

AQ CLASSIC MPS

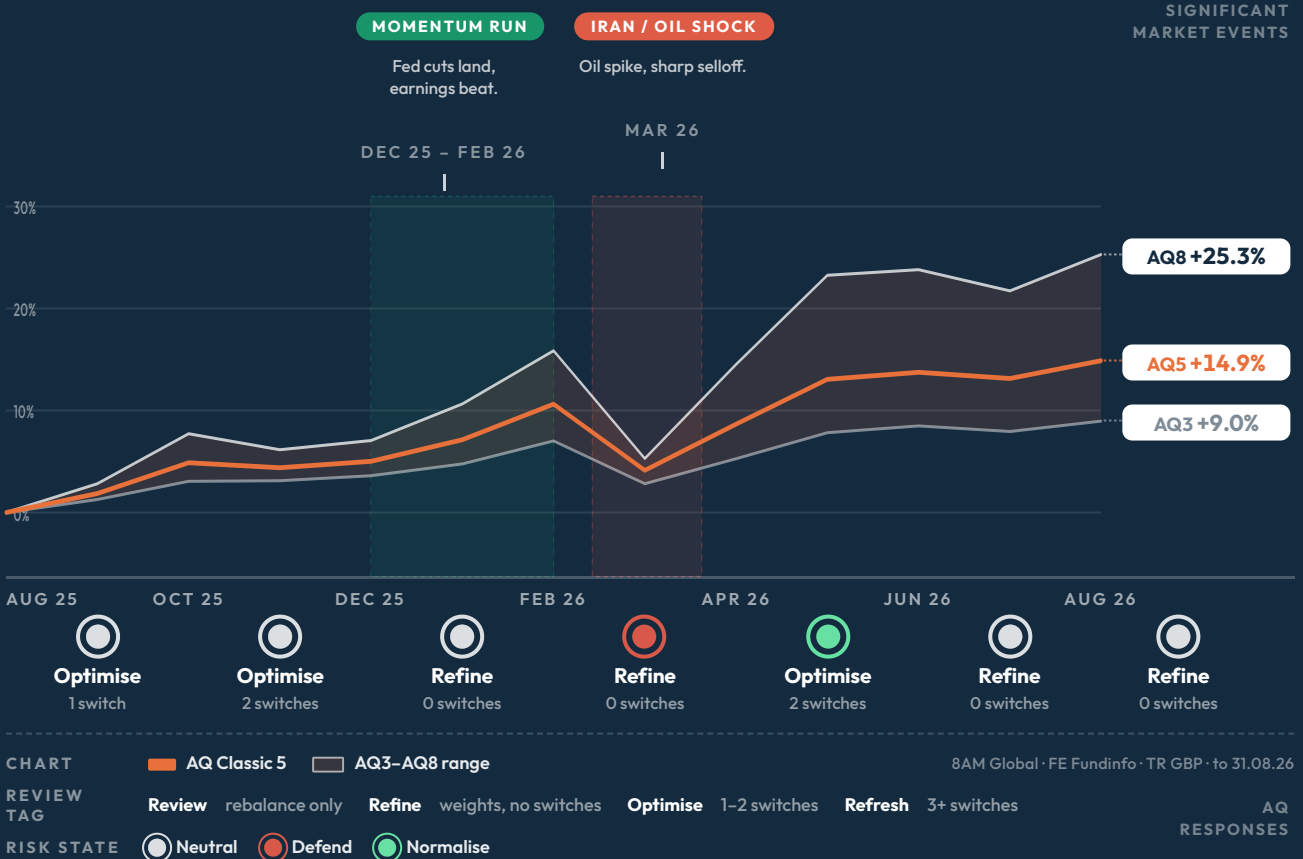
REVIEW PERIOD 1 SEP 25 – 31 AUG 26 ISSUED SEP 26

Steady decisions across 12 months of changing markets.

12 MONTHS IN BRIEF

The 12 months to 31 August 2026 included strong gains through the winter, a sharp market setback in March and a subsequent recovery. Returns ranged from 9.0% in AQ Classic 3 to 25.3% in AQ Classic 8. All six models delivered positive returns and finished ahead of the average of their respective benchmark sectors.

AT A GLANCE



AQ CLASSIC 5 · 12-MO

+14.9%

↑39vssector

All six models ahead of their benchmark sector average over the period. Range +9.0% (AQ3) to +25.3% (AQ8).

MODELS POSITIVE

6/6

Every model ahead of its benchmark across the range.

AQ WIN RATE

76%

Average, unweighted rolling 12-mo since inception.

01 · WHAT WE DELIVERED

Six risk bands, six positive outcomes.

Returns over the rolling 12 months to 31 August 2026. Every AQ Classic model ahead of the average of its benchmark sector; widest at the higher bands where active selection compounded faster.

AHEAD OF SECTOR AVG

6/6

AQ CLASSIC 5

14.9%

AVG OUTPERFORMANCE

+3.6%

Every model ahead of the average of its benchmark sector.

MODEL	VS BENCHMARK SECTOR	AQ %	SECTOR %	DIFFERENCE
AQ Classic 3 VS IA MIXED 0-35%		+8.97	+7.26	+1.71
AQ Classic 4 VS IA MIXED 20-60%		+11.71	+11.03	+0.68
AQ Classic 5 VS IA MIXED 20-60%		+14.89	+11.03	+3.86
AQ Classic 6 VS IA MIXED 40-85%		+17.96	+14.83	+3.13
AQ Classic 7 VS IA MIXED 40-85%		+20.57	+14.83	+5.74
AQ Classic 8 VS AFI AGGRESSIVE		+25.29	+18.95	+6.34

■ AQ Classic ■ Benchmark IA Mixed Asset sector average

Source: 8AM Global · FE Fundinfo · Total return, net, GBP · 31.08.2025 – 31.08.2026

Through the cycle · AQ Classic 5 vs benchmark

CUMULATIVE % · TO 31.08.2026

1 YEAR

+14.9% sector +11.0%
+3.9 ahead

3 YEARS

+38.4% sector +30.7%
+7.7 ahead

5 YEARS

+24.4% sector +21.0%
+3.4 ahead

Snapshot figures are best read in the context of the long term. Over one, three and five years AQ Classic 5 has stayed ahead of the average of its benchmark IA Mixed Investment 20-60% sector, and the margin has widened with time. Past performance is not a guide to the future.

02 · REVIEWS, IN ORDER

Each portfolio review, explained.

The fund switches, asset allocation adjustments and rationale across the 12-month review period.

September 2025

Q3 25

OPTIMISE

Streamline the equity sleeve: UK Income out, Aegon Abs Return in

UK Equity Income removed; Aegon Absolute Return Bond added; direct money market funds out in favour of short-dated credit. **JPM Japan → Man Japan Core Alpha** (579→679) on Man's positive momentum.

1

FUND SWITCH

9

ALLOCATION ADJUSTMENTS

November 2025

Q4 25

OPTIMISE

Methodology update closes the Japan story

Delay factor added to AQ methodology in IA Japan; Man Japan switched back to **M&G Japan** (521→708). **Artemis UK Smaller → Fidelity UK Smaller** (518→713) on consistency grounds. Asia/EM/China up; thematic tech trimmed.

2

FUND SWITCHES

5

ALLOCATION ADJUSTMENTS

January 2026

Q1 26

REFINE

No fund switches: structural repositioning instead

Zero switches. **JPM Natural Resources** added (real-assets strategic), **EMD upgraded** to Barings TR, **Tellworth removed**, **Invesco US Enhanced Index** added. IA Global sector reintroduced. Modest equity increase, more active management.

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FUND SWITCHES

8

ALLOCATION ADJUSTMENTS

March 2026

Q1 26

REFINE · DEFEND

Iran shock: expedited de-risking, three sectors to Defensive

Expedited review on 12–13 March. Europe, Asia and EM moved to **Defensive scenario**; US dollar hedge removed; money market sleeve increased materially. Pragmatic positioning, not a structural change.

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FUND SWITCHES

3

SCENARIO CHANGES

May 2026

Q2 26

OPTIMISE · NORMALISE

Back to Standard across the board, and two new fund picks

All three Defensive sectors returned to Standard. **M&G Asian → Baillie Gifford Pacific** for sharper Asian semiconductor/AI exposure. **Fidelity UK Smaller → IFSL Marlborough UK Micro-Cap**, further down the size scale.

2

FUND SWITCHES

3

SCENARIO CHANGES

July 2026

Q3 26

REFINE

No fund switches: a construction-led review

No holding needed replacing on ranking grounds, so the review focused on how the portfolio is built: an equally weighted S&P 500 fund broadened the US core, emerging markets were restructured to cut overlap, the UK smaller-companies holding was retired into broader mid-cap, and property and bonds were rebalanced.

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FUND SWITCHES

5

ALLOCATION ADJUSTMENTS

September 2026

Q3 26

REFINE

A more efficient use of the risk budget

Four targeted construction changes refined the range. Listed property was removed so the risk budget could be used more effectively; US equity exposure was broadened through the equal-weight holding; the absolute-return sleeve was concentrated in two stronger, more clearly defined positions; and the core global bond exposure moved to a lower-cost equivalent.

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FUND SWITCHES

4

ALLOCATION ADJUSTMENTS

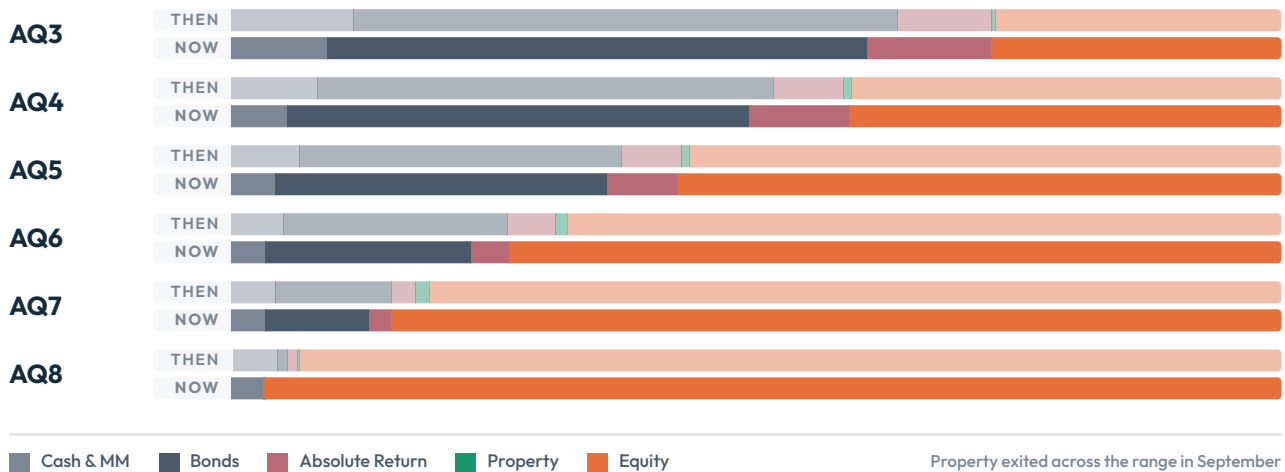
03 · MIX & SCENARIOS

How asset allocation has changed.

Year-on-year allocation change per band, alongside the sector scenario changes that shaped the year. Most changes are small refinements; the March episode was pivotal.

Asset blend: 12 months ago vs today

Then · Sep 25 Now · Sep 26



SECTOR SCENARIO · 12 MONTHS

One defensive episode.

Standard · normal stance Defensive · de-risked Not in use

	SEP 25	NOV 25	JAN 26	MAR 26	MAY 26	JUL 26	SEP 26
UK All Companies	Standard	Standard	Standard	Standard	Standard	Standard	Standard
UK Smaller Companies	Standard	Standard	Standard	Standard	Standard	Standard	Standard
Europe ex UK	Standard	Standard	Standard	Defensive	Standard	Standard	Standard
North America	Standard	Standard	Standard	Standard	Standard	Standard	Standard
N. American Smaller Cos	Standard	Standard	Standard	Standard	Standard	Standard	Standard
Japan	Standard	Standard	Standard	Standard	Standard	Standard	Standard
Asia Pacific ex Japan	Standard	Standard	Standard	Defensive	Standard	Standard	Standard
Global Emerging Markets	Standard	Standard	Standard	Defensive	Standard	Standard	Standard
Technology	Standard	Standard	Standard	Standard	Standard	Standard	Standard
Global	Not in use	Not in use	Standard	Standard	Standard	Standard	Standard

1 March 2026. Europe, Asia & EM moved Defensive through the Iran / oil shock; all back to Standard by May.

2 September 2026. Property exited the range entirely; all nine remaining sectors hold their Standard scenario.

IN PLAIN TERMS

What changes when a sector turns Defensive?

Every sector runs in one of two scenarios. We switch on the data, not on a hunch.

Standard

Picks the best-scoring fund in each sector, balancing growth and risk as usual.



Defensive

Leans to steadier, lower-risk funds and trims the sharpest-moving exposure.

Flips to **Defensive** when our risk model breaches tolerance, a sector's momentum weakens, or the team sees a macro risk the data hasn't yet caught. It returns to **Standard** once conditions settle.

The aim isn't to time markets, but to pragmatically reduce sensitivity through periods of erratic returns until the signal-to-noise ratio improves.

04 · WHAT WORKED, WHAT DIDN'T & WHAT'S NEXT

A year of process, rewarded.

Contributors and detractors over the period, the team's view into the next two quarters, and a plain-English glossary for client conversations.

Contributors

- **Quality fund selection in UK & Japan**
Three Japan switches over four months captured the rotation as leadership shifted.
- **Real assets & natural resources**
JPM Natural Resources, added January, delivered when oil rose into March.
- **Up-in-quality fixed income**
Shorter-duration credit held its ground as risk spreads widened in March.
- **Disciplined sector scenarios**
The March defensive episode reduced beta when the data demanded, and was unwound by May, ahead of the recovery.
- **Active equity tilt**
January's pivot captured dispersion as the AI capex narrative repriced.

Detractors

- **US large-cap growth (briefly)**
Late-Feb AI-capex reassessment compressed tech multiples.
- **Smaller companies**
UK and US small-caps sensitive to rates and sentiment shifts late in period.
- **Long-duration gilts**
Weaker as renewed inflation uncertainty weighed on the rate path.
- **EM debt at the margin**
Pressured by widening spreads in March; trimmed in the same review.

05 · OUTLOOK · INTO Q4 2026

If the geopolitical premium fades, the underlying trends re-emerge.

Central expectation: conflict moves toward resolution, energy prices stabilise, inflation pressures ease. Structural themes (digitalisation, AI, healthcare innovation, energy transition) provide the foundation for long-term returns.

UNITED STATES

Supportive: picture intact

Economy expanding, labour market holding up, AI/infrastructure investment strong.

ASIA & EM

Relatively well-positioned

Policy flexibility and earlier rate cuts provide a buffer; China stabilising.

UK & EUROPE

Near-term headwind, easing

Higher energy visible; easing monetary policy and improving real incomes should support recovery.

FIXED INCOME

Attractive starting yields

Shorter-duration and corporate credit most compelling.

PLAIN-ENGLISH GLOSSARY

FOR CLIENT CONVERSATIONS

AQ score

Our 1-930 ranking of every fund in a sector. Higher = stronger relative performance, risk and consistency.

Benchmark sector

The IA Mixed Asset sector each model is measured against. We compare to the sector average, not a peer.

Fund switch

A planned change because a holding fell down our ranking and a better-scoring fund is available.

Win rate

How often AQ-selected funds beat their sector average over a rolling 12-month window since 2017.

Sector scenario

How cautiously we screen a sector. 'Standard' = normal stance; 'Defensive' = more careful as new data is ingested.

Dynamic Planner risk

The 1-10 scale that defines each model's target risk. Bands AQ3-AQ8 sit at the corresponding number.

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