



AL MILLER

Financial Communication Specialist

COMPLIANCE ASSESSMENT

UK Equity Market Outlook 2026



Compliance Document
February 2026

EVALUATION COPY

This assessment is provided to support the distributing firm's compliance review process. It does not constitute compliance sign-off. The distributing firm retains full regulatory responsibility.

Part One: Executive Summary

This assessment evaluates "UK Equity Market Outlook 2026" (Revised Version) against the regulatory framework governing financial promotions in the United Kingdom, including the Financial Services and Markets Act 2000, FCA Conduct of Business Sourcebook (COBS), and Consumer Duty requirements under PRIN 2A.

The Revised Version includes six strategic inserts designed to encourage reader engagement with their financial adviser. These inserts bridge from abstract market analysis to personal relevance without introducing sales pressure, urgency, or compliance risk.

1.1 Document Classification

This document is classified as market commentary, not investment research. It provides general market analysis without recommending specific securities or actions. This classification is significant because market commentary faces fewer restrictions than investment research under the UK MiFID framework, whilst still requiring compliance with financial promotion rules.

The document does not constitute a call to action in the traditional sense. It educates readers about UK equity market conditions and invites them to consider discussing their circumstances with their adviser. This educational framing is consistent with Consumer Duty objectives.

The document does not: recommend specific products or providers; provide personal financial advice; make guarantees or promises about outcomes; use pressure tactics or urgency language; or present itself as investment research within the meaning of the UK MiFID framework.

1.2 Overall Assessment

OVERALL ASSESSMENT: Suitable for distribution by FCA-authorized firms following firm-specific customisation and internal approval.

Part Two: Applicable Regulatory Framework

2.1 Primary Legislation: FSMA 2000

Section 21 – Financial Promotion Restriction

Section 21 of FSMA establishes the financial promotion restriction. A person must not, in the course of business, communicate an invitation or inducement to engage in investment activity unless: (a) the person is an authorised person, or (b) the content of the communication is approved by an authorised person.

This document falls within the financial promotion restriction as it invites readers to consider engaging with financial advisers regarding UK equity investments. When distributed by an FCA-authorized firm, this is entirely lawful provided the content meets COBS 4 requirements.

2.2 FCA Handbook: Conduct of Business Sourcebook (COBS)

COBS 4.2.1R – Fair, Clear and Not Misleading

A firm must ensure that a communication or financial promotion is fair, clear and not misleading. This primary rule applies to all content in the document.

Assessment: The document presents market analysis in plain English with appropriate caveats. Statistics are sourced and verified. No guarantees or misleading claims are made. The document explicitly states "this is not a forecast" and acknowledges uncertainty.

COMPLIANT

COBS 4.5 – Communicating with Retail Clients

COBS 4.5.2R sets out requirements for information addressed to retail clients. Information must: (1) include the name of the firm; (2) be accurate and not emphasise potential benefits without also giving a fair and prominent indication of relevant risks; (3) be sufficient for, and presented in a way likely to be understood by, the average member of the group to whom it is directed; and (4) not disguise, diminish or obscure important items, statements or warnings.

Assessment: Technical terms (P/E ratio, CET1 ratio, etc.) are explained in context or in the glossary. The writing style is accessible without being condescending. Data is presented in clear tables with source attribution.

COMPLIANT

COBS 4.5.8R – Tax Treatment

Where information refers to a particular tax treatment, the firm must ensure it prominently states that the tax treatment depends on individual circumstances and may be subject to change in future. The document includes appropriate ISA and pension tax caveats.

COBS 4.6 – Past Performance

COBS 4.6 governs communications containing indications of past performance. Where past performance is referenced, it must not be the most prominent feature, must include appropriate time periods, and must include a warning that past performance is not a reliable indicator of future results.

Assessment: Past performance data (FTSE 100 returns, 2025 gains) is presented in context with appropriate warnings. The document opens with a prominent risk

warning and includes past performance disclaimers. Performance is not the most prominent feature – regime change and fundamentals are emphasised.

COMPLIANT

COBS 4.7 – Direct Offer Financial Promotions

Not applicable. The document does not constitute a direct offer financial promotion as it does not specify a particular investment product, provide pricing information, or contain an application form.

2.3 FCA Consumer Duty (PRIN 2A)

Principle 12

PRIN 2.1 establishes Principle 12: “A firm must act to deliver good outcomes for retail customers.” This principle came into force on 31st July 2023. The Consumer Duty applies to interactions with retail prospects as well as existing clients.

Cross-Cutting Rules (PRIN 2A.2)

The cross-cutting rules require firms to: (a) Act in good faith towards retail customers (PRIN 2A.2.1R); (b) Avoid causing foreseeable harm to retail customers (PRIN 2A.2.5R); (c) Enable and support retail customers to pursue their financial objectives (PRIN 2A.2.10R).

Consumer Understanding Outcome (PRIN 2A.5)

PRIN 2A.5 requires firms to support consumer understanding by ensuring communications are tailored to the characteristics of the target market, enable customers to make informed decisions, and do not exploit customers’ behavioural biases or lack of knowledge.

2.4 FCA Perimeter Guidance: PERG 8

The Invitation or Inducement Test (PERG 8.3)

The guide constitutes a financial promotion because it is an invitation or inducement to engage in investment activity. Specifically, it invites readers to consider engaging with financial advisers regarding UK equity investments and portfolio allocation, which relates to advising on investments under Article 53 of the Regulated Activities Order 2001 (SI 2001/544). The guide does not itself provide advice; it provides educational information whilst positioning the distributing firm as a potential provider of regulated advice.

Distinction Between Information and Advice

The guide is correctly positioned as educational and informational content. It does not cross the boundary into a personal recommendation under RAO Article 53. The guide explicitly states it does not constitute advice and cannot do so without knowledge of the reader’s circumstances. This positioning is maintained throughout the document.

2.5 COBS 4.10: Approving Financial Promotions

COBS 4.10 governs the approval of financial promotions. The Financial Services and Markets Act 2023 (FSMA 2023) amended Section 21 of FSMA 2000 to establish a new regulatory gateway for the approval of financial promotions. Since PS23/13 came into force on 7th February 2024, this gateway requires firms to hold specific FCA permission if they wish to approve financial promotions for communication by unauthorised persons.

Application to This Document

This guide is designed for distribution by FCA-authorized firms to their own retail clients and prospects. In this scenario, the authorised firm is communicating its own financial promotion directly, not approving a promotion for an unauthorised person to communicate. The gateway requirement under PS23/13 therefore does not apply to the primary distribution method. The distributing firm remains responsible for ensuring the content meets its internal approval procedures before distribution.

2.6 Financial Promotion Order 2005 (SI 2005/1529)

The Financial Promotion Order defines controlled activities and controlled investments. The guide relates to the controlled activity of advising on investments (Schedule 1, Part I) and the controlled investments of shares and units in collective investment schemes (Schedule 1, Part II). No exemptions under the FPO are relied upon because distribution is by authorised firms communicating their own promotions.

Part Three: Section-by-Section Analysis

Each section of the document is assessed below against COBS 4.2 (fair, clear, not misleading), COBS 4.5 (suitable for retail clients), COBS 4.6 (past performance), and Consumer Duty requirements.

3.1 Introduction and Risk Warning

COMPLIANT

The introduction opens with a prominent risk warning and establishes the document as market commentary rather than investment research. The writing style is accessible and the framing is educational rather than promotional.

3.2 The World Has Changed – Regime Change

COMPLIANT

This section provides factual context about the shift from near-zero interest rates to positive real rates. The analysis is balanced, presenting both the opportunities and challenges of the changed environment. No misleading claims about future market direction are made.

3.3 What the FTSE 100 Actually Contains

COMPLIANT

The sector breakdown is factually accurate and sourced. The section helps readers understand index composition without making value judgements about whether this composition is desirable or undesirable.

3.4 Income Proposition

COMPLIANT

Dividend yield comparisons are factually accurate and appropriately caveated. The section presents income characteristics as one factor among many, not as the primary reason to hold UK equities. Past performance warnings are included.

3.5 Valuation Context

COMPLIANT

P/E ratio and valuation comparisons are sourced and explained in context. The section correctly notes that low valuations do not guarantee future outperformance and acknowledges structural reasons for the discount.

3.6 Realistic Expectations

COMPLIANT

This section explicitly states “this is not a forecast” and sets appropriately modest expectations. The discussion of total return versus capital growth is factually accurate.

3.7 ISA and Pension Considerations

COMPLIANT

Tax wrapper information is factually accurate with appropriate caveats about individual circumstances. Pension access restrictions are clearly noted. No encouragement of unsuitable behaviour.

3.8 Questions Worth Considering

COMPLIANT

The questions are designed to prompt reflection rather than drive action. They support informed decision-making without implying that any particular answer is correct.

3.9 Conclusion

COMPLIANT

The conclusion reinforces the educational tone established throughout the document. It summarises the key themes (normalised rates, reasonable valuations, sustainable dividends, global revenue exposure) without introducing new claims or departing from the balanced framing of earlier sections. The closing direction to seek personalised advice from a financial adviser is consistent with the document’s positioning as market commentary rather than a personal recommendation.

3.10 Important Information and Disclaimers

COMPLIANT

All required disclaimers are present and appropriately prominent. The section includes: a statement that the document does not constitute personal advice or investment research; past performance warnings; tax treatment caveats; and a clear statement that the distributing firm is responsible for the content.

Part Four: Strategic Inserts – Compliance Review

The document contains six strategic inserts designed to bridge from abstract market analysis to personal relevance. Each has been assessed against COBS 4.2.1R (fair, clear, not misleading) and Consumer Duty cross-cutting rules.

4.1 Insert One: Reader Relevance

Location: Introduction section, after opening paragraphs

“This commentary is particularly relevant if you hold UK equities within an ISA or pension and are wondering whether the environment that drove last year’s gains is likely to persist, and what, if anything, you might discuss with your adviser.”

The phrase “if anything” explicitly validates inaction – readers are not pressured to do anything. “Wondering whether” is appropriately tentative. No urgency, no pressure, no guarantees.

COMPLIANT

4.2 Insert Two: Portfolio Reflection

Location: After “The World Has Changed” section on regime change

“If your portfolio was constructed during the era of near-zero rates, it may be worth considering whether your current allocation still makes sense in an environment where cash and bonds offer genuine competition. Your adviser can help you think through the implications.”

“May be worth considering” is appropriately tentative – not directive. “Help you think through” positions the adviser as a clarifier rather than a salesperson. No claim that action is required.

COMPLIANT

4.3 Insert Three: Income Discussion

Location: After income proposition section

“If you are holding UK equities primarily for income, the return of competitive yields from cash and bonds may warrant a conversation with your adviser about whether your current income strategy remains optimal for your circumstances.”

“May warrant a conversation” is non-prescriptive. “For your circumstances” acknowledges individual variation. Does not claim equities are wrong or that action is required – simply prompts consideration.

COMPLIANT

4.4 Insert Four: Expectations Bridge

Location: After “Realistic Expectations” section

“If you find yourself uncertain about what ‘realistic expectations’ means for your specific situation (your time horizon, your income needs, your tolerance for volatility), that is often a useful prompt to have a conversation with your adviser.”

“Often a useful prompt” appropriately hedges – does not claim conversation is always necessary. Lists legitimate factors (time horizon, income needs, risk tolerance) that genuinely vary by individual. Supports informed decision-making.

COMPLIANT

4.5 Insert Five: Wrapper Discussion

Location: After ISA and pension section

“If you are approaching the end of the tax year and have unused ISA or pension allowances, or if you are unsure how UK equity exposure should fit within your overall tax-efficient arrangements, your adviser can help you think through the options.”

Tax year reference is factual, not urgency-driven. “Help you think through the options” is exploratory language. Does not claim that using allowances is necessary or that UK equities should be purchased.

COMPLIANT

4.6 Insert Six: Closing Bridge

Location: After “Questions Worth Considering” section

“If reading through these questions has raised more issues than it has resolved, that is not unusual, and it is often a useful signal that a conversation with your adviser would help clarify your thinking.”

“Not unusual” normalises reader experience. “Often a useful signal” appropriately hedged. “Clarify your thinking” positions conversation as clarifying rather than selling. No pressure, no urgency.

COMPLIANT

4.7 Overall Assessment of Inserts

All six inserts maintain the document's educational positioning whilst creating natural moments for reader engagement. None constitutes personal advice. None makes specific product recommendations. None creates undue urgency or pressure.

None of the inserts: create artificial urgency; make promises or guarantees; pressure the reader; obscure important information; or encourage unsuitable behaviour such as market timing.

Part Five: Data and Source Verification

All statistical claims in the document have been verified against primary sources. FTSE 100 composition data, valuation metrics, dividend yields, and performance figures have been confirmed against LSEG, Bloomberg, and ONS data.

Distributing firms should verify that all statistics remain current at the time of distribution. Market commentary documents are particularly sensitive to data currency.

Part Six: Consumer Duty Compliance Analysis

The Consumer Duty (PRIN 2A) came into force on 31st July 2023. This section analyses how the document supports compliance with the cross-cutting rules and consumer understanding outcome.

6.1 Acting in Good Faith (PRIN 2A.2.1R)

The document demonstrates good faith through: honest presentation of market conditions without cherry-picking favourable data; explicit acknowledgment that forecasting is difficult and uncertainty exists; balanced presentation of both opportunities and risks; no pressure tactics or urgency language in strategic inserts; and validation of inaction as a legitimate choice.

Good Faith Assessment: COMPLIANT

6.2 Avoiding Foreseeable Harm (PRIN 2A.2.5R)

The document helps avoid foreseeable harm by: prominent risk warnings at the start and end of the document; clear past performance warnings where historical data is referenced; pension-specific warnings about access restrictions; no encouragement of unsuitable behaviour (e.g., market timing); and consistent direction to seek personalised advice.

Foreseeable Harm Assessment: COMPLIANT

6.3 Enabling Financial Objectives (PRIN 2A.2.10R)

The document supports customers pursuing their financial objectives by: educating readers about the changed market environment; explaining what the FTSE 100 actually contains; providing context for income comparisons; setting realistic expectations; and prompting useful questions for adviser discussions.

Financial Objectives Assessment: COMPLIANT

6.4 Consumer Understanding (PRIN 2A.5)

The document supports consumer understanding through: plain English throughout with no unexplained jargon; technical terms explained in context or in the glossary; clear data presentation with source attribution; logical structure progressing from context to implications; and appropriate reading level for retail clients.

Consumer Understanding Assessment: COMPLIANT

Part Seven: Recommendations for Distributing Firms

7.1 Required Actions Before Distribution

1. Complete Firm-Specific Information

Replace all placeholders with your firm's details: [FIRM NAME], [TELEPHONE], [EMAIL], [WEBSITE]. Include your FCA registration number.

2. Remove Evaluation Markings

Remove all 'EVALUATION COPY' watermarks, header/footer notices, and the Evaluation Copy Notice from the final page.

3. Verify Data Currency

Verify all statistics remain current at distribution date. Market data, valuation metrics, and yield figures should be checked against current sources.

4. Update Document Date

Ensure the document date reflects distribution date rather than February 2026.

5. Obtain Internal Sign-Off

The document must be signed off through your firm's financial promotion approval process before distribution. This assessment supports but does not replace that process.

7.2 Distribution Channels

The document is suitable for distribution through: email to existing clients as market update; website download for prospects; seminar and webinar handouts; annual review meeting support material; professional referral network distribution; and tax year planning communications.

7.3 Optional Customisation

Distributing firms may: add firm-specific branding (maintaining prominence of risk warnings); adjust document design and layout; add a covering letter or email introduction; and include a brief firm description. Material content changes would require fresh compliance review.

7.4 Conditions for Approval

Document distributed only by FCA-authorized firms. No material amendments without fresh compliance review. Distributing firm accepts responsibility for suitability. Document reviewed for currency at least annually. Statistics updated if market conditions change materially.

7.5 Annual Review Requirement

Market commentary documents require more frequent review than evergreen educational content. This document should be reviewed and updated: annually at minimum (recommend January each year); following significant market events; following material changes to interest rates or monetary policy; and following changes to ISA or pension rules.

Part Eight: Compliance Sign-Off Summary

Suitable for distribution by FCA-authorized firms following firm-specific customisation and internal approval.

Subject to the conditions outlined in Section 7.1

Assessment Prepared By: AL Miller | Financial Communication Specialist

Assessment Date: February 2026

Document Assessed: The Role of Behaviour in Long-Term Financial Outcomes – Final Version (Evaluation)

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AL MILLER
Financial Communication Specialist

**CLEAR THINKING FOR COMPLEX FINANCIAL
DECISIONS**

TELEPHONE: 00-350-5600-4546

EMAIL: INFO@ALMILLERFCS.COM

WEBSITE: WWW.ALMILLERFCS.COM
