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Everything Ethical Newsletter – July 2026

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Market Commentary

The semiconductor sector, having been the standout beneficiary of the AI investment theme throughout the first half of the year, entered a period of heightened volatility in July. A leading semiconductor index declined 19.62%, with memory chip names bearing the brunt of the correction. US-listed Micron, one of the sector's star performers, fell 33.48% in July, although South Korean names have been a particular focal point given the concentration of that market. Samsung and SK Hynix, both critical suppliers in the global memory chip market and which make up well over 50% of the main index in South Korea, have seen outsized share price moves despite reporting strong profits. SK Hynix's local shares declined 38.52% in July, whilst their new US listing has added a new transmission channel for volatility. At our rebalance at the start of July, we trimmed portfolios EM allocation, in turn reducing exposure to these names given our concerns over concentration. Also in July, UBAM Positive Impact EM Equity returned -4.71% whilst abrdn EM SDG Equity returned -6.24%. We cut back on these two funds and introduced Aikya Global EM, which returned +3.53% in July (or +1.55% since the rebalance).

These moves led to technology being the worst performing equity sector globally, whilst energy was a notable standout given the rise in tensions in the Middle East as the US resumed strikes on Iran, pushing the price of oil higher once again. Investors rotated into value equities over growth, with the general direction being weakness for global equity markets, although regions with the value tilt, such as Japan and the UK, generally outperformed as a result. We added to Janus Henderson UK Responsible Income and a small amount to the Schroder Global Sustainable Value Equity at the rebalance, and these two funds were notable performers during the month, returning +4.06% and +6.22% respectively.

Elsewhere, bonds declined as investors faced fresh inflation concerns at the same time major central banks delivered policy decisions, although short-dated funds were shielded in the weakness.

As the month drew to a close, we did see a strong rally in mega-cap tech, led notably by a strong earnings report from Microsoft, who reported that its cloud business expanded at the fastest pace in four years, alleviating concerns that their AI spending would result in higher revenues. Microsoft benefited from strong free cash flow, whereas Meta (not held in portfolios) felt the brunt of higher AI capex and weaker free cash flow. AI investment will remain front and centre as companies continue to release their second quarter results.

The US Federal Reserve (Fed) held the bank rate steady, with 3 of the 12-person committee voting to hike rates whilst the chairman vowed to deliver price stability. A notable point given the stagflationary undertone to recent data points; US second quarter GDP missed estimates (+1.5% vs 2.0% expected) whilst the GDP Price Index sharply rose to 6.2%, which was well above the 4.0% estimate. The press conference confirmed the Fed chair would keep his cards close to his chest and avoid any forward guidance, fuelling the market's negative reaction to the policy decision. The Bank of England (BoE) also held rates steady, although there was a slight surprise that policymaker Catherine Mann voted for a hike, shifting the voting from 7-2 to 6-3.

We expect the Fed and the BoE to be on hold as they watch how cyclical factors play out, with price pressures largely easing, although this is clouded with the Middle East conflict; a spike in tensions during the month which pushed oil prices closer towards $100 was again a sharp warning to investors. Reporting season continues thick and fast in August, with results so far highlighting robust earnings, notably in the US, but European companies have also surprised to the upside, helping equity markets to push close to record highs once more.

Model Portfolio transactions in the month:

We rebalanced the portfolios during the month, please contact us if you would like the details to be distributed once more.

Performance:

Funds MPS	July 2026
Defensive	-0.31%
Cautious	-0.68%
Balanced	-0.71%
Balanced Growth	-0.80%
Growth	-0.79%
Adventurous	-1.29%

MPS Stock pick feature

Corp Andina De Fomento (CAF) is the Development Bank of Latin America and the Caribbean and in January 2026, CAF issued the first social bond structured in alignment with UNICEF's Child Lens Investing Framework (CLIF), recognising that investing in children is both a moral social good and an efficient investment for regional development. The proceeds from this bond finance learning spaces, educational content, teacher training, vocational training and tuition services. In turn the students will benefit from these education projects, and hopefully lift employment rates in the region post the training.

Fund House Meetings

During July we met with Impax, T Rowe Price, Gravis, Rathbones, Schroders, UBAM & Robeco.

Ethical News

The heat wave that scorched western and central Europe in June cost the UK economy £1.15 billion in lost hours of work, according to new research. Heat impacted working hours, workplaces, commuting and ability to sleep, according to a survey of 1,950 adults across the

UK conducted by the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and the Euro-Mediterranean Centre on Climate Change.

Modern EV batteries are lasting significantly longer than the industry anticipated, with real world data now showing far slower degradation than early projections suggested. Battery-monitoring firm Recurrent, has analysed data from roughly 1bn miles of EV driving and found the average EV retains around 95% of its original range after five years on the road.

During the month the UK government today approved a major new solar power project. One Earth Solar Farm is set to be the second largest solar farm in the UK – according to the developer it could power over 200,000 homes a year, the equivalent of half the homes in Lincolnshire. The decision came a week after approving Peartree Hill solar farm and Dean Moor solar farms, and it marks the 30th nationally significant clean energy project approved by the government since July 2024 – enough clean energy to power the equivalent of more than 19 million homes.

UK bumblebees could suffer sharp falls in their numbers as heatwaves become more frequent and intense, new analysis suggests. The findings draw on data from the Bumblebee Conservation Trust's long-running national monitoring scheme, which shows a decline in populations after the record-breaking heat of 2022. The warning came as Britain emerged from a third heatwave in as many months, with temperatures in the range where bumblebees can struggle to fly without overheating. Bumblebees are not just one of the best-loved sights of the British summer, they are also vital pollinators, helping sustain wildflowers and some of the crops we rely on.

Camels are famously known as the ships of the desert, but even these hardy animals are not being spared from the extremes of rising temperatures in Africa. The Afar region of north-eastern Ethiopia is one of the hottest and driest places on Earth, where nomads often lead camel caravans carrying salt through the desert. North Africa and the Horn of Africa host around 80% of the world's largest population of dromedary camels. Over the years, farmers and cattle herders in these regions have switched to these animals because of their resilience to harsh heat and drought conditions. scientists, animal welfare workers and various studies all mention stress, fatigue, dehydration, disease prevalence as direct impacts of extreme heat. The higher temperatures also indirectly make camels suffer by causing severe loss of water, vegetation, and reduced shaded areas.

Mitie signed a four-year contract with Manchester Airports Group (MAG) to deliver integrated waste management services at Manchester Airport. Mitie colleagues will manage 9,600 tonnes of waste each year, including mixed recycling, international catering waste, confiscated items and hazardous materials, helping support safe and efficient operations at the airport. Central to the contract is the creation of a new on-site materials recycling facility, reducing reliance on offsite processing while boosting recycling rates. **The facility will play a key role in helping MAG achieve its target to reuse or recycle 80% of waste by 2030 and its wider ambition to reach net zero by 2038.**

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