



Trend Following Theme Update

Q4 2025

In a Nutshell

A silver lining to a year of two halves

Summary

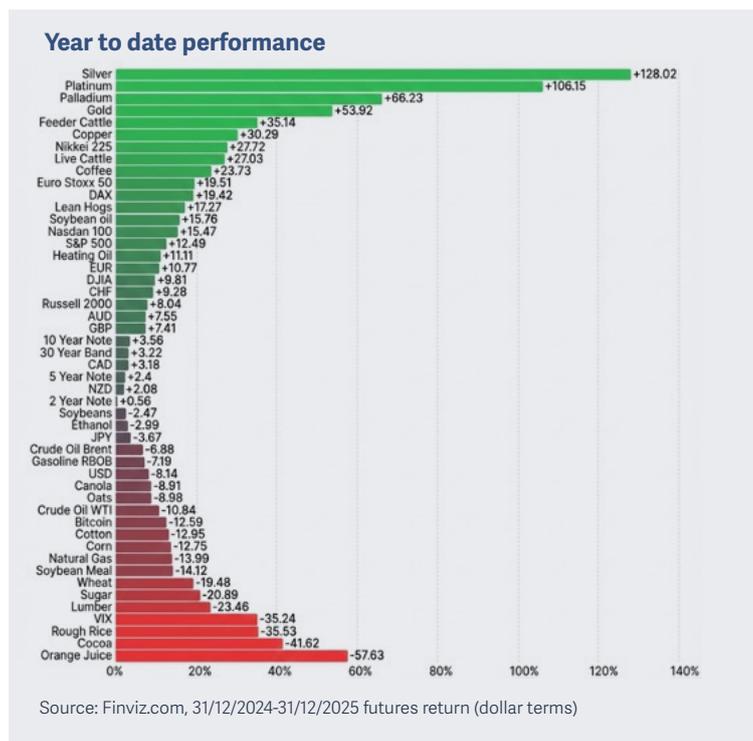
Trend Followers ended 2025 on a high as a seventh consecutive month of positive returns helped offset the losses incurred during a tough first half of the year. Our Trend funds posted an average return of +4.1% in Q4, as long bets in metals and equities and shorts in the dollar offset modest losses in agriculturals.

Trend begins 2026 with long bets in metals and equities and shorts against agriculturals, energies and the dollar, and a decreased overall risk posture amidst an increase in volatility generally. In a hugely uncertain and noisy macroeconomic landscape, an allocation to a rules-based Trend Following strategy may prove a valuable diversifier to subjective decision-making.

Markets in 2025

2025 was a year of two halves for Trend. Q4 continued where Q3 left off; offering a much more conducive environment for Trend than H1. Global equities hit new highs in 2025, but got there via a substantial sell off linked to Trump's "Liberation Day" tariff announcements in April.

The MSCI World index gained +21.1% in 2025, with European and Asian indices outperforming the US. The dollar followed a similar path to equities through to mid-April but failed to rebound with equities; the dollar index fell -9.4% over the year, its worst performance since 2017.



2025 futures returns were led by precious metals, meats and non-US equities

Energy and foods featured heavily amongst the laggards: wheat and rice, saw prices plunge

In Bonds, Central banks cut rates in most countries during 2025, while raising them to their highest level in 30 years in Japan. The result was gains for US Treasuries across most maturities in 2025 but losses, particularly at the long end, in major bond markets such as Japan and Germany.

Metals were the standout performer in commodities, with gold, silver, copper and platinum all surging to all-time highs during the year (and in so doing generating the majority of Trend’s returns for the year). The commodities sector also saw big declines over the year in the likes of natural gas, coal, and agricultural such as cocoa and sugar.

The Asset Class Quilt chart below illustrates the fleeting nature of market leadership each year. By remaining entirely agnostic, a rules-based Trend Following strategy does not forecast winners and losers (whether it be the ongoing record-breaking surge in Gold to new highs or the sharp reversal in the dollar), but instead reacts to price signals as they emerge.

By systematically rotating capital into areas of strength and exiting (or shorting) those in decline, this disciplined framework removes the emotional bias of picking winners (or retaining losers) to capture returns across the full market spectrum regardless of the shifting macroeconomic backdrop.

Chart 20: Historical asset class performance by year
Ranked cross asset returns by year since 2000

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Commodities 58.2%	US Treasuries 6.7%	Commodities 39.5%	MSCI EM 56.3%	REITS 32.0%	MSCI EM 34.5%	REITS 37.5%	MSCI EM 39.8%	US Treasuries 14.0%	MSCI EM 79.0%	Gold 29.2%	US Treasuries 9.8%	REITS 23.8%	S&P 500 32.4%	S&P 500 13.7%	S&P 500 1.4%	Commodities 17.5%	MSCI EM 37.8%	Cash 1.8%	S&P 500 31.5%	Gold 24.8%	Commodities 46.3%	Commodities 31.1%	S&P 500 26.3%	Gold 26.7%	Gold 60.7%
US Treasuries 13.4%	Global IG 4.8%	Gold 25.6%	MSCI EAFE 39.2%	Commodities 28.7%	Commodities 33.7%	MSCI EM 32.6%	Commodities 33.0%	Gold 4.3%	Global HY 62.6%	MSCI EM 19.2%	Gold 8.9%	Global HY 19.3%	MSCI EAFE 23.3%	REITS 11.7%	US Treasuries 0.8%	Global HY 14.8%	MSCI EAFE 25.9%	US Treasuries 0.8%	REITS 27.4%	MSCI EM 18.6%	REITS 37.1%	Cash 1.5%	MSCI EAFE 18.9%	S&P 500 25.0%	MSCI EM 32.0%
REITS 8.5%	Cash 4.4%	Global IG 14.9%	REITS 33.5%	MSCI EM 25.6%	Gold 17.8%	MSCI EAFE 26.9%	Gold 31.9%	Cash 2.1%	MSCI EAFE 32.8%	REITS 15.9%	Global IG 4.5%	MSCI EM 18.6%	Global HY 8.0%	US Treasuries 6.6%	Cash 0.1%	S&P 500 12.0%	S&P 500 22.0%	Gold -1.9%	MSCI EAFE 22.8%	S&P 500 18.4%	S&P 500 23.7%	Gold -0.8%	Global HY 13.4%	MSCI EM 8.0%	MSCI EAF 29.0%
Cash 6.2%	Global HY 3.1%	US Treasuries 11.6%	Commodities 30.1%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	Gold 23.2%	MSCI EAFE 11.6%	Global IG -8.3%	REITS 31.7%	S&P 500 15.1%	Global HY 2.6%	MSCI EAFE 17.8%	REITS 0.7%	Global IG 3.2%	MSCI EAFE -0.8%	MSCI EM 11.2%	Gold 12.8%	Global HY -3.3%	Commodities 20.1%	Global IG 10.3%	MSCI EAFE 11.9%	US Treasuries -12.9%	Gold 12.7%	Global HY 7.5%	S&P 500 18.5%
Global IG 3.1%	Gold -0.7%	Cash 1.8%	Global HY 30.7%	Global HY 12.4%	REITS 10.7%	S&P 500 15.9%	US Treasuries 8.1%	Global HY -8.3%	S&P 500 26.5%	Global HY 13.9%	S&P 500 2.1%	S&P 500 16.0%	Global IG 0.1%	Gold 0.1%	REITS -3.4%	Gold 8.6%	REITS 11.5%	Global IG -3.4%	MSCI EM 18.6%	MSCI EAFE 8.4%	Global HY 1.4%	Global HY -13.2%	REITS 5.5%	Global HY 9.9%	
Gold -5.4%	MSCI EM -2.4%	Global HY -1.1%	S&P 500 28.7%	S&P 500 10.9%	S&P 500 4.9%	Global HY 13.5%	Global IG 7.3%	S&P 500 -37.0%	Commodities 26.1%	Commodities 13.3%	Cash 0.1%	Global IG 11.1%	Cash 0.1%	Cash 0.0%	Global IG -3.8%	Global IG 4.3%	Global HY 10.2%	REITS -3.9%	Gold 17.9%	US Treasuries 5.2%	Cash 0.0%	MSCI EAFE -13.9%	MSCI EM 10.1%	Cash 5.3%	Global IG 9.8%
Global HY -8.8%	REITS -7.8%	REITS -2.4%	Gold 19.9%	Global IG 9.4%	Cash 3.1%	Global IG 7.2%	S&P 500 5.5%	Commodities -42.8%	Gold 25.0%	MSCI EAFE -4.2%	Commodities 8.3%	Commodities -2.1%	Global HY -0.1%	Global HY -4.2%	REITS 1.3%	Global IG 9.3%	S&P 500 -4.3%	Global HY 13.7%	Global HY 8.0%	MSCI EM -2.3%	Global IG -16.7%	Global IG 9.5%	Global IG 4.4%	US Treasury 6.1%	
S&P 500 -9.1%	S&P 500 -11.9%	MSCI EM -6.0%	Global IG 14.5%	Gold 4.8%	US Treasuries 2.8%	Cash 4.9%	Cash 5.0%	MSCI EAFE -43.1%	Global IG 19.2%	Global IG 6.0%	REITS -8.4%	US Treasuries 2.2%	MSCI EM -2.3%	MSCI EM -1.8%	Gold -10.4%	US Treasuries 1.1%	Commodities 7.6%	Commodities -13.1%	Global IG 11.4%	Cash 0.5%	US Treasuries -2.4%	S&P 500 -18.1%	Cash 5.1%	REITS 3.2%	Commodities 5.9%
MSCI EAFE -14.0%	MSCI EAFE -21.2%	MSCI EAFE -16.7%	US Treasuries 3.3%	US Treasuries 3.5%	Global HY 1.3%	US Treasuries 3.1%	Global HY 3.0%	REITS -50.2%	Cash 0.2%	US Treasuries 5.9%	MSCI EAFE -11.7%	US Treasuries -3.3%	MSCI EAFE -4.5%	MSCI EM -14.9%	MSCI EAFE -14.9%	US Treasuries 2.4%	US Treasuries 7.0%	US Treasuries -4.4%	Global IG -3.0%	MSCI EM -19.8%	US Treasuries 3.9%	Global IG 1.2%	Cash 4.0%		
MSCI EM -30.6%	Commodities -21.4%	S&P 500 -22.1%	Cash 1.1%	Cash 1.3%	Global IG -3.0%	Commodities -0.2%	REITS -10.0%	US Treasuries -53.2%	US Treasuries -3.7%	Cash 0.1%	MSCI EM -18.2%	Commodities -0.3%	Gold -27.3%	Commodities -29.3%	Commodities -29.4%	Cash 0.3%	Cash 0.8%	MSCI EM -14.3%	Cash 2.2%	Commodities -15.0%	Gold -4.1%	REITS -25.2%	Commodities -3.5%	US Treasuries 0.5%	REITS 3.5%

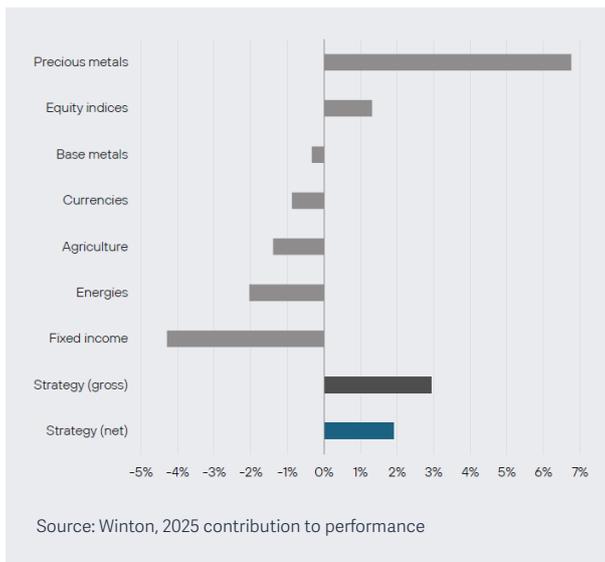
Source: BofA

Performance

Our Trend funds posted a gain of +4.1% in Q4, marginally behind a +4.8% rally in the SG Trend index (comprised of the 10 largest Trend Following strategies), keeping pace with equities in a quarter that saw bond markets largely unchanged. A +3.9% return from our Trend funds in 2025 led the SG Trend index by 2.5% but lagged the 4.4% return from USD Cash.

Winton rallied 4.5% in Q4 as longs in metals and equities lifted the fund to a +1.9% return for 2025. Winton’s +10.7% return in H2 offset a -7.9% decline in H1. The fund ended with a +0.4x sensitivity to equities, down from 0.4x at the start of Q4.

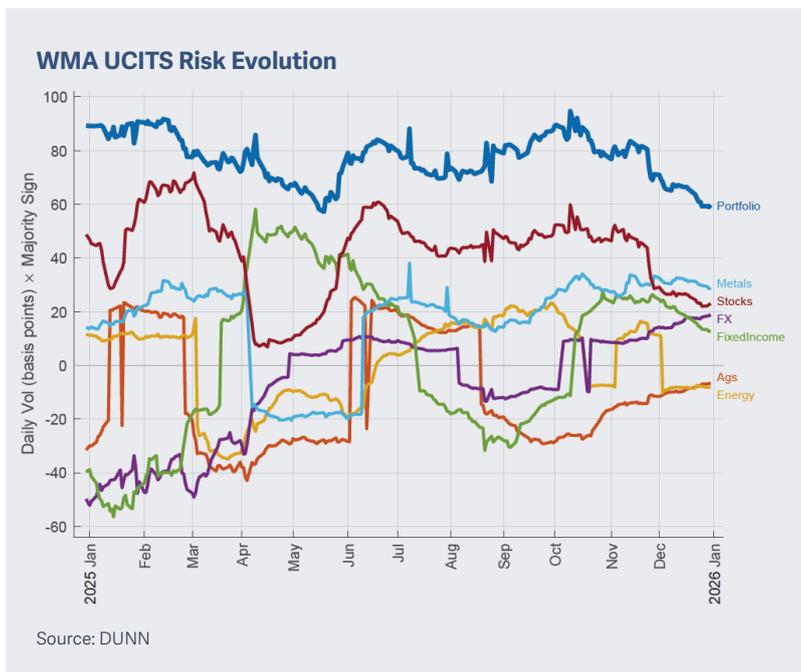
Fixed income caused Winton’s biggest net loss in Q4. Winton’s sensitivity to the 10-year Treasury decreased from +0.4x to -0.2x through Q4. Dollar shorts were reduced QoQ.



Winton’s +1.9% return in 2025 came courtesy of long positions in precious metals and equities. Losses were led by bonds, energies and agriculturals

DUNN gained +3.7% in Q4 courtesy of sizable gains in precious and base metals and shorts in Japanese government bonds, where 30 year yields hit new all-time highs as investors fret over the nation’s fiscal outlook.

DUNN begins 2026 with a 0.7x sensitivity to the MSCI World equity index, down from 1.2x at the start of Q4 (which reflects the dynamic nature of the strategy, reducing exposures as volatility has increased in recent months).



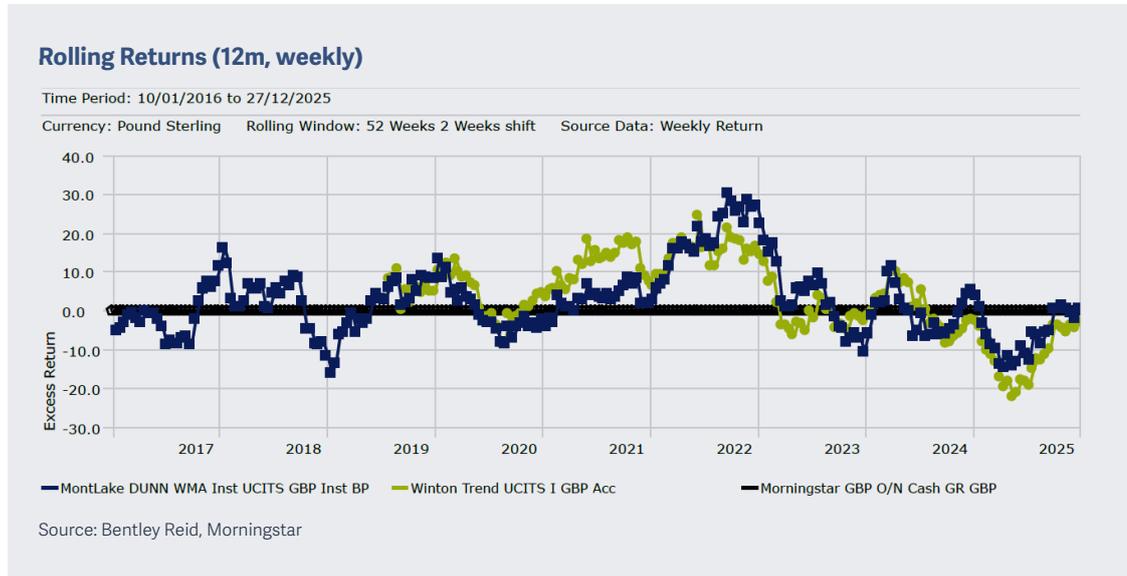
DUNN’s Q4 asset class changes saw a general reduction in risk as rising volatility prompts a lower risk taking posture

Longs in metals and equities remain, while shorts in agriculturals have been reduced

Since inception in our Balanced portfolios (via DUNN in December 2023) Trend’s +17.7% (+8.3% p.a.) return is well ahead of both cash and government bonds but lags the return from equities (to which the strategy has had a low correlation, of only +0.3x since Dec-23).

Valuation

We measure the attraction of Trend (or lack thereof) via ‘rolling alpha’ analysis of performance relative to equities, bonds and cash. Trend’s 12-month rolling return versus the £ Cash index follows:



The outlook for Trend investors remains attractive despite its strong recovery since hitting a low in Q2-25

The -21.8% drawdown in the SG Trend index to its May 2025 low was its 3rd deepest drawdown since 1999. Following Winton’s previous 20 double-digit drawdowns it saw a 12-month average return of +17.6%, with all 12-month periods in positive territory. Our Trend funds have recovered in-line with this analogue. Since their respective Q2-25 lows, Winton has rallied +17.1% and DUNN +14.8% (to 7th Jan-26).

Trend Followers prove most valuable during real equity market dislocations, when drawdowns occur over a period of months or more. When the next equity crisis occurs, the correlation of Trend to equities will shift negative and, hopefully, generate strong relative returns.

Positioning

We access the Trend theme via two best-in-class Trend Following managers, DUNN and Winton.

- **Expertise & Diversification:**
 - DUNN is the world’s oldest Trend Follower (founded 1974). \$1.5bn firm AUM, trading 67 markets (equities, bonds, FX, commodities). It is a slow timeframe model
 - Winton was founded by David Harding in 1997. \$14.3bn firm AUM, trading 154 markets (equities, bonds, FX, commodities). It is a medium timeframe model
- **Cost:**
 - DUNN fees: 0% and 20% performance (charged above a high water mark)
 - Winton fees: 0.8% and 0% performance fee

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