Fortem Capital Liquid Alternatives Fund

Quarterly Commentary – 30th September 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 third quarter was characterised by an unusual divergence between equity and government bond markets. Despite renewed geopolitical uncertainty, higher energy prices and a marked increase in global borrowing costs, equity markets remained relatively resilient. Strong corporate earnings and continued investment in artificial intelligence supported risk appetite, while government bonds experienced significant selling pressure as investors reassessed the outlook for inflation and monetary policy.
Having eased towards the end of the second quarter, tensions in the Middle East returned to the forefront of investor attention as negotiations between the US and Iran lost momentum. Oil prices recovered sharply, with Brent crude returning above $100 per barrel, while further disruption to energy supply and refining capacity placed renewed pressure on inflation expectations. Higher energy costs once again highlighted the vulnerability of economies to a prolonged supply shock, particularly in Europe, where dependence on imported energy remains significant.
The recovery in inflation expectations prompted a further reassessment of monetary policy. Both the Federal Reserve and the European Central Bank increased interest rates by 25 basis points in September, while the Bank of England maintained rates at 3.75%, acknowledging the growing risk of more persistent inflation. Government bond yields rose sharply across developed markets, with the US 10-year Treasury yield moving above 5% and longer-dated yields reaching levels not experienced for many years. The sell-off was exacerbated by fiscal concerns and increased borrowing requirements, including substantial debt issuance associated with the expansion of AI infrastructure.
Nevertheless, equity markets continued to demonstrate resilience. Corporate earnings remained strong, particularly in the US, where continued investment in data centres, semiconductors and related infrastructure supported economic activity. However, performance became increasingly differentiated. Rising bond yields favoured Value over Growth, while smaller companies and other interest-rate-sensitive assets faced greater headwinds. European equities lagged, reflecting a more challenging combination of earnings growth, energy costs and borrowing conditions, while Japanese equities remained relatively well supported.
An important development is the changing nature of the AI investment cycle. While investment commitments remain substantial, the growing reliance on external financing and a higher cost of capital are making the distinction between companies benefiting directly from this expenditure and those ultimately capable of generating sustainable economic returns increasingly important. The scale of investment continues to support growth, but this increasingly needs to be assessed alongside the prospective returns on that capital.
Looking forward, the principal risk is that the combination of persistent inflation, elevated interest rates and geopolitical uncertainty begins to weigh more materially on economic activity and corporate profitability. Equally, resilient earnings and continued investment may allow equity markets to absorb a more restrictive monetary environment for longer than anticipated. This creates a more complex backdrop for investors, in which diversification across different sources of return, rather than reliance on any single macroeconomic outcome, is likely to become increasingly important.

Total Return	2026	Q3
UK 100	9.5%	1.8%
US 500	12.5%	2.2%
Europe 50	10.3%	-0.7%
Japan 225	34.2%	-4.2%
Hong Kong 50	-1.5%	8.6%
US 2000	13.7%	-7.2%
Swiss 30	7.5%	-2.4%
Global Equity	11.8%	1.9%
Global Bond	-2.9%	-3.5%
Commodities	29.3%	15.1%
PGF	**3.6%**	**1.5%**
AGF	**-1.9%**	**3.6%**
DGF	**-0.8%**	**8.8%**
USI	**11.5%**	**1.7%**
ARF	**12.0%**	**-3.2%**
CARF	**-12.9%**	**-1.0%**
LAF	**14.0%**	**-1.8%**

The Liquid Alternatives Fund returned -1.8% over the period.

Phone: 0208 050 2905 Email: sales@fortemcapital.com

Fortem Capital Limited registration number 10042702 is authorised and regulated by the Financial Conduct Authority under firm reference number 755370

Fortem Capital Liquid Alternatives Fund

Quarterly Commentary – 30th September 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

The third quarter presented a more complex environment for the Fund's underlying return drivers. Equity markets continued to advance, supported by corporate earnings and investment in artificial intelligence, although increasingly differentiated factor returns and higher interest rates created a more challenging backdrop for some equity strategies.

The equity long/short portfolio contributed **-381bps** over the quarter. Relative performance was influenced by changes in equity factor leadership, with rising bond yields creating headwinds for smaller companies and more interest-rate-sensitive areas of the market. The Fund continues to maintain a modest structural net equity exposure, providing participation in benign market conditions while seeking additional returns through factor selection.

The Managed Futures portfolio contributed **92bps**. Commodity markets provided a materially different opportunity set as renewed supply concerns drove energy prices sharply higher. At the same time, pronounced changes in government bond yields and currency markets created further opportunities for systematic trend strategies. The extent to which these movements translated into gains depended on existing positions, trend persistence and the speed at which individual markets changed direction.

The Gold portfolio contributed **44bps**. Gold experienced a more challenging environment in September as rising interest rates and bond yields increased the opportunity cost of holding a non-yielding asset, although ongoing geopolitical uncertainty remained an important counterbalancing influence. Gold continues to provide a distinct source of diversification, particularly during periods of monetary instability and uncertainty surrounding confidence in financial assets.

The Fund's Income portfolio contributed **46bps**, while USD exposure contributed **-3bps**.

Outlook

The third quarter reinforced the importance of combining multiple sources of return rather than relying on any single market environment. Equity factor selection, systematic trend following, gold and currency exposures are designed to respond to different market conditions, although individual components may experience periods of underperformance.

Looking forward, persistent inflation and elevated interest rates could continue to create volatility across equities, bonds and currencies. Conversely, resilient economic growth and strong corporate earnings may extend the current period of equity market strength. The Fund remains designed to participate in favourable equity environments while maintaining exposure to alternative return drivers that may become increasingly relevant as the macroeconomic regime evolves.

Phone: 0208 050 2905 Email: sales@fortemcapital.com

Fortem Capital Limited registration number 10042702 is authorised and regulated by the Financial Conduct Authority under firm reference number 755370

Fortem Capital Liquid Alternatives Fund

Quarterly Commentary – 30th September 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."