



VINTAGE
asset management

Investor Insights

Quarterly Report

Winter 2026

Overview

- / Continued momentum in markets in the quarter
- / Global growth resilient with tariffs easing
- / Rate of inflation widely lower and further rate cuts
- / Corporate earnings robust and valuations higher
- / Limited impact from politics and geopolitics

Markets: the fourth quarter of 2025 proved to be mostly positive for equity markets given momentum and positive developments despite plentiful political considerations; there was notable strength in Japan, the UK and South Korea amidst emerging markets; fixed interest assets were broadly higher and alternative assets did well, with a renewed surge in the price of gold as well as other metals.

Economy: the US economy had grown strongly in the third quarter but the labour market then proved softer, while the government shut-down impacted data releases; in the UK growth ebbed with the Budget denting confidence; in Europe economies in the southern nations proved stronger; in Japan there was continued growth even before a government stimulus; China reported growth a little below target and India saw a degree of resilience, as the tariff challenges proved manageable.

Inflation and interest rates: in the UK the consumer price index (CPI) was down to 3.2% in November from its peak at 3.8% in September and in the US the CPI was lower at 2.7%, well down on estimates, while in the eurozone the rate was 2.1% and in Japan 2.9%; the US Federal Reserve twice cut its interest rate by twenty-five basis points to a new level of 3.5-3.75% and the Bank of England also cut from 4% to 3.75% although there were divided opinions at both; the European Central Bank held rates at 2% and in Japan there was a rise to 0.75%, the highest level since 1995.

Profits and earnings: company profits remained robust, increasing by an estimated 12% in the US in 2025, as companies adjusted to the challenges of tariffs and to varied demand; high spending in the technology sector continued, particularly on artificial intelligence, although there were concerns over the likely future returns as well as over excessive valuations; corporate activity was at an exceptionally high level, spurred by more deregulation and by the transformation of business sectors as AI took hold.

Politics and geopolitics: America published a new national security strategy which showed very little regard for Europe and the US launched preliminary attacks on Venezuela; President Trump's peace plan to end the war in Ukraine met with typical Russian intransigence; China carried out further extensive military exercises around Taiwan and challenged the new Japanese prime minister Sanae Takaichi; a peace plan for Gaza came into effect, while there was continued tension in the Middle East.

Outlook

- / Global economic growth reasonable overall
- / Many central banks to cut interest rates
- / Strong corporate profits forecast
- / Persistent political and geopolitical factors
- / Prospects broadly positive if potential volatility

Economy: the world economy is proving resilient and in parts improving, although persistent inflation and weaker labour markets might lead to softer consumer demand while there may be further tariff disputes; the latest, increased forecast from the International Monetary Fund is for global growth of 3.3% for 2026, the same as an estimated 3.3% in 2025; the impact of tariffs has faded, while trade disputes and deals will continue; many governments are displaying fiscal largesse, including giveaways to citizens, which will add to already high global public debt levels that the IMF expects to exceed 100% of the world's GDP by 2029.

Inflation and interest rates: the rate of inflation is likely to stay above the central bank target of 2% in the US, the UK and Japan, if moderating as food price pressures ease, while in the eurozone the rate is around 2%; the squeeze on prices from higher tariffs proved modest and may yet ease while a plentiful supply of oil, even before any increased Venezuelan output, has moderated energy prices; the benefit from China exporting disinflation with lower prices for goods may lessen, after its \$1.2trn trade surplus in 2025; the Federal Reserve is expected to cut rates twice further in 2026 but even its own forecasts have proved erratic, and the political pressure continues on Jerome Powell whose term of office ends in May 2026; the Bank of England should also cut further, while the European Central Bank possibly and the Bank of Japan almost certainly will raise their interest rates.

Profits and earnings: company profits were robust in 2025 and the forecasts are similar for 2026, at 16% in the US and with the rest of the world picking up, although such forecasts at the start of a calendar year often prove optimistic; companies have adapted well to the challenges of tariffs although modest overall demand might limit the scope to increase prices and margins; a high level of IT spending notably on huge datacentres dominates in the US, while other firms buy back shares from cashflow; dividends should be resilient and corporate activity substantial.

Politics and geopolitics: the US heist to remove the Venezuelan president Nicolás Maduro was an interesting indication of a more doctrinal approach, with oil rather than democracy the driver; the peace plans to end the war in Ukraine and to extend the ceasefire in Gaza might stumble on intransigent demands; China is likely to maintain extensive military exercises around Taiwan and remain inscrutable on its plans; the hunt for resources including water will prompt conflict in a shook-up world in which many nations attack others and markets seem to shrug it off.

Prospects: the momentum from 2025 has carried into the first part of 2026 and seems unstoppable, until it is; the broadly favourable outlook remains in place if increasingly reflected in share prices which may leave little leeway for disappointment; financial conditions are generous and it usually takes a policy tightening to burst any bubble, while there may yet be a degree of volatility, if as usual a benefit in staying invested for the longer term.

Asset Allocation

The quarterly investment committee in January opted to maintain the existing asset allocation, given that the broad diversification and a blend in styles has underpinned strong absolute and relative returns in spite of the complexity in markets; we retain a modest overall exposure to the highly-valued technology sector in the US, where we see the risk of a lower share rating in spite of continued growth given the starting level of valuations; we see positive dynamics in Japan, Asia and emerging markets as a whole, while there remains reasonable value in the UK and European markets if less so than before; the weighting to fixed interest still reflects the attractive level of income with a continued focus on credit quality as well as on short duration; we maintain our exposure to alternative assets to help to offset volatility in bonds and equities, keeping the tilt to absolute return and to trend-following strategies as well as adding to our exposure to commodities given the prospects; the return on any cash that we hold in portfolios in money market funds remains attractive if likely to lessen with further rate cuts; we are mindful of the risks and ready to lock in some profits as well as to adopt a more defensive approach if appropriate.

Here is a summary of the current asset allocation by mandate as well as the wider available ranges.

Mandate		Bonds	Equities	Alternatives	Cash
Cautious	Range	35 - 60%	15 - 35%	10 - 35%	0 - 25%
	Current	42.5%	20%	25%	12.5%
Cautious Balanced	Range	25 - 50%	30 - 50%	10 - 30%	0 - 25%
	Current	35%	37%	20.5%	7.5%
Balanced	Range	15 - 40%	45 - 65%	10 - 30%	0 - 20%
	Current	25%	50%	20%	5%
Balanced Growth	Range	5 - 30%	60 - 80%	5 - 30%	0 - 20%
	Current	15%	65%	17.5%	2.5%
Growth	Range	0 - 20%	70 - 90%	0 - 25%	0 - 20%
	Current	5%	76.5%	16%	2.5%
Equity Growth	Range	2.5%	80 - 100%	0 - 20%	0 - 20%
	Current	0%	91%	8%	1%

Asset Considerations

Developed markets: the US economy has proved exceptional and might yet see the benefit of productivity gains derived from AI spending as well as a stimulus ahead of the mid-term elections, although many in the politically-divided country are struggling; the modest growth in the UK and in Continental Europe is set to continue while the sector exposure in stock markets provides reasonable value and there remain bright spots; in Japan the cabinet approved a record ¥122.3trn (\$785bn) budget for the next fiscal year with a notable increase in defence spending, as in Europe, and there remain positive dynamics in the stock market where the value of deals announced in 2025 reached an all-time high of ¥46.9trn (\$301 bn); the Australian economy should benefit from a positive commodity cycle.

Emerging markets: in China there is a subdued domestic economy with the property sector a persistent drag and with the need for sustained government incentives for consumers; earnings declined in 2025 outside the technology sector, which is one where Chinese businesses are establishing strong positions; earnings downgrades in India were also a factor in a softer stock market which has often looked expensive but where an improving economic outlook is more attractive; the AI-induced excitement in the technology sectors of South Korea and Taiwan might moderate; the wider emerging and frontier market universe offers the prospects of superior growth and sounder economies, helped by a weaker US\$.

Sectors: we retain an exposure through funds to a number of global sectors, which adds to our overall US exposure and which capture promising potential in areas such as technology and to an extent in healthcare; the insurance exposure has done well over time and smaller companies, in practice mid-sized, look particularly undervalued on a regional basis, if with no immediate catalyst for that to change.

Alternative assets: we expect continued benefits from funds with an absolute return approach that are not correlated to equity markets, although the market momentum and corporate activity can be painful for those running short positions; trend-following strategies including managed futures have captured reasonable returns; there is scope for a sustained run in precious metals and in the wider commodity universe, which we would favour as real assets over property and infrastructure.

Fixed interest: fixed interest assets offer attractive yields although there may be limited capital appreciation and even some depreciation as yields might move up and as spreads are remarkably tight; we have favoured quality and we have been wary of high yield assets given a potential deterioration in the outlook and an impact from possible excesses in the private credit market.

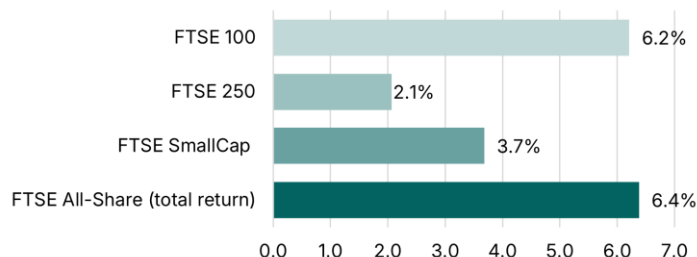
Currencies and cash: the concerns over US policy that have contributed to the strength in the price of gold are likely to see a shift from US assets that will weigh on the US\$, although none of its rival major currencies has a particular allure; we usually hedge out the risk from currency in fixed interest if not in our equity exposure; the expected returns from cash on deposit and from money market funds remain reasonable for now.

Asset Returns

United Kingdom

The FTSE 100 index was up by 6.2% over the quarter to 9931 to make a gain of 21.5% for the year. The FTSE 250 index of mid-sized companies and the FTSE SmallCap index saw rises of 2.1% and 3.7%, leaving them up a more modest 9% and 10.1% for the year respectively.

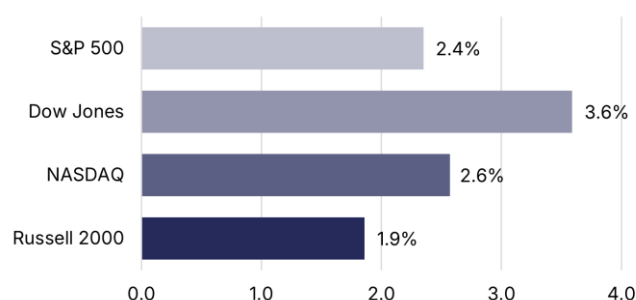
The total return for the FTSE All-Share index including income was 6.4% in the period and 24% in the year.



United States

In the US the S&P 500 index was up by 2.4% in the quarter while the Dow Jones Industrials index rose by 3.6% and the technology-oriented NASDAQ index by 2.6%; the returns for the year were 16.4%, 13% and 20.4% respectively.

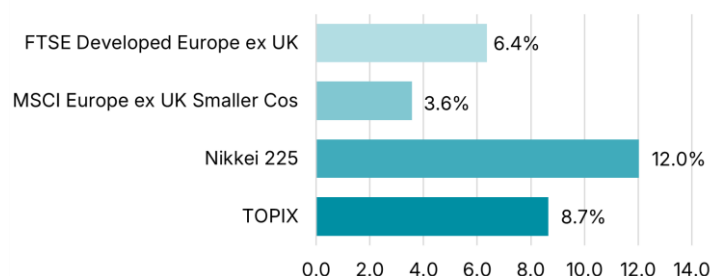
The Russell 2000 index of smaller companies was up by 1.9% in the period and by 11.3% in the year. A weak US\$ against major currencies held back the US indices to non-US\$ investors.



Europe & Japan

The FTSE Developed Europe ex UK index was up by 6.4% over the quarter and 20.2% for the year, with the Spanish and Italian markets outpacing those in France and Germany. The MSCI Europe ex UK Smaller Companies Index was up by 3.6% in the period and 19.3% in the year.

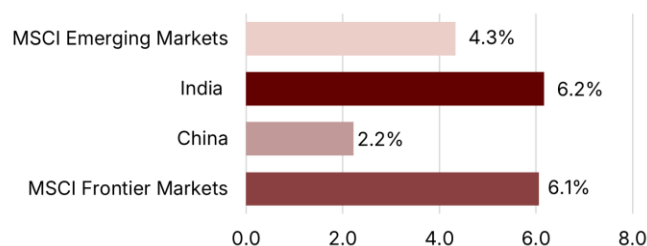
In Japan the Nikkei 225 index and the TOPIX index rose by 12% and 8.7% in the quarter, to make gains of 26.2% and 22.4% respectively for the year.



Emerging Markets

The MSCI Emerging Markets index in US\$ was up by 4.3% in the quarter and 30.6% for the year; the Korean market gained by 23.1%, to close up for the year by a striking 75.6%, while Brazil was up 10.2% and India 6.2%. The Shanghai index was up by 2.2% while the Hang Seng index in Hong Kong fell by 4.6%.

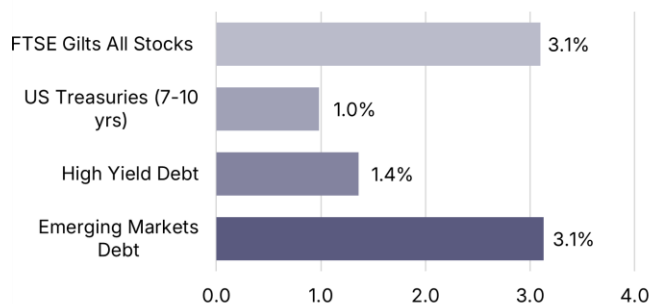
The MSCI Frontier Markets index was 6.1% higher and the Vietnamese market rose by 7.4%, to make gains of 41.6% and 40.9% respectively for the year.



Bond Markets

In bond markets the UK 10-year gilt yield fell from 4.70% to 4.48% and the total return for the FTSE Gilts All Stocks index in the quarter was 3.1%, to make 5% for the year. In Germany the 10-year bund yield moved from 2.71% to 2.86% while in the US the ten-year yield went from 4.15% to 4.17%.

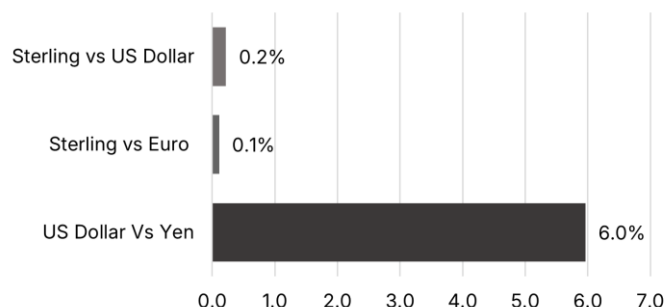
There were positive total returns in the other main bond markets, with emerging market debt doing best, rising 3.1%.



Currencies

Sterling was up by 0.2% against the US\$ in the quarter, ending at a rate of \$1.35:£, which was 7.7% higher than at the start of the year, while against the euro Sterling was 0.1% higher to end at a rate of €1.15:£, if 5.1% weaker over the year.

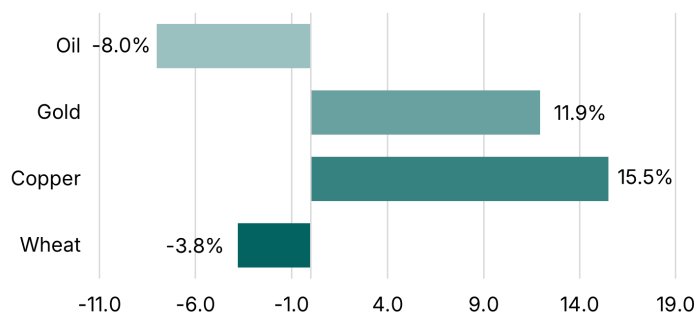
The US\$ was up by 6% in the period at ¥156:\$ against the Japanese yen.



Commodities

The price of Brent crude oil ended the quarter down by 8% at a level of \$62 per barrel, so 15.7% lower over the year. Gold gained in the period by 11.9% to close at \$4319 per troy ounce, up 64.6% over the course of 2025.

The main metals were all higher in the quarter, with the bellwether copper up by 15.5%, and the main agricultural commodities were mixed, with wheat down by 3.8%.



20th January 2026



VINTAGE
asset management

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.