

Long Hold Balanced Income



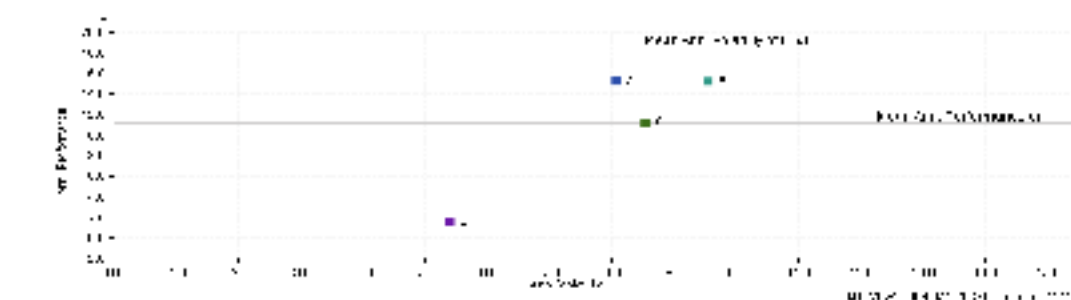
Market Outlook

Global financial markets delivered strong returns over the second quarter of 2026, with geopolitics and technology once again at the forefront of market movements. Risk sentiment turned decisively positive as the war in the Middle East began to de-escalate, with Brent crude prices retracing sharply from their April peak following a US-Iran memorandum of understanding that was expected to support the reopening of the Strait of Hormuz and a normalisation of energy flows. This helped ease fears that the energy shock would force a broad-based re-pricing of developed market interest rates, although inflation risks remained a key focus for policymakers. Technology stocks continued to lead markets higher, as investors gained confidence that the AI infrastructure investment cycle remained intact, supported by robust earnings momentum and continued upgrades to hyper-scaler capital expenditure plans. Central bank decisions were closely watched over the quarter: the European Central Bank raised its three key policy rates by 25bps in June, citing inflation pressures from the Middle East conflict, while the Federal Reserve and Bank of England left rates unchanged as they balanced still-elevated inflation risks against uncertainty around growth and energy prices. The improved backdrop supported a strong quarter for the Income portfolio, with both equity and fixed income holdings outperforming delivering strong returns across the portfolio. While the broad expectation remains that the conflict is likely to represent a temporary supply disruption rather than a structural shift in the global economic outlook, the outlook remains sensitive to the durability of the ceasefire, the pace of energy-flow normalisation and the path of central bank policy.

Portfolio Positioning

Following a strategic decision to take profits from strongly performing assets and reduce exposure to assets no longer viewed as well positioned over the medium term, the income suite entered the period with elevated cash levels. This positioning helped mitigate the impact of geopolitical uncertainty and market volatility surrounding the US-Iran conflict, while maintaining flexibility to redeploy capital as sentiment improved later in the quarter. After the announcement of a ceasefire between the US and Iran, cash was selectively redeployed into global, European and UK opportunities, with an emphasis on quality assets we believe are well placed to benefit from improving sentiment and a constructive medium-term outlook. We remain focused on diversification, quality and income-generating assets to help manage volatility and uncertainty over the medium term.

Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 2 years. Over the long term, we would expect the Balanced Income portfolio to exhibit volatility in line with the benchmark.

Key	Return	Annualised Performance	Annualised Volatility
Blue	Global Income Portfolio	0.05	0.05
Green	UK Income Portfolio	0.05	0.05
Red	Global Income Portfolio	0.05	0.05
Purple	UK Income Portfolio	0.05	0.05

Important Information

All data in this document has been extracted from Analytics as of 1st July. Past performance cannot be used as a guide to future performance and the value of your investment will fall as well as rise in value. You may not get back all of your investment and the final value of your investment will depend on the performance of your portfolio. Performance figures quoted include fund manager charges but exclude adviser, discretionary, custodian and switch charges. Unless stated, income is reinvested into the portfolio. The information contained in this document is for information purposes only. It does not constitute advice or a recommendation or an offer or solicitation for investment. Portfolio Expense is based on the Fusion platform and may vary for other platforms. Annualised Volatility and Max Loss Figures as detailed by FE Analytics over 2 years to period, where max loss represents the worst running return.