Market Commentary 1st of September 2026

Global equity markets resumed their upward trajectory in August. Most major equity markets delivered positive returns, led by US technology sector and Japanese equities.

The S&P 500 (SPX) gained 2.62%. Technology stocks outperformed, with the Nasdaq Composite rising 3.93%. The strength of large-cap technology shares provided renewed support for broader global equity markets.

European equities also advanced. The MSCI Euro Index increased 0.80%. Germany's DAX Index delivered a strong gain of 2.45%, lifting its YTD return to 7.22% as investor confidence improved across the region. In contrast, the FTSE 100 slipped 0.40%.

Asian markets performed well. The Nikkei 225 rebounded 3.03% following July's correction and remains one of the strongest-performing major equity indices globally. Emerging markets also recovered, with the MSCI Emerging Markets Index rising 1.70%. The MSCI AC World Index gained 2.23%, reflecting broad-based strength across global equities.

Fixed Income: Aggregate Bonds

Fixed-income markets were mixed during August, though returns generally improved compared with the previous month. US and UK bond markets posted modest gains, while European government bonds continued to face pressure.

The Global Aggregate Bond Index increased 0.45% during the month, recovering part of July's losses, though it remains slightly negative for the year at -0.30% YTD.

Commodities: Oil, Gold and Silver

Commodity markets continued to perform strongly in August, supported by firm energy prices and a sharp rebound in precious metals.

Crude Oil increased 1.29% to $85.76 per barrel. While the pace of gains slowed compared with July's surge, oil remained one of the best-performing major asset classes of 2026.

Precious metals staged a notable recovery. Gold rose 9.67% to $4,437.38/oz, moving back into positive territory for the year. Silver recorded an even stronger rebound, gaining 15.59% during the month, although it remained down YTD. The broader CRB Commodity Index advanced 6.61%, lifting its YTD gain to 37.42%, underscoring continued strength across the commodity complex.

Currencies & Digital Assets: Dollar and Bitcoin

Currency markets were relatively stable in August, with a modest weakening of the US dollar against major currencies.

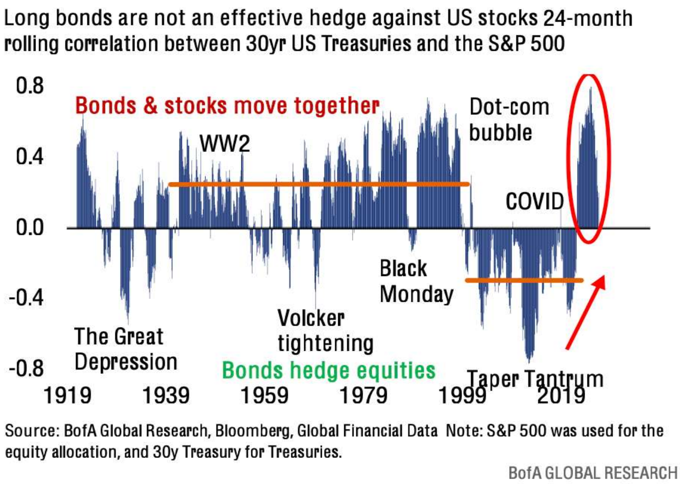
The Dollar Index (DXY) fell 0.49% to 99.428, reducing its YTD gain to 1.12%. The softer dollar helped the Euro appreciate 0.79% against the US dollar, while Sterling gained 0.49%.

Digital assets delivered one of their strongest performances in a long time. Bitcoin surged 25.37%, recovering a substantial portion of its earlier losses as risk appetite improved across financial markets. Despite the rally, Bitcoin remains down 10% YTD, reflecting the volatility that has characterized the asset class throughout 2026.

Is a 60-40 Equity-Bond portfolio passé?

According to Bank of America research, we are in a “lost decade” for a 60-40 portfolio. As they have written recently:

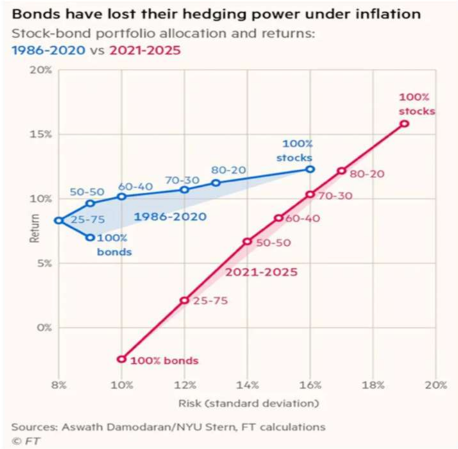
A 60/40 stock/bond portfolio would have returned 8% thus far in 2026, but annualized returns after inflation have been flat since 2022, keeping this hypothetical portfolio in a “lost decade.” Bonds have not been an effective recent diversifier: the US Aggregate Bond Index has had a 0.58 monthly correlation to the S&P 500 over the last four years. The Treasury bond hedge only really worked during 2000-2019, the days of free trade, free QE, and inflation in freefall. The correlation between stocks and bonds was positive for most of modern economic history and has returned to its historical form.



The Financial Times has corroborated the above, citing the NYU academic, Aswath Damodaran on August 29th that:

“…since 2021, with the return of high inflation, bonds are less and less useful as a diversifier. Looking at the average risk and return across various stock/bond weightings (using annual returns for the S&P 500 and 10-year Treasury), not only has risk increased all across the board since 2021, but bond

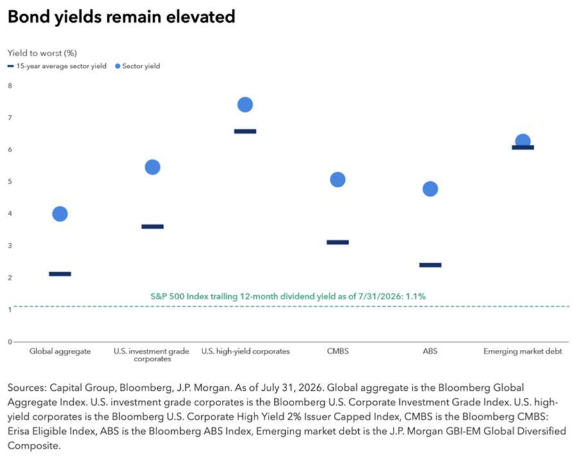
returns have been negative. In short, correlation between stocks and bonds has turned positive, meaning bonds have started contributing to equity losses, instead of offsetting them".



On the other hand…

Bond yields have increased substantially recently, and for an investor who is more focused on the certainty of a steady income, the Capital Group suggests the following:

"With yields above their 15-year averages across most sectors, bonds continue to offer investors a compelling source of income. That opportunity comes against a backdrop of healthy corporate earnings and a U.S. economy that has remained resilient. History shows that starting yields are a reliable indicator of long-term bond returns. At today's starting yields, investors can potentially earn a substantial portion of their expected returns from bonds while taking less risk than they would in stocks. Diversification remains as important in fixed income as it is in stocks. A well-constructed bond portfolio can help investors balance income potential and equity market volatility".



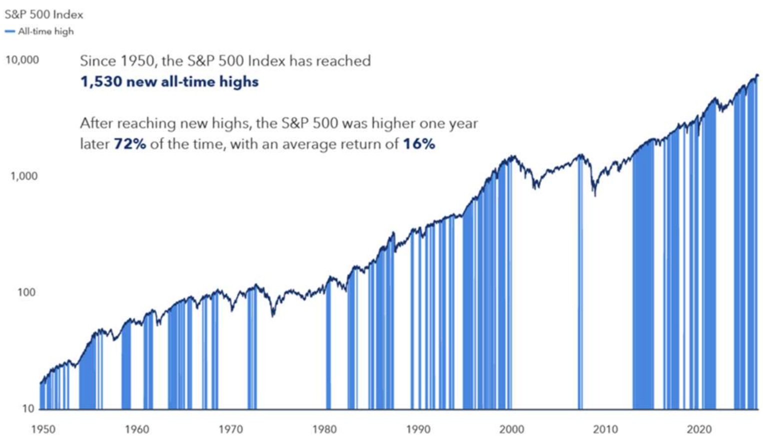
So it is not a bad strategy to invest in bonds if there is enough capital to meet your income needs.

Stocks are at a record high. Should we be worried?

Capital Group, a large fund house has provided the following analysis:

"When stocks reach record highs, investors may conclude they've missed the boat. Yet history suggests new peaks are a feature of long-term investing. Specifically, markets have trended higher and peaked multiple times in prior cycles. Of course, market declines are also inevitable, and stocks can fall at any time. But history shows that fresh highs have often been a good entry point for long-term investors. Since 1950, every time the S&P 500 Index reached an all-time high, stocks were higher one year later 72% of the time and delivered a 16.2% average return. Thus, investors who treat record highs as a reason to stay on the sidelines have often found that the market still had room to climb".

All-time highs can be bullish for stock markets



Sources: Capital Group, RIMES, S&P Global. Includes all daily periods between January 1, 1950, and July 31, 2026. Returns are price returns which exclude the reinvestment of dividends and capital distributions. Chart shown on a logarithmic scale.

So perhaps investors should not rush to sell just because the market has become "toppy".