Monthly Market Commentary

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Asset Management

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Key points from the month

- Umbra's MPS had a strong second quarter in what proved to be an exceptional period for risk assets. All 31 of our standardised MPS models finished comfortably ahead of their respective ARC indices over the quarter, and all 31 models remain ahead of benchmark on a year-to-date basis. Our international bias, particularly towards equity markets in Asia and Emerging Markets, was the primary driver of outperformance, whilst our ongoing bias towards higher carry debt markets and spread-related areas within fixed income continued to underpin relative performance.

- Select active manager attribution was positive over the quarter. The BlackRock European Dynamic Equity Fund returned +18%, whilst the First Sentier China Growth Fund preserved capital despite a sharp decline in the broader index and remains approximately 12% ahead of the MSCI China Index year-to-date. Within fixed income, Capital High Income Opportunities delivered +2.5% in June and +4.2% year-to-date, and the Vanguard Emerging Markets Bond Fund returned +5.5% for the quarter. In alternatives, weakness in gold was largely offset by strong returns from our property and infrastructure exposures.

- The AI investment cycle remains structurally intact. US hyperscalers continued to raise capex guidance throughout the quarter, with aggregate 2026 AI infrastructure spend now expected to reach approximately USD 700 billion. The breadth of the earnings tailwind continues to widen, with banks, industrials and infrastructure all benefiting alongside the technology sector directly.

- ·Our near-term view is one of measured optimism. Much of Q2's good news now appears priced, and the concentration of returns in a narrow group of semiconductor names creates vulnerability to further profit-taking of the kind seen in June. We maintain our exposure to secular AI growth themes whilst retaining meaningful ballast through healthcare, quality factor and fixed income positioning.

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Market Comment

- The second quarter saw a sharp rebound from first quarter losses, principally driven by easing geopolitical tensions and continued AI-related investment.. The announcement of a memorandum of understanding between the US and Iran, expected to lead to a gradual reopening of the Strait of Hormuz, removed the most acute source of supply disruption in global energy markets. Brent crude, which had peaked at USD 120 per barrel in April, fell sharply over the quarter, dragging oil prices down by approximately 38% from peak to trough and triggering a broad collapse in inflation expectations.

- The second quarter as a whole proved to be one of the strongest in recent memory. The MSCI AC World returned +14.9%, with the rotation back into technology and AI-related names driving returns across markets. Critically, US hyperscalers continued to raise their capital expenditure guidance throughout the quarter, with aggregate 2026 AI infrastructure spending now expected to reach approximately USD 700 billion. This provided reassurance that the investment cycle underpinning the AI theme remains intact, and was the principal catalyst for the recovery in semiconductor and technology equities from their recent lows. More broadly, global Growth stocks outperformed value by 9.6 percentage points over the quarter, while small and mid-cap equities also participated strongly, with small caps returning approximately 15%.

- Against this backdrop, the political landscape in the UK shifted considerably. Prime Minister Keir Starmer resigned during the quarter, with Andy Burnham emerging as the likely candidate to succeed him, following his success in the Makerfield by-election. Sterling markets absorbed the news with relative composure, in part because Burnham's economic advisers – among them former Bank of England chief economist Andy Haldane and Jim O'Neill – offered credibility to institutional investors. Keir Starmer's position had been under pressure for some time, with a degree of political risk already reflected in sterling assets. Burnham's likely focus on regional devolution and re-industrialisation has been received cautiously by markets, though questions around the coherence of that agenda alongside the government's existing net zero commitments remain unresolved.

- Kevin Warsh presided over his first Federal Reserve meeting as Chair during the quarter, with markets taking reassurance from the Committee's continued emphasis on achieving its inflation objective. As expected, the Federal Reserve left its policy rate unchanged at 3.50%–3.75%, with markets taking reassurance from the Committee's emphasis on its commitment to achieving its inflation objective. US CPI rose 4.2% year-on-year in May, driven significantly by a 7% jump in gasoline prices, though the underlying picture was more benign: average hourly earnings grew by only 3.5%, the second-smallest annual increase in five years, and the labour market showed limited evidence of inflationary wage dynamics despite an unemployment rate of 4.3%

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Equities

- Global equities had a strong quarter overall, with the MSCI AC World returning +14.9%, though June itself saw a modest pullback of -0.8% as profit-taking emerged in some of the AI and semiconductor names that had driven the quarter's gains.

- US equities continued to advance, with the S&P 500 returning +15.2% for the quarter. The fundamental backdrop remained supportive as the first quarter earnings season was the strongest in recent years, with 85% of companies beating consensus. The AI investment cycle continues to support earnings across an increasingly broad range of sectors, although the concentration of returns remains a feature with a handful of large cap semiconductor names accounting for a disproportionate share of year-to-date index performance.

- Japanese equities were among the stronger performers over the quarter, with the Topix returning +14.4% for the quarter. A fundamentally undervalued currency continued to provide a tailwind for exporters, whilst a steepening yield curve benefitted the financial sector. The country continues to benefit from its ongoing reforms, which continue to be reflected in earnings upgrades.

- Asia ex-Japan was another standout performer, returning +28% for the quarter. South Korea and Taiwan were the key contributors, driven by extraordinary earnings momentum across the semiconductor and memory complex. Valuations in the region remain undemanding, reflecting just how strong earnings have been.

- The MSCI Emerging Markets index returned +24.1%, its strongest three months since the second quarter of 2009, driven by the concentrated weight of semiconductor and IT hardware in the index, although China underperformed, weighed down by retail and automotive weakness.

Fixed Income

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- Fixed Income markets were broadly positive over the second quarter, with the Bloomberg Global Aggregate returning +0.9%, broadly recovering the losses incurred in the first quarter.

- The Citigroup World Government Bond Index returned +0.7% for Q2, though June itself was slightly softer at -0.8% as some of the disinflation narrative was partially offset by the dollar's intramonth strength following the Federal Reserve's decision to hold its policy rate unchanged, and the hawkish tone from Chairman Warsh.

- UK Gilts were the standout performer, returning +2.1% as inflation reading came in below consensus (headline inflation 2.8% versus 3.0% expected) whilst economic activity continued to retract, with the composite PMI falling to 49.7.

- Eurozone bonds performed well too as falling inflation expectations and a softening growth outlook supported prices, even in spite of the ECB's first rate hike after an eleventh month pause.

- Credit markets performed constructively, with the Bloomberg Global High Yield Index returning +0.3% for the quarter, whilst Emerging Markets USD Bonds returned +3.4%.

Umbra MPS

Managing assets with
discipline and alignment
across multiple strategies

MARKET COMMENTARY

MPS Performance

Summary versus Primary ARC Benchmark

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Source: Umbra Capital Partners LLP.

Umbra MPS Portfolio	June 2026	Q2 2026	YTD	3 Year Annualised	5 Year Annualised
Umbra MPS Passive Defensive	0.72	5.14	3.83	6.81	2.25
Umbra MPS Dynamic Defensive	0.93	4.27	3.99	6.94	2.69
Umbra MPS Blended Defensive	0.97	4.14	3.88	7.07	3.06
mbra MPS Active Defensive	0.88	4.17	4.08	7.67	3.98
Umbra MPS Income Defensive	1.01	3.26	3.77	7.68	4.22
ARC Cautious PCI TR GBP	0.30	2.31	2.63	5.87	2.25
Umbra MPS Passive Cautious	0.76	7.95	6.31	9.69	5.06
mbra MPS Dynamic Cautious	1.07	6.63	6.07	9.33	4.70
Umbra MPS Blended Cautious	1.01	6.24	5.62	9.11	5.29
Umbra MPS Active Cautious	0.88	6.04	5.56	9.69	6.22
Umbra MPS Income Cautious	1.05	3.98	5.02	9.54	6.47
ARC Cautious PCI TR GBP	0.30	2.31	2.63	5.87	2.25
Umbra MPS Passive Moderate	0.80	9.38	7.48	11.11	6.26
Umbra MPS Dynamic Moderate	1.06	7.64	7.06	10.69	5.97
Umbra MPS Blended Moderate	0.91	7.12	6.35	10.17	6.30
Umbra MPS Active Moderate	0.74	6.69	6.06	10.42	6.99
Umbra MPS Income Moderate	0.92	4.42	5.37	10.24	7.33
ARC Balanced Asset PCI TR GBP	0.80	5.49	4.64	8.37	3.79
Umbra MPS Passive Balanced	0.83	10.77	8.66	12.48	7.49
Umbra MPS Dynamic Balanced	1.02	8.69	8.06	12.11	7.25
Umbra MPS Blended Balanced	0.80	8.03	7.10	11.37	7.33
Umbra MPS Active Balanced	0.58	7.85	6.59	11.39	7.85
ARC Balanced Asset PCI TR GBP	0.80	4.49	4.64	8.37	3.79
Umbra MPS Passive Growth	0.87	12.09	9.76	13.79	8.68
Umbra MPS Dynamic Growth	1.15	9.98	9.14	13.35	8.36
Umbra MPS Blended Growth	0.78	9.03	7.67	12.12	8.12
Umbra MPS Active Growth	0.48	8.79	7.22	12.33	8.58
ARC Steady Growth PCI TR GBP	0.90	7.66	5.84	9.59	4.64
Umbra MPS Passive Adventurous	0.92	13.46	10.93	15.13	9.91
Umbra MPS Dynamic Adventurous	1.06	10.87	9.72	14.70	9.70
Umbra MPS Blended Adventurous	0.62	9.92	8.17	13.13	8.98
Umbra MPS Active Adventurous	0.27	9.54	7.53	13.13	9.59
ARC Steady Growth PCI TR GBP	0.90	7.66	5.84	9.59	4.64
Umbra MPS Passive Equity	1.00	16.10	13.26	17.98	12.36
Umbra MPS Dynamic Equity	1.57	15.22	12.67	17.05	11.72
Umbra MPS Blended Equity	1.07	14.01	10.66	15.13	10.78
Umbra MPS Active Equity	0.51	13.64	9.55	14.28	10.78
ARC Equity Risk PCI TR GBP	0.90	9.55	6.67	10.52	5.15

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.

Alternatives

- The disinflationary forces of falling oil prices were highly supportive for property (+8.8% for the quarter) and infrastructure (+2.1%), with the latter also benefitted from the continued strong demand for data centre and grid capacity linked to AI infrastructure.

- Gold declined -12.7% during the quarter. We view the recent weakness as cyclical rather than structural: central bank demand remains robust, geopolitical risk has not disappeared, and real yields are likely to decline if the disinflationary impulse from energy prices transmits to headline indices as expected.

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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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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

Team

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Marcus Szemruk

CIO

Marcus joined Umbra in 2021 and is the firm's CIO.

Prior to joining the firm, he was the sole Senior Portfolio Manager of the UBAM MF Flexible Allocation Fund from January 2020 to June 2021, having been named the ACPI Balanced Fund prior to that from 2008 to 2020. He was a Partner and Head of Fund Research whilst at ACPI. From 2005 to 2008 he covered active long only and hedge fund strategies whilst at Stonehage Fleming. Marcus began his investment career in 1999 as an analyst at Phillips & Drew, UBS Global Asset Management. Marcus holds a BSc. in Banking and Finance from Loughborough University and holds the Securities Institute Certificate in Investment Management (CertIM).

Laurence Harper

Analyst

Laurence is an Investment Analyst in Umbra's investment team.

Prior to Umbra, he was a part of the investment consulting team for a London based IFA for HNW and UHNW individuals. Laurence holds a BSc in Economics from the University of Liverpool and has passed level one of the Chartered Financial Analyst (CFA) qualification and holds the Investment Management Certificate (IMC).

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Contact Us
+44 (0) 207 460 1030
info@umbracapital.com

Address
10 Lower James Street London
W1F 9EL, United Kingdom