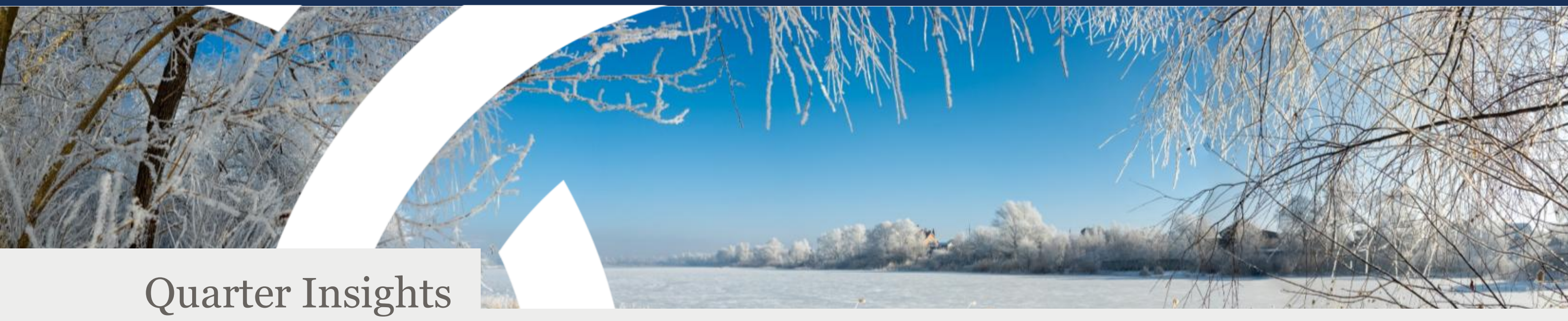
CHETWOOD

INVESTMENT MANAGEMENT

CORE GROWTH PORTFOLIOS

QUARTER 4 2025 REPORT



Quarter Insights

- Global equities advanced as corporate earnings remained robust and inflation expectations continued to ease across many regions.
- US equities rose but lagged other markets amid investor concerns over the sustainability of heavy AI-related investment by its large technology companies.
- UK equities outperformed. The FTSE 100 rose 7%, ending the year at an all-time high and close to the 10,000 level.
- The US Federal Reserve delivered two further 0.25% rate cuts as growth and labour market momentum softened. Other central banks adopted more cautious or neutral stances. The Bank of England implemented one rate cut.
- The US federal government entered a prolonged shutdown, its longest in history, after Congress failed to pass full-year funding, increasing political uncertainty.
- The UK Autumn Budget was delivered without major disruption to gilt markets, easing near-term fiscal concerns.

Market Review

The fourth quarter of 2025 ended on a positive note for global markets, with all major equity regions finishing in positive territory. This outcome came despite a notable rise in volatility, marking the first sustained period of market turbulence since the "Liberation Day" tariff sell-off in April. Uncertainty was driven by a combination of political disruption in the US, renewed trade tensions between the US and China, and increased investor scrutiny of the scale and sustainability of investment in artificial intelligence.

Trade tensions escalated early in the quarter after the US threatened tariffs of up to 100% on Chinese imports, while China signalled potential restrictions on rare earth exports. Given China's dominant role in global rare earth supply and processing, these developments raised concerns over critical supply chains, particularly for semiconductors and AI infrastructure. The prospect of tighter controls triggered the sharpest single-day decline in global equity markets since April.

Market sentiment improved relatively quickly as the White House adopted a more measured tone. A meeting between Presidents Trump and Xi later in October helped stabilise conditions, with both sides agreeing to a one-year framework aimed at de-escalating tensions. While not a comprehensive trade agreement, the framework included steps to scale back tariffs and ease pressure on rare earth supply chains, supporting a swift recovery in markets.

Volatility resurfaced in November as investors reassessed elevated valuations in AI-related stocks. Political uncertainty also intensified following the longest federal government shutdown in US history, after Congress failed to pass full-year funding. The shutdown was resolved mid-month, helping to restore confidence. Although some official US economic data was delayed, alternative indicators pointed to a slowdown in job creation during the quarter. This contributed to the US Federal Reserve delivering two 0.25% interest rate cuts over the period.

In the UK, government bond markets began the quarter under pressure amid uncertainty surrounding the Autumn Budget. The Budget itself proved relatively subdued, while subsequent guidance pointing to reduced gilt issuance provided some support. A further 0.25% rate cut from the Bank of England also helped ease pressure, with 10-year gilt yields falling from 4.7% to 4.5% by quarter-end.

> *Corporate earnings remained a key support for markets*

In the US, around 80% of large-cap companies exceeded expectations during the Q3 reporting season, with double-digit year-on-year earnings growth. Despite this, US equities continued to underperform overseas markets, likely reflecting the high expectations already priced into the largest stocks. The S&P 500 still gained 2.7% in sterling terms, but this lagged gains of over 6% in UK and European equities, with emerging market equities close behind.

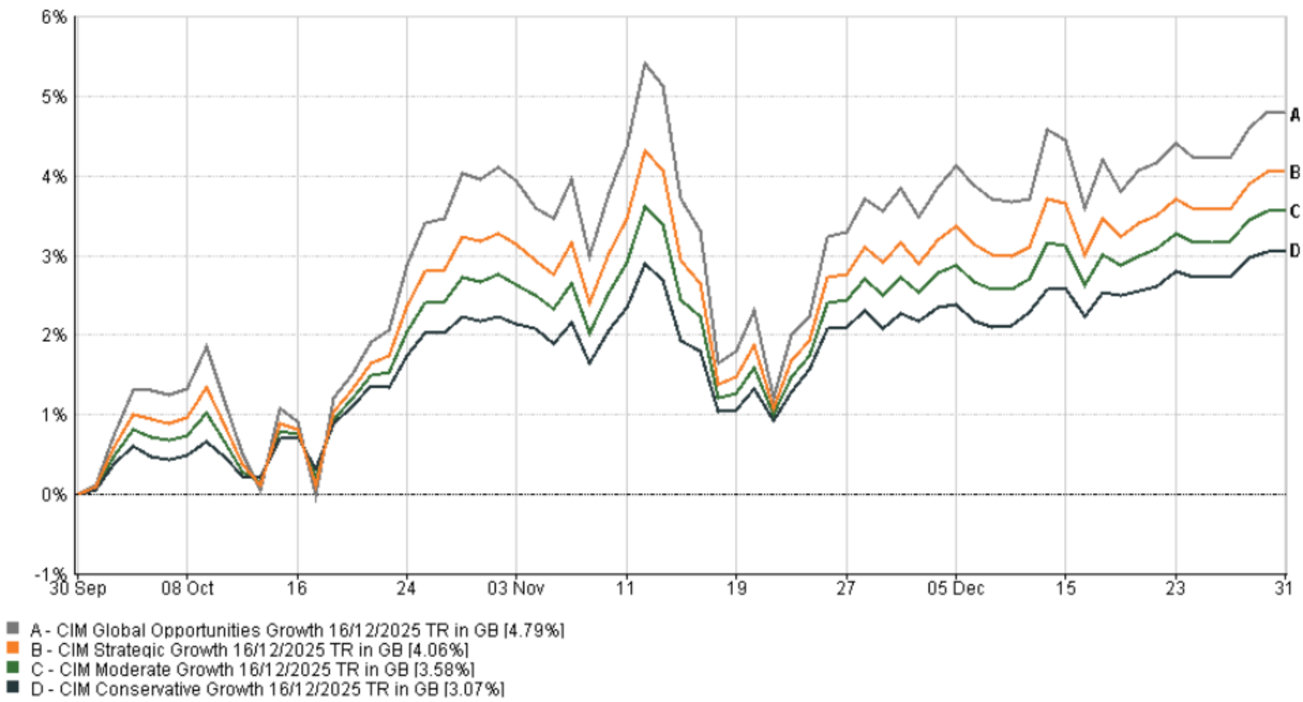
Portfolios performance

Portfolio / Comparator	3 months
CIM Conservative Growth Portfolio	3.07%
ARC Sterling Cautious PCI	1.80%
CIM Moderate Growth Portfolio	3.58%
ARC Sterling Balanced Asset PCI	2.29%
CIM Strategic Growth Portfolio	4.06%
ARC Sterling Steady Growth PCI	2.39%
CIM Global Growth Opportunities Portfolio	4.79%
ARC Sterling Equity Risk PCI	2.48%

Index Returns[1]	3 months
UK Equities	6.83%
UK Government Bonds (Gilts)	3.12%
All Country World Equities	3.39%
Pacific Equities (ex Japan)	0.00%
Emerging Market Equities	4.38%
US Equities	2.68%
UK Headline Inflation	1.53%

Past performance is not a reliable indicator of future performance; and the value of investments, as well as the income from them can go down as well as up, and investors may get back less than the original amount invested.

Performance graph



30/09/2025 - 31/12/2025 Data from FE fundinfo2026

Key Funds and Trades over the Quarter

Top 3 Model Funds	3 months
Liontrust European Dynamic	9.14% ▲
Fidelity Index UK	6.76% ▲
Artemis SmartGARP Global EM	6.39% ▲

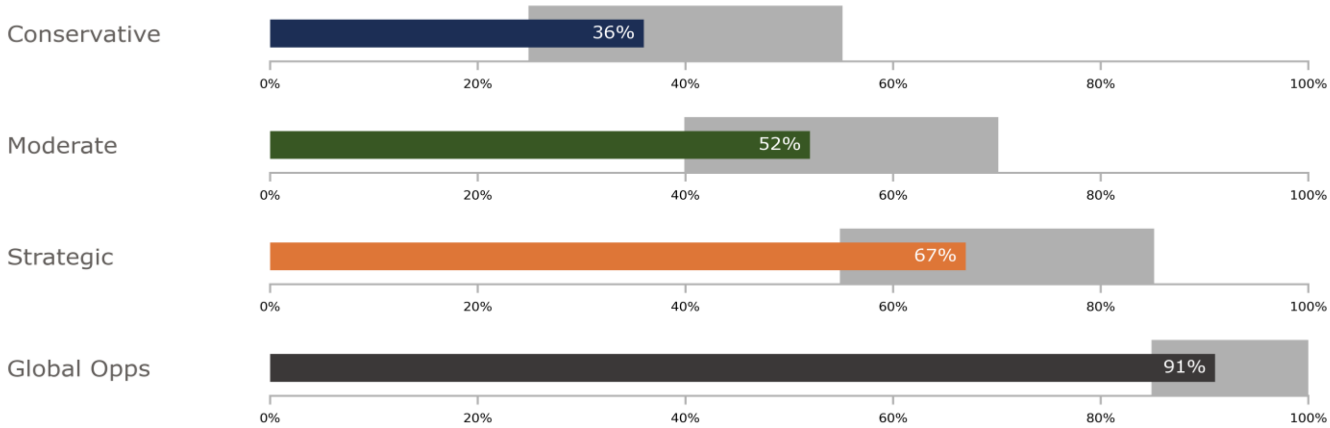
Bottom 3 Model Funds	3 months
JPM Global High Yield Bond Multi-Factor ETF	1.93% ▼
Vanguard Global Credit Bond Hedged	1.14% ▼
Amundi Global Agg Bond Hedged ETF	0.70% ▼

Source FE Analytics to 31st December 2025

Key fund	Commentary
Liontrust European Dynamic	This is an actively managed fund that seeks to outperform its benchmark, the MSCI Europe ex UK Index, which tracks large and mid-sized companies across developed European markets excluding the UK. We hold active strategies where we believe a disciplined investment process can add value over passive approaches. During a strong quarter for European equities, the fund outperformed its benchmark by nearly 3%, extending its impressive long-term record, with outperformance of around 22% over the past five years.
Fidelity Index UK	This passively managed fund tracks the FTSE All-Share Index, which is weighted by market capitalisation and therefore dominated by large UK-listed companies such as AstraZeneca, HSBC, Shell and Unilever. UK large-cap stocks outperformed mid- and small-cap peers during the quarter. Returns were led by drugmaker AstraZeneca (+23%), whose shares jumped at the start of the quarter after the company announced plans to pursue a US listing.
Amundi Core UK Government Bond ETF	This ETF provides exposure to UK government bonds. Gilt yields fell over the quarter, pushing prices higher, as concerns over government borrowing eased. Although there was initial nervousness ahead of the Autumn Budget, the outcome was relatively benign. Guidance pointing to lower-than-expected gilt issuance helped reduce supply worries. Softer-than-expected inflation and the Bank of England's December rate cut also supported gilt prices during the period.
Amundi Global Aggregate Bond Hedged ETF	We have exited our holding in this ETF and switched to the Amundi Global Treasury Bond ETF to refocus our exposure. The fund sold included around 30% in corporate bonds, which, while high quality, are trading at historically tight spreads with limited potential upside compared with government bonds. The new fund offers a more cost-effective, "pure" exposure to sovereign debt, providing a stronger diversifying role for the growth elements of the portfolio while maintaining high-quality fixed income exposure.

Asset class review

Equity Exposure



Conservative

Ten largest fund holdings (%)

AQR Apex	15.2%
Amundi Global Treasury Bond ETF	13.6%
Amundi Core UK Government Bond ETF	11.6%
Vanguard Global Credit Bond Inst Hedged	11.0%
JPM Glb HY Corp Bond Multi-Factor Hdged	10.2%
Fidelity Index UK	8.1%
L&G S&P 500 US Equal Weight Index	7.0%
Amundi IS Prime Japan ETF	6.4%
JPM Climate Change Solutions ETF	5.8%
Liontrust European Dynamic	4.6%
Assets in top ten holdings	93.5%

Ten largest asset class exposures (%)

Government Bonds	25.2%
Other Alternatives	15.2%
Corporate Bonds	11.0%
High Yield Bonds	10.2%
North American Equities	9.9%
UK Equities	8.6%
Japan Equities	6.8%
European Equities	6.1%
Asia Pacific ex Japan Equities	3.2%
Cash	2.0%

Moderate

Ten largest fund holdings (%)

AQR Apex	13.2%
Fidelity Index UK	11.6%
L&G S&P 500 US Equal Weight Index	10.0%
Amundi IS Prime Japan ETF	9.2%
Vanguard Global Credit Bond Inst Hedged	9.0%
JPM Climate Change Solutions ETF	8.4%
JPM Glb HY Corp Bond Multi-Factor Hdged	8.3%
Amundi Global Treasury Bond ETF	8.2%
Amundi Core UK Government Bond ETF	7.0%
Liontrust European Dynamic	6.6%
Assets in top ten holdings	91.5%

Ten largest asset class exposures (%)

Government Bonds	15.2%
North American Equities	14.3%
Other Alternatives	13.2%
UK Equities	12.4%
Japan Equities	9.8%
Corporate Bonds	9.0%
European Equities	8.8%
High Yield Bonds	8.3%
Asia Pacific ex Japan Equities	4.6%
Emerging Market Equities	2.5%

Asset class review

Strategic

Ten largest fund holdings (%)

Fidelity Index UK	15.0%
L&G S&P 500 US Equal Weight Index	13.0%
Amundi IS Prime Japan ETF	11.9%
JPM Climate Change Solutions ETF	10.9%
AQR Apex	10.8%
Liontrust European Dynamic	8.5%
Artemis SmartGARP Global EM	8.4%
Vanguard Global Credit Bond Inst Hedged	5.6%
JPM Glb HY Corp Bond Multi-Factor Hdged	5.2%
Amundi Global Treasury Bond ETF	4.8%
Assets in top ten holdings	94.1%

Ten largest asset class exposures (%)

North American Equities	18.5%
UK Equities	16.0%
Japan Equities	12.7%
European Equities	11.3%
Other Alternatives	10.8%
Government Bonds	8.8%
Asia Pacific ex Japan Equities	5.9%
Corporate Bonds	5.6%
High Yield Bonds	5.2%
Emerging Market Equities	3.3%

Global Opps

Ten largest fund holdings (%)

Fidelity Index UK	20.2%
L&G S&P 500 US Equal Weight Index	17.5%
Amundi IS Prime Japan ETF	16.1%
JPM Climate Change Solutions ETF	14.6%
Liontrust European Dynamic	11.4%
Artemis SmartGARP Global EM	11.3%
AQR Apex	6.8%
Assets in top ten holdings	97.9%

Ten largest asset class exposures (%)

North American Equities	24.9%
UK Equities	21.5%
Japan Equities	17.1%
European Equities	15.2%
Asia Pacific ex Japan Equities	7.9%
Other Alternatives	6.8%
Emerging Market Equities	4.4%
Cash	2.0%

Asset Class	Portfolio Views
Fixed Interest	We hold a positive view on government bonds due to the relatively high yields and attractive income profile, with a focus on attractively priced UK assets. Capital upside may be muted in the short term due to higher-than-average government issuance. We deem corporate bonds a little less attractive due to current tight credit spreads.
UK Equities	We remain constructive on UK equities, supported by rising dividends, share buybacks, and increased M&A activity. The outlook looks positive as disinflationary policies raise the prospect of further interest rate cuts. Despite strong performance in 2025, valuations remain attractive, especially for small and mid-sized companies.
US Equity	Fiscal and monetary policy dynamics should support US equities in absolute terms, but higher multiples and concentration risk mean we prefer an underweight allocation, particularly to large caps. Within our US allocation, we favour greater diversification by sector and style to limit exposure.
Japan Equity	Japanese equities remain attractive, supported by pro-growth government policy, corporate reforms, and improving capital efficiency. Significant fiscal stimulus under new Prime Minister Sanae Takaichi and continued buybacks should support earnings growth, reinforcing a positive medium-term outlook.
Asia and Emerging Market Equity	We remain positive on Asia and emerging market equities, supported by attractive valuations, improving fundamentals, and strong long-term growth drivers. A weaker US dollar, scope for further rate cuts, and exposure to structural themes such as AI investment underpin the outlook.
Alternatives	We view alternative investments as valuable diversifiers, particularly as traditional fixed income has struggled in a higher inflation environment. We currently favour liquid strategies managed by experienced teams, as well as infrastructure investments that offer some inflation protection.

Outlook

As we enter 2026, global markets remain resilient despite geopolitical noise, supported by fiscal and monetary stimulus across the US, Europe, and Asia. We expect economic activity to broaden across regions, building on momentum from 2025.

In the US, households will start to feel the effects of fiscal stimulus early in 2026, with significant tax rebates from the One Big Beautiful Bill boosting disposable income. This cash injection complements wealth effects generated by strong stock and housing market gains. Household net worth remains high relative to personal income, leaving consumers in good shape to support spending. Businesses are also investing heavily, particularly in technology, with hundreds of billions of dollars in capital expenditure underpinning growth. The Federal Reserve will be under close scrutiny in 2026, with the replacement of Jerome Powell as Chair likely to be announced early in the year, increasing the pressure on the Fed to conduct further rate cuts, which in our view should support markets.

Continental Europe is set for a pickup in activity, aided by Germany's 2025 fiscal stimulus, which targets defence, transport, and industrial projects. Broader European defence spending is also increasing, with commitments to raise military budgets to 3.5% of GDP by 2035. In the UK, near-term growth may be constrained by limited fiscal and monetary flexibility, though slower activity could ease inflation and allow the Bank of England to adopt a more accommodative stance over time.

Asia continues to provide both monetary and fiscal support. In Japan, the new pro-growth government remains committed to accommodative policy, keeping interest rates low and supporting investment. In China, confidence has been gradually improving, aided by stabilising property prices, targeted policy support, and renewed optimism around innovation in areas such as artificial intelligence, which has helped lift broader market sentiment.

> *While the outlook is constructive, risks remain.*

A renewed pickup in inflation, particularly if labour markets tighten and wage growth accelerates, could challenge this benign backdrop. Elevated valuations in parts of the equity market, especially technology, also warrant caution, while geopolitical tensions may continue to create periods of volatility. Nevertheless, with supportive policy, healthy consumer balance sheets, and ongoing business investment, the environment remains favourable for growth as we move through 2026.

Thoughts for the quarter ahead...

- Government debt continues to grow faster than economic output, particularly in the US. We are monitoring bond markets for early warning signs.
- Markets will focus on President Trump's appointment of a new Fed Chair, which could influence the pace of rate cuts and the direction of US monetary policy.
- Inflation remains a key watchpoint. A sustained rise would limit central banks' ability to support markets through further easing.
- Investors will continue to look for clues as to whether the substantial capex of large US tech firms is starting to generate stronger earnings to justify elevated valuations.
- Market participation outside mega-cap tech is also under scrutiny, as broader earnings growth will be important for sustaining momentum.
- As we enter early 2026, we believe a balanced and disciplined approach remains appropriate. With the US dollar under pressure, we favour a less US-centric allocation and diversification across regions.

Important information
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Risk factors should be taken into account and understood including (but not limited to) currency movements, market risk, liquidity risk, concentration risk, inflation risk, performance risk, local market risk and credit risk.

Investors should be aware that past performance is not an indication of future performance, the value of investments and the income derived from them may fluctuate and you may not receive back the amount you originally invested.

[1] For the comparative index returns, we have used the total return performances of the following ETF's:

Comparative index	ETF Name
UK Equities	ISHARES CORE FTSE 100
US Equities	ISHARES CORE S&P 500
European Equities (ex UK)	ISHARES MSCI EUROPE EX-UK
Emerging Market Equities	ISHARES CORE EM IMI ACC
Japanese Equities	ISHARES CORE MSCI JAPAN
Pacific Equities (ex Japan)	ISHARES CORE MSCI PACIF X-JP
UK Government Bonds (Gilts)	ISHARES CORE UK GILTS
Global Bonds (GBP hedged)	ISHARES CORE GLB AGG GBP-H D
Commodities	ISH DIVERS COMMOD SWAP ETF