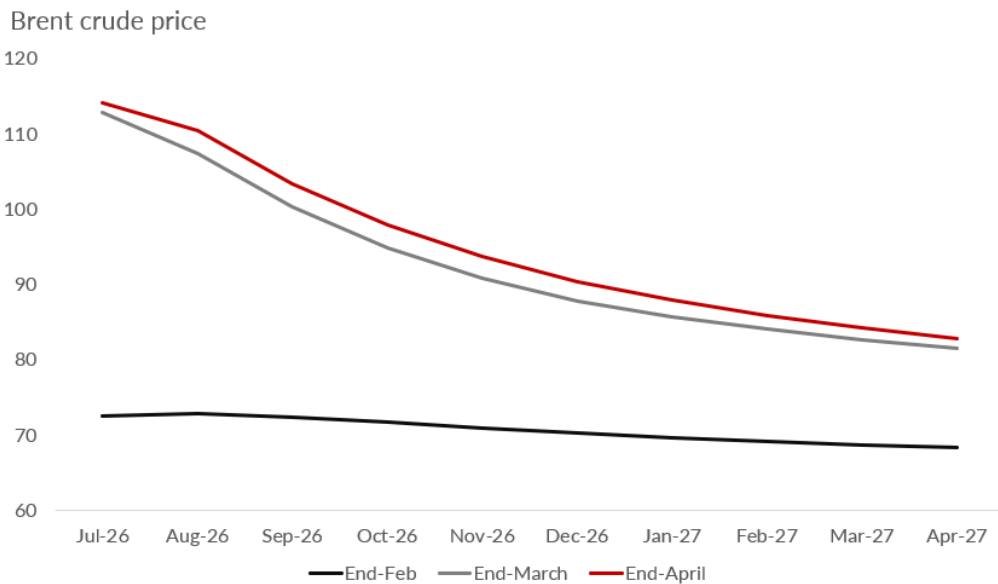


Rates reprice on energy risk as equities chase AI

Oil risk premium is building, slowly

Three weeks into the now extended ceasefire of the Iran war, the oil market appeared to be finally more concerned over the prolonged supply disruption. Brent crude spiked briefly above USD120/bbl last week, though news that Iran proposed a 14-point peace plan to end the war pulled the oil price back a little going into the weekend. So far, little has been confirmed on the new proposal while President Trump’s remark that the US would help stranded ships to pass through the Strait of Hormuz does not change the fact that the Strait will remain effectively closed to business, in the absence of a formal resolution. As the geopolitical front remains highly fluid, it becomes clear that the longer the war drags, the greater the loss of oil supply and the more willing the market is to price in higher energy costs into the future. The Brent crude futures curve has shifted upwards modestly in the past month. A larger move is likely to follow.



Source: Bloomberg, Eastspring Investments as of 4 May 2026

Currency stress is pulling rates higher

Despite rising energy prices, recent inflation prints have remained generally contained across most major global and Asian economies. In developed markets, policy meetings at the Fed, ECB, BoE and BoJ all left policy rates unchanged last week. While the overall tone leaned slightly hawkish, divisions have become more apparent within the policymaking committees, alongside growing concern that slowing growth could coincide with a worse than expected supply disruption. Against this backdrop, the rates market appears to be moving ahead of policymakers, eliminating expectations of rate cuts and pricing in additional hikes later this year.



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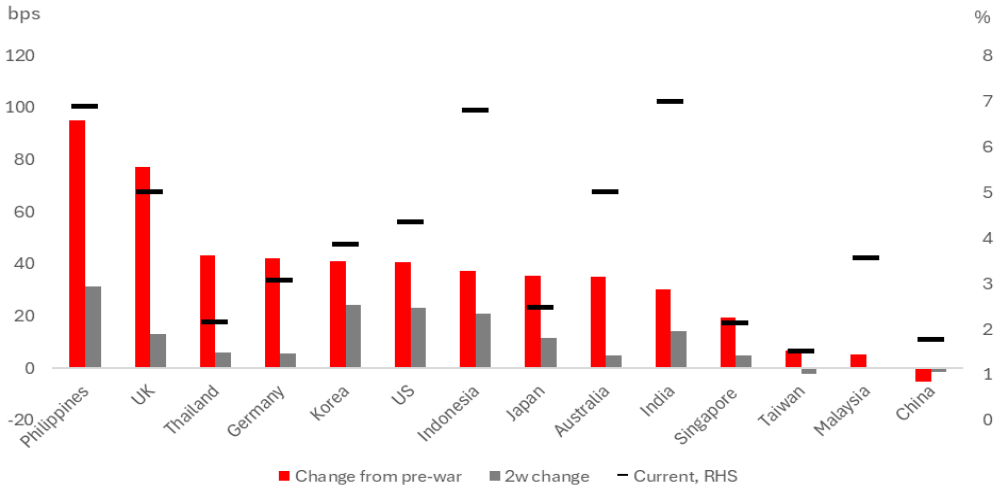


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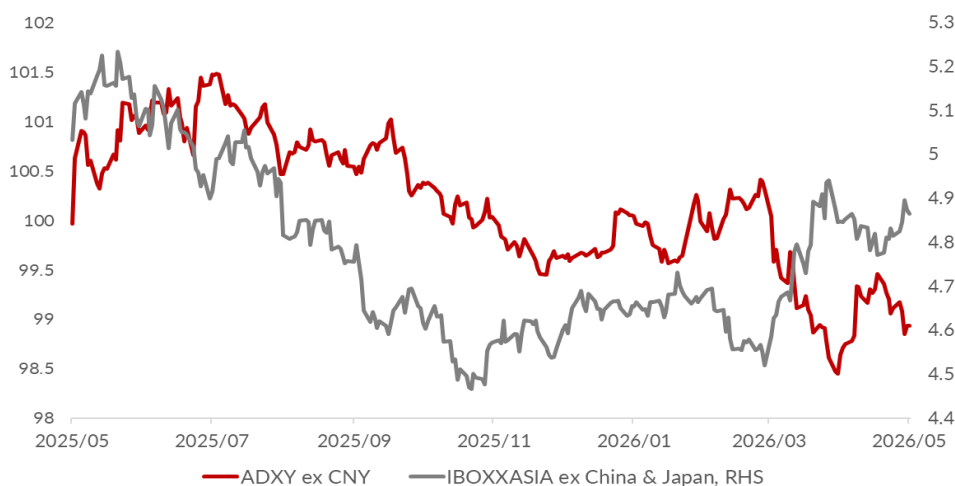
10y yield resumed upward trend in the past two weeks



Source: Bloomberg, Eastspring Investments as of 4 May 2026

While conviction around rate hikes is typically lower in a supply-driven inflation environment, this does not mean the market’s expectation of a materially higher rate path is misplaced. The key issue is timing. Rate hike pressures are becoming increasingly front-loaded in emerging Asian markets facing currency weakness. As the chart below shows, Asian yields have exhibited a tight negative correlation with currencies since the onset of the war. While some Asian governments have opted to subsidise energy costs to contain headline inflation, rising fiscal burdens will eventually lead to greater cost passthrough, further worsening the terms of trade and putting additional pressure on currencies. Limited fiscal space has already prompted the BSP to hike rates, and we see a growing likelihood that BI and RBI will follow. Although the case for rate hikes is less urgent in Malaysia and Thailand, signs of fiscal stress have also begun to surface. In Thailand, the government has recently announced a new off-budget package to increase borrowing. Arguably, off-balance-sheet borrowing will rise further in economies where official debt-to-GDP ratios are already close to statutory limits.

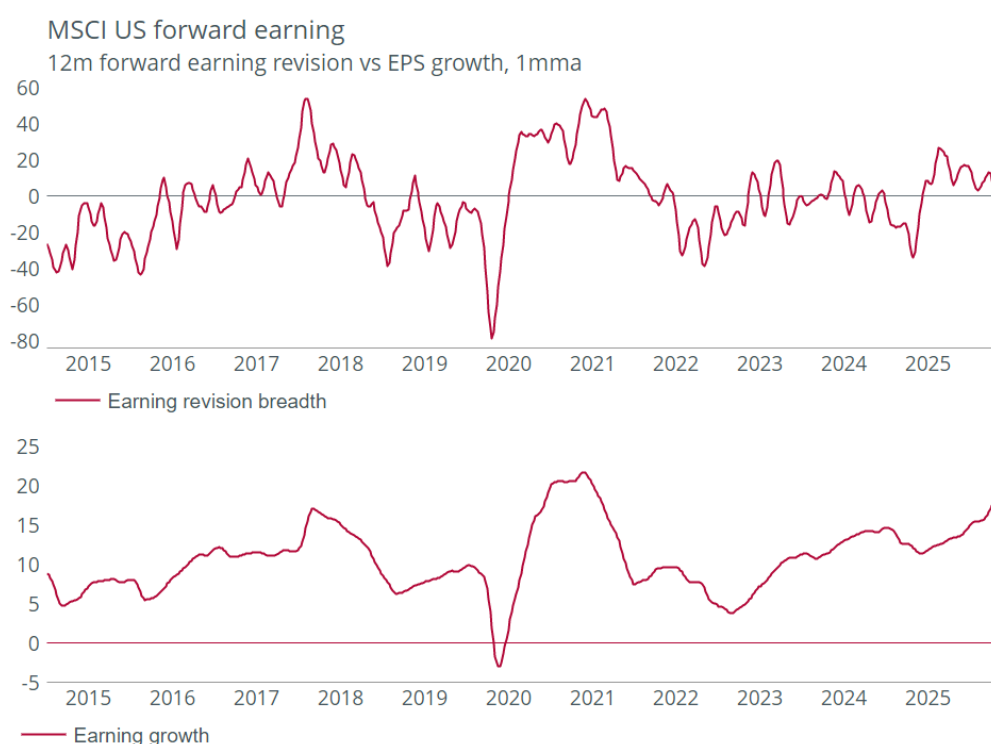
Asia yields reprice higher amid FX weakness



Source: Bloomberg, Eastspring Investments as of 4 May 2026

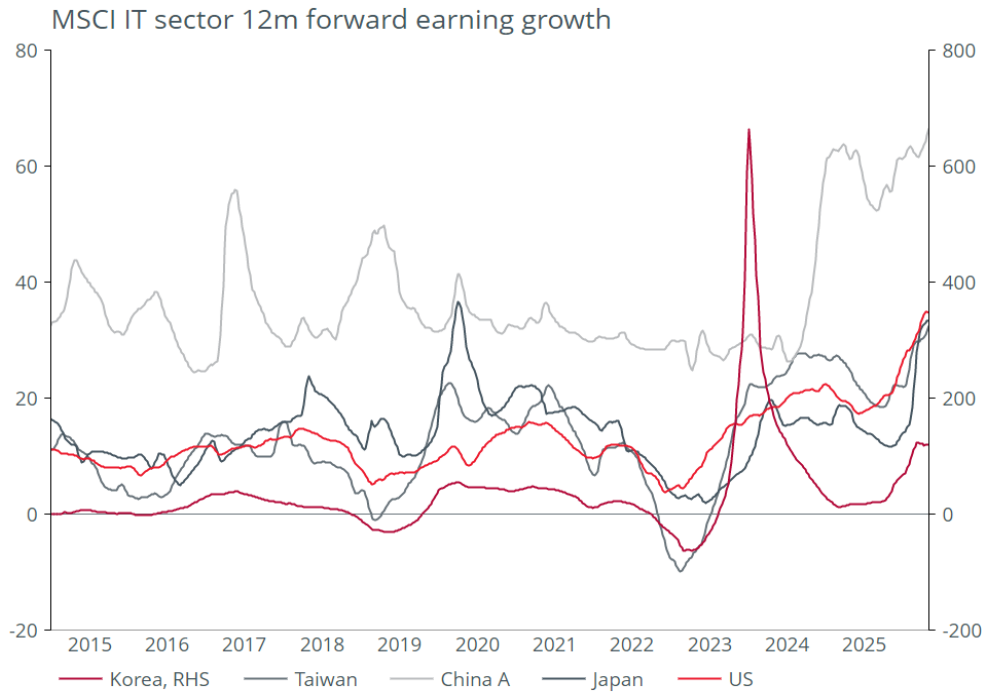
AI dominance deepens; demand remained resilient despite higher costs

Whether concerns centre on inflation, slowing growth or stagflation, none appear to be unsettling equity markets for now. In the US, earnings results surprised strongly to the upside, with more than 60% of S&P 500 companies reporting 1Q earnings above consensus, well above the historical average. At the broad index level, 12-month forward earnings growth continues to be revised higher. However, it is becoming increasingly clear that these stronger earnings expectations are being driven by a narrowing set of companies. The market narrative remains firmly one of AI versus everything else.

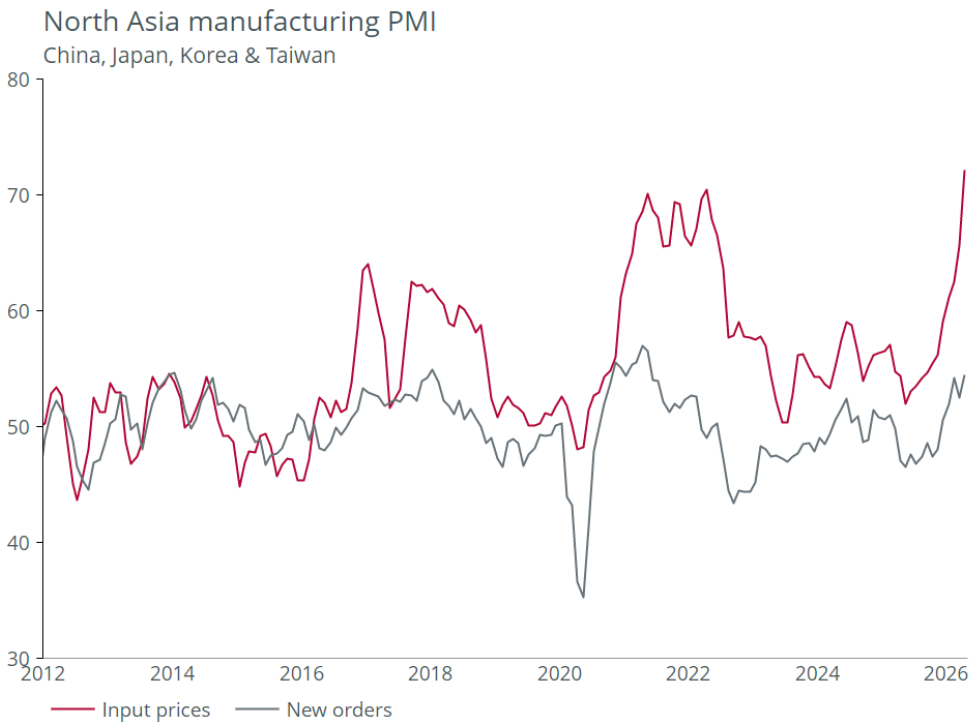


Source: LSEG, Eastspring Investments as of 4 May 2026

While consensus at the start of the year had already penciled in close to USD 700bn of capex spending by hyperscalers in 2026, this figure has since been revised higher by around 20% following company announcements. Revenue and earnings forecasts for AI and AI-infrastructure segments continue to trend upwards, suggesting that markets largely view AI-related growth as insulated from geopolitical tensions. However, with forward earnings for the IT sector now at multi-year highs, the near-term upside from further earnings upgrades may be more limited, while downside risks from any negative developments are likely to be scrutinised more closely. In a rising cost environment, markets are expected to place greater emphasis on sustained revenue growth and margin protection. For now, demand remains resilient, continuing to favour North Asia's tech-heavy exporters. April's manufacturing PMI data show that across North Asia new orders have picked up alongside higher input costs.



Source: LSEG, Eastspring Investments as of 4 May 2026



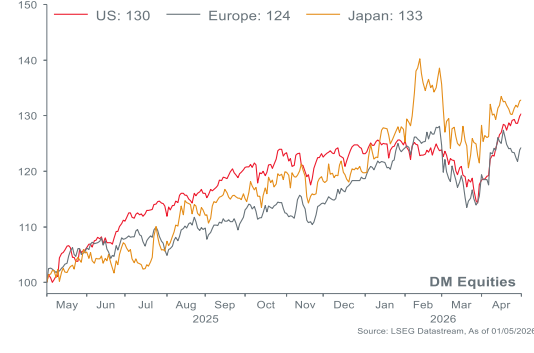
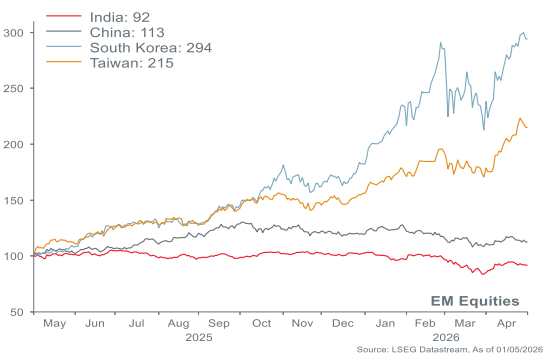
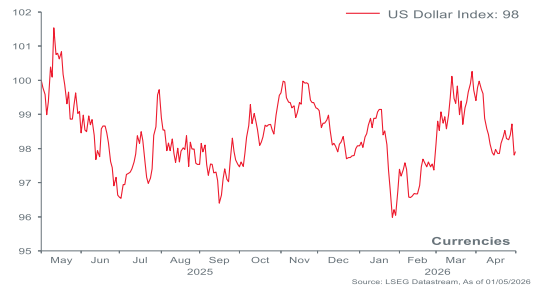
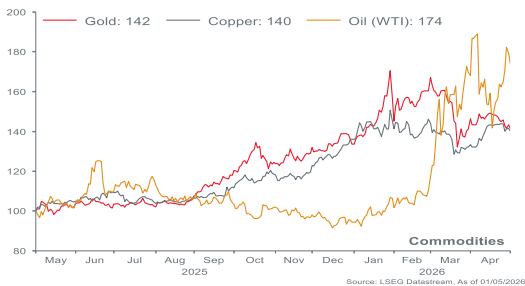
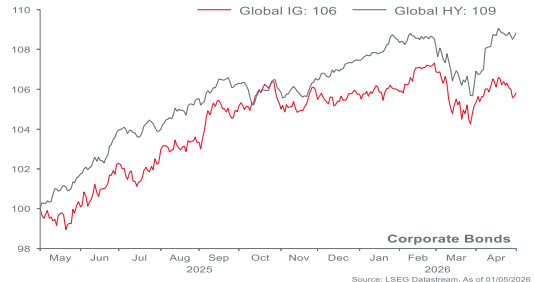
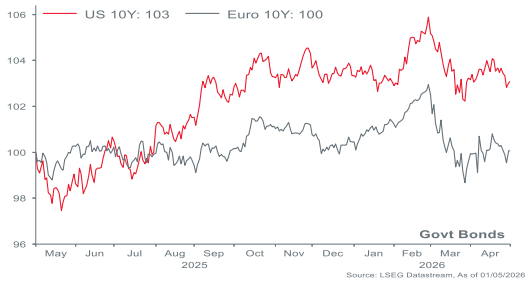
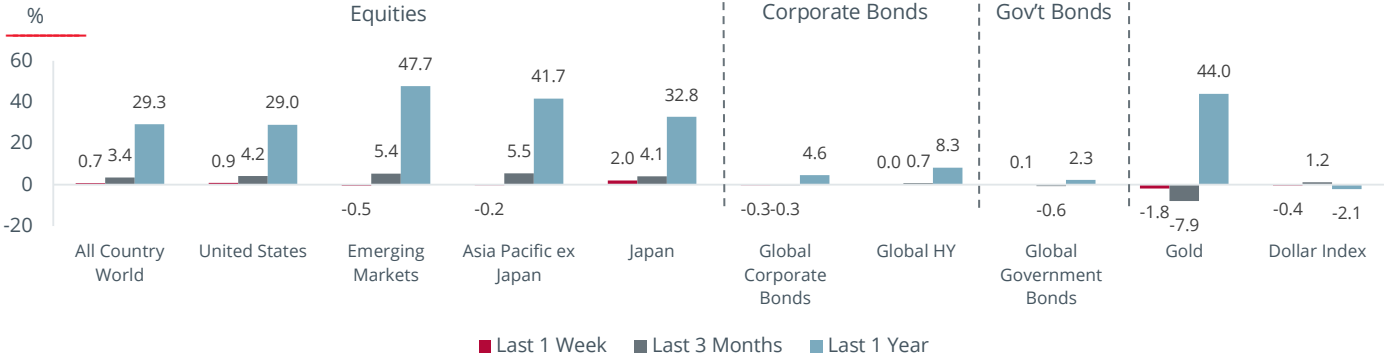
Source: LSEG, Eastspring Investments as of 4 May 2026

Market Review

Global equity markets showed a broadly positive trend over the week, supported by gains across major developed markets. The MSCI AC World Index rose by 0.7% reflecting steady global momentum. The S&P 500 gained 0.9% and the Nasdaq rose 1.1% over the week. European equity markets also posted gains, with MSCI Europe up 0.5%. In Asia, performance was mixed; the MSCI Asia Pacific ex Japan Index declined -0.2% reflecting softness in some key markets. Japan, however, outperformed significantly with a 2.0% increase. Emerging Markets underperformed developed peers, with the Emerging Markets declining 0.5% during the week.

US treasury yields increased 1.6% over the week and Global government bonds saw a mild uptick of 0.1%. The US Dollar weakened by 0.4%, while gold declined significantly by 1.8%.

Asset Performance



Market Data

Government Bonds	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
US Treasury Yield (%)								
10 Year	4.38	1.58	1.32	3.23	3.47	5.42	4.60	3.95
10 Year Bond Yield (%)								
Japan	2.51	2.83	8.86	11.63	96.55	21.06	2.52	1.26
China	1.75	-0.45	-3.89	-2.77	7.81	-5.85	1.93	1.63
Australia	5.03	0.84	2.20	4.58	21.32	5.57	5.11	4.10
Singapore	2.11	-0.57	-4.18	1.79	-14.93	-5.13	2.59	1.75
Malaysia	3.57	0.14	-0.89	1.85	-2.27	2.23	3.67	3.36
Indonesia	6.83	1.70	2.34	7.61	-0.32	11.60	6.96	5.92
	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bond Indices								
Bloomberg Global Aggregate USD	93.60	-0.41	-0.13	-1.05	-0.91	-1.11	95.69	93.14
Bloomberg U.S. Aggregate USD	93.10	-0.54	-0.10	-0.86	1.13	-1.03	95.21	90.43
Equity Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
World								
MSCI AC World Index (USD)	1,079.96	0.72	8.35	3.42	29.31	6.44	1,079.96	835.15
North America								
US S&P 500 Index	7,230.12	0.91	9.96	4.19	29.01	5.62	7,272.52	5,578.64
US Nasdaq Composite Index	25,114.44	1.12	14.99	7.04	41.80	8.06	25,223.12	17,503.01
Europe								
MSCI Europe	2,729.88	0.55	3.42	-1.07	20.43	3.30	2,845.88	2,266.73
Asia Pacific								
MSCI Asia Pacific ex Japan	822.94	-0.22	10.17	5.55	41.66	13.95	835.37	580.93
Japan Nikkei 225	59,513.12	-0.34	10.74	11.61	63.26	18.22	60,903.95	36,040.05
Shanghai Stock Exchange Composite	4,112.16	0.79	4.14	-0.14	25.41	3.61	4,197.23	3,286.99
Hong Kong Hang Seng	25,776.53	-0.78	1.91	-5.88	16.53	0.57	28,056.10	22,058.30
Taiwan TAIEX	38,926.63	-0.02	17.34	21.40	92.37	34.40	40,194.92	20,320.80
Korea KOSPI	6,598.87	1.90	20.45	26.31	158.11	56.59	6,750.27	2,540.57
India NIFTY 50	23,997.55	0.42	5.81	-5.23	-1.38	-8.16	26,373.20	22,182.55
Australia Stock Exchange 200	8,729.80	-0.65	0.67	-1.57	7.17	0.18	9,202.90	8,109.70
Indonesia Jakarta Composite	6,956.80	-2.42	-3.17	-16.48	2.81	-19.55	9,174.47	6,745.15
Thailand SET	1,493.69	2.58	1.54	12.68	24.76	18.58	1,545.31	1,053.79
Malaysia FTSE Bursa KLSE	1,722.02	0.10	0.77	-1.08	11.80	2.49	1,771.25	1,488.89
Philippines Stock Exchange PSE	5,833.64	-1.85	-2.75	-7.83	-8.20	-3.62	6,673.61	5,584.35
Singapore FTSE Straits Times Index	4,912.69	-0.21	-1.27	0.15	28.18	5.74	5,041.33	3,831.04
Currencies (vs USD)	Latest	1 week Change	1 Month Ago	3 Months ago	1 Year Ago	YTD	52 week high	52 week low
Developed Markets								
EUR	-0.09	-	1.14	-1.08	3.80	-0.21	1.20	1.11
GBP	-0.21	0.30	2.01	-0.85	2.21	0.73	1.38	1.30
CHF	0.05	-0.37	-1.59	1.11	-5.74	-1.36	0.85	0.76
JPY	0.29	-1.47	-1.10	1.47	7.98	0.24	160.39	142.41
Asia								
CNY	-	-0.13	-0.65	-1.78	-6.10	-2.37	7.27	6.82
HKD	0.03	-0.01	-0.04	0.27	1.00	0.67	7.85	7.75
INR	-0.01	0.69	1.81	3.51	12.19	5.61	94.90	84.27
MYR	-	0.13	-1.42	0.71	-8.00	-2.19	4.32	3.88
KRW	-0.19	-0.37	-2.76	1.42	2.49	2.11	1,517.25	1,352.45
SGD	0.07	-0.20	-0.75	0.09	-2.86	-0.95	1.31	1.26
TWD	0.15	0.53	-1.23	0.03	-1.54	0.90	32.11	28.90
IDR	-	0.67	1.94	3.13	4.28	3.81	17,305.00	16,106.00

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Sources

Asset performances: (bar charts) Eastspring Investments, Refinitiv, as of 1 May 2026. Equities: using MSCI indices in USD, United States is using the S&P 500. Corporate Bonds: using ICE BofA indices in USD. Government Bonds: using the FTSE Global Sovereign Bond index, in USD. Gold is London Bullion Market US Dollar per Metric Tonne. DXY is US Dollar Index. **(line charts)** Eastspring Investments, Refinitiv, as at the end of the prior week, rebased to 100 as at 1 year ago. Equities: MSCI indices, in USD. Corporate Bonds: using Bloomberg indices in USD. Government Bonds: using ICE BofA US 10 Year US Treasury and ICE BofA 7-10 Year Euro Government indices. Commodities: Gold is London Bullion Market US Dollar per Metric Tonne Ounce. Copper is LME Copper Grade A Cash US Dollar per Metric Tonne. Oil is Crude Oil WTI Spot Cushing US Dollar per Barrel. US Dollar is US Dollar Index.

Market data: Eastspring Investments, Refinitiv, as of 1 May 2026. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated. Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes/sector. The historical performance or forecast presented in this slide is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund.



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