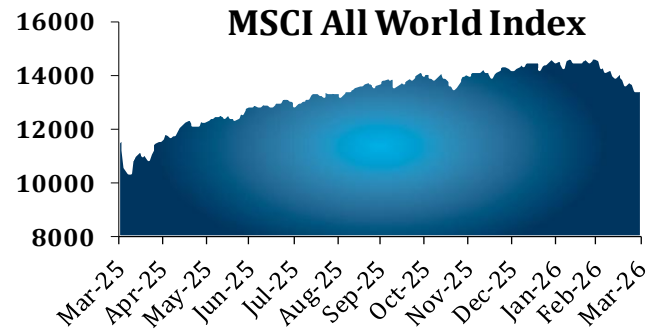
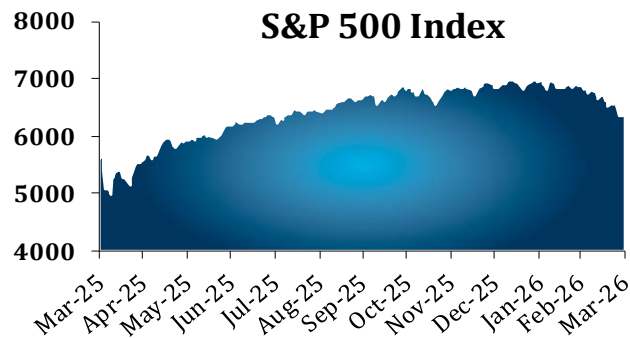


Stock Market Analysis

Meeting the Challenges for Thirty Years



2026 marks the 30th anniversary of Anchor. This milestone provides an opportunity to reflect on the resilience of our business and the principles that have guided us through periods of uncertainty. Over the past three decades, Anchor has navigated several major market disruptions, including the technology bubble, the Global Financial Crisis, and the COVID-19 pandemic. Today, geopolitical uncertainty and the rapid development of artificial intelligence are once again reshaping the investment landscape.

Periods of volatility inevitably influence both investment returns and client sentiment. After a strong five-year period for equity markets, corrections are a natural part of the investment cycle. In addition, broader economic conditions—including inflationary pressures or slower growth—can affect our clients' willingness or ability to allocate capital to the markets. Anchor's approach to managing through these periods remains deliberately conservative.

Over the past twenty years, Anchor has increased discretionary assets under management by 262%, representing a 7.5% compound annual growth rate. This growth includes periods of significant market stress, including the Global Financial Crisis. While Anchor remains a relatively small investment manager, we believe our combination of disciplined financial models and an experienced investment team provides a meaningful competitive advantage. Our size also enables us to adapt quickly as market conditions evolve.

Equity markets were impacted by the Iran War with the MSCI ACWI Net Total Return Index declining 7.2% in March, finishing the first quarter with a -3.2% return. International indices under-performed U.S. equities during the March selloff on fears that energy shortage and pricing will hit companies in Europe and Asia harder than North America which has significant energy reserves. The MSCI Europe Asia Far East Index declined 10.7% and the MSCI Emerging Markets Indices lost 13.3% in March, compared to the 5.1% decline in the S&P 500 Index. This reversed the trend of funds flowing into international markets in the first two months of the quarter.

Stock Market Analysis



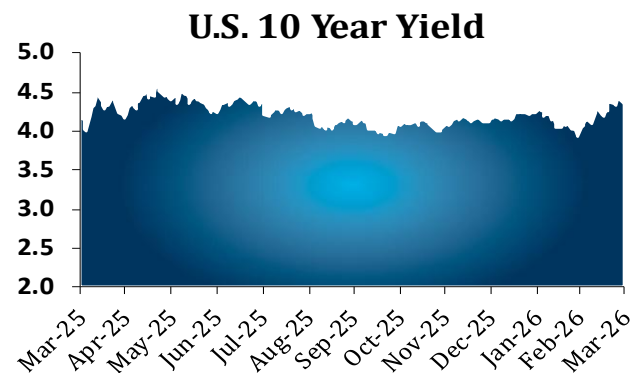
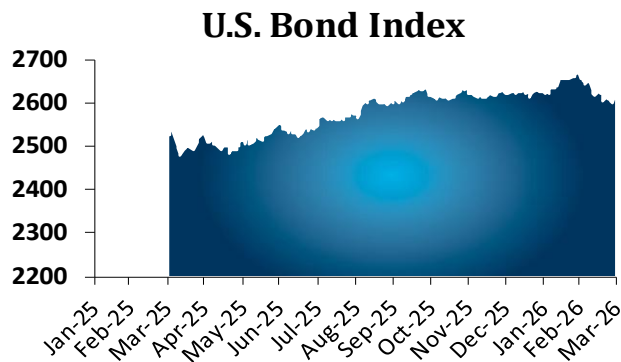
Portfolio Performance

The Anchor equity portfolio was also impacted by fears of artificial intelligence disruption in the software and other service industries during the quarter. The Anchor Equity Composite declined 5.3% in the quarter. The Anchor High Quality Income Portfolio had a very strong start to the year, outperforming major global equity benchmarks returning +5.6% in the quarter. Looking forward, volatility will persist while the Iran conflict continues. At the same time, investors are trying to gauge the long-term impact of artificial intelligence on industries and individual companies. We believe uncertainty will create opportunities to selectively take advantage of any market dislocation.*

*Performance is based on Anchor equity composite portfolios. Returns include changes in unit value, reinvestment of all distributions, investment management fees, execution, custodial and other charges. Investment results are best judged over the long term. Performance should be evaluated with consideration of the client's specific goals and investment objectives. Past performance is not necessarily indicative of future results. Returns for indices or benchmarks are provided in U.S. dollar terms and solely for informational purposes. These indices or benchmarks are non-managed indices that do not accrue advisory or transactional expenses. Benchmarks are based on the client's selected asset allocation and are calculated in U.S. dollar terms. The Anchor Equity Portfolio benchmark uses the MSCI AC World Total Return Index. The Anchor High Quality Income Portfolio benchmark uses the SG Global Quality Income (USD) Index.

Fixed Income Analysis

Volatility Returns as Markets Reprice Inflation and Policy



March was characterized by heightened volatility and uncertainty, with markets grappling with the wide range of potential outcomes stemming from the escalating Iran conflict. The closure of the Strait of Hormuz drove a sharp rise in oil prices, feeding directly into higher near-term inflation expectations. This in turn triggered a significant repricing across global interest rate markets and reinforced the U.S. dollar's role as a safe-haven currency.

The dollar strengthened meaningfully during the month, rising 2.4% as measured by the DXY index. For the quarter as a whole, the dollar appreciated 1.7%. However, this strength masked notable divergence beneath the surface, with both the Norwegian krone (NOK +3.9%) and Australian dollar (AUD +3.4%) outperforming on the back of widening interest rate differentials and supportive commodity dynamics. . We currently own Norwegian and Australian government bonds in our global fixed income and balanced accounts.

US bond markets experienced a sharp sell-off in March as investors reassessed the path of monetary policy. At the end of February, fed funds futures were pricing at least two 25 basis point rate cuts in 2026. By the end of March, that expectation had been fully reversed, with markets no longer pricing any cuts this year. Similar dynamics played out globally. The Bank of Canada, European Central Bank, and Norges Bank — previously expected to remain on hold — are now increasingly seen as potential rate hikers in 2026 as higher oil and gasoline prices feed through to inflation expectations. The Reserve Bank of Australia has already moved in this direction, raising its policy rate by 25 basis points to 4.10%, with markets now expecting further tightening ahead.

These shifting expectations drove a broad-based increase in yields across the curve. In the U.S., the 10-year Treasury yield rose 38 basis points to 4.32%, while global long-end rates also moved sharply higher. The UK 10-year gilt yield, for example, rose 68 basis points to 4.92%, reflecting both higher energy prices and the UK's status as a net importer of oil in an already elevated inflation environment.

Fixed Income Analysis



While front-end rates reacted primarily to rising near-term inflation expectations, the move in longer-dated yields appears to reflect a reassessment of the terminal rate. Measures such as the 5-year, 5-year forward overnight index swap — often used as a proxy for longer-term policy expectations — moved higher during the month. Unlike short-term rates, which are sensitive to current data and events, long-term yields are more influenced by structural factors such as productivity trends (including AI), demographics, and evolving risk premia, particularly around long-term fiscal sustainability.

Despite the sharp move in rates and elevated geopolitical uncertainty, credit markets remained notably resilient. High-yield spreads widened modestly from historically tight levels, but overall credit spreads remain compressed. This suggests that markets are either expecting a relatively swift resolution to the Iran conflict or believe that economic growth will remain sufficiently robust to absorb the shock.

It is worth noting that most of the spread widening observed during the quarter was concentrated in specific segments, particularly technology — and more specifically software — where uncertainty around AI-related demand persists. Additionally, issuers with material exposure to private credit markets have also experienced some spread pressure.

Looking ahead, the key risk for credit markets remains a potential deterioration in economic growth. Should the U.S. economy begin to show clearer signs of weakening, particularly an increased probability of recession, we would expect credit spreads to adjust more meaningfully from their currently tight levels.



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