



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



February 2026

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January 2025 Commentary

“Markets rose overall, supported by steady economic data, though geopolitical tensions and rate expectations drove bouts of volatility.”

Global equities rose in January, with emerging markets outperforming developed markets, helped by a weaker US dollar, which tends to support overseas assets by making them cheaper for international investors. Geopolitical risks increased, contributing to periods of market volatility, while gold performed strongly before falling toward the end of the month, illustrating how defensive assets can fluctuate when sentiment shifts. In bond markets, yields in the United States ended higher, particularly for short-term debt; because bond prices move inversely to yields, this meant the value of bonds fell.

United Kingdom

FTSE All Share: 3.08%

Equities in the United Kingdom delivered positive returns, led by basic materials, utilities and telecommunications. Mining stocks benefited from rising metals prices, which often increase when investors anticipate inflation or global uncertainty. Large companies in the FTSE 100 slightly lagged mid-sized firms, though both advanced. Economic data from the Office for National Statistics showed modest growth and lower-than-expected borrowing, suggesting resilience. Inflation remained at 3.4%, meaning household costs stayed elevated and investors continued favouring internationally focused businesses over



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those reliant mainly on domestic spending.

United States

S&P 500: -0.59%

Equities in the United States rose, with the S&P 500 Index gaining 1.5%, in US dollar terms; however, for UK-based investors this resulted in a slight loss once converted into sterling, as the dollar weakened against the pound. Technology earnings and enthusiasm

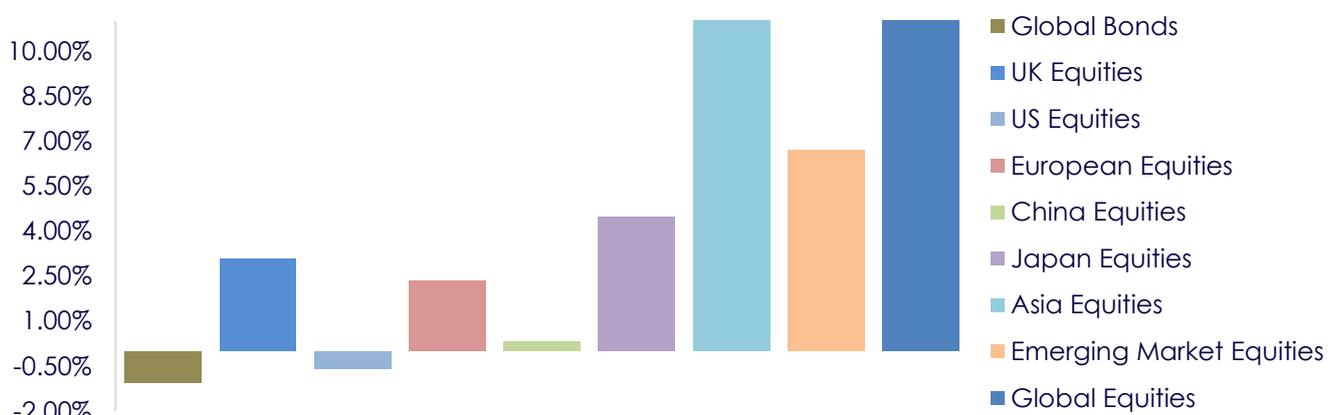
with NATO and Denmark. Defence companies rose as governments increased spending, illustrating how policy priorities can directly influence sector performance, while falling inflation supported confidence that financial conditions may remain supportive.

China

CSI 300: 0.32%

Equities in China rose moderately but lagged

Discrete Monthly Performance as at 31/01/2026



around Artificial Intelligence (AI) supported sentiment, alongside expectations that the Federal Reserve may cut interest rates later in the year, which typically supports markets by lowering borrowing costs. Gains came from a small number of companies, so although the index rose, many stocks saw more modest performance. Volatility increased at times due to tariff concerns and softer economic indicators, reminding investors that markets react quickly to policy signals and growth data.

Europe

FTSE Developed Europe ex UK: 2.35%

Equities in Europe advanced, supported by stronger-than-expected growth data from Eurostat and easing geopolitical tensions. Technology, energy and utilities led gains, while real estate and consumer sectors lagged. Markets weakened after tensions linked to Greenland and trade threats but stabilised once discussions shifted toward cooperation

other markets in the region. Investors remained cautious due to uncertainty about policy support, growth prospects and ongoing weakness in the property sector. Some investors also took profits after earlier gains, which can temporarily slow market momentum. Although authorities introduced targeted support measures such as financial assistance and incentives for developers, these steps did not fully offset concerns about consumer demand and real-estate activity. As a result, sentiment softened and performance trailed stronger technology-driven markets elsewhere in Asia, showing how confidence in future growth expectations can strongly influence share prices.

Japan

MSCI Japan: 4.48%

Equities in Japan gained, with the TOPIX and Nikkei 225 rising solidly. Optimism around demand for AI technology supported

semiconductor-related firms, while rising bond yields helped financial companies because higher rates can improve lending margins. Interest rates increased as investors anticipated firmer growth and inflation. The Bank of Japan kept policy unchanged, though a dissenting vote signalled debate about future tightening. Political uncertainty and currency weakness caused short-term volatility, but improving growth signals and supportive policy expectations underpinned confidence.

Emerging Markets

MSCI Emerging Markets: 6.7%

Emerging market equities outperformed developed markets, with the MSCI EM Index rising well ahead of the MSCI World Index. A weaker US dollar supported performance because it eases financial conditions and encourages global investors to allocate capital to higher-growth regions. Technology-focused markets such as South Korea and Taiwan led gains on strong semiconductor demand, while Brazil benefited from easing inflation expectations. Returns varied widely across

countries, highlighting that local economic policy, commodity prices and political conditions can significantly influence performance even within the same asset class.

Global Bonds

Bloomberg Barclays Global Agg: -1.06%

Bond markets delivered mixed results globally as investors balanced geopolitical developments with resilient economic data. In the United States, yields rose, particularly on shorter-term bonds, as expectations for future interest rates shifted, which weighed on prices. In contrast, bonds in the eurozone proved more stable, supported by steadier growth. Political developments involving Nicolas Maduro in Venezuela and tensions linked to Iran added uncertainty but did not disrupt credit markets, which still generated positive returns. US mortgage-backed securities also strengthened following policy proposals involving Fannie Mae and Freddie Mac, highlighting how government action can support demand.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 31/01/2026

	5 Years %	3 Years %	1 Year %	Volatility %
Global Bonds	-8.57	-1.44	-1.70	5.02
UK Equities	80.76	44.51	21.15	9.68
US Equities	96.79	57.35	4.95	12.71
European Equities	66.80	42.51	20.02	11.23
Japan Equities	48.31	46.19	18.41	10.47
Asia Equities	70.03	56.98	38.49	15.47
China Equities	-7.74	7.48	20.66	18.99
Emerging Market Equities	29.80	42.73	29.34	13.07
Global Equities	83.30	52.38	8.28	11.22

Data source FE Analytics 31.01.2026. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

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