THREE HORIZONS CAPITAL / FLOW RESEARCH

INSTITUTIONAL REPORT

Positioning for a Longer Conflict: What the Flow Record, the Adviser Panel and the Assumption Sets Show

A measurement note. The rotation widely described this summer does not appear in the flow record, is not what advisers told clients, and could not be priced by the standard assumption set if it did occur.

+$14.0bn
into US government bond funds across the six weeks described as a flight from duration

6 of 6
weeks in the period recorded a net inflow, the quietest still taking $1.17bn

1 of 7
providers publishing 2026 assumptions publishes a gold line you could size a hedge with

Data through 10 August 2026. All figures in US dollars.
Written for professional investors. No individual fund, provider, issuer or adviser is named.
Every figure recomputed from source for this publication.

01 Executive summary

Since the spring one description of investor behaviour has become close to consensus: geopolitical risk has moved from an episodic worry to a standing condition, so investors are buying gold and selling the government bonds that used to be ballast. It is coherent and it explains several things at once. We had written parts of it ourselves. Re-derivation from the underlying records does not support it.

1. **Nobody sold the ballast.** United States government bond funds took in money in every one of the six weeks to 10 August, between +$1,173.7mm and +$3,617.5mm, **+$14.0bn in total**. VERIFIED

2. **The story came from reading a measure of pace as a measure of direction.** Three of those six weeks carry a negative normalised score, which compares a week's flow against the category's own recent pattern. In each of those three weeks between $1.17bn and $1.96bn arrived. VERIFIED

3. **The composition defence does not hold.** Splitting the same flows by maturity, all six buckets recorded net inflows. Long maturity is the third largest at **+$3,835.5mm across twenty-seven funds**, and +$3,613.1mm restricting to Treasury exposure alone. VERIFIED

4. **Advisers said what the money did.** Across a panel of 17,934 positioning statements from 2,499 advisers, of which 7,858 are dated, the dated 2026 tilt toward hedges is real and one-sided, but government bonds read **35 statements raising against 19 reducing** across 51 advisers. Said and done agree. VERIFIED

5. **The gold buying is real, younger and more regional than the story.** United States precious metals funds averaged **-$17.1mm per week** across eight weeks, turning only in the final fortnight; Europe averaged **+$224.3mm per week**, steadily. The United States residual is -$1,132.7mm per week, **49.7% of the attribution**, and it very nearly cancels the news-driven component. MODEL

6. **The standard toolkit cannot price the shape under discussion.** The stress library holds three scenarios and all three are growth shocks or rate shocks. Seven providers publish 2026 long-term assumptions; **one publishes a gold assumption**. VERIFIED

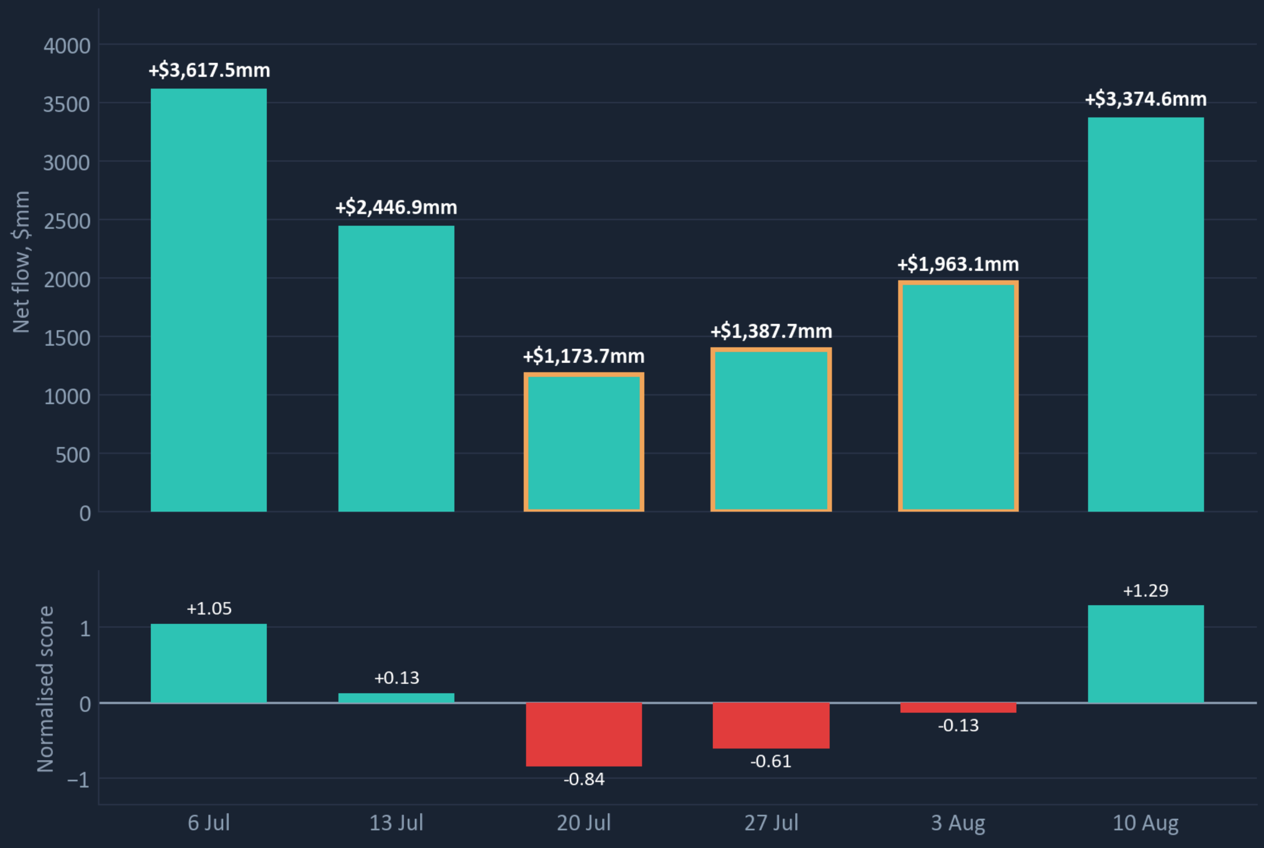
> **What this means**
>
> Every source we hold agrees with every other source we hold. The flows, the adviser panel and the assumption set tell the same story, and the only thing that rotated was the way the position was described. That matters less as a market call than as a measurement problem: the same reading error is available to anyone running the same screens. JUDGEMENT

02 The flow record

WEEK ENDING	NET FLOW	NORMALISED SCORE	READ
6 July	**+$3,617.5mm**	+1.05	Fast arrival
13 July	**+$2,446.9mm**	+0.13	Around normal
20 July	**+$1,173.7mm**	-0.84	Money arrived, more slowly
27 July	**+$1,387.7mm**	-0.61	Money arrived, more slowly
3 August	**+$1,963.1mm**	-0.13	Money arrived, marginally slower
10 August	**+$3,374.6mm**	+1.29	Fast arrival

Every week was an inflow. Three of the six scored negative.

US government bond funds, weekly net flow (top) against the normalised score (bottom). The score measures pace against the category's own recent pattern. Negative means money arrived more slowly than usual, not that money left.



Three Horizons Capital. Weekly fund flow records, data through 10 August 2026. Figures in US dollars. Orange border marks the three weeks scoring negative.

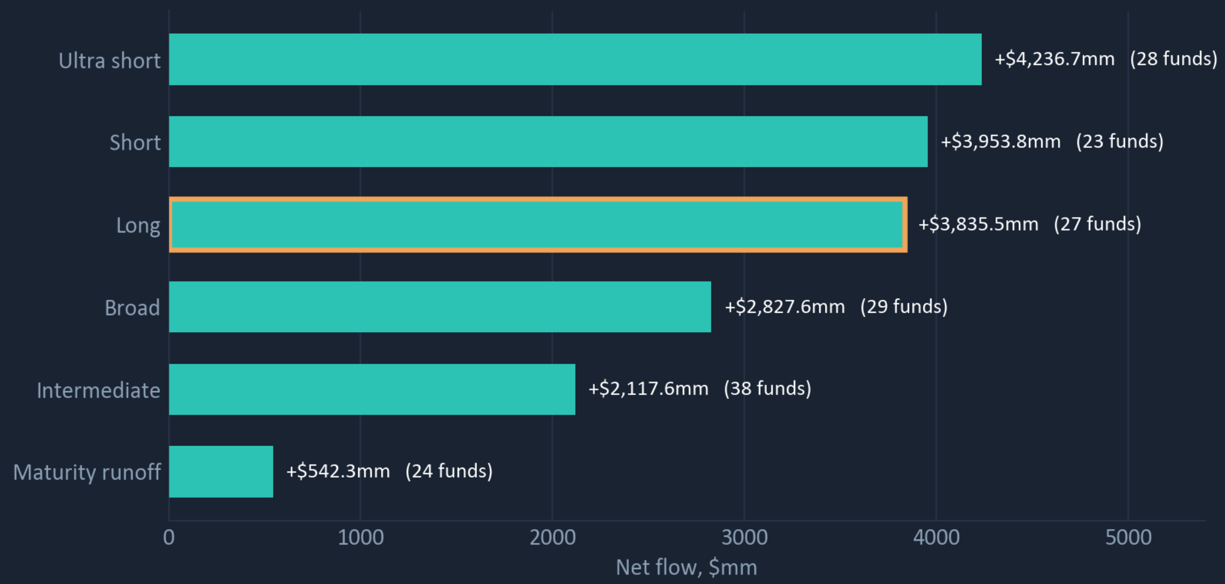
The upper panel is money. The lower panel is pace. They disagree in three of the six weeks, and only one of them is a statement about direction.

The reasonable objection is that money moved down the curve, out of long duration and into bills, and that the category total conceals it. It did not.

02 The flow record CONTINUED

Money went in at every point on the curve, front and back.

US government bond fund flows by maturity bucket, 15 June to 11 August 2026.



Three Horizons Capital. Figures in US dollars. Orange border marks the long-maturity bucket, the third largest of the six at +$3,835.5mm across 27 funds.

US government bond fund flows by maturity bucket, 15 June to 11 August 2026. All six buckets positive. The pattern is the same at the front of the curve and at the back of it.

The measurement point, stated plainly

A normalised score is a good measure, used by careful people, and it answers a genuinely useful question. It does not answer this one. The two point opposite ways in exactly the conditions this summer produced: a category taking large, steady inflows where the rate of arrival slows for a few weeks from an unusually high base. **Our own first pass made this error and reached a recommendation on it.**

03 What advisers said, and what the money did

Advisers tilted toward hedges and kept the ballast. They tilted rather than rotated.

Dated 2026 statements, by asset group. Counts are STATEMENTS, not advisers, and are not weighted by assets. The adviser count behind each group is shown on the left.

Three Horizons Capital. Adviser commentary panel, dated records only. The dated 2026 subset is 2,096 statements from 523 advisers. Hedges are favoured more emphatically than ballast, but government bonds remain net positive at 35 raising against 19 reducing.

Dated 2026 statements. Hedges are favoured more emphatically than ballast, but ballast remains net positive.

Counts are statements, not advisers, because an adviser may comment more than once. On gold and precious metals, 43 statements raised against 12 that reduced, across 30 advisers. On commodities, 18 against 2 across 18 advisers. On defense and aerospace, 9 statements across 8 advisers, all of them raising. The tilt toward hedges is real and one-sided. On government bonds the panel reads 35 raising against 19 reducing across 51 advisers. **The advisers tilted toward hedges without funding the tilt by selling the ballast leg, and that is exactly what the flow data shows happening.**

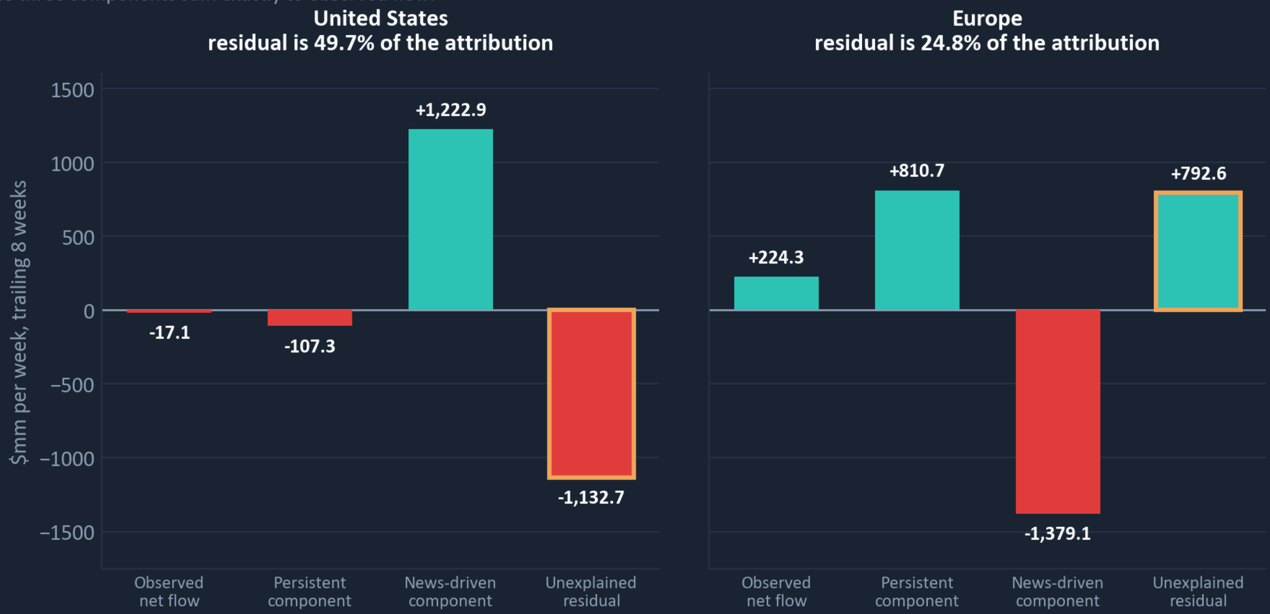
03 What advisers said, and what the money did CONTINUED

The gold buying, decomposed

COMPONENT, AVERAGE PER WEEK OVER EIGHT WEEKS	UNITED STATES	EUROPE
Observed net flow	**-$17.1mm**	**+$224.3mm**
Persistent component	-$107.3mm	+$810.7mm
News-driven component	+$1,222.9mm	-$1,379.1mm
Unexplained residual	**-$1,132.7mm**	**+$792.6mm**
Residual share of attribution	49.7%	24.8%

Same asset, opposite signature. And in one of them the model cannot explain half of it.

Precious metals fund flow decomposed, average per week over the eight weeks to 3 August 2026.
The three components sum exactly to observed flow.



Three Horizons Capital. Figures in US dollars. Attribution model, not a holdings survey. Orange border marks the residual, the component omitted from the original analysis.

The three components sum exactly to observed flow. Attribution model, not a holdings survey.

The American turn is real and it is a fortnight old rather than a quarter: +$1,158.9mm in the week to 3 August and +$1,587.9mm in the week to 10 August, against an eight-week average of -$17.1mm.

Read the American column carefully. The news-driven component is large and positive and almost exactly cancelled by a residual of similar size and opposite sign. Quote the first two rows without the third and you produce a picture of heavy sentiment-led buying; include the third and observed flow is approximately flat, which is what it was. **We show the residual because the alternative is to publish a number the next line down withdraws.** Europe's buying persists while its news-driven component is negative, which is the signature of an allocator adding to a strategic position on weakness rather than reacting to a headline, and Europe carries the lowest residual share of the five markets we run.

MODEL

03 What advisers said, and what the money did CONTINUED

The slowest money has not moved

Thirteen keyword matches, and all thirteen resolved to manager names.

US public pension disclosed commitments. Twelve of the thirteen matches were manager names containing the letters g-o-l-d. The thirteenth was a credit fund with Defensive in its title.

1,067	13	13
commitments screened 2023 to 2026 vintages	keyword matches on gold, metals, mining, defense	of 13 resolve to manager names, not to strategies

Three Horizons Capital. Disclosed commitments only. 972 of the 1,067 rows (91%) carry no asset-class tag, so absence of a match is directional evidence, not proof of absence.

The screen narrows 1,067 disclosed commitments to 13 keyword matches, and every one of the 13 resolves to a manager name rather than to a strategy. Read the chart footnote before quoting the result.

Across 1,067 disclosed commitments a screen for gold, precious metals, mining, defense or aerospace strategies returns 13 matches, all of which resolve to manager names rather than to strategies. Twelve contain the letters g-o-l-d in a firm name; the thirteenth is a credit fund whose title begins with the same five letters as "defense". **The caveat is large and we state it rather than lean on the result:** 972 of those 1,067 records, 91%, carry no asset-class tag, and a fund whose name does not announce its strategy would not be caught. The honest claim is that no commitment named for these strategies appears in four vintage years, which is weaker than saying pensions hold none. VERIFIED

Data through 10 August 2026. Figures in US dollars.

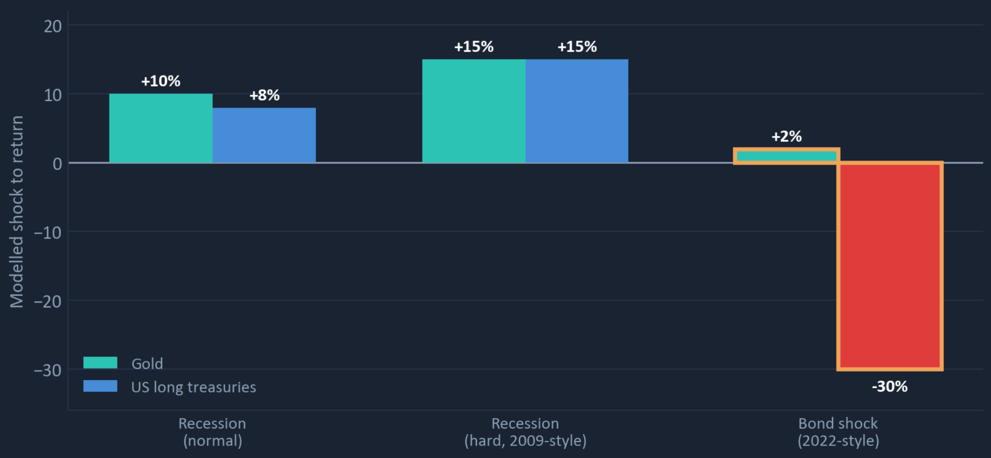
04 What the assumption set can actually price

If a persistent conflict is the risk, the natural next question is what a standard toolkit does with it. The answer is a matter of record rather than opinion.

SCENARIO IN THE STANDARD LIBRARY	GOLD	US LONG TREASURIES	SHAPE
Recession, normal	**+10%**	**+8%**	Growth shock
Recession, hard, 2009 style	**+15%**	**+15%**	Growth shock
Bond shock, 2022 style	**+2%**	**-30%**	Rate shock

The shelf carries three shapes. The one under discussion is a fourth.

The three stress scenarios in the standard set. In both recessions gold and duration rise together. In the bond shock they diverge, but gold barely moves.



Three Horizons Capital. Standard scenario library, 2026 vintage. Orange border marks the only case where the two diverge. The combination under discussion, gold sharply up and duration sharply down, is a fourth shape.

The library was built from the last three crises, and every one of them was a growth shock or a rate shock. Nothing on the shelf is a supply shock.

In all three, gold and duration rise together or gold barely moves. The combination under discussion, gold sharply higher while duration sells off, is a fourth shape and the toolkit has not been asked to carry it. VERIFIED

04 What the assumption set can actually price CONTINUED

And most providers cannot help you size the hedge

PROVIDER COVERAGE, 2026 VINTAGE	COMPOUND RETURN	VOLATILITY
Commodities, provider A	**2.3%**	14.3%
Commodities, provider B	**3.5%**	18.0%
Commodities, provider C	**3.8%**	18.3%
Natural resources, provider D	**6.4%**	not published
Gold, the only provider publishing one	**4.0%**	16.7%

The three commodities lines span 2.3% to 3.8% on return while agreeing on volatility within four points, so the providers differ by roughly 150 basis points a year on the asset and barely at all on its risk. Providers are not named, consistent with the rest of this report. VERIFIED

A correction we are publishing rather than absorbing

The fourth line above looked like a commodities assumption and is not. It is a listed natural resources line, and our own mapping layer had merged it into the commodities bucket, which is where a wider spread we first computed came from. Separating the two took a re-derivation against raw published names. **It is the same error as the one in section 02, committed by us, one layer further down.**

So what

You cannot stress this risk with the standard scenario set, and for six providers out of seven you cannot price the asset most people are using to hedge it. **The gap is not in anyone's portfolio. It is in the toolkit everyone is using to think about the portfolio.**

Data through 10 August 2026. Figures in US dollars.

05 What would change our reading

We hold no data on the geopolitical calendar and we do not speculate about it. What we can do is publish the thresholds at which this reading would change, so that a reader can check them independently and hold us to them. JUDGEMENT

THRESHOLD	WHAT IT WOULD MEAN
The persistent component of US gold flow turns positive and stays positive for four consecutive weeks	The American pattern has become accumulation rather than reaction, and the fortnight-old turn has become a position. This is the one we watch most closely.
Government bond flow turns negative in dollars, not merely in the normalised score	An actual rotation has begun. Every week in the period examined here recorded an inflow instead.
A defense or aerospace category appears in the fund taxonomy at all	The industry has recognised a structural theme rather than a handful of funds gathering assets. Today the closest proxy in the taxonomies we run is the thematic equity bucket.
A second provider publishes a gold assumption, or any provider publishes a conflict scenario	The assumption set is catching up with the conversation, and the risk becomes modellable rather than merely discussable.

06 What this looks like against a book

Everything above is a reading of the market. The same three tests run against a single portfolio answer a narrower and more useful question, and each one falls directly out of a finding in this report. WORK

THE WORK	WHAT IT PRODUCES
Separate the dollars from the pace, in your own reporting	The same decomposition run across the categories a portfolio actually holds, net flow and normalised score side by side, marking every position where the two point in opposite directions. Those are the positions where a reader of your own reporting is most likely to reach the conclusion corrected in section 02.
Price the shock the shelf does not carry	A supply-side scenario built as the fourth shape and run against an allocation across all eight assumption sets we hold, seven of them on the same 2026 vintage used above, rather than the single set a toolkit ships with. The spread between providers is the output.
Find the product before the taxonomy names it	For a manager rather than an allocator: which adjacent buckets are taking the money, at what pace, how that differs across the five markets in this report, and what the adviser panel is saying about each. A real bid with no category name is where a shelf gap sits.

Engagement

The question we would start from: the last time you were shown evidence that the market had moved, was it a measure of how much money moved, or a measure of how quickly it arrived relative to normal? Those two answers point in opposite directions more often than is comfortable.

We will run the first of the three on a single portfolio at no cost, because the fastest way to show what the distinction is worth is to find it in something you already hold. Any of the three is the same work as this report, pointed at your book instead of the market.

07 Method and verification BACK MATTER

What this report does not contain

- **No view on the price of gold, the level of yields, or the course of the conflict.** This is an account of what moved, what advisers said, and what the assumption set is built to handle.
- **No recommendation, allocation or instrument.** Section 06 describes work we would do, not a position a reader should take.
- **No named fund, provider, issuer or adviser**, anywhere in the report.
- **No family-office survey.** We hold no dataset that tags anything as a family office. The wealth-advisory channel and realised fund flows are the closest available proxy and are what is measured here.
- **No account of why the money moved.** We examined the news-theme attribution behind precious metals flow and it would not reproduce. Earlier work of ours characterised those drivers more confidently, in both directions. That characterisation is withdrawn rather than reworded. We can see what money did; we cannot currently say why.
- **No Canadian or Australian read.** Canadian government bond and thematic series have not updated since 23 February 2026 and Australian data since 29 June 2026. Neither supports a current read and none is drawn.
- **No separately managed accounts, direct holdings, unlisted vehicles or private wealth structures.** The flow figures are exchange-traded fund flows in five markets.

Verification statement

Every figure in this report was recomputed from source for this publication. Where a figure originated in earlier internal analysis it was re-derived rather than carried forward. **Four claims from that analysis did not survive** and have been corrected or withdrawn here, two of them in our own previously verified output.

The adviser panel carries a publication date on 43.8% of records, so the dated 2026 subset used above is a fraction of the whole. Counts are of statements, not weighted by assets, and per-group adviser counts range from 11 to 56, which is small. The attribution model is fitted jointly across five geographies; across 55 evaluation windows its out-of-sample explanatory power averages 0.54, ranging from 0.18 to 0.86. It is a short-horizon cross-sectional signal, not a forecast, and at individual fund level its reliability is far lower and is not used. It was last refitted on 11 May 2026 and applied forward from there.

Claims are tagged VERIFIED where we recomputed them ourselves from the underlying records with no model between the number and the money, MODEL where an attribution model produced them and every component including the unexplained residual is shown, JUDGEMENT where it is our reading and reasonable people will differ, and WORK where it is not a claim about the market at all but a description of something we would do.