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APRIL 2026
Monthly Newsletter

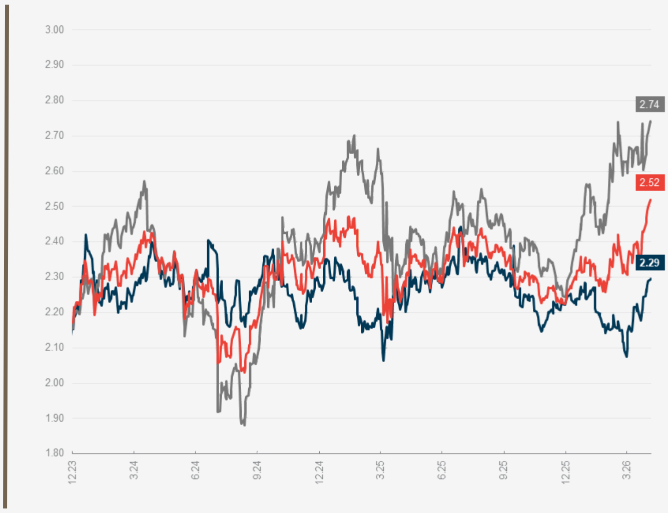
MARKET REVIEW

Global markets in April 2026 were driven by a sharp repricing of inflation risk following the Iran conflict, a powerful rebound in AI-related equities, and renewed uncertainty around the path of monetary policy. Over the month, the Fed, ECB and Bank of England all left policy rates unchanged, but the key shift was in expectations: markets moved from anticipating imminent cuts to pricing a prolonged pause, and in some cases even renewed hikes, as the inflation outlook was reset by the Iran-driven energy shock.
Elevated oil and gas prices reinforced concerns about more persistent inflation, pushing inflation expectations and government bonds yields higher.

In the euro area, bond yields rose across maturities, with the short-maturities hit hardest as investors shifted from expecting cuts to pricing a slower normalisation and even the risk of renewed hikes. Credit markets, by contrast, stayed resilient: US and European spreads widened only slightly from already tight levels and remained far from stress, helping to cushion the impact of higher risk-free rates.
Global equities delivered a strong risk-on rally in April, led by AI-related names and markets (Korea, Taïwan) viewed as relative winners from the new energy and technology landscape. US equities were at the forefront, with the S&P 500 and Nasdaq reaching new highs on the back of robust earnings and the AI theme, while semiconductors surged, as illustrated by the Philadelphia Semiconductor Index's near-40% gain over the month.

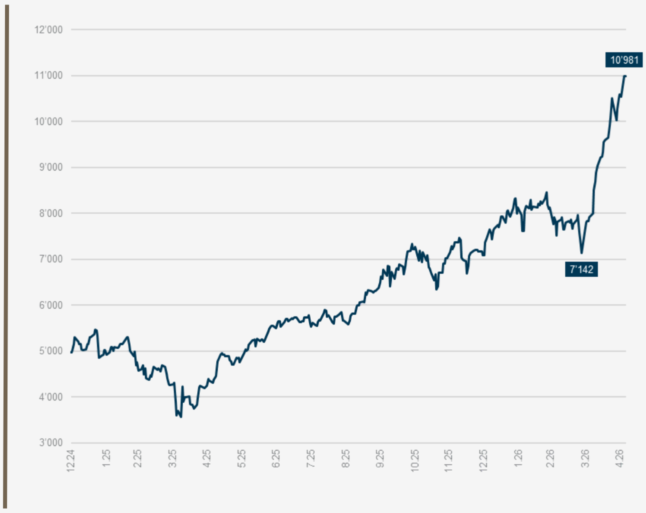
European equities participated in the rebound but lagged the US, reflecting their greater sensitivity to the Middle East energy shock and a more fragile macro backdrop. Emerging markets outperformed all major regions, with the MSCI EM Index lifted by powerful gains in North Asian semiconductor names that more than offset the drag on energy-importing countries from higher oil prices and a firm US dollar.
Taiwan and South Korea were the main beneficiaries, posting outsized gains of roughly 25% and 34% respectively as investors re-engaged with AI hardware and high-bandwidth memory plays after March's conflict-related wobble. Together, these markets have become the primary equity conduits for expressing the AI and semiconductor super-cycle theme.

Ex. 1: US Inflation Breakevens



USGGBE05: 5Y Breakeven – USGG5Y5Y: 5Y/5Y forward Breakeven – USGGBE10: 10Y Breakeven Source: Bloomberg

Ex 2: Philadelphia Semiconductor index



SOX Index: Philadelphia Semiconductor Index
Source: Bloomberg

33%
PERFORMANCE OF KOREA IN APRIL

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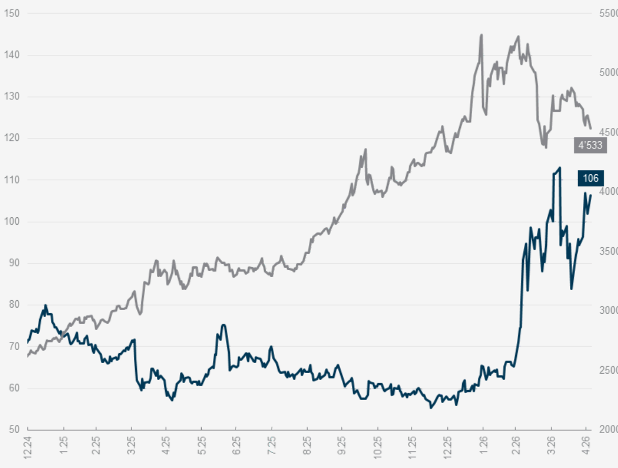
Ex 3: Gold and Crude Oil



CL1 Comdty: Crude Oil WTI (NYM $/bbl) Front Month Future – GC1 Comdty: Gold (NYM $/ozt) Front Month Future
Source: Bloomberg

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The Iran war and the closure of the Strait of Hormuz kept commodity markets on edge in April, cementing the narrative of an energy-driven inflation shock. Brent crude remained around the $100 mark after having spiked above $120 in early March, with prices supported by actual supply losses and a substantial geopolitical risk premium. Gold, meanwhile, was pulled between safe-haven demand and the headwind from higher real yields and a stronger dollar: it hovered near record nominal highs but experienced intermittent pullbacks as oil-driven inflation expectations pushed yields higher, partly offsetting flight-to-quality flows.

> US SECRETARY OF STATE MARCO RUBIO SAYS OFFENSIVE STAGE OF IRAN WAR IS OVER.

INVESTMENT STRATEGY

The oil shock from the Iran conflict has hit the euro area disproportionately, feeding directly into energy-intensive economies and driving consumer confidence to its lowest levels since 2023. In stark contrast, the US is more insulated from Gulf supply disruptions and has been a key beneficiary of the risk-off rotation thanks to its large AI exposure and a strong earnings season across major indices.

Gold, meanwhile, has struggled to behave as a pure safe haven, often moving inversely to oil and the dollar, while the greenback has reasserted itself as the defensive currency of choice.

Our base case is that negotiations and any eventual agreement will take time, but that we are moving from peak escalation toward a gradual, if uneven, de-escalation.

Such an environment should favour a rotation back into assets most penalised by the shock, notably European equities, reversing the recent period of pronounced US outperformance.

A sustained de-escalation would also likely revive the pre-war trend of a weaker US dollar, particularly if the energy-related inflation premium fades and relative growth expectations normalise.

PORTFOLIO ACTIVITY

Portfolio activity remained deliberately cautious, with no major changes since early March. We entered the conflict in a relatively defensive posture, having trimmed equity exposure over the first two months of the year.

In early March, we also reduced traditional credit exposure in favour of a credit long/short strategy designed to mitigate drawdowns and capture dislocations regardless of market direction; this allocation proved effective, delivering a positive cumulative return over the March–April period.

We are pursuing a resilience-focused stance: maintaining risk in the portfolio but tilting more explicitly toward assets that either benefit from, or are insulated against, an oil- and inflation-scarred growth path, such as value-oriented equities.

In the second half of April, we added a long/short US equity strategy and crystallised gains on our US small-cap exposure after its strong rebound during the month. We also used the soft patch in our alternative trend allocation to increase our weight, viewing the temporary weakness as a rare opportunity to add; since then, the strategy has recovered almost all of its drawdown into end-April.

We remain positively positioned toward European equities, a stance that has been costly in relative terms but which we continue to maintain for now.

In light of the reporting season, particularly from technology names, we are reassessing our exposure to the AI theme and evaluating whether it is appropriate to increase it despite the sharp rally, though no decision has yet been taken. We also reiterate our negative view on the US dollar and our constructive stance on the Japanese yen.

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