CHETWOOD

INVESTMENT MANAGEMENT

TAILORED GROWTH PORTFOLIOS

QUARTER 3 2026 REPORT

Quarter Insights

- Global equity markets remained resilient despite rising bond yields, higher energy prices and ongoing geopolitical uncertainty, supported by strong corporate earnings.
- Economic growth continued to exceed expectations across most major regions, supported by healthy labour markets and corporate investment.
- The artificial intelligence investment cycle remained a key market driver, supporting spending across technology, infrastructure and semiconductor supply chains.
- Earnings growth broadened across sectors and regions, moving beyond technology leaders, with particularly strong upgrades in Asia and Emerging Markets.
- Rising oil prices contributed to renewed inflation concerns, prompting central banks to maintain a cautious policy stance. The US Federal Reserve and European Central Bank raised interest rates during the quarter, while the Bank of England maintained its policy rate.
- Government bond yields rose as investors reassessed expectations for future interest-rate cuts.

Market Review

The third quarter of 2026 saw markets balance encouraging economic fundamentals against a more challenging policy backdrop. Resilient growth and strong corporate earnings supported investor sentiment, while rising bond yields and inflation concerns created headwinds for fixed income markets.

During the quarter, investors became increasingly comfortable with the view that the global economy could continue expanding despite higher energy prices and tighter monetary policy. Economic activity remained resilient across many major regions, supported by healthy labour markets, improving manufacturing activity and continued corporate investment.

> *Artificial intelligence remained one of the most important drivers of market performance.*

The large US technology companies continued to commit significant resources towards data centres, semiconductors and digital infrastructure. However, an increasingly important theme was the distinction between businesses funding this investment and those benefiting directly from it. Many of the strongest earnings upgrades were seen amongst companies supplying the infrastructure and components required to support the ongoing expansion of AI capabilities.

Encouragingly, earnings growth continued to broaden beyond a small number of market leaders. Positive earnings momentum became increasingly evident across sectors including industrials and materials, as well as selected Asian and Emerging Market economies. This wider participation helped support markets and reduced concerns that equity returns were being driven by a narrow group of companies.

Fixed income markets faced a more challenging environment. Higher energy prices and resilient economic growth prompted investors to reassess expectations for monetary policy. Both the Federal Reserve and the European Central Bank raised interest rates during the quarter as policymakers sought to contain inflation risks. Markets moved from anticipating a gradual easing cycle to recognising that further interest-rate increases could still be required in the near term. As a result, government bond yields moved sharply higher during the quarter, resulting in negative returns across many sovereign bond markets.

Energy and commodities were among the strongest-performing asset classes during the quarter. Oil prices rose significantly amid continued concerns over global energy supplies, while commodity-producing companies benefited from improved pricing conditions.

Overall, the quarter highlighted the continued strength of corporate earnings and economic activity. While higher interest rates created challenges for fixed income markets, diversified investors benefited from broadening equity market leadership and improving opportunities across a wider range of sectors, regions and asset classes.

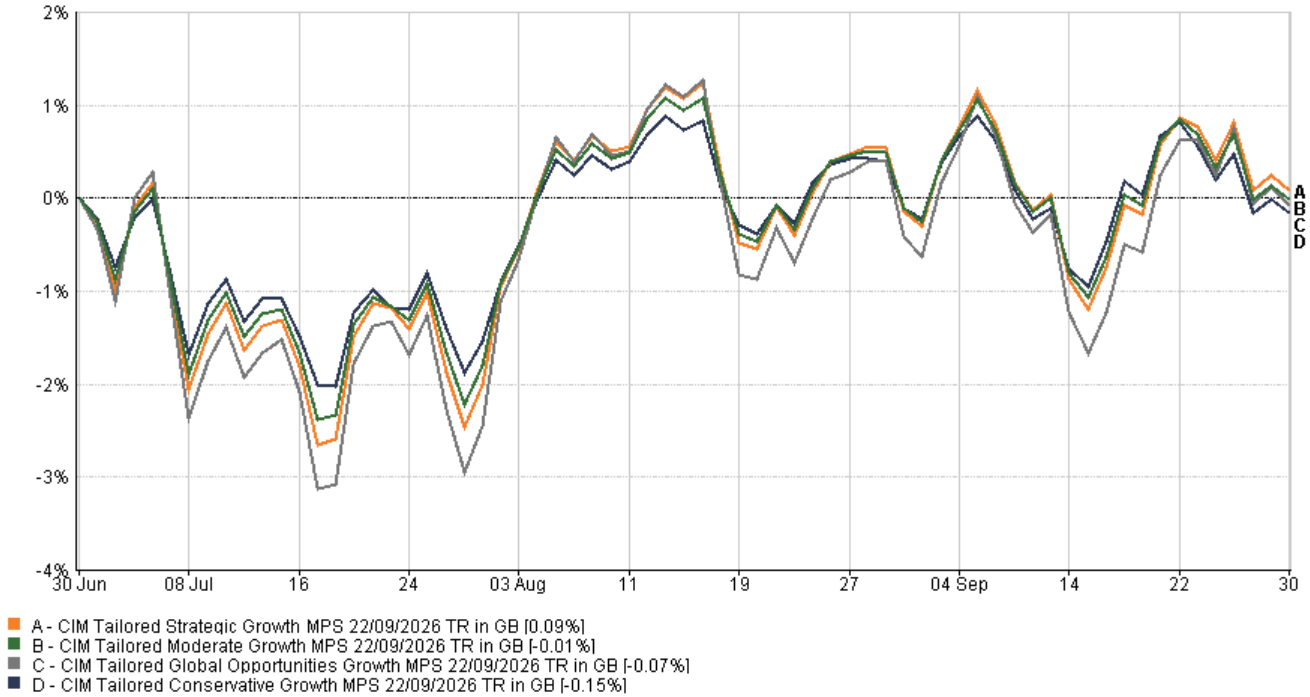
Portfolios performance

Portfolio / Comparator	3 months
CIM Tailored MPS Conservative Growth	-0.15%
ARC Sterling Cautious PCI	0.00%
CIM Tailored MPS Moderate Growth	-0.01%
ARC Sterling Balanced Asset PCI	0.59%
CIM Tailored MPS Strategic Growth	0.09%
ARC Sterling Steady Growth PCI	0.90%
CIM Tailored MPS Global Growth Opportunities	-0.07%
ARC Sterling Equity Risk PCI	1.50%

Index Returns[1]	3 months
UK Equities	1.78%
UK Government Bonds (Gilts)	-2.52%
All Country World Equities	1.53%
Pacific Equities (ex Japan)	4.35%
Emerging Market Equities	-0.38%
US Equities	2.15%
UK Headline Inflation	0.84%

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



30/06/2026 - 30/09/2026 Data from FE fundinfo2026

Key Funds and Trades over the Quarter

Top 3 Model Funds	3 months
AQR Adaptive Equity Market Neutral	11.96% ▲
AQR Apex Fund	11.38% ▲
Amundi Prime Japan ETF	6.24% ▲

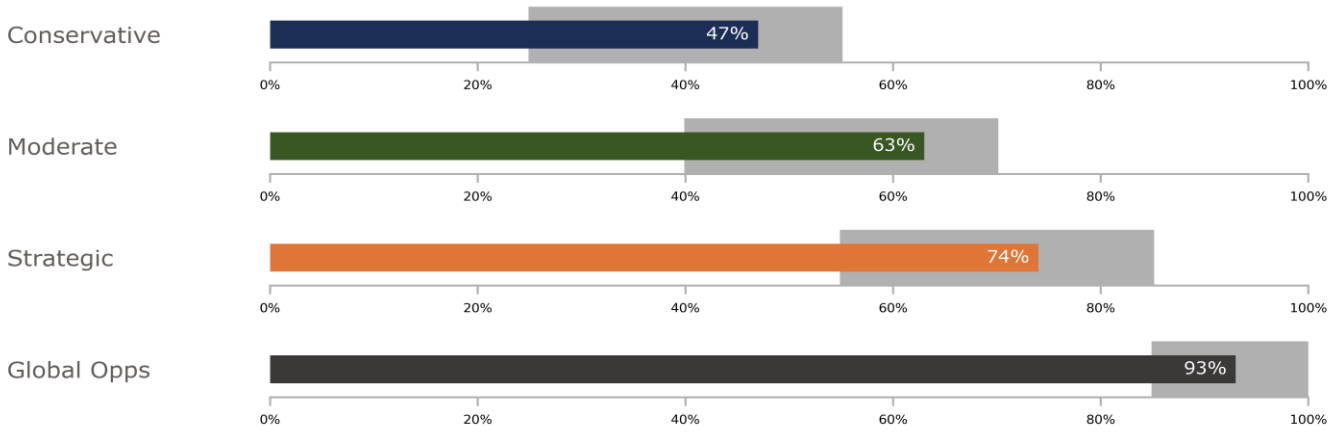
Bottom 3 Model Funds	3 months
First Trust Nasdaq Clean Edge Smart Grid Infrastructure ETF	-7.17% ▼
JPMorgan Climate Change Solutions ETF	-6.26% ▼
iShares EURO Total Market Growth Large ETF	-5.79% ▼

Source FE Analytics to 30th September 2026

Key fund	Commentary
AQR Adaptive Equity Market Neutral	This fund was the strongest performer within the portfolio during the quarter, gaining close to 12%. Its market-neutral approach seeks to generate returns that are less dependent on the direction of equity or bond markets, providing valuable diversification during periods of market stress. Its strong performance complemented the gains achieved by the AQR Apex Fund (+11.4%), demonstrating the benefits of maintaining exposure to alternative investment strategies alongside traditional asset classes.
SPDR S&P U.S. Technology Select ETF	Late in the quarter, we introduced this fund following the sale of the iShares S&P 500 Financials Sector ETF. The holding increases exposure to technology companies including Nvidia, Microsoft and Broadcom, which occupy critical positions within the artificial intelligence investment cycle. Capital expenditure plans across AI infrastructure remain firmly in place and, in our view, support a compelling opportunity for leading tech businesses and their supply chains.
Xtrackers MSCI Europe Materials ETF	This position was introduced following the sale of a European growth sector holding. While we continue to see opportunities in European technology businesses, we believe the outlook for materials companies has improved. Positive earnings revisions, attractive valuations and resilient global economic activity provide support for the sector, whilst infrastructure spending and industrial investment should create demand for metals, chemicals and construction materials over the coming years.
Franklin FTSE Korea ETF	Towards the end of the quarter, we introduced a dedicated allocation to Korean equities. Korea offers exposure to global AI infrastructure build-out through companies such as SK Hynix and Samsung Electronics, which are key suppliers of advanced memory used within AI systems and data centres. Despite strong earnings prospects, valuations remain very attractive. We believe the scale of AI-related investment could support earnings growth beyond current market expectations and provide benefits across the wider Korean economy.

Asset class review

Equity Exposure



Conservative

Ten largest fund holdings (%)

SPDR Bloomberg 15+ Year Gilt	9.3%
Pimco GIS Emerging Local Bond	7.6%
AQR Adpative Equity Market Neutral	7.0%
Amundi Global Treasury Bond	6.4%
Amundi Core UK Government Bond ETF	5.8%
Fidelity Index UK	5.7%
JPM US Research Enhanced Index	5.2%
Vanguard Global Credit Bond Inst Hedged	5.1%
Artemis SmartGARP Global EM	4.9%
Amundi IS Prime Japan ETF	4.9%
Assets in top ten holdings	61.9%

Ten largest asset class exposures (%)

Government Bonds	21.6%
North American Equities	12.5%
Other Alternatives	11.6%
European Equities	11.0%
Asia Pacific ex Japan Equities	8.6%
UK Equities	8.0%
Emerging Market Bonds	7.6%
Japan Equities	5.3%
Corporate Bonds	5.1%
High Yield Bonds	4.9%

Moderate

Ten largest fund holdings (%)

Fidelity Index UK	7.7%
JPM US Research Enhanced Index	7.0%
Artemis SmartGARP Global EM	6.6%
Amundi IS Prime Japan ETF	6.6%
JPM Climate Change Solutions ETF	6.3%
Pimco GIS Emerging Local Bond	5.9%
AQR Adpative Equity Market Neutral	5.8%
Liontrust European Dynamic	5.4%
SPDR Bloomberg 15+ Year Gilt	5.0%
iShares MSCI Europe Industrials Sector ETF	5.0%
Assets in top ten holdings	61.3%

Ten largest asset class exposures (%)

North American Equities	16.7%
European Equities	14.7%
Government Bonds	11.6%
Asia Pacific ex Japan Equities	11.5%
UK Equities	10.7%
Other Alternatives	9.6%
Japan Equities	7.1%
Emerging Market Bonds	5.9%
Corporate Bonds	4.0%
High Yield Bonds	3.8%

Asset class review

Strategic

Ten largest fund holdings (%)

Fidelity Index UK	9.1%
JPM US Research Enhanced Index	8.2%
Artemis SmartGARP Global EM	7.8%
Amundi IS Prime Japan ETF	7.8%
JPM Climate Change Solutions ETF	7.4%
Liontrust European Dynamic	6.4%
iShares MSCI Europe Industrials Sector ETF	5.9%
State Street SPDR S&P U.S. Technology Select ETF	5.4%
HSBC Pacific Index	5.1%
AQR Adpative Equity Market Neutral	5.1%
Assets in top ten holdings	68.2%

Ten largest asset class exposures (%)

North American Equities	19.8%
European Equities	17.3%
Asia Pacific ex Japan Equities	13.6%
UK Equities	12.6%
Japan Equities	8.4%
Other Alternatives	8.4%
Government Bonds	6.4%
Emerging Market Bonds	3.6%
Emerging Market Equities	3.1%
Corporate Bonds	2.5%

Global Opps

Ten largest fund holdings (%)

Fidelity Index UK	11.3%
JPM US Research Enhanced Index	10.3%
Artemis SmartGARP Global EM	9.8%
Amundi IS Prime Japan ETF	9.8%
JPM Climate Change Solutions ETF	9.3%
Liontrust European Dynamic	8.1%
iShares MSCI Europe Industrials Sector ETF	7.4%
State Street SPDR S&P U.S. Technology Select ETF	6.7%
HSBC Pacific Index	6.4%
FT Clean Edge Smart Grid Infrastructure ETF	6.0%
Assets in top ten holdings	85.1%

Ten largest asset class exposures (%)

North American Equities	24.7%
European Equities	21.7%
Asia Pacific ex Japan Equities	17.0%
UK Equities	15.8%
Japan Equities	10.5%
Other Alternatives	4.4%
Emerging Market Equities	3.8%
Cash	2.0%

Asset Class	Portfolio Views
Fixed Interest	Government bond yields for many countries remain attractive by historical standards. Rising energy prices, resilient economic activity and expectations for further policy tightening have contributed to higher bond yields during the quarter. While we continue to believe government bonds can provide valuable diversification benefits, we remain selective within corporate credit given relatively tight spreads in many areas of the market.
UK / Europe Equities	We remain constructive on UK and European equities. While valuations have recovered significantly from the levels seen in 2023 and 2024, corporate earnings have remained resilient. The UK continues to offer attractive diversification benefits within global portfolios, although higher energy prices resulting from the Iran conflict are likely to have a greater impact on European economies than many other regions.
US Equity	We remain broadly positive on US equities, supported by healthy corporate balance sheets and robust earnings growth. Valuations have become more attractive as earnings have continued to grow strongly, although we continue to favour a diversified approach and maintain lower US equity exposure than global market indices.
Japan Equity	Japan is no longer 'cheap' in an absolute sense but remains relatively attractive, supported by good earnings momentum and improving corporate profitability. Ongoing corporate governance reforms continue to support shareholder returns and capital discipline.
Asia and Emerging Market Equity	We remain positive on Asia and emerging market equities. Although fundamentals remain mixed and portions of the Chinese economy continue to face challenges, attractive valuations and strong earnings growth continue to support the asset class. South Korea and Taiwan remain key beneficiaries of AI-related investment, while broader emerging markets benefit from favourable long-term growth trends and improving corporate profitability.
Alternatives	We continue to view alternative investments as valuable portfolio diversifiers, particularly in an environment where equity market returns have become quite concentrated and credit spreads remain tight. We favour liquid strategies managed by experienced teams, as well as infrastructure investments that offers some inflation protection.

Outlook

As we move into the final quarter of 2026, the investment backdrop remains broadly constructive, although investors must continue to balance resilient economic fundamentals against the risks associated with higher inflation and interest rates.

One of the most important developments during the quarter was the market's growing acceptance that interest rates may remain higher for longer than previously expected. While inflation is significantly lower than the peaks experienced earlier in the decade, higher energy prices and resilient economic activity have reduced expectations for near-term monetary easing. This has contributed to tighter financial conditions and higher bond yields.

> *Despite these headwinds, economic growth continues to prove remarkably resilient.*

Corporate earnings remain healthy, labour markets continue to provide support for consumer spending, and business investment remains supported by both public and private sector spending. The ongoing build-out of AI infrastructure continues to drive significant capital expenditure across multiple industries, creating opportunities well beyond the largest technology companies.

One particularly encouraging development is the broadening of earnings growth. Much of the market's returns over recent years have been concentrated in a relatively small number of tech companies. However, earnings momentum is increasingly visible across a wider range of sectors and regions. This broader participation has the potential to create a healthier market environment and improve diversification benefits for investors.

Valuations have also become more attractive in a number of areas. In many cases this has not been driven by lower share prices, but because corporate earnings have grown faster than share prices. Strong earnings growth has therefore helped offset many of the concerns associated with higher interest rates. We believe we are well positioned to capitalise on this.

Our underweight to fixed income has been a benefit to portfolios this quarter. We are mindful that elevated bond yields are beginning to offer increasingly attractive income opportunities. While higher yields have led to short-term weakness in bond prices, they improve expected future returns.

While geopolitical developments and inflation risks require ongoing monitoring, resilient earnings growth and attractive opportunities across multiple asset classes support a broadly positive outlook.

Thoughts for the quarter ahead...

- Markets are likely to remain focused on inflation trends and whether recent increases in energy prices begin to feed more broadly into the global economy.
- Central bank policy will remain an important market driver following recent interest-rate increases from several major developed-market central banks.
- The durability of the artificial intelligence investment cycle remains a key consideration for us. We will increasingly focus not only on spending levels but also on evidence of commercial returns from those investments.
- Earnings growth has broadened significantly during 2026, and we will look for confirmation that this trend continues across sectors and regions.
- Asia Pacific and Emerging Markets remain areas of interest given their attractive valuations, improving earnings outlook and important role within global technology supply chains.
- Periods of elevated uncertainty and market volatility reinforce the value of maintaining diversified portfolios focused on long-term objectives rather than short-term market movements.

Important information

Chetwood Investment Management Limited is authorised and regulated by the Financial Conduct Authority. Our regulation details are set out in the FCA register: Firm Reference No: 835233 www.fca.org.uk/register. Registered in England and Wales: 11810284. Registered office: St Denys House, 22 East Hill, St. Austell, Cornwall, United Kingdom, PL25 4TR.

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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