

Schroders Personal Wealth's
Portfolio update

Adventurous profile

Quarter 4, 2025

Please contact your Personal Wealth Adviser if you need this information in an alternative format such as Braille, large print or audio.

spw.com

Schroders | We
personalwealth | Change
Lives

Contents

Welcome from our Chief Investment Officer	3
Q4 2025 at a glance	4
Performance of asset classes and geographies	5
Key events	7
How have we managed your portfolio?	8
Portfolio performance summary	9
Outlook and beyond	13
Risks	15
Glossary	16

Welcome to your Quarterly update



Alan Goodman

Chief Investment Officer
Schroders Personal Wealth

Welcome to this quarter's investment update, designed to give you a clear picture of how your portfolio has performed recently, what's been happening in the wider markets, and how we're positioning things for the future. Our goal is to help you feel informed, reassured, and confident in the strategy we're following together.

Global equity markets ended the year on a strong footing, with several indices hitting record or multi-year highs. For the first time in a while, markets outside the US delivered stronger full-year returns, supported by a weaker dollar and more attractive valuations. Earnings remained solid, inflation eased, and expectations of further rate cuts helped sentiment, even though year-end profit-taking slowed momentum slightly.

US equities still made gains despite political uncertainty, while Europe had a particularly strong quarter. UK markets also finished the year near multi-year highs, led by large global companies. In Asia, Japan continued its rally, and emerging markets benefited from strong demand for AI-related technology.

Bond markets were mixed: UK gilts outperformed, US Treasuries were more muted, and Japanese government bonds weakened. Precious metals, especially gold, posted strong gains, while energy lagged.

As we enter 2026, we remain broadly positive but realistic about a more nuanced backdrop. Global growth is still resilient, supported by easier financial conditions and fiscal spending, but valuations in some areas are high and inflation hasn't fully disappeared. We expect markets to reward selectivity rather than broad market rallies.

Equities remain our preferred asset class, though we're focusing on diversification, value opportunities and broadening exposure beyond the narrow areas driving recent gains. We remain cautious on government bonds, continue to favour gold as a hedge, and see selective opportunities across commodities. Overall, we believe a balanced, flexible and well-diversified approach will be essential in the year ahead.

Thank you for your continued trust. If you have any questions or would like to talk through your portfolio in more detail, please feel free to get in touch — we're always here to help.

A handwritten signature in black ink, appearing to read 'Alan Goodman', written in a cursive style.

Alan Goodman

Chief Investment Officer
Schroders Personal Wealth



Q4 2025 at a glance

A snapshot of market trends, portfolio performance, and what lies ahead.

Market highlights	<p>Global equities: Broad-based gains, led by non-US markets → US: +2.49% UK: +6.60% Europe: +5.82% Emerging Markets: +5.62%</p> <p>Bonds: Mixed quarter → UK gilts outperformed after the Autumn Budget and a December BoE rate cut → US Treasuries delivered muted returns → Investment-grade credit remained resilient with stable spreads</p> <p>Commodities: Precious metals led the way → Gold and silver posted strong gains amid geopolitical uncertainty → Energy lagged due to oversupply concerns</p>
Your portfolio	<p>+ 4.0% return (gross of fees) → Outperformed vs benchmark</p> <p>Top contributors:</p> <ul style="list-style-type: none">• Equity positions across the US, Europe and China• Strategic exposure to gold• Positive contribution from investment-grade credit <p>Tactical moves:</p> <ul style="list-style-type: none">• Re-established positive equity stance in September• Maintained exposure to quality credit• Continued allocation to gold amid policy uncertainty
Looking ahead	<p>Global growth: Resilient, but increasingly uneven → US supported by strong household balance sheets → Europe improving → UK facing a softer outlook</p> <p>Inflation: Easing overall, but still sticky in services</p> <p>Equities outlook: Constructively positioned → Preference for diversified and value oriented strategies → Continued focus on US, Europe and broader Emerging Markets</p> <p>Bonds: → Cautious on government bonds, especially in the US → More supportive fundamentals in European credit</p> <p>Gold: Remains a strategic hedge</p>
Key risks	<ul style="list-style-type: none">• Renewed inflation pressures• Valuation and concentration risks, especially in AI linked sectors• Policy uncertainty and interest rate missteps• Geopolitical tensions• Currency volatility across major markets



Performance of asset classes and geographies

Market backdrop

Global markets posted steady gains during the fourth quarter of 2025 supported by solid earnings growth, easing inflationary pressures and expectations that major central banks—led by the US Federal Reserve (Fed)—would continue to lower interest rates in 2026.

For the first time in several years, non-US equities significantly outperformed the US market for the full year. Several factors supported the break from American market dominance, including a weaker US dollar, attractive valuations outside the US and a rotation by some investors away from US technology stocks. These trends contributed to strong gains in Europe, Asia and emerging markets and highlights the benefit of globally diversified, actively managed portfolios.

Bonds

There was marked divergence across global government bond markets during the final quarter of 2025. Despite volatility, UK gilts were the notable outperformer. November's Budget was well received by markets, as the government announced a larger-than-expected fiscal headroom. The Bank of England also cut the base rate by 0.25% at its December meeting which supported bond prices.

US Treasuries delivered modest returns. Longer-term yields rose (prices fell) while shorter-term yields fell (prices fell). The Federal Reserve cut interest rates twice—once in October and again in December—bringing the federal funds rate to 3.50–3.75%. After the government reopened, delayed labour market data showed hiring demand had eased but remained stable increasing the uncertainty of future interest rate decisions.

In contrast, Japanese government bonds experienced a significant selloff, with yields rising to multi-decade highs. Sanae Takaichi became prime minister in October and later announced a 21.3-trillion-yen fiscal stimulus package. Elsewhere there was some divergence across eurozone bonds as the European Central Bank (ECB) upgraded its forecasts for growth and core inflation. Interest rates were left on hold, as expected.

Equities

Over the fourth quarter of 2025, global equity markets delivered modest but steady gains. The MSCI World Index (comprising 23 developed market countries) returned 21%, in US dollar terms, for the full year. Some year end profit taking damped momentum late in the quarter, but investor sentiment remained broadly positive. Solid earnings growth supported that optimism, along with the continued enthusiasm for companies benefitting from the capabilities of artificial intelligence (AI).

Commodities

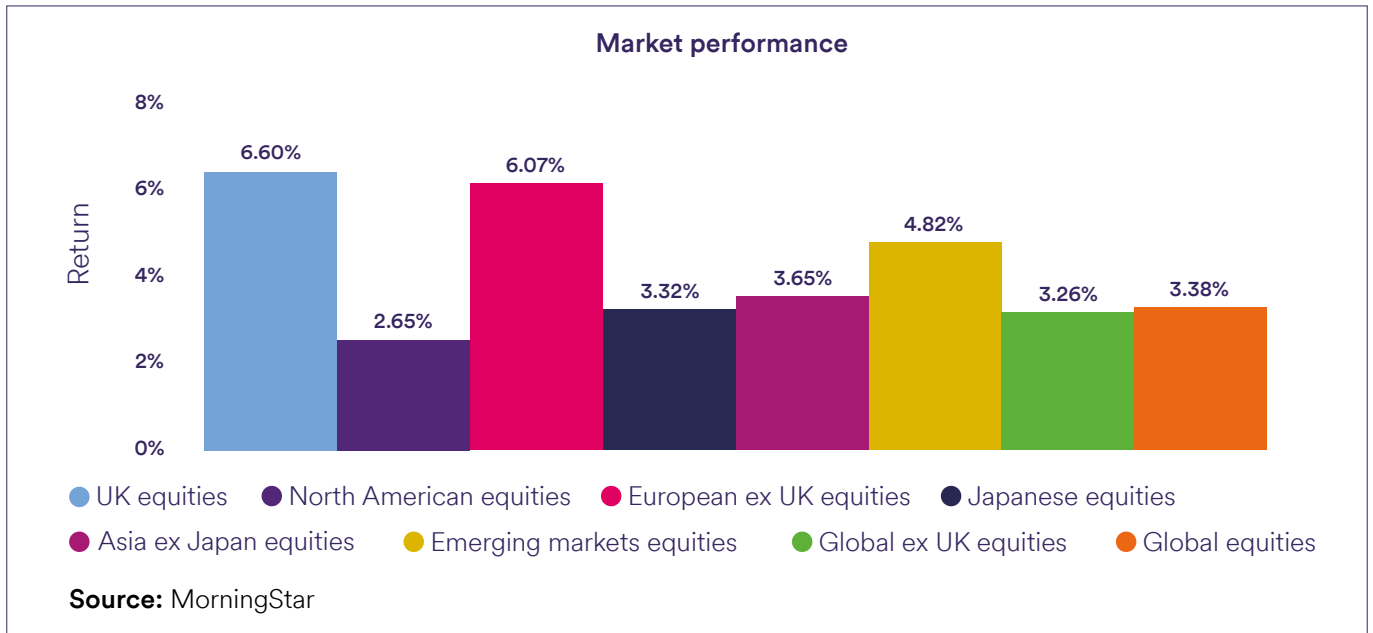
Precious metals were the clear standout performers across the commodities complex in 2025. Gold rose by more than 60% for the year, while silver posted gains exceeding 140%. Both metals are considered “safe-haven” assets but silver’s price gains were also driven by a tight supply compared to expected demand for the metal.

In contrast, energy markets underperformed. Oil prices declined steadily through the year. The weakness reflected a combination of global oversupply with expanding production from both OPEC and non-OPEC producers.

Equity Market Returns

3 months to end of December 2025

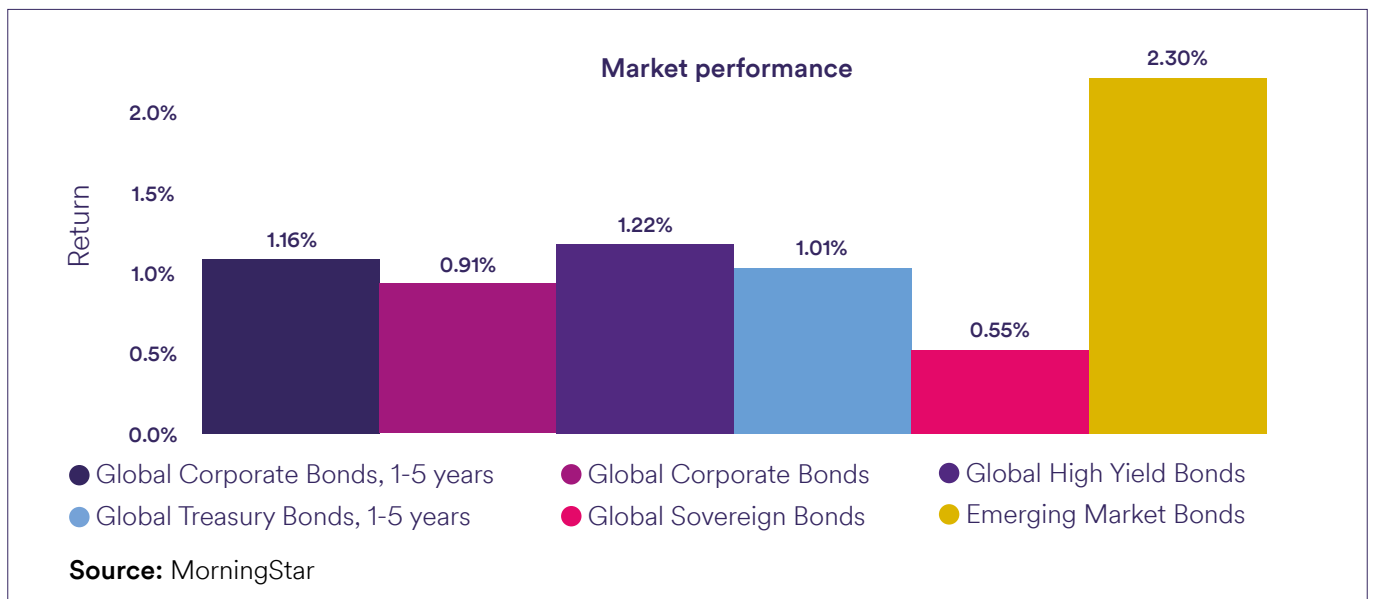
Market Index Total Returns in GBP Terms

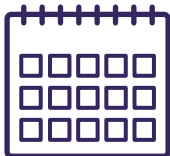


Fixed Income Market Returns

3 months to end of December 2025

Market Index Total Returns in GBP Hedged Terms





Key events

The fourth quarter of 2025 closed out a strong year for global markets, with several major equity indices reaching record or multi-year highs. A softer US dollar, easing inflation and expectations of further rate cuts supported sentiment, and for the first time in several years, non-US markets outperformed the US. Tech-heavy economies such as Korea and Taiwan led gains, while Europe and Japan also delivered strong results.

Despite this constructive backdrop, volatility picked up towards year-end as investors took profits and concerns around elevated valuations, particularly in AI-related sectors, began to surface. Bond markets were mixed: UK gilts strengthened following the Autumn Budget and a Bank of England rate cut, while US Treasuries remained subdued and Japanese government bonds sold off. Precious metals stood out, with gold and silver benefitting from geopolitical uncertainty and a weaker dollar.

Against this shifting landscape, the quarter highlighted an important truth: markets can remain strong even when underlying risks are rising, and leadership can change rapidly across regions and sectors.

Joseph Allen, Senior Investment Specialist at Schrodgers Personal Wealth, said:

"Q4 showed us that strong market performance doesn't always mean smooth sailing. Global equities ended the year near record highs, yet beneath the surface we saw signs of dispersion such as non US markets taking the lead, volatility rising, and investors becoming more selective as valuations crept higher.

This is why selectivity matters. When returns become concentrated in a handful of themes or sectors, it's essential to look beyond the headlines and focus on quality, valuation discipline and breadth of opportunity. Not every part of the market will move together, and being intentional about where you allocate capital can make all the difference.

Periods like this aren't a signal to step back. They're a reminder to stay thoughtful, stay active, and stay focused on the areas with the most durable long term potential."



Joseph Allen

Senior Investment Specialist
Schrodgers Personal Wealth



How have we managed your portfolio during the period?

During Q4 2025, we focused on capturing equity opportunities, managing rising dispersion across markets, and maintaining conviction in our core themes while staying disciplined in our risk management.

Equity markets supported by strong global momentum and shifting leadership

Global equities ended the year on a strong note, with non US markets outperforming for the first time in several years. Our positioning reflected this environment: our tilt towards equities, particularly in the US, European value stocks and China, supported returns. Markets remained narrow in some areas, especially in AI linked sectors, but leadership broadened across regions such as Japan, Korea and Taiwan. Our selective exposure to these opportunities was beneficial.

Tactical asset allocation and sector positioning

We maintained a modest overweight to US equities, supported by resilient earnings and a low risk of recession, while increasing exposure to value oriented markets outside the US where valuations were more attractive. Later in the quarter, we broadened our commodity exposure as the outlook improved for industrial metals and selected energy markets.

In currencies, we closed our euro overweight early in the quarter and rotated into an overweight Australian dollar versus the pound, reflecting Australia's improving macro backdrop relative to the UK.

Fixed income and alternatives provided diversification

We continued to hold an underweight position in US government bonds, as markets appeared to be pricing in rate cuts too aggressively. This added value as US Treasuries delivered muted returns. UK gilts performed well following the Autumn Budget and a Bank of England rate cut, though we remained cautious on long duration sovereign bonds.

Investment grade credit remained resilient, supported by carry and stable spreads, and contributed positively. Gold also performed strongly, supported by central bank demand and renewed ETF inflows, and continued to play a key role as a hedge in an environment of elevated policy and geopolitical uncertainty.

Currency positioning and risk management

Currency positions were actively managed to reflect shifting economic conditions. The move from euro exposure to the Australian dollar helped align the portfolio with areas of stronger economic momentum. Throughout the quarter, we balanced opportunity with discipline, adjusting allocations where fundamentals were strongest while managing risk across regions and asset classes.



Portfolio performance summary

Portfolio performance

The portfolio delivered a positive return of **4.0%** (before fees, in GBP) in the fourth quarter of 2025 and outperformed its benchmark. Global equity markets ended the year on a strong footing, with several major indices reaching record or multi year highs. Non US markets led performance for the first time in several years, supported by a weaker US dollar, solid earnings, and easing inflation. Against this backdrop, our equity positions in the US, European value stocks and China contributed positively. We maintained our tilt towards equities throughout the quarter, reflecting resilient global growth and a low perceived risk of recession.

Fixed income

Fixed income delivered mixed results during the quarter. Our underweight stance in US government bonds continued to support returns, as Treasuries were held back by premature market expectations for aggressive rate cuts. UK gilts, by contrast, strengthened following the Autumn Budget and a December rate cut by the Bank of England. Investment grade credit remained resilient, benefitting from carry and stable spreads, and continued to offer better relative value than government bonds. Our positioning in credit contributed positively, while maintaining caution on long duration sovereign debt helped manage interest rate risk.

Credit markets and currency

Credit markets held up well, supported by easing financial conditions and steady demand. European and sterling investment grade bonds were particularly resilient. Within currencies, we closed our euro overweight early in the quarter following strong US data, rotating instead into an overweight Australian dollar versus the pound to reflect Australia's improving backdrop relative to the UK's weaker growth outlook.

Alternatives

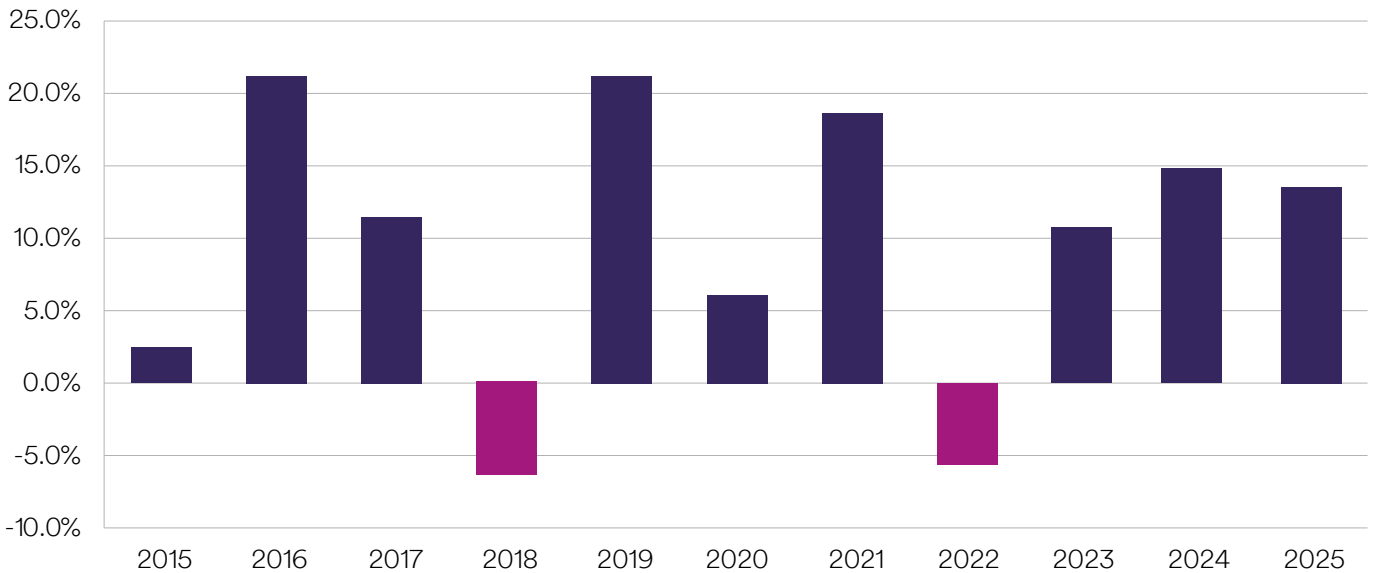
Gold remained a meaningful contributor to returns and continued to play a strategic role as a hedge against fiscal fragility, policy uncertainty and geopolitical tensions. Supportive supply demand dynamics, including central bank buying and renewed ETF inflows, underpinned its performance. Later in the quarter, we broadened our commodities exposure as the outlook improved across industrial metals and parts of the energy sector, adding diversification and potential for additional upside.

2 - Low Risk	3 - Medium Risk		4 - Medium to High Risk	5 - High Risk
Cautious	Discovery	Balanced	Progressive	Adventurous

These figures refer to the past and past performance is not a reliable indicator of future results. The value of investments and the income from them can fall as well as rise and are not guaranteed. You might not get back your initial investment.

The inception date of the profile is October 2004.

Calendar year returns



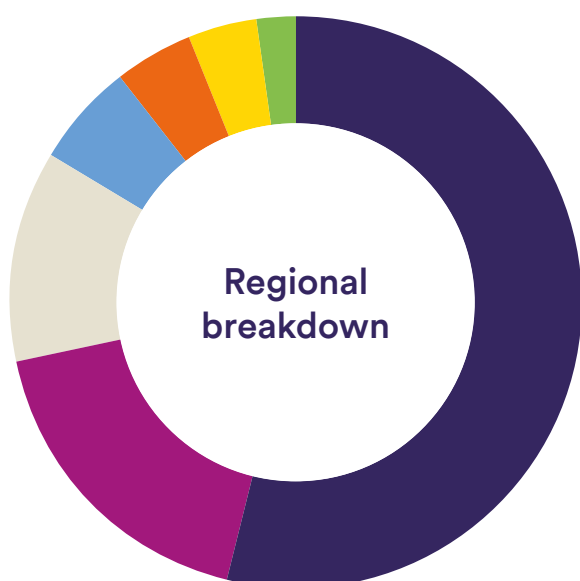
12-month returns						
	From:	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024
	To:	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Portfolio		18.35%	-5.82%	10.88%	14.80%	13.14%
Benchmark		19.00%	-6.28%	12.54%	16.76%	14.15%

Cumulative periods to 31/12/2025							
	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Portfolio	3.98%	13.14%	13.14%	44.00%	60.52%	163.11%	448.89%
Benchmark	3.47%	14.15%	14.15%	49.99%	67.28%	160.60%	437.40%

Asset allocation



Equity	92.5%
Fixed income	3.7%
Alternative Investments	1.8%
Other	2.0%



North America	54.0%
United Kingdom	17.8%
Europe (ex-UK)	12.0%
Emerging Markets	5.8%
Pacific (ex-Japan)	4.2%
Japan	4.1%
Other	2.0%

The weightings shown here are correct at the date above but the exact mix of assets you hold at any one time can vary according to the performance of the individual funds held. We might also re-balance your portfolio from time to time to bring it back in line with the model, to protect the portfolio from potential risks, or to take advantage of potential short-term opportunities.

Source: Schroders Personal Wealth as of 31 December 2025.

Indicative yield 1.12%

Fixed income	3.00%
SPW Global Investment Grade Bond Fund	3.00%
UK equities	13.50%
SPW UK Equity Fund	13.50%
Global equities	61.50%
SPW Global (ex UK) Equity Fund	61.50%
Mixed asset funds	20.00%
SPW Tactical Fund 1	20.00%
SPW Tactical Fund 2	0.00%
Cash	2.00%

The weightings shown here are correct at the date above but the exact mix of assets you hold at any one time can vary according to the performance of the individual funds held. We might also re-balance your portfolio from time to time to ensure it remains in line with the long-term objectives of the profile. The yield shown is indicative gross annual yields at the above date. This will also vary with market movements and as the assets held within each fund are managed.

Source: Schroders Personal Wealth as of 31 December 2025.



Outlook and beyond

As we move into 2026, the global investment landscape remains shaped by resilient growth, supportive policy settings and increasing dispersion across regions, sectors and styles.

Economic activity has continued to confound pessimistic expectations, underpinned by looser monetary policy, expansionary fiscal stimulus and still-healthy private sector balance sheets. Looking ahead, the outlook remains constructive, though increasingly nuanced, as robust growth and policy support coexist with elevated valuations and rising medium-term inflation and financial stability risks.

Global growth is expected to remain resilient through 2026, supported by easing financial conditions and ongoing fiscal support, particularly in the United States, where consumer spending continues to be underpinned by solid household balance sheets and a labour market that has cooled without weakening materially. While the Federal Reserve has begun to ease policy, resilient growth and lingering inflation risks are likely to limit the scope for aggressive rate cuts. In Europe, earlier monetary easing and fiscal expansion – most notably in Germany – are beginning to support activity, though persistent services inflation and supply constraints may constrain further accommodation.

The UK faces a more challenging medium-term outlook, with weak productivity growth and expectations for fiscal consolidation weighing on activity. In China, growth is likely to stabilise but remain structurally constrained by weak domestic demand. Across emerging markets, lower inflation and a softer US dollar provide a supportive backdrop, though outcomes are expected to remain increasingly differentiated.

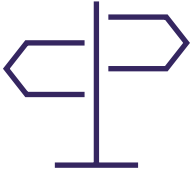
One of the most prominent questions from investors entering 2026 concerns whether markets – particularly equities exposed to artificial intelligence (AI) – are in bubble territory. Valuations in parts of the market are undeniably elevated, and concentration risks have increased as a narrow set of companies has driven a large share of recent returns. However, while elements of speculative behaviour are visible, the current environment differs in important ways from past market bubbles.

Earnings growth has remained robust, balance sheets are generally stronger, and investment in new technologies is being supported by tangible cash flows rather than purely speculative financing. That said, the pace of capital expenditure, rising leverage in parts of the corporate sector and growing reliance on AI-related narratives do represent a medium-term risk, particularly if expectations for productivity gains prove too optimistic or if financial conditions tighten unexpectedly.

The balance of risks therefore remains two-sided. On the upside, continued investment in new technologies and an extended period of policy accommodation could support further earnings growth and productivity gains. On the downside, a sharp reassessment of AI-related expectations, renewed inflation pressures or policy missteps could trigger periods of heightened volatility and valuation compression, even without a broader economic downturn. Importantly, these risks reinforce the need for active management and diversification rather than a wholesale retreat from risk assets.

Our positioning reflects confidence in the durability of the global cycle, balanced by a disciplined focus on valuation, concentration risk and diversification. We remain overweight to equities supported by a low probability of recession, easing monetary policy and ongoing fiscal support. However, elevated valuations and the concentration of returns within a narrow set of AI-linked companies warrant a more selective approach. We continue to seek exposure to structural growth opportunities, while actively managing risk by favouring diversified and value-oriented equity strategies where expectations are less demanding. We maintain a modest overweight to US equities given resilient corporate earnings, while increasingly emphasising diversification into international equities, where market leadership is broader.

Continued on next page >



Outlook and beyond

We remain underweight to government bonds, specifically in the US, where market pricing continues to imply a scale of rate cuts that appears inconsistent with resilient growth and lingering inflation risks. In credit, we maintain a neutral stance overall, with a preference for European credit markets where fundamentals remain more supportive.

Commodities continue to play an important role in portfolio construction helping to diversify risk. Gold remains a core allocation, providing an effective hedge against policy uncertainty, inflation and geopolitical risks. We are also overweight to energy and industrial metals, where supply constraints and policy-driven demand offer upside potential. In currencies, we remain negative on the US dollar over the medium term, while favouring selective exposure to the euro and higher-quality emerging market currencies.

We begin 2026 with a cautiously optimistic view. The global economic cycle still appears resilient; however, policy uncertainty and valuation risks remain. Therefore, maintaining an actively managed, well diversified and flexible, investment approach remains essential.



What risks could I be exposed to?

Diversification risk

Diversification aims to reduce the total risks across all your portfolio. However, if one investment performs well its influence on portfolio returns could be diluted by poor performance in other investments.

Market risk

Sometimes a single event can cause the values of all investments in a particular asset class (such as property or shares) or a country (like the UK or the USA) to fall suddenly and/or significantly.

Inflation risk

The risk that the value of your investments does not keep pace with increases in the value of the things you buy and enjoy.

Liquidity risk

The risk of not being able to sell your investments as quickly as you would like or at a price you had expected.

Interest rate risk

The risk your savings or investments lose money because interest rates have moved up or down. For example, your cash deposits are in a fixed account for five years earning 1% interest, but over time interest rates in general have risen to 2.5%.

On the other hand, if you don't fix the rate, you receive and interest rates fall, you have also taken a risk.

Currency risk

If you invest in foreign assets, their value can be affected by changes in exchange rates. If the investment does well and increases in value in its local currency, it could still become a loss when changed back to sterling.

Emerging markets risk

Emerging markets' supervisory standards may not be comparable with those in developed markets and their stock markets might be less well organised and less well regulated.

Stock-specific risks

These are the risks associated with an individual investment. Diversification aims to minimise this type of risk by spreading your money across a number of investments.

Default risk

Generally associated with bonds, this is when an issuer fails to keep up with interest payments or fails to repay the amount borrowed at the end of the bond's life.

Credit risk

This is the fall in value of a bond on speculation the issuer could default on its obligations (see above).

Institutional risk

This is the risk the bank or building society holding your money fails.

Counterparty risk

The risk that the other party in a contract defaults. For example, the provider of an investment product.

Other risks include political and social unrest; limited liquidity and exchange controls; currency instability; limitations on repatriation of capital; high transaction and other investment costs; differences in accounting, auditing and financial reporting standards and potential difficulties in obtaining information about issuers and markets; and governmental intervention in the private sector, including the rights of foreign ownership.

Glossary

Term	Definition
Asset Allocation	The process of dividing investments among different asset categories, such as equities, bonds, and cash, to balance risk and reward.
Benchmark	A standard or index against which the performance of a portfolio is measured.
Bond yield	The income return on a bond, usually expressed as an annual percentage.
Corporate Bonds	Bonds issued by companies to raise capital, typically offering higher yields than government bonds but with more risk.
Diversification	A risk management strategy that mixes a wide variety of investments within a portfolio to reduce exposure to any single asset or risk.
Equities	Shares of ownership in a company, also known as stocks.
Fiscal policy	Government decisions on taxation and spending to influence the economy.
Fixed Income	Investments that provide regular income payments, such as bonds.
GDP (Gross Domestic Product)	A measure of the total economic output of a country.
High Yield Bonds	Bonds that offer higher returns due to a higher risk of default, often referred to as “junk bonds.”
Inflation	The rate at which the general level of prices for goods and services rises, eroding purchasing power.
Monetary policy	Central bank actions, such as changing interest rates, to control money supply and inflation.
Portfolio	A collection of financial investments like stocks, bonds, and cash equivalents.
Recession	A period of temporary economic decline, typically defined as two consecutive quarters of negative GDP growth.
Sovereign Bonds	Bonds issued by a national government.
Tactical Asset Allocation	A short-term investment strategy that adjusts the asset mix to take advantage of market opportunities.
Volatility	A measure of how much the price of an asset fluctuates over time.
Yield curve	A graph showing the relationship between bond yields and their maturities. A steepening curve often signals expectations of higher future interest rates.

Schroders | We
personalwealth | Change
Lives

spw.com

Calls may be monitored or recorded to meet regulatory requirements, to check we have carried out your instructions correctly and to help improve our quality of service. Not all telephone services are available 24 hours a day, 7 days a week. Please speak to your Adviser for more information. Call costs may vary depending on your service provider.

Schroders Personal Wealth is a trading name for Scottish Widows Schroder Personal Wealth Limited. Registered Office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales No. 11722983. Authorised and regulated by the Financial Conduct Authority under number 830170. Claims may be protected by the Financial Services Compensation Scheme. We are covered by the Financial Ombudsman Service.

M58574Q_02/26