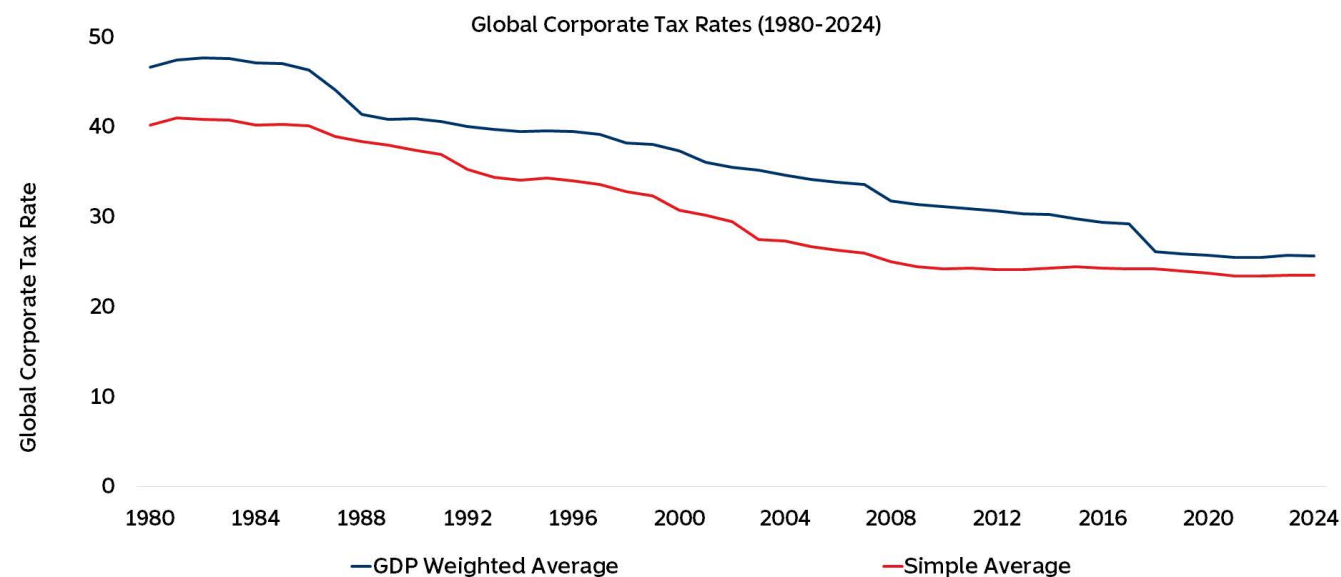


Chart of the Week

1 December 2025



Source: Tax Foundation - Corporate tax rates, data to 31 December 2024.



Taxonomy of Profits

Tom Delic
Fund Manager

What this chart shows

This chart illustrates the more-than-40-year secular decline in global corporate tax rates. The blue line shows the GDP-weighted average, while the red line is the simple average.

The 2020s may mark a turning point. After falling to a low of 25.5% in 2022, the GDP-weighted average has begun to move higher. Several countries have raised corporate tax rates in 2025; France is a notable example, with its effective top corporate tax rate rising to 36.1%.

Why this is important

Two under-appreciated tailwinds to corporate profitability over the past four decades have been persistently falling corporate tax rates and interest costs. A 2023 study by Federal Reserve economist Michael Smolyansky, found that, for non-financial S&P 500 companies, aggregate interest and tax expenses as a percentage of operating earnings have halved relative to 1962-1989 levels.

While real corporate profits from 1989 to 2019 grew at roughly double the pace of the prior era, real operating earnings growth (i.e. before the benefit of falling tax and interest costs) was actually 0.2% per year lower than in 1962-1989. In other words, a significant share of profit growth came from lower tax and financing burdens, not stronger underlying business performance.

The cost of debt has normalised since 2022, but the impact on margins has been delayed because many firms sensibly locked in ultra-low rates for long maturities. As refinancing cycles move closer, higher interest costs will increasingly flow through to the bottom line. At the same time, higher corporate taxes may re-emerge as a headwind.

Governments are running their highest debt levels since World War II, while structural spending pressures – defence, the low-carbon transition, healthcare – continue to rise. New revenue sources will be needed. Corporate taxation, especially of large multinationals, remains firmly in policymakers' sights. Pillar Two of the OECD/G20 Inclusive Framework aimed to establish a 15% global minimum tax, but resistance from the US has weakened implementation. Even so, the direction of travel is clear: corporate tax revenue is again being viewed as a candidate for fiscal rebalancing.

Investors naturally gravitate toward fundamentals within a company's control – revenue, operating profit, cash generation. But tax and financing costs, though external, can have a significant impact. After four decades of powerful tailwinds, the landscape is changing. If interest costs and effective tax rates rise concurrently, the impact on net profit margins, return-on-equity, and ultimately valuation frameworks could be meaningful.

Weekly market update

Week ending 28 November 2025

momentum
global investment management

The week combined structural liquidity risk (CME outage) with macro drivers (Fed-cut expectations) that pushed flows toward safe havens and set a volatile template heading into December.



US

- » Markets rallied into the holiday weekend as investors priced a high probability of a December Fed cut, helping the S&P 500 notch weekly and monthly gains despite tech volatility.
- » US equity funds recorded their first weekly outflow in six weeks as some investors took profits from richly valued tech names.
- » President Trump held a phone call with Xi Jinping on 24 November, a thawing diplomatic tone that markets flagged as supportive for trade-sensitive sectors.
- » Trading infrastructure problems (CME outage) disrupted futures and briefly reduced liquidity in global equity, commodity and bond derivatives markets.



UK

- » Chancellor Rachel Reeves delivered the Autumn Budget (26 November); markets and analysts focused on its tax-raising measures to steady public finances.
- » The Office for Budget Responsibility accidentally published Budget details early, complicating the government's messaging on fiscal plans.
- » The OBR and independent forecasters signalled weaker near-term growth and warned business investment could fall (first decline since Covid), putting pressure on sterling and gilts.
- » Business sentiment and services optimism cooled around the Budget, with CBI/IoD reports pointing to cost pressures and subdued confidence.



Europe

- » EU leaders and the African Union issued a joint declaration at the AU-EU summit (24-25 Nov), highlighting trade, investment and geopolitical cooperation priorities.
- » The ECB's November Financial Stability Review flagged downside risks from weaker growth, geopolitical shocks and market repricing that could transmit across asset classes.
- » Member-state tensions surfaced over proposed EU plans to use immobilised Russian assets to help fund Ukraine, drawing public criticism from countries such as Belgium.
- » Continued weakness in some EU sectors (housing, business sentiment) plus the macro-outlook produced cautious guidance from think-tanks and law firms across the week.



Rest of the World/Asia

- » Private and official indicators showed manufacturing activity slipping in November (PMI moving below 50), extending a fragile industrial picture.
- » Beijing and Washington maintained a cautious truce in trade talks; Xi and Trump's 24 November call - and related diplomatic moves, underpinned hopes for limited trade détente and renewed agricultural purchases.
- » Precious metals rallied, gold set up for a fourth straight monthly gain as Fed-cut bets rose and investors sought safe havens; silver also surged to fresh highs, however Crypto collapsed
- » OPEC+ and energy supply dynamics kept oil markets on watch: surveys and polls suggested swelling supply would keep oil under pressure into 2026 despite episodic geopolitical risks.

Cumulative returns					
Asset Class / Region	Currency	Week ending 28 November	Month to date	YTD 2025	12 months
Developed Markets Equities					
United States	USD	3.7%	0.2%	17.4%	15.2%
United Kingdom	GBP	1.9%	0.5%	23.0%	21.5%
Continental Europe	EUR	2.6%	0.9%	16.3%	16.7%
Japan	JPY	2.5%	1.4%	24.2%	28.9%
Asia Pacific (ex Japan)	USD	2.7%	-2.9%	26.0%	24.5%
Australia	AUD	2.4%	-2.7%	8.9%	5.4%
Global	USD	3.7%	0.3%	20.1%	17.6%
Emerging Markets Equities					
Emerging Europe	USD	2.7%	2.3%	48.2%	49.0%
Emerging Asia	USD	2.5%	-3.2%	28.3%	28.5%
Emerging Latin America	USD	4.6%	6.1%	53.2%	43.8%
BRICs	USD	2.0%	-0.6%	22.9%	23.0%
China	USD	2.3%	-2.5%	32.8%	36.8%
MENA countries	USD	-1.7%	-6.5%	-0.3%	2.7%
South Africa	USD	3.6%	4.0%	62.8%	53.1%
India	USD	0.8%	1.3%	7.5%	3.3%
Global emerging markets	USD	2.5%	-2.4%	29.7%	29.4%
Bonds					
US Treasuries	USD	0.3%	0.6%	6.7%	5.3%
US Treasuries (inflation protected)	USD	0.2%	0.1%	7.3%	5.9%
US Corporate (investment grade)	USD	0.6%	0.6%	8.1%	6.6%
US High Yield	USD	0.7%	0.5%	7.8%	7.4%
UK Gilts	GBP	0.9%	0.1%	4.8%	2.7%
UK Corporate (investment grade)	GBP	0.9%	0.1%	6.5%	6.1%
Euro Government Bonds	EUR	0.3%	0.0%	1.2%	0.1%
Euro Corporate (investment grade)	EUR	0.2%	-0.2%	3.2%	3.0%
Euro High Yield	EUR	0.5%	0.1%	4.8%	5.5%
Global Government Bonds	USD	0.6%	0.0%	6.8%	4.7%
Global Bonds	USD	0.7%	0.4%	8.6%	6.7%
Global Convertible Bonds	USD	3.5%	-1.7%	22.2%	18.8%
Emerging Market Bonds	USD	0.5%	0.3%	12.2%	10.7%

Cumulative returns					
Asset Class / Region	Currency	Week ending 28 November	Month to date	YTD 2025	12 months
Property					
US Property Securities	USD	1.8%	2.2%	4.3%	-4.1%
Australian Property Securities	AUD	1.8%	-3.9%	4.9%	-3.2%
Global Property Securities	USD	2.1%	1.9%	12.3%	5.4%
Currencies					
Euro	USD	0.8%	0.7%	12.1%	9.9%
UK Pound Sterling	USD	1.0%	0.8%	5.7%	4.3%
Japanese Yen	USD	0.2%	-1.4%	0.7%	-3.0%
Australian Dollar	USD	1.5%	0.2%	5.9%	0.8%
South African Rand	USD	1.7%	1.3%	10.5%	5.8%
Swiss Franc	USD	0.6%	0.1%	13.0%	9.9%
Chinese Yuan	USD	0.4%	0.6%	3.2%	2.4%
Commodities & Alternatives					
Commodities	USD	2.2%	1.0%	6.9%	9.2%
Agricultural Commodities	USD	1.6%	-0.3%	-4.6%	-4.6%
Oil	USD	1.0%	-2.9%	-15.3%	-13.8%
Gold	USD	4.3%	5.9%	61.5%	60.5%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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