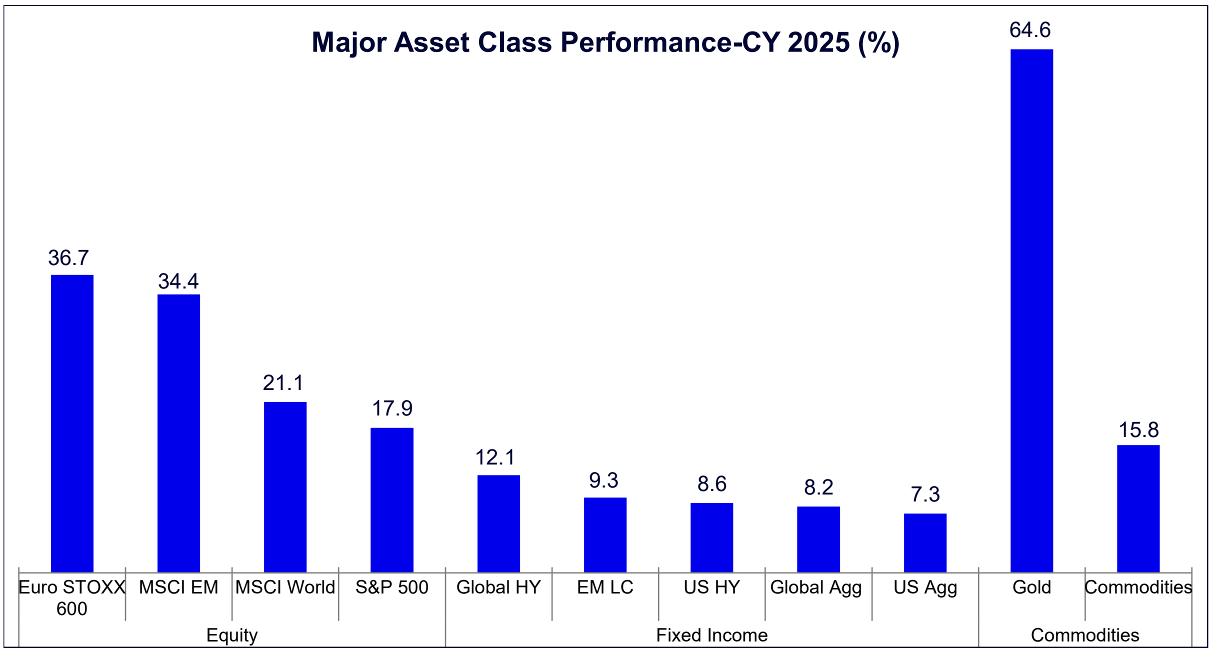
COMMENTARY
January 15, 2026

Mind on the Market

Chart of the Week



Source: Bloomberg, FactSet. Total returns data for the calendar year 2025 in USD.

In 2025, global markets delivered a broad-based advance, with equities generating strong yet differentiated gains, fixed income producing positive returns across sectors, and commodities delivering standout performance—most notably gold's remarkable 64.6% surge alongside a 15.8% rise in the broader commodities complex. This marked the first post-pandemic year where equities, bonds, and commodities all delivered positive returns, despite a backdrop of political uncertainty, sweeping tariffs, inflationary pressures, and geopolitical tensions.

Contact

Saketh Reddy, CFA®
Research Analyst, Investment Strategy & Research

Dane Smith
Head of Investment Strategy & Research – North America

STATE STREET INVESTMENT MANAGEMENT

Weekly Highlights

Best performing country in **developed markets** in 2025

Spain, +83.57%

Source: FactSet, as of December 31, 2025. Gross total return unhedged USD.

Best performing country in **emerging markets** in 2025

Columbia, +115.81%

Source: FactSet, as of December 31, 2025. Gross total return unhedged USD.

Best performing **commodity** in 2025

Silver, +149%

Source: FactSet, as of December 31, 2025. LBMA silver price ($/ozt) in USD.

Three Biggest Surprises of 2025

The year 2025 delivered its share of shocks to global markets. Here, we explore a few of the biggest surprises of the year.

Extent of Liberation Day Tariffs

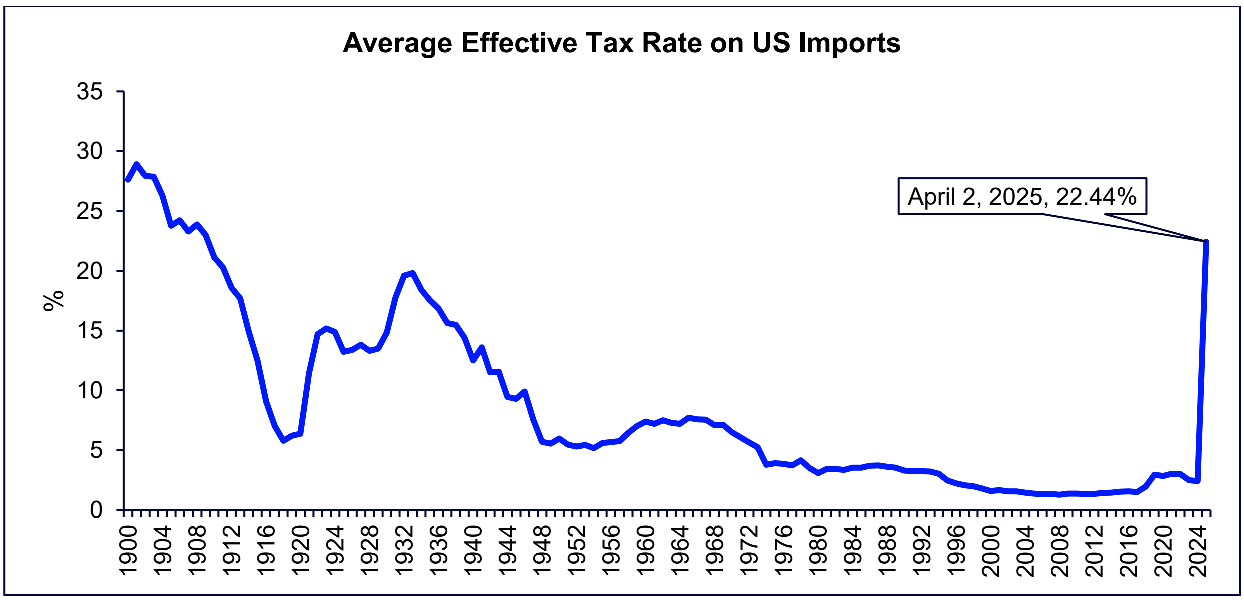
On April 2, 2025, President Trump stunned global markets with sweeping “Liberalization Day” tariffs, far more aggressive than expected, pushing the average effective U.S. tariff rate to 22.4%, its highest since 1909. It included a universal 10% import tax on nearly all countries, plus punitive “reciprocal” surcharges: 34% on China, 20% on the EU. These measures threatened global supply chains and trade flows, triggering fears of a full-scale trade war.

Markets reacted violently. The S&P 500 plunged 10.5% in two days. International markets[1] tumbled by 5.5%, while safe havens surged - gold spiked above $3,100/oz, and U.S. Treasury yields collapsed as investors scrambled for safety. Emerging markets were hit hard, with Brazil’s real and India’s rupee sliding sharply amid concerns over export competitiveness and capital outflows.

Yet the panic proved short-lived. Within a week, the White House paused many tariffs amid negotiations, easing fears of prolonged disruption. Investor focus quickly shifted to a booming AI investment cycle,

[1] Represented by MSCI ACWI ex USA.

which buoyed tech stocks and restored confidence. By year-end, the S&P 500 had fully recovered, finishing up 18% for 2025, as trade-war anxiety gave way to optimism about U.S. growth and transformative tech spending.



Source: The Budget Lab at Yale. Data as of April 2, 2025.

EM Outperformance versus US Markets

Emerging markets (EM) delivered one of 2025's most striking surprises, outperforming U.S. equities by the widest margin since 2009. The MSCI EM Index surged 34.4%, beating the S&P 500's 18% gain by 16.5 percentage points. This rally defied consensus expectations and unfolded against a volatile macro backdrop, supported by a weaker U.S. dollar, easing inflation in key EM economies, and a commodity windfall for exporters like Brazil and South Africa. China's late-year stimulus pivot further stabilized sentiment, amplifying the rebound even as geopolitical risks lingered.

Attribution analysis reveals that sector breadth was a defining feature of EM's rally. Information Technology (+54.9%) was the largest contributor, accounting for 11.81 percentage points of total return, fueled by global AI infrastructure demand and semiconductor strength. Materials (+63.9%) added 3.42 points, benefiting from higher copper and lithium prices amid energy transition and EV supply chain growth. Financials (+29.5%) contributed 7.48 points, supported by early rate cuts that boosted credit growth and margins as inflation cooled faster than in developed markets. Communication Services (+37.5%) delivered 3.90 points, driven largely by Tencent's strong rebound.

	Average Weight in index	Total Return	Contribution To Total Return
MSCI Emerging Markets	**100.00**	**34.23**	**34.23**
Information Technology	**24.56**	**54.87**	**11.81**
Financials	**23.49**	**29.48**	**7.48**
Communication Services	**9.92**	**37.52**	**3.90**
Materials	**5.92**	**63.91**	**3.42**
Industrials	**6.66**	**35.92**	**2.41**
Consumer Discretionary	**13.27**	**18.84**	**2.94**
Energy	**4.16**	**16.88**	**0.70**
Utilities	**2.49**	**13.73**	**0.38**
Health Care	**3.36**	**12.14**	**0.50**
Consumer Staples	**4.41**	**7.12**	**0.52**
Real Estate	**1.69**	**4.69**	**0.16**

Source: FactSet. Analysis over the period December 31,2024-December 31,2025 in USD.

Country-level performance added another layer of differentiation. Korea delivered a staggering 100.5% return, driven by a semiconductor export boom and memory chip recovery. Taiwan rose 39.8%, supported by its dominance in AI hardware and advanced foundries. China gained 31.0%, aided by stimulus measures and rallies in internet and EV-related names. Together, the combination of sector breadth and country-specific catalysts underscores that EM's resurgence in 2025 was broad and structural, marking the decisive break from years of U.S. dominance.

	Average Weight in index	Total Return	Contribution To Total Return
MSCI Emerging Markets	**100.00**	**34.23**	**34.23**
China	**29.39**	**31.01**	**9.74**
Korea	**10.54**	**100.46**	**8.45**
Taiwan	**19.12**	**39.84**	**6.86**
South Africa	**3.30**	**78.68**	**2.32**
Brazil	**4.33**	**50.14**	**2.14**
Mexico	**1.93**	**56.94**	**1.09**
India	**17.02**	**4.02**	**0.79**
Poland	**1.04**	**76.25**	**0.72**
United Arab Emirates	**1.48**	**26.73**	**0.45**
Greece	**0.56**	**84.63**	**0.41**
Chile	**0.47**	**72.96**	**0.31**
Peru	**0.31**	**73.55**	**0.21**
Hungary	**0.29**	**78.92**	**0.21**
Kuwait	**0.75**	**23.34**	**0.21**
Malaysia	**1.29**	**15.45**	**0.17**
Colombia	**0.12**	**115.81**	**0.11**
Czech Republic	**0.16**	**74.37**	**0.11**
Qatar	**0.75**	**7.47**	**0.07**
Thailand	**1.03**	**8.90**	**0.06**
Egypt	**0.07**	**55.01**	**0.03**
Philippines	**0.45**	**0.49**	**0.01**
Turkey	**0.53**	**-1.86**	**-0.02**
Indonesia	**1.23**	**-1.74**	**-0.08**
Saudi Arabia	**3.55**	**-4.94**	**-0.21**

Source: FactSet. Analysis over the period December 31, 2024-December 31, 2025 in USD.

Commodities Rebound Led by Precious Metals

Bloomberg's Commodities Index delivered a standout year, with four of its six sectors finishing in the green-grains and energy being the exceptions. Precious metals led the upside: gold surged to record highs above $4,794/oz, delivering a 64.6% annual gain, while silver advanced an extraordinary 149%. The move began with April's tariff shock, which funneled capital into safe havens amid inflation and recession worries. From there, the rally broadened as central banks, led by emerging markets, stepped up purchases, reinforcing gold's status as a strategic reserve. A weaker dollar, falling real yields, and persistent geopolitical risks sustained the bid. This culminated in a historic surge in investor participation, with global physically backed gold ETFs absorbing a record US$89 billion in inflows during 2025-doubling AUM to new all-time highs and pushing total holdings to 4,025 tons[2].

Silver's explosive gains reflected a dual narrative: booming industrial demand from solar and EV supply chains tightened the market, while speculative and systematic inflows chased momentum. The twin surge in gold and silver reflected a market shaped by monetary easing, persistent geopolitical tensions, and a broad rotation into hard assets.

As we turn to 2026, our Global Market Outlook highlights key opportunities and risks investors should watch, and our recent piece The Top 5 Themes for the US Market in 2026 expands on the trends that we expect to shape the year.

Source: FactSet, Bloomberg, Budget Lab at Yale, World Gold Council, State Street Investment Management. Data as of 12/31/2025 unless otherwise stated. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

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* This figure is presented as of September 30, 2025 and includes ETF AUM of $1,848.02 billion USD of which approximately $144.95 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Investment Management are affiliated. Please note all AUM is unaudited.

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Marketing Communication

[2] Source: World Gold Council.

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Diversification does not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. Index performance does not reflect charges and expenses associated with the fund or brokerage commissions associated with buying and selling a fund. Index performance is not meant to represent that of any particular fund.

The views expressed in this material are the views of Saketh Reddy and Dane Smith through the period ended January 15, 2026 and are subject to change based on market and other conditions.

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Investments in small-sized companies may involve greater risks than in those of larger, better known companies.

Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, change in interest and currency exchange rates.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond values and yields usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities.

Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

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