FOURTH QUARTER 2025 REVIEW & OUTLOOK
EXECUTIVE SUMMARY

12 January 2026

PORTFOLIO THEMES

- While risks remain, we believe the market's underappreciated positives outweigh potential headwinds, supporting the continuation of the global bull market into 2026.
- We expect non-US and Value equities to continue leading global performance over the year, while US equities and Technology should also fare well.
- A steep global yield curve continues fueling strong loan growth. This trend should remain a relative tailwind for non-US economies and markets, particularly as the US Fed evaluates its own policy path.

MARKET OUTLOOK

- **Political Tailwinds Should Support this Bull Market:** With few major elections globally and most trade negotiations now resolved, political uncertainty outside the US remains subdued. While volatility may increase ahead of the US midterm elections, the outcome is likely to result in greater legislative gridlock – historically supportive of market returns.
- **Post-Correction Optimism Does Not Signal the End:** Although investor sentiment has improved following the 2025 market correction, lingering economic and geopolitical concerns suggest the market has not reached euphoric levels. The "wall of worry" remains intact, allowing the bull market to continue.
- **Fundamentals Remain Underappreciated:** A steep global yield curve continues to support non-US economic growth. Declining trade uncertainty, resilient corporate earnings, and strong balance sheets are fostering increased investment and reinforcing the foundation for continued expansion.

A late-year rally brought global stocks' returns to 22.3% in 2025, finishing December near all-time highs.[i] Emerging Markets (EM) also ended the year higher, rising 33.6%.[ii] Numerous countries set new records as years of US dominance gave way to non-US outperformance, evidence this bull market is fueled by much more than just big US Tech and Tech-like stocks.

A third consecutive year of near or above 20% returns might have some wondering if stocks have come "too far, too fast" considering long-term annualised returns are closer to 10%.[iii] But stocks' long-term average includes both bull and bear markets. The average return during bull markets is 23% per year, on par with the last few years.[iv]

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i Source: FactSet, as of 07/01/2026. MSCI ACWI Index return with net dividends, 31/12/2024 – 31/12/2025.

ii Source: FactSet, as of 07/01/2026. MSCI EM Index return with net dividends, 31/12/2024 – 31/12/2025.

iii Source: Finaeon, Inc., as of 24/12/2025. S&P 500 total return, 31/12/1929 – 31/12/2024.

iv Ibid. Return is price-only due to daily data availability used in calculating bull market trough-to-peak returns.

2025's journey was anything but average, however, with a sharp correction early and a leadership shift as the "Magnificent Seven" big Tech and Tech-like stocks lagged.[v] We expect more of the same in 2026 as this bull market marches into its fourth year. Though the landscape isn't risk-free and we expect volatility, underappreciated positives outnumber and outweigh the potential drawbacks.

Politics adds another wrinkle as midterm campaigning heats up. US midterm years often begin with a volatile grind before the traditional "Midterm Miracle" routinely boosts stocks later in the year. The president's party almost always loses relative clout in Congress at midterms, increasing bullish gridlock. Now, the pre-election grind doesn't necessarily mean bad returns early. But volatility is more common ahead of the vote, as campaign rhetoric stirs sentiment.

While the calendar has flipped, headlines remain stuck on old talking points like the alleged AI bubble, inflation, tariffs and Fed moves. Markets have heard and priced all of this, climbing the wall of worry. This helped sentiment improve markedly, with investors seriously optimistic but not euphoric in the US. Abroad, sentiment is more measured but less pessimistic than a year ago. Regardless, warming sentiment on its own means nothing. Markets hinge on how sentiment evolves relative to reality and whether bullish drivers get noticed and priced in. Note, too, some of the more speculative pockets like bitcoin and meme stocks have already rolled over, yet the bull market continues.

Many of the market's positives remain underappreciated. We think the rally is much broader than headlines allege. Many presume the Magnificent Seven alone drive the bull market, yet five of them lagged in 2025 and, again, the Tech-rich US underperformed. The global yield curve (the spread between short- and long-term interest rates) is steep and should stay that way, with short rates perhaps falling in the US while long rates stay relatively stable. Banks borrow short term to fund longer-term loans, so a steeper curve means more profitable lending. This typically fosters stronger loan growth—big economic fuel and a tailwind for Financials' earnings. That is especially true abroad, where bank lending does more of the heavy lifting. This points to value outperforming growth again, though both should do well in absolute terms.

Corporate earnings should heat up. Economic drivers point to continued moderate global GDP growth, boosting demand and revenues. Trade is accelerating outside the US as the world adapts to tariffs, which remain milder than projected. Falling uncertainty is motivating businesses to ramp up capital expenditures, pumping investment worldwide. Cash-rich balance sheets, along with strong banking and capital markets activity, give them ample liquidity to invest without getting overstretched for now.

The international political calendar is quiet, with few elections either truly free or of consequential size, and most trade dealmaking complete. This points to lower uncertainty overall (even with pockets of contention like France), likely proving a tonic to markets as US campaigning ramps up. The more meaningful, known political events are in the US, with a new Fed Chair appointment, the aforementioned midterms and the Supreme Court set to rule on tariffs imposed on national emergency grounds. The Court ruling could come any day, but however the justices decide, it likely changes little for markets in 2026—although it will undoubtedly garner many headlines.

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v Source: FactSet, as of 02/01/2026. Statement based on MSCI World Ex. USA return with net dividends, S&P 500 total return and the total return of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla (a non-Tech stock commonly included in the group).

Falling uncertainty should also support Emerging Markets (EM) growth into 2026. Tariff fears continued to subside in Q4, with the US creating further exemptions for its EM trade partners. While political events occupied EM headlines throughout the quarter, they didn't deliver major surprises—or keep sentiment from continuing to warm. With few landmark elections on the calendar, the overall political backdrop should be relatively tame, setting the stage for further EM economic growth in 2026.

Though US tariffs remain a headwind, EM exports, particularly in China, remain strong. China's exports continue to climb despite US tariffs – up 5.8% y/y in November even as exports to the US declined by 28.6% over the same period. As world demand continues to surprise to the upside, China's manufacturing base stands to benefit. Despite recent economic weakness, China's domestic policy goals and external geopolitical pressure remain aligned to support a gradual rebalancing toward consumption alongside growing private investment.

We are monitoring for potential risks, as always, with several on our radar. While we don't see them disrupting stocks immediately, their time could come. Fast-warming sentiment is one. Though sentiment isn't a timing tool and pockets of euphoria are common, there is a risk that a strong 2026 could get investors in full party mode, disrupting or pulling forward the Midterm Miracle.

Monetary policy errors are also possible, especially with a new Fed head soon taking the reins. While Fed heads are usually inconsequential, should this one rapidly reduce interest rates, it risks driving long rates higher. Long rates are market set and move largely on inflation expectations, which could rise if cuts prove aggressive. Rapidly steepening the yield curve risks potentially overheating the economy. Ongoing troubles in private equity and private credit so far remain confined to those realms, but a liquidity crunch that forces selling in traditional stock and bond markets remains a possibility.

Again, these are all possible, but markets move most on probabilities. We believe the strongest probability is that the good far outweighs the bad, bringing another strong year—but perhaps not as strong as the last few—that extends a very normal bull market streak. The wall of worry remains alive and well, giving stocks plenty of room to climb.

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d) Describe investment performance as it relates to the investment strategy;

e) Provide a full explanation of costs;

f) Assist in the completion of documentation;

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If you appoint Fisher Investments Europe as your discretionary asset manager, Fisher Investments Europe or Fisher Investments, pursuant to an outsourcing agreement with Fisher Investments Europe, will arrange for the execution of transactions through those custodians and brokers and at such prices and commissions that it determines in good faith will be in your best interests. Further information regarding the selection of brokers is governed by the IMA. Fisher Investments Europe does not structure or charge its fees in such a way as to discriminate unfairly between execution venues.

The brokers and dealers to which your transactions may be allocated will use various execution venues, including without limitation:

a) Regulated Markets in the USA or elsewhere (usually those exchanges where companies have their primary listing and other exchanges on which their securities are admitted to trading);

b) Multi-Lateral Trading Facilities (“MTF”) and Organised Trading Facilities (“OTF”) in the USA or elsewhere (i.e. a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract);

c) Systematic Internalisers (which are investment firms dealing as principal and providing liquidity on a systematic basis);

d) Other liquidity providers that have similar functions to any of the above;

e) Counterparties that may access the above venues on behalf of Fisher Investments Europe or Fisher Investments (or their clients) or trade on their own account.

You must be notified and approve of any off-venue trades prior to execution unless previously agreed to by you directly with the custodian. As a result of brokers/dealers using the execution venues mentioned above, your transactions may be executed on an execution venue that is neither a regulated market in the European Union nor an MTF in the European Union and therefore you will be required to expressly consent to the execution policy of Fisher Investments Europe by signing the IMA.

Fisher Investments Europe's top five trading venues are listed on its website.

Generally, financial instruments will not be affected if a custodian suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the custodian's registration of your rights. Generally, it is only if the custodian fails to handle your financial instruments or register your rights correctly where you may not be able to take possession of the financial instruments.

If you appoint Fisher Investments Europe as your discretionary asset manager, you will receive a periodic statement every calendar quarter. This statement compares the performance of your account with that of a relevant benchmark in order to facilitate the assessment of performance achieved by the account. For performance, management fee calculation and reporting purposes, exchange traded equity securities are valued based upon the price on the exchange or market on which they trade as of the close of business of such exchange or market. All equity securities that are not traded on a listed exchange are valued using a modelled estimate of the bid price, also known as a bid evaluation, provided by Fisher Investments Europe's primary pricing service. Fixed income securities are valued based on market quotations or a bid evaluation provided by Fisher Investments Europe's primary pricing service. All securities are valued daily given a price from Fisher Investments Europe's primary pricing service is provided; otherwise, all securities are valued on at least a monthly basis.

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or by calling:	+44 0800 144 4731
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MSCI EMERGING MARKETS

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S&P 500

The S&P 500 Index is a capitalization-weighted, unmanaged index measuring 500 widely held US common equities of leading companies in leading industries, representative of the broad US equity market.

MSCI EAFE

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