

MMWealth

Chartered Financial Planners



MM Wealth Market Update - February 2026

Markets in Transition: Balancing Innovation, Policy and Rotation



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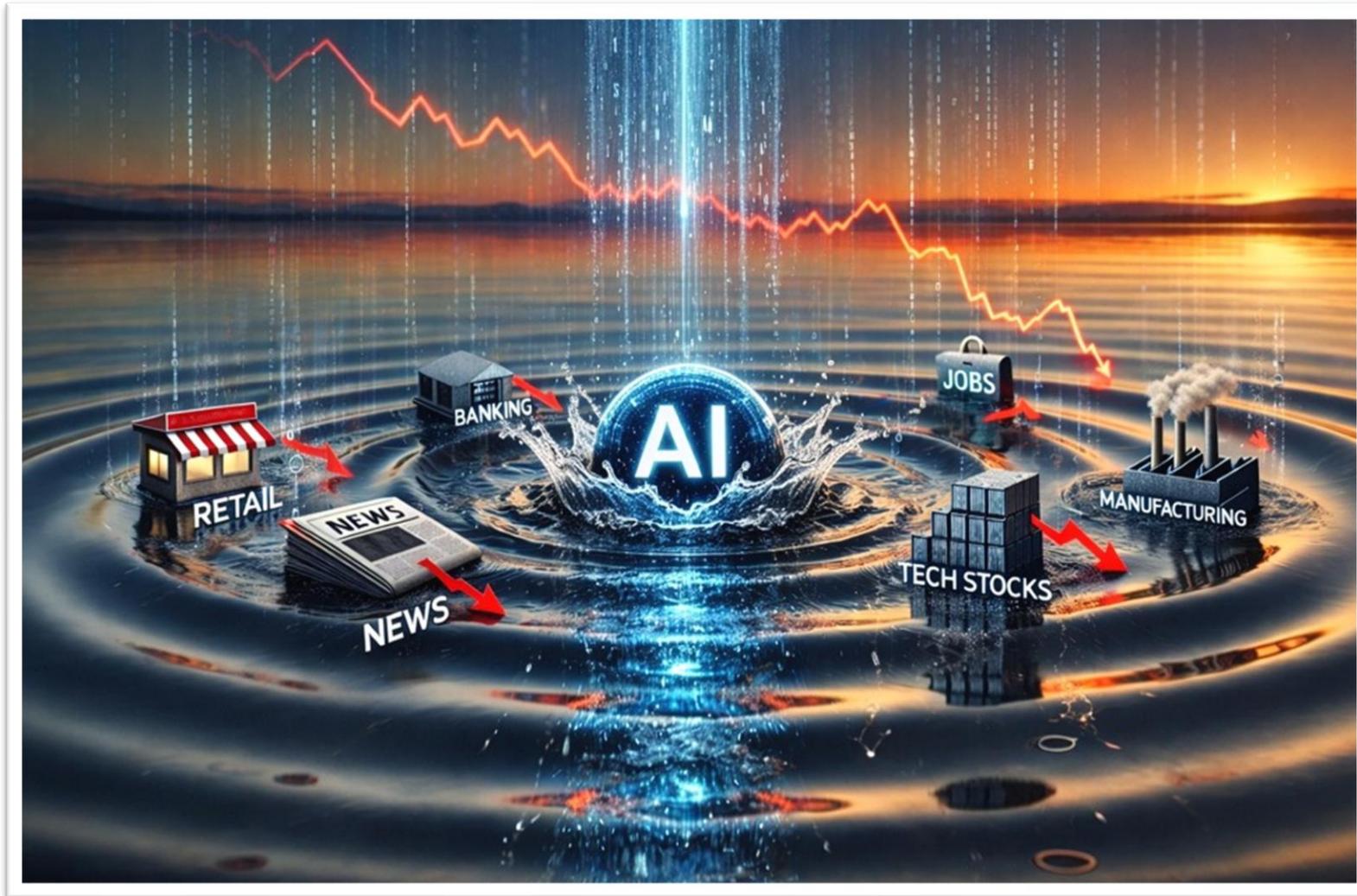
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Markets in Transition: AI Takes a Different Lead



Q4 2025 Outlook - Review

- Further policy rate cuts expected (US, UK, Europe) heading into 2026 and AI investment are the most important issues for investors
- Growth plus stimulus (liquidity) means the narrow US tech/growth leaders can continue to run hot
- After overheating, expectations for rate cuts to fade, and AI capex to slow... stagflation?
- Inflation-protected bonds and gold should outperform under stagflation, potentially real estate and commodities also
- Speculative holdings (Bitcoin!) and carry trades will be hurt, as positions unwind quickly
- As well as stagflation protection, the importance of cash and defensive alternatives rises

Policy noise
largely ignored

Falling
inflation

Smooth rate
cuts

AI drives
narrow
leadership

US
exceptionalism
continues

Growth
dominates

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2025 – Reality

Policy

Markets rediscovered that policy matters as much as economics

Inflation

It didn't return, but it never went away: inflation is cyclical, not solved

AI

The theme moved from promise and narrative to a make-it-happen spending cycle

Diversification

Stopped being theoretical and became visible in returns

Interest Rates

The world moved from one rate cycle, to many as policy paths diverged

Leadership

The first crack in US Exceptionalism as participation broadened

2025 – Market Drivers



The Return of Politics

- Trump 2.0, Liberation Day Tariffs
- Trade war rhetoric and escalation risk
- Markets react to policy rather than date

Inflation Dilemma

- End of “easy disinflation” narrative
- Rate expectations repeatedly shifting
- Growth vs Inflation tug-of-war

Interest Rate Policy Divergence

- US Federal Reserve holding pattern
- European Central Bank and Bank of England different trajectories
- Japan transitions away from ultra-loose policy

AI: From Theme to Reality

- AI optimism sustained
- DeepSeek / democratisation narrative
- Leadership broadens beyond Magnificent 7

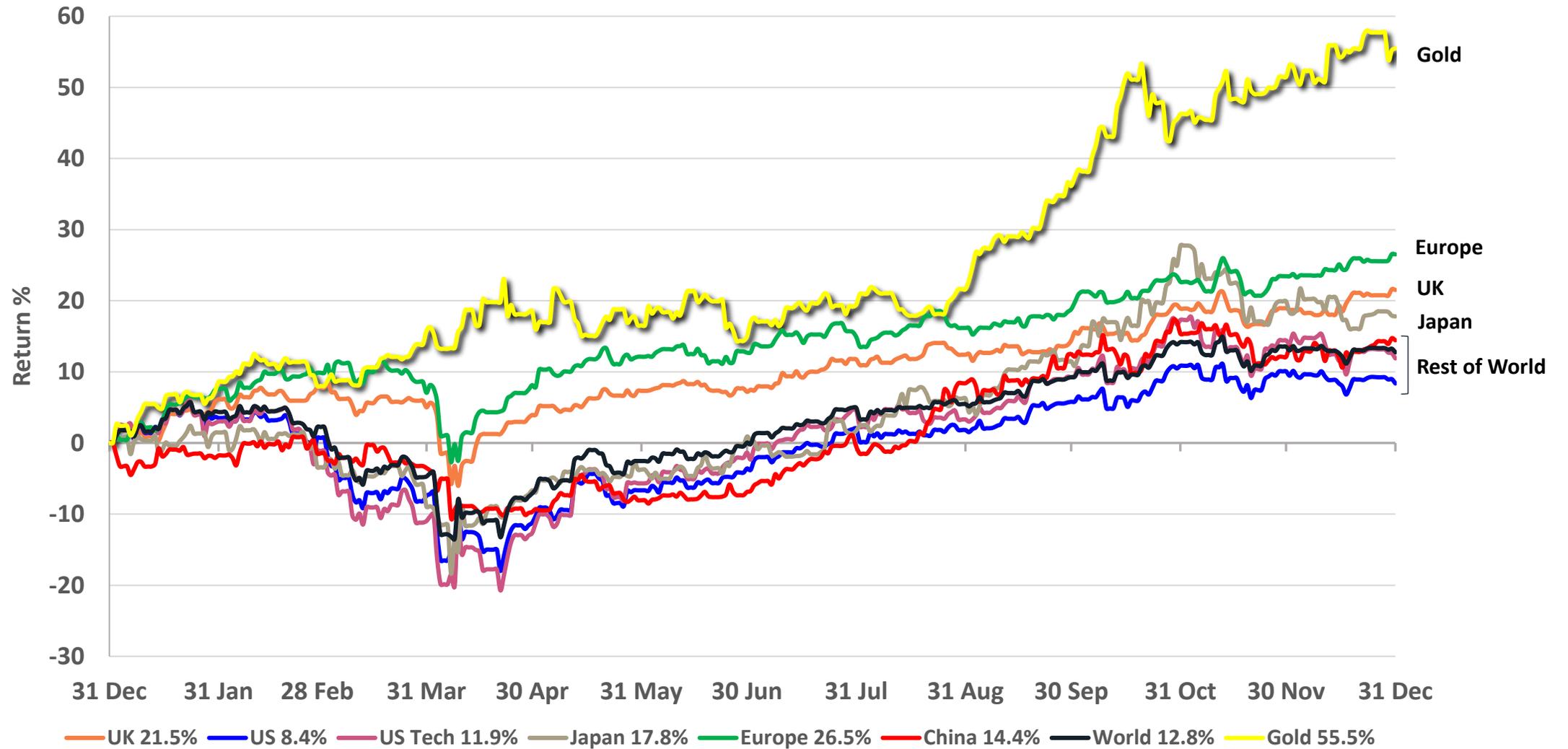
Market Leadership Broadens

- UK surges quietly
- EM benefits from weaker USD
- Broader equity participation
- Earnings dispersion increasing

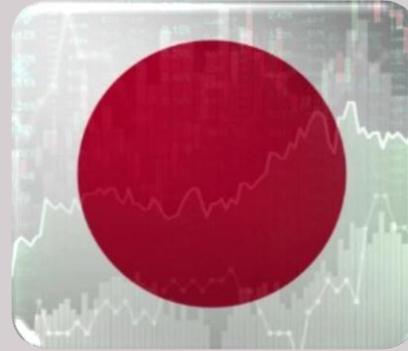
Diversification: Strategic Importance

- Gold (and silver) strength
- Commodities stabilising
- Alternatives acting as ballast

2025 Market Performance in GBP



2026 – Market Drivers Year to Date



AI Narrative Shift

- Major firms locking in funding for AI infrastructure and model development
- Anthropic's Claude highlights real-world risks

US Uncertainty

- Mixed labour data
- Signs of slowing consumer momentum
- Increased debate around recession risk vs soft landing

Japan Surges

- Snap election leads to market surge
- Structural re-rating by global investors
- Weak yen tailwind

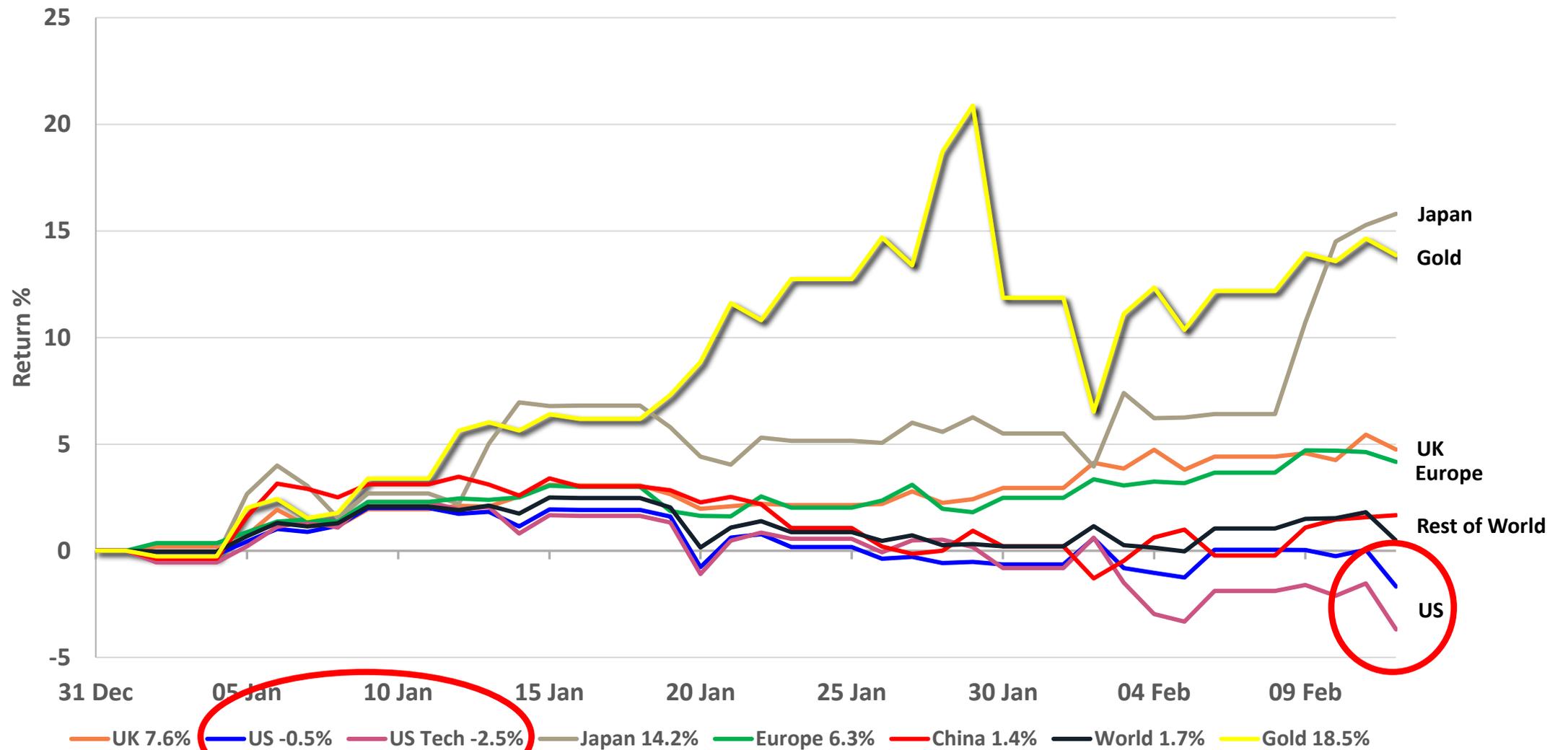
Precious Metals Volatility

- Sharp swings in gold and silver
- Safe-haven demand vs rate expectations
- Fiscal concerns underpin structural demand

Interest Rate Expectations

- Not just inflation driving expectations
- Labour market and growth data now central
- Markets rapidly repricing rate paths

Year to Date Market Performance in GBP

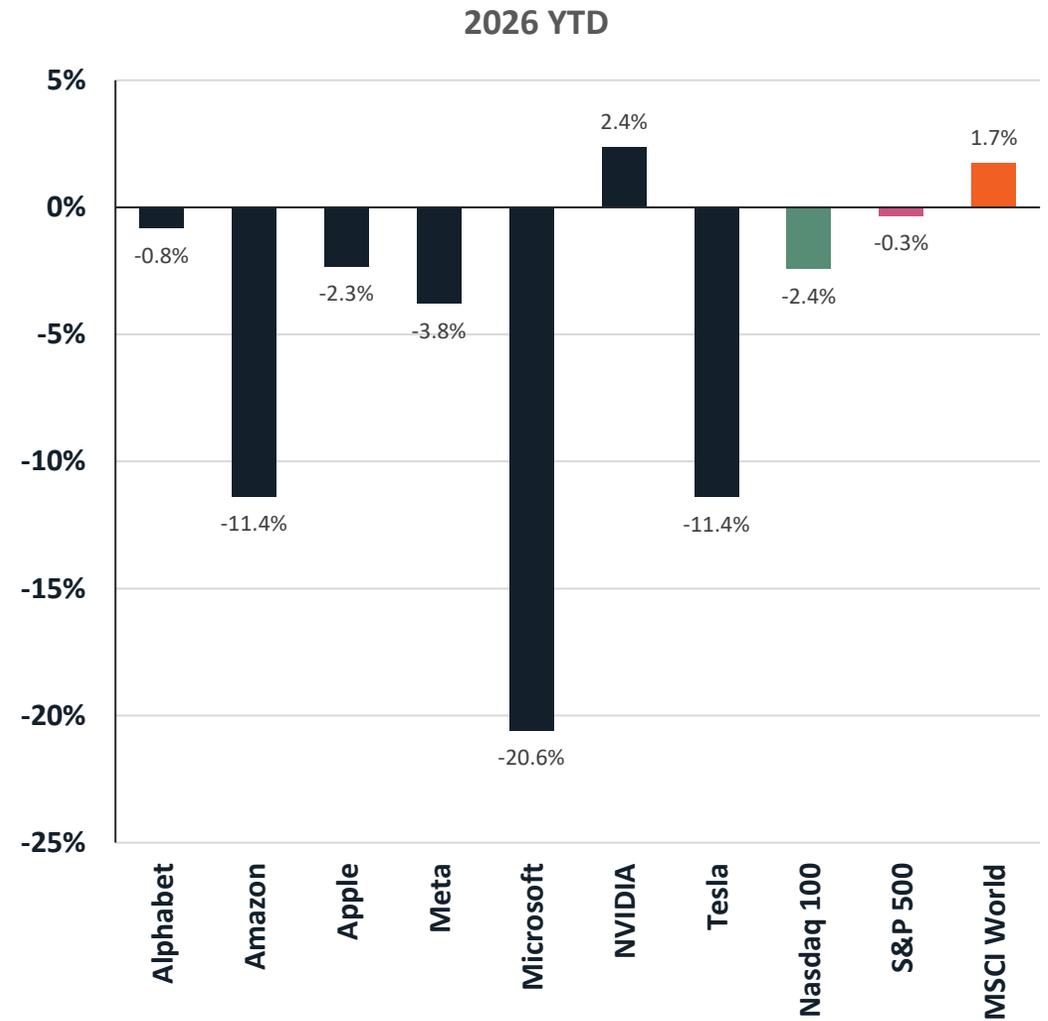
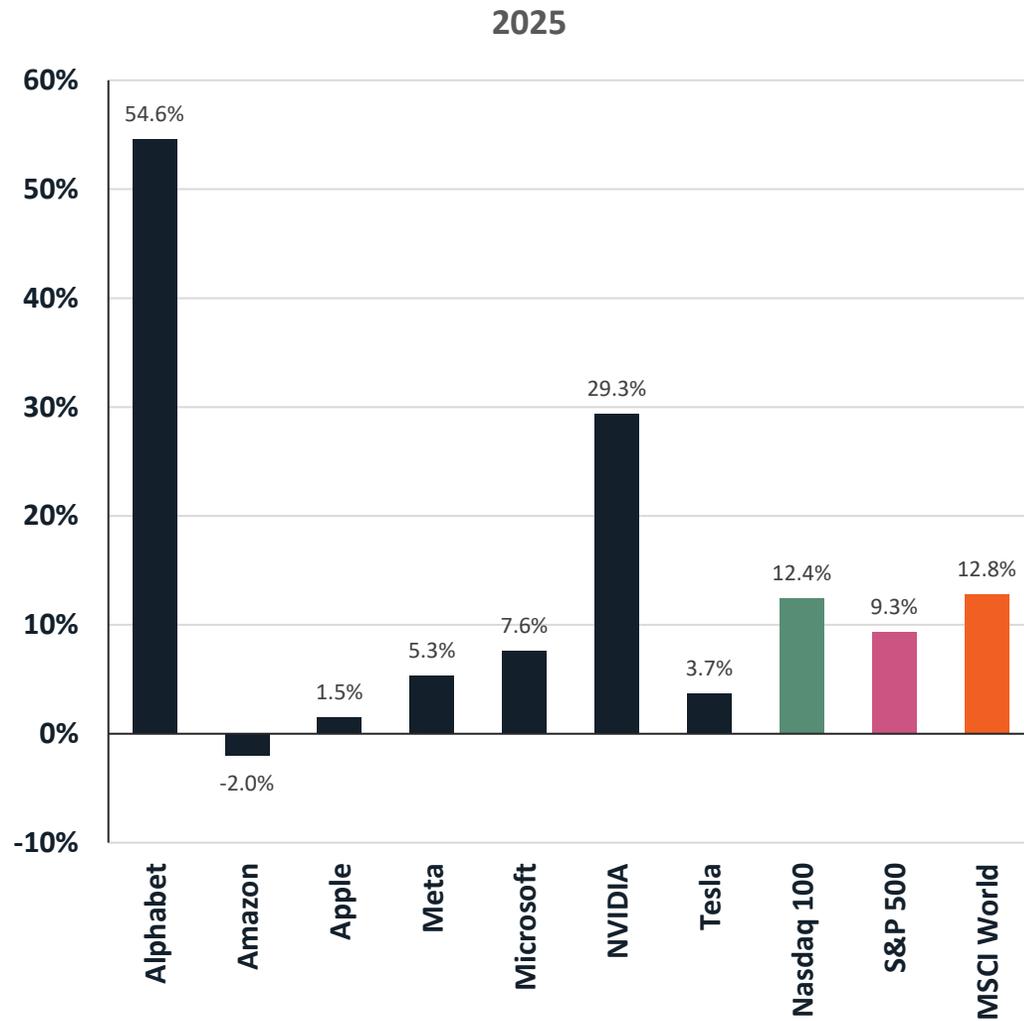


AI – From Innovative Narrative to Economic Implementation

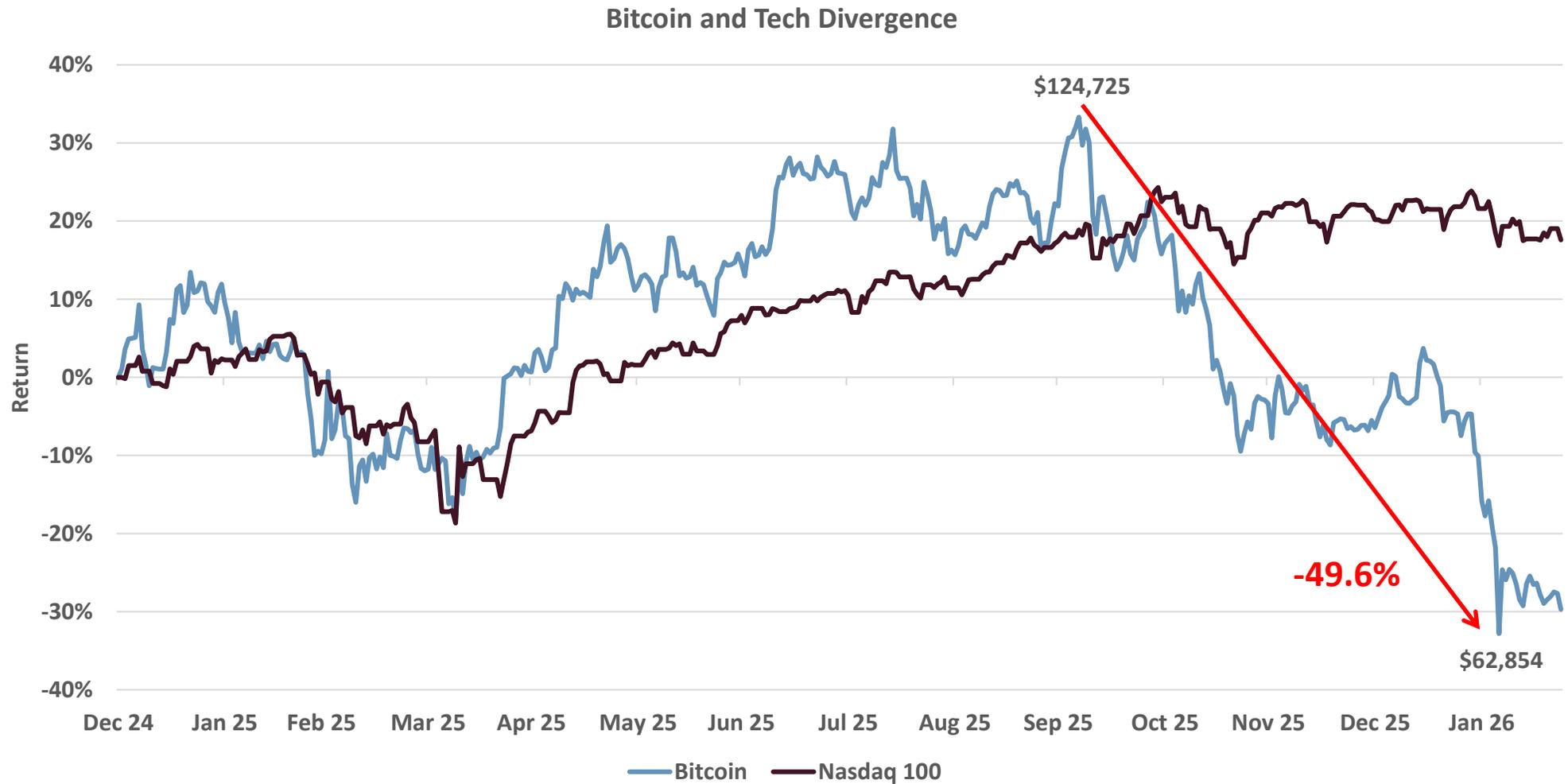


AI is no longer just about opportunity; it's about redistribution of economic power.

Last Ride of the Magnificent 7?



No Longer a Lead Indicator?

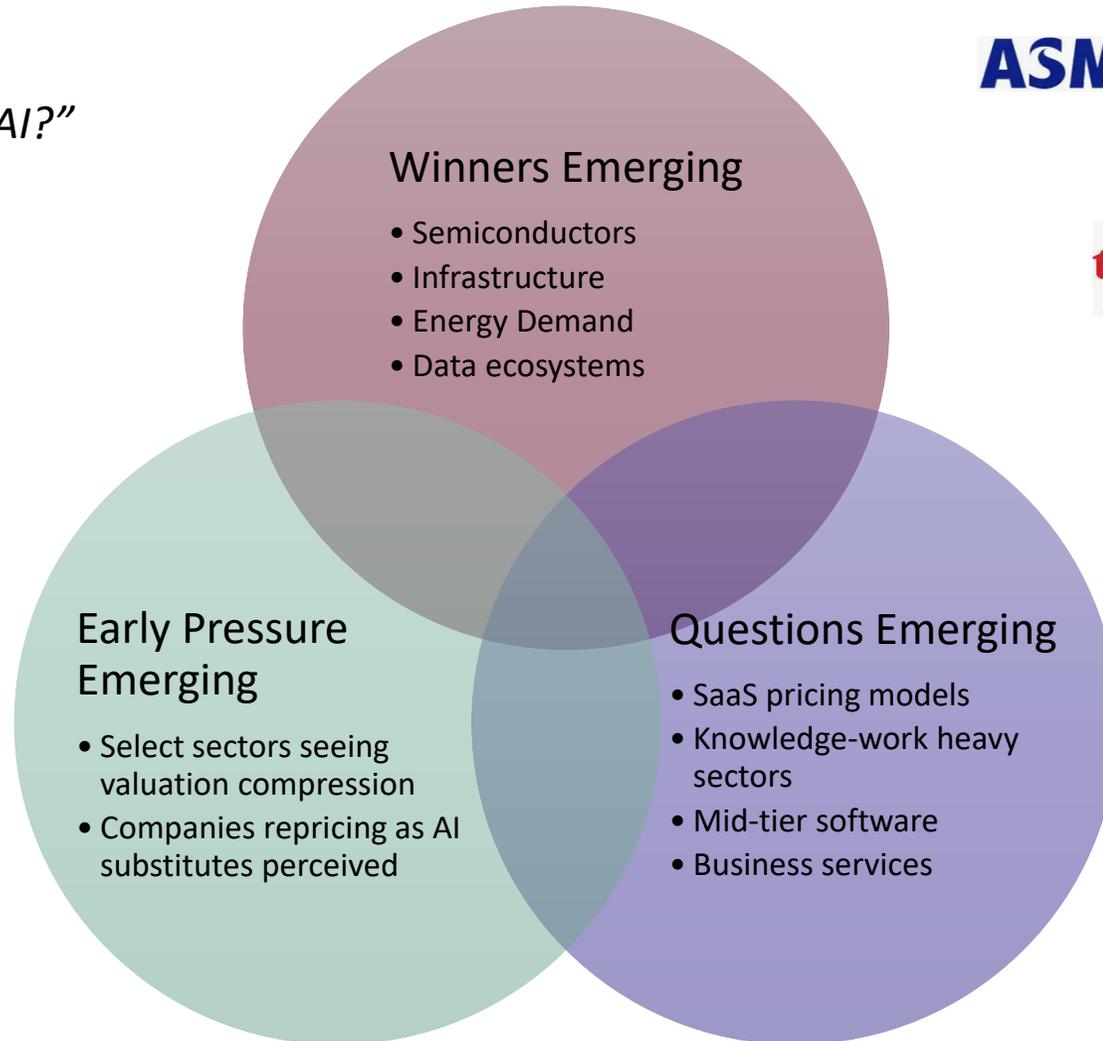


AI – Implementation Ripple Effect

“Which companies benefit from AI?”

vs

“What gets disrupted next?”



ASML +32.6%

APPLIED MATERIALS +45.5%

tsmc +22.6%

Chegg -32.8%

docusign -38.9%

fiverr -46.1%

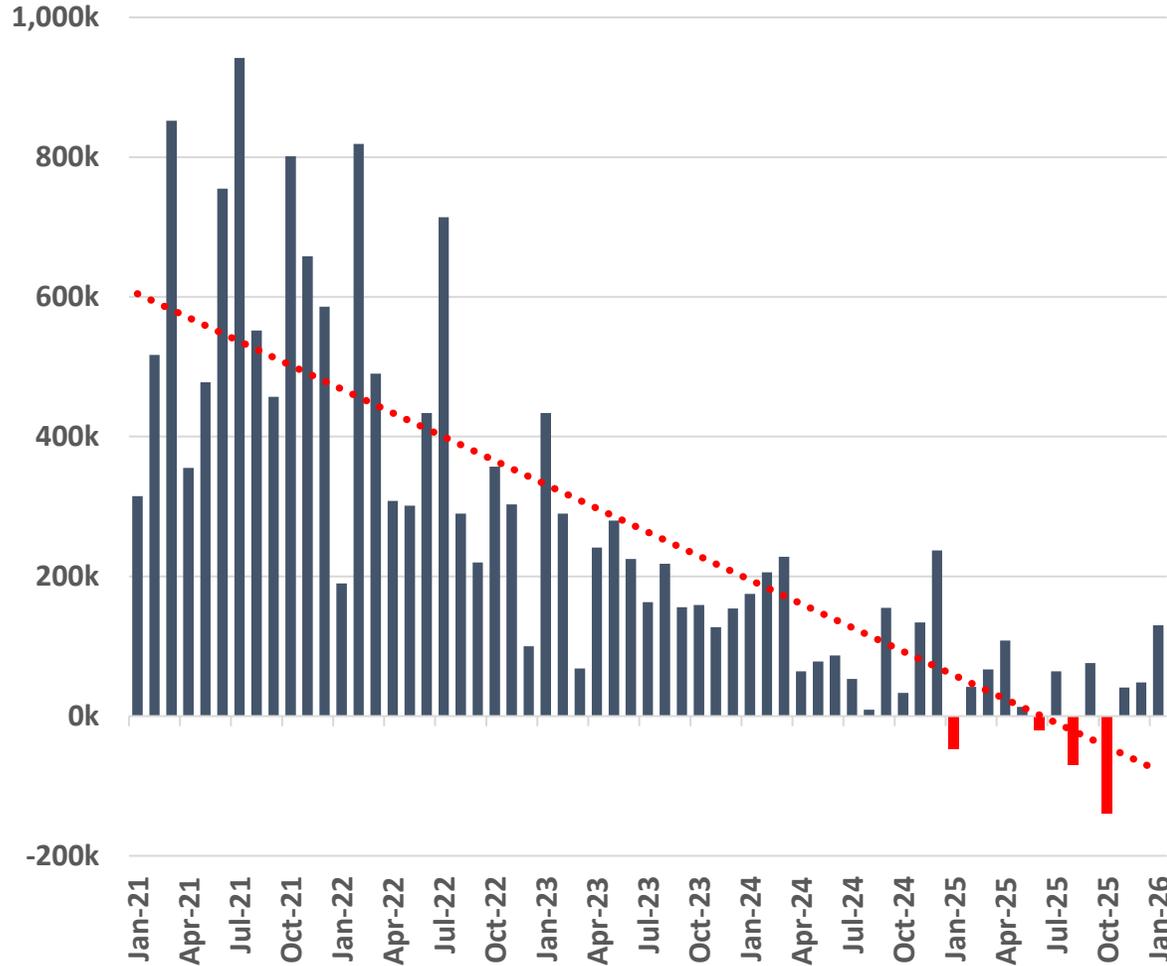
salesforce -32.8%

upwork -36.9%

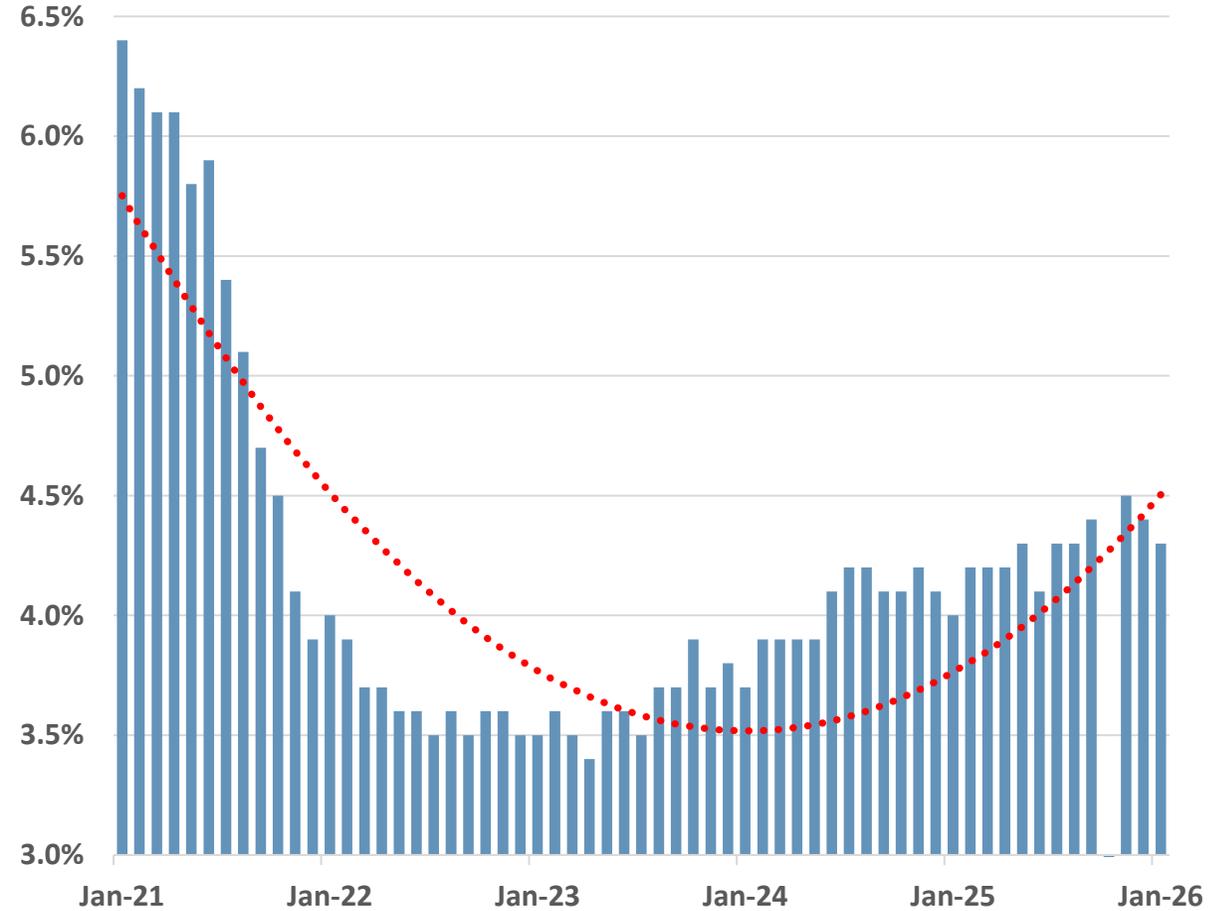
servicenow -34.2%

Markets are transitioning from AI enthusiasm to AI consequence pricing.

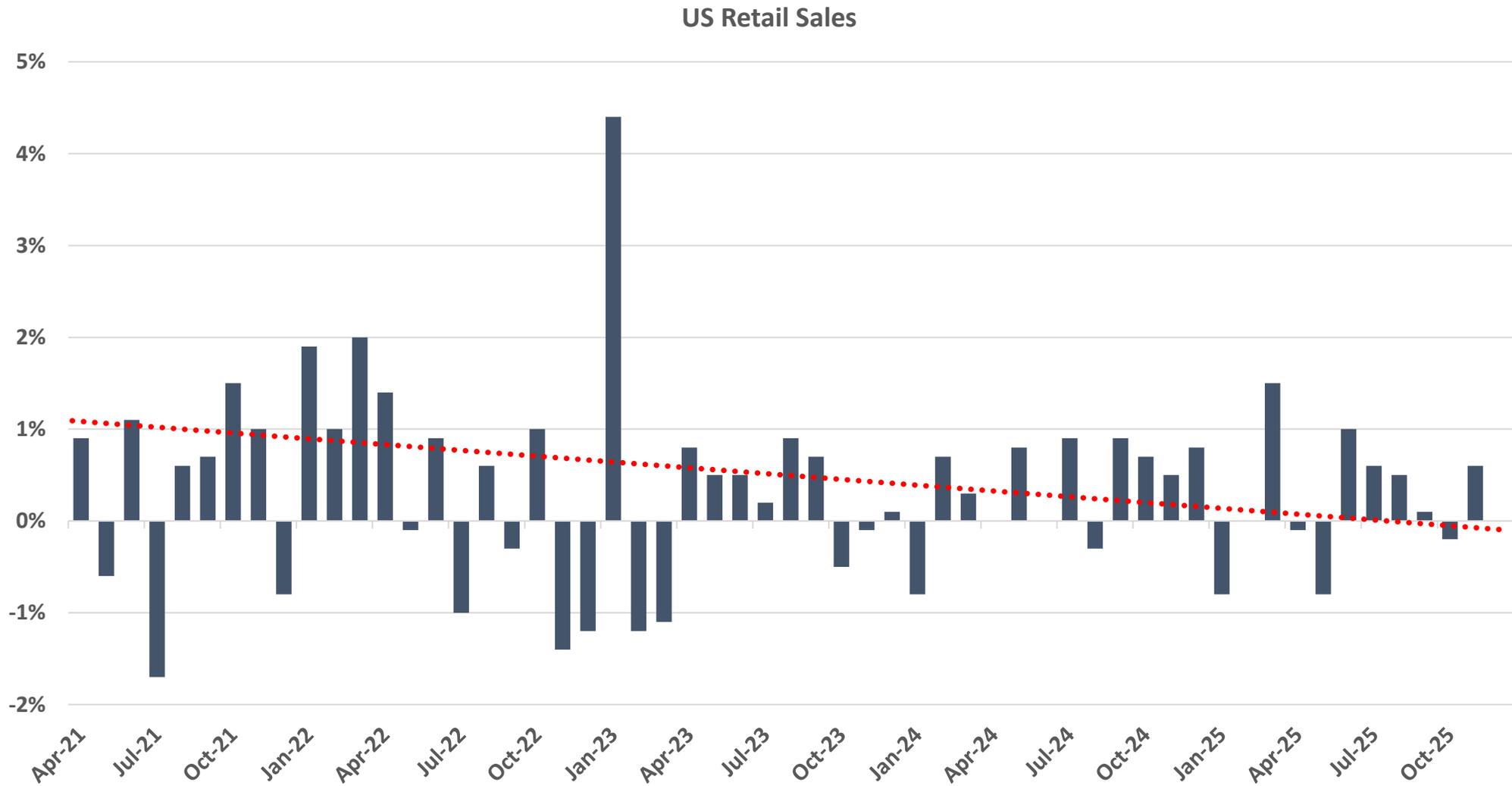
Monthly Change in US Jobs



US Unemployment Rate

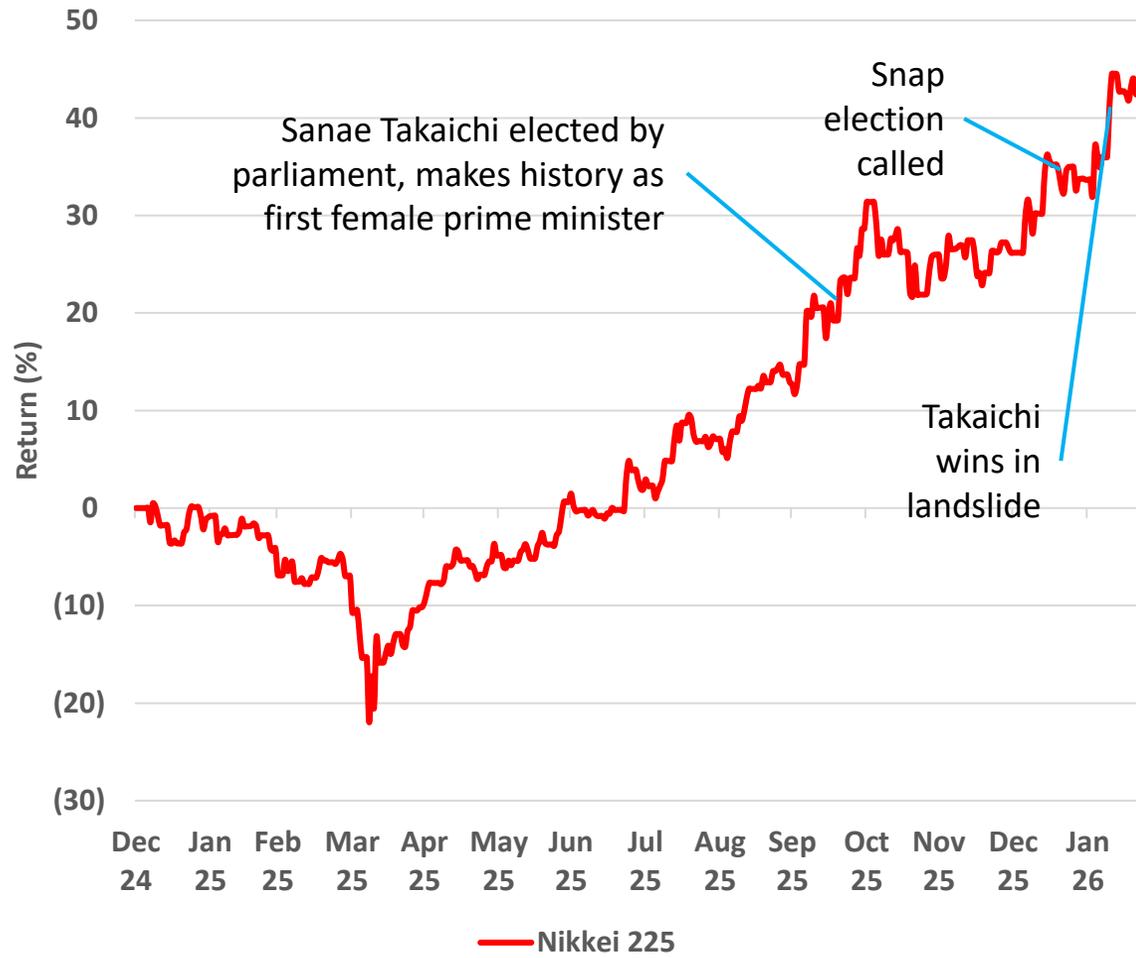


US Consumer Spending Easing?

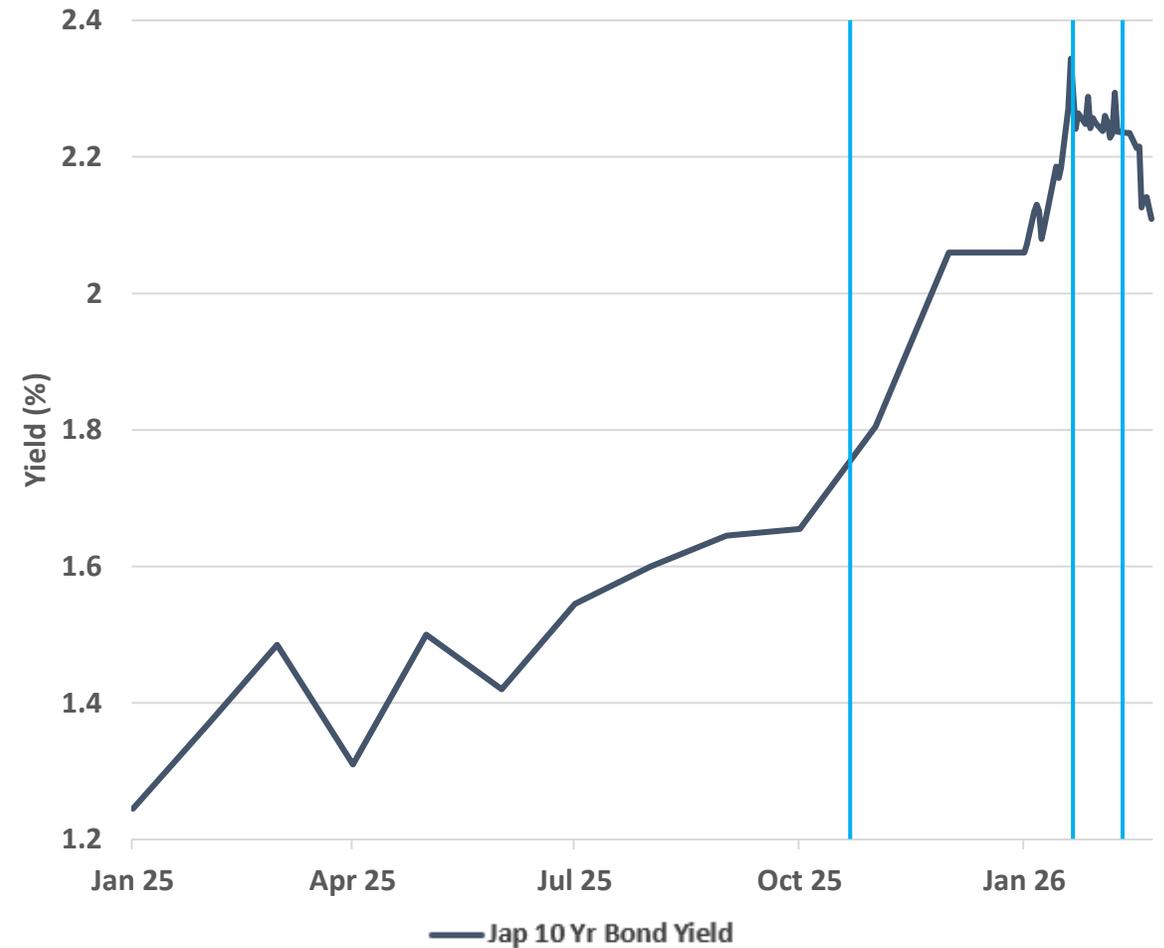


Japan – New Leadership, New Highs

New Highs in Japanese Equity Markets



But Not Convincing Bond Markets



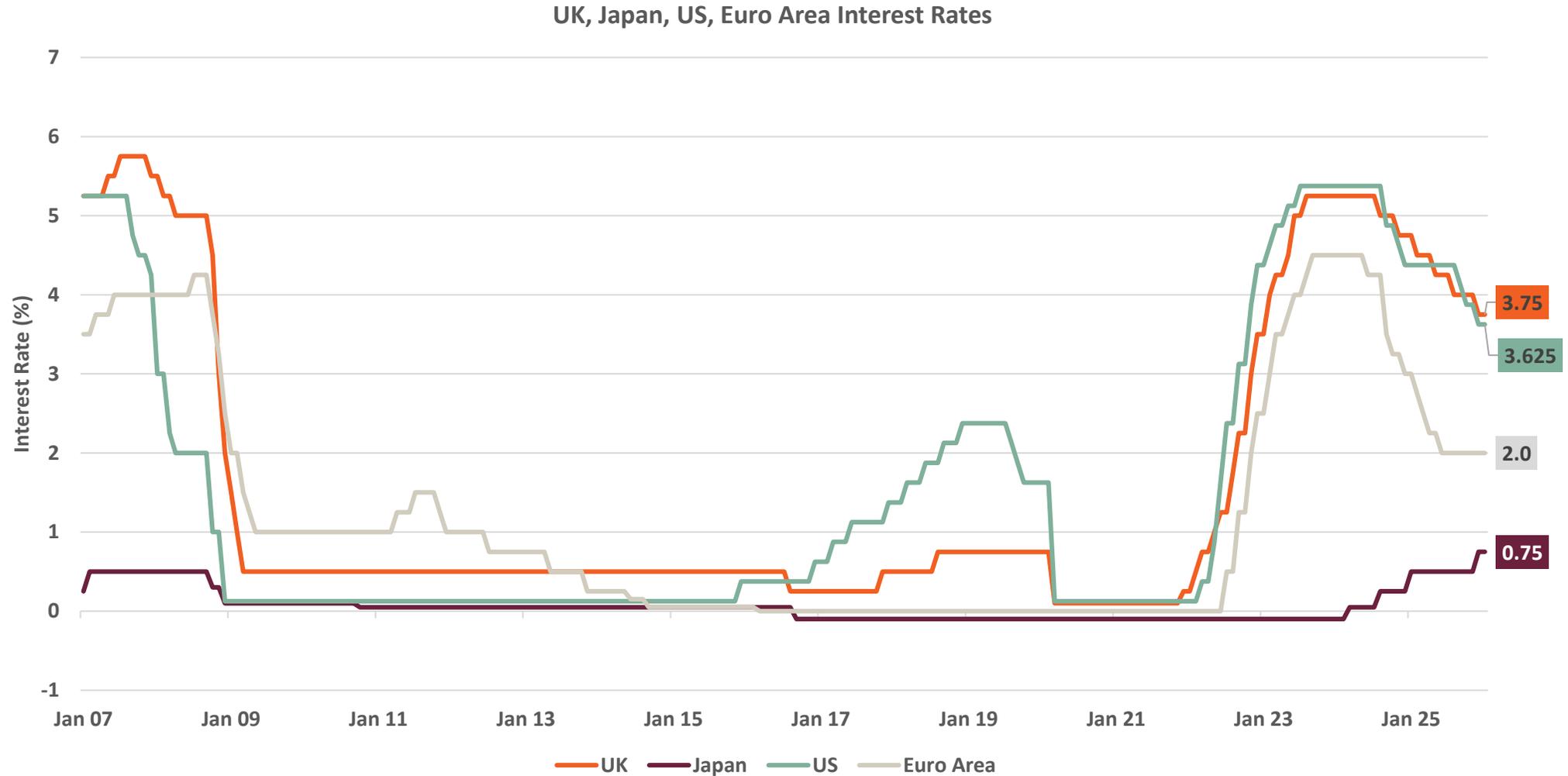
Precious Metals in Demand

Gold Shines, Silver Tarnishes



Period	2025 to Peak (31/01/26)	Peak to date
Gold	+88.2%	+1.4%
Silver	+246%	-22.0%

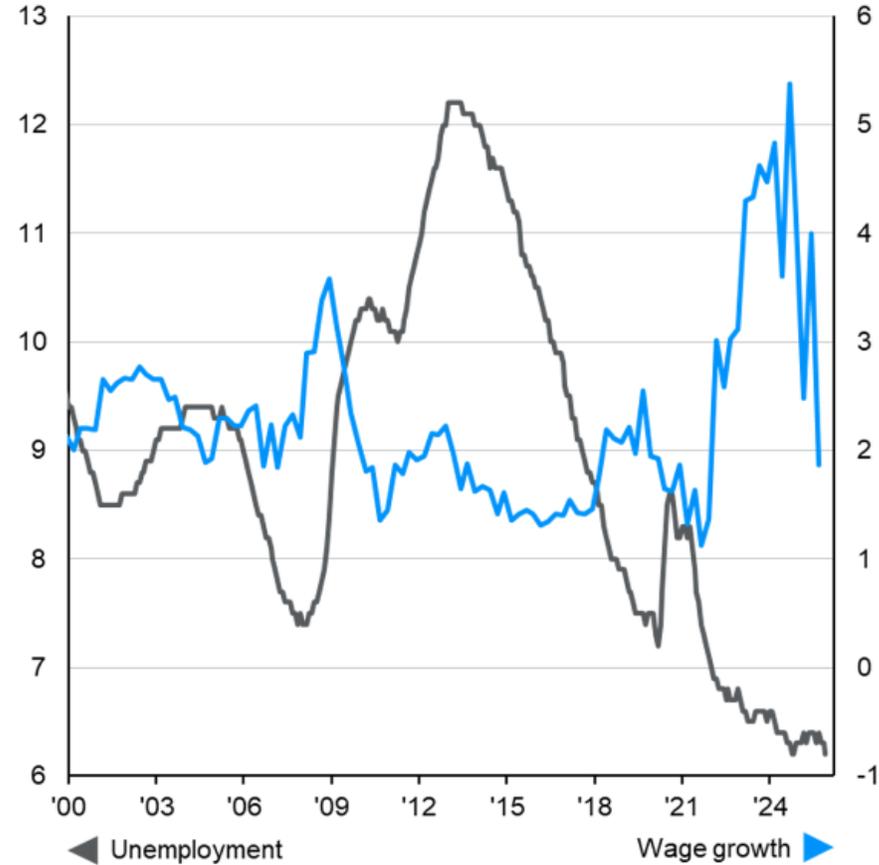
Diverging Interest Rate Paths



Employment Data in Europe and UK Mixed

Eurozone unemployment and wage growth

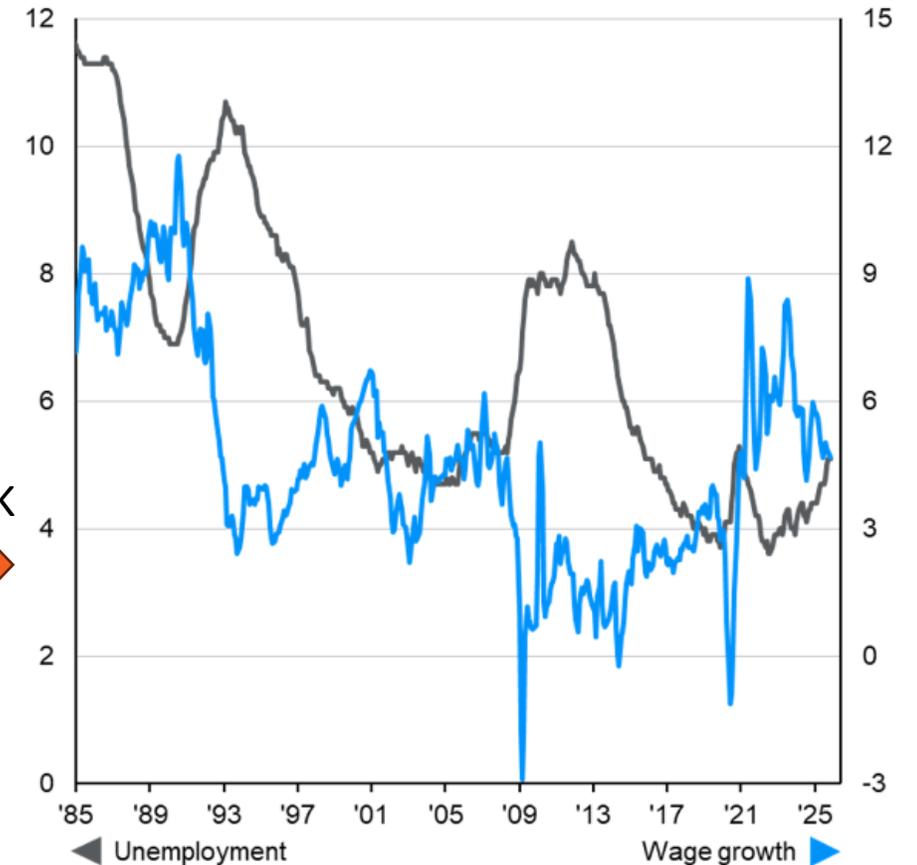
%, wage growth is year on year



	Unemployment	Wage Growth
EU ←	Falling 6.2%	Falling 1.9%
UK →	Rising 5.2%	Falling 4.5%

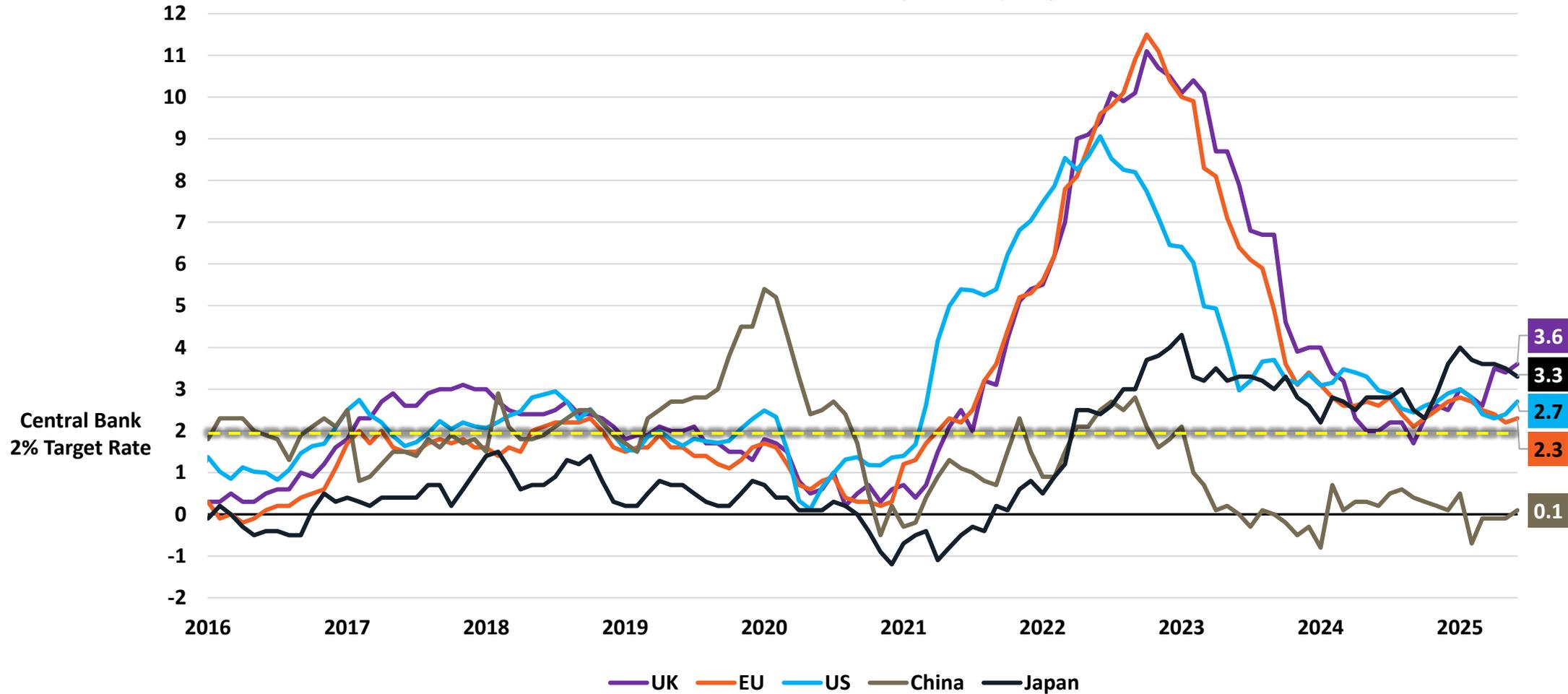
UK unemployment rate and wage growth

%, wage growth is year on year

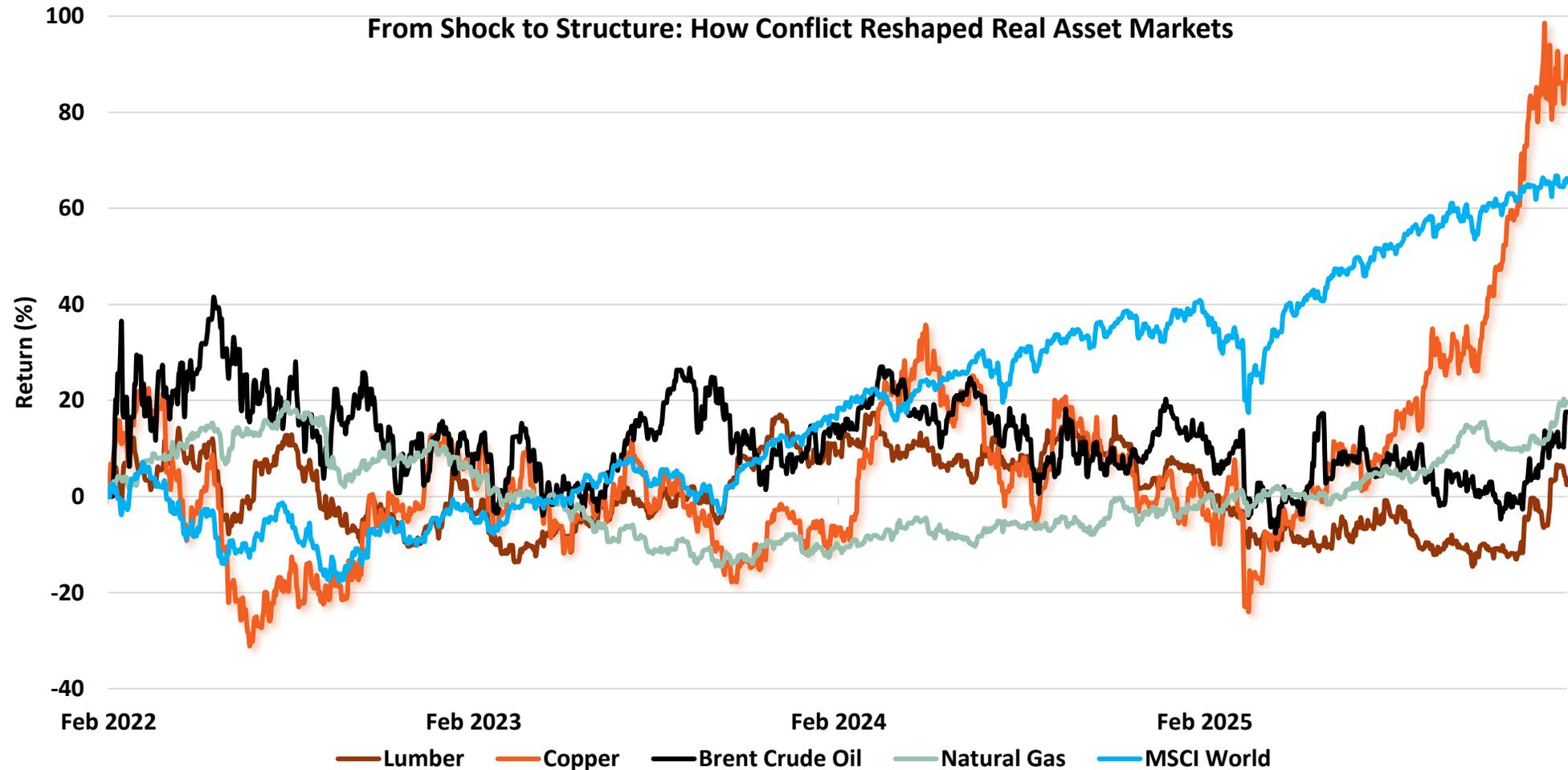


Inflation Remains

Inflation Remains Above Target in Key Regions

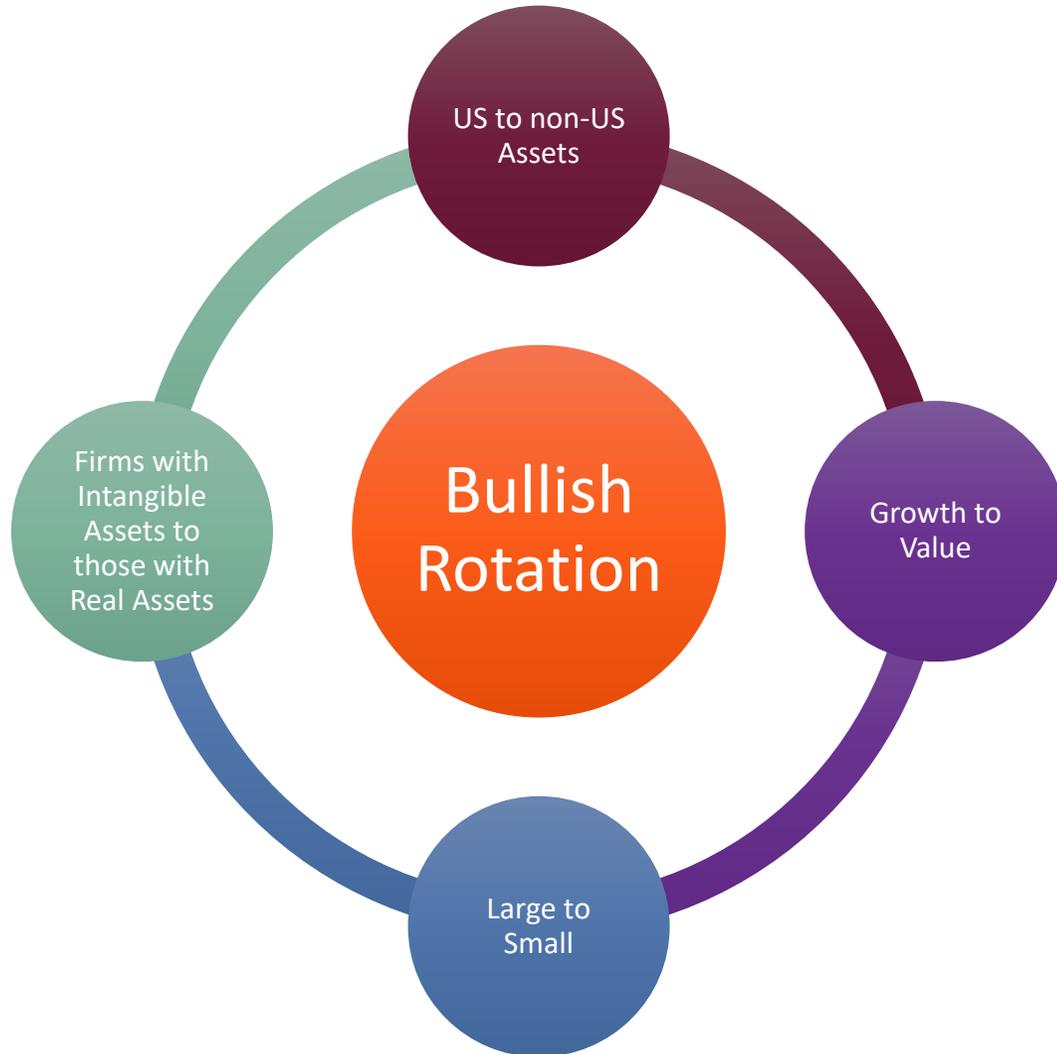


Four Years On: Commodity Markets in a Fragmented World



Markets adapted quickly, but energy, metals and supply chains remain structurally tighter, reinforcing the role of real assets in diversified portfolios..

Looking Ahead - Rotation



“Bullish rotation” has been good for MMW strategies

- Underweight US equities
 - MMW c30-40% vs MSCI World c71%
- Less Growth exposure
 - MMW c20% vs MSCI World c25%
- Overweight smaller companies
 - MMW c15-20% v MSCI World All Cap c7%
- Alternatives and real assets provided ballast
 - such as commodities, global real estate and UK infrastructure

Late Cycle Risk of Bearish Rotation



The economy continues growing, but rate slows and ultimately falls below potential but still positive



Inflation comes off cycle highs



Monetary policy rates peak and then ease



Labour markets tighten, unemployment looks low



Companies get creative to boost growth, targets harder to achieve, leading to increased M&A and more leverage



Consumers look more stretched, personal debt rises, delinquencies tick up in lower income households



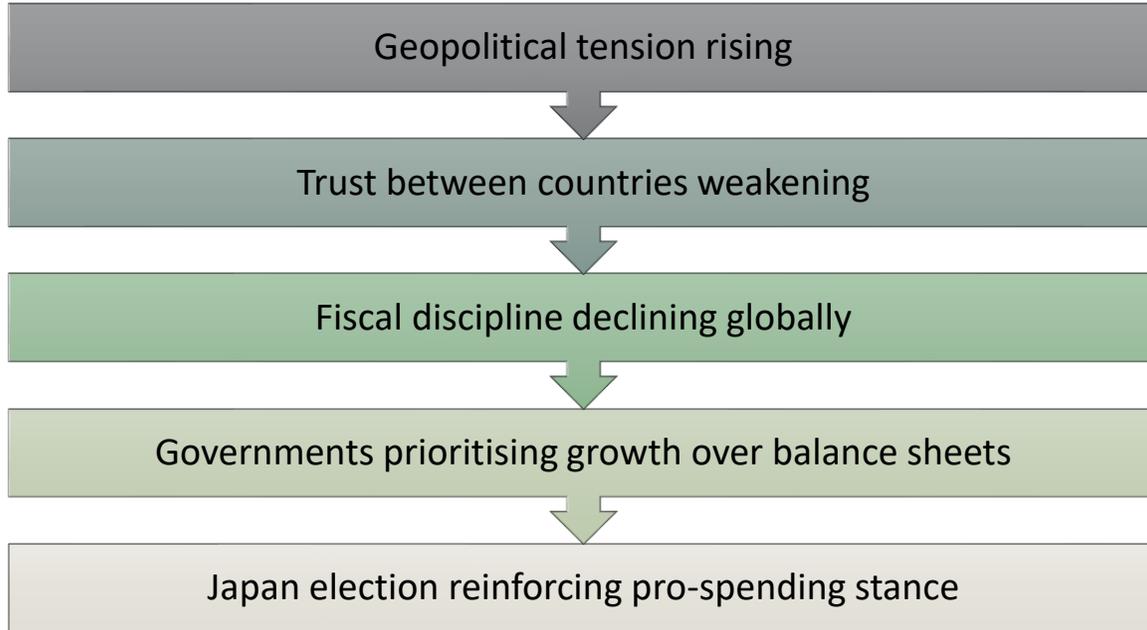
Banks might loosen credit standards



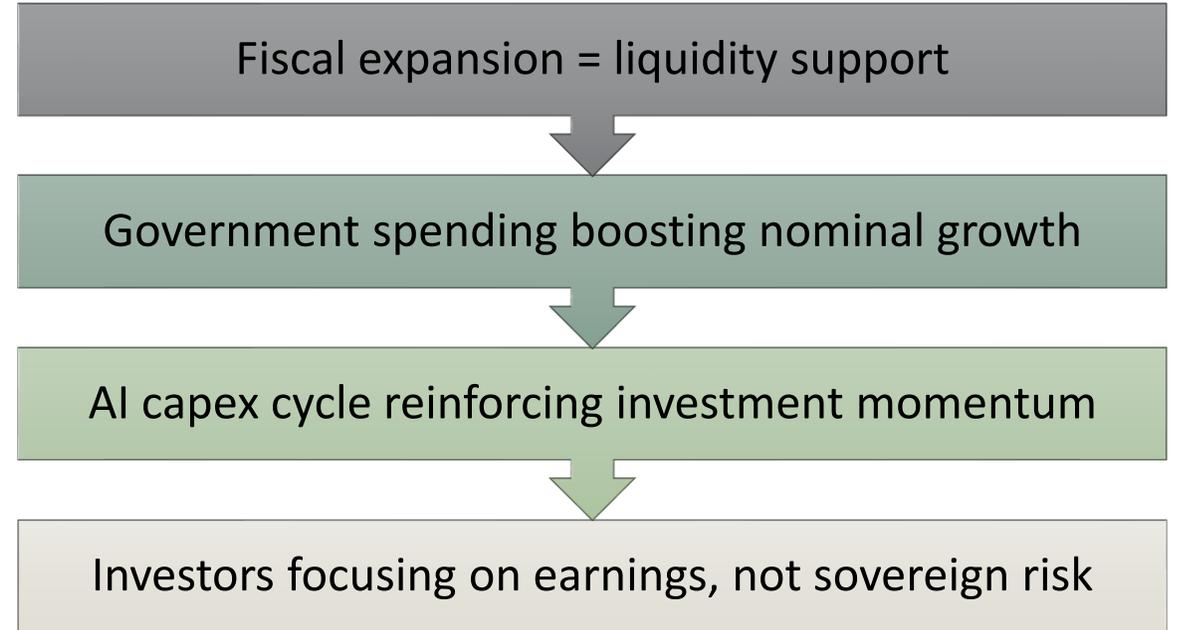
Recession fears build, government bond yields flatten/invert

The Fiscal Illusion: Why Risk Assets are Comfortable Today

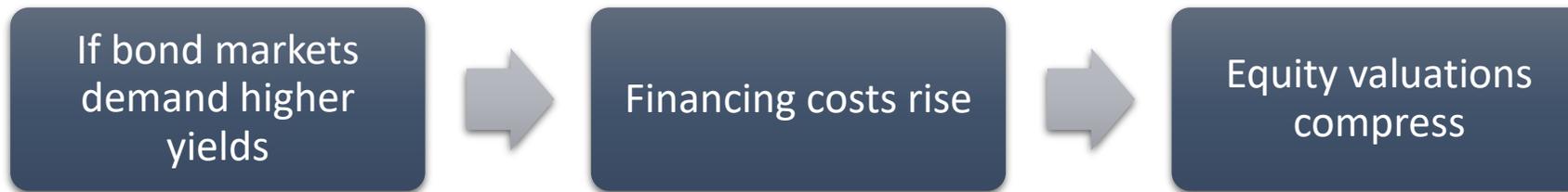
What markets are doing



Why markets remain strong

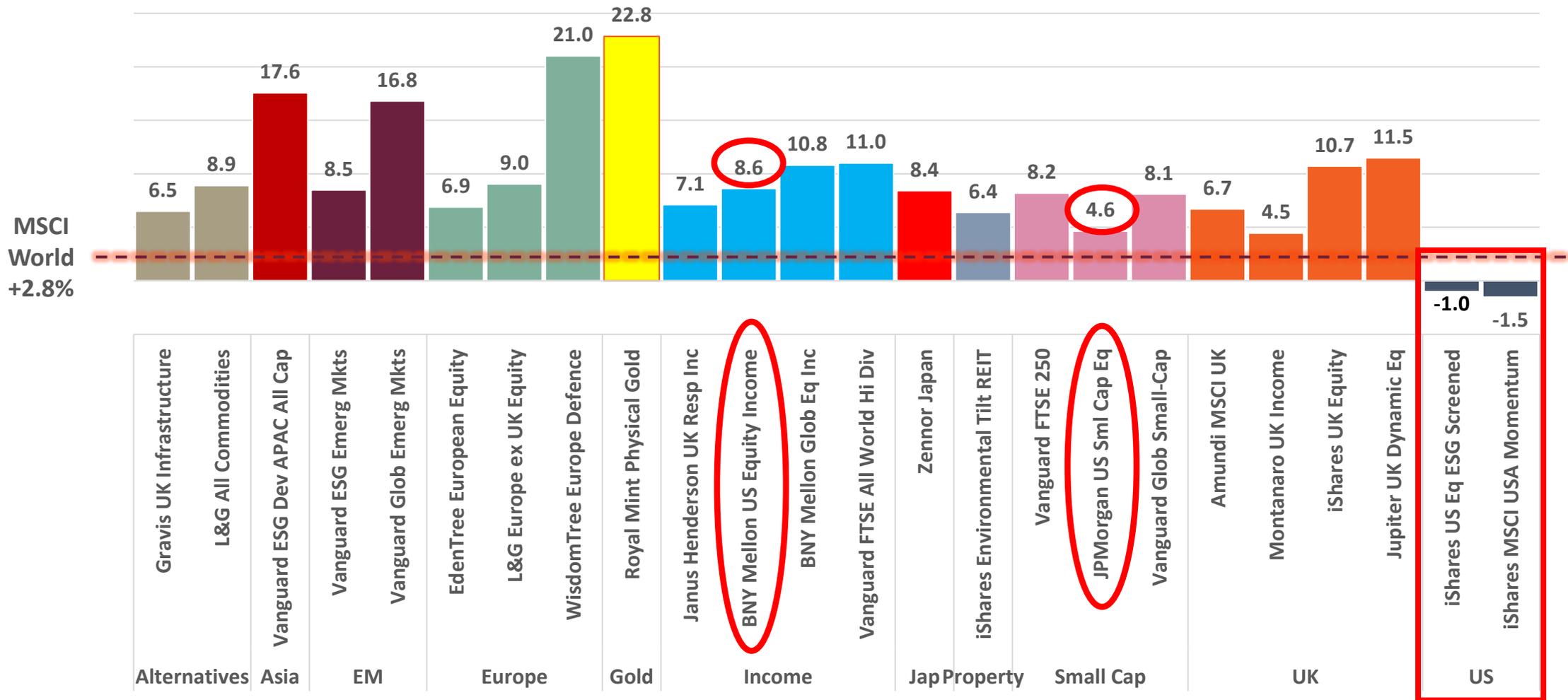


Fiscal expansion is supporting equities today but increases long-term pressure on bonds.

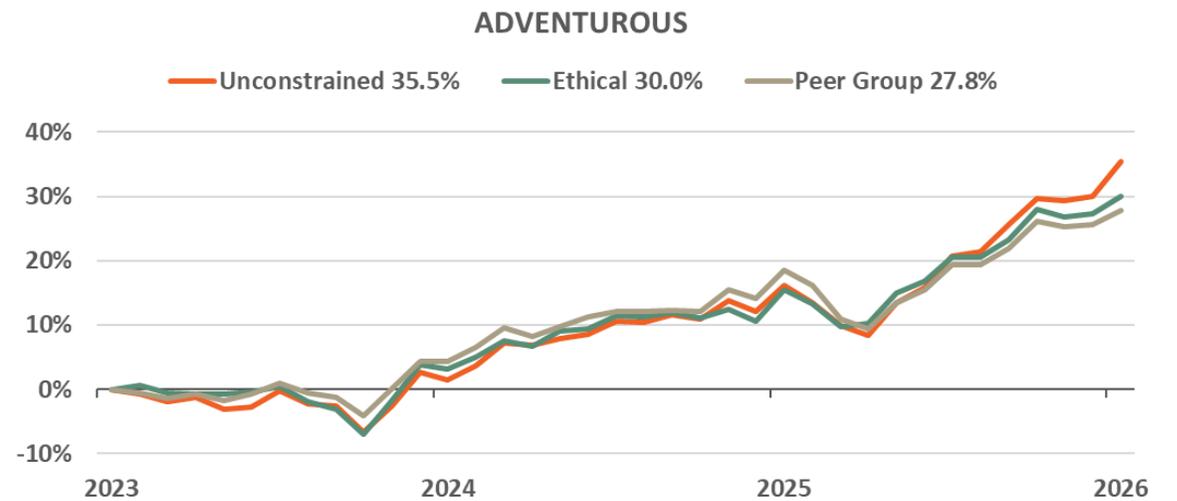
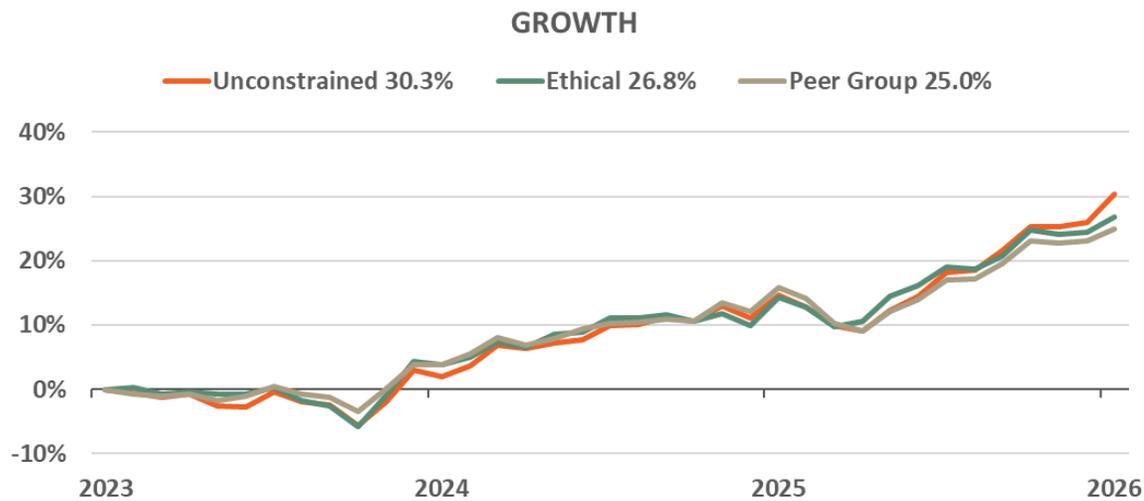
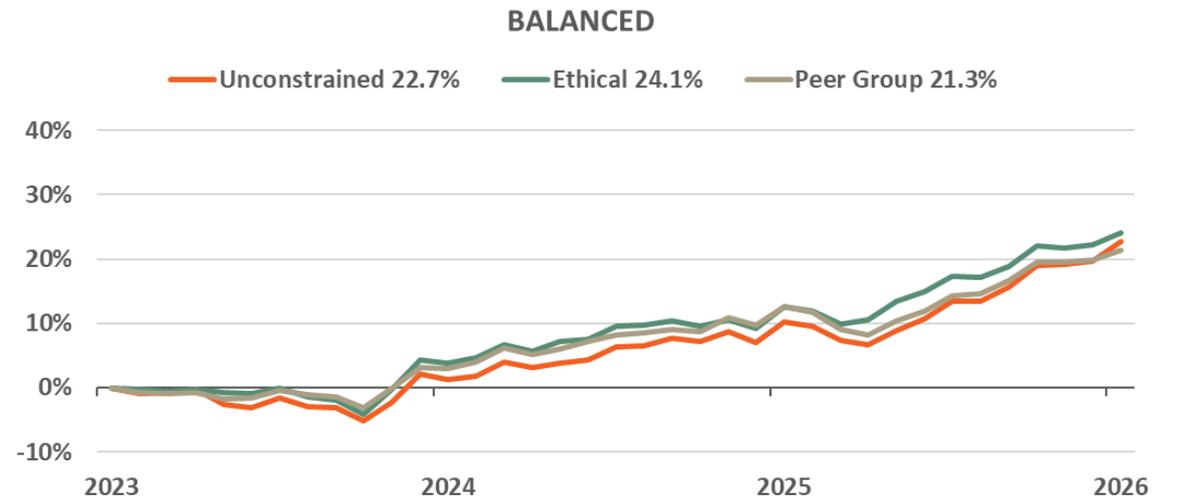
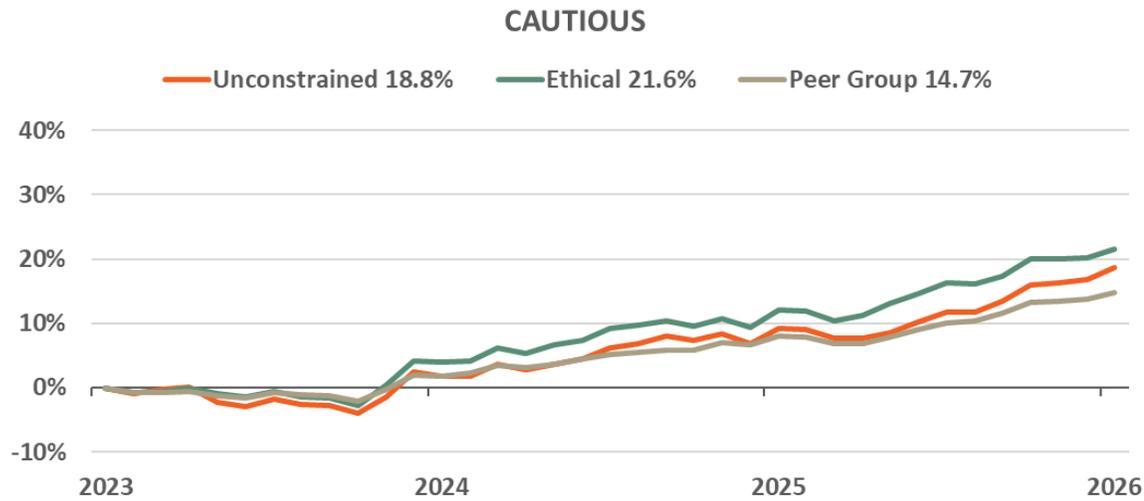


Theme Performance (%) – Since Previous Webinar 25/11/25

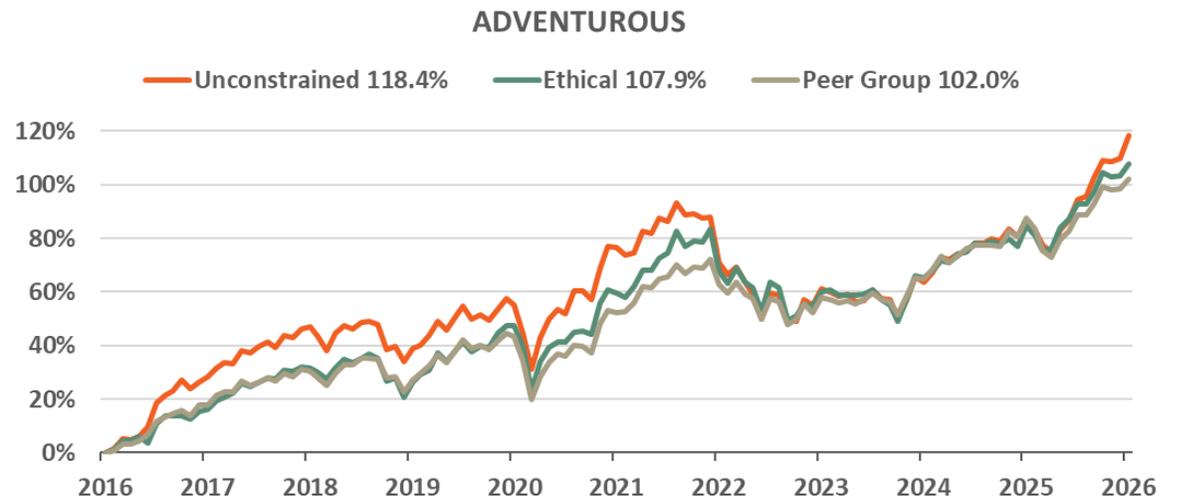
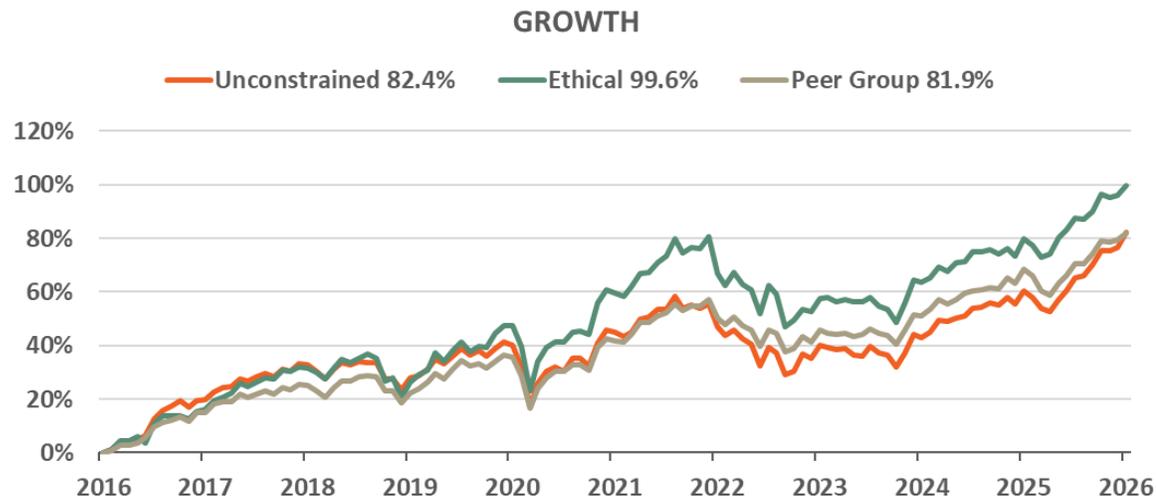
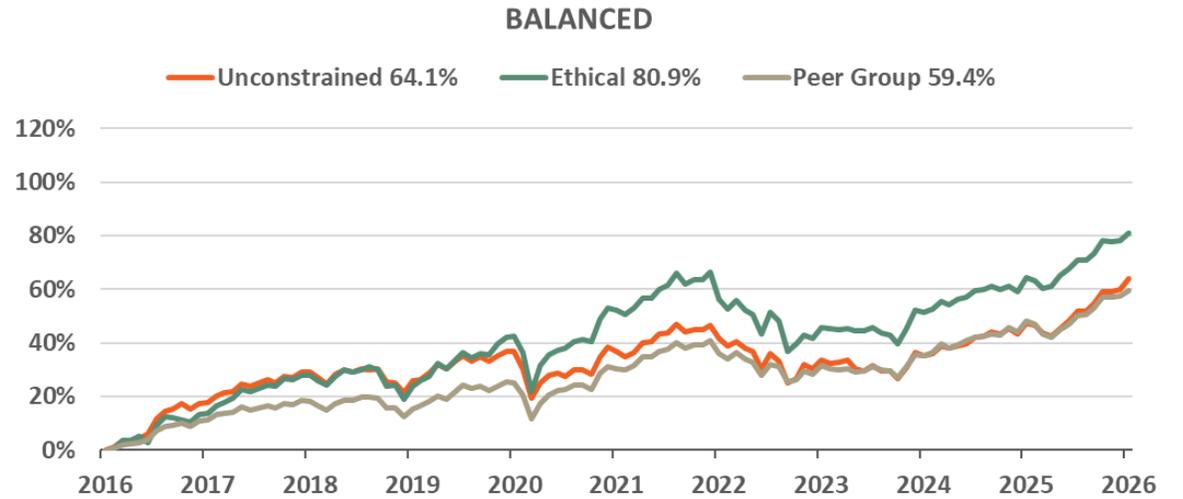
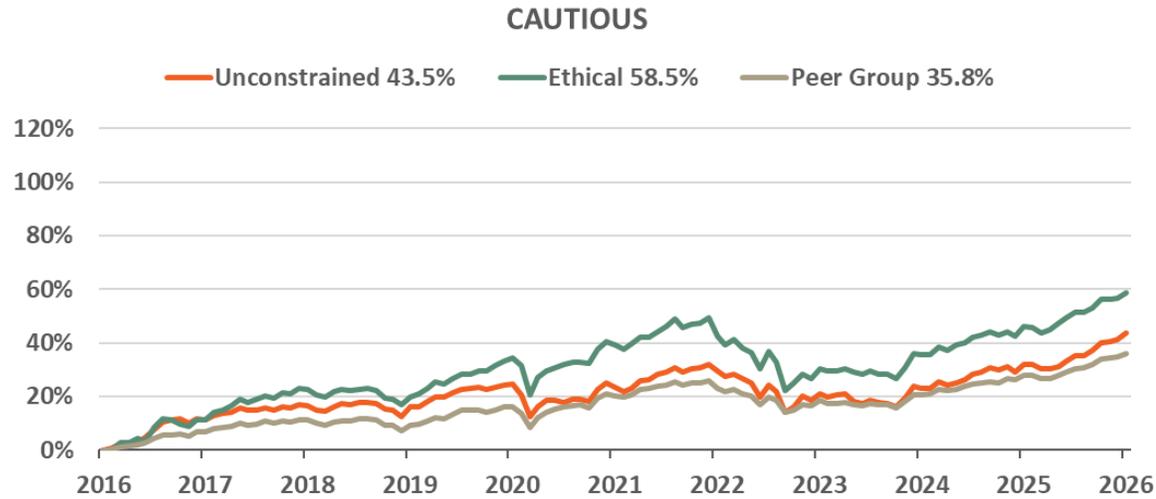
Theme Returns Year to Date (%)



MM Wealth strategies – 3-year performance vs peer group comparison



MM Wealth strategies – 10-year performance vs peer group comparison



Outlook scenarios

Scenario	Outcome	Probability
AI spending remains strong while US rate cuts steepen the yield curve	Hyperscaler confidence sustains AI capex. Softer employment data drives rate cuts, while fiscal concerns push longer-term yields higher.	40%
AI spending remains strong, but persistent inflation delays rate cuts	Hyperscaler capex momentum continues, while sticky inflation (food, energy, services) keeps policy tighter for longer.	30%
AI capex disappointment leads to equity correction and lower yields	Execution constraints and earnings doubts slow AI investment, while weakening growth expectations drive broad policy easing.	20%
AI spending slows, mega-cap equities weaken, and stubborn inflation delays rate cuts	Execution and revenue concerns curb AI capex, while persistent services and energy inflation keep policy restrictive.	10%

Three key forces we see shaping the rest of 2026

AI implementation phase

Fiscal expansion vs bond constraints

Broadening market leadership



What could break the “bullish rotation”?

Labour market deterioration
(forcing policy shift)

Bond yield shock

AI expectations reset

Dollar instability



What we are watching closely

Employment trends

Capex vs earnings gap

Market breadth indicators

Yield curve behaviour

Markets are no longer driven by a single story. Success will come from balancing multiple factors.

Upcoming dates for your diary



Next webinar – 20 May 2026

Appendix

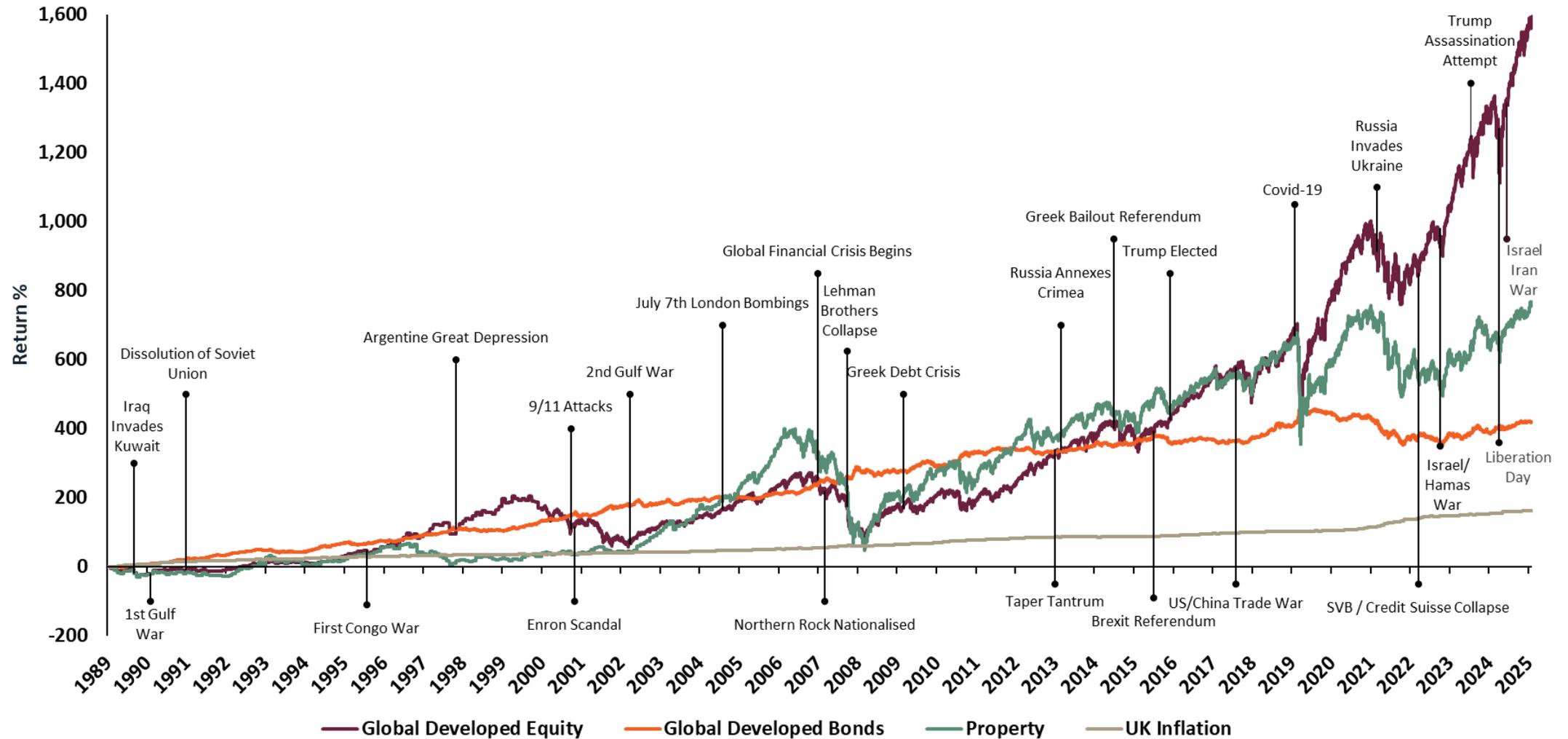
Global Market Returns in GBP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Best ↓ Worst	33.55 US - S&P 500	30.55 Emerging Markets	6.26 US - NDX	34.07 US - NDX	44.28 US - NDX	29.89 US - S&P 500	0.34 UK	46.38 US - NDX	28.14 US - NDX	31.28 Emerging Markets	11.96 Japan
	27.96 US - NDX	25.13 Asia Ex Japan	1.56 US - S&P 500	31.89 China	34.08 China	28.68 US - NDX	-5.42 Global Ex US	21.61 Global	27.26 US - S&P 500	24.02 UK	10.60 Emerging Markets
	27.34 Asia Ex Japan	21.48 US - NDX	-2.16 Japan	26.43 Europe Ex UK	20.63 Japan	23.53 Europe Ex UK	-7.08 Asia Ex Japan	19.16 US - S&P 500	20.21 Global	23.27 Global Ex US	9.86 Asia Ex Japan
	25.96 Japan	21.12 China	-7.69 Global	26.41 US - S&P 500	19.12 Emerging Markets	20.90 Global	-7.79 US - S&P 500	16.36 Europe Ex UK	16.94 China	20.64 Asia Ex Japan	8.15 Global Ex US
	24.64 Global Ex US	19.77 Global	-8.57 Asia Ex Japan	26.24 Global	18.66 Asia Ex Japan	18.32 UK	-8.94 Japan	15.65 Japan	13.12 Emerging Markets	20.55 Japan	6.20 UK
	16.75 UK	16.18 Global Ex US	-8.86 Global Ex US	19.17 UK	14.74 US - S&P 500	8.82 Global Ex US	-12.95 Europe Ex UK	9.85 Emerging Markets	12.12 Asia Ex Japan	19.71 Global	3.38 Europe Ex UK
	9.69 Emerging Markets	14.75 Japan	-9.47 UK	18.06 Emerging Markets	14.21 Global	-0.08 China	-15.54 Emerging Markets	9.10 Global Ex US	10.78 Japan	19.10 Europe Ex UK	2.47 Global
	9.04 Global	13.59 Europe Ex UK	-10.08 Emerging Markets	17.17 Japan	7.24 Global Ex US	-0.19 Emerging Markets	-15.98 Global	7.92 UK	9.47 UK	17.67 China	0.85 China
	2.31 Europe Ex UK	13.10 UK	-11.31 Europe Ex UK	16.82 Global Ex US	1.43 Europe Ex UK	-2.00 Asia Ex Japan	-17.25 China	1.31 Asia Ex Japan	7.42 Global Ex US	12.69 US - NDX	-0.28 US - S&P 500
	1.14 China	11.29 US - S&P 500	-23.07 China	14.56 Asia Ex Japan	-9.82 UK	-3.49 Japan	-23.86 US - NDX	-15.96 China	7.21 Europe Ex UK	9.76 US - S&P 500	-1.99 US - NDX

Asset Class Returns in GBP

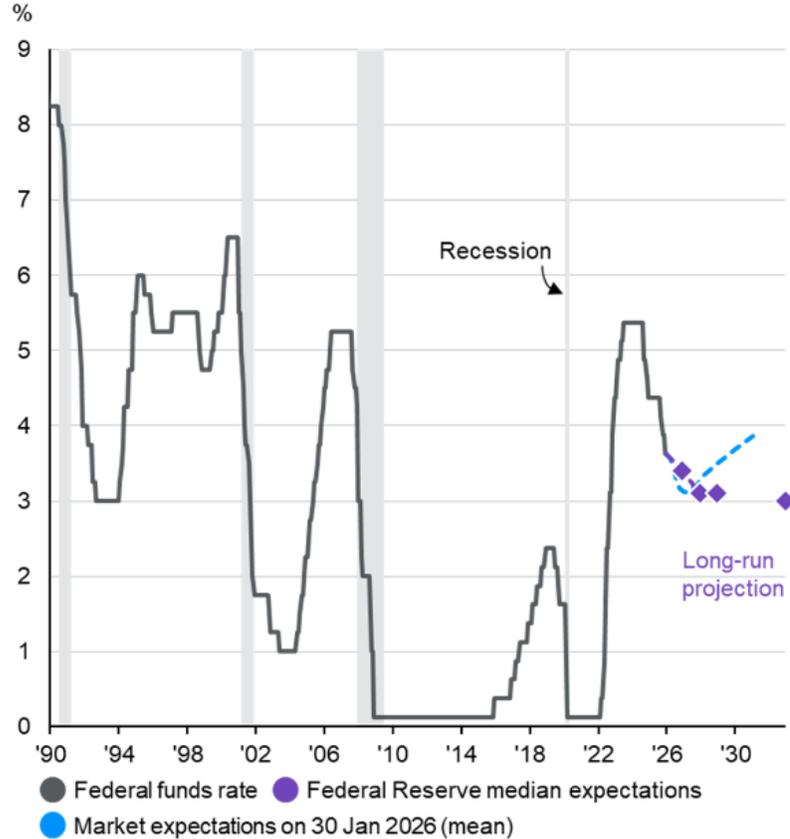
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Best ↓ Worst	33.37 Commodities	25.83 EM Equity	5.82 Govt Bonds	28.07 DM Equity	15.02 EM Equity	28.21 Commodities	30.76 Commodities	23.75 DM Equity	21.57 DM Equity	25.10 EM Equity	10.87 EM Equity
	33.12 EM Equity	19.13 DM Equity	2.80 Hedge Funds	18.81 REITs	14.06 DM Equity	24.71 DM Equity	3.08 Hedge Funds	11.92 HY Bonds	9.98 EM Equity	18.94 DM Equity	8.18 REITs
	30.77 EM Debt	6.73 HY Bonds	2.43 IG Bonds	14.31 EM Equity	6.96 IG Bonds	24.18 REITs	1.41 Cash	4.65 Cash	8.94 HY Bonds	8.39 HY Bonds	5.31 Commodities
	24.79 REITs	5.06 REITs	0.52 Cash	12.32 HY Bonds	6.12 Govt Bonds	2.78 HY Bonds	-6.23 IG Bonds	4.07 Hedge Funds	8.59 Hedge Funds	7.83 Commodities	3.32 Hedge Funds
	24.38 IG Bonds	0.26 Cash	0.32 REITs	10.07 EM Debt	5.10 HY Bonds	0.48 Hedge Funds	-7.08 Govt Bonds	4.05 EM Equity	7.30 EM Debt	5.75 EM Debt	1.72 Govt Bonds
	21.25 Govt Bonds	-0.15 EM Debt	-0.71 EM Debt	7.21 IG Bonds	2.30 Hedge Funds	-0.04 Cash	-8.17 EM Debt	3.59 REITs	7.22 Commodities	4.46 Cash	1.48 EM Debt
	20.12 Hedge Funds	-0.35 IG Bonds	-3.61 HY Bonds	4.40 Hedge Funds	1.27 EM Debt	-1.32 EM Equity	-9.62 EM Equity	3.42 IG Bonds	5.32 Cash	3.39 REITs	1.37 DM Equity
	15.66 HY Bonds	-2.00 Govt Bonds	-5.78 Commodities	3.64 Commodities	0.42 Cash	-2.00 IG Bonds	-12.58 HY Bonds	3.13 EM Debt	3.39 REITs	2.70 IG Bonds	1.03 IG Bonds
	9.65 DM Equity	-2.95 Hedge Funds	-6.86 DM Equity	1.51 Govt Bonds	-6.10 Commodities	-2.61 EM Debt	-13.96 REITs	-1.70 Govt Bonds	2.91 IG Bonds	0.76 Hedge Funds	0.98 HY Bonds
	0.44 Cash	-7.11 Commodities	-8.92 EM Equity	0.78 Cash	-11.97 REITs	-5.74 Govt Bonds	-15.62 DM Equity	-13.09 Commodities	-1.85 Govt Bonds	-0.54 Govt Bonds	0.50 Cash

Time in the market, not timing the market

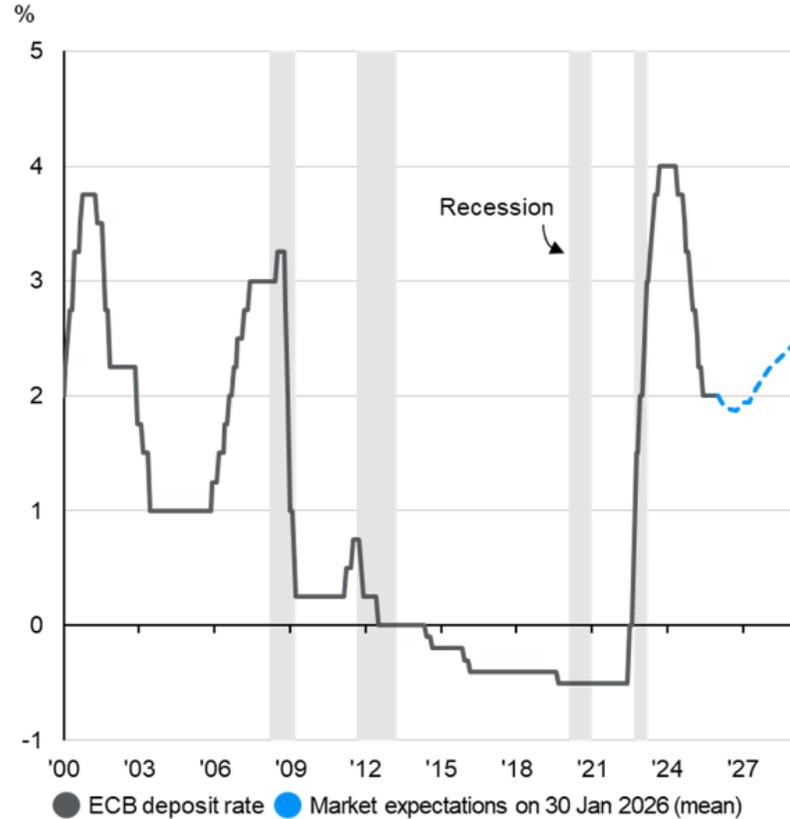


Expectations May Not Align With Reality

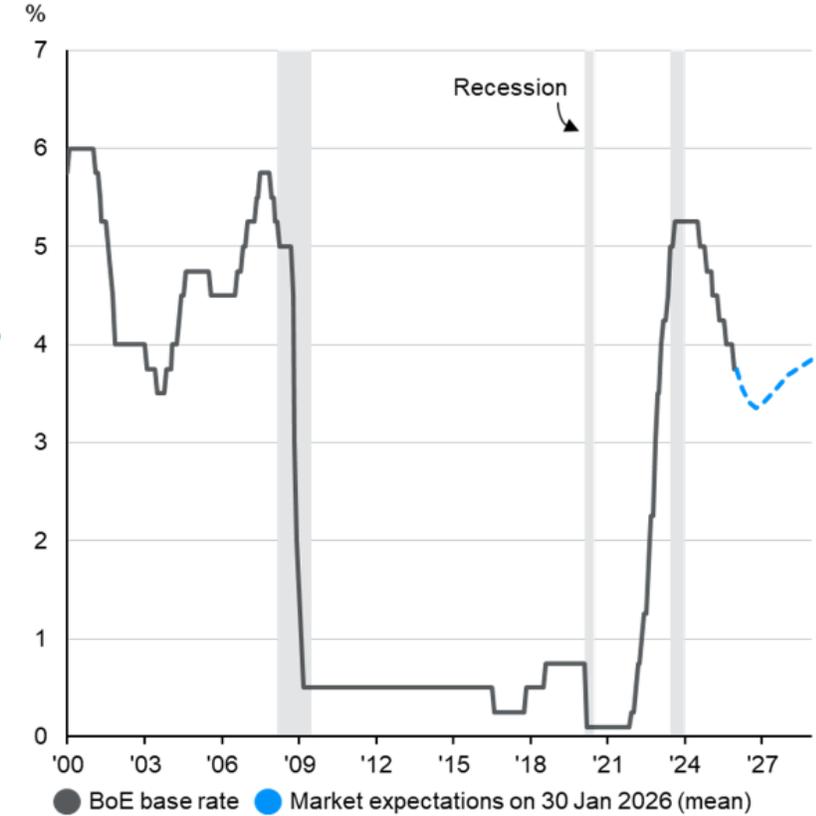
Federal Reserve policy rate expectations



European Central Bank policy rate expectations



Bank of England policy rate expectations



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