



Precious metals stole the spotlight in an eventful year

2025 Q4 review by Jake Winterton, Assistant Fund Manager, and Jasper Jogi, Multi Asset Analyst

Global equities closed the year with a remarkable 20% gain in local currency terms – an outcome that would have seemed unimaginable to most investors during the chaos of the ‘Liberation Day’ sell-off back in April. Despite the persistent ‘AI bubble’ narrative dominating headlines through H2 2025, regional performance in 2025 was actually not led by the US stocks (Chart 1). The technology sector did offer strong performance over the year, however cyclical sectors such as materials and financials also managed to keep pace. This reflected lofty valuations of the megacap growth stocks which helped temper ‘irrational exuberance’, a pick-up in earnings growth across the broader market, and central bank rate cuts that lifted expectations for more cyclical areas of the global economy.

Despite the strength in risk assets, there were a plethora of risk events over the year: the ongoing war in Ukraine; policy uncertainty around US tariffs; fears around Fed independence; and geopolitical escalations in the Middle East and more recently between the US and Venezuela. This environment proved ideal for precious metals, which filled the hedging role left vacant by muted fixed income demand (Chart 2). Gold and silver delivered their strongest annual returns since 1979. Elsewhere, the US dollar suffered its worst year since 2017, with much of this depreciation coming as investors reacted to the political uncertainty surrounding ‘Liberation Day’.

On a tactical level, we remained overweight global equities, with a preference towards Japan and growth and cyclical sectors vs defensives. Our Investment Clock has been moving from Reflation towards Recovery, which bodes well for equities. We continue to hold gold as a hedge. While equity valuations remain elevated, support remains in the short-medium term: earnings growth is broadening, policy continues to loosen in most countries, and the seasonal backdrop is set for the rally to continue into 2026.

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

Chart 1: US stocks underperformed regionally in 2025

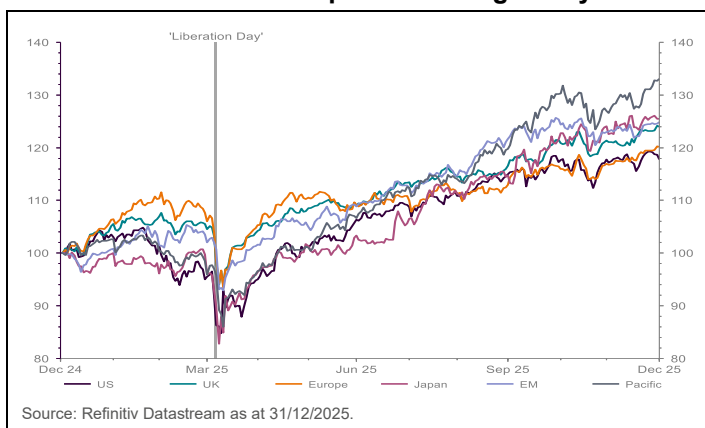


Chart 2: Precious metals outperformed sharply in 2025

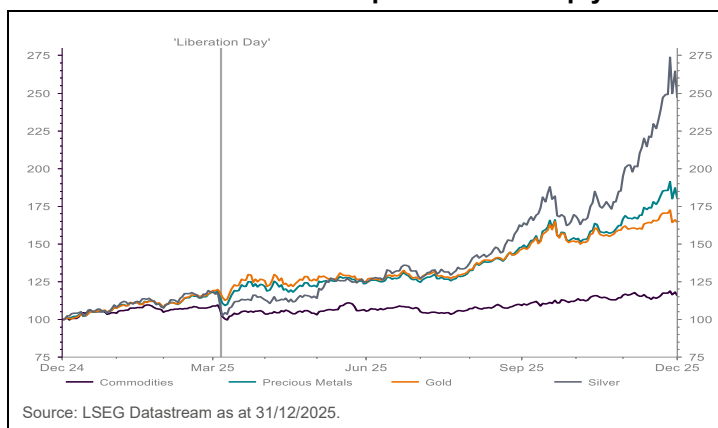


Table 1: Sterling-based annual returns from major asset classes 2018 – 2025

| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 1 | Property +7.5% | Global Stocks +22.6% | EM Stocks +15.0% | Commodities +28.3% | Commodities +30.7% | Global Stocks +16.0% | Global Stocks +20.2% | EM Stocks +25.1% |
| 2 | Cash +0.6% | UK Stocks +19.2% | Global Stocks +14.3% | Global Stocks +20.0% | Cash +1.0% | Global Credit +8.0% | EM Stocks +10.0% | UK Stocks +24.0% |
| 3 | Gilts +0.6% | EM Stocks +14.3% | Gilts +8.3% | Property +19.9% | UK Stocks +0.3% | UK Stocks +7.9% | UK Stocks +9.5% | Global Stocks +14.3% |
| 4 | Multi Asset -1.3% | Global Credit +10.6% | Global Credit +7.2% | UK Stocks +18.3% | Global Stocks -7.8% | Multi Asset +6.6% | Commodities +7.3% | Multi Asset +9.5% |
| 5 | Global Credit -2.7% | Multi Asset +9.8% | Multi Asset +5.3% | Multi Asset +7.8% | Multi Asset -8.7% | Cash +4.4% | Property +7.0% | Commodities +7.8% |
| 6 | Global Stocks -3.1% | Gilts +6.9% | Cash +0.3% | Cash +0.0% | EM Stocks -9.6% | EM Stocks +4.0% | Multi Asset +6.9% | Global Credit +7.0% |
| 7 | Commodities -5.7% | Commodities +3.5% | Property -1.0% | Global Credit -1.0% | Property -10.1% | Gilts +3.7% | Cash +5.3% | Property +6.5% |
| 8 | EM Stocks -8.9% | Property +2.1% | Commodities -6.1% | EM Stocks -1.3% | Global Credit -15.3% | Property -0.1% | Global Credit +3.3% | Gilts +5.0% |
| 9 | UK Stocks -9.5% | Cash +0.7% | UK Stocks -9.8% | Gilts -5.2% | Gilts -23.8% | Commodities -13.1% | Gilts -3.3% | Cash +4.4% |

Past performance is not a reliable indicator of future results. Source: RLAM, Refinitiv Datastream as at 31 December 2025; property as at 30 November 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 Index, 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: Loosening policy drives broad-based gains in financial assets

- Global stocks recorded a third consecutive year of double-digit returns, supported by monetary and fiscal stimulus, and optimism around AI. Stocks have now gained more than 60% over the past three years.
- Rest of the world outperformed US equities over Q4 and 2025, led by Asian tech and Japanese stocks, with the latter boosted by yen weakness.
- Growth sectors experienced bouts of weakness, with 'AI bubble' concerns frequently dominating headlines. Value cyclicals performed well, while traditional defensives lagged.
- Government bond curves steepened, as fiscal concerns pushed longer end yields higher despite central bank rate cuts (with the BoJ as exception). Japan 10y recorded largest annual rise since 1994.
- Precious metals led broad commodities higher as gold (+65%) and silver (+147%) witnessed their strongest year since 1979.
- US dollar posted its second-worst year in over two decades, weighed down by policy uncertainty amid President Trump's erratic tariff shifts.

| FX | 1 GBP buys | %chg Q4 (vs GBP) | %chg 2025 (vs GBP) |
|-----|------------|------------------|--------------------|
| USD | 1.35 | 0.1 | -6.9 |
| EUR | 1.15 | -0.1 | 5.5 |
| CHF | 1.07 | 0.2 | 6.5 |
| JPY | 211.0 | -5.7 | -6.6 |
| AUD | 2.02 | 0.8 | 0.4 |
| CAD | 1.85 | 1.5 | -2.4 |

| CB rates | Rate (%) | chg in Q4 (%) | chg 2025 (%) |
|----------|----------|---------------|--------------|
| Fed | 3.75 | -0.50 | -0.75 |
| BoE | 3.75 | -0.25 | -1.00 |
| ECB | 2.00 | 0.00 | -1.00 |
| BoJ | 0.73 | 0.25 | 0.50 |

| Bond Yield | Yield (%) | chg in Q4 (bps) | chg 2025 (bps) |
|------------|-----------|-----------------|----------------|
| US 10 Year | 4.17 | 2 | -40 |
| UK 10 Year | 4.48 | -22 | -9 |
| EU 10 Year | 2.86 | 14 | 49 |
| JP 10 Year | 2.04 | 40 | 95 |

Multi Asset

| | | | | |
|---------------------|-----|------|-----|------|
| UK Stocks | 6.4 | 24.0 | 6.4 | 24.0 |
| Global ex UK Stocks | 3.7 | 20.3 | 3.4 | 14.3 |
| Gilts | 3.1 | 5.0 | 3.1 | 5.0 |
| UK Cash | 1.0 | 4.4 | 1.0 | 4.4 |
| UK Property | 0.8 | 6.5 | 0.8 | 6.5 |
| Commodities | 5.8 | 15.8 | 5.9 | 7.8 |

Equity Regions

| | | | | |
|------------------|------|------|-----|------|
| UK | 6.4 | 24.0 | 6.4 | 24.0 |
| North America | 2.5 | 18.4 | 2.7 | 10.5 |
| Europe ex UK | 6.4 | 21.1 | 6.5 | 27.9 |
| Japan | 9.3 | 25.4 | 3.1 | 17.1 |
| Pacific ex Japan | 11.2 | 33.1 | 9.8 | 29.6 |
| Emerging Markets | 2.6 | 24.8 | 1.9 | 17.8 |

Global

Equity Sectors

| | | | | |
|------------------------|------|------|------|------|
| Consumer Discretionary | 0.0 | 8.1 | -0.4 | 2.3 |
| Industrials | 2.5 | 22.0 | 2.0 | 17.5 |
| Financials | 5.2 | 25.5 | 5.1 | 20.6 |
| Consumer Staples | 1.5 | 6.1 | 1.4 | 1.7 |
| Utilities | 2.5 | 20.5 | 2.5 | 15.9 |
| Healthcare | 10.2 | 12.2 | 10.0 | 7.3 |
| Energy | 2.8 | 12.0 | 2.9 | 6.8 |
| Materials | 6.4 | 26.5 | 6.6 | 23.2 |
| Communication Services | -3.0 | 17.7 | -4.0 | 13.1 |
| Technology | 3.3 | 25.5 | 3.0 | 17.9 |

Bonds

| | | | | |
|--------------------|-----|-----|-----|-----|
| Conventional Gilts | 3.1 | 5.0 | 3.1 | 5.0 |
| Index Linked Gilts | 3.3 | 1.3 | 3.3 | 1.3 |
| GBP Credit | 2.6 | 6.9 | 2.6 | 6.9 |
| Global High Yield | 1.3 | 8.3 | 1.4 | 8.6 |

Commodities

| | | | | |
|-------------------|------|-------|------|-------|
| Energy | -6.2 | -10.4 | -6.2 | -16.6 |
| Agriculture | 0.6 | -2.3 | 0.7 | -9.0 |
| Industrial Metals | 12.0 | 21.4 | 12.1 | 13.0 |
| Precious Metals | 21.8 | 80.2 | 21.9 | 67.7 |

| Local Currency | | GBP | |
|----------------|------|-----|------|
| Q4 | 2025 | Q4 | 2025 |
| 6.4 | 24.0 | 6.4 | 24.0 |
| 3.7 | 20.3 | 3.4 | 14.3 |
| 3.1 | 5.0 | 3.1 | 5.0 |
| 1.0 | 4.4 | 1.0 | 4.4 |
| 0.8 | 6.5 | 0.8 | 6.5 |
| 5.8 | 15.8 | 5.9 | 7.8 |

| Local Currency | | GBP | |
|----------------|------|-----|------|
| Q4 | 2025 | Q4 | 2025 |
| 6.4 | 24.0 | 6.4 | 24.0 |
| 2.5 | 18.4 | 2.7 | 10.5 |
| 6.4 | 21.1 | 6.5 | 27.9 |
| 9.3 | 25.4 | 3.1 | 17.1 |
| 11.2 | 33.1 | 9.8 | 29.6 |
| 2.6 | 24.8 | 1.9 | 17.8 |

| Local Currency | | GBP | |
|----------------|------|------|------|
| Q4 | 2025 | Q4 | 2025 |
| 0.0 | 8.1 | -0.4 | 2.3 |
| 2.5 | 22.0 | 2.0 | 17.5 |
| 5.2 | 25.5 | 5.1 | 20.6 |
| 1.5 | 6.1 | 1.4 | 1.7 |
| 2.5 | 20.5 | 2.5 | 15.9 |
| 10.2 | 12.2 | 10.0 | 7.3 |
| 2.8 | 12.0 | 2.9 | 6.8 |
| 6.4 | 26.5 | 6.6 | 23.2 |
| -3.0 | 17.7 | -4.0 | 13.1 |
| 3.3 | 25.5 | 3.0 | 17.9 |

| Local Currency | | GBP | |
|----------------|------|-----|------|
| Q4 | 2025 | Q4 | 2025 |
| 3.1 | 5.0 | 3.1 | 5.0 |
| 3.3 | 1.3 | 3.3 | 1.3 |
| 2.6 | 6.9 | 2.6 | 6.9 |
| 1.3 | 8.3 | 1.4 | 8.6 |

| Local Currency | | GBP | |
|----------------|-------|------|-------|
| Q4 | 2025 | Q4 | 2025 |
| -6.2 | -10.4 | -6.2 | -16.6 |
| 0.6 | -2.3 | 0.7 | -9.0 |
| 12.0 | 21.4 | 12.1 | 13.0 |
| 21.8 | 80.2 | 21.9 | 67.7 |

Note: Standard indices sourced from DataStream and Bloomberg as at 31 December 2025; property data as at 30 November 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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