

Quarterly Commentary – 31st March 2026

UK & EU – For professional and institutional investors only

Switzerland – this is an advertising document for professional and institutional clients as defined by the Swiss Financial Services Act only

Markets entered 2026 in a position of strength, but also of complacency. The dominant narrative; fiscal expansion, resilient growth and eventual monetary easing, had already been fully priced in. Valuations were elevated, risk premia compressed, and positioning increasingly one-sided.

This starting point matters. Beneath the surface, the cycle was already maturing; growth momentum was softening, policy transmission remained somewhat muted by higher long-end yields, and much of the anticipated support was already priced rather than prospective. Markets were not early-cycle; they were priced as if the cycle had no end.

Into this, we have introduced a genuine exogenous shock.

The escalation involving Iran is not another transient geopolitical flare-up. It is a disruption to the global energy system, and in the current regime, oil is the transmission mechanism through which everything else flows. What we are observing is not a standard repricing of demand, but a break in market structure. The extreme dislocation in energy time spreads is the clearest signal of that; this is a front-end supply shock, not a growth story.

However, it does create a fundamental tension at the heart of the growth outlook.

The pre-existing narrative assumes growth will be sustained by fiscal impulse, with a meaningful contribution from AI-driven capex and its eventual return profile. The reality is that a supply-driven energy shock acts as a tax on that growth. The transmission is mechanical: higher energy costs tighten financial conditions, compress real incomes and weaken demand, even as they push inflation higher.

This matters because, as we have written previously, the growth that is priced is doing more work than it should. It is not just fiscal, it is increasingly reliant on the successful monetisation of a large and still unproven AI investment cycle. Those returns are uncertain and likely back-end loaded. In other words, the growth embedded in markets is not a given; it is conditional.

For policymakers, this is the mirror image of the 2021 “transitory” error. Then, inflation was dismissed as supply-driven and temporary, when in reality it was being fuelled by excess demand. Today, inflation is genuinely supply-driven, yet the risk is that it is treated as something to be countered through tighter policy. Tightening into it would simply accelerate the slowdown.

Positioning and valuations remain anchored to a benign baseline in which growth persists and inflation normalises. What is not priced is the cost of sustaining that growth in a world where energy supply is uncertain, policy flexibility is constrained, and second-order effects are still to come.

The key dynamic for Q1 is therefore not the conflict in isolation, but its interaction with an already fully priced macro environment. Markets are being forced to reconcile two incompatible realities: a late-cycle economy priced for continuation, and a supply shock that historically marks the opposite.

The Liquid Alternatives Fund returned 7.3% over the period.

Total Return	2026	Q1
UK 100	3.4%	3.4%
US 500	-4.4%	-4.4%
Europe 50	-3.6%	-3.6%
Japan 225	2.0%	2.0%
Hong Kong 50	-3.0%	-3.0%
US 2000	0.9%	0.9%
Swiss 30	-2.4%	-2.4%
Global Equity	-3.6%	-3.6%
Global Bond	-0.1%	-0.1%
Commodities	23.3%	23.3%
PGF	-2.5%	-2.5%
AGF	-3.4%	-3.4%
DGF	-8.3%	-8.3%
USI	-4.6%	-4.6%
ARF	4.9%	4.9%
CARF	-17.8%	-17.8%
LAF	7.3%	7.3%

Quarterly Commentary – 31st March 2026

UK & EU – For professional and institutional investors only

Switzerland – this is an advertising document for professional and institutional clients as defined by the Swiss Financial Services Act only

The Fund's Diversifier Portfolio combines three classic liquid alternatives, implemented in a cost-efficient and highly liquid format: equity long/short, managed futures and gold.

This sits within our core framework:

Expected Return = Income + Beta + Diversifier

- Income is generated through the collateral and funding book
- Structural beta is delivered via a low and stable equity long/short exposure (~30% net)
- Diversifiers are provided through USD exposure, non-growth style factors (quality, value, momentum and size), managed futures and gold

This construction is deliberate. The Fund is designed to participate in the environments markets have historically spent most of their time in; benign, "Goldilocks" conditions, while maintaining robust diversification through periods of stress and regime transition.

Over the quarter, all elements of the portfolio were additive. The equity long/short sleeve delivered +3.4%, with the factor-tilted long book outperforming its parent index (+1.1% vs -3.6%) while maintaining a low and stable beta profile.

Importantly, the diversifier components behaved as intended. During March, as equity beta came under pressure, USD strength provided a meaningful offset, reinforcing its role as a hedge in periods of risk aversion and liquidity tightening. At the same time, exposure to non-growth style factors (quality, value, momentum and size) continued to provide diversification away from growth-led equity returns, particularly in an environment of tightening conditions and factor rotation.

The managed futures sleeve added +1.5%, continuing to demonstrate its value as a systematic trend-following exposure across global futures markets. By capturing persistent price trends across asset classes, it provides a return stream that is structurally different from equity factor premia and is particularly effective during periods of macro transition, regime change and sustained directional moves.

The gold sleeve contributed +1.3%, reflecting its role as a real-asset store of value. Gold has historically performed well during periods of monetary instability, inflationary pressure and declining confidence in fiat currencies, providing an additional layer of diversification alongside financial assets.

As a result, while the Fund may exhibit some positive correlation during benign periods, driven by its structural beta, this is intentional. The diversifier sleeves are designed to reduce that sensitivity and provide resilience as conditions change.

Outlook

The macro backdrop remains characterised by a tension between a market priced for continuation and a supply-driven shock that challenges that assumption.

In this environment, the Fund's multi-sleeve diversifier approach is particularly relevant. USD exposure has already demonstrated its ability to offset equity weakness, while non-growth style factors provide diversification away from growth-led returns. Managed futures and gold further complement this by offering differentiated return streams across macro regimes, whether driven by growth, inflation or policy.

Positioning remains balanced. Structural beta allows participation in risk-on environments, while the diversifier sleeves should provide resilience if volatility persists or markets transition into a different regime.

Looking forward, the opportunity set remains asymmetric. Markets continue to rely on a set of conditional outcomes, while the impact of the energy shock is immediate and mechanical. This reinforces the importance of true diversification exposures that do not rely on the same assumptions as risk assets.

The Fund is therefore positioned to perform across outcomes: continuing to participate in benign conditions, while retaining the ability to adapt and respond as regimes evolve.

Quarterly Commentary – 31st March 2026

UK & EU – For professional and institutional investors only

Switzerland – this is an advertising document for professional and institutional clients as defined by the Swiss Financial Services Act only

- This document has been issued and approved as a financial promotion by Fortem Capital Limited for the purpose of section 21 of the Financial Services and Markets Acts 2000. Fortem Capital Limited registration number 10042702 is authorised and regulated by the Financial Conduct Authority under firm reference number 755370.
- This document is intended for Professional Investors, Institutional Clients and Advisors and should not be communicated to any other person.
- The information has been prepared solely for information purposes only and is not an offer or solicitation of an offer to buy or sell the product.
- Data is sourced from Fortem Capital Limited and external sources. The data is as at the date of this document and has been reviewed by Fortem Capital Limited.
- Information, including prices, analytical data and opinions contained within this document are believed to be correct, accurate and derived from reliable sources as at the date of the document. However, no representation or warranty, expressed or implied is made as to the correctness, accuracy or validity of such information.
- Fortem Capital Limited assumes no responsibility or

liability for any errors, omissions or inaccuracy with respect to the information contained within this document.

- All price and analytical data included in this document is intended for indicative purposes only and is as at the date of the document.
- The information within this document does not take into account the specific investment objective or financial situation of any person. Investors should refer to the final documentation and any prospectus to ascertain all of the risks and terms associated with these securities and seek independent advice, where necessary, before making any decision to buy or sell.
- The product may not be offered, sold, transferred or delivered directly or indirectly in the United States to, or for the account or benefit of, any U.S. Person.
- The Fortem Capital Progressive Growth Fund is a Sub-Fund of Skyline, an open-ended investment company with variable capital incorporated on 1 June 2010 with limited liability under the laws of Ireland with segregated liability between Funds. The Company is authorised in Ireland by the Central Bank of Ireland pursuant to the UCITS Regulations.

"NOTICE TO INVESTORS DOMICILED OR RESIDENT IN SWITZERLAND - The interests in the UCITS Fund and any related services, information and opinions described or referenced in this document are not, and may not be, offered or marketed to or directed at persons in Switzerland (a) that do not meet the definition of "qualified investor" pursuant to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 ("CISA") ("Non-Qualified Investors"), or (b) that are high net worth individuals (including private investment structures established for such high-net worth individuals if they do not have professional treasury operations) that have opted out of customer protection under the Swiss Federal Financial Services Act of 15 June 2018 ("FinSA") and that have elected to be treated as "professional clients" and "qualified investors" under the FinSA and the CISA, respectively ("Elective Qualified Investors").

In particular, none of the information provided in this document should be construed as an offer in Switzerland for the purchase or sale of the interests or any related services, nor as advertising in Switzerland for the interests

or any related services, to or directed at Non-Qualified Investors or Elective Qualified Investors. Circulating or otherwise providing access to this document or offering, advertising or selling the interests or any related services to Non-Qualified Investors or Elective Qualified Investors may trigger, in particular, approval requirements and other regulatory requirements in Switzerland.

This document does not constitute a prospectus pursuant to Articles 35 et seqq. FinSA and may not fulfil the information standards established thereunder. No key information document pursuant to Swiss law has been established for the interests. The interests will not be listed or admitted to trading on a Swiss trading venue and, consequently, the information presented in this document may not fulfil the information standards set out in the relevant trading venue rules."