Monthly Market Update

May 2026

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"Strong earnings and renewed AI optimism lifted equities, while inflation and higher oil prices pressured bonds"

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April 2026 Commentary

Global equities moved higher in April as investor sentiment strengthened following signs of de-escalation in the Middle East, resilient corporate earnings, and renewed optimism around technology-led growth. Performance was strongest in technology-focused regions and sectors linked to semiconductor production and digital infrastructure. Emerging markets outperformed developed markets, helped by strong gains across Asia. Bond markets remained unsettled, however, as elevated oil prices and persistent inflation concerns reduced expectations for near-term interest rate cuts.

United Kingdom

FTSE All Share: 2.77%

UK equities delivered positive returns in April, although gains lagged several international markets due to the index's heavier exposure to defensive sectors such as energy and healthcare, which are typically viewed as more stable but slower growing. The UK market also has less exposure to the large technology companies that drove many global returns. Banks were among the strongest performers, benefiting from resilient lending margins, meaning they continued earning healthy profits on the difference between borrowing and savings rates. Technology hardware businesses also advanced as demand for AI infrastructure strengthened. Inflation remained above target, leading the Bank of England to maintain a cautious stance on interest rates.

United States

S&P 500: 7.21%

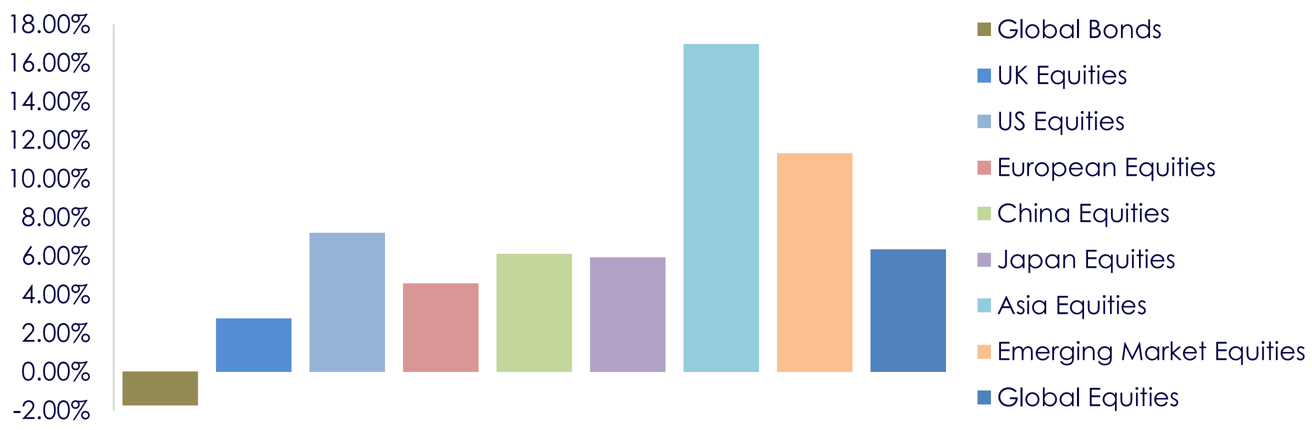
US equities rebounded strongly in April, supported by encouraging economic data, resilient consumer spending, and a solid corporate earnings season. Large technology companies continued to lead the market higher as investor enthusiasm surrounding AI remained strong, particularly among businesses linked to digital infrastructure and advanced computing. Financial and industrial companies also delivered positive returns, reflecting confidence that the US economy continues to hold up despite geopolitical uncertainty. Although energy prices remained elevated due to tensions in the Middle East, markets became more focused on company fundamentals as conditions stabilised.

Europe

FTSE Developed Europe ex UK: 4.58%

European equities moved higher as easing geopolitical tensions and signs of stabilisation in manufacturing activity improved sentiment. Banks and industrial companies were among the stronger performers, supported by expectations of improved trade activity and a higher interest rate environment, which can support bank profitability. Technology-related businesses delivered mixed results, with hardware companies benefiting from increased investment in infrastructure, while software firms remained weaker as businesses continued to manage spending carefully. Although economic growth across the region remained muted, investors were encouraged by signs that conditions may be stabilising.

Discrete Monthly Performance as at 30/04/2026



China

CSI 300: 6.10%

Chinese equities delivered more modest gains than many other Asian markets during April, as concerns around the domestic economy and ongoing weakness in the property sector continued to weigh on investor sentiment. While several Asian markets benefited strongly from growth in artificial intelligence investment, China’s market had less exposure to the technology and semiconductor businesses driving returns elsewhere. Softer consumer demand and concerns around elevated energy prices also impacted confidence. Although there were some signs of economic stabilisation, investors remained cautious about the outlook for growth and recovery.

Japan

MSCI Japan: 5.93%

Japanese equities rebounded strongly in April following weakness in March, supported by improving global sentiment and continued demand for technology-related businesses. Companies linked to digital infrastructure and advanced technology performed particularly well as investors remained optimistic about long-term growth opportunities within the sector. Financial stocks also advanced after the Bank of Japan adopted a firmer tone on interest rates while leaving policy unchanged, as higher rates can improve profitability for lenders. Overall, improving domestic expectations and stronger investor confidence helped Japan deliver one of the stronger performances among developed markets.

Emerging Markets

MSCI Emerging Markets: 11.32%

Emerging market equities outperformed developed markets in April, recovering strongly after weakness linked to earlier geopolitical tensions. Returns were led by Taiwan and South Korea, where technology and semiconductor businesses benefited from investment linked to artificial intelligence. Improving market conditions and easing concerns around supply chain disruption supported these export-driven economies, which rely heavily on overseas trade. Performance across the wider emerging market universe was more mixed, with some countries facing pressure from higher energy prices, inflation concerns, and weaker domestic conditions.

Global Bonds

Bloomberg Barclays Global Agg: -1.75%

Global bond markets experienced another unsettled month as elevated oil prices and inflation concerns continued to influence expectations for interest rates. Government bond yields rose across several major regions, particularly in the United States and United Kingdom. As bond prices move inversely to yields, this placed pressure on returns during the month. Hopes that tensions in the Middle East may ease supported markets before concerns around stagflation, where economic growth slows while inflation remains elevated, returned. Corporate bonds remained relatively resilient, as company balance sheets and broader credit conditions stayed broadly stable despite uncertainty.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 30/04/2026

	5 Years %	3 Years %	1 Year %	Volatility %
Global Bonds	-5.36	0.67	0.80	5.07
UK Equities	66.87	44.74	25.21	10.40
US Equities	84.83	64.62	28.34	12.86
European Equities	52.56	37.01	18.96	12.09
Japan Equities	55.16	55.92	28.35	12.66
Asia Equities	79.56	95.77	53.95	19.12
China Equities	2.66	21.89	36.86	19.02
Emerging Market Equities	36.70	62.54	44.18	15.24
Global Equities	73.94	58.62	26.95	11.56

Data source FE Analytics 30.04.2026. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.