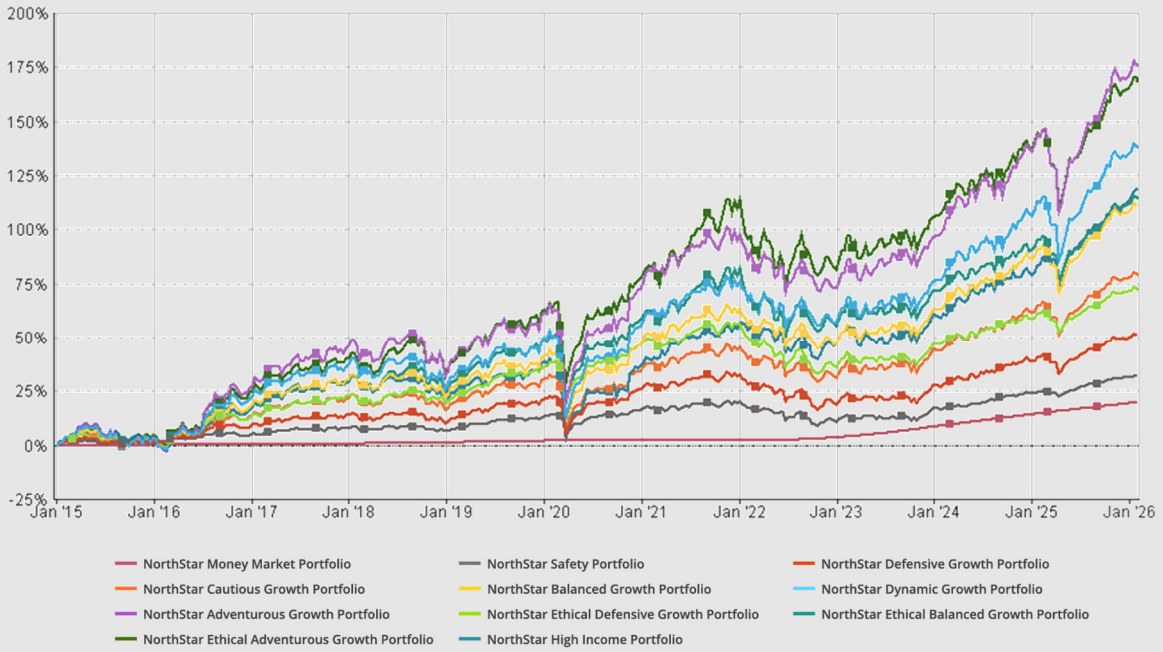


Investment Review & Market Outlook

February 2026

Portfolio Performance Comparison

Performance of the NorthStar portfolios since inception (January 2015) to February 2026:



	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
NorthStar Money Market Portfolio	1.0%	2.1%	4.3%	15.2%	17.1%	19.8%
NorthStar Safety Portfolio	0.8%	3.1%	5.9%	16.8%	13.2%	32.1%
NorthStar Defensive Growth Portfolio	0.7%	4.3%	6.9%	23.6%	19.6%	51.1%
NorthStar Cautious Growth Portfolio	0.5%	5.7%	8.1%	32.1%	32.9%	79.4%
NorthStar Balanced Growth Portfolio	0.6%	7.3%	9.9%	38.5%	42.6%	111.3%
NorthStar Dynamic Growth Portfolio	0.5%	8.5%	11.0%	45.5%	51.5%	138.3%
NorthStar Adventurous Growth Portfolio	0.4%	10.0%	12.1%	53.1%	57.1%	175.8%
NorthStar Ethical Defensive Growth Portfolio (from 01.01.21)	0.5%	4.8%	6.6%	22.6%	17.2%	16.8%
NorthStar Ethical Balanced Growth Portfolio	1.0%	7.7%	9.2%	32.1%	34.7%	114.4%
NorthStar Ethical Adventurous Growth Portfolio (from 01.01.24)	0.2%	8.4%	9.5%	N/A	N/A	29.3%
NorthStar High Income Portfolio	4.2%	9.8%	18.1%	44.4%	59.5%	119.6%

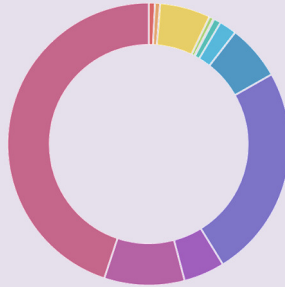
Portfolio Asset Allocation

Asset allocation of the NorthStar portfolios:

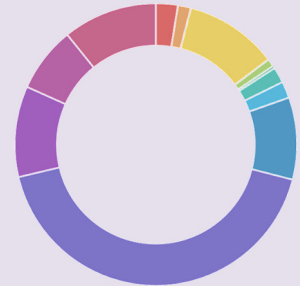
NorthStar Money Market Portfolio



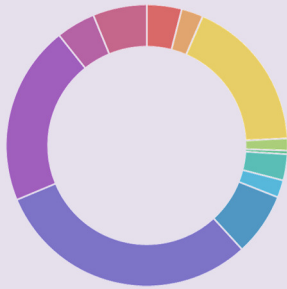
NorthStar Safety Portfolio



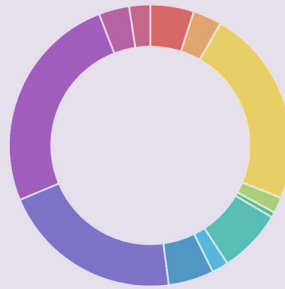
NorthStar Defensive Growth Portfolio



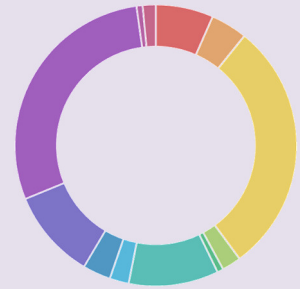
NorthStar Cautious Growth Portfolio



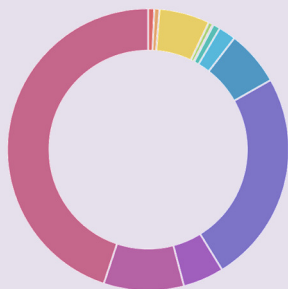
NorthStar Balanced Growth Portfolio



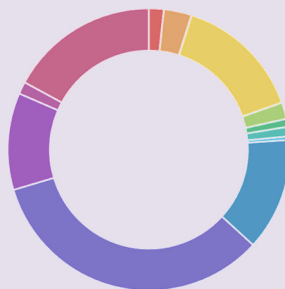
NorthStar Dynamic Growth Portfolio



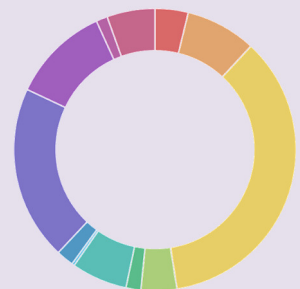
NorthStar Adventurous Growth Portfolio



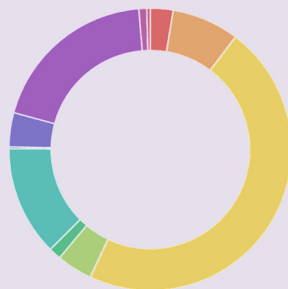
NorthStar Ethical Defensive Growth Portfolio



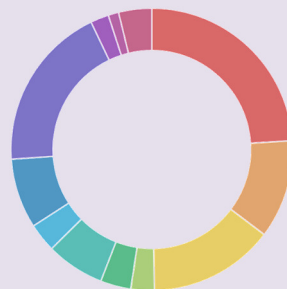
NorthStar Ethical Balanced Growth Portfolio



NorthStar Ethical Adventurous Growth Portfolio



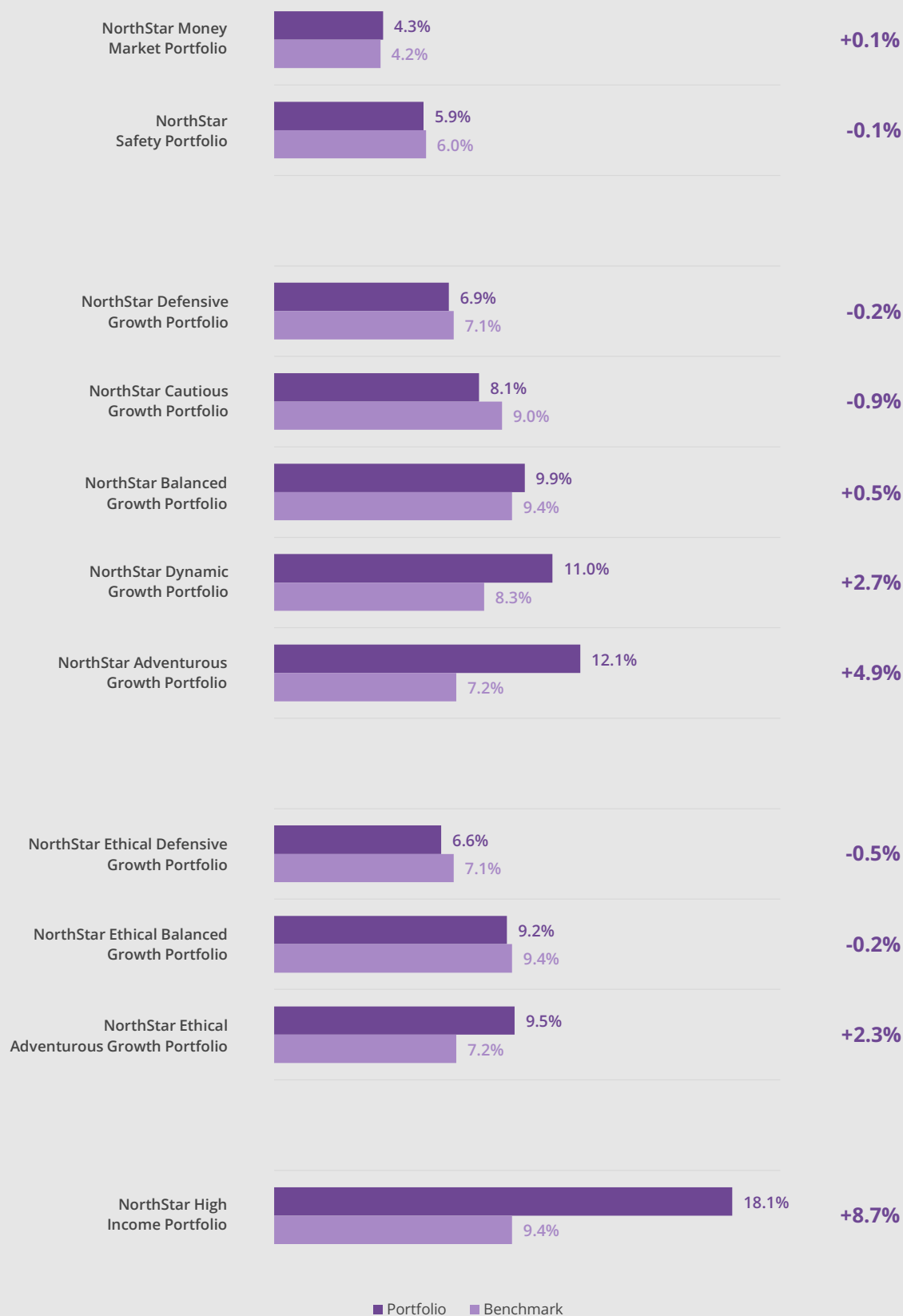
NorthStar High Income Portfolio



● UK Equity
 ● Europe Equity
 ● North America Equity
 ● Japan Equity
 ● Asia (ex. Japan) Equity
 ● Emerging Market Equity
 ● Property & Infrastructure
● UK Fixed Income
 ● Global Fixed Income
 ● Specialist & Global Equity
 ● Alternative Strategies
 ● Cash & Money Market

Portfolio Returns

Performance of NorthStar portfolios and associated benchmarks over twelve months to August 2025:



Economic & Market Update

UK Equity

- UK equity markets delivered strong performance over the review period. January saw the FTSE 100 of leading UK companies break through the symbolic 10,000 barrier for the first time. The index rose over 21% in 2025, its best year since 2009, outperforming both the US and European markets. This performance was driven by strength in financials, mining and defence stocks, with precious metals miners benefiting from record gold and silver prices.
- The Bank of England continued its measured approach to monetary easing, cutting the base rate to 3.75% in December following earlier reductions throughout the year. However, UK inflation remains significantly above the 2% target at 3.4%. The Bank now expects inflation to return to the 2% target later in 2026 and the markets see the potential for further rate cuts this year, but the pace of cuts may be tempered by stubborn inflation.
- While the UK's domestic economic outlook remains subdued, with growth forecasts modest and consumer confidence fragile, the FTSE 100's composition provides some insulation. Around 80% of FTSE 100 revenues are generated overseas, meaning many of the index's largest constituents are less reliant on the domestic economy. In contrast, smaller and mid-cap UK companies, which are more exposed to domestic conditions, have lagged behind. The FTSE 250 underperformed the FTSE 100 during the review period, weighed down by elevated borrowing costs and relatively weak consumer demand.
- The Labour government's Autumn Budget introduced tax rises, including increased employers' National Insurance contributions, which weighed on business sentiment. Higher employment costs may squeeze profit margins for domestic-focused businesses and could dampen hiring intentions, particularly among smaller firms. However, if these measures help stabilise public finances and pave the way for further interest rate cuts, this could provide support for equity valuations over the medium term. Local elections in May 2026 will provide another test of public opinion and may influence the government's policy direction.

Europe Equity

- European equities delivered positive returns during recent months. The rally was supported by plans for increased government spending on defence across the continent, improved prospects for economic growth, and a series of interest rate cuts from the European Central Bank (ECB). Germany's historic fiscal reforms, including a €500 billion infrastructure fund, provided additional support.

- The ECB cut rates multiple times throughout 2025, bringing the deposit facility rate to 2% by year-end. Inflation has continued to fall towards the Bank's 2% target, and growth forecasts have been revised upward. The central bank held rates steady at its final meetings of 2025, signalling a more cautious approach going forward.
- European banks were among the standout performers, with institutions such as Santander and Deutsche Bank posting substantial gains. Defence stocks also rallied strongly as NATO allies committed to increased military spending amid the ongoing conflict in Ukraine. However, trade tensions with the US and President Trump's Greenland demands rattled European markets in January 2026.

North America Equity

- US equities posted their third consecutive year of double-digit gains, with the S&P 500 index rising by around 18% in 2025. However, the Dollar weakened significantly against Sterling, meaning returns for UK investors were significantly lower. The US stock market continued to experience significant volatility but not on the scale seen earlier in the year following President Trump's 'Liberation Day' tariff announcements.
- Technology stocks drove market gains, with Nvidia becoming the first company to reach a \$5 trillion market capitalisation. Debate continues about whether AI valuations represent a bubble, though most price-to-earnings ratios remain well below dot-com era extremes and today's leaders are generating real earnings. AI adoption is clearly accelerating across businesses and consumers, but investors are questioning whether current prices fully reflect the risks. Data centre investment hit record levels, with Big Tech expected to spend hundreds of billions on AI infrastructure in the coming year.
- Political uncertainty remains elevated. The "One Big Beautiful Bill" Act signed in July 2025 extended tax provisions and increased defence spending, but the November 2026 midterms loom large. All 435 House seats and 35 Senate seats will be contested, and history suggests midterms favour the opposition. Should Democrats gain control of the House, they could block legislation and curtail the President's agenda. The autumn also saw the longest shutdown the US federal government has experienced. This held back many aspects of the US economy for over a month.
- The US economy proved resilient in 2025, with GDP growth of 4.4% in the third quarter. However, the picture is uneven, with wealthier households continuing to spend while lower-income consumers remain cautious. Unemployment has edged up to 4.5%, inflation remains sticky at around 3%, and consumer confidence has weakened. The housing market remains challenging with mortgage rates above 6%. Growth is expected to moderate to around 1.8%-2% in 2026.

- For UK-based investors, returns from US equities were notably more muted due to significant Dollar weakness. The US Dollar fell approximately 9% against a basket of major currencies in 2025, its worst year since 2017, eroding Sterling-denominated returns from US assets. This weakness was driven by policy uncertainty, trade tensions, and concerns about the Federal Reserve's independence under political pressure.

Japan Equity

- Japan's equity market posted solid gains in 2025, supported by continued corporate governance reforms, wage growth, and strong performances from technology and chipmaker stocks. The Bank of Japan continued its gradual policy normalisation, raising interest rates to 0.75% in December, the highest level in 30 years. Corporate reforms and improved profitability have supported investor confidence, though trade tensions and a snap election called for February 2026 present uncertainties.
- Despite interest rate rises, the Yen remained relatively weak, benefiting exporters but fuelling higher inflation. The wide gap between Japanese and US interest rates continues to attract investors borrowing in yen to invest elsewhere, a trend that could destabilise markets if reversed. Japan also faces longer-term headwinds from its ageing population and shrinking workforce, which constrain growth potential and add to pressure on public finances.

Asia (ex. Japan) Equity

- Many Asian markets delivered exceptional returns in 2025, with South Korea's stock market surging nearly 76% – its best performance since 1999. The rally was driven by strong demand for semiconductors and technology stocks linked to artificial intelligence. Samsung and other chipmakers posted remarkable gains as AI-related demand accelerated.
- China's equity market staged a strong comeback, with the Chinese stock market rising significantly following government stimulus measures and easing trade tensions with the US. The launch of DeepSeek's AI demonstrated China's growing capabilities in artificial intelligence, boosting technology stocks. However, domestic consumption remains relatively muted, and property sector challenges persist.
- Taiwan Semiconductor Manufacturing Company (TSMC) continued to benefit from AI-driven demand, while countries such as Vietnam, Malaysia and Indonesia attracted increased foreign investment as supply chain diversification expanded. Political instability in South Korea, following President Yoon's brief martial law declaration in December, added to regional uncertainty.

Emerging Market Equity

- Emerging market equities were the top-performing asset class over the past six months, with most significantly outperforming developed markets, reversing years of relative underperformance. This outperformance was supported by increasing Dollar weakness, attractive valuations, and strong performance from technology and commodity-linked stocks. Colombia emerged as the world's best-performing equity market in 2025 with gains exceeding 90%, while Latin America more broadly benefited from commodity strength. However, the capture of Venezuelan President Maduro by US forces in early January 2026 added to regional volatility and there are concerns of additional US action in the region this year.
- Long-term structural drivers, including favourable demographics, urbanisation, and improving infrastructure, continue to underpin the growth case for emerging markets. Relative to developed markets, many emerging market regions offer compelling valuations and earnings growth potential for patient investors.

Property & Infrastructure

- Global infrastructure investments attracted investor interest, supported by the asset class's defensive characteristics and inflation-linked income streams. Data centres emerged as a particularly strong sector, driven by the explosive growth in AI-related demand for computing power.
- Commercial property markets remained mixed, with logistics and data centre assets in high demand while traditional office and retail sector headwinds persisted – from changing work patterns and consumer behaviour. Interest rate cuts in most Western regions provided some relief, but elevated borrowing costs continue to weigh on property valuations.

UK Fixed Income

- UK fixed income benefited from the Bank of England's continued rate-cutting cycle. High-yield bonds performed strongly as investors sought income in a falling-rate environment. Government gilts delivered more modest returns.
- Concerns around the UK's fiscal outlook and persistent inflation remain, creating uncertainty for the path of interest rates in 2026. The January inflation uptick to 3.4% raised questions about how quickly the Bank of England will be able to continue easing policy.

Global Fixed Income

- Global fixed income markets benefited from interest rate cuts across major central banks, with the Federal Reserve, ECB, and Bank of England all cutting rates during 2025. Higher quality 'investment-grade' corporate bonds performed well, as the extra yield investors demand for lending to companies rather than governments fell to more modest levels.
- Government bonds face a mixed outlook. Sticky inflation and rising debt levels across major economies continue to create uncertainty, while heavy government borrowing may weigh on long-term returns. Political pressure on the Federal Reserve has also raised concerns about central bank independence.

Specialist & Global Equity

- Technology stocks continued to drive portfolio returns, though leadership became concentrated among a handful of AI-related names. Companies linked to AI infrastructure, semiconductors, and data centres posted exceptional gains, though valuations in parts of the sector appear stretched. Competition from Chinese AI developments, particularly cost-effective alternatives like DeepSeek, introduced volatility and raised questions about the sustainability of AI premiums.
- Beyond technology, other sectors offered opportunities. Defence stocks benefited from rising NATO spending commitments and ongoing geopolitical tensions. Clean energy and green infrastructure attracted renewed interest as governments pursued energy security alongside climate goals. Healthcare and pharmaceuticals remained resilient, supported by ageing populations and continued innovation in areas such as obesity treatments and gene therapies.

Alternative Strategies

- Gold delivered its best annual performance since 1979, surging by around 70% in 2025. The start of this year has seen further gains as geopolitical tensions rose further in the wake of Trump's threats over Greenland and military action in other regions. The price has also been pushed up by central bank purchases, Dollar weakness, and expectations of continued monetary easing. This wasn't the only precious metal to perform well, with Silver and other perceived 'safe haven' commodities also strongly higher. This also had knock-on effects with metal mining companies and other firms in the supply chain performing well.
- Hedge funds, private equity and alternative strategies provided useful diversification benefits during periods of heightened volatility.

Cash & Money Market

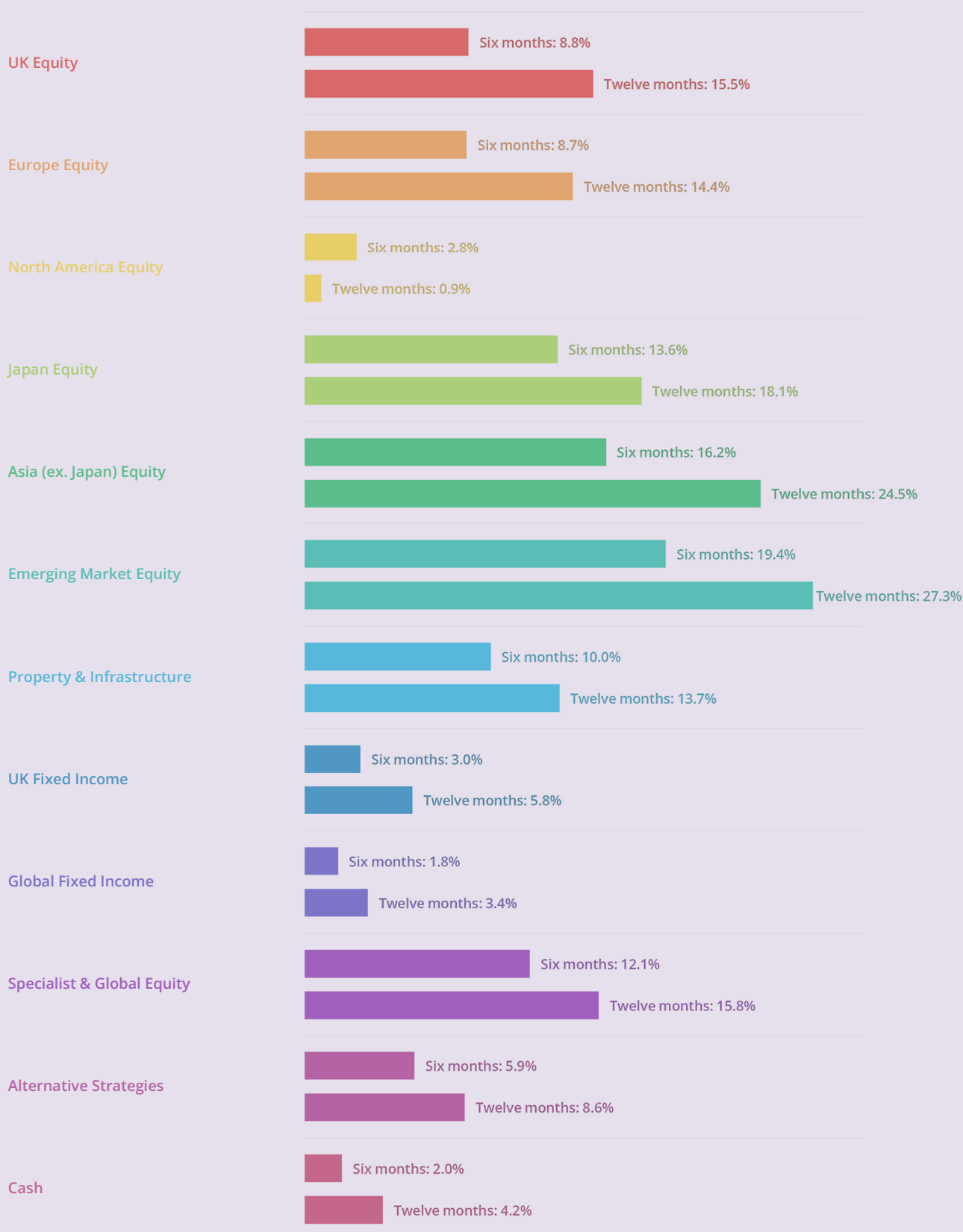
- Cash yields remained relatively attractive by recent historical standards, though the ongoing rate-cutting cycle has begun to reduce returns from money market investments. Cash continues to serve as an important portfolio stabiliser, particularly during periods of elevated market volatility.
- With interest rates expected to fall further in 2026, investors holding excessive cash allocations risk missing out on potential returns available from other asset classes. A balanced approach that maintains adequate diversification and stability while deploying capital productively remains appropriate.

Summary























- **Strong returns for most investors despite volatility:** 2025 proved to be a good year for investment markets globally, with most major equity indices posting double-digit gains. The FTSE 100 delivered its best performance in over a decade, rising more than 21% and breaking through 10,000 for the first time. Many international markets outperformed the US, reversing years of American exceptionalism, while emerging markets staged a significant comeback. However, these gains came with significant bumps along the way. Some sharp short-term sell-offs reminded investors that volatility remains a constant companion. For UK investors, US equity returns were further dampened by significant Dollar weakness, driven by policy uncertainty, trade tensions, and growing concerns about Federal Reserve independence.
- **Trump keeps markets guessing:** President Trump's second term continues to generate uncertainty. His January push to acquire Greenland triggered a 'Sell America' moment, with the S&P 500 dropping over 2% before recovering when tariff threats were walked back at Davos. Foreign policy remains volatile – from the capture of Venezuela's Maduro to shifting positions on Ukraine, Gaza and Iran. Domestically, attacks on institutions and pressure on Federal Reserve independence have deepened polarisation. The November midterms could provide a check on the administration if Democrats regain Congressional control.
- **Uncertainty drives demand for safe havens:** Geopolitical risks remain elevated across multiple fronts. The war in Ukraine grinds on with no resolution in sight, the Middle East remains unstable despite a fragile Gaza ceasefire, and last summer's brief Israel-Iran conflict showed how quickly tensions can escalate. Iran's nuclear ambitions remain a concern, while the Trump administration's unpredictable foreign policy, including the capture of Venezuelan President Maduro, added to global uncertainty.

Asset Returns

Returns from asset types over the past six and twelve months to February 2026:



Economic & Market Data

	Value	6 Months	12 Months
Stock Markets			
 FTSE 100	10,223.54	+8.7%	+14.5%
 FTSE All-Share	5,511.52	+7.9%	+13.6%
 Dax	24,538.81	+1.8%	+12.7%
 Cac 40	8,126.53	+4.9%	+2.5%
 S&P 500	6,939.02	+8.0%	+13.3%
 NASDAQ	23,461.81	+10.5%	+18.4%
 Nikkei 225	53,322.85	+22.6%	+27.2%
 SSE Composite	4,157.98	+11.1%	+22.1%
 Hang Seng	27,387.11	+3.5%	+26.7%
 Bovespa	181,363.90	+21.1%	+27.7%
 FTSE India	6,466.02	+5.3%	+11.1%
Currencies			
 £ GBP / \$ USD	\$1.3692	+3.7%	+10.3%
 £ GBP / € EUR	€1.1548	-0.3%	-3.4%
 £ GDP / ¥ YEN	¥211.82	+6.0%	+9.7%
Commodities			
 Brent Crude	\$67.50	-6.9%	-14.9%
 Gold (LBMA Bullion)	\$5,085.90	+55.8%	+78.5%
 Silver (S&P GSCI Spot)	\$107.90	+190.4%	+226.7%
UK Economy			
 CPI Inflation	+3.4%	(annual)	
 Base Rate	+3.75%	(current)	
 GDP	+1.5%	(annual)	
 Unemployment	+5.1%	(current)	
 Halifax HPI	+0.3%	(annual)	

Sources: FE, BBC, Bloomberg, ONS, Halifax, Bank of England

About NorthStar Wealth Management

Award-winning independent financial planning designed to help you take control of your money, grow your wealth, protect your lifestyle and plan for a more certain future.

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Address: Ocean Village Innovation Centre, Ocean Way, Southampton, Hampshire, SO14 3JZ

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Smarter Financial Planning for the Digital Age

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