

Monthly Investment Update

February 2026

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Performance Update

It was an explosive start to 2026, with the FTSE 100, FTSE 250, S&P 500, Euro Stoxx and Nikkei 225 rising 2.99%, 3.68%, 1.42%, 2.87% and 5.93% respectively. Our portfolios advanced between 1.47% and 4.75%.

Global stock markets had an excellent start to 2026, with new all-time highs in Europe, Japan, the UK, and the USA. The upward trend in markets remains intact, and our portfolios continue to benefit. Momentum has changed, though, with the US underperforming significantly, whilst European markets begin to catch up after years of underperformance. The FTSE 100 broke above 10,000, as we predicted last month.

The US dollar is weakening, affecting the performance of our US investments. Sterling rose last month from \$1.34 to \$1.38, resulting in losses in our US equity holdings, with the S&P 500 actually falling 0.59% when converted into sterling. This highlights the benefits of having a diverse geographical portfolio, which we, of course, do.

Bonds were mixed as interest rates remained unchanged. UK corporate bonds rose by 0.22%, but overseas corporate bonds fell by 1.56% as Sterling strengthened. Bonds all remain on upward trends, but the trend remains weak, and we could easily see them all fall below trend on the slightest adjustment in interest rate expectations.

Gold had another good month, moving from \$4,377 to \$4,745. However, on the last day of the month, gold fell by 12% and silver by 26%, as regulators stepped in to try to cool the markets by raising the amount of money traders must post to maintain their positions.

US forces ousted the Venezuelan leader Nicolas Madura, and this has immediately seen a rebound in their crude oil exports. The price of oil rose, though, despite the increase in supply. However, in the longer term, it should help keep oil prices subdued.

The performance of the portfolios over the last month, six months and one year is shown below:

Portfolio	Performance % 1 month	Performance % 6 months	Performance % 1 year
Foundation	1.96	7.82	8.46
Cautious	2.19	8.39	9.31
Balanced	2.62	9.79	10.51
Adventurous	3.99	14.80	15.13
Dynamic Equity	4.75	17.78	18.26
Income Generating	2.06	7.66	11.10
Fourth Industrial Revolution	1.47	11.20	10.38
Retirement Investment Solution 1	3.07	11.42	11.50
Retirement Investment Solution 2	3.37	12.51	12.57
Retirement Investment Solution 3	3.64	13.47	13.52

Trend Following Signals

The table below shows whether the asset class has a positive trend (✓) or a negative trend (x). A positive trend occurs when the market price exceeds the average price over the previous 200 days. The portfolios will have more exposure to asset classes with a positive trend and less (if any) to those with a negative trend. These are the main asset classes we monitor:

Asset Class	Trend Signal		Trend Signal
Global Equity	✓	Emerging Market Equity	✓
UK Equity	✓	Commodities	✓
Europe ex UK Equity	✓	UK Corporate Bonds	✓
US Equity	✓	UK Corporate Bonds (Short dated)	✓
Japan Equity	✓	UK Index-Linked Bonds	✓
Pacific Equity	✓	Global Bonds	✓
Gold	✓	UK Gilts	✓
Global Property	✓	Emerging Market Bonds	✓
Global Infrastructure	✓	Overseas Corporate Bonds	✓

Of the leading 23 markets we monitor, all remain above trend.

Cautious, Balanced and Adventurous portfolios

The Portfolios remain fully invested and made substantial gains in January, with the Adventurous portfolio growing 3.99%. However, gold prices fell sharply on the last trading day, leading to a significant decline in gold miners' prices, which the Adventurous portfolio invests in. These falls will be reflected in the returns this month if we do not experience a recovery.

Dynamic Equity portfolio

There were no changes to the Portfolio, which grew by an exceptional 4.75%. However, as with the Adventurous portfolio, this month's returns could be affected by the decline in gold miner prices on the last trading day of January. This is because most gold miners are US-listed companies. Therefore, when we get the values for January, they miss the previous trading day in the US, as investment companies value their funds usually at midday in the UK.

Emerging markets were included in the momentum part of the Portfolio in November 2025, following a shift in momentum from the US to undervalued regions. This month, we were rewarded as emerging markets advanced 6.78% in January.

Foundation portfolio

The Portfolio remains fully invested and had a good month, rising by 1.96%. US equities and some bond funds fell over the month as the U.S. dollar weakened. This remains a very diverse portfolio and is benefiting from some of the asset classes performing exceptionally well. The three-year annualised return is now 7.63% per annum, achieved with lower volatility (i.e., a smoother journey) than its benchmark.

Income Generating portfolio

The Portfolio continues to benefit from its overweight UK equities position, as the FTSE 100 broke above 10,000. The yield on the FTSE 100 is less attractive now, though, as rising share prices have reduced it to 2.87%. However, this remains attractive compared to other stock markets and will be more sought after if interest rates are cut again. The FTSE 250 yields 3.23% and is beginning to attract interest after years of underperformance, rising by 4.87% in January. The Portfolio has benefited from last year's interest rate cuts, and we expect a few more cuts this year.

[Fourth Industrial Revolution portfolio](#)

The Portfolio has been more volatile recently, but the 3-year return remains robust at 48.63%. Once again, the underlying holdings produce extremely varied returns. 5 of the underlying funds rose last month, with the iShares Global Clean Energy fund rising by 8.85%. However, five of the underlying funds fell, with the L&G Cyber Security fund falling 5.81%.

[Retirement Investment Solutions](#)

The Retirement Investment Solutions are designed to reduce losses during sustained periods of negative stock market returns, while also harvesting gains when stock markets trend higher. This is achieved by investing in three portfolios: the Foundation, Dynamic Equity and Multi-Asset Trend Following. The Dynamic Equity portfolio is high risk, and the Solutions are benefiting from their exposure to this portfolio, which is a major reason why returns over the last two years have been robust. The other two portfolios will significantly increase their cash position during the difficult investment periods, which will hopefully protect your wealth from significant declines. However, during sustained periods when markets are trending higher, they will increase their risk, and we have seen both portfolios perform well recently because they are fully invested. Over the last two years, they have outperformed their benchmarks, with the chart below showing how the Retirement Investment Solution 3 has outperformed, particularly over the last 6 months:



■ A - Retirement Investment Solution 3 19/08/2013 GTR in GB [32.05%]
■ B - AFI Balanced TR in GB [22.37%]

01/02/2024 - 30/01/2026 Data from FE fundinfo2026

[Summary of Portfolios](#)

The Portfolios experienced a strong start to 2026 as most major stock markets hit new all-time highs (again!). The upward trend in stock markets clearly remains, although the previous laggards are now performing the best, with emerging markets leading the way, closely followed by the UK and Europe. Gold continues to enhance performance within the Portfolios, but after such an incredible run, it has become more volatile.

When we look beyond unpredictable geopolitics at what could end the upward trend in stock markets, we see that the major economic statistics look promising. Inflation remains subdued, interest rates have fallen, and economic growth remains positive. Trade continues to flow, and an increase in oil exports from Venezuela will help subdue the price of oil and, therefore, inflation over the coming years.

Whilst the “Trend Following” Portfolios are fully invested and thus benefiting from rising stock markets, the investment philosophy remains flexible enough to turn defensive if economic and market conditions change.

Asset Class Review

This section will give you an insight into our current thinking. This month, we look at leadership changes in stock markets.

Nasdaq- the previous leader is pausing.

The Nasdaq is home to the most prominent US-based technology companies and has been the leading stock market for many years. However, it has trended sideways over the last three months. This is a very healthy consolidation, as we have not yet seen a meaningful correction. The red line is the **200-day moving average (200 DMA)**, which serves as a long-term trendline and represents the average price over the last 200 trading days. In a strong uptrend, markets will often drift back towards the 200 DMA as excess optimism is worked off and weaker hands exit. This “mean reversion” is normal and constructive, providing support before the market regains momentum and moves higher again. As long as prices remain broadly above the 200 DMA, the longer-term upward trend remains intact.



FTSE 100 – a new leader

The FTSE 100 was one of the best-performing stock markets in 2025 and continues to trend higher in a stable, orderly manner. In January, it moved above the psychological 10,000 level and, so far, shows no apparent signs of slowing. Its attractive dividend yield, combined with years of relative underperformance, suggests investors may be rotating away from previous market leaders and into long-standing laggards.



Europe- perhaps a new leader?

The Euro Stoxx 50 (which represents the 50 largest companies in Europe) recently broke above 6,000, but unlike the FTSE 100, it has so far been unable to hold above that level. As a result, this level may act as short-term resistance. However, once the index establishes itself above 6,000, the move higher could be swift. While the market does not yet display the same robustness as the FTSE 100, it shares a long history of underperformance, suggesting the potential for sustained outperformance as investor sentiment shifts and leadership broadens.



Emerging Markets- the new clear leader

The chart tells its own story. Emerging Markets had already been trending steadily higher, but the start of 2026 has seen an apparent acceleration in momentum. This decisive move higher suggests a shift in investor confidence, rather than a short-term rally. As with other regions, Emerging Markets have underperformed for many years, leaving valuations relatively attractive. If this renewed strength is sustained, it could mark the early stages of a leadership change, with Emerging Markets emerging as one of the next drivers of global equity returns.



In Summary

2025 was a strong year for global stock markets, with most major regions delivering positive returns. However, momentum has begun to shift, and this trend has continued into 2026, with US markets now underperforming. This may represent the early stages of a broader rotation, where markets that have lagged for many years begin to catch up, demonstrating the benefits of a momentum-based investment approach, which allows your money to be actively reallocated towards regions showing sustained strength and away from areas where momentum is fading.

Gold – What Happens Next?

Gold is one of the most polarising assets in investing, and investors tend to view it in a very binary way.

On one side are the *gold bears*. Their argument is straightforward: gold produces no income, pays no dividends, has limited industrial use, and has no obvious intrinsic value beyond its role in jewellery. To them, gold is an unproductive asset that simply sits there. During long periods of economic stability and strong equity markets, this view often dominates – and gold can appear to “do nothing” for years.

On the other side are investors who see gold as something very different: a store of value that has endured for thousands of years. Gold has been used as money, as a reserve asset, and as a symbol of wealth across virtually every civilisation. Gold is also an important symbol in just about every religion— a reminder of how deeply embedded gold is in human culture and trust. Crucially, gold cannot be created at will, printed by governments, or easily manipulated. When this view prevails, gold can rise sharply and very quickly.

What has been Happening With Gold?

If we look at the gold price over recent years, a clear pattern emerges. Between 2011 and 2024, gold largely went nowhere, ranging below 2000. However, from January 2024, the picture changed dramatically, with gold surging from around 2,000 to nearly 5,500.

The initial driver of this move was not retail speculation. Instead, it stemmed from a structural shift in global finance. When the United States effectively weaponised its Treasury system against Russia – by freezing or confiscating assets – it sent a powerful signal to central banks worldwide. Holding reserves in US Treasuries suddenly carried both political and financial risks.

As a result, central banks began diversifying away from US Treasuries and into gold. This first phase pushed gold steadily higher through to mid-2025. Notably, at this stage, the average investor was largely absent from the trade.

The second phase saw institutional investors begin allocating to gold as part of broader portfolio diversification. Even then, participation from retail investors remained limited.

We are now entering the final phase, where gold has become a mainstream talking point. When the general public starts paying attention, volatility increases sharply. We have seen this recently, with gold surging higher but also experiencing a sudden 10% pullback on the final trading day of January. This kind of movement is typical at this stage of a long bull market.

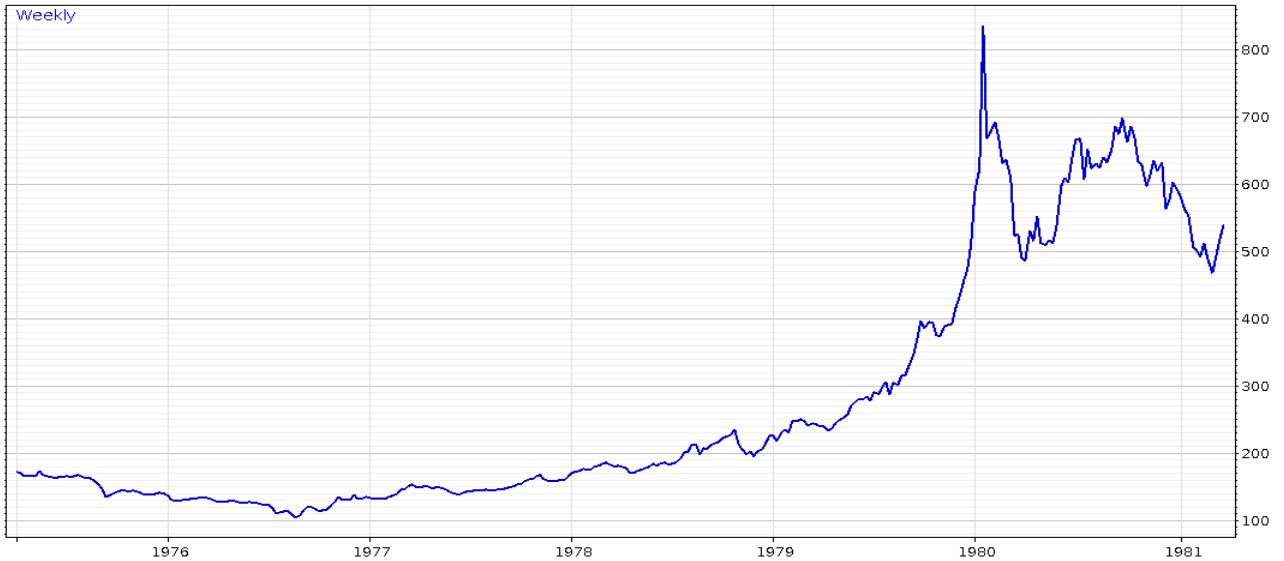


What happens next?

At this point, gold is likely to remain highly volatile. Sharp rallies followed by sudden pullbacks are to be expected and, in themselves, do not signal the end of the move. If we compare today's price action with the gold bull market of the 1970s, the similarities are striking. The current pattern most closely resembles the later stages of 1979, a period when many believed gold had already gone "too far" at \$400—only for it to rise even further before eventually peaking. This suggests gold *could* still move meaningfully higher from here. However, history also shows that once this phase matures, a correction will follow. That correction could happen now, or — if the 1979 analogy holds — much later in the year after further significant gains.

London Spot Gold (GOLDS COMDTY) 538.75 22.0

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Our Investment Philosophy?

One of the best ways to invest in gold is to follow our trend following investment strategy. This strategy invests in an asset class when it is above its trend line (200-day moving average) and sells when it goes below the trend line. Within the Retirement Investment Solutions, Gold was added in November 2023 and has remained invested in it since. The return has been a staggering 120% in just over two years.

The downside of this investment philosophy for an asset class that has surged is that it must fall significantly before it is sold. Currently, the 200-day moving average is at 3800, so gold could drop at least 20% before it gets sold. However, if we get a period when gold consolidates and ranges around the 5000 level, the 200-day moving average can catch up. This is the most probable outcome for the next few months, and we experience much volatility, but overall, the gold trend will move sideways for a while before embarking on a potential further move higher.

Final Comment

2026 started with global stock markets continuing their upward trends, with many hitting new all-time highs. They clearly remain on strong upward trends, and we are harvesting the gains within the Portfolios. Gold has performed incredibly well, but after such a journey, we must expect much volatility and perhaps a long consolidation period.

Whilst there is still much unrest in the world, the global economy is performing well. 2026 appears to be a continuation of 2025, with a strong annual return but with the potential for big bumps along the way.

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