CHETWOOD

INVESTMENT MANAGEMENT

CORE DECUMULATION PORTFOLIOS

QUARTER 2 2026 REPORT

Quarter Insights

- The primary concern for investors this quarter was the ongoing conflict in the Middle East. Markets entered Q2 facing the daunting prospect of elevated oil prices and significant uncertainty over global energy supplies following the disruption to shipping through the Strait of Hormuz.
- Fears of a prolonged energy shock proved short-lived. A ceasefire agreement helped restore confidence, allowing oil prices to retreat sharply from their highs and supporting a strong recovery in risk assets.
- Equity markets quickly shifted their focus away from geopolitics and back towards corporate earnings, with the global AI investment super-cycle becoming the dominant market theme once again.
- South Korean and Taiwanese equities outperformed as investor enthusiasm for AI infrastructure spending continued to broaden beyond the US.
- The divide between AI spenders and beneficiaries became more apparent, with semiconductor and data centre supply-chain companies outperforming many of the large US tech platforms making the investments.
- Central banks remained cautious as policymakers balanced resilient growth against inflation pressures stemming from higher energy prices.

Market Review

The second quarter of 2026 was dominated by developments in the Middle East and their impact on global energy markets. Following the sharp rise in oil prices during the first quarter, investors entered Q2 focused on whether disruption to energy supplies would prove temporary or develop into a more prolonged challenge for the global economy.

As the quarter progressed, concerns gradually eased as ceasefire negotiations advanced and expectations for a sustained disruption to energy supplies diminished. Oil prices fell significantly from their crisis levels, helping to improve investor sentiment and reduce fears of a prolonged inflation shock. As has often been the case historically, the market impact of geopolitical events proved shorter-lived than many investors initially feared, allowing risk assets to recover strongly.

> *While geopolitical headlines dominated much of the quarter, corporate earnings continued to provide support for risk assets.*

The broadening AI investment cycle remained a particularly important driver of market performance. Capital expenditure plans from major technology companies continued to expand, benefiting semiconductor manufacturers, memory chip producers, electrical equipment companies and data centre infrastructure providers. The strongest earnings upgrades were increasingly concentrated outside the US, particularly in South Korea and Taiwan, which have become critical parts of the global Artificial Intelligence supply chain.

This led to a continued broadening of market leadership. While US equities remained supported by strong earnings growth, some of the largest technology companies lagged behind parts of the wider market as investors focused on the distinction between the companies funding AI infrastructure and those directly benefiting from that spending. Emerging markets and Asia performed particularly well, helped by strong earnings momentum and growing exposure to AI-related industries.

Fixed income markets faced a more challenging backdrop. Government bond yields remained volatile as investors weighed inflation risks from higher energy prices against the potential for slower economic growth. Expectations for interest rate cuts were pushed further into the future as central banks adopted a cautious stance. Credit markets remained broadly resilient, supported by healthy corporate balance sheets and a supportive earnings environment.

The quarter ultimately demonstrated the importance of maintaining a disciplined and diversified investment approach. While geopolitical risks temporarily dominated market sentiment, underlying fundamentals such as earnings growth, technological innovation and global investment spending remained supportive for financial markets.

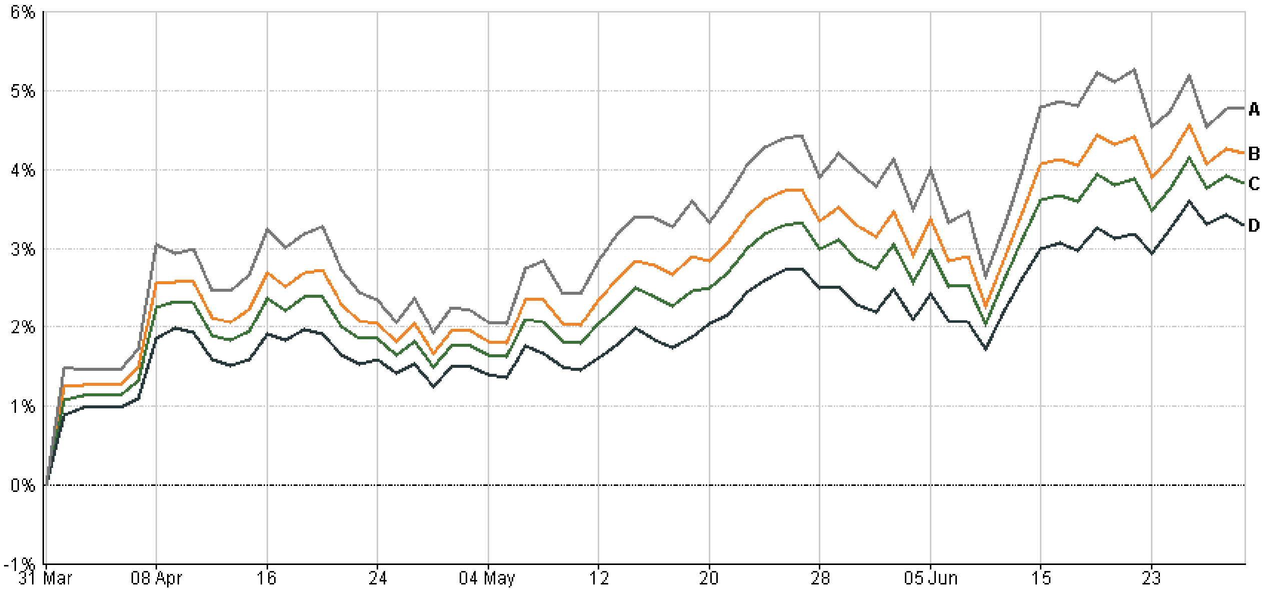
Portfolios performance

Portfolio / Comparator	3 months
CIM Conservative Decumulation Portfolio	3.30%
ARC Sterling Cautious PCI	2.31%
CIM Moderate Decumulation Portfolio	3.83%
ARC Sterling Balanced Asset PCI	5.49%
CIM Strategic Decumulation Portfolio	4.21%
ARC Sterling Steady Growth PCI	7.66%
CIM Global Decumulation Opportunities Portfolio	4.80%
ARC Sterling Equity Risk PCI	9.55%

Index Returns[1]	3 months
UK Equities	4.01%
UK Government Bonds (Gilts)	1.99%
All Country World Equities	14.19%
Pacific Equities (ex Japan)	3.02%
Emerging Market Equities	21.78%
US Equities	14.39%
UK Headline Inflation	0.43%

Past performance is not a reliable indicator of future performance; and the value of investments, as well as the income from them can go down as well as up, and investors may get back less than the original amount invested.

Performance graph



A - CIM Global Opportunities Decumulation 26/06/2026 TR in GB [4.80%]
B - CIM Strategic Decumulation 26/06/2026 TR in GB [4.21%]
C - CIM Moderate Decumulation 26/06/2026 TR in GB [3.83%]
D - CIM Conservative Decumulation 26/06/2026 TR in GB [3.30%]

31/03/2026 - 30/06/2026 Data from FE fundinfo2026

Key Funds and Trades over the Quarter

Top 3 Model Funds	3 months
Schroder US Equity Income Maximiser	14.01% ▲
Amundi Prime Japan ETF	12.50% ▲
Schroder UK Equity Income Maximiser	5.04% ▲

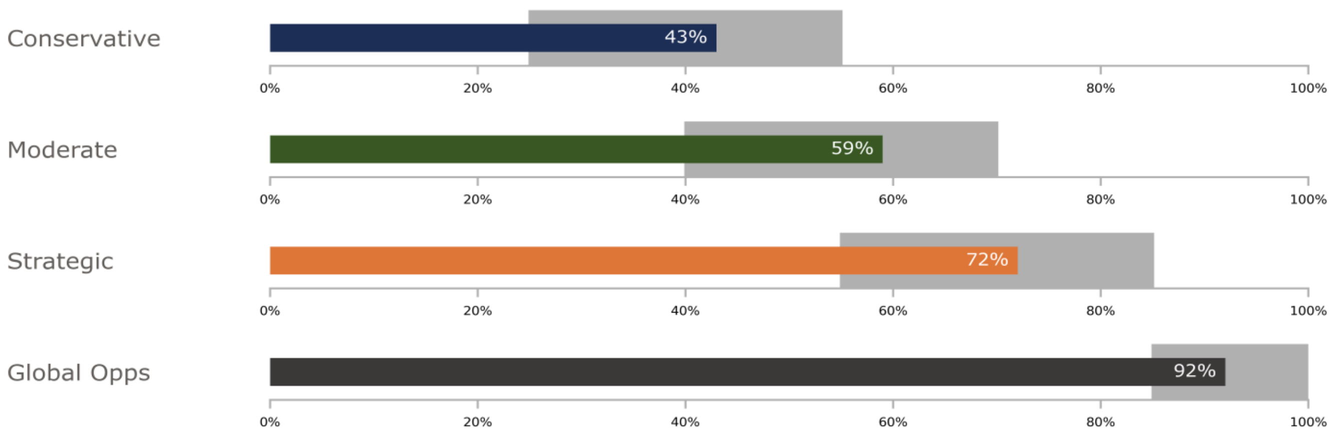
Bottom 3 Model Funds	3 months
Invesco FTSE EM High Dividend Low Volatility ETF	-3.84% ▼
JPM Global Equity Premium Income Active UCITS ETF	-2.12% ▼
Amundi Global Treasury Bond	1.07% ▼

Source FE Analytics to 30th June 2026

Key fund	Commentary
Schroder US Equity Income Maximiser	The fund returned 14.0% during a strong quarter for US equities. The strategy generates additional income by selling call options against its underlying equity holdings yet still participated meaningfully in the market rally. Strong corporate earnings and continued enthusiasm surrounding AI-related investment helped support returns, while the options strategy continued to provide an attractive level of distributable income.
Amundi Prime Japan ETF	Japanese equities performed strongly during the quarter, with the fund returning 12.5%. Japan remains a good example of how market returns are broadening beyond a narrow group of large US technology companies. Supportive government policy, corporate governance reforms and rising shareholder returns continue to underpin earnings growth, while valuations remain attractive relative to several other developed markets.
L&G Global Infrastructure Index	This fund returned 2.4% during the quarter. Although infrastructure lagged stronger-performing equity markets, the allocation continues to fulfil an important diversification role within the portfolio. The underlying assets often benefit from inflation-linked revenues and can provide resilience during periods of market volatility. We continue to believe infrastructure offers an attractive combination of income, diversification and long-term growth potential.
Invesco UK Gilt 1-5 Year UCITS ETF	The fund returned 1.6% over the quarter. Short-dated UK government bonds benefited from easing energy prices and a more stable outlook for inflation. Shorter-duration gilts remain attractive due to their relatively high yields and lower interest-rate sensitivity. Investor confidence was also supported by assurances from Andy Burnham, the sole candidate for the Labour leadership, that his administration will maintain strict fiscal discipline.

Asset class review

Equity Exposure



Conservative

Ten largest fund holdings (%)

L&G Global Infrastructure Index	12.8%
Amundi Global Treasury Bond	12.0%
Invesco UK Gilt 1-5 Year ETF	10.9%
Vanguard Global Credit Bond Inst Hedged	9.6%
JPM Glb HY Corp Bond Multi-Factor Hdged	9.2%
Schroder UK Equity Income Maximiser	8.7%
Schroder US Equity Income Maximiser	7.9%
Amundi IS Prime Japan ETF	7.5%
JPM Global Equity Premium Income	7.1%
SPDR S&P Euro Dividend Aristocrats ETF	6.2%
Assets in top ten holdings	91.9%

Ten largest asset class exposures (%)

Government Bonds	22.8%
Other Alternatives	12.8%
North American Equities	12.6%
Corporate Bonds	9.6%
High Yield Bonds	9.2%
UK Equities	8.8%
Japan Equities	8.2%
European Equities	7.6%
Asia Pacific ex Japan Equities	3.4%
Emerging Market Equities	3.0%

Moderate

Ten largest fund holdings (%)

Schroder UK Equity Income Maximiser	11.9%
Schroder US Equity Income Maximiser	10.8%
L&G Global Infrastructure Index	10.8%
Amundi IS Prime Japan ETF	10.3%
JPM Global Equity Premium Income	9.7%
SPDR S&P Euro Dividend Aristocrats ETF	8.5%
Invesco FTSE EM High Dividend Low Volatility ETF	8.4%
Vanguard Global Credit Bond Inst Hedged	7.6%
JPM Glb HY Corp Bond Multi-Factor Hdged	7.2%
Amundi Global Treasury Bond	6.7%
Assets in top ten holdings	91.9%

Ten largest asset class exposures (%)

North American Equities	17.2%
Government Bonds	12.8%
UK Equities	12.0%
Japan Equities	11.3%
Other Alternatives	10.8%
European Equities	10.4%
Corporate Bonds	7.6%
High Yield Bonds	7.2%
Asia Pacific ex Japan Equities	4.7%
Emerging Market Equities	4.0%

Asset class review

Strategic

Ten largest fund holdings (%)

Schroder UK Equity Income Maximiser	14.5%
Schroder US Equity Income Maximiser	13.2%
Amundi IS Prime Japan ETF	12.5%
JPM Global Equity Premium Income	11.8%
SPDR S&P Euro Dividend Aristocrats ETF	10.3%
Invesco FTSE EM High Dividend Low Volatility ETF	10.2%
L&G Global Infrastructure Index	9.2%
Vanguard Global Credit Bond Inst Hedged	4.7%
JPM Glb HY Corp Bond Multi-Factor Hdged	4.5%
Amundi Global Treasury Bond	3.8%
Assets in top ten holdings	94.7%

Ten largest asset class exposures (%)

North American Equities	21.0%
UK Equities	14.6%
Japan Equities	13.7%
European Equities	12.6%
Other Alternatives	9.2%
Government Bonds	7.2%
Asia Pacific ex Japan Equities	5.7%
Emerging Market Equities	4.9%
Corporate Bonds	4.7%
High Yield Bonds	4.5%

Global Opps

Ten largest fund holdings (%)

Schroder UK Equity Income Maximiser	18.5%
Schroder US Equity Income Maximiser	16.9%
Amundi IS Prime Japan ETF	16.0%
JPM Global Equity Premium Income	15.1%
SPDR S&P Euro Dividend Aristocrats ETF	13.2%
Invesco FTSE EM High Dividend Low Volatility ETF	13.1%
L&G Global Infrastructure Index	5.2%
Assets in top ten holdings	98.0%

Ten largest asset class exposures (%)

North American Equities	26.8%
UK Equities	18.7%
Japan Equities	17.5%
European Equities	16.2%
Asia Pacific ex Japan Equities	7.3%
Emerging Market Equities	6.3%
Other Alternatives	5.2%
Cash	2.0%

Asset Class	Portfolio Views
Fixed Interest	Government bond yields remain attractive by historical standards, particularly in the UK, where elevated yields continue to provide a compelling income profile. While easing energy prices have reduced some inflation concerns, resilient economic activity may limit the scope for significant capital appreciation in the near term. We continue to view corporate bonds less favourably, as credit spreads remain relatively tight.
UK / Europe Equities	We remain particularly constructive on UK equities, supported by attractive valuations, resilient earnings growth and continued shareholder returns through dividends and share buybacks. While higher energy prices resulting from the conflict involving the US, Israel and Iran are likely to weigh more heavily on European economies than the global economy as a whole, we believe much of this risk is already reflected in valuations.
US Equity	We remain broadly positive on US equities, supported by healthy corporate balance sheets and continued earnings growth. However, investors are increasingly scrutinising the substantial capital expenditure commitments of the largest technology companies. We continue to favour a diversified approach.
Japan Equity	Japan is no longer 'cheap' in an absolute sense but remains relatively attractive with good earnings momentum. Corporate reforms continue to improve profitability whilst the recent election may see increased fiscal stimulus.
Asia and Emerging Market Equity	We remain highly constructive on Asia and emerging market equities. Strong earnings momentum, attractive valuations and increasing participation in the global AI infrastructure buildout continue to support the asset class. South Korea and Taiwan have emerged as major beneficiaries of AI-related investment, while broader emerging markets continue to benefit from improving fundamentals and favourable long-term growth trends.
Alternatives	We view alternative investments as valuable diversifiers, particularly as traditional fixed income will face headwinds in a higher inflation environment. We currently favour liquid strategies managed by experienced teams, as well as infrastructure investments that offer some inflation protection.

Outlook

Global growth is expected to moderate during the second half of 2026, but the overall backdrop remains supportive. The disruption to energy markets earlier in the year created a temporary headwind for consumers and businesses, particularly across Europe and parts of Asia. However, with oil prices having retreated significantly from their peak levels and supply concerns easing, investors have increasingly returned their focus to corporate earnings and long-term growth opportunities.

While geopolitical developments remain important, we believe markets have largely moved on from focusing solely on the Middle East conflict.

> *The central investment question has shifted back towards the durability of the AI infrastructure cycle and the broadening earnings growth picture that was already beginning to emerge before the crisis.*

The key issue is no longer whether companies are willing to invest in artificial intelligence, but whether demand from governments, businesses and consumers ultimately justifies the unprecedented levels of capital expenditure currently taking place.

Encouragingly, earnings growth continues to broaden beyond a narrow group of large US technology companies. Some of the strongest earnings revisions globally are now being seen in Asia and emerging markets, particularly among semiconductor manufacturers, memory-chip producers and companies supporting datacentre and infrastructure development. This broadening participation has the potential to create a healthier and more sustainable market environment than one reliant on a handful of market leaders.

Inflation is likely to remain above central bank targets for longer than previously expected, although moderating wage growth and easing energy prices should help contain the risk of a sustained inflationary resurgence. Central banks therefore retain flexibility, but policymakers are likely to remain cautious until there is greater clarity on both inflation and growth.

We remain constructive on the outlook for risk assets. Corporate earnings remain resilient, fiscal spending continues to support economic activity, and the AI investment cycle shows little sign of slowing. While some volatility might be expected, particularly given ongoing geopolitical uncertainty, diversified portfolios remain well positioned to capture opportunities across a broader range of regions, sectors and investment themes.

Thoughts for the quarter ahead...

- Investors will continue to monitor developments in the Middle East and any potential disruption to global energy supplies. While markets have become more comfortable with the current situation, renewed tensions could quickly impact sentiment.
- Attention is increasingly shifting from geopolitics towards corporate earnings. The sustainability of the AI investment cycle and demand for AI-related services will be a major focus for investors.
- The distinction between AI infrastructure spenders and beneficiaries is becoming increasingly important. Markets may continue to favour companies directly benefiting from capital investment over those funding it.
- Inflation remains above target in many developed economies, leaving central banks with limited flexibility to ease policy aggressively in the near term.
- Emerging markets, particularly those exposed to semiconductor manufacturing, technology hardware and critical commodities, continue to benefit from strong structural growth trends.
- Fiscal policy and rising government debt levels remain important long-term considerations, particularly in the US and parts of Europe.

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Investors should be aware that past performance is not an indication of future performance, the value of investments and the income derived from them may fluctuate and you may not receive back the amount you originally invested.

[1] For the comparative index returns, we have used the total return performances of the following ETF's:

Comparative index	**ETF Name**
UK Equities	ISHARES CORE FTSE 100
US Equities	ISHARES CORE S&P 500
European Equities (ex UK)	ISHARES MSCI EUROPE EX-UK
Emerging Market Equities	ISHARES CORE EM IMI ACC
Japanese Equities	ISHARES CORE MSCI JAPAN
Pacific Equities (ex Japan)	ISHARES CORE MSCI PACIF X-JP
UK Government Bonds (Gilts)	ISHARES CORE UK GILTS
Global Bonds (GBP hedged)	ISHARES CORE GLB AGG GBP-H D
Commodities	ISH DIVERS COMMOD SWAP ETF