

Spring Newsletter

Spring 2026

As we approach the end of the 2025/26 tax year, we feel this is an appropriate time to reflect on recent market and economic developments while also looking ahead to planning opportunities for the year ahead.

The past twelve months have once again reminded investors that markets rarely move in a straight line. From geopolitical tensions to shifting energy prices and continued technological innovation, the global investment landscape continues to evolve rapidly.

This newsletter provides an overview of recent market developments, our outlook for the year ahead, and a reminder of the tax-efficient planning opportunities available before the tax year end.

Key Discussion Points Since Our Last Update

- Current Market Conditions – Geopolitical tensions and energy market volatility
- Investment Outlook for 2026 – Positioning portfolios for long-term growth
- Tax-Efficient Investment Strategies – Making the most of available allowances

Current Market Conditions

Global markets have experienced increased volatility in recent months, largely driven by geopolitical tensions in the Middle East and the escalation of conflict involving Iran. Energy markets have reacted particularly quickly to developments in the region.

Energy Markets – Oil & Gas Spike

One of the most immediate reactions to the current geopolitical situation has been a sharp rise in oil and gas prices. Investors have priced in the possibility of supply disruption across the Gulf region, particularly around the Strait of Hormuz – a critical global shipping route through which roughly 20% of the world's oil supply passes.

While spikes in oil prices can understandably cause concern, it is important to view them in context. Energy markets have historically reacted sharply to geopolitical events before stabilising once uncertainty eases. Similar spikes occurred during the Gulf War, the Arab Spring, and the Russia–Ukraine conflict.

While rising oil prices are inherently inflationary, the economic impact will depend on both the magnitude and the duration of the disruption. Direct comparisons with 2022 should be avoided. The inflation surge then was largely demand led, reflecting post pandemic reopening and an extended period of ultra accommodative monetary policy. The Russian invasion of Ukraine amplified those pressures but was not the root cause. By contrast, the current episode is more clearly supply driven, and the policy and economic backdrop is materially different. As such, the dynamics of 2022 cannot be directly extrapolated to today's environment.

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Factors limiting long-term impact:

- Strategic petroleum reserves can be released by major economies.
- Alternative production capacity from non-Middle Eastern countries (e.g., U.S., Canada, Brazil).
- Global demand trends remain relatively steady, limiting sustained extreme spikes.

Investor perspective:

Rising energy prices can also create opportunities. Energy companies and commodity-linked investments have historically benefited from higher oil and gas prices, helping offset weakness elsewhere in equity markets. Maintaining diversification across sectors and asset classes remains key.

Wider Market Impact

Equity markets have experienced periods of fluctuation as investors assess the potential economic implications of higher energy costs and ongoing geopolitical uncertainty. U.S. markets in particular have seen bouts of volatility following several years of strong performance.

Technology and artificial intelligence sectors continue to offer long-term growth potential, although valuations have contributed to short-term swings.

Fixed income assets have begun to stabilise after the global interest rate tightening cycle. With inflation beginning to ease across many developed economies and interest rates potentially nearing their peak, bonds may once again play a meaningful role in balanced portfolios.

Investment Outlook for 2026

Despite short-term volatility, the long-term outlook for global markets remains constructive. Innovation, demographic trends, and continued economic development are likely to support growth over time.

Key themes we monitor:

- **Equities** – Technology, healthcare, and artificial intelligence remain major drivers of global economic growth.
- **Energy & Commodities** – Rising oil and gas prices highlight the continued importance of energy markets. Energy producers and commodity-linked investments may continue to benefit from supply constraints or geopolitical risks.
- **Fixed Income** – With interest rates appearing closer to their peak, bond markets may again offer attractive income opportunities and diversification benefits.
- **Alternative Investments** – Property, commodities, and other real assets continue to provide valuable diversification in uncertain markets.

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Tax-Efficient Investment Strategies

With the end of the tax year approaching on **5 April 2026**, clients are encouraged to make full use of available tax-efficient allowances.

- **ISAs** – Annual allowance of £20,000. Contributions must be made by 5 April 2026.
- **Junior ISAs (JISAs)** – Annual allowance of £9,000.
- **Pension Contributions** – Annual allowance of up to £60,000 (depending on individual circumstances). Contributions before the tax year-end provide valuable tax relief and support long-term retirement planning.

If you would like to review your pension contributions or make an additional investment before the tax year end, please contact our team.

Key Deadlines to Remember

- **ISA & JISA contributions** – 1st April 2026
- **Pension contributions** – 27 March 2026

Next Steps

We encourage clients to review their financial plans over the coming weeks to ensure full use of available tax allowances and investment opportunities.

If you have any questions or would like to review your portfolio in light of recent market developments, our team would be pleased to assist.

We greatly appreciate your continued trust in SIP Wealth Management. If you have found our services valuable, we would be grateful if you could share your experience through a Google review.

We look forward to supporting your financial journey throughout 2026 and beyond.

Kind regards,

SIP Wealth Management Investment Committee

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