

Managed Portfolio Service

Passive Income MPS Quarterly Reports

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.

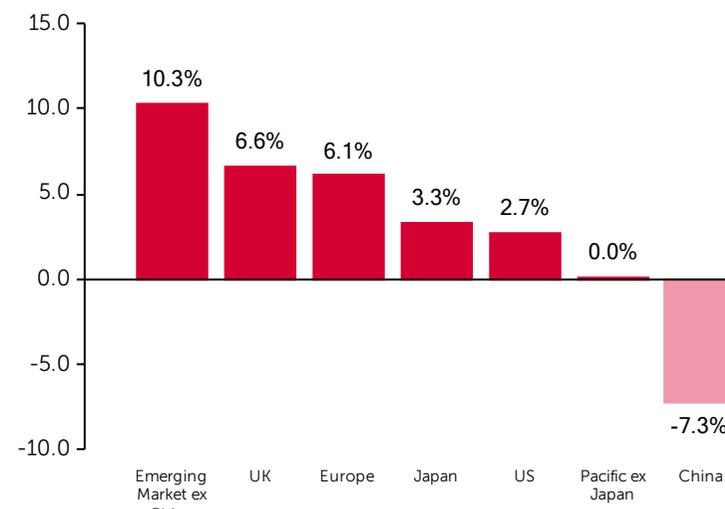
Emerging markets ex China continued their rally in the final quarter of 2025 as the AI theme and its supply chain attracted attention. Technology-heavy markets such as South Korea and Taiwan benefited, while Chinese equity markets and their AI leaders declined, reflecting their underlying reliance on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

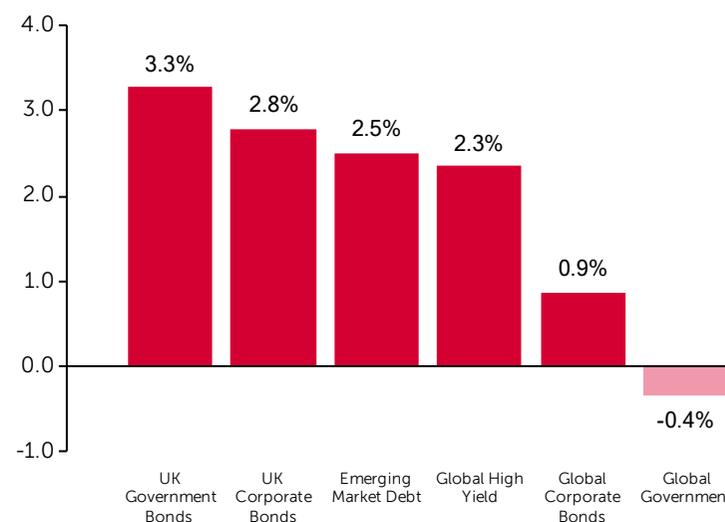
The rise in industrial metal prices towards the end of 2025 prompts questions about our position in the global economic cycle and the fragility of supply chains. This, in turn, brings inflationary dynamics back into focus. Despite some short-term relief, we believe there are considerable risks to maintaining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



Passive Income MPS 1

As at 31 December 2025



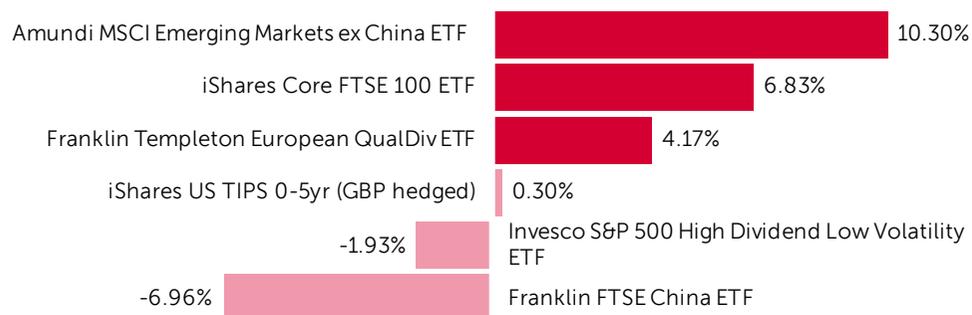
Portfolio commentary

Markets ended 2025 on a positive note. Despite concerns ahead of the Budget, UK corporate bonds continued to outperform government bonds in the final quarter as credit spreads remained tight. The Bank of England's late-year rate cut helped anchor the gilt curve, while two cuts from the Federal Reserve sustained a benign global rates backdrop. Emerging Market debt, which had struggled earlier in 2025, recovered to deliver a positive finish. Global high yield bonds extended their gains into the final quarter, albeit with less momentum than in previous periods.

On the equity side, both the UK and Europe capped strong years with positive fourth-quarter returns, supported by broad-based sector participation. In North America, which had been under scrutiny amid concerns over an AI-driven bubble, investor sentiment was underpinned by robust corporate earnings. However, sterling translated returns were more muted over the quarter due to currency effects. Emerging Markets ex-China was the strongest-performing portfolio holding during Q4, benefiting from strength in technology supply chains in South Korea and Taiwan.

Overall, Passive Income MPS 1 gained 2.99% over Q4 and delivered a return of 11.72% for the full year 2025.

Q4 2025 best/worst performers



Performance

Cumulative (%)	3 months	6 months	1 year	3 years	5 years	Since inception
Passive Income MPS 1	2.99	8.91	11.72	25.50	36.68	58.21

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 Income MPS 1

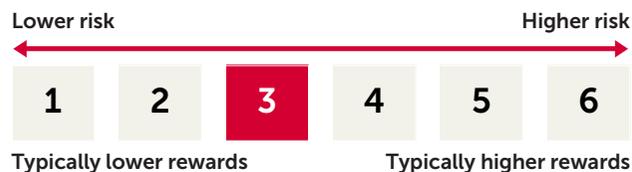
As at 31 December 2025

Portfolio snapshot

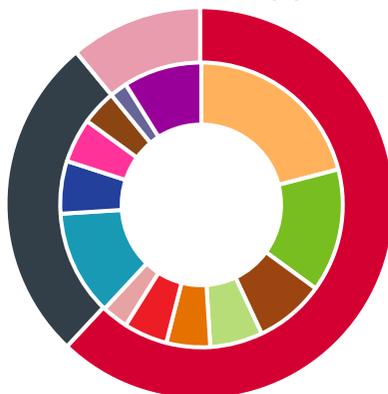
Number of holdings	15
Inception date	19 Feb 2018
Underlying OCF	0.18%
Annual Investment Management Charge	0.15%
Indicative Total OCF	0.33%

Top 10 holdings

Holding	Weight (%)
iShares Core FTSE 100 ETF	14.00
Invesco GBP Corporate Bond ETF	12.00
Fidelity US Quality Income ETF	11.00
Invesco S&P 500 High Dividend Low Volatility ETF	10.00
Amundi Prime Japan ETF	6.00
iShares £ Ultrashort Bond ETF	6.00
Vanguard USD Emerging Markets Government Bond ETF	6.00
Amundi MSCI Emerging Markets ex China ETF	5.00
Fidelity Emerging Markets Quality Income ETF	5.00
Invesco Global High Yield Corporate Bond ESG Climate Transition UCITS ETF	5.00

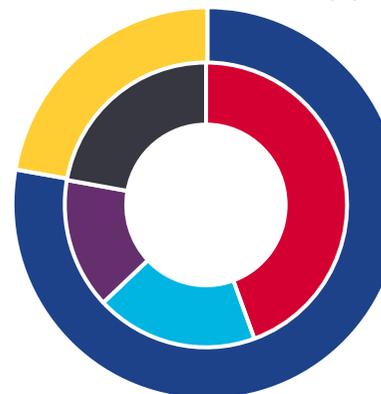


Asset allocation (%)



Equity	62.00
North America equity	21.00
UK equity	14.00
Europe ex-UK equity	8.00
Japan equity	6.00
Emerging markets equity	5.00
Emerging markets ex-China equity	5.00
China equity	3.00
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	2.00
Cash equivalent	9.00

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	Weight (%)
Financial Services	20.41
Technology	13.30
Industrials	10.72
Healthcare	9.60
Consumer Defensive	9.27
Communication Services	8.03
Consumer Cyclical	7.78
Energy	6.09
Utilities	5.33
Real Estate	5.19
Basic Materials	4.27

Passive Income MPS 2

As at 31 December 2025

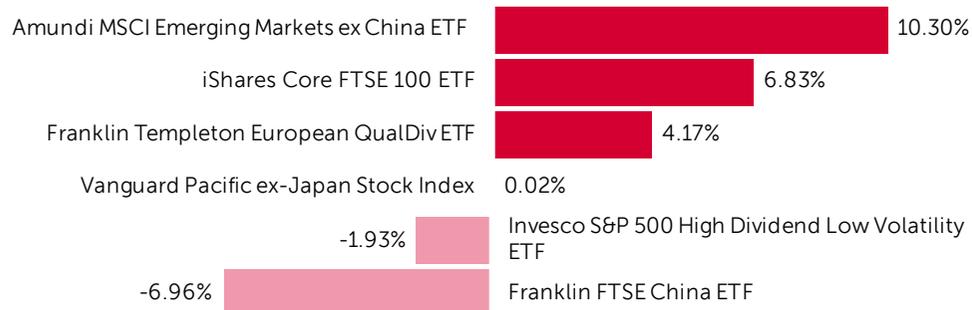
Portfolio commentary

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 ex-China was the strongest-performing portfolio holding during Q4, benefiting from strength in technology supply chains in South Korea and Taiwan. Japan, another technology-heavy market, experienced political uncertainty in November, though equity prices subsequently recovered.

Rising industrial metal prices towards year end serve as a reminder that inflation risks have not entirely abated. Overall, Passive Income MPS 2 rose by 3.5% over the quarter and delivered a return of 16.05% for 2025.

Q4 2025 best/worst performers



Performance

Cumulative (%)	3 months	6 months	1 year	3 years	5 years	Since inception
Passive Income MPS 2	3.50	10.98	16.05	34.95	53.53	69.04

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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Passive Income MPS 2

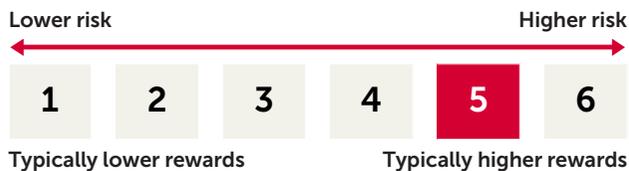
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Portfolio snapshot

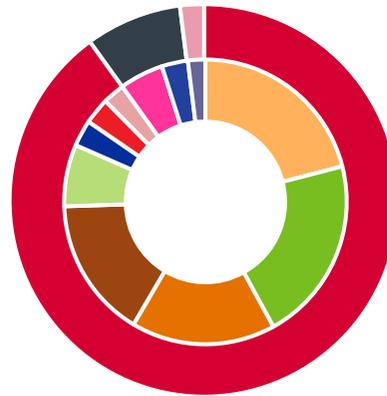
Number of holdings	12
Inception date	19 Feb 2018
Underlying OCF	0.24%
Annual Investment Management Charge	0.15%
Indicative Total OCF	0.39%

Top 10 holdings

Holding	Weight (%)
iShares Core FTSE 100 ETF	21.00
Fidelity Emerging Markets Quality Income ETF	16.50
Fidelity US Quality Income ETF	11.00
Invesco S&P 500 High Dividend Low Volatility ETF	10.00
Franklin Templeton European QualDiv ETF	8.00
iShares MSCI Europe Quality Dividend ETF	8.00
Amundi Prime Japan ETF	7.00
Invesco Global High Yield Corporate Bond ESG Climate Transition UCITS ETF	5.00
Amundi MSCI Emerging Markets ex China ETF	3.00
Vanguard Pacific ex-Japan Stock Index	3.00

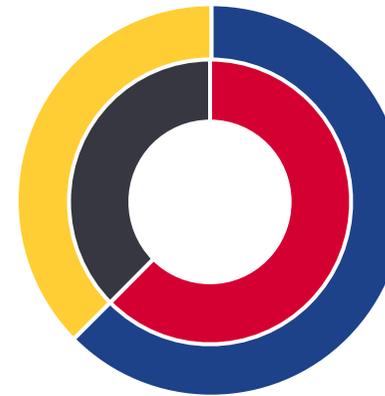


Asset allocation (%)



Equity	90.00
North America equity	21.00
UK equity	21.00
Emerging markets equity	16.50
Europe ex-UK equity	16.00
Japan equity	7.00
Asia Pacific ex-Japan equity	3.00
Emerging markets ex-China equity	3.00
China equity	2.50
Fixed Income	8.00
Global high yield bonds (GBP hedged)	5.00
Emerging market debt	3.00
Cash	2.00
Cash	2.00

Fixed income breakdown (%)



GBP Bonds	62.50
Global high yield bonds (GBP hedged)	62.50
International Bonds	37.50
Emerging market debt	37.50

Equity breakdown (%)



Sector	Weight (%)
Financial Services	22.96
Technology	11.94
Industrials	10.96
Healthcare	8.95
Consumer Defensive	8.93
Communication Services	7.91
Consumer Cyclical	7.72
Energy	6.22
Utilities	5.10
Basic Materials	4.93
Real Estate	4.37

Due to its multi-asset nature, no financial instrument or index represents a fair benchmark for the portfolio. The portfolio does not aim to track the IA sector as a benchmark. Performance is calculated on a net of fees basis.

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



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