

MARKET COMMENTARY

March 2026

SNAPSHOT

- A positive month for global equities, with the notable exception of the US.
- Equity markets rotated away from technology and 'growth' and into 'value'.
- Bonds had a positive month overall.

All percentages below are monthly returns for February 2026

EQUITIES



BOND MARKETS

BONDS

A strong month for bonds overall

	UK GILTS	2.3%
	US TREASURIES	1.8%
	GLOBAL CORPORATE BONDS	2.3%
	GLOBAL HIGH YIELD BONDS	1.7%



*Values represent bond index returns

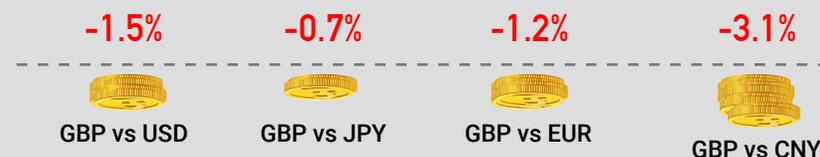
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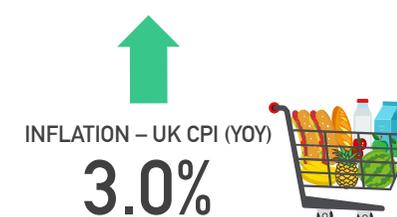
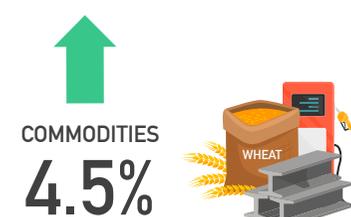
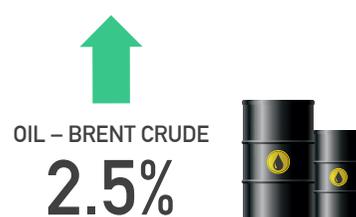
Sterling slipped on political developments



Pound vs Other Currencies



KEY INDICATORS



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GLOBAL MARKETS

Markets fluctuated as investors balanced robust corporate earnings with heightened geopolitical tensions in the Middle East and renewed US trade tariff uncertainty following a Supreme Court ruling.



US MARKETS

A volatile month for equities

Markets faced volatility as investors assessed strong manufacturing activity against a sharper slowdown in headline Q4 GDP, though the underlying GDP numbers were more robust. The nomination of Kevin Warsh to lead the Fed injected hawkish signals, while sticky inflation tempered rate cut optimism. Tech stocks, especially AI-related software, saw a significant rotation after mixed reports, with excellent Nvidia earnings met with a 5% price fall the day after. Safe-haven demand supported Treasuries. Gold Miners recovered their early month losses. The month closed with focus on the 15% global import surcharge and resilient labour data.

-0.9%

US 500



UK MARKETS

Roared ahead despite mixed economic data

Q4 GDP growth stalled at 0.1%, and unemployment rose to 5.2%. The Bank of England maintained rates but adopted a more dovish tone, with markets pricing a high probability of a March cut. The FTSE recorded its biggest monthly gain in three years, rising 6.7% and punching above 10,900 for the first time. Mid and small caps lagged by comparison. Schroders led the charge, jumping 30% after an agreed bid from US asset manager Nuveen. HSBC soared on excellent results, but on the same day it was Diageo which grabbed the headlines when it halved its dividend.

6.2%

UK All Share



EUROPEAN MARKETS

Hit record highs

European stock indices climbed to record highs, supported by robust corporate earnings and stabilising PMIs. Germany's manufacturing sector expanded for the first time in over three years. While the ECB kept rates steady, President Lagarde reaffirmed a balanced outlook despite trade barrier threats. Industrial output across the bloc contracted, yet service sector resilience provided a necessary buffer. Investor confidence improved sharply in February, though geopolitical risks in the Middle East kept market sentiment cautious.

3.3%

Euro 600 Index ex UK



JAPAN MARKETS

Strong economic data propelled markets

Japanese markets experienced a significant recovery in factory activity, with manufacturing expanding for the first time since June 2025. The decisive election win for PM Sanae Takaichi fuelled expectations for expansionary fiscal policy, though the yen remained volatile under verbal intervention warnings. Exports surged 17% year-on-year, driven by strong Asian demand ahead of the Lunar New Year. However, the service sector outlook hit a six-month low, reflecting domestic caution over rising price impacts.

10.4%

Japan Index



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THE WORLD AT A GLANCE

	2021	2022	2023	2024	2025
UK CASH	0.0	1.4	4.7	5.2	4.3
US DOLLAR INDEX	6.4	8.2	-2.1	7.1	-9.4
UK GILTS	-5.2	-23.8	3.7	-3.3	5.0
US TREASURIES	-2.3	-12.5	4.1	0.6	6.3
GLOBAL CORPORATE BONDS	-1.9	-6.8	4.0	2.8	2.6
GLOBAL HIGH YIELD BONDS	2.0	-2.3	8.2	11.0	4.3
US 500	26.9	-19.4	24.2	23.3	16.4
UK ALL SHARE INDEX	14.5	-3.2	3.8	5.6	19.8
EURO 600 INDEX EX UK	22.5	-15.0	14.9	4.5	17.4
JAPAN INDEX	10.4	-5.1	25.1	17.7	22.4
ASIA EX JAPAN	-3.1	-15.4	6.4	16.2	31.6
EMERGING MARKETS	-4.6	-22.4	7.0	5.1	30.6
COMMODITIES	41.6	41.9	-9.7	11.2	-0.3
GOLD	-4.3	-0.7	12.8	26.6	62.5
HEDGE FUNDS	3.7	-4.4	3.1	5.3	7.1

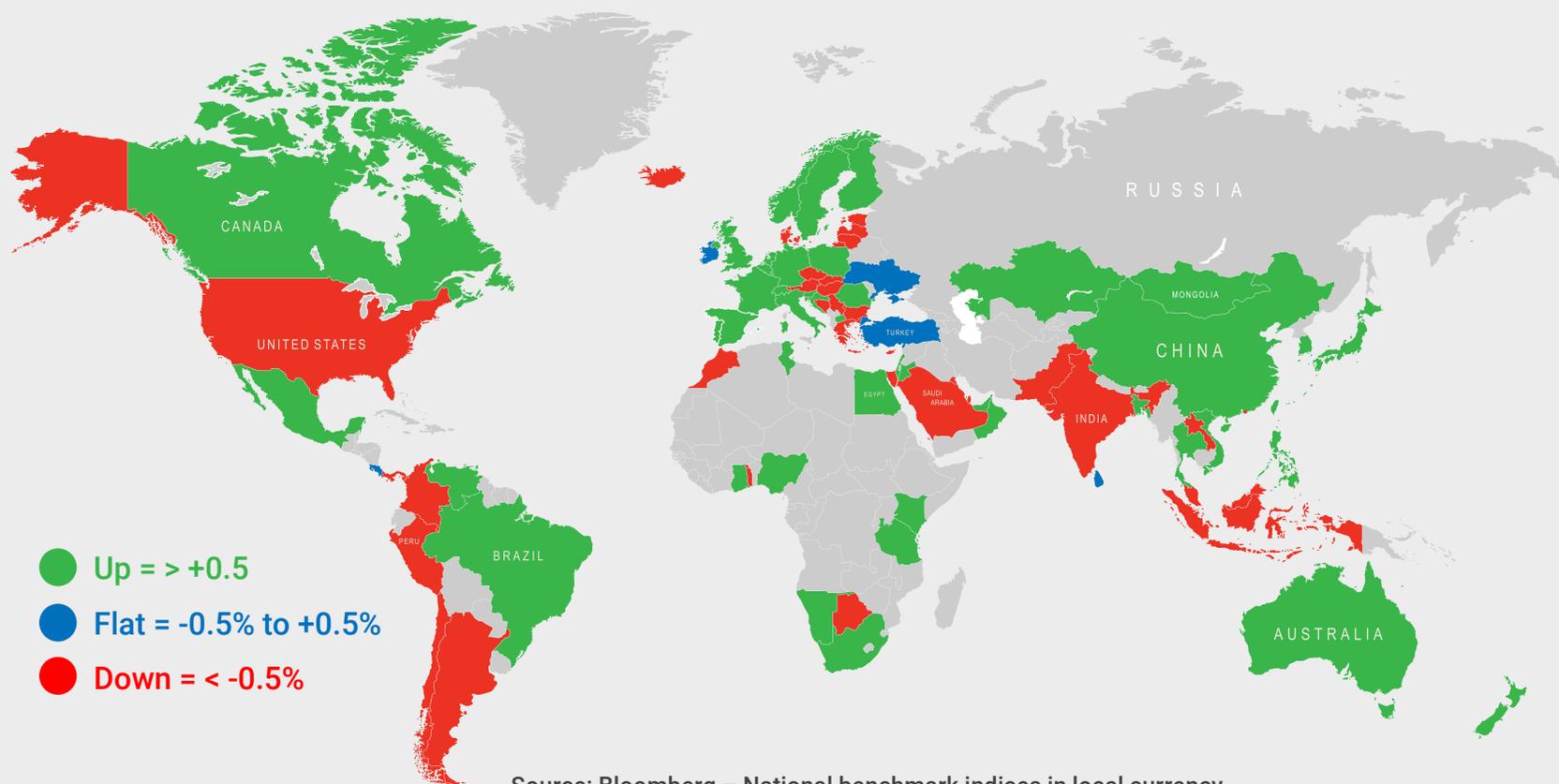
	Feb 2026	Year To Date
UK CASH	0.3	0.6
US DOLLAR INDEX	0.6	-0.7
UK GILTS	2.3	2.2
US TREASURIES	1.8	1.7
GLOBAL CORPORATE BONDS	2.3	1.4
GLOBAL HIGH YIELD BONDS	1.7	1.0
US 500	-0.9	0.5
UK ALL SHARE INDEX	6.2	9.4
EURO 600 INDEX EX UK	3.3	6.4
JAPAN INDEX	10.4	15.5
ASIA EX JAPAN	5.4	14.4
EMERGING MARKETS	5.4	14.7
COMMODITIES	4.5	12.5
GOLD	10.9	20.7
HEDGE FUNDS	0.5	2.5

Source: Bloomberg

Total Return – Local Currency

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WORLD EQUITY MARKETS



↓ -0.9%
USA

↑ 3.3%
EUROPE

↑ 10.4%
JAPAN

↑ 6.2%
UK

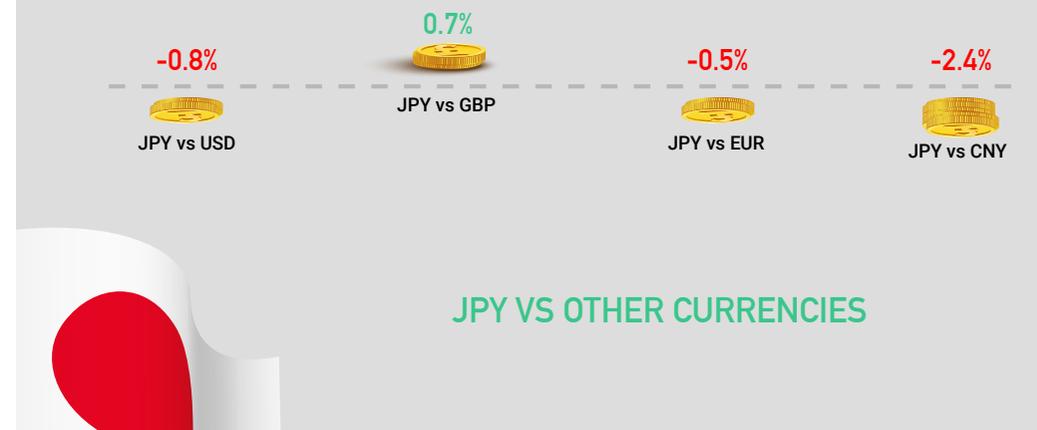
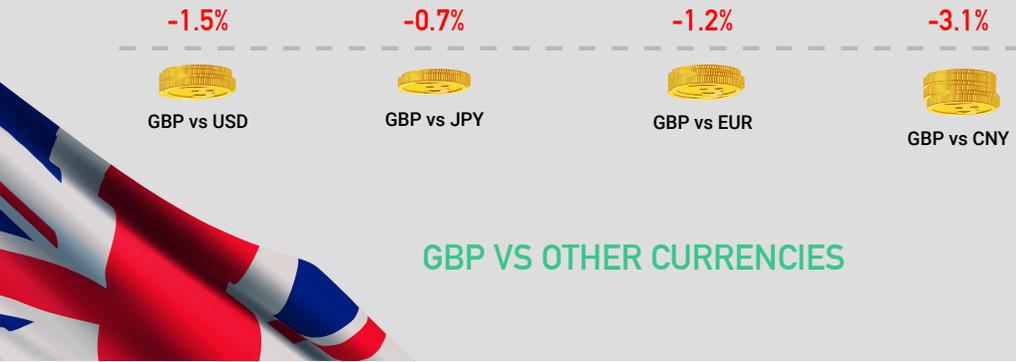
↑ 5.4%
EMERGING
MARKETS

Key Points

- US indices stayed near record highs as strong labour data and a manufacturing recovery offset weaker quarterly GDP and AI spending concerns. Value and small-cap stocks outperformed growth and technology stocks.
- The FTSE 100 notched record levels above 10,900 points, powered by commodity-linked stocks and a record monthly public sector surplus despite domestic economic fragility.
- European benchmarks closed at record highs after the US Supreme Court temporarily blocked sweeping reciprocal tariffs, easing immediate fears for export-heavy automotive and luxury sectors.
- Mainland Chinese stocks finished February higher on travel demand optimism, while Taiwan saw record exports driven by strong global demand for AI-related electronics and semiconductors. South Korea surged on AI optimism.

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CURRENCIES



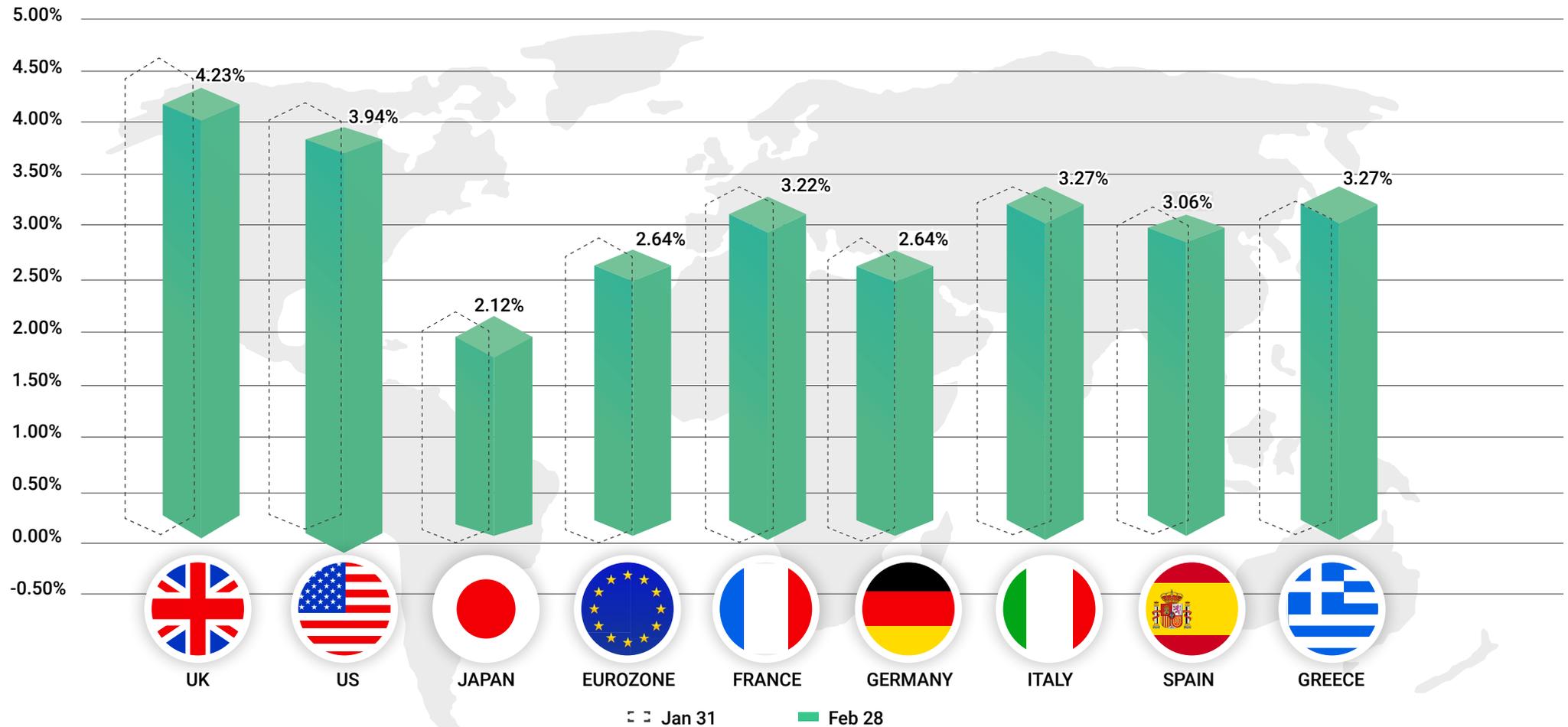
Key Points

- The US dollar strengthened towards 98.0 on the Dollar Index, supported by safe haven flows and hawkish Fed minutes suggesting interest rates might remain restrictive longer than previously anticipated.
- The euro recovered from one-month lows as the European Parliament paused trade deal ratification following new tariff announcements, while German business morale hit six-month highs.
- Sterling slipped towards \$1.35 as slowing wage growth and rising unemployment increased expectations for a Bank of England rate cut as early as March.
- The Swiss franc approached record levels against the dollar, bolstered by continued safe-haven demand and reduced prospects for immediate rate cuts by the SNB.

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GENERIC 10-YEAR YIELDS*

*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



Key Points

- US 10-year Treasury yields fell below 4%, their best monthly performance in a year, as investors pivoted from AI-heavy equities towards safer fixed-income assets.
- UK 10-year gilt yields hit their lowest level since mid-January following a record public sector surplus and cooling labour market data that favoured BoE easing.
- Germany's 10-year Bund yields slipped to 2.64% as trade policy uncertainty and escalating Middle East tensions drove safe-haven demand across the Eurozone.
- Japan's 10-year government bond yields declined to 2.12% even as markets anticipated fiscal expansion following the ruling coalition's landslide election victory.
- Demand for safe-haven status meant that sovereign bonds, particularly emerging market bonds, outperformed credit.

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GLOSSARY OF TERMS

BoE	Bank of England – central bank of the United Kingdom
BoJ	Bank of Japan – central bank of Japan
Correlation	The degree to which the returns of financial assets or instruments move in relation to each other
CNY	Chinese renminbi (yuan) – currency of the People’s Republic of China
CPI	Consumer Price Index – a measure of inflation in which a basket of goods and services is calculated over different time periods
Dovish	The approach in which central banks are likely to keep monetary policy “loose” or accommodative
ECB	European Central Bank – the central bank of the European Union countries which have adopted the euro
EUR	Euro, the official currency of the European Union for the 20 of 27 member states that have adopted this currency
The ‘Fed’	or the US Federal Reserve System – the central banking system of the United States of America, which includes the Federal Reserve Board and the twelve regional Federal Reserve Banks
GBP	British Pound – sometimes referred to as ‘sterling’
GDP	Gross Domestic Product – a monetary measure of the market value of all goods and services produced in a specific time period by a country or countries

Growth Stocks	Stocks which display specific characteristics – high price-to-earnings (P/E), high price-to-book (P/B), low to no dividend yield – which typically demonstrate revenue growth and tend to reinvest earnings rather than distribute them as dividends
Hawkish	The approach in which central banks are likely to keep monetary policy “tight” or restrictive
JPY	Japanese Yen – currency of Japan
Macro	or Macroeconomics – a branch of economics that deals with the performance, structure, behavior, and decision-making of an economy as a whole
PMI	Purchasing Managers’ Index – an economic indicator used to measure the activity of the manufacturing/service sectors of the economy
USD	US Dollar – currency of the United States of America
Value Stocks	Stocks which may trade at lower prices relative to their intrinsic value, as defined by traditional fundamental analysis, and typically include evaluation metrics such as lower price-to-earnings (P/E) and price-to-book (P/B) ratios, and higher dividend yields, compared to Growth stocks.
Yield Curve	a graph (line) which depicts how the yields on debt instruments – such as bonds – vary as a function of their years remaining to maturity
YoY	Year over year

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