



deVere  
**MPS Review  
& Outlook**

**Q4** 2025

# Q4

## Market Review

Global equities finished Q4 2025 higher, led by a late-year push in cyclical and technology sectors. The S&P 500 rose circa 2.7% over the quarter, while non-US markets outperformed. Emerging Markets also posted stronger quarterly gains driven by tech-orientated markets of Taiwan and South Korea, benefiting from the ongoing AI investment cycle.

AI remained the dominant structural theme, underpinning demand for semiconductors, cloud infrastructure and select software names. Research continues to flag very large capex needs for AI infrastructure, which is supporting technology-related earnings and investment flows.

The FED lowered the target range by 25bps to 3.50 – 3.75% at the December FOMC meeting, shifting policy into a modestly more accommodative stance and supporting risk assets into the year-end.

Long-dated sovereign yields in parts of Europe stayed elevated as fiscal concerns and persistent inflationary pressures, despite signs of slowing, kept investors cautious - the UK 30-year gilt reached multi-decade highs, reflecting renewed scrutiny of government spending plans.

Gold extended its rally into December, printing fresh record highs and finishing the year materially higher (prices topped \$4,300+/oz in late-December) as investors sought diversification amid geopolitical and fiscal uncertainty. Q4 reinforced the need for regional diversification and for allocations beyond core equities and sovereigns - real assets, gold and selected alternatives offered an effective anchor.

## deVere MPS Performance Review

Each deVere model delivered positive returns for the final quarter of 2025.

On a relative performance basis, all deVere models – Defensive, Cautious, Balanced, Moderate Growth, and Growth – outperformed their respective ARC benchmarks over the quarter.

This meant all models once again outperformed their ARC benchmarks over last year.

The Pacific Multi Asset Plus fund continued to be the top performing fund over Q4 returning 5.4% to close out the year up 15.1%. This was followed by the Pacific Multi Asset Core fund which returned 4.2%.

## Cumulative Returns From 31 Dec 2017 to 31 Dec 2025

deVere MPS vs Benchmark	1yr	3yr	5yr
deVere MPS Growth (GBP) - Clean	9.44 %	34.44 %	39.41 %
ARC Equity Risk PCI (GBP)	9.48 %	29.62 %	28.98 %
deVere MPS Moderate Growth (GBP) – Clean	10.8 %	32.20 %	37.84 %
ARC Steady Growth PCI (GBP)	9.14 %	26.23 %	24.91 %
deVere MPS Balanced (GBP) - Clean	8.84 %	27.73 %	29.44 %
ARC Balanced Asset PCI (GBP)	8.68 %	22.34 %	19.65 %
deVere MPS Cautious (GBP) - Clean	9.17 %	23.13 %	19.65 %
ARC Cautious PCI (GBP)	6.58 %	15.55 %	11.28 %

**Please Note:** All funds referenced in this financial promotion are GBP Classes.

# dVAM

## Global Equity Focus Strategy

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### Performance

- Gross of fees, the strategy underperformed the MSCI All Country World Index benchmark in the fourth quarter (Q4).
- Stock selection was unhelpful, with choices in industrials, materials and financials detracting the most. However, picks in healthcare and technology had a positive impact.
- Sector allocation weighed on relative performance in aggregate. The underweight in healthcare and overweight in industrials and technology were unhelpful, but the zero weight in real estate and underweights in the consumer sectors proved beneficial.

### Detractors

- Microsoft detracted most amid a wider pullback in AI-related stocks as investors grew increasingly wary of their high valuations. The company posted above-expectation earnings and revenues in its fiscal Q1, but investors took profits from its strong run earlier in the year.
- Eaton Corporation also detracted; shares fell after Q3 revenues came in short of forecasts, despite hitting record levels for the quarter. The results were otherwise upbeat, and management reiterated its full-year guidance.

### Top Contributors

- Applied Materials was a leading positive contributor for the second consecutive quarter. Optimism around the company's plans to cut costs by reducing its workforce helped the stock overcome the wider technology sector downturn. The company also posted above-expectation fiscal Q4 2025 revenues and earnings-per-share as well as upbeat guidance for Q1 2026.
- Taiwan Semiconductor Manufacturing Company (TSMC) also aided relative performance. The firm posted year-on-year increases in Q3 revenue and operating profit, while also raising its Q4 revenue guidance. News the US government granted TSMC an annual licence to import US chip-manufacturing equipment to its facilities in China provided a boost late in the period.

### New Purchases

- **Safran:** As a manufacturer of civilian aircraft as well as fighter jets and missiles, Safran stands to benefit from increased military spending in Europe. The firm's diversified aerospace portfolio reduces dependence on any single programme or customer, and its customers also face high switching costs. Safran also has highly predictable, long-term revenue streams through aftermarket services.
- **Recruit:** We started a position in Recruit following the company's positive quarterly results. The Japan-based human-resources business boasts the largest online job-search engine in the world, underpinned by its proprietary algorithms and scale and network advantages. The company should benefit from attractive structural trends such as increasing career mobility, shortages of skilled labour within technology and engineering, and the shift towards a more digital workplace.
- **ASML:** ASML boasts a dominant share of the global market for extreme ultraviolet (EUV) machines. These are used to pattern leading-edge chips in a variety of applications, including mobile phones and medical equipment, as well as in emergent technologies such as AI, robotics and electric vehicles. Notably, AI is increasing demand for DRAMs, which are more lithography intensive, and therefore should prove beneficial for ASML.

### Other Activity

- We sold out of Linde; although the industrial gases business remains a high-quality company, it was priced as such and may underperform if the macro backdrop improves next year.
- We also exited Meta after a strong run of performance, because we felt there is potential for the stock to derate as accelerating capital expenditure outstrips revenue growth.
- Relx was another sale as we prefer to pursue other, higher-conviction opportunities.

# dVAM

## Diversified Liquid Alternatives

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### Performance

- dVAM DLA returned +2.60% for Q4 2025 (GBP A1 shares, net of fees) and a healthy 9.21% across the year. In Q4, the Fund was c.0.8% ahead of the ARC Cautious benchmark and since inception, it is ahead by 1.35% net of fees on an annualised basis and by over 10% on a cumulative basis.

### Top Contributors

- Diversifiers led the returns, with Fidelity's FAST EM and Absolute Return Long/Short equity funds both performing well. Fulcrum's Multi-Asset Trend Fund was another strong performer, in a repeat of last quarter.
- Duff & Phelps's Clean Energy Fund again delivered the greatest Listed Infrastructure return while Gold, Neuberger Berman's Commodities Fund and RobecoSAM's Smart Materials Fund were all strong within Natural Resources. Digital REITs again dominated the REITs investments.
- Within Credit, it was the High Yield and Securitised Credit investments that led but returns were more muted this quarter given how tight spreads are.

### Detractors

- Convertibles gave back a little of their gains after what has been a very strong year.
- Montanaro's Global Select Fund continued to struggle, impacted by the same factors as in the 3rd quarter as investors preferred cash-rich, resilient larger cap stocks, which appear better able to absorb or pass on tariff-related cost increases and/or to weather economic uncertainty.

### General Comments

- The quarter began with the US government entering a shutdown after Congress failed to agree on a funding package. This meant lots of economic data was not released as expected, causing uncertainty before an agreement was reached in November. US/China trade tensions were volatile during this period as well. Afterwards, things settled down. The economic growth picture was robust and stable to lower inflation, and a weakening jobs market enabled central banks to cut rates, providing a boost to risk assets and the focus on AI and Tech-related investments continued to dominate both investments and market narrative.
- Somewhat by design, dVAM DLA comprises little exposure to the A.I. related stocks that have driven markets relentlessly higher in recent months. However, it again delivered solid performance over the quarter and 2025 as a whole, comfortably ahead of its ARC Cautious reference benchmark.
- Given how tight spreads have become, we trimmed several Credit exposures – redeeming from those offering lower yields for the associated credit quality, and less duration protection, a useful characteristic should there be an economic slowdown. We also re-evaluated our Convertibles manager, RedWheel, when a senior portfolio manager left to move overseas. This resulted in a decision to redeem in full. Part of the proceeds went to BlueBay's Impact Aligned Bond Fund, with the balance being held in cash, for now. Finally, we realised profits from Duff & Phelps's Clean Energy Fund, which has had a very strong year, as well as Gold.

# dVAM

## Global Equity Income

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### Performance Attribution Commentary Q4 2025:

- The Fund's overweight exposure to Consumer Staples and Industrials compared to the benchmark acted as a drag on relative performance over the quarter.
- Individual holdings within Industrials such as Eaton and Paychex were weak, and in Financials, Arthur J Gallagher and Blackrock.
- The Fund benefited from an overweight allocation to Health Care, which was the best-performing sector in the quarter, and from its exposure to Roche, which was especially strong.
- The Fund's underweight allocation to Information Technology was a tailwind to relative performance and it benefited from positive stock selection from TSMC and Cisco, which were strong.

### Top Contributors Q4 2025 (TR USD):

- Roche (+26.8%)
- TSMC (+15.6%)
- Cisco Systems (+13.3%)
- Assa Abloy (13.2%)
- Haleon (+12.7%)

### Detractors Q4 2025 (TR USD):

- Arthur J Gallagher & Co (-16.2%)
- Eaton Corp (-14.7%)
- ANTA Sports Products (-13.9%)
- Mondelez International (-13.0%)
- Paychex (-10.6%)

### Dividend Actions 2025

- 34 companies announced increases for their 2025 dividend vs 2024. The average dividend growth of these companies was 7.0%.
- 1 company announced a flat dividend vs 2024.
- 0 companies announced a dividend cut or cancellation.
- The average dividend growth across all 35 companies was 6.8%.

### General Comments

- The Fund retains strong 'quality' characteristics, a style which was out of favour in 2025 but which we believe makes it well placed to weather any volatility that lies ahead.
- The Fund maintains a balance between quality defensive (approx. 40%) and quality cyclical/growth-oriented (approx. 60%) companies.
- On a price/earnings basis, the Fund trades at a slight valuation discount to the benchmark.

# Global All Cap Opportunities

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## Performance

- In Q4 2025, Pacific Global All Cap Opportunities lagged the MSCI ACWI Index. The primary headwinds came from the Technology and Communications, while the Financials, led by Svenska Handelsbanken, delivered strong performance.

## Top Contributors

- Top contributors were Svenska Handelsbanken and Greggs.
- Handelsbanken, one of the largest positions in the fund, continues to operate in a conservative and well-capitalised manner, with a loss ratio that remains unmatched among Nordic peers. In the most recent earnings release, the bank reported its 7th consecutive quarter of negative credit costs – a testament to the risk and ROE centric culture at the bank. Despite this cautious approach, its operational efficiency, evident in a low cost-to-income ratio of 40.5% in Q3, allows the bank to generate consistently attractive, double-digit, returns on equity.
- Greggs, another high conviction business in the fund, issued a short but reassuring trading update in early October. Despite macro headwinds, the company proceeded to open new shops. Management also confirmed that the two new distribution centres are on track to become operational in 2026 and 2027, respectively, further enhancing its vertical integration advantage. Greggs is entering a harvest phase of cash flows as cap-ex intensity should fall following the completion of their distribution centres, and given the

company has no leverage (outside leases), excess cash should be distributed to shareholders via the regular dividend and buybacks.

## Detractors

- Main underperformers were AutoZone and Fielmann Group.
- AutoZone's share price reacted negatively to lower operating margin numbers in the most recent quarter, largely due to aggressive expansion and investments in supply chain capabilities. The company continues to execute its growth strategy, both opening new locations and delivering healthy same store sales, while the management takes action along the way to make the business more resilient.
- Fielmann's negative contribution was driven by weak consumer sentiment and low foot traffic in Germany as well as in the US. Despite operating in a currently slow optical retail market, the company has managed to keep its dominant market share and stable EBITDA margins.

## General Comments

- Underperformance in October driven largely by not owning Mag 7 as well as currency headwinds from underweight USD (and overweight GBP/JPY). This is mirror image of what we saw in Q1/Q2. Starting to see signs of this changing again recently.
- Although we admire the legacy business models of some of the large technology companies which drove markets last year, valuations today do not seem to factor in the risks associated to elevated capital spending on yet to be proven AI economics.
- Portfolio has significant weighting towards ex-US developed markets where valuations are more favourable.
- Beginning to see more opportunity in 'fallen angel' technology stocks (software/ classifieds).
- As of the end of Q4, the current Owner's Yield of the portfolio was 6.4%, compared to 4.2% US, 4.4% UK, 3.2% Eurozone bond yields. ROCE stood at 16%.



# dVAM

## Smarter Money Credit

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### Performance & Outlook

In the month of December, there was a secular shift in interest rate expectations marked by a bull steepening in many global yield curves, whereby short-term interest rates declined while long-term rates climbed. This reflected several cross-currents, including the US Federal Reserve continuing to ease its policy rate lower, combined with investor anxiety about deteriorating budget deficits, ever-growing government bond issuance, and the spectre of inflation rates not mean-reverting sustainably to central bank targets, amongst other things.

In 2025, there were several dominant market thematics, including the advent of the trade war, the AI revolution and related hyperscaler capex boom, the emergence of further Fed cuts, and then burgeoning investor insouciance with President Donald Trump's otherwise radical economic and geopolitical ideas.

The trade-weighted US dollar depreciated by 7-8% as a result of de-dollarization diversification and the impact of the Fed's cuts, although the damage was done in the first half of the year (in the second half, the trade-weighted USD index tracked sideways).

In bond markets, one of the best-performing assets in 2025 was global duration. The 5.9-year duration Bloomberg Global Aggregate Corporate Index returned between 6.62% (AUD) and 7.08% (USD). This exceeded the cash rate in AUD (3.88%) and USD (4.24%), and the duration-hedged version of the Global Aggregate Corporate benchmark, which returned between 5.47% (AUD) and 5.89% (USD). In the Australian market, both long-duration and floating-rate indices delivered inferior outcomes to their global counterparts: the 4.8-year duration AusBond Composite Bond Index returned only 3.17%, while the AusBond FRN Index rose 4.97%.

In 2025, Coolabah traded AUD\$129bn of bonds. This was split by approximately A\$71bn of credit trades combined with A\$57bn of government and sub-sovereign trades.

### General Comments

Coolabah's main macro ideas for 2026 are best summarized as follows:

- We believe that the US economy will surprise with its strength in the years ahead, underpinned by the AI capex boom, reshoring of supply chains, a manufacturing renaissance, aggressive deregulation, reinvigorated entrepreneurial activity, political policy clarity, and renewed public support for business-friendly outcomes.
- We believe that the political zeitgeist globally remains focused on public spending in the name of winning short-term votes irrespective of the enduring fiscal consequences, which creates material inflation and interest rate risks in the period ahead.
- We believe that the AI revolution is more likely to be inflationary rather than disinflationary in the near-term as a consequence of resource bottlenecks, understated capex spending competition, and the likelihood that AI will generate positive rather than negative net employment demand over the next 1-2 years.
- We believe that the monetary policy easing cycle has run its course and that the risk of interest rate increases in 2026 and 2027 has been underestimated by markets, although a recent reassessment has taken place.
- We believe that government bond term premia and the long-term cost of capital are likely to remain elevated and could drift materially higher in an environment where the US economy expands at a faster-than-expected pace (and other nation-states eventually seek to emulate its policy posture).
- We believe that the probability of stronger-than-anticipated economic outcomes is likely ahead of the midterm elections in the US.
- We believe that risk premia have shifted from corporate to public sector balance sheets, which is why credit spreads have compressed while term premia and long-term risk-free rates have increased.
- We reckon the US de-dollarization dynamic is a short-term phenomenon and re-dollarization will eventually become a new normal once Trump's policies are better understood.
- We believe that there are many latent inefficiencies in global bond markets that Coolabah is uniquely positioned to capitalize on.

# dVAM

## Multi-Asset Active Range

### Performance

- All the dVAM Multi-Asset Active funds generated positive returns over the course of the quarter with returns ranging from 2.5% to 3.6% across the risk profiles (in GBP terms).
- This builds on the positive performance of the portfolios year-to-date and over the year, with the dVAM Multi-Asset Active funds returning between 8.9% and 11.7%.
- All asset classes contributed positively to performance with equities being the top contributor as we saw positive returns across all regions.

### Top Contributors

- Over Q4, we saw strong returns from our allocations to UK and European equities which as a basket in GBP terms returned 6.8% and 4.9% respectively. Meanwhile, our allocation to Emerging Equities continued to perform well, being up 4.5% over Q4.

### Detractors

- All asset class and sub-asset class baskets were positive over the period.

# PAM

## Multi-Asset Accumulator Range

### Performance

- All Multi-Asset Accumulator funds produced positive returns over the quarter with returns ranging from 1.6% to 5.3%.
- The Multi-Asset Accumulator Plus, Core, and Conservative funds also once again outperformed their ARC benchmarks over Q4.
- Over the year all PAM Multi-Asset Accumulator asset funds generated positive absolute returns.

### Top Contributors

- Alternatives were the strongest performing asset class returning 8.8% (in GBP terms) over Q4, driven in large part by our allocation to gold which continued its move up in Q4
- The equity allocation was positive over the quarter, up 6.5%.
- The strongest performing sub-asset class within the equity basket was Global Equity, with returns of 10.6%.
- Over the year all asset classes within the fund, Equities, Fixed income, Alternatives and diversifying assets produced positive returns for clients.

To learn more about our services, contact one of our Financial Advisers in your area.

### Global Client Services

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