

Uncommon truths

Gold as seen from both sides

Models suggest gold would need to be at \$9,300 if the US were to return to a gold standard. However, most components of demand are falling and it is really hard to explain the recent surge in price with traditional models, even allowing for geopolitics. This dilemma could explain recent volatility.

In March 2025, I wrote a piece entitled: Why is gold at \$3000? At that time, I struggled to explain the price level based on traditional models, even allowing for geopolitical dummy variables. Well, it recently peaked at near \$5,600 on 29 January (having started 2026 at \$4,320), since when it fell below \$4,500 on 2 February before recovering some of those losses. Given the levels and the volatility, it is time to take another look.

The high volatility comes as no surprise. As shown in a recent [Uncommon truths](#) document, gold has tended to have similar volatility to equities. Nevertheless, and despite limited ultra long-term returns, that document makes the case that gold can play a strategic role in multi-asset portfolios (with an even bigger role envisaged for broad commodity exposure, due to limited correlation with other assets).

Even better, a simple “gold standard” model, used to calculate the price at which US official gold reserves would fully back US notes and coins in circulation, gives an answer of \$9,300 (as of December 2025, as shown in **Figure 1**).

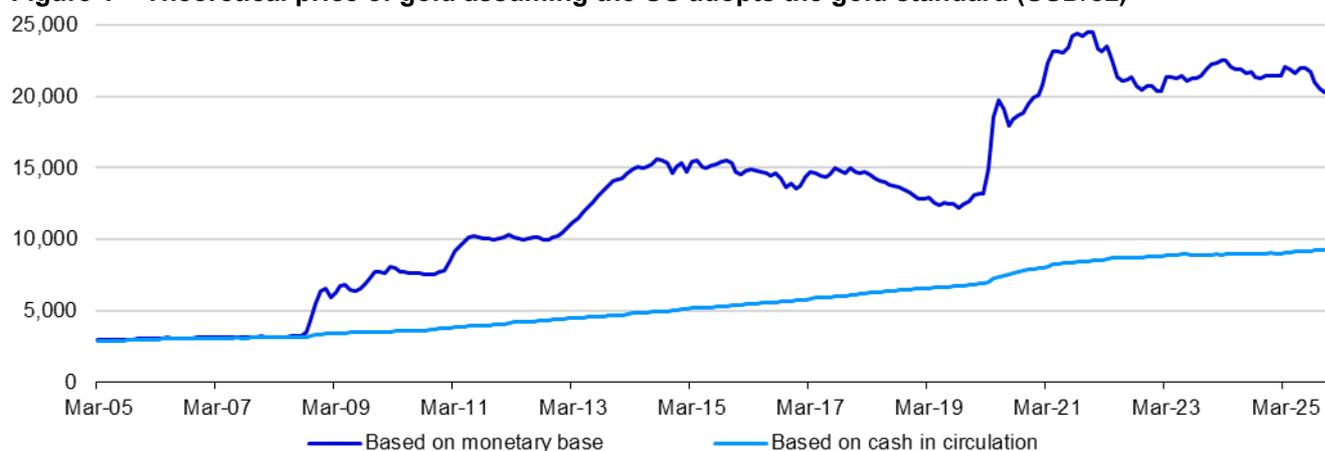
Such an analysis may be pertinent in a world in which government debt/GDP ratios are high and are predicted to go much higher. For example, both US and UK net government debt to GDP ratios are currently around 100%. Office for Budget

Responsibility (OBR) forecasts suggest the UK ratio could rise to around 270% over the next fifty years and Congressional Budget Office thirty-year forecasts suggest US debt is on a similar trajectory. Apart from the high starting point, the OBR analysis cites lower population growth, an ageing population and climate change as important contributory factors in the escalation of debt. In the case of the US, I would imagine that current immigration policies may reduce population growth, thus aggravating the debt situation.

Those predictions sound frightening and my own analysis comes to similar conclusions (see [The UK is not alone](#)). Indeed, my own simple model suggests that US government net interest payments could be above 10% of GDP by 2075 (up from 3%-4% in 2025), with the risk of a much higher burden if markets demand higher rates (which I would expect them to).

That sounds unsustainable to me. So what can governments do about it? The healthy answer is that they start to run primary budget surpluses (i.e. the balance before interest costs), as Italy has largely done since 1992. As this involves lower spending and/or higher taxes, most governments struggle with such an approach. Then there is the option of default, either by not repaying debt or by creating inflation. Argentina has shown that not repaying debt doesn't have to be terminal but I suspect it would be very disruptive if done by a wide range of governments, including the US. Creating inflation may be tempting and one way to do it could be to encourage (oblige) central banks to buy ever increasing amounts of government debt. However, I suspect that would be the road to financial instability, which I think could lead to calls for a return to some form of gold standard.

Figure 1 – Theoretical price of gold assuming the US adopts the gold standard (USD/oz)



Note: This is a theoretical simulation and there is no guarantee that these views will come to pass. Monthly data from March 2005 to December 2025. The chart shows the price of gold that would equate the value of official US gold reserves to the value of cash in circulation or the monetary base (cash in circulation plus bank reserves at the Fed). Source: LSEG Datastream and Invesco Strategy & Insights

Which brings us back neatly to the above cited theoretical price of \$9,300, should US gold reserves need to back the notes and coins that are currently in circulation. That sounds like a big leap from here but is not even the doubling that we have seen in the last 18 months or so (assuming a current price of \$5,000).

What could stop gold rising to such a level? The first answer is that the price is already highly unusual. When measured in real terms (using the US consumer price index), gold is currently five-to-six standard deviations above the post-1971 average (a date chosen to capture the period since the price of gold was liberated). That's a lot!

Normally, when the price of a commodity rises, demand falls and supply rises, developments which tend to limit the price gain. I would expect the supply of gold to be rising, since a price of \$4,000-\$5,000 makes it profitable to exploit many previously uneconomic reserves. However, it is a slow process to open new mines, though production can be accelerated in existing facilities and recycling activity can add to supply. Indeed, World Gold Council data suggests supply increased by 1% in 2025 (recycling supply was up 3%, but the 1% gain in mine production was balanced by producer hedging activity).

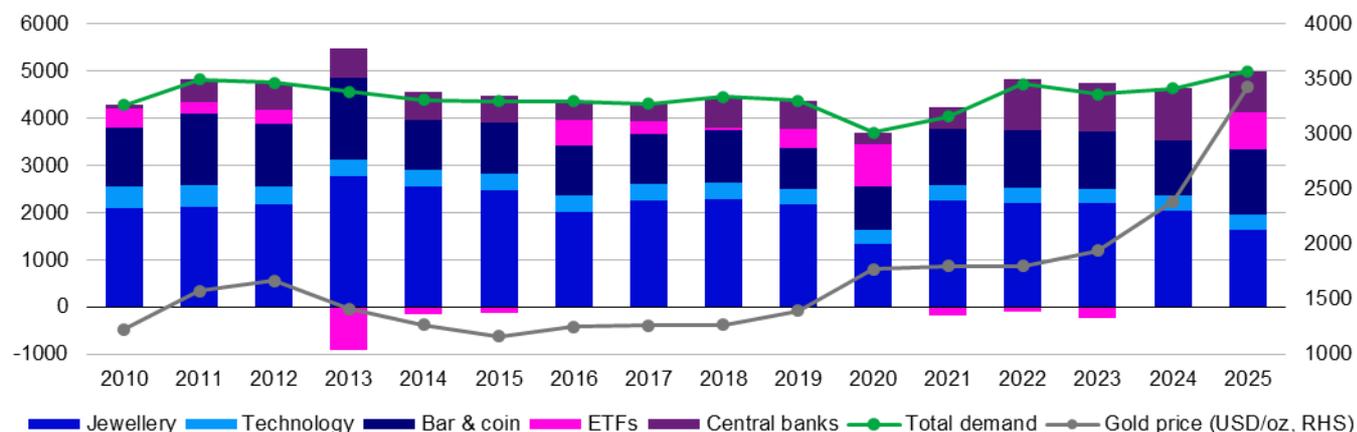
The evidence is more straightforward when it comes to demand, as shown in **Figure 2**. The largest component of demand has historically been jewellery. But alternatives are available (silver, platinum, palladium, say) and jewellery demand has been falling since 2022, as the price has risen. After an 8% fall in jewellery demand in 2024, there was a further 19% decline in 2025. Given the spike in the gold price in early 2026, I would imagine that jewellery demand will again fall this year (assuming the price rise sticks).

Central bank purchases became an important source of demand in 2022 but fell 21% in 2025. This makes sense, since if a central bank thinks gold should be a fixed percentage of reserves, a sharp increase in price requires fewer purchases. Further, my eye was drawn to an interesting news alert on Bloomberg (on 12 February), to the effect that Russia could return to the dollar based settlement system, as part of a peace settlement. Since it was Russia that launched the big central bank purchases of gold in 2022 (to avoid the dollar based financial system), what would such a reversal (if enacted) imply for central bank purchases?

Technology demand includes items such as dentistry, semi-conductors etc. but is relatively small. Nevertheless, and despite the surge in chip production, overall technology demand was down 1% in 2025 (it's hard to imagine many of us choosing gold implants or dentures at these prices).

That leaves investment as the only broad category of demand that increased in 2025 (by 84%). Purchases of bars and coins were up 16%, while ETF flows transitioned from the small negatives seen since 2021 to a big positive. Investment demand has a complex relationship with price. At some stage, a higher price may dampen demand as notions of value dominate. However, there may also be an intermediate phase when behavioural aspects dominate, with the result that higher prices lead to higher demand. Those behavioural aspects can include the dopamine buzz that comes from short-term price gains, the fear of missing out and a basic herding instinct whereby we feel safer in a crowd. Hence, momentum builds rather than fades as prices rise, resulting in the exponential price gain that is typical of manias. As ever, the million dollar question is at what price will momentum buying turn into profit taking?

Figure 2 – Gold demand by source (tonnes) and price (USD/ounce) since 2010



Note: **Past performance is no guarantee of future results.** Annual data from 2010 to 2025. Total demand is the sum of the categories shown in this chart but doesn't equal supply as the balancing item (often called "OTC and other" and used to make demand equal supply) is not shown. Gold price is the annual average LBMA gold price. Data is sourced from the World Gold Council Global Demand Trends. Source: World Gold Council, ICE Benchmark Administration, Metals Focus, Refinitiv GFMS and Invesco Strategy & Insights

Perhaps the tension that is apparent in the recent volatility of gold and silver suggests the transition from momentum buying to profit taking may be occurring. Then again it may simply be that, after the strong gains of the last year or so, a period of consolidation was needed before resuming an upward path.

Recent investor meetings have revealed support for the notion that dollar weakness in 2025 could explain the strength of gold. Even better, the logic goes, if the dollar continues to weaken (as I expect), then we should expect gold to continue strengthening. My answer to that is that I believe a weakening dollar should support gold (other things being equal) but that the rise in the price of gold in 2025 and 2026 is way beyond anything that can be explained by the degree of dollar weakness we have seen.

In order to test this I have run a refit of my econometric model for gold, based on data from December 2009 to January 2026 (thus taking account of the recent surge in price). The basic model ("Post 2009, no dummies" in **Figure 3**), tries to explain gold as function of the 10-year US TIPS yield (real yield), the 10-year US inflation breakeven yield (to represent inflation expectations) and the trade weighted US dollar. Unfortunately, the coefficients derived from that model no longer make sense (those on the real yield and trade weighted dollar variables are positive) and the adjusted R-squared is only 0.39 (for what it is worth, that model suggests a "fair value" of \$2270, as of end-January 2026).

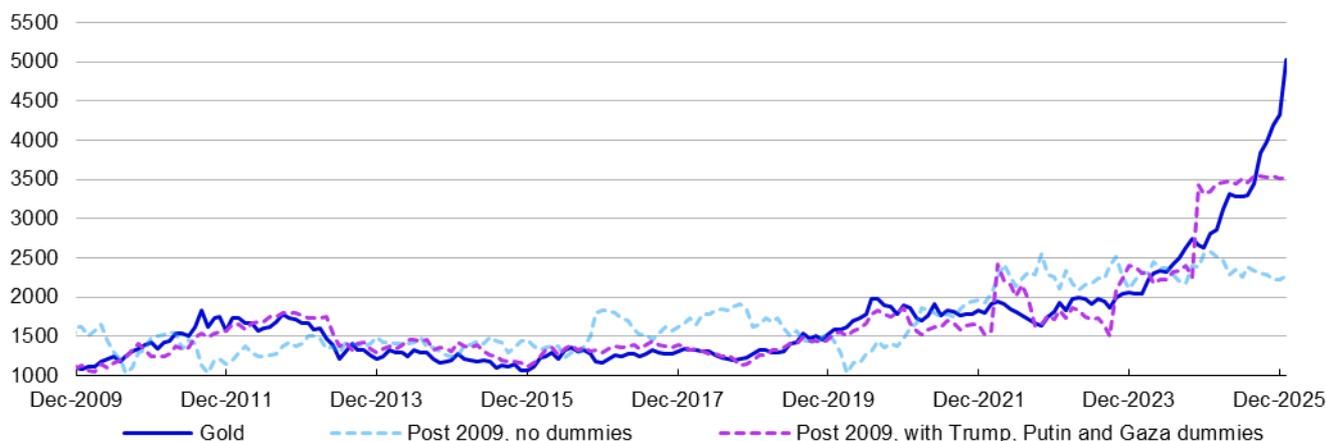
Those model results suggest that something else is driving gold, leading to omitted variable bias. I

suspect the omitted variable is geopolitics. To this end, I have introduced a number of dummy variables to capture the effect of what I think were important developments. The first presidency of Donald Trump seemed to coincide with a change in the behaviour of gold, so I have introduced a "Trump 1" dummy variable to capture his first term. The next big event, in my opinion, was Russia's invasion of Ukraine in February 2022, which sparked large purchases of gold by Russia's central bank (a "Putin" dummy variable tries to capture this). Then came the Hamas attack on Israel in October 2023, which coincided with a reversal in the direction gold, since when it has not stopped climbing ("Gaza" dummy). Finally, I have introduced a "Trump 2" dummy variable, as the impact on gold seems to have been much bigger during his second term.

All of the coefficients in the model with dummy variables are now in the direction I would expect and are statistically significant (except for that on the inflation breakeven, which is negative and not statistically significant). The adjusted R-squared is 0.87. However, **Figure 3** suggests that even this enhanced model ("Post-2009 with Trump, Putin and Gaza dummies") struggles to explain the recent price surge (the model predicted price was around \$3,500, as of end-January 2026). Hence, I find it really hard to justify the current price, even when introducing geopolitical factors. This does not mean the price cannot go higher but I would struggle to explain any such move (regular readers know that I have battled with that for some time!).

All data as of 13 February 2026, unless stated otherwise.

Figure 3 – Gold versus model fitted estimates (US dollars per ounce)



Note: **Past performance is no guarantee of future results.** Based on monthly data from December 2009 to January 2026 (as of 30 January 2026). "Gold" is the London bullion market spot price in USD/troy ounce. The two models are based on an econometric analysis using monthly data from December 2009 to January 2026, with the price of gold as the independent variable and the 10-year US TIPS yield, the 10-year US inflation breakeven rate and a trade weighted US dollar index (from Goldman Sachs) used as explanatory variables. The "Post 2009, with Trump, Putin and Gaza dummies" version includes four dummy variables to coincide with the first and second presidencies of Donald Trump (the dummy turned on in the November of each election year when he won and turned off in the January of the year that he left office), the invasion of Ukraine by Russia (the dummy turned on in March 2022) and the conflict in Gaza (the dummy turned on in October 2023).

Source: Goldman Sachs, LSEG Datastream and Invesco Strategy & Insights

Figure 4 – Asset class total returns (%)

Data as at 13 Feb 2026			Total Return (USD, %)					Total Return (Local Currency, %)				
	Index	Current Level/Ry	1w	1m	QTD	YTD	12m	1w	1m	QTD	YTD	12m
Equities												
World	MSCI	1043	0.0	0.5	2.9	2.9	20.4	-0.2	-0.2	2.4	2.4	17.6
Emerging Markets	MSCI	1555	3.2	5.7	10.8	10.8	43.6	2.8	4.9	10.5	10.5	41.1
China	MSCI	83	-0.2	-4.6	0.4	0.4	21.2	-0.2	-4.6	0.6	0.6	20.7
US	MSCI	6510	-1.3	-2.0	-0.2	-0.2	12.6	-1.3	-2.0	-0.2	-0.2	12.6
Europe	MSCI	2780	0.5	2.9	5.3	5.3	30.1	0.2	0.9	3.9	3.9	14.9
Europe ex-UK	MSCI	3417	0.4	2.4	4.9	4.9	28.8	0.1	0.2	3.4	3.4	12.4
UK	MSCI	1693	0.8	4.7	6.8	6.8	34.5	0.8	3.3	5.5	5.5	23.8
Japan	MSCI	5517	5.9	10.0	14.9	14.9	41.2	3.4	6.0	12.3	12.3	41.2
Government Bonds												
World	BofA-ML	3.31	1.2	2.1	1.8	1.8	7.2	0.8	0.8	1.0	1.0	2.9
Emerging Markets	JP Morgan	3.56	0.7	2.1	2.3	2.3	11.4	0.3	0.8	0.9	0.9	4.7
China	BofA-ML	1.59	0.6	1.6	1.8	1.8	5.6	0.2	0.7	0.7	0.7	0.1
US (10y)	Datastream	4.04	1.4	1.4	1.5	1.5	8.8	1.4	1.4	1.5	1.5	8.8
Europe	Bofa-ML	2.80	0.9	2.7	2.3	2.3	15.4	0.7	1.0	1.4	1.4	1.6
Europe ex-UK (EMU, 10y)	Datastream	2.72	1.1	2.8	2.5	2.5	14.0	0.8	1.1	1.6	1.6	0.4
UK (10y)	Datastream	4.49	0.8	1.5	2.3	2.3	14.8	0.9	0.2	1.0	1.0	5.6
Japan (10y)	Datastream	2.21	2.6	3.6	1.4	1.4	-5.0	0.2	-0.2	-0.9	-0.9	-5.0
IG Corporate Bonds												
Global	BofA-ML	4.29	0.7	1.6	1.7	1.7	10.9	0.6	0.9	1.3	1.3	6.7
Emerging Markets	JP Morgan	6.18	0.3	0.9	1.1	1.1	8.4	0.3	0.9	1.1	1.1	8.4
China	BofA-ML	2.21	0.5	1.4	1.6	1.6	7.1	0.1	0.5	0.5	0.5	1.4
US	BofA-ML	4.77	0.8	1.0	1.4	1.4	8.3	0.8	1.0	1.4	1.4	8.3
Europe	BofA-ML	3.18	0.6	2.5	2.0	2.0	17.4	0.3	0.8	1.1	1.1	3.4
UK	BofA-ML	5.15	0.5	1.3	2.0	2.0	15.4	0.5	0.0	0.8	0.8	6.2
Japan	BofA-ML	2.06	2.5	3.7	2.2	2.2	-0.9	0.1	-0.1	-0.2	-0.2	-0.9
HY Corporate Bonds												
Global	BofA-ML	6.83	0.2	0.7	1.1	1.1	10.2	0.1	0.4	0.9	0.9	7.4
US	BofA-ML	7.12	0.1	0.2	0.7	0.7	7.7	0.1	0.2	0.7	0.7	7.7
Europe	BofA-ML	5.46	0.2	1.9	1.6	1.6	18.9	0.0	0.2	0.7	0.7	4.7
Cash (Overnight rates)												
US		3.64	0.1	0.3	0.2	0.2	4.3	0.1	0.3	0.2	0.2	4.3
Euro Area		1.93	2.0	0.5	0.8	0.8	16.0	0.0	0.2	0.1	0.1	2.1
UK		3.73	2.0	1.3	1.5	1.5	15.1	0.1	0.3	0.2	0.2	4.2
Japan		0.73	1.5	0.4	0.7	0.7	0.7	0.0	0.1	0.0	0.0	0.5
Real Estate (REITs)												
Global	FTSE	1857	3.3	7.0	9.5	9.5	17.9	3.0	5.2	8.5	8.5	3.8
Emerging Markets	FTSE	1447	1.5	7.3	11.1	11.1	28.6	1.2	5.5	10.1	10.1	13.2
US	FTSE	3445	3.4	7.5	9.8	9.8	9.5	3.4	7.5	9.8	9.8	9.5
Europe ex-UK	FTSE	2884	1.6	5.5	6.3	6.3	23.7	1.4	3.8	5.4	5.4	8.9
UK	FTSE	968	2.2	6.8	8.7	8.7	26.0	2.2	5.4	7.4	7.4	15.9
Japan	FTSE	2915	7.3	9.6	12.2	12.2	48.9	4.7	5.6	9.6	9.6	48.9
Commodities												
All	GSCI	4202	-0.6	2.7	7.3	7.3	9.7	-	-	-	-	-
Energy	GSCI	669	-1.4	4.8	10.8	10.8	1.8	-	-	-	-	-
Industrial Metals	GSCI	2196	-0.6	-2.7	3.1	3.1	28.0	-	-	-	-	-
Precious Metals	GSCI	5682	1.4	6.8	15.3	15.3	75.0	-	-	-	-	-
Agricultural Goods	GSCI	464	0.7	-0.1	-1.6	-1.6	-15.9	-	-	-	-	-
Currencies (vs USD)*												
EUR		1.19	0.4	1.9	1.0	1.0	13.4	-	-	-	-	-
JPY		152.71	3.0	4.2	2.6	2.6	0.1	-	-	-	-	-
GBP		1.36	0.0	1.3	1.2	1.2	8.7	-	-	-	-	-
CHF		1.30	1.1	4.3	3.3	3.3	17.6	-	-	-	-	-
CNY		6.91	0.4	1.0	1.2	1.2	5.5	-	-	-	-	-

Notes: **Past performance is no guarantee of future results.** *The currency section is organised so that in all cases the numbers show the movement in the mentioned currency versus USD (+ve indicates appreciation, -ve indicates depreciation). Please see appendix for definitions, methodology and disclaimers.

Source: LSEG Datastream and Invesco Strategy & Insights

Figure 5 – Global equity sector total returns relative to market (%)

Data as of 13 Feb 2026	Global				
	1w	1m	QTD	YTD	12m
Energy	1.7	9.3	9.4	9.4	1.1
Basic Materials	3.4	7.6	12.8	12.8	28.9
Basic Resources	3.3	7.4	14.7	14.7	51.0
Chemicals	3.5	8.1	8.2	8.2	-4.8
Industrials	0.7	3.2	5.4	5.4	5.3
Construction & Materials	1.0	6.8	7.6	7.6	11.5
Industrial Goods & Services	0.6	2.6	5.0	5.0	4.3
Consumer Discretionary	-0.6	-4.9	-4.4	-4.4	-13.5
Automobiles & Parts	2.5	-1.4	-2.5	-2.5	2.2
Media	-2.2	-11.1	-15.4	-15.4	-28.6
Retailers	-1.5	-5.3	-1.9	-1.9	-13.7
Travel & Leisure	-2.6	-2.6	-3.7	-3.7	-15.5
Consumer Products & Services	-0.1	-6.6	-7.1	-7.1	-18.7
Consumer Staples	1.2	8.2	6.2	6.2	-1.6
Food, Beverage & Tobacco	0.8	8.5	6.4	6.4	0.2
Personal Care, Drug & Grocery Stores	1.7	7.8	5.9	5.9	-4.4
Healthcare	0.5	-0.4	-0.8	-0.8	-7.2
Financials	-1.8	0.0	-1.4	-1.4	3.4
Banks	-1.9	2.5	1.6	1.6	15.0
Financial Services	-1.7	-4.4	-5.0	-5.0	-9.4
Insurance	-1.6	0.5	-3.9	-3.9	-2.5
Real Estate	2.4	4.3	4.2	4.2	-1.8
Technology	-1.5	-5.8	-6.0	-6.0	-0.3
Telecommunications	4.6	11.5	9.4	9.4	12.3
Utilities	3.3	6.1	4.0	4.0	6.2

Notes: **Past performance is no guarantee of future results.** Returns shown are for Datastream sector indices versus the total market index. Source: LSEG Datastream and Invesco Strategy & Insights

Figure 6 – Model asset allocation

	Neutral	Policy Range		Allocation	Position vs Neutral	Hedged	Currency
Cash Equivalents	5%	0-10%		4%			
Cash	3%		↑	0%			
AAA CLOs	2%		↓	4%			
Bank Loans	4%	0-8%		8%			
US	3%			6%			
Europe	1%			2%			
Bonds	40%	10-70%	↓	36%			
Government	25%	10-40%	↓	22%			
US	8%		↓	7%			50% JPY
Europe ex-UK (Eurozone)	7%		↓	6%			
UK	1%			2%			
Japan	7%		↓	3%			
Emerging Markets	2%			4%			
China**	0.2%			0%			
Corporate IG	10%	0-20%	↓	9%			
US Dollar	5%		↓	4%			50% JPY
Euro	2%			1%			
Sterling	1%			2%			
Japanese Yen	1%			0%			
Emerging Markets	1%			2%			
China**	0.1%			0%			
Corporate HY	5%	0-10%	↑	5%			
US Dollar	4%		↑	4%			50% JPY
Euro	1%			1%			
Equities	45%	25-65%		42%			
US	25%			10%			
Europe ex-UK	7%		↓	10%			
UK	4%			6%			
Japan	4%		↑	7%			
Emerging Markets	5%			9%			
China**	2%			4%			
Real Estate	4%	0-8%		6%			
US	1%		↓	0%			
Europe ex-UK	1%			2%			
UK	1%			2%			
Japan	1%		↑	2%			
Emerging Markets	1%			0%			
Commodities	2%	0-4%		4%			
Energy	1%			2%			
Industrial Metals	0.3%			1%			
Precious Metals	0.3%			0%			
Agriculture	0.3%			1%			
Total	100%			100%			
Currency Exposure (including effect of hedging)							
USD	51%		↑	30%			
EUR	20%		↓	24%			
GBP	7%		↓	12%			
JPY	14%		↑	20%			
EM	9%			15%			
Total	100%			100%			

Notes: **China is included in Emerging Markets allocations. This is a theoretical portfolio and is for illustrative purposes only. See the latest [The Big Picture](#) document for more details. It does not represent an actual portfolio and is not a recommendation of any investment or trading strategy. Arrows indicate the direction of the most recent changes.

Source: Invesco Strategy & Insights

Figure 7 – Model allocations for global sectors

	Neutral	Invesco	Preferred Region
Energy	5.3%	Overweight	US
Basic Materials	3.8%	Neutral	Europe
Basic Resources	2.7%	Underweight	Europe
Chemicals	1.2%	Overweight	US
Industrials	12.9%	Neutral	US
Construction & Materials	1.7%	Neutral	Europe
Industrial Goods & Services	11.1%	Neutral	US
Consumer Discretionary	13.6%	Underweight	Europe
Automobiles & Parts	2.7%	Underweight	Europe
Media	1.1%	Underweight	Europe
Retailers	5.2%	Neutral	US
Travel & Leisure	1.8%	Overweight	EM
Consumer Products & Services	2.8%	Underweight	Europe
Consumer Staples	4.4%	Neutral	US
Food, Beverage & Tobacco	2.8%	Neutral	US
Personal Care, Drug & Grocery Stores	1.6%	Overweight	Europe
Healthcare	8.0%	Neutral ↓	US
Financials	16.7%	Overweight ↑	US
Banks	8.4%	Overweight	US
Financial Services	5.3%	Overweight ↑	Japan
Insurance	3.0%	Neutral	US
Real Estate	2.5%	Overweight	Japan
Technology	26.3%	Underweight	US
Telecommunications	3.4%	Underweight	US
Utilities	3.2%	Neutral	Europe

Notes: These are theoretical allocations which are for illustrative purposes only. They do not represent an actual portfolio and are not a recommendation of any investment or trading strategy. See the latest [Strategic Sector Selector](#) for more details.

Source: LSEG Datastream and Invesco Strategy & Insights

Appendix

Methodology for asset allocation and expected returns

Which asset classes?

We look for investibility, size and liquidity. We have chosen to include equities, bonds (government, corporate investment grade and corporate high yield), bank loans, REITs to represent real estate, commodities and cash (all across a range of geographies). We use cross-asset correlations to determine which decisions are the most important.

Neutral allocations and policy ranges

We use market capitalisation in USD for major benchmark indices to calculate neutral allocations. For commodities, we use industry estimates for total ETP market cap + assets under management in hedge funds + direct investments. We use an arbitrary 5% for the combination of cash and gold. We impose diversification by using policy ranges for each asset category (the range is usually symmetric around neutral).

Expected/projected returns

The process for estimating expected returns is based upon yield (except commodities, of course). After analysing how yields vary with the economic cycle, and where they are situated within historical ranges, we forecast the direction and amplitude of moves over the next year. Cash returns are calculated assuming a straight-line move in short term rates towards our targets (with, of course, no capital gain or loss). Bond returns assume a straight-line progression in yields, with capital gains/losses predicated upon constant maturity (effectively supposing constant turnover to achieve that). Forecasts of corporate CLO, investment-grade, high-yield and bank loan spreads are based upon our view of the economic cycle (as are forecasts of credit losses). Coupon/interest payments are added to give total returns. Equity and REIT returns are based on dividend growth assumptions. We calculate total returns by applying those growth assumptions and adding the forecast dividend yield. No such metrics exist for commodities; therefore, we base our projections on US CPI-adjusted real prices relative to their long-term averages and views on the economic cycle. All expected returns are calculated in local currency and then, where necessary, converted into other currency bases using our exchange rate forecasts.

Currency hedging

We adopt a cautious approach when it comes to currency hedging as currency movements are notoriously difficult to accurately predict and sometimes hedging can be costly. Also, some of our asset allocation choices are based on currency forecasts. We use an amalgam of central bank rate forecasts, policy expectations and real exchange rates relative to their historical averages to predict the direction and amplitude of currency moves.

Definitions of data and benchmarks for Figure 4

Sources: we source data from LSEG Datastream unless otherwise indicated.

Cash: returns are based on a proprietary index calculated using the Intercontinental Exchange Benchmark Administration overnight LIBOR (London Interbank Offer Rate). From 1st January 2022, we use the euro short term rate, the UK Sterling Overnight Index Average (SONIA), the US Secured Overnight Financing Rate (SOFR) and the uncollateralised overnight rate for the Japanese yen. The global rate is the average of the euro, British pound, US dollar and Japanese yen rates. The series started on 1 January 2001 with a value of 100.

Gold: London bullion market spot price in USD/troy ounce.

Government bonds: Current levels, yields and total returns use Datastream benchmark 10-year yields for the US, Eurozone, Japan and the UK, and the ICE BofA government bond total return index for the World and Europe. The emerging markets yields and returns are based on the JP Morgan Global Emerging Markets Government Bond Index.

Corporate investment grade (IG) bonds: ICE BofA investment grade corporate bond total return indices, except for in emerging markets where we use the JP Morgan Corporate Emerging Market Broad Bond Index.

Corporate high yield (HY) bonds: ICE BofA high yield total return indices

Equities: We use MSCI benchmark gross total return indices for all regions.

Commodities: Goldman Sachs Commodity total return indices

Real estate: FTSE EPRA/NAREIT total return indices

Currencies: Global Trade Information Services spot rates

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

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