

January Market Overview

January 2026 got the year off to a constructive start notwithstanding some increases in volatility, following on from a positive finish to 2025. Global equities rallied but the major change was a shift in leadership beyond US mega-cap technology into international markets such as UK, Europe and Emerging Markets. Smaller companies and more cyclical sectors were also leaders as investors favoured trades outside of the main AI investment theme which has been such a strong driver of markets over previous years. Bond markets continued to remain subdued as prices edged lower in government markets with corporate sectors once again delivering some outperformance. Overall, the market was positive but under the surface January delivered some meaningful leadership changes reminding investors that diversification in positions, factors and geographic areas remain central to navigating a market which continues to evolve at breakneck speed.

Portfolio Positioning

The active portfolio range saw gains came from across the global equity spectrum with actively managed funds continuing to deliver outperformance over more index focused investments. The US market continued to see value funds outperforming growth funds to the benefit of TAM's clients positioning. Emerging market investments, which TAM is overweight were a big contributor over January as were commodities and emerging market debt investments which were all net beneficiaries of the continued move out of US assets. Finally, Precious metals were a large contributor to performance in January with Silver along rallying some 40% in one month and offered TAM's clients a nice exit point to this trade which the TAM team closed almost 90% of in January. US Value investments, despite the rotation were a net drag on the portfolio which highlighted some fund specific stock selection issues which led to underperformance in a market which was favouring those strategies. Trades coming into the portfolios over February will focus on enhancing some of the areas of the market which we are bullish on in terms of US Value and US mid and small caps. Investors will have also seen reductions in precious metals as well as increases in global value and emerging markets over January to further lean into these parts of the world which we see outsized value.

March Market Outlook

Looking forward, the market appears to remain content with taking on risk and moving higher. Largely this will be underpinned by positive economic growth numbers and stable inflation figures enabling investors to build conviction in the state of the market. However, the market is in a state of change in which high flying US Tech stocks now trail the more value orientated elements of the market. We see this trade continuing into the coming months as investors favour this rotation as the markets looks to other sectors for sustained performance. We also see investors continuing to move from the US into the likes of Emerging Markets, China and, with the election victory of Takaichi in Japan, we see further interest in Japanese stocks over the coming months. All in all we envisage a market willing to take on more risk but being more selective in where it takes it over just buying US tech stocks.

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