

# Rivers Current Focus

March 2026

A monthly market comment from Rivers Capital Management. Views expressed here are subject to change and for professional advisors only



## Market Comment

### Rivers Capital Management

+44 (0)20 3383 0180  
www.riverscm.com

### Summary

- Portfolio performance has been strong, driven by Diversifiers.
- Portfolios rebalanced at the end of February maintaining underweight risk position
- Geopolitical events highlight market fragility and justify cautious stance.
- High oil prices considered more recessionary than inflationary.
- Current tactical position remains appropriate and offers opportunity should valuations improve.

### Contacts

**Richard Bonnor-Moris**  
rbm@riverscm.com

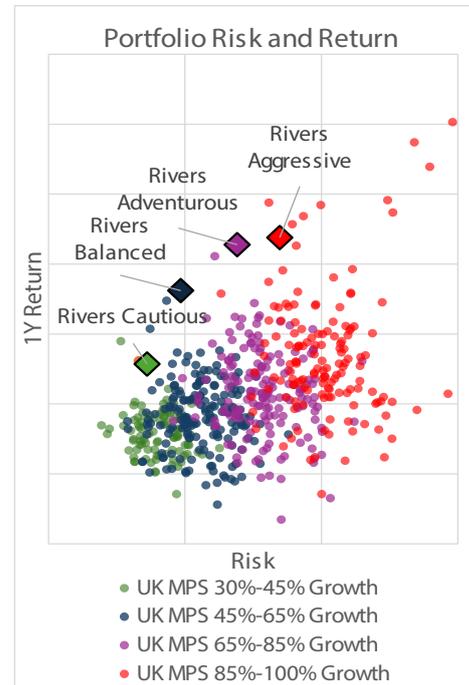
**Eduardo Tomacelli**  
etomacelli@riverscm.com

**Najib El-Rayyes**  
ner@riverscm.com

As we move through the first quarter of 2026, I am pleased to report that the Rivers portfolios have continued to deliver strong absolute and relative performance. This outcome is particularly satisfying given the environment we highlighted in our January outlook; one of stretched valuations in consensus growth stocks, sticky inflation, and growing geopolitical fragility. At the end of February, the portfolios were rebalanced and shortly afterwards, conflict escalated in the Middle East. We believe it's worth detailing the rebalance and why our strategic positioning remains unchanged in the short term.

So far this year, despite wavering investor sentiment and increased volatility, there have been no significant market corrections, except perhaps in cryptocurrencies. Even the largest AI-related US technology stocks, which were a concern at the end of 2025, remain close to their highest valuations. Our bias towards value has benefited clients. The Enhancers allocation, across developed and emerging markets, performed well. However, the primary driver of returns has been the Diversifiers allocation, with Gold, Energy, Infrastructure, and Real Estate contributing significantly. The moderation in benchmark gilt yields ensured positive returns for lower-risk investors earlier in the quarter. Although recent oil price spikes reversed some gains, we do not expect this trend to continue.

By February's end, with strong portfolio performance and market complacency towards geopolitical risks, we rebalanced all portfolios. We maintained an underweight risk allocation, took profits, reallocated select active equity names, and introduced a healthcare-focused fund as a new Diversifier thematic allocation. The build-up of military forces in the Middle East was a factor in maintaining a cautious stance, but the primary motivation was to maximise diversification while keeping a value bias. The introduction of Healthcare as a diversifying theme offered the defensive characteristics we sought, at an attractive valuation,



Source: FE Analytics. 12 month to Feb 28, 2026

in a sector with obvious demographic tailwinds, complementing the existing exposure well.

Throughout the year, the Rivers investment committee debated whether to raise the risk level or maintain it due to high valuations and geopolitical risks. After recent positive returns and ongoing uncertainty, the committee chose to maintain prudence. With the rebalance taking place on February 27, that prudence was justified almost immediately. On February 28, the US and Israeli bombing campaign against Iran began, leading to Iran's retaliation and the closure of the Strait of Hormuz on March 2. The market reaction underscores the fragility we've warned about, with a sharp rise in oil and gas prices and equity sell-offs in affected regions.

It's too early to judge the conflict's long-term impacts. While the US administration could change course, we don't foresee a resurgence of 1970s-style inflation. The current situation differs from the post-COVID-19 supply shortages. If sustained, the Strait of Hormuz closure could significantly impact global trade. After nearly two weeks of conflict, the International

Disclaimer: Rivers Capital Management is authorised & regulated by the Financial Conduct Authority (FCA) Reference No. 801238. Its registered offices are at 1027a Garratt Lane, SW17 0LN, London, United Kingdom. This newsletter is intended only for use by Financial Advisors and not for distribution to retail investors. The Model

Portfolio is not suitable for all types of investor and investor accounts may only be attached to it by the instruction of a professional Financial Adviser. Past performance is not necessarily a guide to the future performance. Market movements may cause the value of investments and the income from them to fall as well as rise. Unless otherwise

stated, the source of all figures contained herein is Rivers Capital Management. Whilst all reasonable care has been taken in preparing this update, the information contained herein has been obtained from sources that we consider reliable but we do not represent that it is complete or accurate and it should not be relied upon as such.

Energy Agency (IEA) announced the largest release of strategic oil reserves in its history to quell the turmoil, but this is likely to provide only temporary respite. The strategic objectives of this conflict remain somewhat vague, which may allow for a quick resolution, but that seems more difficult the longer it continues. From an economic perspective, we view the impact on global trade as more recessionary than inflationary. Historically, oil price increases have often had a deflationary impact, as they divert household spending away from more discretionary choices. The danger is 'stagflation',

rising prices alongside falling growth, but this is not our base case. The overall lower dependence on oil, the alternative supplies now available, and the likely deflationary impact from AI temper our concern. Our base case, that deflationary pressures will lead to gradually falling interest rates, remains unchanged, even if the timeline has extended somewhat.

In conclusion, our underweight risk allocation remains appropriate given these events and our cautious outlook. The portfolios are well-positioned to navigate the challenges and opportunities ahead. Our focus remains

on delivering strong, sustainable returns through disciplined exposure to undervalued market segments. As we have since late last year, we continue to await the opportunity to reallocate risk at more favourable valuations. Recent events have not changed this view.

Market Returns (£) - 28 February 2026	1 Month	3 Months	6 Months	1 Year	3 Year	5 Year	Volatility
<b>Anchors</b>							
Cash	0.3%	1.0%	2.0%	4.3%	15.1%	17.2%	0.6%
Inflation Linked UK Bonds	3.2%	1.7%	4.8%	2.6%	2.8%	-3.0%	6.4%
Gilts	2.5%	2.6%	6.4%	5.7%	7.7%	-18.1%	9.4%
Global Government Bonds (hedged)	1.6%	1.3%	2.7%	3.8%	13.8%	1.4%	4.4%
<b>Enhancers</b>							
Global Corporate Bonds (hedged)	1.1%	1.4%	3.6%	6.2%	20.5%	4.6%	6.3%
Global High Yield (hedged)	0.4%	1.9%	4.1%	8.9%	35.4%	23.8%	6.9%
Emerging Market Bonds (hedged)	1.5%	2.1%	6.3%	11.5%	30.6%	8.3%	9.0%
FTSE 100 TR Index	7.0%	12.7%	20.0%	28.1%	54.6%	102.0%	9.7%
FTSE UK All-Small Cap	2.9%	9.7%	14.2%	26.2%	39.0%	47.5%	11.2%
Global Equity (MSCI)	2.8%	2.3%	10.1%	13.6%	57.9%	87.1%	11.2%
European Equity (MSCI)	5.3%	10.5%	17.5%	23.8%	49.4%	78.1%	10.5%
US Equity (S&P)	1.3%	-0.8%	7.5%	9.2%	60.7%	97.5%	12.7%
Japan Equity (Topix)	11.4%	15.0%	22.2%	35.5%	65.1%	66.0%	10.9%
Pacific Ex Japan Equity (MSCI)	8.9%	20.7%	34.2%	47.9%	69.6%	36.3%	18.0%
Emerging Market Equity (MSCI)	7.7%	16.6%	29.5%	40.4%	61.6%	41.2%	13.4%
Chinese Equity (Hang Sang)	-1.9%	0.3%	6.3%	10.6%	35.6%	12.1%	22.5%
Indian Equity (MSCI)	3.5%	-5.6%	1.8%	4.3%	29.1%	56.0%	14.7%
<b>Diversifiers</b>							
Commodity Index	3.2%	4.0%	9.7%	14.2%	41.2%	53.5%	10.8%
Gold	2.6%	4.3%	9.0%	11.6%	28.8%	35.3%	7.4%
Silver	4.2%	21.9%	51.8%	68.9%	156.1%	202.6%	13.9%
Macro/CTA Funds	20.7%	61.1%	130.0%	174.4%	289.3%	254.3%	26.5%
UK Property	3.5%	5.2%	12.9%	3.7%	1.9%	20.9%	10.4%
Global Property Shares	0.5%	1.6%	2.9%	5.5%	10.8%	12.2%	4.0%
<b>Rivers MPS Portfolios</b>							
Rivers Preservation	3.4%	10.0%	18.3%	20.3%	10.4%	3.4%	19.7%
Rivers Preservation	0.6%	1.6%	3.3%	<b>5.8%</b>	15.0%		<b>2.5%</b>
Rivers Cautious	2.4%	5.3%	10.0%	<b>16.8%</b>	29.9%	34.8%	<b>5.1%</b>
Rivers Balanced	3.9%	8.3%	15.0%	<b>24.3%</b>	40.7%	46.1%	<b>6.1%</b>
Rivers Adventurous	4.2%	10.5%	17.8%	<b>28.8%</b>	44.6%	52.3%	<b>7.6%</b>
Rivers Aggressive	4.7%	11.5%	19.7%	<b>30.9%</b>	43.3%	53.1%	<b>8.6%</b>
Rivers ESG Balanced	3.2%	4.6%	8.8%	<b>14.6%</b>	26.3%	28.8%	<b>7.7%</b>
Rivers Balanced Income	3.8%	6.1%	10.3%	<b>16.5%</b>	28.3%	31.3%	<b>6.0%</b>

Source: Financial Express in GBP (unhedged unless stated) as at 28<sup>th</sup> February 2026.

**Model Performance is indicative only and is net of Rivers Capital Management Charge and Underlying Fund charge but not advisor or platform costs.**

Disclaimer: Rivers Capital Management is authorised & regulated by the Financial Conduct Authority (FCA) Reference No. 801238. Its registered offices are at 1027a Garratt Lane, SW17 0LN, London, United Kingdom. This newsletter is intended only for use by Financial Advisors and not for distribution to retail investors. The Model

Portfolio is not suitable for all types of investor and investor accounts may only be attached to it by the instruction of a professional Financial Adviser. Past performance is not necessarily a guide to the future performance. Market movements may cause the value of investments and the income from them to fall as well as rise. Unless otherwise

stated, the source of all figures contained herein is Rivers Capital Management. Whilst all reasonable care has been taken in preparing this update, the information contained herein has been obtained from sources that we consider reliable but we do not represent that it is complete or accurate and it should not be relied upon as such.