Rapport Investissement Q42025

The fourth quarter of 2025 saw steady growth across global markets. A number of market indices ended the year close to multi-year or record highs, marking the end of a strong time for assets with greater risk. The Fed met expectations by lowering interest rates, the S&P 500 reached an all-time high in the fourth quarter, and enormous investment in AI infrastructure proceeded at a rapid pace, all of which supported predictions for sustained economic and corporate earnings growth in 2026. The S&P 500 continued its impressive three-year run with a slightly positive return for the fourth quarter and an annual return of about 20%.

Early in October, the S&P 500 reached an unprecedented record high to begin the quarter, but as trade tensions between the US and China increased once more, markets saw turbulence in the middle of the month. Trade tensions between the two countries sharply increased after President Trump threatened to impose 100% tariffs on Chinese imports in mid-October, following weeks of like-for-like trade restrictions and price rises. Due to a good Q3 earnings season, growing expectations for a Fed rate decrease, and some de-escalating rhetoric from President Trump about the U.S./China trade war, the short, dramatic decline in U.S. stocks was ultimately short-lived. These optimistic predictions were realized in the last few days of October when the Fed lowered interest rates by an additional 25 basis points and President Trump and Chinese President Xi met to reach another trade "deal" that reduced tariffs on Chinese imports into the United States and reduced trade tensions. In the last days of October, the S&P 500 reached yet another all-time high and ended the month with a significant gain of 2.34%.

November saw a more persistent return to market volatility as a result of dissatisfying AI-related news and growing scepticism about potential Fed rate cuts. The latest Fed decision, which gave markets the desired rate cut but also raised some questions about whether the Fed will lower rates again in December, caused stocks to decline early in the month. The anticipated return on investment of significant AI infrastructure spending was then called into question by a number of headlines and business updates in mid-November. Tech stocks were also under pressure after AI bellwether Nvidia's earnings fell short of expectations. By the middle of the month, the S&P 500 had fallen by about 5% due to these two factors: new concerns about a December rate drop and conflicting business news concerning AI. Nonetheless, remarks made by New York Fed President Williams, who is regarded as one of the Fed's most powerful members, helped keep markets stable around Thanksgiving by hinting that he did anticipate another rate decrease by the Fed in December. The end of the longest government shutdown in American history and Williams' remarks raised expectations for a rate cut in December, which helped stocks rise and conclude the month with a 0.25% gain.

As per S&P Dow Jone Indices, After November's 0.13% increase and the previous ten months' 16.30% (7 months up and 3 down), the month ended in a slight 0.05% decrease (up 0.06% with

dividends), leaving 2025 with a satisfying 16.39% gain (albeit it was the second year of declines, after 2024 was up 23.31% and 2023 was up 24.23%). The Dow Jones Industrial Average® was up 12.97% for 2025 and up 0.73% for the month. The S&P MidCap 400® dropped 0.10% for the month, reaching its 2025 level at 5.90%. The S&P SmallCap 600® was up 4.23% for 2025 after falling 0.26% in December.

Index	1-Month (%)	3-Month (%)	1-Year (%)	3-Year (%)	5-Year (%)
S&P 500	-0.05	2.35	16.39	78.29	82.25
Dow Jones Industrial Average	0.73	3.59	12.97	45.00	57.04
S&P MidCap 400	-0.10	1.27	5.90	35.99	43.29
S&P SmallCap 600	-0.26	1.27	4.23	26.80	31.18

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Uncertainty about Fed policy and conflicting AI news—kept volatility high in early December. However, none of the news was severe enough to trigger a prolonged decline in markets, unlike November. At the December meeting in 2025, the Fed lowered interest rates a third time, but it also made it clear that it had no intention of doing so in the early months of 2026. Nonetheless, the conflicting message wasn't severe enough to cause market disruption, and with a new Fed chair expected in 2026, markets continue to anticipate further rate decreases. When it came to AI, business outcomes were still uneven, with Micron, a manufacturer of memory, outperforming Oracle and Broadcom in their earnings reports. Nevertheless, since there were no further surprises in 2025, year-end momentum propelled the S&P 500 to fresh all-time highs towards the close of the month.

The "Magnificent Seven" stocks also had a fantastic year, as the nation's major tech stocks' valuations continued to rise due to the artificial intelligence (AI) boom. Regretfully, Amazon (NASDAQ: AMZN), which ended 2025 up around 5%, had the worst result of these seven companies and underperformed considerably. The two best-performing "Magnificent Seven" were Nvidia (NASDAQ: NVDA) and Alphabet (NASDAQ: GOOG) (NASDAQ: GOOGL), they completed 2025 with increases of 38.9% and 65.4%, respectively. There were worries that generative AI tools such as ChatGPT might impact Alphabet's business as users increasingly turned to these tools for answers instead of using Google for searches. Up to now, however, Alphabet is demonstrating that it isn't a problem. Rather than ceding search dominance, Alphabet has successfully incorporated AI into its Search operations and often improved the experience. People's search behaviours may change, but thus far, that's a positive indication. Alphabet's Google advertising sector is straightforward and remains its main source of income, accounting for over 72% of total revenue in the third quarter. Nonetheless, its cloud division still appears to show potential. In recent quarters, it has become the fastest-growing business for Alphabet. Nvidia has established itself as the frontrunner in the hardware sector of AI. Should companies proceed with their intentions to expand their AI infrastructure, Nvidia will continue to be one of

the largest beneficiaries. It will undoubtedly lose some influence as firms like Amazon and Alphabet start creating their own chips, but switching providers is not simple for customers



Q4 and Full-Year 2025 Performance Review

All four major indices concluded the fourth quarter with a significant positive return, continuing the impressive year-to-date performance. Because the Dow Industrials index was less affected by the uneven performance of tech stocks during the quarter, it outperformed the other main averages due to strength in financials and industrials. However, due to the significant weightings given to tech stocks, the Nasdaq was the best-performing major index for the entire year, followed by the S&P 500 (where tech is the largest sector). Although they both trailed the Nasdaq and S&P 500, the Dow Industrials and Russell 2000 both saw strong gains at the end of the year.

Due to significant increases in large-cap tech firms, which were fuelled by anticipation for artificial intelligence and steady profits growth, large caps outpaced small caps by market capitalization in both the fourth quarter and the whole year. Nevertheless, because of declining interest rates and overall strong economic development, small caps saw strong gains for the fourth quarter and the entire year. In the fourth quarter, value outpaced growth as growth funds were burdened by mixed tech profits, while the more cyclical oriented sectors that usually dominate value funds were bolstered by strong economic data and additional Fed rate reduction. However, as strength in AI stocks drove growth styles higher throughout the course of the year, tech-heavy growth consistently beat value. Eight of the eleven S&P 500 sectors ended the fourth quarter with a

positive return, indicating a mixed performance on a sectoral level. All 11 sectors concluded the year with gains, nevertheless, for the second year in a row.

Due in large part there were more interest and focus to more value-oriented market segments, the healthcare sector performed by far the best in the fourth quarter. Additionally, concerns that the protracted government shutdown would result in lower federal healthcare spending were allayed, which improved the outlook for healthcare stocks moving forward. Technology and communication services were the best-performing industries for the entire year since they both profited from the significant increases in AI-related tech stocks.

Utilities and real estate, two industries that lagged behind, had slightly negative returns at the end of the fourth quarter. A little decline in sentiment over the AI data centre expansion put tangential pressure on utilities. In the meantime, longer-dated Treasury rates reached multi-month highs due to worries that a "too dovish" Fed chair could rekindle inflation in 2026, and real estate suffered slight decline as a result of persistent worries about home affordability. overall, exposure to more AI and cyclical sectors was preferred due to high AI enthusiasm and steady economic development, so consumer staples and real estate were the relative laggards for the entire year. More precisely, while higher tariffs had a detrimental effect on consumer staples stocks, real estate faced year-long challenges from rising interest rates.

S&P 500 Total Returns by Month in 2025											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2.78%	-1.30%	-5.63%	-0.68%	6.29%	5.09%	2.24%	2.03%	3.65%	2.34%	0.25%	0.72%

Source: Morningstar

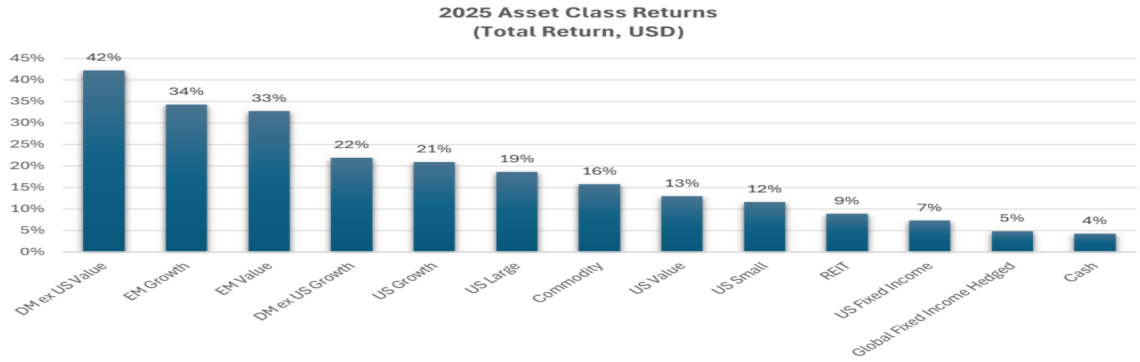
US Equity Indexes	Q4 Return	2025 Return
S&P 500	2.66%	17.88%
DJ Industrial Average	4.03%	14.92%
NASDAQ 100	2.47%	21.02%
S&P MidCap 400	1.64%	7.50%
Russell 2000	2.19%	12.81%

Source: YCharts

Global Equities

Global equity markets saw moderate but consistent increases during the fourth quarter of 2025. Major indices were left close to cycle highs and, in many cases, at record-highs as a result. For the entire year, the MSCI World Index—which consists of 23 developed market nations—gained 21% in US dollars. On the whole, global markets performed better than US equities, with a widespread improvement across all regions. Late in the quarter, some year-end profit-taking slowed growth, but overall market sentiment was still favourable. That optimism was bolstered by strong overall earnings growth and the ongoing enthusiasm for businesses utilizing artificial intelligence (AI). regardless of tariff instabilities, interest rate shifts, and questions about the durability of AI-driven

benefits. US stocks (MSCI USA) returned +2.3% in Q4 and +17.3% for 2025. The S&P 500 achieved double-digit increases for the third year in a row, setting new highs. Outside of the US, emerging markets (MSCI EM) saw their best relative performance since 2009, gaining +33.6% for 2025 and +4.7% in Q4, while non-US developed markets (MSCI World ex USA) surged +31.9% for the year and +5.2% in Q4. A declining US dollar and more market activity outside of US mega-caps contributed to gains. International value was one of the best-performing asset classes of the year, but value equities (MSCI ACWI Value: +22.0% in 2025) lagged somewhat behind growth stocks (MSCI ACWI Growth: +22.4% in 2025). Compared to large caps (MSCI ACWI Large Cap) at +23.0% YTD, small caps underperformed but still produced strong gains, at +19.7% YTD.



Performance leadership remained largely concentrated in technology and other growth-oriented industries throughout 2025, but there were indications of market expansion towards the end of the year, especially in value-tilted and international markets where interest was piqued by lower valuations and stronger fundamentals. As the year came to an end, risk appetite was maintained by expectations that the Fed and other major central banks would provide additional, albeit modest, policy easing in 2026. This created a favourable environment for equities.

Total returns (net) % – to the end of December 2025

	3 months			12 months		
Equities	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
MSCI World	3.1	3.2	3.2	21.1	6.8	12.8
MSCI World Value	3.3	3.4	3.4	20.8	6.5	12.5
MSCI World Growth	2.8	2.8	2.9	21.1	6.8	12.8
MSCI World Smaller Companies	2.8	2.9	2.9	19.9	5.7	11.6
MSCI Emerging Markets	4.7	4.8	4.8	33.6	17.8	24.4
MSCI AC Asia ex-Japan	4.3	4.3	4.4	32.3	16.6	23.2
S&P 500	2.7	2.7	2.8	17.9	3.9	9.8
MSCI EMU	5.1	5.1	5.2	40.3	23.7	30.6
FTSE Europe ex UK	6.4	6.4	6.5	37.4	21.1	27.9
FTSE All-Share	6.3	6.3	6.4	33.2	17.4	24.0
TOPIX*	2.5	2.6	2.6	25.8	10.9	17.1

For the first time since 2017, foreign markets beat the S&P 500 for the entire year after outperforming it in the fourth quarter. Due to strong economic growth in China and Europe as

well as anticipation of rate reduction in the UK, foreign developed markets and developing markets saw almost comparable returns in the fourth quarter. However, because of declining global interest rates and a strong Chinese economy, emerging markets performed somewhat better than international developed markets for the entire year.

International Equity Indexes	Q4 Return	2025 Return
MSCI EAFE TR USD (Foreign Developed)	4.32%	31.89%
MSCI EM TR USD (Emerging Markets)	4.33%	34.36%
MSCI ACWI Ex USA TR USD (Foreign Dev & EM)	4.61%	33.11%

Source: YCharts

Commodities

Gold increased 12.2% for the quarter and 62.5% over the year, continuing its protracted run. Over the last three years, gold has increased by more than 135% as it was sought refuge in the face of uncertainty. Gold reached a new all-time high in 2025 and had its best yearly performance since 1979 due to a number of factors, including a lower U.S. currency, growing geopolitical tensions, stubbornly steady inflation, and worries about central bank independence. After gold had already hit a steady series of new highs over the course of nearly two years, silver soared past $50 (it had only historically reached this level twice). Silver usually follows gold, and this year was no exception, posted gains exceeding 140%. A limited supply of silver and its vital role in the manufacturing of solar energy technologies, electric vehicles, and AI-related infrastructure like data centres also contributed to silver's price increases. Alongside gold, the other two major precious metals, palladium and platinum, also increased. The price movement in 2025 was primarily caused by supply shortages for these metals, which are far more industrial in nature.

Exhibit 4: Precious Laggards Followed Gold Starting in June - Monthly Percentage Changes

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Gold	6.6	2.1	9.3	5.3	0.0	0.4	-0.4	4.8	11.9	3.7	5.9
Silver	8.3	-0.5	9.4	-4.3	1.1	9.5	1.7	8.2	**17.4**	4.4	**15.6**
Platinum	8.3	-3.4	5.1	-2.8	9.1	**28.5**	-5.0	6.1	**14.9**	-0.1	6.2
Palladium	11.4	-9.3	7.4	-4.7	3.2	**13.6**	6.1	-7.9	**14.3**	**14.1**	0.9

Source: Bloomberg, Dec. 31, 2024 to Nov. 28, 2025. Monthly percentage returns of spot metal prices. Past performance is not indicative of future results.

Supported by ongoing supply restrictions, a weakening US currency, and growing demand associated with electrification, grid investment, and data centre growth, especially in China, copper reached record highs and concluded a historic year. As the demand for electric vehicles and battery storage continued to rise, lithium also finished the year higher. Oil posted a negative annual return for 2025 as a result of a severe drop in oil prices during the fourth quarter. It was

one of the only significant assets to record a negative return for the year due to worries over the world's excess oil supply, which affected prices throughout 2025 despite increased geopolitical tensions. Oil prices decreased during the quarter and ended the year close to $57 per barrel, a 22.5% decrease from the beginning of 2025. That was the biggest yearly reduction in oil prices since 2020. Global oversupply, rising production from OPEC and non-OPEC producers, and slower demand growth in the face of waning economic momentum all contributed to the decline. In other commodity areas, softs like cocoa have had solid yields thus far despite problems in recent years, and cereal crops are still strong. Metals and cattle have been the two areas where supply has been problematic. With reduced herds as a result of disease and droughts, cattle prices increased by almost 20% over the course of the year, reaching new five-year highs.

Commodity Indexes	Q4 Return	2025 Return
S&P GSCI (Broad-Based Commodities)	0.97%	7.12%
S&P GSCI Crude Oil	-7.02%	-19.99%
GLD Gold Price	11.94%	64.79%

Source: YCharts/Koyfin.com

Global Bonds

In the last quarter of 2025, there was a noticeable split in the worldwide government bond markets. UK government bonds were the noteworthy outperformer notwithstanding volatility. The government's announcement of a larger-than-expected fiscal headroom and a smaller-than-expected gilt remit for the year in November's budget was positively received by markets. That allayed financial worries. In a close vote (5-4) in December, the Bank of England lowered the base rate by 25 basis points in response to a dovish hold. Yields on Japanese government bonds reached multi-decade highs as a result of a large selloff. After taking office as prime minister in October, Sanae Takaichi unveiled a fiscal stimulus plan worth 21.3 trillion yen. There were concerned about Japan's existing high debt load at a time when interest rates are rising due to the package's sheer size. In December, the Bank of Japan raised interest rates by 25 basis points, bringing the policy rate to 0.75%. There was some variation among the markets in the eurozone, with peripheral markets especially Italy performing better. As the European Central Bank (ECB) revised its growth and core inflation projections, German rates increased throughout the curve. As anticipated, interest rates were kept on hold. US Treasury returns were more subdued. The yield curve became steeper, with rates decreasing in the shorter, interest-rate-sensitive portion of the curve while increasing in longer maturities. At its meetings in October and December, the Federal Open Market Committee lowered interest rates by 25 basis points, bringing the federal funds rate down to 3.5–3.75%. Delayed labour market statistics following the US government's

reopening indicated that labour demand had moderated, but not collapsed, with the low-employment, low-fire pattern continuing.

	3 months			12 months		
Government bonds	**USD**	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
JPM GBI US All Mats	0.9	1.0	1.0	6.2	-6.3	-1.1
JPM GBI UK All Mats	3.1	3.1	3.2	12.8	-0.6	5.0
JPM GBI Japan All Mats**	-7.9	-7.8	-7.8	-6.0	-17.1	-12.5
JPM GBI Germany All Traded	-0.5	-0.4	-0.4	12.0	-1.3	4.2
Corporate bonds						
BofA ML Global Broad Market Corporate	0.6	0.7	0.7	10.3	-2.7	2.7
BofA ML US Corporate Master	0.8	0.8	0.9	7.8	-5.0	0.4
BofA ML EMU Corporate ex T1 (5–10Y)	0.1	0.1	0.2	16.9	3.1	8.9
BofA ML £ Non-Gilts	2.4	2.5	2.5	14.7	1.1	6.8
Non-investment grade bonds						
BofA ML Global High Yield	1.2	1.2	1.2	10.8	-2.3	3.2
BofA ML Euro High Yield	0.5	0.6	0.6	19.0	4.9	10.8

Source: LSEG DataStream. Local currency returns in Q4 2025: *8.8%, **-2.2%. Past performance is not a guide to future performance and may not be repeated.

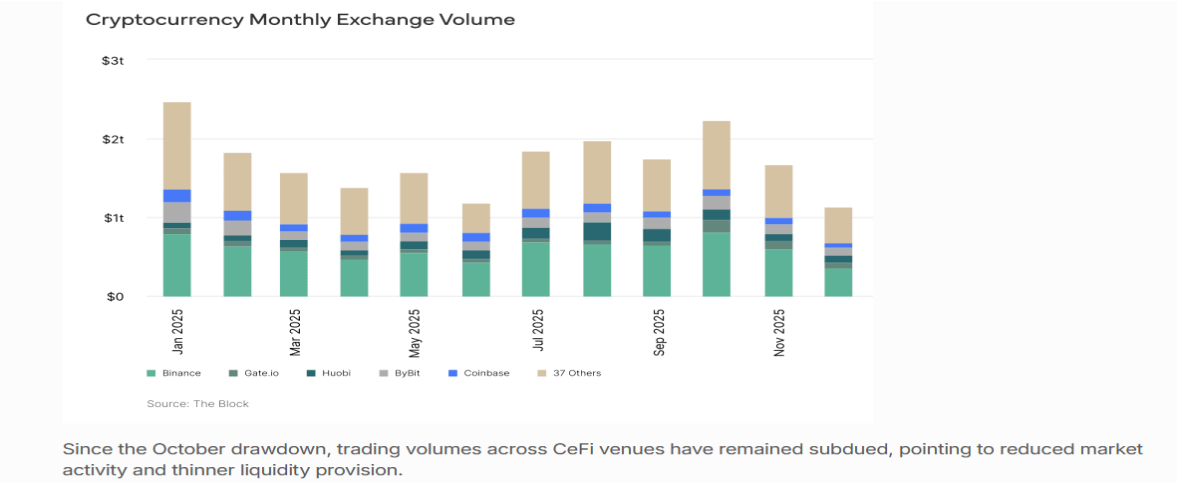
The dominant bond benchmark, the Bloomberg Barclays US Aggregate Bond Index, saw a good fourth-quarter return, contributing to the fixed income markets' impressive year-end result. Looking more closely at fixed income, both long-term and short-term debt showed somewhat positive returns in the fourth quarter. However, longer-term debt did better since inflation readings were better than anticipated and worries about the U.S. fiscal situation continued to fade. Due to the previously noted waning worries about U.S. fiscal ratios, strong U.S. economic growth, and continued strong foreign demand for longer-term U.S. debt, longer-duration bonds easily beat shorter-duration debt on a full-year basis. In the corporate bond market, high-yield bonds performed better in the fourth quarter and throughout the entire year than higher-quality but lower-yielding investment grade debt. This was because there was more desire for higher yields in the face of a stable economy and anticipated earnings growth due to strong economic data and additional Fed rate cuts.

US Bond Indexes	Q4 Return	2025 Return
BBgBarc US Agg Bond	1.10%	7.30%
BBgBarc US T-Bill 1-3 Mon	1.01%	4.29%
ICE US T-Bond 7-10 Year	0.93%	8.20%
BBgBarc US MBS (Mortgage-backed)	1.71%	8.58%
BBgBarc Municipal	1.56%	4.25%
BBgBarc US Corporate Invest Grade	0.84%	7.77%
BBgBarc US Corporate High Yield	1.31%	8.62%

Source: YCharts

Digital Assets

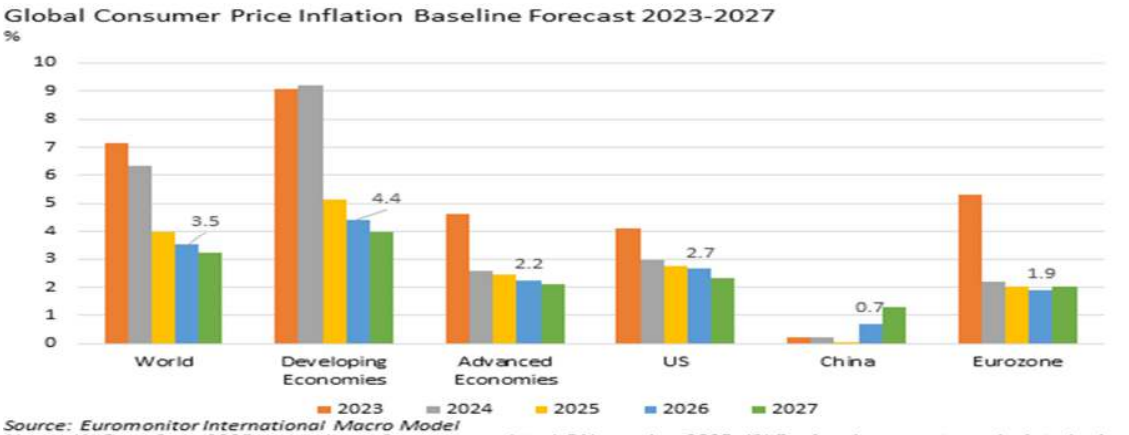
In stark contrast to the robust performance of the majority of traditional asset classes, digital asset markets had a turbulent and ultimately disappointing finish to 2025. Crypto assets had a sharp decline in the fourth quarter after hitting all-time highs earlier in the year, resulting in mixed to negative full-year returns for the biggest assets and extremely negative returns for the majority of the altcoin market. With unprecedented October inflows into cryptocurrency exchange-traded products (ETPs), the fourth quarter of 2025 began with one of the asset class's most turbulent quarters to date. A cautious tone was reinforced in November as global cryptocurrency ETPs recorded net outflows of around US$3.0 billion and basis/funding constricted across majors. After reaching at US$126,000 in early October, Bitcoin was expected to experience its first yearly fall since 2022 by year's end, trading at roughly US$87,000 on December 31. The volatility was more than it had been earlier in the year. Bitcoin finished the year down about 6%, having dropped by about 3% in December and more than 20% over Q4. Ethereum performed worse than Bitcoin, falling more precipitously at the end of the year and ending 2025 with a loss of almost 11%. The idea that digital assets continue to act as high-beta risk assets during stressful times was strengthened by the late-year sell-off, which was widespread and accompanied by tightening financial conditions, rising real rates, and renewed macro uncertainty. One of the main moments of 2025 was the sell-off on October 10. In the history of digital assets, it was one of the most violent disruptions. Over-leveraged cryptocurrency markets experienced a cascade liquidation that wiped more than US $500 billion in market value in a matter of hours, sparked by the same U.S.-China tariff shock that equities swiftly absorbed. Over $19 billion in leveraged positions—mostly long perpetual futures—were destroyed in a single day, making it the biggest 24-hour liquidation event in the history of the cryptocurrency markets. The magnitude of forced unwinds exposed the vulnerability of cross-margin systems and structural flaws in centralized-exchange risk engines.



Since the October drawdown, trading volumes across CeFi venues have remained subdued, pointing to reduced market activity and thinner liquidity provision.

Global Inflation

Front-loaded shipments and trade rerouting have prevented tariffs and supply chain realignment from having a significant influence on inflation thus far. As economic activity declines, lower energy prices are expected to support a further decrease in global consumer price inflation, which is predicted to reach 3.5% in 2026 from an estimated rate of 4.0% in 2025. Key economies continue to have different rates of inflation. Since H2 2025, the US has seen a small uptick in inflation due to front-loading inventories, rising import taxes, and persistently high service inflation. In 2025–2026, the US annual average inflation rate is predicted to remain quite high at 2.7–2.8%. In the meantime, headline inflation in the Eurozone is getting close to the ECB's 2% objective, mostly due to cheaper energy prices. In November 2025, the Eurozone's annual inflation rate was lowered from an early forecast of 2.2% to 2.1%, which is consistent with the October figure. With energy costs being low and core inflation components continuing to decline, this lower adjustment indicates a small easing of pricing pressures throughout the single currency bloc. The annual inflation rate in China rose from 0.2% in October 2025 to 0.7% in November. With this acceleration, inflation reached its highest level since February 2024 and was in line with market projections. The increase in consumer prices points to a potential easing of deflationary pressures that had worried policymakers in earlier months as well as a modest revival in domestic demand. Higher food and energy costs as well as specific government initiatives meant to boost household consumption may be responsible for the improvement in inflation.



Source: Euromonitor International Macro Model
Notes: (1) Data from 2025 onwards are forecasts, updated 6 November 2025; (2) Regional aggregates calculated using PPP weights.

<u>Performance by Region</u>

UK

Building on gains earlier in the year, UK equities did well in the fourth quarter of 2025 and ended the year around multi-year highs. Large, globally oriented businesses dominated performance, especially in the finance, mining, defence, and other commodity-related industries. Strong

international demand, rising commodity prices, and a marginally declining pound all helped these regions. Companies that were more dependent on the domestic UK economy, on the other hand, underperformed because of ongoing cost issues and pressure on consumer spending. For UK equities, the entire year turned out to be among the best in almost ten years. Global earnings exposure, favourable valuations in comparison to US markets, and consistent demand for dividend-paying equities all contributed to the FTSE All-Share Index's 33% increase in US dollars.

Japan

In the fourth quarter of 2025, the Japanese equities market continued to rise, with the Nikkei 225 rising 12.0% in local currency terms and the TOPIX Total Return rising 8.8%. Worldwide, connected stocks and general sentiment were bolstered by prospects of robust development in generative AI and defence investment. At home, the election of Sanae Takaichi as prime minister and the creation of a coalition government between the Japan Innovation Party (JIP) and the Liberal Democratic Party (LDP) were seen as indicators of increased fiscal stimulus and political stability. In December, the Bank of Japan increased interest rates and hinted at further increases in 2026. This bolstered share prices and increased optimism about domestic growth. As the quarter came to a finish, growing concerns over valuation led to further volatility in AI and defence-related names as well as the overall market.

Eurozone

In the fourth quarter of 2025, Eurozone shares performed well. Due to widespread stock gains throughout the region, markets shown resilience through year-end, and major benchmarks ended the period close to multi-year highs. Eurozone shares also outpaced US stocks, with the MSCI EMU Index yielding an annual return of over 40% in US dollars. The Fed's ongoing rate decreases helped relax global financial conditions and lower risks for European assets, boosting confidence. Mixed economic conditions persisted throughout the eurozone. Export-oriented industries suffered as a result of the ongoing decline in manufacturing activity, particularly in Germany. Nonetheless, services activity continued to be robust, which contributed to a slight increase in overall business activity. Despite the softening of the manufacturing job market, employment patterns remained generally constant, with hiring in services continuing to be robust. The European Central Bank (ECB) maintained policy rates in December while promising to keep a close eye on growth and price trends as inflation pressures subsided. The real GDP growth estimate for the eurozone was increased from 1.2% to 1.4% for the entire year 2025 in the ECB's December 2025 predictions.

Asia ex Japan

In terms of US dollars, the MSCI AC Asia ex-Japan Index increased by 4.3% during the fourth quarter of 2025. The index experienced a significant gain of 32% for the full year 2025. Technology and AI-related themes continued to drive performance during the quarter, especially in North Asia, where markets with substantial exposure to semiconductors, hardware, and data-center infrastructure profited from consistent end-demand. Due to its significant concentration in internationally competitive chipmakers, South Korea was a notable contributor. The success of Chinese and other regional technology stocks was more inconsistent, but it still had a significant impact on attitude. Due to stronger domestic demand and better local economic conditions, multiple Southeast Asian markets, such as Indonesia, Malaysia, and the Philippines, reported strong gains; in contrast, Thailand and Singapore saw more subdued returns due to weaker external demand and persistent trade-related uncertainty. Due to positive domestic growth dynamics, policy continuity, and a market structure less dependent on a small number of highly valued mega cap technology stocks, India also made progress during the quarter. The macroeconomic landscape continued to be more contradictory. Despite ongoing difficulties with real estate and consumer demand, China received selective help from tailored stimulus programs focused on industrial upgrading and green industries.

Geopolitics continued to have a significant impact on world stability during Q4 2025, especially in the confrontations between Israel and Hamas and Russia and Ukraine. In Eastern Europe, intense Russian shelling and drone attacks targeting Ukrainian infrastructure persisted through winter, marked by major military confrontations near crucial areas like Donetsk and ongoing strain on Ukrainian cities and energy systems, all while diplomatic initiatives for formal security assurances progressed among Western partners. In the Middle East, a previous ceasefire between Israel and Hamas negotiated in October under U.S. and regional mediation marked a key shift after years of fighting, though intermittent gunfire and humanitarian difficulties persisted surrounding Gaza. As the year came to an end, these overlapping disputes in late 2025 increased perceptions of global risk, which affected commodity prices, safe-haven flows, and diplomatic realignments. Finally, eagerness for artificial intelligence, additional Fed rate reduction, and steady economic growth helped balance decades-high tariff rates and overall policy instability, making 2025 another successful year for markets.