Iza Capital Partners

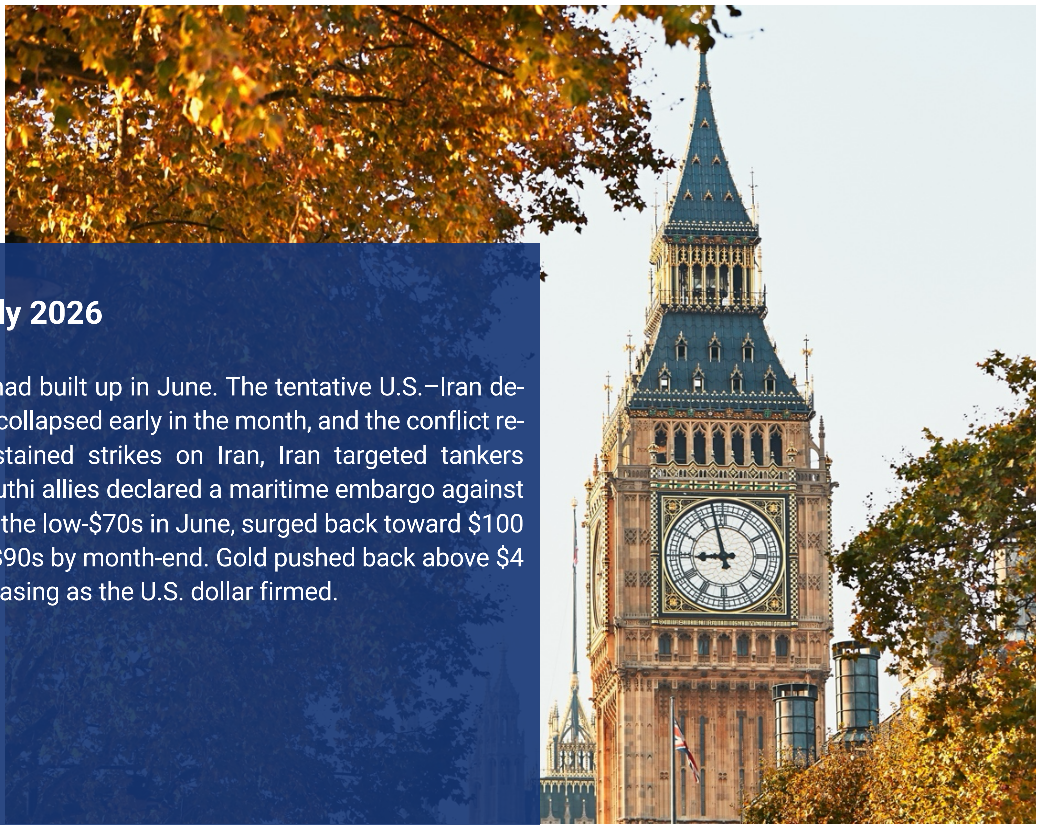
WHAT'S INSIDE

July 2026

OUR

MONTHLY REPORT

July 2026 Market Commentary



Market Insights

GLOBAL MARKET OVERVIEW – July 2026

July 2026 undid much of the optimism that had built up in June. The tentative U.S.–Iran de-escalation that drove markets higher in June collapsed early in the month, and the conflict re-escalated sharply; the U.S. carried out sustained strikes on Iran, Iran targeted tankers transiting the Strait of Hormuz, and Iran's Houthi allies declared a maritime embargo against Saudi Arabia. Oil prices, which had fallen into the low-$70s in June, surged back toward $100 a barrel before settling in the high-$80s/low-$90s by month-end. Gold pushed back above $4 100 on renewed safe-haven demand before easing as the U.S. dollar firmed.

Global Markets – Equities: Geopolitics Reasserts Itself

Global equity performance was mixed rather than sharply negative. The S&P 500 was roughly flat, the broader MSCI ACWI IMI declined modestly, while developed non-U.S. equities (MSCI EAFE) rose around 2%, marking a rotation away from the U.S. large-cap leadership that dominated the first half of the year. At the sector level, the reversal was stark; Energy shares rallied roughly 12% on the back of the oil spike, while Information Technology stocks fell around 8% as investors reassessed AI-related valuations.

The AI trade hit its sharpest speed bump of the year. After more than a year of near-uninterrupted gains, the semiconductor complex sold off aggressively in early-to-mid July. Micron fell as much as 10% in a single session, wiping out tens of billions of dollars in market value, Intel declined roughly 21% over seven trading days, and the sell-off spread globally. South Korea's KOSPI plunged nearly 10% intraday and triggered circuit breakers as Samsung and SK Hynix each fell 9–12%, even after Samsung reported an over 1 800% year-on-year jump in preliminary operating profit. The disconnect between strong reported earnings and falling share prices underscored a market increasingly focused on the sustainability of AI capital expenditure rather than headline growth. TSMC's better-than-expected results, paired with guidance for even higher capex, similarly failed to prevent its shares from falling.

Importantly, the correction occurred against a backdrop of unusually strong corporate fundamentals. Through the end of July, 61% of S&P 500 companies had reported Q2 2026 results, with 86% exceeding EPS estimates and 77% exceeding revenue estimate, both well above historical norms. Companies beat earnings estimates by an average of 31,4%, far above the five-year average surprise of 7,0%, which FactSet noted could prove the largest earnings surprise since it began tracking the metric. This reinforces a theme first flagged in June: the AI and broader technology trade is maturing from a "buy everything" narrative into one where execution and profitability increasingly separate winners from laggards.

At its July meeting, Warsh's second as chair, the Federal Reserve held its benchmark rate at 3,75% for a fifth consecutive meeting, but the decision was one of the closest in years, the committee voted 9-3, with three regional presidents dissenting in favor of a 25bps hike. Warsh, who has pushed to reduce the Fed's forward guidance, said the central bank has "no tolerance" for elevated inflation and would "not hesitate to act," and flagged the possibility of a hike as soon as September. The market reaction was negative, the S&P 500 and Nasdaq both fell into the close, and the 10-year Treasury yield rose to around 4,66%. Markets that had spent much of 2026 anticipating rate cuts are now having to price in the live possibility of a hike later this year, a dynamic that intensified through the month as oil-driven inflation risk resurfaced.

Gold benefited from the renewed geopolitical shock, trading above $4 100 in the third week of July as safe-haven demand returned. It eased back toward the $4 000–$4 050 range into month-end as a firmer dollar and rising real yields, ahead of the Fed decision, took some of the shine off the rally, resulting in a reversal of June's decline.

Emerging Markets - Divergence Widens Under Cross-Currents

Emerging markets faced a more difficult month than developed peers, caught between a stronger U.S. dollar, renewed Fed hawkishness, and the global spillover from the semiconductor sell-off. Asian technology-exporting markets were hit hardest; South Korea's KOSPI suffered its sharpest one-day decline in years as the chip correction spread from U.S. names to Samsung, SK Hynix and, further along the supply chain, Japanese equipment makers and Chinese foundries, evidence of just how globally synchronized and AI-dependent EM equity leadership has become.

At the same time, energy-exporting emerging markets and commodity producers benefited from the oil price spike, providing an offsetting tailwind for parts of the asset class even as broader EM sentiment remained cautious. Currency markets across EM were generally under pressure from dollar strength tied to the Fed's hawkish hold, while gold-linked and precious-metals-exposed markets, South Africa among them, found some support from the renewed safe-haven bid. Overall, July reinforced a theme building since June; EM performance is becoming less a single "emerging markets" story and more a story of which countries sit on which side of the energy and AI-supply-chain divide.

South Africa

South African Markets – Inflation Surprise Meets a Surprise Hold

South Africa's dominant story in July was the collision between a hotter-than-expected inflation print and an unexpected central bank decision. Headline CPI for June, released in July, accelerated to 5,0%, with core inflation at 4,1%, leaving both above the upper limit of the SARB's 3% (±1 percentage point) target range, up from 4,8% in May and the highest reading in two years. Fuel-related costs, still elevated from the earlier Middle East shock and reignited by July's renewed conflict, remained the primary driver, with transport and services inflation adding further upward pressure.

Given this backdrop, markets had widely expected the SARB's Monetary Policy Committee to raise the repo rate on 23 July. Instead, the MPC voted 4-2 to hold the repo rate at 7% (prime lending rate 10,5%), with Governor Lesetja Kganyago noting that "the policy stance is appropriate for now, with rates somewhat restrictive," while flagging clear upside risks to the inflation outlook. The decision caught markets off guard; the rand depreciated by 2,7% against the US dollar and South Africa's benchmark 10-year government bond yield rose by 24 bps to 8,93% in the immediate aftermath of the meeting. The rand subsequently touched a more than three month low of R16,98/$ in the days that followed, before recovering modestly toward R16,40–16,50/$ by early August, helped by firmer gold and platinum group metal prices and hopes of renewed U.S.–Iran talks.

The JSE had a choppy month that closely tracked these cross-currents; gains in early July gave way to weakness around mid-month as Rand softness and mixed gold-mining performance weighed on the All Share Index, before recovering into month-end alongside the broader risk-sentiment swings. Locally, manufacturing activity remained soft, with July PMI data pointing to continued weakness in export demand amid ongoing geopolitical uncertainty, a reminder that South Africa's growth resilience, evident in earlier quarters, is being tested by the combination of higher-for-longer interest rates and imported inflation pressure. Attention now turns to the SARB's September MPC meeting, where the narrow four-two vote split in July means a shift to a hike requires only one additional committee member to change position, especially if CPI remains above 4,5%.

Special Themes and Policy Watch

Middle East De-escalation Proves Short-Lived

June's optimism around a durable U.S.–Iran agreement and reopened Strait of Hormuz gave way in July to the conflict's most intense phase yet, with sustained U.S. strikes on Iran, tanker attacks in the Strait, and a new Houthi threat to Red Sea shipping via the Saudi embargo declaration. Energy markets, only recently relieved, are once again pricing meaningful geopolitical risk premium.

Central Banks Turn More Hawkish, Not Less

Both the Federal Reserve and the SARB delivered "hawkish holds" in July, decisions to keep rates unchanged that were nonetheless accompanied by rising internal dissent and explicit warnings about inflation risk. The direction of travel for both institutions now looks tilted toward tightening rather than easing if energy-driven inflation persists.

The AI Trade's Reckoning Continues

Following June's early signs of maturation, July delivered the sharpest test yet of the AI investment thesis, with a globally synchronized semiconductor sell-off occurring alongside record corporate earnings. The disconnect between fundamentals and price action suggests markets are now pricing execution risk and capex sustainability rather than simply rewarding AI exposure, a shift likely to persist through the remainder of the earnings season.

Gold Reasserts Its Safe-Haven Role

After declining in June as tensions eased, gold's rally resumed sharply in July, a reminder that the metal remains one of the most direct barometers of geopolitical risk sentiment in this cycle.

South Africa's Policy Credibility Under the Microscope

The SARB's surprise hold, delivered despite a hotter inflation print and market expectations of a hike, has left investors and economists debating the central bank's reaction function ahead of September, with real consequences for the rand and bond yields already visible in late July.

Closing Remarks

July 2026 was a reminder that the "relief rally" narrative of June was fragile rather than settled. The re-escalation of the U.S.–Iran conflict reversed much of the improvement in energy markets and investor sentiment, while a landmark correction in AI-related semiconductor stocks, occurring alongside record corporate earnings, highlighted how quickly market leadership can turn even within an intact secular theme. Central banks on both sides of the Atlantic (and in South Africa) leaned more hawkish rather than less, as inflation risk reasserted itself through the energy channel. For investors, July reinforces rather than changes June's core message; this remains an environment that rewards diversification, disciplined valuation discipline, and a focus on quality businesses that can withstand both geopolitical shocks and a more demanding market for AI-related growth stories.

The Iza Portfolios

Iza Global Balanced Fund

The Iza Global Balanced Fund delivered a return of -1,58% (GBP) and 0,06% (USD) during July, bringing its year-to-date return to 7,09% (GBP) and 7,15% (USD). Performance versus the peer benchmark, the EAA Fund GBP Flexible Allocation and EAA Fund USD Flexible Allocation, was mixed on a currency basis during the month, with the Fund underperforming in GBP terms (benchmark return of -0,42%) but outperforming in USD terms (benchmark return of -0,56%). On a year-to-date basis, however, the Fund continued to outperform its benchmark comfortably in both currencies (benchmark returns of 5,02% (GBP) and 4,33% (USD)), and it maintained solid longer-term performance, with returns of 12,94% (GBP) and 15,29% (USD) over one year (versus benchmark returns of 10,64% (GBP) and 11,21% (USD)) and 19,31% (GBP) and 25,15% (USD) over two years (versus benchmark returns of 17,24% (GBP) and 20,02% (USD)).

Following a mixed June, July brought renewed weakness across several of the Fund's core growth and emerging market holdings, while a handful of newer and alternative allocations helped cushion the decline. The strongest performing underlying holdings during the month were Ranmore Global Equity, delivering a positive return of 6,85%, the GS Lindsell Train Note, delivering a return of 3,12%, and the newly-introduced Artemis SmartGARP Global Equity Fund, delivering a return of 2,02%. The main detractors during the month were Scottish Mortgage Investment Trust, with a negative return of -8,43%, which we have subsequently sold as a result of its 25,7% allocation to SpaceX, continuing its recent bout of volatility, the T Rowe Price Global Focused Growth Equity Fund, with a negative return of -7,63%, and Templeton Emerging Markets, with a negative return of -7,28%, giving back a large portion of its strong gains earlier in the year.

In July, our top contributions to performance came from Ranmore Global Equity, which contributed 0,32%, and the Dodge & Cox Worldwide Global Stock Fund, which contributed 0,23%, with the newly-added Artemis SmartGARP Global Equity Fund contributing a further 0,12% in its debut month. On the negative side, Scottish Mortgage was the largest detractor to performance, subtracting -0,60%, followed by the T Rowe Price Global Focused Growth Equity Fund at -0,58% and Templeton Emerging Markets at -0,35%.

In summary, the Fund declined by -1,58% in GBP terms (while edging up 0,06% in USD terms) in July, as continued weakness in growth-oriented and emerging market equities offset positive contributions from Ranmore Global Equity, Dodge & Cox, and the newly-introduced Artemis SmartGARP allocation. Despite the GBP pullback, the Fund remains solidly positive for the year, with a year-to-date return of 7,09% (GBP) and 7,15% (USD), well ahead of its benchmarks at 5,02% (GBP) and 4,33% (USD).

Overall, July reflected ongoing volatility in growth-oriented and emerging market holdings following their strong run earlier in the year, while diversification into newer strategies such as Ranmore Global Equity and Artemis SmartGARP and the rotation out of Scottish Mortgage helped limit the extent of the drawdown. The portfolio continues to maintain a balanced approach, combining growth opportunities with diversification through alternative investments, structured products, money market exposure and cash holdings.

Iza Global Equity Fund

The Iza Global Equity Fund delivered a return of -1,45% (GBP) and 0,19% (USD) during July, bringing its year-to-date return to 8,54% (GBP) and 8,60% (USD). The Fund modestly underperformed its benchmark, the MSCI ACWI Index, in GBP terms during the month (benchmark return of -1,30%), while outperforming in USD terms (benchmark return of 0,08%). On a year-to-date basis the Fund remains behind its benchmark in both currencies (benchmark returns of 10,49% (GBP) and 10,56% (USD)).

July was another volatile month for the underlying managers, with the recently introduced diversifying strategies providing a welcome offset to renewed weakness in some of the Fund's larger growth and emerging market holdings. The strongest performing underlying holdings during the month were Ranmore Global Equity, delivering a positive return of 6,85%, Northstar Global Equity, delivering a return of 3,46%, and the newly-added Artemis SmartGARP Global Equity Fund, delivering a return of 2,02% in its first month in the portfolio. The main detractors during the month were Scottish Mortgage Investment Trust, with a negative return of -8,43%, which we have subsequently sold as a result of its 25,7% allocation to SpaceX, the T Rowe Price Global Focused Growth Equity Fund, with a negative return of -7,63%, and Templeton Emerging Markets, with a negative return of -7,28%, giving back a large portion of its strong year-to-date gains.

In July, our top contributions to performance came from Ranmore Global Equity, which contributed 0,51%, and Northstar Global Equity, which contributed 0,25%, with the Dodge & Cox Stock Fund and the newly-added Artemis SmartGARP Global Equity Fund each contributing a further 0,24%. On the negative side, the T Rowe Price Global Focused Growth Equity Fund was the largest detractor to performance, subtracting -0,59%, followed closely by Scottish Mortgage at -0,58% and Templeton Emerging Markets at -0,54%.

In summary, the Fund declined by -1,45% in GBP terms (while edging up 0,19% in USD terms) in July, as weakness in growth-oriented and emerging market holdings outweighed strong contributions from Ranmore Global Equity, Northstar Global Equity and the newly-introduced Artemis SmartGARP allocation. The Fund remains positive for the year, with a year-to-date return of 8,54% (GBP) and 8,60% (USD), though it continues to trail its benchmark, which returned 10,49% (GBP) and 10,56% (USD) over the same period. Overall, July highlighted the benefit of the Fund's diversification into newer, less-correlated strategies as well as its rotation out of Scottish Mortgage, which helped cushion the drawdown from its larger growth and emerging market positions. The portfolio continues to maintain a multi-manager approach designed to deliver long-term outperformance of the MSCI ACWI Index, while managing short-term volatility through manager diversification.

Funds’ Performance Summary

Quote of the Month

“The stock market is a device for transferring money from the impatient to the patient."

Warren Bufferr

As of 31 July 2026 - GBP	1 Month	3 Months	YTD	1 Year	3 Years	5 Years
Iza Global Equity A GBP Acc	-1,45	3,98	8,54	14,40	11,07	1,31
Iza Global Balanced A GBP Acc	-1,58	2,31	7,09	12,94	9,86	1,83
EAA Fund GBP Flexible Allocation	-0,38	2,23	5,20	10,68	8,37	3,37
As of 31 July 2026 - USD						
Iza Global Equity A USD Acc	0,19	3,05	8,60	16,79	12,89	0,70
Iza Global Balanced A USD Acc	0,06	1,40	7,15	15,28	11,69	1,17
EAA Fund USD Flexible Allocation	-0,54	1,50	4,81	11,23	8,98	3,96
As of 31 July 2026 - ZAR						
Prime Iza Global Equity FF B	0,80	1,04	6,75	3,41	8,21	1,96
Prime Iza Global Balanced FF B	0,95	-0,04	5,85	4,03	7,75	2,52
EAA Fund GBP Flexible Allocation	2,01	0,34	5,14	3,03	7,40	5,27

Asset Class Performance (Base Currency)

SA Indices	1 Month	3 Months	YTD	1 Year	3 Years	5 Years
STeFI Call Deposit ZAR	0,57	1,67	3,85	6,83	7,58	6,70
FTSE/JSE All Share TR ZAR	1,18	-2,80	-1,81	17,16	16,32	14,49
FTSE/JSE All Share PR ZAR	1,07	-3,20	-3,75	13,17	12,18	10,08
FTSE/JSE All Bond TR ZAR	-1,38	3,01	2,81	16,62	16,38	11,88
Major Equity Indices						
S&P 500 NR USD	-0,08	4,10	9,92	19,14	18,84	12,38
MSCI World NR USD	0,51	4,33	10,26	20,41	18,13	11,19
MSCI ACWI NR USD	0,08	4,40	11,33	22,11	18,30	10,85
Global REITS						
FTSE EPRA Nareit Global NR USD	2,66	2,35	11,71	16,69	8,67	1,24
Global Fixed Income						
S&P U.S. Treasury Bond Current 10-Year Index	-1,71	-1,32	-1,73	1,77	2,16	-2,38
Bloomberg 20-30Y Treasury Strips TR USD	-7,44	-4,64	-6,82	-4,32	-6,28	-12,61
Commodities						
DJ Cmmdty Silver TR USD	-3,25	-21,77	-18,22	55,90	31,09	17,00
DJ Cmmdty Precious Metals TR USD	0,08	-13,89	-8,39	28,40	27,52	17,15
DJ Cmmdty Crude Oil TR USD	22,66	-13,33	76,43	53,22	19,82	19,17

Get in touch

Feel free to say hello or ask any questions

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