On Stock Exchanges

Nick Demos

The Pyramid of S&P 500 Returns:
152 Years of Market Performance

152 Years of Market Performance

- Over the past 152 years, the S&P 500 has delivered a wide spectrum of annual returns,
  - ranging from catastrophic downturns like 1931’s -44%,
  - to massive bull runs such as 1954’s +45%.

- Using data from TradingView, the visualization charts every calendar-year performance of the S&P 500 since 1871.

- **As we enter 2026, Wall Street optimism is running high.**

- All 21 strategists surveyed foresee gains for the S&P 500 this year, marking a rare consensus among analysts.

152 Years of Market Performance

- **Roughly 3 in 4 years have seen positive returns, with the most common range being between 10% and 20%.**

- **Only a handful of years (just 2%) delivered returns above 40%, underscoring how rare years like 1954 or 1995 truly are.**

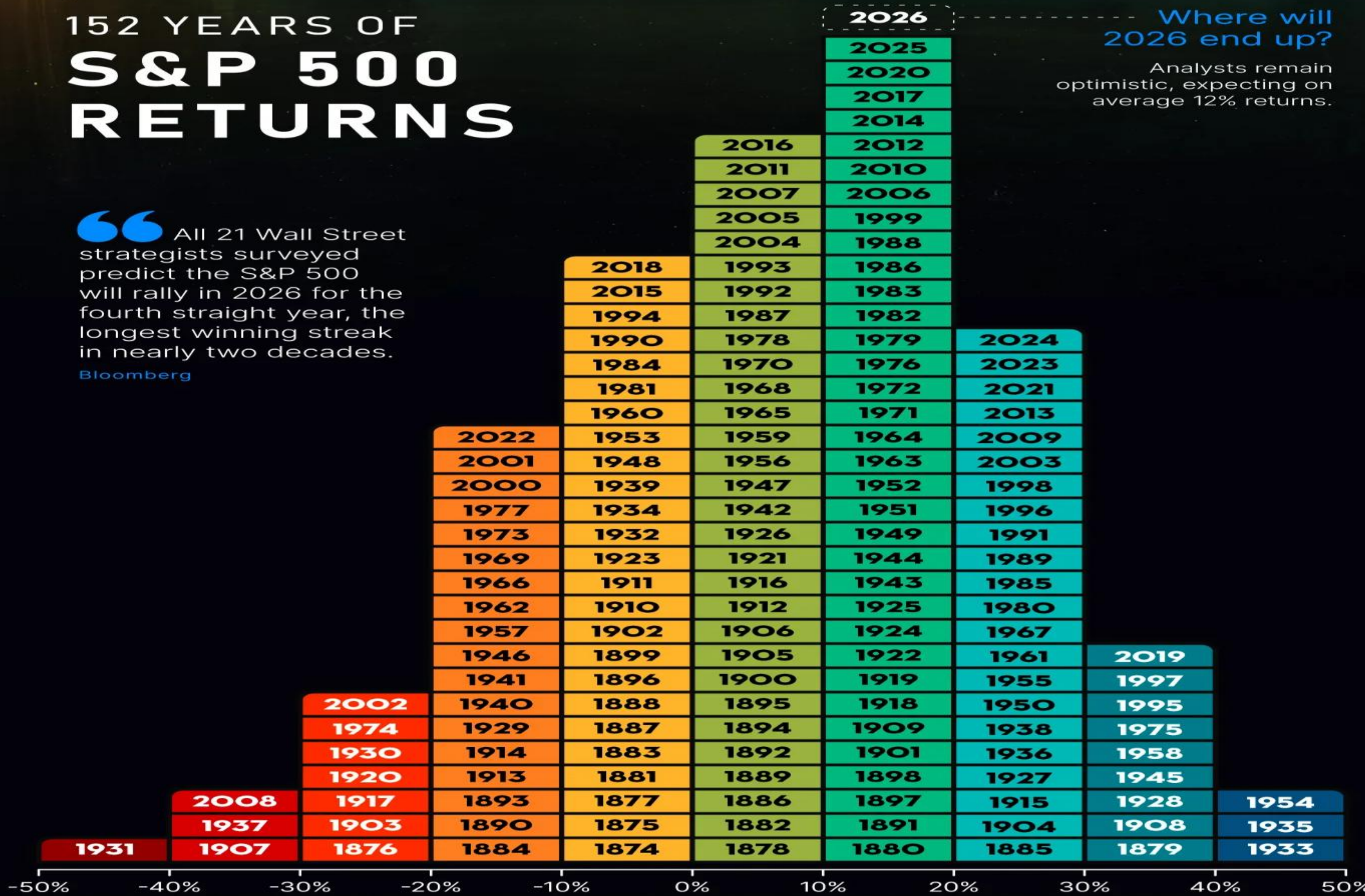
- **On the downside, only a small cluster of years produced losses beyond -20%.**

152 YEARS OF

S&P 500 RETURNS

All 21 Wall Street strategists surveyed predict the S&P 500 will rally in 2026 for the fourth straight year, the longest winning streak in nearly two decades.

Bloomberg



Sources: TradingView

Key Takeaways

- The S&P 500 has finished in positive territory in nearly **75%** of years since 1871.

- **2026 could mark the fourth consecutive year of gains, which has been rarely seen throughout the S&P 500's history.**

- **Wall Street strategists expect an average return of <u>12%</u> for the index in 2026**.

How Have Returns Been Distributed Historically?

Annual S&P 500 Return Range	Number of Years in Range	Share of Years in Range
40 to 50% or more	3	2.0%
30 to 40%	9	5.3%
20 to 30%	22	14.6%
10 to 20%	34	22.5%
0 to 10%	30	19.9%
0 to -10%	25	16.6%
-10 to -20%	18	11.9%
-20 to -30%	7	4.6%
-30 to -40%	3	2.0%
-40 to -50% or more	1	0.7%

2026 Outlook: Optimism Across the Board

- For the S&P 500 in 2026, analysts are forecasting an average return of **12%**, citing continued earnings growth and resilient consumer demand.

- Multiple investment firms, including Goldman Sachs and JP Morgan, expect momentum in **tech, AI, and small-cap sectors** to drive performance this year.

- As noted in our global stock markets wrap for 2025, U.S. equities outperformed many international peers, bolstering investor confidence further.

Where Will 2026 Land on the Chart?

- **If the forecasted 12% gain materializes, 2026 would fall within the historically common 10–20% return range.**

- **That would place it alongside years like 2016 and 2010,** which would be solid, unspectacular, and consistent with long-term averages.

- Based on analyst forecasts compiled in Visual Capitalist’s 2026 Predictions Database exclusively on VC+, the consensus outlook for U.S. equities leans constructively bullish, but more selective.

Where Will 2026 Land on the Chart?

Key themes expected to shape 2026:

1. **Moderate positive returns:** Many strategists cluster around expectations of roughly 10–12% total returns, close to historical averages.
2. **Leadership may broaden** beyond the largest mega-cap tech names, with increased interest in industrials, defense, and select small-cap segments.
3. **AI remains a structural tailwind**, though gains may be more uneven as adoption spreads beyond the so-called "Magnificent Seven."
4. **Higher dispersion:** Stock selection and sector rotation are expected to matter more than broad index exposure alone., remains to be seen.

Where Will 2026 Land on the Chart?

- **Put simply, 2026 is shaping up to look less like a speculative surge, and more like a market digesting gains while still moving higher.**

- **But as history shows, market behavior can be unpredictable.**

- Whether 2026 joins the ranks of great bull years, or surprises to the downside, remains to be seen.

2025 in Review:
The Ups, Downs, and Returns of Global Markets

Global Markets

- Amid trade shocks and strained geopolitical ties, stock markets in 2025 faced a test of resilience.

- How long did it take them to recover, and which key moments contributed to market rebounds?

  In this graphic, we explore the performance of major stock markets and the milestones that fueled ups and downs throughout the year.

- It's the year-end feature of our Markets in a Minute series with Terzo, which delivers quick economic insights for C-suite executives.

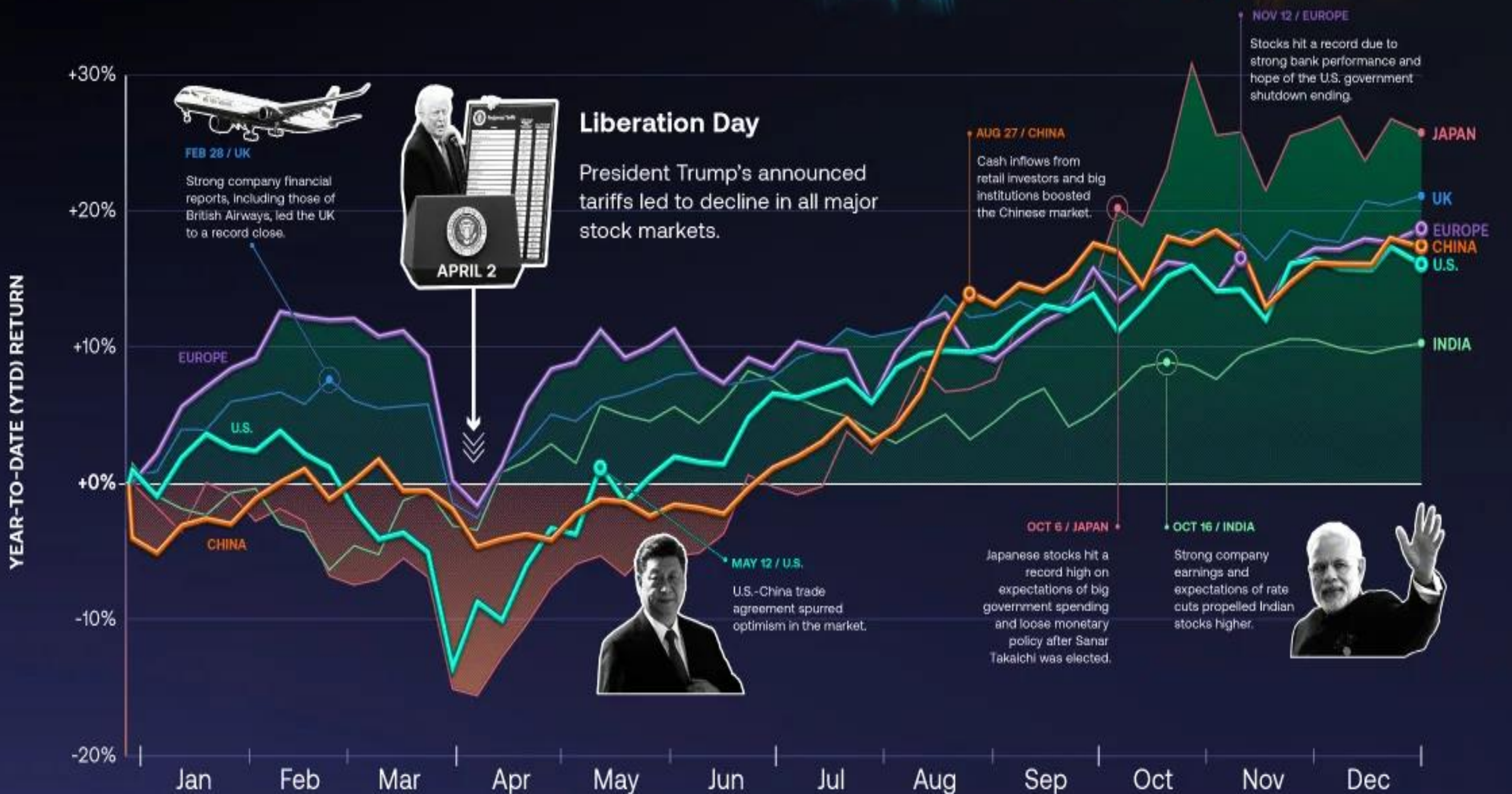
Key Takeaways

- **Japan had the highest return of 26% as of December 31, 2025.**

- **The U.S. had a 16% return, the second lowest among major stock markets in 2025.**

Gl🌐bal Markets in 2025

From Trade Shock to Rebound



	INDIA	U.S.	CHINA	EUROPE	UK	JAPAN
Return in 2025	+11%	+16%	+18%	+19%	+22%	+26%

Source: Yahoo Finance, Trading View. Price indexes in local currency used. U.S. = S&P 500 Index, Europe = Euro Stoxx 50 Index, China = CSI 300 Index, Japan = Nikkei 225 Index, India = Nifty 50 Index, UK = FTSE 100 Index.

Ranking the Returns of Stock Markets in 2025

Market	Return in 2025
JP Japan	+26%
GB UK	+22%
EU Europe	+19%
CN China	+18%
US U.S.	+16%
IN India	+11%

Using price return data in each market's local currency, the table below shows the leaders and laggards in 2025 as of December 31.

- Japan led with a 26% return, four percentage points above the UK in second place.
- The U.S. had a return of 16%, the second lowest compared to other major stock markets in 2025.

The Liberation Day Drop

- On April 2, the Trump administration announced sweeping tariffs to reduce trade deficits and boost American industry.
- All of the major stock markets saw declines as investors reassessed trade and growth prospects.
- If we zoom in to daily data (as opposed to the weekly data shown in the graphic), Japan and Europe were tied for the largest decline.
- The UK experienced the longest time to recovery.

- On the other hand, India had the lowest and shortest drop in response to Liberation Day tariffs.
- Only 12% of India's economy is dependent on exporting goods, and merchandise exports to the U.S. make up just **2.1%** of the country's GDP.

Market	Liberation Day Drop	Trading Days to Recovery
EU Europe	-13%	21
JP Japan	-13%	14
US U.S.	-12%	18
GB UK	-11%	27
CN China	-8%	25
IN India	-4%	6

Rebounds Around the World

- All major stock markets in 2025 rallied in the wake of Liberation Day.
- In Japan, the stock market hit a record high on October 6 after Sanae Takaichi was elected as the leader of the ruling party, putting her on track to become the country's prime minister.
- The rally was based on investors' expectations of stronger government spending and stable monetary policy under Takaichi's leadership.
- The U.S. saw strong gains after reaching a trade agreement with China. American markets were also fueled by rate cuts, earnings growth, and strong consumer spending.

Top Performing Equity Markets
as of May 2025

Key Takeaways

- U.S. equities (measured by the S&P 500) are among the world's worst performers in 2025, as of May 13

- European markets like **Poland, Austria, and Greece** have greatly outperformed

HOW GLOBAL EQUITY ETFS HAVE PERFORMED IN 2025

AS OF MAY 13

Country	ETF	Total Return YTD
Poland	EPOL	47.6%
Austria	EWO	34.3%
Greece	GREK	32.7%
Spain	EWP	32.5%
Chile	ECH	30.0%
Colombia	GXC	29.8%
Italy	EWI	27.9%
Germany	EWG	26.2%
Mexico	EWW	26.0%
Brazil	EWZ	25.9%
Finland	EFNL	22.6%
Sweden	EWD	21.2%
South Africa	EZA	20.9%
France	EWQ	17.3%
Netherlands	EWN	17.0%
Norway	NORW	16.9%
China	MCHI	16.7%
Switzerland	EWL	15.7%
Singapore	EWS	15.4%
Belgium	EWK	14.1%
South Korea	EWY	13.5%
Kuwait	KWT	12.9%
Peru	EPU	12.8%
UK	EWU	12.3%
Argentina	ARGT	12.3%
Hong Kong	EWH	12.1%
Philippines	EPHE	12.1%
UAE	UAE	11.5%
Vietnam	VNM	11.0%
Canada	EWC	7.7%
Japan	EWJ	7.7%
Israel	EIS	7.1%
Ireland	EIRL	6.7%
Australia	EWA	6.5%
Qatar	QAT	6.1%
Taiwan	EWT	2.9%
India	INDA	2.1%
Denmark	EDEN	1.9%
Malaysia	EWM	1.6%
New Zealand	ENZL	1.0%
U.S.	SPY	0.4%
Saudi Arabia	KSA	-1.3%
Indonesia	EIDO	-5.1%
Thailand	THD	-6.5%
Türkiye	TUR	-9.5%

Top Performing Equity Markets as of May 2025

- ❑ Global equity markets have delivered mixed performance in 2025 so far, with U.S. stocks selling off sharply in April.
- ❑ Meanwhile, European markets have surged due to easing monetary policy from the European Central Bank (ECB), as well as a rebound in industrial activity across the region.
- ❑ In this graphic, we've visualized the top performing equity markets as of May 13, 2025, based on country-focused ETF returns.
- ❑ Tickers for each benchmark ETF are listed beside the flags.

Country	ETF Ticker	Total Return YTD
PL Poland	EPOL	47.6%
AT Austria	EWO	34.3%
GR Greece	GREK	32.7%
ES Spain	EWP	32.5%
CL Chile	ECH	30.0%
CO Colombia	GXC	29.8%
IT Italy	EWI	27.9%
DE Germany	EWG	26.2%
MX Mexico	EWW	26.0%
BR Brazil	EWZ	25.9%
FI Finland	EFNL	22.6%
SE Sweden	EWD	21.2%
ZA South Africa	EZA	20.9%
FR France	EWQ	17.3%
NL Netherlands	EWN	17.0%
NO Norway	NORW	16.9%
CN China	MCHI	16.7%
CH Switzerland	EWL	15.7%
SG Singapore	EWS	15.4%
BE Belgium	EWK	14.1%

KR South Korea	EWY	13.5%
KW Kuwait	KWT	12.9%
PE Peru	EPU	12.8%
GB UK	EWU	12.3%
AR Argentina	ARGT	12.3%
HK Hong Kong	EWH	12.1%
PH Philippines	EPHE	12.1%
AE UAE	UAE	11.5%
VN Vietnam	VNM	11.0%
CA Canada	EWC	7.7%
JP Japan	EWJ	7.7%
IL Israel	EIS	7.1%
IE Ireland	EIRL	6.7%
AU Australia	EWA	6.5%
QA Qatar	QAT	6.1%
TW Taiwan	EWT	2.9%
IN India	INDA	2.1%
DK Denmark	EDEN	1.9%
MY Malaysia	EWM	1.6%
NZ New Zealand	ENZL	1.0%

US U.S.	SPY	0.4%
SA Saudi Arabia	KSA	-1.3%
ID Indonesia	EIDO	-5.1%
TH Thailand	THD	-6.5%
TR Turkey	TUR	-9.5%

- ❑ Many of the world’s top performing equity markets are located in Europe.
- ❑ One reason for this is the ECB’s recent rate cut decision, which reduced the three key ECB interest rates by 25 basis points in April.
- ❑ Another reason is rising business activity across the eurozone, driven by German manufacturing.

European Defense Stocks Are Flying High

- As an example, shares of **Rheinmetall AG**, Germany's largest defense company, have climbed nearly 200% since the beginning of the year.

- Defense spending across Europe rose 17% to **$693 million** in 2024, according to data from the Stockholm International Peace Research Institute (SIPRI).

I do believe we will see further increases in the years ahead. Europe recognizes the need to stand on its own and not rely as heavily on the United States

SETH KRUMMRICH, VICE PRESIDENT AT GLOBAL GUARDIAN

Warren Buffett vs. the S&P 500:
Growth of $100
(1965–2025)

Warren Buffett vs. the S&P 500: Growth of $100 (1965–2025)

- Anyone lucky enough to invest $100 in Berkshire Hathaway at the start of 1965 would be sitting on significant returns, but just how much would they have outperformed the S&P 500?

- This graphic compares Berkshire Hathaway and the S&P 500 from 1965 to 2025, based on data from Berkshire Hathaway's 2025 annual report.

Warren Buffett vs. the S&P 500: Growth of $100 (1965–2025)

- **A $100 investment in Berkshire Hathaway at the start of 1965 by the end of 2025 would be worth**

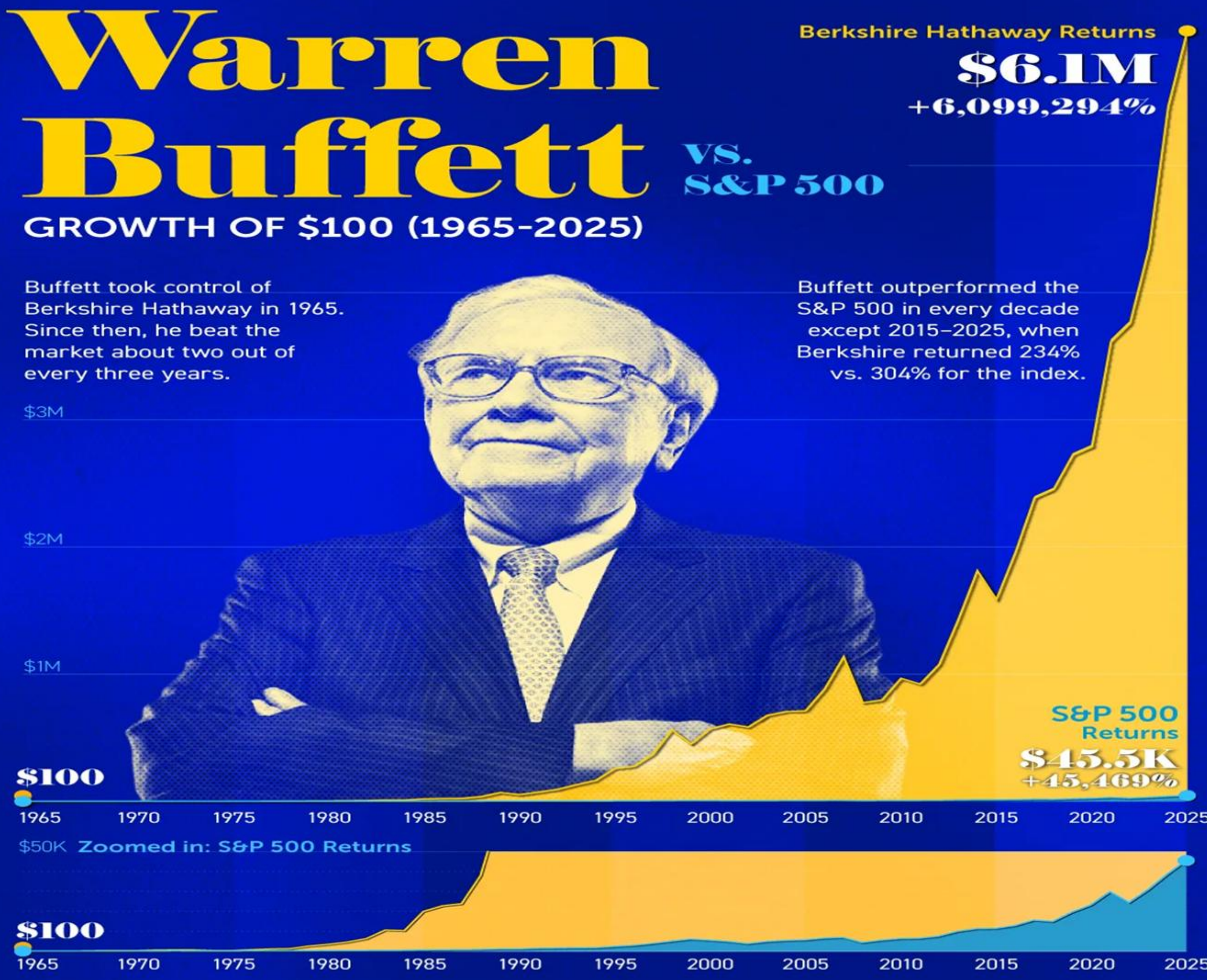
  roughly $6.1 million,

  versus

  about $45.5k for the S&P 500.

  - **Berkshire compounded at 19.7% annually,**
  - **nearly twice the S&P 500's 10.5%.**

- Buffett's edge was not just consistency, but the much larger average gains Berkshire delivered in its positive years.



Warren Buffett
VS. S&P 500
GROWTH OF $100 (1965-2025)
Berkshire Hathaway Returns
$6.1M
+6,099,294%
Buffett took control of Berkshire Hathaway in 1965. Since then, he beat the market about two out of every three years.
Buffett outperformed the S&P 500 in every decade except 2015–2025, when Berkshire returned 234% vs. 304% for the index.
$3M
$2M
$1M
$100
S&P 500 Returns
$45.5K
+45,469%
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
$50K
Zoomed in: S&P 500 Returns
$100
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025

Berkshire Hathaway's Returns Compared to the Market

- Warren Buffett **delivered a return of more than 6,088,000%** on Berkshire's stock as he transformed **a struggling textile maker** into the most valuable company in the world that isn't either a tech giant or a state oil producer.

- Put differently, the world's greatest investor turned the same **initial investment of just $100 into about 134 times** as much wealth as the broader market over the same six-decade span.

Year	$100 invested in Berkshire Hathaway in 1965	$100 invested in the S&P 500 in 1965	Berkshire Hathaway Annual Return	S&P 500 Annual Return
1964	$100	$100	0.0%	0.0%
1965	$150	$110	50.0%	10.0%
1966	$144	$97	-4.0%	-11.8%
1967	$164	$127	13.9%	30.9%
1968	$291	$141	77.4%	11.0%
1969	$347	$129	19.2%	-8.5%
1970	$331	$134	-4.6%	3.9%
1971	$598	$154	80.7%	14.9%
1972	$647	$183	8.2%	18.8%
1973	$630	$156	-2.6%	-14.8%
1974	$323	$115	-48.7%	-26.3%
1975	$331	$157	2.5%	36.5%
1976	$760	$195	129.6%	24.2%
1977	$1,116	$180	46.8%	-7.7%
1978	$1,278	$192	14.5%	6.7%
1979	$2,587	$227	102.4%	18.2%
1980	$3,436	$300	32.8%	32.2%
1981	$4,529	$285	31.8%	-5.0%
1982	$6,267	$346	38.4%	21.4%
1983	$10,592	$423	69.0%	22.3%
1984	$10,306	$449	-2.7%	6.1%
1985	$19,963	$591	93.7%	31.6%
1986	$22,797	$701	14.2%	18.6%
1987	$23,846	$737	4.6%	5.1%
1988	$37,987	$859	59.3%	16.6%
1989	$70,124	$1,131	84.6%	31.7%

1990	$53,925	$1,096	-23.1%	-3.1%
1991	$73,123	$1,431	35.6%	30.6%
1992	$94,913	$1,539	29.8%	7.5%
1993	$131,834	$1,695	38.9%	10.1%
1994	$164,793	$1,717	25.0%	1.3%
1995	$259,384	$2,362	57.4%	37.6%
1996	$275,466	$2,906	6.2%	23.0%
1997	$371,604	$3,876	34.9%	33.4%
1998	$565,581	$4,985	52.2%	28.6%
1999	$453,030	$6,032	-19.9%	21.0%
2000	$573,537	$5,483	26.6%	-9.1%
2001	$610,816	$4,830	6.5%	-11.9%
2002	$587,605	$3,763	-3.8%	-22.1%
2003	$680,447	$4,843	15.8%	28.7%
2004	$709,706	$5,371	4.3%	10.9%
2005	$715,384	$5,634	0.8%	4.9%
2006	$887,791	$6,524	24.1%	15.8%
2007	$1,142,588	$6,883	28.7%	5.5%
2008	$779,245	$4,336	-31.8%	-37.0%
2009	$800,284	$5,485	2.7%	26.5%
2010	$971,545	$6,313	21.4%	15.1%
2011	$925,883	$6,446	-4.7%	2.1%

2012	$1,081,431	$7,477	16.8%	16.0%
2013	$1,435,059	$9,900	32.7%	32.4%
2014	$1,822,525	$11,256	27.0%	13.7%
2015	$1,594,709	$11,414	-12.5%	1.4%
2016	$1,967,871	$12,783	23.4%	12.0%
2017	$2,398,835	$15,570	21.9%	21.8%
2018	$2,466,002	$14,885	2.8%	-4.4%
2019	$2,737,262	$19,574	11.0%	31.5%
2020	$2,802,957	$23,176	2.4%	18.4%
2021	$3,632,632	$29,827	29.6%	28.7%
2022	$3,777,937	$24,428	4.0%	-18.1%
2023	$4,374,851	$30,853	15.8%	26.3%
2024	$5,490,438	$38,566	25.5%	25.0%
2025	$6,088,896	$45,469	10.9%	17.9%

How Warren Buffett Outperformed the S&P 500

- The formula behind the success is simple in theory, but incredibly difficult in practice: **buy high-quality businesses at attractive prices**.
- The 95-year-old legendary value investor is not afraid to accumulate large positions in companies he likes and then hold them "forever".
- Examples include American Express, first purchased in 1964; Coca-Cola in 1988; Moody's in 2000; and Apple in 2016, all of which remain part of Berkshire's portfolio.
- Berkshire's structure as a publicly traded holding company allowed shareholders to compound wealth alongside him without paying recurring management or performance fees.
- Had Buffett charged hedge-fund-style fees, the ending value would likely have been only a few hundred thousand dollars rather than $6.1 million, depending on the exact fee model used.

Did Buffett Beat the Market Consistently?

- Over the 61-year period, Berkshire posted positive returns in 50 years—slightly more often than the S&P 500.

- More importantly, its gains were much larger in winning years, **averaging 32% versus 19% for the index.**

- **Despite this long-term dominance, Buffett did experience periods of underperformance.**

- While Buffett outperformed the S&P 500 in every decade from 1965 to 2015, from 2015 to 2025 the S&P 500 returned 304% compared to Berkshire Hathaway's 234%.

Did Buffett Beat the Market Consistently?

- As the world's largest public conglomerate, Berkshire's sheer size—combined with a long bull market led by mega-cap AI stocks—**has made it harder for the Oracle of Omaha to find great companies at attractive prices.**

- Many of the market's biggest AI winners, like Nvidia, Meta, and Palantir, also fall outside his "circle of competence".

- Even so, Buffett's long-term record of outsized returns is arguably the most extraordinary example of wealth creation in financial market history, helping cement his place among the world's richest people.

The World's Riskiest Markets
in 2026

The World’s Riskiest Markets in 2026

- **Not all markets offer the same tradeoff between risk and return.**
- This map shows equity risk premiums around the world—based on estimates from NYU professor Aswath Damodaran.
- **These premiums reflect the extra return investors demand to invest in each country, with higher values signaling greater perceived risk.**
- The gap is stark.
- **While a handful of stable economies sit near 4–5%, countries facing conflict or economic collapse can exceed 30%, highlighting how dramatically risk perceptions diverge across global markets.**

The World's Riskiest Markets in 2026

- Four countries—**Belarus, Lebanon, Sudan, and Venezuela—**top the global risk ranking at **30.9%.**

- **The U.S. sits at 4.5%, higher than several developed peers.**

- **Only 19 countries globally have risk premiums below 5%.**

The World's Riskiest Countries

- To estimate the investment risk premium, Damodaran **looked at each country's credit rating and how much extra interest investors want when lending to it.**

- For countries where government bonds aren't available or traded, he based his estimate on the differences in equity returns of two emerging markets indices.

- As a last step, he added that **country risk premium** to his estimate of a mature market equity risk premium.

- The riskiest countries are those that experience war, sanctions, and economic collapse. **Belarus, Lebanon, Sudan, and Venezuela each have the highest equity risk premiums of 30.9%.**

- **Belarusians** have faced intense political repression as they responded to the contested re-election of Alexander Lukashenko in 2020.

- **Lebanon** is considered a failed state as governance and the economy have collapsed, while armed groups are present on the streets.

- There has been a civil war in Sudan since 2023, causing a devastating humanitarian crisis. Meanwhile, **Venezuela** has a long history of instability; the mismanagement of its oil industry and the economy sent the once-prosperous nation into disarray.

- **Cuba, Ukraine, Syria, and Yemen**, which have also experienced conflict or sanctions, are among a cluster of countries with risk premiums of **19.8%.**

The World's Riskiest Countries

Country	Equity Risk Premium
BY Belarus	30.9%
LB Lebanon	30.9%
SD Sudan	30.9%
VE Venezuela	30.9%
BO Bolivia	19.8%
CU Cuba	19.8%
MM Myanmar	19.8%
KP North Korea	19.8%
LK Sri Lanka	19.8%
SY Syria	19.8%
UA Ukraine	19.8%
YE Yemen	19.8%
EC Ecuador	17.2%
HT Haiti	17.2%
MW Malawi	17.2%
MZ Mozambique	17.2%
NE Niger	17.2%
SO Somalia	17.2%

ET Ethiopia	15.9%
GA Gabon	15.9%
GN Guinea	15.9%
LA Laos	15.9%
LR Liberia	15.9%
MV Maldives	15.9%
ML Mali	15.9%
CG Republic of Congo	15.9%
ZM Zambia	15.9%
ZW Zimbabwe	15.9%
AR Argentina	13.9%
BZ Belize	13.9%
BF Burkina Faso	13.9%
CM Cameroon	13.9%
EG Egypt	13.9%
GH Ghana	13.9%
GW Guinea-Bissau	13.9%
IR Iran	13.9%
IQ Iraq	13.9%
KE Kenya	13.9%
PK Pakistan	13.9%
SN Senegal	13.9%
SB Solomon Islands	13.9%
SR Suriname	13.9%
TN Tunisia	13.9%

AO Angola	12.6%
BA Bosnia and Herzegovina	12.6%
CD DRC	12.6%
SV El Salvador	12.6%
KG Kyrgyzstan	12.6%
MG Madagascar	12.6%
MD Moldova	12.6%
NG Nigeria	12.6%
SL Sierra Leone	12.6%
VC St. Vincent & the Grenadines	12.6%
TJ Tajikistan	12.6%
TG Togo	12.6%
UG Uganda	12.6%
BH Bahrain	11.4%
BD Bangladesh	11.4%
BB Barbados	11.4%
KH Cambodia	11.4%
CV Cape Verde	11.4%
GM Gambia	11.4%
NI Nicaragua	11.4%
PG Papua New Guinea	11.4%
RW Rwanda	11.4%
SZ Swaziland	11.4%

DZ Algeria	10.1%
BS Bahamas	10.1%
BJ Benin	10.1%
CK Cook Islands	10.1%
FJ Fiji	10.1%
HN Honduras	10.1%
MN Mongolia	10.1%
ME Montenegro	10.1%
NA Namibia	10.1%
TZ Tanzania	10.1%
AL Albania	8.9%
AM Armenia	8.9%
JM Jamaica	8.9%
JO Jordan	8.9%
NP Nepal	8.9%
TR Türkiye	8.9%
UZ Uzbekistan	8.9%
CR Costa Rica	8.1%
CI Côte d'Ivoire	8.1%
DO Dominican Republic	8.1%
GE Georgia	8.1%
LY Libya	8.1%
RU Russia	8.1%
RS Serbia	8.1%
ZA South Africa	8.1%
SX St. Maarten	8.1%
TT Trinidad and Tobago	8.1%
VN Vietnam	8.1%

BR Brazil	7.5%
GT Guatemala	7.5%
MA Morocco	7.5%
AE Sharjah	7.5%
AW Aruba	7.1%
AZ Azerbaijan	7.1%
CO Colombia	7.1%
CW Curacao	7.1%
GR Greece	7.1%
IN India	7.1%
MU Mauritius	7.1%
MS Montserrat	7.1%
OM Oman	7.1%
PA Panama	7.1%
PY Paraguay	7.1%
RO Romania	7.1%
HU Hungary	6.7%
ID Indonesia	6.7%
IT Italy	6.7%
MX Mexico	6.7%
PH Philippines	6.7%
AD Andorra	6.3%
BW Botswana	6.3%
BG Bulgaria	6.3%
GY Guyana	6.3%
IL Israel	6.3%
KZ Kazakhstan	6.3%
PE Peru	6.3%

HR Croatia	5.8%
CY Cyprus	5.8%
LV Latvia	5.8%
MY Malaysia	5.8%
PT Portugal	5.8%
SK Slovakia	5.8%
SI Slovenia	5.8%
ES Spain	5.8%
BM Bermuda	5.3%
CL Chile	5.3%
LT Lithuania	5.3%
MT Malta	5.3%
PL Poland	5.3%
CN China	5.1%
EE Estonia	5.1%
GG Guernsey	5.1%
IS Iceland	5.1%
JP Japan	5.1%
KW Kuwait	5.1%
BE Belgium	5.0%
BN Brunei	5.0%
KY Cayman Islands	5.0%
CZ Czechia	5.0%
FR France	5.0%
HK Hong Kong	5.0%
IE Ireland	5.0%
IM Isle of Man	5.0%
JE Jersey	5.0%
MO Macao	5.0%
SA Saudi Arabia	5.0%
TW Taiwan	5.0%
GB United Kingdom	5.0%

AE Abu Dhabi	4.9%
KR South Korea	4.9%
QA Qatar	4.9%
AE United Arab Emirates	4.9%
AT Austria	4.6%
FI Finland	4.6%
US United States	4.5%
AU Australia	4.2%
CA Canada	4.2%
DK Denmark	4.2%
DE Germany	4.2%
LI Liechtenstein	4.2%
LU Luxembourg	4.2%
NL Netherlands	4.2%
NZ New Zealand	4.2%
NO Norway	4.2%
SG Singapore	4.2%
SE Sweden	4.2%
CH Switzerland	4.2%

Countries Considered Safer Investment Bets

- **Some of the safest countries include Canada, Germany, Switzerland, Singapore, Sweden, and the Netherlands, with risk premiums at 4.2%.**
- Investors likely treat them interchangeably.
- **The U.S.** has a slightly higher premium at 4.5%, which may reflect recent political polarization and higher equity volatility.
- Indeed, "Sell America" dominated investor conversations earlier this year amid economic uncertainty, questions around the independence of the Federal Reserve, and the depreciation of the dollar.
- Still, it is one of just 19 countries that have risk premiums below 5%.
- Europe is not homogeneous.
- Southern countries, where economies were hit by the 2009 debt crisis, have higher risk premiums.
- **Spain and Portugal sit at 5.8%, Italy at 6.7%, and Greece is 7.1%.**

How Investors Back Riskier Markets

- Only certain kinds of investors are willing to place risky bets.

- **Pension funds**, **for instance, tend to have a low risk tolerance as they are using the public's pension savings to invest.**

- **Investment mandates can also limit how much a fund is allowed to allocate to emerging markets or high-risk strategies.**

- **In practice, they can access riskier markets indirectly via diversified funds, where they are able to hedge their bets.**

- No matter the size of the reward, **emerging markets investors** tend to focus on countries showing signs of **stability, economic and business reform, and an alignment with global long-term themes**

Countries With the Most Pension Wealth in 2025

Countries With the Most Pension Wealth in 2025

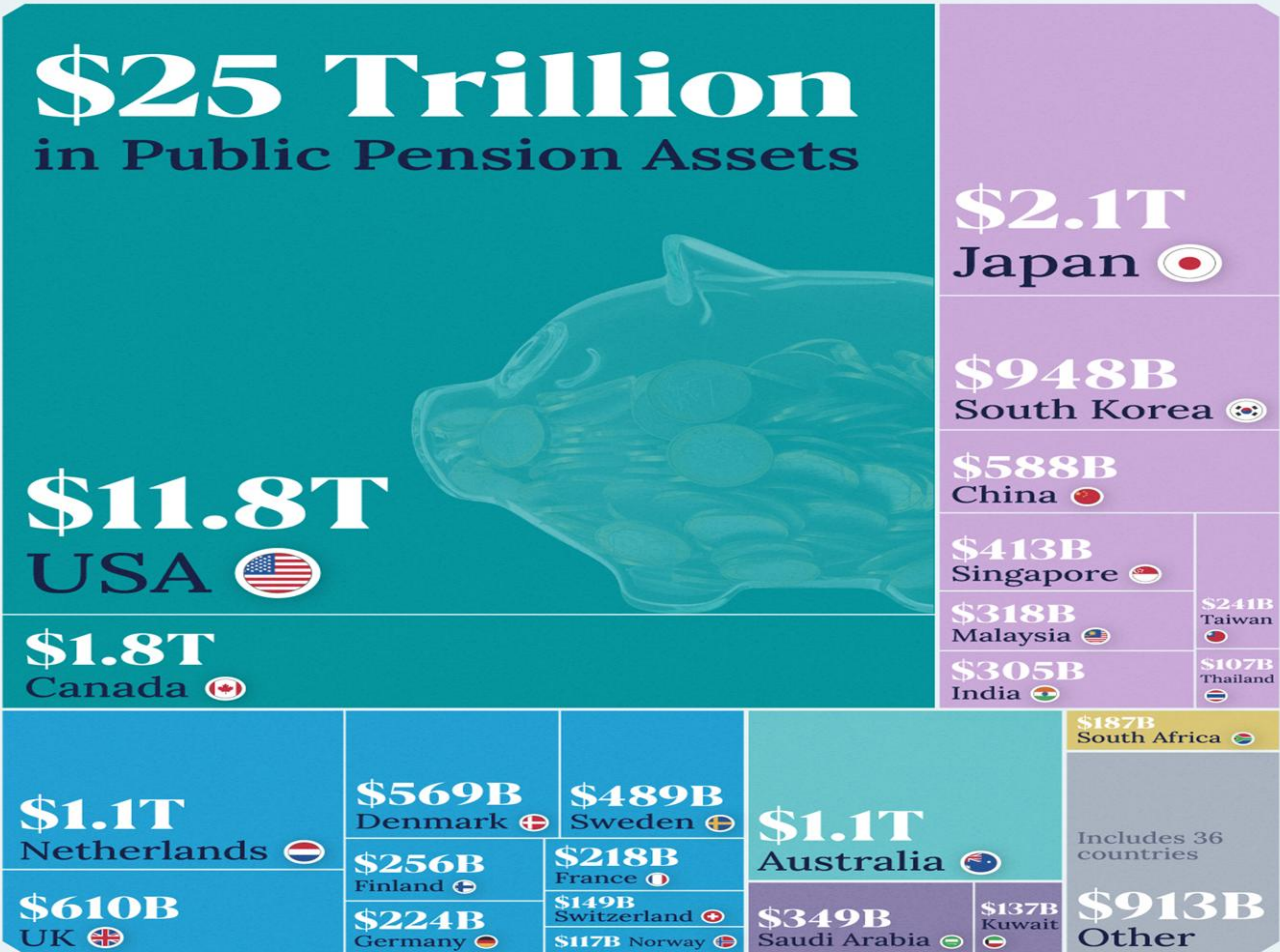
- **Pension plans** are a cornerstone of financial security for retirees, pooling trillions of dollars in assets globally to support aging populations.

Countries With the Most Pension Wealth in 2025

- **Public pension plans provide retirement and disability benefits to workers, and are regulated by public sector law**.

- They're typically structured as **defined benefit (DB) plans**, **meaning workers make mandatory contributions, then receive monthly benefits for the rest of their life after retiring.**

- The benefits one would receive is determined by a formula, which is typically a percentage of their average salary over their highest-earning years of work.


$25 Trillion
in Public Pension Assets
$11.8T
USA
$1.8T
Canada
$2.1T
Japan
$948B
South Korea
$588B
China
$413B
Singapore
$318B
Malaysia
$241B
Taiwan
$305B
India
$107B
Thailand
$1.1T
Netherlands
$610B
UK
$569B
Denmark
$489B
Sweden
$256B
Finland
$218B
France
$224B
Germany
$149B
Switzerland
$117B Norway
$1.1T
Australia
$349B
Saudi Arabia
$137B
Kuwait
$187B
South Africa
Includes 36 countries
$913B
Other

Countries With the Most Pension Wealth in 2025

- **While the U.S. has the most pension wealth in the world.**

- **The world's largest pension fund by assets belongs to Japan.**
- **Established by the Japanese government in 2006, the Government Pension Investment Fund (GPIF) is a recent product of the country's pension system reform.**
- **The GPIF invests in a 50/50 mix between** stocks and bonds.
- Each of these components is further subdivided equally between domestic and international securities.

Rank	Country	Public Pension Assets ($B)
1	US USA	$11,760
2	JP Japan	$2,066
3	CA Canada	$1,804
4	NL Netherlands	$1,131
5	AU Australia	$1,121
6	KR South Korea	$948
7	GB UK	$610
8	CN China	$588
9	DK Denmark	$569
10	SE Sweden	$489
11	SG Singapore	$413
12	SA Saudi Arabia	$349
13	MY Malaysia	$318
14	IN India	$305
15	FI Finland	$256
16	TW Taiwan	$241
17	DE Germany	$224
18	FR France	$218
19	ZA South Africa	$187
20	CH Switzerland	$149
21	KW Kuwait	$137
22	NO Norway	$117
23	TH Thailand	$107
n/a	Other	$913

Largest U.S. Pension Funds

- America's largest public pensions are the
  - ***Federal Retirement Thrift Investment Board (FRTIB)***
  - ***California Public Employees' Retirement System****, and*
  - ***California State Teachers Retirement System***.

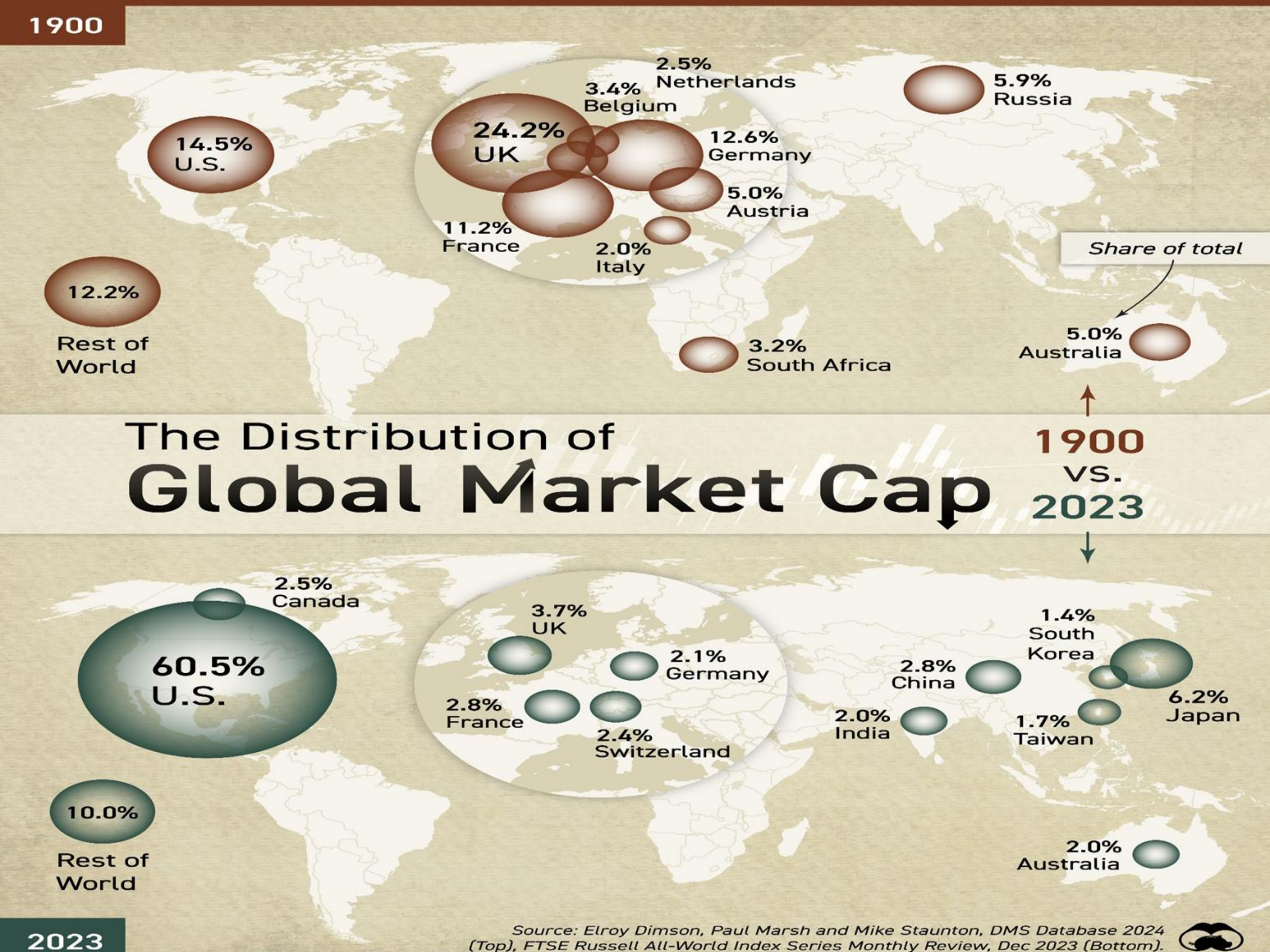
- The FRTIB manages the **Thrift Savings Plan**, which covers a wide range of federal employees including postal service, Congress, and the military.

- The latter two are California-based pension plans with the objective of providing benefits to the state's public sector employees.

Challenges Facing Pensions

- **Pensions must invest their assets responsibly to ensure that they have sufficient cash flows to pay out member benefits.**
- This is not an easy task due to trends like **global aging, which is increasing the percentage of retirees.**
- According to a recent report by Equable Institute, public pensions across the U.S. had a funding shortfall of **$1.6 trillion** in 2023.
- This is driving plans to seek riskier investments, which could cause problems in the future.

The World’s Largest Stock Markets
(1900 vs. 2023)


1900
2.5%
Netherlands
3.4%
Belgium
5.9%
Russia
14.5%
U.S.
24.2%
UK
12.6%
Germany
5.0%
Austria
11.2%
France
2.0%
Italy
Share of total
12.2%
Rest of World
3.2%
South Africa
5.0%
Australia
The Distribution of
Global Market Cap
1900
vs.
2023
2.5%
Canada
3.7%
UK
1.4%
South Korea
60.5%
U.S.
2.1%
Germany
2.8%
China
2.8%
France
6.2%
Japan
2.0%
India
1.7%
Taiwan
2.4%
Switzerland
10.0%
Rest of World
2.0%
Australia
2023
Source: Elroy Dimson, Paul Marsh and Mike Staunton, DMS Database 2024 (Top), FTSE Russell All-World Index Series Monthly Review, Dec 2023 (Bottom).

The World's Largest Stock Markets (1900)

Rank in 1900	Country	Share of Global Market Cap (%)
1	GB UK	24.2
2	US U.S.	14.5
3	DE Germany	12.6
4	FR France	11.2
5	RU Russia	5.9
6	AT Austria	5.0
7	BE Belgium	3.4
8	AU Australia	3.4
9	ZA South Africa	3.2
10	NL Netherlands	2.5
11	IT Italy	2.0
n/a	🌍 Rest of World	12.2

The World's Largest Stock Markets (2023)

Rank in 2023	Country	Share of Global Market Cap (%)
1	US U.S.	60.5
2	JP Japan	6.2
3	GB UK	3.7
4	CN China	2.8
5	FR France	2.8
6	CA Canada	2.5
7	CH Switzerland	2.4
8	DE Germany	2.1
9	AU Australia	2.0
10	IN India	2.0
11	TW Taiwan	1.7
12	KR South Korea	1.4
n/a	🌍 Rest of World	10.0

The World's Largest Stock Markets

- Founded in 1801, the London Stock Exchange (LSE) is one of the world's oldest stock exchanges,
- though not as old as the New York Stock Exchange (NYSE) which opened in 1792.
- Major companies that traded on the LSE in 1900 were primarily involved in railways, finance, and natural resources.
- Overall, European countries accounted for over 67% of global market cap in 1900.
- Looking at 2023's data, we can see that much has changed since then.

The World's Largest Stock Markets

- 123 years later, the U.S. is firmly positioned as the world's largest stock market.
- America's share of global market cap has grown by 46 percentage points, and it is home to six of the world's seven trillion-dollar companies.
- Over this time frame, we can see that Asian countries like Japan, China, and India have also emerged as major equity markets.
- The latter two countries are expected to have the world's two biggest economies by 2075, and as a result, the size of their stock markets could grow significantly.

Thank You

Sources
1) Copyright © 2021-2026 Visual Capitalist, All rights reserved.
2) Wikipedia
3) References at Slides