

Q1 2026

# Quarterly Report

Value Balanced I

## Introduction

This quarterly report summarises the key developments in the financial markets and the portfolio during the first quarter of 2026. We provide an overview of the results achieved and the geopolitical and economic factors that contributed to this performance.

Whilst government policy and escalating geopolitical tensions dominated short-term trends, the markets proved remarkably resilient. Despite a sharp correction in March, earnings remain solid and the recovery in industrial metals points to a continuing strong economic foundation.

## Highlights

- **The two faces of Q1**

Strong global equity gains in the first two months gave way to a sharp correction in March following the outbreak of war in Iran.

- **A historically rapid market recovery**

The US market recouped its losses in just eleven trading days, marking the fastest recovery in 75 years.

- **Challenges in Europe**

European stock markets are also recovering, but at a slower pace due to their heavy reliance on energy imports and prices.

- **Signals of growth**

Earnings remain solid and the recovery in industrial metals points to a continuing strong economic foundation.

- **Positive outlook for 2026**

The portfolio remains well balanced, with a focus on attractively valued, cyclical quality companies.

**In short:** A strong start to the year was followed by a correction in March. The current recovery seems solid, but remains heavily dependent on a swift resolution of the Iran conflict.

Part I

# Market review & portfolio update

## A quarter of contrasts: growth and corrections in March

The first quarter of 2026 can be divided neatly into **two distinct periods**: the first two months, when global equities advanced strongly lead by international markets, and March, when the Iran war triggered a sharp correction, and US assets outperformed. March was not kind to European equities, given the region's high economic sensitivity to energy prices. The European Index posted its largest monthly decline in March since June 2022, erasing the strong gains of the earlier months and finishing the quarter with a decline of almost -2%.

**Commodities were the clear winners** of Q1 with the main commodity indices posting a +40% return lead by energy. It was the second-best quarter on record for the asset class after Q1 1990, at the start of the first Gulf War.

### The dominant role of government policy and geopolitics

The last three months were an accurate reflection of how government policy plays a large role in influencing the shorter-term trends in financial markets. Last quarter, the US engaged in two military 'excursions' targeting China's proxies (Venezuela and Iran), the Strait of Hormuz shut down, oil prices spiked, the Supreme Court threw out Trump's global tariffs, Trump selected a new Federal Reserve Chair while the current Fed Chair still faces a criminal probe. All this within the corporate context of AI disrupting every industry and starting to impact negatively on private credit markets as the survival of certain industries are brought into question.

Given these events, it is no wonder that investor enthusiasm for risk taking, which was extended as equity markets rallied in the beginning of the year, cooled considerably by quarter end. We are reminded of the quote ascribed to a US author and news reporter:

*“The biggest big business in America is not steel, automobiles, or television. It is the manufacture, refinement, and distribution of anxiety.”*

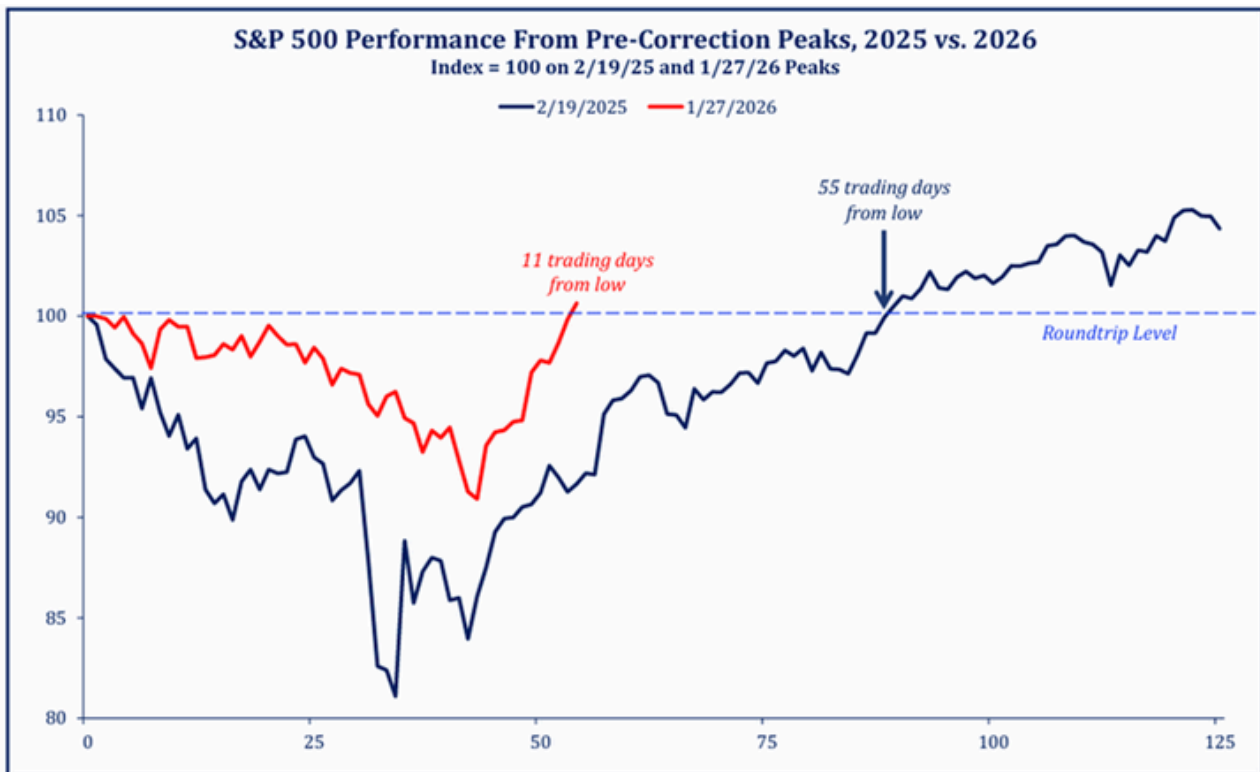
This was uttered over 70 years ago and is even more relevant now given the 24-hour streaming social media noise.



## Fastest recovery in 75 years

At the time of writing, global equity markets have already erased the March decline and are back in positive territory for the year. The US market reclaimed its high in **just eleven trading days** (chart below) - the fastest recovery in 75 years following a correction of at least 8%.

Such strong recoveries, though suggesting overbought conditions in the short-term, **historically signal above average market returns** in the medium-term.



Source: Strategas Research Partners

We have often warned of the dangers of being influenced too much by the dramatic headlines of the financial press.

Financial markets remain resilient. Corporate profits so far have been decent and, in some regions, have even increased since the war commenced. Despite building concerns in the private credit market and modest spread widening, credit has not been a broad concern. With earnings and interest rates holding up their end of the bargain, it is tough to get too pessimistic as yet.

The three price charts of Copper, Aluminum and Zinc display the strong recovery following the initial sell-off of the Iran War. Industrial metals are starting to clearly outperform the precious metals (gold and silver) which have historically been a sign of expectations of improving economic growth.



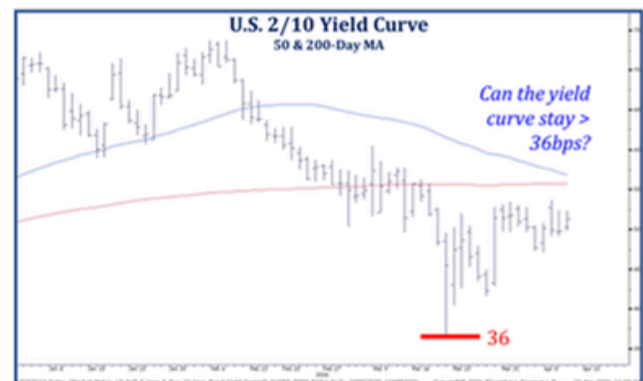
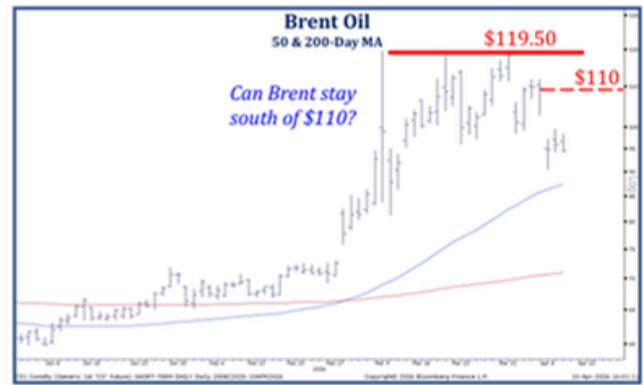
Source: Strategas Research Partners

## Navigating risks: energy, AI and four key indicators

We are not naïve. It will become more difficult to insulate the global economy from the tide of persistent energy shortages. The outlook, particularly for energy-importing economies such as the EU, is more worrisome. Furthermore, in the event that current conflict is resolved in a timely and comprehensive manner, we will still be left with **AI disruption, elevated valuations, and growing problems in private credit**. Portfolios certainly cannot be managed on the volatility of news headlines.

The four charts of **Oil price**, the shape of the **US yield curve** (proxy for future economic growth expectations), the **High Yield Index** (proxy for credit stress) and the **main US Bank Index** provide some line in the sand as to whether a more defensive portfolio positioning is required.

Quite simply, the levels these four indicators reached directly following the escalation of the Iran conflict have so far not been breached. In essence, they collectively signal a **more constructive outlook for conflict resolution**. Should these initial levels be breached, it would clearly signal a deterioration in the macro-outlook and increase the rationale for a more defensive posture.



Source: Strategas Research Partners

## Portfolio positioning

The portfolio does remain **well-balanced** though retaining exposure to cyclically sensitive stocks that were starting to benefit from an improved global economic outlook as the year began. This did lead to losses in March but **we remain constructive both on the market outlook for the remainder of 2026** as well as on the prospects for our equity investments which are selling for highly attractive discounts to the market.

We remain confident that our exposure to **high quality companies selling at attractive valuations** will allow for another year of strong returns in 2026.












Part II





# Update responsible investing

# VALUE Responsibility Framework & your portfolio

Companies have a significant impact on matters such as climate, resource use, and social norms. To make this impact measurable, we use the United Nations' 17 Sustainable Development Goals (SDGs) as a universal framework. Through our VALUE Responsibility Framework, these goals are divided into 5 categories and 10 investment themes.










The table below shows how the companies in your portfolio are distributed across these themes. In this report for the first quarter of 2026, we analyse current sustainability scores to provide insight into your investments' performance on these non-financial criteria.

ESG	Cat.	Theme	Definition	Mparters Portfolio Holdings: where their main positive contribution lies	Main SDG	Topics to assess contribution
Social	Voorspoed (Prosperity)	Economic Prosperity	Work and prosperity for all	- AIB - Barclays - ING - Prudential - UniCredit		- Financial inclusion
		Innovation & Digitisation	Innovation through new technology and research	- CapGemini - Infineon - Nokia		- Energy efficiency
		Infrastructure & Urbanisation	Safe and sustainable housing and infrastructure	- Airbus - Alstom - Arcadis - Barratt Redrow - CRH - Grafton - Kingspan - Rexel - Ryanair	 	- Air pollution avoided - Energy efficiency - GHG emissions avoided
Environment	Aarde (Earth)	Circular Economy	Sustainable solutions for waste and water management	- Smurfit Kappa - Veolia Environment	 	- Water cleaned - Waste avoided
		Nature & Biodiversity	More biodiversity and nature	- Smurfit Kappa - Veolia Environment	 	- Biodiversity & land use
Social	Leven (Life)	Feeding Lives	Less poverty and more food security	- Ahold - Carrefour - Danone - Kerry	 	- Food security
		Health & Well-being	Promotion of physical and mental well-being and happiness	- AstraZeneca - Novo Nordisk - Roche - Sanofi		- Health improvement

ESG	Cat.	Theme	Definition	Mpartners Portfolio Holdings: where their main positive contribution lies	Main SDG	Topics to assess contribution
Environment	Uitstoot (Emissions)	Energy & Climate	Sustainable solutions for energy and climate	- Alstom - Infineon - Kingspan - Rexel - Veolia Environment	 	- Energy efficiency - GHG emissions avoided
Good Governance	Evenwicht (Balance)	Good Governance	Good governance for sustainability and peace	All	 	- Fair business conduct

## Portfolio-level results

The table below illustrates the results for various sustainability topics. Your Mpartners portfolio scores are benchmarked against the MSCI Europe Index. This comparison provides insight into the ESG characteristics of the companies within your portfolio relative to the global average.

Topic	Mpartners Portfolio	MSCI Europe	SDG
<b>Environment</b>			
<b>Greenhouse Gas Emissions</b> (tons scope 1+2+3 greenhouse gas emissions per 1M€ turnover)	<b>939 tons</b>	1.508 tons	
<b>Air Pollution</b> (tons pollutants per 1M€ invested)	<b>0.07 tons</b>	2.06 tons	
<b>Waste Production</b> (tons hazardous waste per 1M€ invested)	<b>2.51 tons</b>	113 tons	
<b>Water Consumption</b> (water consumption per 1M€ invested)	7,064 m3	<b>6,861 m3</b>	
<b>Biodiversity</b> (investments in companies with facilities/activities in or nearby biodiversity-sensitive areas)	<b>3.25%</b>	11,18%	 
<b>Social &amp; Governance</b>			
<b>Gender Diversity</b> (representation of women on boards of directors)	<b>38%</b>	34%	
<b>Excessive Pay</b> (salary ratio of highest-earning versus median earning employee)	92x	<b>75x</b>	
<b>Good Governance</b> (investments in companies without policies against corruption and bribery)	<b>0%</b>	<b>0%</b>	

\*Data sourced from Matter, April 2026. A change in data provider has resulted in different data points/figures in some cases. The benchmark used in this table has been changed to the Core MSCI Europe benchmark (previously ACWI).

## Company-specific updates



SDG 2 - ZERO HUNGER



In the first quarter of 2026, Danone expanded its operations through the acquisition of Huel, a producer of nutritionally complete meal solutions. By combining Huel's scientifically developed products with Danone's global distribution and R&D, access to nutritious,

shelf-stable food is increased. This supports the further development of affordable, sustainable food solutions and contributes to addressing nutritional deficiencies worldwide<sup>1</sup>.



SDG 9 - INDUSTRY, INNOVATION AND INFRASTRUCTURE



In the first quarter of 2026, Airbus has been taking a step towards lower-emission aviation through a partnership with the Civil Aviation Authority of Singapore (CAAS) and CFM International. In Singapore, the world's first testbed is being established for the 'Open Fan' technology from the RISE program (Revolutionary Innovation for Sustainable Engines). In this engine design, the casing around the blades is removed, which enables a larger fan diameter.

The result is a reduction in fuel consumption and CO2 emissions of over 20% compared to the current industry standard (the CFM LEAP engines). The test facility in Singapore is essential for preparing this technology for daily operations, with a focus on alignment with airport infrastructure and managing noise profiles. For Airbus, where civil aviation accounted for approximately 72% of group revenue in 2025, this marks an important step towards a fleet with a lower climate footprint<sup>2</sup>.



SDG 3 - GOOD HEALTH & WELL-BEING



In early 2026, AstraZeneca received EU approval for the use of Imfinzi in gastric and gastro-oesophageal junction cancers. This immunotherapy, when used before and after surgery, could reduce the risk of disease recurrence or death by 29% compared to chemotherapy alone. By targeting the cancer at this early stage, the chance of long-term survival

for patients would be significantly increased. Now that official authorisation has been granted, attention shifts to health insurers; they must determine when the treatment will be reimbursed, so that doctors can actually start prescribing the drug as a new standard method<sup>3</sup>.

<sup>1</sup> [Danone to acquire Huel, extending its portfolio in Functional Nutrition](#)

<sup>2</sup> [Singapore to establish world's first airport testbed for next generation propulsion technologies](#)

<sup>3</sup> [Imfinzi approved in the EU as first and only perioperative immunotherapy for patients with early gastric and gastroesophageal cancers](#)

## Green bonds

Green bonds are a vital component of the portfolio and represent a substantial portion. These bonds, which hold a **very high credit rating (AAA-rating)**<sup>6</sup>, generally characterised by a robust capacity to meet financial obligations, can contribute to stability during periods of market turbulence. The proceeds from these bonds are deployed into a wide range of sustainable projects<sup>4 5</sup>.

At a European level, there is a clear shift towards increased standardisation of sustainability regulations, which also impacts EU Green Bonds. Recently, proposals were published to simplify the EU Taxonomy and better align it with technological advancements and existing regulatory frameworks. As a classification system for sustainable economic activities, the Taxonomy is designed to help direct capital flows towards investments that contribute to the EU's climate objectives<sup>7</sup>.

"In addition, from June 2026, external reviewers verifying the sustainability claims of green bonds will be subject to mandatory registration and oversight by the European Securities and Markets Authority (ESMA). Their role includes assessing whether bond proceeds are effectively allocated to sustainable activities, ensuring compliance with the EU Taxonomy, and verifying the integrity of the related reporting<sup>8</sup>.

These developments can contribute to greater transparency and consistency within the green bond market. For the portfolio, this may improve the assessment of sustainability claims and the comparability of green bonds, aligning with our focus on high-quality bonds with exposure to structural long-term trends.



<sup>4</sup> [NextGenerationEU Green Bonds Allocation and Impact Report](#)

<sup>5</sup> [Federal Republic of Germany Green Bond Framework](#)

<sup>6</sup> [FitchRatings Rating Definitions](#)

<sup>7</sup> [Commission seeks feedback on revision of criteria for sustainable economic activities](#)

<sup>8</sup> [Shaping a sustainable future: key updates for EU green bonds](#)



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