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WEALTH PARTNERS

RESEARCH UPDATE

MARKET watch

FEBRUARY 2026

Global equity markets advanced in January despite an elevated level of geopolitical tensions and policy uncertainty by the US. Despite underperforming in other international markets, US markets still rose, with the S&P 500 and the Nasdaq up 1.4% and 0.9% respectively. US corporate earnings reporting has been strong so far, and higher commodity prices have supported the Energy and Materials sectors. At its first meeting of the year, the US Federal Reserve maintained the target range for the federal funds rate at 3.5%-3.75%. The Hang Seng Index jumped 6.9% in January on new policy support from the government, including the easing of its 'three red lines' policy. The S&P/ASX 200 gained 1.8% over the month, also driven by the Energy and Materials sectors.

S&P/ASX 200 Sector Performance

Energy was the best-performing sector in January, recording a 10.6% rise. Gains were driven by uranium producers, which tracked uranium prices higher. Prices surpassed US$100/lb after the US government increased support for nuclear energy. The US government announced US$2.7 billion in funding to boost domestic nuclear power generation and the construction of new power plants, and will be easing regulations to approve and build uranium converters and enrichers. Prices were further supported by the purchase of 500,000 pounds by the Sprott Physical Uranium Trust. Accordingly, uranium miners Deep Yellow Limited, Paladin Energy Limited, Boss Energy Limited and NexGen Energy (Canada) Limited rose 54.3%, 44.3%, 33.1% and 18.7% respectively. Coal prices also spiked towards the end of the month, with strong demand from China. Coal producers, Stanmore Resources Limited, Yancoal Australia Limited, Whitehaven Coal Limited and New Hope Corporation Limited rose 26.4%, 18.8%, 16.6% and 14.7% respectively.

The Materials sector gained 9.5% on the back of stronger commodity prices. South32 Limited led gains at 29.8%, boosted by higher silver, copper and aluminium prices. The company reaffirmed its production guidance for the 2026 financial year and reported that operation costs were generally in line or below guidance across its different options over the first half of the year. BlueScope Steel Limited jumped 25.6% after receiving a non-binding indicative

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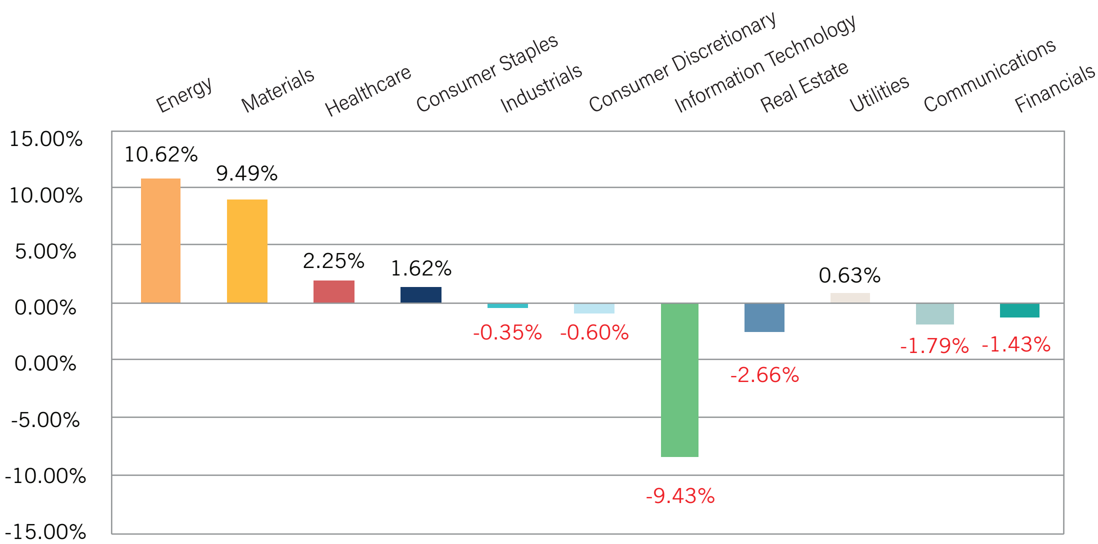
takeover offer by a consortium composed of SGH and Steel Dynamics at a price of $30 per share. The offer was quickly rejected by the board, who described the proposal as 'highly opportunistic'. Critical minerals and rare earth miners also performed well due to rising metal prices, with IperionX Limited and Lynas Rare Earths Limited returning 31.3% and 19.8% respectively. IperionX also received roughly 290 metric tonnes of titanium scrap metal for no cost from the US Government and confirmed a US$0.3 million purchase order from American Rheinmetall.

The Information Technology sector continued to sell off as investors rotated out of growth stocks and into more cyclical sectors. Silex Systems fell -19.2% after not being selected by the US Department of Energy for a US$900 million award, only receiving up to US$28 million under a separate award. Life360 Inc fell 18.2% despite completing the acquisition of Nativo, a leading advertising technology company, and surpassing 50 million monthly active users in the US. It also reported record quarterly user growth and net subscriber adds and now expects 31%–32% year-on-year revenue growth. Codan Limited was the major outlier, rising 29.8% after its trading update revealed a 29% increase to $394 million in first-half revenue and a 52% increase in net profit after tax to $70 million compared to the prior corresponding period.

S&P/ASX 200 Sector Performance



Data Source: Desktop Broker, 1 January 2026.

Highlights

Australia: The Australian Bureau of Statistics published the international trade statistics for November 2025. The seasonally adjusted balance on goods decreased $1,417 million in November. Goods credits fell by $1,353 million or 2.9%, driven by lower exports of metal ores and minerals. This was slightly offset by a $63 million or 0.2% increase in imports, driven by processed industrial supplies.

The Coalition has once again split after all

National frontbenchers quit the shadow cabinet following disagreements over Labor's hate speech laws. This is the second instance of a split since the last election.

US: The Congressional Budget Office has released its 2026 to 2056 demographic outlook report, with the US population projected to grow from 349 million people to 364 million people in 2056. From 2030 onwards, annual deaths are expected to exceed annual births, with net migration to account for all population growth in the US.

Tesla has reported its first-ever decline in year-on-year revenue, driven by a 11% fall in year-on-year automotive revenues. However, the company reaffirmed its pivot away from electric cars and into robotics, with plans to discontinue its Model X and Model S vehicles and convert the factory to produce its Optimus robot. Production is planned to start in 2026, with the robot available for sale in 2027.

Canada: The Bank of Canada has kept its benchmark interest rate unchanged at 2.25% as expected, but noted the heightened uncertainty, particularly around geopolitical and trade risks, including the review of the USMCA trade agreement with the US and Mexico.

United Kingdom: UK inflation rose from 3.2% in November to 3.4% in December, driven by higher airfares and tobacco prices. This reading was above economist forecasts, and the first increase in inflation in five months.

Switzerland: The Swiss government has proposed increasing its value-added tax by 0.8% for a decade from 2028 as it looks to increase funding for its military. The Swiss government estimates that they require 31 billion francs to equip the army to 'adequately counter the most likely threats'.

Germany: Germany has downgraded its growth forecasts for 2026 and 2027 from 1.3% and 1.4% to 1% and 1.3% respectively, as the economic recovery is slower than expected despite the recent stimulus. German manufacturing has slumped due to high energy prices, weaker demand in major markets, overseas competition and tariffs.

South Korea: South Korea has implemented the artificial intelligence (AI) basic act, introducing new laws that force companies to label or watermark AI-generated content, conduct risk assessment for 'high impact' AI such as medical diagnosis, and require safety reports for powerful AI models.

China: China's population has fallen for a fourth consecutive year, with a fall of 3.39 million in 2025. The birth rate reached a record low of 5.63 births for every 1,000 people to total 7.92 million births for the year. Meanwhile, deaths rose from 10.93 million in 2024 to 11.31 million. Since ending the one-child policy, the Chinese government has introduced many policies to boost the birthrate, including the introduction of a nationwide childcare subsidy last year. However, the policies have not been able to significantly change the trend downwards, with the cost of living to raise a child a major hurdle.

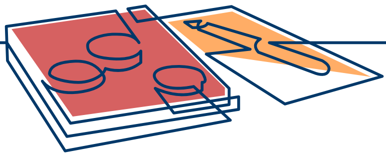
Japan: Japan and the Philippines have signed two new defence pacts together. The pacts will allow 'tax-free provision of ammunition, fuel, food and other necessities' during joint training. Japan will also fund patrol boats and radio gear for the Philippines.

What to watch out for

The Australian dollar has been appreciating as economic data has increased expectations of a rate hike by the Reserve Bank of Australia.

The AUD reached over 70 US cents for the first time in three years.

Conclusion



Global equity markets gained in January, shrugging off geopolitical concerns. Corporate earnings and commodity prices have been major drivers of markets, helped by fiscal stimulus. Investors remain concerned about market concentration and a potential correction in artificial intelligence companies given the high initial investment costs. Inflation has continued to moderate in most markets, which has enabled Central Banks to cut interest rates, albeit there is some uncertainty as to whether inflation will continue to trend down. Geopolitical tensions across the world remain elevated but have so far had little impact on markets.

During periods of uncertainty, clients should:

- **Stick to the plan:** Focus on your long-term goals. Our investment approach is focused on the long term and designed so that your portfolio can ride out any downturns – including this one. Staying the course, despite how uncomfortable it may feel right now, will prove to be the better option when looking back five years from now.
  Investors who stayed the course while equity markets declined in the depths of the COVID-19 pandemic in early 2020 have benefited from one of the fastest market turnarounds with equity markets. Investors who sold equities during the downturn and waited until economies started to show recovery before buying back into the market missed a large part of the recovery.

- **Maintain a buffer of safety:** Holding a buffer of cash and term deposits has been a key strategy to provide a cushion against market downturns and to protect capital.
- **Take advantage of the weakness:** Market downturns provide buying opportunities to invest in long-term, quality investments.
- **Focus on quality investments:** Invest in companies that generate stable cash flows to support distributions, which are not connected to the movements in asset prices, and partner with fund managers who share the same investment philosophy and objectives.
- **Diversify:** Spread investments across asset classes, industries, sectors and geographies.
- **Regularly rebalance the portfolio back to your risk profile:** Ensure the portfolio is not exposed to unwanted risks to lock in profits.
- **Remain calm, speak to your Apt adviser:** It is important that you speak to your Apt adviser before making any financial moves. Your adviser understands your long- and short-term goals and will have been planning for these types of scenarios already, so they are best placed to explain any impact and discuss the best options and opportunities for you personally.

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