Quarterly Investment Update

April - June 2026

QUARTERLY MARKET COMMENTARY

2nd Quarter 2026

SNAPSHOT

- AI-driven earnings growth supported global equity markets.
- Middle East tensions eased, helping energy prices retreat.
- Credit markets benefited as inflation concerns moderated.

All percentages below are quarterly returns unless indicated otherwise

EQUITIES

US MARKETS
Technology and AI led gains

14.9% US 500

UK MARKETS
Lagged amid commodity weakness

3.8% UK ALL SHARE

EMERGING MARKETS
Semiconductors drove exceptional returns

23.3% EM

BOND MARKETS

BONDS
Credit outperformed most government bonds

UK GILTS	2.0%
US TREASURIES	0.3%
GLOBAL CORPORATE BONDS	1.2%
GLOBAL HIGH YIELD BONDS	3.2%

*Values represent bond index returns

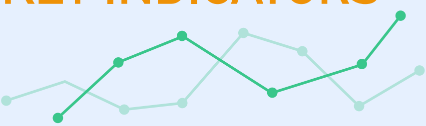
CURRENCIES

CURRENCIES
Sterling mixed amid political uncertainty

Pound vs Other Currencies

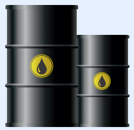
GBP vs USD	0.3%
GBP vs JPY	2.6%
GBP vs EUR	1.4%
GBP vs CNY	-1.3%

KEY INDICATORS

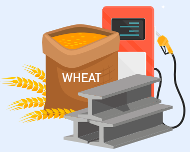


GOLD – XAU/USD **-13.5%**

OIL – BRENT CRUDE **-38.4%**



COMMODITIES **-12.0%**



INFLATION – UK CPI (YOY) **2.8%**

GLOBAL MARKETS

Global markets advanced as easing geopolitical tensions, resilient earnings and continued AI-related investment outweighed concerns around inflation and economic growth.

US MARKETS

Robust corporate earnings powered markets

US equities delivered strong gains during the quarter, supported by robust corporate earnings and renewed enthusiasm surrounding AI investment. Technology companies continued to benefit from rising capital expenditure commitments by major hyperscalers, while broader earnings growth remained resilient. Lower energy prices helped ease inflation concerns later in the quarter, supporting investor sentiment. Although questions remain around the long-term monetisation of AI investment, markets remained focused on improving earnings expectations and the potential economic benefits of ongoing infrastructure and data centre spending.

14.9%

US 500

UK MARKETS

Lagged global peers

UK equities produced positive returns but lagged many global peers. Earlier support from energy and commodity-related companies faded as oil prices retreated following the de-escalation of tensions in the Middle East. Political uncertainty weighed on sentiment during the quarter, although a weaker pound provided some support for internationally exposed businesses. Smaller companies recovered from April lows but struggled to build momentum as domestic economic concerns persisted. Falling energy prices helped improve the inflation outlook and supported a recovery in UK government bonds.

3.8%

UK All Share

EUROPEAN MARKETS

Easing Middle East tensions helped markets

European equities generated positive returns but initially lagged other developed markets due to higher energy costs and slower economic growth. Sentiment improved later in the quarter as tensions in the Middle East eased and oil prices fell sharply. Economic activity remained mixed across the region, although manufacturing indicators showed signs of stabilisation. The European Central Bank delivered its first interest rate increase in almost three years, reflecting ongoing inflation concerns. Despite this, lower energy prices and improving investor confidence supported a recovery in equity markets towards quarter-end.

11.8%

Euro 600 Index ex UK

EMERGING MARKETS

Strong returns for semiconductor manufacturers

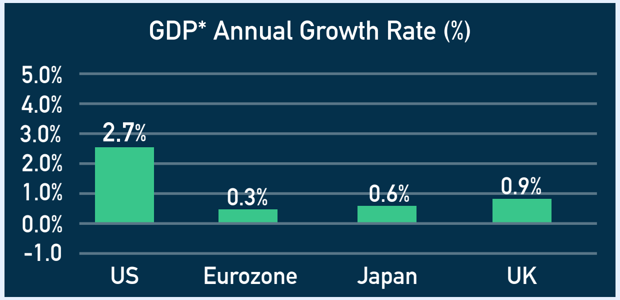
Asian markets delivered some of the strongest returns globally, led by Taiwan and South Korea. Semiconductor manufacturers and technology hardware companies continued to benefit from substantial demand linked to artificial intelligence infrastructure spending. Taiwan Semiconductor Manufacturing Company, Samsung Electronics and SK Hynix were among the key beneficiaries. In contrast, Chinese equities remained under pressure as domestic demand and economic confidence remained subdued. The strong performance of a small number of technology companies increased index concentration, resulting in greater volatility as investor sentiment shifted throughout the quarter.

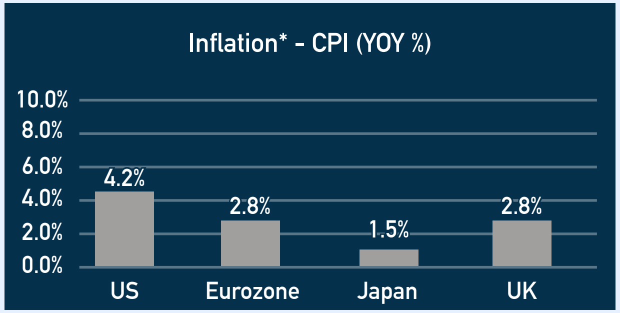
23.3%

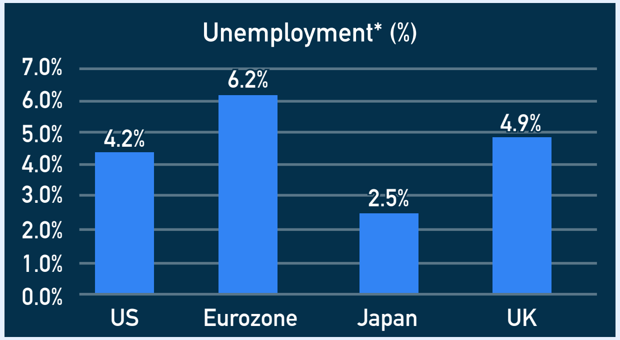
Emerging Markets

THE WORLD AT A GLANCE

	2026 Q2	Year to Date	2025	2024	2023	2022
UK Cash	0.9	1.9	4.3	5.2	4.7	1.4
US Dollar	1.2	2.9	-9.4	7.1	-2.1	8.2
UK Gilts	2.0	0.1	5.0	-3.3	3.7	-23.8
US Treasuries	0.3	0.3	6.3	0.6	4.1	-12.5
Global Corporate Bonds	1.2	1.7	2.7	2.8	4.0	-6.8
Global High Yield Bonds	3.2	3.7	4.3	11.0	8.2	-2.3
US 500	14.9	9.6	16.4	23.3	24.2	-19.4
UK ALL SHARES INDEX	3.8	5.3	19.8	5.6	3.9	-3.2
EURO 600 INDEX EX UK	11.8	8.8	17.4	4.5	14.9	-15.0
JAPAN INDEX	14.2	17.2	22.4	17.7	25.1	-5.1
Asia Ex Japan	28.2	30.1	31.6	16.2	6.4	-15.4
Emerging Markets	23.3	22.7	30.6	5.1	7.0	-22.4
Commodities	-12.0	25.8	-0.3	11.2	-9.7	41.9
Gold	-13.5	-7.4	62.5	26.6	12.8	-0.7
Hedge Funds	5.4	4.8	7.1	5.3	3.1	-4.4

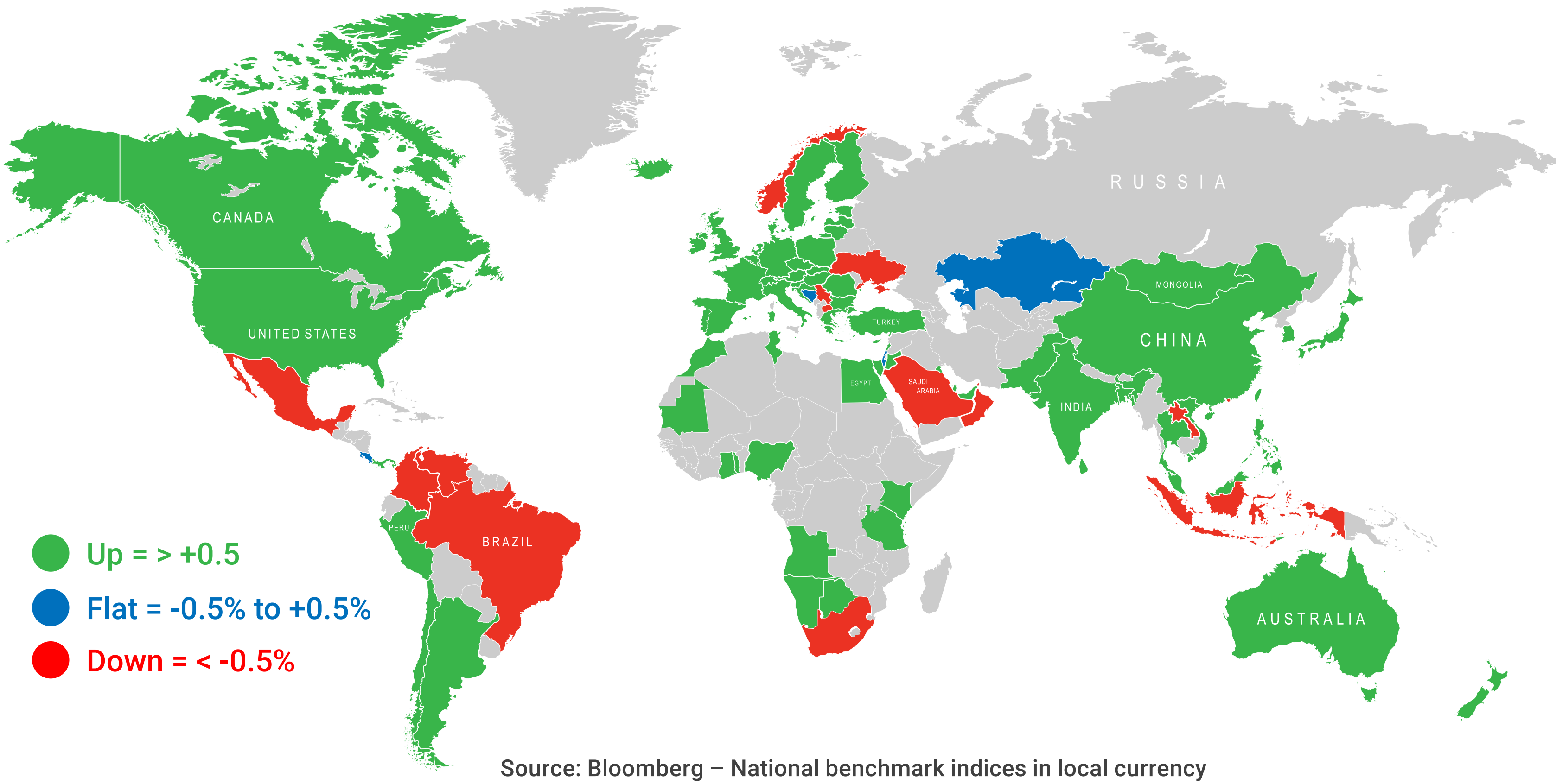




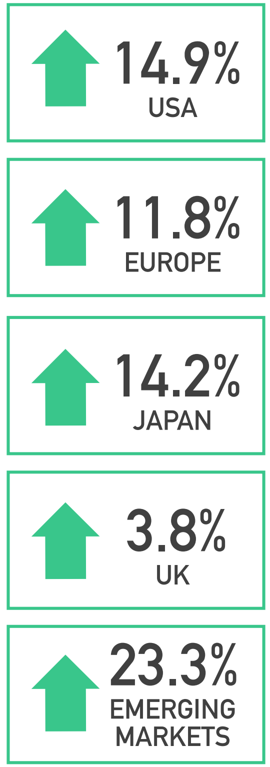


DISCLAIMER – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg. *The data for each region's GDP, Inflation and Unemployment may be for different month ends.

WORLD EQUITY MARKETS



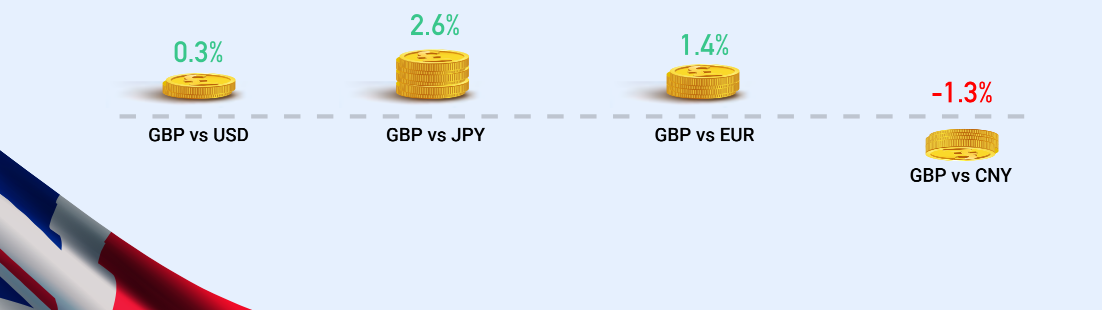
Source: Bloomberg – National benchmark indices in local currency



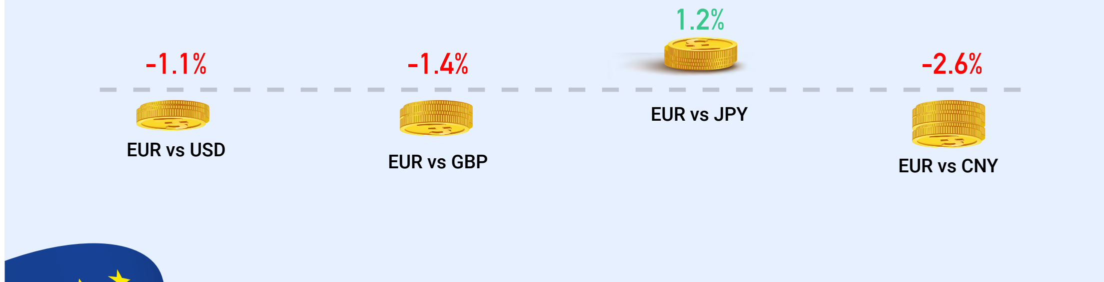
Key Points

- Global equities advanced strongly, supported by improving earnings expectations, easing geopolitical tensions and continued investment in artificial intelligence infrastructure.
- US equities were among the strongest performers as technology companies benefited from increased capital expenditure and resilient corporate earnings growth.
- Emerging market equities delivered exceptional returns, led by semiconductor-heavy markets such as Taiwan and South Korea.
- European equities recovered as energy prices fell and concerns around Middle East supply disruptions eased.
- Chinese equities lagged broader markets as weak domestic demand and slower economic momentum weighed on investor sentiment.

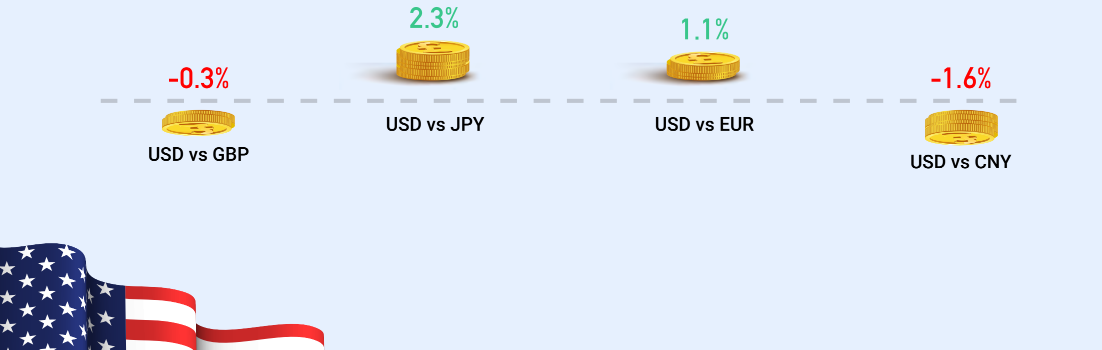
CURRENCIES



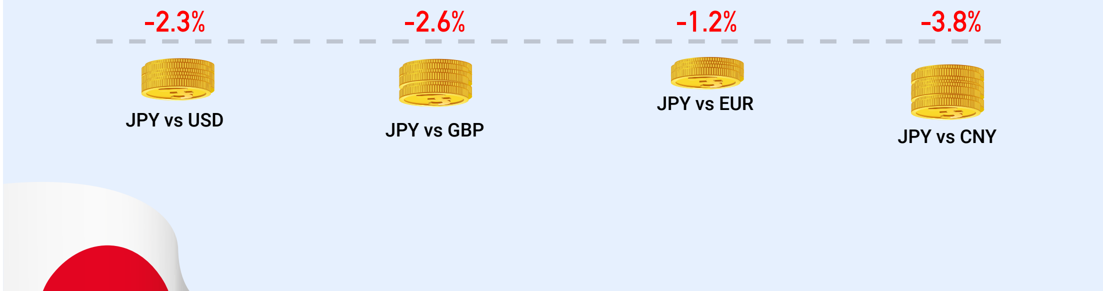
GBP VS OTHER CURRENCIES



EUR VS OTHER CURRENCIES



USD VS OTHER CURRENCIES



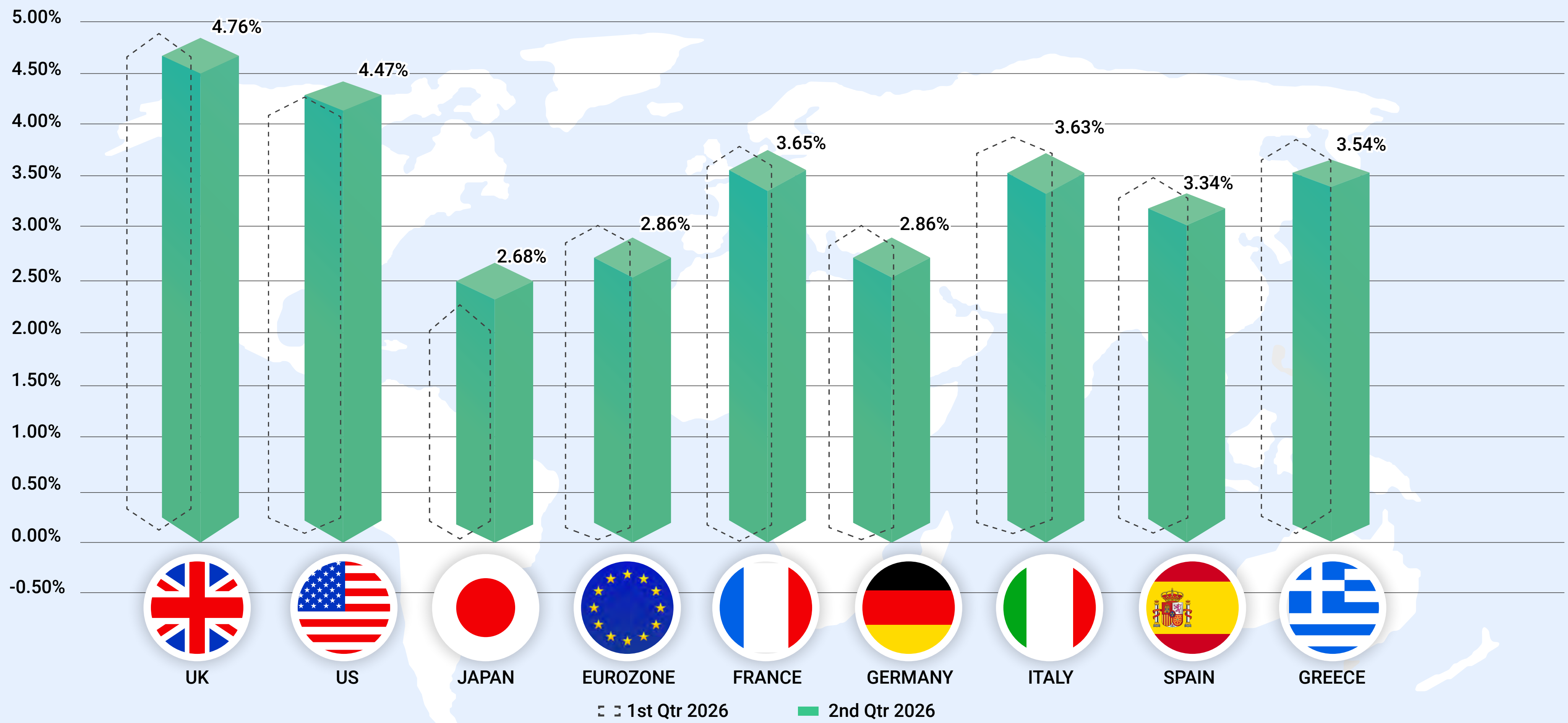
JPY VS OTHER CURRENCIES

Key Points

- The US dollar strengthened modestly as investors reassessed expectations for interest rate policy and economic resilience as new Fed Chair (Warsh) underlined his inflating-fighting credentials.
- The euro eased against major peers despite the European Central Bank raising interest rates by 0.25% during the quarter.
- Sterling experienced periods of weakness amid political uncertainty and softer domestic economic data.
- Falling energy prices reduced pressure on energy-importing economies and provided support to several developed market currencies.
- Asian currencies remained volatile as strong technology-related growth contrasted with weaker conditions in China.

GENERIC 10-YEAR YIELDS*

*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



Key Points

- Government bond markets experienced mixed performance as investors balanced evolving inflation concerns against a weakening growth outlook.
- New Fed Chair Kevin Warsh boosted fixed income sentiment as he underlined a more hawkish path on rates than many had feared.
- UK Gilts outperformed many global peers as economic data softened and inflation moderated.
- Credit markets performed well, benefiting from resilient corporate earnings and tightening credit spreads.
- Emerging market debt generated strong returns as improving risk sentiment and expectations of less restrictive monetary policy supported demand.

GLOSSARY OF TERMS

BoE	Bank of England – central bank of the United Kingdom
BoJ	Bank of Japan – central bank of Japan
Capital Expenditure	Capital Expenditure is money a business spends to acquire, upgrade, or maintain long-term physical assets—such as property, buildings, equipment, or technology—that provide value for more than one year. It is considered an investment in the productive capacity and future growth of the company.
Correlation	The degree to which the returns of financial assets or instruments move in relation to each other
CNY	Chinese renminbi (yuan) – currency of the People's Republic of China
CPI	Consumer Price Index – a measure of inflation in which a basket of goods and services is calculated over different time periods
Dovish	The approach in which central banks are likely to keep monetary policy "loose" or accommodative
ECB	European Central Bank – the central bank of the European Union countries which have adopted the euro
EUR	Euro, the official currency of the European Union for the 20 of 27 member states that have adopted this currency
The 'Fed'	or the US Federal Reserve System – the central banking system of the United States of America, which includes the Federal Reserve Board and the twelve regional Federal Reserve Banks

GBP	British Pound – sometimes referred to as 'sterling'
GDP	Gross Domestic Product – a monetary measure of the market value of all goods and services produced in a specific time period by a country or countries
Growth Stocks	Stocks which display specific characteristics – high price-to-earnings (P/E), high price-to-book (P/B), low to no dividend yield – which typically demonstrate revenue growth and tend to reinvest earnings rather than distribute them as dividends
Hawkish	The approach in which central banks are likely to keep monetary policy "tight" or restrictive
JPY	Japanese Yen – currency of Japan
PMI	Purchasing Managers' Index – an economic indicator used to measure the activity of the manufacturing/service sectors of the economy
USD	US Dollar – currency of the United States of America
Value Stocks	Stocks which may trade at lower prices relative to their intrinsic value, as defined by traditional fundamental analysis, and typically include evaluation metrics such as lower price-to-earnings (P/E) and price-to-book (P/B) ratios, and higher dividend yields, compared to Growth stocks.
Yield Curve	a graph (line) which depicts how the yields on debt instruments – such as bonds – vary as a function of their years remaining to maturity
YoY	Year over year

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Sources: Collidr, Bloomberg. Indices: Barclays, FTSE, Bloomberg, STOXX, Japan Exchange Group, MSCI, S&P, New York Mercantile Exchange, Chicago Mercantile Exchange, Bureau of Labour Statistics, US and Office for National Statistics, UK