LONGLEY
ASSET MANAGEMENT

44 Clarendon Drive
London SW15 1AE
+ 44 (0) 20 7294 7326
www.lamasset.com

Global Market Overview
January 2026

Returns for investors across assets were remarkably solid during 2025. The disruptions earlier in the year from US tariffs and from geopolitical events were surprisingly short-lived. During the year, equity indices explored new highs, the long-term equity bull market in US equities broadened out, and better relative index returns were seen outside of US markets in Europe, Asia and Japan along with Latin America and other emerging markets. Pleasingly the UK market has benefited from renewed investor interest. Bonds also delivered modestly positive returns.

During 2025 we saw inflation falling back to more palatable levels; growth remained steady and interest rates were falling. This is often referred to as a 'Goldilocks scenario' with growth and inflation not too hot or too cold, but just right.

As we enter 2026, forecasts suggest a continuing resilience in the global economy and anticipate a continuation of 2025, with growth remaining stable, inflationary pressures under control, and interest rates continuing their path towards more neutral levels. Uncertainties remain, especially concerning resolution of the Russian invasion of Ukraine and the ongoing implementation of the peace deal in the Middle East, and the longer-term effects of the trade tariffs also remain unknown. In recent days, however, geopolitical events have been brought sharply back into focus with the US actions in Venezuela, significant uncertainty surrounding Iran, and closer to home, the ongoing tensions over Greenland.

Most recently, and possibly more concerning for investment markets generally, are the actions aimed at the US Federal Reserve. Any dilution of the Fed's independence from political interference has the potential to destabilise markets and may lead to a policy mistake in the direction of interest rates which would impact us all. These uncertainties, together with a weaker US dollar, have led the price of gold to new highs in recent weeks.

The sheer size of the US economy means it dominates the market capitalisation of global indices and represents some 72% of the world index, whereas the UK is a lowly 4%. Unsurprisingly, therefore, the returns from the US indices usually draw all focus, and achievements from other global regions can be overlooked. It is also important to emphasise that much of the return seen in the broader US indices has been driven by a handful of AI related stocks; for this scenario to continue we consider it essential for AI to start to deliver measurable gains for productivity and profits, as the current spending of capital alone is not sustainable, or supportive of market valuations.

Towards the latter part of last year, asset allocators began to diversify away some of their US market risks, and we consider that prudent until the next phase of the AI revolution becomes clearer. As we stated earlier, market volatility was surprisingly subdued during 2025, but recent events may mean that, in the short term at least, the calm does not last, especially as some assets and stock sectors are at historically high valuation levels.

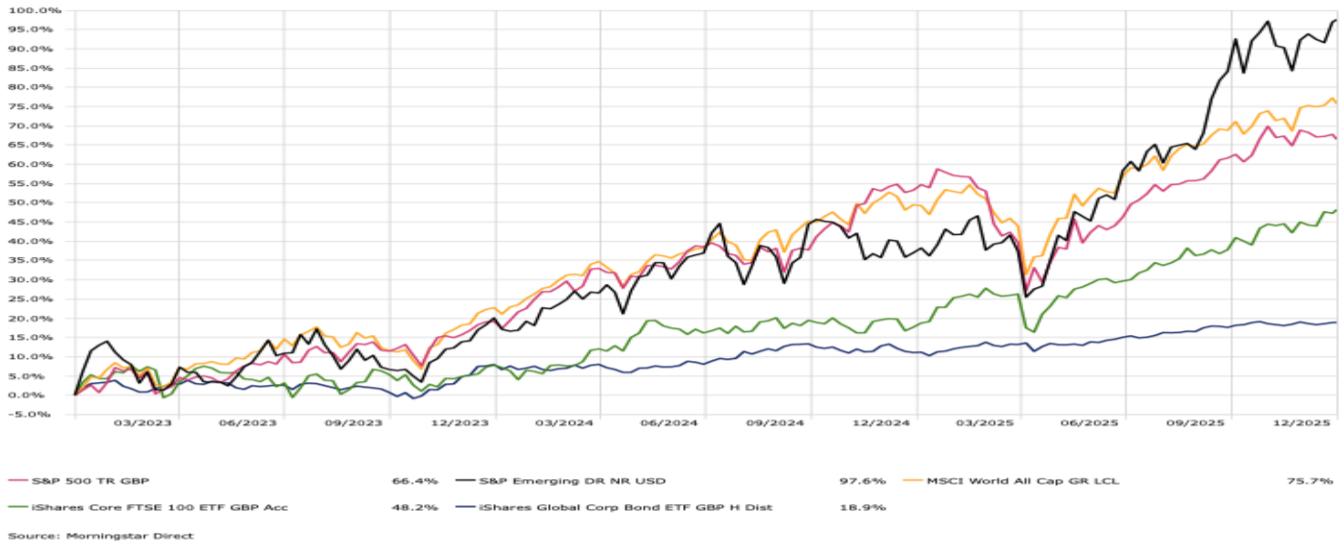
Vigilance will be key, especially in relation to the upcoming fourth quarter earnings reports and their accompanying company commentary and forecasts. Diversification, including asset allocation towards global equities and different styles (growth and value), will, we believe, create more resilient portfolio returns. Additionally, exposure to fixed interest investments (bonds) should also provide a useful income stream in support of overall portfolio returns.

In conclusion, despite the potential headwinds, we still consider that risk assets offer attractive opportunities for the longer-term investor, as do certain fixed income assets which provide useful diversification and resilience to portfolios, particularly at times of volatility.

Melissa Longley FCSI
Chartered Wealth Manager
CEO & Chief Investment Officer
Email: melissa.longley@lamasset.com

Paul Stevens FCSI
Chartered Wealth Manager
Investment Manager
Email: paul.stevens@lamasset.com

Three Years to end December 2025 – percentage return



Index, Benchmark and Exchange Traded Funds – percentage/price return to end December 2025

	Currency/Rate	Three Months	Six Months	One Year	Two Years	Three Years
Fixed Interest/Bonds						
Bloomberg Sterling Gilts TR	GBP	3.26	2.48	5.02	4.38	-25.95
Bloomberg US Treasury Bills TR	GBP	1.11	4.07	-2.89	3.25	18.90
iShares Global Corporate Bond ETF	GBP Hedged	0.91	3.06	6.84	18.92	-0.65
US Equities						
S&P 500 TR	GBP	2.75	13.08	9.76	66.44	99.35
NASDAQ 100 TR	USD	2.47	11.70	21.02	136.34	103.76
UK Equities						
S&P UK TR	GBP	6.86	15.11	25.71	48.31	89.88
iShares FTSE 250 ETF	GBP	2.79	5.42	12.33	29.92	24.20
European Equities						
MSCI AC Europe	Euro	6.20	10.42	21.72	52.46	70.19
iShares STOXX Europe 600	Euro	6.51	10.18	20.77	51.87	70.09
Asia and Emerging Market Equity						
iShares Core MSCI Emg' Mkt ETF	GBP	4.06	14.50	32.12	57.23	25.19
Morningstar Asia	GBP	3.80	15.73	19.82	42.11	32.84
Japanese Equities						
Nikkei 225 Average TR	Yen	12.60	25.88	29.13	105.17	102.79
TOPIX 500 PR	Yen	8.76	19.42	22.07	81.23	89.66
Global Equities						
MSCI World All Cap PR	Various	3.14	10.73	16.74	65.73	66.73
MSCI World ex USA All Cap PR	Various	5.60	11.90	19.29	46.05	52.36
Global Property and Infrastructure						
S&P Global Property TR	USD	-0.34	4.12	11.29	27.27	19.48
Morningstar Global Equity Infrastructure PR	USD	2.09	6.58	10.44	22.14	27.34
Commodities and UK RPI						
S&P GSCI Gold Spot	USD	12.08	31.24	64.37	137.71	129.07
S&P GSCI Brent Crude Spot	USD	-7.84	-8.83	-18.48	-29.17	17.47
UK RPI change previous12 months	Rate %	5.8	5.9	3.9	4.1	19.3

Important Information.

Data source: graphs, economic and market data - Morningstar Direct and UK Office for National Statistics - 14 January 2026. NB: TR is Total Return. PR is Price Return. GR is Gross Return.

With Investment, Your Capital is at Risk. Opinions constitute our judgement as of this date and are subject to change without warning. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your initial investment. Past performance is not a reliable indicator of future results and forecasts are not a reliable indicator of future performance. LAM accepts no responsibility for any direct, indirect, or consequential loss suffered by you or any other person as a result of your acting, or deciding not to act, in reliance upon any information contained in this document. The information in this document does not constitute advice or a recommendation and you should not make any investment decisions based on it. If you do, however, require advice we would of course be happy to assist.