MARKET OVERVIEW

Empire Strikes Back: Nvidia reclaims control

August delivered a much-needed reprieve for investors after July's bout of geopolitical and capex-driven jitters, with the S&P 500 climbing more than 2,5% over the month as risk appetite returned and volatility eased. The rally was broad-based, with cyclical sectors joining the mega-cap complex in driving gains, while oil retreated from its July highs, further calming inflation concerns tied to the Middle East conflict.

Not all signals pointed the same way, however. The US 10-year Treasury yield pushed to its highest level since January 2025 during the month, a reminder that concerns over fiscal deficits, sticky inflation and elevated term premia have not gone away. The move kept a lid on parts of the rally and added a layer of uncertainty just as equities were regaining their footing, underscoring that the path for risk assets remains far from smooth.

The month's most closely watched event was Nvidia's earnings release, and the company did not disappoint. Revenue came in at $96 billion, comfortably ahead of the $92 billion consensus estimate, driven once again by insatiable demand for AI infrastructure.

On the call, CEO Jensen Huang struck a notably confident tone, describing demand for the company's Blackwell platform as "off the charts" and noting that data center revenue alone had more than doubled year-on-year. Huang pointed to order visibility extending "well into next year," pushing back on concerns that hyperscaler capex might be nearing a peak, and flagged accelerating demand from sovereign AI projects and enterprise customers as new growth vectors beyond the traditional cloud players. Guidance for the coming quarter came in above Street expectations, reigniting enthusiasm for the AI trade after weeks of scepticism.

With Nvidia's results now in the rear-view mirror and the bulk of earnings season behind us, investor attention is set to shift toward macro catalysts. The Federal Reserve's next policy meeting looms large, alongside a fresh round of inflation data that should help clarify whether the recent pickup in prices is proving transitory or more persistent — and whether long-end yields have further to climb. Markets will be parsing both closely for clues on the path of interest rates into year-end.

AUGUST EARNINGS SCORECARD – PRICE PERFORMANCE ON THE FOLLOWING TRADING DAY

NVIDIA

8,74%

106% revenue increase YoY. Data Center revenue accounting now for 92% of total revenue.

MARVELL TECHNOLOGY

–10,28%

EPS beat $0,94 vs $0,93). Data center revenue reached $2.17 billion, or 79% of total sales.

SALESFORCE

22,58%

Revenue at $11,35 Bn, a 11% increase YoY. FCF surged 81% YoY

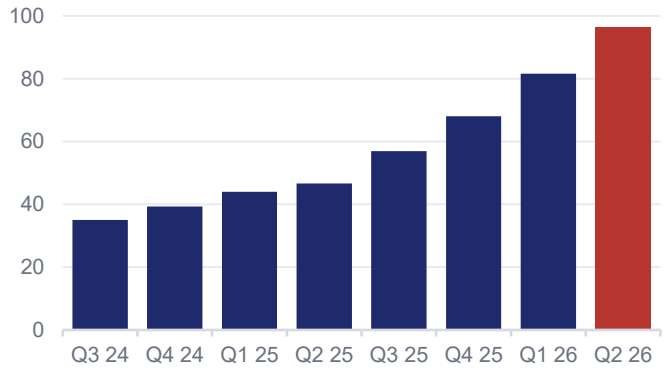
CROWDSTRIKE

20,50%

Revenue Reached $1.47 billion, marking a 26% YoY. Raised its full year revenue outlook.

NVIDIA — REVENUE BY QUARTER

USD billions



10Y US TREASURY YIELD — LAST 12 MONTHS

Percent, daily · 31/08/2026 · Source: Federal Reserve



CIO PERSPECTIVE

Nvidia's latest results, together with the broader tone set by mega-cap tech, reinforce our conviction in the artificial intelligence theme, even as long-term yields have moved higher and remain a headwind for the market. The read-through is not just about one company's numbers: it is the combination of resilient corporate earnings, a labor market that is growing only marginally and a market leadership base that continues to widen beyond the largest names. Taken together, we think this points to underlying productivity gains that may already be feeding through into corporate profitability, and ultimately into the durability of this rally, rather than a narrative sustained purely by multiple expansion.

That combination — decent growth with a cooling labor market — is, in our view, a constructive one for risk assets: it keeps the door open for a more accommodative rate path without signaling that the economy is losing meaningful momentum. Equity valuations remain elevated by historical standards, with the S&P 500 forward P/E sitting comfortably above its long-run average, and index concentration is still a live concern, as the largest names continue to account for a disproportionate share of aggregate market value. This is precisely why we continue to favor a prudent, rather than aggressive, pro-risk posture: being invested matters, but so does the quality and dispersion of that exposure.

That said, we maintain our moderate risk on positioning. Inflation resilience is not expected to fade in the near term, and September has historically been the weakest month of the year for equities, a seasonal pattern that adds a layer of caution even against a constructive fundamental backdrop. Moreover, the questions we raised last month around the AI capex cycle remain unanswered: whether hyperscaler investment ultimately translates into commensurate returns, and who along the value chain captures that value, are still open debates that one strong earnings season does not settle. Valuations remain elevated and index concentration has not meaningfully eased, so the case for staying invested does not, in our view, extend to abandoning discipline around risk sizing and diversification.

IN FOCUS · SOFTWARE

Software stocks staged a notable rebound in August 2026, recovering from a difficult first half marked by fears that AI would disrupt traditional SaaS models. Salesforce (CRM) led the way, surging more than 20% around its earnings report as strong results and raised guidance eased "SaaSpocalypse" concerns, closing the month up nearly 40%. SAP followed a steadier path, gaining roughly 20% over the prior month on the back of solid cloud revenue growth and backlog strength, even as trimmed profit guidance kept the stock trading somewhat cautiously. Together, the two names reflect how better-than-expected earnings helped restore investor confidence in enterprise software after months of AI-related pessimism.

IN FOCUS · US/CANADA TRADE WAR

US-Canada trade tensions escalated sharply in late August 2026, after Washington imposed 50% tariffs on roughly $20 billion of Canadian goods on August 22, applying even to CUSMA/USMCA-compliant products. In response, Prime Minister Mark Carney announced Canada would retaliate “dollar for dollar”, with counter-tariffs of 15% to 50% on over 700 U.S. goods, taking effect September 8. Carney described the U.S. measures as an attack, while trade talks between the two countries broke down entirely before the announcement. The standoff marks one of the most serious ruptures in US/Canada trade relations in decades, adding fresh uncertainty just as the broader USMCA review is also underway.

IN FOCUS · YEN INTERVENTION

In late July, Japan sold an estimated $85 billion to buy yen after the currency hit a 40-year low near ¥163 — its biggest intervention since 2011. The US joined in for the first time in over a decade, though it funded its smaller leg with euros rather than dollars, avoiding signals about its own currency policy. The yen jumped 5% to around ¥155, but gains faded, slipping back to around ¥159 by mid-August. The bigger effect has been on rate expectations: markets now price more than 65% odds of a BOJ hike in September. Most strategists see intervention as buying time rather than a fix, with the yen's real trajectory hinging on how far the BOJ hikes and where the Fed takes US rates.

WHAT TO WATCH IN SEPTEMBER

01 **FOMC Meeting** — 65,43% chance of a rate hike, as of 31/08/2026 (CME FedWatch).

02 **August CPI Report** — Latest read on the recent increase in inflation.

03 **US Government Funding Deadline** — Fiscal year ends September 30, raising shutdown risk.

04 **Micron Technology Earnings** — A key read on AI driven memory chip demand.

The Fixed Income View

10Y US TREASURY

4.75% · 0 bp m/m

August was volatile but finished almost where it began. The 10-year ended at 4.75%, unchanged from July, while the 30-year spent much of the month above 5.2%. The pressure remains further out the curve. Heavy Treasury borrowing and a higher inflation term premium are keeping long-duration bonds under strain even without a meaningful monthly move in the 10-year.

10Y UK GILT

5.08% · +2 bp m/m

Gilts stayed under pressure, though the 10-year finished August only 2 bp higher at 5.08%. The bigger issue is the fiscal backdrop. Headroom is narrowing ahead of the 28 October Budget, while long-dated yields remain close to multi-decade highs. That leaves the UK curve unusually exposed to any fresh inflation or borrowing shock.

10Y GERMAN BUND

3.32% · +12 bp m/m

Bunds were the clear August laggard. The 10-year rose 12 bp to 3.32%, it's highest since 2011, as markets priced firmer inflation and heavier German borrowing. Record issuance is arriving as the ECB reduces its bond holdings, leaving private investors to absorb more duration. Germany still carries less fiscal credibility risk than the UK, keeping Bunds our preferred core exposure.

Index performance snapshot

Factset · Data as of 31/08/2026

INDEX	MONTHLY	YTD	2025	2024	2023	2022	2021
S&P 500	2,62%	12,40%	15,83%	21,65%	22,87%	-19,01%	24,61%
Nasdaq 100	4,18%	17,51%	19,63%	23,04%	45,40%	-35,86%	24,60%
Dow Jones Industrial Avg.	1,3%	10,61%	12,72%	12,88%	13,81%	-6,83%	17,99%
MSCI World	2,30%	12,29%	16,13%	18,15%	20,11%	-17,05%	20,82%
MSCI Emerging Markets	1,70%	22,23%	25,53%	10,54%	7,76%	-18,33%	-1,86%
EURO STOXX 50	0,98%	11,15%	17,44%	8,37%	18,70%	-10,34%	19,97%

Market views by segment

SEGMENT	– –	–	NEUTRAL	+	+ +	COMMENT
US Growth			●			High valuations, concentration and capex skepticism offset still-strong earnings delivery.
US Value				●		Strong earnings and increasing market breadth support the case for value, as more sectors of the economy deliver good results.
Europe		●				Heavily exposed to the Middle East conflict and shipping disruption, with limited participation in the AI theme.
Japan				●		Healthy corporate balance sheets and government reforms support the case for Japan. High energy prices, however, threaten sustained growth over time.
Emerging Markets			●			Rising odds of a Fed hike point to a stronger dollar over coming quarters — a headwind for the asset class broadly. Still, we see good relative value in regions such as LatAm.

Monthly glossary

Capital expenditures (capex) — Funds a company spends to acquire, upgrade or maintain physical assets such as property, equipment or technology infrastructure.

CPI (Consumer Price Index) — A U.S. government report measuring the change in prices paid by consumers for a basket of goods and services, used as the primary gauge of inflation and a key input into Fed policy decisions.

Earnings per share (EPS) — A company's net profit divided by its number of outstanding shares.

Free cash flow (FCF) — Cash generated by operations after capital expenditures: the cash left to pay dividends, buy back stock, repay debt or reinvest.

Forward P/E — A valuation ratio comparing a stock's current price to projected earnings per share over the next twelve months.

FOMC — The Federal Open Market Committee, the Federal Reserve body that sets U.S. monetary policy, primarily by deciding the target range for the federal funds interest rate at its scheduled meetings.

Hyperscalers — Large cloud computing providers operating massive, globally distributed data-centre infrastructure.

Treasury yield — The return earned on government debt, widely used as the benchmark risk-free rate for pricing other assets.

USMCA — The United States-Mexico-Canada Agreement, the trade pact that replaced NAFTA in 2020, governing tariffs and trade rules between the three countries; it is currently under review, adding to the backdrop of US-Canada trade tensions.

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