Quick Take: U.S. Equities – Ten Out of G-10

November 2025

Broadened Global Equity Leadership

- Even as many global investors remain fixated on AI-related drivers of U.S. equities, all other G-10 markets have outperformed the U.S. in dollar terms, maintaining a lead established during a historic start to the year.*
- While the currency contribution to that outperformance—stemming from the dollar's weakness—has been sizeable, local equity returns have accounted for the dominant share in most markets. (top chart).
- Asset owners that formed their equity allocations through strategies tied to a global benchmark have largely owned U.S. performance (73% of MSCI World). Allocators who tilted away from the benchmark likely have realized stronger returns.

Not Your Familiar Return Drivers

- Moreover, the bottom chart highlights that outside of the U.S., index performance has not been technology driven. Instead, financials, aerospace and defense, and healthcare have played a larger role.
- As we noted in prior research, U.S. earnings growth has not been consistent across U.S. stocks over the past few years.** While it has been strong among the Magnificent Seven, it has been anemic among other U.S. equities. In this environment, investors should be cautious about extrapolating too far earnings growth that is associated with narrow thematic drivers.
- Better-than-expected earnings growth, together with more attractive valuations, builds a strong case for allocations to non-U.S. equities.

** Please see Quick Take: Diversification Matters (Finally), Acadian, May 2025*
*** Please see In an Unsteady World, Time to (Finally) Tilt Away from U.S. Equities?, Acadian, July 2025*

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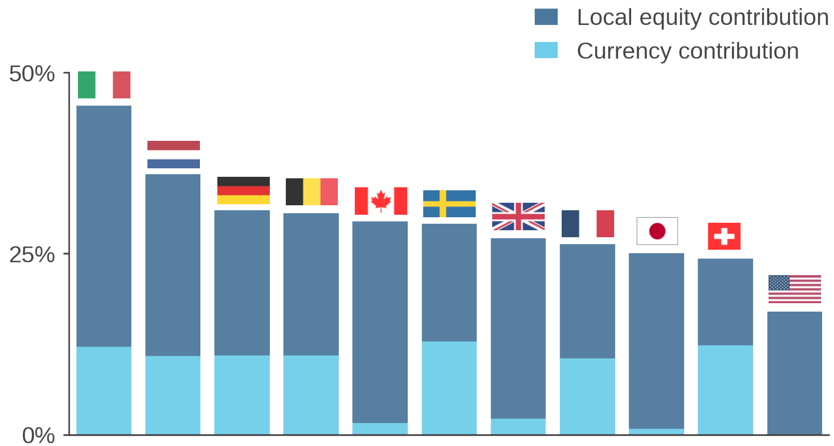
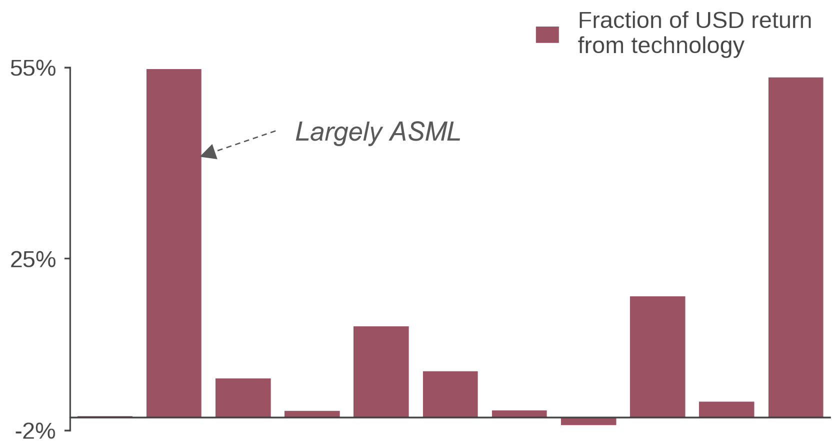
G-10 Year-to-Date USD Equity Returns Decomposition





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