

# Monthly Market Commentary



Asset Management

## Market Comment

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- January marked a strong start to the year for global markets, with risk assets advancing against a backdrop of resilient economic data and broadly benign inflation. The rally was notable for its continued breadth, continuing its extension beyond US large-cap.
- This occurred despite a meaningful rise in geopolitical risk during the month, following a US operation to remove Venezuelan President Nicolás Maduro and renewed rhetoric from President Donald Trump regarding potential tariffs on several European countries opposing his ambitions relating to Greenland. While these developments introduced pockets of volatility, markets largely looked through the noise.
- Commodity markets, by contrast, reacted more decisively. The Bloomberg Commodity Index rose 10% in January, supported by a sharp increase in energy prices. Brent crude gained 16%, while European and US natural gas prices surged on colder-than-expected winter weather.
- In Japan, Prime Minister Sanae Takaichi called a snap election to shore up her leadership and secure a mandate for a new ruling coalition, enabling her to pursue plans for 'responsible fiscal expansion'.
- President Donald Trump also confirmed his nomination of former Federal Reserve Governor Kevin Warsh as the next Chair of the Federal Reserve. Warsh has been a vocal critic of the expansion of the Fed's balance sheet through quantitative easing, prompting speculation that balance-sheet reduction could become a renewed policy focus. Markets reacted with a modest steepening of the US yield curve, while the US dollar recovered some ground before ultimately ending the month down -1.4% on a trade-weighted basis.

## Equities

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- Equity markets delivered broad-based gains in January, with leadership continuing to rotate away from the US. The MSCI AC World Index rose +3% over the month.
- The S&P 500 advanced a modest +1.5%, continuing its recent trend of relative underperformance. In contrast, US small caps materially outperformed, with the S&P Small Cap Index rising +5.7%, highlighting a continued broadening of market participation.
- UK equities gained +3.1%, while European equities rose +2.9%, supported by cyclical exposure and improving sentiment.
- Japan was among the strongest developed markets, with the Topix rising +4.6%, aided by yen weakness and improving earnings expectations.
- Emerging markets delivered standout performance, rising +8.9% over the month and outperforming developed markets by +7%, a magnitude not seen since 2001. Performance was broad-based across the region, with the MSCI Latin America Index rising +15.4%, while Asia-Pacific equities gained 8%, supported by strength in China and other technology-heavy markets.
- Style performance reflected a meaningful repricing across global equity markets, although diverged by region. At the global level, value stocks rose +4.7%, while growth stocks declined -0.3%, as cyclical sectors outperformed defensives, particularly in emerging markets and Japan. In contrast, growth outperformed in Europe.
- The equity rally was driven primarily by earnings rather than valuation expansion. Emerging markets, Japan and materials-related sectors saw notable upward revisions to 2026 earnings-per-share estimates. In the US, the fourth-quarter earnings season progressed steadily, with reported earnings exceeding consensus expectations by +9%, a stronger pace of positive surprises than seen in recent quarters.

# Umbra MPS

Managing assets with  
discipline and alignment  
across multiple strategies



# MPS Performance

Summary versus Primary ARC Benchmark



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Source: Umbra Capital Partners LLP.

Umbra MPS Portfolio	January 2026	Rolling 3 Month	YtD 2026	Trailing 1 Year	3 Year Annualised	5 Year Annualised
Umbra MPS Passive Defensive	0.30	0.38	0.30	3.87	5.17	1.77
Umbra MPS Dynamic Defensive	0.34	0.44	0.34	4.70	5.18	2.34
Umbra MPS Blended Defensive	0.23	0.16	0.23	4.20	5.31	2.80
Umbra MPS Active Defensive	0.38	0.37	0.38	4.86	6.17	3.82
Umbra MPS Income Defensive	0.39	0.87	0.39	5.72	6.08	4.16
ARC Cautious PCI TR GBP	0.80	1.34	0.80	6.22	4.69	2.45
Umbra MPS Passive Cautious	0.40	0.18	0.40	5.30	7.74	4.66
Umbra MPS Dynamic Cautious	0.56	0.59	0.56	6.19	7.31	4.45
Umbra MPS Blended Cautious	0.44	0.29	0.44	5.07	7.25	5.23
Umbra MPS Active Cautious	0.51	0.21	0.51	5.61	8.45	6.45
Umbra MPS Income Cautious	0.60	1.32	0.60	7.08	7.87	6.81
ARC Cautious PCI TR GBP	0.80	1.34	0.80	6.22	4.69	2.45
Umbra MPS Passive Moderate	0.43	0.09	0.43	6.07	8.95	5.91
Umbra MPS Dynamic Moderate	0.78	0.76	0.78	7.25	8.63	5.82
Umbra MPS Blended Moderate	0.67	0.53	0.67	5.95	8.35	6.40
Umbra MPS Active Moderate	0.65	0.32	0.65	5.92	9.32	7.40
Umbra MPS Income Moderate	0.70	1.64	0.70	7.59	8.60	7.91
ARC Balanced Asset PCI TR GBP	1.30	1.55	1.30	7.72	6.66	4.13
Umbra MPS Passive Balanced	0.47	-0.03	0.47	6.70	10.11	7.17
Umbra MPS Dynamic Balanced	1.04	1.06	1.04	8.42	10.10	7.26
Umbra MPS Blended Balanced	0.94	0.82	0.94	7.03	9.74	7.65
Umbra MPS Active Balanced	0.84	0.52	0.84	6.67	10.44	8.50
ARC Balanced Asset PCI TR GBP	1.30	1.55	1.30	7.72	6.66	4.13
Umbra MPS Passive Growth	0.50	-0.15	0.50	7.33	11.26	8.42
Umbra MPS Dynamic Growth	1.10	1.00	1.10	8.78	11.32	8.43
Umbra MPS Blended Growth	1.01	0.85	1.01	7.31	10.65	8.53
Umbra MPS Active Growth	0.99	0.63	0.99	7.21	11.57	9.43
ARC Steady Growth PCI TR GBP	1.50	1.56	1.50	7.95	7.71	5.13
Umbra MPS Passive Adventurous	0.54	-0.27	0.54	7.91	12.40	9.69
Umbra MPS Dynamic Adventurous	1.26	1.18	1.26	10.02	12.96	9.91
Umbra MPS Blended Adventurous	1.25	1.19	1.25	8.27	11.88	9.62
Umbra MPS Active Adventurous	1.19	0.85	1.19	7.73	12.58	10.61
ARC Steady Growth PCI TR GBP	1.50	1.56	1.50	7.95	7.71	5.13
Umbra MPS Passive Equity	0.67	-0.45	0.67	9.80	14.90	12.27
Umbra MPS Dynamic Equity	0.77	0.23	0.77	9.26	14.89	11.75
Umbra MPS Blended Equity	0.76	0.23	0.76	7.40	13.59	11.36
Umbra MPS Active Equity	0.74	0.01	0.74	6.19	13.48	11.77
ARC Equity Risk PCI TR GBP	1.70	1.38	1.70	7.77	8.52	5.82

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.

## Fixed Income

- Fixed income markets delivered modest positive returns in January but lagged equity markets. Global bonds, as measured by the Bloomberg Global Aggregate Index, rose +0.9% over the month. Performance was held back by better-than-expected economic data and growing investor concerns around fiscal sustainability and central bank independence, particularly in the US.
- Japanese government bonds were a notable underperformer, recording their worst start to a year since 1994. Ten-year JGB yields rose sharply, with prices falling +1.3%, while the long end of the curve sold off following the announcement of snap elections by Prime Minister Sanae Takaichi.
- Credit markets delivered small positive returns, with global high yield rising +1% and investment-grade credit posting more muted gains. Emerging market debt edged higher, with local currency bonds outperforming hard currency debt, supported by strong equity market performance and favourable currency moves.
- Elsewhere, iShares Developed Market Property Yield gained +1.7%, while iShares Global Infrastructure rose +1.3% over the month.

## Alternatives

- Gold gained +16% over January, shrugging off a sharp -10% decline on the final trading day of the month. Strong central bank demand, heightened geopolitical risk and ongoing concerns around fiscal imbalances supported the precious metal. That said, recent price action pushed gold further into overbought territory, making a pullback increasingly likely. Within the Umbra MPS, portfolio rebalancing allowed us to lock in some of the strong capital appreciation achieved since we first initiated a position in 2024. We remain constructive on our original investment thesis for gold and continue to hold a strategic allocation.

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.

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