

Fairstone Pure Passive 6

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Portfolio Manager Imogen Hambly

Imogen is a CFA Charterholder and also holds the Investment Management Certificate along with the Diploma in Regulated Financial Planning. She has worked in the industry since 2014 with an emphasis on investment research & analysis.

Portfolio Managers Market Commentary

Global markets began 2026 on a constructive footing, with January delivering positive returns across most major asset classes despite an ongoing backdrop of macroeconomic, political, and geopolitical uncertainty. Rather than a simple risk-on or risk-off environment, market outcomes were defined by pronounced rotation across regions, styles, currencies, and asset classes, alongside a continued broadening of market leadership beyond the narrow concentration that characterised much of the past two years.

Global equities advanced meaningfully, with the MSCI All Country World Index rising 1.03% in sterling terms. Performance was led by Asia and emerging markets, supported by improving macroeconomic indicators, easing financial conditions, and resilient earnings sentiment. Emerging market equities across Latin America and Asia performed particularly strongly, aided by US dollar weakness, favourable duration dynamics, and renewed investor appetite for higher-beta exposures. Korea and Brazil stood out at a country level, with Brazil also benefiting from rising commodity prices. In China, property developer shares rallied following reports that authorities had effectively dismantled the “three red lines” borrowing constraints, a symbolic but positive signal after a prolonged period of policy tightening.

Developed market performance was more mixed. In the United States, January extended the style rotation that had intermittently emerged during 2025. Value-oriented and cyclical sectors outperformed, while growth and AI-linked stocks lagged. Both the Nasdaq and the S&P 500 edged lower, underperforming small-cap equities and many international markets. The “Magnificent Seven” trailed the broader index, reflecting growing investor sensitivity to valuation, earnings quality, and capital intensity. Heightened earnings-related volatility, most notably in large technology names, reinforced a more selective market environment.

European and UK equities delivered modest but steady gains. Easing inflation, early signs of economic stabilisation, supportive fiscal measures - particularly in Germany - and improved policy visibility underpinned confidence across the region. UK markets benefited from similar dynamics, alongside moderating inflation and gradual real wage growth.

Bond markets added an important dimension to January’s narrative. Long-dated government bonds underperformed, particularly in Japan, where yield curves steepened on inflation and fiscal concerns. European government bonds outperformed US Treasuries, supported by policy clarity and easing inflation. Corporate credit was the standout performer, with global corporate bonds outperforming sovereigns as spreads tightened modestly amid contained default expectations.

Commodities also played a notable role, with energy prices surprising to the upside. Brent crude rose sharply, supporting energy equities and commodity-linked regions while reinforcing sensitivity at the long end of bond yield curves.

Overall, January highlighted a more diversified and rotational market environment, with opportunities increasingly spread across regions, styles, and asset classes rather than concentrated in a narrow group of large technology stocks.

Against this backdrop, portfolios delivered positive returns over the period, although they modestly underperformed sector benchmarks, with exposure to US equities continuing to weigh on overall performance. At a regional level, overweight allocations to Emerging Markets, Asia, and Japan proved supportive. The HSBC Emerging Markets Equity Index rose 6.9%, outperforming all other equity strategies, while the abrdn Asia Pacific ex-Japan fund also delivered a strong gain of 5.6%.

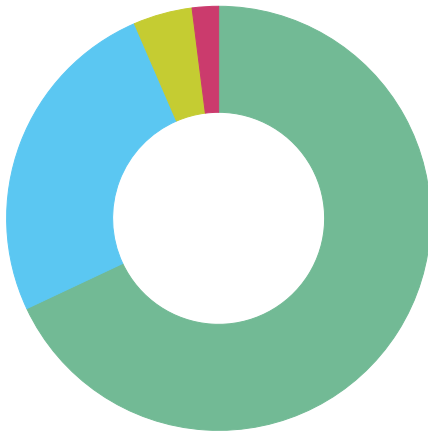
By contrast, the HSBC American Index declined by 1.4%. However, diversification away from the pure US allocation proved beneficial: the Vanguard FTSE Developed World ex-UK Index gained 0.6%, while the Vanguard Global Small-Cap Index advanced 3.6%, reflecting improving breadth in global equity leadership.

Within fixed income, short-term bond exposures added value across all sub-asset classes, while the portfolio’s overweight position in corporate bonds continued to contribute positively amid resilient credit fundamentals and supportive market conditions.

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Asset Allocation

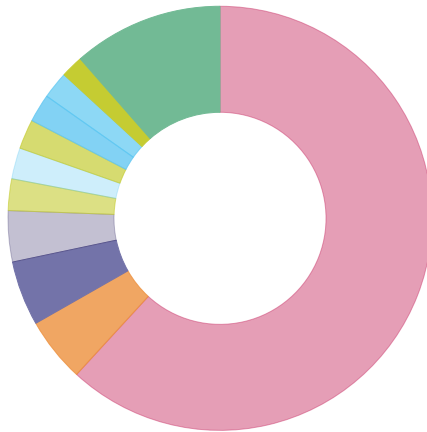
Portfolio Date: 22/01/2026



	%
Equities	68.0
Fixed Income	25.5
Alternatives	4.5
Cash	2.0
Total	100.0

Equity Breakdown

Portfolio Date: 31/01/2026



	%
United States	61.8
Japan	4.9
United Kingdom	4.9
China	3.9
Taiwan	2.4
India	2.4
Switzerland	2.3
France	2.1
Germany	2.1
South Korea	1.7
Other	11.5
Total	100.0

Portfolio Breakdown

	Sub Asset Class	Portfolio Weighting %
Equities	—	68.0
HSBC American Index C Acc	US Equity	32.0
Vanguard FTSE Dev Wld exUKEqIdxInsPI£Acc	Global Equity	10.2
HSBC MSCI Emerging Mkts Eq Idx Acc S	Emerging Markets Equity	6.8
HSBC European Index Accumulation C	European Equity	6.1
Vanguard Glb Small-Cp Idx Ins PI £ Acc	Global Equity	4.8
Vanguard FTSE UKAllShrIdxUnitTrInsPI£Acc	UK Equity	3.4
abrdn Asia Pacific ex-Japan TrkrN£Acc	Asia Pacific Equity	2.7
HSBC Japan Index S Acc	Japanese Equity	2.0
Fixed Income	—	25.5
Vanguard Glb Corp Bd Idx Ins PI £ H Acc	Global Fixed Income	6.8
Vanguard Glb Bd Idx Ins PI £ H Acc	Global Fixed Income	5.3
Vanguard Glb S/T Bd Idx Ins PI £ H Acc	Global Fixed Income	5.3
Vanguard Glb S/T Corp Bd Idx Ins PI£HAcc	Global Fixed Income	3.6
Vanguard UK S/T Gilt Idx Ins PI GBP Acc	UK Gilts	1.6
Vanguard U.S. Govt Bd Idx Ins PI £ H Acc	Global Fixed Income	1.1
Vanguard UK Govt Bd Idx Ins PI £ Acc	UK Gilts	1.1
abrdn Global Inflat-Link Bond Trkr N Acc	Index Linked Bonds	0.9
Alternatives	—	4.5
abrdn Global Infrs Eq Trkr N Acc	Real Assets	2.3
abrdn Global REIT Tracker N	Real Assets	2.3
Cash	—	2.0
BlackRock ICS Sterling Liq Premier Acc	Cash & Money Market	1.8
CASH	Cash & Money Market	0.3

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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

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