December 2025 | Monthly update

Omnis Managed Portfolio Service

Markets stayed steady despite US data delays, a muted UK Budget and softer signals from China

Market-moving events

US data backlog and mixed signals. Data releases in the US were limited due to a backlog following the government shutdown, which ended on 10 November. Available figures point to a 'K-shaped' economy: asset owners are benefiting as stocks and property prices rise, while those reliant on their salary face worsening job prospects, weighing on sentiment. In AI, earnings were solid but share price reactions were mixed, signalling possible challenges ahead. The October FOMC minutes, released on 19 November, increased speculation of a December rate cut.

UK Budget reaction. The Budget was largely pre-announced throughout the month, leaving few surprises. Overall, it was arguably less negative than feared, and Labour avoided raising basic tax rates, preserving an election pledge. UK gilts responded positively, with yields falling by approximately 0.25% over the month.

China's momentum slows further. Official indicators pointed to China's economy losing steam as it entered the fourth quarter. Fixed-asset investment fell 1.7% in the first 10 months, industrial output grew 4.9% in October, and retail sales rose 2.9%, marking five months of slowing growth. The housing market remained under pressure, with new home prices down 0.5% and existing homes down 0.7%.

Investment highlights

Increased fixed interest exposure. We shifted the portfolio more defensively by again reducing exposure to US larger companies and increasing exposure to the Omnis UK Gilt Fund and the Omnis Global Bond Fund. This defensive pivot was driven by concerns around stretched valuations in US equities and expectations of slowing economic growth. We would expect fixed interest to perform well at the end of the economic cycle and when equity markets come under pressure. We also rebalanced all portfolios during the period.

Remain cautiously positioned. We are overweight fixed interest and underweight equities, particularly US large companies, due to a combination of high valuations and increased concentration risk.

Asset allocation

Red = underweight
Amber = neutral weighting
Green = overweight

If you'd like more detail on our asset allocation views then please visit our online dashboard.

equities

Overweight = UK
Underweight = US + overall

bonds

Overweight = government bonds + overall
Underweight = corporate bonds

alternatives + cash

Overweight = short-dated bonds
Underweight = overall

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