



WealthSelect Managed Active 5 Portfolio Quarterly Report Q4 2025

Quarterly report to 31 December 2025

Market summary



Marcus Brookes
Chief Investment Officer

Global equity markets were up 3.5% in the final quarter of 2025, with many global equity indices finishing the year at record highs. Markets were helped by easing inflation, resilient company earnings, and growing expectations of future interest rate cuts from the major central banks. The fourth quarter continued the theme of European, UK, Japanese, and emerging market outperformance of the US thanks in part to the weaker dollar and relatively more attractive valuations. Although technology remained influential, the market showed early signs of broadening, with value stocks gaining momentum. Overall, investment sentiment remained positive despite some year-end profit taking.



Developed markets (ex UK)

US equities were up 2.5% despite the ongoing political uncertainty, the longest government shutdown on record, and rising job losses. Technology and communication services again led the market, although performance among the Magnificent Seven was mixed and there were signs of a broadening of market leadership. There are also continued concerns around the high valuations of artificial intelligence (AI) tech stocks, and whether we are in an 'AI bubble'.

European equities continued their positive performance in 2025 returning 6.1% over the quarter. Investor sentiment was helped by easing global financial conditions, stable inflation, and resilient labour markets. Financials performed particularly well, while the more defensive areas of the market, such as healthcare and utilities, also saw good returns. However, weakness in Germany's manufacturing sector weighed on export-focused industries.



UK equity

UK equities ended 2025 strongly and returned 6.5% in the fourth quarter. Markets were supported by mining, financials, and defence stocks. Overall, internationally focused companies with global revenue streams and the attractiveness of stocks that pay a consistent dividend underpinned strong performance. Elsewhere, domestically-focused sectors lagged as consumer spending remained under pressure ahead of the November Budget and cost challenges persisted.



Emerging markets equity

Emerging markets outperformed global equities during the quarter returning 4.9%. This was helped by strong returns from technology-driven markets such as Taiwan and Korea. Elsewhere, Chile, South Africa, Brazil, and Mexico posted solid returns along with the Southeast Asian markets of Indonesia, Malaysia, and the Philippines. China was down 7.3% as continued challenges in property and weak consumer demand weighed on sentiment.



Fixed interest

Government bond performance diverged sharply across markets in the fourth quarter. UK gilts outperformed, up by 3.2%, after a market-pleasing Budget and a December rate cut from the Bank of England (BoE). US Treasuries were more mixed, with rate cuts supporting shorter-dated yields while longer maturities rose. Japan saw a significant sell-off as a large fiscal stimulus package and a rate hike pushed yields to multi-decade highs.

The performance figures shown refer to past performance. Past performance is not a reliable indicator of future performance. Source: Quilter and Morningstar as at 31 December 2025. Total return, percentage growth over period 30 September 2025 to 31 December 2025. The performance shown for each equity market is represented by the appropriate MSCI Index and gilts by the ICE BofA UK Gilt Index.

Portfolio summary

Portfolio name

Managed Active 5

Portfolio objective

The WealthSelect Managed Active 5 portfolio aims to achieve capital growth over a period of five years or more through a diversified range of investments in the UK and globally.

The portfolio is matched to a risk profile that targets a specific range of volatility of between 45% and 55% of the expected annualised volatility of global equities over the next 10 years and is managed to stay within this range most of the time.

Growth to last quarter end

Cumulative performance

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*
Managed Active 5	3.65%	8.55%	13.31%	31.40%	32.35%	102.17%
IA Mixed Investment 20-60% Shares	2.74%	6.68%	10.24%	25.07%	20.11%	65.89%

Growth year by year

Discrete annual performance over one year to December

Holding	2025	2024	2023	2022	2021
Managed Active 5	13.31%	7.33%	8.05%	-5.39%	6.46%
IA Mixed Investment 20-60% Shares	10.24%	6.18%	6.86%	-9.67%	6.31%

Source: Quilter. Calculated by FactSet. Total return, percentage growth, rounded to one decimal place. All performance shown is based on an illustrative model of the WealthSelect Managed Active 5 Portfolio held via the Quilter platform, after the deduction of the charges of the underlying funds, but before the deduction of the Managed Portfolio Service charge. The deduction of this charge will impact on the performance shown. The WealthSelect Managed Active 5 launched on 24 February 2014. The performance of the portfolio on other platforms may not be the same due to various factors including the availability of funds and share classes, the timing of trades within the portfolio, and the impact of costs and charges. Investors can obtain a performance summary of their individual portfolio from their financial adviser.

The performance comparator is an index or similar factor against which the portfolio manager invites investors to compare the performance of the portfolio. The IA Mixed Investment 20-60% Shares sector is representative of funds with exposure to a broad mix of asset types. The portfolio's allocations to these asset types may be different to the average sector allocation and therefore the performance of the portfolio and the performance comparator may differ.

Portfolio commentary

Portfolio name

Managed Active 5



Stuart Clark

Portfolio Manager



Helen Bradshaw

Portfolio Manager



Bethan Dixon

Portfolio Manager

Risk appetite faced several headwinds over the quarter, including the record-breaking US government shutdown, softer employment data, and mounting concerns over AI valuations. Despite these setbacks, markets recovered with all major asset classes finishing the quarter in positive territory. Against this backdrop, your portfolio delivered a positive absolute return and outperformed its performance comparator.



UK equity

Value in the UK

UK equities posted healthy gains in the fourth quarter despite pre-Budget uncertainty. While growth stocks led performance globally, the UK market was driven by value-orientated, income-generating large caps - particularly banks and miners. This dynamic provided a tailwind for strategies such as the Quilter Investors UK Equity and Quilter Investors UK Equity Large-Cap Income funds, managed by Jupiter and Artemis, respectively.



Developed markets (ex UK)

Gold continues to shine

Precious metals continued their strong run of performance topping off an excellent year, with both gold and silver posting their strongest annual gains since 1979. This provided a positive tailwind for the Quilter Investors Precious Metals Equity Fund, managed by BlackRock. Following a spike higher in the physical gold price early in the quarter, we undertook an ad hoc rebalance to lock in some of the extraordinary profit from the holding year to date.

Japan rising

Japan was the strongest regional equity market over the quarter. Hopes for sustained reflation were reinforced by the election of Prime Minister Takaichi, as markets priced in the likelihood of increased government spending. Against this backdrop the Quilter Investors Japanese Equity Fund (M&G) returned 5.1%, boosted by positive stock selection.

Strength in Europe

European equities provided robust returns over the quarter, with strong performance from banks leading markets higher. This, alongside strong stock selection, was a tailwind for the Quilter Investors Europe ex UK Income Fund (Schroders), which returned 8.1%.

Portfolio commentary (cont.)

Portfolio name

Managed Active 5



Emerging markets equity

Emerging returns

Emerging market equities continued their strong run of performance in the final quarter, topping off a successful 2025. That said, performance was not uniform, with China seeing declines as it gave back recent gains and concerns mounted over the country's sluggish recovery. All our broad emerging market equity funds outperformed the index, with the Quilter Investors Emerging Market Equity Fund (Jupiter) leading the pack, up 6.9%.



Fixed interest

Bonds rally

The rally in risk assets extended to fixed interest, with the higher-risk segments outperforming traditional government bonds. Gilts led the way among major sovereign markets, buoyed by relief that the Autumn Budget avoided any significant surprises. Additionally, weakening economic growth, cooling labour markets, and easing inflation paved the way for the Bank of England to cut rates in December.



Alternatives

Good alternatives

Our alternatives allocation was a positive contributor to returns over the quarter, with all holdings delivering positive performance. The strongest performer was the Quilter Investors Global Equity Absolute Return Fund (Jupiter) which gained 5.2% rounding off an impressive 2025. Early in the quarter we invested in a new fund – the Quilter Investors Absolute Return Equity Fund - managed by the very experienced team at Janus Henderson. This fund complements our existing alternatives holdings and further diversifies our liquid alternatives allocation.



Investment outlook

We cannot shy away from the ongoing discussions about AI and AI-related stocks - will they continue to grow and justify the current valuations? Associated to this is the concentration risk and imbalance in earnings in the market and whether that is a healthy investing environment. This also links to the discussions about the k-shaped economy and the difficulty for the US Federal Reserve to balance risks and monetary policy in the face of loose fiscal policy in the US.

Risks remain

Our view is that the market is expecting continued rate cuts, and we think there is a risk of inflation remaining stubbornly sticky or even increasing which could lead to a shift in these expectations. If that occurs, then the US debt sustainability question gains more traction and could impact on financial markets. In the shorter term, we expect the US administration to want the economy to run hot into the mid-term elections.

The story for the UK

Closer to home, the UK does look cheap relative to other markets following a good year, but not so much relative to its own history (the story for lots of regions and sectors). We need to see signs of sustainable growth and the current data does not seem to be supporting that. While you could put that argument forward for Europe, we can see the potential impact of looser policy in Germany acting as a catalyst for industry and therefore economic growth.

Where are the opportunities?

We continue to maintain a focus on international diversification, with a preference for US diversification as well. While higher starting bond yields offer opportunities we retain a preference for diversifying into liquid alternatives.

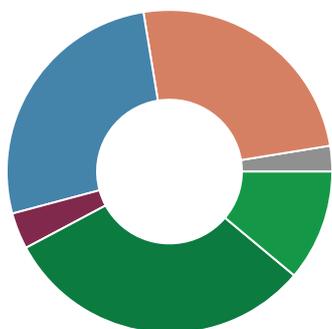
Portfolio holdings

Portfolio name

Managed Active 5

Asset allocation

As at 31 December 2025



	Percentage	Quarterly change
UK equity	11.19%	▼ -0.18%
Developed markets (ex UK) equity	30.99%	▼ -0.24%
Emerging markets equity	3.66%	▲ 0.05%
Fixed interest	26.61%	▲ 0.97%
Alternatives	24.92%	▲ 0.56%
Cash/Money markets	2.63%	▼ -1.16%

Portfolio changes

Your portfolio is constantly monitored and reviewed by our portfolio management team. As part of our active management of your portfolio, we will make changes to the funds in which we invest where we believe it's in your best interest.

In
 Quilter Investors Absolute Return Equity
 iShares Up to 10 Years Gilts Index

Out
 PIMCO Strategic Income

Portfolio holdings



UK equity

11.19%

Fund

Quilter Investors UK Equity Large-Cap Income	3.47%
Quilter Investors UK Equity Opportunities	3.09%
Quilter Investors UK Equity	2.98%
Quilter Investors UK Equity Growth	1.64%

Source: Quilter. Calculated by Factset. Please note that due to rounding the portfolio holdings may not add up to 100%.

The portfolio holdings shown are based on an illustrative model of the WealthSelect Managed Active 5 Portfolio held via the Quilter platform. The portfolio holdings on other platforms may not be the same due to various factors including the availability of funds and share classes.

Portfolio holdings (cont.)

Portfolio name

Managed Active 5



Developed markets (ex UK) equity

30.99%

Fund

Quilter Investors US Equity Income	4.06%
Quilter Investors North American Equity	3.99%
Quilter Investors Japanese Equity	3.12%
Quilter Investors Europe (ex UK) Equity	2.88%
Quilter Investors Global Equity Value	2.42%
Quilter Investors Europe (ex UK) Equity Income	2.17%
Quilter Investors Europe (ex UK) Equity Growth	2.16%
Quilter Investors Precious Metals Equity	2.13%
Quilter Investors US Equity Small/Mid-Cap	1.47%
iShares North American Equity Index	1.39%
Quilter Investors US Equity Growth	1.31%
Quilter Investors Asia Pacific (ex Japan) Equity	1.18%
Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity	1.14%
Quilter Investors Natural Resources Equity	0.69%
Quilter Investors Timber Equity	0.60%
Quilter Investors Asia Pacific	0.26%



Emerging markets equity

3.66%

Fund

Quilter Investors Emerging Markets Equity Income	1.31%
Quilter Investors Emerging Markets Equity Growth	1.18%
Quilter Investors Emerging Markets Equity	0.83%
Quilter Investors China Equity	0.35%

Source: Quilter. Calculated by Factset. Please note that due to rounding the portfolio holdings may not add up to 100%.

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Portfolio holdings (cont.)

Portfolio name

Managed Active 5



Fixed interest

26.61%

Fund

Aviva Investors Global Sovereign Bond	5.29%
iShares UK Gilts All Stocks Index	4.69%
Quilter Investors Corporate Bond	3.37%
Quilter Investors Diversified Bond	2.94%
Quilter Investors Sterling Diversified Bond	2.57%
Quilter Investors Dynamic Bond	1.94%
Quilter Investors Investment Grade Corporate Bond	1.81%
Quilter Investors Sterling Corporate Bond	1.78%
Vanguard Euro Government Bond Index	1.36%
iShares Up to 10 Years Gilts Index	0.87%



Alternatives

24.92%

Fund

PIMCO Dynamic Bond	7.19%
Quilter Investors Absolute Return Bond	6.83%
Quilter Investors Global Equity Absolute Return	6.43%
Quilter Investors Absolute Return Equity	2.49%
Trium ESG Emissions Improvers	1.98%



Cash/Money markets

2.63%

Fund

BlackRock ICS Sterling Liquid Environmentally Aware	2.63%
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Source: Quilter. Calculated by Factset. Please note that due to rounding the portfolio holdings may not add up to 100%.

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Glossary

Alternatives

Alternatives include non-standard asset classes. For example, commodities, renewable energy, infrastructure, or collectibles. It also includes strategies that invest in traditional asset classes by using derivatives. The latter are known as hedge funds.

Currency strength

Currency strength is when a currency rises compared to another currency. For example, if a sterling investor holds a US dollar investment, and sterling rises compared to the US dollar, the return from the investment will decrease.

Emerging markets

Emerging markets are developing economies that are in the process of transitioning into becoming developed markets by evolving their industries, infrastructure, and political and legal systems.

Growth stocks

Growth stocks tend to be younger companies that derive their value from the rate at which they are expected to grow their future earnings. Generally, they pay limited dividends as they reinvest their profits to grow their businesses.

Inflation

Inflation is the rate of increase in the price of goods and services. For most countries, it is based on a basket of goods and services that are representative of the cost of living. Inflation increases the cost of goods and services but decreases the real value of cash savings and future bond payments.

K-shaped economy

A k-shaped economy is where different parts of the economy perform at different rates or magnitudes. It's called k-shaped because the path of the different parts of the economy, when charted together may diverge, resembling the two arms of the letter k.

Liquidity

Liquidity refers to the ease with which an asset or security can be converted into cash by selling without affecting its market price. Liquid assets are relatively easy to sell and convert to cash whereas illiquid assets take longer to sell and can have higher conversion costs.

Magnificent Seven

Magnificent Seven is a term used to describe Amazon, Apple, Alphabet, Meta, Microsoft, Nvidia and Tesla. They are also referred to as mega-caps.

Reflation

Reflation is a policy response to economic slowdowns that aims to boost spending and counter deflation.

Risk assets

Risk assets are any assets that carries a degree of risk. It generally means assets that have volatility. For example, equities, commodities, high-yield bonds, property, and currencies.

US Federal Reserve

The US Federal Reserve, commonly known as the Fed, is the central bank of the United States of America, it operates in a similar way to the Bank of England in the UK.

Value stocks

Value stocks tend to be well-established, mature businesses. They are companies whose share price is low relative to their value. Consequently, value stocks are among those with the highest dividend yields.

Important information

Source: Quilter Investors and FactSet. Based on the latest data and portfolio holdings available as at 31 December 2025.

Further information on the WealthSelect Managed Portfolio Service can be found at [quilter.com/wealthselect](https://www.quilter.com/wealthselect)

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