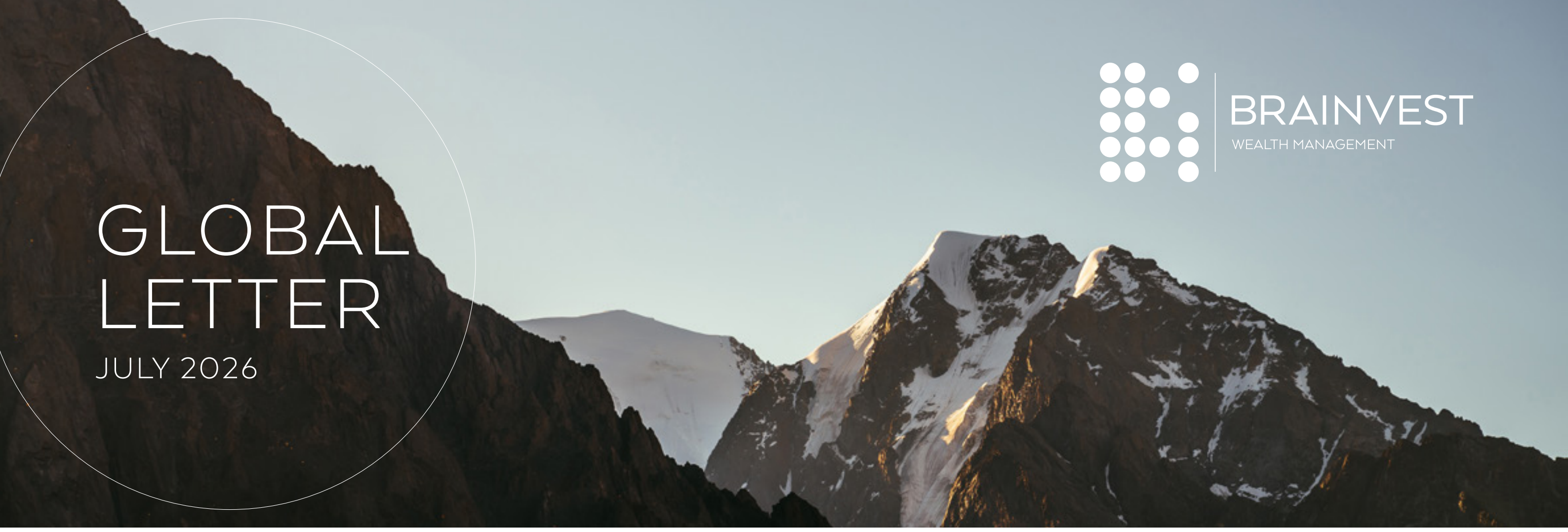
BRAINVEST WEALTH MANAGEMENT

GLOBAL LETTER

JULY 2026



For much of the past two years, markets rewarded participation. July reminded investors that participation is no longer enough.

DISCERNMENT

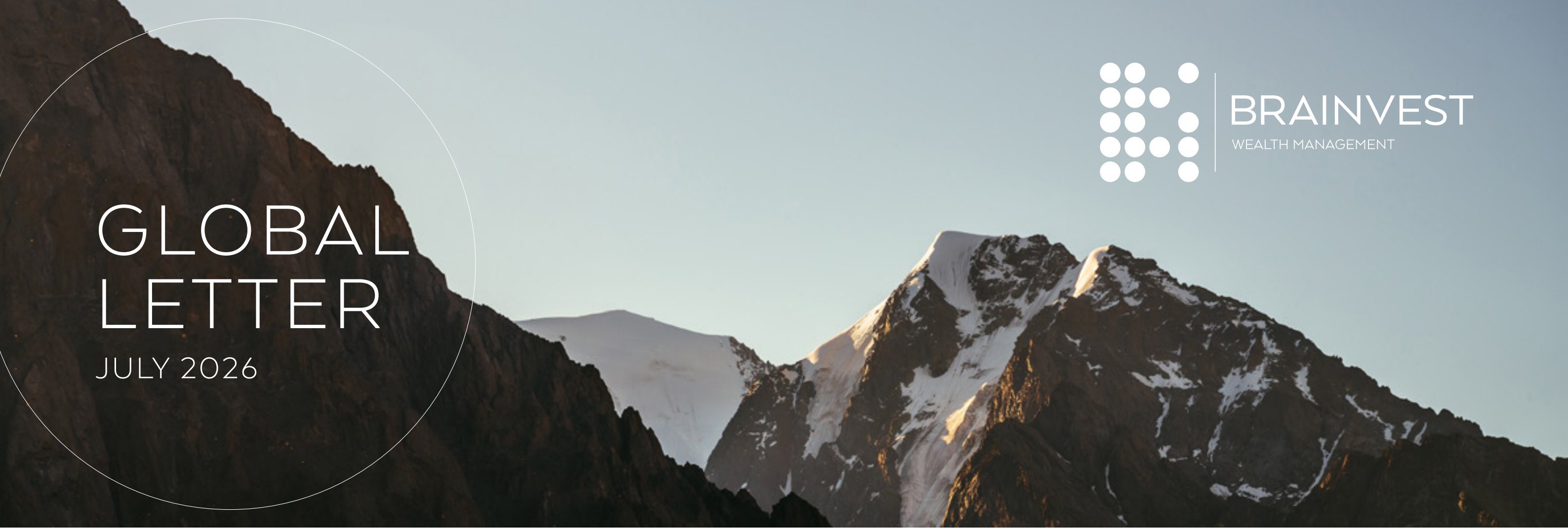
Owning technology was often sufficient. Owning anything linked to artificial intelligence was even better. Today, markets are asking a different question—not who is investing the most, but who is investing the best.

That subtle shift may prove to be one of the defining characteristics of the next phase of this market cycle. Not because enthusiasm around AI has faded—it has not. Nor because the global economy has suddenly weakened—it remains remarkably resilient. Rather, investors are becoming more selective. Capital is no longer flowing indiscriminately. It is beginning to discriminate.

WHAT HAPPENED

Three forces shaped markets this month: monetary policy, geopolitics and corporate earnings. Yet despite dominating the headlines, none proved as important as the growing differentiation in how investors rewarded companies.

The Federal Reserve left interest rates unchanged, as widely expected, but an unusually divided Committee and Chair Kevin Warsh's reluctance to provide meaningful forward guidance reinforced that monetary policy uncertainty remains exceptionally elevated. Markets increasingly acknowledge that the path ahead depends less on predetermined policy and more on incoming data.



Meanwhile, geopolitical developments continued to influence sentiment. Renewed tensions in the Middle East periodically pushed oil prices higher before easing toward month-end, while ongoing developments around the Strait of Hormuz served as another reminder that geopolitical events can quickly ripple through inflation expectations and financial markets.

Corporate earnings, however, ultimately became the market's true compass. Results broadly exceeded expectations, confirming that the global economy remains on solid footing despite higher interest rates. Yet investors reacted very differently from what they had become accustomed to over the past two years. Companies demonstrating tangible AI monetisation, disciplined capital allocation and resilient cash generation were rewarded. Others, despite impressive revenue growth, faced more muted reactions as markets increasingly questioned whether unprecedented investment spending will ultimately generate adequate returns.

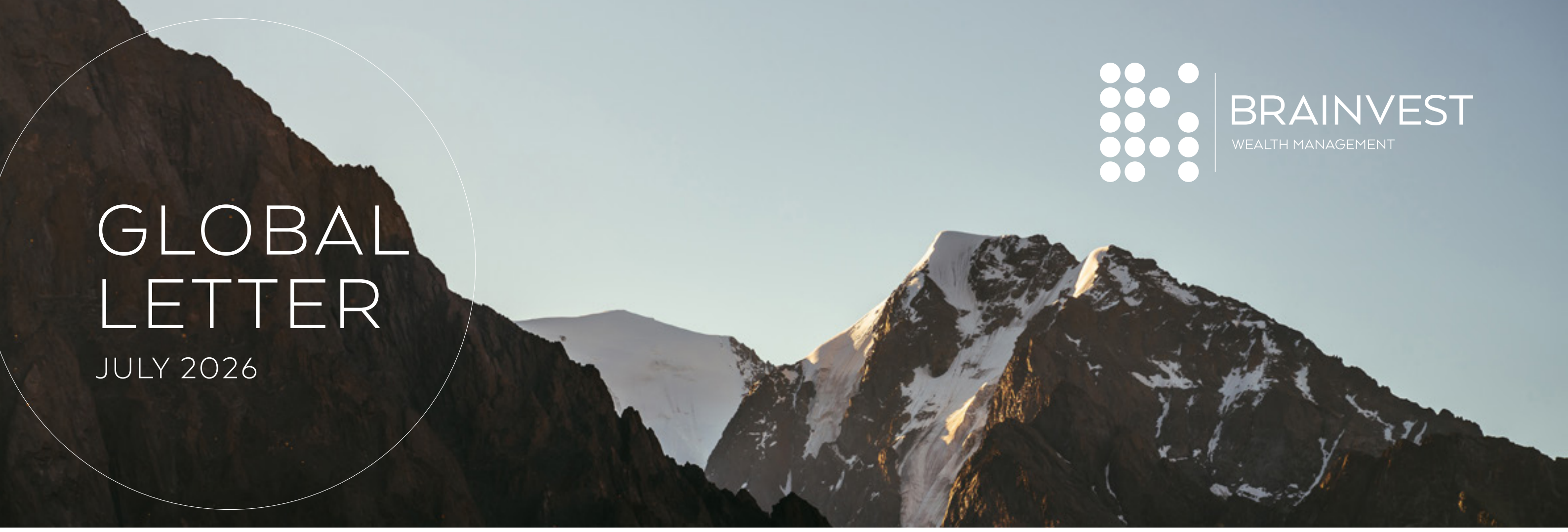
WHAT WE THINK

Bull markets rarely end because optimism disappears. More often, they mature. As cycles evolve, markets naturally become more discerning—rewarding quality, execution and discipline while becoming less forgiving toward businesses relying primarily on compelling narratives.

We view this evolution as healthy.

THAT IS PRECISELY THE ENVIRONMENT WE BELIEVE WE ARE ENTERING.

The broader macroeconomic backdrop remains supportive. Growth has continued to surprise positively despite tighter financial conditions, while inflation is gradually moving closer to central bank targets. At the same time, elevated equity valuations, historically tight credit spreads and an unusually uncertain monetary policy outlook argue against complacency.



This reinforces our conviction that portfolio construction matters more than ever. Rather than making aggressive directional calls, we continue to favour diversified portfolios, active management where markets offer increasing dispersion, and strategies capable of delivering attractive risk-adjusted returns across a broader range of outcomes. Our tactical positioning therefore remains broadly neutral across traditional asset classes, while maintaining a slight preference for hedge funds as portfolio diversifiers and continuing to emphasise quality and niche value across fixed income, and broader regional diversification and asymmetry within equities.

WHAT THIS MEANS FOR YOU

Periods like this can feel uncomfortable.

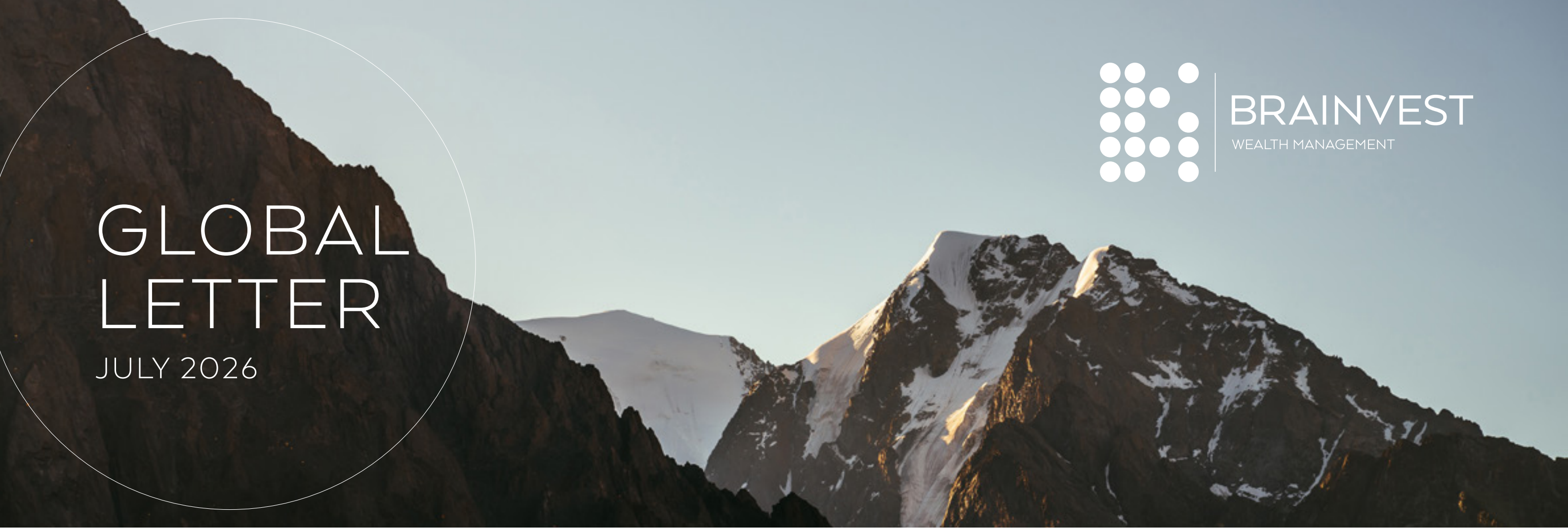
Markets become less forgiving. Leadership rotates. Headlines grow noisier. Short-term volatility increases.

Ironically, these are often the environments where long-term investing becomes simpler—not because the future is easier to predict, but because the principles that underpin successful investing become clearer.

Diversification matters. Valuation matters.
Quality matters. Discipline matters.

Our objective has never been to predict the next Federal Reserve decision or the next geopolitical headline. It is to build portfolios capable of navigating a wide range of scenarios without relying on any single forecast proving correct.

That philosophy remains unchanged.



ONE LAST WORD

> Markets are becoming more selective.

For investors, that should not be a source of concern—it should be a source of opportunity.

Periods when everything rises together rarely last. Eventually, markets begin asking tougher questions, rewarding companies that consistently deliver and portfolios built on sound fundamentals rather than fashionable narratives.

> We believe July marked another step in that transition.

For long-term investors, that is precisely the kind of environment where discipline, patience and thoughtful portfolio construction have the greatest opportunity to create lasting value.

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