MARKET INSIGHT

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150 YEARS

Redmayne Bentley

A PROUD PAST, AN EXCITING FUTURE

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KEY THEMES PERSIST EARLY IN 2026

ALASTAIR POWER | INVESTMENT RESEARCH MANAGER

Financial markets have, at the time of writing in 2026, provided positive returns for investors, although in somewhat of a divided manner. Asian and emerging equity markets have produced noteworthy gains, while the previously dominant theme of US exceptionalism continues to take a back seat as the dollar slides yet further and investors look for more opportunities away from the

Key themes operating through the initial part of the year include:

ARTIFICIAL INTELLIGENCE… THE WINNERS AND LOSERS

Markets continue to place bets as to the winners and losers of Artificial Intelligence (AI) innovation. Software companies, or those operating with large proprietary data sets as key competitive advantages, experienced further challenges. In early February, a new legal based tool from Anthropic, the creator of Claude, caused ripples across software companies, with names such as RELX, Experian, and Sage all declining on the release date. This month's Stock Focus article delves more into the story at RELX, with considerations around validity of concerns that AI is interrupting the company's competitive position.

POLITICAL DEVELOPMENTS AND THE IMPACT ON BOND YIELDS

Long-dated government bonds, those most sensitive to political and fiscal stability concerns, saw yields rise amid scrutiny of the UK Prime Minister and increased political uncertainty in February. With May's local elections fast approaching, long-bond yields could continue to rise on anticipation of a leadership change. Political developments are more encouraging in Japan, where recent elections resulted in Prime Minister Sanae Takaichi's landslide victory. Japanese stocks gained in approval, but the yen continues to weaken as the country faces rising inflation and fiscal concerns.

INTEREST RATES REMAIN FLAT FOR NOW

All three major developed market central banks – the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England (BoE) voted to leave interest rates unchanged in recent meetings. At the BoE, the vote was tighter than expected, with a 5-4 voting split, potentially indicating willingness to lower rates further but on the strict proviso that inflation trends towards and remains stable at the target 2% rate. In the US, President Trump nominated Kevin Warsh as the chair of the Fed with the incumbent Jerome Powell's term set to end in May. The path of US interest rates is closely watched in financial markets, with the potential for a larger decline in US rates holding significant impact for both the economic outlook and future direction of the dollar.

PRECIOUS METALS CATCH THE EYE

Gold, having surpassed US$5k an ounce in January, took a one-day tumble, falling 8.8% before steadying in the early days of February. Given the run of performance, profit taking is a likely contributing factor of the sell-off with many longer-term holders likely sitting on large gains. Inflows into physical gold exchange traded products reportedly remain strong according to the World Gold Council, providing support to the yellow metal's price.

"All three major developed market central banks - the US Federal Reserve, the European Central Bank, and the Bank of England - voted to leave interest rates unchanged in recent meetings."

LOOKING AHEAD

Events around these themes will continue to evolve throughout the year and remain at the forefront of attentions, likely leading to bouts of volatility within financial markets. With stable economic growth, declining rates of inflation, and a downward path of central bank interest rates, we continue to be positive on the outlook and potential for 2026 to be yet another year of positive returns for investors.

If you have any questions about the investment themes discussed in this edition of Market Insight, please contact your usual Redmayne Bentley office or executive. ■

INSIGHT

TAX EFFICIENT STRATEGIES

JUDE CANN | FINANCIAL PLANNER

Tax year end is one of the most important periods for UK savers and investors, with April 5th being the deadline before a raft of taxable allowances reset for another twelve-month period. In the run-up, investors and their advisers are likely to be increasingly active in utilising unused allowances and planning for the upcoming tax year. A wide array of tax-efficient strategies are available and, in this article, we explore some of the most commonly deployed.

TAX LOSS HARVESTING… OR REALISING AN INVESTMENT LOSS

The process involves selling investments that are currently showing a loss in order to offset gains made elsewhere. In doing so, the investor is essentially creating a tax asset for use in either the current or future tax years.

With the Capital Gains Tax (CGT) annual exemption of just £3,000, there is limited flexibility for those seeking to eliminate or reduce a CGT bill, making harvesting losses a potentially beneficial exercise.

The strategy can be useful for those with a large CGT bill or looking to rebalance a portfolio following a period of strong performance. It is important to note that losses must be reported to HMRC in order to be carried forward, and losses are offset against gains before the annual exemption.

When considering loss harvesting, investors need to be aware of HMRC's 'matching rules', which are designed to prevent investors immediately repurchasing shares in order to lock-in a capital loss.

'BED AND ISA' AND 'BED AND PENSION'

If looking to realise a capital loss in an asset but remain invested, investors can do so through either a 'Bed and ISA' or 'Bed and Pension' process. A 'Bed and ISA' transaction facilitates the moving of an investment from a general portfolio (taxable) to a tax-efficient portfolio.

It is completed by selling an investment from a general portfolio, transferring the disposal proceeds to the ISA and repurchasing within the ISA. While this doesn't remove the immediate CGT gain or loss imposed on the sale, it does shelter it from potential future gains. This activity is, however, limited to the current £20,000 ISA allowance and unused portion the investor has remaining for the tax year.

Alternatively, a 'Bed and Pension' action follows a similar process of disposal within a taxable portfolio and using the proceeds to make a pension contribution, within which the asset can be repurchased. For many investors, pension contribution limits may exceed the ISA allowance, especially where carry-forward is available. This could result in a greater sum which could be moved from a taxable environment to a tax-advantaged pension. The drawback, however, may be that the funds are not accessible unless of a certain age.

LOW COUPON GILTS AND QUALIFYING CORPORATE BONDS

If investing within a taxable portfolio, tax-efficient gains can be generated through investment in gilts and qualifying corporate bonds. Gilts are not liable for Capital Gains Tax charges, meaning gilts trading below face value can offer attractive tax free gains on the capital invested. However, income received by the coupon payments remain subject to Income Tax. In addition to the capital free gain, the strategy benefits from a high level of liquidity and flexibility in matching the gain to future tax years, if needed. The drawback, however, is the level of gain may not meet requirements, and it's generally viewed as a lower risk strategy.

A similar strategy, involving a higher level of risk is the purchase of qualifying corporate bonds. A corporate bond is qualifying if the bond meets specific criteria outlined by HMRC which results in no capital gain charge if disposed of for a gain, equally it does not allow for any losses to be carried forward.

Both gilts and qualifying corporate bonds drew significant interest from investors following the sharp increases in interest rates following the COVID-19 pandemic. This was partly due to the potential to maximise the tax-free capital gain portion of returns as many bonds traded below par value.

The implementation of tax efficient strategies such as those outlined above is subject to individual circumstances and requirements. Undertaking simple planning actions such as utilising ISA and pension allowances on an annual basis can be some of the most beneficial actions from a tax perspective.

If you have any questions about the end of tax year or the themes mentioned in this piece, you can get in touch with your usual Redmayne Bentley office or executive. ■

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Please note that tax treatment depends on the specific circumstances of each individual and may be subject to change in the future. Redmayne Bentley has taken steps to ensure the accuracy of the information provided.

The information expressed in this article was correct at the time of publication on Monday 2nd March but may have changed at the point of reading.

The information is based on our understanding of legislation, whether proposed or in force, and market practice at the time of writing. Levels, bases and reliefs from taxation may be subject to change.

The Financial Conduct Authority (FCA) does not regulate estate planning or tax advice.

'*How Much* You Invest Matters… *Where* You Invest Matters More'
Vittoria Vaccaro, Financial Planner

Hear from Vittoria, one of our in-house Financial Planners, on what to consider as we approach the upcoming tax year end.

READ THE ARTICLE

STOCK FOCUS

RELX

COULD A FALLING SHARE PRICE BE SOMETHING TO CONSIDER?

RUTH HARRIS | INVESTMENT RESEARCH ANALYST

Equity investors appear split on the outlook for Artificial Intelligence (AI), cycling through periods of enthusiasm and pessimism as headlines report ever higher capital expenditure expectations. With new AI products and innovations being announced, the AI theme is impacting areas outside of the large technology companies funding the build-out. Software and information services have recently come under fire following the release of a new legal tool by AI company Anthropic, the creators of the chatbot Claude. Fears that similar tools may diminish the importance of existing software and information companies led to a widespread sell-off, though some commentators have argued that this was an overreaction from the market. The share price of RELX, a FTSE 100-listed information and analytics group, had been under pressure for several months on AI-related concerns prior to Anthropic release. At the time of writing, the RELX share price had fallen almost 50% from its high in May 2025, which could be an opportunity for those who see long term value of the business.

RELX: KEY BUSINESS AREAS

RELX operates across four core divisions: Risk and Business Analytics, Scientific, Technical & Medical (STM), Legal, and Exhibitions. Its products are used by professionals across academia, healthcare, law, insurance, government, and corporate markets. While the group has evolved significantly from its roots in academic publishing, its core proposition remains to provide mission-critical data, tools, and insights that customers rely on to do their jobs.

Risk & Business Analytics is the largest division, accounting for around one third of total revenues. This division provides data-driven tools which help customers assess credit risk, detect fraud, and support compliance. Customers include insurers, banks, and public sector bodies, many of whom are dealing with increasingly complex regulatory and fraud environments. Demand in this area has been supported by the continued digitisation of financial services and the growing importance of data-led decision making. Unlike some higher-growth software businesses, RELX tends to sell long-term contracts with high renewal rates, helping smooth revenue through economic cycles.

> *"While the group has evolved significantly from its roots in academic publishing, its core proposition remains to provide mission-critical data, tools, and insights that customers rely on to do their jobs."*

STM is the group's second largest division. Through brands such as Elsevier, RELX provides scientific journals, research platforms, and analytics tools to universities, research institutions, and governments. While academic publishing can attract criticism for pricing and access models, STM benefits from strong barriers to entry. Researchers are incentivised to publish in well-regarded journals, and institutions often view subscriptions as non-discretionary. This has supported high margins and relatively predictable cash flows over time.

The Legal division, anchored by LexisNexis, offers research, workflow, and analytics tools to law firms and in-house legal teams. Similar to STM, this business benefits from high switching costs, as professionals build workflows around specific platforms. The Exhibitions division, which runs large-scale trade shows, is more cyclical and sensitive to economic conditions, but represents a smaller proportion of group profits.

Across the group, a key attraction for investors is the high level of recurring revenue, estimated to be about 90%. This underpins strong cash generation and has allowed RELX to reinvest consistently in product development, bolt-on acquisitions, and cash returns to shareholders.

RELX has historically traded at a premium to the wider market, reflecting high growth expectations and the quality of the diversified business model. The recent pullback in software-related stocks may, therefore, interest long-term investors who previously viewed the shares as expensive. Unlike many software companies that rely on rapid customer growth or discretionary IT spending, RELX's revenues are often embedded in customer workflows, reducing the risk of sudden cancellations during downturns.

That said, there could be an existential threat if AI-driven tools disrupt traditional research and legal workflows over time. Furthermore, it is possible that AI coding could reduce the barriers to entry in creating similar products to those offered by the group. Other risks include regulatory scrutiny around data usage, pricing, and access to academic research, particularly in the STM division. Budget pressures on universities and public sector clients could also weigh on growth if funding environments tighten further.

WHAT DOES THE FUTURE HOLD?

Overall, RELX sits at the more defensive end of the software and information services spectrum. Its combination of recurring revenues, strong market positions, and consistent cash generation differentiates it from more cyclical or speculative technology names. If RELX can continue to execute on product innovation while maintaining its pricing power in the face of technological disruption, it could hold on as a steady compounder within a volatile sector. ■

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