

Blended Managed Portfolio Service

Quarterly report – Q4 2025
Annual report – 2025



Brewin
Dolphin

Introduction

Welcome to the RBC Brewin Dolphin Blended Managed Portfolio Service (MPS) investment review. In this report, we cover information and events that influenced performance during the fourth quarter of 2025.

The fourth quarter of 2025 unfolded amid a temporary U.S. government shutdown, heightened scrutiny of artificial intelligence (AI)-related capital, and a cooling labour market, creating a complex backdrop for investors. Despite these headwinds, markets stayed resilient, driven by three core forces: the continuing momentum of AI innovation, solid underlying economic fundamentals, and a Federal Reserve that began easing policy. We expect these themes to shape the investment outlook for 2026.

The UK and European equity markets that were the strongest performers over 2025. Both were up over 20% and the FTSE 100 index ended the year within a whisker of the psychologically important 10,000 level.

Over Q4, the U.S. Federal Reserve cut interest rates amid speculation over the next central bank chair. Concerns linger about how ready and able the new chair might be in accommodating President Trump's desire for lower interest rates. This could boost economic activity and markets but has the potential to stoke inflation.

Market overview Q4 2025

- The total portfolio returned 3.6% during Q4 2025, with positive contributions across all major asset classes as markets concluded the year on a constructive note.
- Equities delivered 4.1%, with UK equities leading at 6.6%, closely followed by Developed Europe ex UK at 6.5%. Asia and Emerging Markets contributed 4.2%, whilst Japan returned 3.5%. North America lagged at 2.7%, reflecting relative underperformance versus other developed markets throughout the quarter.
- Alternatives generated 3.9%, driven overwhelmingly by precious metals' exceptional 13.9% return as geopolitical tensions and inflation-hedging demand supported the sector. Other alternatives added 1.4%. Property continued to face valuation headwinds from elevated discount rates and declined 0.6%.
- Fixed Income returned 1.5%, with UK bonds outperforming. UK Sovereign Bonds delivered 3.1% and UK Corporate Bonds contributed 2.7%, benefitting from domestic monetary policy dynamics. Global Corporate Bonds and Global Inflation Linked each returned 0.8%, while Global Sovereign Bonds added 0.5%.
- The quarter demonstrated broad-based gains, with particular strength in UK and European equities. Precious metals' robust performance underscored continued investor appetite for alternative stores of value, while UK fixed income significantly outpaced global counterparts.

Blended MPS Fund Range performance

Blended MPS Fund Range performance				
	Q4	YTD	1yr	2025
Blended MPS Cautious	2.7	9.2	9.2	9.2
Blended MPS Cautious Higher Equity	3.0	10.0	10.0	10.0
Blended MPS Income	3.2	10.7	10.7	10.7
Blended MPS Income Higher Equity	3.3	11.2	11.2	11.2
Blended MPS Balanced	3.5	11.6	11.6	11.6
Blended MPS Growth	3.8	12.6	12.6	12.6
Blended MPS Global Equity	4.0	13.6	13.6	13.6

Blended MPS Active/Passive split	Active %	Passive %
Blended MPS Cautious	60.1	39.9
Blended MPS Cautious Higher Equity	56.1	43.9
Blended MPS Income	54.8	45.2
Blended MPS Income Higher Equity	51.9	48.1
Blended MPS Balanced	50.6	49.4
Blended MPS Growth	50.4	49.6
Blended MPS Global Equity	46.3	53.7

Inception Date of 10 June 2024.

All figures shown above are calculated to 31 December 2025.

Performance Calculation: All income is reinvested. Performance is shown inclusive of underlying fund charges but gross of RBC Brewin Dolphin's investment management charge. Deduction of this charge will have the result of reducing the illustrated performance. Neither simulated nor actual past performance are reliable indicators of future performance.

Blended MPS performance highlights Q4 2025



Asset Allocation

What worked and why?

The overweight position to gold was positive in a quarter that saw the yellow metal rise over 13%.

What didn't work and why?

Given their modest performance compared to the rest of the benchmark, the overweight to global inflation-linked bonds has been a mild detractor.

Fund Selection

What worked and why?

Gold rose 13% by the end of the quarter. In the U.S., BNY Mellon US Equity Income rallied hard into the year end and outperformed the broad North American index alongside the DWS US Quality Growth strategy.

In Asia, the Invesco Asian and M&G Japan funds outperformed their benchmarks.

In the UK, the Man UK Equity Income strategy (which invests in undervalued companies) and JPM UK Core also did well. The SCOR Catbond fund, which provides insurance against earthquakes and wind events, had another strong quarter as the hurricane season drew to a close. The Schroder Global Cities strategy, which holds commercial property through listed real estate investment trusts, also outperformed.

What didn't work and why?

Having outperformed for much of the year, the high-growth Baillie Gifford American strategy ran out of steam over the last quarter and trailed the benchmark. The Brown Advisory US Sustainable Growth strategy also had a disappointing fourth quarter.

In the UK, strategies focused on companies with strong and stable cashflows – such as Lindsell Train and Ninety One UK Equity Income – trailed as the rising market was driven largely by cyclical sectors such as banking.

The value of investments can fall and you may get back less than you invested.

Blended MPS portfolio changes Q4 2025

Asset Allocation

In October, we cut our tactical weight in global sovereign bonds from neutral to slightly underweight and trimmed the size of our overweight to gilts. This results in a modest underweight to the overall bonds asset class, with a continued preference for government bonds over corporates. It also leaves us still favouring gilts over global sovereigns, based on the view that UK inflation will eventually decline faster than in the other regions.

Fund Selection

In October, we increased the allocation to cash through the BlackRock Sterling Liquidity fund for all MPS portfolios. The MI Select Managers Bond fund was reduced. Within the fund, we lowered the allocation to the Insight UK Gilt and the Colchester Global Sovereign strategies.

In November, we made a couple of changes to the holdings with our MI Select Managers funds. Following a downgrade by our analysts, Lindsell Train was removed from the MISM UK Equity fund, with the proceeds invested in the existing holding of JPM UK Core. As part of this change, we also slightly reduced the weighting in RWC UK Equity Income in order to reduce the value exposure of the fund.

The other change was introducing a the GQG Partners US Equity fund into the MI North American fund. This is a dynamic strategy that looks to rotate through market sectors as market dynamics change. In April 2025, this fund took a defensive stance on U.S. equities, with overweight positions to utilities and consumer Staples. While we believe that the rally in U.S. stocks could continue, we feel it's prudent to take a little risk off the table in light of recent concerns around valuations and circular funding arrangements in US tech stocks. The position was accommodated by reducing Brown Advisory US Sustainable Growth and Baillie Gifford American.

MI Select Manager fund weights

Fund Weights			
Date	MI Select Managers Fund	Mandate	Weight (%)
31/12/2025	MI Select Managers Bond Instl Inc	Other Fixed Income Funds	6
		BNY Mellon Global Credit	13
		Man GLG Sterling Corporate Bond	14
		Colchester Global Sovereign	17
		DWS US TIPS	20
		BNY Mellon Gilt	30
31/12/2025	MI Select Managers NA Equity Instl Inc	Baillie Gifford American	6
		DWS US Value	20
		BNY Mellon US Equity Income	21
		Brown Advisory US Sust Growth	18
		DWS US Quality Growth	31
		GQG Partners US Equity	5
31/12/2025	MI Select Managers UK Equity Instl Inc	Teviot UK Smaller Companies	8
		Ninety One UK Equity	12
		Redwheel UK Equity Income	31
		JPM UK Core	49
31/12/2025	MI Select Managers Alternatives	Muzinich Global Tactical Credit	13
		Absolute Return funds	14
		Schroder Global Cities	22
		Commodities and other alternatives	51

The value of investments, and any income from them, can fall and you may get back less than you invested. Neither simulated nor actual past performance are reliable indicators of future performance. Investment values may increase or decrease as a result of currency fluctuations. Information is provided only as an example and is not a recommendation to pursue a particular strategy.

Blended Managed Portfolio Service

Annual report – 2025



Brewin
Dolphin

Blended MPS annual market overview 2025

- Despite the focus on the large tech firms, it was UK and European equity markets that were the strongest performers over 2025. Both were up over 20%, while weakness in the U.S. dollar meant that the U.S. was lagging – but still up a respectable 10%.
- Bonds rose 5% over the year, with those issued by companies outperforming government bonds.
- Gold shone over 2025. It rose over 13% in the final quarter alone, bringing the rise for the year to over 55%. Our strategic overweight position in gold, together with our bond exposure, has particularly supported lower-risk portfolios.

Blended MPS performance highlights 2025



Asset allocation

What worked and why?

The overweight position to gold was positive in a year that saw the metal soar over 55%. An underweight to absolute return was also beneficial during a year when this part of the benchmark made more modest gains.

What didn't work and why?

Being underweight corporate bonds was unhelpful. The small overweight position to U.S. equities was a minor detractor over a year when other equity markets performed better.

Fund selection

What worked and why?

In the U.S., BNY Mellon US Equity Income rallied hard into the year end and outperformed the broad North American index alongside the DWS US Quality Growth strategy.

The UK equity income strategy from Redwheel outperformed the UK benchmark for a second year in a row, and the JPM UK Core and Man UK Equity Income strategies also put in strong performances. The sterling corporate strategy bond from Man outperformed significantly for another year.

The SCOR Catbond fund, which provides insurance against earthquakes and wind events, had another strong year.

What didn't work and why?

Having outperformed for much of the year, the high-growth Baillie Gifford American strategy ran out of steam over the last quarter, finishing behind the broader U.S. equity market. The Brown Advisory US Sustainable Growth strategy also trailed the market.

In the UK, strategies focused on companies with strong and stable cashflows, such as Lindsell Train and Ninety One UK Equity Income, struggled as the rising market was driven largely by cyclical sectors such as banking.

The value of investments can fall and you may get back less than you invested.

Blended MPS portfolio changes 2025

Asset allocation change highlights

In Q1, the Asset Allocation Committee closed the tactical underweight on European equities as President Donald Trump's tariff agenda expanded globally, shifting the portfolio from a U.S. overweight to a more balanced stance. After a strong rally, the gold overweight was trimmed and the proceeds moved into cash.

In Q2, the Committee moved U.S. equities from overweight to neutral, reallocating the freed capital to cash and Europe ex UK equities. Within fixed income, the UK gilts were increased while global sovereign and index-linked bond exposures were reduced.

In Q3, following the U.S. announcement of new tariffs with the potential to stoke inflation, the Committee raised the overweight on global inflation-linked bonds and cut the overweight on global conventional government bonds to neutral.

In Q4, the tactical weight in global sovereign bonds was shifted from neutral to slightly underweight, and the gilt overweight was trimmed.

Fund change highlights

In Q1, we trimmed the MISM North American fund and increased European funds. We also realised gains from gold and re-invested the proceeds into the BlackRock Sterling Liquidity fund.

In Q2, we added to the liquidity fund again to cut overall portfolio risk, and further reduced the MISM North American fund amid U.S. growth worries and a weak dollar. We adjusted the MISM Bond fund, favouring UK gilts over global sovereigns, and broadened the DWS bond strategy from a focus on U.S. Treasury inflation-protected securities (TIPS) to global index-linked securities.

In Q3, we diversified the global credit exposure of the MISM Bond fund across BNY Mellon Global Credit, Osmosis Global Credit and RBC Bluebay Global Credit Opportunities. We also replaced Fundsmith with Winton Trend-Enhanced Global Equity.

In Q4, we increased cash via BlackRock Sterling Liquidity across all MPS portfolios and trimmed MISM Bond. We also dropped Lindsell Train from MISM UK Equity. Lastly, we added GQG Partners US Equity to the MI North American fund, replacing portions of Brown Advisory US Sustainable Growth and Baillie Gifford American.

Asset Allocation Committee investment outlook

These views are implemented across our portfolios but there may be deviations where asset classes or suitable investments are unavailable or excluded.



Cash

We hold an overweight in cash, which provides some ammunition we can deploy when the outlook for other typically higher-yielding asset classes improves.



Bonds

Our sense is that there's a greater risk that global bond yields rise rather than fall from current levels. In Japan, slightly more pro-growth fiscal policy settings should help further solidify the re-emergence of inflation, eventually leading to additional Bank of Japan rate normalisation and further upside in Japanese government bond yields. In Europe, improving region-wide growth momentum should keep pushing government bond yields higher, while French bonds probably deserve to be trading on a bigger risk premium given the political backdrop and ugly debt arithmetic. In the U.S., in our base case scenario – which sees economic growth slow, but not excessively – there's limited room for Federal Reserve rate expectations to move lower. Meanwhile, we expect the U.S. term premium and inflation expectations to rise. We expect gilts to build on recent outperformance as relatively high UK inflation eases. We continue to favour government bonds over corporate bonds. With spreads tight, and given our desire to stick with a small equity overweight, our bond positioning acts as a partial portfolio hedge against recession risk.



Global Equities

We expect the global economy to continue to expand, which is consistent with corporate profits going up. We also believe there's the potential for AI themes to drive both strong economy-wide productivity and continued solid profit gains among the AI pick and shovel plays. However, we believe only a small equity overweight is appropriate. For one, most economies are close to full employment and there isn't much scope for labour force participation to rise. Meanwhile, U.S. President Trump's immigration clampdown is weighing on the country's labour force growth. The upshot is that there's limited room for job growth. Further, U.S. equity valuation multiples, concentration risk, and growth expectations are all elevated, and signs of froth (a market condition where asset prices surge rapidly, becoming inflated and detached from their actual fundamental value) among the AI plays have emerged. Finally, the large increase in U.S. tariffs should weigh on global growth and result in higher U.S. inflation than would otherwise be the case.

Alternatives

We have just increased our overweight in gold. We acknowledge that gold is looking pricey on many metrics, such as relative to the U.S. Consumer Price Index. We also note that sentiment towards gold is bullish, which indicates that a lot of the good news is in the price. While there will undoubtedly be pullbacks, we believe the fundamental outlook remains solid. Central banks should continue to buy gold, there's room for investors to raise their allocations, and gold would benefit if the dollar continues to depreciate, which remains a reasonable assumption. Gold also acts as a good portfolio hedge against several risks that would prompt either a decline in real bond yields, a rise in inflation, or a mix of both. Falling real yields and rising inflation is good for gold given that it yields nothing and is a scarce asset. Among the more notable risks are a Chinese invasion of Taiwan, a deterioration in U.S. relations with China and/or Europe, higher than expected inflation, and if the tariff impact ends up being greater than the consensus expects.

UK Equities

UK relative performance should continue to be closely linked to global value vs growth style performance, given its relatively high weightings in value-oriented sectors such as financials and commodities, and low exposure to growth-oriented sectors such as tech. Some exposure to the value plays that the UK is so heavily weighted in is appropriate, in our view. Although the domestic economic outlook is less important for UK equity relative performance given the high international exposure of the names that make up the UK large cap index, it still matters. Indeed, there's a positive relationship between the performance of UK vs global gross domestic product (GDP) and UK vs global equity performance. The UK economic growth outlook appears lacklustre. This is offset somewhat by the fact that the UK equity market trades on very undemanding valuation multiples.

U.S. Equities

The U.S. should maintain the productivity growth advantage it has enjoyed against the rest of the developed world. Meanwhile, the U.S. equity market has outsized exposure to surging demand for AI goods and services. Nevertheless, we hold a tactical neutral position in the U.S., for several reasons. There are signs of froth around the AI plays. While we believe that AI will be a transformative technology, there are lingering questions about whether the returns generated by providers of AI services will be high enough to justify both the massive levels of investment in the space, and the extended valuations the AI pick and shovel plays trade on. In addition, the S&P 500 (excluding the 'Magnificent Seven') also trades on a large price-to-earning premium to the world ex U.S. market. Furthermore, our sense is that the dollar has scope to decline further over the medium and/or longer term. A weak dollar would weigh on U.S. equity relative performance in common currency terms. Weaker labour force growth due to the Trump administration's immigration clampdown and the potential for tariff-related pain are additional concerns.

Europe ex UK Equities

We remain modestly overweight Europe ex UK. The region's valuation metrics are significantly less demanding than those of the U.S. The euro exchange rate remains cheaply valued vs the dollar relative to estimates of the purchasing power parity conversion rate, suggesting it has scope to strengthen further over the longer term. If correct, that would support Europe ex UK equity relative performance in common currency terms. We expect only modest corporate profit growth given subdued European economic growth prospects, but a big boost to German defence and infrastructure spending should help close the growth gap with the U.S. somewhat. Europe would also perform relatively well if some of the hot air comes out of the AI trade, as the region has relatively low exposure to it.

Japan Equities

Japan has implemented shareholder-friendly reforms, which could help drive a further expansion in relatively depressed price-to-book multiples. Japan is now experiencing a healthy dose of inflation, with wage growth strengthening. Importantly, inflation expectations have also picked up. However, demographics amount to a major structural headwind for Japanese equity relative performance. Meanwhile, with the unemployment rate low and labour force participation high, Japan doesn't have much scope to put idle economic resources to work to drive cyclical growth.

Asia & EM ex Japan Equities

China continues to battle multiple structural headwinds. That said, various revelations this year in areas like AI and electric vehicles have served as good reminders that China excels at innovation. Chinese productivity growth has been much stronger than that of any other major country over the years, and that's likely to remain the case going forward. In addition, there's been a thawing in the relationship between the Communist Party of China and big business. Finally, with deflation a much bigger risk than inflation, there's lots of scope for the authorities to pursue more stimulative monetary and fiscal policy. In Asia ex Japan more broadly, we are drawn to the structural growth that India offers, not least because it's still at a very early stage of development, with lots of upside. Another attraction is Taiwan and the exposure to semiconductors it brings, which can be bought more cheaply than the U.S.-exposed names. South Korea also has relatively high AI exposure, particularly in memory, and that market also trades on relatively low valuation metrics.



RBC Brewin Dolphin is the sponsor, investment manager and distributor to certain funds. RBCBD applies robust conflict management practices and disclosures to ensure these funds and relevant services are appropriate to meet client needs. RBC Brewin Dolphin and its employees do not receive additional remuneration or non-monetary benefits when a client invests in these funds or investment solutions.

The value of investments, and any income from them, can fall and you may get back less than you invested.

Neither simulated nor actual past performance are reliable indicators of future performance.

Performance is quoted before charges which will reduce illustrated performance.

Investment values may increase or decrease as a result of currency fluctuations.

Information is provided only as an example and is not a recommendation to pursue a particular strategy.

Information contained in this document is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness.

We or a connected person may have positions in or options on the securities mentioned herein or may buy, sell or offer to make a purchase or sale of such securities from time to time. In addition we reserve the right to act as principal or agent with regard to the sale or purchase of any security mentioned in this document. For further information, please refer to our conflicts policy which is available on request or can be accessed via our website at brewin.co.uk

The opinions expressed are not necessarily those of RBC Brewin Dolphin.

RBC Brewin Dolphin is a trading name of RBC Europe Limited. RBC Europe Limited is registered in England and Wales No. 995939. Registered Address: 100 Bishopsgate, London EC2N 4AA. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

© / ™ Trademark(s) of Royal Bank of Canada. Used under licence.

RBCBDM6579_2601_1
Issue date: February 2026