Apt.
WEALTH PARTNERS

RESEARCH UPDATE

MARKET watch

MARCH 2026

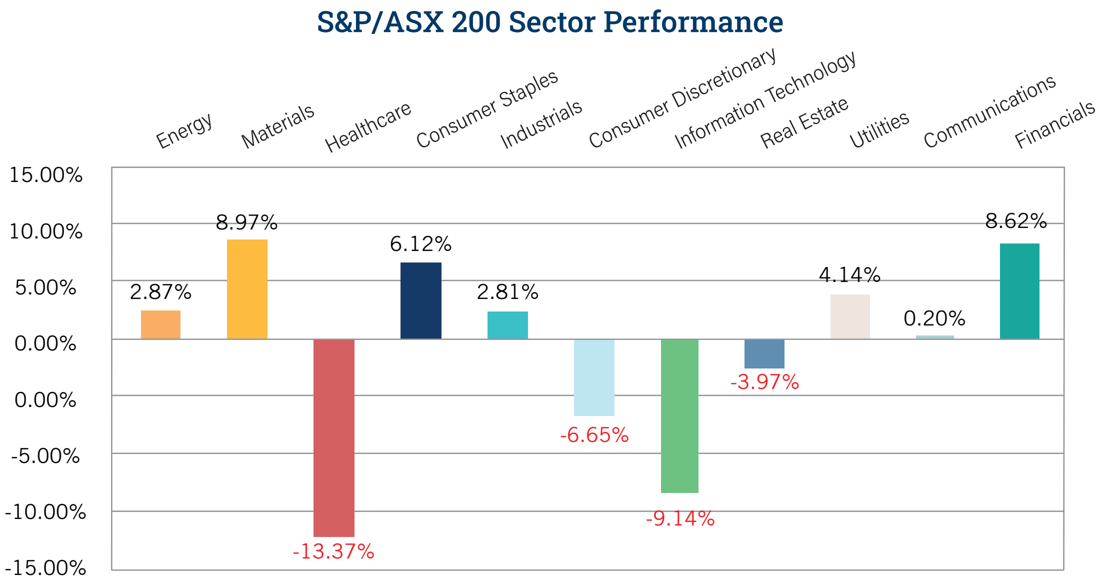
Global equity markets continued to rise in February despite significant volatility and selling pressure in technology stocks. US markets underperformed, with the S&P 500 down 0.9% and the Nasdaq composite down 3.4% over the month as companies continued to report their fourth-quarter earnings results. Technology megacaps announced further capital expenditure into artificial intelligence (AI), totalling near US$700 billion this year, reigniting concerns of whether the heavy investment will be able to generate returns. The release of new AI tools by Anthropic capable of performing legal tasks resulted in the sell-off of software companies, with fears that the software could be rendered redundant. Investors rotated out of technology and into more defensive and cyclical companies. The Hang Seng Index was also impacted, down 2.8%. Japanese equities outperformed following a supermajority election win by the pro-growth Prime Minister Takaichi, rallying 10.4%. The S&P/ASX 200 gained 3.7% over the month, driven by the Materials sector on strong commodity prices, and the Financials sector on better-than-expected reporting by the major banks.

S&P/ASX 200 Sector Performance

Materials was the best-performing sector in February, up 9.0% as commodity prices continued to rally. Lynas Rare Earths Limited led gains with an 18.6% rise as critical minerals remain in the headlines, with many countries, including the US, competing to secure supply and diversify their supply chains away from China. Additionally, Lynas Rare Earths Limited reported $413.7 million in revenue and $80.2 million in net profit after tax. BHP Group Limited rallied 17.4% after reporting an 11% increase in revenue and a 25% increase to earnings before interest, tax, depreciation and amortisation (EBITDA), driven by higher copper and iron ore prices. For the first time, the copper division was the largest contribution to EBITDA, and higher production guidance from management saw the company's share price rally. Safe haven demand as geopolitical tensions grew between the US and Iran saw the gold price climb in February, back to near-record highs. Accordingly, gold producers Predictive Discovery Limited (16.7%), Regis Resources Limited (12.8%), Evolution Mining Limited (12.3%) and Northern Star Resources Limited (9.3%) tracked the gold price higher.

The big four banks drove the Financials sector to an 8.6% return despite most sector constituents falling over the month. The major banks reported strong profits despite business restructuring and the growing home and business lending competition. The Commonwealth Bank of Australia led with a gain of 16.4%, followed by National Australia Bank Limited (14.3%), ANZ Group Holdings Limited (9.4%) and Westpac Banking Corporation (9.2%). AMP Limited lost 25.7% over the month after reporting a 11.3% decrease in year-on-year profit due to legacy legal matters. Insurance companies retreated on AI disruption fears, with OpenAI approving its first insurance app integrated with ChatGPT, allowing users to converse with ChatGPT to receive personalised home insurance quotes.

Healthcare was the main laggard of the index, down 13.4% in February. Pro Medicus Limited was caught up in the technology sell-off despite reporting record results. The company reported a 28.4% increase in revenue and 230.9% increase in net profit after tax in the first half-year compared to the prior corresponding period. Cochlear Limited retreated 28.2% despite revenue growth as the gross margin declined 2% and operating costs increased 1%. Delays to the rollout of their new Nucleus Nexa system and currency exchange risk also contributed to the sell-off.



Data Source: Desktop Broker, 2 March 2026

Highlights

Australia: The Australian Bureau of Statistics published the Labour Force statistics for January 2026. On a seasonally adjusted basis, both the unemployment rate and participation rate remained flat at 4.1% and 66.7% respectively. Increases in full-time employment were mostly offset by decreases in part-time employment, while both the underemployment rate and underutilisation rate each grew by 0.2%.

The Federal High Speed Rail Authority has released a 300-page business case assessing the feasibility of building a high-speed rail between Newcastle and

Sydney. The assessment estimates that the project would 'boost the Australian economy by $250 billion over the next 50 years and produce over 99,000 new jobs' and informed the government to continue to the development phase. Upon completion, the project could reduce travel times between Sydney and Newcastle to one hour and between Sydney and the Central Coast to 30 minutes.

US: In a 6 to 3 decision, the US Supreme Court has ruled that the 'reciprocal tariffs' implemented by President Trump were illegal and that Trump had overreached with his authority under the national emergency statute. In response, Trump imposed a new global tariff of 10% on all goods and has announced his intent to increase it to 15%.

Trump also delivered the annual State of the Union address, which became the longest ever at 1 hour and 47 minutes. The speech covered points on immigration, tariffs, Iran, voter fraud and a tribute to the US men's Olympic hockey team.

Canada: The Canadian government has announced a new Defence Industrial Strategy to strengthen its armed forced and reduce its reliance on the US. Over the next 10 years, the strategy will also aim to grow Canada's defence exports by 50% and create 125,000 new jobs. Canada also signed a new defence agreement with South Korea for the 'exchange and protection of classified military and defence information'.

United Kingdom: The UK unemployment rate rose to 5.2% in the three months to December. This is the highest figure in almost five years, and excluding the pandemic, the highest in more than a decade. The most affected group are 16- to 24-year-olds, with an unemployment rate of 16.1%, also the highest level in more than a decade.

Switzerland: The Swiss government announced it will hold a referendum in June on whether to cap its population at 10 million. If approved, when the population reaches 9.5 million, the country will deny any new entrants, including asylum seekers. Further restrictions will be introduced as the population increases and, as a last resort, Switzerland will end the free-movement agreement with the European Union. It's current population is 9.1 million.

Denmark: Denmark has once again been identified as the country with the lowest levels of corruption, extending its streak to eight years. The Corruption Perceptions Index ranks countries and territories by 'their perceived levels of public sector corruption', according to experts and businesspeople. The closest countries after Denmark were Finland and Singapore.

South Korea: South Korea has recorded its second consecutive annual increase in births, up 6.8% to 254,500. This rise was the biggest in fifteen years and was driven by the 'echo boomer' effect, the larger generation of the children of baby boomers now reaching their thirties and having children. However, the fertility rate or the number of births expected per woman remains at 0.8, significantly below the replacement level of 2.1 births per woman.

China: More than 90% of investment growth in China over 2025, and over a third of economic growth, was driven by its renewable energy sector. The production and export of batteries, electric vehicles and solar and wind technologies made up 11.4% of China's gross domestic product, with the sector alone similar to the entire economies of Brazil or Canada.

Japan: Japanese core machinery orders have jumped 19.1% month-on-month to reach a new record pace. The change was driven by large projects and reflects the higher capital expenditure and business investment as promoted by Prime Minister Takaichi's policies.

What to watch out for

Geopolitical tensions have escalated following conflict in the Middle East, with strikes being exchanged between the US, Israel, Iran and its proxies. The conflict will also close the Strait of Hormuz, which sees around 20% of global oil supplies pass through. This is likely to cause a spike in oil prices and lead to higher global inflation.

Conclusion

Global equity markets were higher in February as investors rotated out of technology on valuation and AI disruption fears into defensive and cyclical companies. Corporate earnings and commodity prices continued to drive markets. 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 and 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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