

Monthly Investment Update

March 2026

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Performance Update

February was another great month, with the FTSE 100, FTSE 250, S&P 500, Euro Stoxx and Nikkei 225 rising 7.04%, 2.32%, 1.26%, 4.84% and 7.90% respectively. Our portfolios advanced between 1.66% and 5.73%.

February was an outstanding month across our portfolios, driven by strong equity gains globally. Notably, we are seeing a change in market leadership, with Japanese equities rising 7.90% versus just 1.26% in the US. Our momentum strategies have already adjusted, reducing US exposure and increasing allocations to stronger regions such as Japan. Our trend-following portfolios remained fully invested throughout the month. With equities, bonds and commodities all rising together, this broad-based strength has been particularly beneficial.

Bond markets delivered strong returns, with UK gilts rising 2.08% in February. Markets are increasingly pricing in more interest rate cuts during 2026 than previously expected. Lower rate expectations have supported bond prices and improved sentiment across income-generating assets.

Falling interest rate expectations have boosted infrastructure and property, both of which rose strongly during the month. The L&G Global Infrastructure fund rose 11.03%. Gold also had an exceptional month, rising 6.98% in sterling terms. Some of the portfolios have allocations to these asset classes, helping to diversify the portfolios.

The bombing of Iran on the final day of the month introduces fresh geopolitical uncertainty. However, markets had largely anticipated escalation, limiting the immediate shock effect. We must expect all markets to be volatile, as uncertainty about what might happen, especially to the oil price, may cause investors to rush out of one asset class and into another in the short term. In periods of heightened tension, assets such as gold can benefit, and sterling often weakens – this could help cushion the negative effect of falling markets.

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	3.99	12.01	13.42
Cautious	4.25	12.64	14.82
Balanced	4.11	13.77	16.16
Adventurous	5.15	19.40	23.58
Dynamic Equity	5.73	23.16	28.63
Income Generating	4.22	12.32	15.51
Fourth Industrial Revolution	1.66	12.49	18.48
Retirement Investment Solution 1	4.89	16.22	19.10
Retirement Investment Solution 2	5.05	17.42	20.68
Retirement Investment Solution 3	5.18	18.48	22.09

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 February, with the Adventurous portfolio growing 5.15%. The Portfolios have a very diverse range of assets they can invest in and are now benefiting significantly from this strategy, as non-US equities are outperforming. The Cautious and Balanced portfolios are profiting from the holdings in infrastructure and property, whilst the Adventurous portfolio is benefiting from the momentum strategy of holding gold miners and Japanese equities.

Dynamic Equity portfolio

There were no changes to the Portfolio again, as the momentum strategy has remained unchanged since 1st November 2025. The portfolio has now advanced 28.63% over the last year. Japanese smaller companies were the best-performing asset class, rising 13.32%, further confirming the benefits of investing in a portfolio that has a momentum investment philosophy. Gold miners also performed well and have now doubled in value over the last 6 months.

Foundation portfolio

The Portfolio remains fully invested and had a good month, rising by 3.99%. 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 9.36% per annum, achieved with lower volatility (i.e., a smoother journey) than its benchmark. Whilst US equities advanced 1.55% and US technology stocks fell, the Portfolio benefitted from its holdings in infrastructure (up 11.03%), property (up 9.3%), Pacific Equities (up 7.17%) and Gold (up 6.96%).

Income Generating portfolio

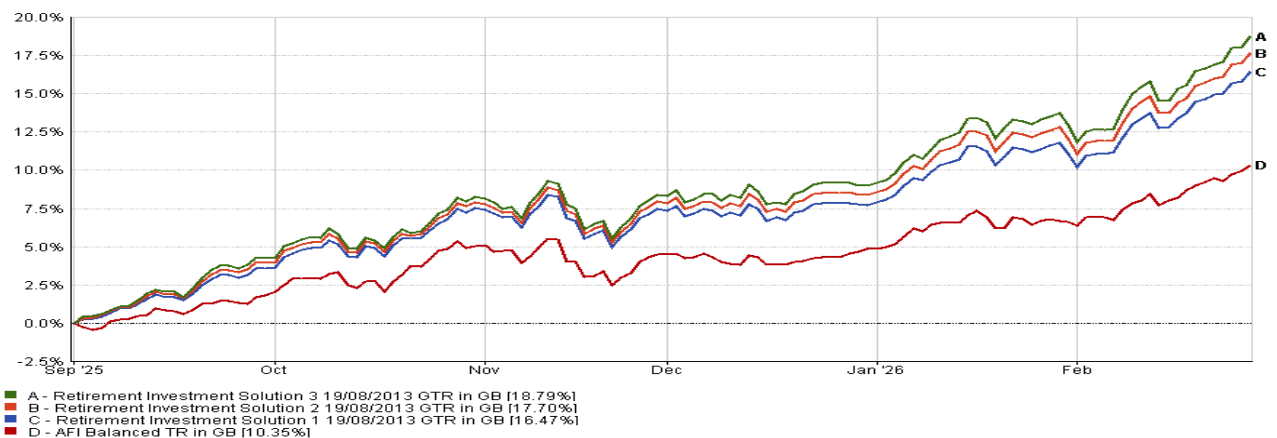
The Portfolio benefited from the potential for interest rates to fall more than expected. This is because the Portfolio invests in funds that generate higher-than-average income, and when interest rates fall, this income becomes more valuable. The overweight position in UK equities is also assisting, with the FTSE 100, now up 28% over the last year. The dividend yield is still around 3%, which remains attractive. The FTSE 250 yields 3.26% and has risen by 21% over the last year.

[Fourth Industrial Revolution portfolio](#)

The Portfolio has been more volatile recently, but the 3-year annualised return remains robust at 14.84% per annum. Once again, the underlying holdings produce extremely varied returns. Seven of the underlying funds rose last month, with the L&G Battery Value-Chain fund rising by 8.74%. However, four of the underlying funds fell, with the iShares Digitalisation fund falling 4.06%.

[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. 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 6 months in particular, they have outperformed their benchmarks, with the chart below showing how the three Retirement Investment Solutions have outperformed a medium risk benchmark (red line):



01/09/2025 - 27/02/2026 Data from FE fundinfo2026

[Summary of Portfolios](#)

The Portfolios continued their strong start to 2026, with February proving to be an outstanding month for most asset classes. Equity markets rose, though we continue to see a shift in leadership. Japanese equities were the standout performers, rising strongly during the month, while US equities lagged behind. Japanese equities have been among the best-performing markets globally this year.

Geopolitical risks increased towards the end of the month following the bombing of Iran, which has raised tensions in the Middle East and pushed oil prices higher. Financial markets had already begun to anticipate escalation, which limited the initial shock to global equities. During such periods of uncertainty, safe-haven assets such as gold often perform well while currencies like sterling can weaken.

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. However, what happens to oil prices over the next few months will be extremely important, as this could lead to higher inflation, higher future interest rates, and falling economic growth.

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 how the major stock markets are performing.

S&P 500 – consolidating its gains.

The S&P 500 represents the 500 largest listed companies in the United States and is widely regarded as the world's most influential stock market index. Over the past several years, it has led global markets, driven by the strength and innovation of many of America's largest businesses. As the chart below illustrates, the index has delivered strong performance over the last three years. During this period, there have been two notable pullbacks – the most significant occurring in 2025 – yet in both cases the market recovered and continued its upward trajectory. Following a period of exceptional returns, the market is currently consolidating. This simply means prices are pausing and moving sideways for a time, digesting earlier gains. Such phases are a normal part of market cycles and often allow other global markets to narrow the performance gap.



Euro Stoxx 50 – racing higher

By contrast, the Euro STOXX 50 has taken a more stop-start route. As the chart illustrates, European markets have advanced in stages – sharp rallies followed by periods of sideways consolidation before breaking higher again. Rather than one sustained upward move, Europe has progressed through a series of advances and pauses. Now that the S&P 500 is consolidating, it creates space for other regions – including Europe – to narrow the performance gap. The Euro STOXX 50's pattern of multiple consolidations may actually reflect a healthier digestion of gains along the way, rather than one extended, uninterrupted surge.



FTSE 100 – breaking through barriers

The FTSE 100 first approached 7,000 during the dot-com era in 1999. More than two decades later, in October 2022, it briefly fell back below that same level. However, the picture has changed materially. The FTSE 100 is now in a clear catch-up phase, having recently surpassed 10,000, momentum suggests that 11,000 may soon follow. Markets often hesitate around round numbers – these levels tend to act as psychological resistance points. Yet once decisively breached, they frequently pave the way for a relatively swift move towards the next milestone. Notably, since breaking above 9,000, the index has not experienced a significant consolidation phase. If this trend continues, a move towards 12,000 could occur faster than many expect



Emerging Markets- breaking higher

Emerging Markets have lagged developed markets for much of the past two decades. Performance has been volatile and, in broad terms, the asset class has moved sideways since the mid-2000s. This prolonged period of underperformance has left valuations comparatively attractive relative to many developed markets. We are seeing a decisive break to new highs and, importantly, a clear shift in momentum. After years of frustration for investors, the index appears to be establishing a new upward trend rather than simply rebounding within a range. Periods of long consolidation often create the foundation for meaningful moves once a breakout occurs.



In Summary

Across most major regions, equity markets are breaking higher and extending well-established upward trends. The notable exception is the S&P 500, which appears to be undergoing a healthy consolidation after a prolonged period of leadership. While some investors may question whether the FTSE 100 is becoming stretched after its rapid ascent, US investors are instead waiting for the next upward leg following consolidation. In other words, different markets are at different stages of the same broader cycle. Leadership may rotate, volatility will inevitably appear, but the underlying trend across equities remains positive.

Boom, Bust, Boom

The Nikkei 225

The Nikkei 225 is Japan's leading stock market index. It measures the performance of 225 large, well-known Japanese companies listed on the Tokyo Stock Exchange. It is often described as the Japanese equivalent of the S&P 500 in the United States. However, there are some important differences. Unlike most modern indices, the Nikkei 225 is price-weighted, not market-capitalisation weighted. That means the companies with a higher share price have more influence on the index. By contrast, the S&P 500 is market-capitalisation weighted, meaning the largest companies (like Apple or Microsoft) dominate the index. This structural difference can lead to different performance patterns.

The Largest Companies in the Nikkei 225

While weightings change over time, some of the most influential names currently include, Toyota Motor Corporation (The world's largest car manufacturer), Sony Group Corporation (Electronics), Fast Retailing (Owner of Uniqlo, one of the world's largest clothing brands), SoftBank Group (Technology investor and telecoms group) and Keyence Corporation (Specialist in factory automation sensors and robotics technology). These companies, and the Nikkei 225, represent a very diverse range of sectors and are much more balanced than the technology-laden S&P 500.

The Boom of the 1980s – Japan's "Bubble Economy"

In the late 1980s, Japan experienced one of the largest financial bubbles in history. The key drivers included extremely low interest rates, rapid credit expansion, a property boom in Tokyo and strong export growth. By December 1989, the Nikkei 225 reached nearly 39,000 points – a level that was not seen again for over 30 years. At one stage, it was said that the land under Tokyo's Imperial Palace was worth more than all the real estate in California.

Japan Nikkei 225 Index (NKY INDEX) 58850.27 2024.57



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The Collapse and the "Lost Decades"

In the early 1990s interest rates rose, property prices collapsed, banks were left with large bad debts and economic growth stagnated. The Nikkei 225 fell sharply and entered what became known as Japan's "Lost Decades". For many investors, Japan became a cautionary tale of overvaluation and excessive speculation. While the United States went on to lead global markets, Japan remained subdued for many years.

Why Is the Nikkei Rising Again?

In recent years, several factors have changed:

- Corporate reform – Japanese companies are improving shareholder returns.
- Better governance – More focus on profitability and dividends.
- Global diversification – Investors are reducing their concentration in US technology.
- Currency effects – A weaker yen supports exporters.
- Artificial intelligence demand – Japan plays a critical role in semiconductor equipment and precision manufacturing.

As global investors look beyond expensive US technology stocks, markets like Japan – which had lagged for decades – are attracting renewed interest.

Boom, Bust, Boom (continued)

What Does This Mean for us?

The key lesson is not that one country is “better” than another. Instead, markets move in cycles and leadership changes over time. If you do not have an investment philosophy that invests across global markets and understands the need for flexibility, you can build up concentration risk and suffer large losses once a rotation is underway. Japan’s recovery reminds us that markets long written off can re-emerge when valuations are attractive and structural reforms take hold. Over the last three years, both the S&P 500 and the Nikkei have generated similar returns in sterling, but have moved in different patterns, with the Nikkei clearly outperforming since January 2025:



27/02/2023 - 27/02/2026 Data from FE fundinfo2026

Summary

For over 30 years, Japan’s stock market was seen as a disappointment. Today, it is once again attracting global capital. The Nikkei 225 tells a powerful story:

- Of exuberance
- Of collapse
- Of patience
- And now, potentially, of renewal. This is one of the biggest and longest Boom, Bust, Boom stories of our lifetimes.

Final Comment

2026 has begun 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. March will be a more volatile month as we experience the fallout from the war in Iran. However, this has long been anticipated and should be brief. The key to watch is the oil price and how much it rises.

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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