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PROTECTING AND
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Markets, Expectations & Discipline

Market Commentary – Q1 2026

For many investors today, market expectations have been shaped by the past decade or so—a period in which most disruptions, however significant at the time, were followed by relatively swift recoveries and, in many cases, new highs.

It is therefore understandable that this pattern has come to be viewed as the norm.

Over the past year, this view has been reinforced. Despite ongoing geopolitical tensions, including the war in Ukraine and instability in the Middle East, alongside heightened competition in artificial intelligence and broader political uncertainty, equity markets have continued to advance. Events that initially unsettled sentiment have, in most cases, been absorbed quickly.

The overall outcome has been notably strong. The S&P 500, for example, has delivered returns in excess of 30% over the past 12 months, with global markets showing similarly robust performance.

However, this recent experience is not necessarily representative of longer-term market behaviour.

Historically, there have been extended periods where recoveries have taken time, inflation has remained elevated, and returns have been less predictable. The risk, therefore, is not centred on any immediate market correction, but rather on expectations becoming anchored to a period that may prove atypical.

In this environment, discipline becomes increasingly important.

Diversification should not be viewed as a compromise on returns, but as a deliberate strategy to manage uncertainty. It allows portfolios to participate in rising markets while maintaining resilience should conditions change.

Periods of strong performance can make more concentrated positions feel justified. However, comfort and effective risk management are not the same.

Our approach remains unchanged: to maintain balance, manage risk carefully, and position portfolios to navigate a range of potential outcomes.

For now, discipline and diversification remain the most reliable tools available to investors.

Chris Simmons
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