

New Capital USD Shield Fund



Monthly Commentary | As of 31 August 2026

Executive summary

Key events in market

The short-term US Credit bond market delivered a positive performance in August. The Fund's reference market (ICE BofA 1-3 years US Corporate excluding 144A Index) gained +0.32% in the month, with the 0-1 year maturity bucket posting a return of +0.36% and the 3-5y maturity posting a return of +0.24%.

Key performance & positioning updates

In August the Fund delivered +0.25% in terms of absolute return, broadly in line with the reference index (+0.32%). The Fund ended the month with an A credit rating (vs A- of the reference index), 4.8% yield, and a modified duration of 1.8 years (in line with the reference index).

House view

Global stock markets extended their gains in August, with the MSCI ACWI Index rising 2.7% and lifting its year-to-date advance to 14.6%. Developed markets, led by the US and Japan, outperformed emerging markets, helped by strong performances in the technology sector and growth stocks. Despite geopolitical tensions and some disappointing US economic data, upward revisions to 2026 and 2027 earnings estimates supported investor sentiment even as valuations remained high.

Conversely, bonds underperformed as yields rose, more sharply in Europe and Japan than in the US. Upward revisions to monetary policy expectations flattened the yield curve, with yields rising more on shorter maturities.

The upward pressure on bond yields reflected persistent geopolitical tensions and a renewed rise in energy prices. However, current conditions suggest that any further rate increases in the coming months will be moderate. The shock to energy and other commodity prices, including industrial metals and food, is nowhere near the scale of 2022, giving central banks room to respond gradually.

In August, the most notable moves came in currency and precious metals markets. The joint intervention by Japan and the United States to support the yen in late July weakened the US dollar and, at the same time, drove a recovery in gold and silver prices. These trends continued after the US Treasury announced increased buybacks, raising concerns about the trajectory of US public debt, which had just surpassed USD 40 trillion.

More hawkish than expected comments from Fed Chairman Warsh at the Jackson Hole meeting restored some momentum to the US dollar and triggered profit-taking in precious metals. The dollar, however, remains within the trading range in place since June 2025, and there is no clear reason for this to change in the short term.

Fund performance and positioning

In August, the portfolio returned +0.25%, broadly in line with the reference index. The Fund maintained a neutral stance in terms of duration (1.8y line with the benchmark), with a slightly underweight in the 1-3y bucket (-0.23y) compensated by a small overweight in the 0-1y (+0.05y) and 3-5y (+0.12y) buckets.

From a sector point of view the larger overweights are in Financials (58.6% vs 45%), followed by Consumer Cyclical (+3.4%), Basic Materials (+1.4%) and Communications (+1.3%), whereas we hold underweight positions within Industrials (-6.8%), Technology (-5.0%), Consumer Non-Cyclicals (-4%), and Energy (-3.1%). In Financials we provide a broader diversification than the index: our -18.8% in the US (due to no exposure to US regional banks) is balanced by investments in France +5.3%, Spain +4.9%, Canada +4.7%, Australia +3.3%, Netherlands +3%, and Japan +2.9%.

Geographically, the Fund is invested across 19 countries, 11 of which are included in the benchmark. Significant exposures beyond the US (35.4%) includes Canada (8.5%), UK (7.6%), Japan (7.1%), France (6.9%), Germany (6.1%), Spain (5.8%) and Australia (5.6%). The largest underweight is the US (-45%), mainly driven by underweighting Financials. The Fund remains overweight in the higher quality credit ratings: AAA/AA (+6.1% vs benchmark), A (+11.4%) and underweight BBB (-17.1%). The portfolio currently holds 89 positions (compared to the 1,677 in the reference index).

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In terms of trading activity, we followed our investment process based on a risk framework analysis, and profited from the steepness of the curve. We made some switches to capture better yields (NTT '28 vs '29, NACN '28 vs '29, SHBASS '28 vs '29), meanwhile, we also participated in the primary market (GOOGL '29, BBVASM '29, EQH '29) and bought some HLNLN '29, DANBNK '29.

The Fund continues to avoid more volatile market segments such as high yield and subordinated bonds, delivering a cautious approach within the investment grade universe. Better risk-adjusted returns remain the Fund's primary investment objective. We invest exclusively in USD-denominated issuers, eliminating foreign exchange risk, and do not use derivative instruments. By way of reminder the Fund is classified as Article 8+.



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	New Capital USD Shield Fund	ICE BofA 1-3 Year US Corporate Excluding 144a Index	Difference
1 Month	+0.25%	+0.32%	-0.07%
3 Months	+0.47%	+0.62%	-0.15%
6 Months	+0.53%	+0.85%	-0.32%
YTD	+1.31%	+1.64%	-0.33%
1 Year	+2.84%	+3.30%	-0.46%
3 Years	+15.69%	+16.60%	-0.91%
Since Inception Annualised	+4.86%	+5.09%	-0.23%
Since Inception (13/07/2023)	+16.05%	+16.83%	-0.78%

Past performance is not a guide to the future. The value of your investments and the income from them may fall as well as rise as a result of market as well as currency fluctuations and you may not get back the full amount invested. The Fund is actively managed and as such does not seek to replicate its benchmark index, but instead may differ from the performance benchmark in order to achieve its objective. Fund performance is net of fees and representative of the USD I Acc Share Class, OCF 0.44%, and shows a maximum of five previous calendar years and current year to date (computed on a NAV to NAV basis). Where share class inception begins prior to the five previous years the chart has been re based to 100. Where the Fund has fewer than five full years of performance, returns are shown from the inception date. Source: EFG Asset Management, Bloomberg. As at 31 August 2026.

Outlook

The July Federal Open Market Committee (FOMC) minutes revealed that some officials favoured a rate hike and many anticipated further tightening if inflation remains elevated. In August, Federal Reserve messaging became more divided, culminating in Chairman Warsh's hawkish Jackson Hole speech, which reinforced expectations of a September hike, sparked a selloff in emerging markets assets, and pushed global bond yields to their highest levels since 2008.

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The Middle East conflict continued to define the macro environment. August saw a brief period of calm in the conflict, followed by a sharp escalation at month-end that drove oil prices higher. Early optimism around a potential Iran–Oman shipping route through the Strait of Hormuz and a possible deal signalled by President Trump pushed Brent crude down around 4.5% to just above \$83/barrel. The calm ended on 31 August when US strikes on Iranian rocket launchers and Iran's retaliatory attacks on the UAE and Jordan sent Brent back above \$91/barrel, underscoring the conflict's uncertain trajectory.

August data showed a resilient economy with slowing but still elevated inflation. Payrolls fell by 23,000 and earlier figures were revised down, yet unemployment declined to 4.1%. Core Consumer Price Index (CPI) and core Personal Consumption Expenditures (PCE) inflation rose 0.2% month-on-month, with annual rates of 2.5% and 3.3%, respectively, while the Producer Price Index (PPI) eased but remained elevated. Activity stayed strong, with the Federal Reserve Bank of Atlanta's GDPNow estimate tracking around 4.6% annualised third quarter (Q3) growth, supported by solid investment and durable goods demand, a narrower trade deficit, and the strongest small-business hiring plans since late 2022.

August was volatile for US investment grade (IG) credit, with heavy early issuance, amid a bond market sell-off driven by rising rates and Chairman Warsh's hawkish Jackson Hole speech. The Bloomberg US Corporate IG Index was roughly flat (+0.13%), as price weakness from rising yields was partly offset by coupon income. The 1-3 year segment outperformed for the third consecutive month, delivering a total return of 0.24% and excess return of 0.76%, as it avoided the duration drag from rising long-end yields. With a yield-to-worst of around 5.2% and limited sensitivity to the sharp steepening of the Treasury curve, the short end remained a preferred defensive allocation. As Chairman Warsh signalled that the Fed still has "work to do" and expectations of a September rate hike increased, the segment's carry-to-duration profile continued to look particularly attractive.

Our investment strategy aims to maximise diversification through a robust, repeatable process centred on risk management. Using our proprietary risk tool, we identify and avoid numerous small, idiosyncratic risks within the investment universe, ensuring broad diversification across key risk factors. We consistently steer clear of subordinated bonds, high yield, regional banks, the real estate sector, issuers and bonds with low liquidity, and countries such as China and Brazil. While these exclusions may mean missing out on potential gains in risk-on markets, they are integral to our disciplined process and support a prudent investment approach. We remain cautious, recognising ongoing concerns about geopolitical risks and macro developments in the coming months. In this context, short term credit bonds are expected to be less impacted by volatility.

Our process continuously scans the market, including the primary market, to enhance diversification and minimise risk. We combine quantitative and qualitative expertise, with qualitative analysis ultimately guiding decisions to deliver attractive risk adjusted returns for our clients. By focusing on short term, high quality investment grade assets, we offer a product that fully integrates risk analysis and provides a consistent, repeatable and cautious way to de risk asset allocations.



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MARKETING COMMUNICATION

For professional clients, qualified investors and accredited investors only. The value of investments and the income derived from them can fall as well as rise, your capital is at risk. Note: Past performance is not a guide to the future. Returns may increase or decrease as a result of currency fluctuations.

All sources: EFG Asset Management (UK) Limited ("EFGAM"), Factset, Bloomberg, Morningstar as at end of the month. Any other sources as applicable.

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Country of origin of the collective investment scheme: Ireland. The information contained in this document is merely a brief summary of key aspects of the fund.

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Germany: from the German Facility Agent, FE fundinfo (Luxembourg) S.a.r.l. 6 Boulevard des Lumières, Belvaux 4369 Luxembourg

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