THIRD QUARTER 2026 REVIEW & OUTLOOK
EXECUTIVE SUMMARY

12 October 2026

PORTFOLIO THEMES

- While further volatility is possible, we believe the market's underappreciated positives outweigh potential headwinds, supporting a continuation of the global bull market.
- We expect non-US and Value equities to lead global performance from here, while US equities and Technology should also fare well on an absolute basis but trail headline indices.
- A positively-sloped global yield curve continues fueling strong loan growth, especially outside the US. This trend should remain a relative tailwind for non-US economies and cyclical equities, even as the US Fed begins a rate hike cycle that looks likely to be gradual.

MARKET OUTLOOK

- **Geopolitical Conflict Has Proven Less Impactful than Feared:** While renewed Iran hostilities fueled volatility in Q3, underlying fundamentals remain in good shape. Global economic data continue to exceed expectations, supporting strong corporate earnings. Inflation measures outside of energy are improving, suggesting higher oil prices have had limited spillover effect.
- **US Midterms Should Strengthen Political Tailwinds:** The historically favourable Midterm Miracle period is now underway. We expect the midterm elections to bring greater legislative gridlock, reducing the risk of sweeping policy changes and providing a supportive backdrop for equities.
- **Sentiment Is Elevated, Not Euphoric:** While optimism has grown, particularly within US Tech and AI, sentiment remains muted elsewhere. Persistent fears of an AI bubble, rate hikes, inflation, and high-oil prices keep the wall of worry intact.

Global markets' rise continued in Q3, ending the quarter with the MSCI ACWI gaining 1.7%, bringing returns to 13.4% year to date.[i] Summer volatility frustrated many, exemplifying this year's fits and starts. Yet patience paid off, and we expect it continue doing so. The Midterm Miracle is here—historically bringing a period of solid gains with the potential to transform a good year to great.

Market returns unfolded much as we expected. Global markets are up nicely, with US midterm years' typical early volatility. While Tech and AI-related industries continue dominating headlines, this bull market is big and broad. Gaps between various equity categories were generally small after trading leadership off and on all year. Overall, big cap US and non-US stocks are performing similarly, as are growth and value. Among MSCI ACWI countries, US returns are middling, with Japan and parts of Europe leading. Sentiment remains elevated but not euphoric toward US stocks and outright dour abroad.

i Source: FactSet, as of 06/10/2026. MSCI ACWI Index return with net dividends, 30/06/2026-30/09/2026 and 31/12/2025 – 30/09/2026.

Emerging Markets (EM) ended lower in Q3, with the MSCI EM index down -0.4% .[ii] Geopolitics roiled oil prices and spurred volatility throughout the quarter, weighing on sentiment. However, underlying fundamentals appear strong. Renewed Iran war hostilities sent Brent crude from under $70 per barrel in early July to as high as $131 in September. Yet growth has held up, with Q2 GDPs indicating broad-based EM expansion. August manufacturing purchasing managers' indexes (PMIs) further demonstrate broad EM strength, topping 50 in India, Taiwan, South Korea, Malaysia, and Thailand. Inflation readings also undercut oil-driven fears, with headline rates decelerating in South Korea, Taiwan, Brazil, and Mexico, while global supply workarounds restored Persian Gulf shipments to roughly 80% of pre-war levels.

Even with sentiment elevated in the US, many deem this bull market fragile. Those who don't view it as an AI-fueled bubble instead fear central bank rate hikes, inflation, high oil or spiraling debt as major downside risks. We think all are false fears, as the full Review will detail.

Meanwhile, the bull market has firm footing. Economic data are up worldwide, beating expectations and powering corporate earnings globally, particularly overseas. Some write this off as accounting trickery, but the gains go beyond footnotes and stock buybacks. Topline sales are delivering robust growth, and firms are expanding profit margins. Owning stocks means owning earnings growth 3 – 30 months out, fueled by robust capital expenditures. It may be hard to envision amid the stream of dreary political headlines, but the fundamental backdrop is brighter than commonly believed.

US midterms' headlines are noisy, masking stocks' real political drivers. While the world continues to focus on personalities and contentious campaigns, midterms bring relief via the Midterm Miracle. The Midterm Miracle is historically the most consistently positive three-quarter stretch for stocks since reliable data became available. This period has never once been negative since the Great Depression, with the S&P 500 averaging 19.8% in this nine-month period.[iii] This stems from increased gridlock, which midterms regularly deliver as the president's party loses relative power.

As past Reviews have detailed, the president's party lost House seats in 89% of midterms and Senate seats in 71% since 1914, when the 17th Amendment mandated direct election of senators.[iv] This year looks little different, with Democrats likely to take the House, Senate or both, bringing traditional partisan gridlock. When Congress can't pass anything consequential, stocks have less to fear from major policy shifts. Investors, domestic and foreign, relax and buy without worrying about sweeping new laws creating winners and losers.

While routine market phenomena usually get priced in, the Miracle retains its power. This is in part because political bias keeps investors from seeing it, instead thinking their party is good for everything, stocks included, and the other party disastrous.

Long rates' 2026 rise is somewhat surprising, but it isn't bearish for stocks. For almost 15 years after the global financial crisis, rates were abnormally low as central banks kept policy rates near zero and bought up long-term bonds, suppressing long rates. Now central banks are undoing that misguided approach, letting normal market forces reign—returning long rates to normal. Headlines erupted when 10-year US Treasury yields hit 5% in late September.[v] However, this rise simply returns yields to levels considered normal, healthy and bullish throughout the 20th century.

ii Source: FactSet, as of 07/10/2026. MSCI EM Index return with net dividends, 30/06/2026 – 30/09/2026.

iii Source: Finaeon, Inc., as of 28/09/2026. S&P 500 total return index frequency of positivity and average return in the nine months from midterm year 30 September to the following 30 June 1926 – 2022.

iv Source: US House of Representatives and US Senate, as of 28/09/2026.

v Source: FactSet, as of 30/09/2026. Statement based on US 10-year Treasury yields' movement, 16/09/2026 – 30/09/2026.

Rising long yields help bail central banks out from errant rate hikes. People worry rate hikes from the Fed, ECB, Bank of Japan and Reserve Bank of Australia are "tightening," as if a credit crunch nears. US Fed officials further claim higher long rates "tighten" policy for them. Yet because long rates (10-year) rose more than the short rates that drive bank funding costs (3-month), yield curves steepened as central banks hiked. We've covered this a lot over past decades. It actually makes policy more accommodative, not less, fostering healthier bank lending and money supply growth. US money supply grows quickly, leading some to fret "overheating" while fearing a liquidity crunch. However, you can't have it both ways. Instead, look globally to see that tamer money supply growth abroad counterbalances hotter US money supply growth, fostering modest overall economic growth while keeping hot inflation at bay.

Yes, inflation is benign. Headlines and policymakers sweat high oil prices but, as few have noticed, inflation measures excluding energy prices are improving. High oil isn't bleeding into other categories, echoing history. As past Reviews showed, higher energy prices prompt substitution. Consumers cut back elsewhere, primarily in luxury goods, leaving those firms without pricing power. Stocks see this, even if headlines don't. We think inflation's modesty will become more apparent.

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a) Reasonably determine your client categorisation;

b) Understand your financial circumstances and investment aims to determine whether the full discretionary investment service described in Clause 4 and the proposed investment mandate and accompanying benchmark(s) (or an Undertaking for Collective Investment in Transferable Securities ("UCITS") with a similar mandate and benchmark for which Fisher Investments Europe's parent company serves as investment manager) are suitable for you;

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d) Describe investment performance as it relates to the investment strategy;

e) Provide a full explanation of costs;

f) Assist in the completion of documentation;

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Fisher Investments Europe deals with both retail clients and professional clients. All clients and potential clients who deal with Fisher Investments Europe's institutional relationship managers ("RMs") will be treated as professional clients, either through qualification as a professional client or, in the case of local municipal authorities, through opting up to be treated as a professional client. Accordingly, you are categorised as a professional client. You have the right to request re-categorisation as a retail client which offers a higher degree of regulatory protection, but Fisher Investments Europe does not normally agree to requests of this kind.

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Neither Fisher Investments Europe nor Fisher Investments is authorised to hold client money. Neither Fisher Investments Europe nor Fisher Investments will accept cheques made out to it in respect of investments, nor will they handle cash. All client assets are held at external custodians where each client has a direct account in their own name. If you appoint Fisher Investments Europe as your discretionary asset manager, execution of transactions will be arranged through such custodians and brokers and at such prices and commissions that Fisher Investments determines in good faith to be in your best interests. Further information regarding selection of brokers is set out in the investment management agreement with Fisher Investments Europe (the "IMA").

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The brokers and dealers to which your transactions may be allocated will use various execution venues, including without limitation:

a) Regulated Markets in the USA or elsewhere (usually those exchanges where companies have their primary listing and other exchanges on which their securities are admitted to trading);

b) Multi-Lateral Trading Facilities ("MTF") and Organised Trading Facilities ("OTF") in the USA or elsewhere (i.e. a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract);

c) Systematic Internalisers (which are investment firms dealing as principal and providing liquidity on a systematic basis);

d) Other liquidity providers that have similar functions to any of the above;

e) Counterparties that may access the above venues on behalf of Fisher Investments Europe or Fisher Investments (or their clients) or trade on their own account.

You must be notified and approve of any off-venue trades prior to execution unless previously agreed to by you directly with the custodian. As a result of brokers/dealers using the execution venues mentioned above, your transactions may be executed on an execution venue that is neither a regulated market in the European Union nor an MTF in the European Union and therefore you will be required to expressly consent to the execution policy of Fisher Investments Europe by signing the IMA.

Fisher Investments Europe's top five trading venues are listed on its website.

Generally, financial instruments will not be affected if a custodian suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the custodian's registration of your rights. Generally, it is only if the custodian fails to handle your financial instruments or register your rights correctly where you may not be able to take possession of the financial instruments.

If you appoint Fisher Investments Europe as your discretionary asset manager, you will receive a periodic statement every calendar quarter. This statement compares the performance of your account with that of a relevant benchmark in order to facilitate the assessment of performance achieved by the account. For performance, management fee calculation and reporting purposes, exchange traded equity securities are valued based upon the price on the exchange or market on which they trade as of the close of business of such exchange or market. All equity securities that are not traded on a listed exchange are valued using a modelled estimate of the bid price, also known as a bid evaluation, provided by Fisher Investments Europe's primary pricing service. Fixed income securities are valued based on market quotations or a bid evaluation provided by Fisher Investments Europe's primary pricing service. All securities are valued daily given a price from Fisher Investments Europe's primary pricing service is provided; otherwise, all securities are valued on at least a monthly basis.

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11. FEES

If you appoint Fisher Investments Europe as your discretionary investment manager, you will pay management fees to Fisher Investments Europe as detailed in the IMA. Fisher Investments Europe will pay a portion of such management fees to Fisher Investments as the sub-manager. If you appoint Fisher Investments directly as your discretionary investment manager, you will pay management fees directly to Fisher Investments as detailed in the investment management agreement. If you invest in a UCITS fund managed by Fisher Investments, Fisher Investments will receive its management fee indirectly through the UCITS. Fisher Investments Europe does not charge a separate fee for its introducing or distribution services. You will also incur transaction and custody fees charged by brokers and custodians. However, any such additional fees will be payable directly to brokers/custodians, and neither Fisher Investments Europe nor Fisher Investments will share in any commission or other remuneration.

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If you wish to cease using the services of Fisher Investments Europe at any time, then send notification and the arrangement will cease in accordance with the IMA. However, if a transaction is in the middle of being arranged on your behalf at that time and it is too late to unwind it, then the transaction may need to be completed first.

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Canary Wharf, London, E14 5AX

or by calling: +44 0800 144 4731

or by emailing: FIEOperations@fisherinvestments.co.uk

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MSCI ALL COUNTRY WORLD

MSCI All Country World Index is a free float-adjusted market cap-weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI Index consists of 23 developed country and 24 emerging market country indexes. Unless otherwise specified, returns shown include dividends after deducting estimated withholding taxes. MSCI calculates estimated withholding taxes using the maximum rate of the constituent company's country of incorporation applicable to non-resident institutional investors that do not benefit from double-taxation treaties.

MSCI EMERGING MARKETS

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S&P 500

The S&P 500 Index is a capitalization-weighted, unmanaged index measuring 500 widely held US common equities of leading companies in leading industries, representative of the broad US equity market.

MSCI EAFE

The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The Index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.