QUARTERLY INVESTMENT PERSPECTIVE

Market context, portfolio positioning and risk considerations

Q2 2026

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Past performance is not a reliable indicator of future results.

EXECUTIVE SUMMARY

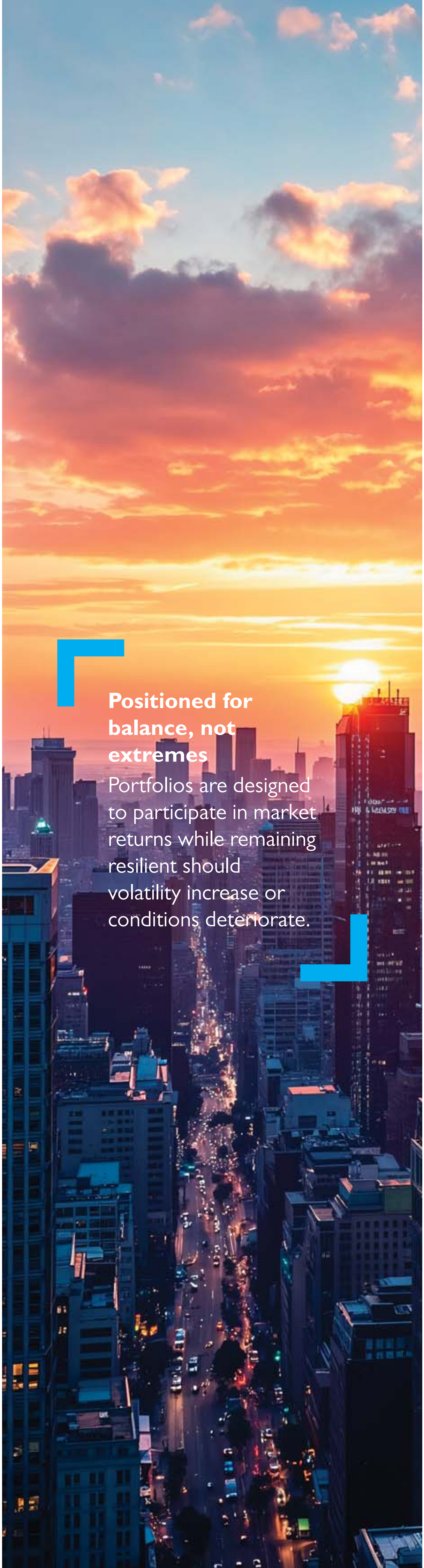
The investment environment has shifted meaningfully following the events of the first quarter of 2026.

While markets entered the year supported by resilient earnings and expectations of easier monetary policy, the first quarter highlighted how quickly conditions can change. A sharp shift in market leadership, combined with geopolitical developments in the Middle East and a surge in energy prices, led to a reassessment of inflation risk and interest rate expectations.

As we move into the second quarter, markets remain sensitive to both geopolitical developments and policy expectations.

Against this backdrop, TAM portfolios are positioned with a balanced and more opportunistic stance on equities following the Q1 correction, a constructive but selective use of alternatives, and a neutral approach to duration with a modestly constructive view on credit risk. This reflects a belief that while risks remain elevated, the recent correction has improved opportunities in parts of the market.

Our focus remains on disciplined portfolio construction, diversification, and risk awareness. We are not attempting to predict markets, but to ensure portfolios remain robust across a range of potential outcomes.



Positioned for balance, not extremes

Portfolios are designed to participate in market returns while remaining resilient should volatility increase or conditions deteriorate.

THE CURRENT INVESTMENT ENVIRONMENT

Global economic conditions remain mixed.

Growth has moderated across several developed markets, while labour markets are beginning to show early signs of softening. Inflation has eased from recent highs, but progress remains uneven and increasingly sensitive to energy prices and geopolitical developments.

The first quarter marked a clear shift in market dynamics. A move away from US-led growth and AI-driven optimism was accelerated by geopolitical developments in the Middle East, which drove a sharp rise in commodity prices and renewed inflation concerns. This led to a reassessment of interest rate expectations, with markets moving from pricing rate cuts to pricing potential hikes in several economies.

As we enter Q2, these dynamics remain in place, with markets continuing to react to developments in energy prices, inflation expectations and central bank policy.

Financial markets remain highly responsive to these changes. While volatility has moderated compared to recent years, it remains fragile and can increase quickly when expectations shift.

Geopolitical risks remain a key influence on sentiment. Markets have generally absorbed these risks so far, but recent events highlight their ability to impact inflation, policy expectations and asset prices more directly.

In this environment, diversification and risk discipline are increasingly important. Markets are less forgiving of disappointment, particularly where valuations remain elevated and leadership is concentrated.

KEY THEMES SHAPING MARKETS IN 2026

As we enter Q2, these themes remain central to market behaviour.

Artificial intelligence and valuation risk

AI remains a powerful long-term growth driver. However, recent market developments have reinforced the risks associated with elevated valuations and concentrated leadership. Investor expectations remain high, increasing sensitivity to any slowdown in earnings growth or delays in capital expenditure translating into returns.

Central bank independence & policy credibility

Interest rate expectations remain uncertain. Markets have moved rapidly between pricing rate cuts and potential hikes, reflecting the tension between slowing growth and persistent inflation risk. Policy credibility remains an important factor, particularly in an environment where geopolitical developments may influence inflation outcomes.

Geopolitical risk

Geopolitical tensions remain elevated and increasingly complex. Recent developments in the Middle East have demonstrated how quickly these risks can influence energy prices, inflation expectations and broader market behaviour. The potential for second-round inflationary effects remains a key consideration.

Markets remain policy sensitive

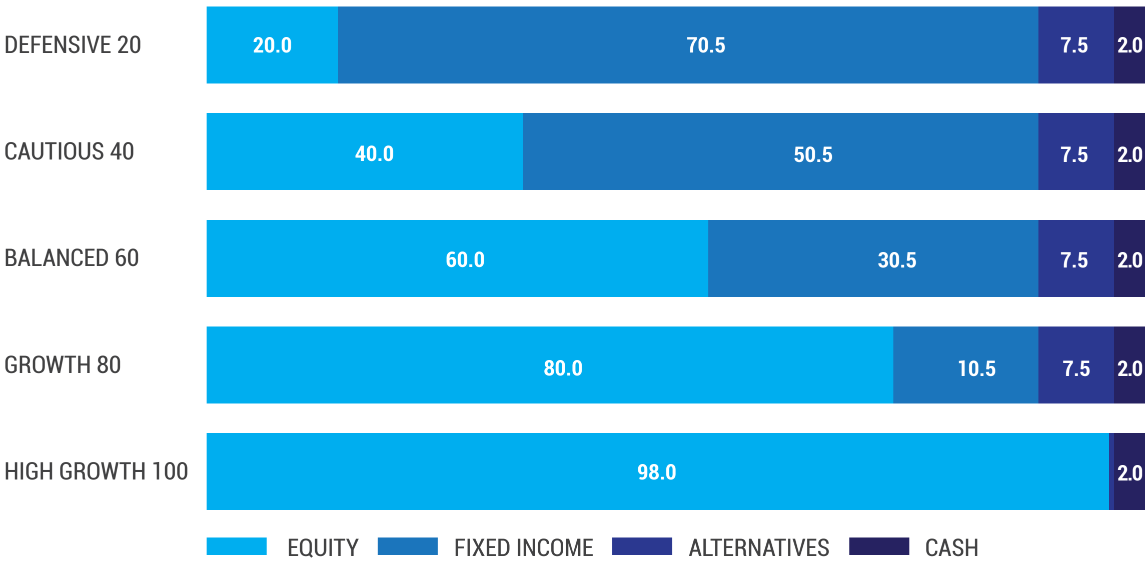
Interest rates and their impact on valuations are likely to remain a dominant driver of market performance.

PORTFOLIO POSITIONING OVERVIEW

TAM portfolios are managed within a structured asset allocation approach designed to balance valuation, macroeconomic conditions and diversification. While the detailed mechanics of this framework remain internal, its purpose is to ensure consistency, discipline and risk awareness across portfolios.

At a high level, portfolios are positioned in a **balanced and flexible manner**, reflecting improved opportunities following the Q1 correction, alongside ongoing macroeconomic risks.

Current asset allocation by risk profile (%)



Equity positioning

Equity exposure across portfolios is positioned broadly in line with neutral levels. This reflects a more opportunistic stance following the Q1 correction rather than a change in our medium-term valuation discipline.

Market leadership has broadened over the period. Value has outperformed Growth, and non-US regions have demonstrated greater resilience than previously seen. This reinforces the importance of diversification and reduces reliance on a narrow group of large companies.

While valuations remain elevated in parts of the market, the recent correction has improved the opportunity set. At the same time, ongoing uncertainty around earnings, inflation and policy means that a balanced approach remains appropriate.

Balanced, not complacent

A neutral equity stance reflects improved opportunities following the correction, while recognising that risks remain.

THE ROLE OF ALTERNATIVES

Alternatives play an important role in portfolio diversification, particularly in an environment where both equities and bonds face distinct risks.

Alternatives exposure varies by risk profile and is deliberately risk graded. Lower risk portfolios focus on alternatives that aim to provide diversification and stability, while higher risk portfolios have greater flexibility to access more volatile assets.

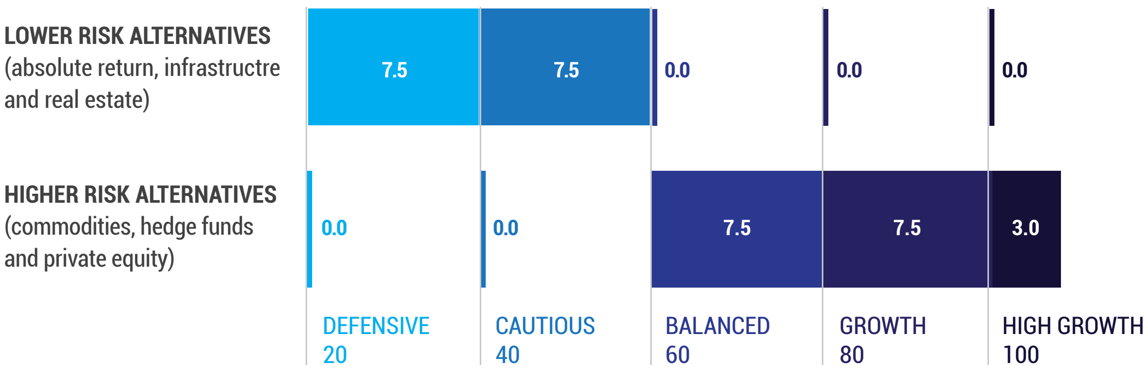
Recent market conditions have reinforced the value of this approach. Absolute return strategies and real estate have continued to provide diversification benefits, helping to reduce overall portfolio volatility.

Real estate is included only in lower risk and balanced portfolios. While it has a higher sensitivity to economic conditions than traditional fixed income, it shares income-generating characteristics and offers partial inflation protection through rental adjustments.

Commodity exposure is limited to higher risk portfolios only. Although commodities have delivered strong returns in recent years, they remain inherently volatile and less suitable for lower risk mandates.

We have also maintained a cautious stance on gold following a strong rally, particularly where positioning has become more crowded.

Role of alternatives across portfolio risk profiles (%)



Exposure to higher risk alternatives increases with portfolio risk and is carefully structured to ensure that lower risk portfolios avoid higher volatility assets such as commodities.

Risk-graded diversification

Alternatives are used selectively and in line with each portfolio's risk profile. Their role is diversification, not return chasing.

FIXED INCOME, REGIONAL POSITIONING AND RISKS

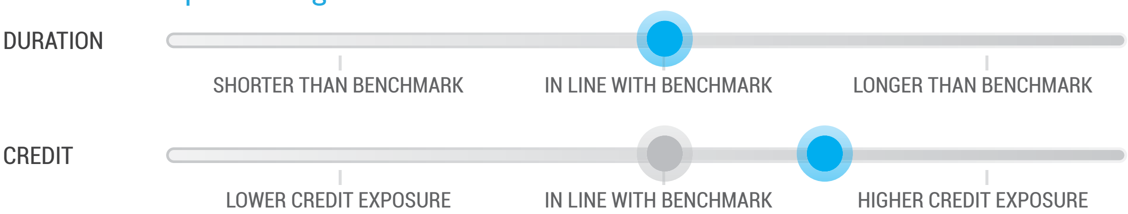
Fixed income positioning

Fixed income continues to play a stabilising role within portfolios, although its behaviour remains sensitive to inflation and policy expectations.

Duration exposure is positioned broadly in line with global benchmarks. However, we have taken steps to reduce interest rate sensitivity in lower risk portfolios, recognising the asymmetric risks associated with inflation shocks and rising yields. This reflects a more active approach to managing duration within the overall neutral stance.

Credit exposure is modestly constructive. While spreads remain relatively tight, liquidity conditions are stable and a selective allocation to corporate bonds provides an incremental improvement in portfolio yield without materially increasing overall risk.

Fixed income positioning: duration and credit



Regional equity positioning

Regional equity exposure continues to be guided by relative valuation considerations and broader economic dynamics. The recent period has reinforced the importance of diversification across regions and styles, with reduced reliance on US-led growth and greater balance across global markets.

Risks we are monitoring and outlook

The events of Q1 highlighted how quickly market risks can evolve, particularly when geopolitical developments intersect with elevated valuations.

As we move into Q2, markets remain sensitive to:

- A sustained deterioration in corporate earnings
- A reacceleration of inflation driven by energy, geopolitics or policy credibility
- A material tightening in financial conditions or liquidity
- Escalation of geopolitical risks into direct economic disruption

If earnings remain supportive and inflation continues to ease, portfolios retain flexibility to increase risk. Conversely, a deterioration in these factors would warrant a more defensive stance.

What would change our view

Portfolio positioning will evolve as the balance of risk and reward changes. Adjustments are made deliberately and gradually, not in reaction to headlines.

CONCLUSION

The first quarter of 2026 was a reminder that market leadership can shift quickly, particularly when valuations are stretched and macroeconomic risks reassert themselves. As we enter Q2, the outlook remains uncertain. While the recent correction has improved opportunities in parts of the market, geopolitical risks and policy uncertainty continue to shape market behaviour.

Our focus remains on structured portfolio construction, risk awareness and flexibility. We believe this approach is well suited to navigating the current environment while remaining aligned with each client's risk profile.

From the investment team

If you would like to discuss our portfolio positioning, the current market environment, or any aspect of this update in more detail, please feel free to reach out and speak with a member of our investment team.

We welcome thoughtful discussion and are always happy to provide additional context where helpful.

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