



ALBERT E SHARP

INVESTMENT MANAGEMENT & STOCKBROKING

Market Commentary

April 2026

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Monthly returns and summary

Index	Portfolio		30/04/2026	1 Month	3 Months	1 Year	3 Years	5 Years
	Benchmark Risk Level							
ARC Cautious	Low Risk		225.02	+1.5%	+1.1%	+16.6%	+13.3%	+11.9%
ARC Balanced	Medium Risk		291.80	+3.0%	+1.0%	+23.3%	+20.4%	+19.3%
ARC Steady Growth	Medium High Risk		357.73	+4.0%	+1.1%	+26.7%	+23.7%	+23.3%
ARC Equity Risk	High Risk		426.05	+4.9%	+1.0%	+29.4%	+26.2%	+25.2%

Source: Figures based on ARC estimates.

Index	Region / Asset Class		30/04/2026	1 Month	3 Months	1 Year	3 Years	5 Years
UK 100	UK		10378.82	2.0%	1.5%	22.2%	31.9%	48.9%
UK All Share	UK		5562.78	2.4%	0.9%	21.1%	29.9%	39.6%
Dow Jones Ind Avg	US		49652.14	7.1%	1.6%	22.1%	45.6%	46.6%
S&P 500 Index	US		7209.01	10.4%	3.9%	29.4%	72.9%	72.4%
Nikkei 225	Japan		59284.92	16.1%	11.2%	64.5%	105.4%	105.8%
MSCI Europe Ex UK	Europe		239.13	5.1%	-0.6%	14.0%	28.8%	37.3%
MSCI Asia Ex Japan	Asia		1045.83	16.2%	5.9%	45.7%	65.9%	18.2%
MSCI Emg Mkts (£)	Emg Mkts		965.01	11.3%	6.2%	44.2%	62.5%	36.7%
MSCI World Index (£)	Global		4660.70	9.4%	2.9%	27.5%	64.3%	58.6%
UK Conventional	Gilts		3103.96	-0.5%	-2.2%	0.3%	2.5%	-20.3%
UK Index-linked	Gilts		3739.87	-1.5%	-1.2%	2.4%	-6.7%	-31.6%
UK Real Estate Investment Trusts	Property		1842.55	6.2%	-9.0%	-3.6%	-12.6%	-30.8%
WTI Crude (\$/Barrel)	Oil		105.07	3.6%	61.1%	80.5%	36.8%	65.3%
Gold Spot \$/Oz	Commodities		4617.85	-1.1%	-5.6%	40.4%	132.1%	161.0%
£1 = US\$	Currencies		1.3604	2.9%	-0.6%	2.1%	8.3%	-1.6%
£1 = €	Currencies		1.1596	1.3%	0.4%	-1.4%	1.7%	0.9%
£1 = Yen	Currencies		213.04	1.5%	0.6%	11.7%	24.5%	41.1%

Source: Bloomberg. NB: Price returns only, excluding dividends

Index	Region / Asset Class		30/04/2026	1 Month	3 Months	1 Year	3 Years	5 Years
UK Investment Companies	Diversified		14,595.60	8.3%	1.9%	23.1%	28.2%	7.8%
Latest Weighted Average Discount				-11.7%				
12 Month Weighted Average Discount				-13.0%				

Source: Bloomberg, Refinitiv. NB: Price returns only, excluding dividends

General Comments

April was a strong month for risk assets, with equities surging across the board. As both growth stocks and smaller company stocks outperformed their value counterparts, the risk-on appetite of markets was clear to see.

A strong start to earnings season drove mega cap tech and AI names higher, as well as adding confidence to equity and corporate bond markets alike. In contrast, government bond markets experienced worries around inflation with persistent oil price uncertainty thanks to conflict in the Middle East. Real Estate assets followed corporate debt markets upwards.

The UK stock market proved somewhat of a laggard thanks to low exposure to these AI and technology names which were surging elsewhere, and partly as a result of not having fallen as far in previous weeks.

UK Commentary

The United Kingdom's economy showed unexpected resilience in early 2026, with the ONS reporting that GDP growth reached 0.5% in February, significantly outperforming the predicted 0.1%. However, potential issues were raised with inflation surging to 3.3% in March, primarily driven by a dramatic spike in fuel and food costs as energy markets were disrupted.

While the official unemployment rate fell to 4.9%, data suggests this was likely due to individuals, particularly students, withdrawing from the labour market rather than robust hiring. The domestic workforce also faced structural challenges, as an OECD report revealed that UK tax rates on single workers rose faster than in any other rich nation last year due to fiscal drag and increased national insurance. To shield graduates from these inflationary pressures, the government capped student loan interest rates at 6% for the upcoming academic year.

In corporate news, Standard Life acquired Aegon UK for £2bn, creating the nation's largest savings and income business with 16 million customers and £480bn in assets.

North America Commentary

S&P 500 profits are now expected to grow over 20% this year, with first-quarter earnings for major tech "hyperscalers" underscoring a massive \$725 billion AI infrastructure arms race, characterized by both surging revenues and historic capital spending. Alphabet outperformed expectations with a record \$110 billion in revenue and a 63% jump in Google Cloud sales, while Microsoft's 39% Azure growth was tempered by news of staff cuts to fund its AI ambitions and a less exclusive partnership with OpenAI. Meta similarly announced job cuts after reporting a 33% revenue increase, though its stock slipped following an unnerving projected spending outlook of up to \$145 billion for AI infrastructure. Finally, Apple prepares for a significant leadership transition as Tim Cook steps down in September, leaving successor John Ternus to steer the company's AI strategy.

Monetary policy faces its own internal crisis as Jerome Powell's final meeting as Fed Chair resulted in an unprecedented 8-4 split, the most dissents in 34 years. While the FOMC held rates steady, several regional presidents opposed the inclusion of an "easing bias". The path for his successor, Kevin Warsh, was cleared after US prosecutors dropped a criminal investigation into Powell, allowing the Senate Banking Committee to confirm Warsh's nomination.

In Canada, the Bank of Canada maintained rates at 2.25%, while the energy sector saw a landmark consolidation as Shell acquired ARC Resources for \$22 billion, reaffirming the region's role as a primary LNG heartland.

Europe Commentary

Europe's political landscape was reshaped by a historic election in Hungary, where challenger Péter Magyar ousted Viktor Orbán in a landslide victory, ending a sixteen-year government. The European Commission has already begun "immediate engagement" with the new regime, hoping for mended ties with Ukraine and the potential unlocking of €35bn in frozen EU funds.

Economically, the region is stuttering as Germany halved its 2026 growth forecast to 0.5%, citing the energy shock and geopolitical instability as primary setbacks. Germany is also facing a "demographic crunch," with births falling to their lowest level since postwar records began in 1946.

In response to global competitive pressures, the EU is planning a radical relaxation of corporate merger rules to help foster "European champions" capable of rivalling tech giants from the US and China.

Asia Pacific Commentary

The global AI and tech supercycle has propelled Asian markets to new heights, with Taiwan's stock market overtaking the UK's in total value terms to become the world's seventh largest (more on this below). This surge is driven by TSMC, which reported record first-quarter revenue of NT\$1.13 trillion (£27bn) as demand for high-performance AI chips remains insatiable.

Japan's monetary policy also saw a significant shift as the Bank of Japan signalled a hawkish turn with a 6-3 committee split, suggesting a rate hike could arrive as early as June. This move caused 10-year Japanese government bond yields to hit their highest level since 1997.

In South Korea, market speculation reached new levels as retail margin debt hit a record 34.3 trillion won (£17bn), leading regulators to permit new single-stock leveraged ETFs for major tech firms. To stabilize the won amidst regional volatility, the US\$1 trillion National Pension Service revised its rules to allow for more flexible foreign-exchange hedging.

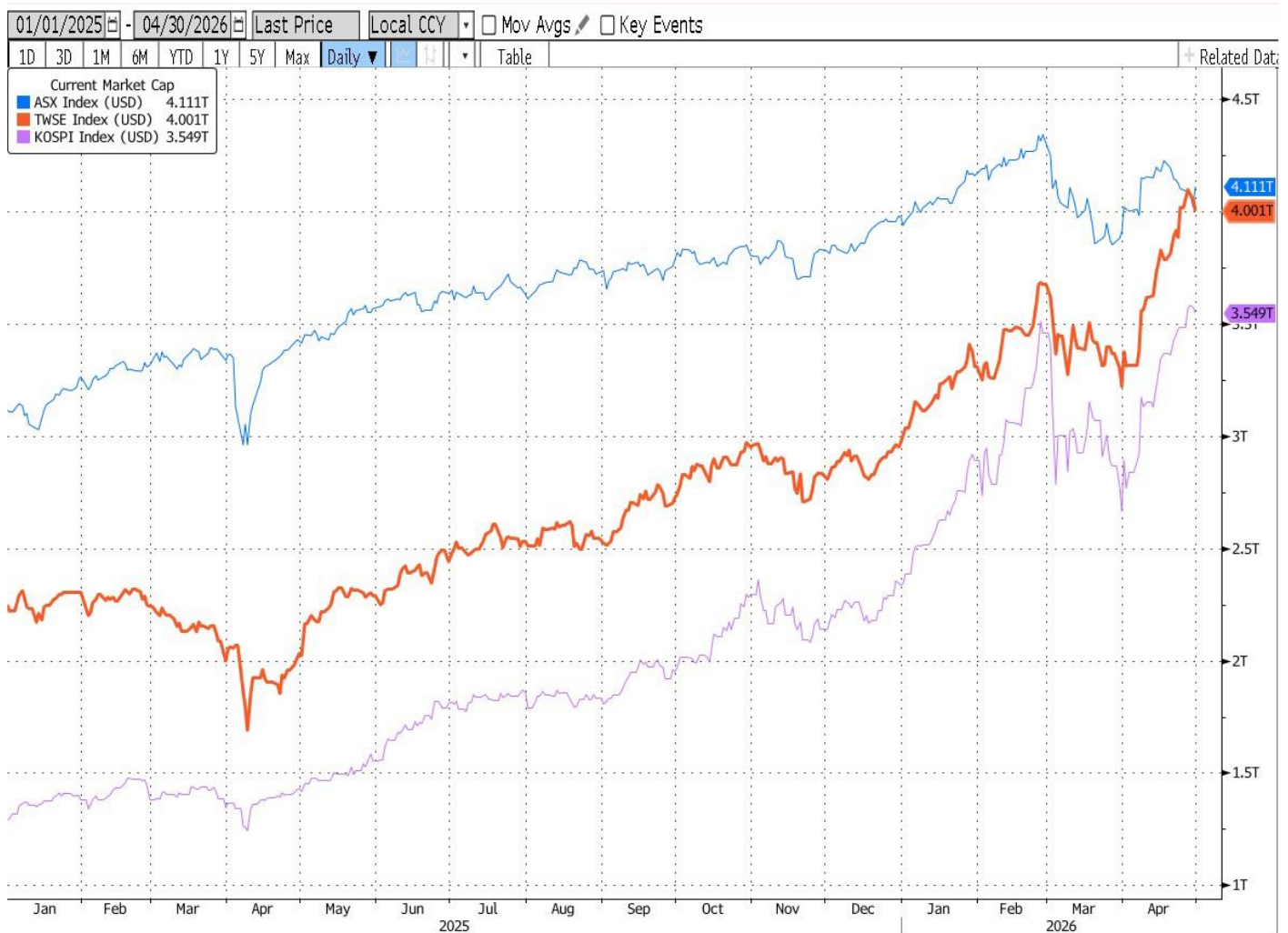
Australia's economy remains resilient, with its unemployment rate steady at 4.3% and its currency surging to a two-year high as the Reserve Bank of Australia maintains a hawkish stance to combat inflation expectations that have climbed to 5.9%. In New Zealand, the Reserve Bank held rates at 2.25% but warned that timely increases would be required if inflation expectations continue to rise.

Emerging Market Commentary

The Middle East remains a major driver of global market volatility, particularly regarding the intermittent closure and reopening of the Strait of Hormuz shipping lane. In a major geopolitical shift, the United Arab Emirates announced it is leaving OPEC after nearly 60 years, highlighting deep policy disagreements and production quota frustrations with Saudi Arabia. The UAE also expressed dissatisfaction with Russia's support for Tehran during the conflict, leading to its departure from the broader OPEC+ alliance.

China's economy has shown surprising resilience to the energy shock, with Q1 GDP expanding by 5% year-on-year, its fastest pace in three quarters, supported by aggressive expansion into renewable energy. The offshore yuan reached a three-year high, reflecting investor confidence in China's relative stability compared to other energy-sensitive markets. However, China has intensified its tech rivalry with Washington, ordering Meta to unwind its \$2bn acquisition of the AI app Manus.

In India, the Reserve Bank held interest rates steady at 5.25% and intervened aggressively to curb currency volatility. This led to the rupee's largest gain in twelve years after the central bank restricted offshore derivative speculation.

Chart of the month – UK vs Taiwan vs South Korea Stock Exchanges

For the first time in history, the Taiwanese stock exchange (orange) breached the US\$4 trillion mark and overtook the UK's (blue) in terms of market capitalisation. At time of writing, Taiwan has made further ground, and the South Korean market (purple) has also accomplished this feat.

The primary driver behind this shift has been their substantial exposure to the artificial intelligence (AI) value chain. Taiwan, in particular, is home to TSMC, the world's leading semiconductor foundry, which sits at the heart of global AI infrastructure. As demand for advanced chips, particularly those used in data centres, GPUs, and high-performance computing has surged, TSMC's market capitalisation has risen sharply, lifting the broader Taiwanese index alongside it. South Korea has followed a similar trajectory, albeit with a slightly more diversified exposure across memory (Samsung Electronics, SK Hynix) and other technology components essential to AI deployment. The rebound in memory pricing, combined with structural demand from AI workloads, has driven a strong re-rating across Korean equities.

While this is remarkable and much has been made of this in the press, it is important to remember what makes up these markets. TSMC makes up roughly 29% of Taiwan's entire stock market, while SK Hynix and Samsung make up over half of South Korea's market. While the UK lacks these tech champions, it also lacks the concentration in its market and is far more diversified with its largest company, HSBC, making up just over 8% of the index.

Investment Team's thoughts

April offered a timely reminder of an adage we often return to: the stock market is not the economy. This could be seen particularly in Asia, which saw some exceptional stock market performance this month. While many Asian economies grapple with rising oil prices amid ongoing tensions in the Middle East, businesses across the region have continued to deliver strong earnings, with equity markets responding in kind through sharp rallies.

Part of this resilience reflects market composition and a strong focus on technology. However, it also speaks to the forward-looking nature of markets. Equity investors appear willing to look through near-term energy pressures, pricing in a more constructive outlook for both oil prices and a potential easing of geopolitical tensions. This pattern has also been repeated globally and in different asset classes in recent weeks, with most markets experiencing significant growth.

As ever, markets are shaped by a complex interplay of factors, often moving ahead of the economic reality on the ground. While risks remain, the underlying drivers of growth (particularly in technology and innovation at present) continue to provide a compelling foundation for long-term optimism.