Global Balanced UCITS ETF – Q3 2026 Update

Goshawk Asset Management

Goshawk Asset Management is a trading name of North Atlantic Investment Services Limited (FCA no. 969870) with company no. 13800256

Performance Overview

- Global equities remained resilient in Q3 despite rising bond market yields.
- The Federal Reserve raised interest rates in September and, as the US economy continues to put in a resilient performance, is expected to raise them again before year end. Globally, banks have reacted similarly as the conflict in the Middle East continues and the oil price remains elevated.
- Over the quarter, the MSCI All World Index net return was up 1.5% in Sterling. Over the same period, the Goshawk Global Balanced UCITS ETF (ROES LN) was up 1.6% in GBP. For comparison, the Bloomberg Global Equity 80/20 Fund rose 0.9% and the Vanguard LifeStrategy 80% Equity Fund rose 0.6%.

Market Highlights

- **US:** September saw one of the steepest increases in US bond yields in many years, with ten-year US Treasury yields increasing by around 50bps during the month to finish at 5.28%, the highest level in nearly 20 years.
- **China:** authorities have reacted to the continued softness in the property market with stimulus measures designed to bring an end to a multi-year slump that has had a material impact on consumer confidence and retail spending.
- Megacap companies in the US, including Microsoft, Alphabet and Amazon, continue to issue corporate bonds to fund enormous capital expenditure plans for AI infrastructure, representing a major shift in the behaviour from their previous cash-generative business models.

Portfolio Adjustments

- Added a new position in biosimilars and generics company Sandoz in anticipation of public efforts to reduce healthcare costs and loss of exclusivity for several key drugs over the next decade.
- Took profits in Apple following a period of very strong performance and defensiveness, during which the shares rose 20% year to date and more than 30% over twelve months.
- Increased our position in Union Pacific as we expect increasing traffic on the US rail network in lieu of road traffic due to high oil prices.

Stock Performance

- **LVMH and Moncler:** these luxury stocks have struggled due to the prolonged downturn in the Chinese property market, though this means valuations now look attractive.
- **Agilent and Thermo Fisher:** our medtech and life sciences positions reported strong results, emerging from a period of struggle in the healthcare sector.

- **AbbVie:** announced a successful new oral product for Parkinson's disease, the fastest-growing neurological disease in the world.

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Outlook

- Bond investors have recently taken a gloomy view of prospects while equity investors remain upbeat. Current high yields reflect the strong US economy as well as inflationary pressures, some from economic activity and some from higher energy costs.
- Our strategy is therefore to manage the portfolio with a bias towards safeguarding the gains we have made, while also shifting gains towards less favoured stocks which have good long-term growth potential but have seen recent dull trading.
- By taking a long-term view, we believe we can avoid some of the valuation excesses in the equity market, and so continue to expect real returns from our portfolios in time.

Data source: Goshawk Asset Management, Bloomberg

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