



QUARTERLY LETTER

# Q1 2026

## An ACWI- anchored response to a geopolitical jolt.

Global equities were under pressure into quarter-end. The Global range finished modestly negative — but ahead of the IA Global sector — with the AQ framework adapting within its strategic structure, not deviating from it.

“Performance is not borne of perfection, but of process.”

THE INVESTMENT TEAM  
8AM GLOBAL · MARCH 2026

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PERIOD  
**1 January – 31 March 2026**  
Data to 31.03.2026

8AM GLOBAL  
**Clarity, Consistency, Cost.**

00 · FROM THE DESK

# A global quarter where structure mattered more than direction.

The first quarter of 2026 began on a strong footing. Resilient economic data, supportive earnings and growing confidence that central banks were edging closer to rate cuts carried risk assets through January and most of February.

Then in March, the outbreak of war in the Middle East pushed oil prices higher and reintroduced inflation concerns precisely as markets had become more comfortable with the soft-landing narrative. **Global equities came under pressure into quarter-end** as the geopolitical premium repriced.

The AQ Global portfolios delivered modestly negative returns over the period — **but ahead of the IA Global sector**. The portfolios are ACWI-anchored, so adjustments are made within the strategic structure: not directional bets, but disciplined improvements to implementation, quality and resilience.

This letter walks through what we did, why we did it, and where the range sits as we move into Q2.

The Investment Team

8AM GLOBAL · APRIL 2026

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## 01 · Q1 MARKET REVIEW

# Three beats — constructive, then selective, then a shock.

The first quarter divided neatly into three phases. Each rewarded a different stance, and each tested whether process or instinct would win out.

## JAN - MID-FEB

### Constructive footing

Resilient economic data, supportive earnings and growing confidence that central banks were edging closer to rate cuts. Leadership broadened beyond the US — Asia and emerging markets led the way.

## LATE FEB

### Tech repricing

Beneath the surface, US large-cap tech began to face pressure as investors questioned the scale and return profile of AI capex. Returns redistributed — a more balanced market.

## MARCH

### Geopolitical shock

War in the Middle East pushed oil prices higher and reintroduced inflation concerns. Europe and North America led the selloff; Asia and EM held on to modest gains after the stronger start.

**B**eneath the surface, markets were already becoming more selective before the geopolitical headline arrived. The tech repricing shift dominated through much of the quarter before being overtaken by events. That momentum reversed more sharply in March as markets adjusted to the implications of a geopolitical shock arriving late in the cycle.

Fixed income offered some stability but not a full cushion. Global government bonds finished modestly positive, but UK gilts were weaker as higher energy prices and renewed inflation uncertainty weighed on the domestic rate outlook. Corporate bonds continued to provide steady carry, supported by healthy balance sheets and low default rates, although returns were more muted than in previous quarters.

Overall, the quarter was characterised less by a traditional ‘risk-off’ move and more by a **broad repricing of expectations** as markets adjusted to a geopolitical shock arriving late in the cycle. Equity markets sold off across most regions, with Europe and North America among the weakest by quarter’s end, while Asia and emerging markets held on to modest gains.

For a fully-invested global range like AQ Global, this matters: the higher equity weights felt the move more directly than the mixed-asset Classic range. The discipline question is how a strategic, ACWI-anchored framework responds to a non-strategic event without abandoning the structure that defines it.

“A broad repricing of expectations as markets adjusted to the implications of a geopolitical shock arriving late in the cycle.”

02 · PORTFOLIO RETURNS

# Modestly negative — but materially ahead of peers.

Returns ranged from **-0.52% in Global 60** to **-0.67% in Global 100**. Over the same period, the IA Global sector returned **-1.14%**.

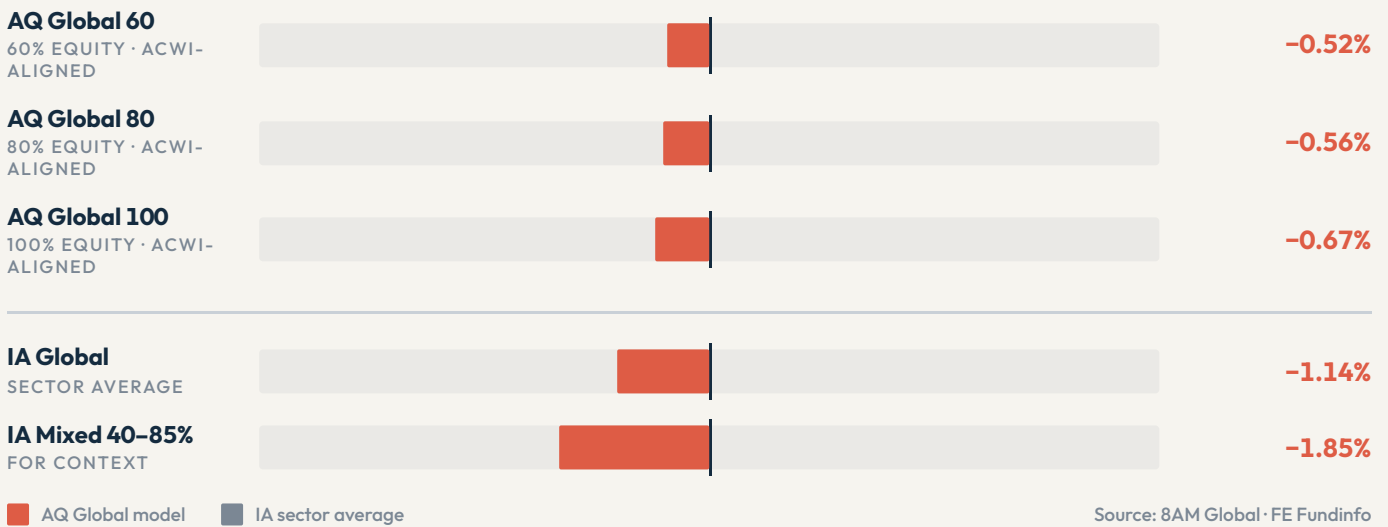
AHEAD OF THE IA GLOBAL SECTOR

# 3/3

GLOBAL MODELS BEAT THE IA GLOBAL BENCHMARK

## Q1 2026 returns vs IA Global sector

% RETURN · 31.12.2025 – 31.03.2026



MOST DEFENSIVE

### AQ Global 60 · -0.52%

Lower equity weight, supported by fixed income carry and the March cash addition.

FULLY-INVESTED

### AQ Global 100 · -0.67%

100% equity, ACWI-aligned. Natural-resources allocation softened the late-March selloff.

VS IA GLOBAL

### +0.47 to +0.62 pp

Every Global model outperformed the IA Global sector average over the period.

# Incremental risk, delivered through better implementation.

Adjustments were made within the ACWI-aligned structure — enhancing return potential without introducing material directional deviations. Strategic alignment maintained throughout.

## KEY JANUARY TRADES

**Introduced JPM Natural Resources** — a differentiated return stream with explicit inflation sensitivity from structural supply constraints in energy and materials. **Refined US implementation via Invesco US Enhanced Index** — improving cost efficiency and delivery consistency while maintaining core market exposure.

## EQUITIES · IMPLEMENTATION

### Modest increase, more active dispersion

Overall equity exposure modestly higher, with a shift toward greater use of active management across global, UK and European markets. A more supportive macro backdrop and greater dispersion suggesting that selective stock-picking would add value.

## FIXED INCOME

### Selective, iterative

Duration modestly extended in UK gilts, supported by a more favourable domestic policy outlook. Sterling corporate bond exposure increased. Emerging market debt upgraded to a more flexible strategy — better management of duration, currency and credit risks.

## EQUITIES · STRUCTURE

### Strategic weights held, quality lifted

No significant regional tilts introduced — the equity structure remained broadly aligned to strategic weights. Focus instead on **improving the quality and efficiency of exposure**, ensuring underlying allocations remained consistent with the AQ framework.

## ALTERNATIVES

### Real assets in, Tellworth out

Less effective or less transparent exposures removed — most notably the Tellworth UK Select position, which had served as a proxy for credit risk. Replaced with more direct, liquid fixed income. REIT exposure trimmed after a period of recovery.



### JPM Natural Resources STRATEGIC ADDITION

Inflation linkage from supply constraints and electrification demand.



### Invesco US Enhanced Index IMPLEMENTATION REFINEMENT

Cost-efficient core US exposure within ACWI weights.

# A meaningful cash position, a cleaner core.

A clear step toward increasing liquidity and reducing the portfolio's overall sensitivity to short-term market dislocations — at a time when geopolitical developments increasingly drove outcomes.

## KEY MARCH TRADES

**Introduced Royal London Short Term Money Market** at levels varying by risk profile — a meaningful cash position for the first time in the range. **Raised allocation to L&G Global Technology Index** meaningfully, reflecting balance-sheet strength and structural growth as medium-term resilience.

## EQUITIES · US

### Simplified and rebalanced

Hedged US index removed; enhanced and smaller-company strategies reduced. A new unhedged US index position introduced, alongside a modest increase in core US via HSBC American Index. A cleaner, more core US allocation — less style dispersion.

## REAL ASSETS & TECH

### Strengthened where conviction was highest

Allocation to L&G Global Technology Index raised meaningfully — balance-sheet strength, high margins and structural growth as medium-term resilience. Global infrastructure introduced, adding inflation linkage and defensive characteristics.

## EQUITIES · INTERNATIONAL

### Asia & EM trimmed

Asia and Emerging Markets reduced, particularly within active strategies — vulnerability to higher energy prices and weaker global demand. European exposure modestly reduced.

**UK exposure stable** — supported by its more defensive sector composition.

## FIXED INCOME

### Up in quality, less duration

High-yield and emerging-market debt reduced. Global investment-grade and short-dated credit increased. **Gilt exposure reduced** — lower conviction in the effectiveness of duration as a hedge in an inflation-driven environment.



### Royal London ST Money Market LIQUIDITY BUFFER

First meaningful cash position in the range — reduces sensitivity to dislocations.



### Asia, EM, US smaller cos. & gilts BETA & DURATION REDUCTION

Trimmed higher-beta regions; reduced duration where the hedge was working less.

## 05 · PERFORMANCE DRIVERS

# Core indices detracted; real assets and quality held the line.

The quarter was characterised by a repricing of geopolitical risk, with rising oil prices weighing on global equities — particularly the US, where core index exposure detracted.

## Contributors

+ POSITIVE

### Natural resources & infrastructure

Both benefited directly from the energy backdrop into late March. The January addition paid for itself early.

### Japan & parts of Asia

Contributed positively over the full period, supported by yen dynamics and continued reform momentum.

### UK equity exposure

Relatively resilient — the FTSE's defensive sector composition helped as energy & staples held up.

### Higher-quality fixed income

Broadly stable; the up-in-quality stance held its ground as credit spreads widened.

## Detractors

- HEADWIND

### US equities & broader global indices

Detracted overall as the late-February tech repricing rolled into the broader market.

### Large-cap technology

Weak over the period — the increased allocation reflects a medium-term resilience view, not short-term return expectations.

### Smaller companies & active satellites

Sensitive to the shift in sentiment into quarter-end and to higher rates re-pricing.

### Credit & EM debt

Under pressure as spreads widened on geopolitical risk; trimmed in March.

The returns pattern is consistent with the portfolio's shift toward greater resilience and quality while maintaining exposure to core global equity markets. Into Q2, the range enters in a **more cautious but balanced position** — cash higher, fixed-income quality improved, equity exposure more focused on core indices and resilient areas.

## 06 · OUTLOOK

# If the geopolitical premium fades, the underlying trends re-emerge.

Our central expectation is that the conflict moves toward resolution over the coming weeks, allowing energy prices to stabilise and inflation pressures to ease.

As we move into Q2, the key question for markets is how quickly the current geopolitical disruption will begin to fade. If energy prices stabilise and inflation pressures ease, the broader macro backdrop should realign with the trends already in place earlier in the year: **moderating inflation, improving financial conditions, and continued, if uneven, economic growth.**

In fixed income, yields continue to offer a more attractive starting point than in previous years — particularly in shorter-duration assets and corporate credit, where income remains the primary driver of returns. While government bonds may remain sensitive to near-term inflation developments, the broader direction of policy still points toward lower rates over time.

Equity markets may remain sensitive in the near term if energy prices stay elevated for longer than expected. However, earnings growth remains intact across most regions, and the fundamental drivers of market performance have not materially changed.

Structural themes — digitalisation, artificial intelligence, healthcare innovation and energy transition — continue to provide a strong foundation for long-term returns, while increasing dispersion across markets is creating a more favourable environment for active management.

Overall, while the first quarter has introduced a period of uncertainty, it has not altered the broader trajectory. If geopolitical tensions ease, the AQ Global portfolios remain positioned to participate in a recovery. If uncertainty persists, they are better placed to navigate further volatility.

## UNITED STATES

### Supportive — the underlying picture remains intact

Economy continues to expand, the labour market is holding up, investment linked to AI and infrastructure remains strong. Recent tech volatility is a healthy reassessment of capital discipline, not a structural break.

## UK & EUROPE

### Near-term headwind, easing into the year

The near-term impact of higher energy prices is more visible, but easing monetary policy and gradually improving real incomes should support a recovery in activity as the year progresses.

## ASIA & EMERGING MARKETS

### Relatively well-positioned

Policy flexibility and earlier rate cuts provide a buffer against global volatility. China continues to stabilise through targeted support; broader EM benefiting from improved inflation dynamics.

## FIXED INCOME

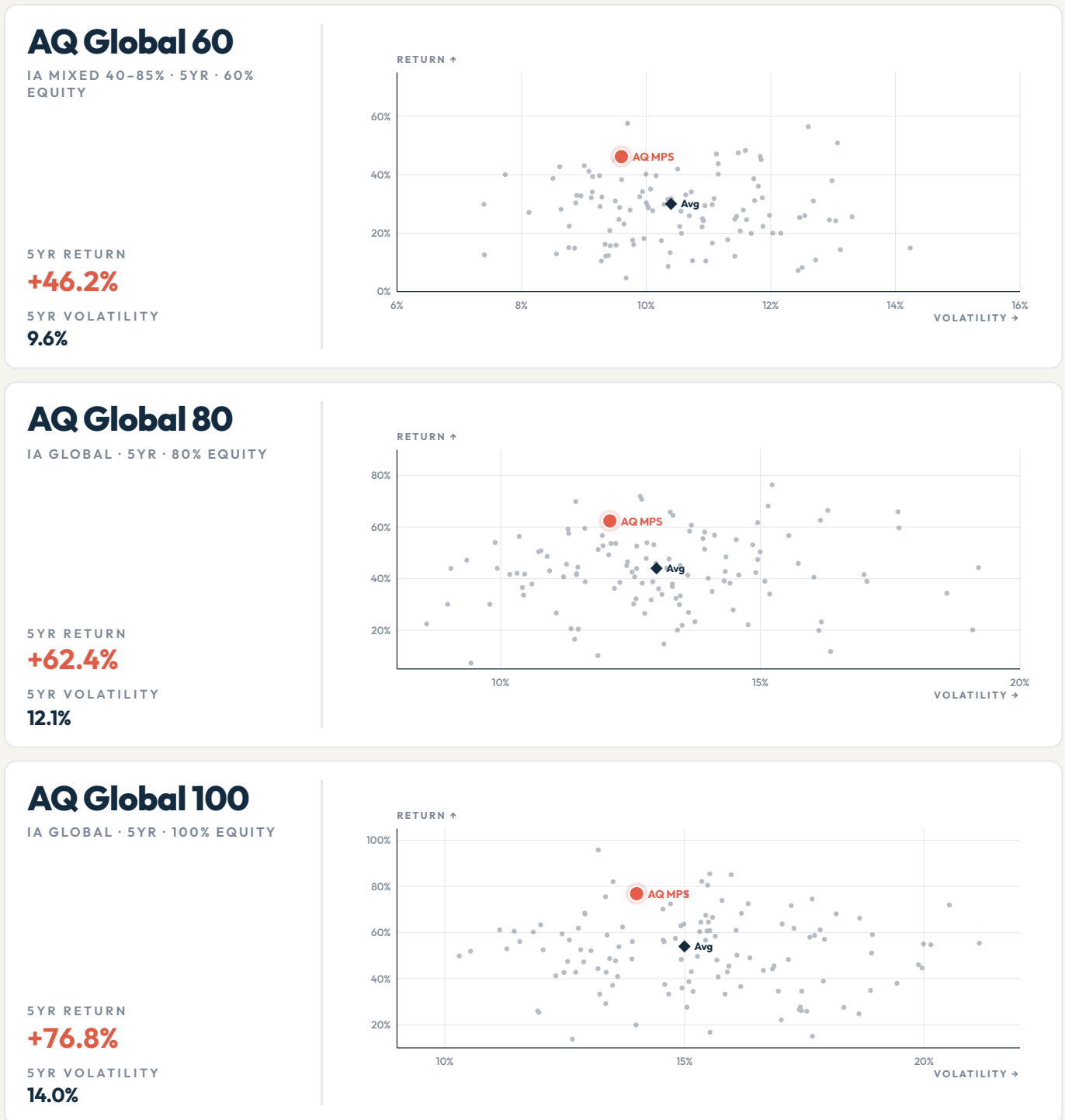
### Attractive starting yields

Shorter-duration assets and corporate credit offer the most compelling income. Government bonds sensitive near-term, but the policy direction points lower.

07 · PERFORMANCE VS VOLATILITY

# Five years, three models — risk-adjusted at a glance.

Absolute five-year performance plotted against annualised five-year volatility for every member of the relevant multi-asset sector. The AQ Global models sit favourably for the risk taken.



Strategy managed live with effect 30/06/2025. Earlier performance simulated using a static SAA populated with live AQ fund picks transposed from AQ Classic. Source: 8AM Global & FE Fundinfo · 31.03.2021 – 31.03.2026.

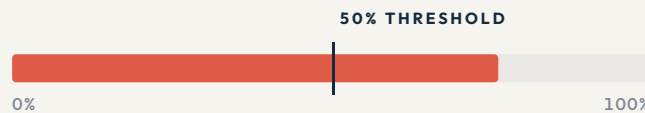
08 · SECTOR WIN RATES

# The AQ process, in numbers.

ROLLING 12-MONTH, SINCE STRATEGY INCEPTION · DATA TO 31.03.2026

OVERALL 12-MONTH WIN RATE

**76%**



SECTORS COVERED  
**9 primary**  
SINCE INCEPTION  
**2017**

Across every rolling 12-month period since strategy inception, our AQ-selected funds have outperformed their sector average **76% of the time**. Achieving a decision-making win rate above 50% is impressive for any active manager — hitting **76% consistently** underscores the robustness of the process.

SECTOR	12-MONTH WIN RATE	VALUE
Global Equity		97%
UK Income		94%
UK All Companies		91%
Global Emerging Markets		79%
Europe ex UK		74%
North America		73%
North American Smaller Companies		73%
Japan		57%
Asia ex Japan		50%

ROLLING 12-MONTH

**76%**

Average across all sectors

ROLLING 6-MONTH

**70%**

Statistically meaningful

ROLLING 3-MONTH

**67%**

Process holds at quarter horizon

ROLLING 1-MONTH

**59%**

Discipline at the shortest window

## 09 · SUMMARY &amp; PHILOSOPHY

# Performance compounds when the same three things stay true.

All snapshot figures — positive or negative — should be viewed in the context of an investment strategy's long-term results. Ours is designed to produce strong, repeatable, consistent performance that compounds over time by the nature of three tenets.

## 01 **Protect investor capital through dispassionate, efficient adaptation to changing market regimes.**

No heroics, no narratives we wish were true — the framework moves portfolios when the data says so, and not before.

## 02 **Frame every opportunity and every performance figure against every possible permutation, repeatedly and proactively.**

Not waiting for a strategy to disappoint before re-examining it — we re-examine it on schedule, on principle, and against every alternative.

## 03 **Mitigate behavioural biases wherever we find them — ask the simple question: what is the most probable outcome, and optimise for that scenario.**

Instead of attempting to read tea leaves. The process is built for the everyday probable case, with discipline reserved for the tail.

“Other MPS providers rise and fall over the shorter term but 8AM AQ has remained in our top risk-adjusted performers for years, providing us and our clients with the assurance that comes with a clear mandate for systematic consistency over short-termism and emotion.”

FROM A RECENT CLIENT CALL

## 10 · A NOTE ON CURRENT POSITIONING

# The de-risking is process — and it is temporary.

## FROM OUR PREVIOUS QUARTERLY REVIEW

*“As investors reflect on a strong period of returns, it is natural for behavioural biases to re-emerge — most notably the temptation to crystallise gains in anticipation of an inevitable downturn.” Hauntingly predictive in hindsight.*

Oddly, the increased geopolitical tension and macro uncertainty has, if anything, acted as a stabilising force — tempering excessive optimism and reducing the likelihood of the kind of speculative excess that typically precedes major market dislocations.

That said, this conflict served as a timely reminder that **tail risks can materialise and propagate quickly through markets**. In response, and in line with our established framework, the AQ portfolios were tactically de-risked in a controlled and rules-based manner — reducing exposure across higher-beta regions and credit risk while increasing cash levels. **This positioning is explicitly temporary**, with a clear pathway to re-risking as conditions stabilise.

Importantly, these actions were not a deviation from process, but a direct application of it — reflecting a clear, data-driven scenario where the balance of short-term risks had shifted, whilst the broader macro base case remained intact.

In parallel, and in accordance with our published process, we have **temporarily increased the frequency of our investment process from bi-monthly to monthly** for the duration of the current conflict. Monitoring will continue on a rolling basis, with the flexibility to act intra-month when conditions warrant — particularly when either escalation risks increase or, conversely, when there is clear evidence of de-escalation and normalisation.

In this context, our philosophy remains unchanged. Bull markets are not built on comfort, and successful investing at this stage of the cycle requires a balance of conviction and flexibility. We thank our investors for their continued support and remain focused on delivering clarity, stability and consistency in the months ahead.

**Performance is not borne of perfection, but of process.**

THE INVESTMENT TEAM  
8AM GLOBAL · APRIL 2026

— · END OF Q1 2026 REVIEW

# Until Q2.

We thank our investors and adviser partners for their continued support. The next quarterly review will publish in July 2026 — with intra-month updates if conditions warrant.

WHAT WE'RE WATCHING · INTO Q2

NEXT REVIEW · JULY 2026

01

## Geopolitical de-escalation

Pace and durability of any resolution; a clear, rules-based pathway to re-risk as conditions stabilise.

02

## Oil price & inflation

Whether the energy premium fades quickly enough to let the moderating-inflation trend reassert itself.

03

## US core index leadership

Whether the simplified, unhedged US core re-asserts as the broader market resets through Q2.

04

## AI-capex earnings test

Whether the late-Feb tech repricing was a healthy reset or the start of a broader earnings re-rating.

**Clarity.**  
**Consistency.**  
**Cost.**

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## DATA SOURCES

**FE Fundinfo ·  
Morningstar**

8AM Global research

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For investment professionals

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