

# W1M WEALTH PORTFOLIO REVIEW

January to March 2026

## What happened during the quarter

We've had to write such sentences many times during the 'turbulent twenties', but the first three months of 2026 stand out as another extraordinary period for us all.

Until recently, the year had been progressing reasonably well. That changed when missiles once again began landing in Iran, following the intense but brief Twelve Day War between Israel and Iran in 2025. As tensions across the Middle East escalated, investors were forced to reassess the outlook for the global economy, inflation, interest rates, corporate earnings and financial markets. It feels like an appropriate moment to revisit economist John Maynard Keynes' observation that "when the facts change, I change my mind."

With due respect to Keynes, we must recognise that changing course too sharply could be a mistake itself. Investment strategies deliver over the long term by being proactive rather than reactive as events unfold. By the end of 2025, two factors were already clear and needed to be reflected in portfolio positioning.

First, the geopolitical backdrop was becoming more precarious, not less, as we entered the new year. In periods like this, a focus on diversification and balance across portfolios becomes essential. While this guidance may feel familiar after several volatile years, recent market moves have once again highlighted why it remains a vital part of managing risk.

Of course, there are times when diversification feels less necessary, particularly after markets have fallen sharply and investor caution is already widespread. Years such as 2009, 2019 and 2022 provide good examples. That was not the environment at the end of 2025. After a very strong year for markets, there was little additional reward available from lower quality investments compared with higher quality alternatives. As a result, moving up in quality across portfolios was a sensible and deliberate step within our investment strategies.

We believe that these broad tactics should be helpful during the volatile period ahead. The key question now is when the current

storms might calm and whether markets will reassert the positive momentum that they were enjoying at the start of the year. At the end of last year, we wrote that if economic momentum held, inflation continued to moderate and supportive interest rate cuts followed, then 2026 could still deliver good outcomes for our clients. The pressing question is whether that assessment has materially changed.

The honest answer is that - at least in the short term - we don't know.

**"The short-term direction of both the global economy and financial markets will depend largely on how long the conflict in the Middle East persists and how damaging it proves to regional infrastructure and global trade."**

In times like this, investors must work with assumptions and construct a base case. Our current view is that we may be approaching the end of the most intense phase of the conflict. While tensions remain elevated and risks persist, there is tentative evidence that US Iran negotiations may be constructive.

If some form of resolution is found relatively quickly, then we would be hopeful that the global economy can avoid a recession in the months ahead. Obviously, if global energy prices stay at current levels or rise further, we would need to reassess this view.

We need to remember that there are other economic factors at play. In the US, fiscal policy remains highly supportive, with the Trump administration laying the groundwork for strong consumer spending ahead of the midterm elections later this year. Higher energy prices and constrained energy flows present a greater challenge for Europe and parts of Asia, where production in some sectors has already been curtailed. The impact on the US should be less severe given its energy independence, although higher gasoline and natural gas

prices remain economically and politically unhelpful. Overall, we continue to expect global growth to be solid but unspectacular in 2026, while acknowledging that recession risks have increased.

Inflation prospects have undoubtedly worsened in the last month. After encouraging signs of disinflation earlier in the year, energy price rises and disruption to trade through the Strait of Hormuz are likely to push inflation higher again in the near term. The key question (currently unanswerable) is how long this pressure lasts. If hostilities ease in the coming months, the inflationary impact should prove painful but temporary, with more manageable conditions returning in late 2026 and into 2027. If not, our outlook would need to adjust.

We do not expect a repeat of the inflationary surge we saw following the outbreak of the Russia-Ukraine war in 2022. At that time, the economy was reopening from the COVID-19 pandemic, demand was at a high level, interest rates were exceptionally low and money supply growth was elevated. The conditions are seemingly not at play as they were back in 2022 to inspire a prolonged period of rising prices.

The most significant move that we have witnessed over the last month has been the extraordinary swing in market expectations of future interest rates and, by implication, bond yields. Using the UK as an extreme example, investors moved quickly from expecting rate cuts to pricing in rate increases after the Bank of England surprised markets by voting unanimously to hold rates. We do not share that view and continue to expect the next move in both UK and US interest rates to be lower, while remaining flexible in our thinking.

Before geopolitical tensions intensified, corporate earnings growth was broadly tracking expectations. Last year delivered healthy profit growth and encouragingly this broadened beyond the technology sector into other areas of the market. We have since reduced our earnings forecasts to reflect higher energy costs and related pressures. Even so, we still expect

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companies to grow profits, and if current conditions stabilise, earnings growth should regain momentum later this year. This remains a key support for equity markets over the longer term.

We've had to use several assumptions in crafting this latest commentary, but if our refreshed 'base case' proves to be relatively precise then we believe that the outlook for asset markets is positive. Equity valuations have moderated through the recent sell off and working on the basis of future corporate profit expansion, then we can envisage equity markets progressing. We are being selective and expect to pursue a strategy of leaning out of recent winners and leaning into recent laggards. In bond markets, the yields on offer to investors have risen, reflecting short-term concerns over interest rates and inflation, as well as the limitations

facing cash-strapped governments, but we view this as a more compelling opportunity and are adjusting portfolios to reflect this view.

While we always expected 2026 to be another year of high geopolitical drama and market volatility, the last month has been particularly intense. However, we must remember that this is nothing new for this turbulent decade. We believe there are two key principles that we should respect as we try and plot a path through the months ahead. Firstly, it is not just the recent experience for markets that has been bumpy and swings in sentiment are typical in most years. Certainly, the journey of an investor might seem more erratic than it used to be, but changeable conditions have always been common.

The second inescapable fact is that while volatility is unpleasant, it can be used to an investor's advantage.

**"If one has prepared portfolios for choppy waters then the potential for maximising opportunity as markets recover is high and after all this latest bout of turbulence calms down, this is where our focus once again will be."**

We hope that is sooner rather than later

**Tom Becket, Co-CIO**

**Written on 24 March 2026**

## Quarter end asset allocation (%)

	Government bonds	Corporate bonds	International bonds	UK equities	US equities	European (ex UK) equities	Japanese equities	Asia (ex Japan) equities	Emerging Market equities	Other international equities	Alternative assets	Cash	Total
Direct Growth MAP 2	26.2	15.6	13.6	8.8	11.1	3.4	1.7	0.8	3.4	5.5	5.0	4.9	100
Direct Growth MAP 3	12.6	10.7	12.2	20.2	13.1	5.9	2.6	1.0	5.3	8.3	3.0	5.1	100
Direct Growth MAP 4	7.4	0.0	14.7	25.4	15.6	7.0	3.2	1.4	7.6	12.1	2.0	3.6	100
Direct Growth MAP 5	0.0	0.0	8.7	25.8	25.3	8.8	1.9	2.1	8.7	13.0	0.0	5.7	100

Source: Ascentric and Canaccord Wealth

## Quarter end top 10\* holdings

Active funds	Direct equities	Passive funds
TwentyFour Asset Backed Income Fund	Experian Plc Ordinary Shares 0.10	iShares Core FTSE 100 UCITS ETF
TwentyFour Focus Bond Fund	HSBC Holdings Plc Ordinary Shares 0.50	iShares II Plc USD Treasury Bond 7-10Yr UCITS ETF
JP Morgan US Equity Income Fund	Diageo Plc Ordinary Shares 28 101/108p	SPDR S&P U.S. Dividend Aristocrats UCITS ETF
BlackRock European Dynamic Fund	L&G Group Plc Ordinary Shares 2.5p	Vanguard S&P 500 UCITS ETF
Scottish Mortgage Investment Trust Plc	Rio Tinto Plc	iShares UK Gilts 0-5yr UCITS ETF
JP Morgan American Investment Trust Plc		iShares FTSE 250 UCITS ETF
Stewart Investors Global EM All Cap Fund		iShares Index-Linked Gilts UCITS ETF
Pacific North of South EM All Cap Equity Fund		iShares MSCI Europe ex-UK UCITS ETF EUR
TwentyFour Absolute Return Credit Fund		iShares MSCI Japan UCITS ETF Hedged
TM Fulcrum Income Fund		iShares MSCI AC Far East ex-Japan UCITS ETF

\* Where there are more than ten holdings, the top ten holdings have been listed.

Source: Ascentric and Canaccord Wealth

## Quarter end performance

3 month performance to 31/03/2026	3 months		
Fund	Portfolio Return	Index*	CPI Benchmark Return
Direct Growth MAP 2	-0.4%	CPI + 2%	1.1%
Direct Growth MAP 3	-0.8%	CPI + 2.5%	1.3%
Direct Growth MAP 4	0.1%	CPI + 3%	1.4%
Direct Growth MAP 5	-0.3%	CPI + 3.5%	1.5%

\*Please note, the CPI Benchmarks for each portfolio were as undernoted until 1st September 2022 and as above thereafter. Direct Growth MAP 2 - CPI + 2%; Direct Growth MAP 3 - CPI + 3%; Direct Growth MAP 4 - CPI + 4%; Direct Growth MAP 5 - CPI + 5%.

Source: Ascentric and Canaccord Wealth

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