

GREY COURT

Capital Market

Flash Report

April 2026 The Iran war ended the month in a stalemate, but markets surged with an extended, albeit shaky, ceasefire. The Fed held rates steady, as widely expected, and futures markets continued to suggest a low probability for any rate cuts this year. The labor market showed some stability after signs of weakness earlier in the year. Meanwhile all eyes are on how the closure of the Strait of Hormuz may translate into renewed inflation pressure. Markets can indeed climb a wall of worry.

US EQUITY

The S&P 500 achieved an all-time high with the strongest monthly performance since November 2020. Among AI hyperscalers, Alphabet outperformed Meta by over 26 percentage points as analysts scrutinized high capital expenditures against potential earnings. Information technology was the strongest sector in SMID cap with several picks and shovels companies benefiting from the AI buildout. Energy declined and was the worst performing sector as investors reset expectations for the Middle East.

| | Month (%) | YTD (%) |
|---------------------|-----------|---------|
| S&P 500 | 10.5 | 5.7 |
| Russell 1000 | 10.1 | 5.5 |
| Russell 1000 Value | 8.2 | 10.4 |
| Russell 1000 Growth | 11.9 | 1.0 |
| Russell 2000 | 12.2 | 13.2 |
| Russell 2000 Value | 9.7 | 15.1 |
| Russell 2000 Growth | 14.7 | 11.5 |

CURRENCIES

The US dollar almost reached a new peak for the year, only to book a loss as risk appetite returned and its safe-haven status was no longer in demand. The euro gained with expectations that the ECB may consider two or three rate hikes this year to fight energy-driven inflation. The yen surged at the end of the month as it is believed the Ministry of Finance stepped in to support it. The Chinese renminbi rose against the US dollar as the PBOC appeared willing to allow more appreciation in response to higher oil prices.

| | Month (%) | YTD (%) |
|-----------------|-----------|---------|
| US Dollar | -1.9 | -0.3 |
| Euro | 1.8 | -0.1 |
| Yen | 1.5 | 0.0 |
| Renminbi | 1.1 | 2.3 |
| Canadian Dollar | 2.5 | 0.7 |
| Bitcoin | 12.2 | -12.8 |

NON-US EQUITY

International markets rallied alongside the US, led by AI driven themes. Korea and Taiwan posted gains of 36.4% and 25.5%, respectively, propelling them to new all-time highs. Europe rallied on ramping up industrial spending and tailwinds from Germany's €500 billion infrastructure investment fund. In Japan, Takaichi's policies on governance reform and industrialization attracted foreign inflows, driving markets higher. China continued to lag on domestic consumption worries and regulatory pressure.

| | Month (%) | YTD (%) |
|------------------------------|-----------|---------|
| MSCI All-Country World ex-US | 9.7 | 9.1 |
| MSCI Canada | 7.0 | 8.5 |
| MSCI EAFE | 7.6 | 6.4 |
| MSCI Europe | 7.3 | 4.4 |
| MSCI Japan | 9.2 | 10.8 |
| MSCI Emerging Markets | 14.7 | 14.6 |
| MSCI China | 3.6 | -5.6 |

REAL ASSETS

Energy continued to rally with the extended closure of the Strait of Hormuz, which also supported industrial metals, particularly aluminum. Gold declined as global inflationary pressures are likely to keep yields high, diminishing demand for non-yielding exposures. Many REITs were able to beat consensus earnings expectations while they also benefited from strong demand for real assets. MLPs also benefited from demand for real assets but they have already appreciated substantially this year.

| | Month (%) | YTD (%) |
|--|-----------|---------|
| Commodities ¹ | 4.2 | 29.6 |
| Energy | 7.7 | 72.4 |
| Industrial Metals | 5.0 | 9.8 |
| Gold | -0.7 | 6.3 |
| Master Limited Partnerships ² | 4.4 | 22.0 |
| Real Estate Investment Trusts ³ | 9.0 | 14.3 |

FIXED INCOME

Treasury yields rose by roughly 10 basis points across maturities beyond one year. This upward shift weighed on duration sensitive assets, particularly long Treasuries. However, the US Aggregate Bond Index gained 11 basis points as coupon income overcame losses from duration. Corporate bonds were supported by coupon income and modest spread compression. High-yield bonds outperformed with nearly 50 basis points of spread compression. Tax-exempt bonds recovered with solid fundamentals and positive inflows.

| | Month (%) | YTD (%) |
|----------------------------|-----------|---------|
| US Aggregate | 0.1 | 0.1 |
| US Intermediate Treasuries | 0.1 | 0.1 |
| US Long Treasuries | -0.7 | -1.1 |
| US TIPS | 1.2 | 1.4 |
| Corporate IG Bonds | 0.5 | -0.1 |
| High-Yield Bonds | 1.7 | 1.2 |
| Tax-Exempt Bonds | 0.6 | 0.3 |

HEDGE STRATEGIES

Equity hedge led the way as it participated in the rally. Equity market neutral was nearly flat, likely due to risk management routines limiting exposure and pressure on the short side. Macro was able to anticipate movements in energy, rates, and currency markets, marking a partial but substantial rebound from last month's loss. Event driven generated solid returns with an improved environment for merger arbitrage, shareholder activism, and corporate restructurings. The VIX fell by a third alongside the equity market rally.

| | Month (%) | YTD (%) |
|--------------------------------|-----------|---------|
| Equity Hedge | 5.2 | 3.6 |
| Equity Market Neutral | 0.1 | -2.1 |
| Event Driven | 2.0 | 1.2 |
| Relative Value Arbitrage | 1.3 | 0.7 |
| Macro | 3.0 | 4.6 |
| Volatility Index (VIX = 16.89) | -33.1 | 13.0 |

Data Source: FactSet. MSCI returns are gross USD. Currency returns are Simple Price Appreciation (SPA) USD basis. Fixed Income reported on Bloomberg Barclays Indices. ¹Bloomberg Commodity Indices. ²Alerian MLP Index. ³MSCI US REIT Index. Hedge Strategies reported on HFRX Indices SPA with a one-day lag. For complete Index Descriptions, see <http://www.greycourt.com/disclosure-of-indices/>. Investing involves risks and you may incur a profit or loss. Past performance is no guarantee of future results.

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