

# BRIGHTER WORLD MPS MONTHLY NEWSLETTER

## Brighter World Newsletter – January 2026

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### Market Commentary

It has been an eventful start to 2026 across geopolitics, central banks and financial markets. The US administration was once more making headlines, particularly in Venezuela and the sabre-rattling around Greenland, although this was tempered at the World Economic Forum in Davos. Ultimately, it is perceived that the US is increasingly isolating itself from other nations, which has seen the US dollar continue to weaken. This has fuelled a strong rally in gold and silver, alongside commodities such as copper, in the so-called 'debasement' trade. This did begin to unwind at the end of the month on the announcement of the new Federal Reserve Governor. He is viewed by markets as relatively hawkish, and therefore less likely to push aggressive interest rate cuts, which gave strength to the dollar and sparked a sell-off in gold and silver.

Global equities were in the green for the month, although we continued to see weakness in US assets. In developed markets, within the core allocation, the UK SRI continued to outperform, returning +2.35% for the month compared to +1.56% for the European SRI and +0.09% for the USA SRI. A weaker US dollar continues to be supportive for Emerging Market and Asian equities, which were standout performers in the month. Portfolios' EM SRI and Asia Pacific SRI returned +4.42% and +4.34% respectively.

Earnings season kicked off giving investors a clearer insight to the business environment. Technology companies were particularly in the spotlight, as the concerns around a bubble in AI that increased into the end of last year continue to simmer in the background. Ultimately, these served mixed signals, but market heavyweight Microsoft was particularly eye-catching, falling over 10% on record spending levels. A key concern around the AI bubble has been that high levels of spending are not translating into financial returns. Whilst the portfolios have no or very limited exposure to the large tech names associated with AI, they do have exposure to companies exposed to the infrastructure build out, and that has been supportive of returns, including within the thematic allocations.

Portfolios' thematic allocations were largely positive contributors to performance, buoyed by a continued broadening in equity returns. The environmental focussed allocations had a very strong month, with JPM Climate Solutions returning +6.46%, whilst Rize Environmental 100 returned +4.94%. Clean energy has had a mixed month, returning 9.05% on an index level but with returns diverging significantly by technology. Bucking recent trends, it was wind, and offshore in particular, seeing strong performance. Positive sentiment was helped by further US court rulings that projects suspended by the administration could be restarted.

Portfolios' Healthcare exposure returned -0.91%, although this weakness was related to currency rather than concerns within the sector. Portfolio allocation to Cybersecurity has continued to be weak, with AI disruptions related to software impacting the sector in general. We believe infrastructure software should be more isolated from AI disruption and if anything, this would create opportunities.

Fixed income was largely a positive contributor on the month, with longer-dated yields continuing to be supported by lower government issuance. However, concerns over the size of government deficits have not disappeared, and comments from the inbound Federal Reserve chair regarding the Fed's balance sheet size is likely to lead to steeper curves, so we continue to have no desire to have any meaningful exposure to longer dated bonds.

### Model Portfolio transactions in the month:

There were no changes to portfolios during the month.

### Performance:

| Brighter World MPS | January 2026 |
|--------------------|--------------|
| 3                  | 0.67%        |
| 4                  | 0.82%        |
| 5                  | 1.07%        |
| 6                  | 1.32%        |
| 7                  | 1.57%        |
| 8                  | 2.07%        |
| 9                  | 2.43%        |

### MPS Stock pick feature:

**3i Group** is an investment company specialising in Private Equity and Infrastructure. They invest in mid-market companies in Northern Europe and North America that benefit from long term growth trends and support these companies to achieve their full potential. One of the companies in its portfolio is Infinis, who are the leading generator of low carbon power from captured methane which supports the UK's journey to net zero. The business captures methane gas from landfill sites and disused mines and converts it into electricity. Infinis is ideally placed to scale its electricity generation capabilities by developing solar and battery projects on brownfield and landfill sites which offer attractive fundamentals including expedited grid connectivity.

### Ethical News

**Stormy weather helps push Britain to new monthly wind power record** - A record 10.6 terawatt-hours (TWh) of wind power was generated across England, Scotland and Wales in January 2026, largely due to stormy weather. Energy think-tank Ember analysed data from the National Energy System Operator (NESO) to confirm the milestone. The previous monthly record was 10.4 TWh, set in December 2023. Ember attributed the record to favourable generation conditions and an increase in installed wind capacity. Ember also tracked 0.5 TWh of electricity generation from solar in January 2026. This means that, collectively, wind and solar generated 11.1 TWh, 5% higher than the previous record set in December 2023. Gas,

meanwhile, generated 9.1 TWh in January 2026, 17% lower than in January 2025 despite a 2% year-over-year increase in demand.

**A revealing study has found that just 32 fossil fuel companies produced half of the world's carbon dioxide emissions in 2024.** The "Carbon Majors" report identifies state-owned Saudi Aramco and investor-owned ExxonMobil as the top global polluters. Critics argue these firms are "sabotaging climate action," as many are controlled by nations that opposed phasing out fossil fuels at recent UN summits. While experts warn the 1.5C warming limit is now likely to be exceeded, the data is increasingly used in landmark legal cases to hold these corporations financially accountable for climate-driven disasters like flooding and extreme heatwaves.

**A historic milestone in sustainable logistics has been reached as the first electric heavy goods vehicle (eHGV) successfully crossed the English Channel via the LeShuttle freight train.** This journey, spanning from the East Midlands to Northern Germany, establishes the first "electric corridor" for freight between the UK and the EU. While electric trucks currently command a higher purchase price than diesel alternatives, they offer lower operating costs over a five-year period. To encourage adoption, the government is offering discounts of up to £120,000 per vehicle. With 25% of UK-EU trade relying on the tunnel, officials anticipate 50,000 electrified truck crossings within the next five years.

**Despite a significant shift in federal policy and the removal of green tax credits, the US renewable energy sector continues to show remarkable growth.** Although the current administration has championed fossil fuels, analysts predict a 46% surge in solar generation over the next two years. This trend is driven by economics: solar and wind power are now substantially cheaper than coal or natural gas. Furthermore, a boom in battery storage technology is addressing previous concerns regarding the reliability of green energy. Even with new political barriers, the long-term transition away from fossil fuels in the national power sector remains intact.

**Scientists are reporting an acceleration in global warming, with 2025 ranking as the third hottest year on record.** For the first time, the three-year warming average has surpassed the 1.5C threshold established by the Paris Agreement. This record heat occurred despite a cooling La Niña phase, proving that human-caused emissions are now overwhelming natural weather cycles. The rising temperatures are linked to catastrophic weather events, including record-breaking hurricanes and deadly wildfires. Compounding the crisis, the US has recently moved to abandon international climate treaties and dismiss key scientific advisory roles.

**The UK's rail industry has taken a major leap toward decarbonisation with the launch of the first rapid-charging battery train in West London.** Currently serving the Greenford branch line, the train replaces older diesel models and uses innovative technology that allows for a full recharge in just four minutes. This battery-powered solution is more cost-effective than installing traditional overhead electric lines and recently set a world record by travelling over 200 miles on a single charge. This initiative is a vital component of the national strategy to phase out all diesel-only trains by 2040.

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