

Managed Portfolio Service

Passive MPS 3

As at 30 September 2025

Market commentary:

As summer arrived, markets started to become more relaxed about the trade war and political theatre in Washington. Instead, investors turned their attention back to fundamentals and the dominant AI theme. There was little change in the economic backdrop with respect to growth across most regions, however, greater concern arose in the US after a significant downward revision to payroll data and weakness through the summer months. Whilst the US dollar is weaker in 2025, it stabilised versus major peers during the quarter and made some ground back versus the pound.

The risks to inflation that we have been flagging for some time started to emerge in earnest in the UK, with inflation now expected to reach double the Bank of England target before year end. In the US, inflation pressures also arose, although there were signs that companies absorbed some price pressures through margins rather than passing them on to consumers amidst economic uncertainty.

Bond markets started to price in greater inflation uncertainty, with longer-dated bond yields moving higher throughout the quarter in many markets. Fiscal uncertainty also loomed over the UK and US bond markets, however, in the US this was counteracted by the Fed quickly responding to weaker employment statistics via a “risk management” rate cut in September. At a time of political pressure on the central bank, significant dispersion arose amongst the Fed’s voting members, with one suggesting interest rates should fall to below 3% by year end.

Back in the UK, inflation pressures similarly complicated the Bank of England’s path. Sticky price increases in core goods, housing, and services make calibration difficult. The UK yield curve steepened slightly as markets struggled to pin down the inflation and growth trade-off.

The leadership rotation in global equities gained traction again this quarter. While the US market continued to deliver gains and be powered by the AI theme, its returns stood amongst some other good performances. China stole the

show as AI technology continued to emerge and attract investors to the offshore market, where tech sector valuations are much lower than those seen in the US. Broader emerging markets also performed well. Strong returns from TSMC in Taiwan and a continued rally in Korea were however weighed down by weakness in Indian equities.

Europe and the UK also advanced, particularly large caps in the UK. However, returns fell short of other regions. In Japan, the equity market picked up after a hard-fought trade deal with the US and the reassertion of good company fundamentals, not least that they continue to undertake large-scale buybacks.

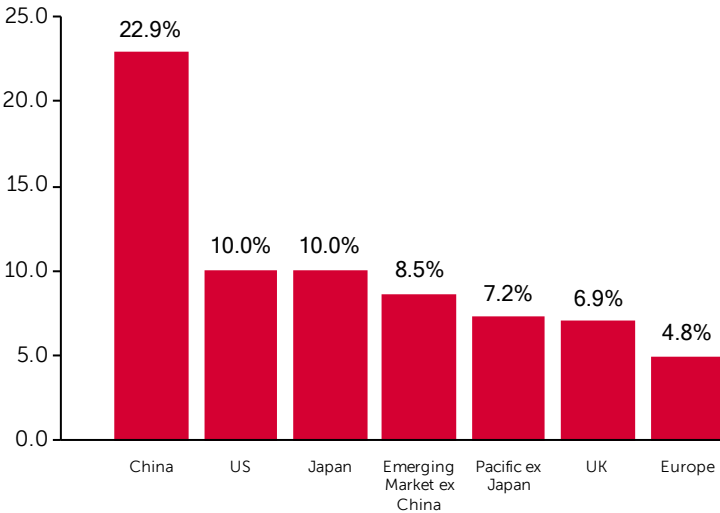
Outlook

The improving mood through the summer brings year- to-date returns in many equity markets into double-digit territory. However, the weaker dollar over the course of the year has eroded returns for UK investors significantly.

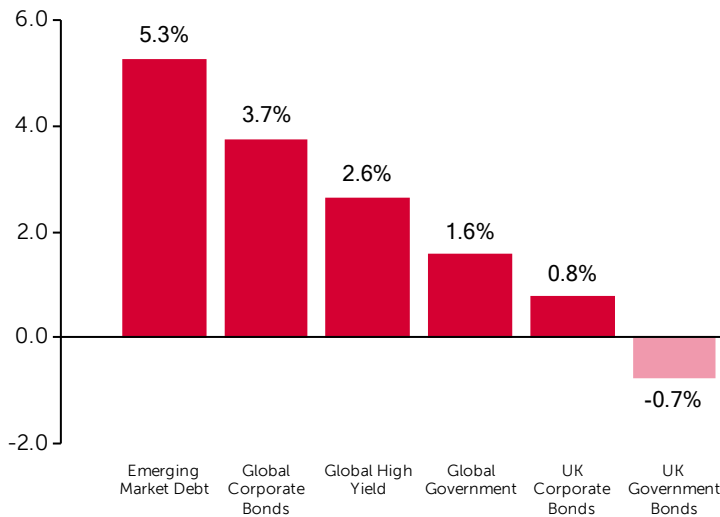
The contrast between the equity and bond markets is becoming interesting, particularly in the US where bond yields are increasingly displaying fears over the economic growth trajectory, whilst equities remain squarely focused on AI, the associated capex and signs of strong sentiment in M&A activity. Bond markets are often early to point out cracks in the economy that may worry equities later, however they can also cry wolf. Meanwhile, gilt investors in the UK have other issues to worry about, namely inflation and how it can be tamed without causing economic damage. Plenty of headlines regarding these problems stand between us and the end of the year, however, as we often see, they may just prove to be noise best avoided by those managing portfolios.

The value of investments can go down as well as up and your client may not get back their original investment. Past performance is not a guide to future performance and some investments need to be held for the long term.

Equity performance - last quarter



Fixed income performance - last quarter



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Portfolio commentary

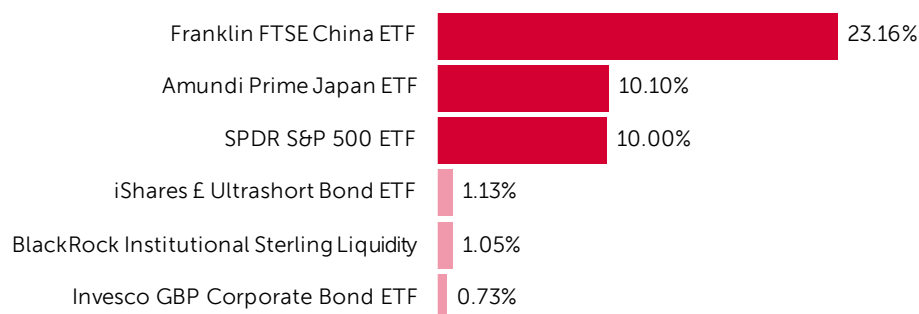
Passive MPS 3 is well diversified across global asset classes, and this breadth was a benefit during the quarter. The portfolio's allocation to emerging market debt performed strongly, as investors looked beyond developed market bonds amid ongoing concerns over fiscal positions. Global high yield also continued its positive momentum from earlier in the year, with credit spreads contracting after the sharp widening seen on 'Liberation Day'.

UK equities gained ground in Q3, supported mainly by large-cap companies, though concerns around fiscal policy and the upcoming Budget continue to weigh on sentiment in small caps. In contrast to the first half of the year, US equities held in the portfolio were helped by both a rising US dollar versus the pound, and top index constituents such as Nvidia rising to new prominence.

Globally, emerging market equities had a good quarter, with strong contributions from China, Korea and Taiwan. Japanese equities rallied after the long-awaited US trade deal, with SoftBank up over 60% on the news of partnership with American companies.

Overall, AJ Bell Passive MPS 3 was up 6.22% over the quarter.

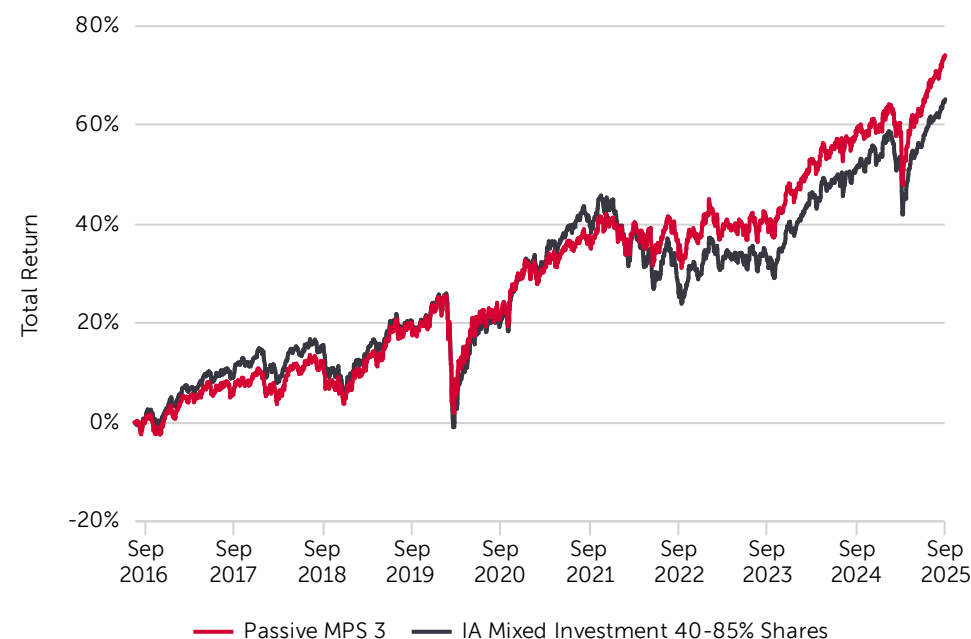
Q3 2025 best/worst performers



Performance

Cumulative (%)	3 months	6 months	1 year	3 years	5 years	Since inception
Passive MPS 3	6.22	10.34	10.11	30.48	42.83	73.98
IA Mixed Investment 40-85% Shares	5.27	9.36	9.28	30.96	37.21	65.27

The above table displays the total return of the fund on a cumulative basis. This is taken from the most recent month end.



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Portfolio snapshot

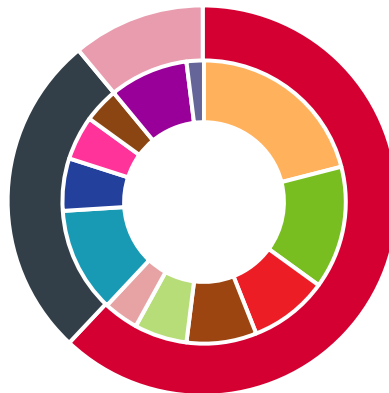
Number of holdings	15
Inception date	18 Aug 2016
Underlying OCF	0.11%
Annual Investment Management Charge	0.15%
Indicative Total OCF	0.26%

Top 10 holdings

Holding	Weight (%)
SPDR S&P 500 ETF	18.00
Invesco GBP Corporate Bond ETF	12.00
iShares Core FTSE 100 ETF	12.00
Amundi MSCI Emerging Markets ex China ETF	9.00
Vanguard FTSE Developed Europe ex UK Equity Index Plus	8.00
Amundi Prime Japan ETF	6.00
iShares £ Ultrashort Bond ETF	6.00
Invesco Global High Yield Corporate Bond ESG Climate Transition UCITS ETF	5.00
Franklin FTSE China ETF	4.00
iShares US TIPS 0-5yr (GBP hedged)	4.00



Asset allocation (%)



Equity	62.00
North America equity	21.00
UK equity	14.00
Emerging markets ex-China equity	9.00
Europe ex-UK equity	8.00
Japan equity	6.00
China equity	4.00
Fixed Income	27.00
UK corporate bonds	12.00
Emerging market debt	6.00
Global high yield bonds (GBP hedged)	5.00
International government bonds (GBP hedged)	4.00
Cash	11.00
Cash equivalent	9.00
Cash	2.00

Fixed income breakdown (%)



GBP Bonds	77.78
UK corporate bonds	44.44
Global high yield bonds (GBP hedged)	18.52
International government bonds (GBP hedged)	14.81
International Bonds	22.22
Emerging market debt	22.22

Equity breakdown (%)



Sector	
Technology	19.32
Financial Services	19.01
Industrials	13.16
Consumer Cyclical	10.46
Healthcare	8.95
Communication Services	7.51
Consumer Defensive	7.42
Energy	4.48
Basic Materials	4.41
Utilities	3.10
Real Estate	2.18

Indicative Total Ongoing Charges Figure (OCF) is inclusive of the AJ Bell Investments Annual Management Charge (fee of 0.15%) and the ongoing charges of underlying investments. MPS transaction costs reflect the aggregated transaction costs reported by underlying products. In some instances products may deploy pricing mechanisms which can result in negative costs. Additional costs will be incurred while using the MPS. These include (where applicable) platform costs and dealing costs. Any charges payable to your financial adviser will apply in addition. Therefore, the actual performance of your portfolio might differ from the stated past performance. There is no set minimum investment into the MPS, however, the structure of the underlying investments means that the portfolios work more efficiently for investments above a certain size. For this MPS, this is around £25,000.

Due to its multi-asset nature, no financial instrument or index represents a fair benchmark for the portfolio. However, to give context and enable an objective assessment of the portfolio's performance, the IA Mixed Investment 40-85% Shares is included for reference. The portfolio does not aim to track the IA sector as a benchmark. Performance is calculated on a net of fees basis.

Performance reflects the headline model and includes the underlying costs of the holdings and the annual investment management charge. It does not include any transaction costs that would have been incurred through rebalancing or changing any underlying holdings. This model was launched on 18 Aug 2016. Cash performance is measured using the AJ Bell Investcentre platform interest rates.

Allocation and performance information contained in this document is representative of the standard Passive MPS 3 model held on AJ Bell Investcentre. The implementation of this model may vary when held via other platforms, for example, where access to certain share classes is restricted. This may lead to differences in allocation, performance and cost.

Based on target weights at portfolio rebalance. Totals may not sum to 100% due to rounding.



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