




MAIN MARKET MOVERS



DOLLAR
WEAKNESS



COOLING
INFLATION



TRADE
POLICY



GOVERNMENT
SPENDING

Persistent dollar weakness and geopolitical upheaval shifted the drivers of performance toward Equity markets outside of the US in 2025 and have continued to do so in 2026. Our pre-emptive, higher allocation to the rest of the world has delivered an exceptionally strong three months. We expect these trends to persist as uncertainty in the US surrounding interest rates, unemployment, and trade remains elevated, whilst inflation cools in Europe, rates remain low and governments ramp up spending. We anticipate another positive year for Equities and remain positioned with deep regional diversification.

LATEST ASSET ALLOCATION CHANGES



US

We have reduced our exposure to the US by selling out of our world index tracker. The dollar's downward trajectory continues into 2026, driven by investor rotation and expectations of a monetary policy shift under a new Federal Reserve chair. A weakening dollar has led to weaker US Equity returns as capital flows out of the US.



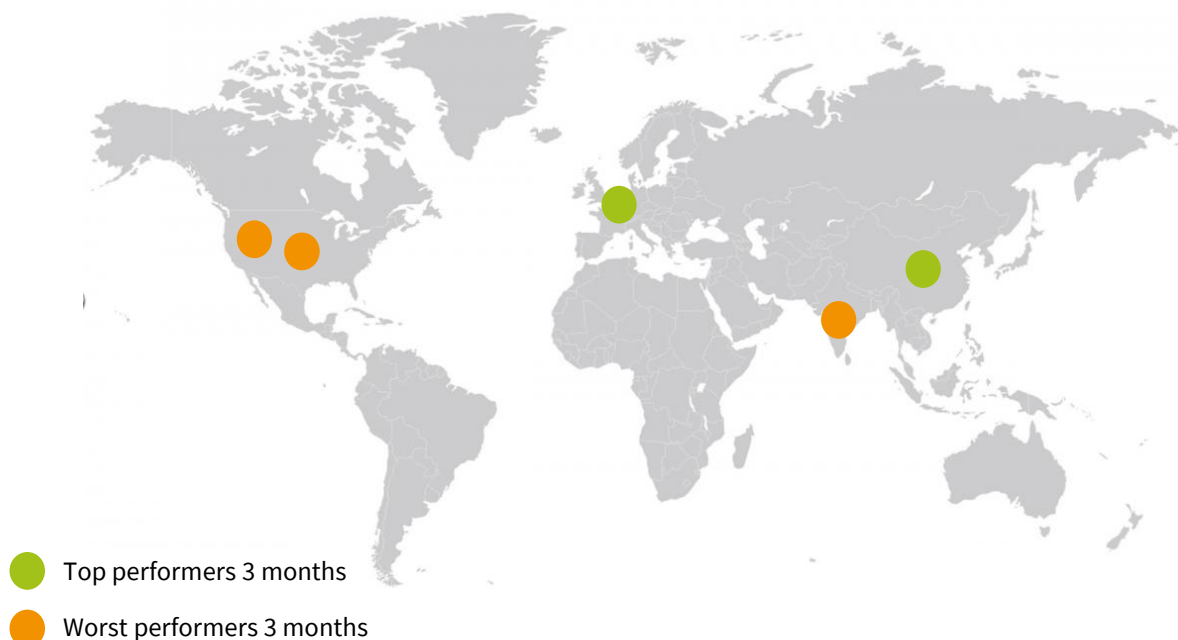
GLOBAL VALUE

We have added to our exposure to global value, a cohort of companies trading cheaply to their intrinsic value with strong balance sheets and potential for recovery. It is our belief that funds which invest in this part of the market offer a valuable hedge against exuberant, growth-led markets, helping dampen volatility in our portfolios.



EMERGING
MARKETS

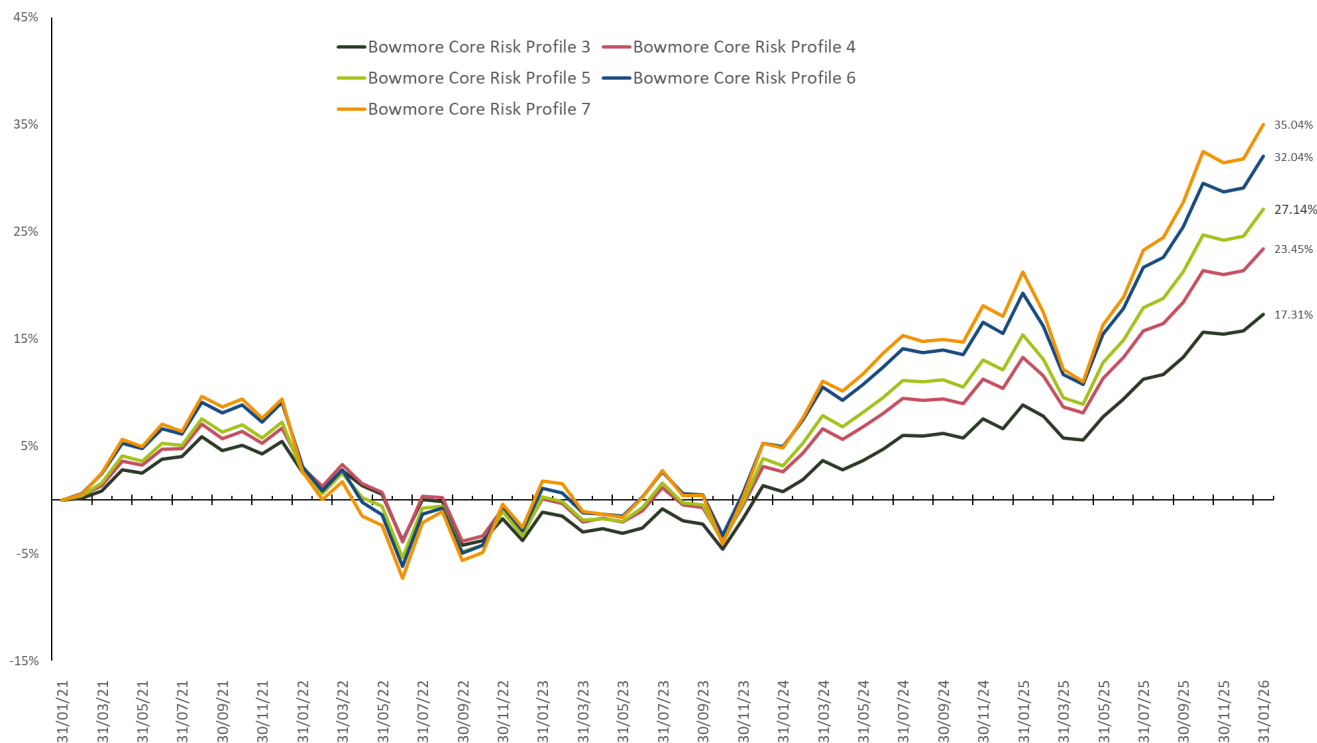
Our overweight to Emerging Market Equity has been accretive to performance this quarter, with markets such as China, Korea and Taiwan rallying strongly. These regions are benefiting from a weaker dollar, lower energy prices, and offer similar AI potential to the US, but at a discount. We are comfortable maintaining this overweight position.



TOP PERFORMING FUNDS	ASSET CLASS	3 MONTH PERFORMANCE TO 31.01.2026	COMMENTS
Artemis Global Income	Equity (Global Themes)	+12.75%	The fund has excelled by avoiding expensive US tech in favour of cheaper European and US bank stocks, global energy firms, and defense companies. All of which have benefited from higher interest rates and increased government spending.
Redwheel Next Generation EM	Equity (Emerging Markets)	+12.71%	This fund has benefitted from the surge in commodity prices and the recalibration of the world's energy demands with exposure to miners in Canada, South America, Peru and South Africa. Like Artemis, it has also done well out of banks – but those located in Frontier markets like Vietnam and Kazakhstan.
Lazard Emerging Markets	Equity (Emerging Markets)	+9.70%	We have seen renewed investor appetite for Asian Equities, driven by optimism around technology and valuation gaps relative to developed markets. This has supported the performance of underlying Taiwanese and Korean tech stocks, contributing to strong fund returns.
WORST PERFORMING FUNDS	ASSET CLASS	3 MONTH PERFORMANCE TO 31.01.2026	COMMENTS
First Trust Nasdaq Cybersecurity	Equity (Global Themes)	-15.52%	Cybersecurity and related software stocks have faced significant selling pressure amid broader tech sector volatility, competition from AI products, and rotation out of high-multiple technology sectors, which has led to broad downturn in the share prices of tech firms.
Stewart Indian Subcontinent	Equity (Asia Pacific)	-14.33%	The fund has underwhelmed due to broad underperformance in the Indian stock market. The departure of the fund's management team, who have lagged for some time, has triggered a formal review. We are currently in the process of pivoting to a new fund to ensure our portfolios are better able to capture India's long-term growth.
L&G Global Technology	Equity (Global Themes)	-5.67%	The fund has faced a dual headwind from a sharp sell-off in software stocks alongside a broader cooling of AI enthusiasm as investors have become increasingly worried about high valuations. These sector-specific pressures, have led to a period of significant underperformance, after many years of dominant returns.



OUR RISK PROFILES



PERFORMANCE

PORTFOLIO	1 YEAR	3 YEAR	5 YEAR
Bowmore Core 3	7.75	18.63	17.31
ARC Cautious	6.22	14.73	12.88
Bowmore Core 4	8.95	23.36	23.45
Bowmore Core 5	10.16	26.81	27.14
ARC Balanced	7.72	21.35	22.42
Bowmore Core 6	10.67	30.66	32.04
ARC Steady Growth	7.95	24.97	28.40
Bowmore Core 7	11.34	32.74	35.04
ARC Equity Risk	7.77	27.79	32.70

Source: Bowmore Asset Management, FE Analytics

Performance is shown to 31.01.2026

Performance is net of management fees and underlying fund costs
BAM uses ARC as a benchmark to provide an independent, consistent point of comparison, helping the reader understand performance and positioning in context rather than in isolation.

HOW DID OUR PORTFOLIOS PERFORM?

The start of 2026 has been characterised by strong returns, with our highest risk portfolio up 4.52% year to date. This headline strength masks a period of significant volatility for global markets, including a sharp technical sell-off in software stocks. Our allocations to Japan, China, and UK Property in particular provided a significant performance buffer, as their fundamental drivers decoupled from the idiosyncratic volatility seen in the US technology sector.

In lower risk portfolios, investors have benefited from these trends alongside a benign environment for bonds. Despite geopolitical upheaval, bond markets remained remarkably stable, with yields at attractive levels providing a consistent and attractive income stream. Our strategic addition of Emerging Market debt was a particular standout, benefitting from both the thematic weakness of the dollar and the high real yields offered by EM issuers.



MARKET OUTLOOK

The macroeconomic landscape is currently defined by a notable divergence in inflation and central bank policy. While the ECB and Bank of England have maintained their current rates, the impending transition to Kevin Warsh as Fed Chair is being closely monitored. Market participants anticipate a bipartisan, conservative approach to monetary conditions that leans dovish in the medium term, further weighing on the dollar. This backdrop of US policy uncertainty is accelerating the trend of investors seeking diversification in markets with more attractive entry points and stable domestic fundamentals. UK inflation edged higher late last quarter, however, a cooling labour market and decelerating wage growth should see it resume its decline throughout 2026.

European disinflation is now entrenched, with headline inflation at 1.4% and France reporting a remarkable drop to just 0.4%. In fixed income, elevated yields and record-tight spreads favour a neutral-to-short duration stance to capture carry while insulating against rates and inflation-driven volatility.

Broadly, we expect another positive year for Equities and are positioned with significant diversification to benefit from the widening out of returns in global Equity indices, which have been a source of strong performance for us in the quarter to date.

FOR FURTHER INFORMATION



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MAJOR INDICES OVER THE LAST 3 MONTHS



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The value of your investments can go down as well as up, so you could get back less than you invested

Performance shown net of management fees and net of underlying fund costs. Performance is shown to 31.01.2026

Past performance is not a reliable indicator of future results.

This document is suitable for private clients and professional advisers

