



Summary Investment Commentary

October continued the mostly positive tone for markets of the third quarter of 2025 which reflected an element of momentum as well as reassuring developments, notably as the Trump administration's approach on tariffs did not prove as disruptive as feared. Significant political and geopolitical considerations remained as well as concerns over the high level of government debt, although the positive factors predominated with a trend to lower interest rates in many economies, a degree of resilience in the global economy in spite of softer regions, robust company profits and a continued boom in capital expenditure on artificial intelligence projects.

Summary of portfolio changes

Whilst equity markets have been strong in recent quarters we continue to see positive momentum and accommodative policy sustaining further advances if not at the same pace. Broadly we have maintained allocations within portfolios, however given the tightness in credit spreads and some signs of exuberance we have decided to exit the allocation to high yield bonds.

We sold the holding in Man High Yield Opportunities reallocating the proceeds to Jupiter Global Equity Absolute Return, increasing the allocation to alternatives and reducing fixed income.

Within equities, we replaced Schroder Asian Income with M&G Asian, which provides broader diversification across the Asian region and benefits from a lower OCF of 0.60%. We also exited Gresham UK Multi Cap Income on idiosyncratic concerns as well as lacklustre earnings growth in more domestically-oriented UK names in preference for Ranmore Global Equity, which has a strong track record with its active value investment approach.

Some further changes included selling out of RM Alternative Income (with the exception of the Balanced Income portfolio, where yield remains a priority) and adding a new position in AQR Managed Futures fund, a trend following strategy across asset classes that can perform well in more volatile markets.

We continue to focus thematic allocations on the global insurance, technology and gold mining sectors.

Current Thinking

Economic growth

Underlying activity indicates some slowing if masked by Artificial Intelligence capital expenditure boom

Earnings

Global earnings growth robust at c. 12% if with some expected slowing from largest US companies over the next six to nine months; expected growth in European earnings taking longer to come through although analyst revisions improving

Inflation

Potential second wave of tariff related price rises for US consumers as companies rebuild inventories, although Trump administration active in addressing bottlenecks

Interest rates

Limited rate cuts expected although political pressure increasing on the Federal Reserve; Japanese longer dated bond yields rising

Liquidity

Continued fiscal spending and a trend to lower central bank rates continue to provide a supportive backdrop for risk assets, though the fall of overnight reverse repurchase agreements to de minimis levels has increased overnight rates and the increased use of the Standing Repo facility indicate that liquidity conditions are tightening.



Valuations

North America 21.6X (full); Japan 14.5X, Europe 14.7X & Asia ex Japan 15X (fair); UK 11.4X & EM 12.1X (good).

Geopolitics

US-Russia and US-China relations remain in flux, potential conflict resolutions, some civil tensions and rising AI-related warfare techniques.

Asset Class Outlook

Current asset class position	-	=	+	Comments
Fixed income				Cautious on long dated bonds given government debt levels and deficits. Preference for short dated gilts, inflation-linked & high quality corporate bonds as better yields available and growth sluggish. Credit spreads fairly tight
Equities				Potential for increased volatility with geo-political uncertainty; expectation for continued positive returns given global growth
Alternatives				Increased dispersion, volatility favours absolute return and trend following
Cash				Interest income modestly attractive relative to bonds, while preserving optionality to reinvest

Current equity position	-	=	+	Comments
Asia ex Japan				Favouring income generation in region with distinct commodity led business cycle
Emerging Markets				Favouring value and frontier markets; China slowing though may opt for reflation; weaker US\$ supportive of emerging market growth
Europe ex UK				Expecting improving growth and rerating due to flow of funds
Japan				Corporate restructuring unlocking value; wage inflation signalling revival in domestic demand
North America				Era of rising valuations (esp. for 'big tech') drawing to a close, though earnings continue to remain robust; positioning mitigated by thematic
United Kingdom				Rerating expected and increased corporate activity, though growth drivers remain patchy and government finances constrained
Thematic				Favouring global insurance, technology and gold miners

IMPORTANT NOTICE: Vintage Asset Management Limited (VAM) is registered in England and Wales under number 06694183 and its registered office is at: 7a Wyndham Place, London W1H 1PN. Vintage Asset Management is authorised and regulated by the Financial Conduct Authority, FCA number 489408. This document has been prepared for information purposes only and is not a solicitation or an offer to buy or sell any security. It does not purport to be a complete description of our investment policy, markets or any securities referred to in the material. The information on which the document is based is deemed to be reliable, but we have not independently verified such information and we do not guarantee its accuracy or completeness. You may not recover what you invest. Changes in exchange rates may have an adverse effect on the value, price or income of foreign currency denominated securities. The level of yield actually achieved on your investment will be dependent on the tax treatment of the product you have invested in and your personal tax circumstances. Levels and bases of taxation can change, investments or investment services referred to may not be suitable for all recipients. Real portfolio performance may vary from model performance due to the timing of investment. This factsheet does not provide individually tailored advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this factsheet may not be suitable for all investors. VAM recommends that investors independently evaluate particular investments and strategies and encourages investors to seek the advice of a financial advisor. The appropriateness of a particular strategy will depend on an investor's individual circumstances and objectives.