



AUREA

GLOBAL INVESTMENTS

# Monthly Investment Review

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## Summary

Indexes

|                      | Performance Sep/26 |
|----------------------|--------------------|
| S&P 500 (USD)        | -0.45%             |
| Nasdaq 100 (USD)     | +3.23%             |
| Russell 2000 (USD)   | -5.40%             |
| Nikkei 225 (USD)     | +2.21%             |
| Euro Stoxx 600 (EUR) | -2.49%             |
| Gold (USD)           | -6.31%             |
| Bitcoin (USD)        | +6.05%             |

## Market & Macro Highlights

September brought renewed energy-related inflation pressures alongside economic activity that remained comparatively resilient. Oil prices traded around USD 100 per barrel amid the ongoing US-Iran conflict and disruption around the Strait of Hormuz, lifting headline inflation in the United States and Europe. At the same time, U.S. payrolls rose well above consensus in August, and several central banks showed little willingness to look through higher prices.

Several major central banks raised policy rates during September, while others held their settings unchanged. The Federal Reserve, the European Central Bank and the Bank of Japan each raised rates by 25bps, while the Bank of England and the Swiss National Bank held. China moved in the opposite direction at month end, announcing a targeted easing package to support lending and housing demand.

Yields rose across major bond markets. The U.S. 10-year Treasury yield rose more than 50bps over the month, reaching its highest level since 2007, and European sovereign spreads widened, led by France. Equity performance was unusually narrow, with large technology companies lifting the Nasdaq 100 while most stocks, small caps and European equities declined. Gold fell 6.31%, while Bitcoin gained 6.05%.

## Macro

### United States

The U.S. economy continued to show resilience, even as inflation complicated the Federal Reserve's policy outlook. Economic indicators released during the month pointed to sustained activity, particularly in the labor market. August nonfarm payrolls increased by 162,000, significantly above market expectations of 53,000, while the unemployment rate remained at 4.1%. Consumer prices rose 0.4% month-on-month and 3.4% year-on-year in August, while core CPI increased by 0.3% on a monthly basis, slightly exceeding expectations.

The combination of firm employment figures and elevated inflation provided the context for the Federal Reserve's September decision. On September 16, the central bank raised its target range by 25 basis points to 3.75%–4.00%, marking its first rate increase since July 2023.

The decision was unanimous, with a 12–0 vote, while updated projections showed that 16 of the 18 participants anticipated at least one additional increase before year-end. The projections suggested that policymakers continued to see inflation risks as relevant despite the resilience of economic activity.

Toward the end of the month, August's Personal Consumption Expenditures (PCE) report introduced a more nuanced inflation picture. Core PCE stood at 3.0% year-on-year, below market expectations, suggesting that price pressures were not accelerating uniformly across indicators. Nevertheless, Treasury yields continued to rise across shorter and longer maturities as markets adjusted their interest-rate expectations. The combination of resilient economic data and mixed inflation signals remained central to the repricing observed in U.S. government bonds.





# Macro

## Europe

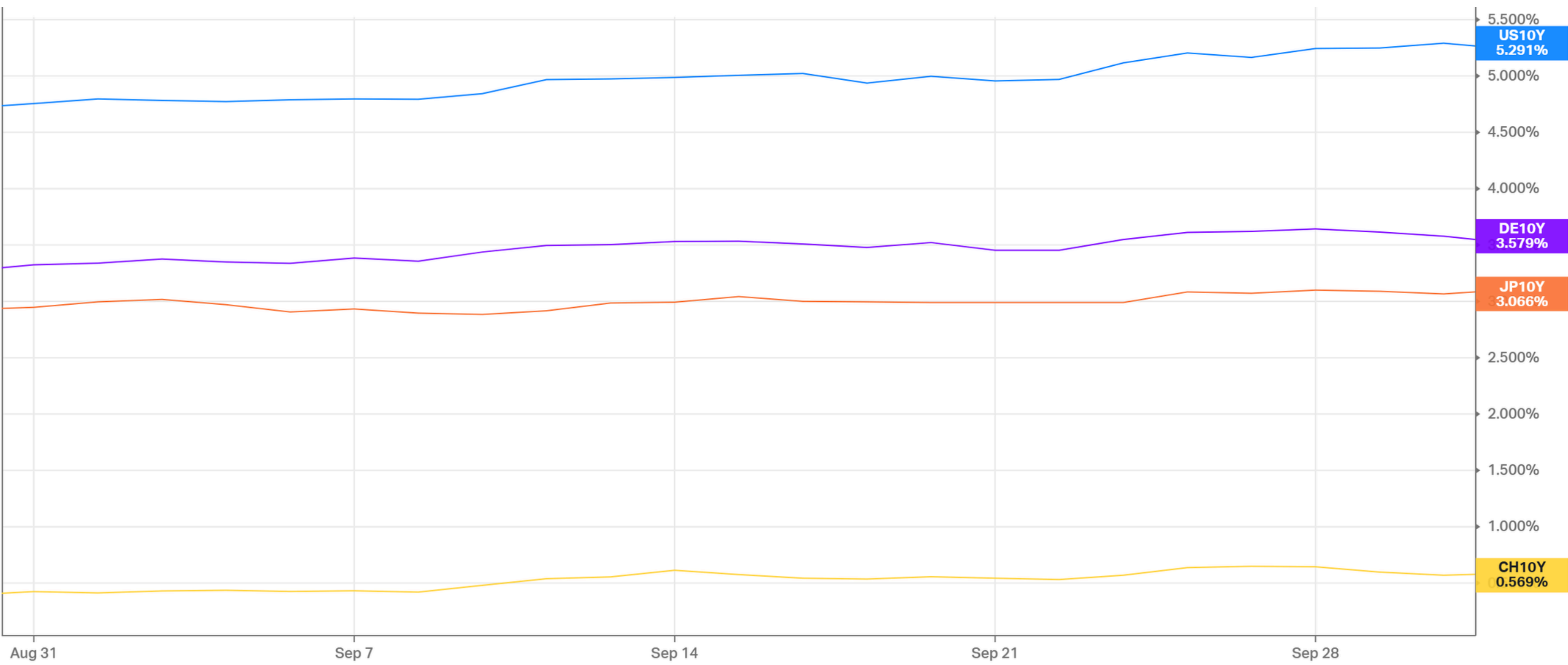
Renewed energy-related inflation pressures added to an already challenging economic environment across Europe. Higher energy prices, associated with the ongoing conflict in the Middle East, contributed to rising headline inflation. Euro area inflation stood at 3.2% year-on-year in August, while the preliminary September estimate, released in early October, pointed to a further increase to 3.8%, with energy accounting for the largest contribution.

The European Central Bank raised its three key policy rates by 25 basis points on September 10, bringing the deposit facility rate to 2.50%. Its updated projections placed headline inflation at 3.0% for 2026 and 2.5% for 2027. The decision came as policymakers faced renewed price pressures alongside uneven economic activity, reinforcing the challenges of managing inflation across economies with different growth conditions.

Fiscal developments in France added another source of uncertainty. The government outlined a consolidation package of approximately EUR 54 billion, including previously announced measures, aimed at reducing the budget deficit to 5% of GDP by 2027. On September 18, Morningstar DBRS revised its trend on France to negative, while the spread between French and German 10-year government bonds widened beyond 100 basis points for the first time since 2012. The widening spread drew attention to France's fiscal position and its implications for sovereign borrowing costs.

In the United Kingdom, the Bank of England maintained its policy rate at 3.75%, although three of the nine Monetary Policy Committee members voted in favour of an increase. The divided vote reflected differing assessments of inflation risks, even as the central bank left rates unchanged. Across Europe, the interaction between monetary tightening and country-specific fiscal developments contributed to a more differentiated environment for sovereign debt and financial markets.

**Figure 1: U.S. and German 10-year yields rose most in September**  
10-year government bond yields (%), daily, 31 August to 30 September 2026. U.S. 4.76% to 5.29%, Germany 3.32% to 3.58%, Japan 2.95% to 3.07%, Switzerland 0.42% to 0.57%.



koyfin

Source: Koyfin. Data as of September 30, 2026





## Macro

### ● Japan

Japan's monetary policy normalization continued as the Bank of Japan raised its policy rate by 25 basis points to 1.25% on September 18, its highest level since 1995. Approved by a 7–2 vote, the decision represented another step away from the country's historically accommodative monetary stance. Even after the increase, Japanese interest rates remained considerably below those of other major developed economies, particularly the United States.

The yen initially weakened following the announcement, as the Bank of Japan's accompanying guidance was interpreted as less restrictive than markets had anticipated. The currency subsequently recovered, ending September 1.46% stronger against the U.S. dollar, with USD/JPY at 157.41. The reversal reflected the sensitivity of exchange rates to both domestic monetary decisions and changing expectations about the interest-rate differential between Japan and the United States.

Meanwhile, consumer price inflation stood at 1.9% year-on-year in August, providing additional context for the central bank's policy stance. With inflation relatively contained and interest rates still low by international standards, Japan's monetary adjustment remained gradual. Currency movements continued to play an important role in financial conditions, particularly as markets assessed the pace of policy normalization.

## Macro

### ● China

China's economic indicators continued to reveal a contrast between industrial activity and domestic consumption. Industrial production expanded by 5.2% year-on-year in August, while retail sales increased by only 0.4%, suggesting that household demand remained subdued despite comparatively firmer industrial output. The divergence pointed to an uneven recovery, with consumer spending continuing to present challenges for policymakers.

Chinese authorities introduced additional support measures toward the end of the month. On September 29, the People's Bank of China reduced the one-year Pledged Supplementary Lending rate by 25 basis points to 1.50%, expanded relending quotas for technology, agriculture and small businesses by a combined CNY 700 billion, and introduced support for first-home mortgage borrowers. The measures focused on specific areas of the economy rather than a broad reduction in benchmark lending rates.

The benchmark Loan Prime Rates remained unchanged at 3.0% and 3.5%, consistent with a more selective approach to monetary easing. While targeted financing measures sought to support credit availability and domestic activity, the gap between industrial production and consumer spending remained a relevant feature of China's economic outlook. The effectiveness of these measures would depend, in part, on whether improved financing conditions translated into stronger domestic demand.

## Macro

### ⊕ Switzerland

The Swiss National Bank (SNB) maintained its policy rate at 0% on September 24, reflecting a monetary environment that remained comparatively stable despite renewed inflationary pressures abroad. In its assessment, the central bank noted that inflation had increased since June, primarily due to higher energy prices, although medium-term inflationary pressures had risen only slightly. The decision contrasted with the rate increases implemented by the Federal Reserve, the European Central Bank and the Bank of Japan during the month.

Domestic inflation remained relatively contained, with consumer prices rising 0.8% year-on-year in August and 1.0% in September. The SNB's conditional inflation forecast stood at 0.7% for 2026, providing additional context for its decision to leave interest rates unchanged. Unlike several other developed economies, Switzerland faced more moderate price pressures, allowing monetary policy to remain stable despite changes in the broader international environment.

The Swiss franc had depreciated by approximately 3% on a trade-weighted basis since the previous monetary policy assessment, easing some of the appreciation pressures that have historically influenced Swiss inflation and export competitiveness. Nevertheless, the SNB reiterated its willingness to remain active in foreign exchange markets if necessary. The combination of contained inflation, a softer currency and an unchanged policy rate continued to distinguish Switzerland's monetary conditions from those of other major developed economies.



# Equities

## United States

U.S. equities diverged between headline indices and the broader market. The S&P 500 declined 0.45%, while the Nasdaq 100 advanced 3.23%, supported by large-cap technology companies. The Russell 2000 fell 5.40%, its steepest monthly decline since March 2025.

Market leadership remained concentrated in technology and communication services, while nine of the eleven S&P 500 sectors finished lower. Approximately three-quarters of index constituents declined, and the equal-weighted S&P 500 underperformed its market-cap-weighted counterpart by 4.6 percentage points. Micron's quarterly results illustrated technology-sector earnings momentum.

The contrast highlighted the uneven performance of U.S. equities. AI-related companies continued to attract investor interest, while smaller and more interest-rate-sensitive businesses faced pressure. The gap between headline indices and broader market performance underscored the concentration of gains among large-cap companies (Figure 2).

## Europe

European equities recorded their first monthly decline in six months, with the Euro Stoxx 600 falling 2.49% and ending the third quarter approximately 1% lower. Rising sovereign yields and renewed fiscal concerns coincided with a more cautious market environment, particularly in France, where the CAC 40 lost 4.44%. Switzerland's SMI declined 3.19%.

Performance varied across sectors. Technology and energy were relatively resilient, while automotive manufacturers, construction companies and banks experienced greater weakness. Utilities showed some improvement toward month-end, reflecting differences in sector sensitivity to economic activity and financial conditions.

Alongside corporate fundamentals, monetary policy expectations and sovereign debt developments influenced regional sentiment. The combination of higher borrowing costs and country-specific fiscal concerns contributed to uneven performance across European markets, with sector composition also shaping returns.

## Japan

Japanese equities held up relatively well despite the Bank of Japan's rate increase. The Nikkei 225 gained 0.67% in local currency terms and 2.21% in U.S. dollars, recording its second consecutive monthly advance and closing at 66,753.72, its highest close since mid-August.

Semiconductor-related companies and SoftBank supported the final trading session, while the Silver Week holidays shortened the trading calendar. Technology-sector developments remained relevant alongside the gradual adjustment in domestic monetary conditions.

The difference between yen-denominated and dollar-denominated performance highlighted the role of exchange rates in international investment returns. Japan's positive monthly performance contrasted with the weakness observed in several other developed markets, as sector-specific developments continued to influence equities alongside monetary policy.

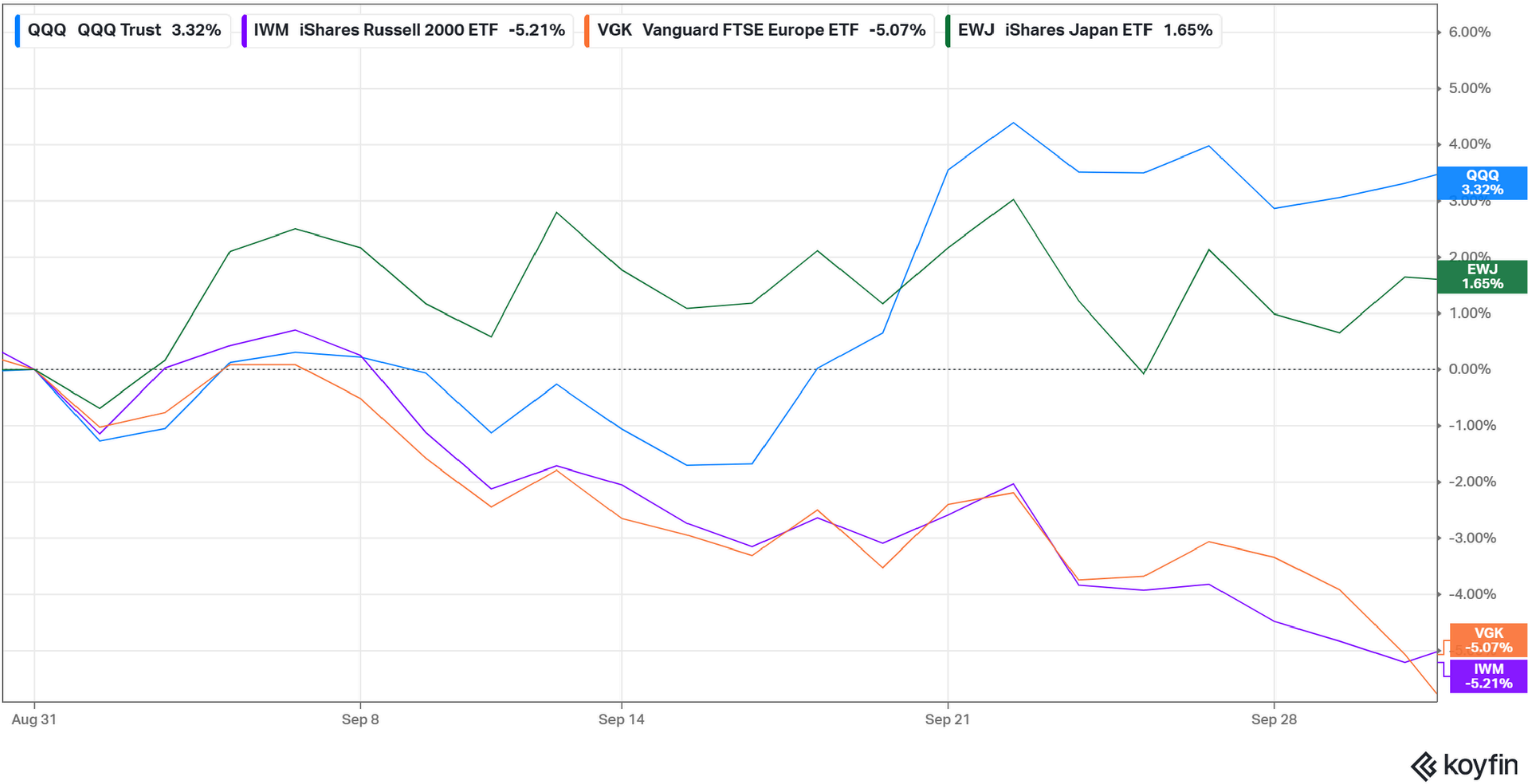
## Emerging Markets

Emerging-market equities delivered mixed results, with the MSCI Emerging Markets index declining 0.84%. The modest aggregate movement concealed considerable differences across individual markets, reflecting varying sector exposures and domestic economic conditions.

Taiwan gained 3.93%, supported by its exposure to the global technology sector, while Brazil's Ibovespa advanced 5.03%. Hong Kong's Hang Seng fell 3.73%, ahead of Beijing's targeted monetary and credit-support measures announced toward month-end.

The variation across emerging markets reflected differences in technology exposure, domestic policy conditions and investor sentiment. These factors contributed to distinct regional outcomes, which were not fully captured by the aggregate index's relatively modest decline.

**Figure 2: Selected Equity Proxies: U.S. technology gained while small caps and Europe declined**  
Total return in USD, daily, 31 August to 30 September 2026. QQQ +3.32%, EWJ +1.65%, VGK -5.07%, IWM -5.21%. ETF returns are in USD and differ from the local-currency index returns in the Summary.



Source: Koyfin. Data as of September 30, 2026



# Fixed Income

## U.S. Treasuries

U.S. Treasury yields rose sharply in September as resilient economic data, persistent inflation and the Federal Reserve's rate increase reshaped interest-rate expectations. The 10-year yield climbed approximately 54 basis points to 5.28%, briefly reaching 5.306%, while the 2-year yield increased 55 basis points to 4.89%. The 30-year yield ended the month at 5.63%.

The broad rise in yields weighed on government bond prices, particularly longer-duration securities. Rather than reflecting pressure at a single maturity, the movement pointed to a repricing across the Treasury curve, consistent with the negative performance of Treasury-related instruments shown in Figure 3.

## U.S. Corporate Bonds

U.S. corporate bonds faced pressure from higher Treasury yields, although credit spreads showed different patterns. High-yield spreads widened by approximately 50 basis points to 311 basis points, while investment-grade spreads remained broadly unchanged at 80 basis points.

This distinction suggested greater caution toward lower-rated borrowers without a comparable deterioration in higher-quality credit. Corporate bond performance therefore reflected both interest-rate sensitivity and differences in credit risk, rather than a uniform widening of spreads.

## European Bonds

European sovereign yields increased amid monetary tightening and fiscal concerns. Germany's 10-year yield reached approximately 3.59%, compared with 4.86% in France, 4.61% in Italy and 5.42% in the United Kingdom. The spread between French and German 10-year bonds widened to approximately 127 basis points, drawing attention to France's fiscal position.

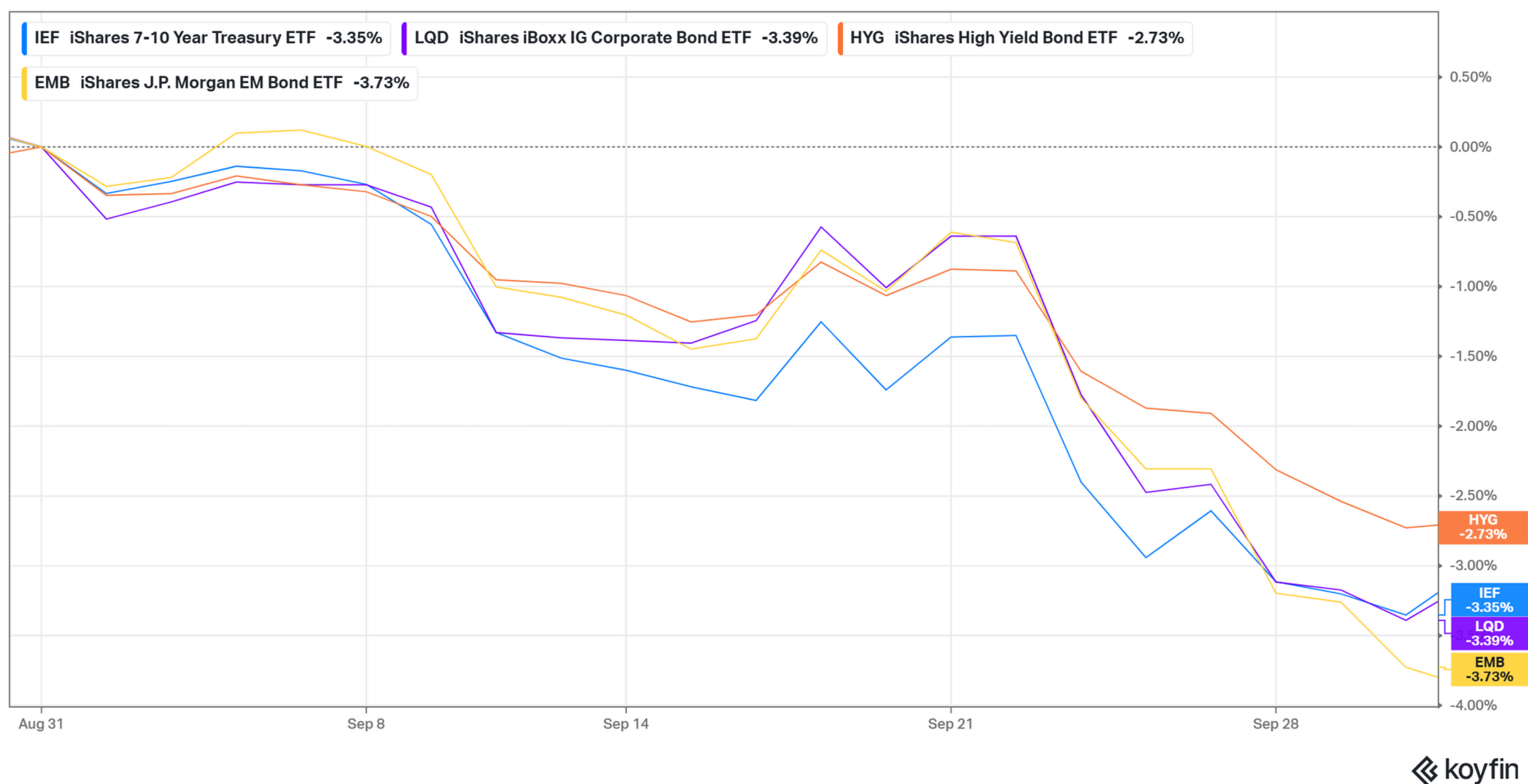
The divergence reflected the influence of country-specific fiscal conditions alongside broader monetary developments. While higher yields affected European government bonds generally, differences in sovereign risk contributed to varying borrowing costs across the region.

## Emerging Market Debt (EMD)

Emerging-market debt weakened as rising U.S. Treasury yields pressured dollar-denominated bonds. The iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB) declined 3.73% in September, reflecting the sensitivity of hard-currency emerging-market debt to global interest-rate movements.

Higher U.S. yields affected valuations, although individual issuers remained exposed to different sovereign credit conditions. The decline therefore reflected a common external pressure rather than necessarily indicating a uniform deterioration in emerging-market fundamentals.

**Figure 3: Bond proxies declined across segments, with high yield falling least**  
Total return in USD, daily, 31 August to 30 September 2026. HYG -2.73%, IEF -3.35%, LQD -3.39%, EMB -3.73%.



Source: Koyfin. Data as of September 30, 2026



# Alternatives

## Gold

Gold declined 6.31% in September, ending the month at USD 4,157.41 per ounce, while the SPDR Gold Shares ETF (GLD) fell 6.75%. The decline coincided with a sharp increase in U.S. Treasury yields and a more restrictive monetary policy outlook, which weighed on the relative attractiveness of non-yielding assets.

Despite continued geopolitical uncertainty, gold struggled to maintain its earlier momentum. Its performance illustrated how changes in interest-rate expectations can influence precious metals even during periods of elevated global risk, as reflected in Figure 4.

## Hedge funds

Hedge fund strategies delivered mixed results in September. The HFRX Global Hedge Fund Index declined 0.44%, while Macro/CTA strategies gained 1.26%. Relative Value Arbitrage fell 1.21%, and Event Driven strategies declined 0.12%.

The dispersion across strategies highlighted differences in their exposure to market trends, volatility and relative pricing opportunities. Macro-oriented approaches performed better during the month, although the negative aggregate index return indicated that gains were not broadly distributed across hedge fund strategies.



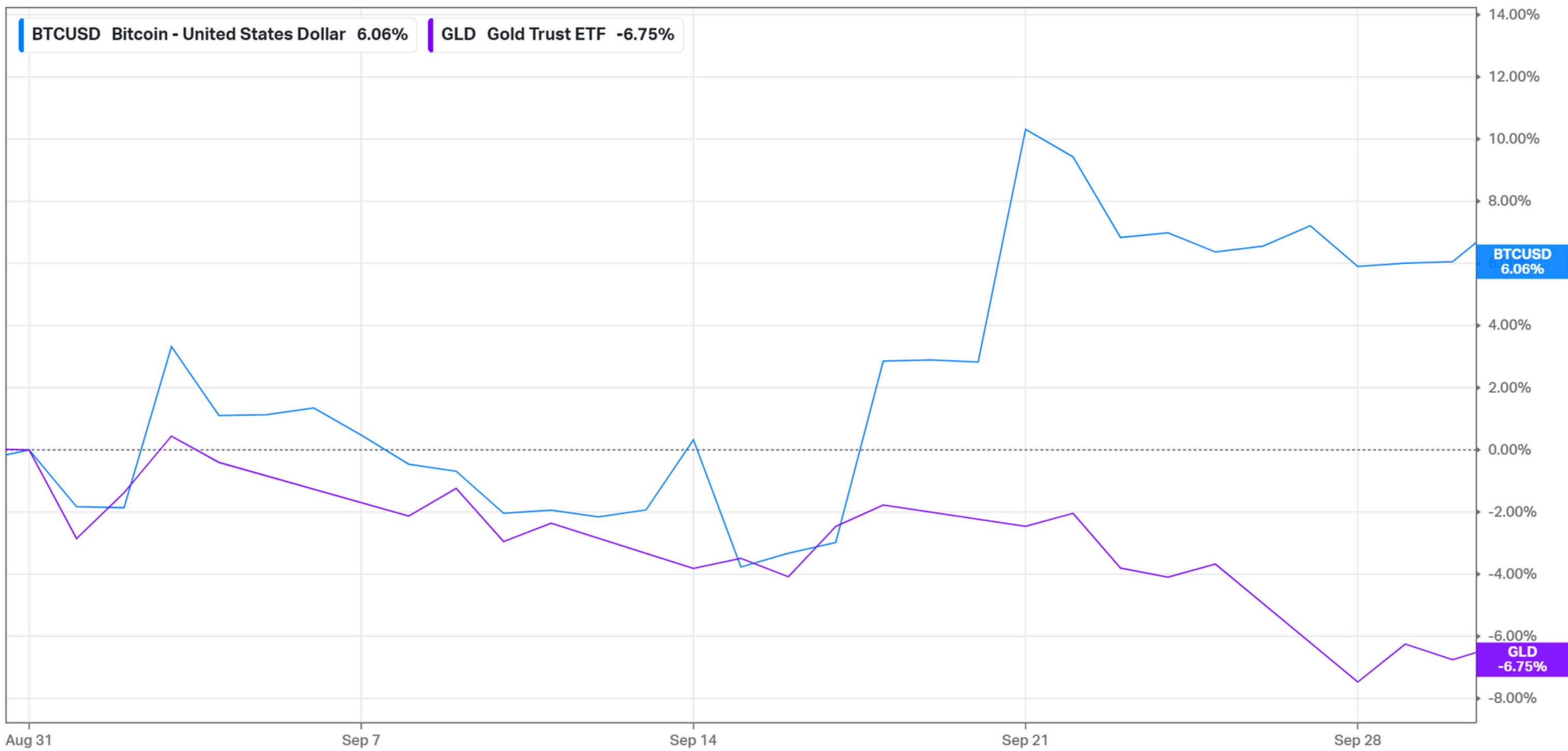
## Bitcoin

Bitcoin advanced 6.05% in September, ending the month at approximately USD 83,621, in contrast with gold's decline. U.S.-listed spot Bitcoin ETFs recorded estimated net inflows of USD 2.65 billion during the month, including approximately USD 999 million on September 21.

The positive performance coincided with continued investment flows into regulated Bitcoin products, although these flows alone do not fully explain price movements. The contrast with gold, illustrated in Figure 4, highlighted the different behaviour of the two assets amid rising interest rates and geopolitical uncertainty.

**Figure 4: Gold and Bitcoin moved in opposite directions in September**

Total return in USD, daily, 31 August to 30 September 2026. BTCUSD +6.06%, GLD -6.75%.



koyfin

Source: Koyfin. Data as of September 30, 2026



## Closing

September's financial markets reflected the impact of persistent inflation, tighter monetary conditions and increasingly differentiated asset performance. While major equity indices showed mixed results, underlying market breadth remained weak, with gains concentrated in a limited number of large-cap companies. Sovereign bonds faced pressure from rising yields, while fiscal concerns added to the divergence across European debt markets.

Alternative assets followed distinct paths, with gold declining despite geopolitical uncertainty, hedge fund strategies producing mixed results and Bitcoin recording gains. These contrasting outcomes illustrated how monetary policy, sector concentration and asset-specific factors shaped returns differently, reinforcing the importance of looking beyond headline market performance.

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## When the cost of capital rises, the index level tells only part of the story.

At Aurea, we believe that understanding market developments requires looking beyond headline returns to assess the underlying sources of risk and performance. September's divergence across equities, fixed income and alternative assets highlighted the importance of evaluating portfolio exposures in the context of changing monetary conditions. Our approach remains grounded in disciplined analysis, diversification and a long-term investment perspective, recognising that market movements often reflect different forces across asset classes.

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