



September 2026

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August 2026 Commentary

“Strong earnings and continued AI investment supported markets, while higher oil prices added to inflation concerns.”

Global equities advanced in August, supported by strong corporate earnings, resilient economic data and continued investment in artificial intelligence (AI) infrastructure. Technology remained a key driver, particularly companies benefiting from demand for semiconductors, cloud computing and digital infrastructure. Emerging markets also performed well, helped by a weaker US dollar and strength in technology and commodities. Towards the end of the month, markets became more cautious as higher oil prices, renewed Middle East tensions and rising bond yields raised concerns about inflation and the outlook for interest rates. Hawkish comments from the Federal Reserve added to uncertainty around future rate decisions.



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United Kingdom

FTSE All Share: 0.69%

UK equities made a modest advance in August but lagged other major regions. Basic materials was the strongest-performing sector, supported by gains in mining and metals companies, while healthcare, energy and consumer staples declined. Smaller companies performed better than the wider UK market, again led by basic materials. Economic data remained supportive, with the UK economy continuing to grow. However, annual inflation rose to 2.9% in July, its highest level

for four months. Much of this increase reflected the higher energy price cap, reinforcing concerns that energy costs could influence inflation and interest-rate expectations.

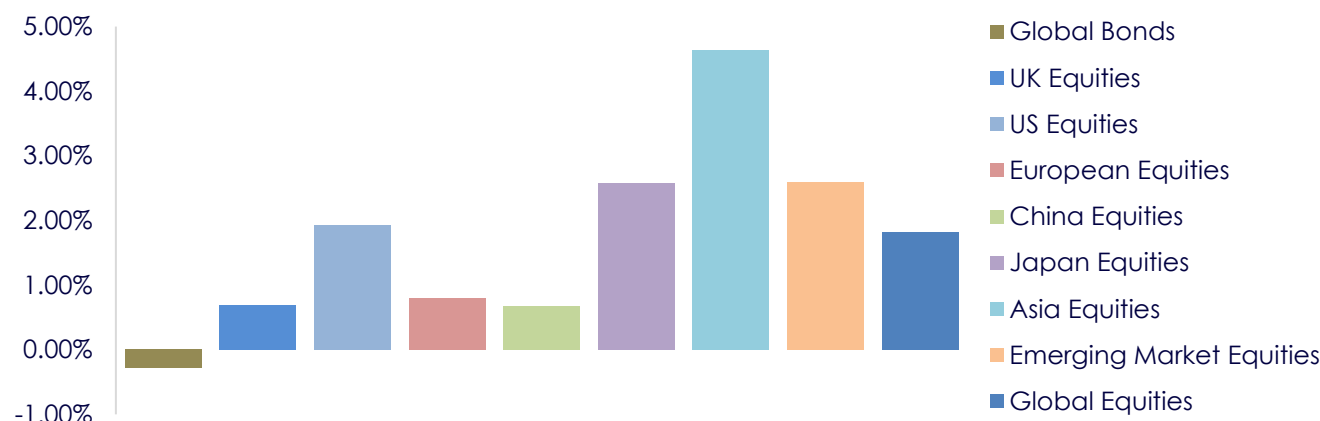
United States

S&P 500: 1.93%

US equities continued to perform strongly, with the S&P 500 reaching record highs during the month. Corporate earnings generally

Annual inflation remained above the European Central Bank's 2% target at 2.9% in July, contributing to expectations of higher interest rates. Economic activity also showed some improvement, with the purchasing managers' index, a measure of business activity, rising slightly. However, rising oil and gas prices continued to raise concerns over inflation and interest rates.

Discrete Quarterly Performance as at 31/08/2026



exceeded expectations, while continued investment in AI and digital infrastructure supported technology-related companies. Energy and materials also performed well, helped by higher oil prices and demand linked to infrastructure and technology. In contrast, utilities and industrials lagged, as higher bond yields reduced the appeal of defensive income-producing sectors. Towards the end of the month, changing expectations for US interest rates and concerns over inflation increased uncertainty, despite the positive economic backdrop.

Europe

FTSE Developed Europe ex UK: 0.80%

European equities edged higher in August, supported by gains in technology, communication services and financials. Software companies performed particularly well, while more defensive areas such as real estate, utilities and consumer staples lagged.

China

CSI 300: 0.67%

Chinese equities were broadly flat in August and underperformed the wider emerging market index. Weak economic data and subdued domestic demand weighed on investor sentiment, while concerns over the rate of economic growth remained. Internet companies were particularly weak, offsetting gains from healthcare and materials companies. Rising oil prices and higher global bond yields added to these pressures. Overall, Chinese markets remained sensitive to signs of improvement in domestic activity and the wider economic recovery.

Japan

MSCI Japan: 2.58%

Japanese equities delivered solid gains in August, with both the TOPIX and Nikkei 225 rising. Company earnings for the April–June quarter supported investor confidence, as

many businesses exceeded expectations. AI-related companies also performed well, supported by continued investment in infrastructure and strong demand, despite concerns surrounding the cash flow of AI data-centre operators. Banks contributed to returns as expectations for further Bank of Japan interest-rate increases strengthened. Markets remained volatile at times due to changing US rate expectations, Middle East tensions and coordinated intervention by Japan and the US to support the yen.

Emerging Markets

MSCI Emerging Markets: 2.60%
Emerging market equities delivered positive returns in August and outperformed developed markets. A weaker US dollar, strength in technology and rising commodity prices supported performance, with South Africa, South Korea and Taiwan among the strongest markets. South Africa benefited from higher precious and industrial metal prices and lower-than-expected inflation, while Taiwan and Korea gained as AI investment strengthened

demand for semiconductors, memory and hardware. Brazil was among the larger markets to underperform as signs of slowing growth and political uncertainty increased. India was also held back by oil-price volatility and higher rate expectations, despite strong economic growth.

Global Bonds

Bloomberg Barclays Global Agg: -0.29%
Global bond markets faced increased pressure in August as yields generally rose, causing bond prices to fall. When yields rise, existing bonds become less attractive because newer bonds offer higher interest payments, reducing their value. In the US, resilient inflation and a relatively strong labour market were balanced against weaker payroll and retail sales data, leaving uncertainty over future rate changes. Thirty-year Treasury yields reached their highest level in almost two decades before ending the month lower. European and UK government bond yields also increased, while Japanese government bonds were among the weakest performers.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 31/08/2026

	5 Years %	3 Years %	1 Year %	Volatility %
Global Bonds	-7.03	3.99	0.24	5.02
UK Equities	69.81	59.75	21.30	10.44
US Equities	81.36	63.81	19.54	12.87
European Equities	51.69	51.28	19.70	12.18
Japan Equities	63.88	61.49	27.38	12.69
Asia Equities	112.08	124.93	72.22	20.66
China Equities	6.36	34.62	10.61	19.15
Emerging Market Equities	50.41	74.92	38.76	15.56
Global Equities	72.67	61.94	19.95	11.56

Data source FE Analytics 31.08.2026. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

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