



# Omnis Agility

Geopolitical tensions, shifting alliances and currency volatility shaped markets at the start of the year.

## Market-moving events

**US threat of military force.** At the start of the year, US forces captured Venezuelan President Nicolás Maduro and his wife, Cilia Flores, and took them to the US to face charges. The move raised concerns that similar actions could be taken elsewhere, particularly involving Iran. Tensions between the US and Iran escalated, pushing oil prices more than 10% higher in January. Global equity markets largely shrugged off the rise in tensions as investors awaited clarity.

**US–Europe tensions escalate.** President Trump signalled a desire for US control of Greenland on geostrategic grounds, heightening tensions with Europe and prompting tariff and military threats. Although Trump later softened his stance and talks with Denmark turned constructive, the situation remains fluid and the implications for US–EU relations are significant.

**US dollar hits four-year low.** The US dollar fell to its weakest level in four years amid expectations of further rate cuts, softer US economic data, rising geopolitical tensions and a rally in the Japanese yen. Speculation over coordinated US–Japan currency intervention briefly strengthened the yen, before US Treasury Secretary Scott Bessent ruled out intervention, triggering a short-lived dollar rebound. Despite this, the broader trend remains negative.

## Investment highlights

**Increased US small-cap exposure and portfolio rebalance.** During the month, we rotated further out of US large caps and into US small caps to increase portfolio diversification. We remain cautious on the outlook for US large caps due to elevated market concentration and stretched equity valuations. Increasing exposure to US small caps allows us to retain US market exposure while reducing concentration risk. As part of these changes, we conducted a full rebalance of the portfolios.

**Remain cautiously positioned.** We retain a moderate overweight position in bonds and an underweight allocation to equities, particularly US large companies, reflecting the factors outlined above.

## Asset allocation

Red = underweight  
Amber = neutral weighting  
Green = overweight

If you'd like more detail on our asset allocation views then please visit our [online dashboard](#).



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Approved by Omnis Investments on 1 February 2026