



SIL Mutual Fund (SIL)

August 2026

Monthly Report

August saw stronger market performance as solid corporate earnings supported gains in share markets, despite ongoing Middle East tensions and uncertainty around the interest rate outlook. New Zealand and overseas shares both delivered positive returns over the month, while bond markets were broadly flat as higher yields limited gains.

In New Zealand, local shares rose 1.7%, with the strongest gains coming from the technology and healthcare sectors. Market sentiment was also influenced by some short-term political volatility following the National Party leadership challenge, although this did not prevent the market from finishing the month higher. New Zealand fixed interest markets were largely unchanged, with sovereign bonds flat and broader fixed interest returning just 0.1%, as long-term bond yields moved higher. Economic data remained mixed, with unemployment rising to 5.6% in the June quarter, although broader indicators still suggest the recovery is gradually progressing.

Overseas markets also performed well. Overseas shares in local currency terms rose 2.4%, supported by strong US corporate earnings, particularly in the tech sector, while emerging market shares (unhedged) returned 2.7%. Sector returns were mixed, with materials and telecommunications performing strongly, while utilities lagged. Currency movements were more modest than in prior months, with the New Zealand dollar rising 0.7% against the US dollar, largely reflecting US dollar weakness rather than a material change in the New Zealand outlook.

The near-term outlook remains finely balanced as improving growth signals are offset by ongoing inflation and policy uncertainty. In New Zealand, easing energy-price pressures are expected to help inflation moderate, while significant spare capacity remains in the economy. The Reserve Bank of New Zealand is still expected to continue tightening gradually as recovery progresses. Globally, strong earnings and AI-related investment continue to support growth, but higher energy prices, geopolitical risks, and a still-hawkish central bank backdrop may slow the disinflation process. For investors, this still supports a measured approach. Mercer remain positive on New Zealand sovereign bonds relative to cash, while overseas developed and emerging market shares remain attractive, supported by strong earning growth.



Significant developments include:

August 2026

Global

Overseas shares rose on the back of strong US corporate earnings, with the S&P 500 gaining 2.7% over the month. At Jackson Hole, Fed Chair Kevin Warsh reaffirmed the Fed's commitment to returning inflation to target, indicating that further policy tightening may be required if underlying inflation does not improve, while tensions in the Middle East remained unresolved.

Global

New Zealand

New Zealand shares rose 1.7% in August, led by strong gains in the technology and healthcare sectors. The unemployment rate increased to 5.6% in the June quarter, its highest level in 11 years, while the BusinessNZ Performance of Manufacturing Index remained in expansion at 54.3, pointing to gradually improving activity.

New Zealand

Personal Scheme

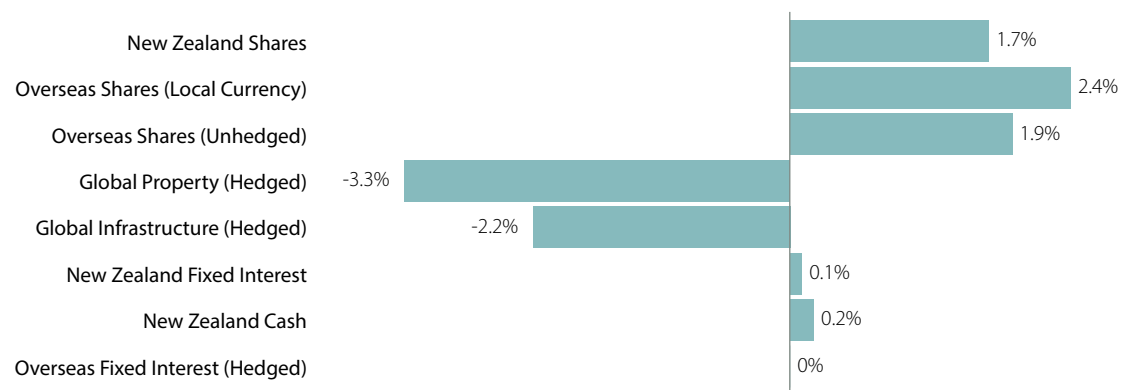
	1 month	3 months	1 year	5 years	10 years
Cash Plus	0.21%	0.64%	2.53%	3.58%	2.58%
New Zealand Fixed Interest	0.07%	0.19%	1.89%	1.11%	1.87%
Balanced Plus	1.01%	1.85%	10.87%	4.57%	7.21%
New Zealand Share	1.64%	5.15%	8.16%	0.91%	6.53%
International Share	1.53%	3.93%	23.07%	10.74%	13.37%

Employer Scheme

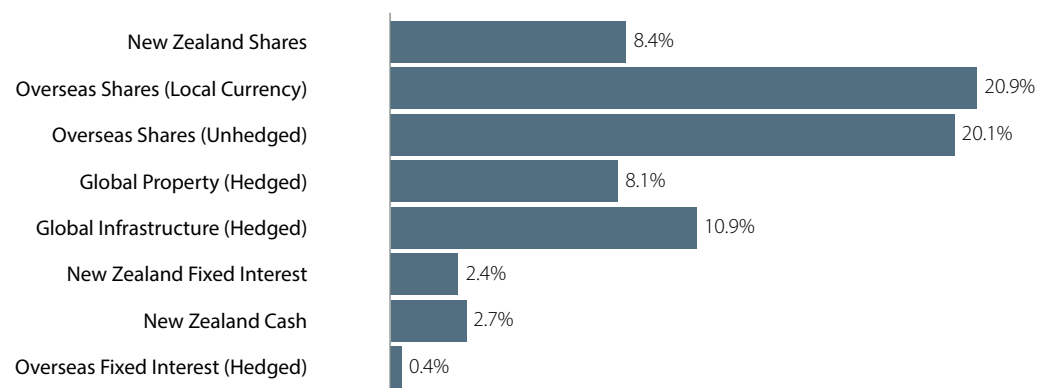
	1 month	3 months	1 year	5 years	10 years
Employer Cash	0.21%	0.64%	2.46%	3.45%	2.24%
Cash Plus	0.21%	0.64%	2.54%	3.58%	2.58%
Employer Conservative	0.35%	0.57%	3.40%	1.64%	3.14%
Employer Conservative Balanced	0.69%	1.23%	5.85%	2.51%	4.44%
Employer Balanced	1.03%	1.85%	9.01%	3.61%	5.81%
Balanced Plus	1.01%	1.82%	10.82%	4.56%	7.21%
Employer Balanced Growth	1.01%	1.84%	10.76%	4.39%	7.04%
Employer Growth	1.33%	2.57%	13.80%	5.41%	8.32%
New Zealand Fixed Interest	0.09%	0.22%	1.91%	1.11%	1.87%
New Zealand Share	1.64%	5.13%	8.12%	0.90%	6.53%
International Share	1.53%	3.91%	23.01%	10.72%	13.36%

The investment returns shown are after fees and before tax. The investment management fees are charged within unit prices.

1 month



1 year



Key

New Zealand Shares	S&P/NZX 50 (with ICs)
Overseas Shares (Local Currency)	MSCI World (Local Currency)
Overseas Shares (Unhedged)	MSCI World (Unhedged)
Global Property (Hedged)	FTSE EPRA NAREIT Developed
Global Infrastructure (Hedged)	FTSE Global Core Infrastructure 50/50
New Zealand Fixed Interest	Bloomberg NZ Bond
New Zealand Cash	S&P/NZX 90 Day Bank Bills
Overseas Fixed Interest (Hedged)	Bloomberg Global Agg

Monthly Report – for more information, call 0800 405 845 or visit www.silfunds.co.nz.

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Past performance should not be relied upon as an indicator of future performance.

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