Raiffeisen
Investiční společnost

Commentary on the Financial Markets

09/26

Stock markets continued to rise in August

August was again favorable for stock markets. The S&P 500 index rose by about 2.8% and the MSCI World Global Index (ACWI) added about 2.6%. Both indices thus continued the previous growth and were close to all-time highs. Nervousness in the markets remained rather low. Although the VIX volatility index briefly increased during the month in response to the rise in bond yields, overall the markets remained calm.

The main support was the continued influx of good corporate results for the second quarter. In most cases, these turned out better than investors expected. The most pleasing were large technology companies and companies connected to the development of artificial intelligence. **At the same time, however, investors are no longer willing to take AI growth automatically as a certainty. They are increasingly watching whether high investments in technology will really turn into future profits.** That is why interest in other sectors outside the largest technology companies during August also spread.

From a sectoral perspective, energy, finance and healthcare performed particularly well. Technology fluctuated more after the strong growth of the previous months, but remained one of the main topics of the market. The earnings season in the US confirmed that companies continue to be in very good shape. Earnings per share expectations were exceeded by 88% of S&P 500 companies, and revenue estimates were exceeded by 70% of companies (source: Bloomberg).

Central banks remained cautious. The Fed left the base rate in the range of 3.50–3.75% p.a., but the market is still counting on the possibility of one rate hike this year. The European Central Bank kept the deposit rate at 2.25% p.a., but investors expect a rate hike at its September meeting. The Czech National Bank left the repo rate at 3.75% p.a. Domestic monetary policy thus remained stable, although the development of foreign yields also continued to affect the Czech bond market.

Stock markets carry a relatively good footing in the coming weeks. Corporate results are strong and growth is no longer based on just a few of the largest technology titles. But further growth will not be automatic. The key will be whether companies maintain high earnings expectations and whether higher bond yields will start to put more pressure on stock valuations.

The main risks remain inflation, more expensive energy and the possibility of further interest rate rises. Geopolitical tensions and the question of whether investments in artificial intelligence will bring the expected return also remain risks. **In such an environment, it will be important to choose mainly companies with strong profitability, sound finances and the ability to generate cash in the long term.**

Transactions in RIS funds

In response to the new historically high levels of the global MSCI ACWI stock index, we temporarily reduced the carrying of shares in portfolios in RIS funds in August. Its motive was to take profits from previously (and cheaper) purchased positions, together with an effort to mitigate the impact of a possible price correction on the achieved appreciation of the funds. The offloading of the equity component compared to its so-called neutral representation thus amounted to about 5 percentage points at the end of the month for most funds. In addition to the repeated sales of the exchange-traded VanEck Gold Miners ETF, the sale of half of the positions held in CSG shares purchased during June can be mentioned in this sense, with a gain of 25% compared to their average realized purchase price.

We also took advantage of the increase in yields to maturity of bonds (which develop inversely to their prices) to buy back at attractive prices and the associated extension of the duration (simplified: average times to maturity). In this way, we invested primarily in US corporate bonds with longer maturities and long-term government bonds of the Czech Republic.

Investment Strategy

We continue to overweight stocks over bonds. Regionally, we overweight North America, the Pacific and Emerging Markets, and Europe is underweighted. In sectors, we overweight growth sectors such as technology, communications, industry and finance. In bond strategies, we maintain a longer duration for both koruna and dollar bonds, while we remain slightly underweighted in euro bonds.

We wish you a lot of success in the next period!

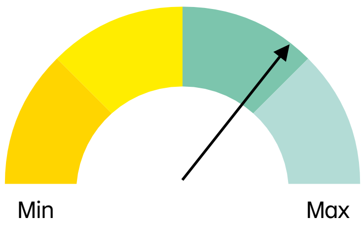
Michal Ondruška
CIO, Member of the Board

Investment Strategy Summary

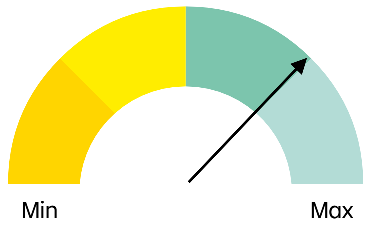
Tactical Allocation

Overweighting of stocks in portfolios

Current



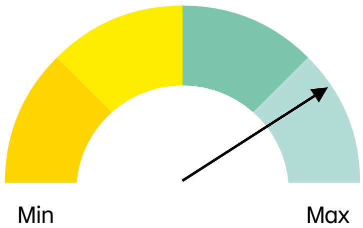
3-month outlook



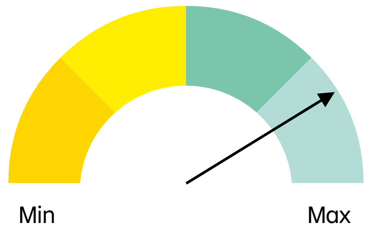
Interest Rate Risk

Average duration of bonds

Current



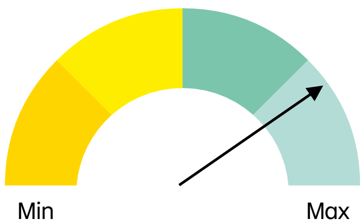
3-month outlook



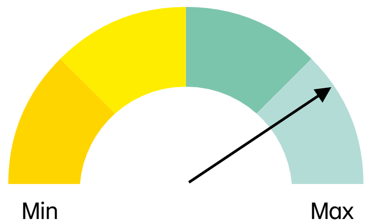
Credit Risk

Share of corporate bonds

Current



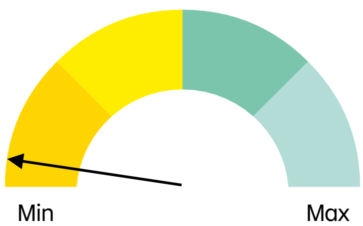
3-month outlook



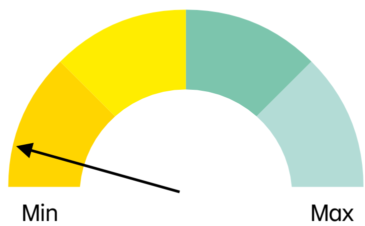
Currency Risk

Unhedged positions in foreign currency

Current



3-month outlook



source: Raiffeisen investiční společnost, a. s., as of September 1st, 2026

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