



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



October 2025

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Q3 2025 Commentary

“Global markets rallied in Q3 as easing inflation and lower bond yields reignited investor confidence across asset classes.”

Global markets delivered positive gains in Q3 2025, supported by robust demand for AI and technology, resilient corporate earnings, and a well-anticipated interest rate cut from the US Federal Reserve. Commodities also performed well, with gold and silver reaching record highs, while a weaker US dollar provided additional support for emerging markets. Bonds were broadly supported by improved liquidity and investor appetite for income, although performance varied across regions. Overall, market strength was widespread, with most major regions producing positive returns over the quarter.

United Kingdom

FTSE All Share: 1.86%

UK equities recorded their strongest quarter since 2022, helped by a resilient global economy and a weaker pound, which boosted UK internationally focused companies. The FTSE 100 posted significant gains, led by strength in communication services, technology, and basic materials, as higher gold prices supported the mining sector. Inflation remained elevated at 3.8% in August, but with economic growth moderating, the Bank of England delivered its first interest rate cut since 2020, reducing the Interest Rate to 4.0%. The decision, alongside a slowdown in quantitative tightening, improved sentiment and pushed bond yields lower, lifting bond prices.



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United States

S&P 500: 3.98%

US equities reached record highs as optimism grew around further Federal Reserve interest rate cuts, supported by strong earnings and continued enthusiasm for AI. The technology and communication services sectors were standout performers, while energy and healthcare lagged. The economy remained robust, with data released during the quarter

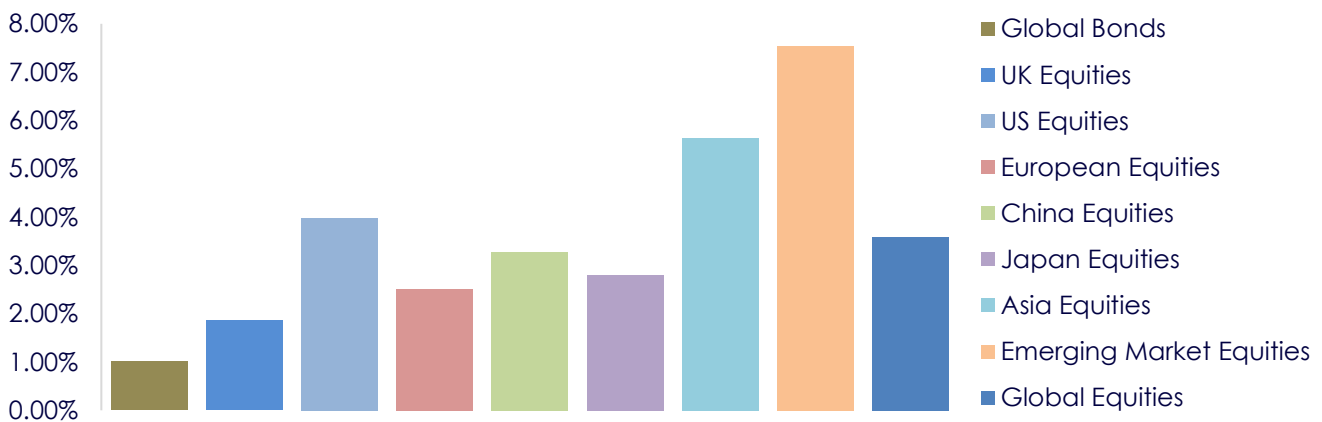
ongoing political uncertainty in France, investor confidence improved as the region showed signs of stabilisation. The ECB kept interest rates unchanged, signalling the likely end of its tightening cycle.

Japan

MSCI Japan: 2.80%

Japanese equities advanced sharply, with the TOPIX and Nikkei 225 reaching record highs.

Discrete Monthly Performance as at 30/09/2025



showing that GDP expanded at an annualised rate of 3.8% in Q2 while consumer spending continued to demonstrate resilience. Inflation pressures continued to ease, reinforcing expectations of additional interest rate cuts before year-end. Despite concerns around a potential government shutdown, overall investor sentiment remained positive heading into the fourth quarter.

Europe

FTSE Developed Europe ex UK: 2.52%

European equities advanced during the quarter, supported by gains in financials and healthcare. Banks performed particularly well following strong earnings results. GDP growth of 0.4% in the third quarter exceeded expectations, driven by service-sector expansion in Germany, Italy, and Spain. Inflation moved closer to the European Central Bank's 2% target, with policymakers suggesting that risks are now more balanced. Despite

Investor confidence was buoyed by strong corporate earnings, share buybacks, and ongoing governance reforms aimed at improving shareholder returns. The global rally in technology and semiconductor stocks lifted risk appetite, supported by expectations of US interest rate cuts and domestic political changes. Although currency volatility and policy uncertainty occasionally weighed on sentiment, Japan's structural reform momentum and improving corporate profitability continued to support market performance.

China

CSI 300: 3.28%

Chinese equities advanced over the quarter as investor sentiment improved, and capital inflows increased. Policy efforts to strengthen domestic industries and promote technological self-reliance supported market confidence, offsetting some weakness in

household consumption. Progress in US-China trade discussions also provided a more stable backdrop for investors. While the technology sector remained a key driver, broader gains reflected renewed optimism around structural reforms and targeted fiscal support.

Emerging Markets

MSCI Emerging Markets: 7.54%

Emerging markets outpaced developed peers in Q3, delivering strong gains in the MSCI Emerging Markets Index. North Asian economies such as Taiwan and South Korea led performance, supported by robust demand for semiconductors and AI-related technology. Commodity exporters including South Africa and Peru benefited from firmer precious metal prices, while Brazil underperformed amid political uncertainty. A softer US dollar and improved global liquidity helped attract foreign inflows across the broader region, though tariff pressures and uneven growth weighed on India and select ASEAN markets.

Global Bonds

Bloomberg Barclays Global Agg: 1.01%

Global bond performance was mixed during the quarter. US Bond prices rose as US Treasury yields declined after the Federal Reserve cut rates by 25 basis points and inflation remained contained, while yields in the UK, Europe, and Japan moved higher, resulting in lower bonds prices. Credit markets were broadly positive, supported by stable corporate earnings and strong investor demand for income. In Europe, modest economic improvement and easing trade tensions lifted sentiment, while in the UK, rate cuts from the Bank of England supported gilts. Japanese government bonds underperformed amid renewed inflationary pressures, which pushed yields higher, and expectations of further policy adjustments by the Bank of Japan.

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 30/09/2025

	1 Year %	3 Years %	5 Years %	Volatility % ²
Global Bonds	2.03	-2.78	-11.22	4.91
UK Equities	16.17	49.98	84.14	10.35
US Equities	16.71	59.56	101.23	13.27
European Equities	14.34	56.04	63.29	12.09
Japan Equities	15.93	47.67	47.60	10.70
Asia Equities	16.87	46.85	47.60	10.70
China Equities	16.52	9.27	4.79	20.15
Emerging Market Equities	16.90	36.97	34.79	12.48
Global Equities	16.82	57.01	88.25	11.79

Data source FE Analytics 30/09.2025. 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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