3D Financial Planning
Independent Financial Advisors

Newsletter
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Market Update

Global markets finished the final quarter of 2025 on a generally positive footing. Falling inflation and shifting expectations around interest rates helped support investor confidence, and importantly, market gains became more broad-based rather than being driven by just a small number of technology stocks

Global Equities

Global equities rose over the quarter, with a wider range of sectors and regions contributing to returns. Emerging markets matched or outperformed developed markets, reflecting improving sentiment and a more supportive backdrop for risk assets.

US Equities

US equities delivered gains overall, although volatility increased later in the year. Early optimism around interest rate cuts and strong corporate profits supported markets, but some investors became more selective, particularly within expensive technology stocks. Financial companies performed well as longer-term interest rates rose and confidence in the US economy improved. A rate cut from the US central bank reinforced expectations of a more supportive policy environment.

Eurozone Equities

European markets recorded modest gains. Strength in services helped offset ongoing weakness in manufacturing, particularly in Germany. More economically sensitive sectors such as industrials and materials led performance. Political uncertainty in France caused some short-term volatility, while the European Central Bank held interest rates steady as investors continued to monitor growth and inflation.

UK Equities

UK equities posted positive returns, led by commodity-related sectors and financials. A weaker pound supported companies with overseas earnings. Bond markets were more mixed, with short-term yields falling on hopes of interest rate cuts, while longer-term yields rose. As inflation eased, the overall policy outlook became slightly less restrictive.

Emerging Market Equities

Emerging markets performed well and broadly kept pace with developed markets. Strong technology sectors in Taiwan and South Korea provided support, while markets such as India and South Africa also delivered solid returns. China lagged behind the wider emerging market picture. A weaker US dollar and expectations of lower US interest rates were supportive overall.

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Japanese Equities

Japanese equities were among the stronger performers during the quarter. Expectations of further government stimulus supported share prices, with gains spread across financials and cyclical areas of the market. Japanese government bonds fell as yields rose following changes in central bank policy and concerns around public debt levels.

Global Bonds

Bond markets were mixed. In the US, shorter-dated government bonds benefited from falling yields, while longer-dated bonds came under pressure as yields rose. UK and European bonds were affected by concerns around government spending. Corporate bonds, particularly higher-yielding areas, performed better amid a more positive economic outlook.

Commodities

Commodity markets saw varied performance. Gold benefited from central bank buying and ongoing demand for defensive assets. Industrial metals rose due to supply constraints and demand linked to energy transition and data infrastructure. Oil prices fell, reflecting concerns around oversupply and uncertain demand.

Source: Schroder Investment Solutions – Q4 2025 Update

In the Spotlight

Headlines and Geopolitics: When Uncertainty Becomes Concentrated

Over recent weeks, markets have been responding to a steady flow of unsettling headlines. These have ranged from renewed geopolitical tensions involving the US and its allies, to threats of new trade tariffs, concerns around the sustainability of parts of the technology sector, and a sharp rise in the price of gold.

While these stories may appear unconnected, they all feed into the same underlying theme: uncertainty. When uncertainty rises, markets tend to become more sensitive to news, and investor sentiment can shift quickly.

What is driving the current uncertainty?

Geopolitical developments have been a key factor. Rhetoric around potential tariffs on NATO allies and renewed international tensions has unsettled investors, even where concrete policy changes have yet to materialise. Markets often react to the possibility of disruption well before the facts are clear.

At the same time, gold prices have risen as investors seek assets that are perceived to hold their value during periods of stress. Central bank demand has also played a role, reinforcing gold's reputation as a defensive asset rather than a source of long-term growth.

Alongside this, there has been growing discussion about whether parts of the technology market, particularly areas linked to artificial intelligence, have become overheated. Strong recent performance has pushed valuations higher, naturally prompting comparisons with past periods of excessive optimism.

What does this mean for markets right now?

In the short term, it means markets may remain more volatile than usual. Confidence can be knocked by headlines, even if the longer-term economic picture remains broadly supportive. We have already seen investors rotate between sectors, favouring assets that feel more resilient when uncertainty increases.

It is important to remember that today's environment is very different from past market bubbles. Many leading companies are profitable, well-capitalised, and investing from a position of strength. That does not remove risk, but it does provide context.

Why it matters (and why it doesn't)

Periods like this are uncomfortable, but they are not unusual. Markets regularly go through phases where politics, policy and sentiment dominate the narrative. These moments can feel significant in real time, yet often fade as events evolve and uncertainty clears.

This is where long-term planning really earns its keep. Diversified portfolios are designed to cope with a wide range of outcomes, including episodes of heightened uncertainty. Reacting to headlines can be tempting, but it is rarely helpful.

The role of a good plan is not to predict the next headline, but to provide confidence that short-term noise does not derail long-term goals.

Source: Reuters, Bloomberg, Financial Times and World Gold Council market commentary, January 2026.

Planning in Practice

Why a Flexible Plan Is Often the Strongest Plan

The market themes discussed above share a common thread: uncertainty. Whether it stems from geopolitics, policy changes, or shifting investor expectations, the challenge is not understanding every headline, but deciding how to plan in a world where conditions can change quickly.

This is where flexibility becomes more important than precision.

Starting with purpose, not products

When people think about financial planning, they often expect a single "right answer". In practice, many of the strongest plans are deliberately designed to remain flexible, particularly when circumstances are likely to change over time.

A recent planning conversation highlighted this well. A family member was acting under a power of attorney for an elderly relative who had moved into a care home. Her property had been sold, and the proceeds were intended to help meet the ongoing cost of care. On the surface, the decision appeared simple. Should certainty be created through an immediate needs annuity, or should the capital remain accessible?

Rather than starting with a solution, we started with purpose.

Sequencing decisions, not avoiding them

We looked carefully at her age, existing income, current care costs, and how those costs might change in future. We also considered how long the available capital could realistically support the shortfall.

Having worked through the numbers, it became clear that committing capital to an annuity at this stage offered limited value. Retaining liquidity allowed care costs to be met comfortably for many years, while keeping future options open. If her needs change, for example if nursing care becomes necessary or fees increase materially, the annuity option can be revisited later. It has not been dismissed, it has simply been deferred.

This is what flexibility looks like in practice. Not indecision, but intentional sequencing.

Why flexibility matters more than certainty

The same principle applies across many areas of financial planning. Personal circumstances change. Health evolves. Legislation and tax rules are revised. Plans that rely on a narrow set of assumptions can quickly feel restrictive when reality moves on.

Flexible plans, by contrast, are better able to adapt without forcing uncomfortable or irreversible decisions at the wrong time.

The real role of financial planning

Good planning is not about predicting the future with precision. It is about ensuring that when something does change, whether personal circumstances or external rules, there is still room to manoeuvre.

Often, the most valuable outcome of a planning conversation is not the decision made today, but the options that are deliberately kept available for tomorrow.

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Looking Ahead

Planning Early for the End of the Tax Year

As we move into the final months of the tax year, it's a good time to start thinking about whether there are any actions you may want or need to take before 5 April.

For many people, end-of-year planning can involve reviewing allowances, contributions, or withdrawals. These decisions are often straightforward, but they benefit from a little time and space to consider them properly, rather than being rushed as the deadline approaches.

Why starting early helps

Getting conversations underway early gives us more flexibility. It allows time to explore options, model outcomes where needed, and make decisions calmly, without the pressure that naturally builds closer to the tax year end.

It also helps ensure that any actions taken align properly with your wider financial plan, rather than being driven solely by a deadline.

How we'll be supporting you

We'll be sending out a small number of reminders between now and the end of the tax year to keep this front of mind. These will highlight common planning areas and prompt you to get in touch if you think any action might be appropriate.

If you already know that something is likely to be needed, letting us know sooner rather than later helps us support you more effectively.

A shared approach to good planning

Good financial planning is rarely about last-minute decisions. By spreading conversations over the coming weeks, we can make sure advice is thoughtful, timely, and tailored to your circumstances, while avoiding unnecessary pressure for anyone involved.

If you're unsure whether anything applies to you, a quick conversation is often all that's needed to clarify the position.

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This does not constitute advice. Professional advice should be taken prior to acting on any part of it.