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ASSOCIATES

Review of Market Performance

Calendar Year 2025

February 2026

Key points

Global economic growth was likely close to trend levels in 2025

- Despite the re-emergence of US-led trade disputes, in addition to a degree of labor market softness in certain markets, global growth exhibited resilience in delivering a near-trend level expansion of 3%.
- The continued moderation of inflation enabled central banks worldwide to maintain a cycle of interest rate cuts, while in the US, robust investment in AI-related infrastructure provided an additional boost to economic activity.

The dollar experienced its worst performance since 2017 as geopolitics and rates were headwinds

- The re-emergence of geopolitical uncertainty, centered on the US and its trade policy, saw foreign investors de-risk their holdings of US assets by hedging some of their US dollar exposure.
- Later in the year, further rate cuts by the Federal Reserve, in addition to some weaker labor market data, saw interest-rate differentials compress and become a headwind for the dollar.

Global equities delivered another year of strong gains while the locus of outperformance shifted

- Both emerging markets (33.6%) and developed markets ex US (31.9%) bested the still-strong 17.9% return of the US market. This was aided by a relatively greater degree of multiple expansion, while the decline in the dollar also flattered common currency returns.
- Nonetheless, the US market continued to eclipse its peers in its ability to deliver EPS growth, helped by the strong performance of the hyperscalers.

Bond market returns improved with carry aided by some decline in both risk-free rates and credit spreads

- The continued decline in inflation allowed for an incremental increase in the total amount of easing expected from the Fed. Along with trade war fears and some labor market softness, this helped to deliver a decline in Treasury yields.
- Some further modest declines in credit spreads sees them sitting toward historically tight levels.

Commodities posted strong, in some cases spectacular, gains

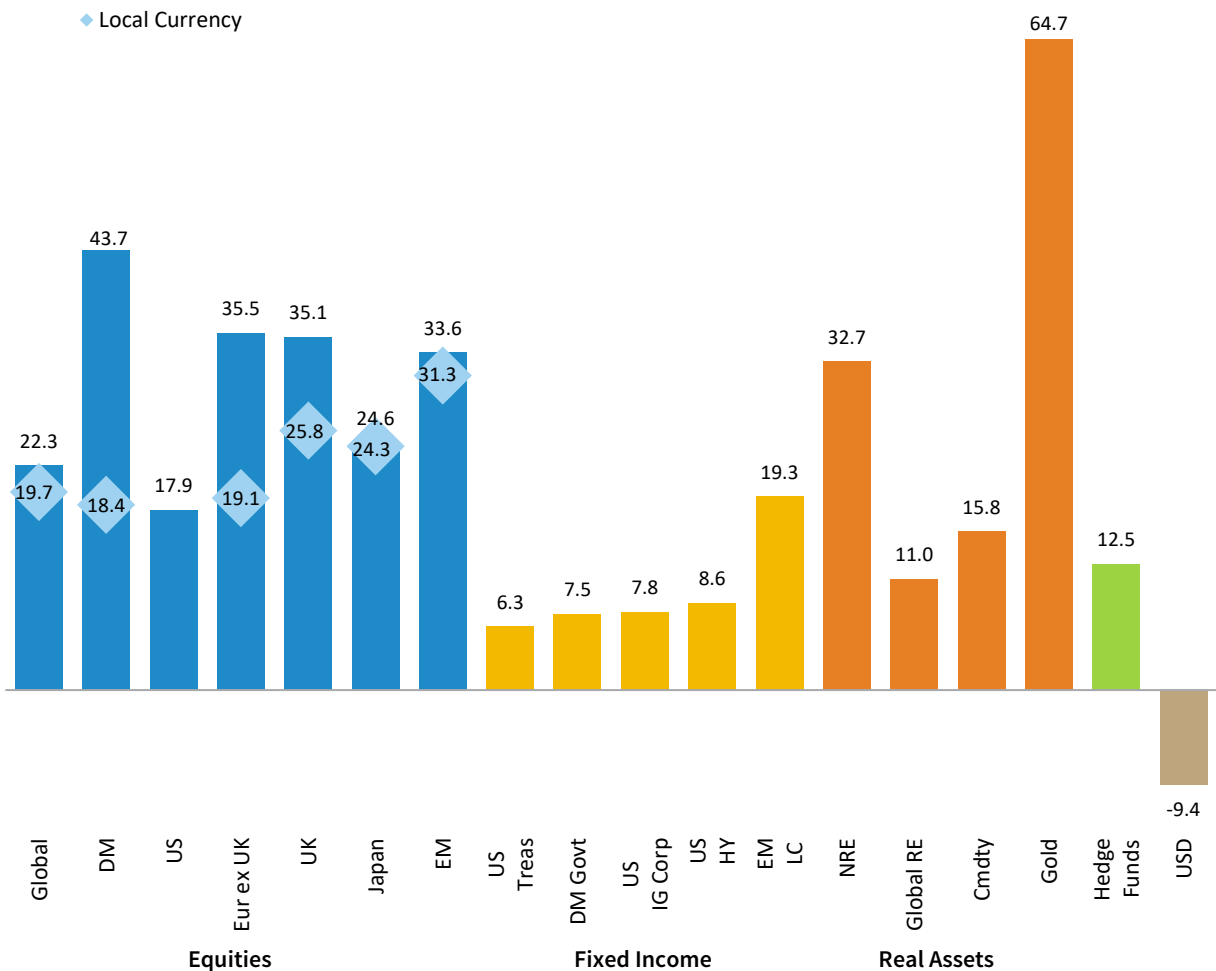
- Gold surged through 2025 as continued reserve diversification and increasing retail participation boosted performance. However, silver's 141% rise was roughly double that of gold, supported by its utility in various electricity-related applications.
- Indeed, rising industrial demand, against a backdrop of constrained supply, also drove several base metal prices higher.
- Nonetheless, oil prices declined as OPEC+ reversed some of their prior voluntary output cuts.

Equities, bonds, and real assets all enjoyed solid-to-strong performance in 2025

Most major classes enjoyed strong positive returns in calendar year (CY) 2025 as economic headwinds abated.

- Global equities performed strongly on the back of both solid earnings growth and some multiple expansion, aided by the decline in interest rates. A drawdown in April driven by tariff fears was overcome as de-escalation occurred.
- Global sovereign fixed income returned a little more than its starting yield, as US interest rates declined in reaction to a moderation in inflation and resultant central bank rate cuts. Credit spreads tightened modestly to slightly boost the performance of investment grade (IG) and high-yield (HY) bonds.
- Real assets rallied on tight supply and geopolitical fears, with gold as the standout performer. Non-US assets were buoyed by a weaker dollar, while dispersion was a tailwind for hedge funds.

Global asset class performance: CY 2025
As of December 31, 2025 • Total return (%) • US dollar



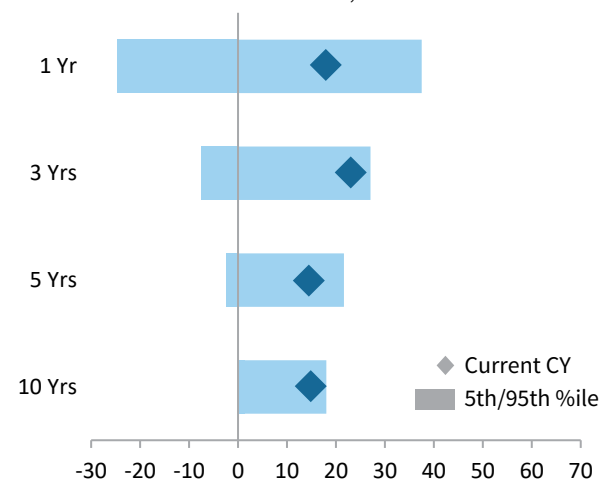
Sources: Bloomberg Index Services Limited, Bloomberg L.P., EPRA, Federal Reserve, FTSE Fixed Income LLC, FTSE International Limited, Hedge Fund Research, Inc., Intercontinental Exchange, Inc., J.P. Morgan Securities, Inc., MSCI Inc., National Association of Real Estate Investment Trusts, Standard & Poor's, and Thomson Reuters Datastream. Third-party data provided "as is" without any express or implied warranties. Notes: For asset class representation see page 32. Total return data for all MSCI indexes are net of dividend tax withholdings. Hedge Fund Research data are preliminary for the preceding five months. Gold performance is based on spot price returns.

Equities have delivered above-average returns, while the opposite is true for bonds on longer horizons

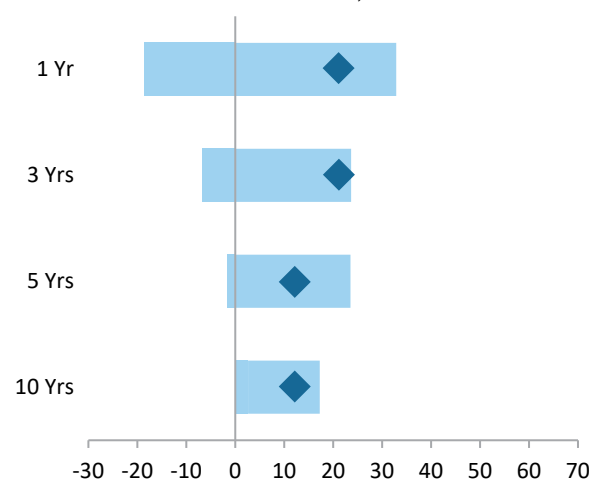
Equities outperformed bonds in CY 2025, as they have done over all lookback periods.

- While US and developed markets (DM) returns were strong in CY 2025, they were only in the second quartile of one-year returns. Three strong years in a row, however, sees their latest three-year returns approaching the top of the historical three-year range.
- Emerging markets (EM) equities outperformed in CY 2025, returning 33.6% in USD terms. Despite this, the greater historic volatility of EM equities means that this still only represents the 73rd percentile of annual returns. Longer horizon returns remain depressed versus DM.
- US Treasury bonds delivered their strongest returns since 2020. However, the deeply negative returns in 2022 on the back of rising inflation means that five- and ten-year returns remain depressed.

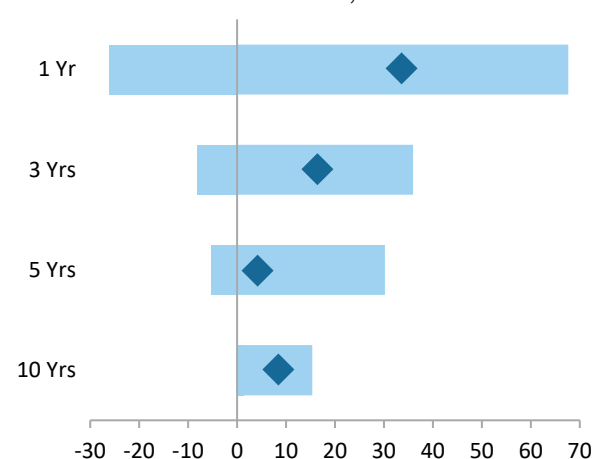
US equities AACR range
Periods Ended December 31, 2025



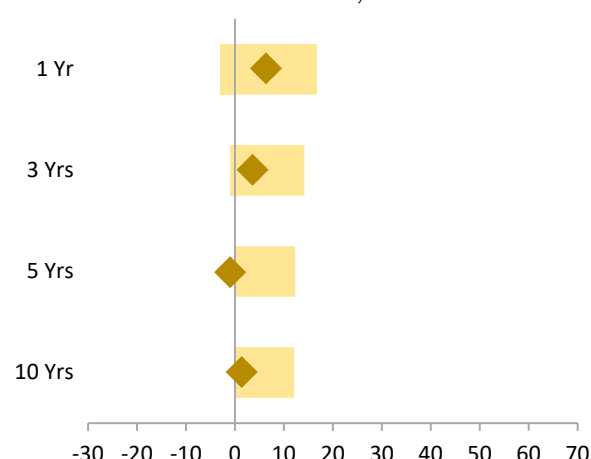
Developed markets equities AACR range
Periods Ended December 31, 2025



Emerging markets equities AACR range
Periods Ended December 31, 2025



US Treasury bonds AACR range
Periods Ended December 31, 2025



Sources: Bloomberg Index Services Limited, Global Financial Data, Inc., MSCI Inc., Standard & Poor's, and Thomson Reuters Datastream. Third-party data provided "as is" without any express or implied warranties.

Notes: For asset class representation see page 32. Ranges reflect the 5th and 95th percentile of calendar year returns. Total returns are in US dollars.

Macro

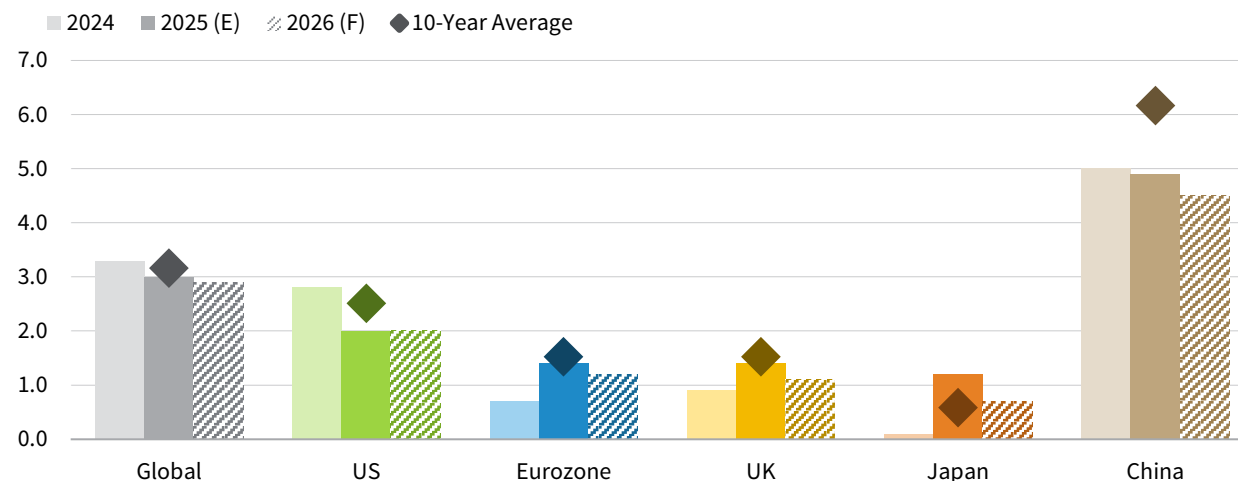
De-escalation of trade wars contributed to GDP growth at near potential levels in 2025

Global GDP growth in 2025 is expected to have been slightly weaker than both 2024 and its ten-year trend. Similarly, budget deficits generally declined a little last year.

- In the US, GDP growth looks likely to have moderated from an above-trend growth rate in 2024 to a slightly below trend rate in 2025. Nonetheless, this is broadly in line with estimates of potential growth, and is a resilient outcome, given the imposition of tariffs last year. AI investment was one notable support.
- Other regions, which have experienced relatively weaker growth post-COVID, look likely to have delivered stronger growth in 2025, albeit growth, including relative to the US, is expected to fall in 2026.
- After some consolidation in recent years, deficits in DM countries are expected to expand again in 2026, with the notable exception of the UK, where further consolidation is likely.

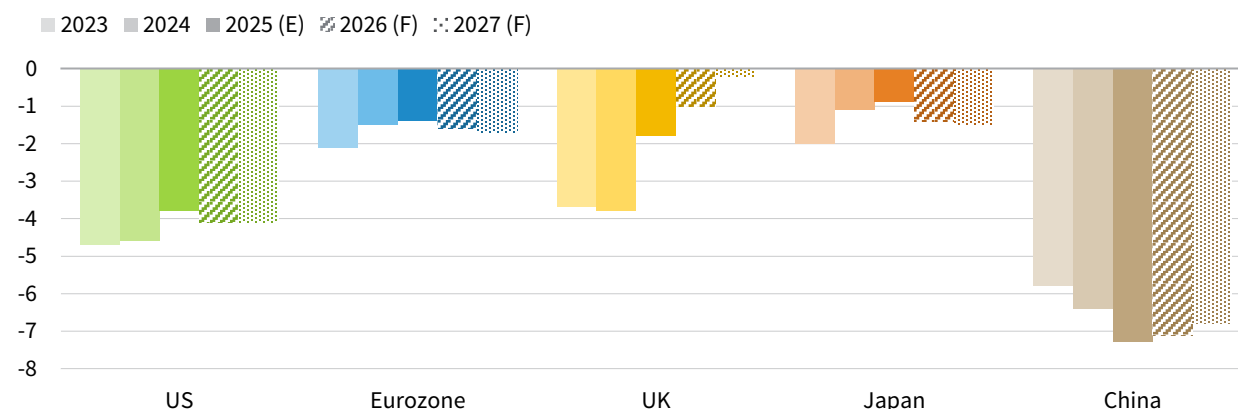
Real GDP growth

As of December 31, 2025 • Percent (%)



General government primary balance

As of October 15, 2025 • Percent of GDP (%)



Sources: Bloomberg L.P., IMF Fiscal Monitor October 2024, National Sources, and Thomson Reuters Datastream.

Notes: Real GDP growth are seasonally adjusted for all economies except China, and reflect data for calendar years ending December 31. Ten-year average reflects calendar years from 2015 through 2024. General government primary balance is defined as the overall government budget balance, excluding net interest payments. For cross-economy comparison, US expenditures and fiscal balances are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States, but not in economies that have not yet adopted the 2008 SNA. Therefore, US data may differ from data published by the US Bureau of Economic Analysis.

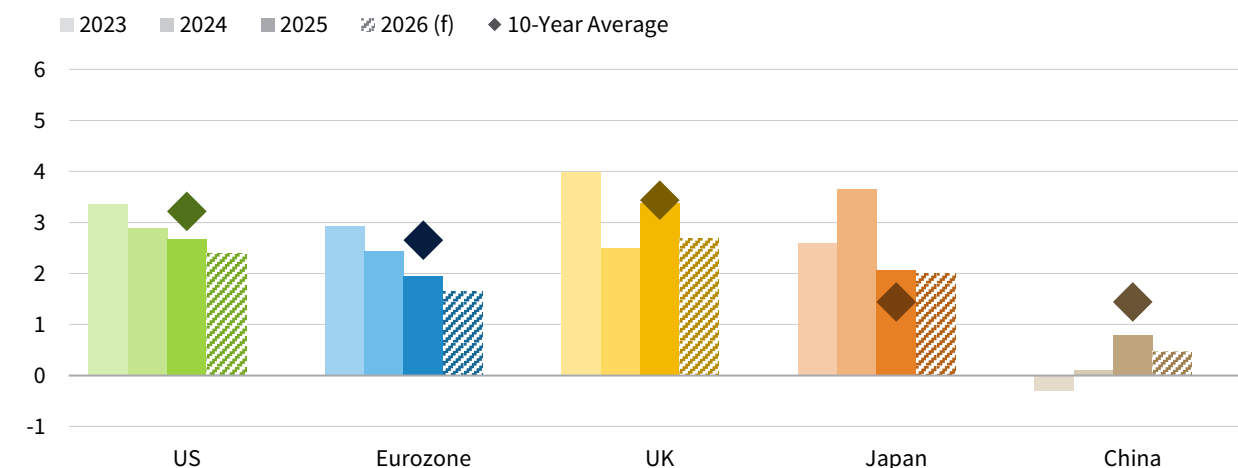
Inflation continued its decline from elevated levels back toward 2% in 2025

In CY 2025, inflation made further progress back toward the 2% target rate, aided by prior rate hikes, lower energy prices, and normalized supply chains.

- Year-over-year inflation rates were elevated from late 2021 into 2023. Since that time, some normalization of supply chains, a decline in energy prices, and the impact of central bank rate hikes have all helped to bring inflation back down toward desired levels.
- CY 2025 continued that trend with further incremental declines witnessed in core inflation across most countries. Further declines still are expected next year, which impacted asset market pricing in 2025.
- The large Asian markets bucked this trend. After decades of deflation, Japan saw continued above-target inflation last year as nominal wage growth remained healthy. Meanwhile China, which has been flirting with deflation, also saw an uptick in core inflation.

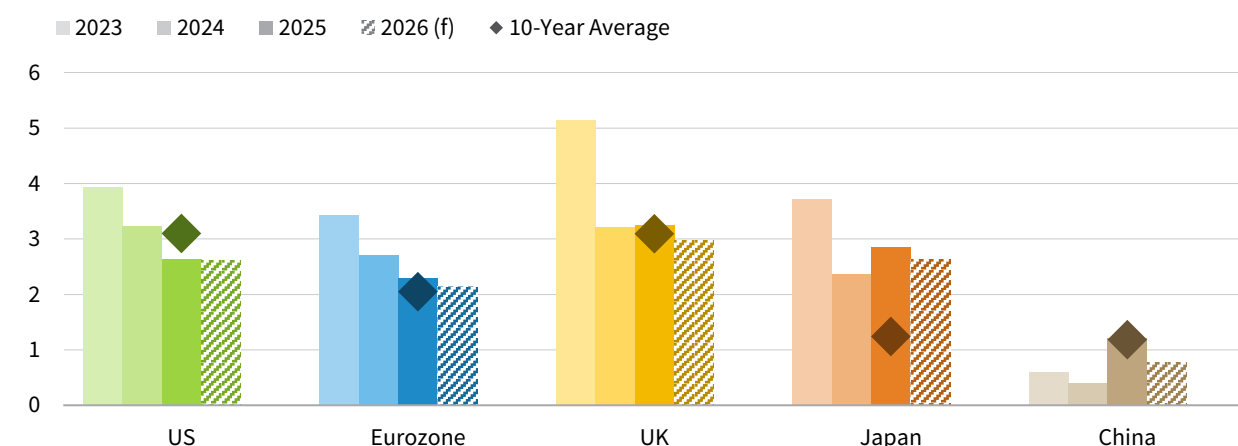
Headline inflation

As of December 31, 2025 • Percent (%)



Core inflation

As of December 31, 2025 • Percent (%)



Sources: National Sources, Oxford Economics, and Thomson Reuters Datastream.

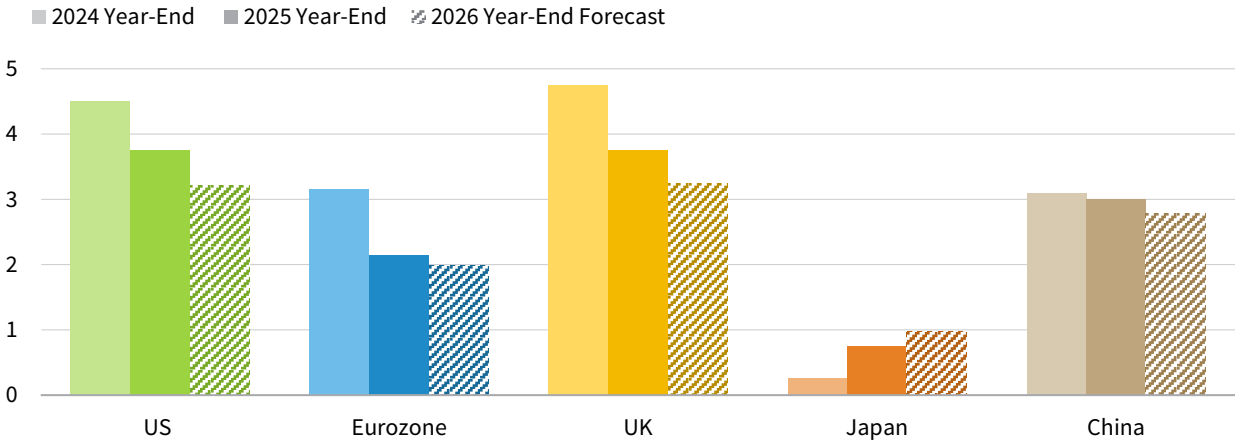
Notes: Ten-year average inflation reflects the annual calendar year (i.e., periods ended December 31) inflation from 2016 through 2025. All CPI data are not seasonally adjusted, except for US forecasts, which are seasonally adjusted. 2025 CPI data are as of November 30. US CPI data for September 2025 has been carried forward to represent October 2025.

Declining inflation allowed central banks to move interest rates down toward their neutral levels

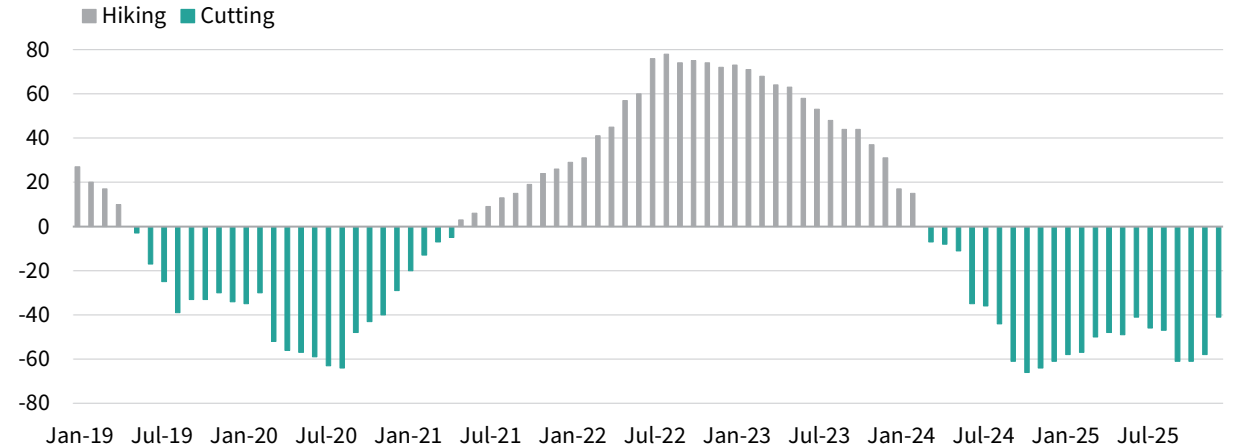
Most major central banks continued to deliver monetary easing in 2025, aided by the decline in inflation.

- A quicker moderation of inflation back to target has allowed the European Central Bank (ECB) to cut rates back to their estimated neutral level of 2% more rapidly than peers. This was achieved with 100 basis points (bps) of cuts in 2025.
- In the US, the Federal Reserve delivered 75 bps of cuts, with risks to growth somewhat offsetting concerns of above-target inflation. As 2025 progressed, the market priced that the Fed would effectively reach its neutral rate of 3% in 2026. Sticky inflation prevented the Bank of England from cutting as much as it would like to support growth.
- Japan again stands out in this regard. As a result of the return of inflation, seemingly with some degree of sustainability, the Bank of Japan (BOJ) is raising interest rates. This is being referred to as “normalization,” after an extended period of low rates.

Central bank policy rates
2024–26 (f) • Percent (%)



Net number of central banks cutting rates
January 31, 2019 – December 31, 2025 • Percent (%)



Sources: FactSet Research Systems, National Sources, and Thomson Reuters Datastream.
Notes: Central bank policy rate estimates are based on median broker forecasts sourced from FactSet, and are as of January 02, 2025. China's policy rate is represented by the one-year loan prime rate. Net cutting represents the number of central banks cutting policy rates minus the number of central banks hiking policy rates, calculated based on changes in interest rates over the trailing six-month period. Data based on available interest rates across 91 global central banks.

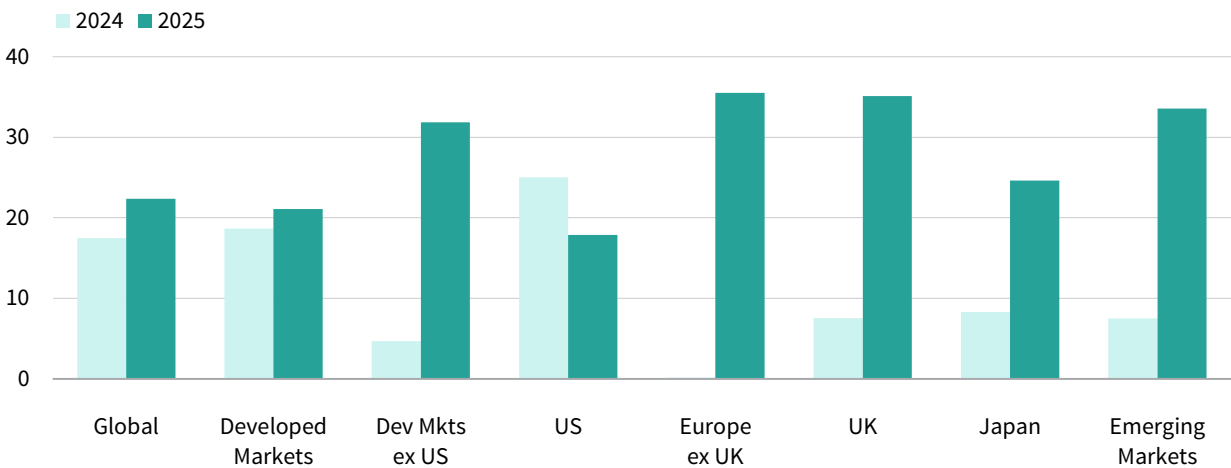
Equities

Global equities recorded their third successive year of high double-digit returns

Strong earnings growth in the US, and multiple expansions elsewhere drove robust equity returns, their third successive year at similarly elevated levels.

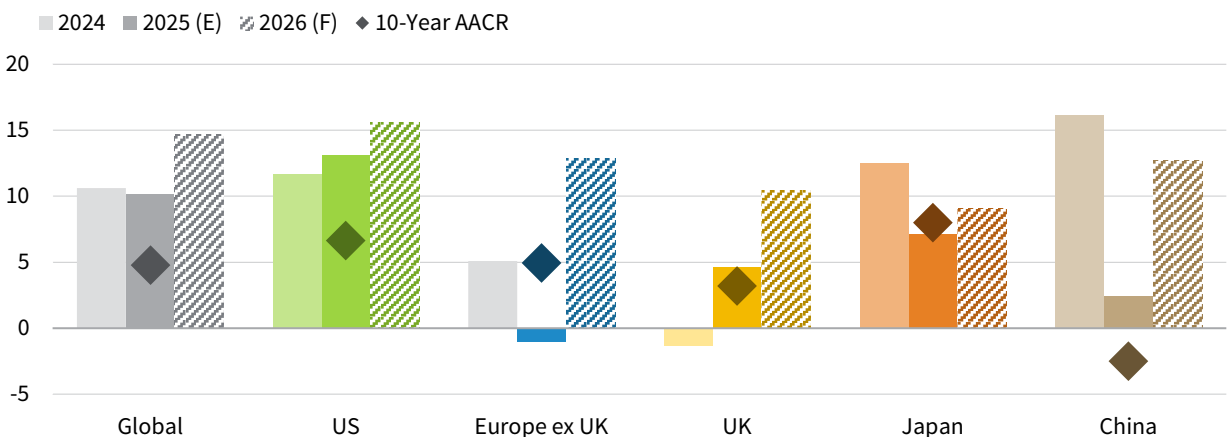
- A more notable change during the year, however, was the change in the geographic leadership of returns. Both EM and DM outside the United States outperformed the return of the United States. Though this was true even in local currency terms, the weakness of the dollar ensured that the differential was starker in USD terms.
- Even so, the US market continued to grow earnings-per-share (EPS) at a faster rate than most peers, aided by the continued growth in the AI complex.
- While EPS growth was anemic-to-negative in markets like Europe and China, consensus nonetheless expects a bounce back in 2026 as headwinds abate and macroeconomic policy becomes more supportive.

Global equity performance
Total Return (%) • US Dollar



Corporate earnings per share growth

As of December 31, 2024 • Percent (%)



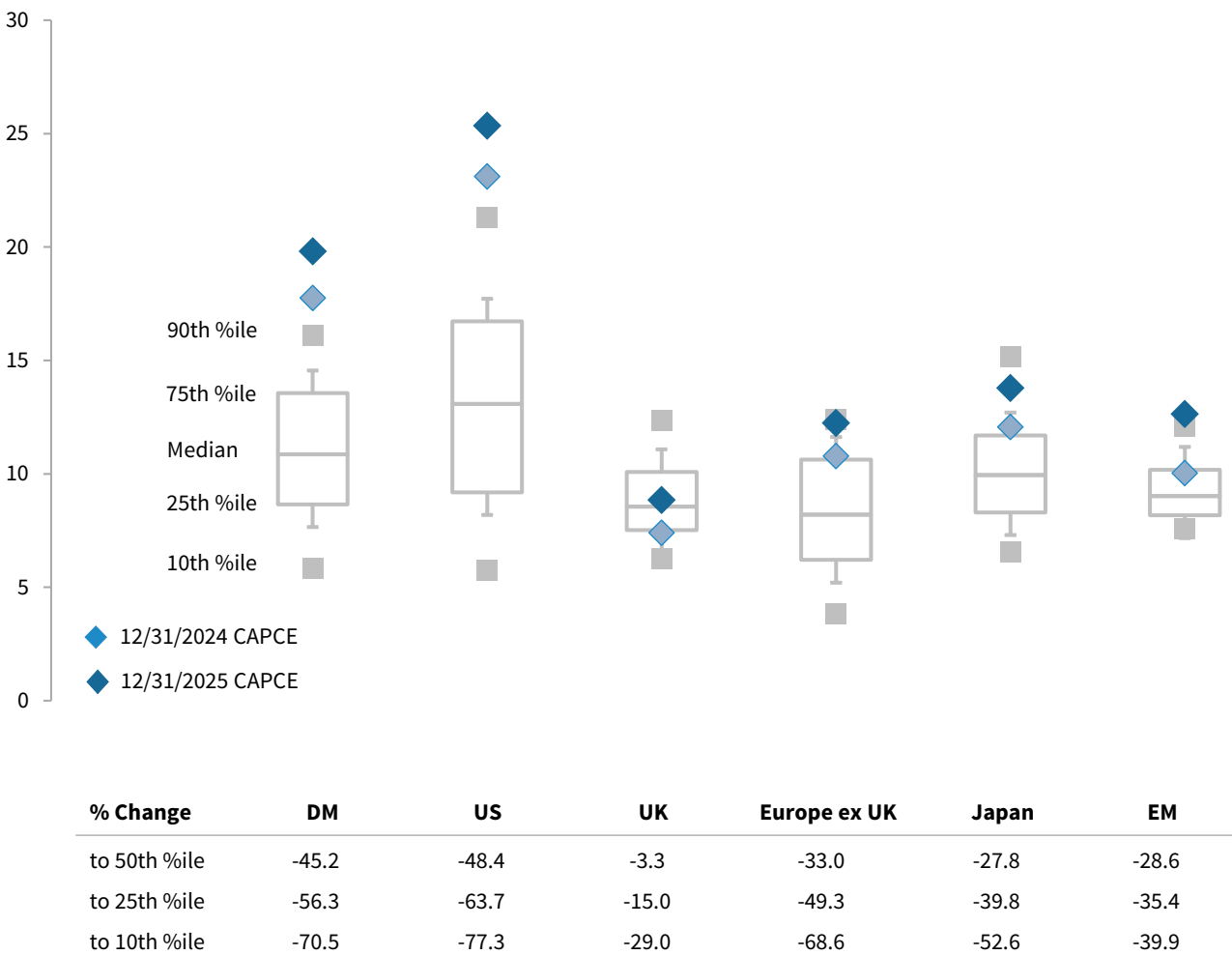
Sources: I/B/E/S, MSCI Inc., Standard & Poor's, and Thomson Reuters Datastream. Third-party data provided "as is" without any express or implied warranties.
Notes: For asset class representation see page 32. Total return data for all MSCI indexes are net of dividend tax withholdings. EPS data are based on fiscal years ending December 31, except for Japan which are based on fiscal years ending the following March 31. EPS growth estimates are in local currency terms, except for Global and Europe ex UK, which are in US dollar terms. EPS data are estimates for 2025 and forecasts for 2026. Ten-year AACR reflects the annualized earnings growth rate from fiscal year 2015 through 2024. EPS individual year data are based on IBES earnings, and ten-year average based on MSCI earnings.

Multiple expansions were broad based among regions in 2025

Despite the CAPCE ratio expanding in all major regions in CY 2025, the US continued to enjoy a material valuation premium.

- In the US, CAPCE expanded by 2.2x to 25.3, representing the 99th percentile of historical observations going back to 1979. This multiple expansion was aided by a decline in US interest rates and an apparent decline in geopolitical tensions.
- Other markets also benefited from region-specific drivers, such as easier monetary and fiscal policy in the Eurozone, ongoing corporate reform in Japan, while the weaker dollar was a particular tailwind for EM.
- The valuation of DM equities reached a fresh all-time high of 19.8, boosted by multiple expansion in the US and other markets.
- In percentage terms, the strongest valuation increases were in EM and the UK, at 26% and 19%, respectively.

Cyclically adjusted price-to-cash earnings (CAPCE) ratios by region
As of December 31, 2025



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
 Notes: The cyclically adjusted price-to-cash earnings (CAPCE) ratio is calculated by dividing the inflation-adjusted index price by trailing ten-year average inflation-adjusted cash earnings. Cash earnings are defined as net income from continuing operations plus depreciation and amortization expense. MSCI does not publish cash earnings for banks and insurance companies, and therefore excludes these two industry groups from index-level cash earnings. EM is cyclically adjusted by trailing five-year data.

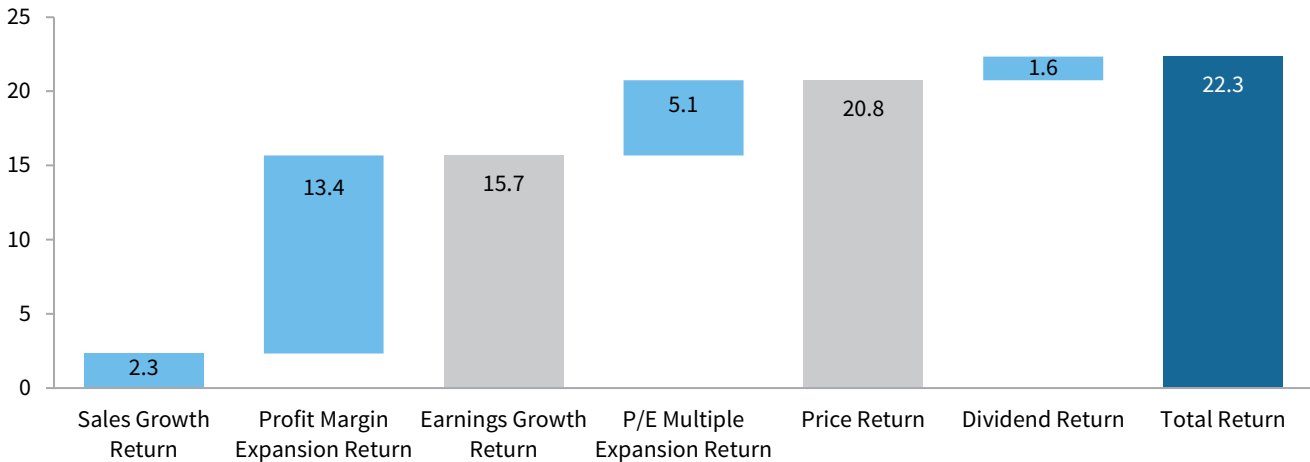
Very strong earnings growth was the primary driver behind 2025's robust returns

Total returns in CY 2025 were well above their 20-year average, driven primarily by EPS growth via margin expansion, and supplemented by valuation uplift.

- The much higher-than-typical earnings growth seen last year, centered in the US, was driven primarily by an expansion in profit margins, with sales growth a touch below average. This was aided by the high operational leverage of the major tech companies.
- Though multiple expansion delivered much less to total returns this year (5.1 percentage points [ppts] versus 11.2 ppts in 2024), it still contributed more than has been typical over the past 20 years.
- One side effect of current elevated valuations is that the dividend yield available has compressed somewhat.
- At year end, consensus expectations were also for above-average sales growth (6.1 ppts) and EPS growth (14.3 ppts) in 2026.

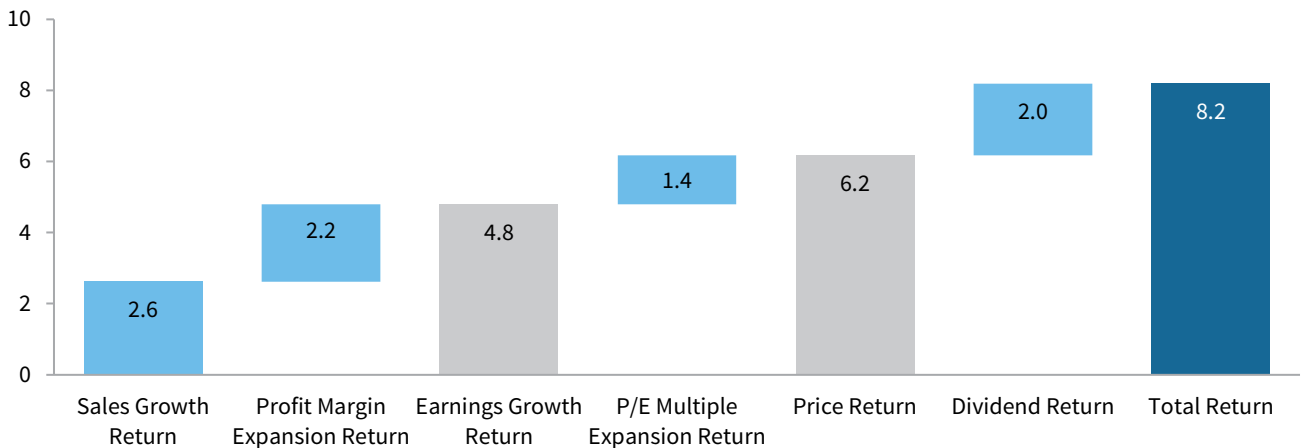
Global equity return decomposition: CY 2025

As of December 31, 2025 • Percent (%) • US dollar



Global equity return decomposition: CY 2006 – CY 2025 Aggregate AACR

As of December 31, 2025 • Percent (%) • US dollar



Sources: Bloomberg L.P., MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

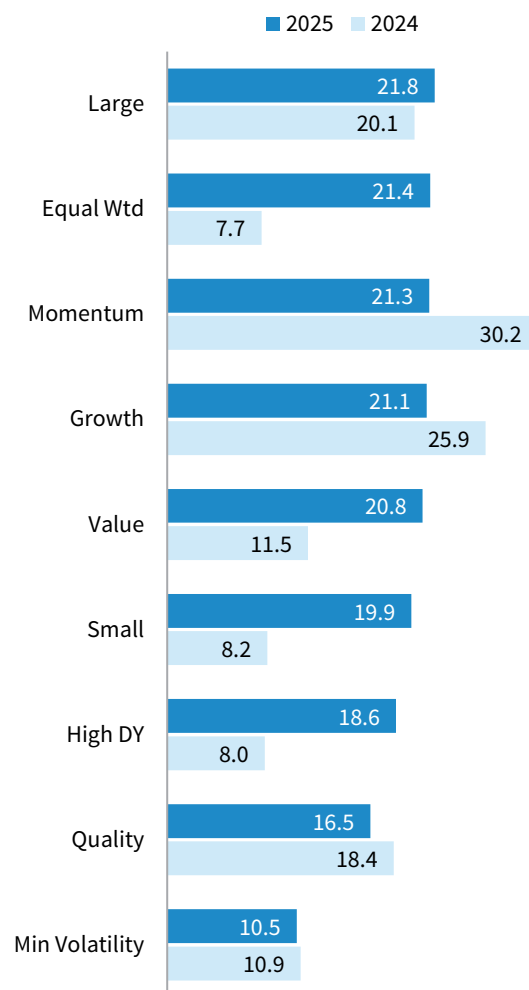
Notes: Data are based on the MSCI All Country World Index and in annualized terms. Component returns may not match official sources due to proprietary attribution and smoothing techniques. Numbers may not sum due to rounding. Total returns and dividend returns are net of dividend tax withholdings.

Performance dispersion amongst factors and styles declined in 2025

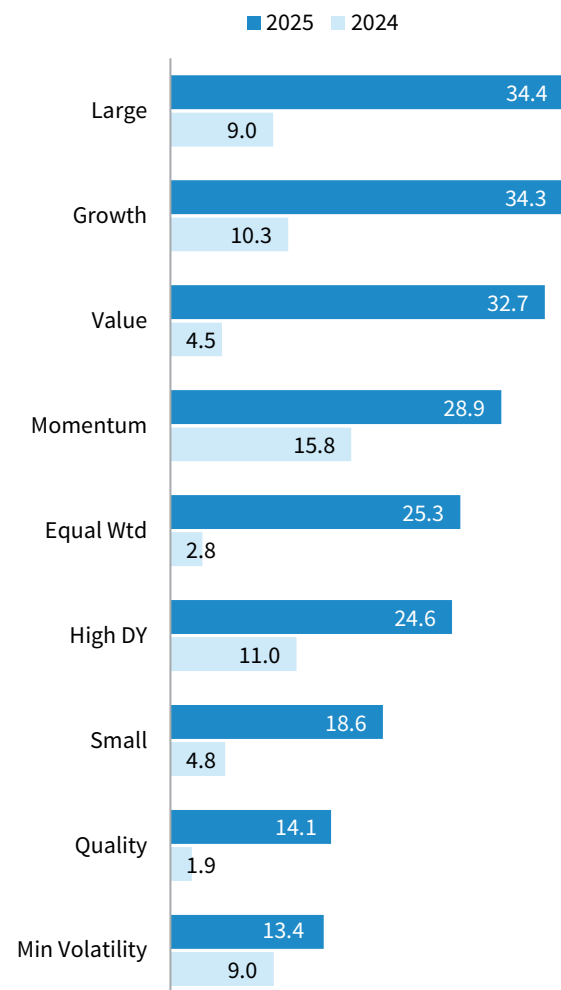
The outperformance of growth versus value and large versus small dissipated in 2025.

- More stable than anticipated economic growth and an increasing degree of synchronization when compared to 2024 helped to mute some of the factor and style differentials that were prominent in 2024.
- Lower rates helped to broaden out market performance, acting as a particular tailwind for small caps, which tend to be more levered. The large-minus-small differential for DM swung from c. 12% in 2024 to c. 2% in 2025. In the US, small caps underperformed, countered by outperformance elsewhere.
- Similarly, more stable and broadening growth helped to lift value stocks, in addition to policy shifts outside the US, resulting in a negligible growth/value differential last year.
- In EM, however, greater IT exposure and a weakening dollar saw large caps continue to outperform small caps.

Developed markets equity performance As of December 31, 2025 • Percent (%) • US dollar



Emerging markets equity performance As of December 31, 2025 • Percent (%) • US dollar



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Factors are based on the MSCI World Index and MSCI Emerging Markets Index. Total return data for all MSCI indexes are net of dividend tax withholdings.

Sectoral performance also broadened out in 2025

A greater proportion of global equity sectors participated in a meaningful way in last year's rally when compared to 2024 and 2023.

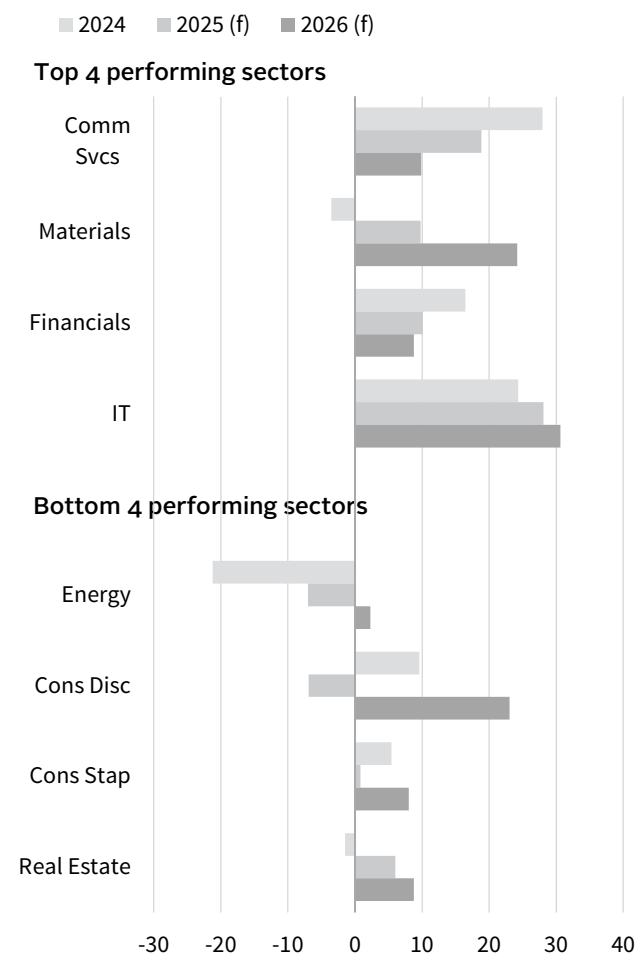
- Communications services and IT continued to be two of the top-performing equity sectors, with these expected to have delivered EPS growth of c. 19% and 28%, respectively in 2025.
- However, beyond these consistently strong performers, there was greater sectoral participation in last year's rally. Six sectors returned more than 20%, with all sectors returning mid-to-high single digits at a minimum
- At the top end of the distribution, materials swung from -4% EPS growth in 2024 to 10% last year, with >20% growth forecast for 2026.
- At the other end of the spectrum, the "K-shaped" economy was a headwind for consumer staples, while continued softness in the office sector was a challenge for real estate.

Global equities performance by sector
2022–25 • US Dollar • Percent (%)

CY23	CY24	CY25
IT 51.0	IT 31.6	Comm Svcs 32.6
Comm Svcs 37.7	Comm Svcs 31.6	Materials 31.8
Cons Disc 29.1	Financials 24.3	Financials 28.6
Industrials 21.9	Cons Disc 20.3	IT 26.4
Financials 15.5	Industrials 12.3	Industrials 25.6
Materials 12.1	Utilities 11.8	Utilities 23.5
Real Estate 8.5	Cons Stap 4.1	Healthcare 14.7
Energy 5.0	Real Estate 2.3	Energy 13.7
Healthcare 3.6	Energy 1.7	Cons Disc 9.5
Cons Stap 2.5	Healthcare 1.1	Cons Stap 8.6
Utilities 0.5	Materials -8.1	Real Estate 6.4

CY earnings growth forecasts

As of December 31, 2025 • US Dollar • Percent (%)



Sources: I/B/E/S, MSCI, Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Global equities are represented by the MSCI All Country World Index. Total return data for all MSCI indexes are net of dividend tax withholdings.

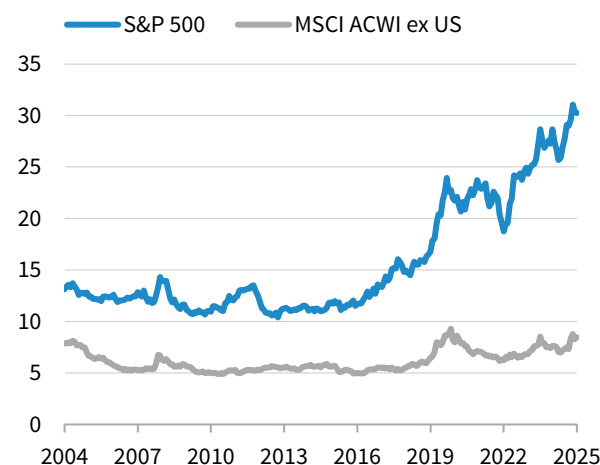
Market concentration remained a notable theme in markets last year

US equity market concentration rose to a fresh high in 2025.

- The top five largest firms in the S&P 500 Index now account for more than 30% of the index, up 1.6 ppts since the end of 2024. Though concentration in global ex US stocks remains much lower than in the United States, it has nonetheless ticked higher, approaching prior recent peaks.
- The five largest US firms (Nvidia, Alphabet, Apple, Microsoft, and Amazon) remained among the best performers in the index as they benefited from continued strong EPS growth and enthusiasm toward the AI theme.
- EPS growth for the Mag 7 firms comfortably outstripped that of the rest of the market in 2025, despite normalizing substantially from the steep levels seen in 2024. Furthermore, consensus expects this earnings outperformance to continue next year, albeit to a somewhat lesser extent.

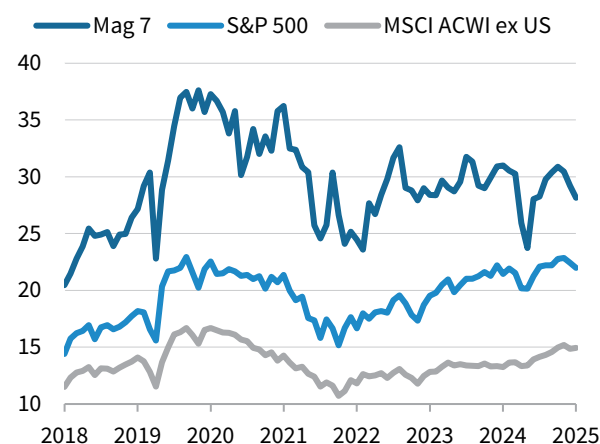
5 largest stocks' weight

2004–25 (Dec) • Percent (%)



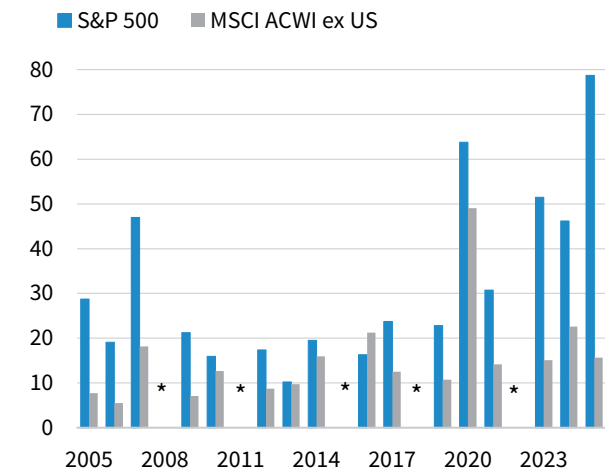
Forward P/E ratios

December 31, 2018 – December 31, 2025



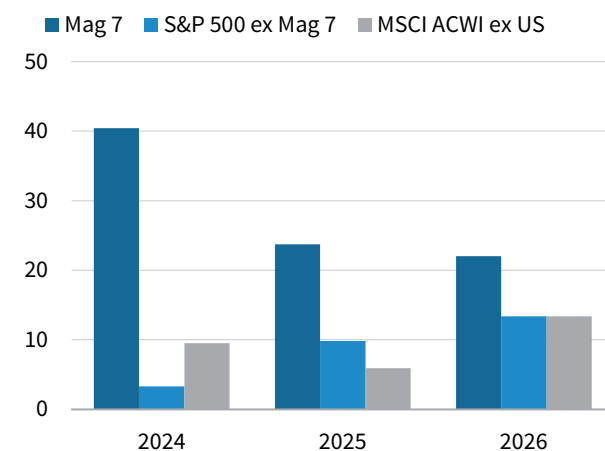
Top 5 stocks' contribution to return

2005–25 • As Percentage of Total (%) • Local Currency



Calendar year EPS growth forecasts

As of December 31, 2025 • US dollar • Percent (%)



Sources: FactSet Research Systems, I/B/E/S, MSCI Inc., and Standard & Poor's. Third-party data provided "as is" without any express or implied warranties.

Notes: Asterisks in top right chart denote years where index returns are less than 3%, which are excluded from the contribution analysis. Alphabet Class A & C shares are combined in calculations. The Magnificent 7 includes: Apple, Alphabet, Amazon, Meta Platforms, Microsoft, Nvidia, and Tesla. Mag 7 forward P/E ratios reflect the market cap-weighted harmonic average, and Mag 7 EPS growth estimates are weighted by number of shares outstanding as of December 31, 2025. EPS growth estimates for the S&P 500 ex Mag 7 are implied based on the year-over-year growth in total earnings of the S&P 500 constituents excluding the Mag 7 stocks.

Fixed Income

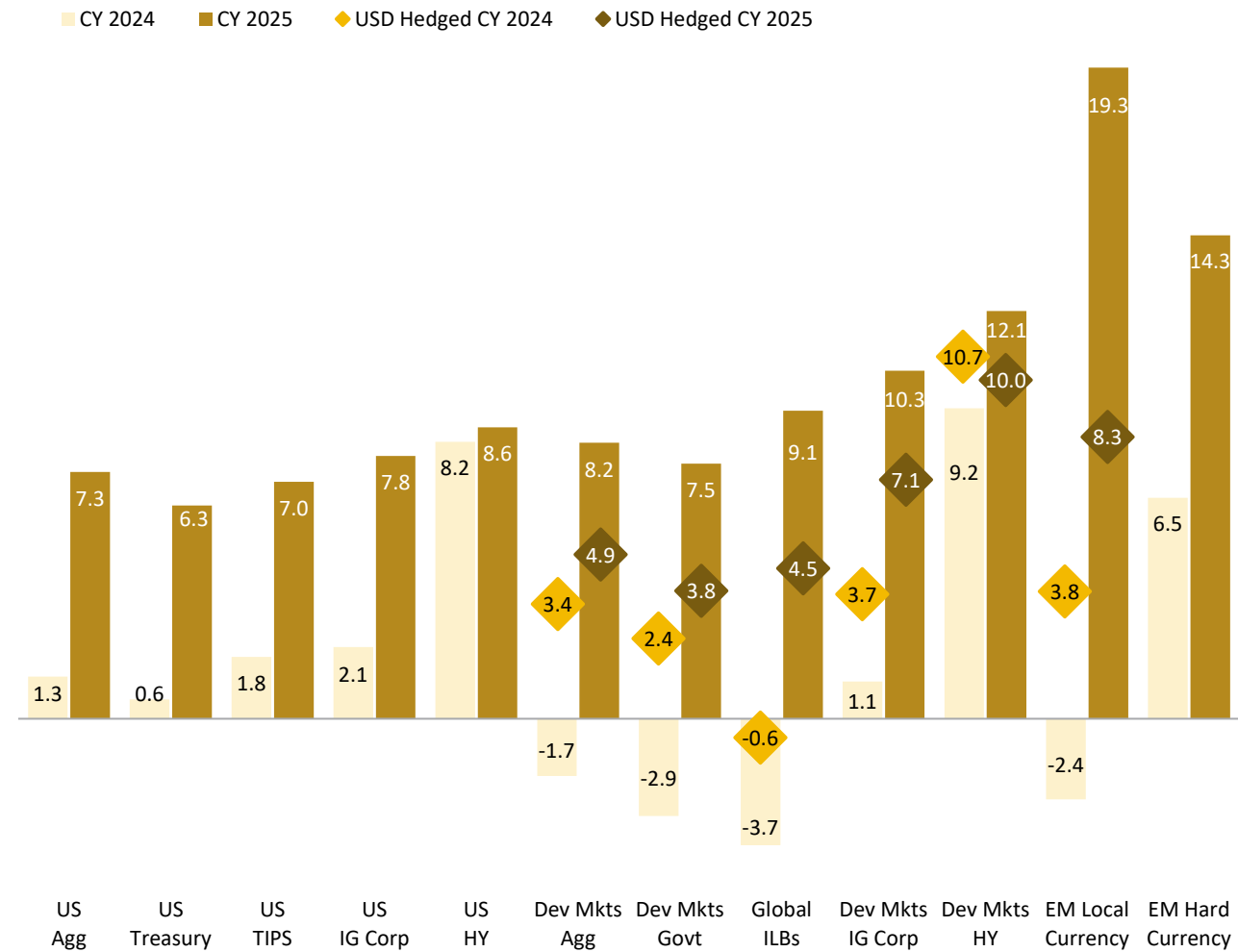
Fixed income provided notably stronger performance last year compared to 2024

Lower base rates and a continued appetite for risk supported fixed income returns.

- Bonds exhibited a solid year across a broad range of indexes, considerably outperforming their prior year returns.
- The continued moderation of inflation globally allowed most major central banks to cut interest rates in 2025. Some signs of labor market conditions weakening in certain markets also contributed to positive performance.
- Carry was a major driver of returns for government bonds, with modest additional gains coming from a modest decline in yields.
- Both IG and HY credit spreads had minor declines, adding to outperformance against government bonds.
- EM bonds performed especially well this year, primarily as a result of the dollar's decline.

Global bond performance: CY 2025 vs 2024

Total return (%) • US dollar



Sources: Bloomberg Index Services Limited, FTSE Fixed Income LLC, J.P. Morgan Securities, Inc., and Thomson Reuters Datastream.
 Note: For asset class representation see page 32.

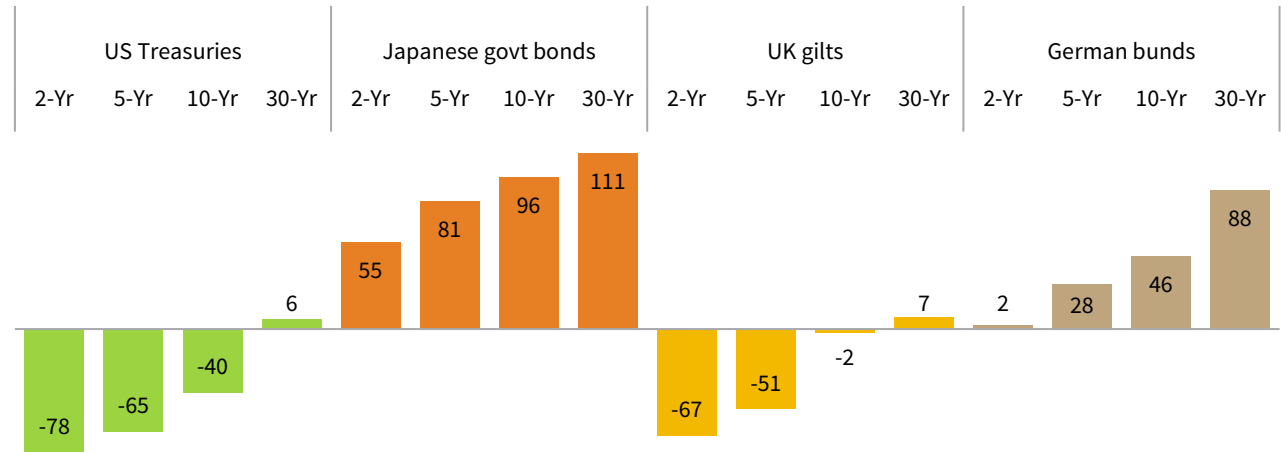
Differing monetary policy paths saw yield divergence, though curve steepening was a consistent theme

2025 saw some divergence in yields across DM, reflecting differing central bank cycles. Interest rate cuts and a focus on fiscal dynamics led to a steepening of yield curves.

- Moderating inflation and loosening labor market conditions in the US and the UK led to further rate cuts, with an expectation of further easing to come.
- In Europe, with inflation reaching target, the ECB ended its policy rate cutting cycle at 2%. Germany's large-scale infrastructure and defense spending plans saw a notable rise in longer-dated yields, while political uncertainty in France and the UK saw continued volatility in long-dated bonds.
- The BOJ delivered 50 bps of hikes as it "normalizes" policy after an extended period of low rates. Japanese yields moved higher as a result, with the rise in the long end aggravated by an expectation of fresh fiscal easing from new PM Sanae Takaichi.

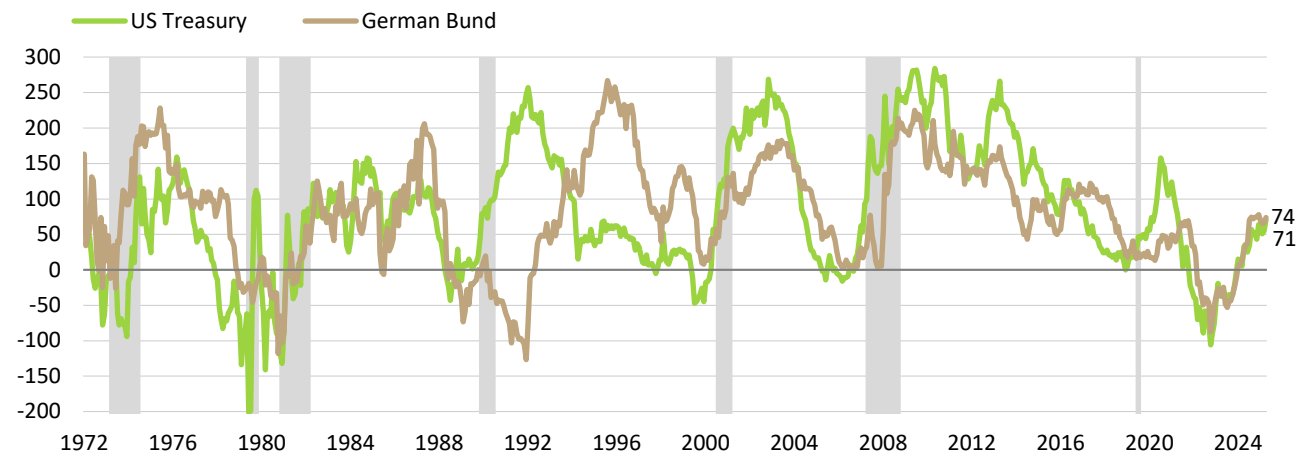
Change in yields vs December 31, 2024 for various government bond maturities

As of December 31, 2025 • Basis points (bps)



10-yr/2-yr yield curve spreads

September 30, 1972 – December 31, 2025 • Basis points (bps)



Sources: Deutsche Bundesbank, Federal Reserve, Global Financial Data, Inc., NBER, Refinitiv, and Thomson Reuters Datastream.
Note: Grey bars in the bottom chart represent NBER-defined US recessions.

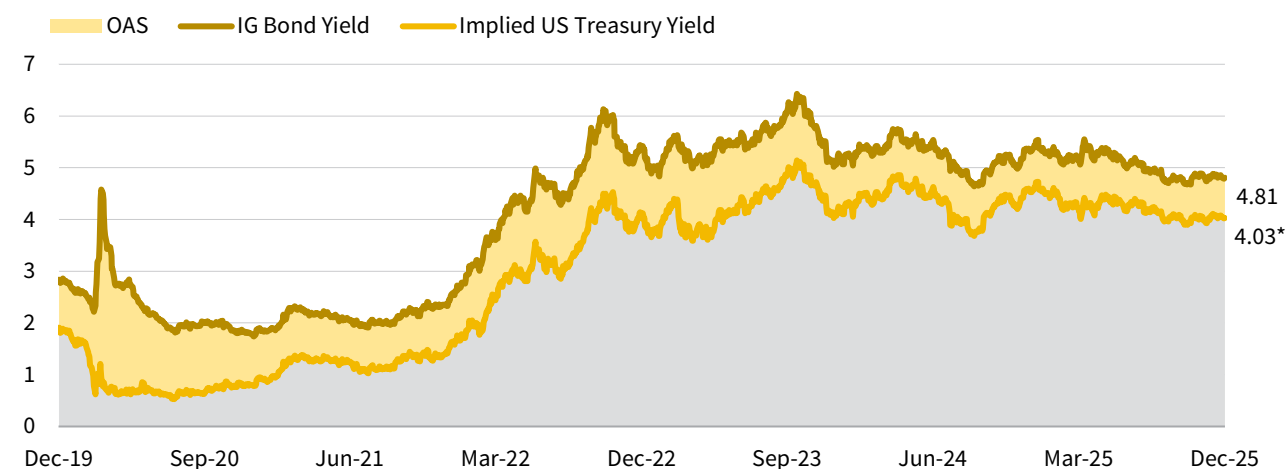
Carry and falling treasury yields were the main driver of US corporate bond returns as spreads remain tight

US corporate bond indexes returned modest outperformance versus government bond equivalents, aided by greater starting carry and modest spread declines.

- The primary driver of incremental returns for credit beyond the starting carry was a fall in underlying benchmark treasury yields, dropping 50 bps and 75 bps for US IG and HY, respectively, as the Fed recommenced interest rate cuts.
- Outperformance versus Treasury bonds was a function of the carry from higher starting yields plus some additional price appreciation as spreads declined modestly. The HY bond spread fell 21 bps on the year to 266 bps, while IG spreads were just 2 bps lower at 78 bps. Spreads are near historic lows and are in the bottom 6th percentile of observed values.
- Fundamentals remained strong throughout the year. An economic backdrop of growth resilience and moderating inflation has helped ensure strong earnings growth. HY default rates remain well below historic averages.

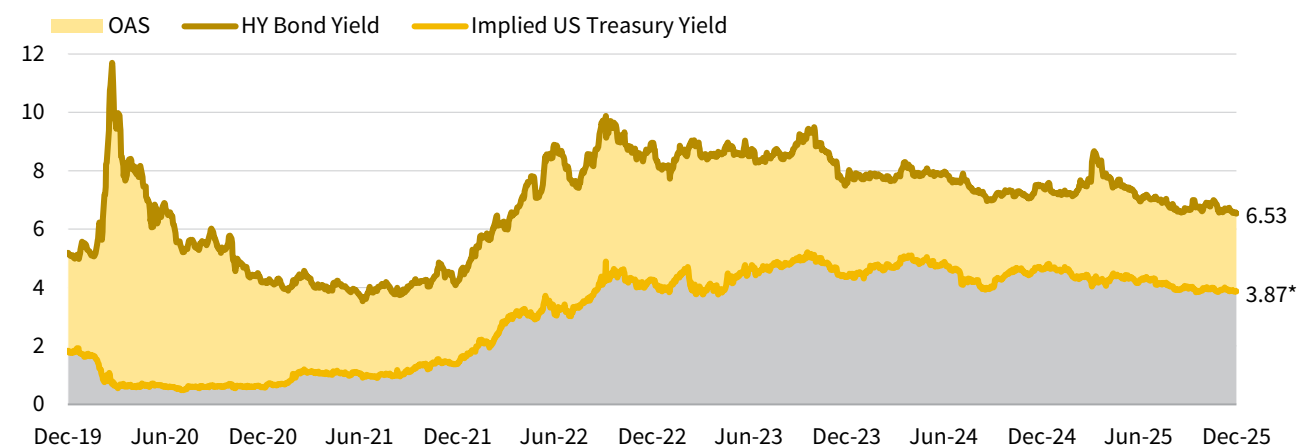
US investment-grade corporate bonds option-adjusted spreads

December 31, 2019 – December 31, 2025 • Yield-to-Worst (%)



US high-yield corporate bonds option-adjusted spreads

December 31, 2019 – December 31, 2025 • Yield-to-Worst (%)



Sources: Bloomberg Index Services Limited and Thomson Reuters Datastream.

Notes: Data for US investment-grade (IG) corporate bonds are represented by the Bloomberg US Corporate Investment Grade Bond Index, and data for US high-yield (HY) corporate bonds are represented by the Bloomberg US High Yield Bond Index. Data are daily. * US Treasury yields are calculated by subtracting the IG and HY OAS from the IG and HY bond yields, respectively.

Private Investments and Hedge Funds

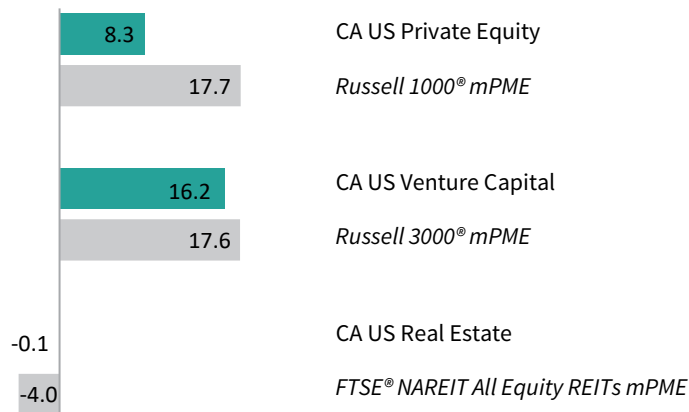
US private markets lagged their public market equivalents once more

The third successive year of private markets generally underperforming their public market equivalents is weighing on intermediate relative returns. However, outperformance persists over long horizons.

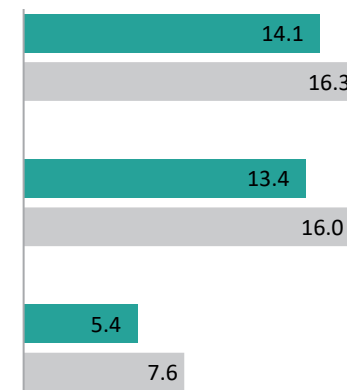
- At 8.3%, US private equity (PE) lagged its public market equivalent by more than 9 ppts in the 12 months through Q3 2025, with the strong absolute performance of public equities being one factor behind this.
- Still, elevated interest rates have weighed, albeit with declining effect, on financing for new deals, in addition to refinancings. It has also challenged the elevated valuations that were prevalent earlier this decade. These prior valuations, which were also a function of a spike in fundraising, has contributed to a reluctance to distribute.
- Venture capital (VC) has performed relatively better, in part due to the prominence of AI, which has accounted for a large portion of incremental exposure.

Performance of select Cambridge Associates private investment indexes vs public equivalents As of Third Quarter 2025 • Percent (%)

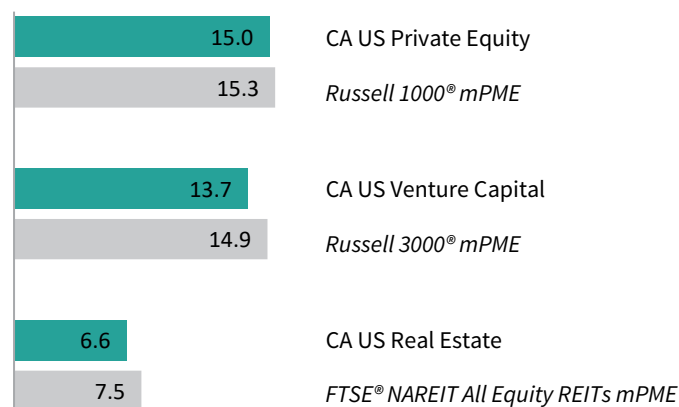
1-Yr Return



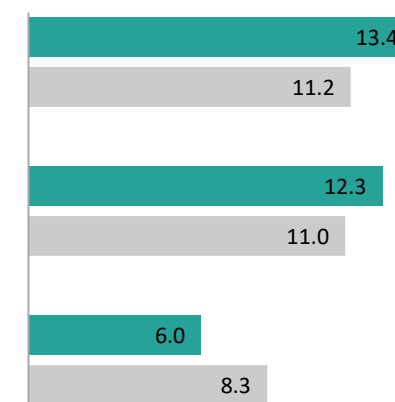
5-Yr Return



10-Yr Return



20-Yr Return



Sources: Cambridge Associates LLC, FTSE International Limited, National Association of Real Estate Investment Trusts, and Thomson Reuters Datastream.

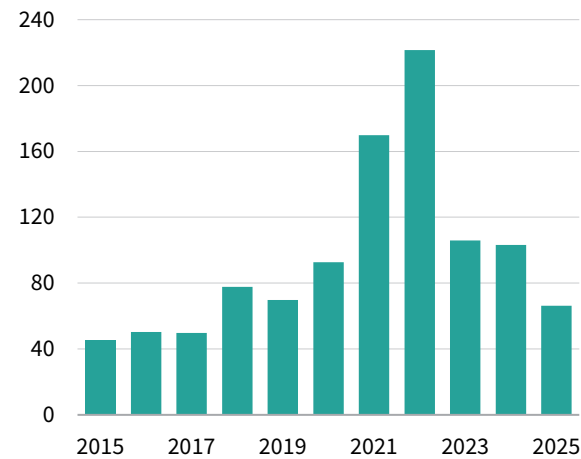
Notes: Private index returns are pooled horizon internal rate of returns, net of fees, expenses, and carried interest. The CA Modified Public Market Equivalent (mPME) replicates private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and mPME net asset value is a function of mPME cash flows and public index returns.

Private market fundraising remains muted, but deal activity has substantially returned

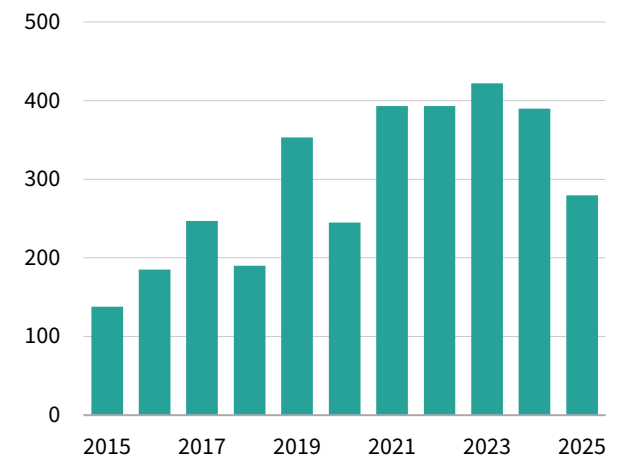
Muted distributions continue to weigh on fundraising, though less economic uncertainty and the AI theme have boosted dealmaking.

- With many limited partnerships waiting for greater distributions, the \$279B raised for US PE was the least since 2020 and well below recent averages. Fundraising continues to be highly concentrated within “mega” funds. A similar pattern emerges in VC where the \$66B raised was the lowest since 2017.
- Deal activity has increased, aided by declining interest rates and a reduction in policy uncertainty. The \$1.1T invested in US buyout and growth equity deals represented a 28% increase over 2024. Deal activity like fundraising was concentrated, with deals greater than \$1B represented more than 50% of the total. Within VC, AI and machine learning continued to dominate the landscape, accounting for over half of all deal value.

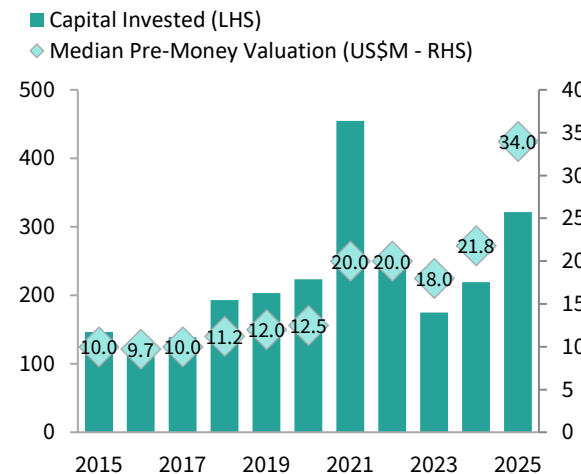
Venture capital fundraising
As of December 31, 2025 • US\$ billion



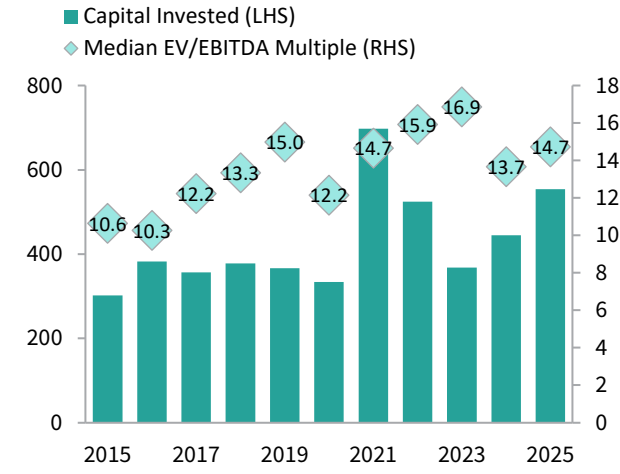
Private equity fundraising
As of December 31, 2025 • US\$ billion



Venture capital deal activity
As of December 31, 2025



Private equity deal activity
As of December 31, 2025 • US\$ billion



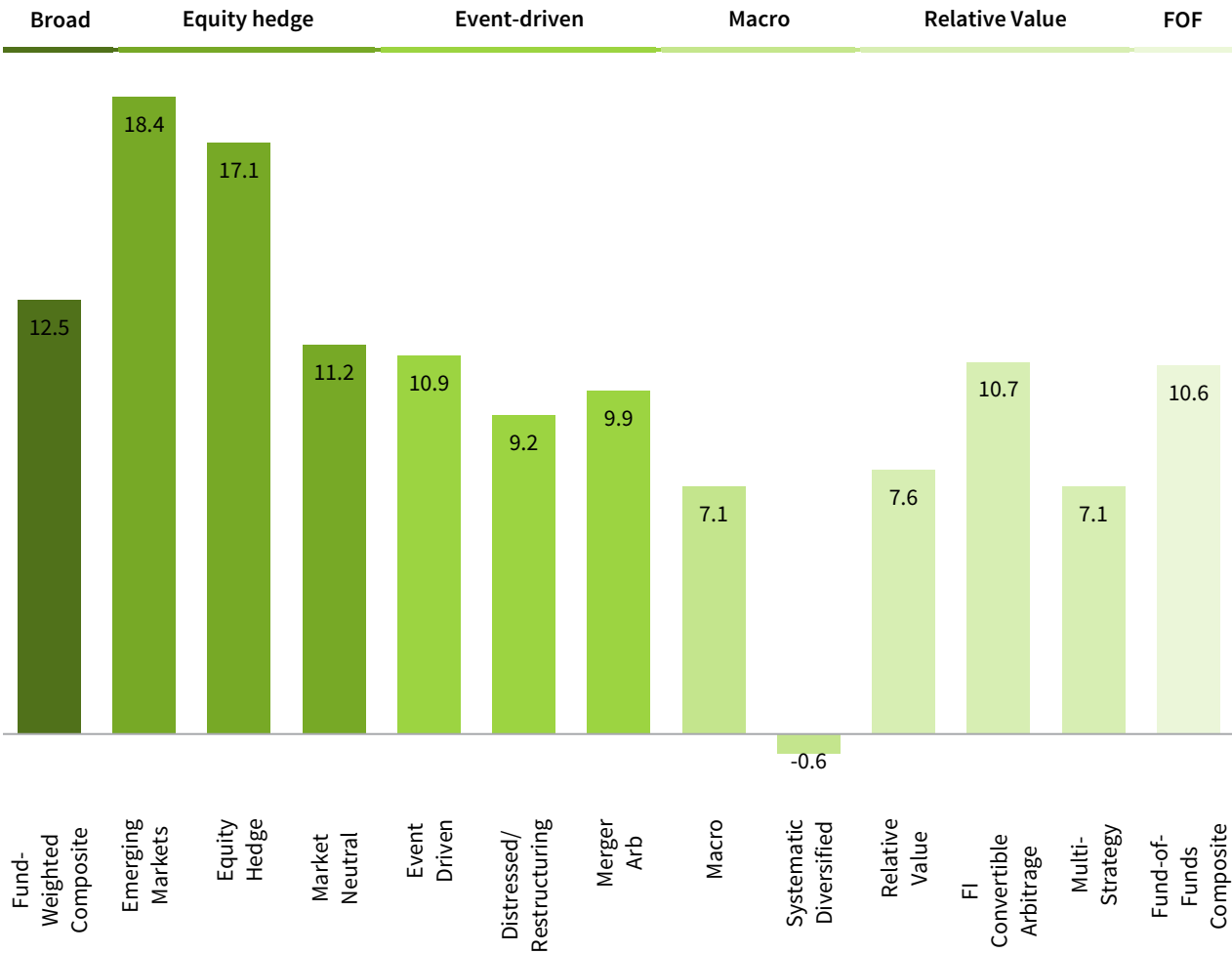
Source: PitchBook.
Note: PitchBook data subject to historical revisions.

Hedge funds generally delivered strong returns in 2025

Long-biased equity hedge funds delivered particularly strong returns, while systematic diversified funds struggled.

- Another year of strong returns for the broad equity markets proved a performance tailwind for hedge funds with a long bias.
- Long/short and market neutral hedge funds benefited both from an increase in dispersion and a still-elevated short rebate.
- An increasing degree of divergence between the monetary policy trajectories of various regions, in addition to the resultant impact on currencies, was an environment that allowed macro funds to deliver solid returns.
- Systematic diversified funds struggled, primarily in 1H 2025, because of the exogenous shock that was the “Liberation Day” tariff event. Returns improved in 2H 2025 as a relatively stable upward trend developed in equities.

Hedge fund performance: CY 2025
Total Return (%) • US dollar



Source: Hedge Fund Research, Inc.
Note: Hedge Fund Research data are preliminary for the preceding five months.

Currencies

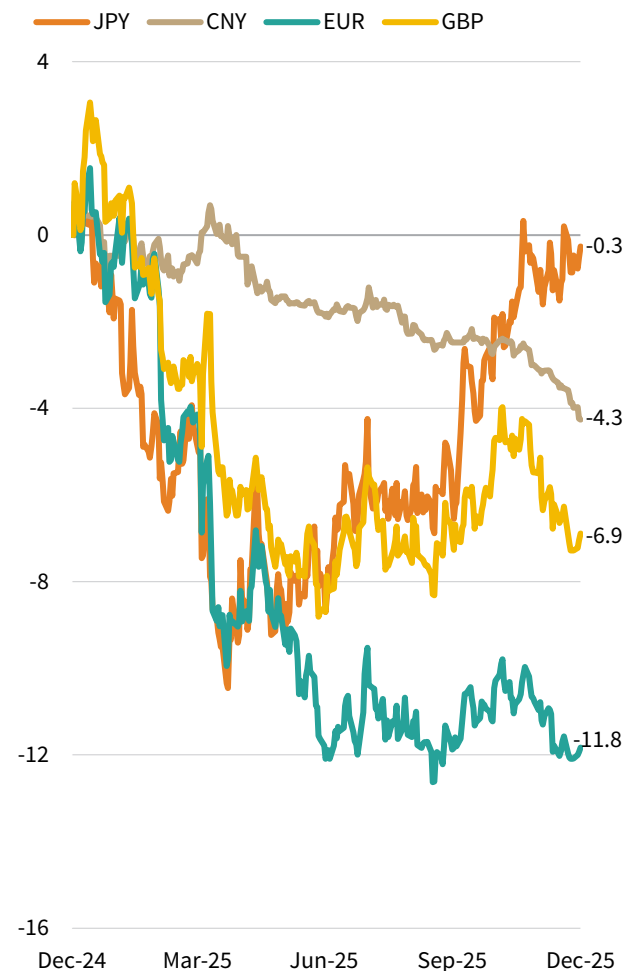
The US dollar declined against most peers in 2025

The geopolitical actions of the US catalyzed US dollar weakness, before interest rate differentials further buttressed the decline.

- Early in President Trump's second term, it became apparent that the US was likely to levy tariffs on trade partners. This drove some initial weakness in the US dollar, before the release of unexpectedly high tariff rates on "Liberation Day" catalyzed substantial further weakness as non-US investors hedged USD exposures.
- The dollar had been underperforming its level implied by rate differentials during this episode. However, as trade disputes started to de-escalate, yield differentials became the main driver of currencies once more, with further narrowing keeping the dollar under pressure.
- The yen proved an exception to this theme. Despite a narrowing rate differential, the yen lost ground in 2H 2025 as further fiscal easing was expected in Japan upon the elevation of their new prime minister.

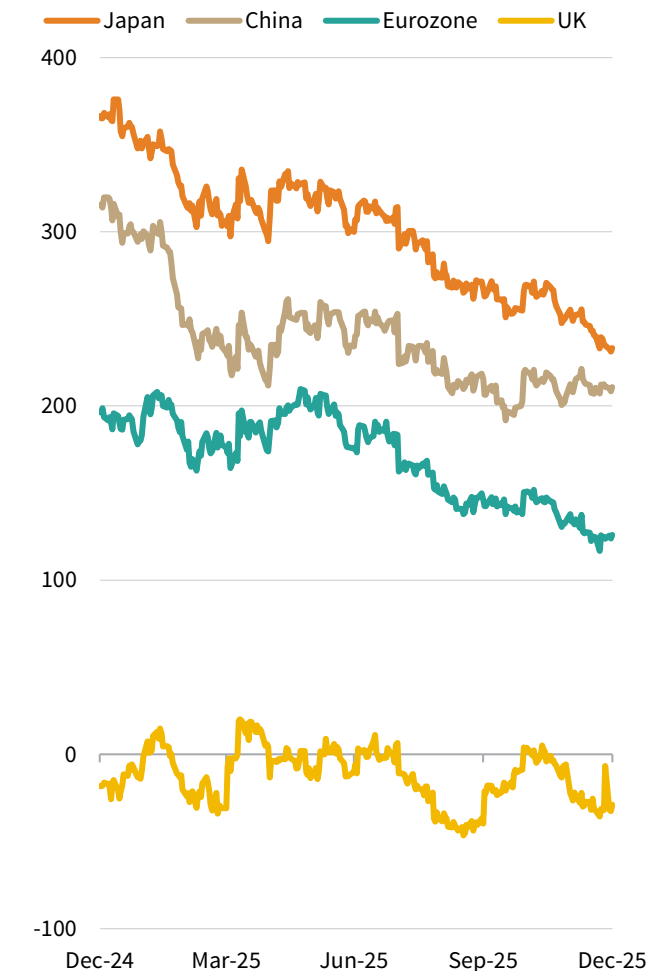
CY 2025 USD cumulative performance vs select currencies

December 31, 2024 – December 31, 2025 • (%)



US vs select countries 2-yr govt bond interest rate differentials

December 31, 2024 – December 31, 2025 • (bps)



Sources: Federal Reserve, Refinitiv, and Thomson Reuters Datastream.

Notes: Data are daily. Two-year yields for the Eurozone reflect the median bond yield across France, Germany, Italy, and Spain.

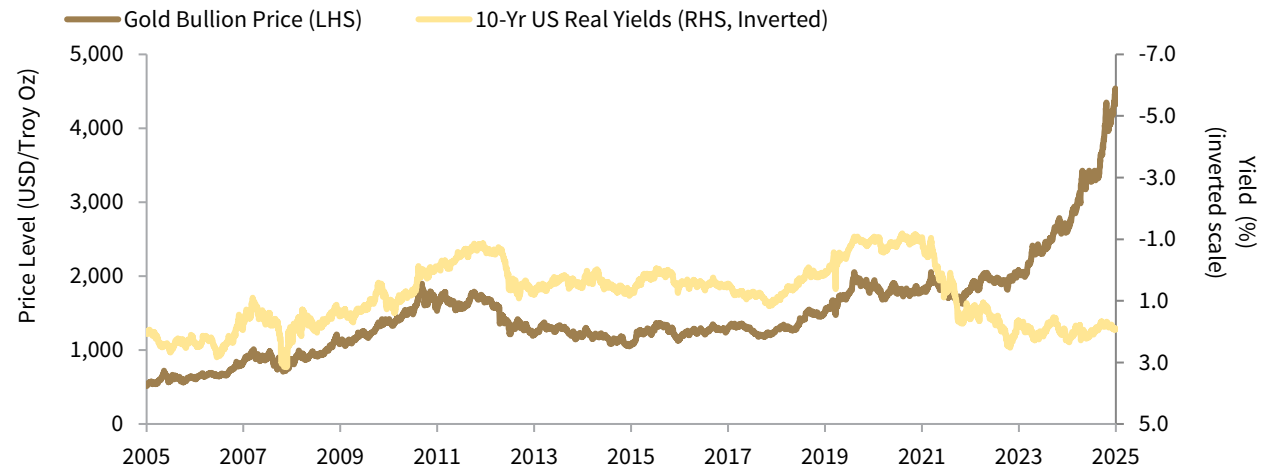
Gold continued its upward surge in 2025

Geopolitical uncertainty, central bank activity, and a weaker US dollar all helped to propel Gold higher last year.

- Gold appreciated by 65% last year, following a rise of 27% in 2024, as its decoupling from real bond yields persisted.
- Geopolitical uncertainty continued to be a significant driver of gold's strong performance. Ongoing conflicts in Ukraine and the Middle East, the US imposition of new tariffs on trade partners, and indications of shifting military priorities all further supported the precious metal.
- Central banks continued to be strong buyers of gold, albeit at a slower rate than last year, as they maintain their reserve diversification strategy. However, retail buyers became a more significant driver last year.
- The pricing of gold in US dollars means the performance of the greenback is a driver of performance, with recent weakness acting as a tailwind.

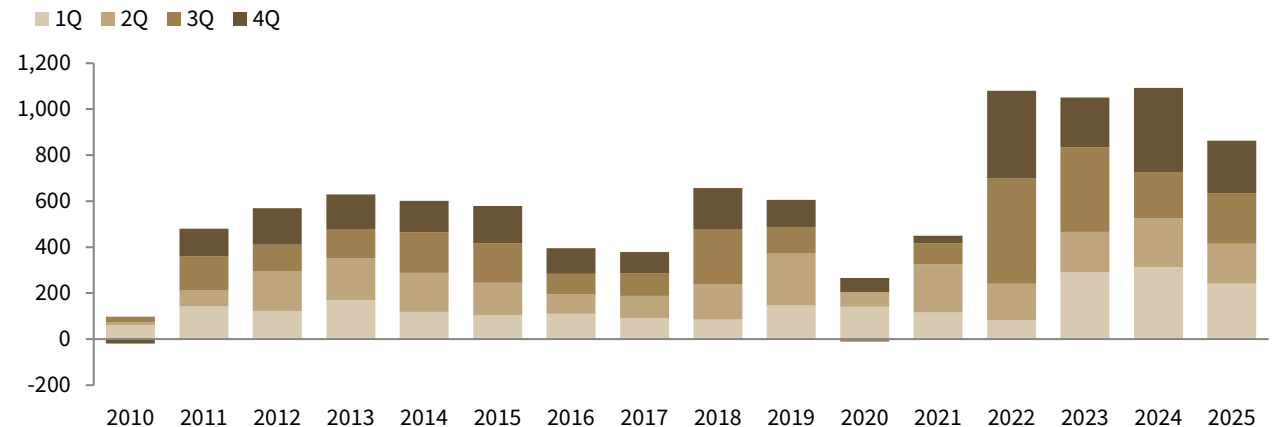
Gold bullion price vs 10-yr US real yields

December 31, 2005 – December 31, 2025



Global central banks gold demand

2010–25 (4Q) • Tonnes



Sources: Federal Reserve, Intercontinental Exchange, Inc., Thomson Reuters Datastream, and World Gold Council.

Notes: Ten-year US real yields reflect the US ten-year TIPS yield. Data in top chart are daily. Historical global central bank gold demand data may revise.

Bitcoin's decline belied its notional status as “digital gold”

Bitcoin declined by 6% in 2025, though it is in a deeper drawdown after peaking in early 4Q.

- After peaking at c. \$125,000 in early October, Bitcoin finished the year in a c. 30% drawdown at c. \$85,000.
- While a large decline in that space of time, it is unextraordinary in the context of having experienced three prior drawdowns of about 80% at approximately four-year intervals from 2014 to 2022.
- The suggestion that Bitcoin would behave as “digital gold” went unsupported, with its 6% decline standing in stark contrast to the 65% rally in gold.
- Trump’s threat of 100% tariffs on China in October catalyzed a liquidation of leveraged positions, cascading down into further selling of crypto ETFs in 4Q.

Bitcoin price

December 31, 2013 – December 31, 2025 • US dollar • Logarithmic scale



Sources: Bitstamp Ltd and Thomson Reuters Datastream.
Note: Data are daily.

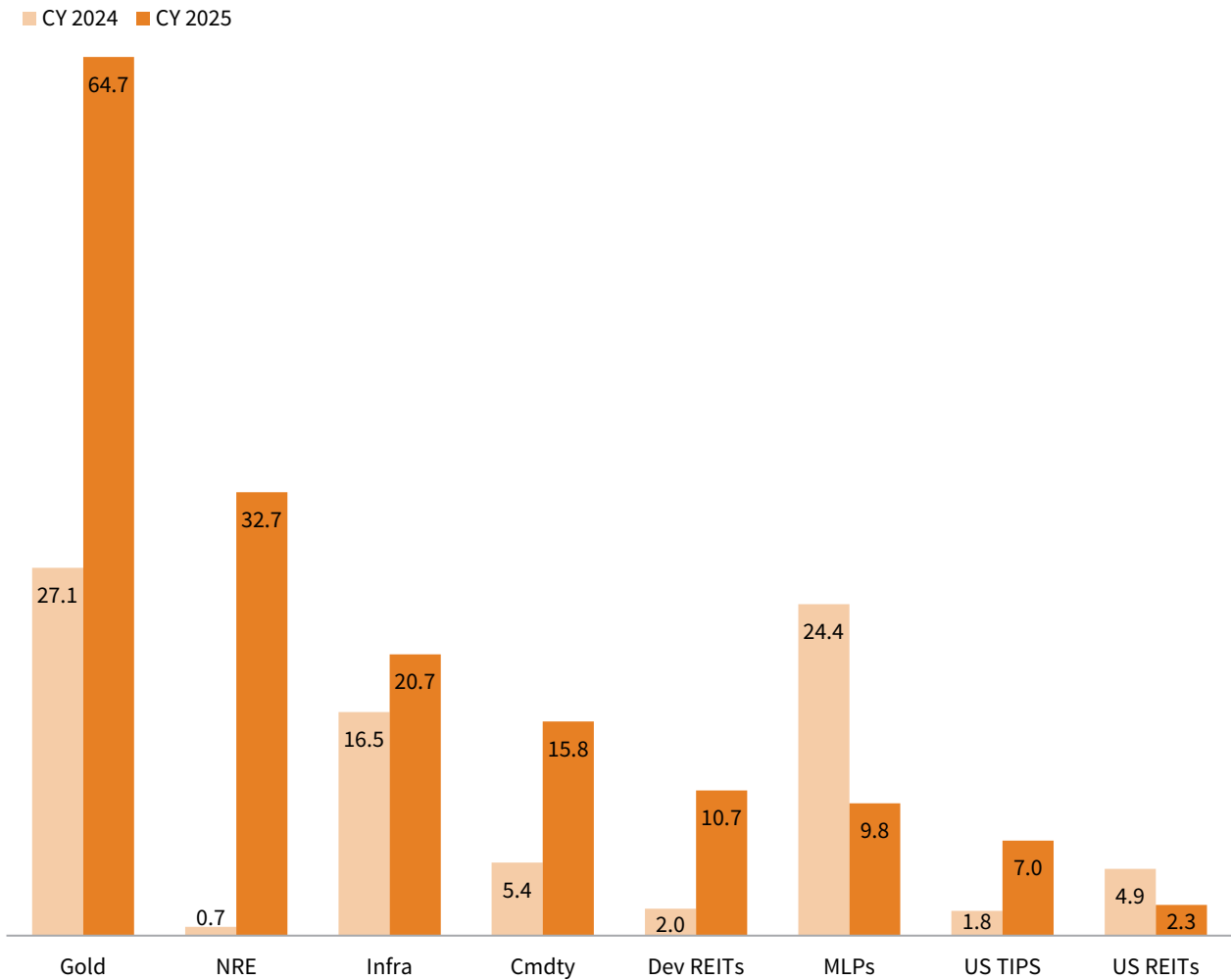
Real assets

Real and inflation-linked assets provided robust returns in 2025, eclipsing those of 2024

While gold delivered spectacular returns in 2025, other commodities, natural resources equities, and infrastructure also performed strongly.

- Basic resource commodities, and their equities in particular, performed strongly in 2025 as many of these materials are operating with a structural undersupply. A decade of underinvestment in production has met increased demand as investment in the green transition and infrastructure renewal ramps up.
- Infrastructure performed strongly as EPS expanded due to demand for electric power and data center real estate.
- US TIPS delivered a solid return of 7%, driven by duration rather than rising inflation expectations.
- Strong returns for industrial REITs were dragged down by those in the office and residential spaces.

Real asset and inflation sensitive performance: CY 2025 vs CY 2024
Total Return (%) • US dollar



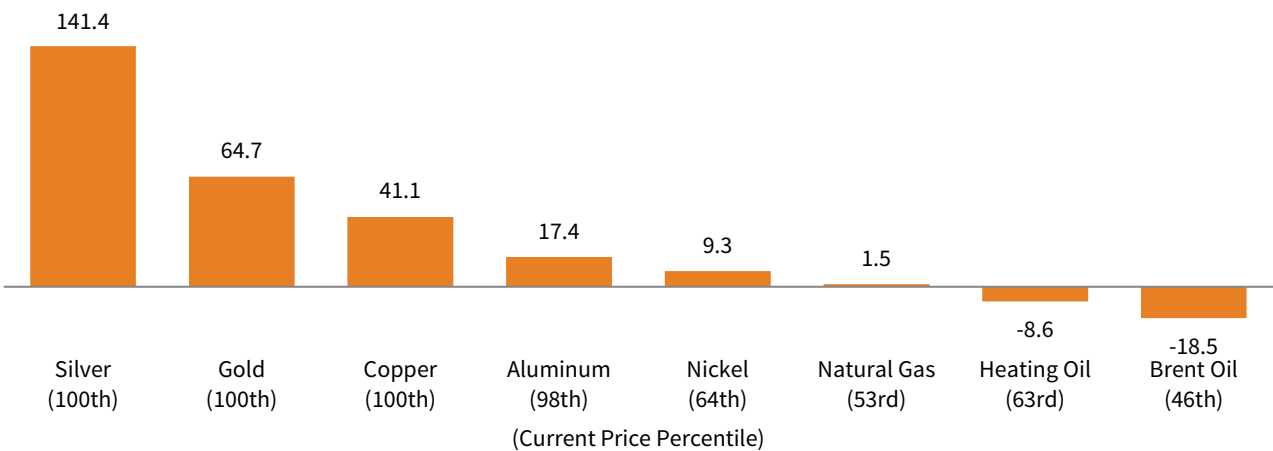
Sources: Alerian, Bloomberg Index Services Limited, EPRA, FTSE International Limited, Intercontinental Exchange, Inc., MSCI Inc., National Association of Real Estate Investment Trusts, Refinitiv, and Thomson Reuters Datastream. MSCI data provided “as is” without any express or implied warranties.
Notes: For asset class representation see page 32. All returns are total returns, except those for gold, which are based on spot price returns. Total return data for all MSCI indexes are net of dividend taxes.

Beyond gold, AI and energy transition related demand supported the commodity complex

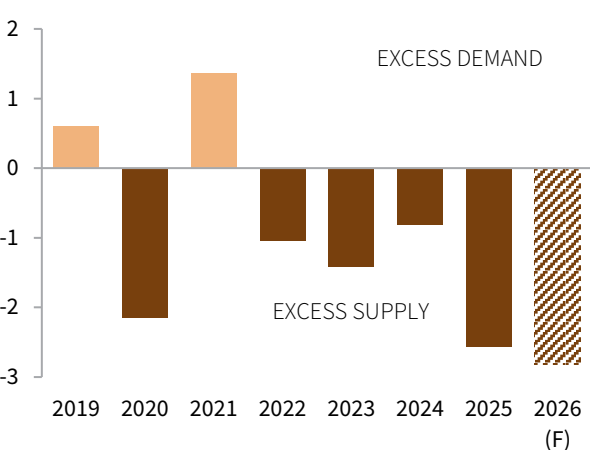
Strong commodity performance extended beyond gold and precious metals in 2025. While continued excess supply kept a lid on energy prices, expected sustained net excess demand supported several base metals.

- Within the precious metals space, gold naturally dominated headlines with its 65% gain. However, its performance was eclipsed by silver, with the latter aided by its additional value in use as a conductor of electricity. Platinum and palladium also rose strongly.
- Oil prices declined in 2025 as the market moved toward a more material degree of oversupply. The unwinding of voluntary production cuts by OPEC+ was a contributor, as they shifted to defending market share.
- Copper and aluminum, key to the energy transition, climbed on stronger demand from AI data centers and grid upgrades

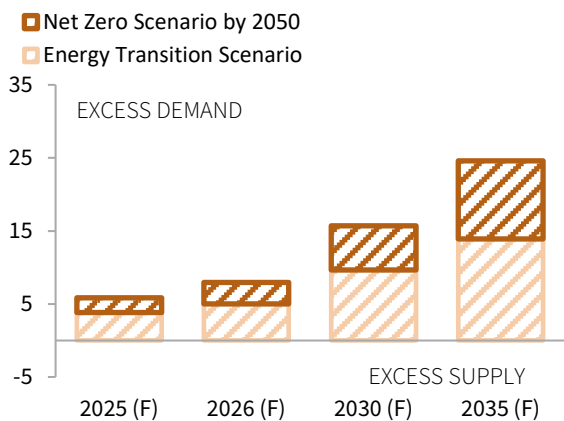
Select commodity spot performance: CY 2025
As of December 31, 2025 • Percent (%) • US dollar



Global oil supply and demand
2018–25 (F) • Millions Barrel Per Day



Copper primary supply and demand
2023–35 (F) • Millions ton



Sources: Bloomberg L.P., BloombergNEF Transition Metals Outlook 2025 - Copper supply and demand balance, International Energy Agency, and Thomson Reuters Datastream.
Notes: Spot returns are based on near-month futures from Bloomberg L.P., except for gold, which uses the LBMA price. Commodity valuations show the closing price percentile versus historical nominal prices (July 31, 1997–December 31, 2025). Excess oil and copper supply/demand equals annual supply minus demand. Primary copper demand excludes recycled supply; primary supply includes existing, under-construction, and likely new projects. The Energy Transition Scenario reflects current policy trends, while the Net Zero Emissions by 2050 scenario outlines a path to global net zero CO₂ emissions by 2050.

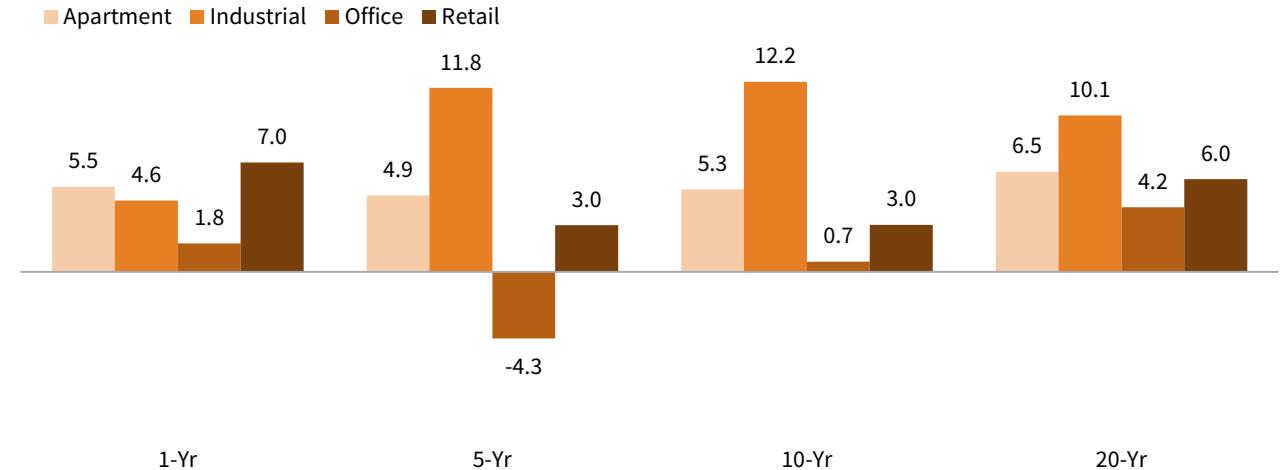
Real estate delivered positive returns across all major sectors over the trailing four quarters

Total returns in real estate picked up across most sectors in the trailing one-year period compared to longer trends.

- The overall property index rose 4.6% in the four quarters ended 3Q 2025. Retail recorded strong growth due to supply constraints—past weakness has meant minimal construction and material amounts of conversions and demolitions. Industrials performance normalized after frenetic e-commerce demand stabilized.
- While office as a category continues to lag, its returns have turned positive, with Q4 2024 marking an apparent bottom. Greater return-to-office demands have helped, though a notable dispersion remains between Class A performance and the rest.
- Net operating income (NOI) growth slowed further in the last four quarters, as rents stagnated on one side while expense growth rose on the other, including rising refinancing rates. NOI growth for offices became more negative as vacancy rates remained elevated.

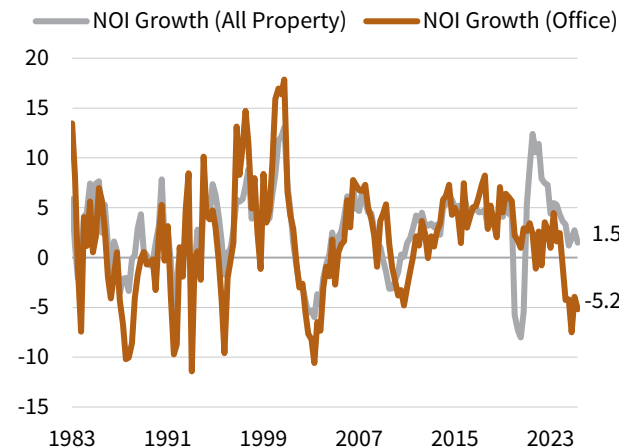
Returns by property type

As of Third Quarter 2025 • AACR (%) • US dollar



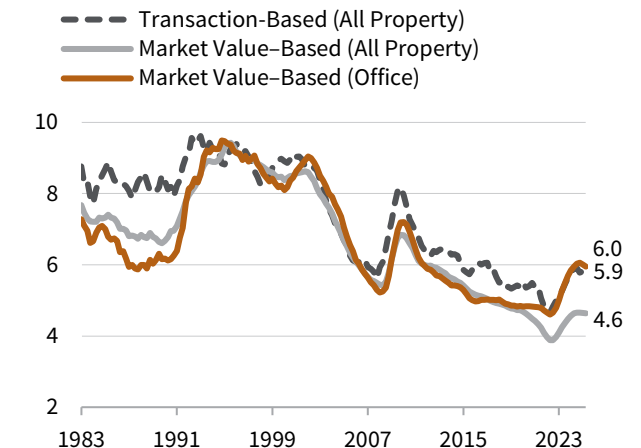
Net operating income growth

Second Qtr 1983 – Third Qtr 2025 • Percent (%)



Property capitalization rates

Second Qtr 1983 – Third Qtr 2025 • Percent (%)



Source: National Council of Real Estate Investment Fiduciaries.

Notes: Values are total return figures, reflecting property price appreciation and income return. Transaction-based capitalization (cap) rates are from sold properties, and market value-based cap rates are from properties that were revalued during the quarter. All net operating income growth data and cap rate data are based on a fourth-quarter moving average.

Thomas O'Mahony, Senior Investment Director

Andres Marin and Mark Sintetos also contributed to this publication.

Notes on Data

Figure 3

Asset classes represented by: MSCI All Country World Index ("Global"), MSCI World Index ("DM"), S&P 500 Index ("US"), MSCI UK Index ("UK"), MSCI Europe ex UK Index ("Europe ex UK"), MSCI Japan Index ("Japan"), MSCI Emerging Markets Index ("EM"), Bloomberg US Treasury Index ("US Treasury"), FTSE World Government Bond Index ("Dev Mkts Govt"), Bloomberg US Corporate Investment Grade Bond Index ("US IG Corp"), Bloomberg US High Yield Bond Index ("US HY"), J.P. Morgan GBI-EM Global Diversified Index ("EM LC"), market cap-weighted Datastream World Energy Index and Datastream World Basic Resources Index blend ("NRE"), FTSE® EPRA/NAREIT Global Real Estate Index ("Global RE"), Bloomberg Commodity TR Index ("Cmnty"), LBMA Gold Price ("Gold"), Hedge Fund Research Fund Weighted Composite Index ("Hedge Funds"), and Nominal Trade Weighted US Dollar Index: Broad ("USD").

Figure 4

Asset classes are represented by the following indexes: S&P 500 Index ("US Equities"), MSCI World Index ("Developed Markets Equities"), Bloomberg US Treasury Index ("US Treasuries"), and MSCI Emerging Markets Index ("Emerging Markets Equities"). Total returns for all MSCI indexes are net of dividend taxes. Total returns for the MSCI Emerging Markets Index are gross of dividend taxes prior to calendar year 2001. The first full calendar-year periods are 1901 for S&P 500, 1970 for MSCI World, 1973 for Bloomberg US Treasury, and 1988 for MSCI Emerging Markets. Data prior to 1968 for the S&P 500 Index are sourced from Global Financial Data, Inc.

Figure 10

Asset classes represented by the following: MSCI All Country World Index ("Global"), MSCI World Index ("Developed Markets"), MSCI World ex US Index ("Dev Mkts ex US"), S&P 500 Index ("US"), MSCI UK Index ("UK"), MSCI Europe ex UK Index ("Europe ex UK"), MSCI Japan Index ("Japan"), MSCI Emerging Markets Index ("Emerging Markets"), and MSCI China Index ("China").

Figure 17

Asset classes represented by Bloomberg US Aggregate Bond Index ("US Agg"), Bloomberg US Treasury Bond Index ("US Treasury"), Bloomberg US TIPS Index ("US TIPS"), Bloomberg US Corporate Investment Grade Bond Index ("US IG Corp"), Bloomberg US High Yield Bond Index ("US HY"), Bloomberg Global Aggregate Bond Index ("Dev Mkts Agg"), FTSE World Government Bond Index ("Dev Mkts Govt"), Bloomberg Global Inflation Linked Bond Index ("Global ILBs"), Bloomberg Global Aggregate Corporate Bond Index ("Dev Mkts IG Corp"), Bloomberg Global High Yield Bond Index ("Dev Mkts HY"), J.P. Morgan Government Bond Index - Emerging Markets Global Diversified Index ("EM Local Currency"), and J.P. Morgan Emerging Markets Bond Index - Global Diversified Index ("EM Hard Currency").

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