March 2026 | Monthly update

Omnis Agility

Rotation away from US tech and stronger global markets supported returns and our diversified approach

Market-moving events

Rotation broadens. The Dow Jones Index passed the 50,000 milestone in early February, reaching a new intraday high, while the S&P 500 moved largely sideways. At the same time, Microsoft fell sharply from late January levels, highlighting a clear rotation away from technology and into broader US sectors. We expect this shift away from tech to continue as investors reassess whether AI capital spending can translate into sustainable earnings growth.

Diversification gathers pace. Diversification beyond the US accelerated, with strong overseas performance. Korea's market rose 27% to a record high on expectations it will benefit from AI investment. The FTSE 100 and France's CAC 40 index also reached new highs, while Japan extended its strong run, supported by international inflows into government bonds.

China under pressure. China continues to face economic headwinds. While growth remains around 5%, data points to slowing momentum. Manufacturing PMI slipped into contraction at 49.3, and half of China's regions lowered their 2026 growth targets. Although less severe than previous downturns, this signals a cautious outlook. A more realistic approach from Beijing could allow fiscal resources to be deployed more effectively and support stabilisation.

Investment highlights

Tactical positioning rewarded. Our tactical positioning benefited from a rotation out of US technology, which created a drag on the S&P 500. US energy and US small caps subsequently outperformed the index, driving positive TAA performance.

No changes made during the month. Following January's trades out of US large caps and into US small caps, and a portfolio rebalance, we left the portfolio unchanged in February.

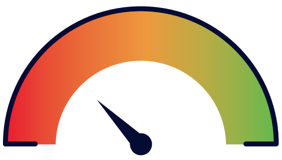
Remain cautiously positioned. We retain a moderate overweight position in bonds and an underweight allocation to equities, particularly US large companies. We continue to expect a broadening of the equity market rally away from US large caps, as we believe the AI narrative is likely to come under greater scrutiny.

Asset allocation

Red = underweight
Amber = neutral weighting
Green = overweight

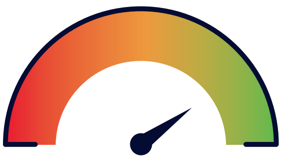
If you'd like more detail on our asset allocation views then please visit our online dashboard.

equities



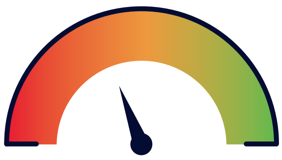
Overweight = UK
Underweight = US + overall

bonds



Overweight = government bonds + overall
Underweight = corporate bonds

alternatives + cash



Overweight = short-dated bonds
Underweight = overall

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Approved by Omnis Investments on 1 March 2026