

This Month in the Markets

April 2026



Equity Commentary: The Market is Forward Looking

April saw stocks hit records as investors looked past the conflict in the Middle East and returned their attention to the prospects for artificial intelligence. News of the ceasefire allowed the market to shrug off volatile news flows and calm spikes in energy prices.

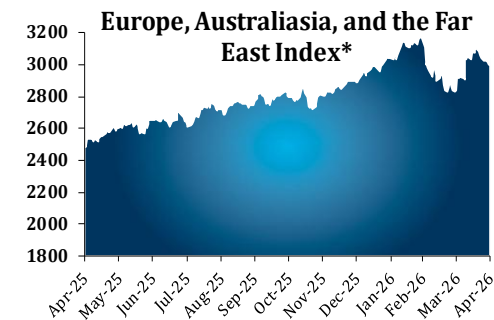
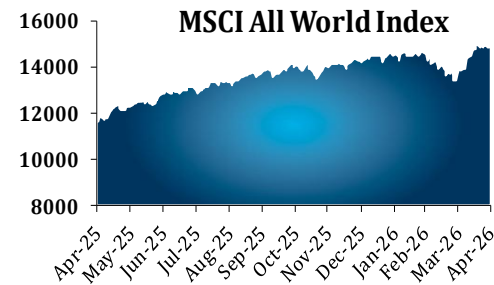
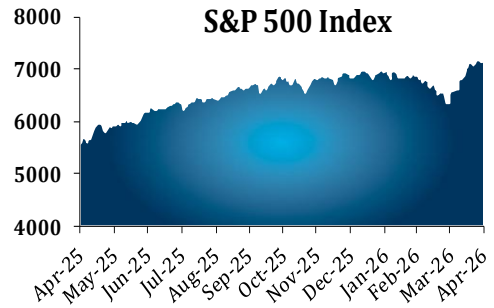
The MSCI ACWI Index returned 8.2% for the month, with the MSCI Emerging Markets Index jumping 10%. The S&P 500 rose past the 7,000 level to hit multiple highs for the month, erasing all losses brought on by the war. The MSCI ACWI Information Technology sector was the top performer with a gain of 16.8%, led by the surge in semiconductor and memory company stocks. Despite elevated energy prices, the MSCI Energy sector returned only 1.7% for the month. Healthcare was the worst performing sector and fell 1.5%, primarily driven by a combination of disappointing first-quarter earnings, legislative impacts on insurers, and specific pharmaceutical industry challenges.

The market is a confusing beast. It functions as a sophisticated "voting machine" that prioritizes tomorrow's expectations over yesterday's results. Rather than acting as a mirror of current economic conditions, it operates as a leading indicator, constantly attempting to price in events months or even years in advance. This process is known as discounting.

At its core, the value of a company is the present value of all its future cash flows. When investors receive new information—such as a shift in interest rates, a technological breakthrough, or a change in geopolitical circumstances, they immediately adjust their expectations for those future earnings. These anticipated dollars are then "discounted" back to today's value using an appropriate discount rate based on multiple factors.

Because the market is forward-looking, stock prices often rise during the depths of a recession or geopolitical events if investors perceive a recovery on the horizon. Conversely, a company might report record-breaking profits only to see its share price fall because the outlook for the next quarter has dimmed. In this environment, "good" or "bad" news matters less than whether the news was better or worse than what the market had already priced in. By the time a fundamental shift becomes obvious to the general public, the market has usually already moved.

The worst performing current position for April was Rheinmetall AG ("RHM GR"), which declined 12.9% as the market continues its focus on near-term cash flow conversion concerns. The best performer was Alphabet Inc. ("GOOGL") which rallied 29.4% on a better-than-expected Q1 earnings report where margins came in higher than expected and Google cloud revenue accelerated 63% quarter-over-quarter.



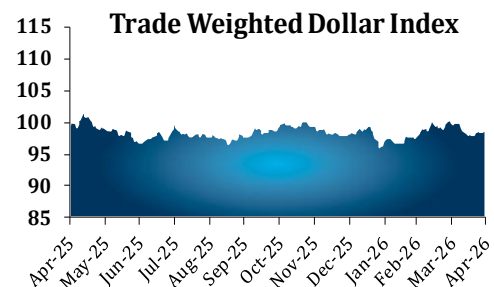
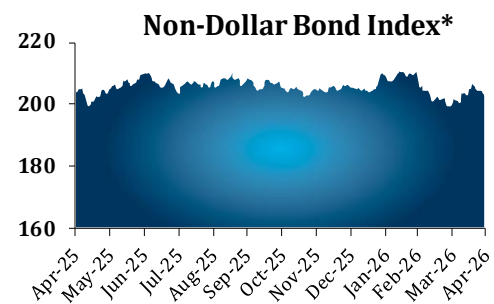
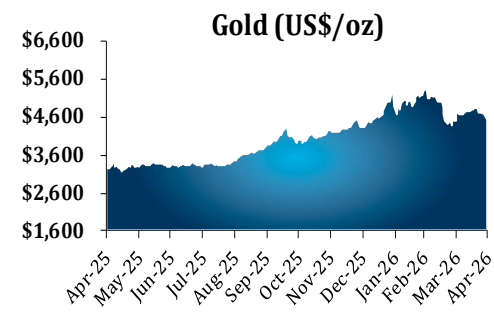
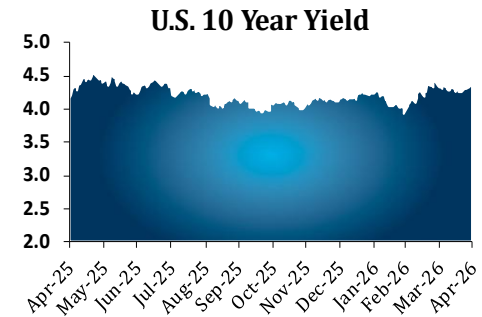
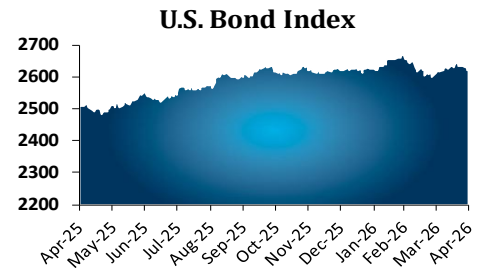
Fixed Income Commentary: Rates Rise, Credit Holds & the Fed Shifts

April was characterized by continued economic resilience alongside elevated uncertainty driven by geopolitical developments and shifting monetary policy expectations. Despite persistent concerns around AI-driven job displacement and higher energy prices following the Iran conflict, both the U.S. labor market and consumer demand remained notably firm. Labor market data surprised to the upside during the month. Payrolls rebounded, reversing February's decline, while initial jobless claims remained muted, and the unemployment rate declined to 4.3%, largely reflecting a lower participation rate. Consumer demand also proved resilient, even as higher gasoline prices weighed on household budgets. This combination of steady growth and firm demand supported risk sentiment, with credit spreads tightening modestly over the month.

Interest rates moved higher as markets adjusted to a more inflationary near-term outlook. The ongoing effects of the Iran conflict — particularly via higher energy prices — have pushed inflation expectations higher and effectively removed rate cut expectations from the curve. The 2-year Treasury yield rose 7 basis points to 3.85%, while the 10-year yield increased 5 basis points to 4.37%, reflecting both firmer front-end policy expectations and a reassessment of the broader rate environment.

In currency markets, the U.S. dollar weakened in April, as measured by the Bloomberg Dollar Index. Strength was led by commodity-linked currencies, with the Norwegian krone and Australian dollar outperforming among developed markets. Both currencies benefited from favorable interest rate differentials and relatively more hawkish central bank outlooks. In Norway's case, higher oil prices — despite the ceasefire in Iran — provided an additional tailwind.

April was also a month rich in central bank activity. The Bank of Japan, Bank of England, Bank of Canada, and European Central Bank all left policy rates unchanged. However, these decisions were broadly interpreted as “hawkish holds,” with policymakers emphasizing data dependency and a meeting-by-meeting approach amid heightened uncertainty linked to disruptions around the Strait of Hormuz. Market expectations have shifted accordingly, with multiple rate hikes now priced across several jurisdictions over the next 12 months. The Federal Reserve also held rates unchanged, delivering a similarly cautious and data-dependent message. While the presence of three dissenters to the easing bias attracted media attention, markets had already repriced away expectations for rate cuts, making the development largely inconsequential from our perspective. With higher oil prices likely to push near-term inflation readings higher, some divergence in FOMC views is unsurprising.



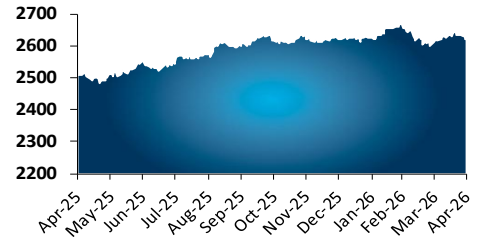
*Merrill Lynch Global Broad Market, Ex US Dollar Index

Fixed Income Commentary: Rates Rise, Credit Holds & the Fed Shifts

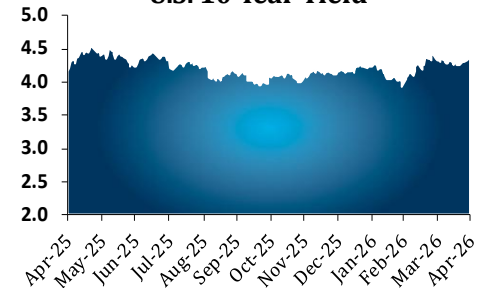
The more notable development came during Chair Powell's final press conference as Fed Chair. Powell indicated that he intends to remain on the Board of Governors beyond the end of his term on May 15, until the investigation into him "is well and truly over with transparency and finality." This would mark a departure from historical precedent, where outgoing Chairs typically step down from the Board entirely. While Powell framed the decision as one of institutional continuity and safeguarding Fed independence, it appears at least in part to be a political calculation, particularly given President Trump's well-documented opposition and desire to see Powell removed.

Looking ahead, Kevin Warsh is widely expected to assume the role of Fed Chair. Concerns that he may act as a political proxy have diminished following his emphasis on maintaining Fed independence. That said, Warsh has signaled a desire for "regime change" — including reshaping the Fed's communication framework by reducing reliance on forward guidance and potentially eliminating the dot plot. With Powell likely remaining on the Board and an incoming Chair seeking to implement meaningful changes, the Federal Reserve enters a period of internal transition. For markets, this points to a more uncertain and less transparent policy environment at a time when clarity is already limited.

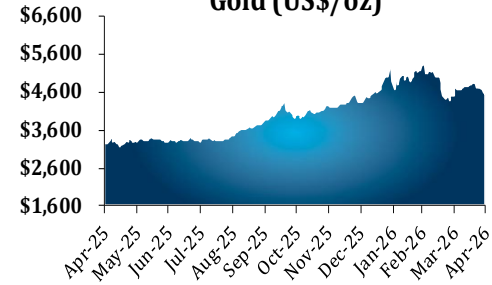
U.S. Bond Index



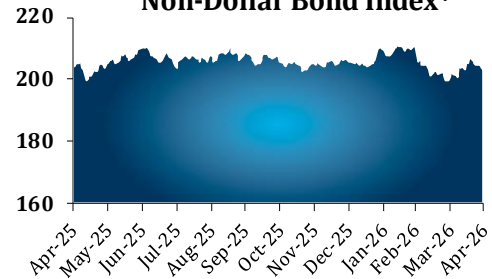
U.S. 10 Year Yield



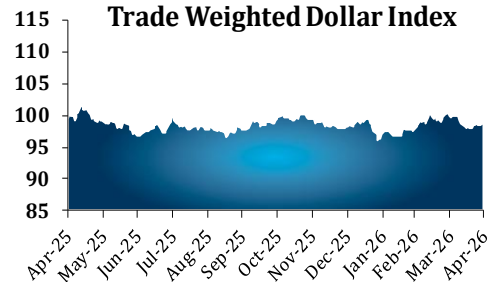
Gold (US\$/oz)



Non-Dollar Bond Index*



Trade Weighted Dollar Index



*Merrill Lynch Global Broad Market, Ex US Dollar Index

Disclaimer

Disclaimer: This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. Past performance is no guarantee of future results. The opinions expressed may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by the authors to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will be correct. Reliance upon information in this material is at the sole discretion of the reader. Investment involves risks. Readers should consult their financial advisors prior to any investment decision. Index performance is shown for illustrative purposes only. You cannot invest directly in an index. Sources may include MSCI, Bloomberg, and S&P Global. Information contained within this report is private and confidential and for the sole use of clients of Anchor Investment Management Ltd. ("AIM"). AIM respects the intellectual property rights of others. If you see a copyright or trademark of yours which is being infringed, you may notify AIM at info@anchor.bm. We will contact you to obtain details of your claim.