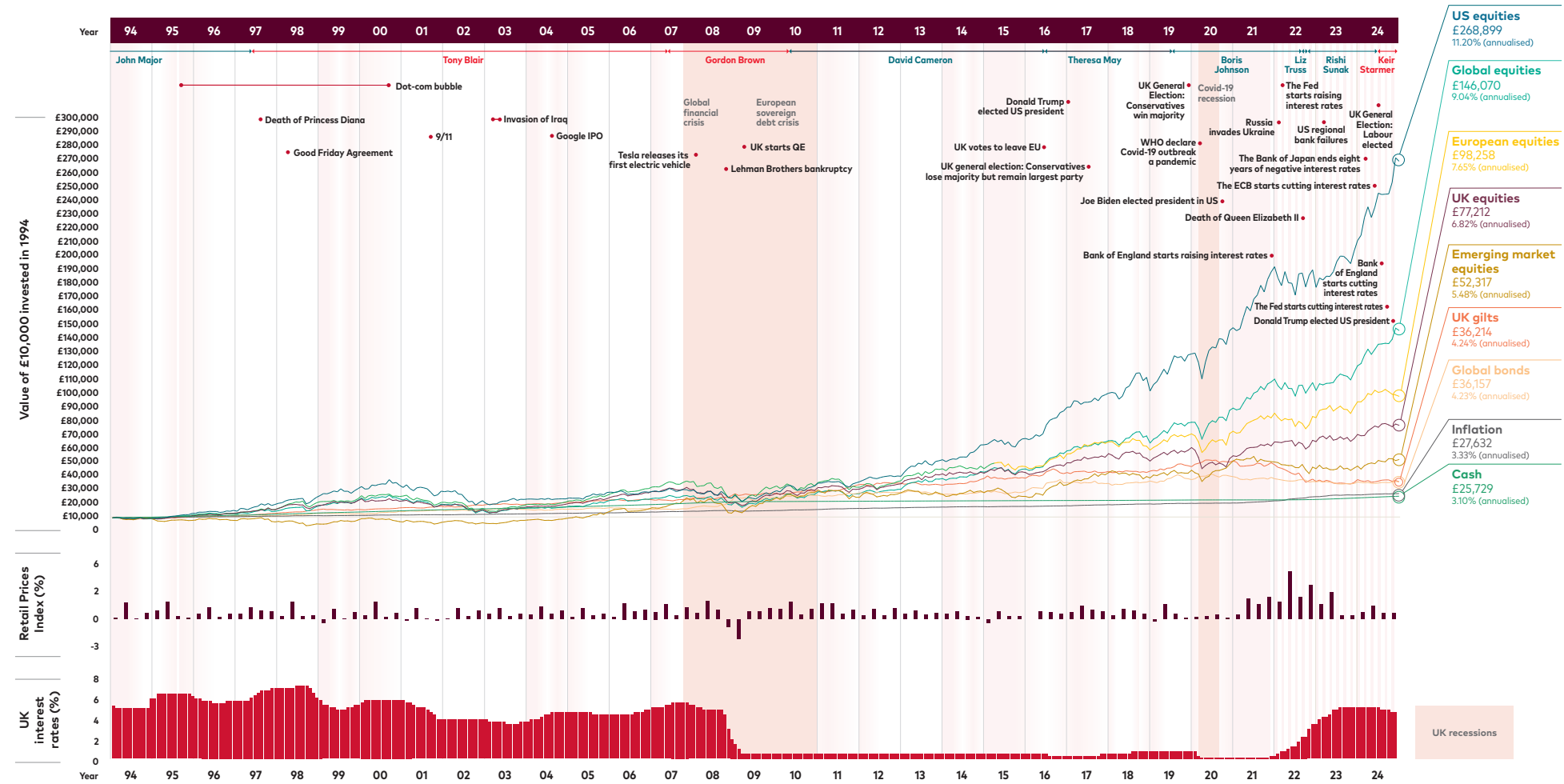


2025 index chart

INDEX RETURNS – 31 DECEMBER 1993 TO 31 DECEMBER 2024



Past performance is not a reliable indicator of future results.
Source: Bloomberg, Factset and Bank of England, as at 31 December 2024.
Notes: Cash = UK Bank Rate; Global equities = MSCI World Index; US equities = S&P 500; UK equities = FTSE All-Share; Inflation = Retail Price Index, (Jan 1987=100); Global bonds = Bloomberg Global Aggregate; European equities = MSCI Europe; UK gilts = ICE BofA UK gilt (local total return); Emerging market equities = MSCI emerging markets; all shown gross of taxes and of fees and in GBP. Annualised performance refers to the entire period. (Annualised returns show what an investor would earn over a period of time if the annual return was compounded. Compounding is when you earn returns on the money you invest as well as on the returns themselves.) Performance includes the reinvestment of income.
The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

Glossary

Annualised

Annualised returns show what an investor would earn over a period of time if the annual return was compounded. Compounding is when you earn returns on the money you invest as well as on the returns themselves.

Bonds

This is a loan issued by a government, public-sector body or company. Bonds usually pay a fixed rate of annual interest (a coupon) – hence why they are also known as fixed-income assets. The original sum borrowed is typically repaid at a specific future date (redemption date).

Equities

Another word for ordinary company shares, which represent an ownership stake in the business.

Gilts

A gilt is another word for a bond issued by the UK government.

IPO

An initial public offering (IPO) is when a privately held company first sells its shares to the public on a stock exchange.

Index

An index typically measures the performance of a basket of investments that are intended to replicate a certain area of the market. Indices are often used as benchmarks against which to evaluate the performance of an investment, such as a fund.

Index returns

An index return shows how the index has performed as a percentage change, indicating how much it has increased or decreased in value.

Inflation

Inflation is when the prices of goods and services increase over time. This means that each pound buys fewer goods and services than it did before. In other words, the purchasing power of money decreases.

Negative interest rates

Negative interest rates are when the interest rate on a bank deposit or loan is below zero. This means that instead of earning interest on your money, you may have to pay the bank to hold your money.

Quantitative easing

Quantitative easing (QE) is a tool used by central banks to stimulate the economy when conventional methods, such as lowering interest rates, are no longer effective. Central banks achieve this by buying financial assets, usually government bonds.

Recession

A recession is a significant and prolonged decline in a country's economic activity. It is usually when an economy's activity has contracted for two consecutive three-month periods.

Retail Prices Index

The Retail Prices Index (RPI) is a measure of inflation in the UK. The RPI helps us understand how much more expensive things are becoming. See inflation.

Sovereign debt

Government debt. See bonds.

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