DRUMMOND

CAPITAL PARTNERS

INVESTMENT PERSPECTIVES

April 2026

Month In Review

Global Equities
9.4%

Aus Equities
2.2%

Aus REITs
7.4%

AUD/USD
3.9%

US Bonds
-0.2%

Commodities
6.4%

Although the world continues to watch the Iran war closely, equities rallied in April as investors turned their attention to data supporting resilient US economic growth and stronger-than-expected corporate earnings.

In the US, GDP expanded at an annualised rate of 2.0%, while the unemployment rate and jobless claims were broadly stable, suggesting limited spillover from geopolitical tensions into the labour market. Inflation, however, ticked higher, recording the largest monthly print in nearly three years, driven primarily by energy costs with gasoline prices rising an average 24.1% nationally in March. On the corporate earnings front, reporting has been robust, as 63% of S&P 500 companies have released Q1 results, where 84% delivered earnings per share above consensus expectations, ahead of the five-year average of 78%. At a sector level, earnings surprises have been particularly strong in information technology (97% beat expectations), health care (94%), and energy (92%), underscoring the breadth of earnings resilience across the market.

The ASX 200 rose 2.2% but lagged global peers. The key driver was persistent inflation fuelled by the energy crisis that is currently impacting consumer sentiment and business confidence. Technology outperformed, up 10.0%, while healthcare weakened further, down 9.9%, partly reflecting a 44.4% decline in Cochlear after a steep earnings downgrade rattled the sector. Australian REITs partially recovered three months of declines. Emerging markets rebounded strongly, up 14.7% reflecting outperformance of semiconductor stocks, while European equities rose 6.5%, lagging other markets as the region's reliance on energy imports has intensified inflation pressures and weighed on sentiment. US and Australian bond prices ended the month broadly flat, down 0.2%, with markets consolidating after recent volatility. Spread tightening lifted high-yield and investment grade credit 1.5% and 0.3%, respectively.

Commodities continued their March trajectory, with oil reaching a four-year high and finishing up 5.6%, while gold, despite ending near flat over the month, fell from higher levels as markets scaled back rate cut expectations. The Australian dollar regained March losses, rising 3.9%, as inflation fears firmed prospects of a May rate hike.

Things That Matter

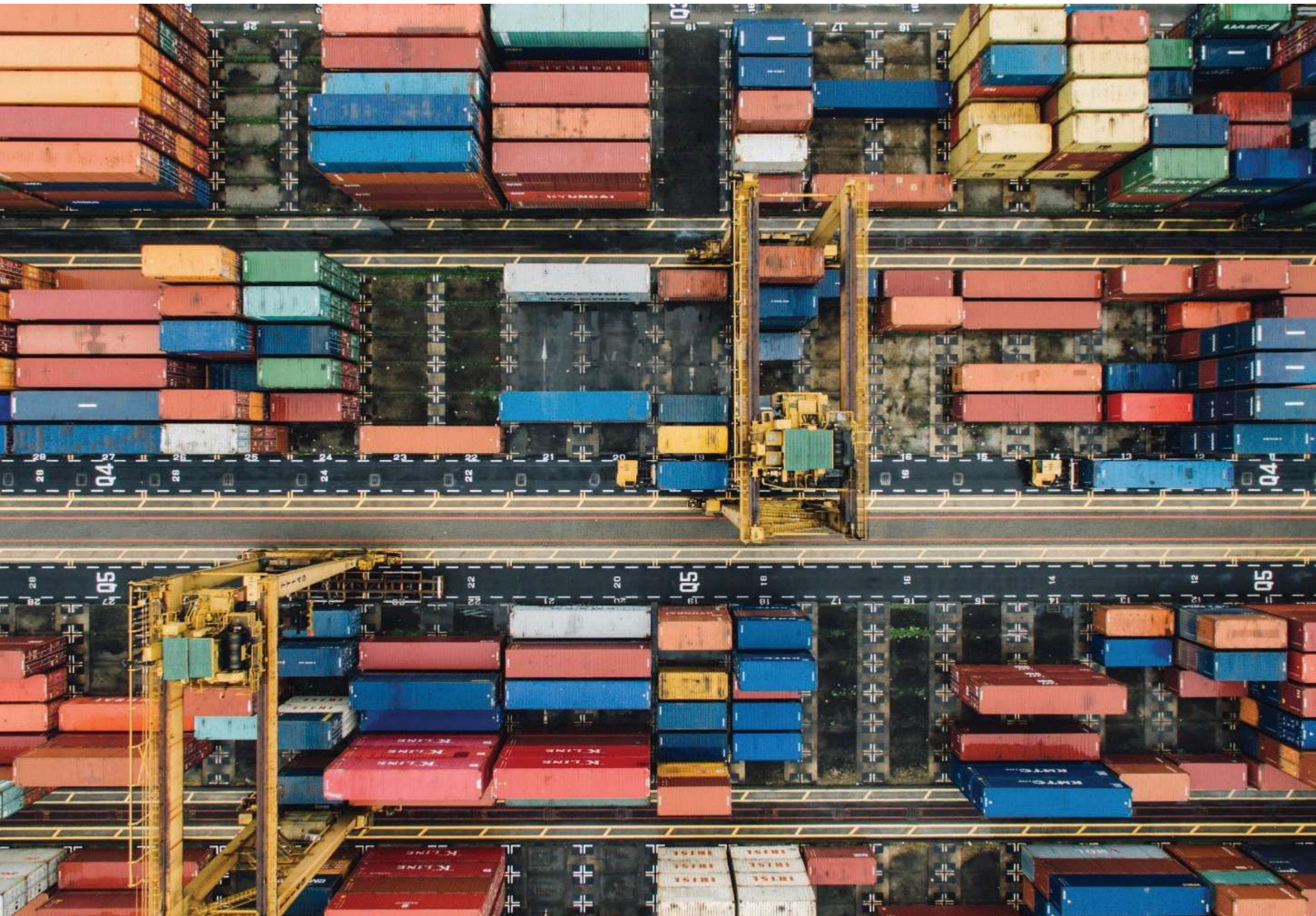
1.	Central banks vigilant on inflation, as Middle East conflict stokes price pressures
2.	An era of geopolitical fragmentation is rewiring global trade, with the world organising into regional blocs
3.	AI adoption is in its infancy and is set to transform the competitive landscape across businesses, industries, and geographies
4.	Global demographic shift is underway: aging populations, shrinking workforces, and developing economies driving future growth
5.	Fiscal stimulus is currently boosting liquidity with mounting government debt presenting longer-term risks

Asset Class Positioning

	Change MoM	Strong Underweight	Underweight	Neutral	Overweight	Strong Overweight
Australian Equities	▬	○	●	○	○	○
Global Equities	▬	○	○	○	○	●
Property	▬	○	○	●	○	○
Infrastructure	▬	○	○	○	●	○
Global Alpha	▬	●	○	○	○	○
Government Bonds	▬	●	○	○	○	○
Corporate Debt	▬	○	○	○	○	●
Cash	▬	○	○	●	○	○
Total Growth vs Defensive	▬	○	○	○	●	○

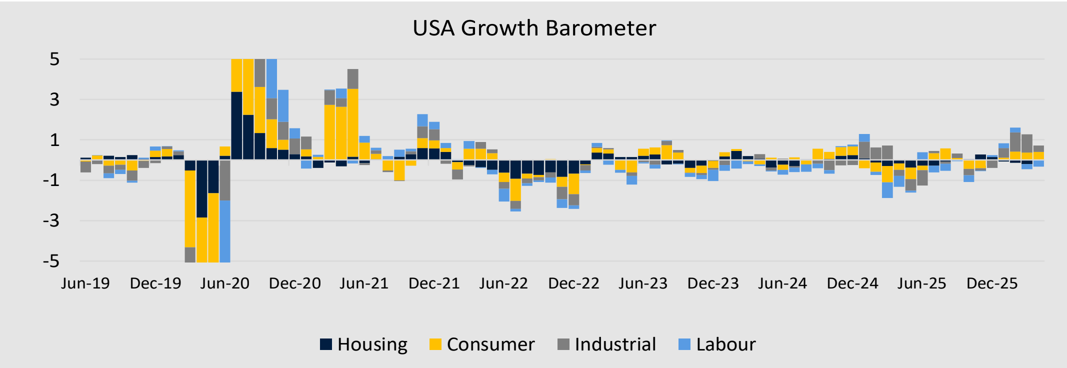
Macroeconomic Overview

- North America
- Asia
- Europe
- Australia



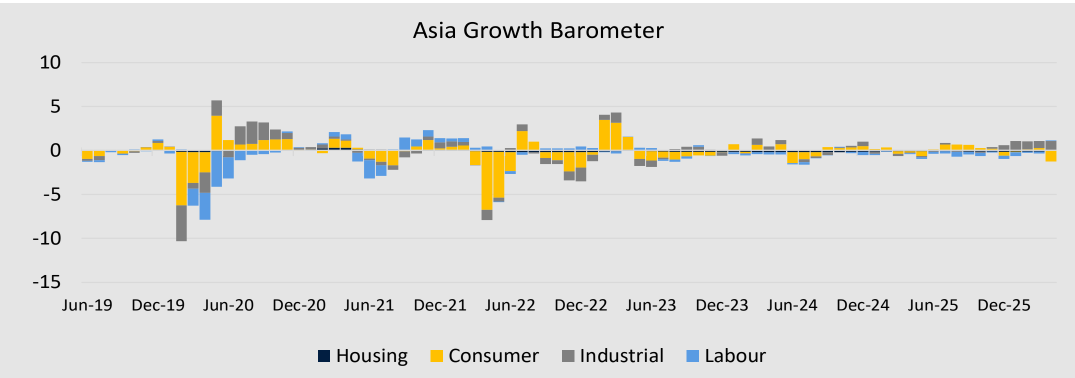
North America

The US Federal Reserve left policy rates unchanged in April, maintaining a balanced assessment of growth and inflation while signalling no urgency to adjust rates. Outgoing Chair Jerome Powell reiterated that policy is mildly restrictive and well positioned as it assesses evolving conditions. Economic activity remains resilient but is moderating at the margin. GDP growth rebounded to 2.0% in Q1, supported by strong business investment, particularly in AI, as well as a recovery in government spending. Consumer confidence rose to a four-month high in April, as the prospects of a resolution in Iran increased, however higher energy costs remain a key source of concern for consumers. The roll out of tax refunds has provided consumers a cushion from higher energy prices. That said, supply disruptions persist, pushing input prices higher, with manufacturing data signalling renewed supply side strain. Labor market stability in the current low hire, low fire environment supports expectations that the Fed will keep rates unchanged for the remainder of the year.



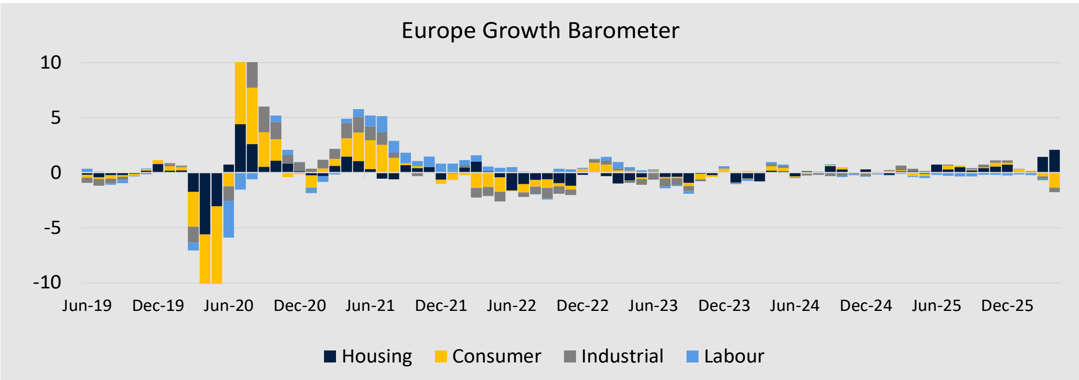
Asia

China's factory activity expanded for a second consecutive month, as manufacturers lifted output to meet front-loaded demand amid concerns the Iran conflict will further raise costs. This boost is likely transitory. While offering near-term relief for an economy facing global supply disruptions and energy volatility, the rebound's durability is uncertain. Elevated energy prices tied to the conflict pose renewed challenges for export-oriented manufacturing. China's growth outlook remains constrained by subdued household demand, a persistent property downturn, and excess industrial capacity, reinforcing deflationary pressures. Policymakers continue to face the complex task of rebalancing growth toward domestic consumption, reducing reliance on external demand and addressing structural weaknesses.



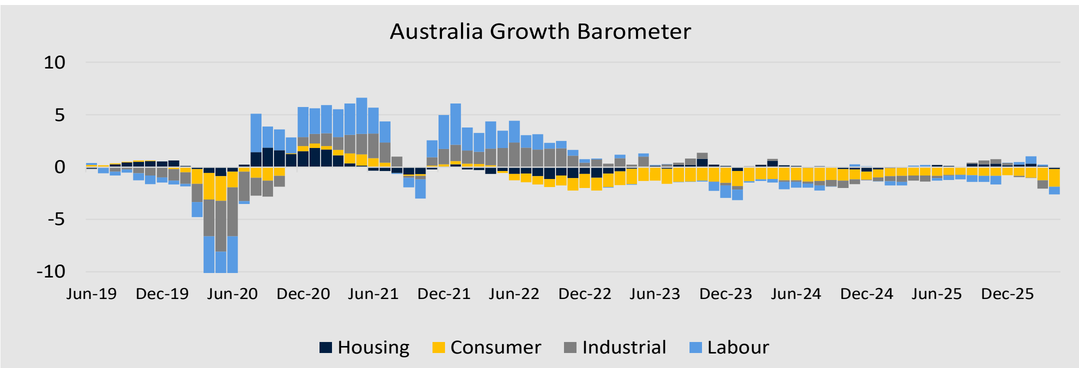
Europe

Eurozone inflation jumped to 3.0% in April from 2.5% in March on soaring energy costs. Core inflation, excluding volatile food and energy prices, eased to 2.2% from 2.3%. The European Central Bank remains on hold, indicated it would act only if inflation deviated ‘significantly and persistently’ from target. Germany’s GDP grew 0.3% in Q1, beating expectations, supported by household consumption and government spending, with exports also rising despite intensifying competition from China. Despite growth holding up, unemployment rose in Germany slightly above expectations. Beyond challenges stemming from the Middle East, Europe faces structural headwinds from weak productivity, demographic pressures, and the transition to a decarbonised, digital economy. The region benefits from low unemployment, solid sector balance sheets, and increased infrastructure and defence investment.



Australia

Australia’s economy continues to navigate an inflationary, low growth environment. Headline monthly CPI rose 1.1% in March to 4.6%, and although core inflation momentum had been moderating prior to the Iran war, the trimmed mean increased 0.3% to 3.3%, unchanged year-on-year to February. The largest contributors to annual inflation were housing (+6.5%) and transport (+8.9%). Unemployment remained steady at 4.3%, though is expected to soften during the year should interest rates become more restrictive. Contributing to the case for policy tightening is higher fuel and input costs despite recent fuel excise cuts. Structurally, major reforms to boost productivity, including deregulation and tax measures, remain critical to expanding the economy’s supply capacity and sustainable growth prospects.



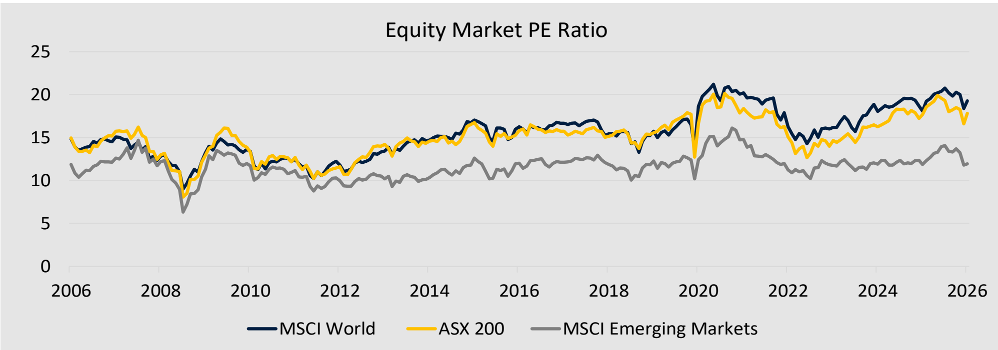
Asset Class Overview

Equities	Overweight
Bonds	Underweight
Credit	Overweight
Infrastructure	Overweight
Property	Neutral
Global Alpha	Underweight

Equities

Overweight

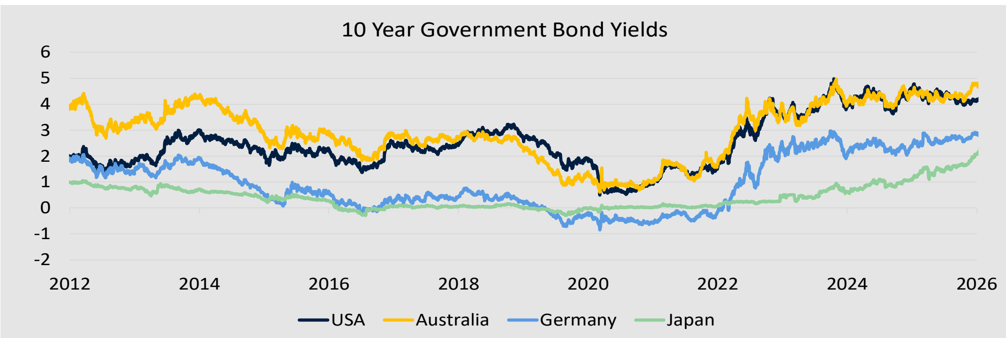
US equities advanced strongly in April as solid corporate earnings offset the war-related oil supply shock that sent crude prices to four-year highs before easing at month end. Nearly two-thirds through earnings season, nine of eleven S&P 500 sectors have reported year-over-year earnings expansion. Seven of these nine sectors delivered double-digit earnings growth, led by communication services, information technology, consumer discretionary and materials. In communication services, notable earnings per share surprises included Alphabet ($5.11 vs. $2.68) and Meta Platforms ($10.44 vs. $6.67). Markets expect artificial intelligence momentum and strong corporate earnings to persist and offset the conflict's short-term economic impact. However, continued gains remain contingent on oil prices easing and the conflict not becoming protracted. Portfolios remain overweight growth assets and we continue to monitor developments.



Bonds

Underweight

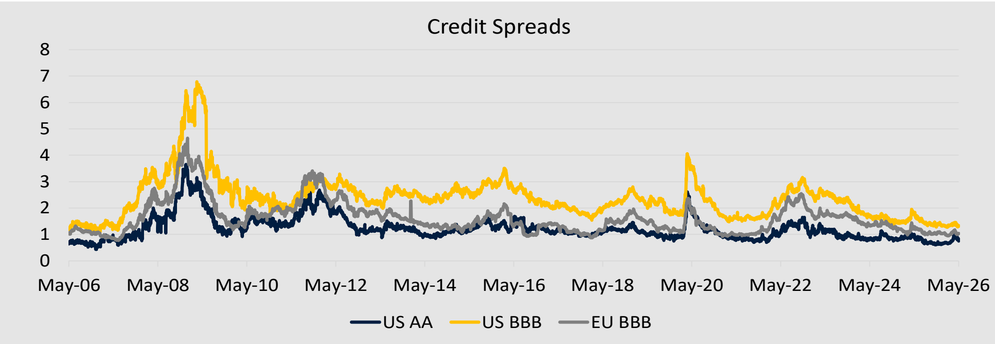
Bond yields continued their climb as the Strait of Hormuz closure lifted energy prices and inflation expectations. All the while, the US Federal Reserve left its policy rate unchanged at 3.50%-3.75% in April, with markets viewing the decision as a hawkish hold, citing rising inflation concerns, in the most divided vote since 1992. Australian yields remain elevated on a one-year view, with the 10-year government bond yield up 80 basis points, reflecting significant repricing since the RBA began its tightening cycle. Domestic inflation remains above target, with a tight labour market and faster than usual cost pass-through from the war. Japanese bonds weakened in April as the Bank of Japan remains cautious, weighing growth against inflation risks. The 10-year Japanese government bond yield is the highest in nearly 30 years at 2.54%. Portfolios remain underweight bonds.



Credit

In April, US credit spreads tightened, while European spreads were broadly unchanged. Strong corporate fundamentals underpin our preference for floating rate Australian credit. The asset class has absorbed recent shocks with minimal disruption, with spreads remaining orderly. The Australian market continues to offer compelling relative value, providing a yield premium to offshore markets. Portfolio positioning reflects this view, maintaining a cautious tilt toward quality and liquidity.

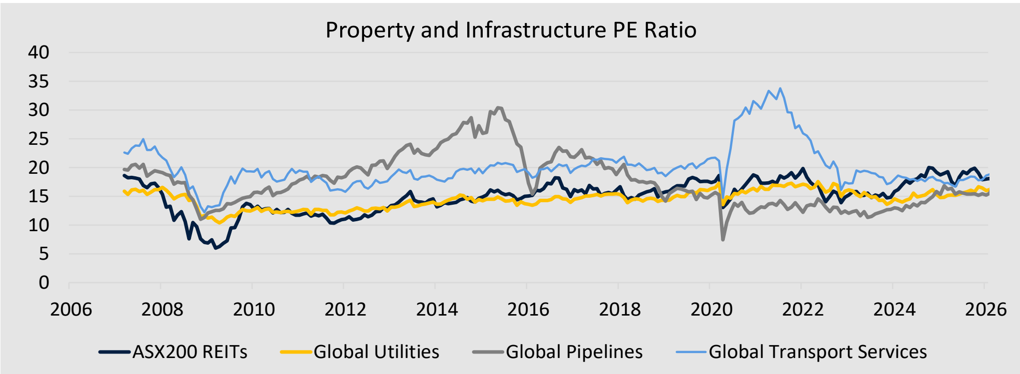
Overweight



Property / Infrastructure

These assets typically have robust inflation hedging characteristics over the long-term. In the REIT universe, income typically grows annually through fixed or inflation-linked mechanisms, with healthcare, senior housing and data centres offering multi-year structural growth, underpinned by favourable demographics, constrained supply, and resilient demand. Infrastructure, provides essential services such as water, gas, and electricity, delivering earnings visibility often over five or more years via contracts and regulation. Current valuations remain compelling relative to global equities. The portfolios are overweight infrastructure and neutral on property.

Overweight



Global Alpha

Growth assets sit modestly above neutral, reflecting our overweight allocations to infrastructure and global equities. This was offset by an underweight to global alpha and Australian equities.

Underweight

Asset Class Returns

	Latest Value 30/04/26	Monthly Performance	Quarterly Performance	Half Year Performance	Yearly Performance
MSCI World All Countries	1,288	9.4%	4.1%	7.6%	31.4%
S&P/ASX 200	8,666	2.2%	-1.2%	-0.9%	10.1%
MSCI Emerging Markets	1,600	14.7%	5.3%	15.3%	47.5%
Nasdaq Composite	24,892	15.3%	6.3%	5.2%	43.6%
Euro Stoxx	630	6.5%	1.1%	7.0%	20.3%
Australian Property	90	7.4%	-6.1%	-10.5%	1.3%
Global Infrastructure	75	-3.3%	4.9%	3.5%	5.8%
Australian Bonds	5.08%	-0.2%	-0.7%	-2.7%	-1.6%
US Bonds	4.39%	-0.2%	-0.2%	-0.1%	2.4%
High Yield Credit (spread/return)	1.3%	1.5%	0.6%	2.4%	8.4%
Investment Grade Credit (spread/return)	0.8%	0.3%	-0.4%	0.1%	5.5%
US $ / Australian $	0.71	3.9%	1.6%	8.6%	10.9%
Crude Oil-WTI	108.6	5.6%	68.4%	75.9%	82.4%
Gold Bullion $/T Oz	4,620	-0.1%	-8.2%	16.1%	39.7%