Marlborough | MEARNS & COMPANY

40th ANNIVERSARY

Management Team
Multi-Asset Solutions Investment Team

Date
06/05/26

Capital is at risk. Please read full risk warning at the end of this document.

[1]Bonds are interest-paying financial products issued by governments, companies and other institutions when they want to borrow money from investors.

[2]Yield is the income paid by bonds or other investments. It is usually stated as a percentage of the value of the investment.

[3]Earnings per share is a company's profit divided by the number of shares, indicating profitability per share.

[4]Hyperscalers earn their name from the massive scale of their cloud computing facilities and datacentres.

Monthly Commentary: May 2026

Multi-Asset

Despite the Middle East crisis, equities (company shares) delivered a strong performance in April as 'earnings season', when companies provide an update on trading, got underway. However, bonds[1] provided weaker returns. US Treasuries and other government bonds declined, reflecting rising yields[2] and persistent inflation concerns. Commodities showed a mixed performance. Energy was the strongest segment, with WTI crude oil up 6.8%. Industrial metals also rose modestly. However, gold declined 2.9%, suggesting reduced demand for defensive assets.

We invested across a range of asset classes, taking advantage of opportunities made more attractive by the sharp moves in markets witnessed in recent weeks. We are now focused on inflation trends, interest rates, global economic growth momentum and the outlook for company earnings. All of these are likely to influence the performance of a range of investment assets in the coming months.

UK

The FTSE 100 rose 2.3% in April, as UK equities posted modest gains against a background of market turbulence caused primarily by the Middle East conflict and its impact on energy prices. UK Consumer Prices Index (CPI) inflation rose to 3.3% year-on-year in March from 3.0% in February, driven by rising energy costs.

The Bank of England held interest rates at 3.75% after an 8-1 vote by the Monetary Policy Committee (MPC). The lone dissenter favoured a hike to 4.0%. Several other MPC members indicated they could consider rate increases in the future. This underscores the fact that while the hurdle for rate hikes remains high, they are possible if the impact of the energy shock broadens out into the wider economy.

Europe

European equities delivered a strong month, with the MSCI Europe index (excluding the UK) gaining 4.5% as investors' appetite for risk held up despite mounting geopolitical headwinds. The inflation picture, however, is becoming more complicated.

The European Central Bank kept interest rates on hold for a third consecutive month, leaving its key benchmark rate at 2.0%. The accompanying statement struck a more cautious tone than previously, noting that the risks of inflation rising and economic growth slowing have increased. Investors are now expecting rates to rise by 0.5% by the end of the year.

US

April was a strong month for US equities, with the S&P 500 up 7.2% and the technology-heavy Nasdaq index up 11.9%. Investors largely brushed aside concerns higher oil prices will drive up inflation. This view was helped by a US-Iran ceasefire announced on 7th April that eased energy prices.

Employment figures came in slightly better than expected and first-quarter earnings season has seen exceptionally strong earnings-per-share[3] (EPS) growth by companies in the S&P 500. At the time of writing, with more than 60% of companies having reported their figures, EPS growth is running at 27.1%. This is more than double the 13.1% estimated by analysts and is the highest growth rate since the final quarter of 2021. The hyperscalers[4] – Microsoft, Amazon, Alphabet

(Google's parent company) and Facebook owner Meta – accounted for roughly 70% of this EPS growth.

The US Federal Reserve (the Fed) held interest rates at 3.50-3.75%. Meanwhile, Kevin Warsh, US President Donald Trump's nominee, took another step closer to replacing Jerome Powell as Chair of the Fed after he received the support of the Senate Banking Committee.

Japan

Japanese equities delivered strong gains during the month, with the MSCI Japan index rising 5.9%, outperforming most other developed markets. The rise was supported by a combination of improving risk appetite among global investors, a weaker yen and renewed investor focus on cyclical and domestically exposed sectors[5].

[5]Cyclical business sectors are those in which companies are most likely to be affected by changes in the economic cycle. Domestically exposed sectors are those in which companies are most dependent on the domestic economy.

The Bank of Japan held interest rates at 0.75%, reinforcing expectations it will keep rates low even as other central banks consider raising them. This helped sustain flows from global investors into Japanese equities, particularly in areas such as the financial sector.

Asia Pacific

Asia-Pacific equities delivered a very strong month, with the MSCI AC Asia Pacific index (excluding Japan) rising 11.7%. Semiconductor and hardware stocks were a key driver of performance, as investor confidence in the global technology cycle continued to improve. Strong earnings momentum and increased demand linked to artificial intelligence-related infrastructure supported share prices across Taiwan and South Korea, which were among the best-performing markets in the region.

In Australia, gains were supported by a combination of resilient commodity prices, strength in mining stocks and improving sentiment towards domestic cyclicals. Financial services companies also contributed positively as expectations around interest rate cuts were pushed further out, supporting bank earnings outlooks.

Emerging Markets

The Emerging market equities delivered a strong month, with the MSCI Emerging Markets index rising 11.3%. Performance was driven by improving risk appetite among global investors and positive momentum in technology-related sectors, with an additional boost from stronger local currencies and a weaker US dollar.

Latin American markets performed well overall, supported by Brazil and Mexico, where stable commodity prices and resilient domestic economic data helped underpin equity returns. Energy and raw materials companies were key contributors, benefiting from both supportive global demand and relatively disciplined domestic government policies.

By contrast, China delivered more mixed performance. While parts of the stock market benefited from measures to inject money into the financial system and selective government policy support, broader sentiment remained cautious, particularly towards internet and consumer-facing stocks.

Bonds

The Middle East conflict continued to dominate the attention of bond investors. There was a very brief rally in bond prices when a ceasefire was agreed, but when it was quickly abandoned yields rose and bond prices fell again. Diplomacy at times felt like it was being played out through social media headlines and investors soon felt a sense of fatigue.

With higher commodity prices set to continue, and the potential for a near-term energy-driven inflation shock, investors have been focusing on interest rates.

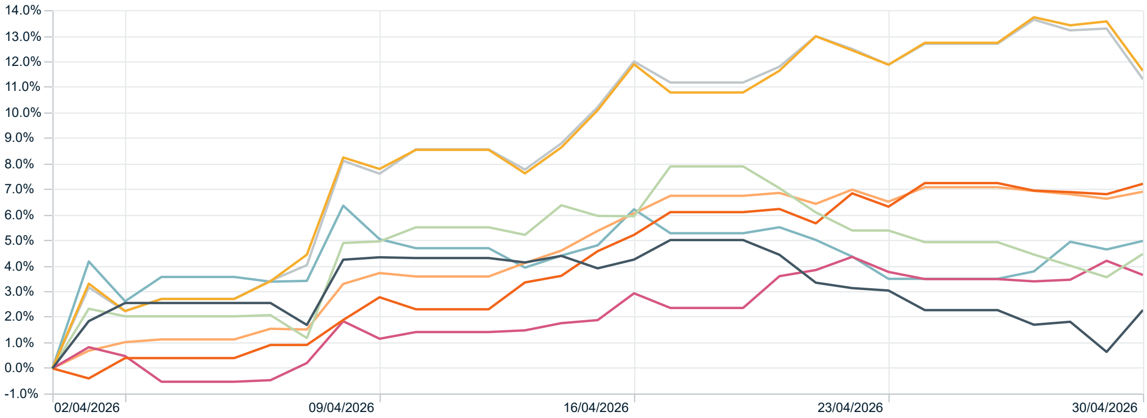
The consistent message from central bankers has been 'wait and see', although the tone seems to have shifted towards interest rates being likely to rise. Economic data has so far added little to the debate, being ignored either for being 'pre-conflict' or as just one data point in a rapidly changing picture.

Performance of key Global Markets

1 month performance

Time Period: 01/04/2026 to 30/04/2026

Currency: Pound Sterling

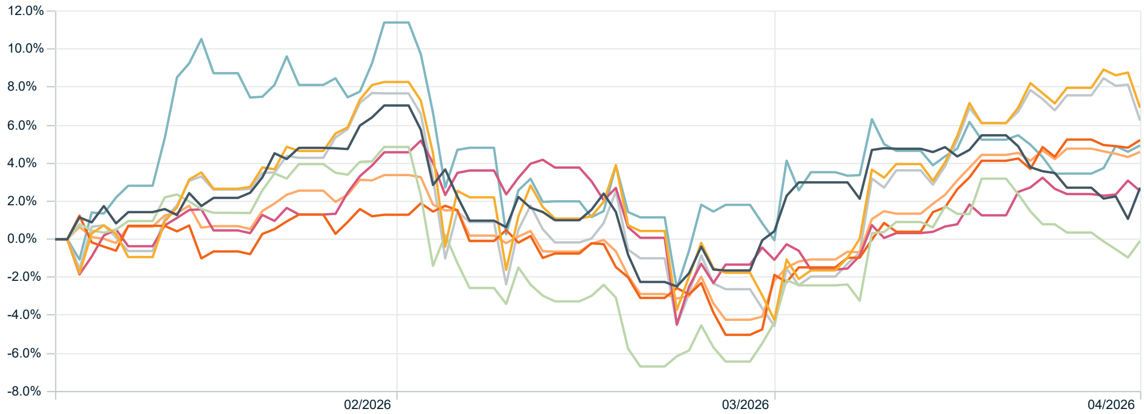


FTSE 100 TR GBP	2.3%	TOPIX TR JPY	5.0%	MSCI AC Asia Pac Ex JPN NR USD	11.7%
S&P 500 TR USD	7.2%	MSCI Europe Ex UK NR EUR	4.5%	SSE Composite Index PR CNY	3.7%
MSCI ACWI NR USD	6.9%	MSCI EM NR USD	11.3%		

3 month performance

Time Period: 01/02/2026 to 30/04/2026

Currency: Pound Sterling

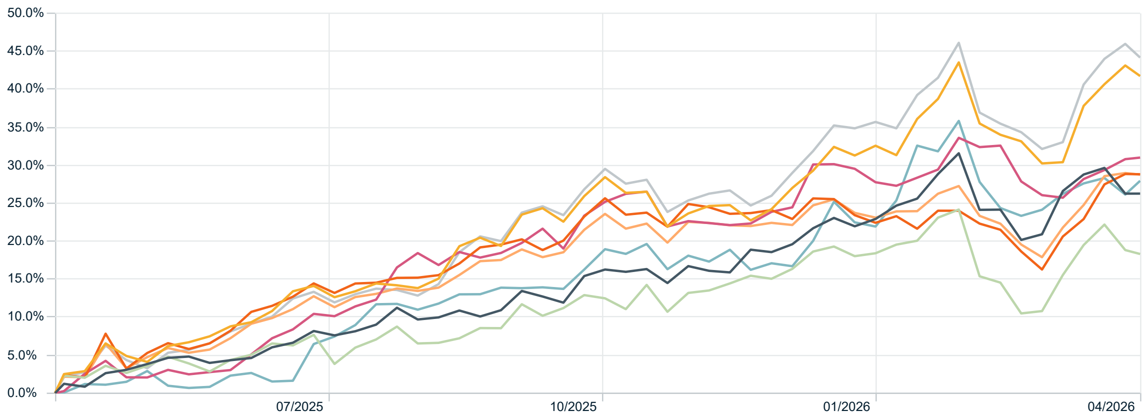


FTSE 100 TR GBP	2.7%	TOPIX TR JPY	4.9%	MSCI AC Asia Pac Ex JPN NR USD	6.9%
S&P 500 TR USD	5.2%	MSCI Europe Ex UK NR EUR	-0.1%	SSE Composite Index PR CNY	2.5%
MSCI ACWI NR USD	4.6%	MSCI EM NR USD	6.2%		

12 month performance

Time Period: 01/05/2025 to 30/04/2026

Currency: Pound Sterling



FTSE 100 TR GBP	26.3%	TOPIX TR JPY	28.0%	MSCI AC Asia Pac Ex JPN NR USD	41.8%
S&P 500 TR USD	28.8%	MSCI Europe Ex UK NR EUR	18.3%	SSE Composite Index PR CNY	31.0%
MSCI ACWI NR USD	28.8%	MSCI EM NR USD	44.2%		

Source: Morningstar Direct

Risk Warnings

Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting portfolios. Investments may include emerging market, smaller company and commodity funds which may be higher risk than other asset classes. Investments in fixed interest funds are subject to market and credit risk and will be impacted by changes in interest rates. Changes in exchange rates may affect the value of the underlying investments. Investments in Property funds carry specific risks relating to liquidity. Property funds can go through periods, known as 'gating', when it may not be possible to trade in or out of the funds and to access your money during such periods. The portfolios may invest a large part of their assets in funds for which investment decisions are made independently of the portfolios. If these investment managers perform poorly, the value of the portfolios is likely to be adversely affected. Investment in funds may also lead to additional fees arising from holding these funds.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from Marlborough or any of its subsidiaries to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine together with their own professional advisers if appropriate if any investment mentioned herein is believed to be suitable. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted.

Regulatory Information

Issued in the UK by Marlborough Investment Management Limited, authorised and regulated by the Financial Conduct Authority (reference number 115231). Registered office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. Registered in England No. 01947598.

Issued in Europe by Marlborough Investment Management Limited (authorised and regulated by the Financial Conduct Authority) on behalf of Marlborough ICAV (authorised and regulated by the Central Bank of Ireland). Marlborough ICAV is managed by TMF Fund Management (Ireland) Limited (authorised and regulated by the Central Bank of Ireland). Marlborough ICAV is registered under the laws of Ireland with registered number C186352 as an Irish Collective Asset management Vehicle which is constituted as an open ended umbrella UCITS fund with segregated liability between sub funds. Directors: Raymond O'Neill (Irish), Brian Farrell (Irish), Dom Clarke (British) and Danny Knight (British). Registered office: Marlborough ICAV, 88 Harcourt Street, Dublin 2, Ireland.

The fund is registered and approved under section 65 of CISCA. South African investors must read this document with the latest Minimum Disclosure Document & General Investor Report.

Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

Intermediary Support. 0808 145 2502

Email. salessupport@marlboroughgroup.com

Website. marlboroughgroup.com

Marlborough