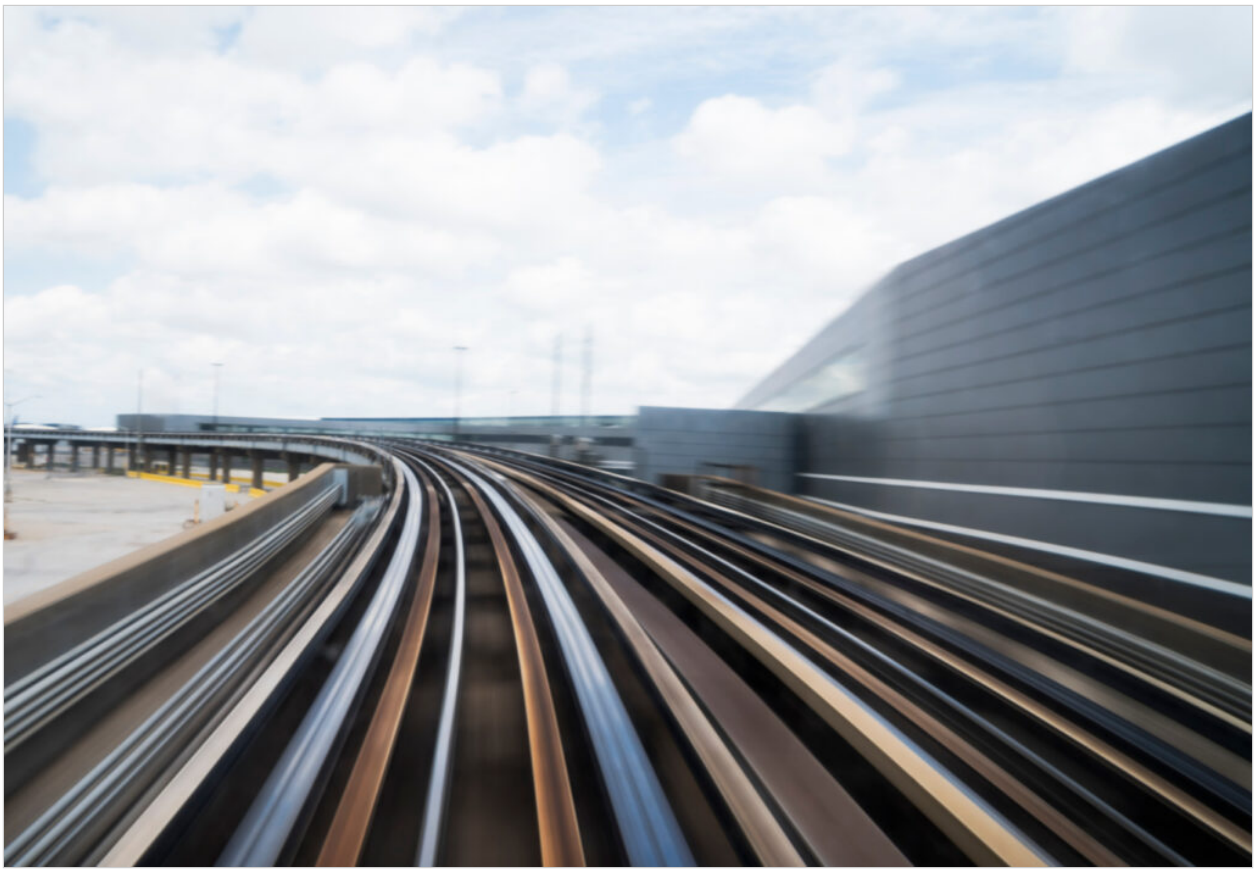


2025: Our Reading of the Markets

By: **Nicholas Lebuis** Published on: January 30, 2026

In 2025 investors were reminded of an old truth that is often forgotten in bull markets: nominal returns matter less than what they can actually buy. Measured against hard assets, much of the world’s financial wealth quietly shrank.

Major fiat currencies weakened markedly over the year, particularly when set against precious metals. Silver emerged as the standout performer, rising by an eye-watering 124%, while gold advanced 61%. Such figures are not merely curiosities for commodity enthusiasts. They point to a broader erosion of confidence in paper money at a time when fiscal expansion, political uncertainty and

geopolitical tension converged. In that light, many conventional asset returns look less impressive than headline figures suggest.

Nowhere was this more evident than in the United States. American equities delivered a respectable return of 16.39% in dollar terms, enough to satisfy most domestic investors. Yet once adjusted for the depreciation of the currency and the surge in real assets, those gains appear far thinner. The dollar may still dominate global finance, but in 2025 it did not reliably preserve purchasing power.

Politics played an unusually large role in shaping market outcomes. Trade tensions and tariff announcements early in the year injected volatility into financial markets and weighed on investor confidence. Capital flows became more cautious, while demand for perceived safe havens rose. Markets were forced to digest not only economic data, but also an unusually noisy political backdrop.

The Federal Reserve helped steady nerves. A series of rate cuts softened the blow of slowing growth and provided support for risk assets. Corporate America, for its part, proved more resilient than many had feared. Earnings growth remained solid, helping equities grind higher despite an atmosphere of persistent uncertainty. That resilience, however, should not be confused with invulnerability. Policy-driven markets are prone to sudden reversals.

North of the border, Canada offered a contrasting picture. Despite being exposed to the same trade-related anxieties, Canadian equities delivered an impressive annual return of 28.06%. The market weathered springtime volatility with notable composure. Support from resource-heavy sectors, energy and materials in particular, combined with strength in financials and a more accommodative interest-rate environment. The result was a market that adapted well to macroeconomic shocks, with neither cyclical exuberance nor defensive panic dominating behaviour.

Beyond North America, dispersion was the defining theme. Developed markets elsewhere followed distinct trajectories, but collectively delivered returns of 31.55%. Currency effects played an important role, enhancing gains for investors

willing to look beyond the dollar. In several regions, valuations were more appealing and growth prospects more balanced. Capital, ever opportunistic, followed.

For globally diversified investors, this dispersion was a gift. Allocations outside the United States not only captured higher returns but also reduced overall portfolio volatility. In an era when correlations have a habit of rising at inconvenient moments, that diversification proved its worth.

One sector towered over all others in narrative importance: artificial intelligence. Investment and capital expenditure in AI-related technologies remained elevated, particularly among the largest technology firms. Corporate adoption accelerated across industries, promising productivity gains and new business models. Yet market returns were uneven. Some firms justified their valuations; others rode the theme without delivering commensurate results.

This unevenness has fuelled debate about speculative excess. The comparison with past technology booms is tempting, though imperfect. AI is clearly transformative, but not every company invoking it will be transformed equally. In 2025, investors began to rediscover the importance of discrimination.

Taken together, the year’s lessons are clear enough. Markets can rise while real wealth erodes. Politics matters more than many models assume. Diversification still works, especially when currencies are in flux. And even the most powerful growth narratives do not suspend the laws of valuation.

For investors willing to measure success in real terms, 2025 was less a triumph than a warning. That may prove its most valuable return.