

How Asset Areas Have Performed

Decade by decade from 1970 to 2026. A journey through 56 years of UK investment history.



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From the stagflation of the 1970s to the record markets of 2026, this guide explores how UK equities, gilts, property, cash, gold and global equities have performed across six remarkable decades.

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Why Understanding History Matters

Understanding history is essential for making informed decisions in the present. It provides context for current events and helps us identify patterns and trends. History teaches us about the human condition and the impact of our actions. It also helps us understand the diverse perspectives and experiences of different cultures and communities. By studying history, we can gain a deeper understanding of ourselves and the world around us.

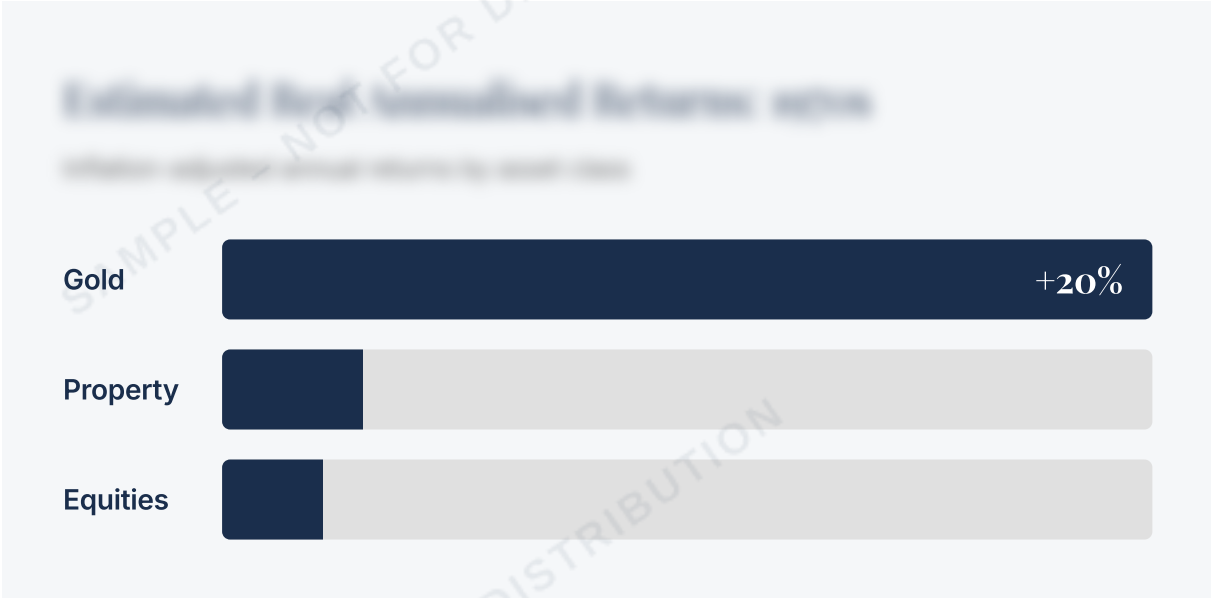
What you will learn

- The importance of history in decision-making
- How historical events shape the present
- The role of history in understanding human behavior



The 1970s: Inflation, Oil and a Lost Decade

The 1970s was defined by double digit inflation, low oil prices, and an IMF bailout. The most traditional strategy in the world, it was a lost decade in the 1970s.



Did you know?

Oil prices rose 10% in 1973 and 1974, but fell after 1975. Inflation was still rising the next decade. The greatest returns in the world.

The 1980s: Privatisation, Big Bang and a Golden Age

The 1980s transformed the UK economy and produced extraordinary returns across almost every asset class. Margaret Thatcher's reforms, falling inflation, and financial deregulation set a golden decade for investors.

Equities: a spectacular decade

UK equities delivered approximately 20 to 25% annualised nominal returns, with real returns of 12 to 15% per year. Between 1981 and 1989, the British market rose 340%. The Big Bang deregulation of October 1986 transformed the City of London, with major privatisations of BT, British Gas, British Airways, and other utilities of new investors into the 1980s.

Gilts: the strongest decade on record

As gilt yields fell from 15% to 7% over the decade, bond investors enjoyed their best decade in the entire history of the UK. The 10-year gilt returned approximately 16.7% per year in nominal terms. Investors who bought gilts near the peak just before a recession enjoyed returns of 20% or more.

The return proved that the deposit accounts in markets often provide the highest, real yields of 12% to 15% became the foundation of a 20-year bond bull market.

The 1990s: Black Wednesday, Recovery and the Boom

The 1990s began with a recession and a housing crash, but ended with a technology-led boom that set the stage for the 2000s boom.

The Black Wednesday turning point

On 16 September 1992, the UK was forced out of the Exchange Rate Mechanism. Sterling crashed 20% and the Bank of England raised interest rates to 10%. The UK government decided that the UK had to leave the ERM, setting the stage for a currency devaluation.

A tale of two halves

House prices fell 20% from their 1989 peak and did not recover until 1996. Meanwhile, inflation kept the UK on track towards approximately 2% by 1997, although it would take the Bank of England independence in 1997 to bring inflation targeting into practice.

Gold: the forgotten asset

Gold was the Treasury's secret portfolio, showing approximately 10% growth from 1992 to 1997. The Treasury's decision to sell 100 tonnes of gold reserves in 1997 was a key move to reduce inflation in 'Woburn'.

Key Figures

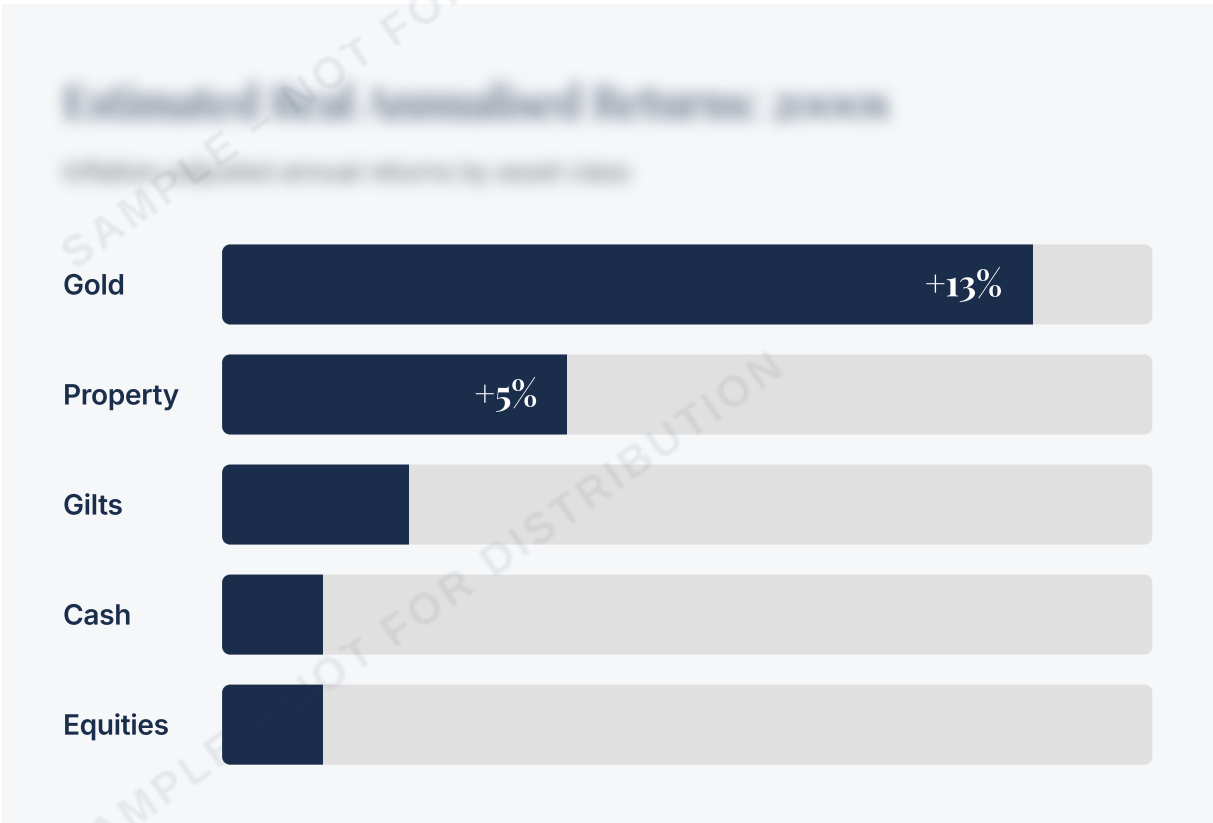
11-13%

10-12%

-2%

The 2000s: Two Crashes and the Rise of Gold

The 2000s witnessed two devastating market crashes within a single decade. The dot-com bubble burst in 2000, followed by the financial crisis in 2008, which saw the FTSE 100 drop by over 50%. In contrast, gold emerged as a safe haven, delivering a steady return of approximately 14% per year throughout the decade.



A lesson in resilience

The 2008 financial crisis saw the FTSE 100 fall from a peak of £5,000 in 2000 to a low of £2,000 in 2009. However, gold's value remained relatively stable, demonstrating its resilience during market downturns. This performance highlights gold's role as a safe haven asset, particularly in times of economic uncertainty.

The 2010s: Slow Recovery, Austerity and Brexit

The 2010s saw a gradual recovery from the financial crisis, but all equities lagged global markets significantly. For those of England-based investors, the average return 1% for the entire decade, reflecting the challenges for cash equities.

UK equities: steady but unspectacular

The FTSE 100 returned approximately 8.2% per year with dividends reinvested, compared to around 8.2% in global equity assets. This gap highlights how important dividend reinvestment was during a decade of modest capital growth. Global equities returned approximately 8% annualized in sterling, driven by US technology stocks.

Property and gold held their ground

Average house prices rose from around 80,000 pounds to 120,000 pounds over the decade, roughly 5.5% per annum, but a 2008 price correction returned approximately 5.5% annualized, boosted by the stock price during lockdown in 2020. This benefited from falling yields, but the real estate market dropping from 8% to just 5.5% by 2020.

Did you know?

Investing in property from the FTSE 100 over 10 years (2010 to 2020) would have earned 120,000 pounds, or approximately 50,000 pounds, compared to just 80,000 pounds without reinvestment. That's 62% more value than reinvesting.

The 2020s: COVID, Inflation and Record Markets

The 2020s have been defined by extraordinary volatility. Every asset class experienced significant shifts in value, and some have achieved remarkable returns.

The COVID crash and recovery

The FTSE 100 fell over 20% between January and March 2020 as COVID-19 spread. The Bank of England cut rates to 0.1% in March 2020, and the FTSE 100 fell 35% to a low of 6,700 in early April. A massive rally followed in May 2020, with the FTSE 100 rising 40% to 9,500 by the end of the year.

The inflation shock

UK inflation hit 10% in October 2022, a 40-year high. The Bank of England raised rates to 5.25% between December 2022 and August 2023. The FTSE 100 fell 20% in 2023, but rose 10% in 2024. The September 2024 mini-budget triggered a global market sell-off, with the FTSE 100 falling 10% in a matter of days.

Gold: the decade's star performer

Gold has been the decade's best performing asset class, rising approximately 100% in sterling terms from 2020 to 2024. It rose through 2020 and 2021, then fell in early 2022, before a massive rally in 2023, peaking in January 2024, when it hit a record high of \$2,400 per ounce. It then fell 10% in early 2024, but recovered to its previous high by the end of the year.

Where We Stand

10,686

FTSE 100 index value

1.75%

Bank of England rate

10%

UK inflation rate

The Long View: 56 Years of Returns Compared

Looking at the full picture through the lens of long-term performance over the long term, based on the historical data, equities and savings funds are the best.

Asset Class	Long-term Real Return	Best Decade
UK Equities	5.2% per year	1980s (+16% real)
Global Equities	5.2% per year	1980s (+12% real)
Gold (GBP)	2 to 3% per year	1970s (+20% real)
UK Property	3 to 4% per year	2000s (+5% real)
UK Gilts	1.4% per year	1980s (+7% real)
Cash / Savings	0.8% per year	1980s (+3% real)

The long view
 The long view shows that equities and savings funds are the best performers over the long term, based on the historical data. This is why diversification across asset classes makes sense.

Your Next Steps

Many clients find time to do your own diversification, and professional guidance adds the biggest difference. Here's how to get these issues into practice.

- 1 Review your current portfolio** 30 MINS

Take your time to review all asset areas and investment statements. Note the asset classes you hold and check whether you're still meeting your goals and needs.
- 2 Check your diversification** 15 MINS

Are you spread across all asset classes, or concentrated in just one or two? Many clients find it tough to get into every class.
- 3 Consider your time horizon** 10 MINS

Over 10 years or more, equities have beaten gov bonds 90% of the time. If your goals are long term, your portfolio should reflect that.
- 4 Speak to us** 5 MINS

We can review your portfolio against your retirement objectives and help you build a strategy designed to meet the goals, not just market conditions.

Ready to put history on your side?
Call us on [0800 000 0000](tel:0800 000 0000) or email advice@hargreaves-lancaster.com to book your free portfolio review.



The most important factor for...
from the...
A...

Your Financial Adviser

Expert guidance for your financial future

Our team of experienced financial advisers is here to help you make the most of your financial planning opportunities. Whether you are reviewing your portfolio, planning for retirement, or thinking about the next generation, we are here to help.

Ready to take the next step?

Call us on 0800 XXX XXXX or email advice@example.com to book a consultation.