# Monthly Market Commentary

Despite rising bond yields, more hawkish Fedspeak, and ongoing Middle East tensions, August was a good month for global equity markets with strength in corporate earnings, resilient macro data, and signs of robust AI-demand fuelling risk-on sentiment. Stocks exposed to higher commodity prices were also notable outperformers in August.

The NASDAQ was the standout performer in US markets, rising 3.9% partly on the back of strength in software stocks as a slew of strong earning prints helped alleviate AI-disruption fears. One notable example was, CRM-software giant, Salesforce with shares rising 22% on better-than-expected Q2 results, alongside strong AI-monetization rates, an upgrade to FY guidance and the announcement of a partnership with Anthropic. NASDAQ performance was also supported by strength in the Magnificent-7 complex, up 4.4% as a group, with chipmaker Nvidia a meaningful contributor after shares rose 8.7% on very strong FY28 sales outlook (+70% vs consensus of +40%). While lagging in a relative sense, the S&P500 also delivered good absolute performance, up 2.62%, well ahead of its equal-weighted equivalent, up 1.9%, and the S&P600 Small Cap Index which closed down 0.7% for the month.

In Europe, Germany's DAX led the way in terms of performance, finishing up 2.5% thanks in part to ongoing strength in ERP-software giant, SAP. In contrast, France's CAC fell 2.1% during the month as political and fiscal concerns weighed on sentiment. The UK's FTSE finished the month down 0.4%. In Asia, both the Nikkei225 and Shanghai Composite Index were stronger, rising 3% and 4%, respectively.

At a sector level, Materials were strongest, up 9.5% on higher commodity prices, namely precious metals and soft commodities, followed by Technology and Energy, both up 6.1% and 4.1%, respectively. Defensive sectors lagged during the month with Utilities and Consumer Staples weakest, falling 3.4% and 1.3%, respectively.

August also witnessed a confluence of fiscal anxiety, surging bond supply, and inflation fears push yields on 30yr US Treasuries to a post-GFC high of 5.34%, before US government intervention ultimately drove yields lower to finish the month largely unchanged at 5.24%. While successful, for now, these actions partly contributed to precious metal strength with gold up 9.7% in USD and dollar weakness (DXY Index -0.5%).

Against this backdrop the AUD rose 2.1% against the USD, with the Bloomberg Commodity Index also up 7.1%, driven by both precious metals and soft commodities on the back of potential El Nino headwinds and Russo-Ukraine War disruptions. WTI Oil prices rose 1.3% over August while the VIX fell 1 point to close at 14.9.

US-based goldminer, Newmont was the biggest contributor to Fund performance in August with shares rising alongside higher gold prices. Pharmaceutical group, Pfizer and technology group, Amdocs, were also notable contributors with shares moving higher over the month following good results. Water-heater maker A.O. Smith was the biggest detractor on Fund performance in August as rate headwinds weighed on the stock.

In terms of new positions, the Fund gained exposure to Italian-based cement and building material group, Buzzi. Still controlled by the founding family, we are also attracted to Buzzi's net cash balance sheet, diversified end market exposure (~35% US, ~21% Central EU) and supportive valuation (~8% FCF yield, 0.9x BV). We think shares are worth high-€40s or ~23% above current levels.

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