

2025 iBoxx GBP Indices Highlights

Overview

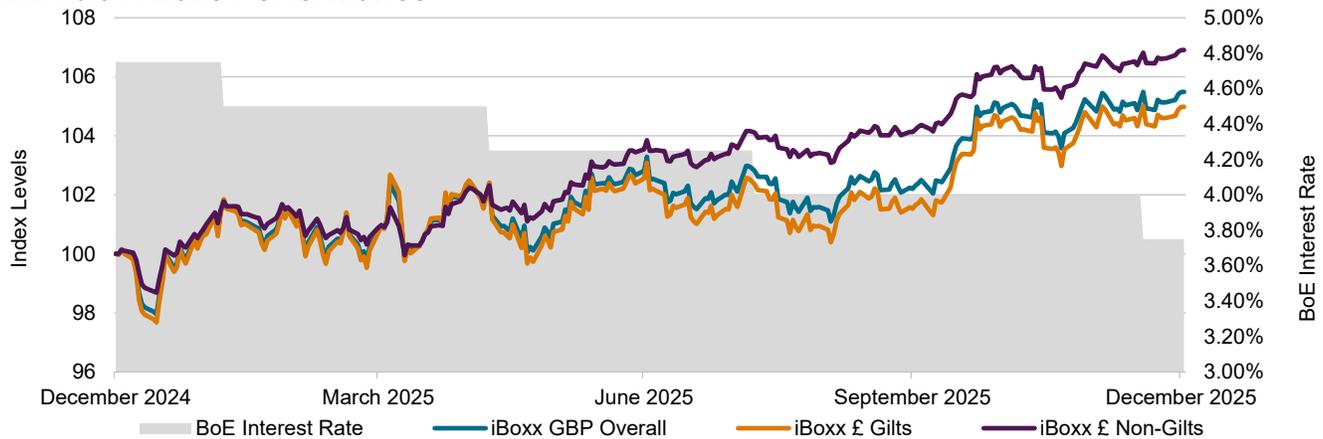
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In 2025, the iBoxx GBP Overall index increased despite bouts of volatility and market repricing, with credit spreads spiking in April amid tariff uncertainty before narrowing back to its long-term average by the end of the year.

Performance varied by maturity, rating and sector, highlighting the impact of index composition. Yields declined across all headline indices except the iBoxx GBP High Yield Overall index. Within corporates, Core Financials' weight fell while Utilities increased, and the iBoxx GBP Overall index saw a notable rise in new gilt issuance.

The U.K. economy adjusted after earlier inflationary pressures amid global trade and policy uncertainty, with subdued growth, softer demand and a cooling labor market leading to gradual stabilization rather than a strong recovery. The Bank of England (BoE) shifted from a restrictive policy to cautious easing, delivering four 25 bps cuts that lowered rates from 4.75% to 3.75% by December 2025. Inflation remained above target, around 3.4%, with trade frictions, tariffs and supply-chain shifts continuing to shape price dynamics and policy.

Exhibit 1: 2025 Performance

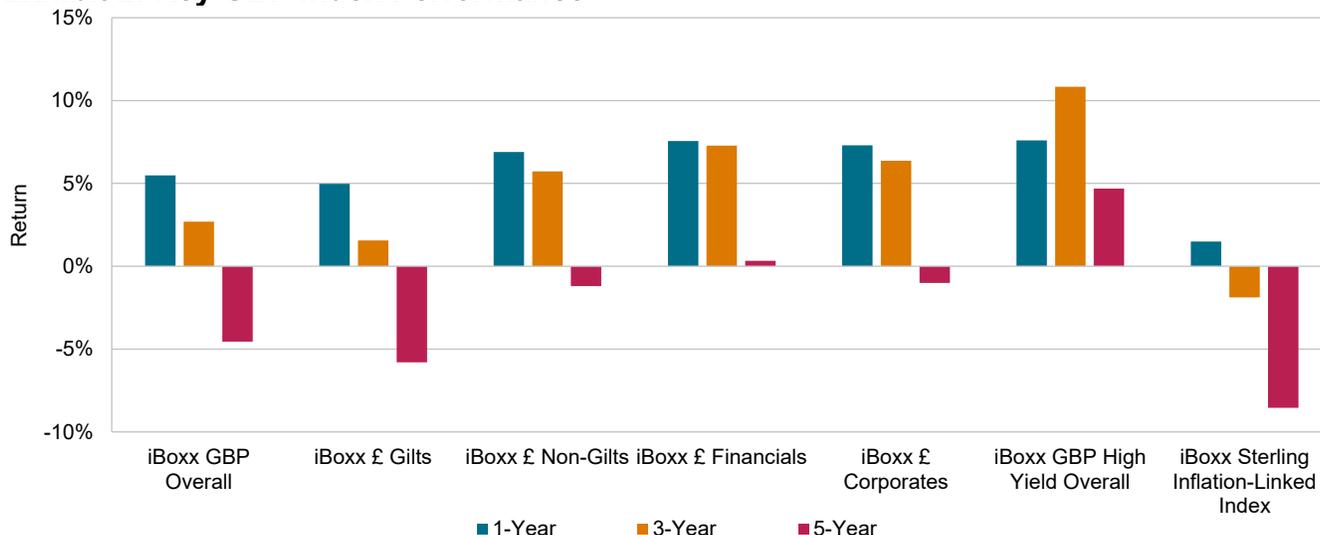
Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2024, to Dec. 31, 2025. Index performance based on total return in GBP. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Key GBP Indices Performance

The iBoxx GBP Overall maintained an upward trajectory over 2025 after a short dip in January that was followed by a quick recovery, as shown in Exhibit 1. A contributing factor was persistent inflation materially above the BoE target (3.0%), which led to reduced expectations of rapid monetary easing. For the year, the index reported a 5.5% gain, with iBoxx £ Financials being the highest contributor among the headline indices, at 7.6% (see Exhibit 2). All investment grade and high yield indices reported substantial gains, with iBoxx £ Gilts the lowest at 5.0% and iBoxx GBP High Yield Overall the highest at 7.6%, narrowly surpassing iBoxx £ Financials by 1 bp, and reflecting the strong contribution of credit spreads and yield carry in the high yield segment.

Meanwhile, the iBoxx Sterling Inflation-Linked Index gained 1.5% for the one-year period, though it was negative over the three- and five-year periods, signaling that near-term inflation expectations remained elevated despite broader disinflation trends. Over the three-year horizon, the iBoxx GBP High Yield Overall index reported the highest annualized performance, at 10.8%, while the iBoxx £ Gilts recorded the lowest, at 1.5%, highlighting the outperformance of spread-sensitive sectors in a low-rate environment. Over the five-year period, all indices except high yield and financials reported negative performance, reflecting the impact of the 2022 interest rate hikes.

Exhibit 2: Key GBP Index Performance

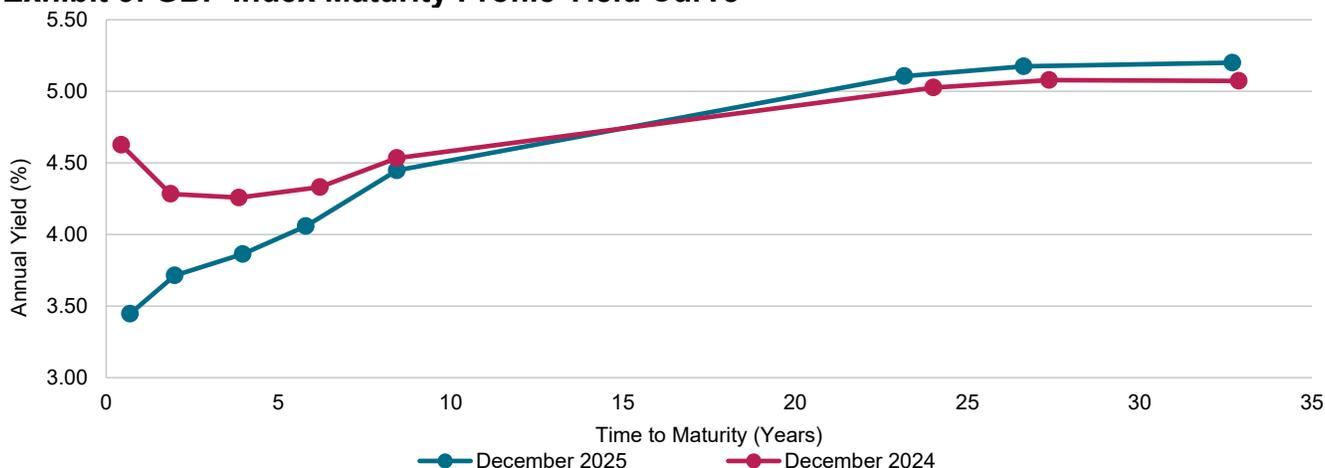


Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2020, to Dec. 31, 2025. Index performance based on total return in GBP. Past performance is no guarantee of future results. Chart is provided for illustrative purposes

GBP Yield Curve

In Exhibit 3, the GBP index yield curve highlights notable differences between December 2024 and December 2025 based on the iBoxx £ Gilts maturity indices. The December 2024 curve exhibits a pronounced convex shape, with yields starting at 4.6% in the 0-1 year maturity band, declining to 4.3% in the 3-5 year segment and rising again to 5.1% at the 25+ maturity band. Elevated short-dated yields reflected the prevailing central bank interest rate and expectations that policy would remain restrictive in the near term, given inflation remained above target. Lower yields in the 3-5 year segment point to expectations of gradual monetary easing over the medium term, while higher long-dated yields reflect an elevated term premium, driven by uncertainty around long-run inflation and fiscal sustainability.

By contrast, the December 2025 curve displays a distinctly normal profile, beginning at 3.45% in the 0-1 year maturity bucket and rising to 5.2% in the 25+ year band. The lower short-dated yield suggests expectations of further near-term monetary easing, consistent with moderating inflation and perceptions that the BoE was approaching the end of its restrictive cycle. Meanwhile, elevated long-dated yields indicate that investors continued to demand higher compensation for holding long-duration U.K. government debt.

Exhibit 3: GBP Index Maturity Profile Yield Curve

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2024, to Dec. 31, 2025. Index performance based on total return in GBP. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Key iBoxx GBP Index Analytics

In 2025, yields declined across all headline indices, as shown in Exhibit 4, with the exception of the iBoxx GBP High Yield Overall index, which rose by 23 bps. Duration also decreased moderately across all indices, except for the inflation-linked segment (up 0.7 years), with the largest decline of 0.5 years observed in iBoxx £ Gilts, signaling a reduction in interest rate sensitivity. All components of the iBoxx GBP Overall index, except for iBoxx £ Gilts, experienced spread widening—ranging from an 8.5 bps decline (iBoxx £ Gilts) to an 87.5 bps increase (iBoxx £ Financials)—reflecting elevated market uncertainty and investor caution, likely driven by inflation volatility and geopolitical or policy-related risks.

Exhibit 4: Key GBP Index Analytics

Index	Number of Bonds	Market Value (GBP Billions)	Yield	Δ (bps)	Duration (Years)	Δ (bps)	Spread (bps)	Δ (bps)
iBoxx GBP Overall	1,278	2,252	4.9%	-9.2	7.3	-0.3	14.2	6.6
iBoxx £ Gilts	66	1,689	4.8%	-4.2	8.0	-0.5	0.0	-8.5
iBoxx £ Non-Gilts	1,212	563	5.3%	-26.5	5.1	0.0	80.2	75.1
iBoxx £ Financials	371	177	5.2%	-43.3	4.2	-0.1	91.9	87.5
iBoxx £ Corporates	827	361	5.4%	-26.3	5.4	0.0	91.8	86.4
iBoxx GBP High Yield Overall	96	37	8.6%	23.3	3.2	-0.1	435.8	432.5
iBoxx Sterling Inflation-Linked Index	34	547	6.2%	-1.2	13.4	0.7		

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2024, to Dec. 31, 2025. Index performance based on total return in GBP. Past performance is no guarantee of future results. Table is provided for illustrative purposes

iBoxx £ Non-Gilts Yield and Spread Dynamics

As shown in Exhibit 5, both annual yield and annual benchmark spread exhibited a downward trend throughout 2025. Despite notable volatility during the year, the annual yield closed at approximately 5.3%, down 0.3% from its level at the start of the year, likely driven by interest rate cuts. Annual benchmark spreads also contracted by 12 bps, down to 80.2 bps in December 2025. A pronounced widening in spreads occurred from March to early April 2025—from 90.1 bps on March 3, 2025, to 119.0 bps on April 9, 2025, likely driven by renewed geopolitical and trade-policy tensions, including market reactions to newly announced U.S. tariffs, which contributed to broader spread expansion across sovereign bond markets in general.

Exhibit 5: Annual Yield and Annual Benchmark Spread of the iBoxx £ Non-Gilts



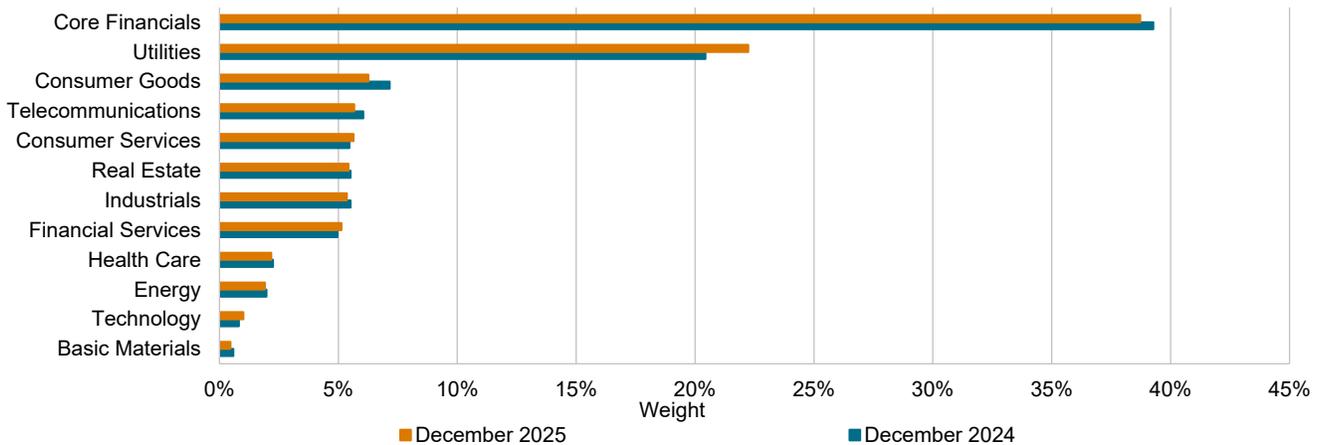
Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2024, to Jan. 1, 2026. Index performance based on total return in GBP. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Sector Composition

The sector composition of the iBoxx £ Corporates index remained relatively stable throughout 2025, as illustrated in Exhibit 6. Notable changes were observed in Utilities, where the sector weight increased by approximately 1.8%, equivalent to GBP 5.6 billion. This increase was driven by 22 new issues entering the index, with a total notional of GBP 7.6 billion, of which 76% were issued by water companies.

By contrast, Consumer Goods and Core Financials recorded the largest reductions in sector weight, declining from 7.2% to 6.3% and from 39.3% to 38.7%, respectively, between 2024 and 2025. In the Consumer Goods sector, 18 issues totaling GBP 22.5 billion were called, predominantly from automobile issuers. This was only partially offset by GBP 3.0 billion from 10 new issues added in 2025, the majority of which were also issued by automobile companies. Conversely, in 2025 the Core Financials sector added 50 new issues, while 60 issues were called, resulting in a GBP 3.6 billion sector weight reduction.

Exhibit 6: iBoxx £ Corporates Sector Weight 2024-2025

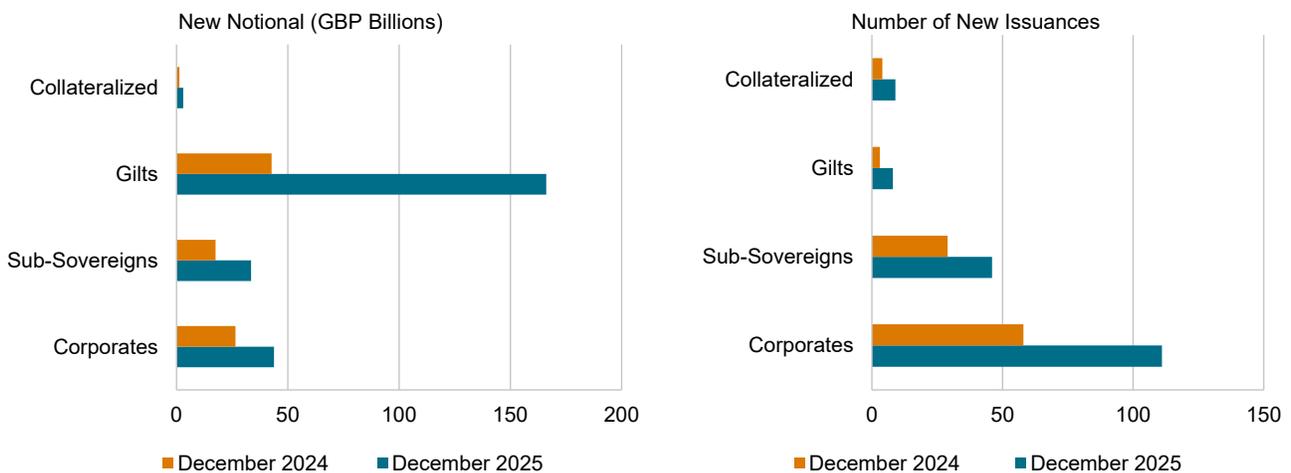


Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2024, to Dec. 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

New Issuance Comparison

When reviewing new issues added to the iBoxx GBP Overall index, gilts saw a sharp increase, rising from GBP 43 billion in 2024 to GBP 166 billion in 2025, accounting for 67% of the new notional added to the index (see Exhibit 7). By contrast, the number of gilt issues increased substantially, from 3 in 2024 to 8 in 2025. At the same time, issuances in corporates and sub-sovereigns increased from 58 to 111 and 29 to 46, respectively, though their combined weight remained small relative to gilts. Notably, 40% of the new gilt issuance was concentrated in the 3-6 year maturity band, with a further 40% in the 7-10 year band. The increase in gilt issuance could help explain the drop in spread for iBoxx £ Gilts compared to the rest of the headline indices.

Exhibit 7: iBoxx GBP Overall 2024 and 2025 – Notional Amount and Number of New Issuances



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2024, to Dec. 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Conclusion

Overall, GBP fixed income indices delivered solid performance in 2025, with the iBoxx GBP Overall index reporting a 5.5% gain. The market was characterized by declining yields, slightly shorter duration and wider spreads across most segments, pointing to a cautious risk tone despite falling rates.

The GBP yield curve returned to a normal profile in 2025 from a pronounced convex shape in 2024. From a sector perspective, the iBoxx GBP Overall index saw shifts in composition: Utilities gained weight, supported by new issuances, while Consumer Goods and Core Financials declined. Meanwhile, the sharp rise in gilt issuance (from GBP 43 billion in 2024 to GBP 166 billion in 2025) provided a key supply backdrop.

Overall, 2025 performance highlights that index-level outcomes were shaped as much by composition and supply dynamics as by broader rate changes.

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