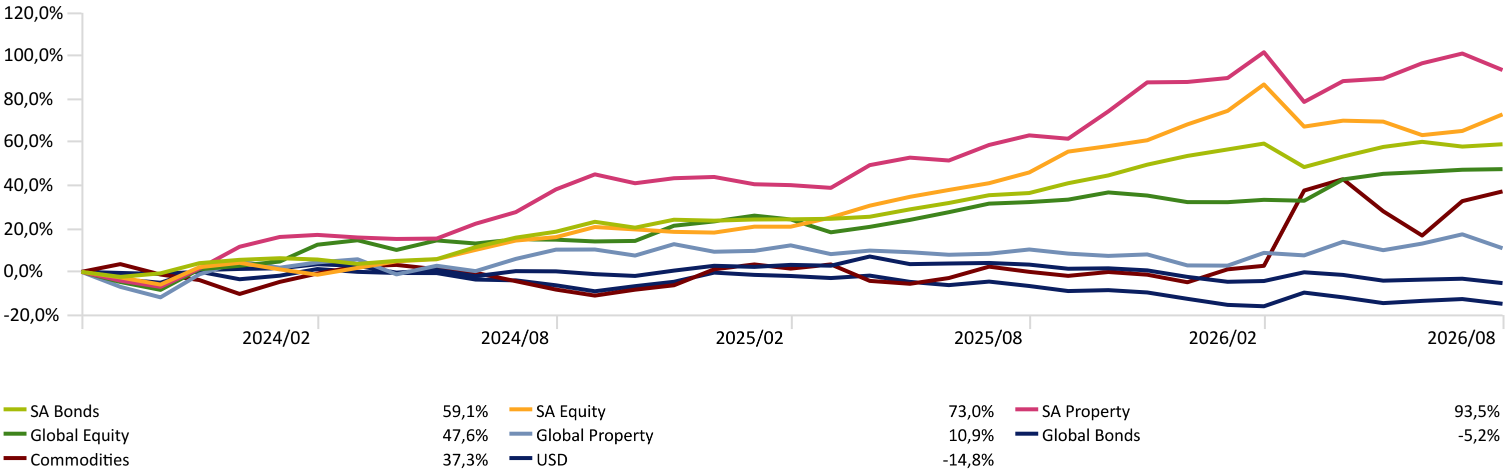
MARKET WATCH As of 2026/08/31

Renaissance Wealth Management

ASSET CLASS RETURNS in ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
SA Bonds	0,7	0,8	3,5	16,5	16,7
SA Equity	4,6	2,0	2,8	18,4	20,0
SA Property	-3,8	2,1	2,9	18,5	24,6
Global Bonds	-2,1	-1,2	-2,9	-8,3	-1,8
Global Equity	0,2	1,5	11,5	11,5	13,9
Global Property	-5,5	0,8	7,7	0,5	3,5
Commodities	3,4	7,2	44,2	37,3	11,1
USD	-2,5	-0,4	-2,6	-8,8	-5,2

3 YEAR CUMULATIVE RETURNS in ZAR



CALENDAR YEAR RETURNS in ZAR

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
Best	SA Bonds 15,4	SA Equity 21,0	USD 16,2	Glb Equity 22,8	Glb Equity 22,2	Commodities 52,5	Commodities 34,3	Glb Equity 30,5	SA Property 29,0	SA Equity 42,4	Commodities 44,2
	SA Property 10,2	SA Property 17,2	Glb Bonds 14,8	Glb Property 20,6	Glb Bonds 14,7	Glb Property 41,3	USD 6,6	Glb Property 19,3	Glb Equity 20,0	SA Property 30,6	Glb Equity 11,5
	SA Equity 2,6	Glb Equity 12,3	Glb Property 10,7	Commodities 14,3	SA Bonds 8,7	SA Property 36,9	SA Bonds 4,3	Glb Bonds 13,6	SA Bonds 17,2	SA Bonds 24,2	Glb Property 8,4
	Commodities -1,7	SA Bonds 10,2	SA Bonds 7,7	SA Equity 12,0	SA Equity 7,0	SA Equity 29,2	SA Equity 3,6	SA Property 10,1	SA Equity 13,4	Glb Equity 7,2	SA Bonds 3,5
	Glb Equity -4,3	Glb Property -1,0	Glb Equity 4,4	SA Bonds 10,3	USD 5,0	Glb Equity 28,4	SA Property 0,5	SA Bonds 9,7	Commodities 12,7	Glb Property -4,6	SA Property 2,9
	Glb Property -6,7	Glb Bonds -2,8	Commodities 0,1	Glb Bonds 3,9	Glb Property -3,3	USD 8,7	Glb Bonds -10,7	SA Equity 9,3	Glb Property 5,7	Glb Bonds -5,0	SA Equity 2,8
	Glb Bonds -9,9	Commodities -4,2	SA Equity -8,5	SA Property 1,9	Commodities -19,9	SA Bonds 8,4	Glb Equity -13,0	USD 7,5	USD 3,2	Commodities -5,9	USD -2,6
Worst	USD -11,7	USD -9,5	SA Property -25,3	USD -2,8	SA Property -34,5	Glb Bonds 3,5	Glb Property -20,9	Commodities 2,9	Glb Bonds 1,4	USD -12,2	Glb Bonds -2,9

CURRENCIES VS. ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
EUR	-1,6	-0,9	-3,7	-9,5	-3,0
USD	-2,5	-0,4	-2,6	-8,8	-5,2
GBP	-1,8	0,2	-1,9	-8,5	-3,0
JPY	-2,8	-0,7	-4,4	-16,2	-8,1

Currency performance in ZAR - a positive number represents ZAR weakness, while a negative number represents ZAR strength

* *Annualised*

SECTORAL RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
JSE ALSI TR	4,6	2,0	2,8	18,4	20,0
Basic Materials	25,1	7,2	11,5	55,7	34,8
Consumer Goods	-4,1	-0,9	-1,3	-2,5	9,0
Consumer Services	-4,1	1,7	-7,4	-2,7	5,2
Financials	-1,2	2,5	7,7	25,7	21,7
Health Care	3,2	8,7	26,1	41,0	4,2
Industrials	-4,9	-0,1	2,8	2,7	2,4
Technology	-8,1	-5,6	-27,4	-30,7	7,9
Telecommunication	-7,2	-10,3	11,9	22,7	20,3

ALSI Contributors YTD (Approximate)

	Weight	Return	Contribution
Anglogold Ashanti PLC	6,1	32,9	1,8
Anglo American PLC	2,7	36,9	0,9
Sasol, Ltd.	1,2	83,6	0,6
Capitec Bank Holdings Ltd	4,6	13,3	0,6
Standard Bank Group Ltd	4,8	12,4	0,6
Glencore PLC	1,4	48,4	0,5
MTN Group Ltd	4,2	14,3	0,5
BHP Group Ltd	1,0	55,2	0,4
Firstrand Ltd	5,5	8,2	0,4
Gold Fields Ltd	7,3	5,0	0,4

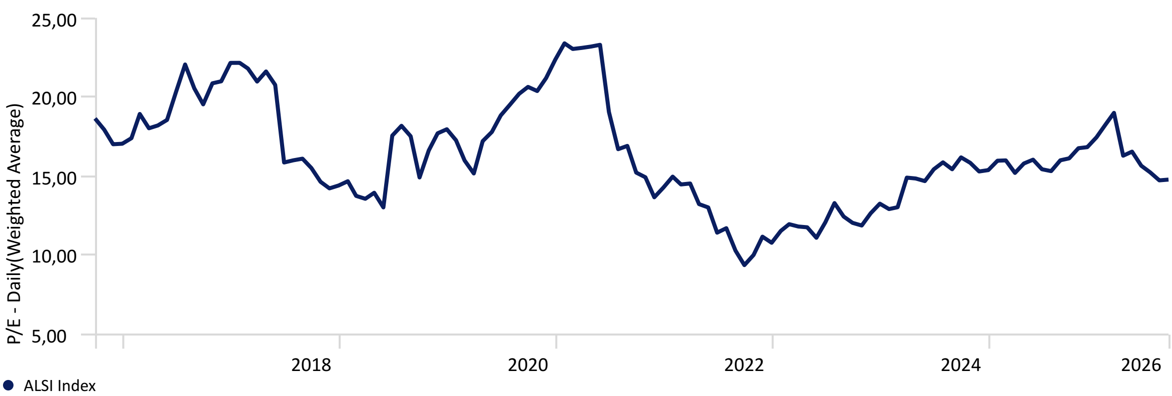
ALSI Detractors YTD (Approximate)

	Weight	Return	Contribution
Naspers Ltd Class N	8,0	-28,6	-2,8
Prosus NV Ordinary Shares - Class N	2,2	-30,2	-0,8
Sibanye Stillwater Ltd Ordinary Shares	1,7	-19,2	-0,4
Clicks Group Ltd	0,8	-39,3	-0,4
Impala Platinum Holdings Ltd	2,2	-12,7	-0,3
Pepkor Holdings Ltd	1,0	-23,9	-0,3
Northam Platinum Holdings Ltd	1,3	-11,9	-0,2
Sanlam Ltd	1,9	-7,2	-0,1
Spar Group Ltd	0,2	-59,2	-0,1
Reinet Investments SCA	0,8	-17,5	-0,1

Current ALSI Metrics

P/E	11,3
P/B	1,6
P/EBITDA	7,0
P/Cash Flow	7,2
P/S	1,9
Debt/Capital	30,0

Historical P/E



MARKET CAP RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
Small Caps	-2,2	-0,3	1,2	14,9	21,0
Mid Caps	-0,1	-0,9	-4,7	10,3	16,1
Top 40	5,7	2,3	3,0	19,6	20,2

STYLE BASED RETURNS

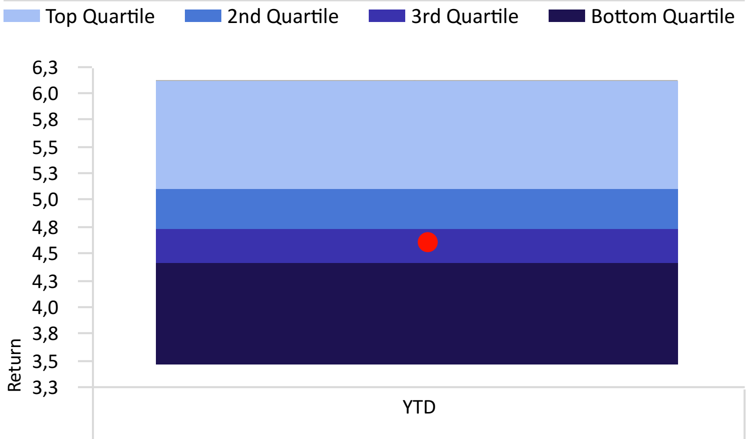
	1 Month	3 Months	YTD	1 Year	*3 Years
JSE Growth	9,3	5,7	2,4	14,4	23,2
JSE Value	-0,1	-1,9	2,8	22,7	16,7

** Annualised*

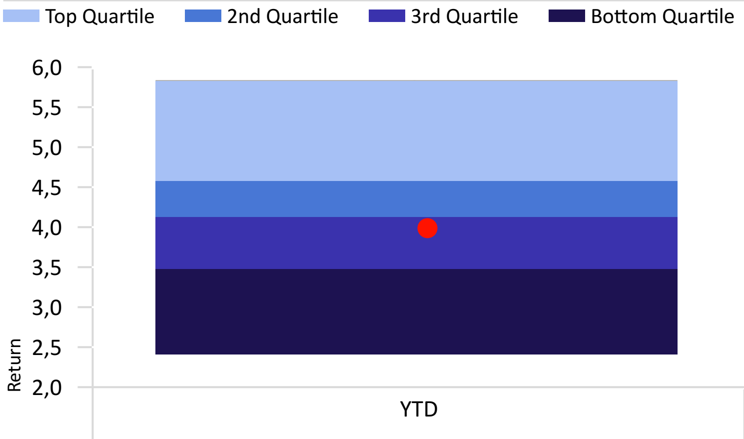
CATEGORY AVERAGES in ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
(ASISA) SA MA Inc	0,6	1,8	4,6	9,5	9,9
(ASISA) SA MA Low EQ	1,1	1,6	4,0	10,5	11,8
(ASISA) SA MA Med EQ	1,7	1,7	4,2	11,6	12,7
(ASISA) SA MA High EQ	1,8	1,7	4,2	11,7	13,3
(ASISA) SA EQ General	3,4	1,8	3,5	15,7	16,3
(ASISA) SA RE General	-3,7	1,3	2,3	16,8	22,2
(ASISA) Glb MA Low EQ	-1,1	1,4	1,2	-2,6	2,8
(ASISA) Glb MA Flex	0,4	2,3	5,6	3,8	6,9
(ASISA) Glb MA High EQ	0,7	1,5	4,5	3,6	7,8
(ASISA) Glb EQ General	1,2	2,7	7,2	6,3	10,5

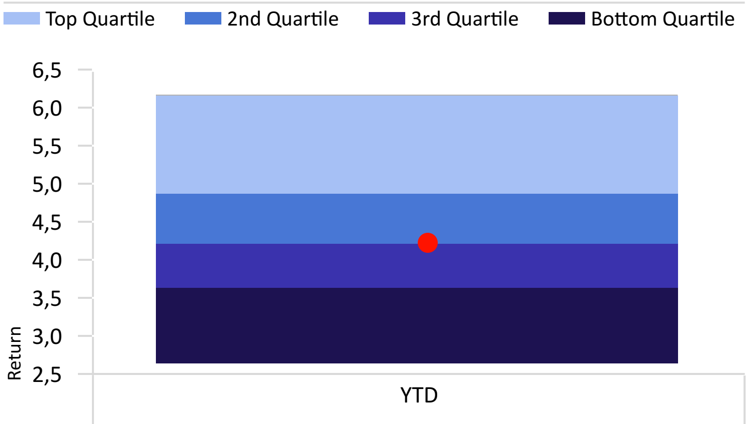
SA MA INCOME



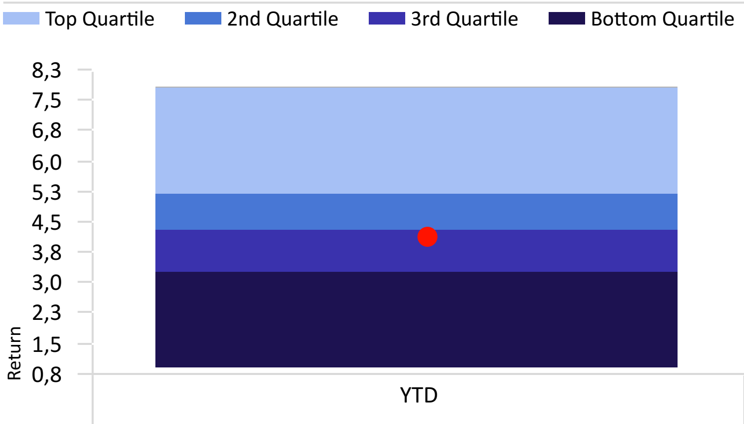
SA MA LOW EQUITY



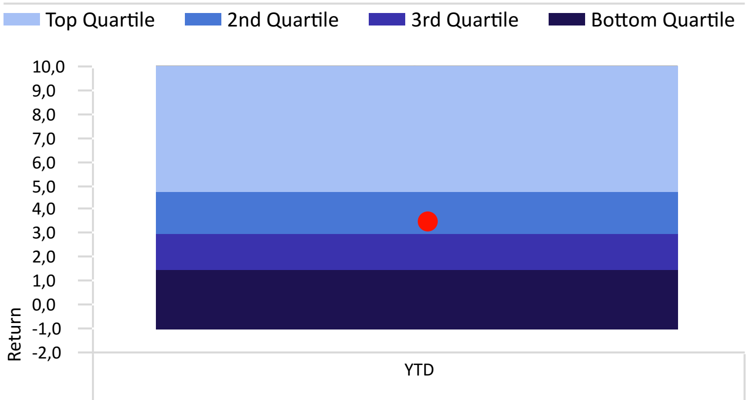
SA MA MED EQUITY



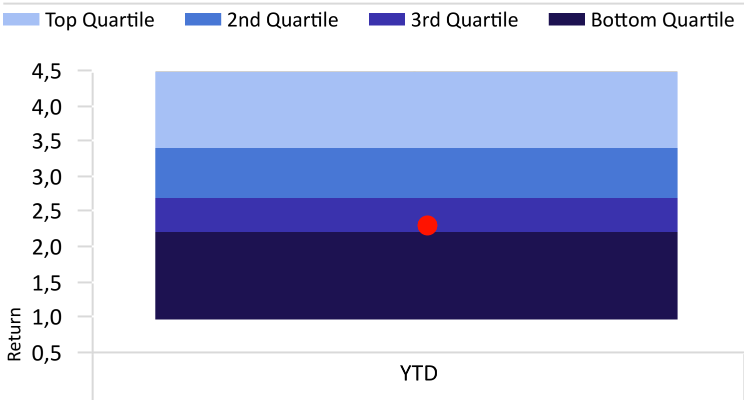
SA MA HIGH EQUITY



SA EQUITY GENERAL



SA RE GENERAL



** Annualised*

LOCAL COMMENTARY

August was a strong month for South African financial markets, although the performance of the headline equity index again masked a significant divergence between globally exposed resource counters and the more domestically focused sectors of the market. The broader backdrop was supportive, with global equities continuing to advance and the US dollar weakening, while renewed strength in gold and platinum provided a particularly powerful tailwind for South African resources. Beneath this market strength, however, the domestic economy remained fragile. Incoming data increasingly point to a contraction in the second quarter, while inflation has moderated but remains above the South African Reserve Bank's (SARB) 3% target. This leaves the domestic policy outlook unusually difficult: growth is weak enough to warrant support, but inflation is likely to remain sufficiently elevated to constrain monetary easing.

South African equities gained 4.6% in August, their strongest monthly performance since February, taking year-to-date returns to 2.8%. This compared favourably with the 2.3% return from developed markets and 1.7% from emerging markets. The local market's performance was overwhelmingly driven by resources, with the FTSE/JSE Resource 20 Index surging 26.4% during the month and now up 11.2% year-to-date. Higher gold and PGM prices were the principal drivers, with AngloGold (+44.8%), Pan African Resources (+42.5%) and Gold Fields (+37.7%) among the standout performers.

The strength in resources was not reflected across the rest of the JSE. Industrial shares fell 5.8% during August and are now almost 10% lower year-to-date, while Financials declined 1.4%. Retailers and other consumer-facing businesses remained particularly weak, reflecting the pressure on household disposable income. Several large index constituents, including British American Tobacco, AB InBev, Naspers, Woolworths, MTN and Pepkor, recorded significant declines.

The divergence is important. The strong headline equity return should not be interpreted as evidence of a broad improvement in domestic economic conditions. Rather, it reflects the JSE's significant exposure to commodity producers at a time when gold, platinum, copper and coal have performed strongly. This distinction is likely to remain important while domestic demand remains subdued.

Local fixed income performed more favourably than global bonds. The South African bond index returned 0.7% in August, taking its year-to-date return to 3.5%, while inflation-linked bonds gained 1.0%. The rand weakened 2.6% against the US dollar during the month, although it remains 2.9% stronger year-to-date. Listed property was a notable laggard, declining 4.1% as the less supportive global interest-rate environment weighed on the sector.

The most important development during August was the deterioration in the domestic growth outlook. Data released during the month increasingly pointed towards a contraction in second-quarter GDP. Mining production fell 2.7% quarter-on-quarter, while manufacturing contracted by 1.6%, extending its recession to a fourth consecutive quarter. Manufacturing output is now more than 5% below its pre-Covid level, highlighting the extent of the structural challenges facing the sector. Wholesale trade was similarly weak, contracting 4.2% quarter-on-quarter, with sales volumes at their lowest level since 2020.

There were some more encouraging signs. Retail sales increased 0.4% quarter-on-quarter, suggesting that consumers have retained some spending capacity despite the pressure from higher fuel prices and interest rates. New vehicle sales also remained resilient, recording another month of annual growth. Nevertheless, the broader evidence points to weak domestic momentum. The SARB's composite leading indicator declined for a third consecutive month in June, while both PMI measures remained subdued.

The labour market provides another indication of the underlying weakness. Employment declined by a further 16,000 in the second quarter and the unemployment rate increased from 32.7% to 33.6%. Although the deterioration was considerably smaller than the sharp employment loss recorded in the first quarter, the economy continues to struggle to create sufficient jobs for a growing labour force.

BER's latest forecast nevertheless retains a 1.3% GDP growth expectation for 2026, although the latest high-frequency data present downside risks to its forecast of 0.1% quarter-on-quarter growth in the second quarter. The Q2 GDP release is due in September, and will provide a clearer indication of whether the weakness evident in mining, manufacturing and wholesale trade translated into an outright contraction.

Inflation provided some welcome relief in August. July headline CPI declined to 4.3%, from 5.0% in June, helped by lower fuel prices and exceptionally subdued food inflation. Food inflation fell to just 0.6%, its lowest level since 2010, while lower petrol and diesel prices drove a sharp decline in transport inflation.

The improvement should nevertheless be treated cautiously. Core inflation edged higher to 4.2%, with housing and utilities continuing to exert upward pressure. Moreover, the favourable contribution from food prices is unlikely to persist indefinitely. The BER notes that the recent agricultural disinflationary impulse may fade as base effects become less favourable, while drought risks associated with a potential El Niño could place upward pressure on food prices into 2027.

Energy remains the more immediate risk. Although oil prices eased towards the end of August, renewed geopolitical tensions and pressure in refined-product markets could quickly feed through into domestic fuel prices. The expected increase in petrol and diesel prices in September illustrates how quickly this risk can re-emerge.

BER therefore continues to expect headline inflation to average 4.2% in 2026, while its latest forecasts incorporate some upside risk from oil and refined-product prices. Importantly, producer inflation moderated to 5.7% in July, from 7.5% in June, but renewed energy pressures have prompted BER to raise its Q3 PPI forecast.

The inflation-growth tension leaves the SARB facing a difficult policy environment. The Monetary Policy Committee held the repo rate at 7.0% in July, despite two of its six members favouring a 25bp increase. The decision reflected concerns about deteriorating consumer and business confidence and the impact of structural constraints, particularly municipal dysfunction, on economic growth.

The August inflation data provide some justification for the July decision, but the broader inflation outlook remains uncomfortable. Economics expect inflation to remain above the SARB's upper target limit for the next three quarters and only return to the 3% target in 2028. With inflation expectations also remaining above the new target, many managers expect the SARB to resume tightening, although weak growth and the absence of meaningful demand-side inflation should limit the extent of the hiking cycle.

Market pricing has consequently shifted. The FRA curve moved from pricing a substantial hiking cycle earlier in August to implying two consecutive 25bp increases in November and January.

The key message from August is therefore one of strong markets but weak fundamentals. South African assets continue to benefit from favourable commodity dynamics, attractive bond yields and periods of supportive global risk appetite. However, these external tailwinds are doing much of the work, while domestic growth remains constrained by weak demand, poor manufacturing performance, unemployment and persistent structural bottlenecks.

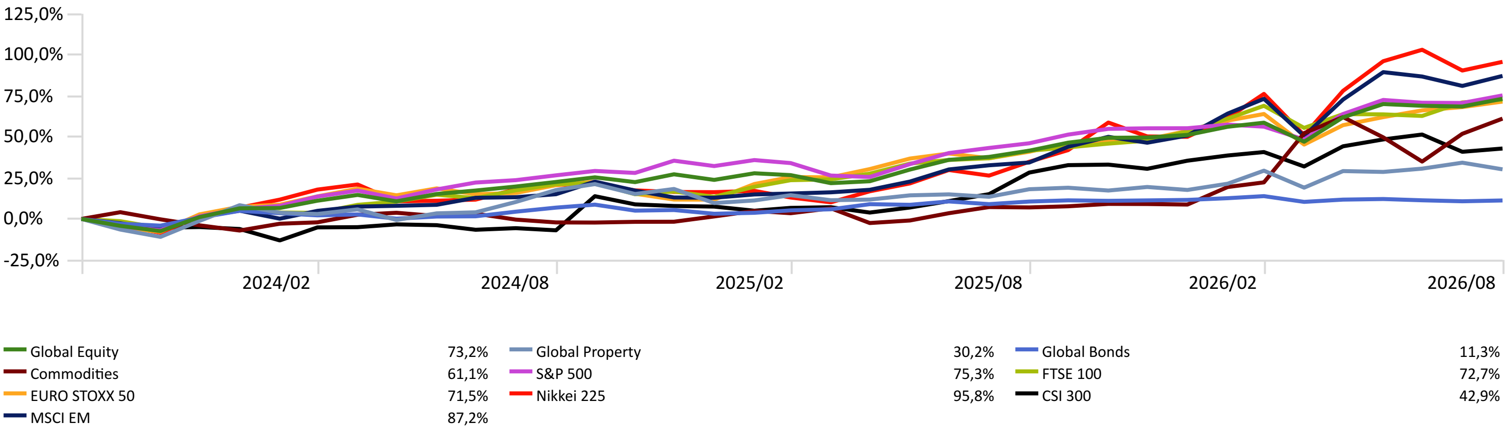
The outlook will depend heavily on whether the current inflation relief proves durable and whether structural reforms can translate into stronger investment and productivity. The Government-Business Partnership's increased focus on mining, agriculture, agriprocessing and tourism is encouraging, particularly given the employment and export potential of these sectors. However, progress on economy-wide constraints such as electricity, logistics, water and municipal services remains essential.

For investors, the divergence between resource-driven market performance and weak domestic fundamentals remains the defining feature of the South African landscape. While commodity exposure continues to provide support, the sustainability of broader market gains will ultimately depend on whether the domestic economy can generate stronger growth without reigniting inflationary pressure.

ASSET CLASS RETURNS in USD

	1 Month	3 Months	YTD	1 Year	*3 Years
Global Equity	2,8	1,9	14,6	22,3	20,1
Global Property	-3,0	1,2	10,7	10,3	9,2
Global Bonds	0,5	-0,8	-0,3	0,6	3,6
Commodities	6,1	7,6	48,1	50,6	17,2
S&P 500	2,7	1,6	12,9	20,0	20,6
FTSE 100	1,0	5,5	12,6	22,0	20,0
EURO STOXX 50	2,0	5,8	11,6	21,7	19,7
Nikkei 225	2,8	-0,2	30,5	45,2	25,1
CSI 300	1,4	-3,7	5,5	11,4	12,6
MSCI EM	3,4	-1,2	24,1	39,2	23,2

3 YEAR CUMULATIVE RETURNS in USD



CALENDAR YEAR RETURNS IN USD

Best	S&P 500 11,2	MSCI EM 37,3	NASDAQ 100 0,0	NASDAQ 100 39,5	NASDAQ 100 48,9	Glb Property 30,0	FTSE 100 -7,0	NASDAQ 100 55,1	NASDAQ 100 25,9	EU STOXX 40,9	Nikkei 225 30,5
	MSCI EM 11,2	NASDAQ 100 33,0	Glb Bonds -1,2	CSI 300 36,9	CSI 300 38,1	S&P 500 28,2	Glb Bonds -16,2	S&P 500 25,7	S&P 500 24,5	DAX 39,5	MSCI EM 24,1
	NASDAQ 100 7,3	CSI 300 32,3	Glb Property -4,7	S&P 500 30,7	Nikkei 225 24,5	NASDAQ 100 27,5	EU STOXX -17,7	DAX 24,5	CSI 300 14,5	FTSE 100 35,1	NASDAQ 100 17,1
	Glb Property 5,8	EU STOXX 28,1	S&P 500 -4,9	Glb Property 24,1	MSCI EM 18,3	FTSE 100 17,3	DAX -17,7	EU STOXX 22,7	DAX 11,4	MSCI EM 33,6	S&P 500 12,9
	Nikkei 225 5,6	DAX 28,1	Nikkei 225 -7,9	EU STOXX 23,8	S&P 500 17,8	EU STOXX 14,0	S&P 500 -18,5	Nikkei 225 22,6	Nikkei 225 8,8	Nikkei 225 29,0	FTSE 100 12,6
	DAX 3,8	Nikkei 225 25,6	FTSE 100 -14,1	DAX 23,2	DAX 12,9	DAX 7,6	Nikkei 225 -19,1	FTSE 100 14,3	FTSE 100 7,7	CSI 300 26,0	Glb Property 11,4
	Glb Bonds 2,1	FTSE 100 22,5	MSCI EM -14,6	FTSE 100 22,0	EU STOXX 9,3	CSI 300 -1,2	MSCI EM -20,1	Glb Property 11,0	MSCI EM 7,5	NASDAQ 100 21,0	EU STOXX 11,3
	EU STOXX 1,1	S&P 500 21,1	EU STOXX -16,9	Nikkei 225 21,9	Glb Bonds 9,2	MSCI EM -2,5	Glb Property -25,8	MSCI EM 9,8	EU STOXX 2,4	S&P 500 17,4	DAX 6,0
	FTSE 100 -0,2	Glb Property 9,4	DAX -22,2	MSCI EM 18,4	Glb Property -7,9	Nikkei 225 -4,4	CSI 300 -26,7	Glb Bonds 5,7	Glb Property 2,4	Glb Property 8,6	CSI 300 5,5
Worst	CSI 300 -15,4	Glb Bonds 7,4	CSI 300 -27,7	Glb Bonds 6,8	FTSE 100 -8,8	Glb Bonds -4,7	NASDAQ 100 -32,4	CSI 300 -11,2	Glb Bonds -1,7	Glb Bonds 8,2	Glb Bonds -0,3
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD

CURRENCIES vs. USD

	1 Month	3 Months	YTD	1 Year	*3 Years
EUR	1,0	-0,5	-1,1	-0,8	2,3
GBP	0,7	0,6	0,8	0,4	2,3
JPY	-0,3	-0,3	-1,8	-8,1	-3,0
CNY	0,4	0,7	4,0	6,1	2,8

Currency performance in USD - a positive number represents USD weakness, while a negative number represents USD strength

* *Annualised*

GLOBAL SECTORAL RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI/Financials	1,3	11,3	11,9	18,6	25,4
MSCI ACWI/Health Care	3,9	10,6	7,3	19,0	8,4
MSCI ACWI/Materials	10,5	3,3	17,9	30,8	15,2
MSCI ACWI/Technology	6,0	-1,3	29,8	44,0	33,4
MSCI ACWI/Industrials	-0,2	0,5	13,3	18,2	19,8
MSCI ACWI/Cons Staples	-1,2	2,1	6,3	5,6	6,4
MSCI ACWI/Cons Discretionary	-0,2	-2,4	-2,4	1,2	10,2
MSCI ACWI/Energy	4,4	9,8	36,2	39,7	16,2

MSCI ACWI Contributors YTD (Approximate)

	Weight	Return	Contribution
NVIDIA Corp	5,6	18,5	1,1
Micron Technology Inc	0,8	236,1	1,0
Apple Inc	5,0	16,9	0,9
Advanced Micro Devices Inc	0,7	119,8	0,5
Amazon.com Inc	2,9	12,5	0,4
Intel Corp	0,4	142,6	0,3
ASML Holding NV	0,7	56,6	0,3
Microsoft Corp	3,7	5,6	0,3
ExxonMobil Holdings Corp	0,8	36,4	0,2
Palo Alto Networks Inc	0,2	107,5	0,2

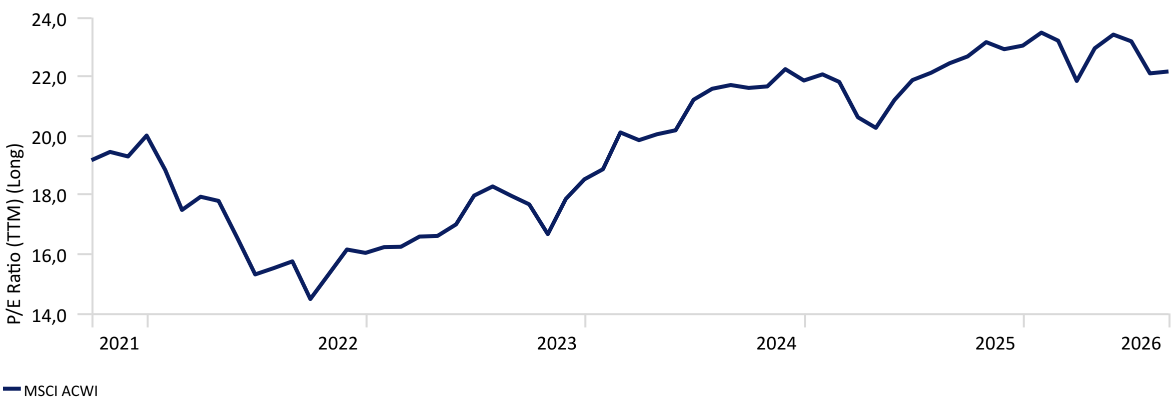
MSCWI ACWI Detractors YTD (Approximate)

	Weight	Return	Contribution
Tesla Inc	1,4	-18,2	-0,3
Meta Platforms Inc Class A	1,7	-13,1	-0,2
AppLovin Corp Ordinary Shares - Class A	0,1	-53,7	-0,1
Intuit Inc	0,1	-45,2	-0,1
Oracle Corp	0,3	-22,7	-0,1
Boston Scientific Corp	0,1	-49,3	-0,1
Intuitive Surgical Inc	0,2	-33,5	-0,1
Lvmh Moet Hennessy Louis Vuitton SE	0,2	-29,3	-0,1
International Business Machines Corp	0,3	-19,4	-0,1
Netflix Inc	0,5	-13,6	-0,1

Current MSCI AC Metrics

P/E	17,8
P/B	3,0
P/EBITDA	22,0
P/Cash Flow	11,1
P/S	2,8
Debt/Capital	38,7

Historical P/E



MARKET CAP RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI Small Cap	3,8	1,7	16,9	22,4	17,1
MSCI ACWI Mid Cap	2,7	2,5	14,3	17,7	16,6
MSCI ACWI Large Cap	2,7	1,8	14,3	23,2	21,2

STYLE BASED RETURNS

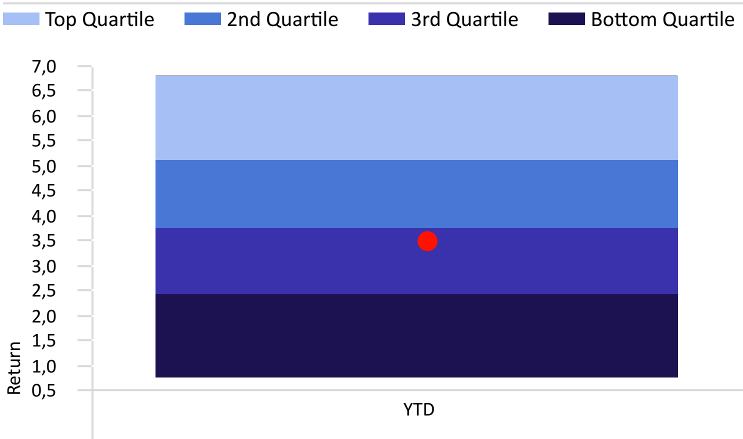
	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI Value	2,6	5,3	18,4	25,4	19,3
MSCI ACWI Growth	2,7	-1,3	10,4	19,0	21,4

** Annualised*

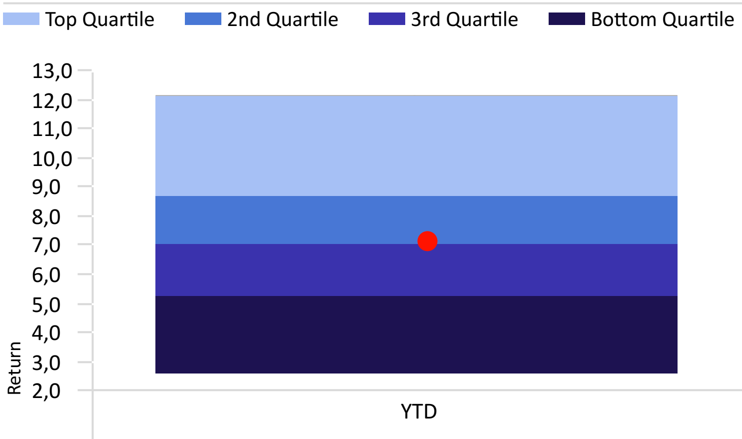
CATEGORY AVERAGES in USD

	1 Month	3 Months	YTD	1 Year	*3 Years
(ASISA) Glb MA Low EQ	1,5	1,8	3,9	6,9	8,5
(ASISA) Glb MA Flex	3,0	2,7	8,5	13,8	12,8
(ASISA) Glb MA High EQ	3,3	1,9	7,3	13,6	13,7
(ASISA) Glb EQ General	3,9	3,1	10,2	16,6	16,6
EAA Fund USD Cautious	1,1	0,4	3,5	6,5	7,2
EAA Fund USD Moderate	2,0	1,1	7,2	11,6	10,7
EAA Fund USD Flexible	2,4	0,9	7,1	12,1	10,4
EAA Fund USD Bond - ST	0,3	0,5	1,4	2,9	4,4
EAA Fund USD Aggressive	2,6	1,9	9,4	15,0	13,2
EAA Fund USD HY Bond	0,9	0,8	2,1	4,2	7,2

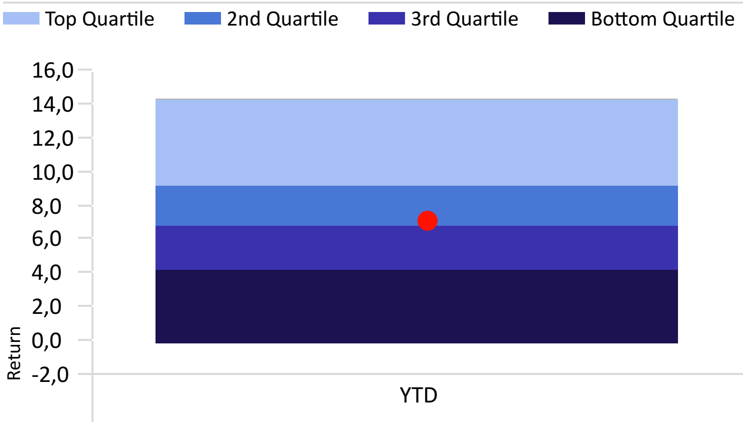
EAA USD CAUTIOUS ALLOCATION



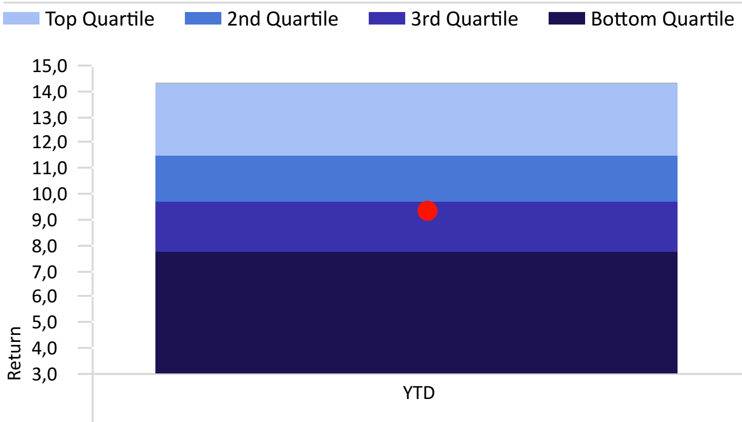
EAA USD MODERATE ALLOCATION



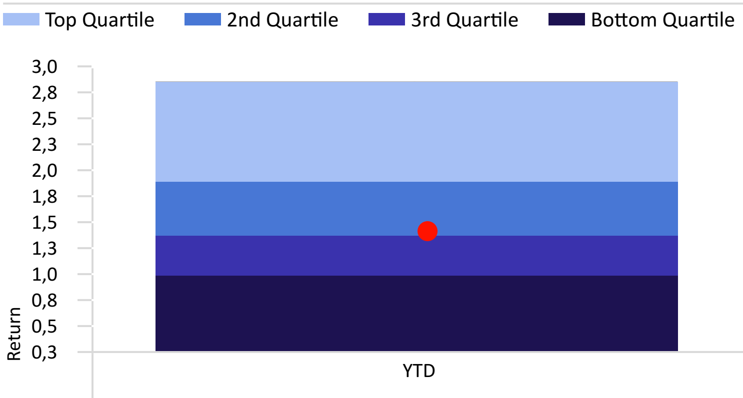
EAA USD FLEXIBLE ALLOCATION



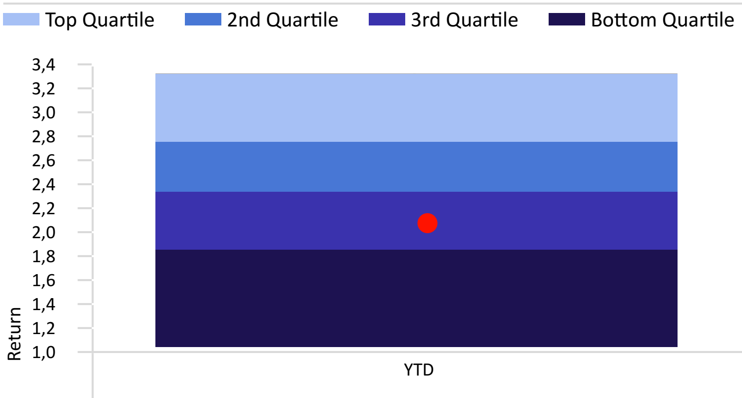
EAA USD AGGRESSIVE ALLOCATION



EAA USD DIVERSIFIED BOND - SHORT TERM



EAA USD HIGH YIELD BOND



** Annualised*

OFFSHORE COMMENTARY

August saw global markets regain momentum after July's technology-led wobble. Investor confidence improved as corporate earnings remained strong, activity data stayed resilient, and the artificial intelligence theme found renewed support. The US stock market rebounded, helped by another strong Nvidia report that rounded off a robust second-quarter earnings season. At the same time, the Middle East remained tense, Brent crude hovered around $90 per barrel, and bond markets stayed sensitive to central-bank rhetoric and US Treasury policy.

Developed market equities rose 2.6 percent and emerging markets gained 3.4 percent in US dollar terms. Emerging markets benefited from a softer dollar, but the gains were also supported by solid earnings across major regions. Energy and technology-related sectors delivered the strongest earnings growth, while there were also early signs that earnings momentum was broadening beyond a narrow group of mega-cap technology names. The 2026 global earnings growth estimate rose sharply, reinforcing the view that corporate profits remain an important support for markets.

The AI narrative remained central, but investors were more selective than earlier in the year. Nvidia again stood out, supported by very strong data-centre demand, while performance elsewhere in mega-cap technology was more mixed. This reflected a market that still believes in the AI capital-expenditure cycle, but is becoming more discerning about which companies can convert that spending into durable profits.

Global economic data also helped sentiment. Business surveys remained comfortably in expansion territory, suggesting that growth was still holding up despite elevated energy prices and geopolitical uncertainty. This supported risk appetite and helped small caps outperform, with the segment rising 2.9 percent.

Equity markets advanced broadly in August, with growth and value both returning 2.6 percent. This was an important shift after July, when growth stocks had come under pressure from concerns about AI valuations. Semiconductor shares rebounded, but software stocks performed even better as solid earnings helped ease fears that AI would undermine existing business models.

The US was one of the stronger major markets, with the S 500 rising 2.7 percent. AI remained the dominant theme, but performance within mega-cap technology was fragmented. Nvidia rose by around 10 percent, while Broadcom declined, showing that investors were no longer treating the sector as a single trade. The equal-weighted S 500 modestly underperformed the cap-weighted index, suggesting that large-cap leadership returned after July's broader rotation.

Japan also performed well, with the TOPIX gaining 3.9 percent. A softer yen helped exporters, while the US AI data-centre build-out and looser domestic fiscal settings supported returns across a broad range of sectors. Japan continues to benefit from a combination of currency support, corporate reform and exposure to global capital spending.

European equities rose but lagged other developed markets. Growth-style stocks benefited from renewed technology momentum, but the region remained less exposed to the strongest AI earnings engines. Europe also continued to face a more difficult energy backdrop, with higher natural gas prices and geopolitical disruption creating risks for margins and inflation expectations.

Emerging markets performed well in US dollar terms, with MSCI EM Asia gaining 3.4 percent. Taiwan was the standout in local currency terms, supported by its central role in the AI and semiconductor ecosystem. Korea lagged despite SK Hynix and Samsung Electronics announcing plans to increase shareholder returns. China's July rally faded, with August data still pointing to weak domestic demand, although AI-related onshore IPO activity picked up materially.

Bond markets were more complicated than equities. The Global Aggregate Index returned 0.5 percent in US dollar terms, helped partly by dollar weakness, but local-currency returns varied meaningfully. Government bonds were mixed as yields remained sensitive to energy prices, central-bank guidance and fiscal policy. Corporate bonds performed better, especially high yield, where spreads narrowed to a 12-month low.

In the US, government bonds returned 0.3 percent in local currency terms. Front-end yields moved higher after Fed Chair Kevin Warsh used his Jackson Hole speech to stress that recent inflation data had not improved enough to justify complacency. Markets interpreted the speech as hawkish, particularly given the Fed's continued focus on price stability.

At the long end, yields were better behaved. The 30-year Treasury yield edged lower over the month after briefly reaching its highest level since 2007, helped by the US Treasury's decision to increase longer-dated bond buybacks. This intervention helped stabilize sentiment, although it did not remove the broader questions around fiscal supply, term premium and the long-term cost of capital.

In Europe, UK gilts posted positive returns, with markets still waiting for clearer policy direction from Prime Minister Andy Burnham's new government. Continental European bonds were weaker as yields rose across the curve. German Bunds were modestly negative, while French bonds underperformed as investors began to focus on 2027 budget negotiations.

Japan was the weakest major government bond market. The 10-year Japanese government bond yield rose to 2.95 percent, a multi-decade high, as inflation turned higher and looser fiscal policy increased pressure on the bond market. Markets also brought forward expectations for another Bank of Japan rate hike.

Credit markets were more constructive. Investment-grade spreads remained stable despite large US hyperscaler issuance plans linked to AI infrastructure funding, while high-yield spreads narrowed further. Emerging market debt also outperformed, helped by a softer US dollar and stronger performance from several major emerging market currencies.

Commodities rose broadly in August. Precious and industrial metals gained, with gold up around 10 percent. The rally in gold was partly linked to renewed discussion of the debasement trade after the US Treasury's bond buyback announcement, which also contributed to dollar softness.

Industrial metals benefited from the same structural themes supporting AI infrastructure, including grid investment, data centres, electrification and power demand. Agricultural commodities also rose, especially wheat, as supply risks increased and the El Niño weather pattern continued to build. Energy performance was mixed. Oil stayed broadly range-bound despite ongoing US-Iran skirmishes, while European wholesale natural gas prices hit a year-to-date high as local inventories tightened.

August confirmed that the global equity rally had regained momentum after July's AI-led sell-off. The US data-centre build-out still shows few signs of slowing, and Nvidia's latest results reinforced the depth of demand for high-performance compute. However, varied performance across technology stocks shows that investors remain cautious about declaring clear winners across the AI ecosystem. AI remains a powerful theme, but it is no longer being rewarded indiscriminately.

The broader market backdrop was constructive, with firm economic data, improving PMIs, rising earnings estimates and gains across both developed and emerging markets. At the same time, bond markets remain a reminder that the macro environment is not risk-free. A hawkish Jackson Hole message, elevated energy prices and the Treasury's unusual buyback expansion all point to a market still wrestling with inflation credibility, fiscal sustainability and the appropriate level of long-term yields.

For portfolios, August supports a balanced approach. Equity exposure remains warranted where earnings momentum is visible, particularly in AI infrastructure, software, select semiconductors and broader beneficiaries of capital investment. However, fragmentation within technology argues for active selection rather than broad thematic exposure. Geographic diversification also remains important, given solid performance across Japan, emerging markets and parts of Europe. If AI enthusiasm or activity momentum fades, government bonds can still provide protection, though duration is now influenced by unorthodox policy tools, fiscal risk and energy-driven inflation expectations.

DISCLAIMER: None of the information or opinions expressed in this article constitute an offer to sell or the solicitation of an offer to buy securities. This material is for information purposes only. The opinions expressed in this article do not constitute investment, tax or other advice and you should consult your professional advisor before you make any decision. The value of currencies, securities or investments and the price of shares which are mentioned in this article may fall as well as rise. Investors may not receive the original amount invested in return. Investors should also be aware that past performance is not necessarily a guide to future performance. All expressions of opinions are subject to change without notice.