

STRATEGY & OUTLOOK Market Update

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THIS IS A MARKETING COMMUNICATION

January Review

A quiet start to the year for our funds stands in marked contrast to an explosive one for global markets.

Areas of strength in the market such as EM, Metals and semi conductor memory stocks the funds have no exposure too. Some holdings materially underperformed as the latest progress in LLM's brought into question the profitability of previously solid businesses such as Reed Elsevier and the London Stock Exchange. Likewise some legacy holdings in software names such as Accenture and Adobe were also hit hard on these latest advancements. We reduced all these positions after the very bad start to the year that they have had. On the positive side our defensive high quality holdings in UK Utilities contribute positively to performance , as did our overweight's in EU and UK banks.

The funds maintain conservative positioning with concerns growing over the course of January. Global markets are expensive relative to any historical measures and positioning has become complacent and

concentrated. Risks in the market continue to centre around the unintended competitive consequences of this unprecedented AI capex spend, inflation which is stickier than it ought to be and the inconsistent approach to geo politics from world leaders. Issues such as Venezuela, Iran and even Greenland came and went as did a number of Tariff threats which weren't followed through on. Japan called a snap election, adding to fx and rates volatility as the incumbent looks for a more expansionary fiscal mandate. High cash levels and material overweight position to US tech we feel will pay dividends over the course of 2026. The extreme factor rotation we are seeing under the surface of markets is a reflection of the acute uncertainties facing investors and the lack of clarity around what can lead us higher from here after what has been a stellar 3 years for risk assets.

WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment may go down as well as up.

WARNING: Nothing presented in this article constitutes investment advice. You should not act on it in anyway and are advised to obtain professional advice suitable to your individual circumstances.

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