

VT Esprit Careful Growth

Portfolio Date: 31/12/2025

Investment Strategy

The investment objective of the VT Esprit Careful Growth fund is to achieve a level of investment return in excess of the benchmark over the longer term (5 years+). The fund will be actively managed in order to achieve its objective by investing in a globally diversified range of asset classes including equities, fixed income, money market instruments, cash, property and commodities.

Fund Information

	Inception Date	ISIN	IA Sector	OCF	Share Class AUM	12 Month Yield
C Acc	01/09/2023	GB00BQ2KRJ72	Mixed Investment 0-35% Shares	0.68%	£ 180,734,444	3.18%
Acc	23/01/2018	GB00BF0Q2S42	Mixed Investment 0-35% Shares	0.93%	£ 15,325,928	3.19%

Monthly Commentary

What happened in markets?

The so-called 'Santa rally' failed to materialise in December as conflicting economic data led to a mid-month sell-off, before global stocks clawed their way back to reach new highs. US stocks underperformed the rest of the world as mining and bank stocks led gains, sectors with heavy representation in European and emerging markets.

In fixed income markets, UK government bonds ('gilts') made a modest positive return despite global government bonds registering negative returns overall, reflecting ongoing support for UK assets following November's Budget. Japanese government bonds sold off in response to the approval of a new economic stimulus package, and as the Japanese central bank once again raised policy interest rates with the aim of bringing inflation back in line with its target.

Volatility in commodity markets was notable, with gold and silver rising to record high prices. Industrial metals such as copper also enjoyed a strong month, as demand linked to artificial intelligence, defence and the energy transition underpinned a commodity frenzy in 2025. However, oil prices ended the year near four-year lows as oil production increased into a market experiencing weaker demand.

What is the outlook?

The outlook for US corporate earnings growth looks far healthier than for the rest of the world, with US companies expected to deliver low double-digit earnings growth in 2026. However, stronger-than-expected economic growth and stubborn inflation may prevent US bond yields moving much lower from current levels without a jump in US unemployment or recession (as a reminder, bond yields typically move inversely to bond prices).

At the beginning of 2025 we saw US stocks underperform the rest of the world materially, fuelled by concerns over US stock market valuations, government policy and a weaker dollar. However, we think the odds of a repeat in the first quarter of 2026 are low given that stock markets other than the US enjoyed particularly strong performance last year, despite the absence of any meaningful earnings growth for most companies.

The artificial intelligence (AI) story remains key to the performance of US stocks, and as we have previously written, we do not believe the world is in an AI bubble, nor on the cusp of an AI-related meltdown in global stock markets. In the near-term, demand for AI goods and services is likely to continue outstripping supply, and we see AI scepticism and the recent fall in technology stock prices as being healthy pre-cursors to a continuation of the longer-term bull market in AI-related stocks.

We also remain positive on the prospects for Japan, where the earnings outlook is equally attractive, whilst there is scope for Europe to outperform rather modest growth expectations as German fiscal stimulus starts to work its way through the region.

Finally, the performance of the UK economy should have little bearing on the performance of the FTSE 100, given that the majority of company revenues are earned overseas, although we do see scope for UK mid and small caps (finally) to give their large-cap peers a run for their money as UK interest rates fall faster than expected, providing a boost to the domestic economy and consumers.

Why Invest

Simplicity

A single fund to meet your investment needs

Diversification

Access a range of asset classes, investment styles and geographies

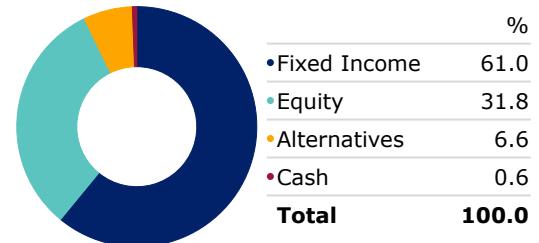
Actively managed

The fund will change as market conditions and the economic cycle evolves

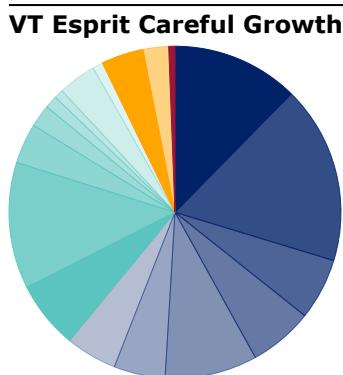
Expertise

The managers share 60 years investment experience

VT Esprit Careful Growth - Asset Split



Asset Allocation



VT Esprit Careful Growth

	%
UK Government Bonds	12.4
Global Government Bonds	17.3
Sterling Corporate Bonds	6.0
Global Corporate Bonds	6.3
Strategic Bonds	9.0
High Yield Bonds	5.0
Emerging Market Bonds	5.0
UK Equities	6.6
US Equities	12.3
European Equities	3.9
Japanese Equities	2.2
Global Equities	1.2
Pacific ex Japan Equities	0.9
Emerging Market Equities	3.7
Thematic/Small Cap	1.0
Infrastructure	4.1
Gold	2.5
Cash	0.6
Total	100.0

Top 10 Holdings

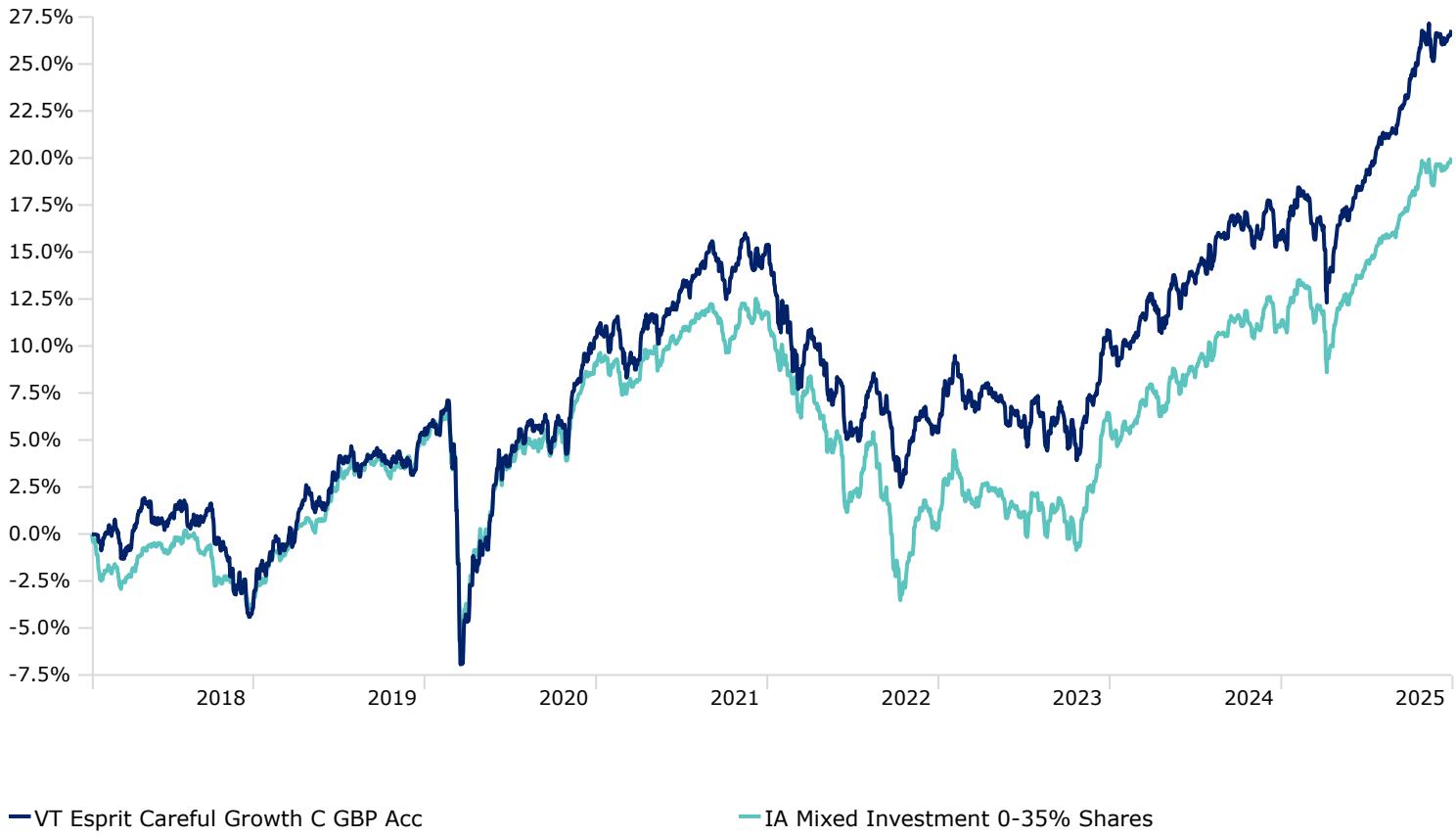
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	Portfolio Weighting %
Vanguard US Government Bond Index	13.0
Amundi UK Government Bond ETF	12.4
abrdn Global Corporate Bond Screened Tracker	6.3
Artemis Short Duration Strategic Bond Fund	6.0
iShares Corporate Bond Index	6.0
SPDR S&P 500 ETF	5.7
Vanguard Euro Government Bond Index	4.3
Vanguard FTSE 100 Index Unit Trust	4.0
Amundi MSCI Emerging Markets ETF	3.7
HSBC Global EM Government Bond Index	3.7

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Investment Growth

Time Period: 24/01/2018 to 31/12/2025



Source: Morningstar Direct, Total return, GBP, Performance is for the C Acc unit but prior to 01/09/2023 it is the Acc unit

Cumulative Returns

	1 Year	3 Years	5 Years	10 Years	15 Years
VT Esprit Careful Growth C GBP Acc	9.60	20.27	14.77	—	—
IA Mixed Investment 0-35% Shares	8.02	19.57	10.12	37.81	66.44

Discrete Calendar Years

	2025	2024	2023	2022	2021
VT Esprit Careful Growth C GBP Acc	9.60	4.41	5.10	-8.63	4.45
IA Mixed Investment 0-35% Shares	8.02	4.37	6.06	-10.22	2.57

Important Information

This information should not be regarded as investment advice regarding the sector, funds, or any stock in particular, nor should it be a recommendation or relied upon as including sufficient information to support an investment decision. This document is for information purposes only and advice should be sought before making any decisions. You should read the Key Investor Information Document (KIID) before investing. The fund is denominated in one currency but may hold assets which are priced in other currencies. Past performance figures are not audited and should not be taken as a guide to future performance. This material represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future results.

Investment in any fund is intended as a long-term investment. The value of an investment and any income from it can go down as well as up, so an investment may not get back the original amount invested. Past performance is not a guarantee of future performance. While considerable care has been taken to ensure the information contained within this document is accurate and up to date, no warranty is given as to the accuracy or completeness of any information and no liability is accepted for any errors or omissions in such information or any action taken on the basis of this information.

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12 Month yield: The amount of income generated by the fund in the last 12 months expressed as a percentage of the previous month end price. Where distribution status is shown as 'Acc' this yield is automatically reinvested into the fund but may still generate a liability to income tax depending on individual circumstances.

OCF: The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the fund. It is made up of the Annual Management Charge (AMC), the underlying fund charges, and other operating costs.

Performance figures are net of the underlying fund charges and gross of adviser and platform charges. Deduction of these fees and charges will impact on the performance shown.

This information was compiled and produced by Shackleton Advisers Limited using source data provided by Morningstar.