



Quarterly Report

February 2026

Our policy is to protect and increase (in that order) the value of shareholders' funds per share over the long term

Blink and you'll miss it

The Trust delivered a share price total return of +10.4% for the 2025 calendar year. Our equities performed respectably, rising +10% in local currency terms. It was a strong year for stock markets overall, with the FTSE All-Share and S&P 500 rising +24% and +18% respectively and many emerging markets indices doing better than that, aided by a weaker dollar and investors looking for opportunities outside the US.

Beneath the surface of a buoyant market, there were strongly divergent performances by company. Of particular note was the underperformance of so-called 'quality' equities, which experienced their worst period of underperformance versus the market since the dot-com boom. Amidst the animal spirits, there was also a technical bear market with the S&P 500 falling -20% from February to April 2025. The Trust fell just over -4% in share price terms and less than -3% in terms of net asset value per share over the same time frame. US tariffs were the single greatest driver of market volatility in the year, and we took advantage of lower valuations in stocks we favour to increase our equity allocation by around 10 percentage points. We did half of this on Monday 7th April. As it turned out, that day marked a low point for equity indices as the significance of US tariffs receded quickly in investors' minds.

Gold had another strong year in 2025, returning +65% in dollars or +53% in sterling. The drivers of demand broadened out from predominantly central bank buying in 2024, to encompass increased levels of purchase activity from professional and retail investors. That said, ETF purchases remain below their Covid peak,

and we believe that the drivers of central bank demand have been, if anything, strengthened by the events of the past 12 months. According to the World Gold Council, towards the end of last year central banks held 24% of their reserves in gold versus 23% in US Treasuries. This is the first time that gold's share has exceeded US Treasuries since 1996. Our analysis suggests that purchasing intent by central banks remains robust, and this is reflected in the actions of countries like Brazil which increased its gold holding by 24% across the months of September and October. We have maintained our holding in physical gold at circa 12% throughout the year.

Privilege lost?

Sustained demand for gold, despite higher prices, is less surprising when one considers the damage being wrought on the alternative. Diversification away from the incumbent reserve currency began over a quarter of a century ago when US dollars peaked as a share of global foreign exchange reserves in 1999. This trend of de-dollarisation has accelerated over the past four years and we expect it to continue as the world shifts its centre of gravity away from the United States. As we enter a new year, there is little sign of improving self-awareness within the administration. Trump's deputy chief of staff, Stephen Miller, confirmed on national television in January: "We're a superpower. And under President Trump, we are going to conduct ourselves as a superpower." Recent actions, whether intervention in Venezuela or attempted control of Greenland, which are considered by the administration as cementing its superpower status, are the actions most at risk of alienating the United States from the rest of the world.



This shortsightedness is perhaps unsurprising when one considers how benign the feedback loop has been to-date. 2025 saw the dollar depreciate nearly -10% against a basket of its important trading partners, its worst year since 2017 (coincidentally year one of Trump's first term in office). Whilst market-savvy Treasury Secretary Scott Bessent states that the country continues to pursue a 'strong-dollar policy', the currency's weakness is arguably a gift to the mission of reducing its trade deficit. We reduced our net dollar exposure from 25% to 8% in the weeks following Liberation Day on April 2nd.

Unlike the currency, the US bond market remains unperturbed. The yield on the 10-year US Treasury is currently around 4.2%, 0.4 percentage points below its level this time a year ago. Although market commentators will claim otherwise, it is seldom possible to identify what drives prices in the moment and the \$27trn US Treasury market is no exception. Analysis of sovereign debt will point to interest rates, growth and inflation expectations as drivers of yields. And then there is the 'term premium', a catch-all for everything else. This is generally viewed as the extra yield commanded by longer-dated bonds, as compensation for the additional risk involved in lending longer-term. It can fluctuate depending on levels of uncertainty about future interest rates, or the probability of default.

In the case of the US, the term premium may also rise in the future if America's 'exorbitant privilege' is eroded. Its *privilège exorbitant*, a term coined by France's finance minister Valéry Giscard d'Estaing in 1965, refers to the advantages enjoyed by the US thanks to its reserve currency status. Foremost of these advantages is the impact on the country's funding costs, thanks to international demand for its bonds. 30% of US Treasuries today are owned by foreigners. The demand is underpinned by the centrality of the dollar in the global financial system. If the dollar's reserve currency status is in question, so too should be its cost of borrowing. Reduced demand for US Treasuries is also the logical outcome of a world in which the United States succeeds in reducing its current account deficit

with the rest of the world. We reduced US TIPS in favour of UK Linkers in 2025 and reduced duration materially.

By the end of the year, we had also built a 10% holding in short-dated Japanese government bonds. We believe that the yen should continue to behave inversely to equity markets thanks to the large carry trade that exists in the currency. It is also at a multi-year low valuation relative to both the dollar and sterling. This weakness is exacerbating the country's cost of living crisis on account of the proportion of both food and energy that the country imports. We expect this means that there is only so much more weakness in the yen that the Japanese authorities will be prepared to tolerate.

A bubble of unknown proportions

We wrote last January about the importance of AI, both in driving stock market performance and in driving US economic growth. This importance has only grown in the past 12 months. The continued share price appreciation of a handful of technology companies has led to a further increase in market concentration. The top 10% of US stocks now account for 78% of total market capitalisation, a record high and relative to 75% in 1932 and 73% in 2000. We are often asked whether this is a bubble and, if so, when it will burst. We continue to believe that much caution is warranted but we remain open minded given how little is known at this stage. The success and monetisation of AI will ultimately depend on enterprise deployment. And we suspect that the ease with which consumers have been able to seamlessly integrate Google's Gemini or OpenAI's Chat-GPT into their lives provides a high bar of comparison for commercial integration. Weekly active users of Chat-GPT have increased from c. 300m a year ago to over 800m today. This number for Gemini was not reported a year ago but has grown from likely a much smaller base to c. 700m now.

During the quarter, we attended an AI and technology conference in Arizona. There were companies there such as Visa, which we own, as



FIGURE 1: TOP 10% OF US STOCKS AS % OF TOTAL US MARKET CAP



Source: Kenneth R. French Data Library; Center for Research in Security Prices (CRSP), Jefferies, 31 December 2025. Estimates based on CRSP database for total US stock market.

well as many we do not and which would not likely be appropriate for this mandate. It is our belief however that an understanding of markets and the macroeconomic outlook is vastly improved by meeting with businesses at the heart of change. Several that we met, involved in the datacentre buildout, confirmed two things: 1) that supply constraints are curtailing the rate at which infrastructure is currently being built and 2) that as soon as compute capacity is coming online, it is being used. This is different from the peak of the dot-com bubble, when 'dark' fibre cables were being laid down i.e. being installed ahead of any need for their utilisation. Today, labour, power and land are all in short supply. The existence of these bottlenecks is important, because it suggests that there are some limiting, and potentially calibrating, factors when it comes to how fast the AI infrastructure build is happening.

When it comes to the demand side of the equation, it is worth reiterating the primary use cases of AI-related compute. These can broadly be broken down into training and inference. Training refers to the process of improving the

models – adjusting their parameters by training them on data and using feedback to make their outputs more accurate. Inference is the process of actually using AI, i.e. someone running a query on Gemini or Chat GPT. Continued demand for training assumes that the models continue to get better – i.e. that so-called 'scaling laws' continue to hold. This seems to be happening today, but no one knows when a ceiling might be reached. Demand for inference relies upon AI being used more widely in the future than today. That does not seem like a heroic assumption, particularly given how few businesses are currently harnessing the technology at scale. In a report from November, Deloitte estimates that inference accounted for around half of all AI compute in 2025, and that this will jump to two thirds in 2026.

The problem however lies in the economics. For the hundreds of billions of dollars currently being spent per annum, there is so far little revenue let alone profit to show for the investment. Most Gemini and Chat GPT users currently pay nothing for the service. Whether this changes will likely depend on deployment by businesses. The use



cases are palpable from customer services to accounting, but the pattern of implementation is likely to be lumpy. It is easy to see why the technology sector, and coding in particular, has been an early adopter. It is also easy to imagine that the legal sector, or the back-office function of a regional bank, may experience more barriers (both practical and psychological) when it comes to implementing the technology.

Meanwhile, valuations are elevated, with the most extreme corners of excess to be found in private markets. The latest proposed funding round for OpenAI reportedly values the company at \$830bn. This implied value is comparable to that of JP Morgan, the world's 14th largest listed company, and is in the context of an annualised revenue run-rate of around \$20bn. Of all the areas of excess, we believe that private markets represent the greatest point of fragility. Our colleague Fergus McCorkell has written a [paper](#) exploring the risks within private credit specifically. He speaks to the interconnectedness of public markets with private, with AI at the intersection of many of today's fragilities. Open AI's fortunes are tied to a handful of the largest listed companies; a broader questioning of its business model would have widespread ramifications for asset prices.

Poised

At just over 40% in equities, we remain defensive. Where we have added in the past year, it is to stocks that either sit outside the current AI narrative or those whose business models, we believe, will succeed regardless of the endgame. Valuation continues to guide every decision. There is a material risk this year that economic growth is robust but that the cost of capital, as determined by the bond market, rises. This would have significant implications for equity markets. In addition to our aforementioned concerns regarding the US Treasury market, we also are mindful that inflation continues to be above target in both the US and the UK, even as both central banks ease monetary policy. This looks like a relinquishing of their inflation targets - which makes us more convinced that inflation

will be structurally embedded and facilitated by policymakers. The ongoing undermining of US central bank independence does little to assuage these fears. Such an easy trajectory for monetary policy runs the risk of becoming unsustainable should bond markets start to worry about inflation. We suspect that any hint of higher rates would be negatively received.

We retain just under a third of the Trust in index-linked bonds, both UK and US, having added to the former this year. Duration is deliberately short at just under two years, reflective of the risk that fiscal and, for the US, geopolitical risks come home to roost. This, combined with the portfolio's c. 20% in liquidity, puts us in a strong position to take advantage of volatility when it returns.



Charlotte Yonge
Co-Manager, Personal Assets Trust



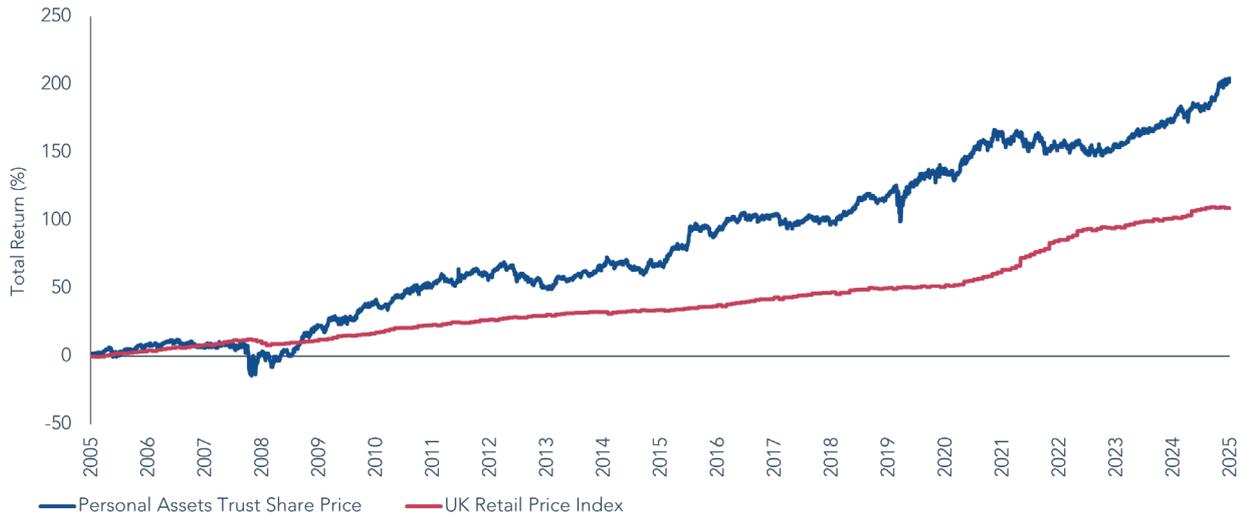
Sebastian Lyon
Co-Manager, Personal Assets Trust



AS AT 31 DECEMBER 2025

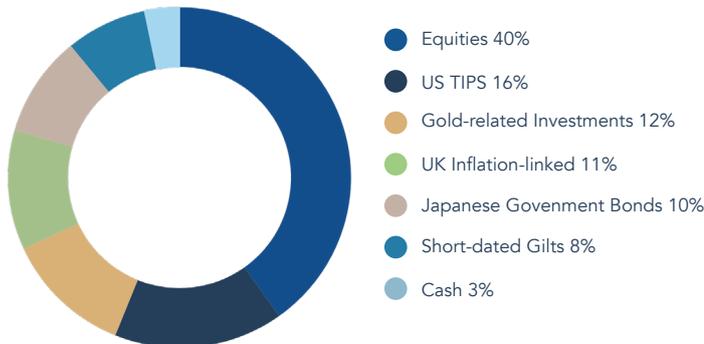
SHARE PRICE	NAV	PREMIUM/DISCOUNT	MARKET CAP	SHARES IN ISSUE
541.00p	540.00p	0.1%	£1.7bn	312,769,372

PERCENTAGE GROWTH FROM 31/12/2005 TO 31/12/2025



Total Return to 31 December 2025	20 years	10 years	5 years	3 years	1 year	6 months
Personal Assets Trust (Share Price TR)	201.8%	78.4%	28.1%	18.6%	10.4%	7.5%
UK Retail Price Index	110.5%	56.8%	37.3%	12.5%	3.4%	1.0%

ASSET ALLOCATION



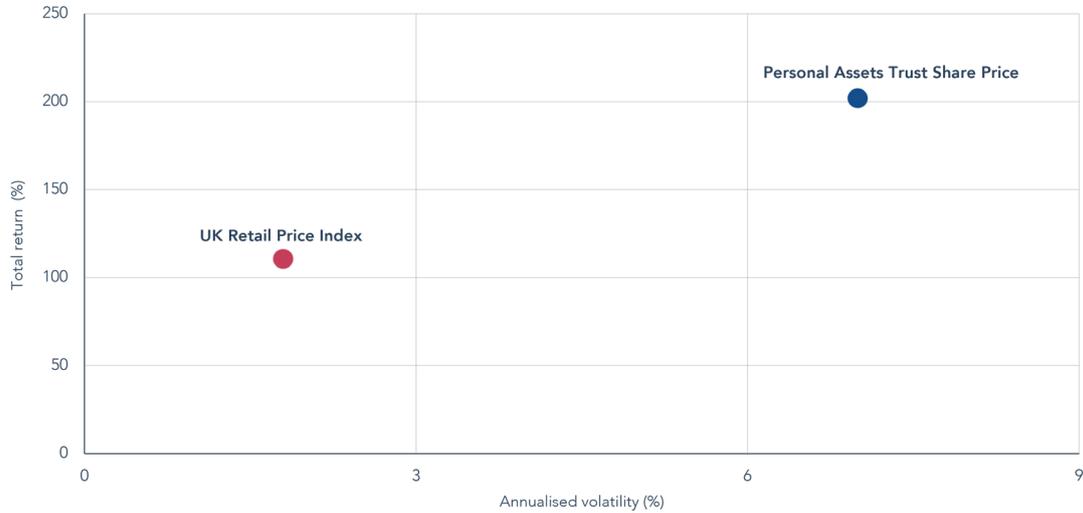
TOP 10 HOLDINGS

Gold Bullion (Bars)	12.0%
Alphabet	4.2%
Unilever	4.2%
Visa	3.8%
Agilent Technologies	2.6%
Diageo	2.5%
Heineken	2.4%
LSEG	2.3%
Nestle	2.3%
Chubb	2.1%
Total Top 10	38.4%
8 Other Equity holdings	13.8%
US TIPS	16.0%
UK Inflation-linked	11.4%
Japanese Government Bonds	9.6%
Short-dated Gilts	7.6%
Cash	3.2%
Total	100.0%

Source: FactSet and Lipper, 31 December 2025. Past performance is not a guide to future performance. Asset allocation and holdings subject to change. All references to benchmarks are for comparative purposes only.



RISK ANALYSIS FROM 31/12/2005 TO 31/12/2025



Personal Assets Trust (Share Price TR)	
Total Return	201.8%
Max Drawdown ¹	-23.5%
Best Month	6.9%
Worst Month	-7.8%
Positive Months	62.5%
Annualised Volatility ²	7.0

¹ Measures the worst investment period

² Measured by the standard deviation of annual returns

Source: Lipper, 31 December 2025. Past performance is not a guide to future performance.

Fund Manager Awards



Structure

London Listed Investment Trust

Investment Manager

Troy Asset Management Limited
33 Davies Street
London W1K 4BP
Tel: 020 7499 4030
email: busdev@taml.co.uk

Co-Manager

Sebastian Lyon
Charlotte Yonge

AIFM

Juniper Partners Limited
28 Walker Street,
Edinburgh, EH3 7HR
0131 378 0500

Board of Directors

Iain Ferguson CBE (Chairman)
Sharon Brown
Mandy Clements
Gordon Neilly
Paul Read
Robbie Robertson
Jennifer Thomas

Currency

£ Sterling

Established Troy Investment Advisor Troy Investment Manager

22 July 1983
March 2009
May 2020

ISIN SEDOL

GB00BM8B5H06
BM8B5H0

Ongoing Charges (30 April 2025)

0.67%

Year End

30 April

Pricing

Share price is listed daily in the FT

Auditor

PricewaterhouseCoopers LLP



Disclaimer

Please refer to Troy's Glossary of Investment terms [here](#). Performance data relating to the NAV is calculated net of fees with income reinvested unless stated otherwise. Past performance is not a guide to future performance. Overseas investments may be affected by movements in currency exchange rates. The value of an investment and any income from it may fall as well as rise and investors may get back less than they invested. The historic yield reflects distributions declared over the past twelve months as a percentage of the Trust's price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. Tax legislation and the levels of relief from taxation can change at any time. The yield is not guaranteed and will fluctuate. There is no guarantee that the objective of the investments will be met. Shares in an Investment Trust are listed on the London Stock Exchange and their price is affected by supply and demand. This means that the share price may be different from the NAV. Information on the risks of an investment in the fund can be found in the Prospectus.

Neither the views nor the information contained within this document constitute investment advice or an offer to invest or to provide discretionary investment management services and should not be used as the basis of any investment decision. Any decision to invest should be based on information contained within the Investor disclosure document the relevant key information document and the latest report and accounts. The investment policy and process of the Trust(s) may not be suitable for all investors. If you are in doubt about whether the Trust(s) is/are suitable for you, please contact a professional adviser. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Although Troy Asset Management Limited considers the information included in this document to be reliable, no warranty is given as to its accuracy or completeness. The opinions expressed are expressed at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice. Third party data is provided without warranty or liability and may belong to a third party. Ratings from independent rating agencies should not be taken as a recommendation.

Please note that the Personal Assets Trust is registered for distribution to the public in the UK and to Professional investors only in Ireland.

Although Troy's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

All references to FTSE indices or data used in this presentation is © FTSE International Limited ("FTSE") 2026. 'FTSE ®' is a trademark of the London Stock Exchange Group companies and is used by FTSE under licence.

Issued by Troy Asset Management Limited (registered in England & Wales No. 3930846). Registered office: 33 Davies Street, London W1K 4BP. Authorised and regulated by the Financial Conduct Authority (FRN: 195764) and registered with the U.S. Securities and Exchange Commission ("SEC") as an Investment Adviser (CRD: 319174). Registration with the SEC does not imply a certain level of skill or training.

© Troy Asset Management Limited 2026.