	25.17	55.64	41.01	13.04
Global Equities	19.40	57.92	103.02	11.79

Data source FE Analytics 31.10.2025. 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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