

Managed Portfolio Service

# Passive MPS 5

As at 31 December 2025

**Market commentary:**

The fourth quarter concluded a broadly positive year for markets, particularly for riskier asset classes such as equities. In contrast to the summer, the prevailing AI narrative shifted somewhat; however, just as sentiment appeared to wane, corporate earnings provided renewed optimism.

Markets, for the most part, endured the second-longest US Government shutdown on record. The resulting patchy economic data from the US made it somewhat difficult to ascertain underlying trends. Nevertheless, the Federal Reserve saw enough in the employment data to lower rates decisively, delivering two further cuts before year end.

After inflation in the UK hovered at nearly double the 2% target during the summer months, it subsided to 3.2% by November. This enabled the Bank of England to implement a final rate cut in December, which supported gilts across the curve, as did the smooth passage of the UK Budget. A similar trend in inflation was observed in the US, following a gap in coverage due to the Government shutdown. US inflation eased to 2.7% in November, allowing the Fed to focus on the employment aspect of its mandate.

Corporate bonds enjoyed another positive quarter, ending 2025 on a strong note. Credit spread compression and higher starting yields helped them outperform government bonds this year. Consequently, those segments of the bond market carrying greater risk, such as high yield bonds, proved to be more attractive allocations in 2025.

Despite headlines highlighting US markets reaching all-time highs, returns in sterling terms were comparatively muted over 2025 due to the weakness of the US dollar. In the fourth quarter, US market returns were supported by Alphabet's rise to challenge Nvidia in AI chip design, while the latter remained steady. The healthcare sector performed well after leading companies reached drug pricing agreements with the US Government. UK and European equities were also buoyed by financials, with healthcare stocks performing strongly. The UK market additionally benefited from the

materials sector, which rallied on the back of rising precious and industrial metal prices.

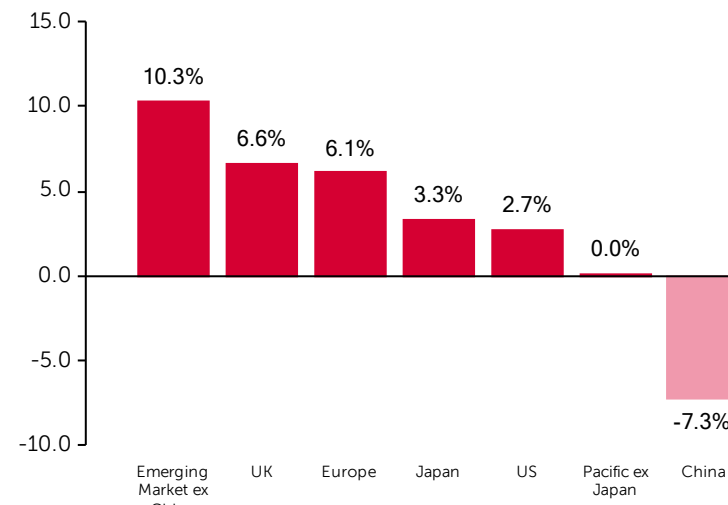
Emerging markets ex China continued their rally in the final quarter of 2025 as the AI theme and its supply chain attracted attention. Technology-heavy markets such as South Korea and Taiwan benefited, while Chinese equity markets and their AI leaders declined, reflecting their underlying reliance on consumer spending amid weaker economic data.

Looking ahead, AI is likely to remain a key theme, particularly for markets heavily exposed to the technological development and supply chains. As 2025 demonstrated, other themes across markets may attract less attention but remain significant.

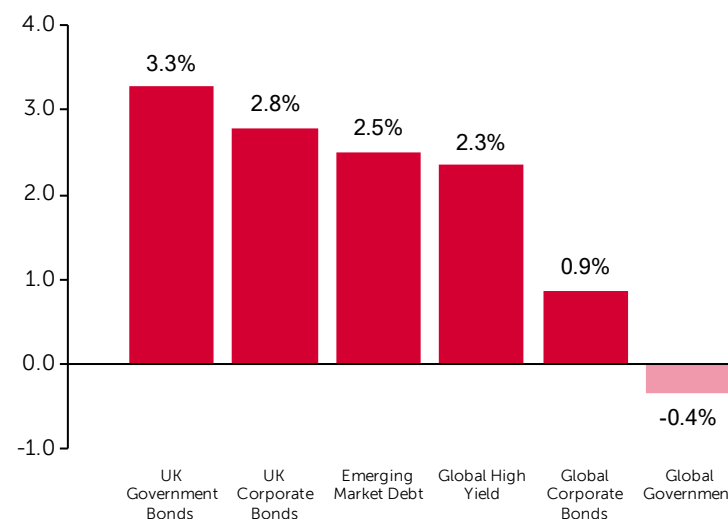
The rise in industrial metal prices towards the end of 2025 prompts questions about our position in the global economic cycle and the fragility of supply chains. This, in turn, brings inflationary dynamics back into focus. Despite some short-term relief, we believe there are considerable risks to maintaining inflation in line with central bank targets over the long term.

As ever there is a wide range of possibilities ahead of us, and therefore it is useful to return to one of our core investment principles: diversification. We see a continued need for a strong emphasis on diversification within bond and equity allocations in 2026.

Equity performance - last quarter



Fixed income performance - last quarter



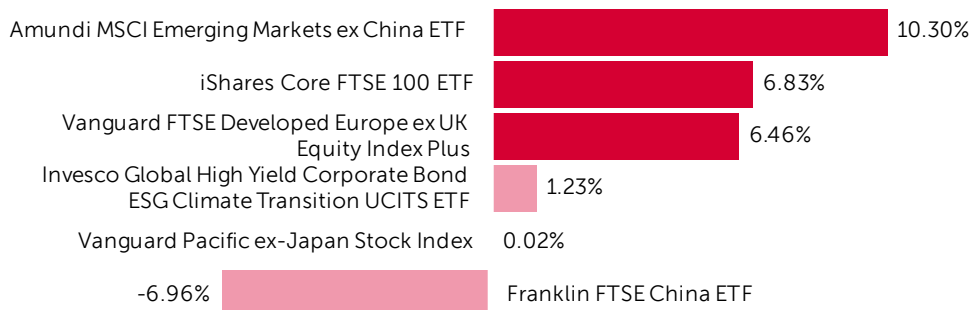
**Portfolio commentary**

The macro backdrop in Q4 was risk-positive, with AI-related leadership and the Healthcare sector supporting global equities. UK and European markets ended a strong year for investors, underpinned by strength in Financials and Materials. In the US, robust corporate earnings renewed market confidence; however, when translated into sterling, UK-based investors captured only modest gains due to a weaker dollar.

Emerging Markets told a more mixed story. After making strong progress earlier in 2025, China retreated in the final quarter, while Emerging Markets ex-China continued their positive momentum, emerging as the portfolio's strongest performing allocation in Q4. Performance in this region was led by South Korea and Taiwan, supported by technology supply chain strength.

Rising industrial metal prices towards year end served as a reminder that inflation risks have not entirely abated. Overall, Passive MPS 5 rose by 4.77% over the quarter and delivered a return of 18.39% for 2025.

**Q4 2025 best/worst performers**



**Performance**

Cumulative (%)	3 months	6 months	1 year	3 years	5 years	Since inception
Passive MPS 5	4.77	13.22	18.39	43.72	63.68	122.17
IA Flexible Investment	3.25	9.70	12.11	31.32	32.92	76.59

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



Past performance is not indicative of future performance. The value of investments may go down as well as up and the income generated by investments is not guaranteed and may fluctuate. You may receive back less than the amount that you invested.

# Passive MPS 5

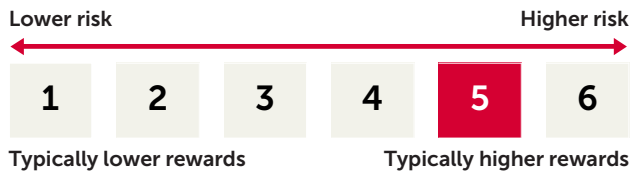
As at 31 December 2025

## Portfolio snapshot

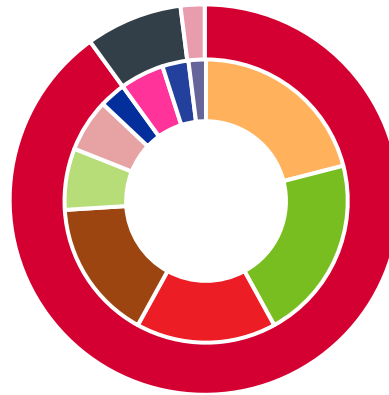
Number of holdings	12
Inception date	18 Aug 2016
Underlying OCF	0.10%
Annual Investment Management Charge	0.15%
Indicative Total OCF	0.25%

## Top 10 holdings

Holding	Weight (%)
iShares Core FTSE 100 ETF	19.00
SPDR S&P 500 ETF	18.00
Amundi MSCI Emerging Markets ex China ETF	16.00
Vanguard FTSE Developed Europe ex UK Equity Index Plus	11.00
Amundi Prime Japan ETF	7.00
Franklin FTSE China ETF	6.00
Invesco Global High Yield Corporate Bond ESG Climate Transition UCITS ETF	5.00
Xtrackers S&P Europe ex-UK ETF	5.00
iShares S&P 500 Equal Weight ETF	3.00
Vanguard Pacific ex-Japan Stock Index	3.00

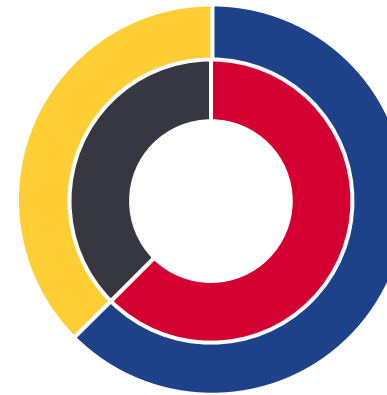


Asset allocation (%)



<b>Equity</b>	<b>90.00</b>
North America equity	21.00
UK equity	21.00
Emerging markets ex-China equity	16.00
Europe ex-UK equity	16.00
Japan equity	7.00
China equity	6.00
Asia Pacific ex-Japan equity	3.00
<b>Fixed Income</b>	<b>8.00</b>
Global high yield bonds (GBP hedged)	5.00
Emerging market debt	3.00
<b>Cash</b>	<b>2.00</b>
Cash	2.00

Fixed income breakdown (%)



<b>GBP Bonds</b>	<b>62.50</b>
Global high yield bonds (GBP hedged)	62.50
<b>International Bonds</b>	<b>37.50</b>
Emerging market debt	37.50

Equity breakdown (%)



Sector	
Financial Services	21.05
Technology	17.76
Industrials	13.25
Consumer Cyclical	9.68
Healthcare	9.41
Consumer Defensive	7.15
Communication Services	6.56
Basic Materials	5.33
Energy	4.42
Utilities	3.30
Real Estate	2.07

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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 Flexible Investment 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 August 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 5 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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