August 2025

Umbra Capital

Monthly Market Commentary

Umbra

Asset Management

Umbra

Monthly Key Points

- August was a broadly flat month from a performance perspective with the relative strength of Sterling versus the Dollar (+2%) nullifying international market's gains in GBP terms.

- Sterling's appreciation versus the US Dollar weighed acutely on our fixed income allocation towards USD denominated Emerging Market debt during the month.

- Within our active equity exposure, modest degrees of underperformance from our UK and Continental European managers also detracted from relative returns.

- To a degree this was offset by a solid contribution from our liquid alternatives exposure with allocations to Gold and international property collectively contributing.

Market Comment

- In his final Jackson Hole speech as Federal Reserve Chair, Jerome Powell struck a dovish tone, suggesting an imminent change in the Fed's policy stance. The US economy is grappling with conflicting forces as inflation remains above the 2% goal, while the labour market cools, with demand for workers slowing alongside a shrinking labour supply. The latter is partly a reflection of President Trump's immigration crackdown and large-scale deportations.

- Economic data for July highlighted these crosscurrents. The nonfarm payrolls report showed a sharp slowdown in job creation, with prior months revised lower. In contrast, GDP growth for the second quarter was revised up to 3.3% on an annualised basis. Meanwhile, S&P Global's Composite PMI edged up to 55.4 from 55.1, supported by stronger momentum in manufacturing even as services activity cooled.

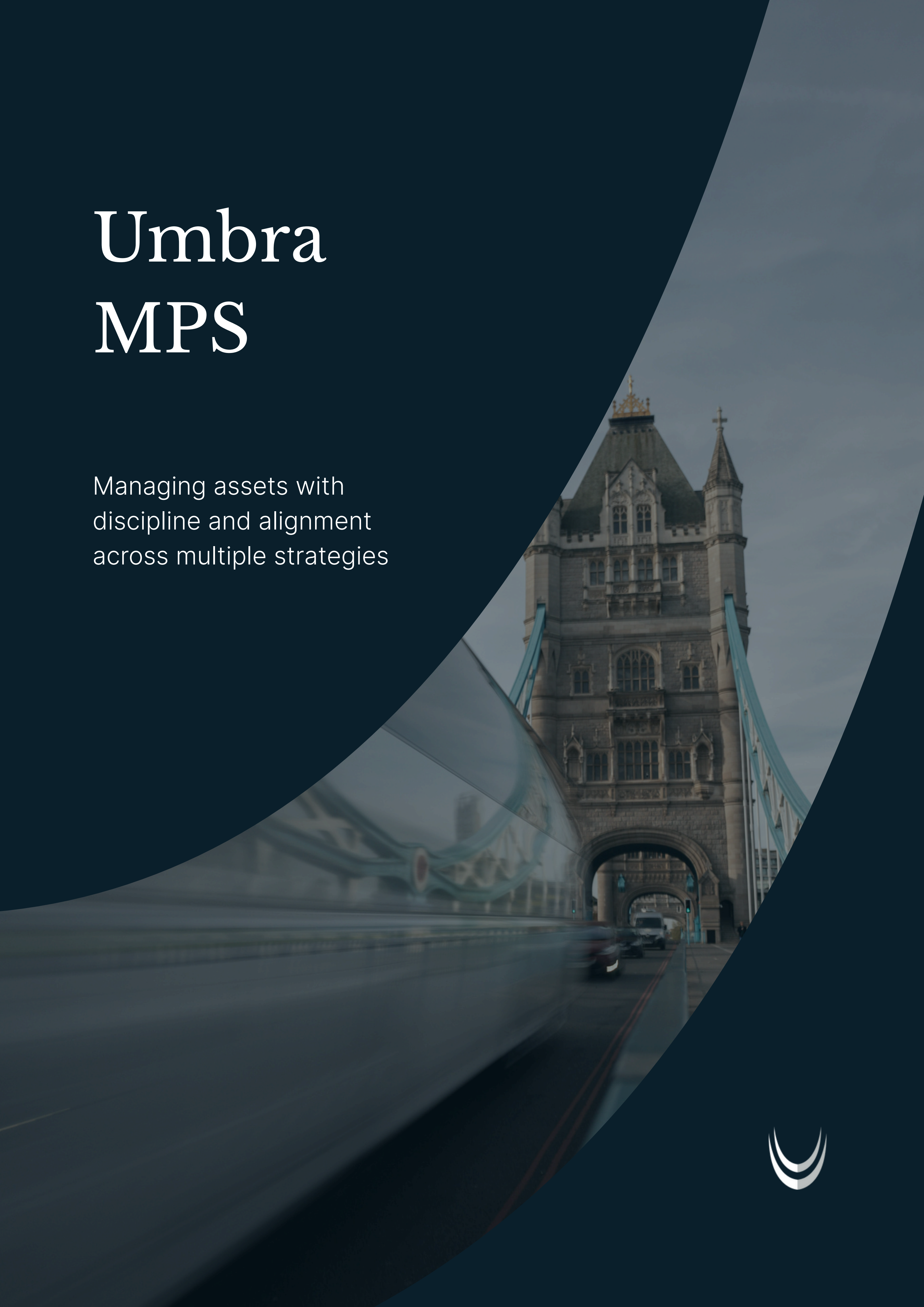
- Political fragility resurfaced in France as President Francois Bayrou surprised markets by calling a confidence vote in a bid to push through an unpopular $44bn package of spending cuts and tax hikes. The fragmentation that has thwarted fiscal reform ever since President Macron lost his parliamentary majority in 2024 now threatens Bayrou's tenure, as it did those of his predecessors.

- In the US, President Trump intensified his pressure campaign on the Fed, with his attempt to dismiss Fed Governor Lisa Cook sparking renewed concerns over central bank independence.

- In the UK, Q2 growth rose by 0.3% versus 0.1% expected, though the increase was driven largely by government consumption as the Chancellor's tax-and-spend policy boosted the health and defence sectors. This came at the expense of the private sector, with business investment falling and household spending slowing. Against this backdrop, the Bank of England cut its main policy rate to 4%, a two-year low. While the outlook remains uncertain, with new forecasts showing inflation is expected to rise to 4% later this month, Governor Andrew Bailey noted that the path for borrowing costs 'continues to be downward', although market expectations for the number of future cuts have been tempered.

Umbra MPS

Managing assets with
discipline and alignment
across multiple strategies



MARKET COMMENTARY

MPS Performance

Summary versus Primary ARC Benchmark

Umbra

Private & Confidential

Source: Umbra Capital Partners LLP.

Umbra MPS Portfolio	August 2025	YtD 2025	Rolling 1 Year	2 Year Annualised	3 Year Annualised	5 Year Annualised
Umbra MPS Passive Defensive	-0.25	1.89	4.18	6.47	3.27	1.40
Umbra MPS Dynamic Defensive	0.27	2.84	3.99	6.50	3.62	2.11
Umbra MPS Blended Defensive	0.06	2.50	4.47	6.75	3.89	2.63
Umbra MPS Active Defensive	-0.00	2.67	5.19	7.19	4.59	3.54
Umbra MPS Income Defensive	0.44	3.84	5.59	7.64	4.95	4.01
ARC Cautious PCI TR GBP	0.20	3.85	4.96	5.79	3.46	2.34
Umbra MPS Passive Cautious	0.12	3.13	6.99	8.96	5.68	4.40
Umbra MPS Dynamic Cautious	0.33	3.50	5.61	8.25	5.27	4.15
Umbra MPS Blended Cautious	0.07	3.07	6.16	8.37	5.68	5.06
Umbra MPS Active Cautious	-0.06	2.97	6.53	8.80	6.65	6.19
Umbra MPS Income Cautious	0.67	4.91	7.13	9.37	6.74	6.60
ARC Cautious PCI TR GBP	0.20	3.85	4.96	5.79	3.46	2.34
Umbra MPS Passive Moderate	0.08	3.59	8.07	10.08	6.70	5.65
Umbra MPS Dynamic Moderate	0.33	3.65	6.23	9.08	6.10	5.37
Umbra MPS Blended Moderate	0.05	2.90	6.19	8.81	6.28	6.03
Umbra MPS Active Moderate	-0.13	2.89	6.72	9.26	7.29	7.08
Umbra MPS Income Moderate	0.91	5.83	7.47	10.16	7.65	7.92
ARC Balanced Asset PCI TR GBP	0.30	4.64	5.85	7.75	4.81	3.97
Umbra MPS Passive Balanced	0.07	3.91	9.08	11.11	7.66	6.92
Umbra MPS Dynamic Balanced	0.40	4.67	7.95	10.55	7.38	6.84
Umbra MPS Blended Balanced	0.09	3.72	7.57	10.07	7.40	7.32
Umbra MPS Active Balanced	-0.19	2.87	7.05	9.89	8.04	8.02
ARC Balanced Asset PCI TR GBP	0.30	4.64	5.85	7.75	4.81	3.97
						e
Umbra MPS Passive Growth	0.07	4.29	10.09	12.14	8.63	8.20
Umbra MPS Dynamic Growth	0.30	3.96	7.56	10.93	7.94	7.84
Umbra MPS Blended Growth	0.01	3.11	7.04	10.22	7.93	8.08
Umbra MPS Active Growth	-0.21	3.01	7.12	10.59	8.74	8.85
ARC Steady Growth PCI TR GBP	0.30	4.79	6.32	8.75	5.72	5.16
Umbra MPS Passive Adventurous	0.08	4.52	11.03	13.12	9.53	9.48
Umbra MPS Dynamic Adventurous	0.35	4.26	8.47	11.92	9.30	9.18
Umbra MPS Blended Adventurous	-0.01	3.31	7.17	10.79	8.79	8.93
Umbra MPS Active Adventurous	-0.34	2.72	7.61	11.10	9.56	9.88
ARC Steady Growth PCI TR GBP	0.30	4.79	6.32	8.75	5.72	5.16
Umbra MPS Passive Equity	0.13	5.50	13.08	15.29	11.70	12.06
Umbra MPS Dynamic Equity	0.32	4.93	10.31	14.03	11.54	11.47
Umbra MPS Blended Equity	-0.11	3.67	8.62	12.51	10.75	11.04
Umbra MPS Active Equity	-0.46	2.78	8.47	12.05	10.96	11.42
ARC Equity Risk PCI TR GBP	0.30	5.10	7.01	9.81	6.64	6.27

All performance figures are shown in percentage terms in GBP and are net of underlying fund OCF's and Net of Umbra's AMC. Returns are Gross of any platform fee. From May 2022, performance reflects actual portfolio returns and reflects portfolio drift in line with market movements, with rebalances carried out on an ad-hoc basis, and informed by prevailing market conditions and portfolio positioning. Performance from July 2019 to April 2022 is based on back-tested data, using simulated past performance derived from the actual historical performance of the underlying investments.

Equities

- Global equities, as measured by the MSCI All Country World Index, gained +2.5% in August.

- In the US, the S&P500 gained +2.0%, supported by resilient corporate earnings, with around three-quarters of companies having topped forecasts. Materials outperformed on trade progress, and health care benefited from attractive valuations and renewed investor interest, including from Warren Buffett and Berkshire Hathaway. Technology lagged despite strong results from the "Magnificent 7", after an MIT report raised questions about the near-term financial benefits of corporate AI projects. Small-cap companies were notable beneficiaries of Powell's dovish tone, with the Russell 2000 up +7.1%.

- European equities as measured by the MSCI Europe ex-UK Index gained +1.1%, supported by resilient economic data as the eurozone PMI increased to 51.1 in August from 50.9 in July, although political uncertainty in France weighed on returns.

- The UK lagged broader equity markets, rising +1.5%, with expectations for BoE cuts tempered despite a weakening jobs market. Banks fell late in the month on fears that the government will target the sector at the Autumn Budget to shore up public finances.

- Japanese equities advanced in August, supported by the July US-Japan trade agreement and encouraging economic indicators. The economy returned to growth in the second quarter, while inflation data pointed towards moderating price pressures. Against this backdrop, the Topix gained +4.5% and the Nikkei added +4.1%.

- China's equity market continued its strong year, supported by domestic fund inflows, improving liquidity conditions, and policy support. The CSI 300 Index advanced +10.5% and the MSCI China Index rose +4.2%.

Fixed Income

- Yields on shorter-dated US Treasuries declined over the month in response to weaker jobs figures and dovish comments from Jerome Powell suggesting a forthcoming rate cut, and markets also pricing in a lower terminal rate. By contrast, yields on longer-dated bonds rose amid renewed concerns over Fed independence and a challenging long-term fiscal outlook, steepening the yield curve.

- European government bond yields rose steadily through the month as survey data signaled a recovery in cyclical sectors and inflation remained stable, prompting the European Central Bank to indicate that current policy is sufficiently accommodative. Additional pressure came from Germany's plans for fiscal expansion and in France, where a near 6% deficit and stalled reform efforts are expected to end the Prime Minister's tenure.

- Gilt yields rose too despite the BoE's reduction to its main policy rate. Inflation figures surprised to the upside and the BoE's committee was split on whether to cut. Fiscal sustainability remains a concern, with further tax increases likely to worsen the country's rising debt burden as the economy slows.

- Spread focused areas of the markets performed well, supported by the continued strong earnings season, whilst rate cuts will be further supportive. The Bloomberg US IG Bond Index and Bloomberg Global High Yield gained +1.0% and +1.5% respectively.

- Emerging Market Debt also benefitted from the prospect of monetary policy easing, a marginally weaker dollar and ongoing investor demand. The Bloomberg EM US and Local Currency Indices returned +1.3% and +1.0% respectively, extending what has been a strong year for the asset class as the risk premium relative to developed markets fell to a 20-year low.

Alternatives

- Gold rose +4.8% in August, supported by a confluence of factors. Concerns over Fed independence and the prospect of monetary easing provided a supportive backdrop, while ongoing diversification of central bank reserves added further momentum. Notably, central banks now hold more gold in aggregate than US treasuries, underscoring the structural demand for the asset.

Disclaimer

Past performance is not a guide to future performance. The value of investments and any income from them can fall, and you may get back less than you invested. From May 2022, performance reflects actual returns and reflects portfolio drift in line with market movements, with rebalances carried out on an ad-hoc basis, and informed by prevailing market conditions and portfolio positioning. Performance from July 2019 to April 2022 is based on back-tested data, using simulated past performance derived from the actual historical performance of the underlying investments. The simulated past performance assumes monthly rebalancing to the target asset or fund allocation. Performance is shown net of underlying fund charges and Umbra's investment management charge, and gross of any platform or product fees and assumes all income is reinvested. No investment decisions should be made solely based on these returns. The performance figures are calculated based on a standard model and may not reflect the performance of individual client portfolios.

This document has been prepared and published by Umbra Capital Partners LLP (“Umbra”). The information and opinions contained herein are based upon sources believed by to be reliable, but which may not have been independently verified and no guarantees, representations or warranties are made as to its accuracy, completeness or suitability for any purpose. Any opinion or estimate expressed in this publication is Umbra’s current opinion as of the date of this publication and is subject to change without notice.

The value of investments and any income from them is not guaranteed and may go down as well as up; you may get back less than the amount invested. Higher volatility investments are subject to sudden and large falls in value and could result in a loss equal to the sum invested. Certain investments are not readily realisable and investors may experience difficulty in realising the investments or in obtaining reliable information on the value or associated risks. Changes in rates of exchange may have an adverse effect on the value, price or income of investments denominated in currencies other than Sterling.

Any references to the impact of taxation are made in the context of current legislation and may not be valid should levels and/or bases of taxation change. Umbra, its employees or a connected company may trade in the investments referred to herein and may also perform investment or other banking services for any companies. This document is not intended as an offer or solicitation for the purchase or sale of any investment or any other action. This material is for the use of intended recipients only and is not directed at you if Umbra is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. This document is being supplied to you solely for your information and may not be re-produced, redistributed or passed to any other person or published in whole or in part for any purpose. Whilst every effort is made to ensure that this information is accurate, we are reliant on data provided by third parties therefore there may be errors or omissions that could have an effect on the collective funds charge.

Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request. Past performance is not a guide to future performance. The value of investments and any income from them can fall, and you may get back less than you invested. From May 2022, performance reflects actual returns and reflects portfolio drift in line with market movements, with rebalances carried out on an ad-hoc basis, and informed by prevailing market conditions and portfolio positioning. Performance from July 2019 to April 2022 is based on back-tested data, using simulated past performance derived from the actual historical performance of the underlying investments. The simulated past performance assumes monthly rebalancing to the target asset or fund allocation. Performance is shown net of underlying fund charges and Umbra's investment

management charge, and gross of any platform or product fees and assumes all income is reinvested. No investment decisions should be made solely based on these returns. The performance figures are calculated based on a standard model and may not reflect the performance of individual client portfolios.

Umbra Capital Partners LLP, Registration number: OC425068 Address: 10 Lower James Street, London, UK, W1F 9EL. Telephone number: +44 (0) 207 460 1030. Authorised and regulated by the UK Financial Conduct Authority.
Website: www.umbracapital.com

Umbra

Contact Us
+44 (0) 207 460 1030
info@umbracapital.com

Address
10 Lower James Street London
W1F 9EL, United Kingdom