



Wealth
Management



Eden Park

Q1 2026 quarterly report



Overview

- Markets began the year positively, before March delivered a sharp turning point
- Events in the Middle East created uncertainty and resulted in elevated volatility
- However, many of the underlying supports for markets remain in place

Macroeconomic landscape



The year began much as the last one ended, with strong momentum and a supportive backdrop for risk assets, carrying through January and February. That optimism was underpinned by expectations of easing monetary policy, resilient economic data, and continued corporate investment. March, however, marked a sharp turning point. A broad sell-off hit most asset classes, reminding investors how quickly sentiment can shift. Markets seem to be viewing the US-Iran conflict as a more prolonged geopolitical risk than first feared.



Most equity markets fell between -5% and -11% in March. Gold has weakened and oil prices have spiked. Bond yields have also moved higher rather than lower, calling into question some of the traditional relationships that underpin portfolio construction. Markets have since stabilised somewhat but remain highly sensitive to ongoing headlines.



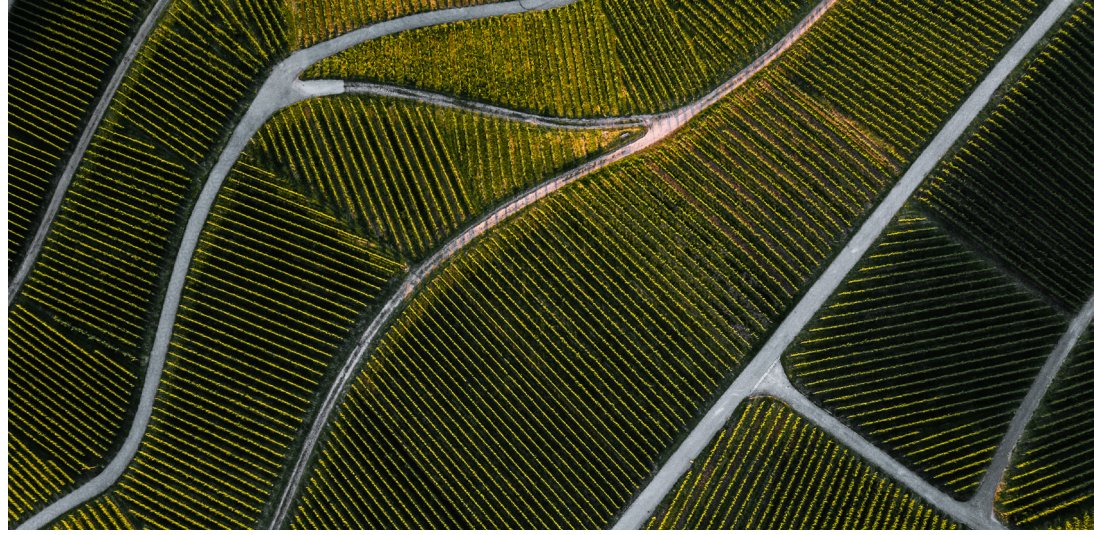
Looking at the quarter in its entirety, US equities fell -4.6%, with global growth stocks down -8.5% and the Magnificent Seven declining -12.0%. Regions such as Japan (+2.9%), Asia ex-Japan (+1.4%) and Emerging Markets (+2.1%) led returns after a strong first two months of the year. We increased exposure to these regions throughout 2025 and again in early January. This reflects both valuation pressures in the US and a growing opportunity set across Asia, Emerging Markets and Japan, where improving fundamentals and supportive policy environments are driving a broader return profile.



Despite recent volatility, many of the underlying supports for markets remain in place. Corporate balance sheets are healthy, capital expenditure is rising, and structural themes such as technological transformation and productivity gains continue to provide a positive foundation. That backdrop has not disappeared. The key uncertainty is geopolitical, and a prolonged conflict in the Middle East risks undermining confidence, with further escalation likely to weigh on sentiment and push back investment decisions.



For a more detailed summary of the Q1 investment landscape, including insights from LGT's CIO Sanjay Rijhsinghani and other key team members, [click here](#).



Crisis as a catalyst: Why geopolitics is accelerating the energy transition

Written by Ben Palmer, Team Head, Sustainable Portfolios

The conflict in the Middle East has once again exposed a fundamental vulnerability in the global energy system: dependence on fossil fuels concentrated in geopolitically unstable regions. Far from slowing the energy transition, this crisis is strengthening the economic and strategic case for accelerating it.

At the centre of the disruption is the Strait of Hormuz, through which roughly 20% of global oil and gas supply flows. With Iran blocking this crucial shipping route, and energy infrastructure being targeted on both sides of the strait there has been a significant drop in supply, leading to a spike in oil and gas prices. This in turn is raising concerns on inflation and economic growth globally. Given energy is a fundamental input into all economies the impacts have been broad, however it has been noticeable that regions that are more dependent on energy imports have generally fared worse.

This volatility shows the vulnerability of global fossil fuel supply chains. Around 75% of the world's population live in countries that are net importers of fossil fuel energy (Source: [Ember](#)). Such dependency and instability reinforce the strategic imperative for countries to reduce reliance on imported energy and accelerate domestic renewable capacity. Doing so not only enhances security but also helps reduce price volatility over time, an outcome that benefits governments, companies, and consumers alike.

Spain provides a compelling case study, since 2019 it has rapidly expanded renewable capacity. As a result, Spain has moved from one of the most expensive energy markets in the EU to one of the cheapest. The economic benefits are tangible, during periods of fossil fuel price spikes, Spain's wholesale electricity prices have been more stable than those in countries heavily reliant on gas imports (Source: [Ember](#)).

Strategically, the implications are equally significant. Energy has long been central to national security and the Iran conflict demonstrates that true security cannot be achieved through dependence. Even major producers are vulnerable to chokepoints, infrastructure attacks, and market shocks. In contrast, renewables are domestically generated and decentralised. From an investment perspective this strengthens the structural outlook for companies that help scale renewables capacity, develop energy storage solutions and expand the use of electricity within the economy.

The Iran conflict has reinforced a critical lesson: fossil fuel dependence is both an economic liability and a strategic risk. Spain's experience demonstrates that large-scale renewable deployment can help shield economies from volatility, offering a model for how nations can navigate an increasingly unstable energy landscape.

Q1 2026 Sustainable MPS performance

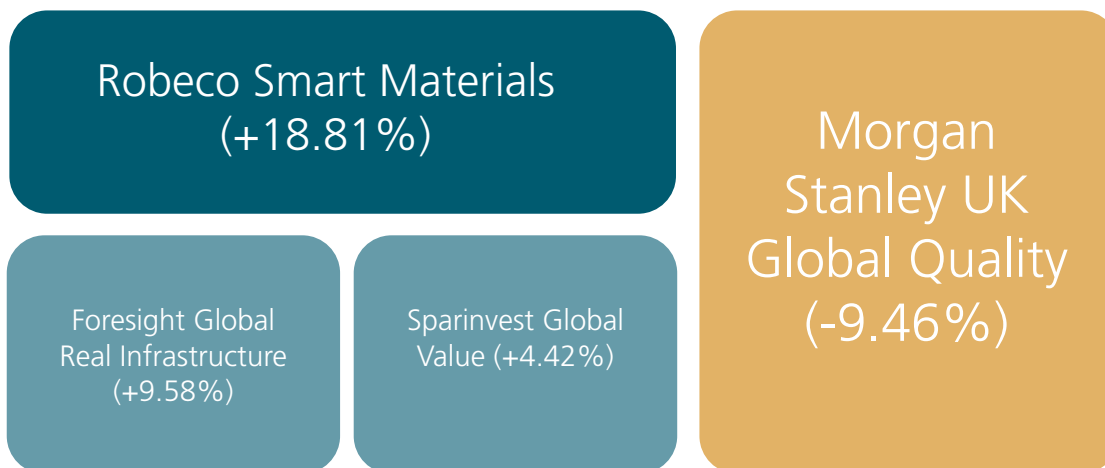
Model portfolio performance as at 31 March 2026

Portfolio	3 months	6 months	1 year	3 years	Since inception
EPIM Sustainable Defensive	-1.32%	0.33%	4.63%	15.07%	16.74%
EPIM Sustainable Cautious	-1.89%	-0.05%	5.78%	16.99%	23.92%
EPIM Sustainable Balanced	-2.26%	-0.30%	6.98%	17.92%	33.45%
EPIM Sustainable Growth	-1.81%	0.49%	9.52%	20.28%	40.45%
EPIM Sustainable Adventurous	-1.71%	0.74%	11.28%	20.90%	44.63%

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.

Source: Morningstar

Performance of all LGT WM funds in Q1 2026



Source: Morningstar





Sustainable MPS Q1 2026 performance update

Written by Ben Richards, Trainee Portfolio Manager, Sustainable Portfolios

Within the quarter, returns across the sustainable portfolios were mixed. **Robeco Smart Materials** was the standout with a strong double digit gain, supported by value tilted strategies such as **Sparinvest Ethical Global Value** and **Schroder Global Sustainable Value Equity**. In contrast, several global and regional sustainable equity strategies, particularly those with a quality and growth tilt saw notable declines, and broad global equities ended slightly lower. In fixed income, outcomes were generally modest. The **L&G Global Inflation Linked Bond** fund contributed material positive returns. However, UK government bond exposure, such as **L&G All Stocks Gilt Index**, weighed on performance as gilts and longer duration bonds weakened over the period.

The **Robeco Smart Materials** fund (+18.81%) was again the top performing fund in our Growth and Adventurous portfolios over the quarter. The strategy invests in companies involved in advanced materials and smart manufacturing that enhance resource efficiency through scalable, cleaner and more energy efficient technologies. Its cyclical growth orientation, together with beneficial exposure to the ongoing commodities rally, supported its position as the leading performer in the portfolios this quarter.

The **Foresight Global Real Infrastructure** fund (+9.58%) held Balanced, Growth and Adventurous portfolios was the second-best performer over the quarter. The fund invests in listed companies that own or operate renewable energy, utilities and other essential infrastructure assets, with a clear sustainability focus and emphasis on long term, asset backed cash flows. Continued support for real assets and resilient fundamentals in infrastructure markets helped the fund deliver robust returns and complement the portfolios this quarter.

The **Sparinvest Global Value** fund (+4.42%), held across all portfolios, was the third best performer this quarter. With its meaningful allocation to US equities and focus on value-oriented segments of the market, the strategy continued to benefit from a broader spread of equity market leadership. This backdrop remained supportive for its disciplined value style and provided a helpful contribution to overall portfolio returns.

The **Morgan Stanley UK Global Quality** fund (-9.46%) held across all portfolios was the worst performing fund of the quarter. The strategy's emphasis on high quality, companies proved a headwind in an environment that favoured value and more cyclical parts of the market. Additionally, a number of holdings underperformed as a result of AI disruption worries.



Portfolio changes and rationale

Sale of Vanguard UK Long Duration Index

Over the last quarter, the Investment Committee made only one change to the portfolio's fixed income allocation. The headline equity allocation remained unchanged.

We sold this position in January after it had risen by around 12% since September. The sale proceeds were then moved into bonds in a more attractively valued part of the yield curve.



Glossary

Absolute Return Funds	A form of alternative asset. They actively adjust their positions between equities, bonds, gold and other asset classes, typically with the aim of providing investment return across all market conditions.
Active fund	A portfolio of investments that is selected by a professional investment manager and managed on an ongoing basis with the aim of achieving an outperformance objective.
Beta Strategies	Investment approaches that aim to match or closely follow the performance of a market index, reflecting the overall market movements.
Bonds	Bonds are debt securities issued by governments and corporations to raise money. Similar to an IOU, the investor lends money with the agreement that it will be paid back by a specific date, and they will receive periodic interest payments along the way. Bonds come under the umbrella of 'fixed income' investments.
Credit Spreads	The difference in interest rates between two bonds, typically one being riskier than the other. It's a measure of the extra return investors demand for taking on additional risk.
Cyclical company	Companies with a direct relationship to the performance of the wider economy as consumers may purchase their goods when the economy is doing well but cut spending during downturns.
Defensive	Defensive positions prioritise preserving capital over growth. It is important to hold such positions in periods of market turbulence.
Diversification	Spreading your money across different types of investments, such as equities, bonds, and property, instead of putting all your money in just one type of investment. By doing this, you can reduce the overall risk of your investment portfolio.
Duration	The sensitivity of the price of a bond to changes in interest rates. A bond with a longer duration will typically be more sensitive to changes in interest rates than a bond with a shorter duration.
Fixed Income	Investments that provide regular, set interest payments, such as bonds or treasury bills, and return the principal at maturity.
Gilt:	A type of fixed income investment issued by the UK government. They are considered to be among the safest investments available. They have a fixed interest rate and a specific maturity date, which can range from a few months to several decades.
Growth vs Value	Most stocks are classified as either value stocks or growth stocks. Generally, a value stock trades for a cheaper price than its financial performance and fundamentals suggest it's worth. A growth stock is a company which comes at a higher price however, its profits are expected to grow significantly in the coming years as the company develops – this is typical for technology firms.
Hawkish	Describes a stance by central banks or policymakers that favor higher interest rates to control inflation, even if it might slow down economic growth.
High Yield Bonds	High yield bonds pay investors a higher level of interest due to a great risk the borrower may default.
Index	A fund that aims to track the performance of a market index.
Market Capitalisation (Market Cap)	Market 'cap' is the market value of a company based on its current share price and total number of shares. Ultra-large cap companies have the largest market capitalisation. The largest companies by market cap are currently Apple, Microsoft, Alphabet (Google), Amazon, Nvidia and Meta (Facebook).
Maturity	The length of time until the bond issuer must repay the original bond value to the investor.
Passive fund	A passive fund aims to follow a market index, offering a low-cost way to invest in a broad range of stocks or bonds.
Quality	Quality investing is an investment style that focuses on selecting stocks of companies with strong financial health, stable earnings, and solid management.
Rally	A market rally is a sustained increase in stock prices driven by positive investor sentiment and economic conditions.
Sentiment	Market sentiment is the overarching attitude or outlook of investors towards a particular security, sector of the market or economy as a whole.
Soft vs Hard landing	A soft landing refers to a gradual economic slowdown or adjustment, usually avoiding a recession, while a hard landing is a sudden and severe economic downturn often leading to a recession.
Volatility	The degree of fluctuation in a security's price or a market's performance over time. A highly volatile share experiences larger price changes compared to more stable investments, indicating higher risk.
Yield	The income you receive on an investment, such as dividends from shares or interest from bonds.
Yield Curve	A visual depiction of how the yields of bonds vary at different maturities. It shows how much you'd earn if you invested your money for a short time, e.g. 6 months, versus if you invested it for a longer time, e.g. 10 years.



Cover image Bauer brothers, Hortus Botanicus, detail from "Lilium," 1776/1804
© LIECHTENSTEIN, The Princely Collections, Vaduz-Vienna

Important information

LGT Wealth Management UK LLP is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales: OC329392. Registered office: 14 Cornhill, London, EC3V 3NR.

LGT Wealth Management Limited is authorised and regulated by the Financial Conduct Authority. Registered in Scotland number SC317950 at Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP.

LGT Wealth Management Jersey Limited is incorporated in Jersey and is regulated by the Jersey Financial Services Commission in the conduct of Investment Business and Funds Service Business: 102243. Registered office: Sir Walter Raleigh House, 48-50 Esplanade, St Helier, Jersey JE2 3QB.

LGT Wealth Management (CI) Limited is registered in Jersey and is regulated by the Jersey Financial Services Commission: 5769. Registered Office: at IFC1, The Esplanade, St Helier, Jersey, JE1 4BP.

LGT Wealth Management US Limited is authorised and regulated by the Financial Conduct Authority and is a Registered Investment Adviser with the US Securities & Exchange Commission ("SEC"). Registered in England and Wales: 06455240. Registered Office: 14 Cornhill, London, EC3V 3NR.

This publication is marketing material. It is for information purposes only. Certain services described herein are not available to retail clients as defined by the FCA or the JFSC, as applicable; please speak to your investment adviser for further clarification in this regard. All services are subject to status and where local regulations permit. The wording contained in this document is not to be construed as an offer, advice, invitation or solicitation to enter into any financial obligation, activity or promotion of any kind. You are recommended to seek advice concerning suitability from your investment adviser. Any information herein is given in good faith, but is subject to change without notice and may not be accurate and complete for your purposes. This document is not intended for distribution to, or use by, any individual or entities in any jurisdiction where such distribution would be contrary to the laws of that jurisdiction or subject any LGT Wealth Management entity to any registration requirements. When we provide investment advice it is on the basis of a restricted approach that is to say, whilst we review and advise on retail investment products from the whole of the investment market.

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.