



Stocks soar to new highs following strong September

2025 Q3 review by Jake Winterton, Assistant Fund Manager, and Jasper Jogi, Multi Asset Analyst

Equity markets continued to rally over the quarter, as investors shrugged off tariff concerns and geopolitical tensions. Growth stocks, particularly in technology, communications, and discretionary sectors, led the charge as markets soared higher. These sectors in particular were supported by better-than-expected earnings and broadly resilient macro data (Chart 1). The S&P 500, Nasdaq, and Russell 2000 all hit fresh all-time highs in September in local currency terms. Summer returns have historically been subdued for equity markets but a strong September drove the S&P 500 to its strongest third quarter since 2020.

In most major economies, government bond yields continued to drift higher, especially at longer dated levels. Concerns around the fiscal situations in Europe and the UK seemed to be key drivers of this theme, while political uncertainty and a more hawkish sounding BoJ saw yields trend higher in Japan too. US treasuries performed much better with yields falling, even at the longer end. This came despite fresh attacks on Fed independence as Trump moved to fire Lisa Cook from the Fed's Board of Governors. Weaker labour market data which gave way to Fed rate cuts was one key driver of US bond outperformance.

On a tactical level, we maintained our overweight in US equities and growth sectors, which continued to outperform amid strong earnings. Our Investment Clock has moved into Recovery, a phase where stocks typically offer their best returns. The global macro backdrop remains supportive, earnings remain strong and central banks are cutting rates.

Please see the [Investment Clock blog](#) for our latest views.

Chart 1: US growth sectors have led the equity rally

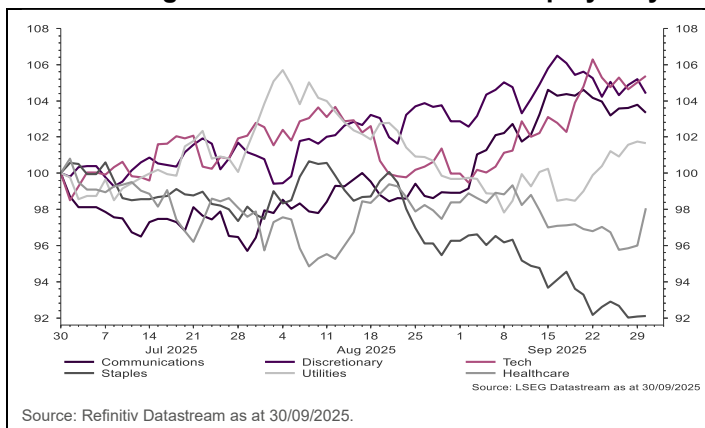


Chart 2: USTs have bucked the trend of rising yields

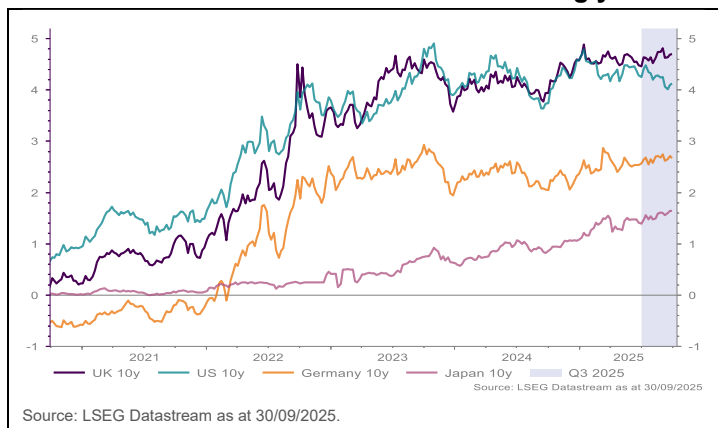


Table 1: Sterling-based annual returns from major asset classes 2018 – Q3 2025

Year	2018	2019	2020	2021	2022	2023	2024	YTD
1	Property +7.5%	Global Stocks +22.6%	Global Stocks +14.3%	Commodities +28.3%	Commodities +30.7%	Global Stocks +16.0%	Global Stocks +20.2%	UK Stocks +16.6%
2	Cash +0.6%	UK Stocks +19.2%	EM Stocks +11.9%	Global Stocks +20.0%	Cash +1.0%	Global Credit +8.0%	EM Stocks +14.8%	EM Stocks +15.5%
3	Gilts +0.6%	EM Stocks +15.9%	Gilts +8.3%	Property +19.9%	UK Stocks +0.3%	UK Stocks +7.9%	UK Stocks +9.5%	Global Stocks +10.6%
4	Multi Asset -1.3%	Global Credit +10.6%	Global Credit +7.2%	UK Stocks +18.3%	EM Stocks -6.4%	Multi Asset +6.6%	Commodities +7.3%	Multi Asset +6.5%
5	Global Credit -2.7%	Multi Asset +9.8%	Multi Asset +5.3%	Multi Asset +7.8%	Global Stocks -7.8%	Cash +4.4%	Property +7.0%	Global Credit +6.0%
6	Global Stocks -3.1%	Gilts +6.9%	Cash +0.3%	EM Stocks +1.0%	Multi Asset -8.7%	Gilts +3.7%	Multi Asset +6.9%	Property +5.0%
7	Commodities -5.7%	Commodities +3.5%	Property -1.0%	Cash +0.0%	Property -10.1%	EM Stocks +2.9%	Cash +5.3%	Cash +3.4%
8	EM Stocks -7.6%	Property +2.1%	Commodities -6.1%	Global Credit -1.0%	Global Credit -15.3%	Property -0.1%	Global Credit +3.3%	Gilts +1.9%
9	UK Stocks -9.5%	Cash +0.7%	UK Stocks -9.8%	Gilts -5.2%	Gilts -23.8%	Commodities -13.1%	Gilts -3.3%	Commodities +1.8%

Past performance is not a reliable indicator of future results. Source: RLAM, Refinitiv Datastream as at 30 September 2025; property as at August 2025. 'Multi Asset' returns are based on the benchmark weights of Royal London GMAP Balanced Fund. Indices used are FTSE All Share, FTSE World, MSCI Emerging Markets ESG Leaders, MSCI/AREF UK All Balanced Quarterly Property Fund, Bloomberg Commodity Index, BoAML BB-B Global Non-Financial High Yield Constrained Index, iBoxx Sterling Non-Gilt Index, Bloomberg Barclays Global Aggregate Corporate Index, FTSE Actuaries UK Index Linked Gilts, Bloomberg Barclays UK Government Inflation Linked Bond 1-10 year Index, Bloomberg Barclays World Government Inflation Linked Bond (ex UK) 1-10 year, FTSE Actuaries UK Conventional Gilts Index, JPM Global ex-UK Traded Index, FTSE Actuaries UK Conventional Gilts up to 5 Years Index, SONIA. Total returns in sterling terms.

Markets: Technology stocks continue to lead as tariff fears ease

- Global equities extended their rally from the Liberation Day lows as macro indicators continued to recover, with tariff impact proving less negative than feared.
- Emerging markets and Asia Pacific led gains on improved US-China relations and expectations of Chinese policy easing. Europe lagged, not helped by weaker earnings.
- Technology continued to outperform other sectors, boosted by strong earnings growth. Defensives lagged, with staples especially weak.
- Fed and BoE both cut rates by 25bps. Treasuries outperformed as softer US labour data saw US yields fall, while longer-end bund and gilt yields rose on fiscal concerns in Europe and UK.
- Broad commodities ended higher as precious metals continued to rally. Gold made new all-time highs above \$3,800 and recorded its strongest month since April 2011.
- US dollar stabilised after its worst H1 in nearly 50 years; sterling weakened against most majors on fiscal concerns ahead of the Autumn budget.

FX	1 GBP buys	%chg Q3 (vs GBP)	%chg 2025 (vs GBP)
USD	1.35	1.9	-7.0
EUR	1.14	1.8	5.7
CHF	1.07	1.8	6.3
JPY	198.8	-0.5	-0.9
AUD	2.03	2.6	-0.4
CAD	1.87	-0.3	-3.9

CB rates	Rate (%)	chg in Q3 (%)	chg 2025 (%)
Fed	4.25	-0.25	-0.25
BoE	4.00	-0.25	-0.75
ECB	2.00	0.00	-1.00
BoJ	0.48	0.00	0.25

Bond Yield	Yield (%)	chg in Q3 (bps)	chg 2025 (bps)
US 10 Year	4.15	-8	-42
UK 10 Year	4.70	21	13
EU 10 Year	2.71	10	34
JP 10 Year	1.64	21	55

Multi Asset

UK Stocks	6.9	16.6	6.9	16.6
Global ex UK Stocks	8.2	16.1	9.8	10.6
Gilts	-0.6	1.9	-0.6	1.9
UK Cash	1.1	3.4	1.1	3.4
UK Property	1.1	5.0	1.1	5.0
Commodities	3.6	9.4	5.5	1.8

Equity Regions

UK	6.9	16.6	6.9	16.6
North America	8.2	15.5	10.1	7.6
Europe ex UK	3.2	13.8	5.1	20.1
Japan	11.0	14.7	10.5	13.6
Pacific ex Japan	12.3	19.8	12.2	18.1
Emerging Markets	11.8	21.7	12.6	15.5

Global

Equity Sectors

Consumer Discretionary	10.0	8.1	11.7	2.7
Industrials	5.2	19.0	6.7	15.2
Financials	5.2	19.3	6.8	14.7
Consumer Staples	-1.3	4.5	0.1	0.4
Utilities	5.3	17.6	6.9	13.1
Healthcare	3.6	1.9	5.3	-2.5
Energy	6.3	8.9	7.6	3.8
Materials	11.7	18.8	13.3	15.6
Communication Services	4.8	21.3	6.1	17.8
Technology	13.3	21.5	14.8	14.5

Bonds

Conventional Gilts	-0.6	1.9	-0.6	1.9
Index Linked Gilts	-1.3	-1.9	-1.3	-1.9
GBP Credit	0.7	4.2	0.7	4.2
Global High Yield	2.5	6.8	2.5	7.1

Commodities

Energy	-3.3	-4.5	-1.6	-11.1
Agriculture	-0.8	-2.9	1.0	-9.6
Industrial Metals	0.2	8.3	2.0	0.8
Precious Metals	19.2	47.9	21.3	37.6

Local Currency		GBP	
Q3	2025	Q3	2025
6.9	16.6	6.9	16.6
8.2	16.1	9.8	10.6
-0.6	1.9	-0.6	1.9
1.1	3.4	1.1	3.4
1.1	5.0	1.1	5.0
3.6	9.4	5.5	1.8

Local Currency		GBP	
Q3	2025	Q3	2025
6.9	16.6	6.9	16.6
8.2	15.5	10.1	7.6
3.2	13.8	5.1	20.1
11.0	14.7	10.5	13.6
12.3	19.8	12.2	18.1
11.8	21.7	12.6	15.5

Local Currency		GBP	
Q3	2025	Q3	2025
10.0	8.1	11.7	2.7
5.2	19.0	6.7	15.2
5.2	19.3	6.8	14.7
-1.3	4.5	0.1	0.4
5.3	17.6	6.9	13.1
3.6	1.9	5.3	-2.5
6.3	8.9	7.6	3.8
11.7	18.8	13.3	15.6
4.8	21.3	6.1	17.8
13.3	21.5	14.8	14.5

Local Currency		GBP	
Q3	2025	Q3	2025
-0.6	1.9	-0.6	1.9
-1.3	-1.9	-1.3	-1.9
0.7	4.2	0.7	4.2
2.5	6.8	2.5	7.1

Local Currency		GBP	
Q3	2025	Q3	2025
-3.3	-4.5	-1.6	-11.1
-0.8	-2.9	1.0	-9.6
0.2	8.3	2.0	0.8
19.2	47.9	21.3	37.6

Note: Standard indices sourced from DataStream and Bloomberg as at 30 September 2025; property data as at 31 August 2025.

Jake Winterton is the assistant fund manager, and Jasper Jogi is the analyst within Royal London Asset Management's multi asset team. The team manages portfolios including the Governed Range pension portfolios, the Global Multi Asset Portfolios (GMAPs), Multi Asset Strategies Fund (MAST) which is available on third party platforms and the euro based multi asset funds that form the core of the Royal London Irish pensions offering.

Investment risks – RL GMAP fund range

Investment risk: The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

Credit risk: Should the issuer of a fixed income security become unable to make income or capital payments, or their rating is downgraded, the value of that investment will fall. Fixed income securities that have a lower credit rating can pay a higher level of income and have an increased risk of default.

Derivative risk: Derivatives are highly sensitive to changes in the value of the underlying asset which can increase both fund losses and gains. The impact to the fund can be greater where they are used in an extensive or complex manner, where the fund could lose significantly more than the amount invested in derivatives.

EPM Techniques: The fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the fund to increased price volatility.

Exchange Rate risk: Changes in currency exchange rates may affect the value of your investment.

Interest Rate risk: Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

Emerging Markets risk: Investing in emerging markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

Counterparty risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the fund to financial loss.

Fund investing in Funds risk: The fund is valued using the latest available price for each underlying investment, however it may not fully reflect changing stock market conditions and the fund may apply a 'fair value price' to all or part of its portfolio to mitigate this risk. In extreme liquidity conditions, redemptions in the underlying investments, and/or the fund itself, may be deferred or suspended.

Liquidity and Dealing risk: The fund invests indirectly in assets that may at times be difficult to value, harder to sell, or sell at a fair price. This means that there may be occasions when you experience a delay in being able to deal in the fund, or receive less than may otherwise be expected when selling your investment.

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Our ref: PDF RLAM PD 0285