

Europe

Portfolio Insights

Q4 2025

Portfolio Check-In

Overview

Equities

Fixed Income

Alternatives

Peer group summary

We analyse Morningstar Europe-domiciled moderate multi-asset Fund of Funds (FoF) portfolios.

Moderate Allocation

Seeks to provide both capital appreciation and income by investing in three major areas: stocks, bonds and cash.

These portfolios tend to hold larger positions in stocks than conservative-allocation portfolios.

Typical Moderate Allocation Portfolio	
Equities	50-70%
Fixed Income & Cash	30-50%

BlackRock Model

We use the Moderate Strategic EUR model as our comparator (rebalanced as of December 2025).

The Q4 2025 sample contains...



166 FoF portfolios



\$83.3B total AUM



\$500m average AUM

Source: Morningstar Global Category TM Definitions, as of November 2023.

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Q4 portfolio analysis: Key takeaways

1

Growth opportunities

We see substantial opportunities to tap into growth across AI-linked exposures, US equities and emerging market (EM) allocations.

2

Broadening income

The average portfolio continues to hold EUR investment grade (IG) credit as a core fixed income block. As focus on income continues to grow, we see room to broaden income strategies.

3

Role of diversifiers

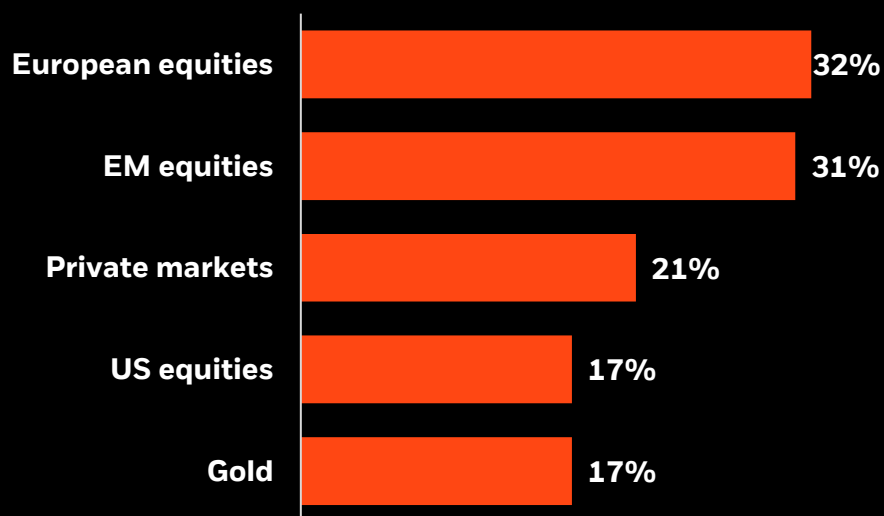
Many portfolios remain underexposed to alternatives and other portfolio diversifiers, which are increasingly critical to navigate persistent risks.

Polling check: Reassessing US convictions

Clients tell us they are adding to equities and alternatives, amid a dominant neutral risk view (44%).

32% plan to add to European equities

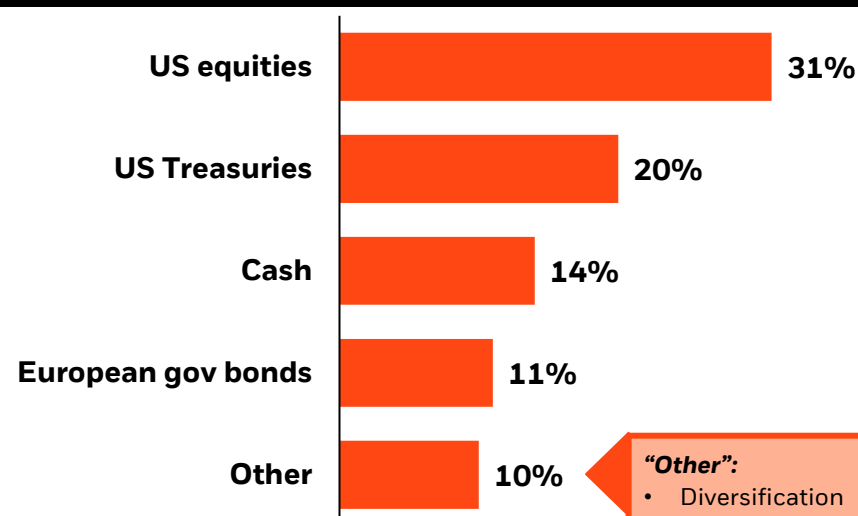
Top 5 polling responses from latest client webinar



Where do you plan to **add** exposure over the next three months?

31% plan to reduce US equities

Top 5 polling responses from latest client webinar



Where do you plan to **reduce** exposure over the next three months?

"Other":

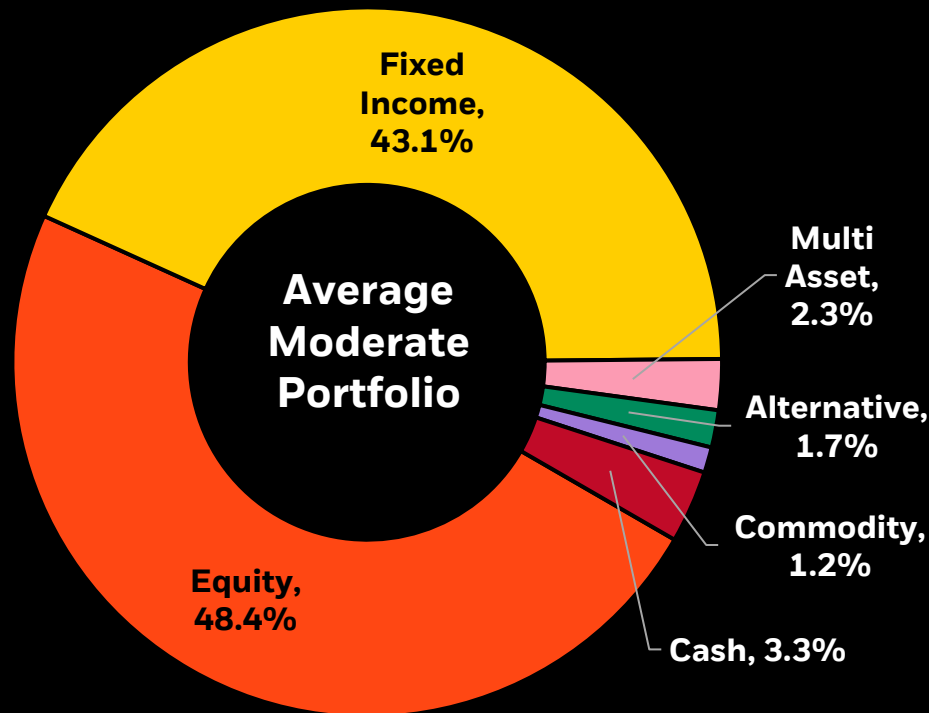
- Diversification and global exposures
- Alternative and private markets
- Tactical adjustments
- Thematic plays

Source: BlackRock, as of 14 January 2026. Data based on 1,414 EMEA survey submissions. Note: percentages are share of respondents selecting each option; options are multi-select, so won't sum to 100%.

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The average **moderate** asset manager portfolio

Portfolios became slightly less bullish vs. the start of 2025, although more cash may have been deployed. We also saw investors increase diversification via the alternatives sleeve.



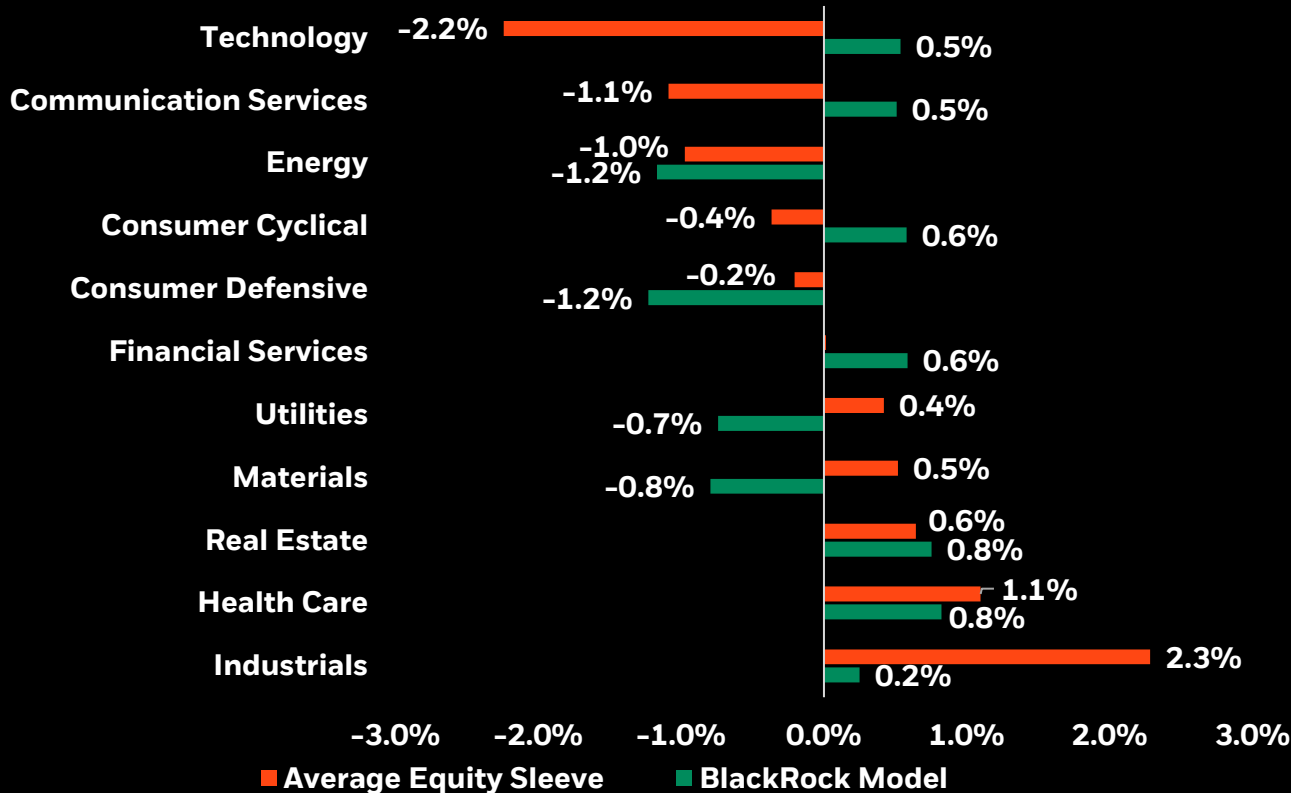
	Mar 2025	Jun 2025	Sep 2025	Dec 2025	YTD
Equity	50%	49%	48%	48%	↓
Fixed Income	41%	46%	44%	43%	↑
Multi Asset	1%	1%	3%	2%	↑
Alternative	1%	1%	2%	2%	↑
Commodity	1%	1%	1%	1%	—
Cash	6%	3%	3%	3%	↓

Source. BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025.

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How do portfolios' equity sectors compare?

The average portfolio is heavily underexposed to technology and energy, while overweight in defensive sectors such as industrials and utilities.



The average portfolio is...



Underweight technology, comms and energy

The average moderate FOF equity sleeve has a 33% exposure to tech and comms versus the BlackRock Model's 37%. The difference in regional exposure may be a key driver in this sector bet.



Overweight industrials, health care, real estate, utilities and materials

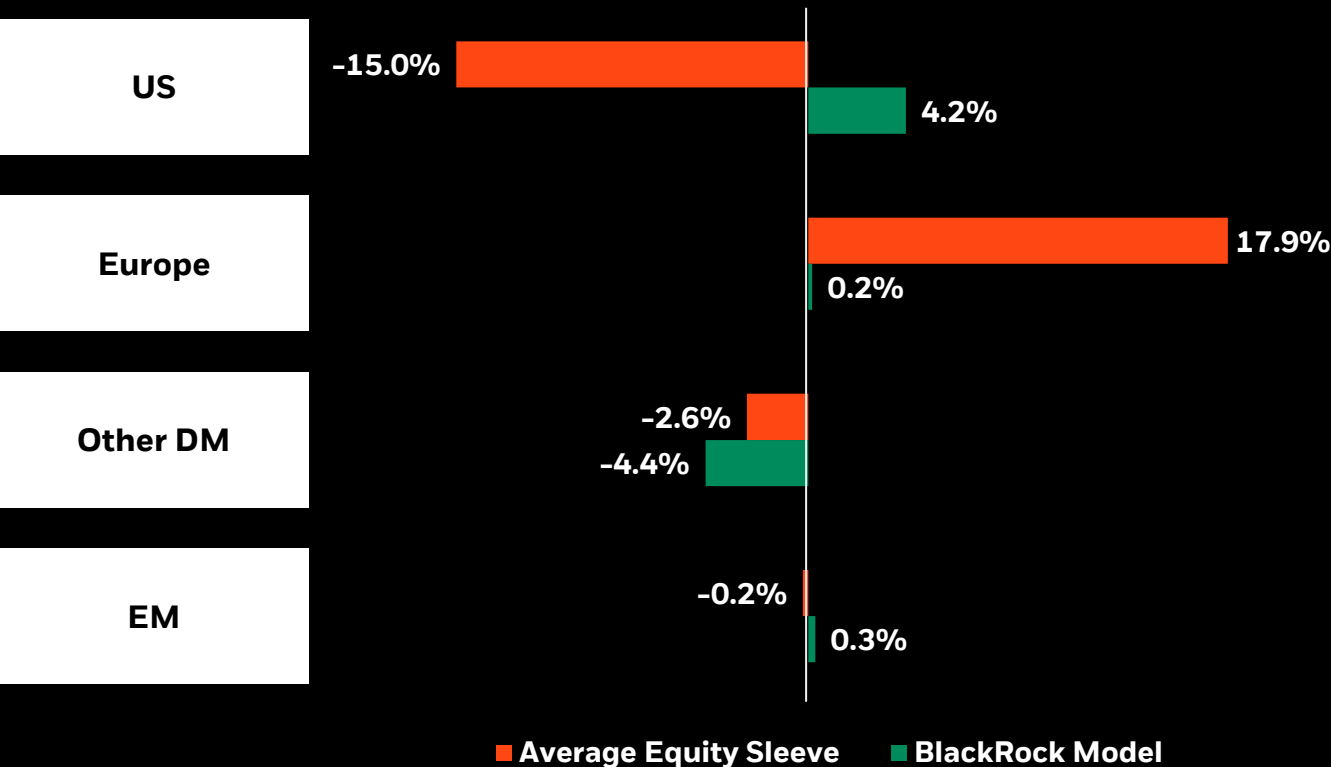
This overweight may be driven by a rotation towards defensive sectors as equity leadership broadens out.

Source. BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025.

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How does regional exposure compare?

The average portfolio is overweight Europe and underweight the US relative to a broad benchmark. We also see room to align to our model's overweight to emerging markets.



The average advisor is...



Overweight Europe

The average portfolio has a **33% allocation to European equities**, which is overweight vs. the MSCI ACWI's and BlackRock model's 15%.



Underweight US and EM

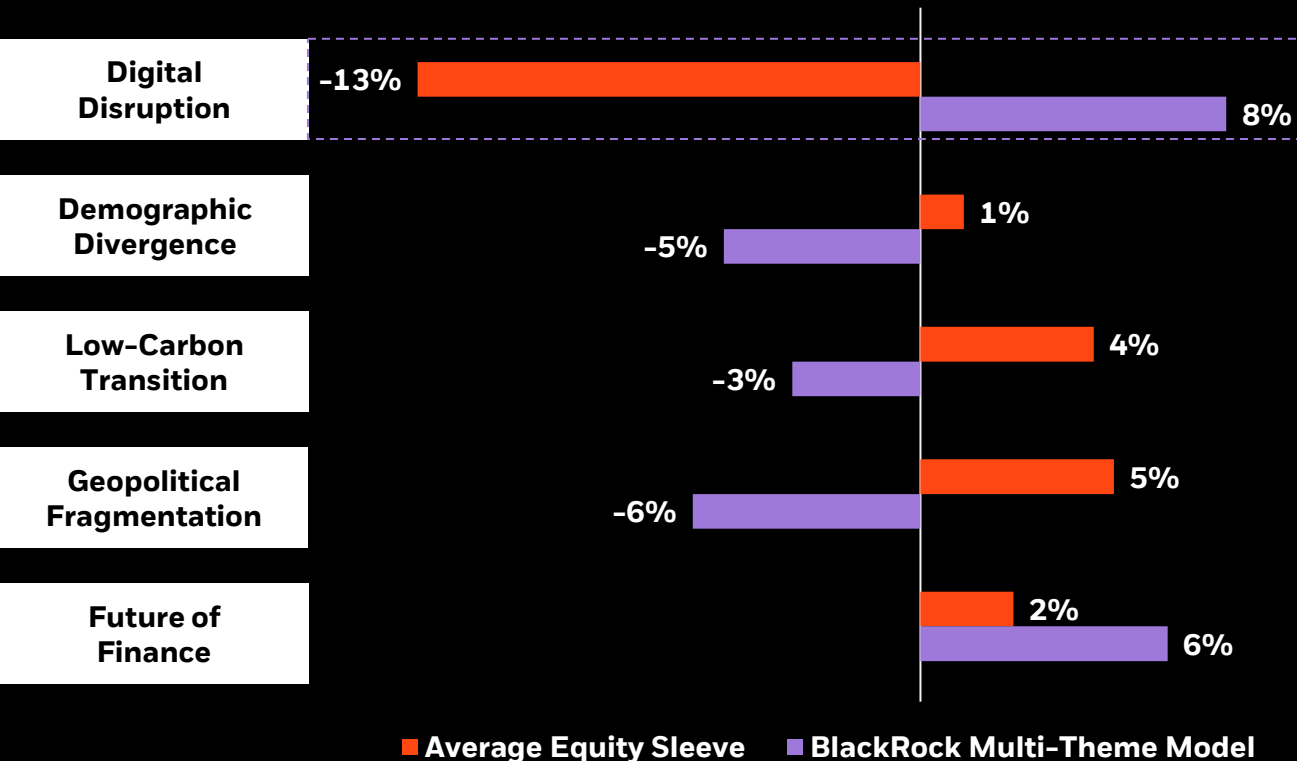
The average portfolio has a **48% total allocation to US equities**, which is underweight vs. MSCI ACWI's 63% and vs. the BlackRock model's 67%. We also see an **underweight to EM vs. MSCI ACWI**. Closing this gap can offer diversified sources of return for portfolios, as earnings, tech and monetary policy tailwinds support a constructive view on EM.

Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025. The benchmark being compared to is the MSCI ACWI Index.

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How does **mega force exposure** compare?

The average portfolio is underweight exposure to AI & digital disruption relative to a broad benchmark. We also see room to align to our model's overweight to the future of finance.



The average advisor is...



Overweight the low-carbon transition and geopolitical fragmentation

The average portfolio is **4-5% more exposed** to the low-carbon transition and geopolitical fragmentation mega forces vs. MSCI ACWI, consistent with the regional overweight to Europe and with recent risk sentiment.



Underweight AI & digital disruption

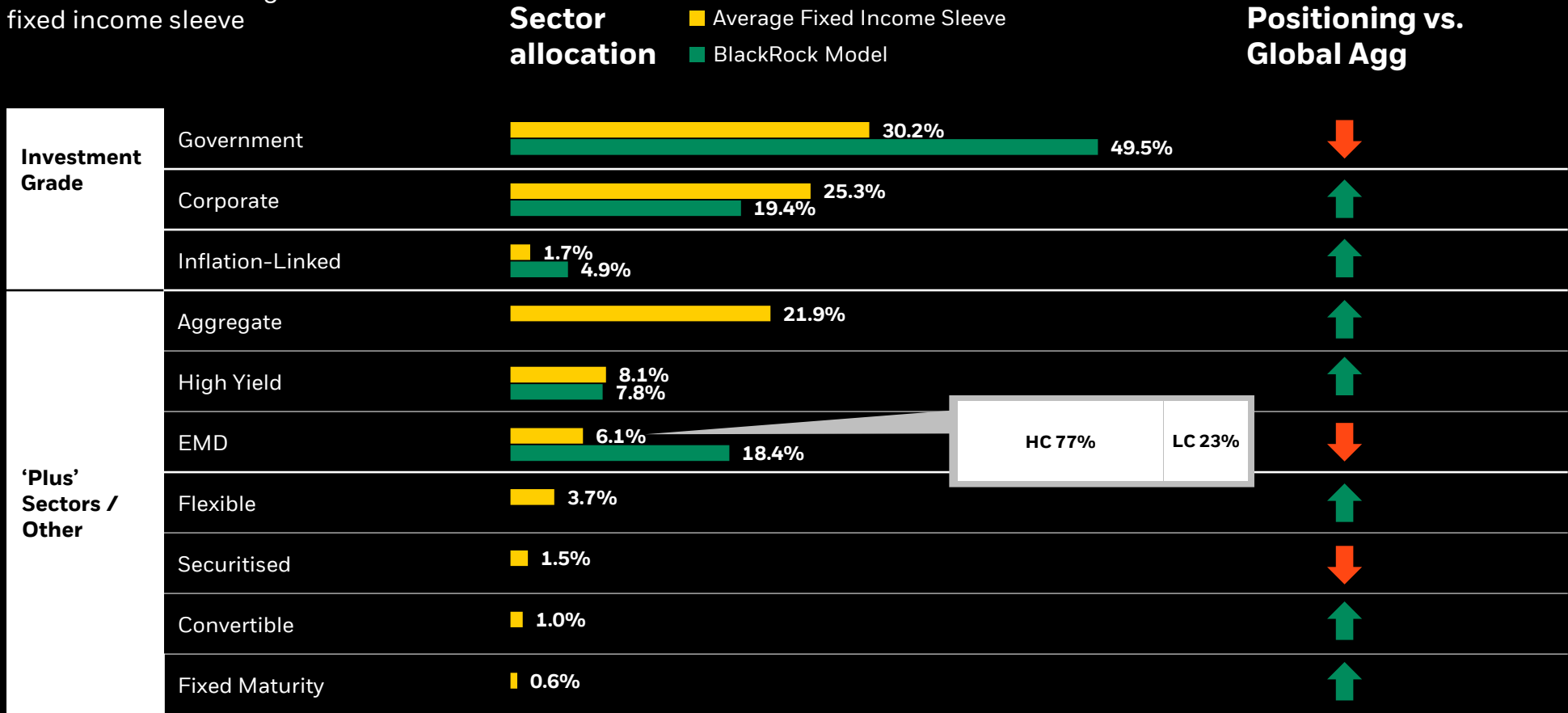
The average portfolio is **13% less exposed** to the AI & digital disruption mega force vs MSCI ACWI, which can be attributed to the regional underweight to the US.

Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025. The benchmark being compared to is the MSCI ACWI Index.

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How do **fixed income sleeves** compare?

% allocation of average moderate fixed income sleeve



Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025. The benchmark being compared to is the Bloomberg Global Aggregate Index.


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How do diversification sleeves compare?

The average portfolio is under-allocated to diversifying alternatives and to rates vs. our BlackRock model. Instead, a large portion of the average FI sleeve sits in short-term bonds and to IG corporate credit.

	BlackRock Model	Average Portfolio
Cash and short-term bond allocation	Cash	10%
	Short-term bonds	8%
Flexible bond and alts allocation	Flexible bonds & 'plus' sectors	31%
	Diversifying (liquid) alts	5%
Rates	Rates	47%

The average portfolio is...

Overweight cash & equivalents
 Our BlackRock Model maintains a minimal allocation here, instead preferring to capture higher yields in 'plus sector' bonds, as well as maintaining a higher exposure to rates than the average portfolio.

Underweight 'plus' sectors & diversifying alts
 As EUR IG emerges as a 'core' building block in the average fixed income sleeve, with the objective of balancing income, stability and diversification, we look to an expanding toolkit, via **systematic IG strategies** for active alpha through security selection, **fixed maturity bonds** for predictability and diversification, or increased allocation to **plus sectors**.

Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025.

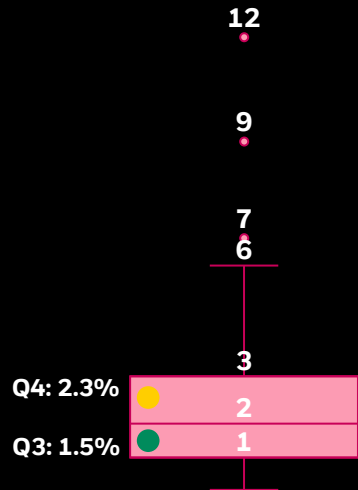
How do alternatives sleeves compare?

There is broad dispersion across portfolio allocations to alternatives. Within alts, the average portfolio has rotated allocations and remains underweight relative to our benchmark.

The average portfolio is underweight alts

Moderate FoF avg. alts allocation distribution

BlackRock iSAA: 15%



	Avg Q3 Portfolio	Avg Q4 Portfolio
Gold	33%	31%
Broad commodities	10%	10%
Private markets	10%	7%
Event Driven	12%	12%
Equity Hedge Fund	5%	8%
Multi Strategy	5%	7%
Other	25%	25%

The average portfolio is...



Overweight commodities

Gold is one of the most popular alternative allocations, especially given concerns around geopolitical risk.



Diversifying across alternative categories

The average portfolio has blended strategies from different categories.



Underweight alternatives

Only 50% of European moderate portfolios include an allocation to alternatives. Those that hold alternatives average 2.3%.

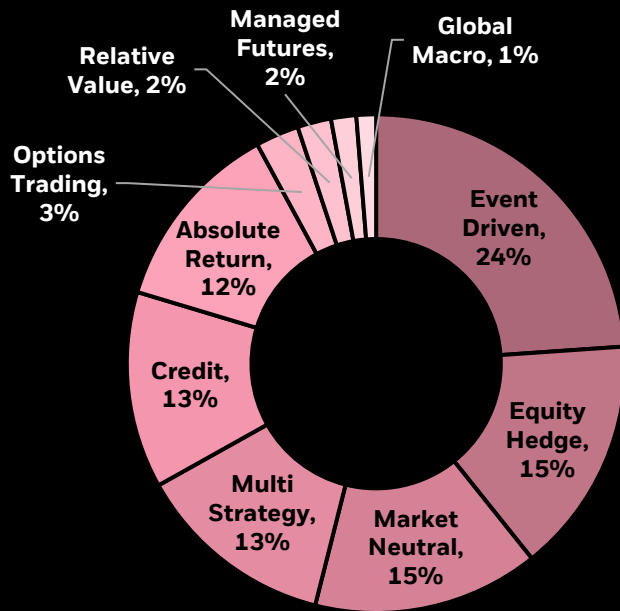
Past performance is not a reliable indicator of current or future results. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Sources: BlackRock Investment Institute, with data from LSEG Datastream and Bloomberg, November 2025; BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate-risk multi-asset portfolios reviewed in each quarter of 2025.

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How do allocations to alts compare?

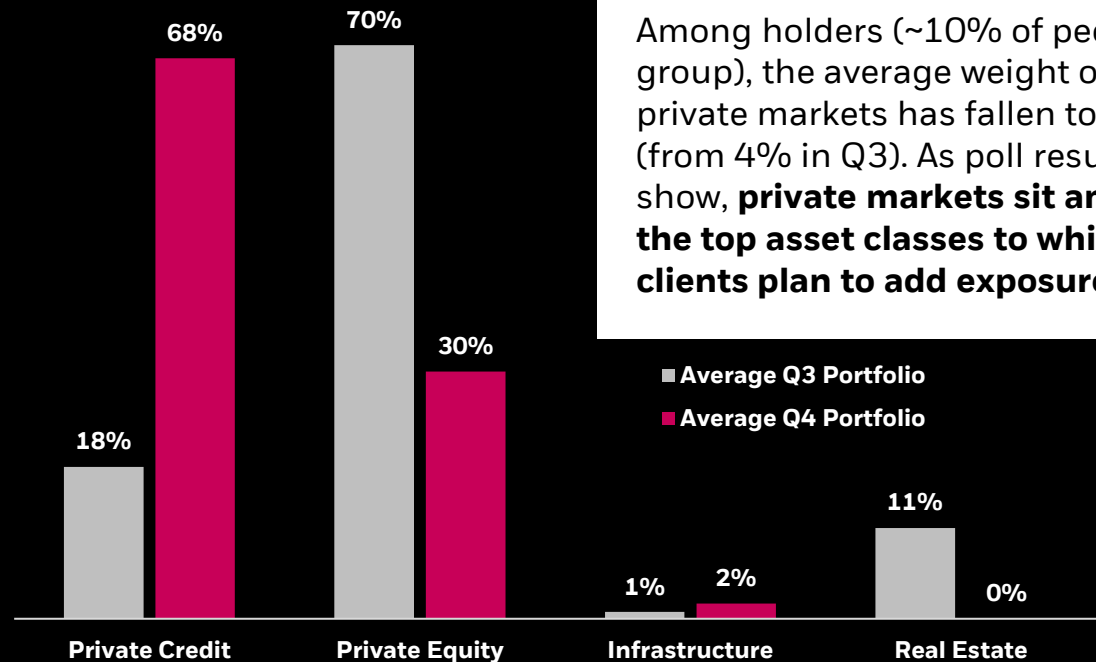
Portfolios allocate to diverse liquid alternative strategies

Breakdown of average liquid alts allocation



Private markets allocations have rotated QoQ

Average private markets allocation across asset classes



Among holders (~10% of peer group), the average weight of private markets has fallen to 2% (from 4% in Q3). As poll results show, **private markets sit among the top asset classes to which clients plan to add exposure.**

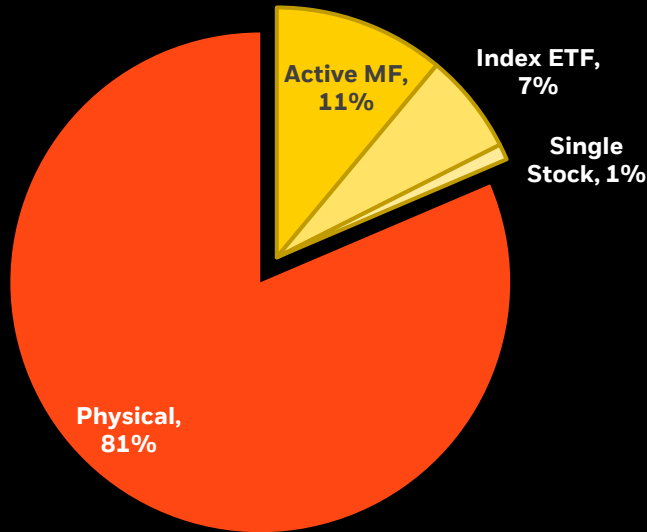
Source for charts: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025. Source for poll results: BlackRock webinar on 14 January 2026, data based on 1,414 EMEA survey submissions.

How are portfolios allocating to gold?

Gold remains an attractive diversifier and 'everything hedge', with downside cushioned by central bank, institutional and retail demand, as traditional hedges like US duration and the USD prove less reliable.

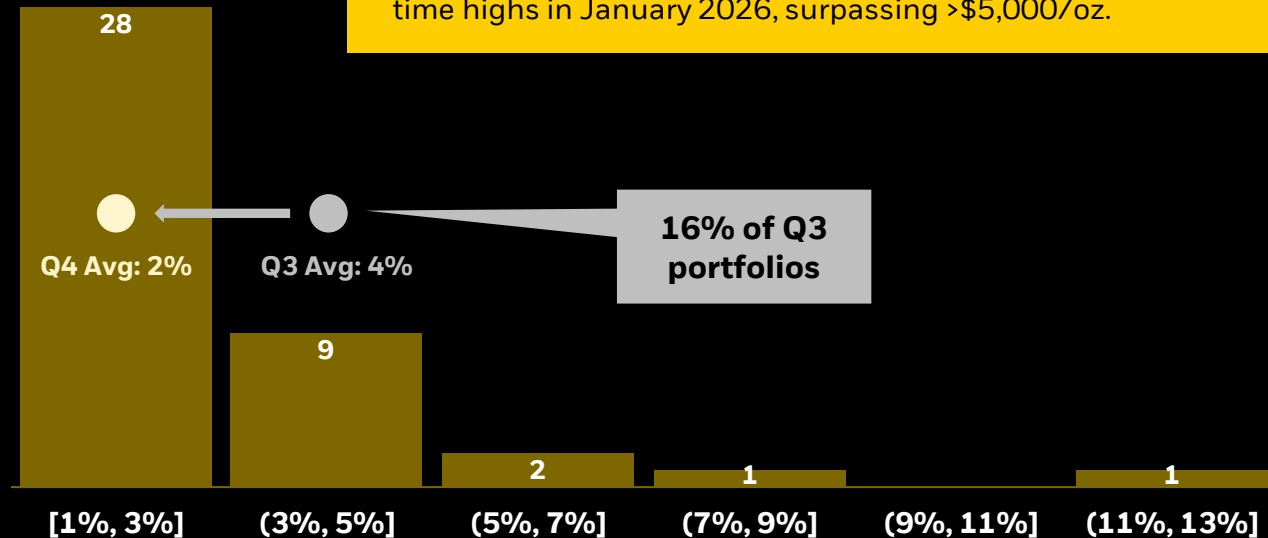
34% of portfolios hold gold

Percentage of peer group exposed to gold in asset allocations



Those that do own physical gold mostly keep allocations <5%

Distribution of portfolios by allocation to physical gold



We're digging gold

Gold, which remains our geopolitical hedge of choice, hit all-time highs in January 2026, surpassing >\$5,000/oz.

Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025. Data on gold sourced from Bloomberg, as of 21 January 2026.

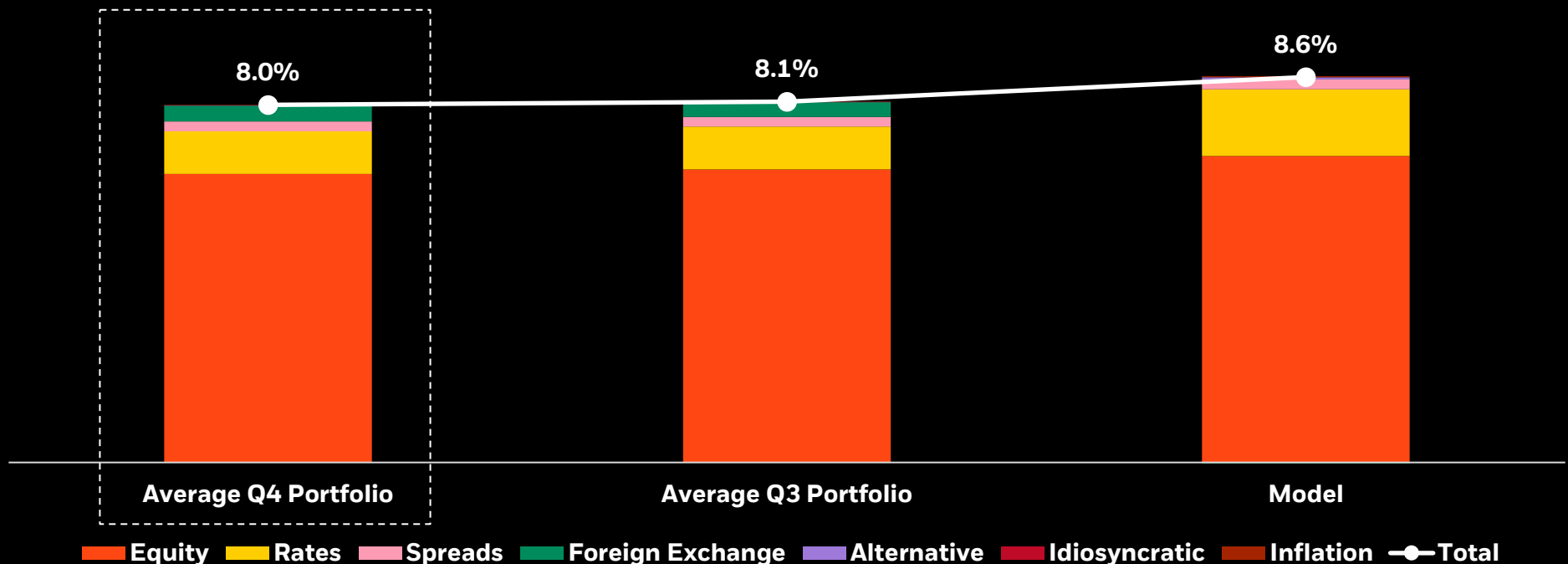
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Risk profile

Our latest webinar poll data shows the predominant risk sentiment is neutral (44%). This comes amid heightened geopolitical tensions, though clients remain in a 'risk-on rotate' stance, as per poll results indicating plans to continue participation in equities but rotate within into Europe and EM.

The average portfolio is less risk-on than the BlackRock model

Risk contribution breakdown of the average moderate portfolio vs. BlackRock model portfolio



Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025. Source for poll results: BlackRock webinar on 14 January 2026, data based on 1,414 EMEA survey submissions.

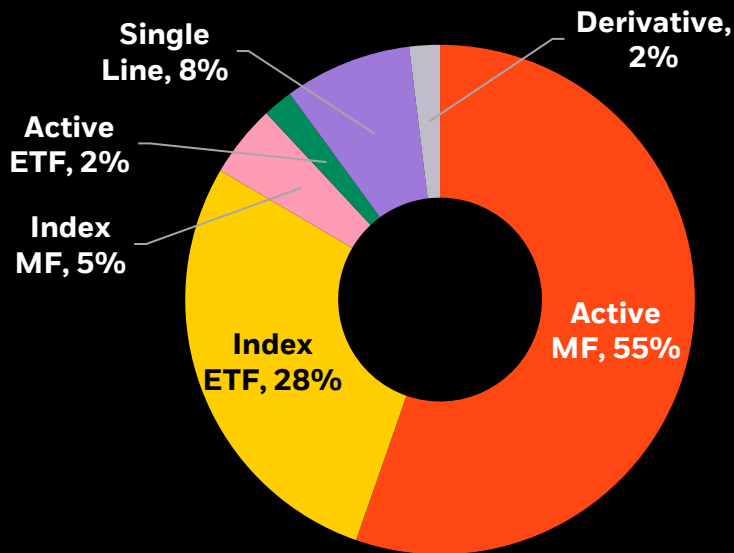
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Active ETFs are on the rise

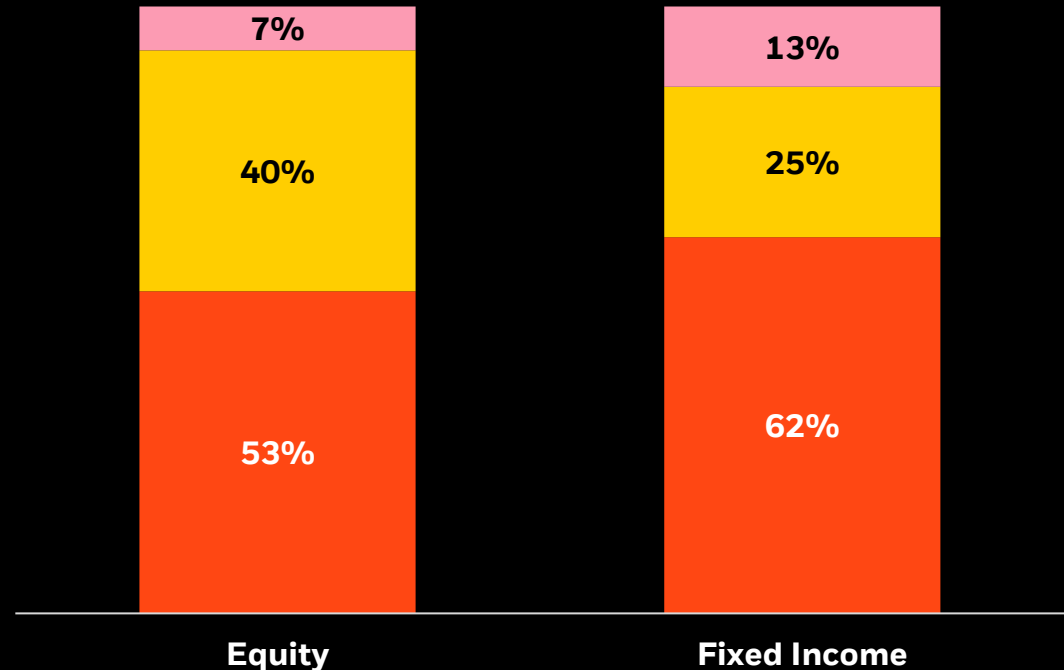
Active strategies are making up a growing percentage of European portfolio allocations, with more active ETF products appearing across sleeves.

Whole portfolio – equity and fixed income

Average allocation to vehicles



Active Index Other



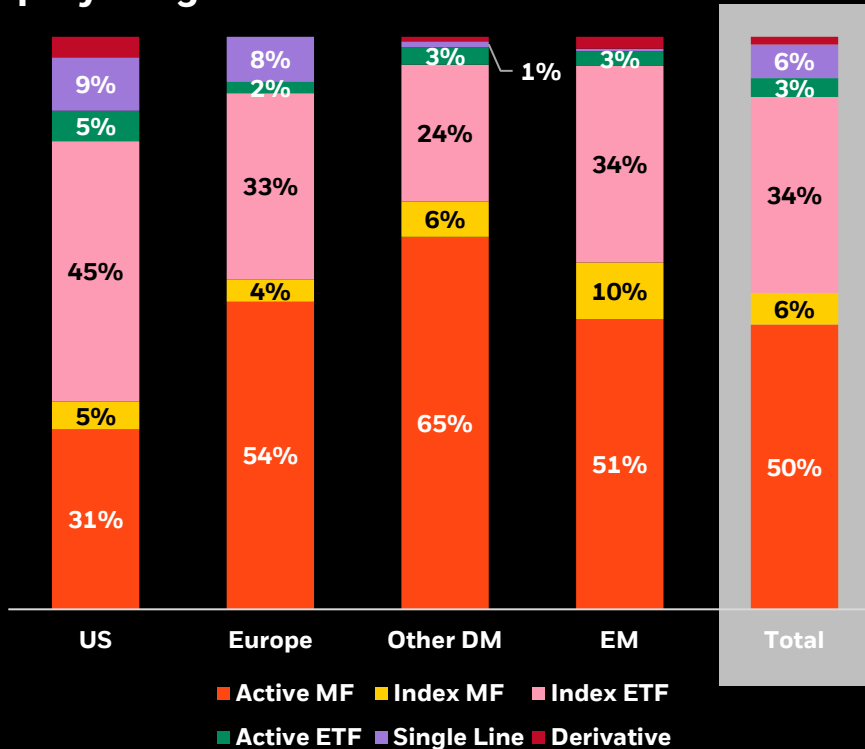
Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025.

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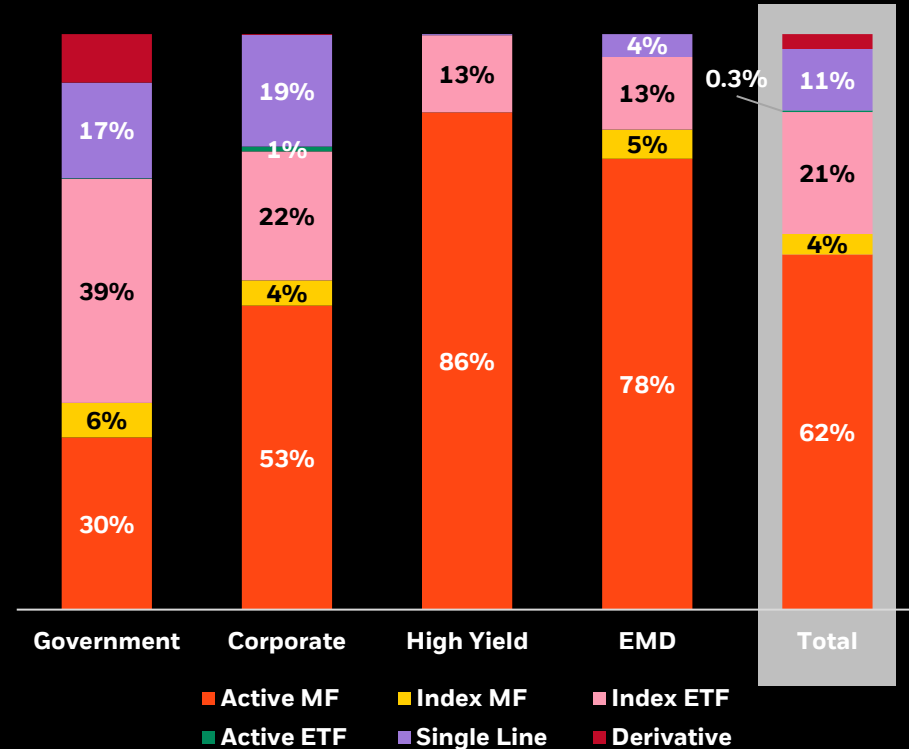
Implementation deep dive

Active strategies are making up a growing percentage of European portfolio allocations, with more active ETF products appearing across sleeves.

Equity – regional breakdown



Fixed income – sectoral breakdown



Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 31 December 2025. Portfolio average allocation based on 166 EMEA moderate risk multi-asset portfolios reviewed in each quarter of 2025.

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