

## Fairstone James Hambro &amp; Partners 7

## Investment Aim

The portfolio is designed to provide risk adjusted returns. It aims to achieve capital appreciation and reduce investment risk through diversification across asset classes and geographies.

This portfolio is managed to maximise risk adjusted returns within a target volatility range of 11.8% and 15.4% over rolling 10-year time periods. This is not guaranteed, and actual volatility may fluctuate outside of these boundaries.

Ranking the risk on a scale of between 1 and 10, where 1 is the lowest, we place this portfolio as 7.

## Investment Growth

Time Period: 01/01/2021 to 31/12/2025



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— IA Flexible Investment

## Cumulative Performance

1 Year 3 Years 5 Years

Fairstone James Hambro & Partners 7 8.70% 31.04% 31.02%

IA Flexible Investment 12.11% 31.32% 32.92%

## Calendar Year Returns

YTD 2025 2024 2023 2022 2021

Fairstone James Hambro & Partners 7 8.70 8.70 12.40 7.25 -10.03 11.14

IA Flexible Investment 12.11 12.11 9.16 7.31 -9.13 11.38

## Portfolio Overview

Portfolio Manager James Hambro & Partners

Investment Universe Multi-Instrument

Yield 0.00%

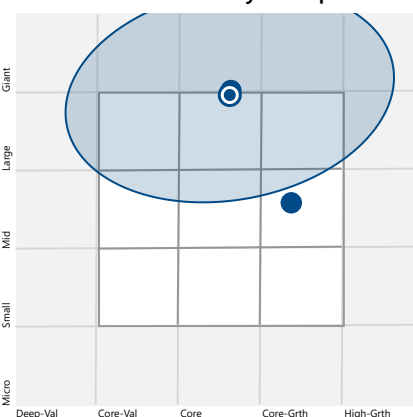
Portfolio Start Date 01/10/2019

Ongoing Fund Costs 0.39%

DFM Fee 0.25%

Total Portfolio Charge 0.64%

## Investment Style Map



## Risk Scale

7

Target 10 Year Volatility

This portfolio is managed to maximise risk adjusted return within a target volatility range of between 11.8% and 15.4% over a rolling 10-year time periods. This is not guaranteed, and actual volatility may fluctuate outside of these boundaries.



**Portfolio Manager, Head of Professional Adviser Services**

## Billy Hughes

Billy joined James Hambro & Partners in 2011 after obtaining an honours degree in Economics at Cardiff University. After a year working within the Operations department, Billy headed up Treasury and the Dealing team before moving to the investment team in 2015. In 2018 Billy became a Portfolio Manager helping to support and grow JH&P's Professional Adviser Services business. In 2022, Billy was promoted to Joint Head of the Professional Adviser Services team.

## Investment Adviser's Market Commentary

Our core view remains that the US economy is in a relatively healthy state and could strengthen next year, while corporate profits continue to grow, meaning that there are few signs of an economic reversal. And yet, even with this benign backdrop fears are increasing that the artificial intelligence-led stock surge may come undone as overambitious projections meet more realistic assessments about the costs and benefits of a step change in global technology.

Another blot on the seemingly rosy landscape is that the economic situation can change quickly – in fact faster US growth could lead to a resurgence in inflationary pressures. The most recent figure suggests that inflation is not getting worse but rather is stuck near 3%, one whole percentage point above the Federal Reserve's 2% target. It was against that background that there was a tension at the Fed's December meeting – whilst policymakers did indeed cut interest rates by a quarter percentage point to the lowest in three years, the list of attendees was split between those who thought it was foolhardy to cut rates with inflation where it is, those who backed the small change, and a Trump supporter who called for an even bigger reduction.

Trump himself has made no secret of his support for a much more aggressive rate cutting programme – what self-respecting former real estate magnate wouldn't want cheaper borrowing? For those worried that our politics are too short-term, of course one of the main drivers for Trump to encourage faster rate cuts is that this will put more money in consumers' pockets in the run-up to the mid-term elections next year.

Still, it's not as if those eager to cut rates don't have more than a political incentive. One of the bigger concerns in the US at the moment is a slowing labour market – ADP, a commercial payroll processor whose data became a proxy for labour market statistics during the recent government shutdown, said that private employers cut 32,000 jobs in November, against predictions of a 10,000 rise. The losses were mainly concentrated in smaller companies, ADP said. Yardeni Research noted recently that for young adults aged between 20 and 24, the unemployment rate has risen from 6% in January to 9.2% in September.

Yet elsewhere, there is no sign of a slowdown in US growth with the Federal Reserve of Atlanta predicting that GDP growth for the third quarter will be at 3.5% – not exactly recession territory. Together with rate cuts and the prospect of an increased fiscal injection into the economy next year as Trump's signature Big Beautiful Bill comes into effect, this increases the risk that prices might rise even faster in coming months. Let's not forget, inflation matters because of the turbulence it causes – continually rising prices eventually mean that interest rates have to move upwards which then puts a brake on sought after economic growth.

It's all very well being able to identify when prices might be overvalued but it's another thing knowing when they might reverse. Our strategy therefore has been to acknowledge the fundamental shift that the AI revolution will bring while using the imbalances that it has caused to construct a robust portfolio that should thrive in a range of scenarios. As investors we see growing opportunities in quality companies in those sectors that have been left behind of late as the market has proven pre-occupied with AI-related participants. Likewise, we continue our investigations of the best potential in emerging markets.

Whilst not high on many investors' bingo card currently, any tangible signs that inflation might be resurging could perturb markets with 2022's surging prices fresh in the memory. This means we are continuing to hold bond investments of shorter duration, which are less sensitive to rising prices and interest rates and more insulated from government profligacy. At the same time, we continue to hold gold and hedge funds as a diversified safety net balancing against more risky and volatile stock markets.

## Stock in Focus

### Brookfield

Headquartered in Toronto, Brookfield Corporation is a Canadian conglomerate with a 100+ year history of owning and operating critical infrastructure assets which act as the backbone of the global economy. Brookfield manages over \$1tn of assets through its three-quarters ownership stake of Brookfield Asset Management which is complemented by a range of other business interests spanning infrastructure, renewable energy and real estate, private funds and a rapidly growing wealth and retirement solutions business.

Brookfield Corporation is one of the world's leading alternative asset managers with a long track record of superior capital allocation. The company has deep sector specific expertise across infrastructure, renewables and private equity and credit, with secular tailwinds ranging from decarbonisation to the rise of artificial intelligence. The company's assets are economically resilient through significant contractual, inflation-linked earnings and these cashflows are set to grow considerably in the next few years.

Brookfield Corporation's prize asset is its three-quarters ownership stake in Brookfield Asset Management (BAM) which boasts over \$1tn of assets. BAM is an asset-light business that benefits from significant scale advantages as sovereign wealth funds, endowments and other institutional investors consolidate their investments with a diminishing pool of the largest asset managers. This has driven 18% growth in Brookfield fee-related earnings over recent years with Brookfield investing \$170bn of its own perpetual internal capital alongside its fee-paying clients.

Importantly, when Brookfield Corporation spun off BAM in 2022, in an effort to highlight BAM's value, Brookfield Corporation retained a preferred claim on BAM's private funds (100% claim on carried interest from funds existing pre-2023, one-third claim thereafter). These private funds are currently making minimal contribution to Brookfield's earnings due to few realised transactions. However, as they enter their monetisation windows, these funds should deliver over \$5bn of realised capital interest over the next 3 years.

Alongside BAM, Brookfield continues to grow its Wealth Solutions division, an insurance business which specialises in the provision of long-dated annuities. The long-dated nature of this capital is well-suited to Brookfield's long-term investments in infrastructure, real estate and credit assets. Brookfield has been growing this business rapidly both organically and through acquisitions such as, recently, Just Group, a UK annuity and pension provider with growth coming at attractive rates of return.

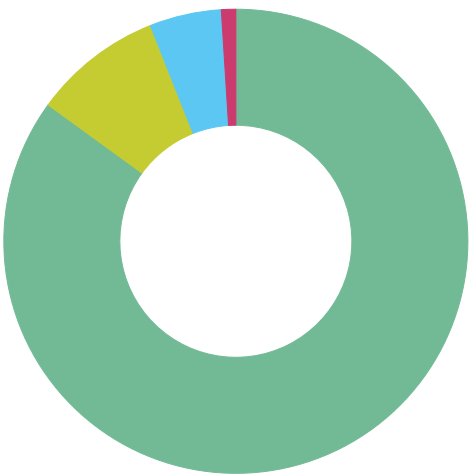
Together, these multiple growth levers should support significant growth in distributable earnings – the company's equivalent of earnings per share – with management targeting c.25% compound growth over the next 5 years and c.15% growth over the long term. This should translate into nearly \$50bn of cashflow by 2030 which, excluding the c.\$17bn required to capitalise the Wealth Solutions business and make other investments, would leave Brookfield with c.\$30bn of capital to return to shareholders or just under one-third of the current market capitalisation.

Despite this, Brookfield Corporation's shares continue to trade at an attractive valuation relative to its prospects, past and peers with medium-term catalysts such as potential inclusion in US equity indices.

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## Asset Allocation

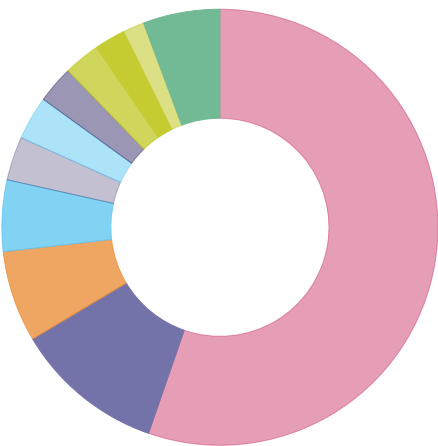
Portfolio Date: 19/11/2025



	%
Equities	85.0
Alternatives	9.0
Fixed Income	5.0
Cash	1.0
<b>Total</b>	<b>100.0</b>

## Equity Breakdown

Portfolio Date: 31/12/2025



	%
United States	55.3
United Kingdom	11.1
Japan	6.8
France	5.3
China	3.2
Hong Kong	3.2
Brazil	2.8
Sweden	2.7
South Korea	2.3
Taiwan	1.6
Other	5.7
<b>Total</b>	<b>100.0</b>

## Portfolio Breakdown

	Sub Asset Class	Portfolio Weighting %
<b>Equities</b>	—	<b>85.00</b>
James Hambro Harrier Glbl Eqs B GBP Acc	Global Equity	85.00
<b>Alternatives</b>	—	<b>9.00</b>
James Hambro Harrier Dvrs Strats BGBPAcc	Higher Risk Alternatives	9.00
<b>Fixed Income</b>	—	<b>5.00</b>
James Hambro Harrier Fixed Inc B GBP Acc	Global Fixed Income	5.00
<b>Cash</b>	—	<b>1.00</b>
BlackRock ICS Sterling Liq Premier Acc	Cash & Money Market	0.75
CASH	Cash & Money Market	0.25

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## Target Market

Access to the portfolios is only available to investors on the recommendation of a financial adviser and it is the role of the adviser to determine the appropriateness and suitability of the portfolio to each investor's own personal needs, objectives and preferences.

**Type of investors:** Given the nature of non-complex UCITS funds the service is suitable for retail investors, professional clients and eligible counterparties. The service is predominantly designed for the use of retail investors.

**Investors' knowledge and experience:** Investors with basic, informed or advanced knowledge and experience of capital markets and investment risks and of funds and their characteristics.

**Clients' financial situation with a focus on the ability to bear losses:** Investors have a tolerance to fluctuations in capital invested and potential capital loss.

**Clients' risk tolerance and compatibility of the risk/reward profile of the product with the target market:** Due to the volatility of the markets in which the service may invest e.g. equity, bond and property markets the service has a risk and reward profile that is compatible with clients who have a risk tolerance aligned to the Investment Aim of the portfolio. Investors should be willing to accept price fluctuations in exchange for the opportunity of possible higher returns.

**Clients' objectives and needs:** Depending on the duration of the investment the portfolio may be suitable for clients who have a medium-term investment horizon (at least 5 years).

**Clients who should not invest (the 'negative-target market'):** This portfolio is deemed incompatible for clients who require full capital protection and/or are seeking on-demand full repayment of the amounts invested or who are fully risk averse/have no risk tolerance.

## Important Notices

This factsheet is for illustrative purposes only. Investments linked to this model portfolio may not exactly replicate the model portfolio described due to differences in timing of the initial investment or rebalancing differences resulting from minimum transaction size limits or fund availability on the platform or provider.

Please note that platform and financial advice fees are not included.

Where we have provided commentary on specific companies, this commentary is not investment research as defined by the Financial Conduct Authority and has not been prepared in accordance with legal requirements designed to promote the independence of research

Nothing in this document should be deemed to constitute the provision of financial, investment or other profession advice. Responsibility for assessing the suitability of financial products remains solely with the financial adviser.

The information in this document was prepared on the date shown below and is believed to be correct but cannot be guaranteed. The value of investments and the income from them can go down as well as up and investors may not recover the amount of their original investment. The sterling value of overseas investments, and the income from them, will fluctuate as a result of currency movements. Past performance is not a guide to future performance.

Fairstone Private Wealth does not offer tax advice; the tax treatment of investments depends on each investor's individual circumstances and is subject to changes in tax legislation.

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## Important Notices – James Hambro & Partners

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Information within this document is correct As of 31/12/2025

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