

Management Team
Multi-Asset
Solutions
Investment Team

Date
05/02/26

Capital is at risk.
Please read full risk
warning at the end
of this document.

*Value investors seek
to identify companies
where they believe
the share price does
not reflect the true
value of the business.
Value stocks are often
companies that are
out of favour with
investors.

**Bonds are interest-
paying financial
products issued
by governments,
companies and other
institutions when they
want to borrow money
from investors.

Monthly Commentary: February 2026

Multi-Asset

The year began constructively, with broadly positive returns across major asset classes in January, although performance varied significantly depending on investment type and region. Global equities (company shares) delivered a strong start to 2026, with stock markets outside the US – particularly emerging markets, Asia Pacific and Europe – generally outperforming large companies in the US. Value* stocks and companies more exposed to the economic cycle led gains, as, after a strong run by the US technology giants, stock market performance broadened out to a wider range of companies.

Government bonds** lagged overall, as positive economic data and reduced expectations for interest rate cuts lessened their appeal. Company bonds and emerging market bonds posted modest gains, but returns were muted compared to equities.

Commodities delivered standout returns, with energy and precious metals delivering particularly strong performance. Gold was sharply up, although these gains were trimmed at the end of the month. A weaker US dollar was positive for the performance of commodities and stock markets elsewhere in the world.

As a team, we continue to expect reasonable returns from major asset classes over the coming months. However, we will continue to monitor geopolitical risks and remain ready for unforeseen events that could have an impact on stock markets.

UK

The FTSE100 rose 3.0% in January, supported largely by the strength of the basic materials sector, which includes mining companies producing commodities like precious and industrial metals. Demand has been robust, fuelled in part by the building of artificial intelligence (AI) data centres, which require large quantities of metals such as copper. This trend has coincided with a weaker US dollar, which typically boosts commodity prices by making them cheaper for global buyers. This combination of factors helped lift mining and resource-linked stocks, providing a boost for the broader UK equity market.

Figures released in January showed inflation in the previous month was slightly above expectations at 3.4%. The main contributors were one-off factors: an increase in tobacco duty announced in the Budget and a temporary rise in air fares. These components are unlikely to have a lasting impact on the inflation outlook, meaning the underlying trend remains broadly stable despite the headline figure edging higher.

Europe

The MSCI Europe Index (excluding the UK) delivered a 2.2% return in January, supported by strong performance by oil and gas stocks and technology companies. Energy companies benefited from analysts raising their forecasts for oil demand in 2026, which helped lift sentiment across the sector. At the same time, a renewed appetite for technology stocks at the start of the year reflected improving risk appetite among investors and continued enthusiasm about the growth prospects for digital and AI-related companies.

Inflation in Europe continued its downward trend, with December's figure coming in at 1.9%, which was broadly in line with expectations. The European Central Bank appears to be holding interest rates steady at 2.0%, with no further cuts anticipated this year. Looking ahead, policymakers have signalled that the next move could be a rate increase in 2027, depending on what happens with inflation.

US

The US stock market began the year positively, supported by solid earnings and broader economic optimism. This prompted some investors to suggest it was a favourable indicator for the year ahead. However, volatility surfaced mid-month. There were threats from the Trump administration around Greenland and tariffs on European nations, escalating tensions with Iran, a new Chair of the Federal Reserve (the Fed) was announced and the US experienced a partial federal government shutdown. Smaller companies outperformed, while their larger counterparts showed mixed returns. Stock market returns broadened out to a wider range of companies, but were moderate, reflecting cautious optimism balanced against rising market uncertainty.

Japan

Japanese equities rose in January, supported by improving risk appetite among global investors and expectations that major central banks may cut interest rates later in the year. A steadier yen and resilient corporate earnings helped reinforce confidence about companies more exposed to the economic cycle.

Technology and industrial companies led gains as semiconductor-linked stocks rebounded on optimism around renewed chip demand and AI-related investment. Financial sector companies also strengthened, driven by stable loan growth, solid capital reserves and ongoing improvements in corporate governance. In contrast, more defensive sectors such as communication services and consumer staples lagged, as investors moved into companies more sensitive to the economic cycle.

Investors increasingly focused on Japan's general election, with markets broadly expecting policy continuity and an emphasis on reform and companies using capital more efficiently. While political uncertainty added a modest note of caution, sentiment remained constructive overall.

Asia Pacific (excluding Japan)

Asia Pacific (excluding Japan) equities rose in January. Technology-driven markets led performance, reflecting renewed enthusiasm for semiconductors and AI-related capital expenditure.

South Korea was the standout performer, delivering exceptionally strong gains as semiconductor and memory chip manufacturers surged on improved pricing expectations and a clearer picture of expected orders. By contrast, China lagged, with equities making only modest progress due to persistent concerns over the property sector, weak consumer confidence and a lack of decisive stimulus measures.

Emerging Markets

Emerging market equities rallied strongly in January, with the MSCI Emerging Markets Index up solidly in sterling terms, supported by improving risk appetite among investors and expectations of interest rate cuts in developed markets. The backdrop of easing inflation in major economies, combined with resilient global growth indicators, helped to encourage renewed interest in companies more sensitive to the economic cycle, as well as technology-linked businesses. Performance was led by North Asia and Latin America. The MSCI Brazil Index delivered a 14.5% gain, boosted by expectations its central bank will cut rates, robust commodity prices and improving sentiment towards state-linked enterprises.

By contrast, some major markets lagged or declined. The MSCI India Index was down 7.0% and MSCI Indonesia fell 6.7%, reflecting investors taking profits after a strong run, and lingering valuation concerns.

Fixed Income

Economic data appeared to be largely ignored, or at least viewed as less important, by investors in January. Instead, they looked ahead and tried to weigh up the likely impact of tax and spending policies such as Trump's One Big Beautiful Act in a midterm election year.

***Yield is the income paid by bonds or other investments. It is usually stated as a percentage of the value of the investment.

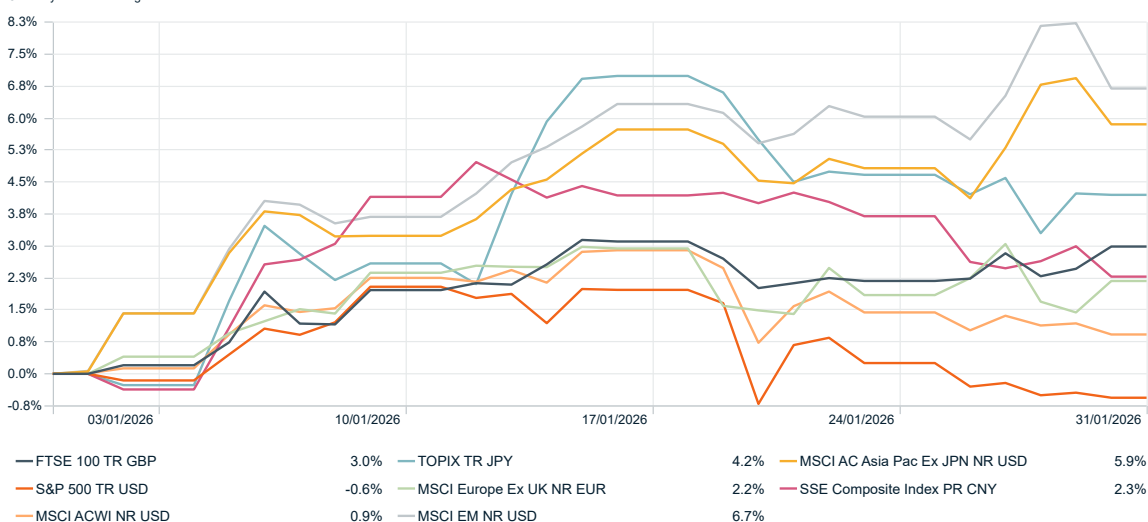
Headlines generated a lot of 'froth', with precious metals operating as a release valve – until Kevin Warsh's announcement as Trump's choice for the next Fed chair took the edge off fears of a puppet who would not oppose a spending avalanche by the administration. Yields*** on 10-year US government bonds rose from around 4.18% to a peak of 4.28% before retreating slightly to finish the month at 4.25%. The US dollar fell by around 1.6% over the course of the month.

Japanese government bonds experienced some of the largest movements during the month, as an election loomed where the two main parties both want to 'spend, spend, spend'. This meant weaker demand and higher yields because of uncertainty about spending plans and other future government policy. The value of the yen rose 2.5% versus the dollar before slipping back to finish the month 1.3% stronger.

Performance of key Global Markets

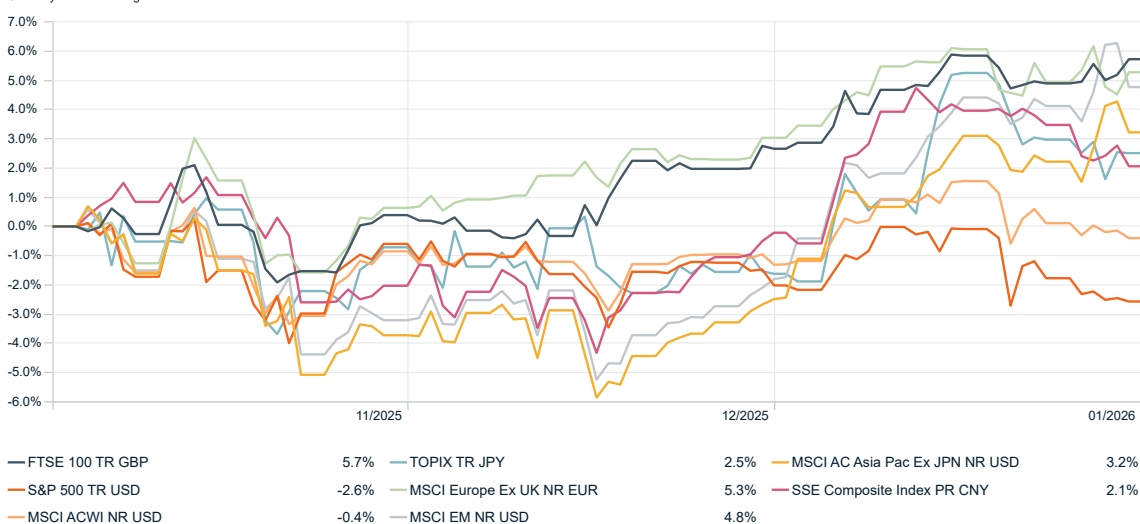
1 month performance

Time Period: 01/01/2026 to 31/01/2026
Currency: Pound Sterling



3 month performance

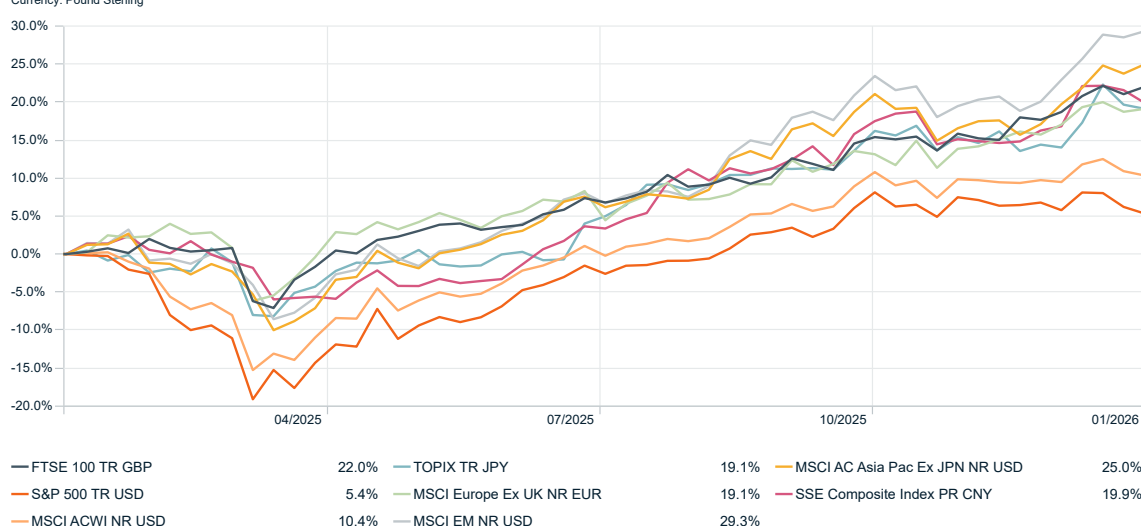
Time Period: 01/11/2025 to 31/01/2026
Currency: Pound Sterling



12 month performance

Time Period: 01/02/2025 to 31/01/2026

Currency: Pound Sterling



Risk Warnings

Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting portfolios. Investments may include emerging market, smaller company and commodity funds which may be higher risk than other asset classes. Investments in fixed interest funds are subject to market and credit risk and will be impacted by changes in interest rates. Changes in exchange rates may affect the value of the underlying investments. Investments in Property funds carry specific risks relating to liquidity. Property funds can go through periods, known as 'gating', when it may not be possible to trade in or out of the funds and to access your money during such periods. The portfolios may invest a large part of their assets in funds for which investment decisions are made independently of the portfolios. If these investment managers perform poorly, the value of the portfolios is likely to be adversely affected. Investment in funds may also lead to additional fees arising from holding these funds.

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The fund is registered and approved under section 65 of CISCA. South African investors must read this document with the latest Minimum Disclosure Document & General Investor Report.

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