

Monthly Market Commentary



Asset Management

Key Points

- Umbra's MPS had a strong September, both in an absolute and relative sense. All 31 of our risk-rated models outperformed their respective ARC benchmark during the month.
- September also concluded a very strong third quarter overall. Most pleasing across the month and quarter in aggregate, was the diverse array of underlying performance drivers across our models. We witnessed solid attribution from the equity, fixed income, and alternatives sleeves in tandem.
- Within Alternatives, Gold (+11.4% in September, +16.6% for Q3 in GBP terms) remained a strong contributor to affiliated MPS models as it continued its ascent against ongoing trade disputes and the profligacy of government spending within the West. Global Infrastructure (+2.2% in September, +5.6% for Q3 in GBP terms) was also firm against an ongoing commitment to boost power generation capacity for AI adoption alongside broader climate control commitments.
- The equity book was also generally solid despite our underweight bias towards US equity markets where the general buoyancy in US tech remained. Our Value tilt within Japan via the Arcus Japan Fund (+4.1% in September, +16.0% for Q3 in GBP terms) contributed meaningfully. The general weakness in the US dollar also buoyed price action across the broader Asian and Emerging Market complex. Umbra's MPS exposure to the Man Asia ex-Japan Fund (+6.6% in September, +13.4% for Q3 in GBP terms) and the First Sentier China Growth Fund (+5.4% in September, +18.4% for Q3 in GBP terms) were also meaningful contributors to overall performance.

- The fixed income allocation was generally buoyed by the ongoing degree of spread tightening seen across the higher beta areas of credit. Solid attribution from our high yield and Emerging Market Debt exposures were particularly strong.

Market Comment

- The third quarter of 2025 delivered positive returns across major asset classes, as optimism around artificial intelligence (AI), robust corporate earnings, easing trade frictions, and dovish shift by the US Federal Reserve (FED).
- Macro conditions remained supportive through the quarter. While sentiment indicators - particularly in housing and consumer confidence - softened, "hard" data such as GDP, industrial output, and personal income held firm. US headline inflation ticked up modestly to 2.9% year-on-year in August, reflecting limited tariff passthrough (thus far) and easing energy costs. Consequently, the FED delivered its first rate cut of the year in September, lowering the benchmark rate by 25 basis points and signalling further easing ahead.
- The Bank of England kept its policy rate unchanged at 4% in a 7-2 vote, with two members favouring a 25-basis-point cut, while signalling a caution on inflation and trimming its annual quantitative tightening target from £100 billion to £70 billion.
- Although the US dollar firmed modestly over the quarter, its broader year-to-date weakness, combined with a softer Federal Reserve policy stance, continued to support emerging market (EM) assets.

- Growth across EM economies has remained resilient, initially boosted by front-loaded global trade ahead of April's tariff announcements.
- More recently, sustained momentum suggests a continued easing in global and EM financial conditions, while robust technology exports have further underpinned growth.
- Gold extended its rally to a record high above \$3,800 per ounce. The metal's appeal as a store of value has been reinforced by concerns over currency debasement and its growing correlation with the expansion of global nominal debt. Persistent geopolitical uncertainty, a weaker US dollar, and concerns relating to central bank independence, as well as central bank purchases provided additional support.
- The US dollar stabilised, with the DXY index rising +0.9% in Q3 after its worst first-half performance in decades.

Umbra MPS

Managing assets with
discipline and alignment
across multiple strategies



MPS Performance

Summary versus Primary ARC Benchmark



Private & Confidential

Source: Umbra Capital Partners LLP.

Umbra MPS Portfolio	September 2025	YtD 2025	Rolling 1 Year	2 Year Annualised	3 Year Annualised	5 Year Annualised
Umbra MPS Passive Defensive	1.11	3.25	3.02	7.33	5.00	1.37
Umbra MPS Dynamic Defensive	1.24	3.27	4.11	7.60	5.45	2.20
Umbra MPS Blended Defensive	1.23	3.37	3.76	7.66	5.67	2.70
Umbra MPS Active Defensive	1.28	3.62	3.99	8.09	6.36	3.63
Umbra MPS Income Defensive	1.04	3.57	4.92	8.33	6.73	4.13
ARC Cautious PCI TR GBP	1.00	2.62	4.89	6.42	5.06	2.54
Umbra MPS Passive Cautious	1.91	5.06	5.10	10.24	7.70	4.59
Umbra MPS Dynamic Cautious	1.69	4.65	5.25	9.61	7.40	4.37
Umbra MPS Blended Cautious	1.65	4.70	4.79	9.45	7.57	5.24
Umbra MPS Active Cautious	1.77	4.86	4.81	9.99	8.68	6.44
Umbra MPS Income Cautious	1.16	4.53	6.12	9.97	8.59	6.85
ARC Cautious PCI TR GBP	1.00	2.62	4.89	6.42	5.06	2.54
Umbra MPS Passive Moderate	2.18	5.86	5.86	11.51	8.92	5.93
Umbra MPS Dynamic Moderate	1.92	5.33	5.64	10.53	8.34	5.64
Umbra MPS Blended Moderate	1.86	5.20	4.83	10.00	8.30	6.26
Umbra MPS Active Moderate	1.93	5.22	4.88	10.55	9.44	7.37
Umbra MPS Income Moderate	1.20	4.81	6.46	10.53	9.35	7.94
ARC Balanced Asset PCI TR GBP	1.40	4.04	6.11	8.73	6.89	4.25
Umbra MPS Passive Balanced	2.44	6.63	6.44	12.67	10.01	7.28
Umbra MPS Dynamic Balanced	2.32	6.30	7.10	12.24	9.82	7.22
Umbra MPS Blended Balanced	2.20	5.94	6.02	11.48	9.71	7.63
Umbra MPS Active Balanced	2.10	5.68	5.05	11.30	10.36	8.37
ARC Balanced Asset PCI TR GBP	1.40	4.04	6.11	8.73	6.89	4.25
Umbra MPS Passive Growth	2.71	7.35	7.12	13.85	11.15	8.64
Umbra MPS Dynamic Growth	2.39	6.71	6.44	12.61	10.52	8.22
Umbra MPS Blended Growth	2.22	6.10	5.42	11.65	10.25	8.40
Umbra MPS Active Growth	2.29	6.05	5.40	12.19	11.30	9.26
ARC Steady Growth PCI TR GBP	1.90	5.07	6.78	10.09	8.22	5.56
Umbra MPS Passive Adventurous	2.97	8.06	7.63	14.96	12.20	9.99
Umbra MPS Dynamic Adventurous	2.67	7.38	7.04	13.69	11.85	9.68
Umbra MPS Blended Adventurous	2.42	6.50	5.83	12.40	11.26	9.36
Umbra MPS Active Adventurous	2.45	6.41	5.27	12.72	12.14	10.33
ARC Steady Growth PCI TR GBP	1.90	5.07	6.78	10.09	8.22	5.56
Umbra MPS Passive Equity	3.45	9.50	9.15	17.52	14.75	12.78
Umbra MPS Dynamic Equity	3.19	8.82	8.28	16.12	14.42	12.15
Umbra MPS Blended Equity	2.98	7.85	6.79	14.47	13.56	11.63
Umbra MPS Active Equity	2.93	7.40	5.81	14.00	13.86	12.03
ARC Equity Risk PCI TR GBP	2.30	6.20	7.52	11.47	9.46	6.77

All performance figures are shown in percentage terms in GBP and are net of underlying fund OCF's and Net of Umbra's AMC. Returns are Gross of any platform fee. From May 2022, performance reflects actual portfolio returns and reflects portfolio drift in line with market movements, with rebalances carried out on an ad-hoc basis, and informed by prevailing market conditions and portfolio positioning. Performance from July 2019 to April 2022 is based on back-tested data, using simulated past performance derived from the actual historical performance of the underlying investments.

Equities

- The global equity market recovery that began following the April low extended through the third quarter, with several major indices reaching new record highs.
- Global equities, as measured by the MSCI All Country World Index, gained +3.6% in September +7.6% for the quarter.
- In the US, the S&P 500 gained +3.7% in September and +8.1% for the quarter, while the Nasdaq rose +5.7% and +11.4% respectively. Returns were supported by continued enthusiasm for AI and resilient corporate earnings. With the S&P 500 now trading at 23x forward earnings - around 20% above its 10-year average - and increasingly concentrated, suggesting less attractive relative valuations compared with other regions.
- Japanese equities also performed strongly, aided by a weaker yen, resilient domestic data, and ongoing corporate governance reforms. The TOPIX Index rose +2.9% in September and +11.0% for the quarter, while the Nikkei 225 advanced +5.8% and +11.7% respectively. Sentiment was further buoyed by an agreement with the US that reduced tariffs on most Japanese exports from 25% to 15%.
- UK equities delivered solid gains, with the FTSE 100 rising +1.8% in September and +7.5% over the quarter, supported by a weaker pound and continued strength in AI-related spending. Although growth data appeared resilient, much of the momentum has been driven by public-sector activity, a trend that we view as unsustainable.
- Following years of relative underperformance, emerging markets are seeing renewed momentum as liquidity rotates out of the US and aided by dollar weakness and resilient growth.

- China led regional gains, with the MSCI China Index up +9.5% in September and +19.7% over the quarter. Sentiment improved on increased AI-related investment by major technology firms, policy support for domestic chipmakers, and easing trade tensions with the US. Confidence has also been reinforced by improving liquidity conditions and optimism surrounding Beijing's "anti-involution" agenda. The initiative aims to curb excessive competition and price-cutting in sectors that have been constrained by overcapacity and margin pressure, such as electric vehicles and solar panels.

Fixed Income

- The Citigroup World Government Bond Index rose +0.6% in September and +0.2% over the quarter. Regional performance showed notable dispersion - US Treasury yields ended the period lower, while longer-dated UK gilt yields briefly climbed to a 27-year high amid persistent concerns over the economic outlook and uncertainty surrounding Chancellor Rachel Reeves's forthcoming Autumn Budget. In the euro area, German yields edged higher as investors repriced given expectations for increased bond issuance, while French yields rose as the government struggled to pass spending cuts and tax increases aimed at narrowing the country's fiscal deficit.
- Japanese sovereign bonds underperformed during the quarter, declining -1.5%. Prime Minister Shigeru Ishiba's resignation in August shifted focus to his successor, with several potential Liberal Democratic Party candidates expected to pursue a more expansionary fiscal stance than the outgoing premier.

- Bloomberg Emerging Market Sovereign Bonds gained a further +3.4% (hard currency) and +0.2% (local currency) during the quarter, bringing year-to-date returns to +8.5% and +7.5%, respectively. The weaker US dollar over the year has supported relative outperformance in emerging markets, while perceptions of sovereign risk have become relatively more favourable EM as developed economies contend with persistent fiscal imbalances and elevated debt levels.

Alternatives

- Gold's ascent continued, gaining +11.0% during the month and +16.8% for the quarter, leaving it on course for its strongest year since 1979.
- Property and infrastructure delivered steady gains, rising +0.2% and +2.2% in September, and +4.2% and +5.6% over the quarter, respectively. The sectors benefited from declining interest rate expectations, which supported yield-sensitive assets, while the AI revolution continued to drive demand across data centre construction, power generation, and related infrastructure.

Disclaimer



Private & Confidential

Past performance is not a guide to future performance. The value of investments and any income from them can fall, and you may get back less than you invested. From May 2022, performance reflects actual returns and reflects portfolio drift in line with market movements, with rebalances carried out on an ad-hoc basis, and informed by prevailing market conditions and portfolio positioning. Performance from July 2019 to April 2022 is based on back-tested data, using simulated past performance derived from the actual historical performance of the underlying investments. The simulated past performance assumes monthly rebalancing to the target asset or fund allocation. Performance is shown net of underlying fund charges and Umbra's investment management charge, and gross of any platform or product fees and assumes all income is reinvested. No investment decisions should be made solely based on these returns. The performance figures are calculated based on a standard model and may not reflect the performance of individual client portfolios.

This document has been prepared and published by Umbra Capital Partners LLP ("Umbra"). The information and opinions contained herein are based upon sources believed by to be reliable, but which may not have been independently verified and no guarantees, representations or warranties are made as to its accuracy, completeness or suitability for any purpose. Any opinion or estimate expressed in this publication is Umbra's current opinion as of the date of this publication and is subject to change without notice.

The value of investments and any income from them is not guaranteed and may go down as well as up; you may get back less than the amount invested. Higher volatility investments are subject to sudden and large falls in value and could result in a loss equal to the sum invested. Certain investments are not readily realisable and investors may experience difficulty in realising the investments or in obtaining reliable information on the value or associated risks. Changes in rates of exchange may have an adverse effect on the value, price or income of investments denominated in currencies other than Sterling.

Any references to the impact of taxation are made in the context of current legislation and may not be valid should levels and/or bases of taxation change. Umbra, its employees or a connected company may trade in the investments referred to herein and may also perform investment or other banking services

for any companies. This document is not intended as an offer or solicitation for the purchase or sale of any investment or any other action. This material is for the use of intended recipients only and is not directed at you if Umbra is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. This document is being supplied to you solely for your information and may not be re-produced, redistributed or passed to any other person or published in whole or in part for any purpose. Whilst every effort is made to ensure that this information is accurate, we are reliant on data provided by third parties therefore there may be errors or omissions that could have an effect on the collective funds charge.

Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request. Past performance is not a guide to future performance. The value of investments and any income from them can fall, and you may get back less than you invested. From May 2022, performance reflects actual returns and reflects portfolio drift in line with market movements, with rebalances carried out on an ad-hoc basis, and informed by prevailing market conditions and portfolio positioning. Performance from July 2019 to April 2022 is based on back-tested data, using simulated past performance derived from the actual historical performance of the underlying investments. The simulated past performance assumes monthly rebalancing to the target asset or fund allocation. Performance is shown net of underlying fund charges and Umbra's investment management charge, and gross of any platform or product fees and assumes all income is reinvested. No investment decisions should be made solely based on these returns. The performance figures are calculated based on a standard model and may not reflect the performance of individual client portfolios.

Umbra Capital Partners LLP, Registration number: OC425068 Address: 10 Lower James Street, London, UK, W1F 9EL. Telephone number: +44 (0) 207 460 1030. Authorised and regulated by the UK Financial Conduct Authority.
Website: www.umbracapital.com



Contact Us

+44 (0) 207 460 1030

info@umbracapital.com

Address

10 Lower James Street London
W1F 9EL, United Kingdom