

RESEARCH UPDATE

MARKET *watch*

MAY 2026



Global equity markets rebounded in April as ceasefires between the US and Iran, and between Israel and Lebanon, increased optimism that the conflict in the Middle East was nearing a conclusion. US markets climbed on strong quarterly earnings results as the reporting season got underway, with the S&P 500 and the Nasdaq Composite up 10.4% and 15.3% respectively. Major drivers included the 'Magnificent 7' and semiconductor producers on artificial intelligence (AI) optimism, higher capital expenditure for AI infrastructure and a more 'risk-on' environment. The PHLX Semiconductor Index, an index of the 30 largest US semiconductor companies, recorded a 17-day winning streak during April and ended the month 43.8% higher. The Hang Seng Index rose 4.0% amidst a slew of positive economic data. Meanwhile, the S&P/ASX 200 underperformed international markets with only a 2.2% return, with gains in the Information Technology and Real Estate sectors partially offset by losses in Health Care.

S&P/ASX 200 Sector Performance

Information Technology was the best-performing sector in April, rebounding after last month's sell-off. Codan Limited (33.3%) led gains after providing a strong trading update. The company's communication business achieved 19% revenue growth over the first half-year compared to the prior corresponding period and is expecting to achieve a 30% profit margin. Accordingly, Codan has upgraded its guidance for earnings before interest and tax to \$235 million and net profit after tax to \$170 million, both 60% higher than its results

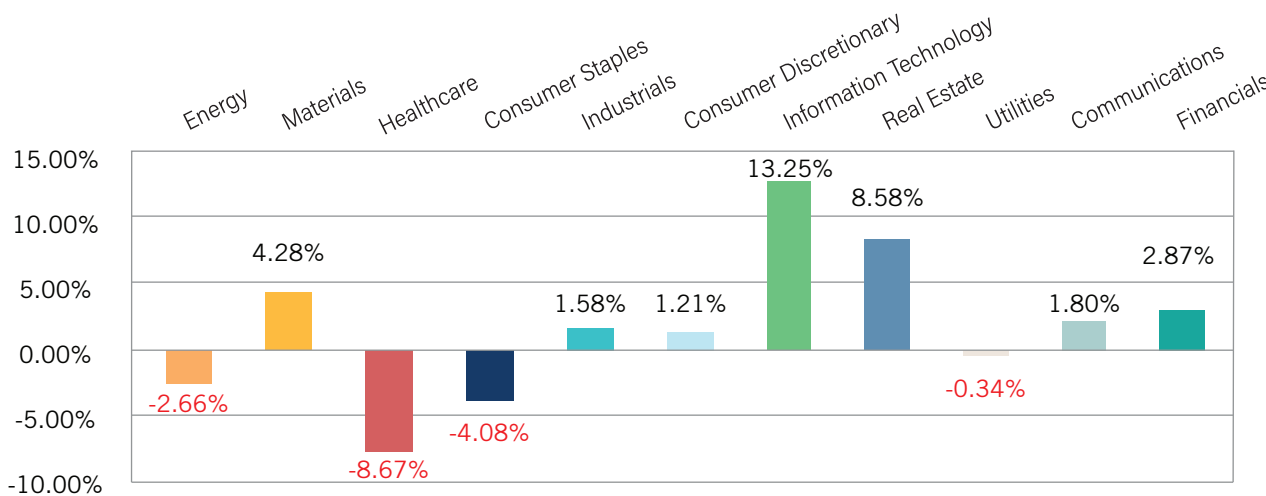
for financial year 2025. NEXTDC Limited climbed 25.8% after reporting record demand and contracted utilisation of data centre capacity. Management also announced a fully underwritten entitlement offer to raise \$1.5 billion, with the funds used to invest in capacity to support the delivery of its forward order book.

The Real Estate sector gained 6.8% over the month, driven by Goodman Group. Goodman Group (15.8%) has benefited from ongoing demand for data centres with the data storage

and computing power required to support AI programs, especially large language models. The company completed two major deals in April; a joint venture deal with DataBank, a US data centre operator, to open a \$1.2 billion facility in Los Angeles; and the sale of two warehouse properties in Sydney for \$438 million. Scentre Group rallied 11.7% on its operating update, where it reported a 3.1% increase in customer visitation, a 5.0% increase in total business partner sales and a 5.3% increase in rent over the March quarter. Scentre Group reaffirmed its outlook with a 4.0% rise in full-year funds from operations and a corresponding 4.0% rise in its distributions.

Health Care was the main laggard, falling 8.7% in April. Cochlear Limited declined 44.4% after it downgraded its earnings guidance due to a range of factors, including hospital capacity restraints, weaker consumer sentiment, disruption from the Middle East conflict and currency exchange headwinds. 4D Medical (-27.9%) sold off on profit-taking after a significant run over the last year. The turn in momentum has come despite executing a contract with GlaxoSmithKline, one of the world's largest pharmaceutical companies, receiving certification for the clinical use of its CT:VQ product in the UK, and being added into the S&P/ASX 200.

S&P/ASX 200 Sector Performance



Data Source: Desktop Broker, 1 May 2026

Highlights

Australia: The Australian Bureau of Statistics published the statistics on Australia's population by country of birth as of 30 June 2025. About 8.8 million Australians were born overseas, accounting for approximately 32.0% of our total population. The most common countries of birth for the overseas-born population were India,

England, China and New Zealand, with India seeing the highest increase since 2015.

Prime Minister Anthony Albanese addressed the nation regarding the Middle East Crisis and the fuel crisis. Albanese covered the newly introduced fuel security plan, the temporary reductions to the fuel excise and heavy vehicle

road user charges. Later in April, Albanese signed deals with Brunei and Singapore to secure fuel and fertiliser supply.

US: The White House released the 2026 Economic Report of the President in April, outlining a policy agenda focused on many different topics, with AI as a top structural priority, followed by major fiscal legislation, regulatory reforms, energy dominance and trade and supply chains. With the impacts of AI adoption on the US economy, it is projected to have the largest global nominal GDP of nearly \$32.4 trillion.

Federal Reserve Chair nominee Kevin Warsh faced a hearing by the Senate Banking Committee, with questions targeted at his independence from US President Donald Trump and his finances following newly released disclosure forms. Warsh also spoke about 'regime change' and an overhaul of the Federal Reserve if he were to become Chair.

Canada: The Canadian government tabled its 2026 Spring Economic Update, revealing targeted cost-of-living relief, accelerated infrastructure and creation of a first national sovereign investment vehicle to support strategic domestic industries named the 'Canada Strong Fund'.

United Kingdom: The Bank of England held interest rates at 3.75% in late April, signalling a cautious stance as inflation risks remain elevated due to higher global energy prices. Inflation rose to 3.3% in March and is expected to increase further in the near term, with policymakers highlighting uncertainty from the Middle East conflict.

Greece: The Greek Prime Minister announced a social media ban for children under 15, following the footsteps of Australia. Greece is expected to pass the legislation during its summer, with the ban to begin at the start of 2027.

New Zealand: New Zealand Prime Minister Christopher Luxon called a confidence vote on his own leadership after media speculation of discontent from within his party amidst poor polling. After a caucus meeting that lasted for more than two and a half hours, Luxon survived, remaining as leader.

United Arab Emirates: The United Arab Emirates (UAE) has withdrawn from the Organization of the Petroleum Exporting Countries (OPEC), a group of now 11 member states that collectively decide on oil production to influence global oil prices. The UAE has described the move as allowing more flexibility in energy markets and as 'part of a broader effort to reshape our economy and industrial base'.

China: China has expanded its zero-tariff treatment to all 53 African countries it has diplomatic ties with. The treatment is effective from 1 May and is a step up from the last move made in December 2024, when only 33 countries were granted.

Japan: Microsoft announced a \$10 billion investment in Japan over the next three years focused around three pillars: technology, trust and talent, with a corresponding focus on AI infrastructure, cybersecurity and workforce training. This is part of Japan's push to accelerate AI adoption and address a projected shortfall of 3.26 million AI and robotics workers by 2040.

What to watch out for

The federal government will release the 2026–2027 federal Budget on the 12th of May. A key point of discussion of the Budget has been

tax reform, including capital gains tax, as the government looks to address the housing crisis and offset growing government spending.

Conclusion



Global equity markets rebounded in April, driven by strong corporate earnings results in the US, renewed AI optimism, and ongoing peace talks in the Middle East. High oil prices are expected to accelerate inflation globally as its effects flow through to other parts of the economy. Most Central Banks are shifting towards a more hawkish stance as they await the impacts of the conflict on inflation.

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.

Disclaimer

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