

GLOBAL EQUITY PERSPECTIVES

30 APRIL 2026

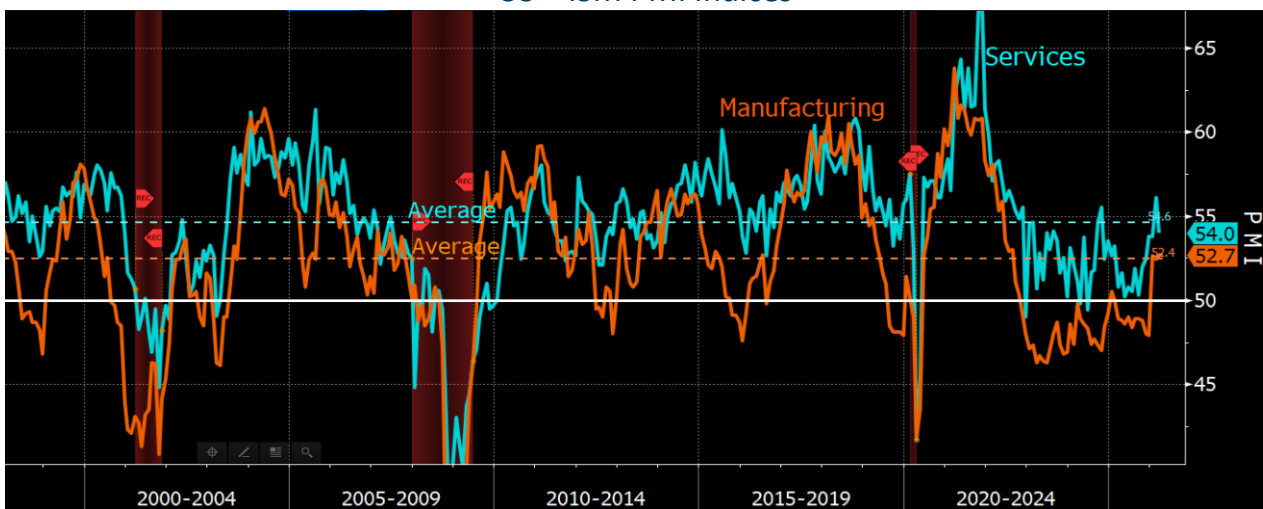
“Great things are done by a series of small things brought together.”

Vincent Van Gogh

1. US ECONOMIC OUTLOOK

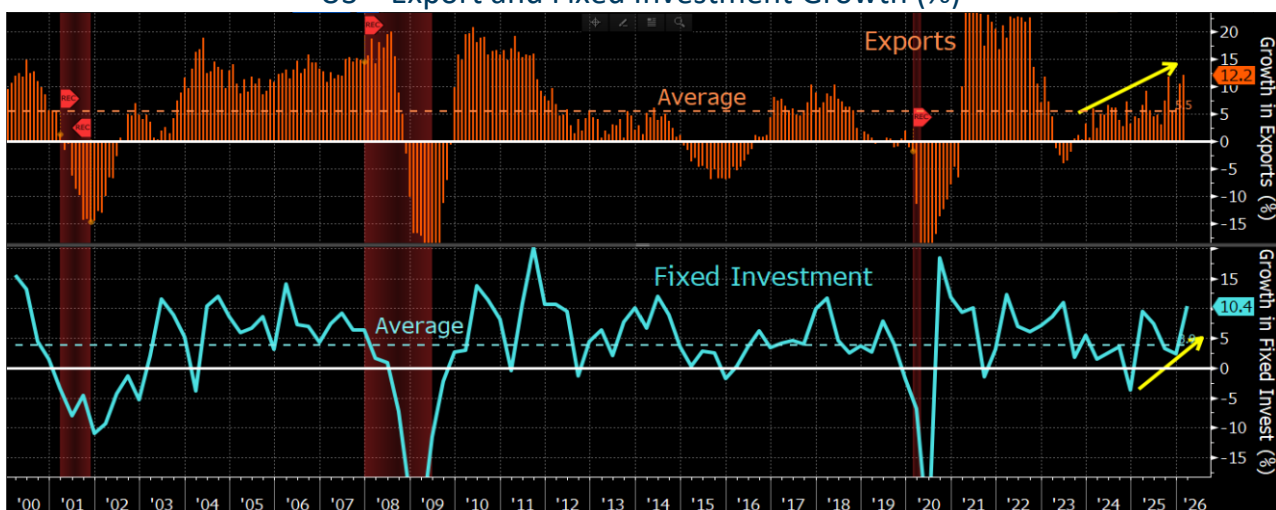
We focus mainly on the US economic outlook as they predominantly drive the global capital markets.

US – ISM PMI Indices



Both the US Services and Manufacturing PMI Indices seem to be in a recovery process, and both are close to their respective averages and in expansionary territory. Whilst the data fluctuates month-to-month, both their trends and absolute levels are comforting. The strong recovery in Manufacturing may be supported by the US administration’s reshoring and the generally weaker Dollar.

US – Export and Fixed Investment Growth (%)

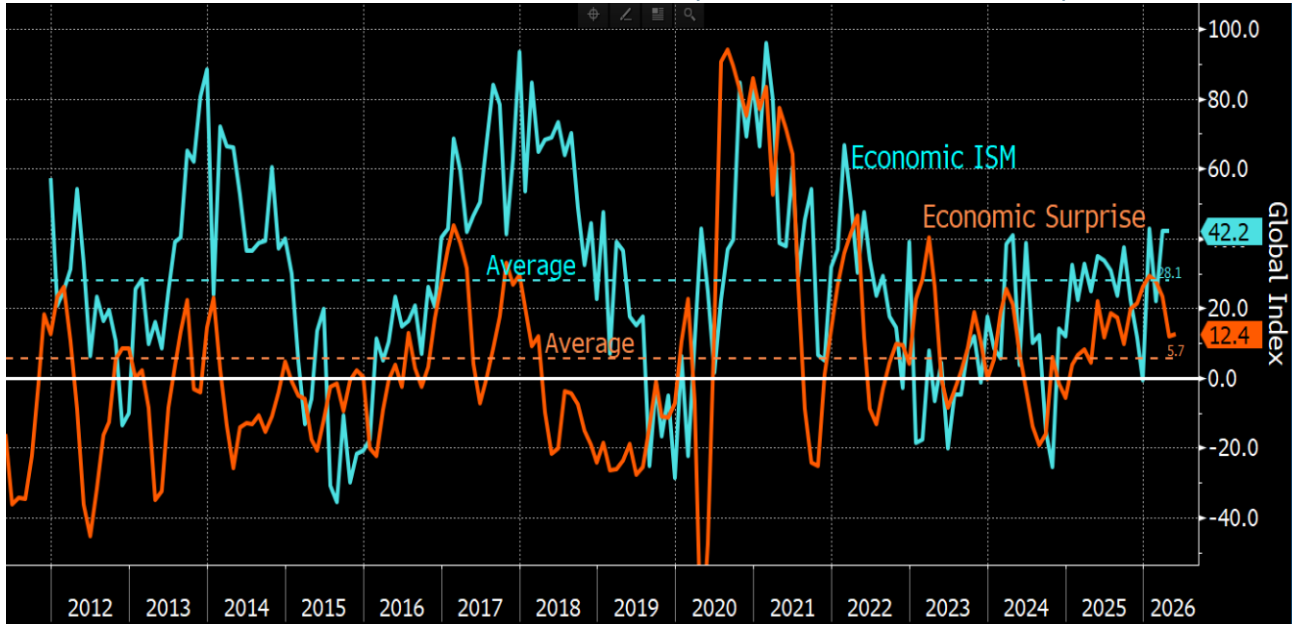


US exports are in a recovery trend (the orange bars), currently growing in double digits and well above average. This is occurring mainly in the Aerospace, Technology, Pharmaceutical and Energy sectors. Whilst more lumpy, Fixed Investment growth is also in a recovery trend, currently also growing at double digits. While Consumption continues growing on its average level, these additional sources of economic growth are supporting the US economy in an otherwise uncertain environment.

2. ECONOMIC EXPECTATIONS

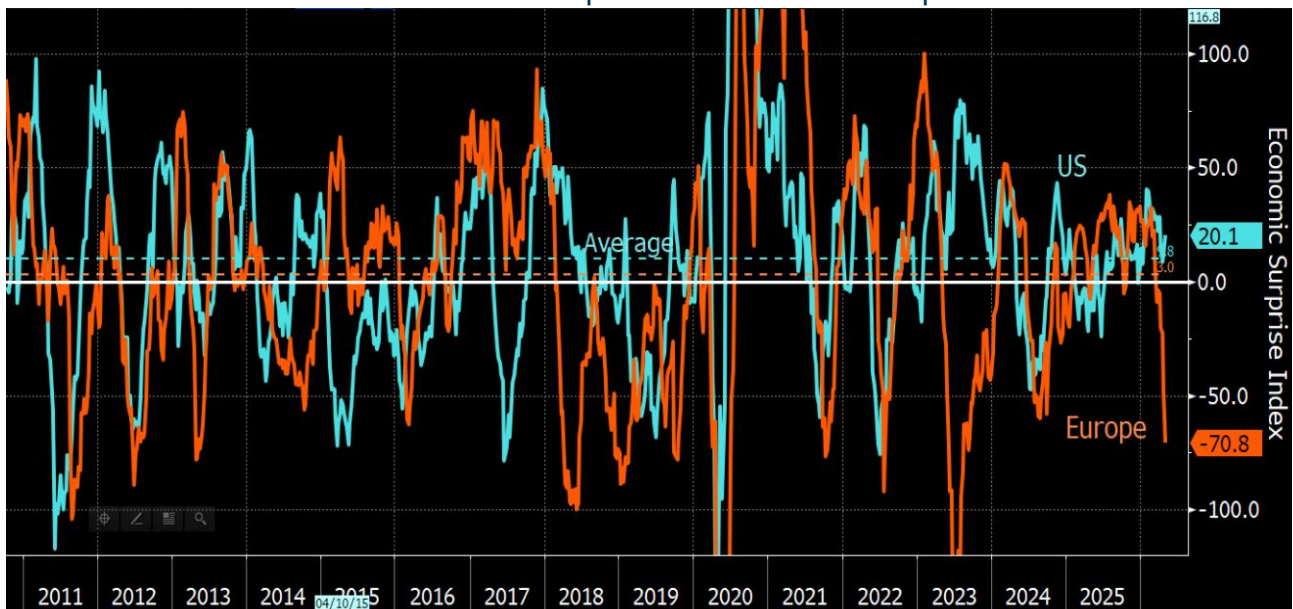
Consensus expectations are for the major economies to deliver continued growth for this year and next (e.g. US +2.2%/+2.0%, China +4.6%/+4.4%, Germany +0.6%/+1.3%, India +7.5%/+6.7%, Japan +0.7%/+0.9% respectively). Whilst this bodes well for organic growth, the changes in public perceptions around economic activity are often the determining factor for investment returns.

Global Economic Picture – Economic Activity ISM vs Citi Economic Surprise Index



Whilst global economic activity seems fine (the blue line), the Economic Surprise Index (the orange line) has recently dropped from an elevated level. It is currently still above average, but notice should be taken of investor perceptions of global economic growth that is softening.

Citi Economic Surprise Index – US vs Europe

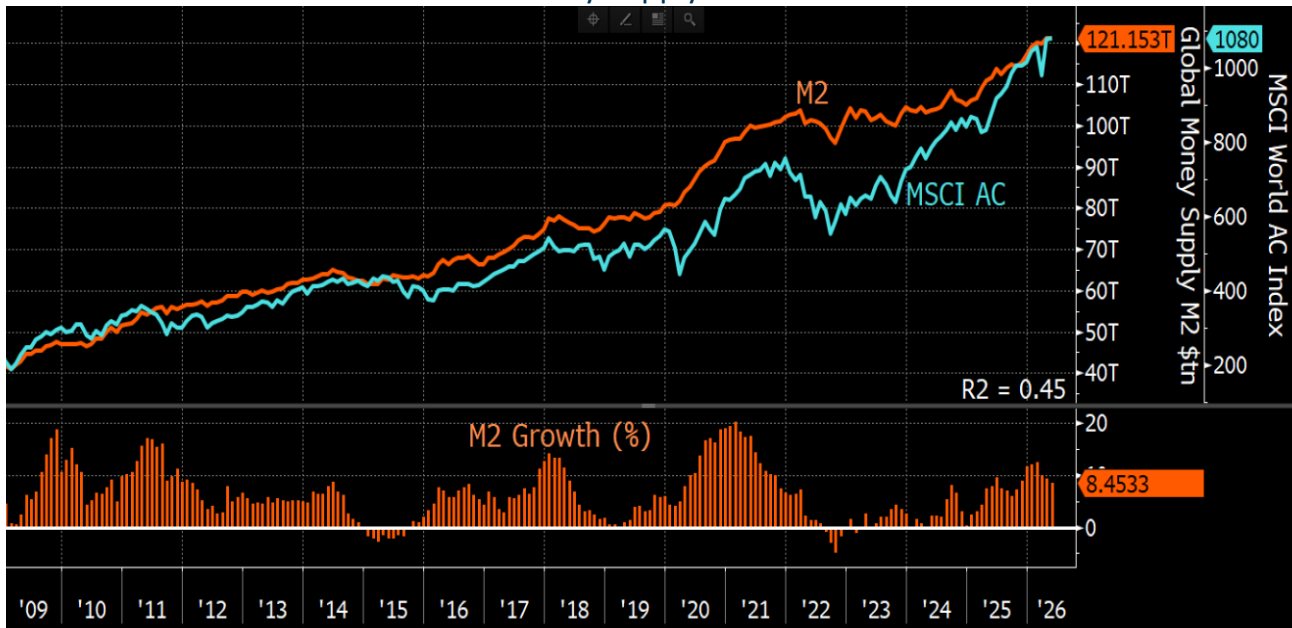


The perception of US economic growth has also softened from its elevated level (the blue line), but its most recent reading has risen from its average level. Against this, perceptions of European economic growth have recently undergone a sharp deterioration. It does not seem that expectations about improving structural economic growth from, for example, European Defence or alternative trading activity from US tariff implications are coming through yet and there may be risk of some earnings disappointments.

3. FINANCIAL CONDITIONS

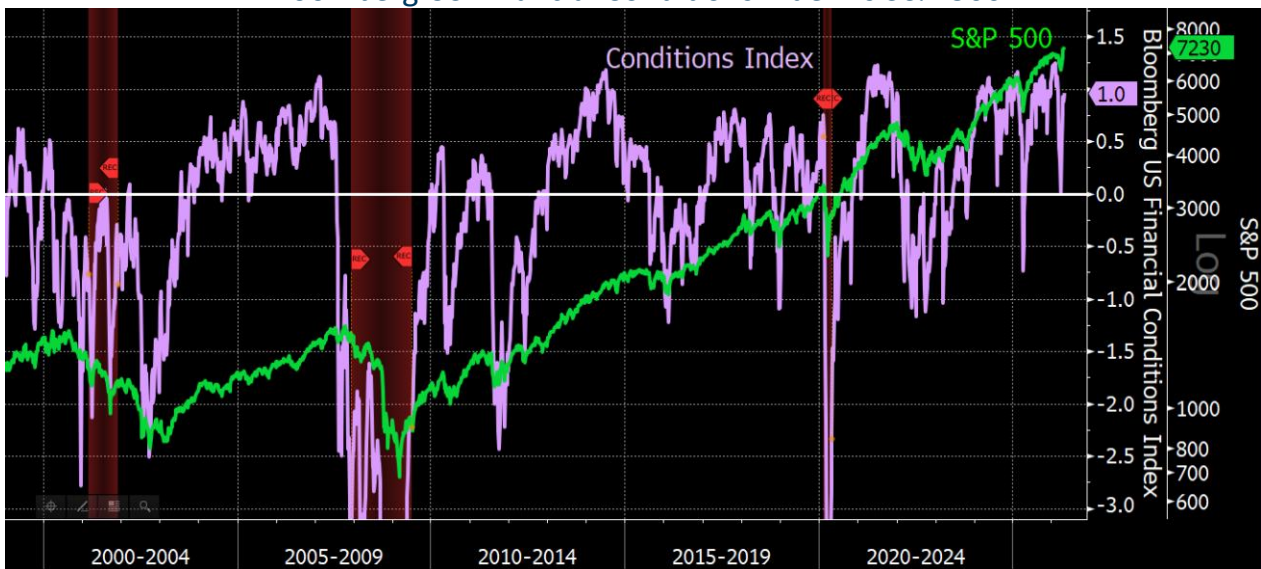
Many factors in the financial markets affect conditions for investing and investor comfort and sentiment. We consider two main factors in this context:

M2 Global Money Supply vs MSCI AC Index



Money Supply plays a major role in capital markets. Global Money Supply (M2) is currently at a record level (the orange line in the top chart). The global stock market has historically had a high correlation with this metric, which is currently growing at a strong +8.5% (the orange bars in the lower chart). Money Supply seems to continue supporting stock prices.

Bloomberg US Financial Conditions Index vs S&P 500



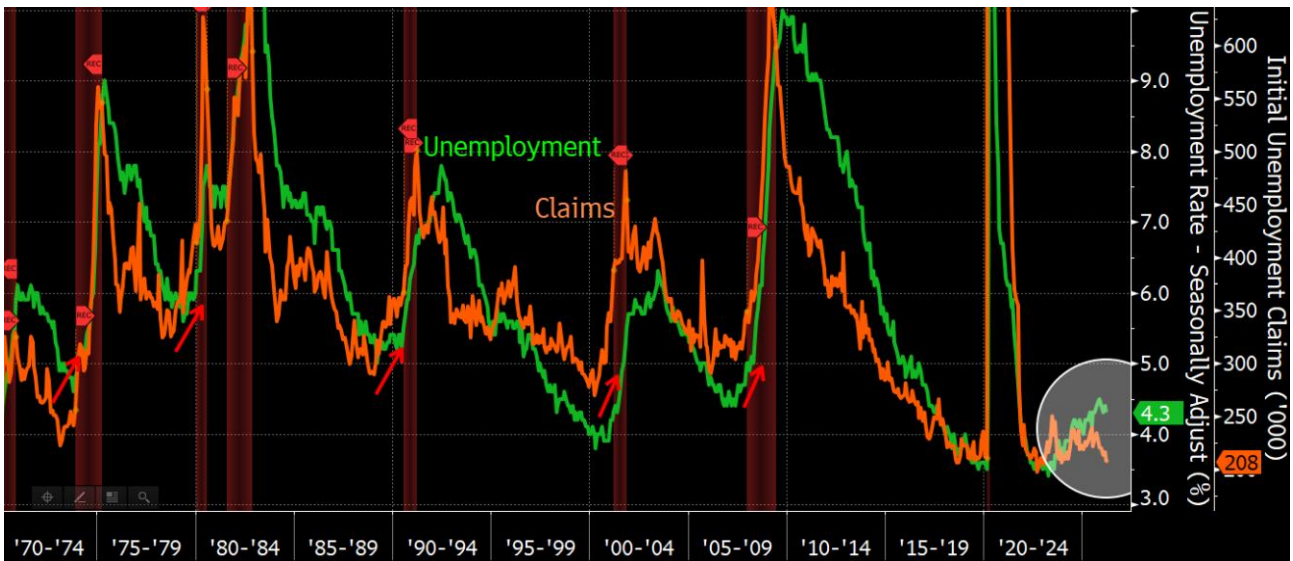
The above Financial Conditions Index consider various factors that affect capital markets, mainly around issues regarding Liquidity (e.g. TED and Libor spreads), Credit Risk (Corporate, Swap and Municipal Bond Spreads) and Investor Risk appetite. The Index has recently recovered from a neutral level, and is currently at a relative elevated level. This implies favourable conditions for stock market investing.

Based on this index, the best time for investing new money is when these financial conditions are very negative. This circumstance most of the time develops when economic risks are high. The current index level rather indicates solid fundamental circumstances for remaining invested.

4. EMPLOYMENT

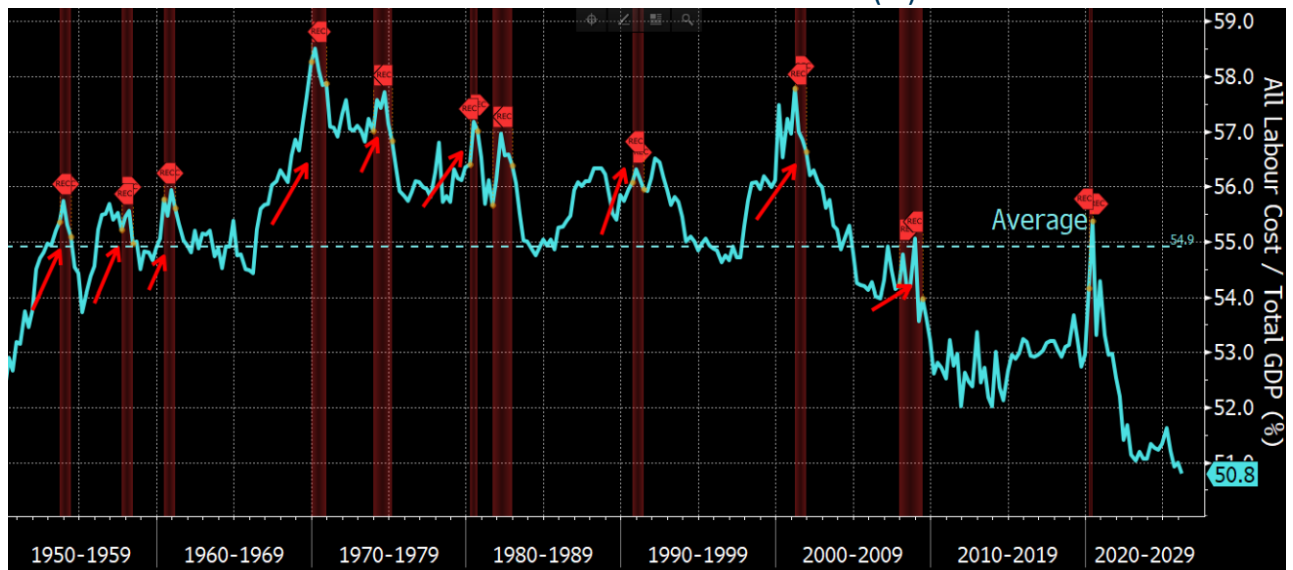
The employment market is confusing in some respects. New US Job Openings and Wage Increases have dropped sharply, but are still at the pre-Pandemic levels. New US Employment numbers have been low this year thus far, but much better than expected.

US – Unemployment Rate (%) vs Unemployment Claims ('000)



Whilst the Unemployment Rate has turned for the worse (the green line), the Unemployment Claims are currently at a record low (the orange line). Historically, these two series moved in tandem, warning of an upcoming recession when both bottom out. This time we cannot make the same conclusion.

US – Labour Cost as a Ratio of GDP (%)



Labour costs relative to the US economy have been in a structural decline relative to the US economy for a long time. This may prompt the question whether the US consumer sector is becoming ex-growth. Against this, Consumption continues growing above +5% and Retail Sales at +4%. Whilst this is a big topic for investors to consider, we believe the following are the main issues:

- Technology (and now AI) is increasingly driving economic productivity.
- US entrepreneurship remains a major economic factor and creates material wealth with less employment.
- US employment data is in process of becoming less of a leading economic indicator and investors should be careful drawing conclusions from this data to the same extent as they historically did.

5. COMPANY RESULTS

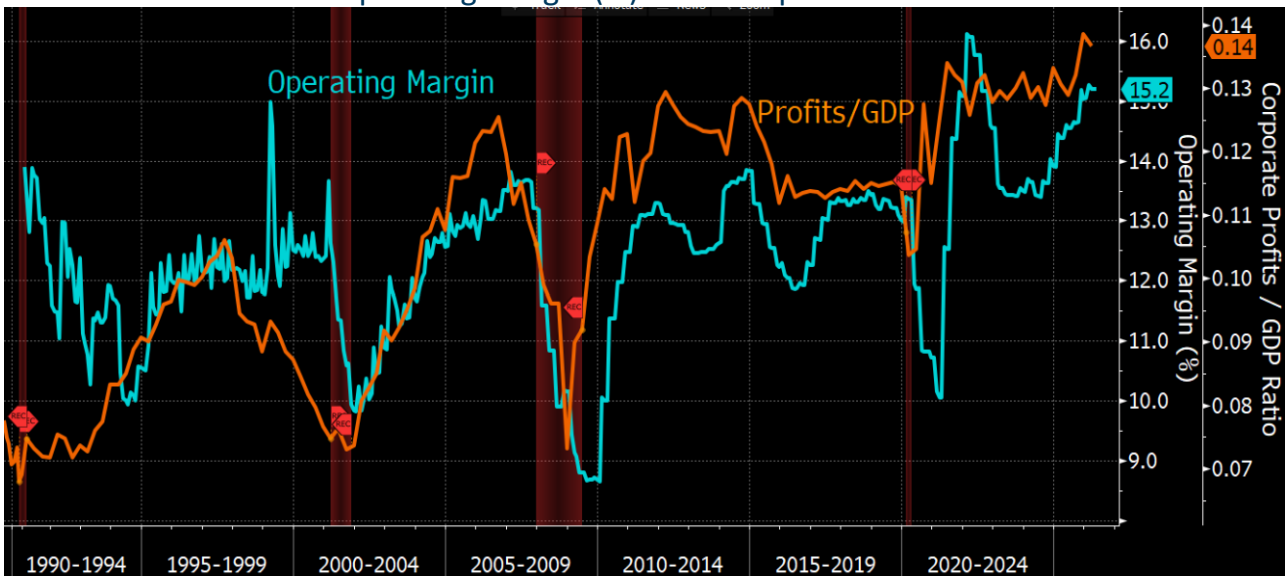
Almost two-thirds of the S&P 500 and almost half of the BE500 constituents have reported results. Investors can be happy with another strong earnings season:

	S&P 500 Company 1Q2026 Results			BE 500 Company 1Q2026 Results		
	Growth	Surprise Factor	# +ve Surprises	Growth	Surprise Factor	# +ve Surprises
Sales	11.0%	2.1%	72.6%	1.2%	0.3%	44.0%
Earnings per Share	28.0%	20.2%	81.4%	12.3%	4.0%	55.9%

The US companies reported particularly strong results, which have been well ahead of their European peers. Apart from their strong results (the Growth column), they were materially better than expected, both in terms of the absolute results (the Surprise Factor column) and in the percentage of companies that reported stronger than expected results (the # +ve Surprises column). Whilst the Dollar and Euro currencies affected the respective regional results, the comparisons with expectations also highlight the excellent US results.

US Technology, Communications, Discretionary and Industrials lead with the strongest results, with Staples experiencing low growth and Energy and Health Care announcing declines in earnings. Against this, European Energy companies experienced strong growth and Auto Manufacturers sharp declines in earnings.

S&P 500 Operating Margin (%) vs US Corporate Profits vs GDP



Logically from the table, and as shown on the chart above, the overall S&P 500 Operating Margin continues rising. Whilst this is not the case in all sectors, this is before AI efficiencies have been fully incorporated and reflects the attraction of the overall US market. As the orange line reflects, corporate profits are currently double the ratio of the GDP it was in the nineties, which too is a record high ratio.

S&P 500 Consensus 12m Earnings Revisions (%)

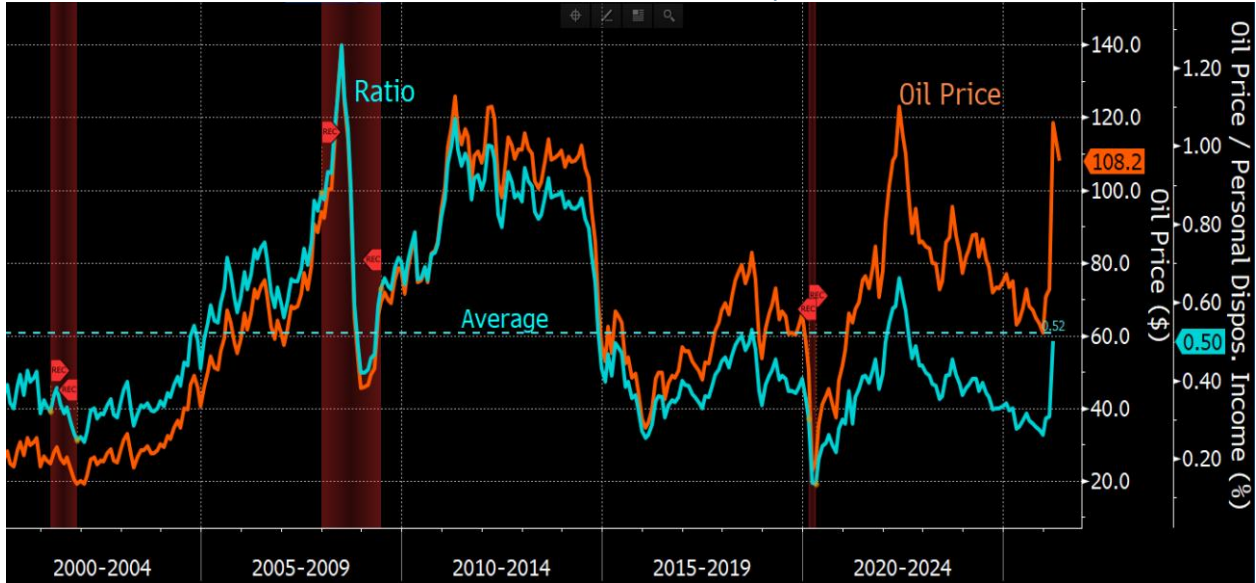
S&P 500 consensus earnings revisions have been particularly strong, as the steepness of the chart (on the right) reflects with a +27% current level. With the current earnings that much higher than expected (considering the Surprise Factor in the table above), we should expect revisions from here to decelerate. It does seem that the chart is starting to take a pause. This implies that the focus on further earnings growth may intensify going forward.



6. ENERGY

As with the Russian invasion of Ukraine on 22 February 2022, the US bombing of Iran and the subsequent war has had similar effects on energy prices.

Oil Price and Oil Price Relative to US Disposable Income (%)



Seeing the peak levels in 2009 (Financial Crisis aftermath demand and OPEC cuts), 2010 (Arab spring, Big Freeze), 2022 (Ukraine invasion) and recently, it is striking that Oil seems to have a ceiling around \$120 a barrel. Because of growing Personal Disposable Incomes, the effects of high oil prices get structurally diluted (the blue line). Even after the sharp recent Oil price rise, it has just reached its long-term average ratio as a ratio of US Disposable Income. That said, off the low base at the beginning of the year, the ratio has increased by half.

Oil Price During the Ukraine and Iran Wars (\$ per Barrel)



The above chart plots the Oil price on the date of the Russian invasion of Ukraine and the US's bombing of Iran on the same x-axis (both happened towards the end of February of those years). The price has reacted quite similarly on both occasions thus far (see the yellow line compared to the orange line). Despite the Ukraine war and sanctions still continuing, with adjustments made by users, the price returned to pre-invasion levels after a few months and dropped to normal levels within not much more than a year.

The high current oil price was almost exclusively responsible for the rise of US inflation in March this year – there are little other inflation pressures. Whilst the outcome and timeline of the Iran war is uncertain, the Ukraine experience provides a warning to not be overly pessimistic on oil's potential effects on inflation and interest rates.

7. TECHNICAL PICTURE

The Fear & Greed Index (a compilation of seven equally weighted technical indicators that each measure specific aspects of stock market behaviour) has, since March, moved from a score of 10 (an Extreme Fear level) to the current 66 score (a Greed level). This is of the sharpest rebounds we've seen. Four of the seven indicators reflect a Greed or an Extreme Greed level. This leaves some room for a technical rebound off the extremely negative position we showed last month.

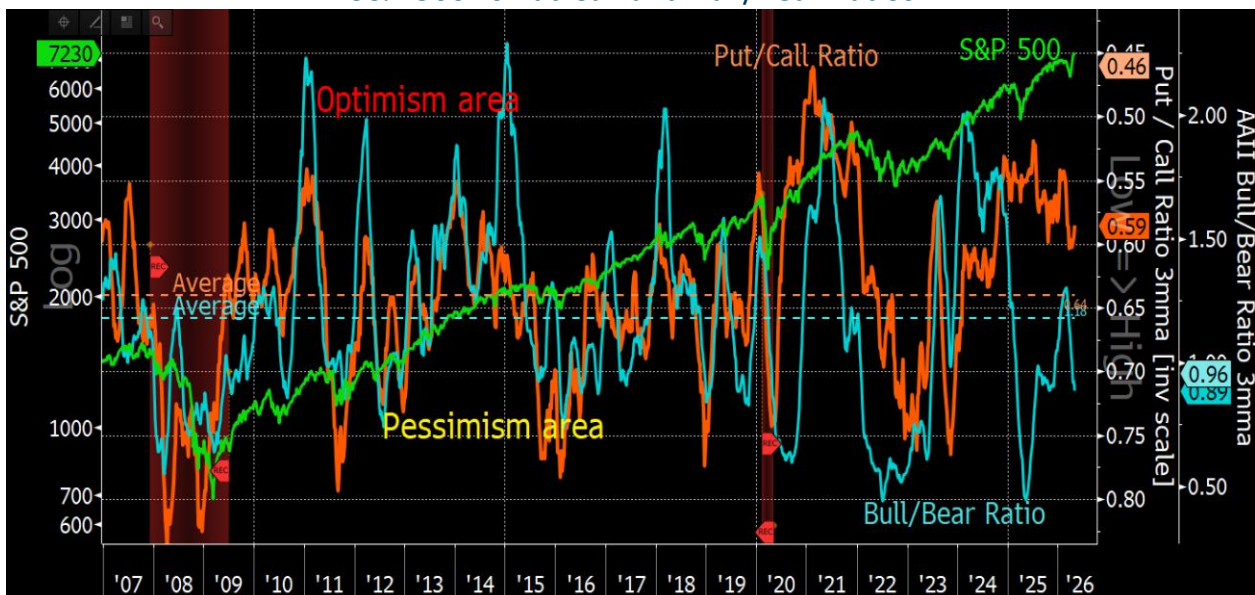
CNN Fear & Greed Index



The moving-average S&P 500 chart we showed last month has since turned favourably, with a strong technical picture currently. All of this raises the question whether the market has responded overly enthusiastically from the March lows.

The current readings for the number of S&P stocks that are above their respective Bollinger High levels, or above their 70 RSI-readings or above their respective 52-week highs, are all close to average levels.

S&P 500 vs Put-Call and Bull/Bear Ratios



The more institutional Put/Call ratio has remained relatively low for over a year (presented on an inverse scale in the chart), implying high investor confidence in the institutional market. On this basis, they have largely remained committed to the stock market from the beginning of 2025. Against this, the more retail driven Bull/Bear ratio has remained relatively low over the same period. It seems individuals have been cautious for over a year.

All said, technically the stock market seems in a healthy condition with some leeway for further performance should fundamentals stay their current course.

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