Management Team
Multi-Asset Solutions Investment Team

Date
06/07/26

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

Monthly Commentary: July 2026

Multi-Asset

Stock market performance was muted in June, with investors pausing for breath as the second quarter drew to a close. It was a quarter in which investors' appetite for 'risk assets' like company shares surged, as semiconductor stocks pushed global markets higher. Beneath the exuberance though, markets saw significant macroeconomic shifts. The oil price plunged, the US central bank signalled its willingness to use higher interest rates to fight inflation and the US dollar rebounded.

We believe that the strong run by semiconductor companies is likely to come under intense scrutiny in the coming months and we are positioned for a broadening out of the stocks driving market performance. We remain focused on inflation, interest rates, global economic growth momentum and the outlook for company earnings. We believe all of these factors could influence the performance of investment assets like stocks and bonds.

UK

The FTSE 100 returned 1.0% in a volatile month dominated by political upheaval. Prime Minister Keir Starmer announced his intention to step down following Andy Burnham's decisive victory in the Makerfield by-election. Burnham is now almost certain to take over as Prime Minister. UK inflation came in at 2.8% in May – below the 3.0% expected by most investors. This was driven by easing price pressures for 'core' goods, and for food, alcohol, and tobacco. The Bank of England held rates steady at 3.75%, although the voting split signalled an increased willingness to raise rates to combat inflation.

Europe

European stock markets had a strong month, with the MSCI Europe (excluding the UK) index returning 3.0%. The signing of a memorandum of understanding between the US and Iran, and the resumption of tanker traffic through the Strait of Hormuz helped ease investor concerns about energy prices. This provided relief for Europe, which is heavily dependent on energy imports. During the month, the European Central Bank (ECB) hiked rates by 0.25% to 2.25%. The bank's governing council said the crisis was putting upward pressure on prices and the outlook is for inflation to rise. The ECB is expected to hold rates steady in July, but investors are pricing in another increase after that.

US

During the month, the S&P 500 fell in dollar terms (-1.0%), but the stronger dollar meant the value of the index rose in sterling terms (+0.6%). There was a strong sell-off in artificial intelligence (AI) and semiconductor-related stocks in early June, but the US market benefited from a relief rally following the reopening of the Strait of Hormuz. The new Chair of the US Federal Reserve (the Fed), Kevin Warsh, headed up the central bank's rate-setting committee for the first time. He signalled he is ready to raise rates to fight inflation and stated the committee will "deliver price stability". May's payroll numbers came in at 172,000, which was more than double the consensus expectation, and unemployment held at 4.3%.

Japan

Japanese stocks eked out a modest gain in June, with the MSCI Japan index rising 1.2%. However, this headline figure masked a volatile month. Shares fell sharply early on amid a global sell-off triggered by US jobs data but then rallied after the Bank of Japan raised rates to 1.0%. This is the highest level in more than three decades and sent the Nikkei 225 index above 70,000 for the first time. Robust export data and the US-Iran ceasefire supported positive sentiment among investors, while a second global semiconductor company sell-off late in the month briefly unsettled technology stocks before a swift recovery.

Asia Pacific (ex-Japan)

The MSCI Asia Pacific (excluding Japan) index edged up by 0.1%, but beneath this headline return, there were sharp contrasts in fortunes. The MSCI Hong Kong index was down 7.1%, dragged lower by negative sentiment towards mainland China. Meanwhile, South Korea continued to perform strongly, with the MSCI Korea index up 1.9%, despite the mid-month turbulence. This positive return underlined how sensitive North Asia's technology companies are to investor sentiment about AI.

Emerging Markets

Emerging market stocks were little changed in June, with the MSCI Emerging Markets index edging up 0.1%. However, there were significant differences in the performance of individual countries. Taiwan again led gains, despite the two sharp sell-offs in semiconductor stocks. China extended its declines, while Indonesia – which is facing a potential downgrade to 'frontier market' status – remained the weakest market globally. Meanwhile, India posted modest gains.

Bonds

Shorter-dated bonds[1], which are more sensitive to shifting economic conditions, saw considerable price movements during the month. This was as investors grappled with inflation expectations, Middle East oil flows and interest rate forecasts. Once the Strait of Hormuz reopened and oil prices fell significantly, this led to investors reassessing expectations for inflation and the likelihood of rate rises in the UK and European Union.

Meanwhile, Fed Chair Kevin Warsh's tough talk on inflation, and signals from other US central bankers about the potential for higher interest rates caused the dollar to strengthen and the yields[2] on shorter-dated bonds to rise.

[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.

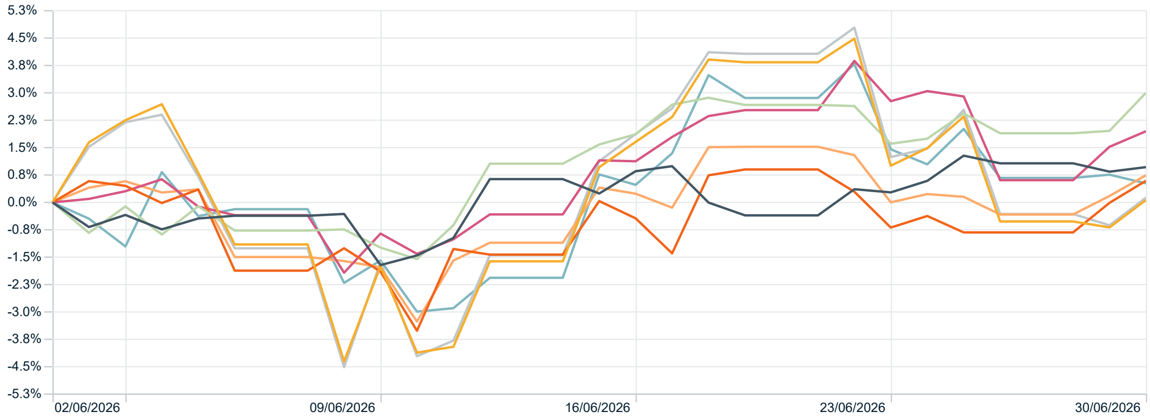
[2] Yield is the income paid by bonds or other investments. It is usually stated as a percentage of the value of the investment. When bond yields rise this means bond prices fall.

Performance of key Global Markets

1 month performance

Time Period: 01/06/2026 to 30/06/2026

Currency: Pound Sterling

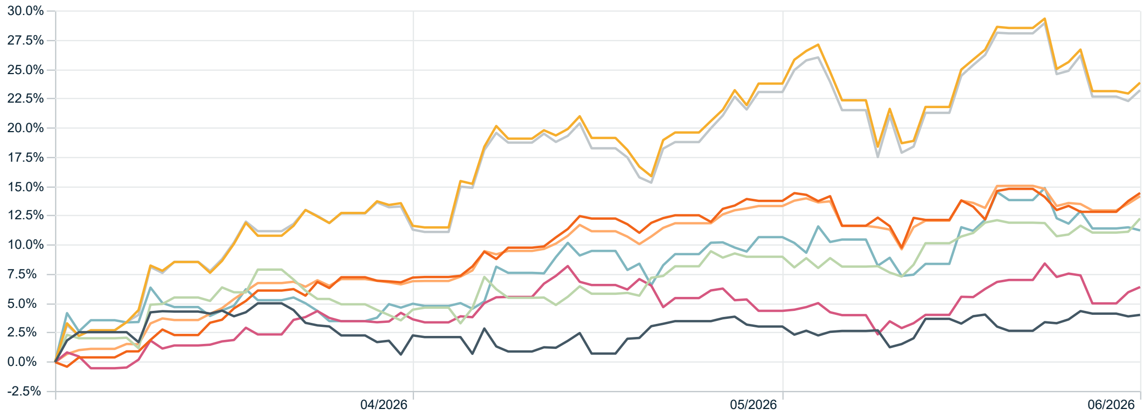


FTSE 100 TR GBP	1.0%	TOPIX TR JPY	0.5%	MSCI AC Asia Pac Ex JPN NR USD	0.1%
S&P 500 (TR) (1970)	0.6%	MSCI Europe Ex UK NR EUR	3.0%	SSE Composite Index PR CNY	2.0%
MSCI ACWI NR USD	0.7%	MSCI EM NR USD	0.1%		

3 month performance

Time Period: 01/04/2026 to 30/06/2026

Currency: Pound Sterling

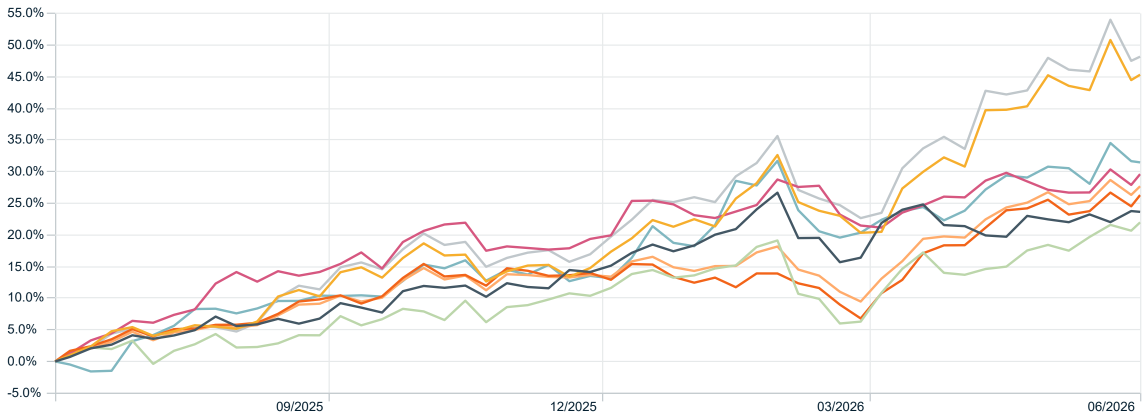


FTSE 100 TR GBP	4.0%	TOPIX TR JPY	11.3%	MSCI AC Asia Pac Ex JPN NR USD	23.9%
S&P 500 (TR) (1970)	14.5%	MSCI Europe Ex UK NR EUR	12.3%	SSE Composite Index PR CNY	6.4%
MSCI ACWI NR USD	14.2%	MSCI EM NR USD	23.3%		

12 month performance

Time Period: 01/07/2025 to 30/06/2026

Currency: Pound Sterling



FTSE 100 TR GBP	23.6%	TOPIX TR JPY	31.5%	MSCI AC Asia Pac Ex JPN NR USD	45.3%
S&P 500 (TR) (1970)	26.3%	MSCI Europe Ex UK NR EUR	22.0%	SSE Composite Index PR CNY	29.6%
MSCI ACWI NR USD	27.7%	MSCI EM NR USD	48.2%		

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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