Management Team
Multi-Asset Solutions Investment Team

Date
06/08/26

Please read full risk warning at the end of this document.

[1]Bonds are interest-paying financial products issued by governments, companies and other institutions when they want to borrow money from investors. Shorter-dated bonds are those closer – usually two years or less – to maturity, which is when the borrowed money is due to be repaid.

[2]Yield is the income paid by bonds or other investments. It is usually stated as a percentage of the value of the investment. When bond yields rise this means bond prices fall.

Monthly Commentary: August 2026

Multi-Asset

July 2026 was a weaker month for 'risk assets' like company shares, with stock markets giving back some of the strong gains recorded earlier in the year. This reflected concerns around economic growth, government policy uncertainty and profit-taking in areas that had previously outperformed. European and UK stock markets proved relatively resilient but were not immune to broader market weakness.

Bond[1] markets delivered mixed returns. Middle East geopolitical risks and rebounding oil prices caused inflation fears to resurface. Government bond yields[2] rose sharply; the US 10-year Treasury reached 4.75% and the 30-year hit 5.2%, pulling corporate bonds lower. Corporate spreads (the extra yield paid by corporate bonds over government bonds, to reflect their additional risk) widened modestly in the UK and US, but tightened slightly in the EU overall.

Infrastructure was comparatively stable, benefiting from its defensive characteristics, long-term cash flows and inflation-linked revenue streams. Investor interest remained supported by structural themes such as digital infrastructure, electricity grid investment and energy transition spending.

UK

Political upheaval dominated the month as Keir Starmer stepped down as Prime Minister following pressure from his party after heavy losses in May's local elections. Andy Burnham, former mayor of Greater Manchester, was confirmed as Labour leader and formally succeeded Starmer on 20 July, becoming the UK's seventh prime minister in a decade. Despite the transition, the FTSE 100 rose 3.6%, primarily benefiting from rising oil prices. UK Consumer Prices Index (CPI) inflation eased to 2.6% in June, the lowest since March 2025. The Bank of England (BoE) held its Bank Rate (base interest rate) at 3.75% on 30 July, following a hawkish 6-3 vote split by the Monetary Policy Committee (MPC).

Europe

The MSCI Europe index (excluding UK) returned -0.8%, broadly flat in local currency, as sterling strength offset resilient regional equity performance. The European Central Bank (ECB) left its three key interest rates unchanged at its 23 July meeting, holding the deposit rate at 2.25% following June's 0.25 percentage point increase, its first since 2023. Policymakers struck a hawkish, data-dependent tone, with ECB President Christine Lagarde stressing that the door remains open to a September increase given ongoing energy price volatility. Eurozone headline inflation rose to 2.9% in July, from 2.8% in June, moving further above the ECB's 2% target on higher energy prices.

US

July was a volatile month for US markets, with the S&P 500 index down 1.5%. A sharp swing in sentiment towards artificial intelligence (AI)-related technology stocks was the main driver of the volatility. The semiconductor index shed 20.6% during the month after fears spread that cheaper, substitute Chinese AI models could threaten demand.

The equally weighted version of the S&P 500 index, which gives each constituent the same weight and is therefore less exposed to large technology companies than the standard, market-capitalisation-weighted index, outperformed the technology-focused NASDAQ index by 7.6%, the widest gap since 2023. The second-quarter earnings season got under way, with companies so far generally matching or beating market expectations.

Japan

The MSCI Japan index returned -0.4%, though it was positive in local-currency terms, as sterling strength weighed on returns in a month dominated by yen volatility. The Bank of Japan (BoJ) held its policy rate at 1.00% on 31 July. It signalled that core inflation is likely to move clearly above its 2% target from the second half of the fiscal year.

Asia Pacific (ex-Japan)

The MSCI AC Asia Pacific index (excluding Japan) fell 3.7%, with the region's developed markets holding up better than the headline figure suggests. Hong Kong was a relative bright spot, as investors rotated out of richly valued technology names and into more defensive, income-generating sectors such as banks and insurers. Australian equities were also comparatively resilient, supported by strength in energy and resource stocks as oil prices rallied over the month. Sentiment across the wider region stayed cautious overall, with technology-heavy markets weighing on the broader return.

Emerging Markets

The MSCI Emerging Markets index returned -4.4%, with performance diverging sharply across the region. Sentiment in North Asia was hit hardest, as a sharp sell-off in semiconductor and artificial intelligence-related shares triggered heavy volatility and steep declines in South Korea and Taiwan, before a partial recovery late in the month as risk appetite returned. China also weighed on returns, with weaker manufacturing data adding to concerns over the pace of the domestic recovery. India was a notable outperformer, with strong gains in technology stocks helping the market buck the broader regional trend.

Bonds

Yields moved significantly higher in July. Investors grappled with a volatile peace in the Middle East, with escalations seeing Red Sea shipping routes become a target, raising the risk of higher transit costs feeding back into goods and energy inflation as oil prices rose.

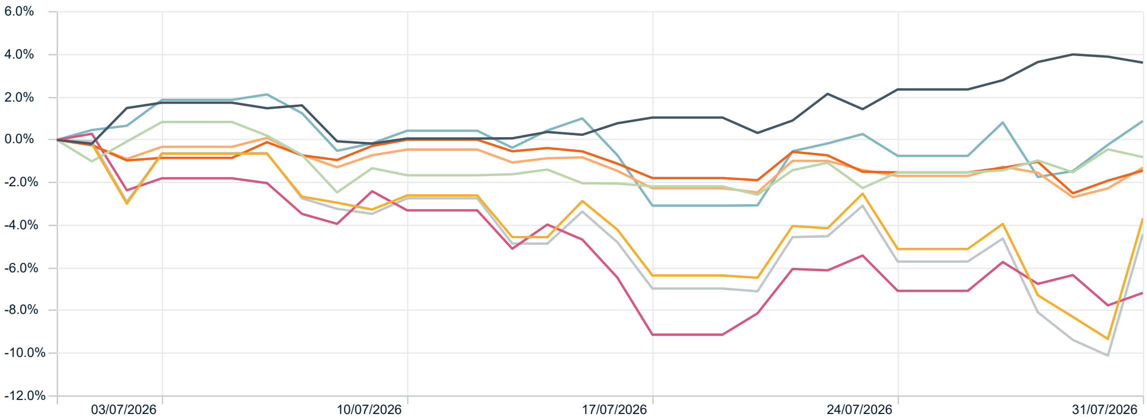
Uncertainty in both economic data and geopolitics meant that bond markets went on a round trip during the month, as inconclusive data releases and shifting headlines caused sentiment to swing back and forth. With policymakers offering little clear guidance, bond markets saw a lot of noise during the month.

Performance of key Global Markets

1 month performance

Time Period: 01/07/2026 to 31/07/2026

Currency: Pound Sterling

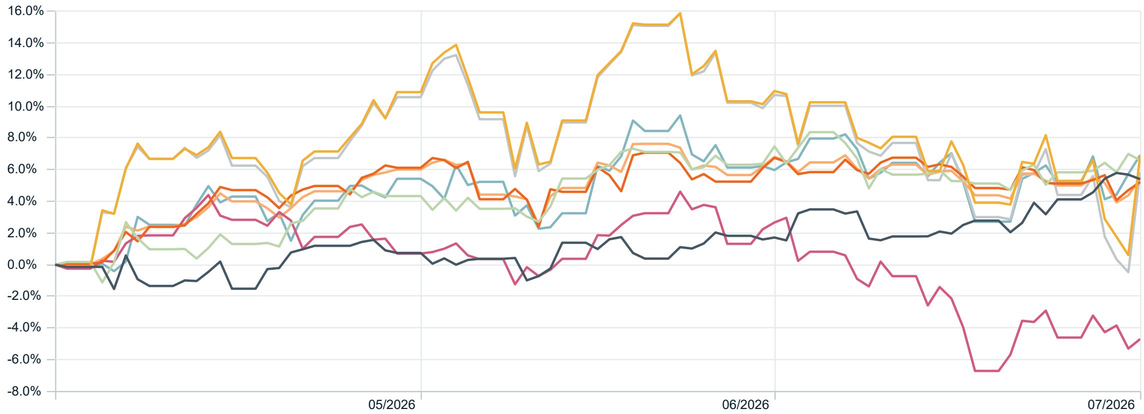


FTSE 100 TR GBP	3.6%	TOPIX TR JPY	0.9%	MSCI AC Asia Pac Ex JPN NR USD	-3.7%
S&P 500 (TR) (1970)	-1.4%	MSCI Europe Ex UK NR EUR	-0.8%	SSE Composite Index PR CNY	-7.2%
MSCI ACWI NR USD	-1.3%	MSCI EM NR USD	-4.4%		

3 month performance

Time Period: 01/05/2026 to 31/07/2026

Currency: Pound Sterling

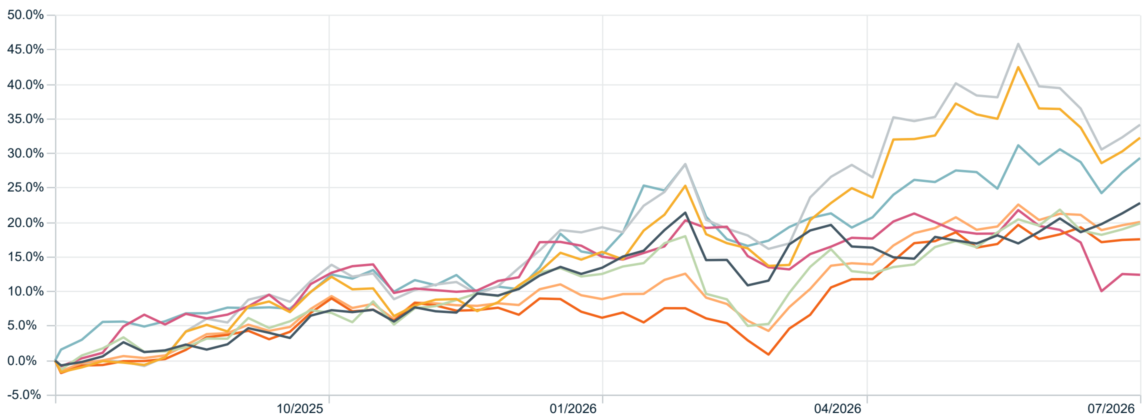


FTSE 100 TR GBP	5.4%	TOPIX TR JPY	6.9%	MSCI AC Asia Pac Ex JPN NR USD	6.9%
S&P 500 (TR) (1970)	5.2%	MSCI Europe Ex UK NR EUR	6.6%	SSE Composite Index PR CNY	-4.7%
MSCI ACWI NR USD	5.4%	MSCI EM NR USD	5.8%		

12 month performance

Time Period: 01/08/2025 to 31/07/2026

Currency: Pound Sterling



FTSE 100 TR GBP	22.8%	TOPIX TR JPY	29.3%	MSCI AC Asia Pac Ex JPN NR USD	32.3%
S&P 500 (TR) (1970)	17.6%	MSCI Europe Ex UK NR EUR	19.9%	SSE Composite Index PR CNY	12.4%
MSCI ACWI NR USD	20.1%	MSCI EM NR USD	34.2%		

Source: Morningstar Direct

Risk Warnings

The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting portfolios. Investments may include emerging market, smaller company and commodity funds which may be higher risk than other asset classes. Investments in fixed interest funds are subject to market and credit risk and will be impacted by changes in interest rates. Changes in exchange rates may affect the value of the underlying investments. Investments in Property funds carry specific risks relating to liquidity. Property funds can go through periods, known as 'gating', when it may not be possible to trade in or out of the funds and to access your money during such periods. The portfolios may invest a large part of their assets in funds for which investment decisions are made independently of the portfolios. If these investment managers perform poorly, the value of the portfolios is likely to be adversely affected. Investment in funds may also lead to additional fees arising from holding these funds.

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The fund is registered and approved under section 65 of CISCA. South African investors must read this document with the latest Minimum Disclosure Document & General Investor Report.

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