
February 2026

Umbra Capital

Monthly Market Commentary



Asset Management

Key points

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- February was a strong month for the Umbra MPS offering with alpha generation being broad based and being derived from all three primary asset classes we allocate towards.
- A solid global economic growth backdrop, accommodative monetary policy and stimulative fiscal impulses have provided broad supports to risk assets since the start of the year.
- Moreover, increasing growth dispersion between regional and stylistic factors has also been beneficial for Umbra's MPS positioning. Our underweight bias towards US equities for instance has been accretive as enthusiasm towards the US technology sector appears to be waning due to the questions being raised surrounding the return on investment from the AI-related build out. This is also coinciding with declining earnings momentum for the Nasdaq Index at present.
- Conversely, robust corporate earnings upgrades continue to underpin international markets, particularly throughout Asia and much of the developing world. This comes at a time when the relative valuation multiple between the US and international markets remains very pronounced. This rotation remains broadly beneficial to us.

Market Comment

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- February was characterised by continued rotation within equity markets, moderating inflation pressures and evolving policy expectations. The dominant cross-asset theme, however, remained artificial intelligence.
- While US corporate earnings were broadly robust, investors are increasingly scrutinising the scale and timing of returns associated with AI-related capital expenditure. At the same time, concerns are emerging around the potential for AI-driven tools to disrupt established business models, most notably within subscription-based software. This contributed to a rotation away from mega-cap US technology and toward more asset-intensive and cyclical sectors expected to benefit from the physical build-out of AI infrastructure.
- Inflation trends across developed markets continued to improve. UK headline inflation slowed to 3.0% in January, with broad-based moderation across goods and services. The Bank of England voted 5–4 to keep Bank Rate on hold at 3.75%, in what was interpreted as a dovish hold, with guidance suggesting scope for further reductions later this year. Eurozone inflation undershot expectations at 1.7% year-on-year, its lowest level in 16 months, while Japanese price pressures also cooled, reinforcing expectations that policy normalisation will remain gradual.
- Bond markets responded positively to this backdrop, with sovereign yields declining across major developed markets as investors priced a higher probability of easing over coming quarters. Fiscal and political developments remained in focus. In the US, the Supreme Court ruled against the use of the International Economic Emergency Powers Act to justify April's proposed reciprocal tariffs, reducing near-term trade escalation risk. In Japan, Prime Minister Sanae Takaichi secured a parliamentary supermajority following snap elections, reinforcing expectations of continued fiscal support and potentially increased defence spending.
- Geopolitical tensions intensified materially toward month-end. The US and Iran continued negotiations over Tehran's nuclear programme even as the US expanded its military presence in the Middle East to its largest level since 2003, culminating in targeted strikes and retaliatory responses across the region. Financial markets reacted as expected, with risk assets coming under pressure and safe-haven currencies such as the US dollar and Japanese yen providing partial offsets. Energy markets moved sharply higher, reflecting the Middle East's central role in global oil and gas supply. The effective closure of the Strait of Hormuz through which roughly 30% of global seaborne oil flows, heightened concerns around supply disruption and potential inflationary spillovers. While the situation remains fluid, history suggests that market volatility surrounding geopolitical flashpoints often proves temporary unless accompanied by sustained supply constraints or broader macroeconomic consequences.

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	February 2026	YtD 2026	2025	3 Year Annualised	5 Year Annualised
Umbra MPS Passive Defensive	1.89	2.19	5.28	6.36	2.68
Umbra MPS Dynamic Defensive	2.58	2.92	6.25	6.68	3.27
Umbra MPS Blended Defensive	2.62	2.86	5.85	6.75	3.72
Umbra MPS Active Defensive	2.84	3.24	6.56	7.59	4.79
Umbra MPS Income Defensive	3.52	3.91	7.49	7.78	5.19
ARC Cautious PCI TR GBP	1.2	2.01	6.76	5.39	2.81
Umbra MPS Passive Cautious	2.21	2.62	7.33	8.92	5.47
Umbra MPS Dynamic Cautious	2.98	3.56	8.22	8.87	5.35
Umbra MPS Blended Cautious	2.87	3.32	7.28	8.67	6.07
Umbra MPS Active Cautious	3.11	3.64	7.83	9.83	7.31
Umbra MPS Income Cautious	4.37	4.99	9.34	9.76	7.81
ARC Cautious PCI TR GBP	1.2	2.01	6.76	5.39	2.81
Umbra MPS Passive Moderate	2.38	2.82	8.45	10.16	6.68
Umbra MPS Dynamic Moderate	3.26	4.07	9.53	10.24	6.73
Umbra MPS Blended Moderate	3.08	3.78	8.35	9.82	7.25
Umbra MPS Active Moderate	3.08	3.74	8.3	10.66	8.22
Umbra MPS Income Moderate	4.59	5.32	10.08	10.56	8.88
ARC Balanced Asset PCI TR GBP	2.1	3.43	9.15	7.68	4.62
Umbra MPS Passive Balanced	2.57	3.05	9.42	11.34	7.92
Umbra MPS Dynamic Balanced	3.52	4.59	10.86	11.74	8.15
Umbra MPS Blended Balanced	3.28	4.26	9.46	11.13	8.52
Umbra MPS Active Balanced	3.09	3.96	9.1	11.75	9.25
ARC Balanced Asset PCI TR GBP	2.1	3.43	9.15	7.68	4.62
Umbra MPS Passive Growth	2.74	3.25	10.36	12.51	9.13
Umbra MPS Dynamic Growth	3.76	4.89	11.5	12.85	9.4
Umbra MPS Blended Growth	3.24	4.28	9.97	11.96	9.37
Umbra MPS Active Growth	3.16	4.18	9.78	12.75	10.16
ARC Steady Growth PCI TR GBP	2.6	4.14	9.81	8.88	5.7
Umbra MPS Passive Adventurous	2.93	3.49	11.26	13.67	10.38
Umbra MPS Dynamic Adventurous	3.64	4.94	13	14.51	10.74
Umbra MPS Blended Adventurous	3.21	4.5	11.15	13.31	10.37
Umbra MPS Active Adventurous	3.01	4.23	10.35	13.78	11.27
ARC Steady Growth PCI TR GBP	2.6	4.14	9.81	8.88	5.7
Umbra MPS Passive Equity	3.33	4.02	13.74	16.28	12.85
Umbra MPS Dynamic Equity	3.66	4.46	13.23	16.32	12.45
Umbra MPS Blended Equity	3.13	3.92	11.21	14.88	11.97
Umbra MPS Active Equity	2.5	3.26	9.6	14.44	12.22
ARC Equity Risk PCI TR GBP	3.1	4.85	10.07	9.82	6.44

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.

MPS Performance

Summary versus Primary ARC Benchmark



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Source: Umbra Capital Partners LLP.

Umbra MPS Portfolio	February 2026	YtD 2026	2025	3 Year Annualised	5 Year Annualised
Umbra Absolute Return Portfolio	2.99	4.4	8.77	7.26	7.69
ARC Cautious PCI TR GBP	1.2	2.01	6.76	5.39	2.81
Umbra Multi Asset Balanced Portfolio	3.57	4.86	6.83	9.38	7.93
ARC Balanced Asset PCI TR GBP	2.1	3.43	9.15	7.68	4.62
Umbra Multi Asset Adventurous Portfolio	4.03	5.53	10.85	11.52	9.99
ARC Steady Growth PCI TR GBP	2.6	4.14	9.81	8.88	5.7

Equities

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- Global equities, as measured by the MSCI All Country World Index, rose +1.3% during the month, though performance was marked by significant regional and intra-market dispersion.
- In the US, the S&P 500 declined -0.8%, while the Nasdaq fell -3.3%, reflecting weakness in mega-cap technology. Despite solid earnings delivery, investor focus shifted toward capital discipline and return visibility. Rotation within the market continued, with leadership broadening beyond the largest technology names. The equal-weighted S&P 500 outperformed and is now ahead by 8% year-to-date, as small caps, cyclicals and value stocks attracted renewed interest. Asset-heavy sectors such as materials, utilities and energy were among the strongest performers, supported by infrastructure demand and firmer commodity prices.
- Japanese equities were the standout regional performers, with the Topix rising +10.5%. Markets reacted positively to the decisive election outcome and the increased likelihood of fiscal expansion. Structural reform remains a meaningful tailwind. Continued improvements in corporate governance, balance sheet optimisation and rising shareholder distributions have lifted return on equity to approximately 11%, reflecting sustained progress in capital discipline and profitability.
- UK equities performed strongly over the month, with the FTSE 100 rising +7.0%. Performance was supported by the index's sector composition, particularly its exposure to energy and materials, which benefited from rising commodity prices and the broader rotation within global equity markets.
- Emerging markets performed strongly, with the MSCI Emerging Markets Index advancing +5.5% and outperforming developed markets. Latin America led gains, supported by commodity strength and improving global growth expectations. In Asia, performance was more mixed, as Chinese TMT stocks came under pressure in line with weakness in US technology, while manufacturers exposed to AI infrastructure demand performed well. The rotation toward value sectors provided additional support, particularly for markets leveraged to industrial production and raw material exports. Within our Blended and Active models, the First Sentier China Growth Fund (+3% vs. -3.9% MSCI China Index GBP) was able to withstand some of the weakness seen within the TMT related areas of the market.

Fixed Income

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- The Citigroup World Government Bond Index rose +1.3% during the month, supported primarily by gains across G7 sovereign markets and investment grade credit as cooling inflation reinforced expectations for policy easing.
- UK gilts were the strongest performing major sovereign market. Moderating inflation, combined with signs of labour market softness - with unemployment rising to 5.2% in Q4, its highest level since the pandemic - strengthened the case for additional rate cuts. Gilt yields declined meaningfully, though the rise in energy prices following Middle East tensions introduces some uncertainty around the inflation path in the short term.
- High yield bonds underperformed other fixed income segments as credit spreads widened modestly, although total returns remained positive, with the Bloomberg Global High Yield Index rising +0.2%. Sentiment softened toward month-end amid weakness in technology-linked sectors and emerging liquidity concerns within private credit markets, particularly where exposure to software-focused borrowers is concentrated.
- Emerging market debt performed well, supported by a weaker US dollar. Hard currency bonds rose +1.2%, while local currency debt gained +1.4%, benefiting from currency appreciation and stable sovereign spreads.
- Within our Blended and Active models, strong performances from the Capital High Income Opportunities Fund (+2.6%), the PIMCO Income Fund (+1.15) and the M&G Emerging Market Bond Fund (+3.7%) were collectively accretive to performance.

Alternatives

- Gold rose 5% over the month, continuing its strong performance amid heightened geopolitical risk and shifting perceptions around monetary stability. Concerns around fiscal sustainability, the scale of government borrowing and the long-term trajectory of the US dollar have reinforced demand, particularly among global central banks.
- Listed real assets delivered strong gains over the month. The iShares Developed Market Property Yield ETF rose +8.1%, supported by declining sovereign yields and expectations for further policy easing.
- Infrastructure also performed strongly, with the iShares Global Infrastructure ETF advancing +11.6%. In addition to benefiting from the broader decline in yields, the asset class continues to enjoy structural tailwinds, including ongoing investment in energy transition, digital infrastructure and grid modernisation.

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