Fortem Capital US Equity Income Fund

Quarterly Commentary – 31st March 2026

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The Fund's objective is to provide an annual income of 4% p.a. whilst providing for capital growth such that the Fund's total return tracks the US 500 Index's net total return.

US equities entered the quarter with positive momentum, supported by resilient economic activity, robust earnings delivery and expectations of a gradual easing in monetary policy. Early in the period, market conditions were relatively stable, with returns driven by continued investment in technology and digital infrastructure, which remains central to overall index performance.

As the quarter progressed, the backdrop became more complex. While artificial intelligence continues to underpin the long-term growth outlook, developments over the period introduced greater uncertainty around the distribution and sustainability of future earnings. This contributed to increased dispersion within the index, particularly across large-cap technology stocks that have been the primary drivers of returns in recent years.

Market conditions shifted more materially toward the end of the quarter following an escalation in geopolitical tensions in the Middle East. Disruptions to energy supply led to a sharp increase in oil prices, which in turn renewed concerns around inflation. This prompted a reassessment of the expected path for monetary policy, with markets reducing expectations for rate cuts and, at times, considering a more restrictive policy outlook. Higher discount rates and increased uncertainty weighed on equity valuations during this period.

The Fund declined over the quarter in line with the US 500 Index, with weakness most evident in previously leading sectors. At the same time, performance broadened modestly as investors rotated toward areas perceived to be more resilient in an environment of elevated inflation and uncertainty. Despite these developments, underlying economic conditions remained supportive. Growth continued at a moderate pace, consumer spending remained resilient and corporate earnings expectations, while subject to greater scrutiny, continued to provide a constructive foundation.

Overall, the quarter was characterised by a shift toward a more uncertain environment, driven primarily by geopolitical developments and their implications for inflation and policy. The evolution of the conflict, particularly its impact on energy markets, remains a key determinant of near-term market direction. A stabilisation in geopolitical conditions and a moderation in energy prices would be expected to support sentiment, ease pressure on inflation expectations and provide a more favourable backdrop for US equities.

A historic problem for US benchmark equity for investors in need of income is its lack of natural yield, a problem exacerbated as the index becomes dominated by stocks that pay little or no dividends. However, the Fund again paid a dividend during the quarter making the 12m historic yield 4.0%. Income investors are no longer required to choose between benchmark exposure and yield.

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%**

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