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MM Wealth Market Update - August 2026

A New Feedback Loop

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Market Update – August 2026

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It’s Not You, It’s Me

Source: Image – ChatGPT.

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Q2 2026 Outlook - Review

Three key forces we see shaping the rest of 2026

AI implementation phase	Fiscal expansion vs bond constraints	Geopolitics and energy security

What could break the “bullish rotation”?

Labour market deterioration	Bond yield shock	AI expectations reset	Geopolitical escalation

What we are watching closely

Inflation persistence	Capex vs earnings gap	Market breadth indicators	Yield curve behaviour

Markets are increasingly being shaped by competing forces rather than a single dominant narrative.

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2026 – What's Driving Markets?

Trump / Tariffs / Trade

Middle East

Ukraine

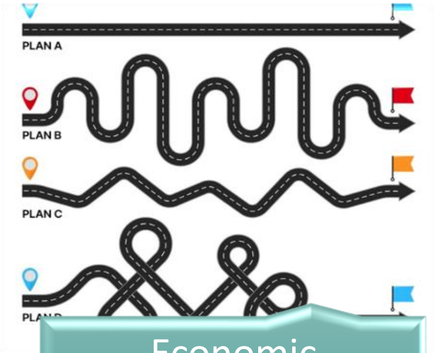
Sticky inflation

Rising bond yields

AI capex

Market leadership narrowing

Government debt



Economic divergence

Markets vs the economy

Source: Images – Shutterstock, Adobe Stock, ChatGPT.

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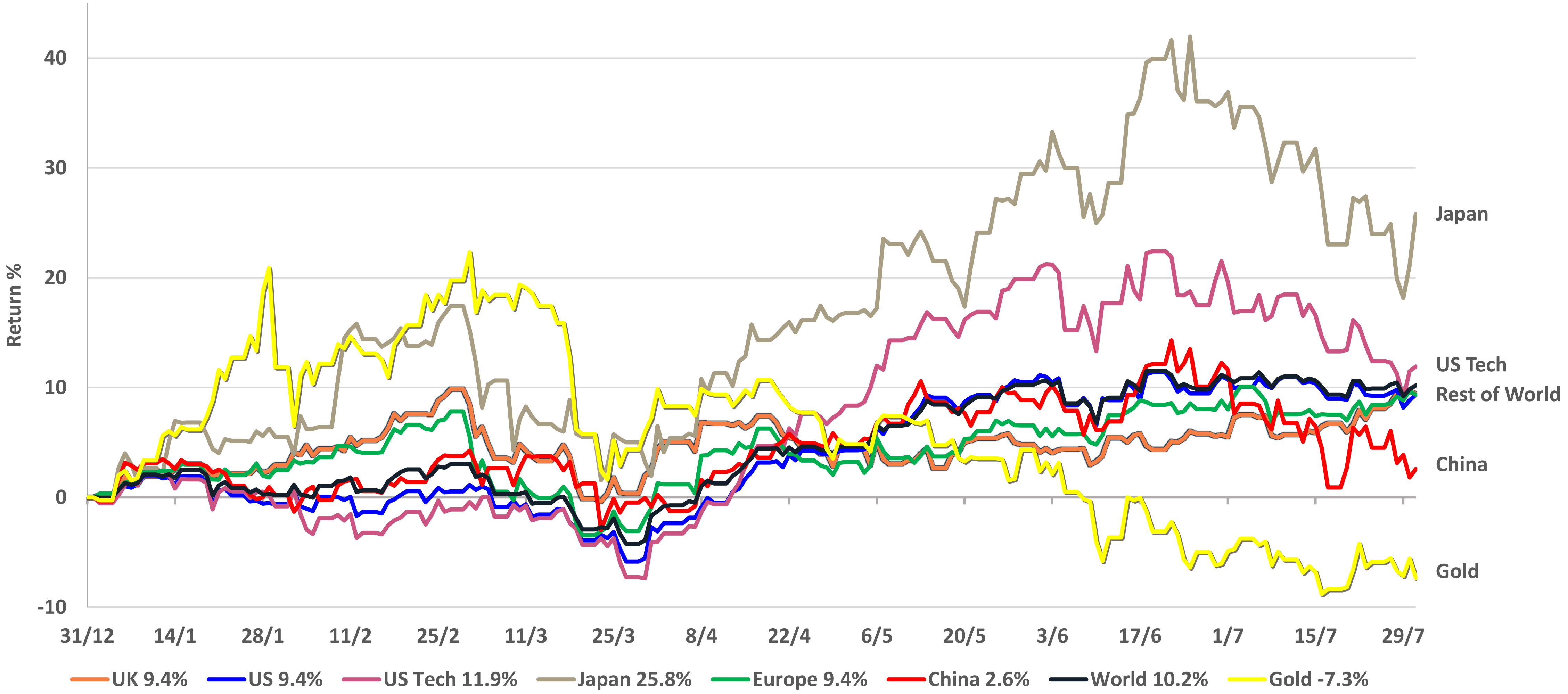
Year to Date Market Performance in GBP



Source: Morningstar. Indices: UK = FTSE 100, US = S&P 500, Tech = Nasdaq 100, Japan = Nikkei 225, Europe = STOXX Europe 600, China = CSI 300, World = MSCI World, Gold = LBMA Gold Price. Data is Price (index) Return for period 31/12/25 to 31/07/26, in GBP.

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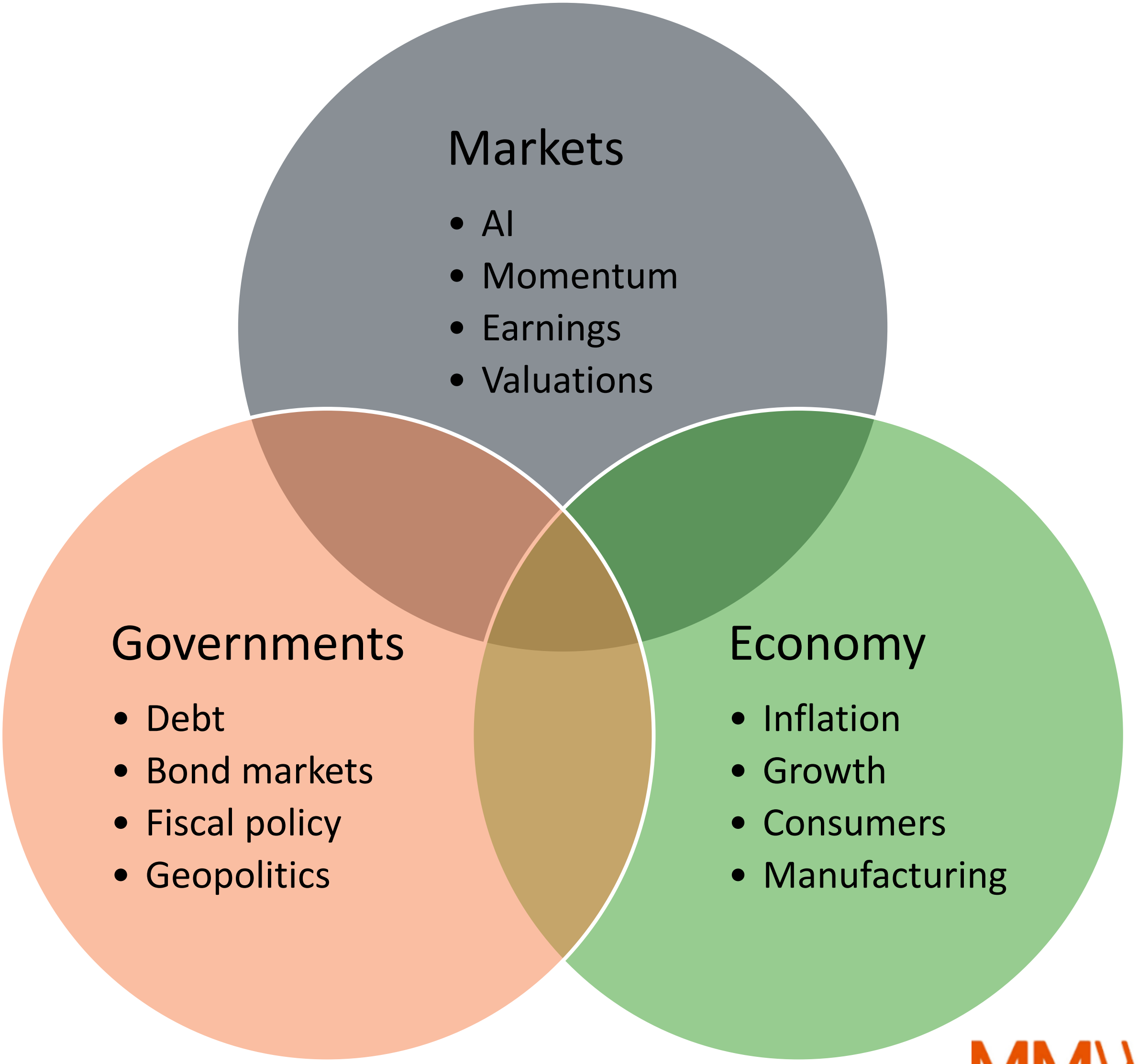
Success creates new risks

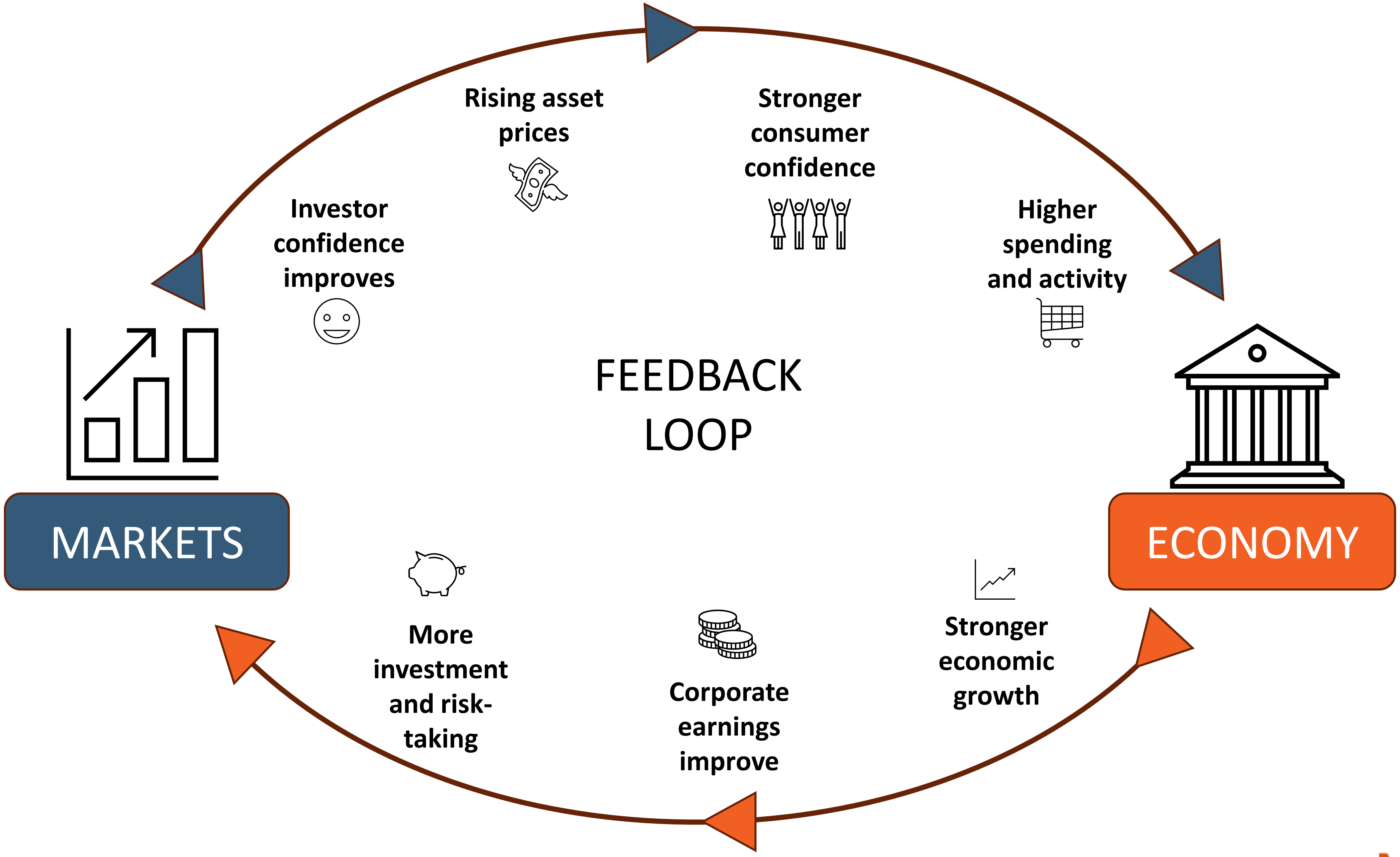
The better markets perform, the more important it becomes to manage risk rather than simply chase returns.

Are markets running ahead of the economy?

"Normal" Markets:



The new “normal” for markets?



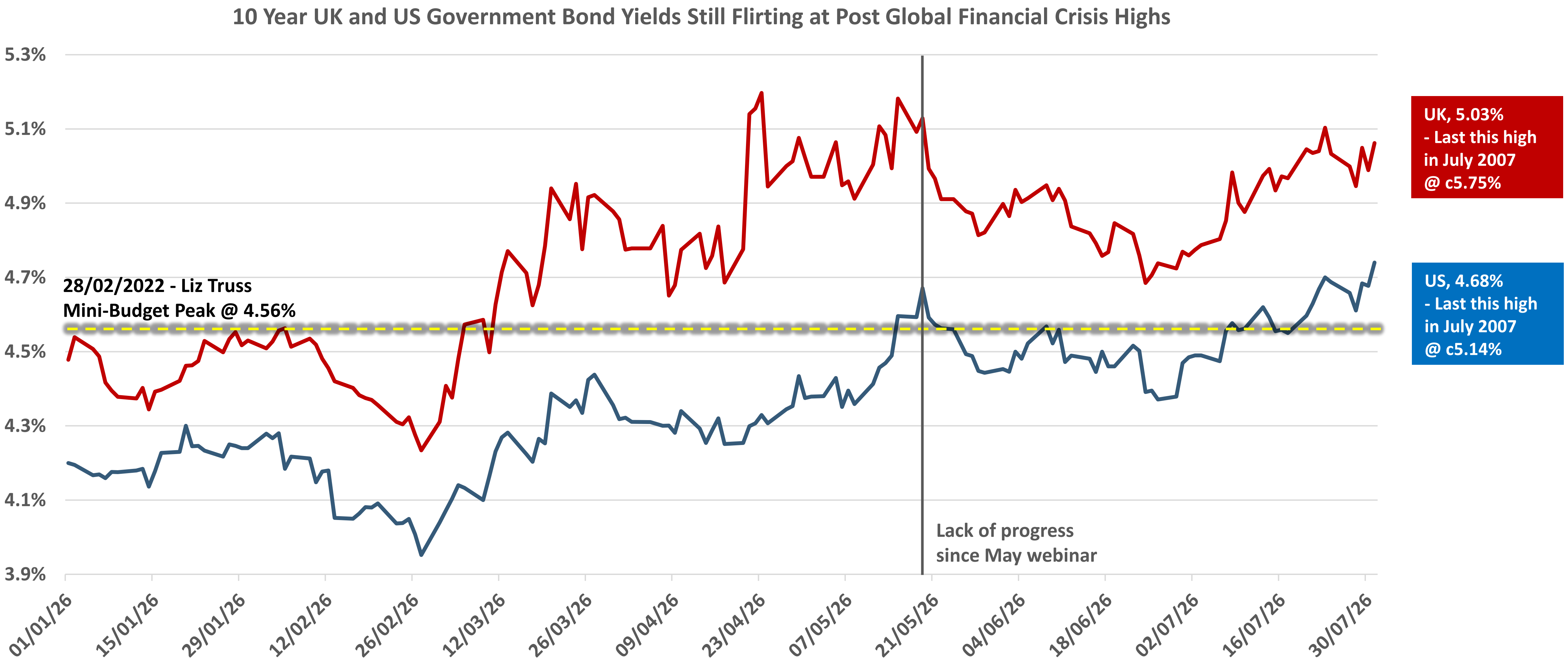
Do we think markets can continue to outrun the economy?

Markets have continued to reach new highs despite…

- Economic growth remaining broadly modest
- Manufacturing activity still subdued
- Consumers becoming more cautious
- Inflation remaining above target
- Long-term borrowing costs continuing to rise

… while bond markets have been flashing warning signs

Bond yields suggest problems remain



Source: MM Wealth Investment Team. Data from 31/12/25 to 31/07/26, in GBP.

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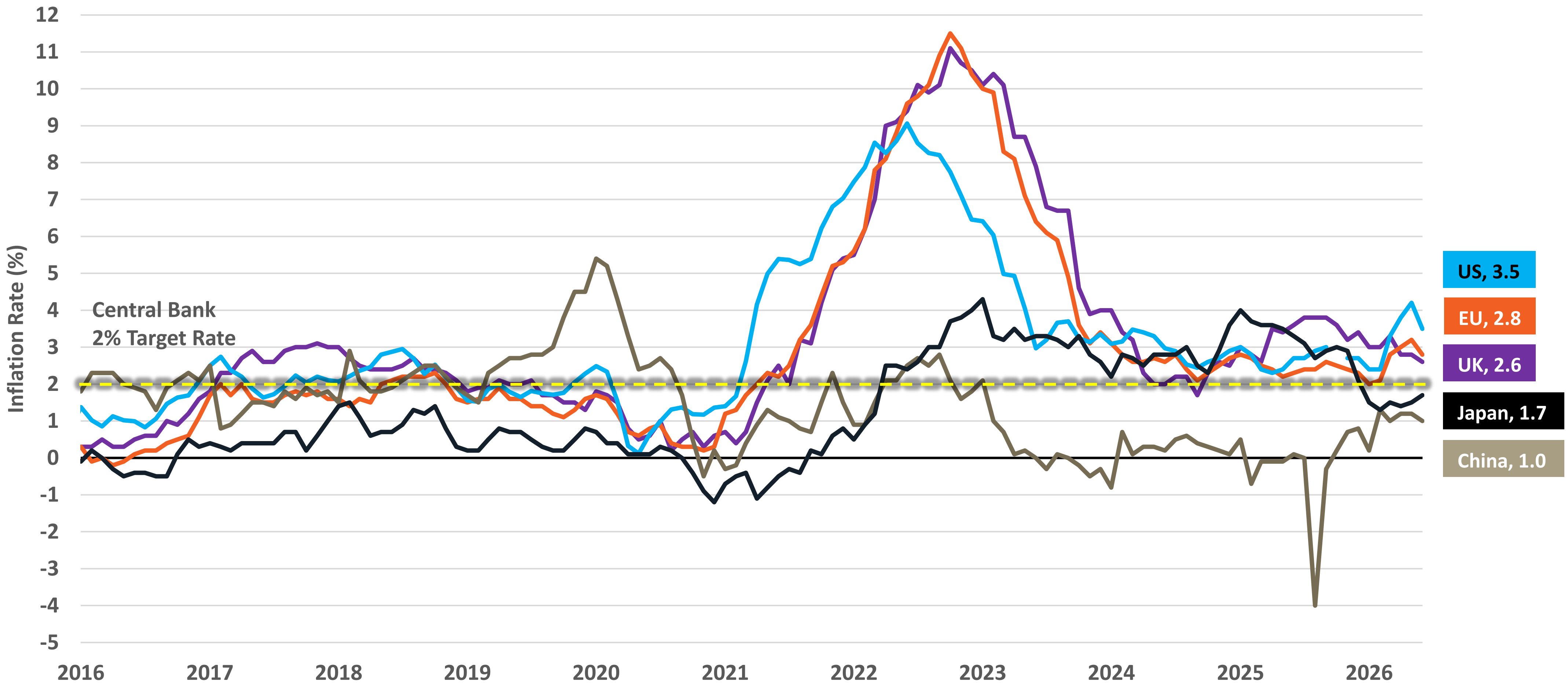
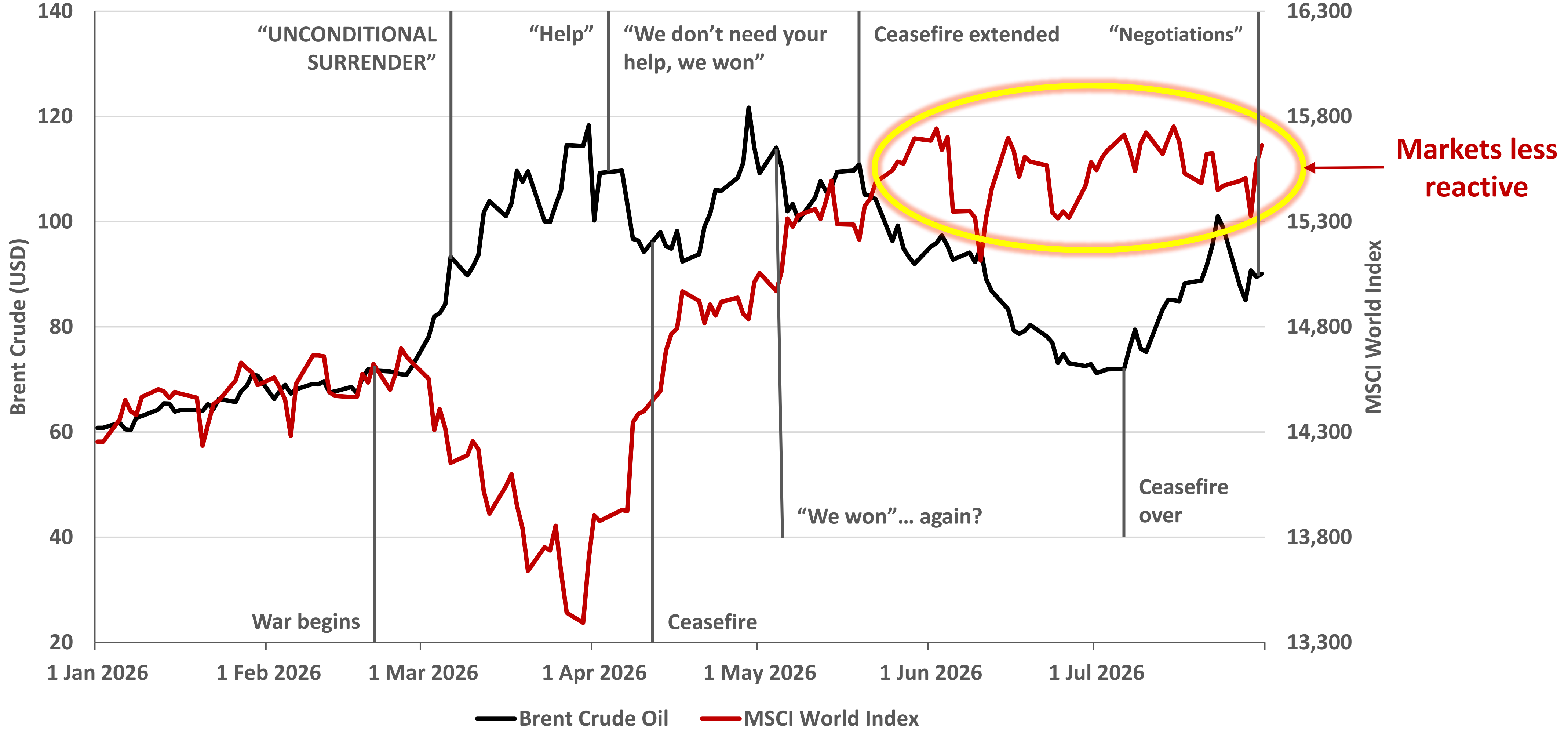
Inflation remains above target – and volatile



Source: UK Office for National Statistics, US Bureau of Labor Statistics, Eurostat, China National Bureau of Statistics. Data to June 2026. Data for UK, Europe and Japan based on current forecasts for June 2026.

The Vagaries and Vicissitudes of War driving oil prices



Source: Morningstar. Brent Crude Oil price per barrel and MSCI World index. Return for period 31/12/25 to 31/07/26, in GBP.

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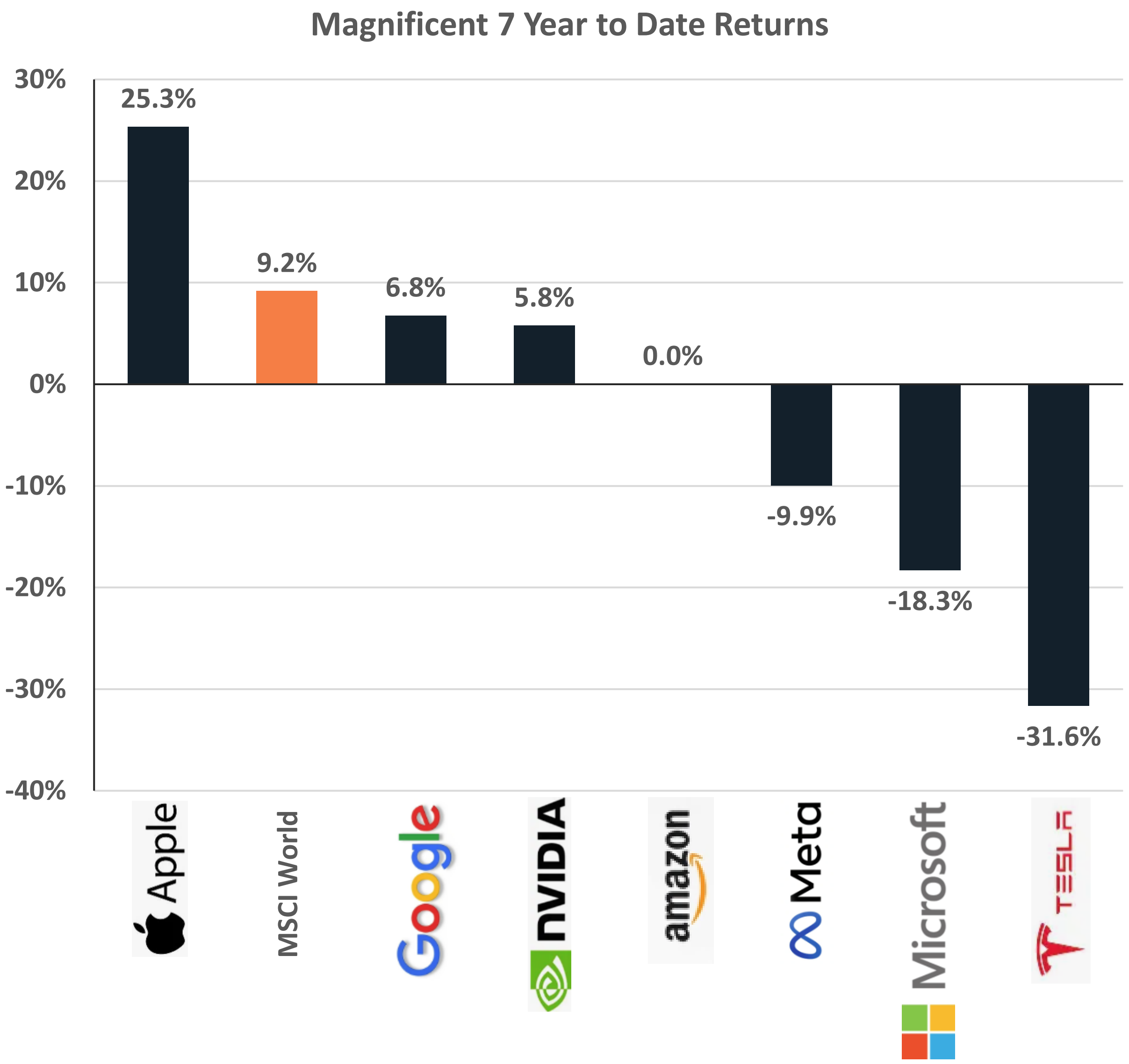
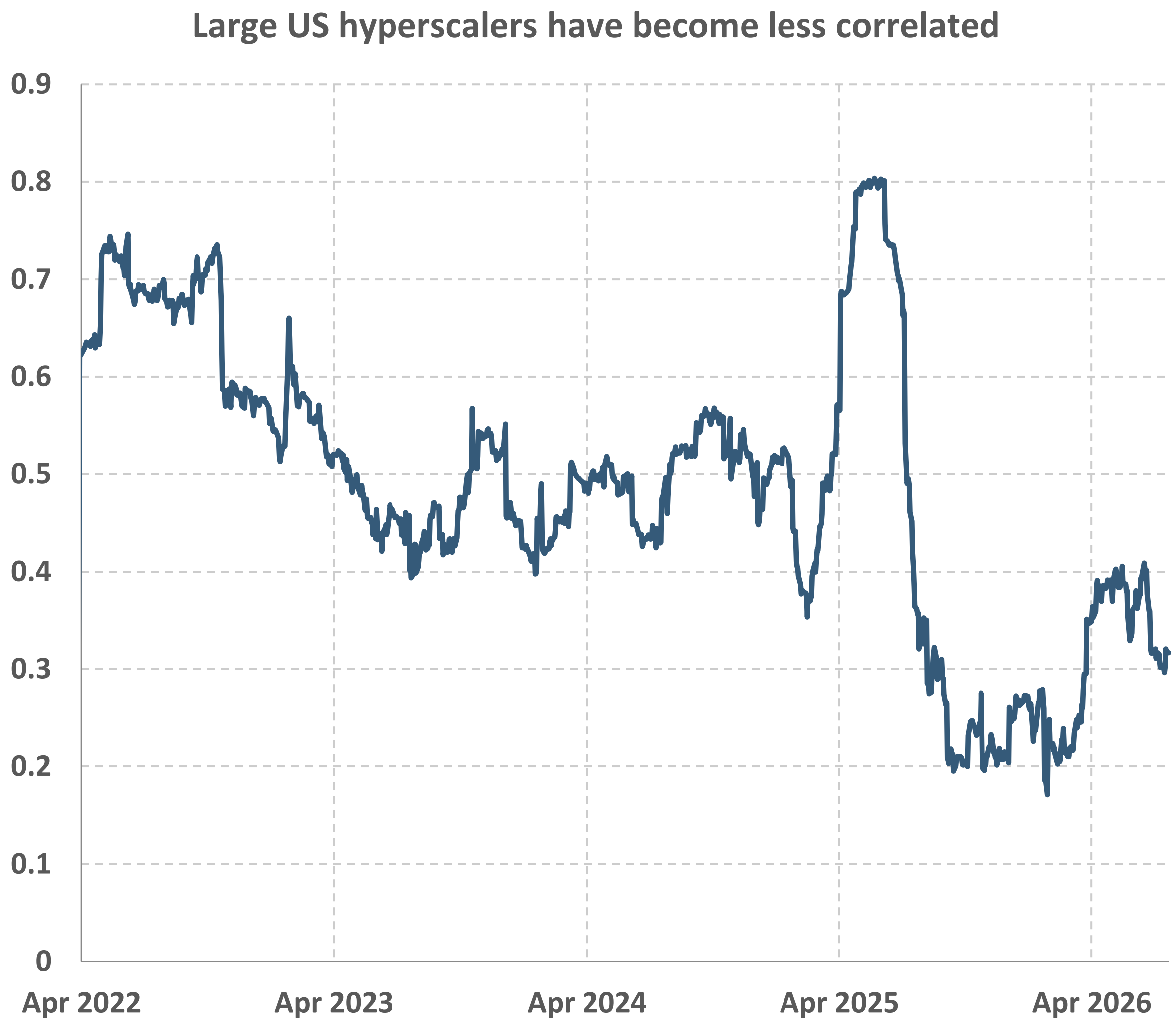
From Mag 7





Source: Morningstar. Magnificent 7 returns for period 31/12/2025 to 28/07/2026 (Left). Pairwise rolling 3-month correlations for Amazon, Alphabet, Meta, Microsoft, and Oracle, the large US hyperscalers (Right), for period April 2022 to July 2026. Data in USD.

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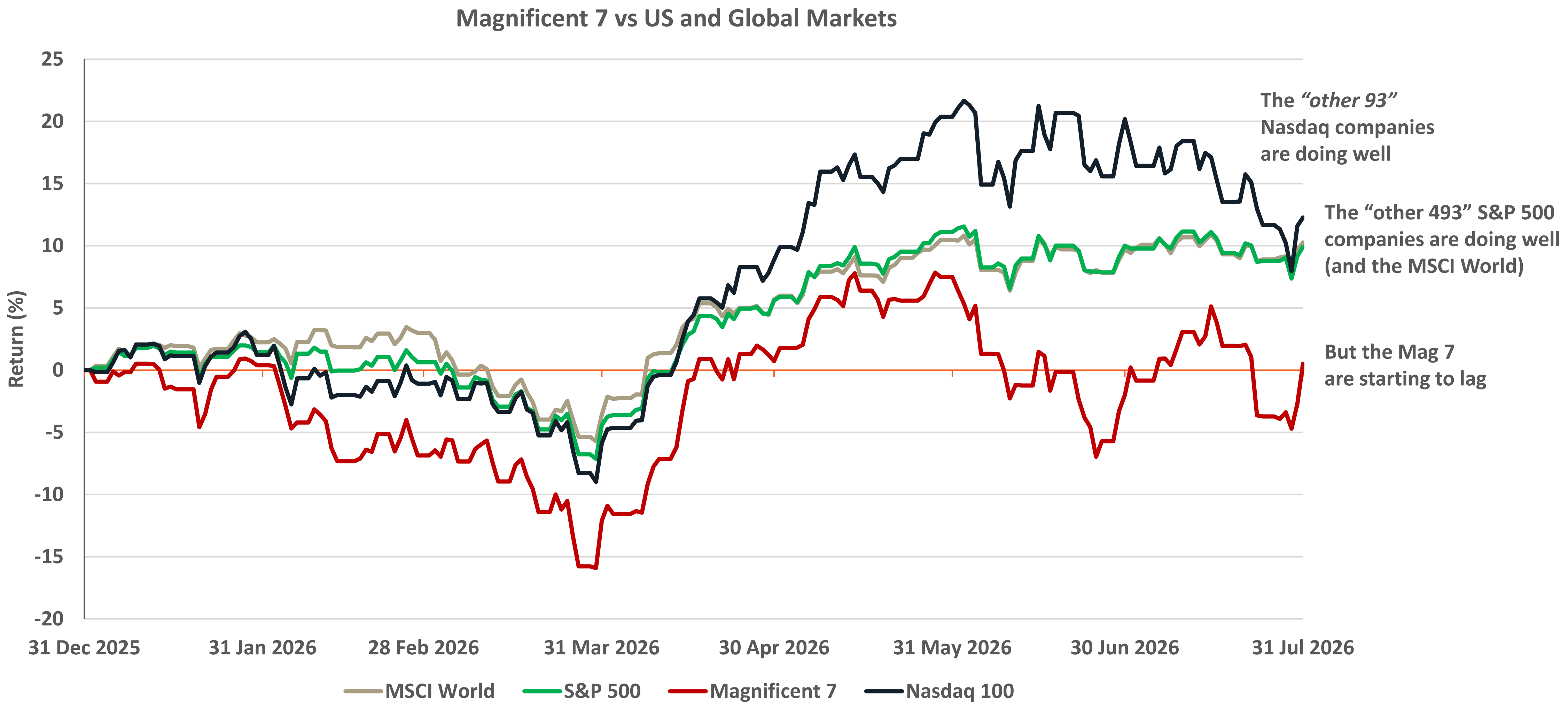
To Lag 7



Source: Morningstar. S&P 500, MSCI World, Magnificent 7 and Nasdaq 100, returns for period 31/12/2025 to 31/07/2026. Data in GBP.

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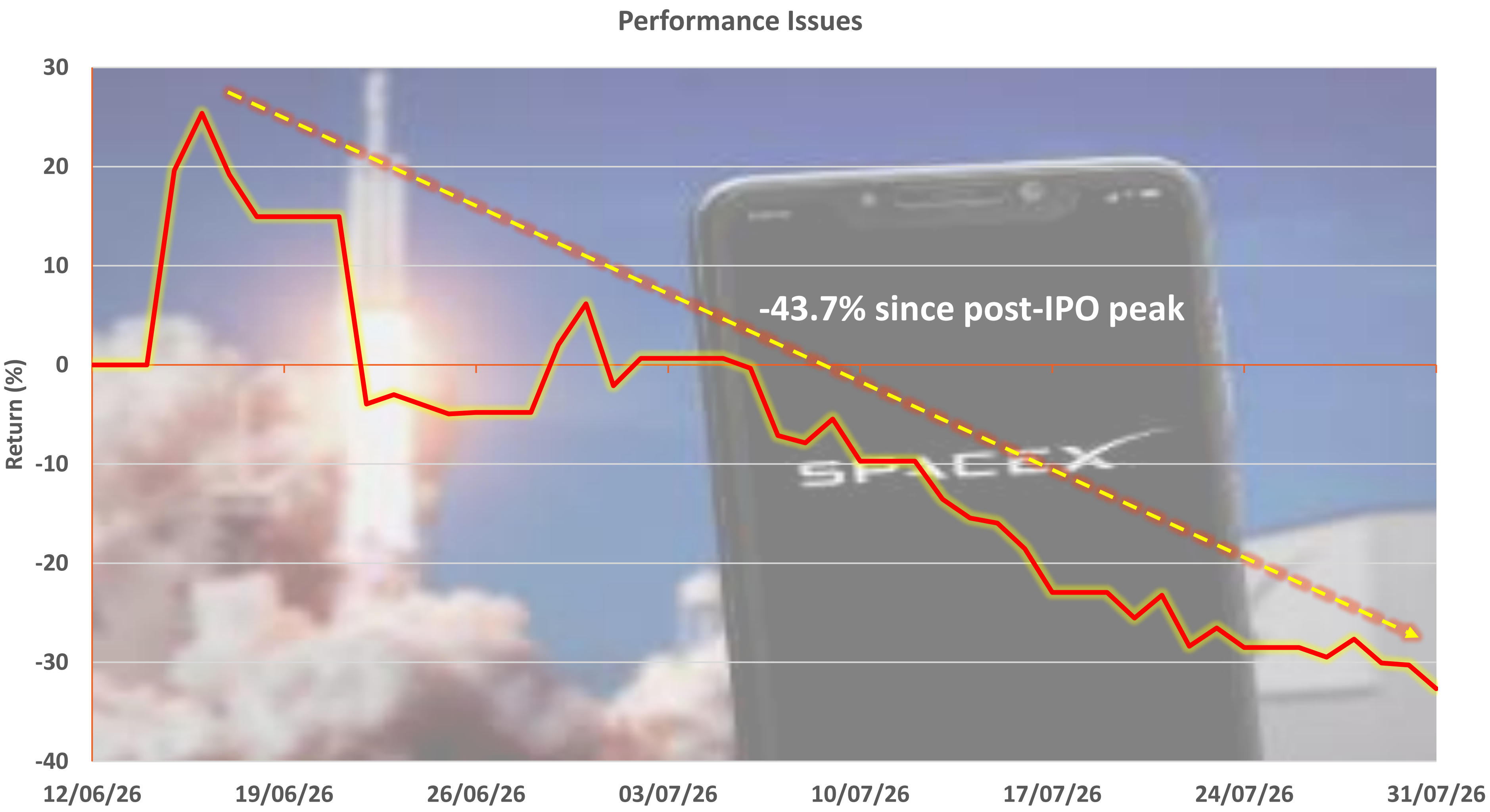
Failure to launch



Source: Morningstar. SpaceX share price performance since IPO @ $135. Data for period 12/06/2026 to 31/07/2026, in USD.

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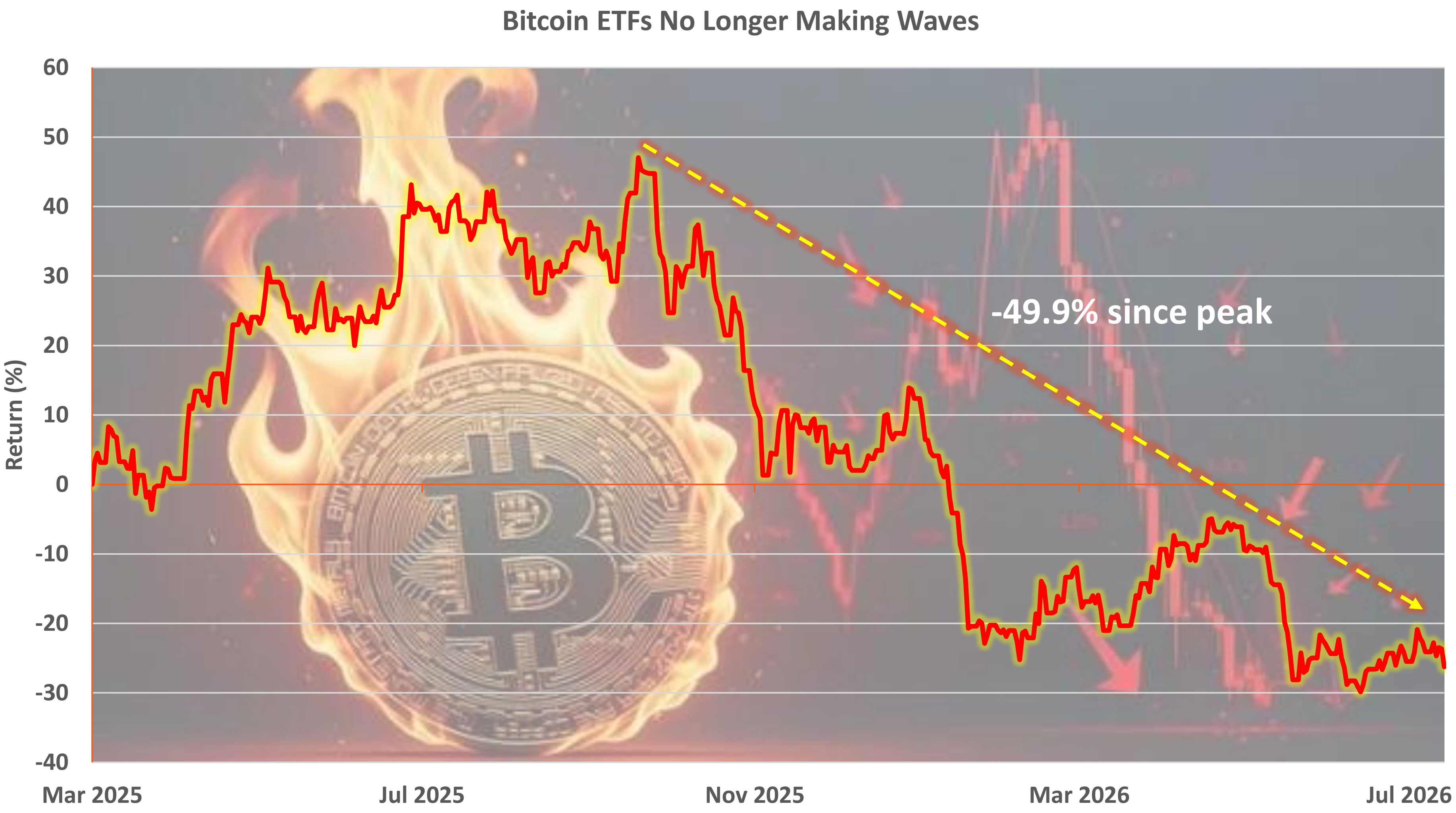
Another post-IPO disappointment



 Source: Morningstar. iShare Bitcoin ETP since UK launch. Data for period 18/03/2025 to 31/07/2026, in GBP.

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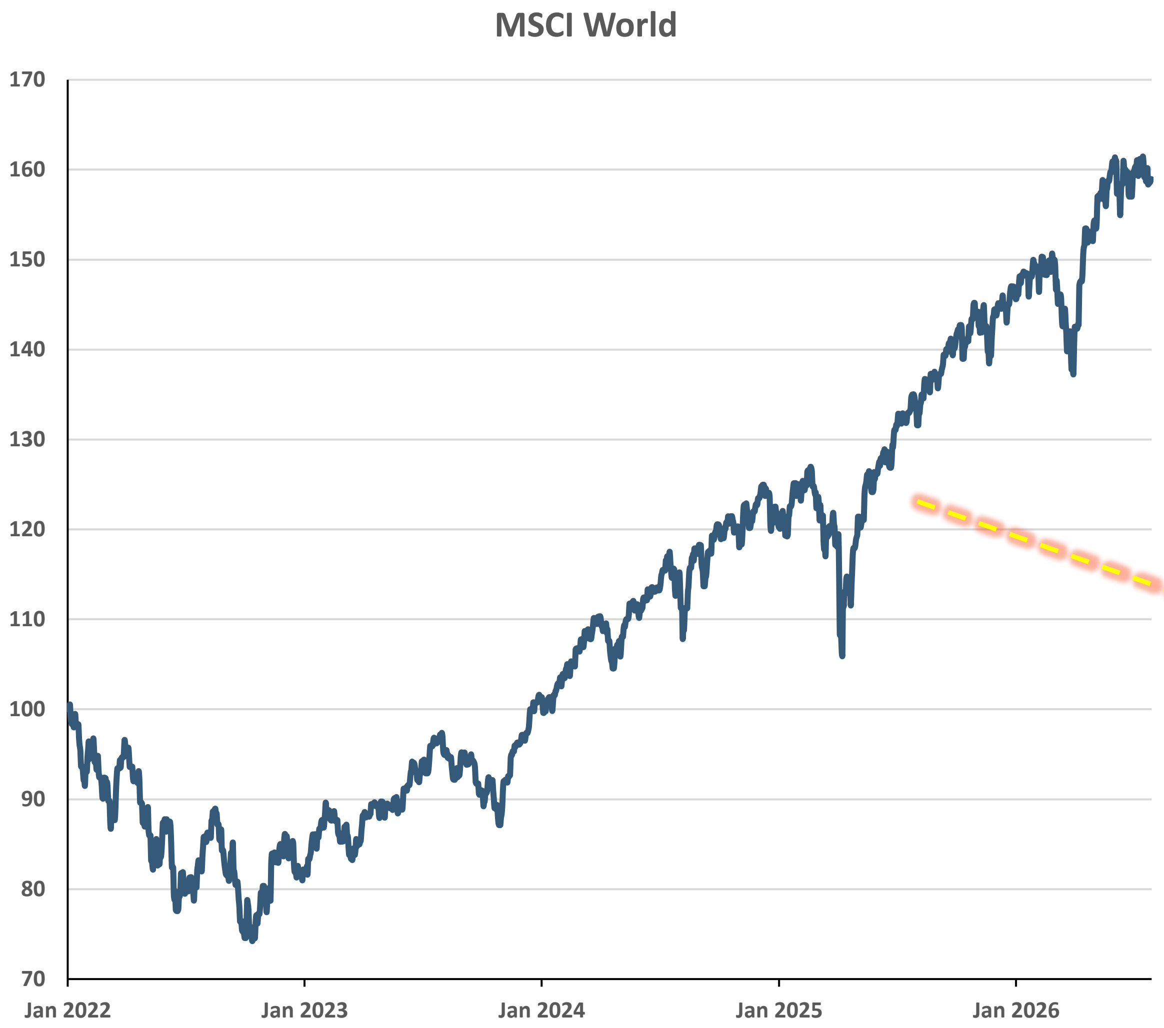
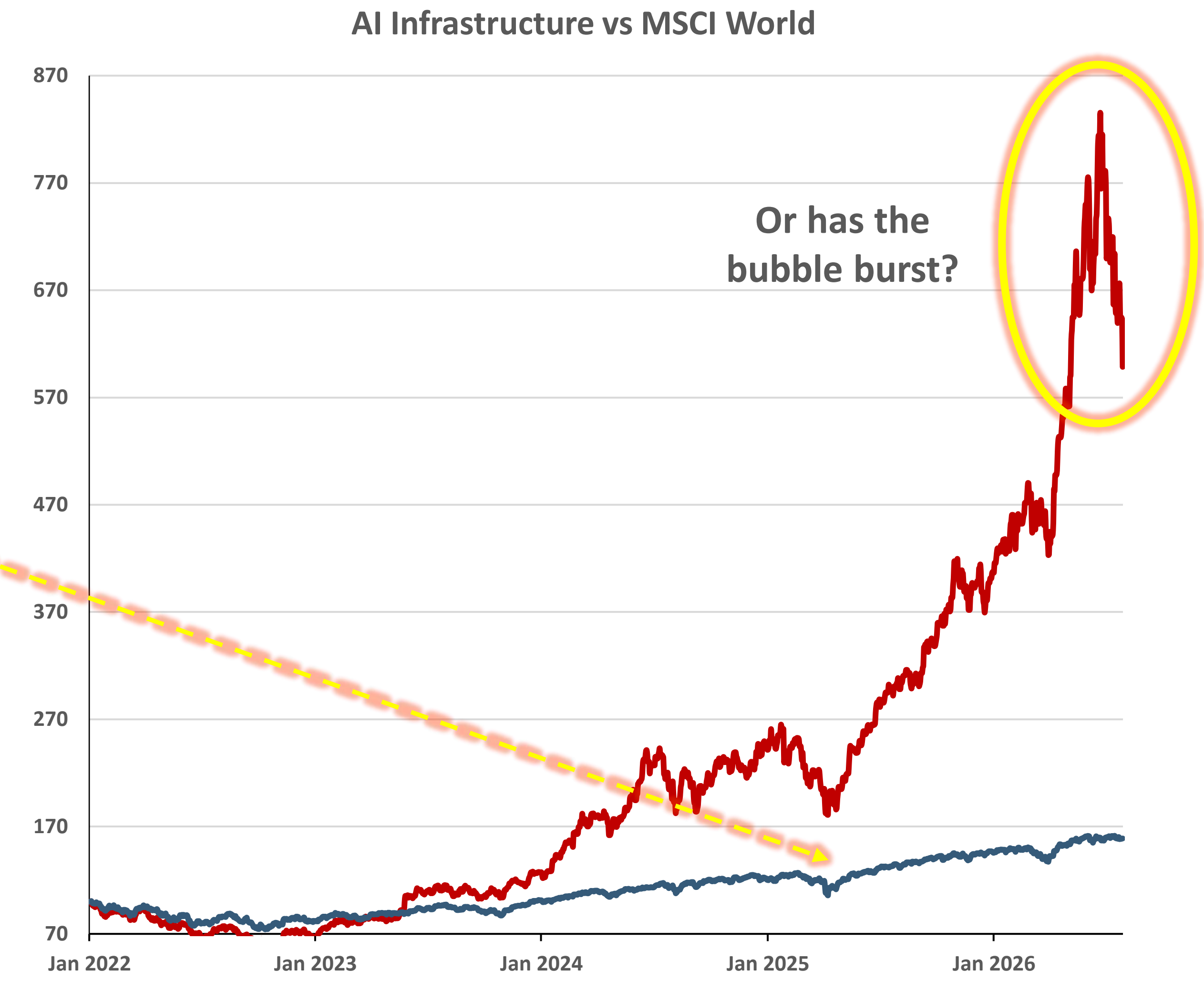
There's been a new sheriff in town





Source: Morningstar. MSCI World vs AI Infrastructure Basket (Nvidia, TSMC, Broadcom, ASML, SK Hynix). Data for period January 2022 to July 2026, in USD.

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Preparing, not predicting

Action	Why
Reduced momentum	Lock in exceptional gains
Reduced gold	Position had done its job
Increased Ruffer	Greater downside resilience
Added agriculture (Ethical)	Diversification
Added defence (military)	Long term structural theme
Rebalance winners	Maintain portfolio discipline

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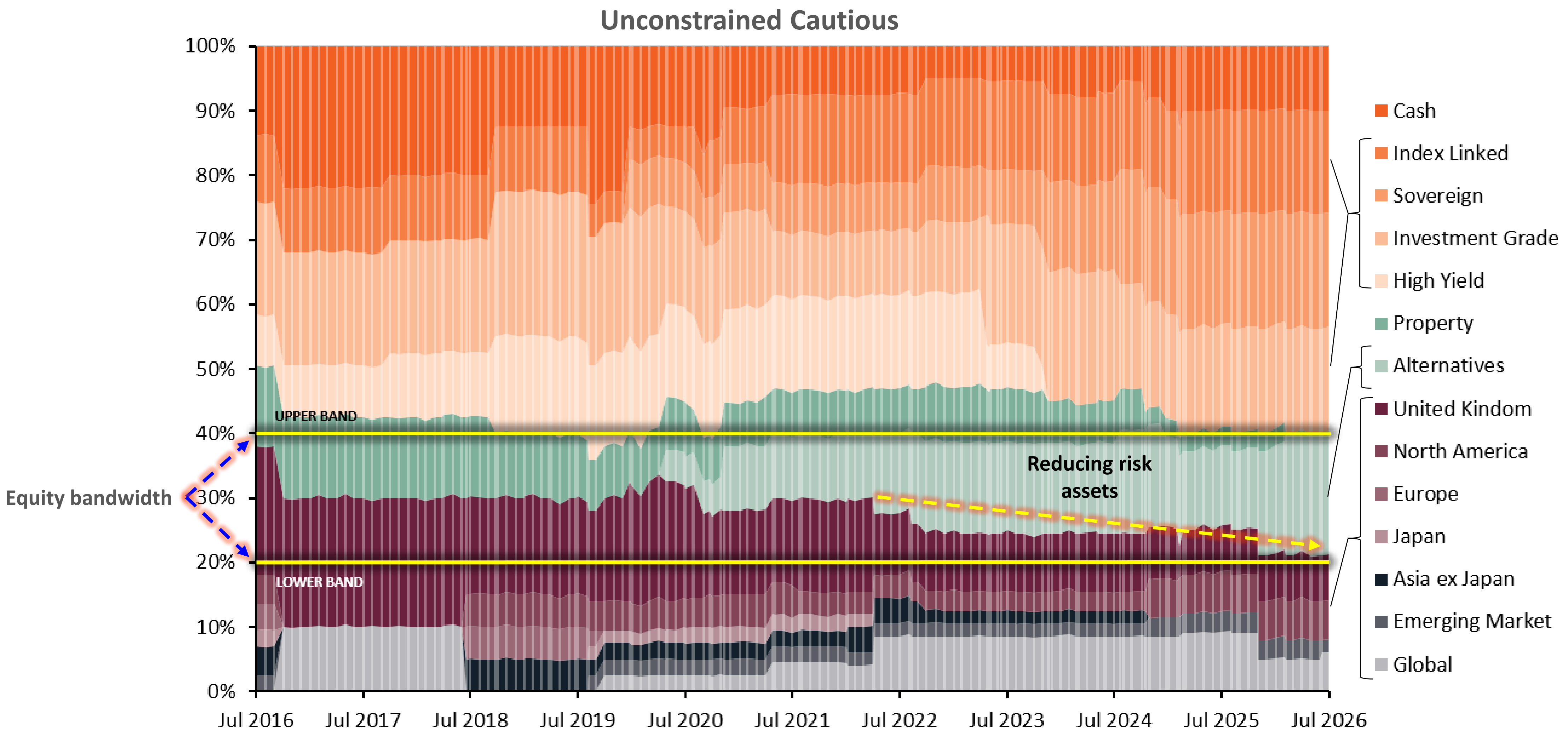
What this looks like in our strategies



Source: Morningstar. Data for 31/07/2016 to 31/07/2026.

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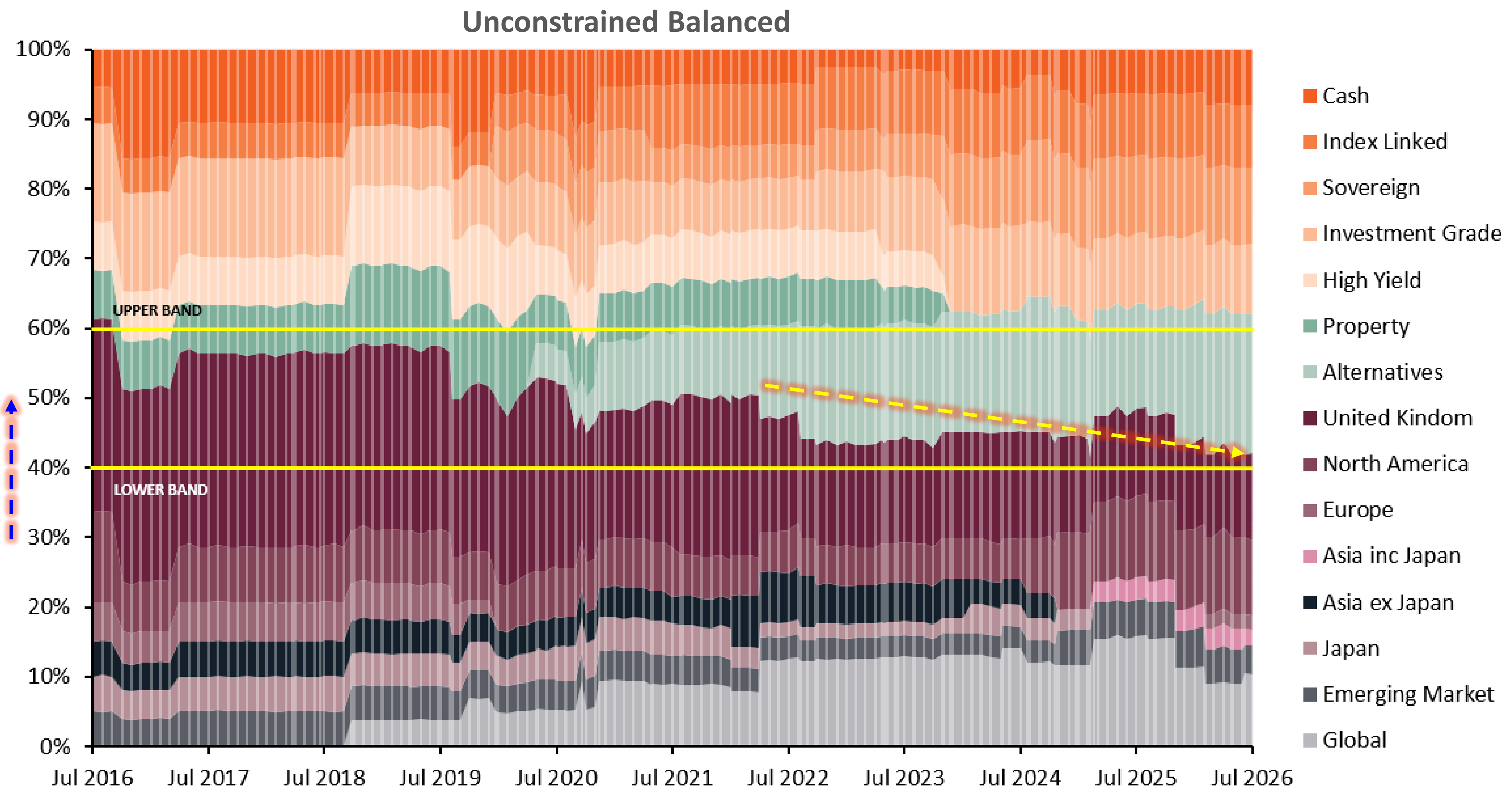
Each risk level has its own equity bandwidth

The bandwidth rises



Source: Morningstar. Data for 31/07/2016 to 31/07/2026.

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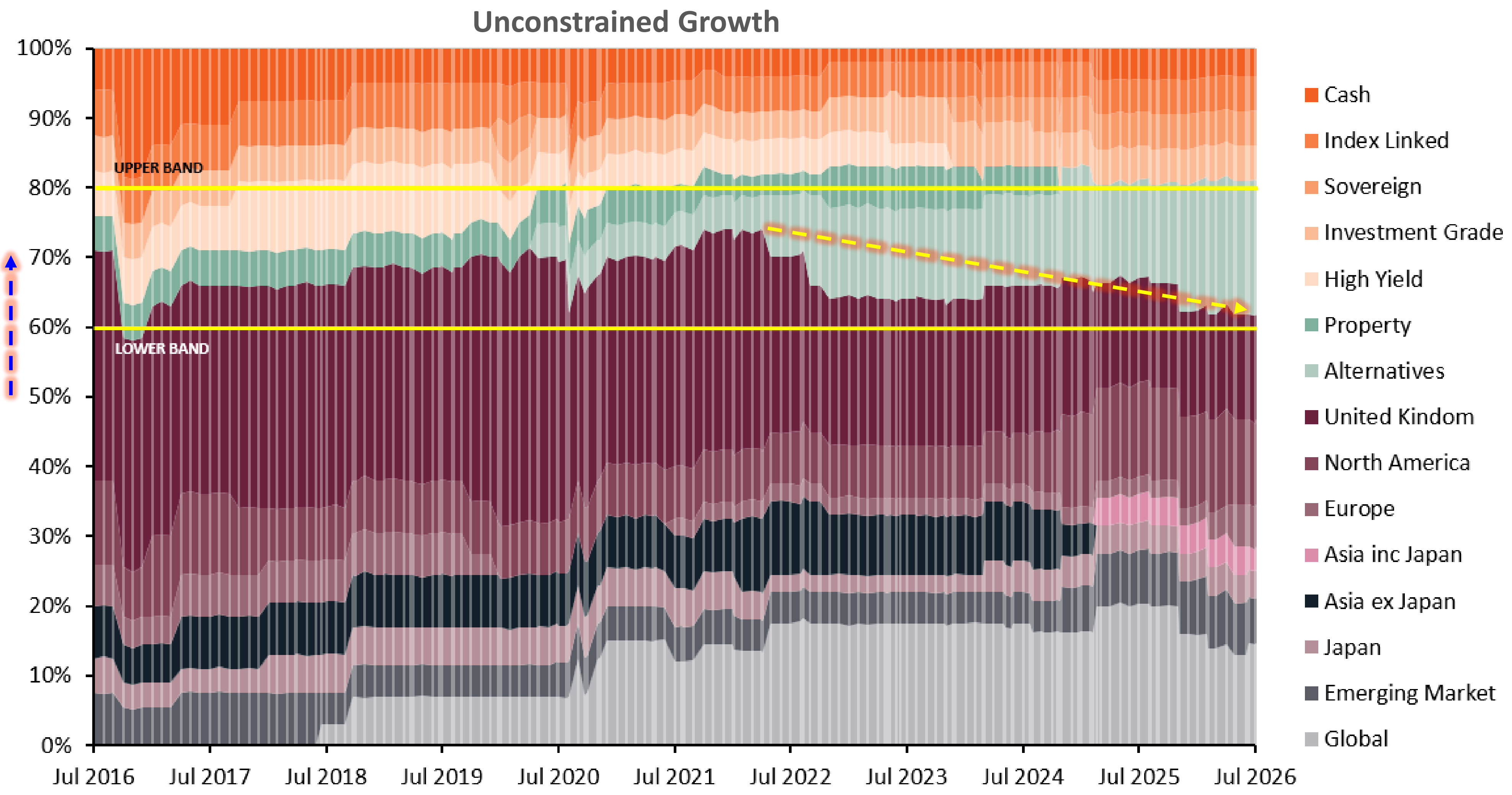
Equity is considered the “risk asset”

The bandwidth rises



Source: Morningstar. Data for 31/07/2016 to 31/07/2026.

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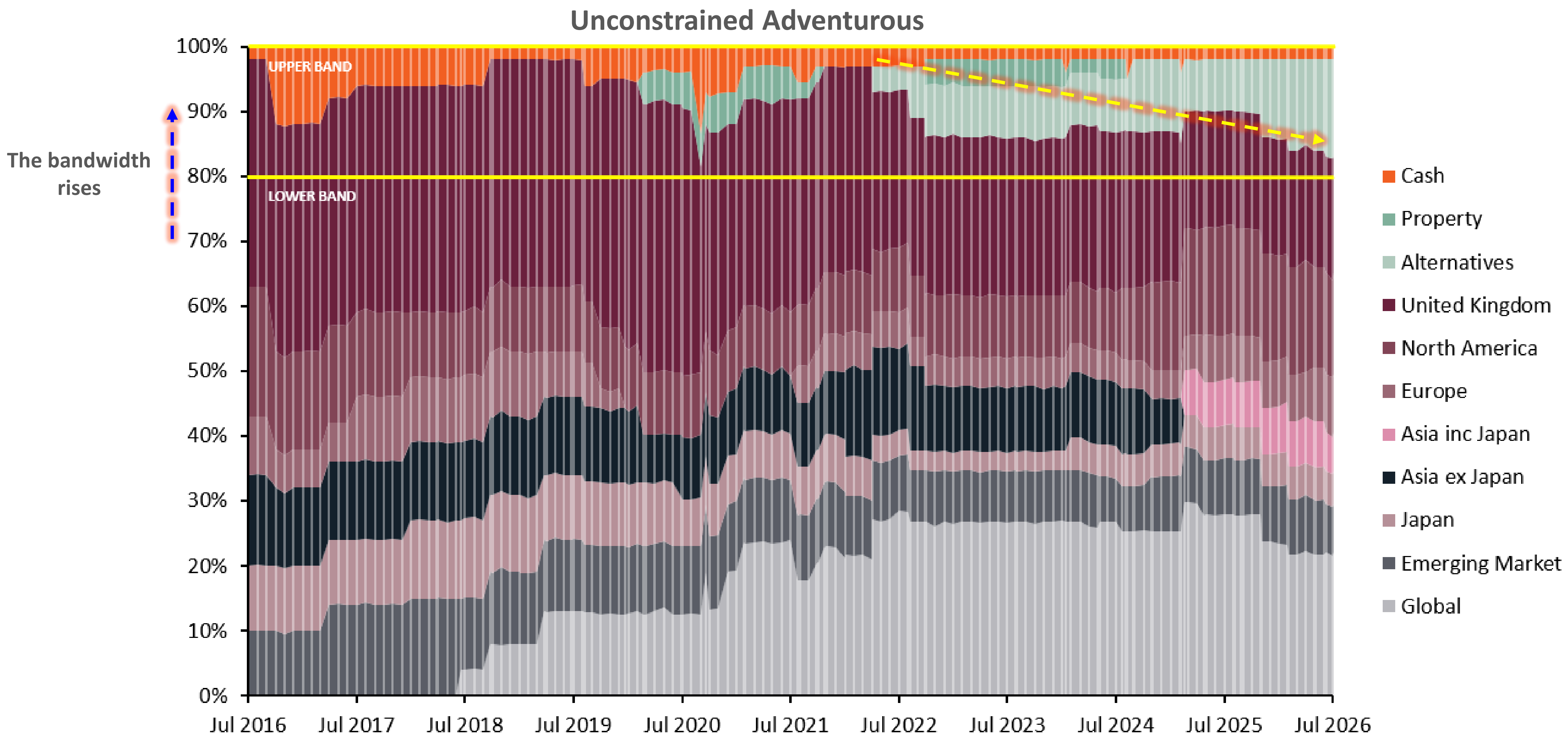
Maximum risk



Source: Morningstar. Data for 31/07/2016 to 31/07/2026.

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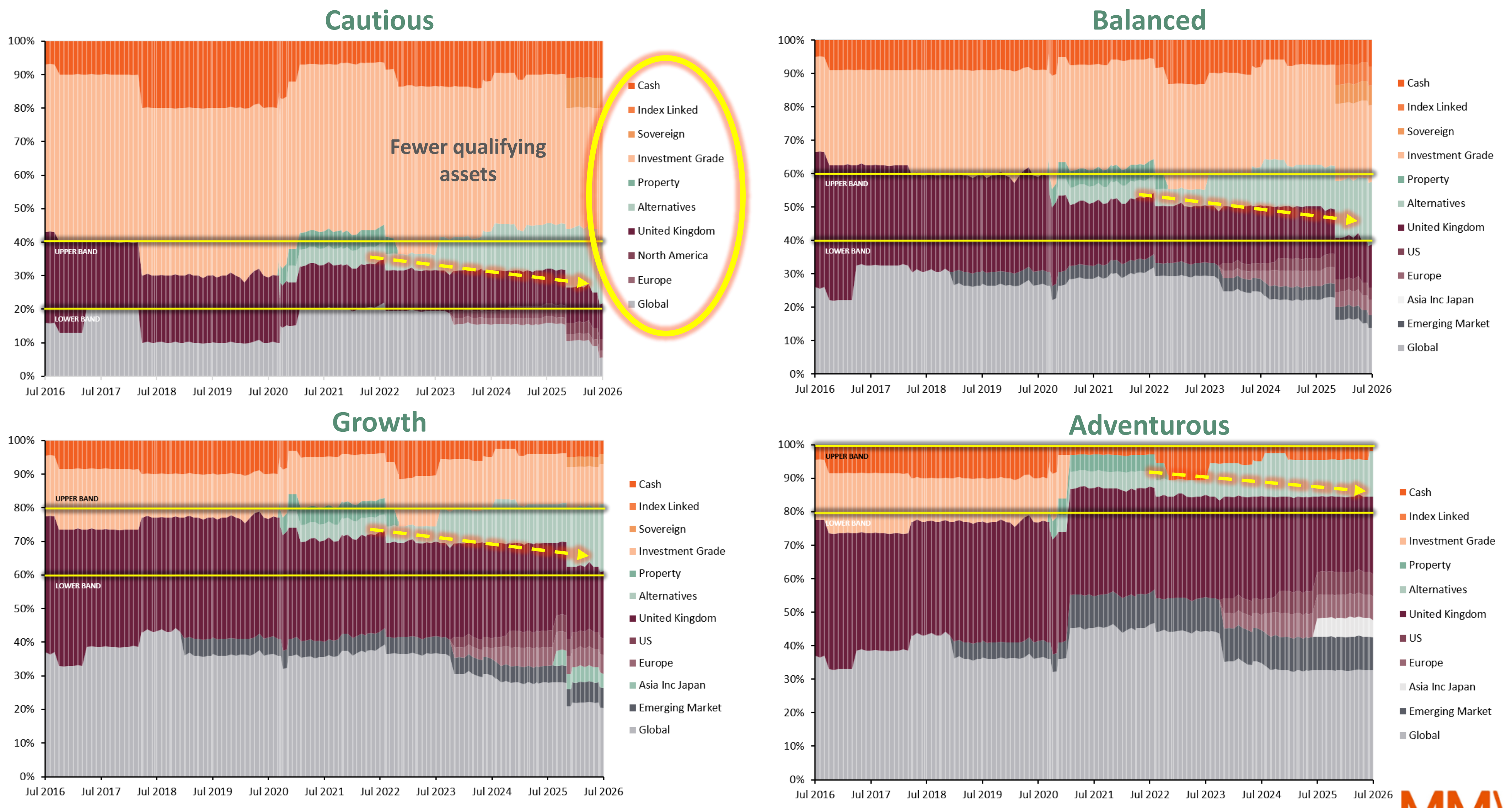
Ethical, the same, but different



Source: Morningstar. Data for 31/07/2016 to 31/07/2026.

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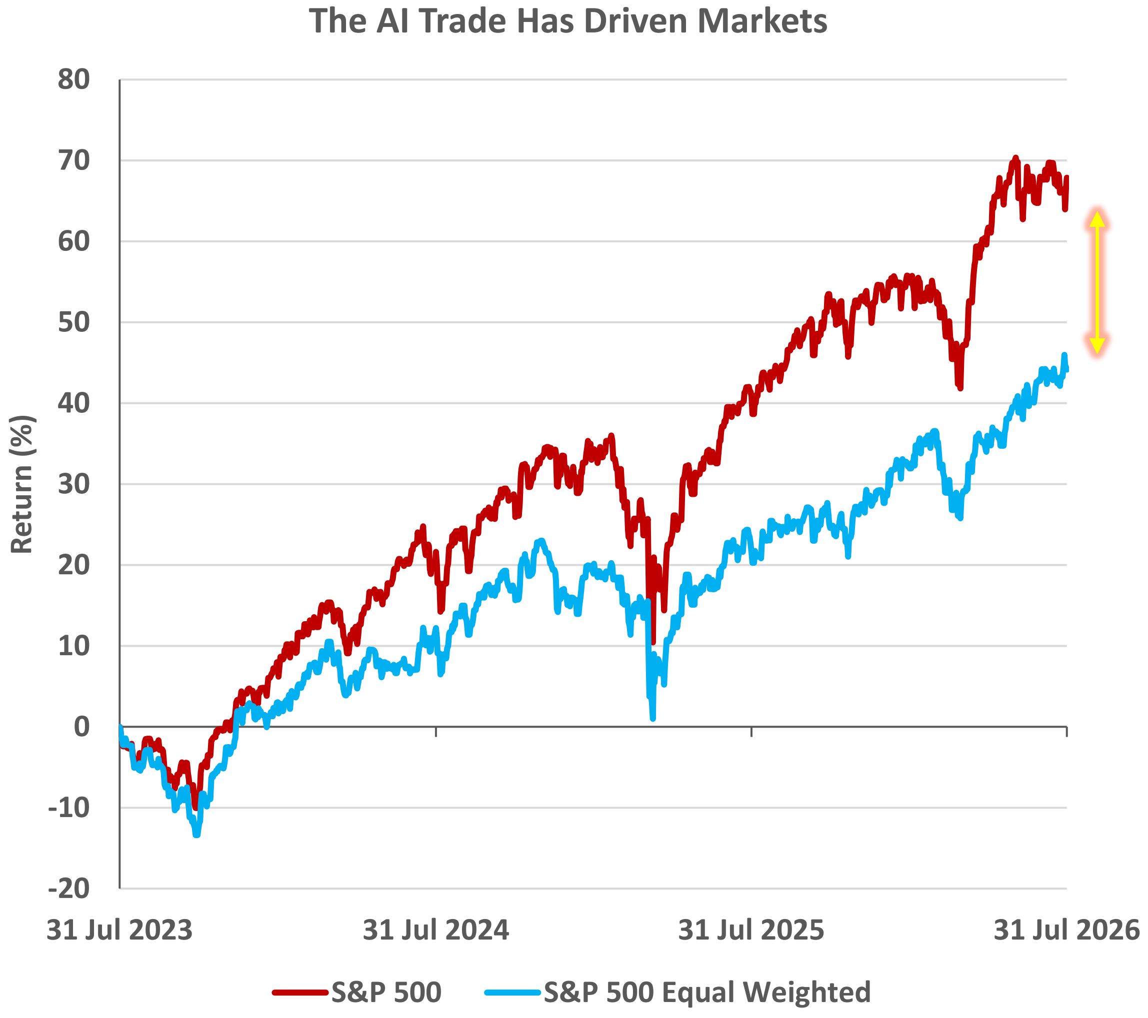
A reminder, why are we positioning for uncertainty?

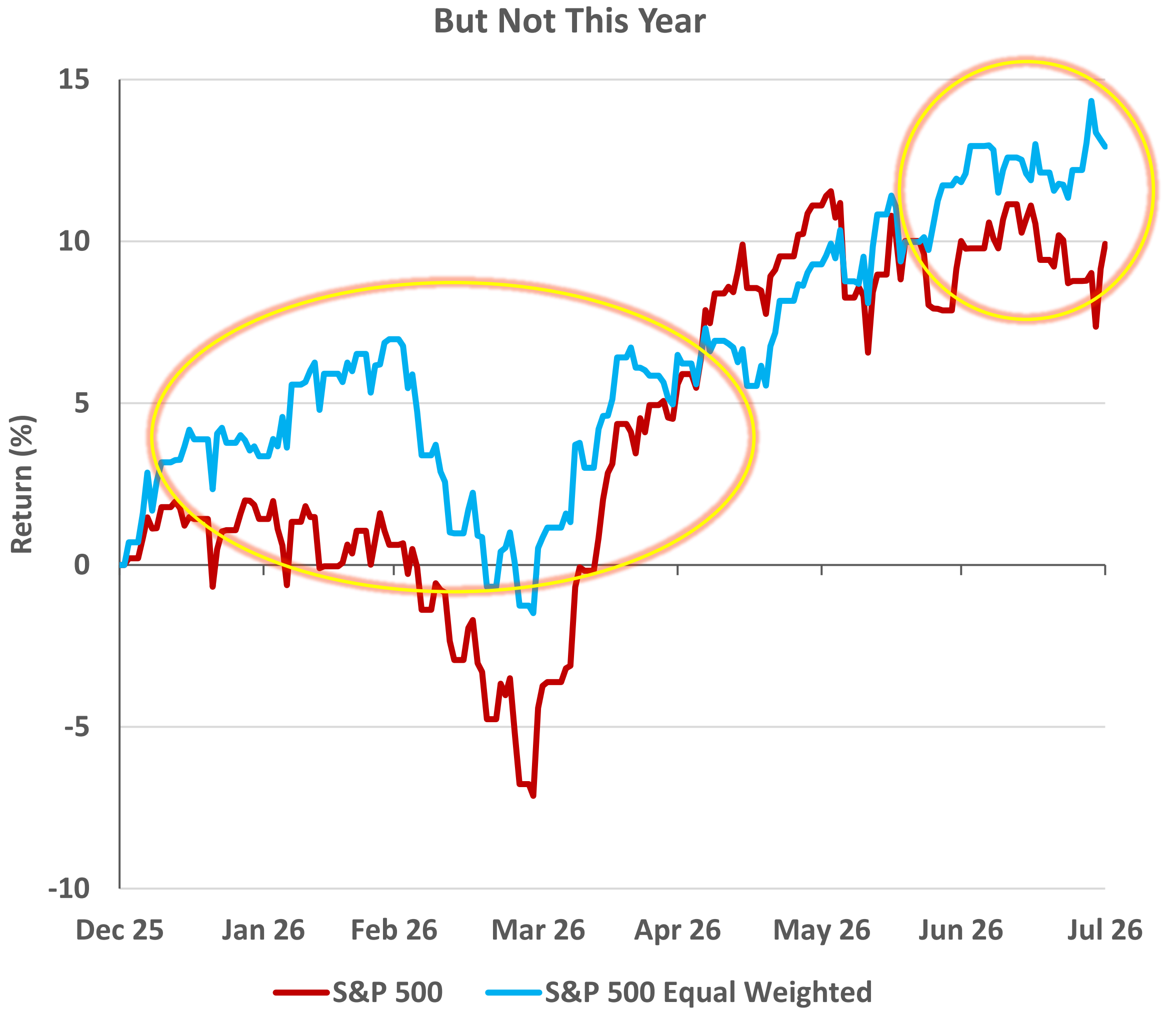
- Economic growth remaining broadly modest
- Manufacturing activity still subdued
- Consumers becoming more cautious
- Inflation remaining above target
- Long-term borrowing costs continuing to rise

But in simple terms…

Valuations	Narrow Leadership	Inflation
Geopolitics	Government Debt	

Signs of a change in leadership or markets rolling over?





Source: Morningstar. S&P 500 vs S&P 500 Equal Weighted, returns for 3 years to 31/07/2026 (left) and year to date (right), in USD.

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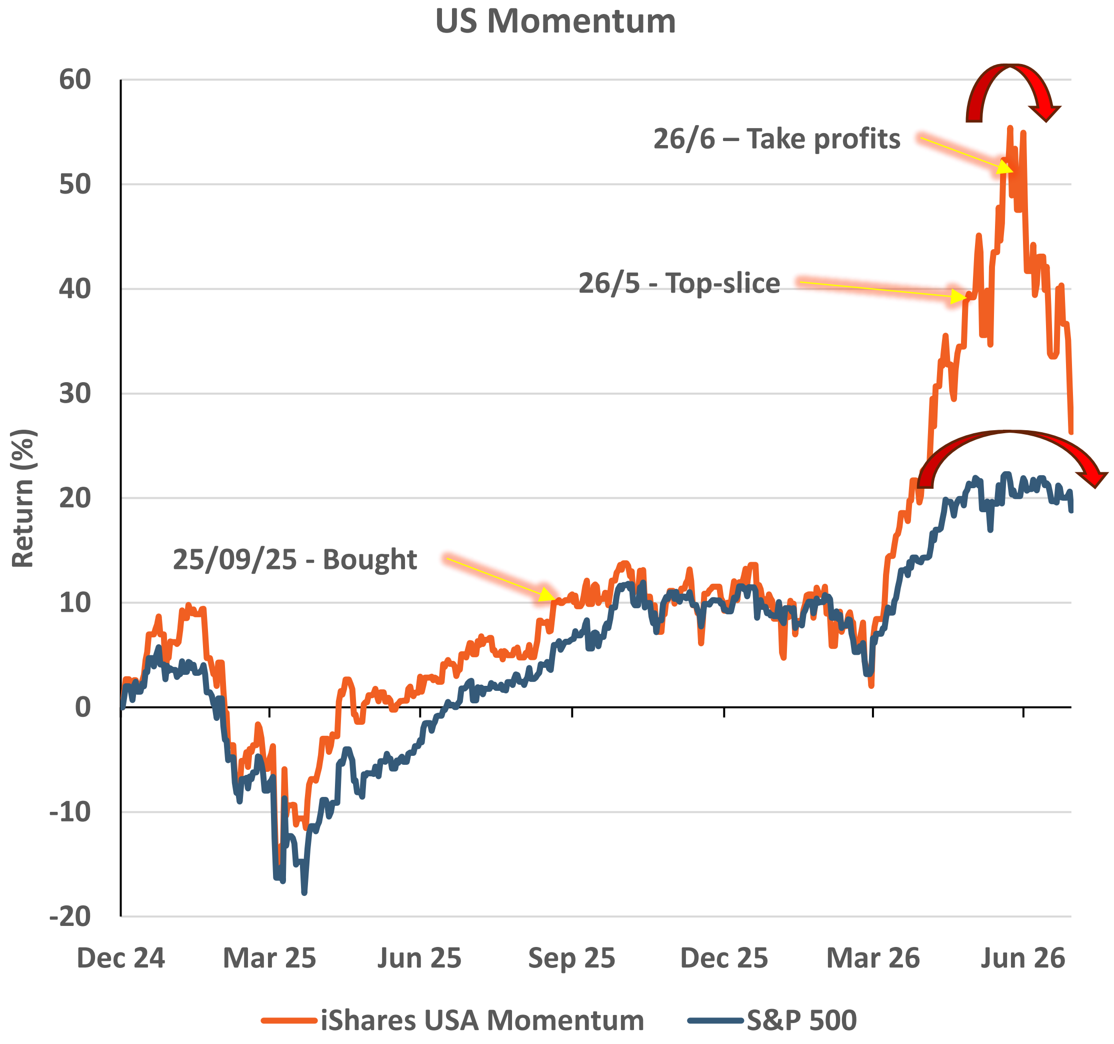
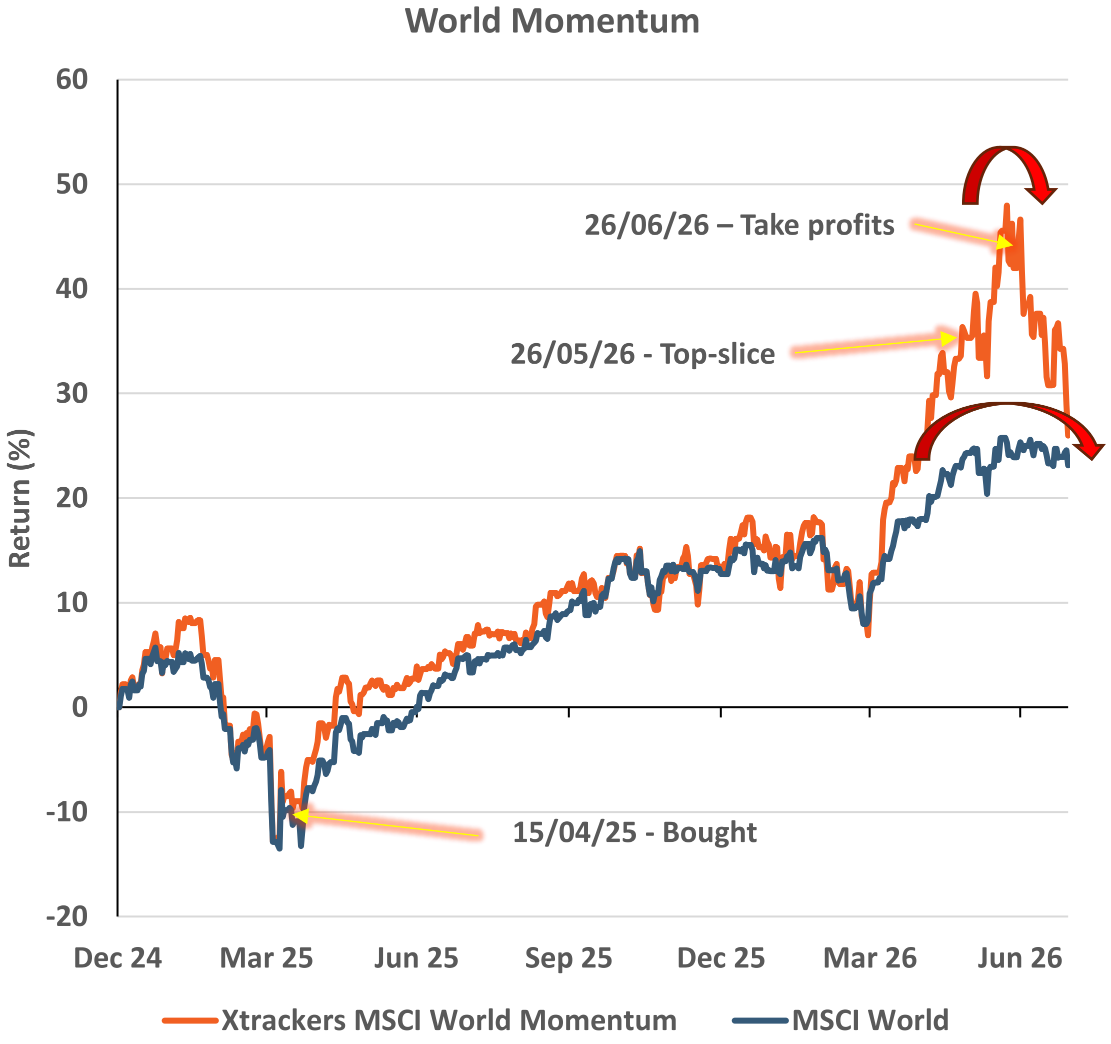
A stall in momentum





Source: Morningstar. iShares Edge USA Momentum ETF and S&P 500 (left) and Xtrackers MSCI World Momentum ETF and MSCI World (right), returns for period 31/12/2024 to 31/07/26, in GBP.

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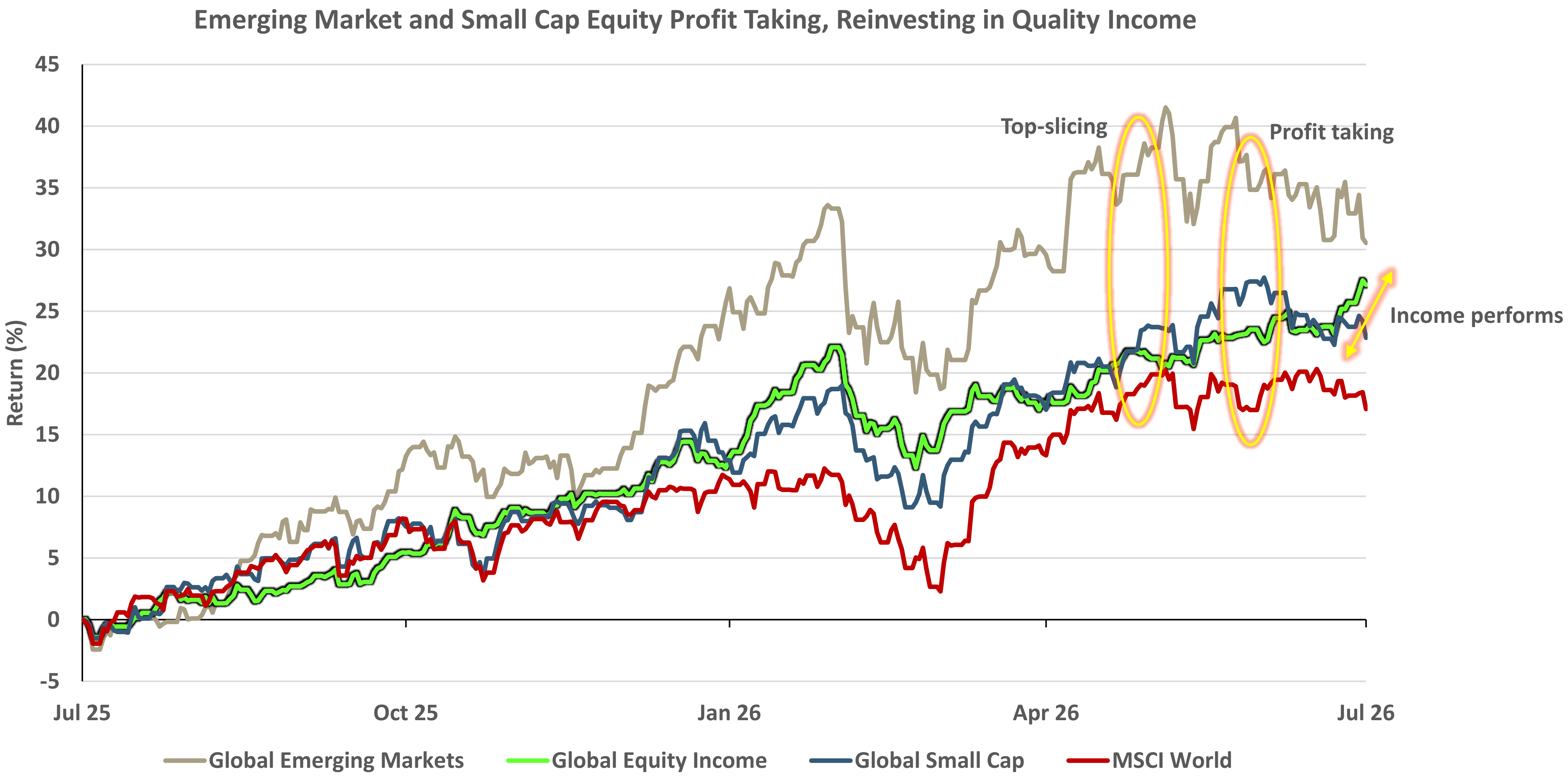
But some risk assets remain attractive



Source: Morningstar. Vanguard Global EM ETF, Vanguard Global Equity Income Fund, Vanguard Global Small Cap Equity ETF and MSCI World, returns for period 31/07/2025 to 31/07/26, in GBP.

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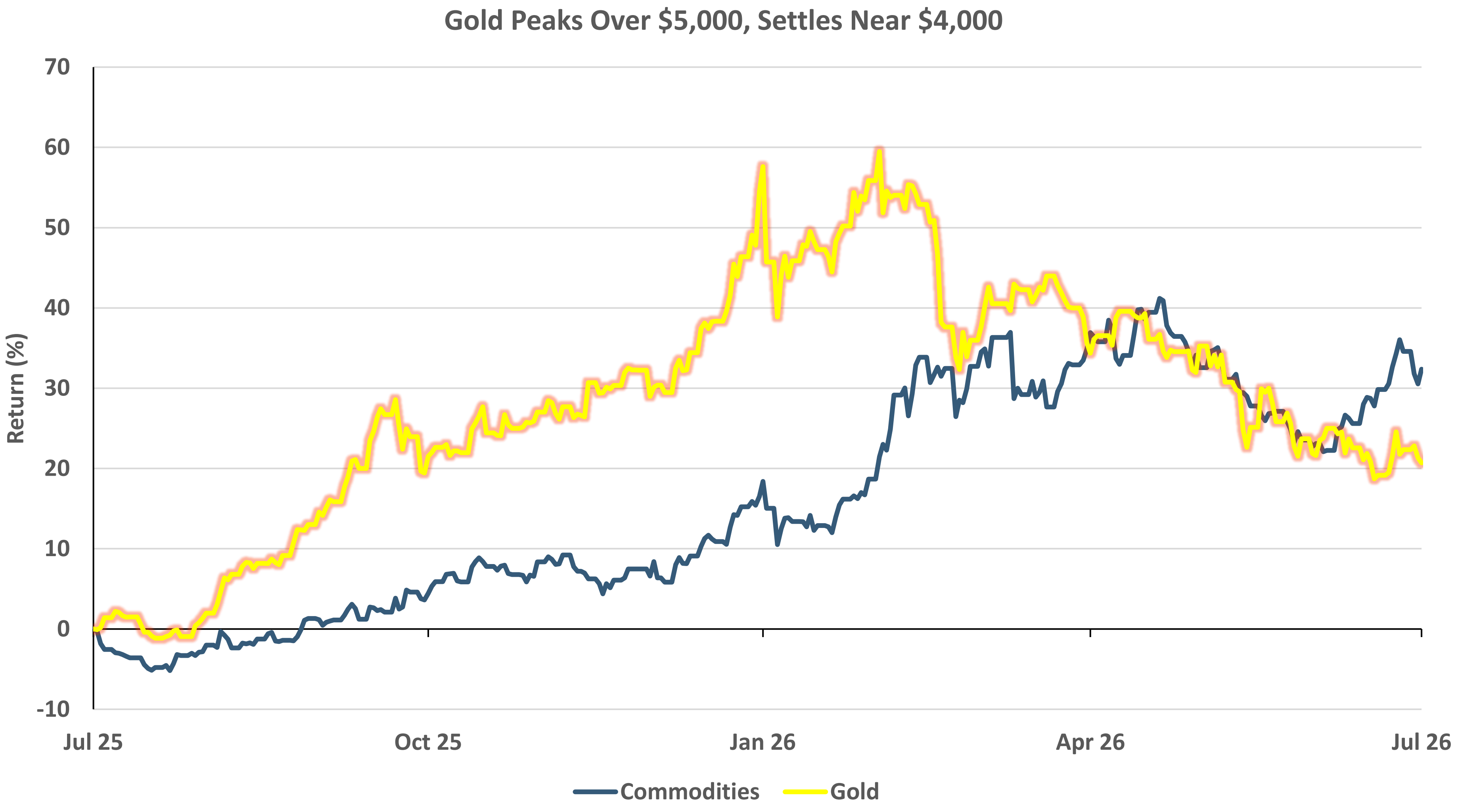
The gold rush meets reality, but wider commodities basket still performing



Source: Morningstar. L&G All Commodities ETF and Royal Mint Responsibly Sourced Gold ETF, returns for period 31/07/2025 to 31/07/26, in GBP.

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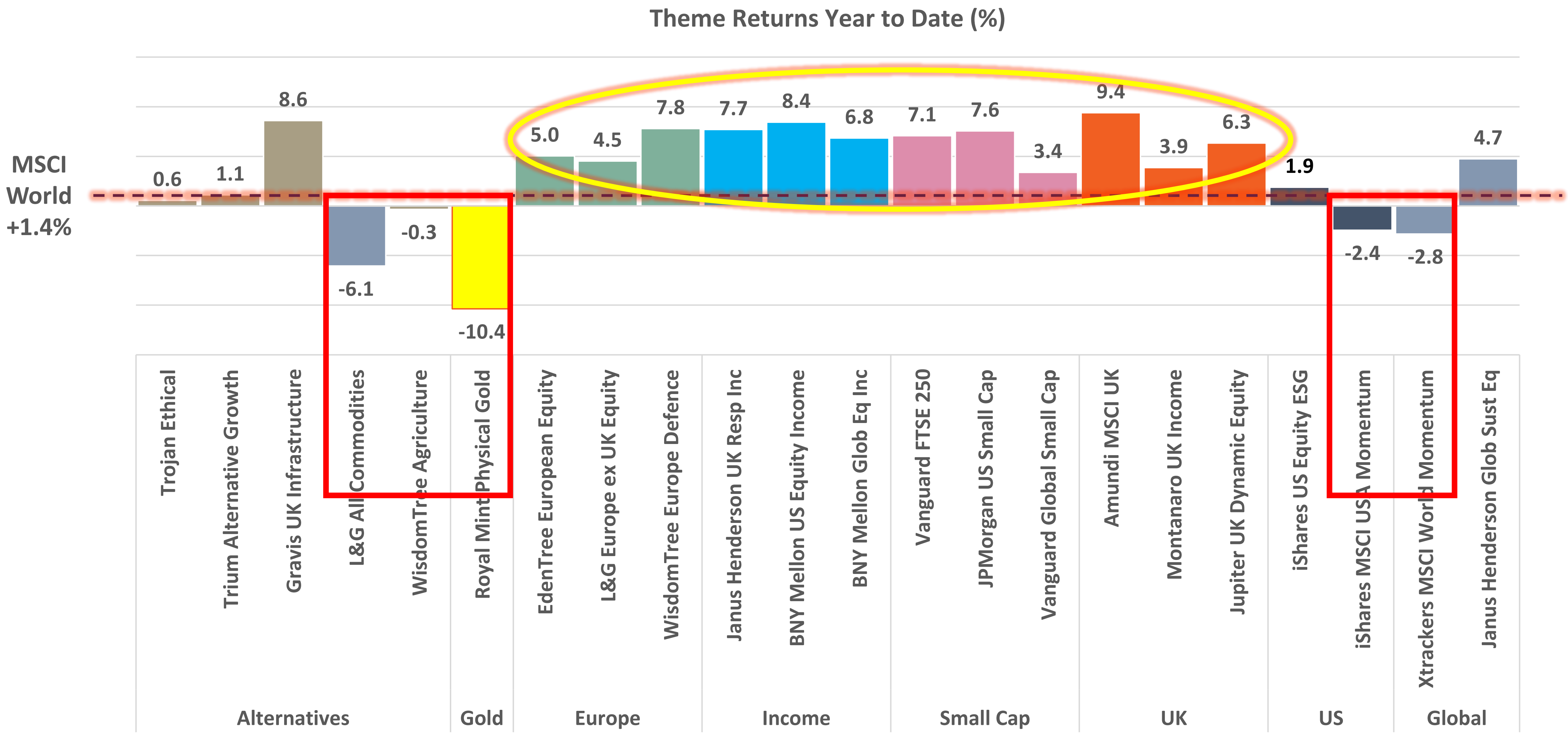
Theme Performance (%) – Since Previous Webinar 20/05/26



 Source: Morningstar, MM Wealth Investment Team. Data for period 20/05/26 to 29/07/26, in GBP.

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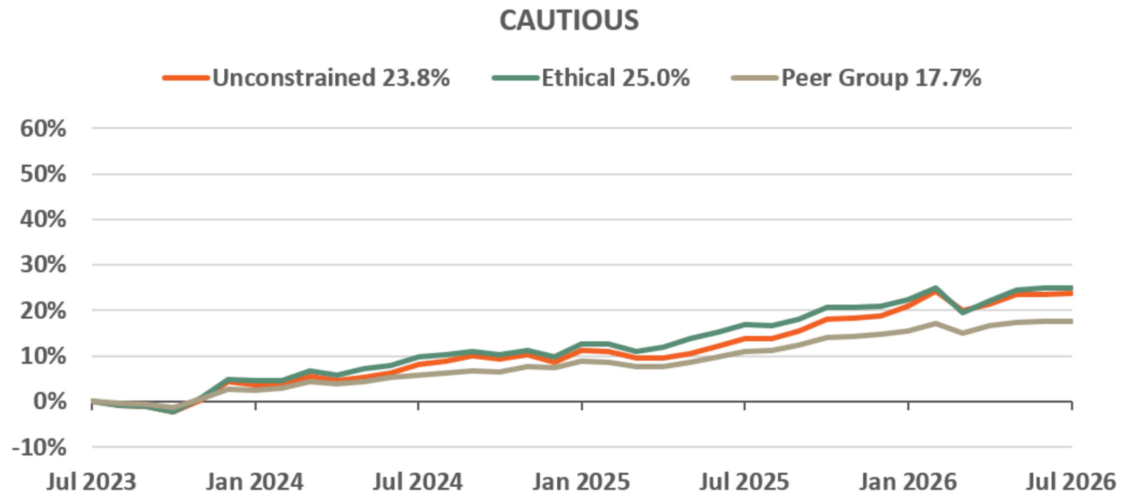
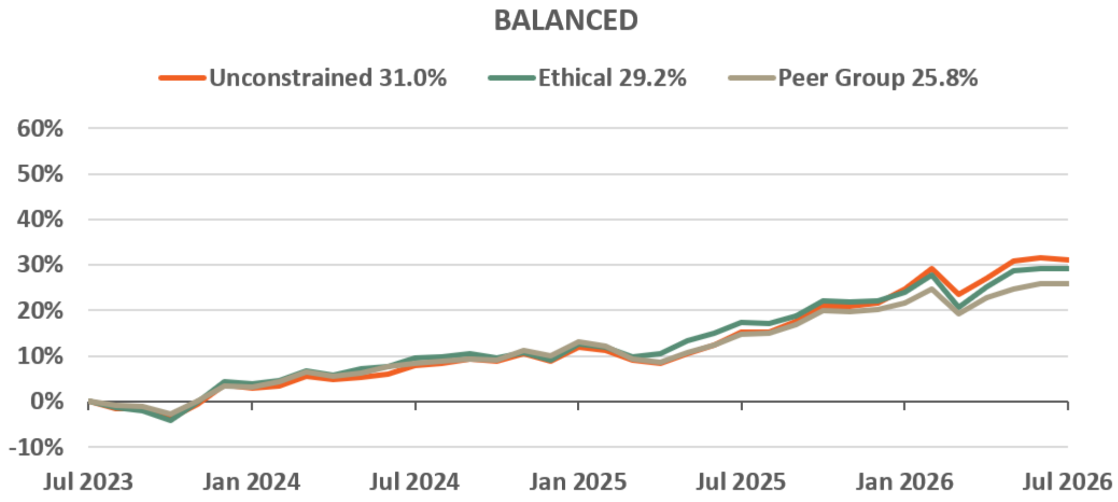
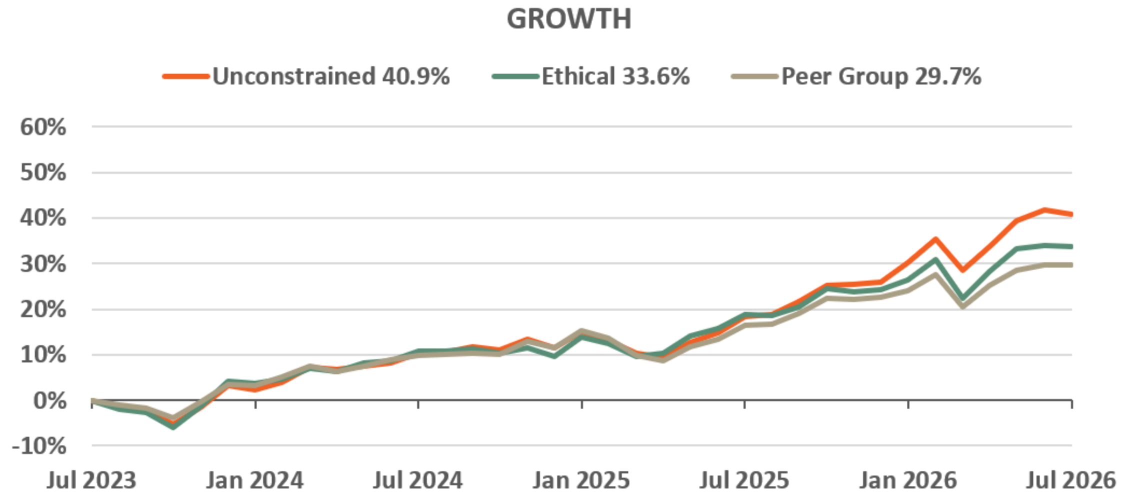
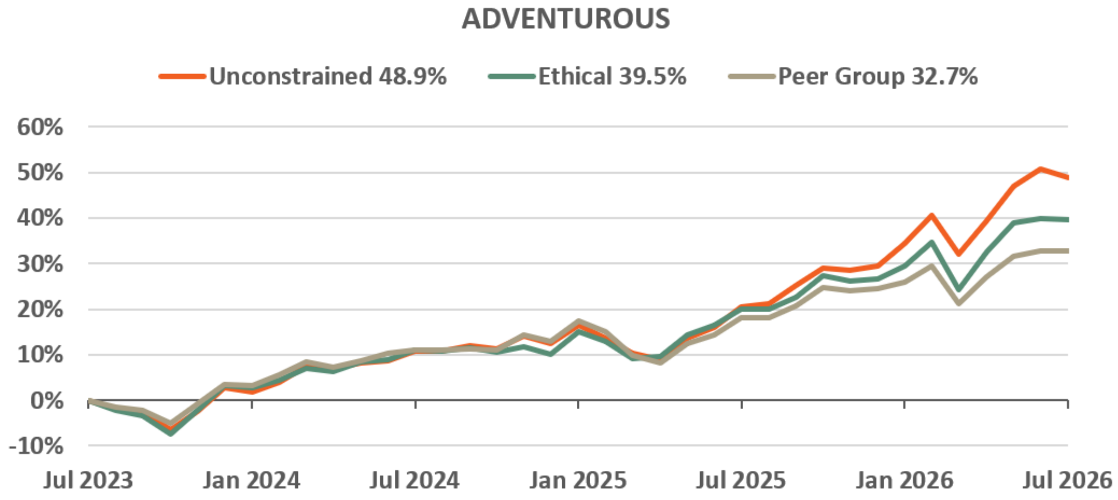
MM Wealth strategies – 3-year performance vs peer group comparison









Source: Morningstar, MM Wealth Investment Team. Unconstrained and Ethical investment strategies versus peer group comparison in GBP. Performance data for period 31/07/23 to 31/07/26.

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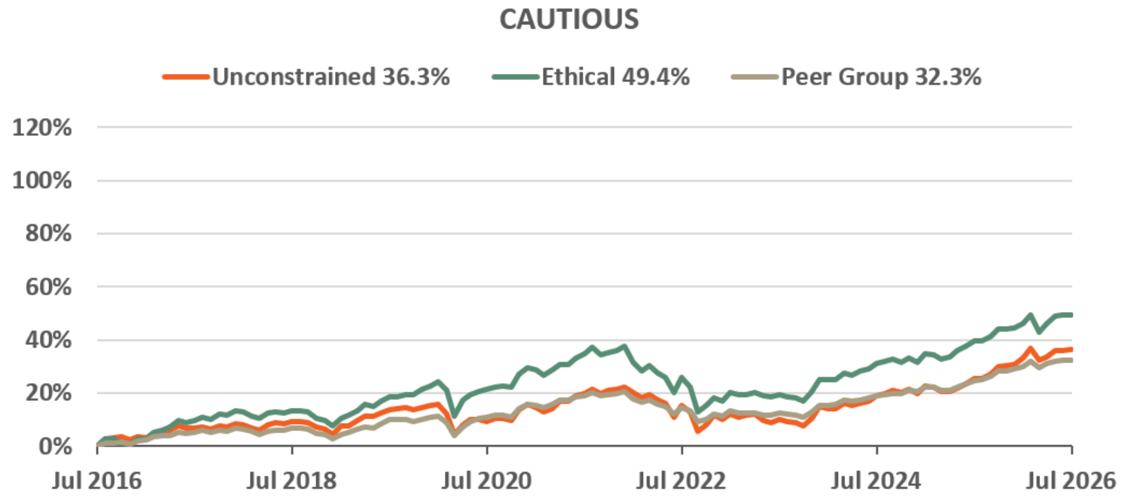
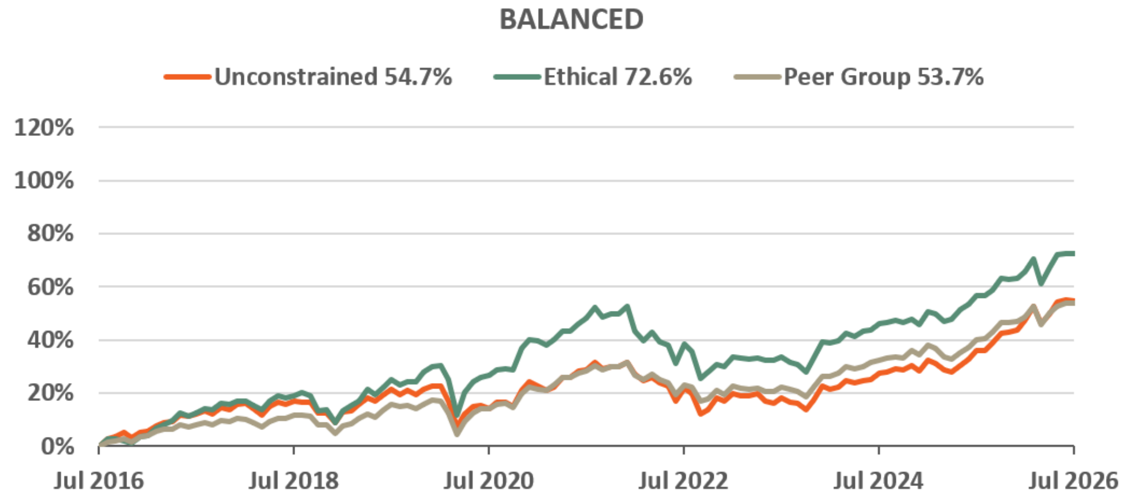
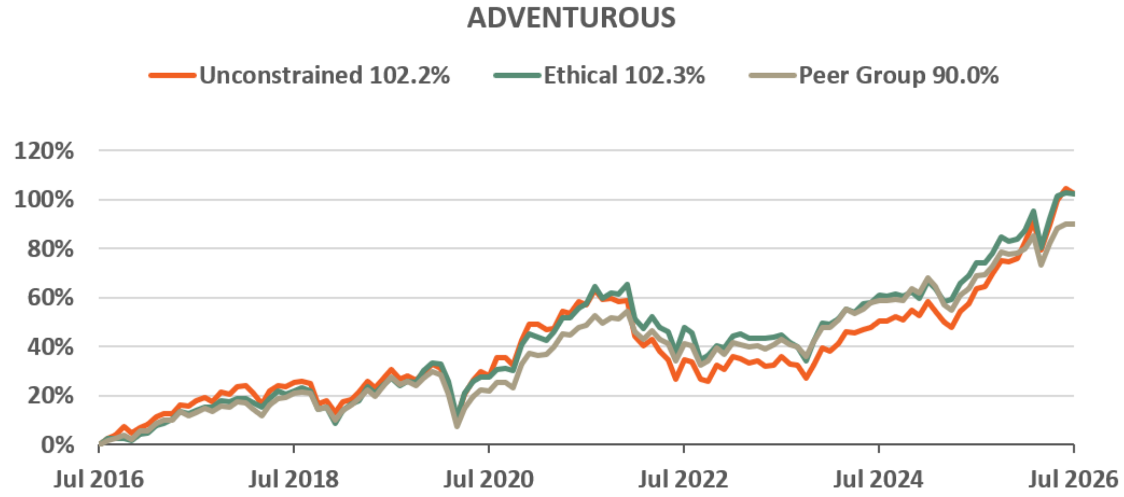
MM Wealth strategies – 10-year performance vs peer group comparison







Source: Morningstar, MM Wealth Investment Team. Unconstrained and Ethical investment strategies versus peer group comparison in GBP. Performance data for period 31/07/16 to 31/07/26.

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Outlook

Three key forces we see shaping the rest of 2026

AI implementation phase	Fiscal expansion vs bond constraints	Geopolitics and energy security

What could challenge the “feedback loop”?

Weaker consumer confidence	Bond market repricing	AI expectations disappoint	Geopolitical escalation

What we are watching closely

Inflation persistence	Market leadership	Economic momentum	Long-term bond yields

The positive feedback loop between markets and the economy remains intact... but appears increasingly fragile.

Upcoming dates for your diary

Growing and Preserving Wealth Seminar

Arrival from 1.30pm for 2.00pm start – Wednesday 30 September 2026

The Jockey Club Rooms – 101 High Street • Newmarket • Suffolk • CB8 8JL

Invitations to follow and acceptance needs to be notified to us – thank you

CKLG Accountants & Chartered Tax Advisers

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Next Webinar

24th November 2026

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Appendix

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Global Market Returns in GBP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Best	33.55 US - S&P 500	25.83 Emerging Markets	6.26 US - NDX	34.07 US - NDX	44.28 US - NDX	29.89 US - S&P 500	0.34 UK	46.38 US - NDX	28.14 US - NDX	27.19 Europe Ex UK	28.93 Japan
	33.12 Emerging Markets	25.13 Asia Ex Japan	1.56 US - S&P 500	31.89 China	34.08 China	28.68 US - NDX	-5.42 Global Ex US	21.61 Global	27.26 US - S&P 500	25.10 Emerging Markets	20.97 Asia Ex Japan
	27.96 US - NDX	21.48 US - NDX	-2.16 Japan	26.41 US - S&P 500	20.63 Japan	20.90 Global	-6.86 Europe Ex UK	19.16 US - S&P 500	20.21 Global	24.02 UK	20.27 Emerging Markets
	27.34 Asia Ex Japan	21.12 China	-7.69 Global	26.24 Global	18.66 Asia Ex Japan	18.32 UK	-7.08 Asia Ex Japan	15.77 Europe Ex UK	16.94 China	23.27 Global Ex US	14.08 Global Ex US
	25.96 Japan	19.77 Global	-8.57 Asia Ex Japan	21.04 Europe Ex UK	15.02 Emerging Markets	17.59 Europe Ex UK	-7.79 US - S&P 500	15.65 Japan	12.12 Asia Ex Japan	20.64 Asia Ex Japan	12.38 US - NDX
	24.64 Global Ex US	16.75 Europe Ex UK	-8.86 Global Ex US	19.17 UK	14.74 US - S&P 500	8.82 Global Ex US	-8.94 Japan	9.10 Global Ex US	10.78 Japan	20.11 Japan	11.80 Global
	19.65 Europe Ex UK	16.18 Global Ex US	-8.92 Emerging Markets	17.17 Japan	14.21 Global	-0.08 China	-9.62 Emerging Markets	7.92 UK	9.98 Emerging Markets	19.71 Global	11.17 UK
	16.75 UK	14.75 Japan	-9.10 Europe Ex UK	16.82 Global Ex US	8.20 Europe Ex UK	-1.32 Emerging Markets	-15.98 Global	4.05 Emerging Markets	9.47 UK	17.67 China	10.08 US - S&P 500
	9.04 Global	13.10 UK	-9.47 UK	14.56 Asia Ex Japan	7.24 Global Ex US	-2.00 Asia Ex Japan	-17.25 China	1.31 Asia Ex Japan	7.42 Global Ex US	12.69 US - NDX	9.94 Europe Ex UK
Worst	1.14 China	11.29 US - S&P 500	-23.07 China	14.31 Emerging Markets	-9.82 UK	-3.49 Japan	-23.86 US - NDX	-15.96 China	2.77 Europe Ex UK	9.76 US - S&P 500	0.58 China

Source: Morningstar, MM Wealth Investment Team. Data for period 2016 to 31/07/2026.

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Asset Class Returns in GBP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Best	33.37 Commodities	25.83 EM Equity	5.82 Govt Bonds	22.74 DM Equity	15.02 EM Equity	28.21 Commodities	30.76 Commodities	16.81 DM Equity	20.79 DM Equity	25.10 EM Equity	22.93 Commodities
	33.12 EM Equity	11.80 DM Equity	2.80 Hedge Funds	18.81 REITs	12.32 DM Equity	24.18 REITs	3.08 Hedge Funds	11.92 HY Bonds	9.98 EM Equity	12.75 DM Equity	20.27 EM Equity
	30.77 EM Debt	6.73 HY Bonds	2.43 IG Bonds	14.31 EM Equity	6.96 IG Bonds	22.94 DM Equity	1.41 Cash	4.65 Cash	8.94 HY Bonds	8.39 HY Bonds	13.20 REITs
	28.24 DM Equity	5.06 REITs	0.52 Cash	12.32 HY Bonds	6.12 Govt Bonds	2.78 HY Bonds	-6.23 IG Bonds	4.07 Hedge Funds	8.59 Hedge Funds	7.83 Commodities	10.26 DM Equity
	24.79 REITs	0.26 Cash	0.32 REITs	10.07 EM Debt	5.10 HY Bonds	0.48 Hedge Funds	-7.08 Govt Bonds	4.05 EM Equity	7.30 EM Debt	5.75 EM Debt	7.47 Hedge Funds
	24.38 IG Bonds	-0.15 EM Debt	-0.71 EM Debt	7.21 IG Bonds	2.30 Hedge Funds	-0.04 Cash	-7.83 DM Equity	3.59 REITs	7.22 Commodities	4.46 Cash	2.23 Cash
	21.25 Govt Bonds	-0.35 IG Bonds	-3.04 DM Equity	4.40 Hedge Funds	1.27 EM Debt	-1.32 EM Equity	-8.17 EM Debt	3.42 IG Bonds	5.32 Cash	3.39 REITs	2.11 HY Bonds
	20.12 Hedge Funds	-2.00 Govt Bonds	-3.61 HY Bonds	3.64 Commodities	0.42 Cash	-2.00 IG Bonds	-9.62 EM Equity	3.13 EM Debt	3.39 REITs	2.70 IG Bonds	0.74 EM Debt
	15.66 HY Bonds	-2.95 Hedge Funds	-5.78 Commodities	1.51 Govt Bonds	-6.10 Commodities	-2.61 EM Debt	-12.58 HY Bonds	-1.70 Govt Bonds	2.91 IG Bonds	0.76 Hedge Funds	-0.95 IG Bonds
Worst	0.44 Cash	-7.11 Commodities	-8.92 EM Equity	0.78 Cash	-11.97 REITs	-5.74 Govt Bonds	-13.96 REITs	-13.09 Commodities	-1.85 Govt Bonds	-0.54 Govt Bonds	-1.17 Govt Bonds

Source: Morningstar, MM Wealth Investment Team. Data for period 2016 to 31/07/2026.

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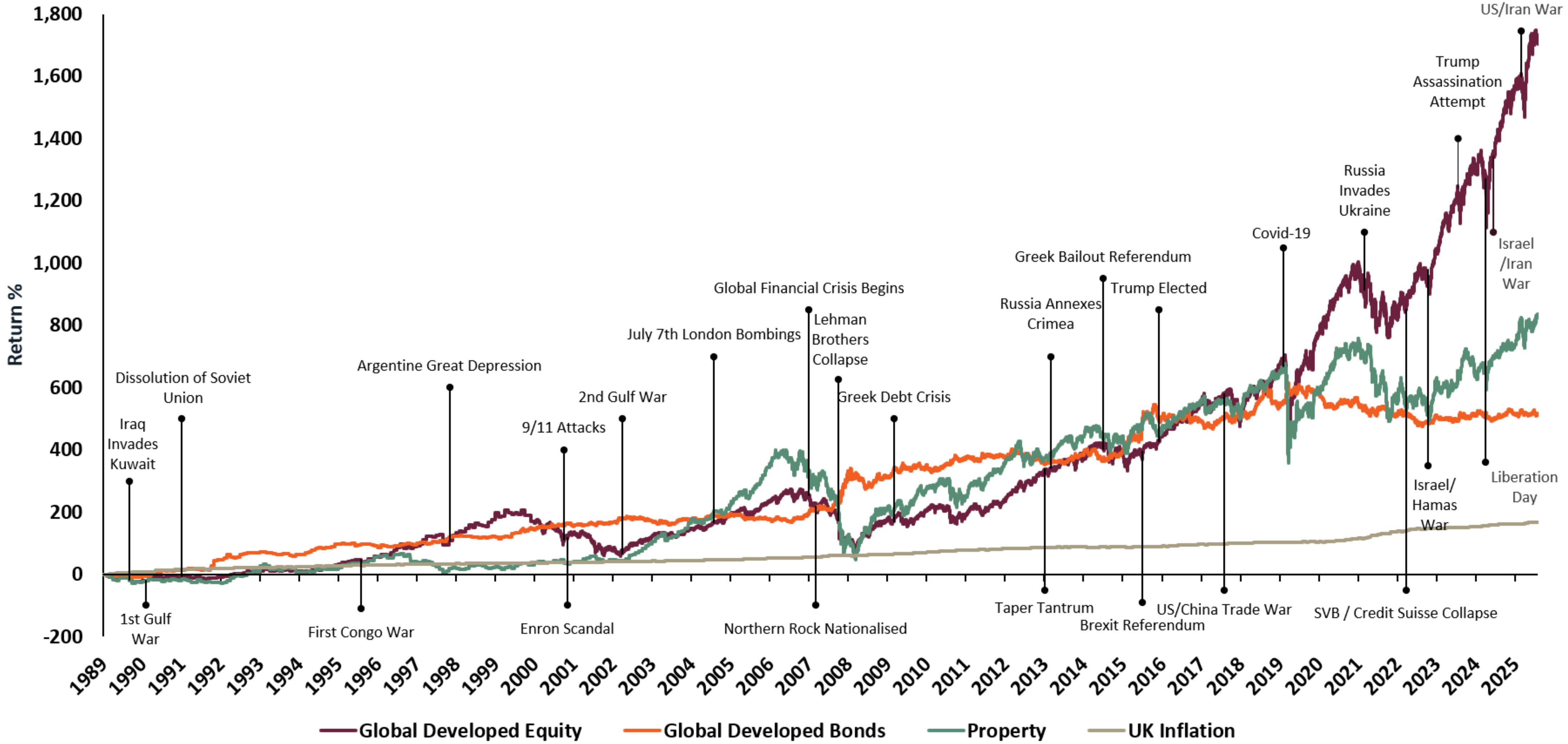
Time in the market, not timing the market



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Source: Morningstar, MM Wealth Investment Team. Global Developed Equity = MSCI World, Global Developed Bonds = Bloomberg Global Aggregate, Property = S&P Global Property, UK Inflation = UK CPI. Data for period 31/12/1989 to 31/07/2026.

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If you have any questions, please do not hesitate to contact us.

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