



deVere  
**MPS Review  
& Outlook**

**Q1** 2026

Q1

## Market Review

The first quarter of 2026 was defined largely by the outbreak of the US-Iran conflict, which effectively led to the closure of the Strait of Hormuz and triggered a rapid, broad repricing across global markets.

Global equities experienced their worst monthly in March return since 2022, falling 6.8%, with markets most acutely exposed to energy prices, such as Japan and the broader Asian region, seeing the steepest declines.

Continuing a post-pandemic trend, government bonds failed to provide the traditional 'safe-haven' shelter investors had anticipated during the equity market downturn. This disappointment stemmed from a sharp reappraisal of interest rate trajectories. While developed market yields had been trending lower early in the year, the prospect of conflict-driven inflation in the Middle East abruptly shifted expectations, triggering a broad sell-off across US, UK, and European government bonds in March.

The FED held rates steady at 3.50-3.75% for a second consecutive meeting, but with an altered backdrop. Rate cut expectations unwinding and upward revisions of inflation forecasts have put the possibility of interest rate hikes firmly back on the table which was not previously priced in. This shift played out globally, with many central banks opting for a wait-and-see approach as energy-driven inflation took hold. The Bank of England (BoE) and the European Central Bank (ECB) also kept rates unchanged.

Commodity markets were the standout performer following a quick rally across the energy sector, with Brent crude posting its largest monthly move in four decades in March, surpassing the \$100-per-barrel threshold, post the closure of the Strait of Hormuz.

## deVere MPS Performance Review

The deVere models had a strong start to the year as the rally in equities continued into 2026, with the models at their peak being up between 3.8% for the Defensive model to 5.6% for the Growth model.

Against a challenging backdrop, all portfolios posted modest losses except for the Defensive model; its positive performance was driven by a higher allocation to diversifying assets, which provided returns uncorrelated with equities and fixed income.

The Defensive model was also the only model that was able to end the quarter above the respective ARC benchmark, although all of the benchmarks were negative, which returned 4.2%.

## Cumulative Returns From 31 Dec 2017 to 30 Mar 2026

deVere MPS vs Benchmark	1yr	3yr	5yr
deVere MPS Growth (GBP) - Clean	8.19 %	27.71 %	32.21 %
ARC Equity Risk PCI (GBP)	10.51 %	25.46 %	24.15 %
deVere MPS Moderate Growth (GBP) - Clean	9.03 %	27.30 %	31.87 %
ARC Steady Growth PCI (GBP)	9.54 %	23.25 %	22.08 %
deVere MPS Balanced (GBP) - Clean	7.61 %	23.45 %	25.26 %
ARC Balanced Asset PCI (GBP)	8.36 %	20.13 %	17.87 %
deVere MPS Cautious (GBP) - Clean	7.29 %	20.24 %	15.37 %
ARC Cautious PCI (GBP)	5.68 %	14.24 %	10.68 %

**Please Note:** All funds referenced in this financial promotion are GBP Classes.

# dVAM

## Global Equity Focus Strategy

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### Performance

- Gross of fees, the strategy underperformed the MSCI All Country World Index benchmark in the first quarter (Q1). Stock selection was unhelpful, with choices in industrials, materials and financials detracting the most. However, picks in healthcare and technology had a positive impact.
- Stock selection was unhelpful, with choices in industrials, healthcare and financials detracting the most. However, picks in technology had a positive impact, and those in materials and energy were modestly beneficial.
- Sector allocation weighed on relative performance in aggregate. The underweights in energy and utilities and the overweight in technology were unhelpful, although the overweight in proved beneficial.

### Detractors

- US medical technology developer Boston Scientific detracted the most. Boston Scientific's shares declined as investors digested weak clinical trial data for the medical device maker's heart implant device, and after a broker downgrade pointing to slowing momentum in core growth areas.
- Microsoft detracted for the second consecutive quarter amid a wider pullback in software and market unease at the accelerating AI-related spending announced in its recent quarterly results.

### Top Contributors

- Applied Materials was a leading positive contributor for the third consecutive quarter. The company benefited from ongoing optimism over strong AI-driven demand from chipmakers. It also reported higher-than-forecast revenue and earnings for its fiscal Q1, along with issuing upbeat guidance for Q2.
- Taiwan Semiconductor Manufacturing Company (TSMC), which also benefited from optimism over AI-driven demand, aided relative performance for the second consecutive quarter.

### New Purchases

- **Linde:** A defensive play on industrials exposure, Linde is the world's largest industrial gas company, with a solid track record and reputation, operating in consolidated sector with strong moat. Its scale, widespread consumer base and strong brand value underpin our investment thesis. The company provides gases that allow its customers to reduce carbon emissions, and it has boosted hydrogen investment as part of its decarbonisation focus.
- **SK Hynix:** We added to our semiconductor exposure with a new position in SK Hynix, one of the world's leading memory companies. Memory is an oligopolistic market where prices are rising rapidly as AI-driven demand outstrips supply. Given SK Hynix's cost advantage over peers, continued investment in AI infrastructure should be supportive of future growth.
- **Ferguson Enterprises:** Ferguson is a leading distributor of heating, ventilation and air conditioning (HVAC) solutions. With residential demand accounting for the majority of the company's sales, Ferguson stands to benefit from an improving US economy. With high switching costs and strong intangible assets, the company should be a long-term winner in a consolidating industry.

### Other Activity

- We sold Microsoft to reduce our hyperscaler exposure; the market is taking a dim view of the scale of AI-related capex and the likelihood that this will translate into sustainable profits.
- We exited Visa to consolidate our payments exposure in Mastercard given the near-term headwinds within the space.
- We exited SAP. While we still believe in the firm's long-term investment thesis, the market currently sees SAP as an AI loser, which poses a risk to the share price over the short-to-medium term.

# dVAM

## Diversified Liquid Alternatives

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### Performance

- dVAM DLA returned +1.0% for Q1 2026 (GBP A1 shares, net of fees), having delivered 9.2% in 2025.
- In Q1, the Fund was c.1.2% ahead of the ARC Cautious benchmark and since inception, it is ahead by 1.6% net of fees on an annualised basis and by over 12% on a cumulative basis.

### Top Contributors

- Real Assets led, with Neuberger Berman's Commodities Fund contributing a little under 1% to dVAM DLA's return. Other strong contributors within Natural Resources were our Energy Transition Theme and RobecoSAM's Smart Materials Fund.
- The infrastructure holdings also performed well, with Atlas and KBI GI's funds and, once again, the Duff & Phelps' Clean Energy Fund, all delivering healthy returns.
- Lastly, and despite selling off in March, the Fidelity FAST Emerging Market Equity Fund performed well across the quarter, within Alternative Equities.

### Detractors

- This was a quarter of two halves. AI bubble fears aside, the outlook for economies and markets was looking increasingly rosy until the end of February, when the US-Israeli invasion of Iran caused a change of path.
- Across the quarter as a whole, global equities declined by -3%, commodities rose by +40%, led by an 80% surge in energy prices, as global oil and gas supplies were severely disrupted. Fears of the inflationary consequences caused bond yields to rise and therefore bond prices to decline.
- Amidst this, dVAM DLA held its value well, benefiting from its defensive positioning, real asset-focused equities, and relatively short duration credit profile.

### General Comments

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# dVAM

## Global Equity Income

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### Performance Attribution Commentary Q1 2026:

- Broadly, the Fund benefited from the outperformance of defensive and value-oriented areas of the market over cyclicals and growth.
- The Fund's zero allocation to Energy, Utilities, and Materials, the top three performing sectors over the quarter, was a headwind, but it benefited from being overweight Consumer Staples and Industrials and underweight Information Technology and Consumer Discretionary.
- Some Consumer Staples and Industrials stocks lagged, notably Reckitt Benckiser and Paychex, respectively. However, IT, Financials and Healthcare selections were strong including Texas Instruments, Deutsche Boerse and Johnson & Johnson.

### Top Contributors Q1 2026 (TR USD):

- Johnson & Johnson (+18.7%)
- Texas Instruments (+12.6%)
- Eaton Corp (+12.6%)
- TSMC (+11.7%)
- CME Group (+10.8%)

### Detractors Q1 2026 (TR USD):

- Microsoft (-23.3%)
- Publicis (-21.4%)
- Paychex (-17.0%)
- Reckitt Benckiser (-17.0%)
- Arthur J Gallagher & Co (-16.1%)

### Portfolio Changes Q1 2026:

- In February, we sold our position in Diageo and, as part of our one-in-one-out process, initiated a position in RELX.
- Diageo has faced clear headwinds, most notably the US, as the spirits premiumisation trend has waned since the pandemic, while leverage has remained high. An incoming CEO with a turnaround reputation gave us confidence, but in the event, the company recently indicated an expansion away from premium products while cutting the dividend to create flexibility. This change of approach meant our investment thesis no longer held, leading to our decision to sell the position.
- We bought RELX, a leading provider of information-based analytics and decision tools to the legal, insurance, science, and financial services sectors. Its contributory databases benefit from powerful network effects while existing in a closed loop, shielded from AI scraping the web. Its partnership with Anthropic supports our view that it is more likely to be an AI beneficiary than displaced by the technology. The recent sell-off in software-as-a-service stocks appeared overdone in RELX's case, in our view, and presented a rare opportunity to buy the shares at an attractive valuation.

### General Comments

- The Fund retains strong 'quality' characteristics with only a very slight valuation premium to the broader market.
- The Fund maintains a balance between quality defensive (approx. 45%) and quality cyclical/growth-oriented (approx. 55%) companies.
- The Fund continues to offer a portfolio of consistently highly profitable companies with robust balance sheets and strong returns on capital.

# Pacific Global All Cap Opportunities

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## Performance

- In Q1 2026, Pacific Global All Cap Opportunities lagged the MSCI ACWI Index. The primary headwinds came from the Industrials and Consumer Staples, while Information Technology delivered good relative performance.

## Top Contributors

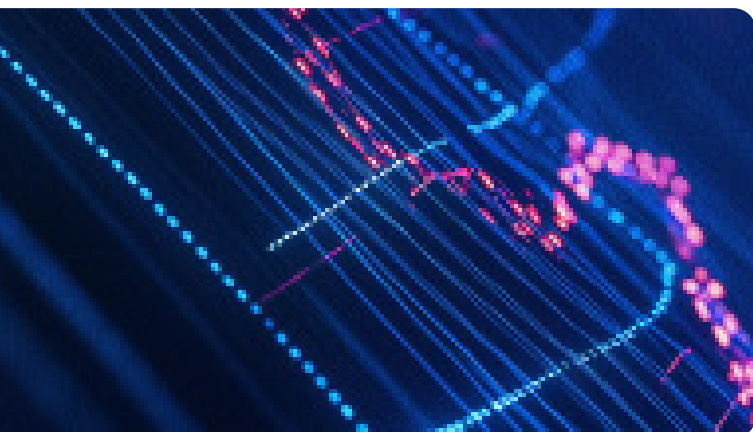
- Top contributors were Nitori and Kitwave – both positions were sold during the quarter.
- Nitori was a short-lived investment having only acquired the shares in early September. The largest retailer of furniture and homeware in Japan, Nitori benefits from a vertically integrated model similar to Ikea allowing them to price lower than their main competitors. Following a period of high CAPEX tied to logistics, we expected the company to benefit from efficiencies tied to this investment and improving cashflow. Although this remains the case, two developments caused us to reappraise our position. Firstly, a weaker yen has a direct translational effect as most of their procurement costs are dollar denominated. Secondly, significant changes amongst the senior management level below founder Akio Nitori made us question succession once Nitori-san (aged 82) retires. The spike in the share price following solid quarterly numbers and less favourable valuation allowed us to exit as a meaningful gain.
- Kitwave, a leading UK wholesale distributor, agreed to be acquired by a private equity firm for a >30% premium.

## Detractors

- Main detractors were Greggs and Japanese Consumer Staples, including Cosmos Pharmaceutical and Genky Drugstores.
- The UK food-to-go market continues to be tough. During the quarter, Greggs announced that like-for-like sales in company-managed shops increased by 1.6% YoY in the first nine weeks of 2026, while operating profit is expected to be flat YoY for the full year. Despite this, the UK's leading value brand continues to gain market share. Moreover, capital expenditure is set to decline materially from its 2025 peak, which should drive a significant increase in free cash flow generation to be distributed to shareholders through both dividends and buybacks. The combination of market leadership, improving cash conversion, and a solid balance sheet makes the risk-reward for Greggs highly attractive at current levels.
- Consumer staples in Japan continued to experience inflationary pressures due to wage growth feeding into higher labour costs, all while facing a soft consumer environment. Given Japan's heavy reliance on the Gulf region for energy and the fact that a large portion of these supplies is transported via the Strait of Hormuz, the escalation of the Iran war intensified concerns over surging energy costs and further margin compression for retailers. That said, Cosmos Pharmaceutical and especially Genky have been gaining market share and managing inflationary pressures well.

## General Comments

- Wars are tragic and unpredictable, but for investors they often create opportunity. Not because risk is higher, but because it feels higher. When fear is visible, markets tend to overreact, and prices fall further than underlying value. These periods of drawdown, however caused, are when the best investments are made.
- Our process is resolutely focused on the bottom up and in this sense, the current owner's yield of the portfolio, at around 6.5%, is attractive, and amongst the best levels we have seen in the past few years.
- Since the beginning of the year, we have focused our attention on software looking to selectively introduce investments in a sector which has fallen out of favour as a result of AI 'vibe-coding' fears. Our view is that some pieces of software are relatively immune from this threat given their status as 'system of record' and the fact they are deeply embedded into their customers workflow. We are, however, cognizant that the pace of change here is rapid and, although valuations are beginning to reflect these risks, we will remain particularly vigilant of any changes which undermine our current assumptions. We have added exposure representing around 10% of fund assets between three companies, BCG, Constellation Software and Dassault Systèmes.



# dVAM

## Smarter Money Credit

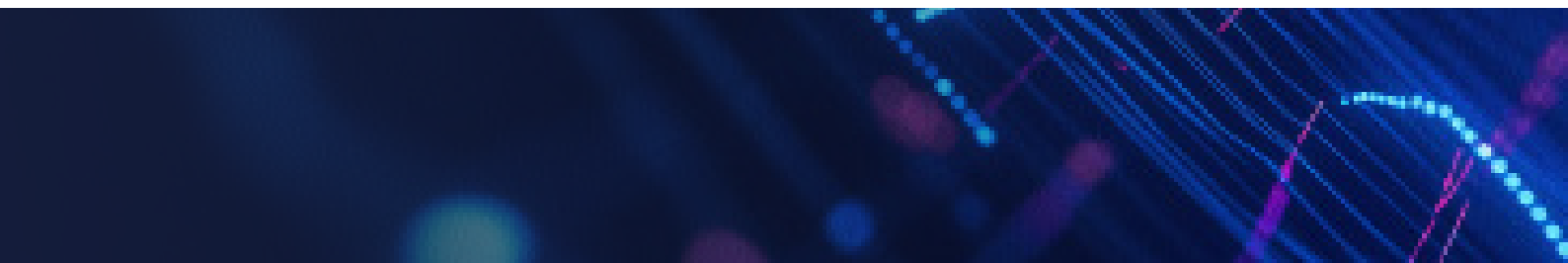
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### General Comments

- The projected inflation pulse from the conflict in the Middle East has forced investors to rapidly reprice monetary policy projections, with expectations for 2026 Federal Reserve easing erased, and ECB pricing shifting from cuts to hikes.
- Benchmark 10-year government bond yields moved sharply higher across major markets, rising 68bps in UK gilts, 64bps in Italy, 51bps in French OATs, 38bps in US Treasuries, 36bps in Bunds and 24bps in JGBs. Peripheral stress also widened the OAT/Bund spread by 14.4bps and the BTP/Bund spread by 27.5bps.
- The sharp increase in government bond yields significantly hurt the performance of long-duration bond indices. The Bloomberg Global Aggregate Corporate Index declined by 2.05% in GBP terms, and 1.99% in USD terms over March.
- Credit markets weakened in March, with Europe clearly underperforming. US investment-grade spreads widened only 5bps to 89bps, whereas EUR Agg Corp spreads widened 15bps to 97bps, iTraxx Main moved 15.9bps wider, Xover (a high-yield proxy) blew out 92.5bps, and senior financial spreads widened 18.7bps.
- In contrast, Verizon's hybrid deal appeared weak and moved 15–20bps wider after pricing. Semi-government issuers including TCV, QTC, AUSCAP, SAFA and NSWTC also used windows of stability to issue across the 5.5- to 10-year part of the curve.

### Performance & Outlook

- Despite this backdrop, Coolabah successfully monetized primary issuance opportunities. We remained highly selective, participating in NBN's 10-year Aa3 senior issue, which drew A\$2.25bn of demand for an A\$850m print, and NAB's AAA RMBS transaction, where the A1 class attracted A\$2.7bn of demand for A\$1.6bn of issuance.
- The strategy invested in 126 different primary bond issues across the AUD, EUR, USD and GBP bond markets, with the majority of this activity being outside AUD. Nearly all of these primary bond trades, where we identified mispricing such that the bond is issued with a higher yield/spread than is justified by its fair valuation, were exited profitably, providing the portfolio with capital gains.
- The trade-weighted US dollar depreciated by 7-8% as a result of de-dollarization diversification and the impact of the Fed's cuts, although the damage was done in the first half of the year (in the second half, the trade-weighted USD index tracked sideways).
- The bulk of returns for the quarter came from senior ranked financial bonds. In addition to purchases of cheaper senior ranked financial sector securities, the strategy also selectively added a small amount of highly rated liquid RMBS securities over the quarter at attractive valuations.



# dVAM Multi-Asset Active Range

## Performance

- The dVAM Multi-Asset Active range of funds were negative over the quarter, falling between 1.7% and 2.8% (in GBP terms) led by a sell-off in equities.
- All the funds have still provided positive returns over a 1-year period, ranging from 7.5% to 10.1%.
- Overall, all asset classes (excluding cash) were down over the quarter, with Absolute return providing a useful bumper to fund performance holding relatively flat, albeit slightly negative.

## Top Contributors

- Allocations across Japanese and Emerging Market Equities were positive contributors within the equity sleeve, returning 6.5% and 2.9% respectively over the quarter.

## Detractors

- Equities fell the sharpest, with the equity sleeve declining around 1.6% over the first quarter of the year largely due to a challenging environment for equity markets throughout the month of March.
- Fixed Income was also modestly down over the quarter, however outperformed conventional Government Bonds.

# PAM Multi-Asset Accumulator Range

## Performance

- The Multi-Asset Accumulator range of funds managed to end the quarter marginally up, with the higher risk Plus fund gaining 0.61% over the quarter, while the Defensive fund returned 0.24%.
- Over the first quarter, the funds have been able to outperform respective ARC benchmarks, providing positive returns while the ARC benchmarks were all negative.

## Top Contributors

- Looking at the Multi-Asset Core fund, all asset classes were contributors to performance over Q1, with the alternatives bucket returning 7.1% over the period, driven largely by the allocation to commodities.
- Equities were up 0.9% as an asset class within the Core fund, with the allocation to emerging equity propping up the overall performance of equity returns over the quarter, being up 8.1%.
- All asset classes provided positive returns over a 1-year period to the end of Q1.

## Detractors

- Within the equity sleeve, Global and US equity sub asset classes were the only negative performers, falling 0.1% and 2.1% respectively.

To learn more about our services, contact one of our Financial Advisers in your area.

### Global Client Services

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