



## B Capital SA

Rue Jean-Calvin 14  
1204 Geneva  
Switzerland

Tel +41 22 317 7823  
Fax +41 22 545 7714

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# B Capital Portfolio Positioning Update

## Strategic Context

Global markets are navigating a period of elevated geopolitical uncertainty. Trade policy shifts, renewed tensions across multiple regions, and currency pressures have created a more volatile backdrop for risk assets — particularly US-denominated equities. In this environment, our portfolios have been deliberately positioned to provide resilience, and we are confident that the preparations made in late 2025 and early 2026 stand us in good stead.

## What We Have Done

Over the past several months, B Capital has systematically reduced exposure to areas of concentrated risk and reallocated capital into asset classes that we believe are better positioned for the current environment. Key actions include:

### 1. Portfolio Insurance & Downside Protection:

Late in 2025, we took the deliberate decision to purchase portfolio insurance across our US equity positions. In practical terms, this means that whilst our portfolios participate in any market recovery, they are protected against material falls for an extended period. For our S&P 500 holdings specifically, this insurance is in place until January 2027 — providing well over a year of downside protection from the point it was established. This was a proactive decision made ahead of the current environment, not a reaction to it, and it is one we believe reflects the kind of careful, forward-thinking risk management our clients should expect.

### 2. Increased Precious Metals & Silver Miners:

Allocations to gold and silver ETFs have been increased, and we hold a position in silver mining equities. Precious metals serve as a store of value during periods of geopolitical stress, currency debasement, and inflationary pressure. We continue to hold a constructive medium-term view on the sector.

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### 3. Metals & Mining Sector:

We have broadened our exposure to the broader metals and mining complex, including copper miners. This reflects our conviction that the structural demand for industrial metals — driven by electrification, infrastructure spending, and the energy transition — remains intact regardless of near-term geopolitical noise.

### 4. Natural Gas:

Our portfolios include a position in natural gas, through FCG. This provides exposure to an energy source that continues to play a central role in global energy security, particularly in Europe and Asia.

### 5. European Defence — NATO ETF:

We established a position in a NATO-focused European defence ETF early in 2025, ahead of the current geopolitical environment. This was based on our assessment that European NATO member states would be required — and motivated — to materially increase defence budgets over the coming years, following sustained pressure to reduce dependence on US security guarantees. That thesis has proven well-founded. With geopolitical tensions now elevated and European governments accelerating defence commitments, this position has performed strongly. We view the medium-term structural case for European defence spending as intact.

### 6. Emerging Markets & EM Local Currency Bonds:

We have increased allocations to emerging market equities and emerging market local currency bonds. This forms part of a deliberate strategy to reduce dependence on US dollar-denominated assets, as we maintain a cautious medium-term view on the US dollar.

## Our View on the Current Environment

We believe that the current spike in geopolitical risk is likely to be relatively short-lived. Market dislocations driven by political headlines tend to be sharp but transient, and we do not anticipate making material portfolio changes in the immediate term. The positioning described above was implemented proactively — not reactively — and we believe it appropriately balances capital preservation with medium-term return potential.

## Prepared — Not Reactive

We are proud of the discipline our investment process demonstrated in the months leading into the current environment. The purchase of portfolio insurance on our US equity holdings — with our S&P 500 protection running through to January 2027 — means that our clients enter this period of turbulence with a meaningful safety net already in place. There is nothing to do and nothing to fear. The hard work was done quietly, in advance, when markets were calm.

This is precisely the approach B Capital was built around: thoughtful, forward-looking risk management that does not wait for a crisis to act. Whether markets recover quickly or remain unsettled for longer, our portfolios are structured to navigate either outcome with resilience. We remain fully invested in our convictions and fully committed to managing your capital with the care and rigour it deserves.



## Next Steps

We are monitoring developments closely and will communicate with you as the situation evolves. No changes to your portfolio are required at this time. Should you have any questions about your specific holdings or the measures we have put in place, please do not hesitate to get in touch.

Yours sincerely,

**Lorne Baring**  
**Managing Director**