

## April Market Overview

Markets in April shot back into positive territory to return a bumper month for client portfolios. Active Adventurous delivered just under 7% with Active Cautious returning around 3.5% depending on what platform clients are on. Likewise, Balanced sat between these at just under 5%. US equities led the developed-market rally. The S&P 500 rose 10.5%, the Nasdaq Composite surged 15.3%, and the Russell 2000 gained 12.3%, with mega-cap tech and AI-linked names driving much of the move. Much of the month's performance centered around a large revival of the US Artificial Intelligence trade with the advent of new AI systems creating yet more positive disruption. This was twinned with bumper corporate earnings for the first quarter, which continued to not only beat expectations but beat them in record fashion. Conversely, the UK and EU markets trailed the US AI & earnings led rally. Markets largely looked through the Middle eastern conflict with investors arguing that the re-opening of the strait will happen soon enough that the effect on inflation will be short lived and importantly short enough for this to not materially de anchor inflation expectations or the AI rally which is a key factor in underpinning positive sentiment. Government bonds continued to suffer from the uncertainty in Iran and the inflationary effect on both short and longer dated bonds. Credit staged a rally over government bonds as bumper corporate earnings boosted sentiment towards the bonds of companies Vs Governments.

## Portfolio Positioning

The Active range benefited, unsurprisingly from healthy levels of US investments which helped to deliver the lions share of absolute gains despite the fact that Active exposure has a moderate split between value and growth investments in the US. Asian markets, more exposed to the AI theme also posted gains helping to drive absolute performance however over the month the Active range sought to sell down these investments in favor of more dedicated Latin American exposure which is much more insulated from the global energy shock which will further insulate client portfolios. The downside to this investment is LATAM is less exposed to the AI theme. Active funds in both equities and bonds helped to deliver additional outperformance and boost absolute gains which was a net benefit for all clients across the risk spectrum.

## Outlook

As we look forward into the next month, we remain balanced in our risk exposure to equities with good levels of US exposure which we will be increasing over the coming weeks. With that being said, we are anticipating a more volatile market as the straight of Hormuz remains closed which in turn forces the market to confront the longer and more permanent effect on inflation and its pass through into consumer goods outside of petrol. We continue to remain underweight bonds with more invested into cash, inflation protected bonds and alternatives to add further insulation from the global energy shock. This defensive posture acts as a good counterweight to our full equity investment, allowing clients a more defensive portfolio overall whilst being able to fully partake in further global equity strength.



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