

April Market Overview

April saw markets recover strongly, delivering a positive month for client portfolios following an unsettled end to the first quarter. Risk assets moved back into favour as investors looked through near-term geopolitical uncertainty and focused instead on stronger corporate earnings, improving sentiment and renewed momentum behind US growth companies.

US equities led the developed market rally. The S&P 500 rose by 10.5%, the Nasdaq Composite gained 15.3%, and the Russell 2000 advanced 12.3%, with much of the strength driven by mega-cap technology and AI-linked companies. The revival of the artificial intelligence trade was a key feature of the month, supported by continued innovation in the sector and a strong first-quarter earnings season, where companies exceeded expectations by a meaningful margin.

For Sharia investors, this renewed strength in high-quality growth companies was supportive, particularly where portfolios had exposure to businesses with strong cash generation, lower leverage and scalable business models. Companies exposed to structural themes such as artificial intelligence, digital infrastructure and healthcare innovation can be well suited to Sharia portfolios where they meet the required business activity and balance sheet screens.

Outside the US, markets were more subdued. The UK and Europe trailed the US-led rally, with investors favouring areas more directly linked to earnings growth and technology leadership. Emerging markets remained an important area of focus, particularly given our medium-term view that a weaker dollar could continue to provide support over time. On the whole, markets largely looked through the ongoing Middle Eastern conflict. Investors appeared to take the view that any disruption to energy supply, including the closure of the Strait of Hormuz, would ultimately prove temporary. As a result, the inflationary impact was not treated as significant enough to derail the broader equity rally or materially de-anchor inflation expectations. However, oil and energy prices remain central to the outlook, particularly for inflation, interest rates and consumer spending.

Government bonds continued to face pressure from geopolitical uncertainty and the inflationary effects of higher energy prices. Both short and longer-dated bonds were negatively affected, while credit performed better as strong corporate earnings improved sentiment towards company debt relative to government debt. Within Sharia portfolios, Sukuk continued to play an important role as a diversifier

and stabiliser, although the broader fixed income environment remains challenging while inflation risks persist.

Portfolio Positioning

April saw no trades after an active start to the year, which included a number of changes to align portfolios with our views for 2026 and beyond.

Over the medium to long term, dollar weakness remains a core conviction. This continues to be reflected in our exposure to Emerging Markets, while we also maintain our precious metals allocation despite recent volatility. We believe both areas can play an important role as markets adjust to shifting currency trends, geopolitical uncertainty and a more selective investment environment.

Within the Sharia portfolio range, we continue to favour high-quality global equities, Sukuk strategies that provide resilience and diversification, and selective exposure to emerging markets. Precious metals remain an important part of portfolios, both as a store of value and as a source of diversification. While gold and silver can experience sharp moves during periods of changing liquidity and risk appetite, we continue to see them as useful real assets within a diversified Sharia-compliant portfolio.

Sukuk also continue to provide an important defensive allocation. While inflation risks and higher energy prices remain a challenge for fixed income markets more broadly, Sukuk can help provide resilience within Sharia portfolios, particularly when equity markets become more unsettled.

Overall, our positioning remains balanced. The portfolios are able to participate in further global equity strength, while maintaining exposure to defensive and diversifying assets that can help provide insulation against inflation shocks, currency volatility and geopolitical risk.

Outlook

Looking ahead, the market outlook remains closely tied to energy prices and the situation in the Middle East. If the Strait of Hormuz reopens quickly and oil prices stabilise, markets may continue to focus on earnings growth, innovation and the resilience of the global economy. In that environment, equities could continue to perform well, particularly in areas supported by strong corporate

profitability and long-term structural themes such as artificial intelligence.

However, the risk is that energy disruption proves more persistent. A longer closure of the Strait of Hormuz would force markets to confront a more lasting inflationary impact, not only through petrol prices but also through broader consumer goods and supply chains. This could make central banks more cautious, weigh on bonds and increase market volatility.

For Sharia investors, this backdrop reinforces the importance of discipline, diversification and selectivity. Sharia-compliant portfolios naturally favour businesses with lower leverage, stronger asset backing and clearer links to the real economy. These qualities remain valuable in a market environment where inflation, geopolitical risk and earnings resilience are all being tested.



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