



Wealth
Management

LGT WM Active MPS

Q4 2025 quarterly report



Josef Höger, detail from "View from the terrace of Palais Rasumofsky in Vienna," after 1837 © LIECHTENSTEIN. The Princely Collections, Vaduz-Vienna

Overview

- US and Europe remained strong, led by technology, AI and fiscal support
- Asia was mixed, with gains in Japan and India offset by weaker sentiment in China
- Diversification and quality businesses remain key as market leadership broadens

Macroeconomic landscape



The final quarter of 2025 saw US equities continue their strong run, driven largely by technology and AI-related sectors. The S&P 500 and Nasdaq reached new highs on the back of strong corporate earnings and ongoing investment in AI and automation. Consumer spending stayed resilient and markets anticipated potential Federal Reserve rate cuts in 2026, which would be supportive of equity markets. That said, high valuations prompted some investors to rotate from mega-cap technology into more cyclical and value sectors.



European equities also delivered strong returns. Fiscal stimulus, defence and infrastructure spending supported earnings growth, while the FTSE 100 had one of its best years since 2009. It crossed the 10,000 level late in the year as sentiment improved and overseas investors returned to the UK market. Continental Europe benefited from cheaper valuations than the US and targeted policy support, although growth remained uneven across the region. The European Central Bank kept policy relatively steady while balancing inflation and growth risks.



Asian markets were mixed. Japan gained from corporate reform, shareholder-friendly policies and stable momentum. India continued to stand out due to strong domestic growth and structural investment. China, however, lagged. Although some large technology and AI-linked firms performed well, broader sentiment was held back by weaker earnings trends and ongoing regulatory and geopolitical concerns, which increased market dispersion across the region, reinforcing the importance of being active and selective.



Heading into the first quarter of 2026, earnings growth, innovation and supportive fiscal policy remain key themes. Expected US rate cuts may provide further equity support, although valuations remain important to watch. Europe could benefit from sustained infrastructure spending, while Asia continues to play a central role in global growth, particularly in technology and domestic consumption. Bond markets may experience volatility as central banks adjust policy to inflation and debt dynamics, presenting selective opportunities. Against this backdrop, diversification remains essential, given ongoing geopolitical and economic uncertainty.



For a more detailed summary of the Q4 investment landscape, including insights from LGT's CIO Sanjay Rijhsinghani and other key team members, [click here](#).

Q4 2025 performance

Top performers

L&G Pacific Index returned +9.59% over Q4 as the Pacific region continues to perform strongly. Particularly via exposure to equities listed in countries such as South Korea, Taiwan and Singapore who have booming tech and semi-conductor enterprises.

Redwheel Global Intrinsic Value returned +9.06% over Q4. The fund's sizeable exposure to the UK and Japan added to performance, in addition to strong stock picking in value names, such as SanDisk Corp (+82.04%) and Macy's Inc (+24.02%).

Bottom performers

L&G Global Inflation Linked Bond Index returned a flat 0.00% over Q4. Inflation linked bonds provided a flat level of return over the quarter, as bond investors grappled with shifting outlooks for inflation, interest rates and government spending across the global stage. On balance, demand for inflation linked bonds diminished as inflation expectations fell.

Lazard Global Equity Franchise delivered -6.34% over Q4. The fund is quite concentrated in nature which means that, occasionally, the underlying performance will be impacted by stock specific moves. Stock picking issues over Q4 led to negative returns, particularly in Fiserv Inc, one of the largest holdings, which saw a fall of 42.95% as growth and forward guidance missed expectations.

Model portfolio performance as at 31 December 2025

Model Portfolio	3 months	6 months	1 year	3 years	5 years
Defensive	2.02	4.20	6.78	16.79	13.96
Cautious	2.51	6.02	7.92	20.78	19.61
Balanced	3.11	8.56	9.64	23.78	21.34
Growth	3.53	10.36	10.49	27.51	25.40
Adventurous	3.77	12.25	11.82	35.44	31.93
Strategic Income	3.23	6.08	10.28	28.85	32.87

Past performance is not a reliable indicator of future performance; and the value of investments, as well as the income from them can go down as well as up, and investors may get back less than the original amount invested.



Portfolio changes and rationale

Protecting US investments from currency movements

The level of US dollar currency hedging was raised across the US equity holdings via a hedged share class of the **L&G S&P 500 Equal Weight Index**. Given Trump's rhetoric on policy and wanting a weaker dollar, the balance of probabilities has shifted towards a longer-term weakening of dollar versus sterling. If dollar weakens versus sterling, the value of US assets falls, and therefore a continued weakening poses a risk to US holdings in the portfolio, prompting a hedge to manage risk.



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We strive to ensure that we never take advisers and their clients for granted and always remember that we must continuously earn the right to look after our clients' wealth”.

Henry Wilson
Partner, MPS Team Head
LGT Wealth Management

Glossary of terms

Bear Market	A market condition where stock prices drop significantly
Bonds	Bonds are debt securities issued by governments and corporations to raise money. Similar to an IOU, the investor lends money with the agreement that it will be paid back by a specific date, and they will receive periodic interest payments along the way. Bonds come under the umbrella of 'fixed income' investments.
Credit spreads	The difference in yield between two bonds of similar maturity but different credit quality.
Defensive	Defensive positions prioritise preserving capital over growth. It is important to hold such positions in periods of market turbulence.
Diversification	Spreading your money across different types of investments, such as equities, bonds, and property, instead of putting all your money in just one type of investment. By doing this, you can reduce the overall risk of your investment portfolio.
Duration	The sensitivity of the price of a bond to changes in interest rates. A bond with a longer duration will typically be more sensitive to changes in interest rates than a bond with a shorter duration.
Fixed Income	Investments that provide regular, set interest payments, such as bonds or treasury bills, and return the principal at maturity.
Growth vs Value	Most stocks are classified as either value stocks or growth stocks. Generally speaking, a value stock trades for a cheaper price than its financial performance and fundamentals suggest it's worth. A growth stock is a company which comes at a higher price however, its profits are expected to grow significantly in the coming years as the company develops – this is typical for technology firms.
High Yield Bonds	High yield bonds pay investors a higher level of interest due to a great risk the borrower may default.
Index	A fund that aims to track the performance of a market index.
Magnificent Seven	A group of high-performing technology companies considered industry leaders, including Apple, Amazon, Alphabet, Microsoft, Meta, Tesla, and Nvidia.
Market Capitalisation (Market Cap)	Market 'cap' is the market value of a company based on its current share price and total number of shares. Ultra-large cap companies have the largest market capitalisation. The largest companies by market cap are currently Apple, Microsoft, Alphabet (Google), Amazon, Nvidia and Meta (Facebook).
Mega-cap	Ultra-large cap companies with the highest market capitalization.
Quality-value	An investment style focusing on quality and value stocks, avoiding sectors like Technology.
Rally	A market rally is a sustained increase in stock prices driven by positive investor sentiment and economic conditions.
Sentiment	Market sentiment is the overarching attitude or outlook of investors towards a particular security, sector of the market or economy as a whole.
Soft vs. Hard Landing	A soft landing refers to a gradual economic slowdown or adjustment, usually avoiding a recession, while a hard landing is a sudden and severe economic downturn often leading to a recession.
Value-Trap	An investment selling at depressed prices due to intrinsic issues
Volatility	The degree of fluctuation in a security's price or a market's performance over time. A highly volatile share experiences larger price changes compared to more stable investments, indicating higher risk.
Yen Carry Trade	The Yen carry trade is a financial strategy where investors borrow funds in Japanese yen, which typically has low-interest rates, and invest in higher-yielding assets in other currencies.
Yield	The income you receive on an investment, such as dividends from shares or interest from bonds.
Yield Curve	A visual depiction of how the yields of bonds vary at different maturities. It shows how much you'd earn, if you invested your money for a short time, e.g. 6 months, versus if you invested it for a longer time, e.g. 10 years.



Josef Höger, detail from "View from Lake Gosau to the Dachstein," 1836
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