

# CIO'S NEWSLETTER

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## Relief Rally, Not Regime Shift

April saw a **sharp rebound across global risk assets** following the violent reset in March. An easing of tensions in the Middle East and subsequent stabilisation in energy prices supported a broad recovery in equities. However, the rebound was **uneven across regions and sectors**, reinforcing that 2026 remains a year of **rotation and volatility**, rather than a return to risk-on conditions. While near-term sentiment has improved, it does not materially alter the **structural backdrop**. Geopolitical risks remain unresolved, inflation concerns have become more acute following the spike in oil prices and supply chain disruptions, and policy flexibility remains constrained.

## Strong Equity Rebound Led by Growth and Cyclical

US equities led the recovery. The **S&P 500 rose +10.42%**, the **Dow Jones gained +7.14%**, the **NASDAQ surged +15.29%**, and the **Russell 2000 advanced +12.16%**. The rally was driven primarily by growth and technology stocks, reflecting easing near-term rate concerns and renewed confidence in earnings resilience. However, despite April's strong performance, **US valuations have again become less forgiving**, particularly within megacap technology. With forward multiples elevated, markets remain increasingly sensitive to earnings delivery and rate expectations as the year progresses.

European equities also recovered, though with less momentum than the US. The **STOXX 600 rose +4.83%**, led by **Germany's DAX (+7.11%)**, **France's CAC 40 (+3.81%)**, and **Switzerland's SMI (+2.81%)**. While Europe continues to trade at a valuation discount, its exposure to global trade and energy costs leaves the recovery more vulnerable to renewed macro or geopolitical stress.

Asia delivered one of the strongest short term rebounds, albeit with elevated volatility. The **MSCI Asia ex Japan index jumped +14.95%**, driven by sharp rallies in North Asia. **South Korea's KOSPI surged +30.61%**, **Japan's Nikkei rose +16.10%**, and **Taiwan's TAIEX gained +22.71%**. These moves were largely technical, following oversold conditions rather than a material improvement in fundamentals. China and Hong Kong recovered more modestly. The **CSI 300 rose +8.03%**, while the **Hang Seng gained +3.99%**, reflecting cautious optimism amid ongoing structural and policy challenges. In contrast, **Singapore continued to exhibit defensive characteristics rather than cyclical upside**. The **STI rose just +0.56%**, while **S-REITs gained +3.36%**, underscoring Singapore's role as a **low beta, income oriented allocation** rather than a momentum driven recovery trade.

### **Commodities: Consolidation After the Shock**

Energy markets stabilised following March's extreme dislocation. **Brent crude fell -3.67% in April**, ending the month just above US\$109/bbl. While the pullback eased immediate inflation concerns, oil prices remain structurally elevated, leaving inflation risks skewing on the upside should geopolitical tensions re-escalate. The latest energy disruptions could be the catalyst for a renewed push for countries to pivot to renewable and alternative energy so as to reduce their dependence on volatile fossil fuels.

**Gold declined a further -1.08%**, extending its consolidation phase after a strong earlier rally. Medium-term structural support remains intact, driven by central bank diversification, geopolitical fragmentation, and fiscal concerns, though near-term performance is likely to remain uncertain as real yields fluctuate.

## April FOMC Reinforces the Case for Carry and Duration Discipline

At its April meeting, the US Federal Reserve **held the policy rate unchanged at 3.50%–3.75%**, but the decision was marked by an **unusually high level of internal dissent**, highlighting increasing uncertainty around the policy path. While the easing bias was formally retained, Chair Powell **emphasised that energy driven inflation pressures linked to Middle East developments have increased near term inflation risk**, constraining the Fed's ability to offer forward guidance with conviction. Yields moved modestly higher following the meeting with the 10 year US Treasury yield ending the month at 4.37%, reflecting market interpretation of the outcome as **incrementally more cautious than the headline hold suggested**.

For fixed income, this reinforces a critical 2026 theme: **policy rates may be near their peak, but the path lower is neither imminent nor linear**. In this environment, **carry rather than duration becomes the dominant return driver**, while long-dated bonds remain vulnerable to inflation surprises and curve repricing. As such, **short- to mid-duration, high-quality fixed income continues to offer the most attractive risk-adjusted profile**, particularly within SGD-denominated assets where yield visibility, currency stability, and capital preservation remain compelling.

## Resilient Corporate Earnings

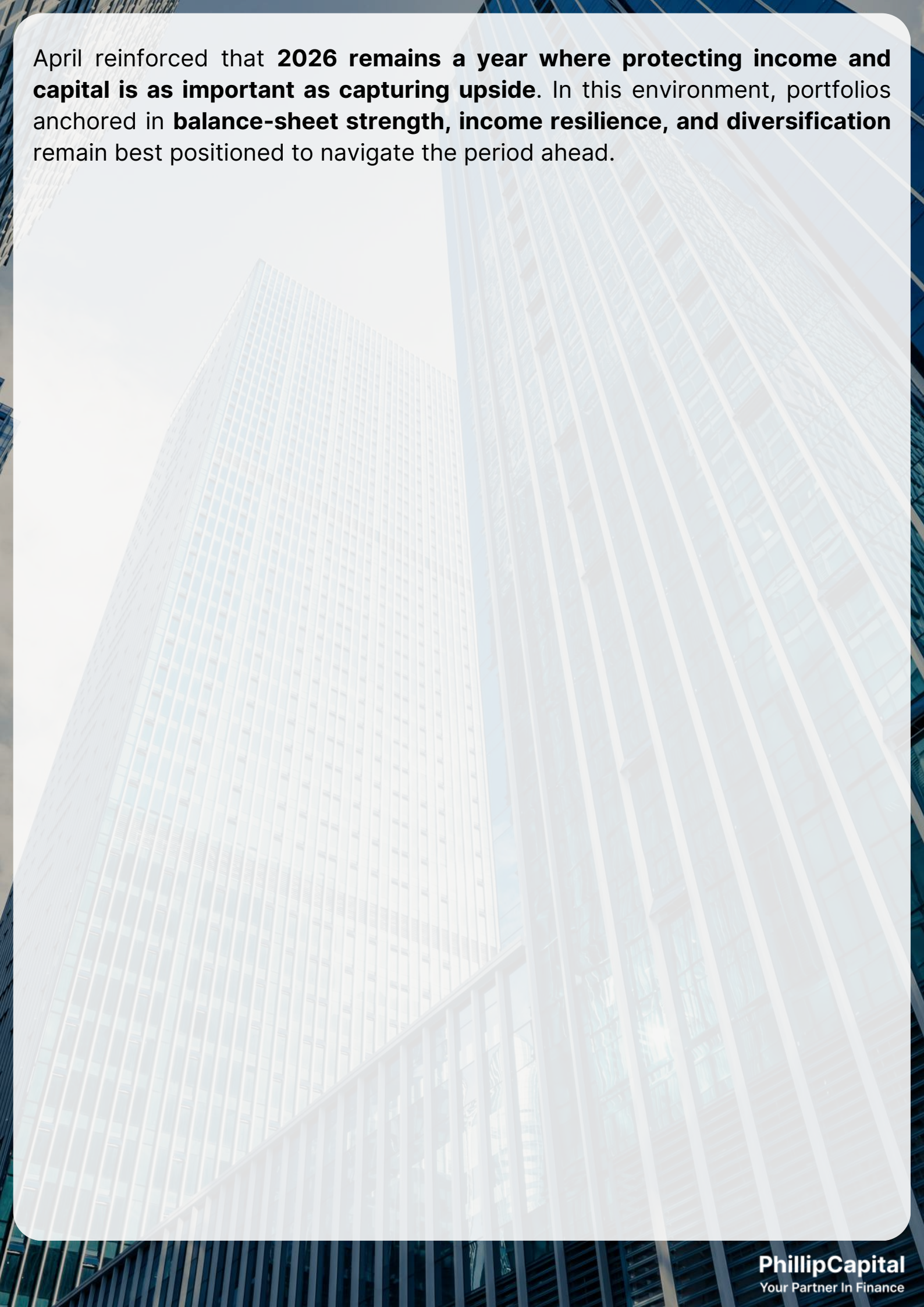
The ongoing Q1 earnings season has, so far, **confirmed underlying earnings resilience**, particularly in the US. With a majority of companies having reported, **earnings and revenue beats have been broad-based**, led by communication services, technology, and select consumer discretionary segments, resulting in one of the strongest year-on-year earnings growth prints since 2021. However, while backward-looking results have exceeded expectations, **forward guidance has become more guarded**, reflecting ongoing uncertainty around energy costs, geopolitics, and the persistence of higher interest rates. Across sectors, management commentary has increasingly emphasised **margin discipline, cost control, and selective capital deployment** over aggressive growth. In a market where valuations have again become less forgiving, this dynamic reinforces that **portfolio returns will be driven more by earnings quality, pricing power, and balance-sheet strength than by broad multiple expansion**, directly supporting a continued preference for **defensive, cash-generative, and income-oriented exposures within Portfolio Implications**.

## Portfolio Implications: Maintain Discipline as Volatility Persists

April's rebound demonstrates the market's ability to recover sharply from oversold conditions. However, it does not signal a clean regime shift. Valuations in several equity segments have again become stretched, geopolitical risks remain live, and inflation uncertainty continues to constrain policy flexibility.

Consistent with our Q2 positioning framework, we continue to emphasise:

- **Defensive and dividend-paying equities**, particularly in Singapore
- **Selective participation in global equity rebounds**, avoiding momentum-driven excess
- **Energy exposure as geopolitical insurance**, despite valuation risks
- **Short-duration and high-quality fixed income** as portfolio stabilisers
- **Gold and diversifiers** as strategic hedges, not standalone solutions
- **Maintaining liquidity**, preserving flexibility as volatility resurfaces



April reinforced that **2026 remains a year where protecting income and capital is as important as capturing upside**. In this environment, portfolios anchored in **balance-sheet strength, income resilience, and diversification** remain best positioned to navigate the period ahead.

# PERFORMANCE UPDATES

Global Growth Leaders (GGL)

13.7% (1Y)

COMPOSITE PERFORMANCE (%) as of 30 April 2026<sup>1,2</sup>



	YTD	1Mth	3Mths	6Mths	1 Yr	Annualised 3 Yrs	Since Incep.
Composite (%)	-2.0	7.9	-1.2	-4.4	13.7	14.7	13.8

In April, adjusting for a **0.89% depreciation of the U.S. dollar against the SGD**, U.S. equity markets delivered a sharp rebound. **The S&P 500 rose 9.42%**, the **Nasdaq gained 14.25%**, and **GGL advanced 8.49%**, driven by stronger-than-expected earnings and forward guidance across the semiconductor value chain.

Despite persistent headwinds — including electricity grid bottlenecks, increasing political resistance to data-centre water and energy consumption, rising memory prices, and a potential helium supply shock should Middle Eastern trade disruptions outlast TSMC's inventory recycling capacity — sentiment improved materially. Even traditional laggards such as Intel **reported stronger sales growth**, triggering a broad rerating across the sector and propelling the SOXX Semiconductor ETF up approximately **40%** during the month.

Our **measured, diversified exposure** allowed the portfolio to participate meaningfully in the technology sector's rally without excessive concentration risk. Holdings such as **Broadcom** and **Taiwan Semiconductor Manufacturing Company** both rose more than **20%**, reflecting sustained demand for advanced compute, networking, and AI-adjacent semiconductors.

### Portfolio Activity

On rebalancing, we **exited our position in Goldman Sachs** following a strong earnings release. While we remain constructive on the long-term prospects of private credit markets, we view Goldman's expected returns as less compelling relative to its forward growth outlook and opportunity cost.

Conversely, we initiated a position in **Eli Lilly** after a price correction. The entry reflects our conviction in the company's next-generation **oral small-molecule GLP-1, Foundayo**, which has received accelerated approval and begun commercial rollout. Its best-in-class convenience (particularly the absence of strict fasting or food-timing requirements) positions it favourably versus injectable alternatives such as Wegovy.

### Key Performers:

- **Broadcom (+33.14%):** – Shares rallied on strong demand visibility across networking, custom silicon, and AI-related infrastructure. Margin expansion and recurring software revenues reinforced investor confidence in earnings durability.
- **Alphabet Inc. (+31.44%)** – Alphabet benefited from improving digital advertising trends and growing monetisation of its AI capabilities across Search and Cloud. Cost discipline continued to support operating leverage.
- **United Rentals (+30.06%):** – The stock advanced on resilient construction demand, easing financing concerns, and expectations of infrastructure-related rental growth, despite broader industrial sector caution.

## Key Detractors:

- **McDonald's (-6.74%):** – Near-term pressure stemmed from slowing same-store sales growth and cost inflation, particularly in labour and commodities, weighing on margins despite the brand's defensive characteristics.
- **Vertex Pharmaceuticals (-5.51%):** – Although the stock underperformed during the month, Vertex's strong cash flows from its cystic fibrosis franchise continue to fund pipeline expansion. Its experimental IgA nephropathy therapy, Povecacept, delivered encouraging interim Phase 3 results versus placebo with acceptable tolerability, positioning it for potential U.S. accelerated approval.
- **Barrick Mining (-4.79%):** – Weakness reflected gold price consolidation and investor caution toward materials despite geopolitical uncertainty

## Outlook

As of **4 May 2026**, corporate earnings momentum remains constructive, with both revenue growth and profitability generally exceeding consensus expectations. However, **geopolitical risks**, particularly in the Middle East, continue to weigh on sentiment in more economically sensitive sectors such as industrials and materials.

Based on guidance from the **IMF and IEA**, we remain cautious on the global inflation outlook. While forward-looking indicators suggest a gradual return toward long-term normalisation over the next five years, **core inflation remains elevated** and appears poised to inflect only gradually toward the neutral **2% target**.

On monetary policy, **Kevin Warsh is expected to assume the role of Federal Reserve Chair in May**, while Jerome Powell has elected to remain on the Board of Governors amid ongoing debate surrounding central bank independence. Policy continuity in the near term is likely, though communication and reaction functions may evolve.

## Global Growth Leaders (GGL)

13.7% (1Y)

We remain focused on **selective growth exposure, valuation discipline, and downside resilience** as markets transition from liquidity-driven gains toward earnings-dependent performance.

# Asian Opportunities Equity (AOM)

3.6% (1Y)

## COMPOSITE PERFORMANCE (%) as of 30 April 2026<sup>1,2</sup>



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	-3.4	4.5	-5.3	-6.5	3.6	-13.5	-11.5	-4.9	-0.4

Asian equity markets delivered a constructive backdrop in April, supported by improving risk sentiment and selective strength across China and regional cyclicals, even as dispersion across markets and sectors remained elevated. Within this environment, the service generated a positive return of **+4.53% in SGD terms**, although this trailed the **MSCI AC Asia Pacific ex Japan (MXAPJ), which rose +10.66%**, reflecting a market where gains were driven by narrower benchmark leadership rather than broad participation.

## Asian Opportunities Equity (AOM)

**3.6% (1Y)**

Within the portfolio, price gains were led by exposures aligned to China growth and regional cyclicity. UBTECH Robotics delivered the strongest capital appreciation (**+24.1%**), supported by improved sentiment towards China technology and automation themes, while Wee Hur (**+12.3%**) and Anta Sports (**+7.2%**) also contributed positively amid expectations of demand recovery. These gains were partially offset by continued weakness in Japan, where Daiichi Sankyo (**-6.4%**) and Anycolor (**-5.1%**) detracted on a stock-specific basis. The last laggard was ABF SG Bond ETF (**+1.8%**).

Overall, April reflected a rotation-driven market, with selective exposure contributing positively while relative performance was constrained by underweight positions in the strongest benchmark-driven segments.

# Singapore Equity Yield

**41.3% (1Y)**

## COMPOSITE PERFORMANCE (%) as of 30 April 2026<sup>1,2</sup>



	YTD	1 Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	7.4	4.9	3.1	5.1	41.3	14.7	6.8	5.0	3.8

Singapore dividend yield remains one of the most compelling in the region with the STI offering a yield of approximately **4.5%**. S-REITs, anchored by their mandatory 90% distribution payout structure, retain their relevance as core yield holdings, even as higher financing costs warrant selective positioning across sub-sectors. On the macro front, the government's S\$1 billion support package announced on 7 April, which brought forward household transfers and enhanced the corporate income tax rebate, provides a near term cushion for domestic consumption. We continue to favour quality income names with strong balance sheets capable of sustaining distributions through this higher cost environment.

The portfolio recorded a return of **+4.87%** in April, significantly outperforming the STI. Following this strong monthly showing, the portfolio has achieved a total year-to-date return of **+7.42%**.

## Key Performers:

- **Nordic Group (+22.4%):** – re-rated on the back of its strong FY2025 results, with net profits up 9%, a 9% dividend increase to 1.9 cents per share, and an orderbook of S\$201.9 million across the marine, semiconductor, and defence sectors.
- **Valuetronics (+15.3%):** - rallied as its China-plus-one manufacturing positioning, with its Vietnam facility increasingly seen as a strategic hedge against the elevated US tariff regime on Chinese electronics, while new customer wins drove growth in its industrial and commercial electronics segment.

## Key Detractor:

- **BRC Asia (-1.3%):** - profit-taking following strong YTD performance. Not a structural problem, with the construction upcycle thesis kept intact (S\$53bn BCA demand forecast, Changi T5, Tuas Port expansion).

# Singapore Equity Growth

57.3% (1Y)

## COMPOSITE PERFORMANCE (%) as of 30 April 2026<sup>1,2</sup>



	YTD	1Mth	3 Mths	6 Mths	1 Yr	Annualised 3 Yrs	Annualised 5 Yrs	Annualised 10 Yrs	Since Incep.
Composite (%)	15.6	8.1	9.8	12.0	57.3	20.8	10.1	8.8	6.1

Singapore equities navigated a mixed macro backdrop in April, revealed Q1 2026 GDP growth of 4.6% year-on-year, resilient but moderating from the 5.7% recorded in Q4 2025, with a 0.3% sequential contraction reflecting a cooling in trade related activity. Against this, the MAS responded to rising imported energy costs from the Middle East conflict by slightly increasing the rate of appreciation of the S\$NEER policy band, signalling a bias towards currency strength to anchor inflation expectations. The EQDP is still in active deployment, with the third batch of asset managers expected around mid 2026. This sustained, policy backed capital injection into small- and mid-cap equities represents a multi-quarter tailwind that we believe the market has yet to fully price in. We remain constructively positioned and see the current environment as an opportunity.

The Singapore Growth Portfolio demonstrated outperformance in April, delivering a return of **+8.08%**. This result is particularly notable as the STI saw only a marginal gain of **+0.55%** during the same period.

The portfolio has achieved a robust total performance of **15.6%** year to date, underscoring the efficacy of our current allocation and security selection.

### Key Performers:

- **Sunright (+69.2%):** – benefited from the surge in investor interest in Singapore's semiconductor sector, riding the global AI-driven chip demand cycle.
- **First Resources (+20.3%):** – rallied on the back of a blockbuster FY2025 that saw EBITDA jump 54% and CPO production volumes rise 30% following its transformative ANJ acquisition.

### Key Detractor:

- **Mewah Intl (-2.8%):** – face near term margin headwinds as softening palm oil refining spreads and weaker downstream demand from India weighed on sentiment.
- **Karin Tech (-5.8%):** – continued to grapple with a sluggish Hong Kong IT distribution market and an unresolved reclassification of its Karin Building asset that clouded its near term earnings outlook.

## Phillip SMART Portfolio (ROBO)

MA Services	YTD	3 Months	12 Months	Annualised 3 Years	Annualised 5 Years
SMART Portfolio Income	6.3%	0.2%	20.6%	8.5%	4.3%
SMART Portfolio Income & Growth	12.1%	3.5%	32.5%	12.4%	5.1%
SMART Portfolio Growth	13.0%	3.8%	37.3%	13.7%	5.6%
SMART Portfolio US Equity	-7.7%	-3.1%	11.5%	8.5%	NA

### Phillip SMART Portfolio (Unit Trusts)

SMART Portfolio (Unit Trusts) staged a strong recovery in April, delivering between **7% and 12%** across various risk profiles. Performance was driven by a sharp shift from "risk-off" to "risk-on" sentiment as expectations for a ceasefire in the Iran-US conflict intensified, stabilising global energy prices and reopening trade prospects.

Our allocation in **U.S. equities surged ~11%**, underpinned by a historic 13-day rally that pushed the S&P 500 to new all-time highs. Investors looked past the continued restrictions in the Strait of Hormuz to focus on robust Q1 corporate earnings—with 84% of S&P 500 companies beating EPS estimates—and the accelerating AI infrastructure investment cycle. In **South Korea**, our equity allocation delivered a standout **~43% return for the month**, while the broader KOSPI saw its best performance year-to-date, surpassing the 6,100 level. This explosive growth was primarily fueled by the "memory supercycle," as heavyweights like Samsung Electronics and SK Hynix benefited from record foreign inflows and continued explosive demand for advanced computing power.

## Phillip SMART Portfolio

This month, we strategically exited Latin American positions and entered a **Sustainable Energy allocation**, which **returned ~11%**. The sector benefited from high oil prices and the aggressive expansion of AI data centers, with renewables emerging as a scalable solution for long-term energy security. Conversely, our **Gold allocation dipped ~0.6%** as prices remained range-bound amid easing Middle East tensions and persistent inflationary concerns.

In fixed income, we rotated away from Emerging Market sovereign and Global Investment Grade bonds toward high-yield credit. Our new allocations in **Asia High Yield and Global High Yield rose ~2% and ~1.8%** respectively, supported by manageable default rates and improving fundamentals. **U.S. Short Duration High Income gained ~1.5%** as markets prepared for the confirmation of **Kevin Warsh** as Fed Chair, anticipating a shift toward more accommodative policies.

The SMART portfolio remains strategically positioned in high-conviction sectors like semiconductors and green energy while maintaining a defensive yield cushion through high-quality credit.

### Phillip SMART US Equities Portfolio (in SGD)

The US Q1 2026 GDP **rebounding strongly to 2.0%**, accelerating from Q4 2025's 0.5%, driven by over 10% growth in business investment, much of it AI related capex. The Fed held rates steady at **3.5%–3.75%** at its April 28–29 meeting. We see the leadership transition to incoming Chair Kevin Warsh as an opportunity rather than a risk. With markets currently pricing in zero rate movements for 2026, equities are navigating a higher-for-longer rate environment that, in our view, only amplifies the premium on quality compounders with pricing power and durable earnings growth. The AI investment supercycle shows no sign of slowing. MAG7 are going strong following the likely US-Iran ceasefire.

# Phillip SMART Portfolio

## Key Performers:

- **Applied Digital (\$APLD, +44.3%):** – price surged after announcing a 15-year lease with a hyperscaler at its Delta Forge 1 campus, lifting total contracted revenue to over \$23 billion and cementing its position as an AI data centre infrastructure provider.
- **D-Wave (\$QBTS, +40.5%):** - Nvidia's launch of open-source Ising quantum AI models, which operate 2.5x faster and 3x more accurately than traditional systems, validating D-Wave's technology.

## Top Detractor:

- **Coeur Mining (\$CDE, -4.3%):** - precious metals experienced sharp volatility in April, silver pulled back significantly, pressured by a firmer US dollar. Canaccord upgrade to Buy on 29 April keeps the thesis intact despite short term metal volatility.
- **Fluence Energy (\$FLNC, -11.5%):** – UBS downgraded the stock, warning that US tax policy is catalysing a pivot of automaker EV battery capacity into utility scale battery storage, with potential oversupply from 2027 threatening to compress margins for integrators like Fluence.

# References

## Notes:

1.Source: Phillip Securities Pte Ltd. The Composite Performance is denominated in SGD. Composite Performance returns (the “Composite Returns”) for periods more than 1 year are annualised. The Composite Returns represent past performance and is not indicative of future or current performance which may be higher or lower. The Composite Returns are based on unaudited results of the composite which comprises client accounts with invested portfolios that have been aligned with the investment mandate of this managed account service and include reinvestment of dividends and income and, is net of all fees except performance fees (if any) which are included only at year end. Individual portfolios returns may vary from the Composite Returns. There may be client accounts with portfolios that have not been aligned with this investment mandate and are not included in the computation of the Composite Returns.

2.The Account is not benchmarked to any market index.