

marketmatters

Market Summary

2025 was a strong year for asset markets in general with all major asset classes returning positively. After a strong start to the year, asset markets were thrown into turmoil as President Trump announced new tariff policies, the likes of which hadn't been seen in the US in 80+ years.

Equity markets fell substantially on the back of this but bounced back notably following the winding back of some of the extreme tariff numbers originally bandied around, and as numerous large trade deals were agreed between the US and it's trading partners.

In 2025, following a rocky first half of the year, major equity markets went on to perform exceptionally - European and UK equities returned between 27.2% and 24.5% respectively over the year, whilst even the US (the laggard of major equity markets in 2025) posted positive returns of more than 10%!

Generally, investors moved assets away from the US in the second half of the year, seeking diversification away from some of the dominant themes that have driven equity markets in recent years—specifically, US exceptionalism and artificial intelligence (AI). This asset flow out of the US found it's home in other major regions which were generally cheaper and where they could potentially benefit from supportive central bank and governmental policy.

Other asset classes, such as precious metals experienced very strong returns in 2025—the gold price finished the year up 52%, whilst the prices of silver and platinum also rose 132% and 107% respectively. There were many assumed drivers of this but in general it can be boiled down to increased demand from consumers, businesses and central banks, as well as a 'flight to safety' trade due to some fears associated with large national debt piles.

Equity Markets — see Chart 1



US equity performance was mainly driven by the AI theme when the technology and communication services sectors generated substantial returns. Investor sentiment was supported by further Federal Reserve rate cuts in Q4 and signs that the US administration adopted a more flexible stance on tariffs following earlier disruption in April.



UK equities performed strongly during Q4 and throughout 2025. Large, internationally focused companies led gains, particularly in financials, commodities and defence sectors which benefited from resilient global demand, whereas domestically focused sectors lagged – UK equity performed well despite economic weakness in the UK.



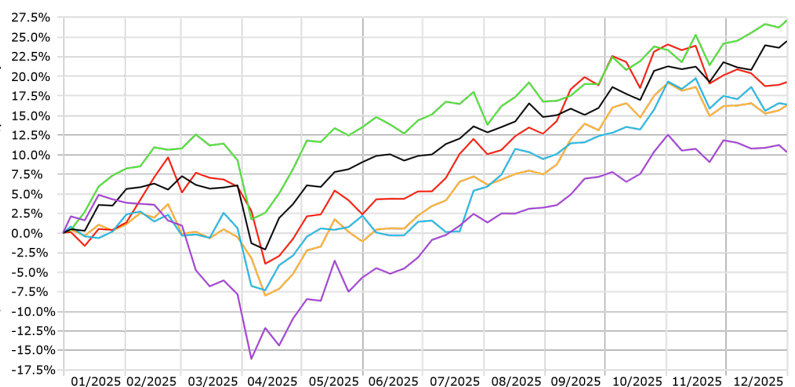
European equities delivered positive returns in Q4 and was the strongest performing major equity market in 2025. As investors moved away from the US, the relatively supportive stance of EU monetary and fiscal policy, combined with positive currency effects drew them towards European assets, which helped push up prices.



Japanese, Asia Pacific and Emerging Market equities all performed strongly in 2025, buoyed by a weaker US dollar and improving corporate & economic fundamentals. Policy was also broadly supportive across these regions as central banks mainly cut interest rates in the case of Emerging Markets & Japan continued to hold rates below 1%.

Chart 1 - Equity Market Performance - 2025

Time Period: 01/01/2025 to 31/12/2025



Past performance is not a reliable indicator of future results
There are no charges associated with the indices shown in this chart
Source: Morningstar Direct

Fixed Income—see Chart 2

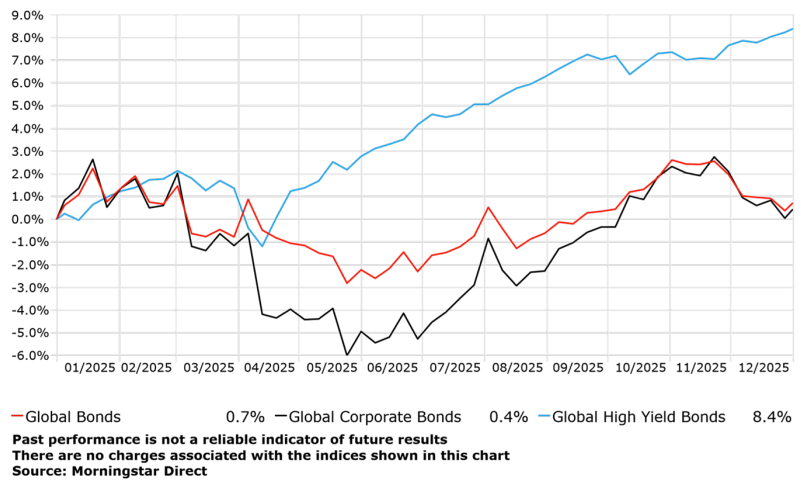
Global high yield bonds generated the strongest returns in 2025 when compared to other major bond indices. Improving corporate fundamentals, and relatively sanguine economic conditions helped investors feel secure in buying into exposures of lower credit quality assets, believing the investment waters calm enough to take on the added risk of doing so.

Other bond markets had a mixed year, losing value in the first half & bouncing strongly in the second half of the year following notable interest rate cuts.

Economic Update

Chart 2 - Bond Market Performance - 2025

Time Period: 01/01/2025 to 31/12/2025



The Fed cut rates twice in quarter 4 of 2025, going from a 4% interest rate to a 3.5% interest rate. Following positive performance of the US economy, inflation sitting at 2.7% and recent rate cuts in Q4 2025, policy makers then presented a more hawkish tone to cool expectations of more policy loosening in the near future.



In the UK, cooling wage inflation and a weaker labour market put enough dark clouds on the economic horizon to help push the Bank of England (BOE) into a rate cutting cycle. The BOE cut rates by 1% during 2025, with the UK interest rate ending the year at 4.0%. Inflation also fell to 3.2%.



The ECB left rates on hold in December, as inflation in Europe sitting around the target level of 2% and, with the improvement of economic fundamentals, there is limited room for substantial policy changes moving forwards.



In Japan, inflation and government spending policies prompted the central bank to raise rates & signal steady change from the highly accommodative policy measures they have in place in the last couple of decades. Emerging Markets presented a mixed picture economically, with some key stories being improvement of the Chinese economy following previous stimulus, and India again outpacing expectations in economic growth.

Portfolio Performance

The table below shows the performance of Gemini Asset Management's (GAM) discretionary risk-rated portfolios. The table compares the performance of GAM's Discretionary Models against the FTSE All Share and the most relevant Investment Association (IA) Mixed Investment sector. The weight of equity in each IA Mixed Investment sector is the main deciding factor when choosing which is the most suitable comparator to each GAM portfolios but the constitution of the GAM portfolios and the relevant IA sectors could still be different from one another. Whilst a direct comparison of GAM's portfolios with an equity index such as the FTSE All Share, or the relevant IA Mixed Investment Sector are not like-for-like, it gives an indication of volatility and performance differences on a risk-adjusted basis and can demonstrate the importance of spreading risk through diversification.

	Cumulative Performance (%) to 31/12/2025									
	30/09/2025		31/12/2024		31/12/2022		31/12/2020		16/03/2017	
	31/12/2025		31/12/2025		31/12/2025		31/12/2025		31/12/2025	
Portfolio Name	GAM Portfolio	Sector	GAM Portfolio	Sector	GAM Portfolio	Sector	GAM Portfolio	Sector	GAM Portfolio	Sector
GAM Dynamic MPS 3	1.9	2.2	7.5	8.0	24.7	19.6	18.9	10.1	36.8	23.7
GAM Dynamic MPS 4	2.6	2.7	10.7	10.2	29.1	25.1	23.9	20.1	46.4	37.4
GAM Dynamic MPS 5	2.7	3.3	12.3	11.6	34.9	31.4	30.6	31.2	61.9	58.9
GAM Dynamic MPS 6	3.1	3.3	13.4	11.6	36.6	31.4	31.6	31.2	69.3	58.9
GAM Dynamic MPS 7	3.3	3.3	14.8	11.6	40.1	31.4	32.5	31.2	76.7	58.9
FTSE All Share	6.5		24.5		47.5		78.0		82.1	

Source: Morningstar Direct data 17/03/2017 – 31/12/2025. Past performance is not a reliable indicator of future results. Figures do not include initial, advice, discretionary management or platform fees, but do include fund charges/OCFs.

The sectors used as comparators with the portfolios are the respective IA Mixed Investment sectors. Gemini's GAM 3 is compared to the IA Mixed Investment 0-35% Shares sector; GAM 4 is compared to the IA Mixed Investment 20-60% Shares sector; and GAM 5, GAM 6, and GAM 7 are compared with the IA Mixed Investment 40-85% Shares sector.

The value of an investment and the income from it could go down as well as up. The return at the end of the investment period is not guaranteed and you may get back less than you originally invested.

Asset Allocation and Fund Review

The Gemini Asset Management investment team reviewed the existing asset allocation model in conjunction with the recommendations and capital market assumptions put forward by our independent actuary, Dynamic Planner. As a result of this there were changes made to the GAM discretionary models during Q4 2025.

Asset Allocation and fund changes – Quarter 4, 2025

The Gemini Asset Management (GAM) investment committee reviewed the existing asset allocation model in conjunction with the recommendations and capital market assumptions put forward by our independent actuary, Dynamic Planner. As a result of this there were changes made to the GAM discretionary MPS (managed portfolio service) models during Quarter 4 2025, with the main themes for the asset allocation changes covered below.

The table below shows the asset allocation for the Gemini Asset Management Dynamic MPS – the weight for each asset class is noted, and the colour of the text signifies whether or not a weighting has been increased, decreased or remained the same during Quarter 4 2025. An increase in weight is shown by **green text**, a decrease in weight is shown by **red text**.

GAM Dynamic MPS	Risk 1	Risk 2	Risk 3	Risk 4	Risk 5	Risk 6	Risk 7	Risk 8	Risk 9	Risk 10
Cash	100.0%	52.0%	20.0%	8.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonds	0.0%	40.0%	50.0%	45.0%	33.0%	22.0%	10.0%	5.0%	0.0%	0.0%
Equity - UK	0.0%	1.0%	3.0%	6.0%	6.0%	7.0%	7.0%	6.0%	3.0%	0.0%
Equity - Europe	0.0%	0.0%	4.0%	6.0%	7.0%	8.0%	8.0%	7.0%	4.0%	0.0%
Equity - US	0.0%	4.0%	10.0%	16.0%	17.0%	24.0%	23.0%	23.0%	16.0%	8.0%
Equity - Japan	0.0%	1.0%	4.0%	6.0%	7.0%	8.0%	8.0%	7.0%	4.0%	0.0%
Equity - Emerging Market	0.0%	0.0%	0.0%	2.0%	7.0%	10.0%	15.0%	25.0%	44.0%	65.0%
Equity - Asia ex Japan	0.0%	0.0%	0.0%	1.0%	6.0%	8.0%	15.0%	22.0%	24.0%	27.0%
Equity - Global Alternative	0.0%	2.0%	9.0%	10.0%	13.0%	13.0%	14.0%	5.0%	5.0%	0.0%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Commentary

- Small decrease to US equity in most portfolios
 - ◇ We deemed it prudent to remove some of the exposure to the US equity market following a degree of concentration in AI themed stocks that have performed exceptionally well, but continue to be expensive.
 - ◇ However, we do still believe the US equity market remains one of the most attractive asset classes in which to invest, and it remains our largest regional equity holding.
- Small decrease in Japanese equity in most portfolios
 - ◇ We have been slightly overweight in Japanese equity for the past couple of years, following strong and improving corporate fundamentals.
 - ◇ We chose to reduce some of the exposure in Japan following the potential changes to less accommodative central bank and governmental policy—essentially, both entities may be set to tighten policy rather than loosen policy.
- Small increase in European equity
 - ◇ Pulling our European equity weight more in line with our other developed equity regions (except the US) was deemed most suitable.
 - ◇ Policy support and increasing prospects of economic recovery brightened the picture for European equities, along with some attractive valuations in some recently negatively impacted sectors such as Healthcare.
- Small increase to Global Emerging Market equity
 - ◇ Relative valuations in Global Emerging markets, combined with improving corporate fundamentals and a positive growth picture pushed us to further add to our exposure.

Fund Changes

Asset Class	Switch Out	Switch In	Reasoning
Equity - EU	HSBC European Index	Goldman Sachs European CORE	Removing index exposure for something we describe as 'index-plus'. The new fund harnesses high degrees of quantitative analysis, machine learning and data analysis in the portfolio construction process aiming to add incremental points of positive performance.
Equity - EU	Premier Miton European Opportunities	Liontrust European Dynamic	Removing some small company bias for a more dynamic and flexible fund to help ride out potential market volatility

Disclaimer

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