



The first two months of the new year saw a continuation of positive markets across a broad range of assets. Equities, bonds, infrastructure and commodities were all positively impacted by a relatively benign economic outlook, potential for interest rate cuts, and expectations of earnings growth from equity markets.

The Gulf conflict rapidly reversed this during March, largely due to the impact on global energy. Supply side shocks of this nature tend to affect asset classes across the spectrum, and this was the case in March.

Even though this event may ultimately be disinflationary due to the negative impact on growth, in the short term it will increase inflation. Despite higher volatility and uncertainty, equity markets in general have almost behaved better than fixed income, where the impact of higher inflation affects the short end of the curve, even though longer term any downward pressure on growth and therefore interest rates may be a positive.

As the impact on inflation is now, there has been more of an effect on shorter dated fixed income, where most of our position is held. However, with shorter dated bonds, unless an issuer defaults, bonds will still redeem at par, and we therefore see this as a short-term event which supports the attraction and return profile of shorter dated debt over the medium term.

The lurid nature of headlines decrying (yet again) the demise of fixed income as an asset class are of course largely nonsense. The peak to trough fall for the sterling corporate bond index across March was around 3%, leaving the index down by around 1.6% over the quarter. Despite headwinds for shorter dated investments, our positions by and large oppositions held up well; for example, Royal London Short Duration Credit, which is one of our key holdings, is up 0.6% YTD (to April 12th).

Equity markets saw continued drift towards a balanced approach between USA and rest of world, between large and small cap and in particular a move away from quality towards value. Although the Gulf conflict represents something of a short term bump in the road, the repositioning of the portfolios towards these trends where we have a broadly 50/50 split between USA and RoW equities, and this quarter saw an increase in value and small cap shares within the portfolios, as well as maintaining a good allocation to infrastructure, will we believe drive performance over the medium term.

Trading Activity

Changes during the quarter included a repositioning of U.S. equity, with USA Quality factor and Premier Miton US Opportunities replaced with USA Value factor and De Lisle American. Vanguard FTSE 250 was also sold, the impact on the UK equity allocation being offset by an increase in the existing holding of iShares UK equity index, as we largely maintained the existing UK location but with a stronger bias towards large-cap as opposed to mid-cap. After a very strong run the allocation to Japan was reduced, we still like the longer-term opportunity but believe the market has run a long way in the short term and the Japanese economy faces a number of headwinds during 2026.

END OF QUARTER ASSET ALLOCATION (%)

	UK Equities	US Equities	Europe (ex UK) Equities	Japanese Equities	Asian Equities	Other Overseas Eq.	Infrastructure	Real Assets	Alternative Assets	Bonds	Cash
MAP 1	0	0	0	0	0	0	0	0	20	58	22
MAP 2	2.5	11.5	2.5	1.5	3.5	6	2.5	0	15	53	2
MAP 3	4	16	4	2.5	5.5	9	4	0	15	38	2
MAP 4	5	19.5	5	3	6.5	12	4	0	15	28	2
MAP 5	6	23.5	5.5	4	8	14	4	0	15	18	2
MAP 6	6.5	27	7	5	9.5	17	4	0	14	8	2

Source: Aubrey Capital Management, 31/03/2026 / **Green** - Allocation - Increase in quarter / **Red** - Allocation - Decrease over quarter



PORTFOLIO PERFORMANCE* (%)

	Q1 2026	1 Year	Inception	Benchmark Q1 2026	Benchmark 1 Year	Benchmark Inception	Benchmark
MAP 1	-0.56%	4.41%	26.90%	0.89%	4.33%	43.96%	CPI + 1%
MAP 2	-0.73%	6.53%	37.47%	1.14%	5.36%	55.39%	CPI + 2%
MAP 3	-0.58%	8.09%	47.62%	1.26%	5.88%	64.70%	CPI + 2.5%
MAP 4	-0.60%	8.83%	53.32%	1.38%	6.40%	74.49%	CPI + 3%
MAP 5	-0.63%	9.83%	62.42%	1.50%	6.91%	84.78%	CPI + 3.5%
MAP 6	-0.72%	10.96%	72.11%	1.74%	7.95%	98.97%	CPI + 4.5%

TOP & BOTTOM PERFORMANCE CONTRIBUTORS* (Q1 2026)

	Top	Bottom
MAP 1	Royal London Short Term Money Market	Fortem Progressive Growth
MAP 2	BNY Mellon Global Infrastructure	iShares US Equity Index
MAP 3	BNY Mellon Global Infrastructure	iShares US Equity Index
MAP 4	BNY Mellon Global Infrastructure	iShares US Equity Index
MAP 5	BNY Mellon Global Infrastructure	iShares US Equity Index
MAP 6	BNY Mellon Global Infrastructure	iShares US Equity Index

Source: Aubrey Capital Management/Bloomberg/FE Analytics 31/03/2026

OUTLOOK

The outlook across asset classes is largely dependent on whether negotiation will lead to a settlement in the Gulf conflict during April. The quicker a resolution is achieved the lower the longer-term impact may be. However, a short-term increase in inflation as a result of the conflict is likely to put interest rate cuts on hold until later in the year and puts more emphasis on whether earnings growth has survived the impact of the conflict. Areas such as shorter dated corporate debt, Asian equities, value and small cap which have been in some cases hardest hit during March continue to offer the greatest medium-term upside across global assets.

The conflict is likely to accelerate the use of real assets, for example infrastructure, within portfolios and a value and growth barbell given that AI is most likely to impact the quality side of markets.

IMPORTANT INFORMATION

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