



Monthly Investment Updates

April 2026



Macro Overview



Growth

- The global economy is slowing but not collapsing, with the Iran war and energy shock estimated to shave around 0.5–0.6% off global gross domestic product (GDP) growth, with potential losses rising the longer the Strait of Hormuz remains effectively closed. The US economy appears relatively resilient with GDP growth still expected around 2% in 2026, as artificial intelligence (AI)-related capital expenditure helps to offset the impact of higher oil and gasoline prices on domestic consumption.
- Asia faces a more uneven growth impact, as higher net energy imports weigh on consumption and trade balances, particularly in South and Southeast Asia, while North Asia (China, Korea, Taiwan) benefits from strong AI-related export demand.
- China stands out as a relative winner of the energy shock, supported by its energy resilience. The energy shock also increases demand for Electric Vehicles, renewables, energy storage and drones which China has large market shares in. China's exports are likely to remain competitive even as domestic consumption stays tepid.

Inflation & Monetary policy

- Higher energy prices create an inflation shock. Inflationary expectations are already rising in the US. Governments in most Asian countries are currently muting the direct impact of higher energy prices on inflation through price caps and subsidies. Thus, although international energy prices are up over 40%¹ since February 27, weighted domestic retail prices in Asia are up only 19%. Nonetheless, inflation in Asia is likely to move higher as the current energy shock has sharply increased the full range of petrochemicals that feed into commercial and wholesale transportation, manufactured goods, and fertiliser, not just retail fuels. This will transmit into food and core goods inflation in the coming quarters.
- The global monetary policy outlook has shifted to net tightening over the next six months, led by the Bank of Japan and the European Central Bank. Within Emerging Asia, we expect the Philippines to tighten slightly by mid-year and see a risk that rupiah weakness will lead Bank Indonesia to hike rates by mid-year. India could hike rates in the second half of the year. Relief for markets from this hawkish policy turn will depend on the policy bias of incoming US Federal Reserve Chairman Kevin Warsh and, if he does cut, probably not until the fourth quarter of this year.

¹As of 22 April 2026

Asset class views

- Iran war risk continues to dominate market headlines and geopolitical tensions are likely to persist. While investors should remain prudent, being purely defensive could mean missing out on valuable opportunities. By being agile and increasing exposure selectively, diversified portfolios can potentially benefit should geopolitical uncertainties subside. At the same time, strong risk management remains important.
- We maintain a positive outlook on global equities over a 3-month horizon, albeit with increased caution due to ongoing geopolitical uncertainties. We favour US over European equities given Europe's greater vulnerability to an extended energy disruption. We are also positive on Emerging Markets and Asia equities over the short term (3 month), favouring selected markets with attractive valuations. China is seen as a relative winner in the Iran war given its access to energy and commodity reserves, along with Korea, which is benefiting from the AI-driven capex boom.
- We maintain a neutral stance on US duration given the upside risks to inflation. The re-opening of the Strait of Hormuz will be key in shaping our asset class views.

Top key risks to monitor	Likelihood	Magnitude of Market Impact
Two US risks stand out. At the time of writing, no solution to the "closure" of the Strait of Hormuz exists. Prolonged disruption at the Strait of Hormuz could push energy prices higher and weaken global growth, while Asia's heavy reliance on AI-related export demand leaves it vulnerable if US AI infrastructure spending slows.	Medium	High
Key upside risks A rebound in US job creation could lift growth above 2.5% but risk reigniting inflation, delaying Fed rate cuts. This could support a higher-for-longer rate backdrop and a stronger USD, which could potentially weaken financial flows to emerging markets.	Medium	Medium
Geopolitical instability. We continue to monitor the potential for stress emerging from China-Taiwan cross-strait relations.	Low	High

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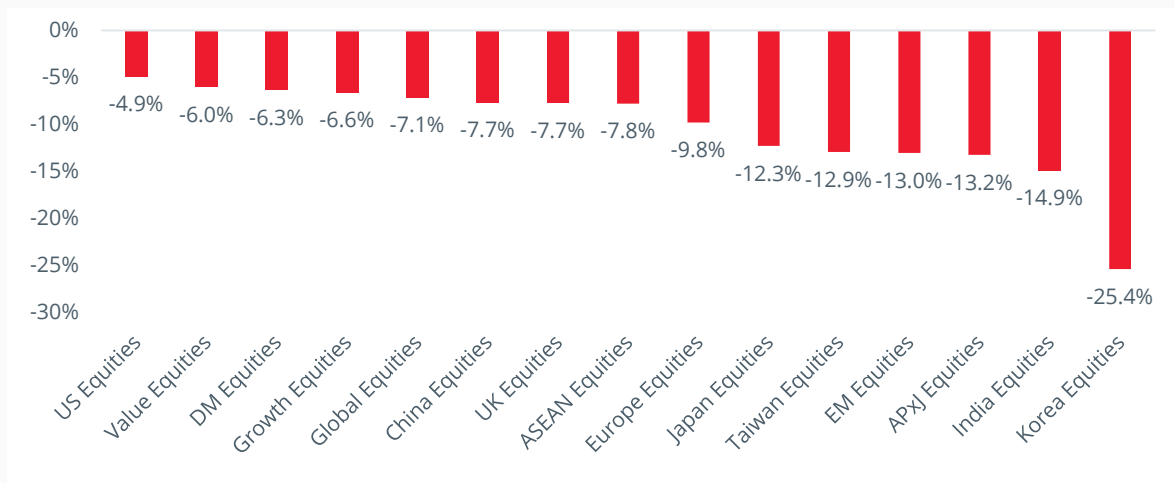


Market Recap and Update



Global Equity Markets

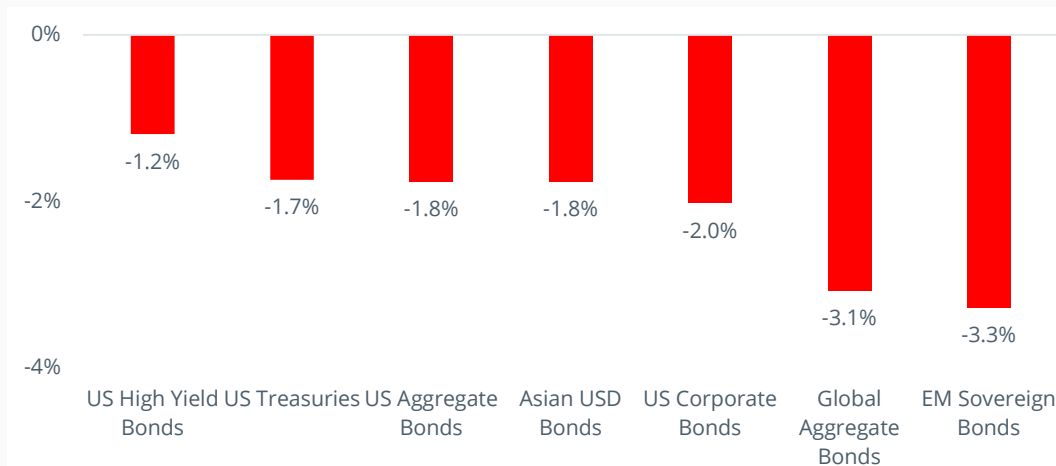
(Monthly gross returns as of 31 March 2026, in USD)



- Global equities declined sharply in March as the Middle East conflict sent crude oil prices higher. The MSCI ACWI fell by -7.1% while the Nasdaq and the S&P 500 fell by 4.8% and 5.1% respectively.
- Europe, the United Kingdom, and Japan underperformed the US, amongst developed markets, with returns of -9.8%, -7.7%, and -12.3%, respectively (measured in USD terms). European equities fell as persistent Middle East conflicts and rising energy prices deepened stagflation fears across the region.
- Emerging Market (EM) equities declined sharply, falling by -13.0%, while the Asia Pacific ex-Japan region fell by -13.2%. Notably, South Korea's equity market corrected -25.4% amid record capital outflows and currency weakness due to its heavy reliance on imported energy. China's equities ended March with a -7.7% loss, as the Middle East conflict and the restriction on fertiliser exports weighed on investor sentiment and overshadowed improved factory activity.

Global Bond Markets

(Monthly gross returns as of 31 March 2026, in USD)



- The global fixed income market declined in March amid growing inflation concerns arising from the Iran war. The Federal Reserve (the Fed) kept the Federal Funds rate unchanged at 3.5% to 3.75% in March, citing elevated inflation and geopolitical uncertainty. Similarly, the People's Bank of China (PBoC) also left the benchmark lending rates unchanged during the month.
- US Treasury yields rose, with the 10-year Treasury yield briefly touching an eight-month high of 4.48% before ending the month at 4.30%. Yields on German Bunds and Japanese government bonds also increased over the month.
- In terms of bond indexes, the Global Aggregate Index declined by -3.1% while the US Aggregate Bonds Index fared relatively better, returning -1.8%. The U.S. high yield bond market sold off (-1.2%) for the first time in 11 months while the US corporate bond market declined -2.0% as spreads widened amid rising macro uncertainty. Emerging markets (USD) sovereign bonds fell -3.3%, as both sovereigns and quasi-sovereigns declined.

Data source: Eastspring Investments, LSEG Datastream and MSCI. **Equity Markets** - "Global" : MSCI ACWI, "DM" : MSCI World Index, "APXJ" : MSCI AC Asia Pacific ex Japan Index, "EM" : MSCI Emerging Markets Index' "Value" and "Growth" : MSCI World Value Index and MSCI World Growth Index, respectively, and "China" : MSCI China Index. **Bond Markets** - "U.S. Corporate Bonds": ICE BofA U.S. Corporate Index, "EM Sovereign Bonds": J.P. Morgan EMBI Global Diversified Index, "U.S. Treasuries" : Bloomberg U.S. Treasury Index, "Asian USD Bonds": J.P. Morgan Asia Credit Index, "Global Aggregate Bonds": Bloomberg Global Aggregate Index, "U.S. Aggregate Bonds": Bloomberg U.S. Aggregate Index, and "U.S. High Yield Bonds": ICE BofA U.S. High Yield Constrained Index. Past performance of the indices is not indicative of future performance of the indices.



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