Multi-asset portfolio allocation

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Barclays Private Bank discusses asset allocation views within the context of a multi-asset class portfolio. Our views elsewhere in the publication are absolute and within the context of each asset class.

Summary

- Following a review and update of our Strategic Asset Allocation (SAA), discretionary portfolios are invested at a similar level of overall risk as their respective SAA.

- Equity markets have made a rapid recovery from April's tariff-induced drawdown to trade at new US highs, led by stocks with high momentum. However, tariff uncertainty continues to affect policy decisions and hit consumer and business confidence. Against this backdrop, portfolios now have a neutral allocation to the asset class.

- Within allocations, there is a strong argument for greater diversification to mitigate policy uncertainty. Over the last year, opportunities have emerged in unloved parts of the market that offer more attractive valuations, without sacrificing quality. We continue to seek the right balance between conviction and diversification, including across geographies.

- With bond markets still facing higher rates and lower credit spreads than their multi-year ranges, we allocate more to developed government bonds while being more selective in investment grade and high yield credit.

Cash and short duration bonds

- Following a reduction of equity exposure in May, portfolios have a modest overweight to cash and short-duration bonds as we await opportunities elsewhere.

Fixed income

- Divergence in the key economic blocs of the US, China and the EU is driving different growth and inflation trade-offs for their respective central banks. Core rates are expected to be a helpful diversifier from risk asset exposure in the event of a weaker economy – and so portfolios are invested up to the strategic allocation.

- Those different growth and inflation dynamics can be reflected through curve and duration positioning in the asset class.
- Higher-quality bonds are preferred in credit, as they seem to offer better relative value.
- In high yield and emerging markets, selection is key, as spreads have scope to widen in an adverse scenario.

Equities

- A tactical overweight to equities was reduced in May on valuation grounds, following a sharp recovery from April's tariff-induced drawdown.
- We further reduced developed market equities in October and brought back emerging market peers to their strategic asset allocation. This broadens and diversifies equity exposures in response to the increasingly narrow US leadership.
- In line with our long-term investment philosophy, portfolios are geared towards high-quality, cash-generative and conservatively capitalised businesses.

Alternative trading strategies (ATS)

- The higher rate environment means there is a higher opportunity cost for ATS, so the allocation is reduced to a lower strategic level.
- Our focus is on strategies that offer low correlations to equity markets – providing diversification benefits.

Commodities

- Despite the gold price hitting record levels in 2025, as a risk-mitigating asset and diversifier from the US dollar, the yellow metal is the preferred direct commodity exposure.
- Elsewhere, we believe that our risk budget is better spent outside of the asset class.

How would you rate this article?

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Outlook 2026

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