

Q2-2026 Market Update

Discover economic opportunities, risks,
and forces driving today's global markets



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Market Performance, Revisions and Valuations

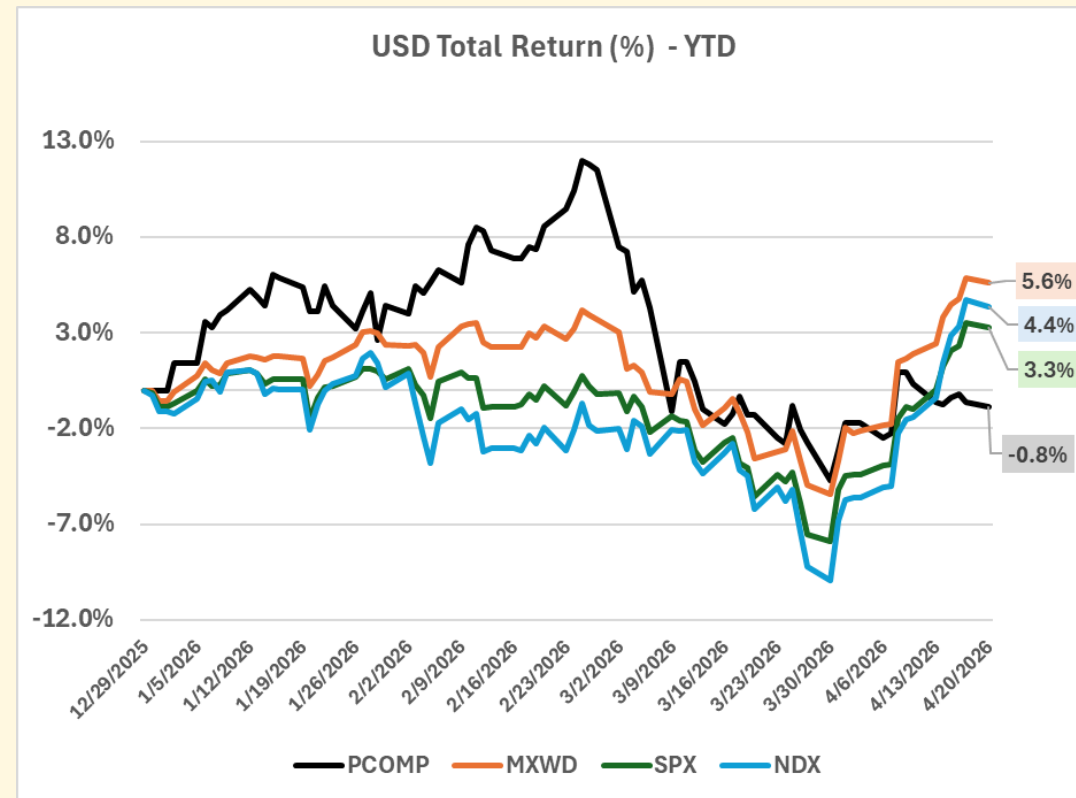
Since the war started (as of 20th April)

- Combinations of energy security, more stable currency and tech exposures were key supports for relative market resilience.
- US showed the most resilience, thanks to unimpacted tech sector and energy independence. Nasdaq performed the best since the war started.
- Taiwan was the most resilient Asian market, outperforming Korea.
- China was relatively resilient thanks to stable currency and relatively high energy security (coal, clean energy, diversified oil suppliers)

April MTD

- All the markets picked up, supported by the ceasefire announcement and peace talk plans.
- Korea saw the biggest recovery, aligned with strong earnings upgrade and attractive valuations, followed by Taiwan.
- Philippines, which led global markets briefly through February now lags global indices

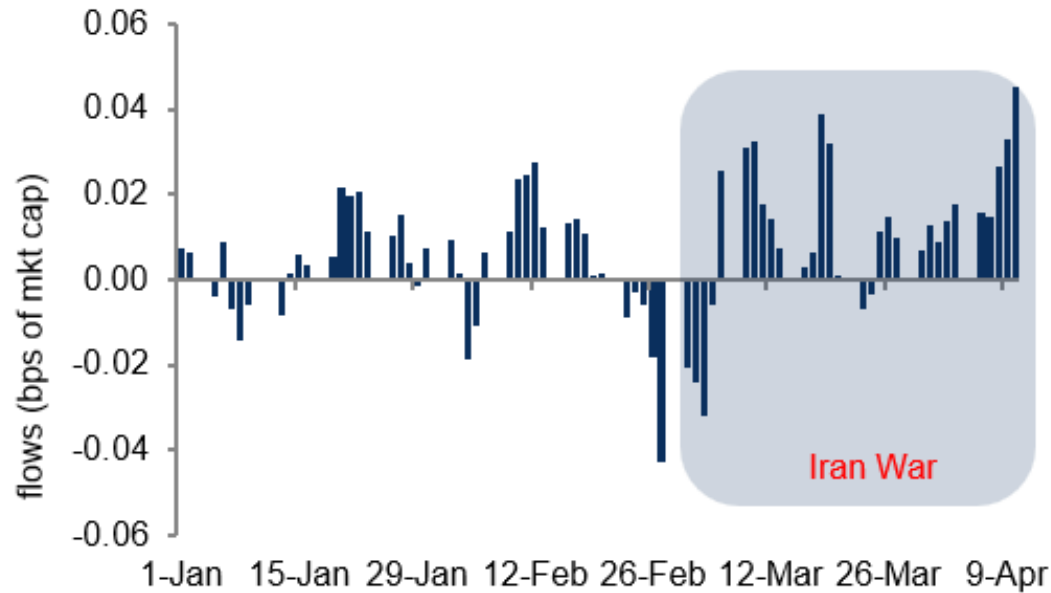
As of 20 April	2026 Earnings Revisions		Index Returns			12m Fwd		
	1 Week	Since the war started	Since the war			PE	Std.Dev	
			MTD	March started	YTD			
Nasdaq	0.2%	2.1%	12.0%	-4.8%	6.6%	5.5%	23.2 x	0.8
MSCI Taiwan	6.0%	7.7%	19.4%	-12.8%	4.1%	30.0%	19.5 x	1.9
S&P	0.2%	1.6%	8.9%	-5.0%	3.5%	4.2%	20.8 x	1.2
MSCI World (DM)	0.3%	1.7%	9.0%	-6.3%	2.1%	5.2%	19.4 x	1.3
China-A CSI300	0.0%	-1.0%	8.2%	-6.0%	1.7%	5.6%	14.2 x	0.7
MSCI Vietnam	-1.2%	-3.7%	14.5%	-11.3%	1.6%	3.5%	16.4 x	0.8
S&P Equal-Weight	0.4%	2.5%	6.2%	-6.0%	-0.2%	6.9%	17.3 x	0.3
MSCI Malaysia	0.1%	0.7%	3.4%	-3.9%	-0.6%	6.0%	14.4 x	-0.6
MSCI AxJ	3.0%	16.7%	15.2%	-13.7%	-0.6%	13.9%	12.3 x	0.4
Hang Seng Index	0.0%	-1.4%	6.5%	-6.9%	-0.8%	2.6%	11.3 x	0.7
MSCI Singapore	0.0%	-1.0%	4.6%	-5.3%	-0.9%	3.9%	15.7 x	1.6
MSCI Europe	1.5%	4.5%	9.1%	-9.7%	-1.5%	6.5%	15.5 x	1.0
MSCI Korea	0.9%	38.2%	30.1%	-24.6%	-2.0%	53.5%	6.8 x	-2.0
MSCI India	-0.1%	-0.4%	12.1%	-14.5%	-4.1%	-7.7%	20.4 x	0.8
MSCI Thailand	0.9%	5.4%	5.3%	-9.1%	-4.2%	23.1%	17.9 x	1.3
MSCI Japan	0.9%	0.9%	9.0%	-12.3%	-4.4%	10.8%	17.7 x	0.5
MSCI Indonesia	-0.3%	0.8%	5.2%	-15.1%	-10.7%	-16.0%	11.3 x	-2.0
Philippines - PSEi	-0.1%	2.3%	2.4%	-13.1%	-11.1%	-0.8%	8.9 x	-2.0



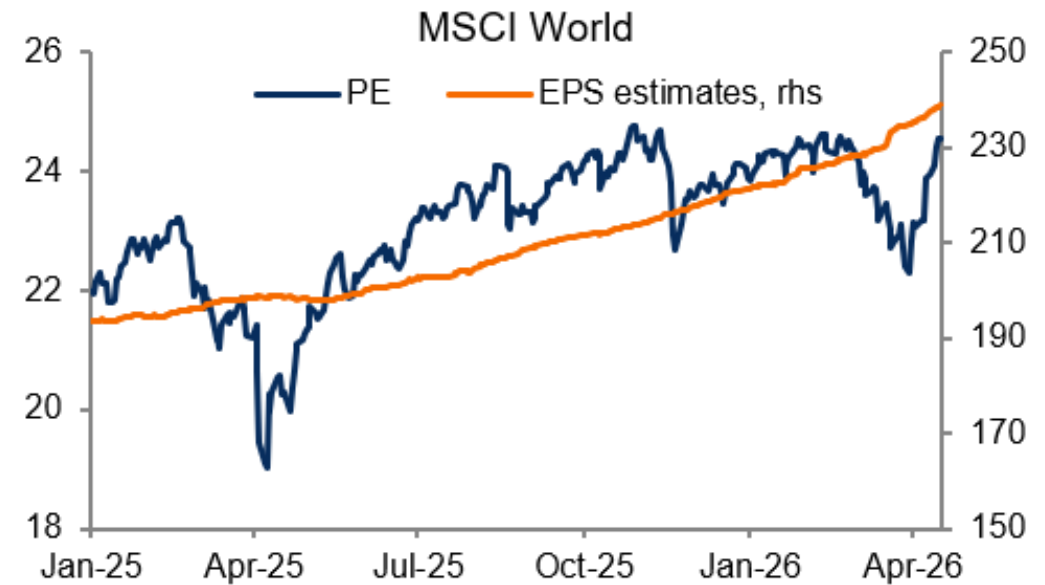
Investors have strong appetite for stocks given strong EPS estimates and positive revisions

A strong start to the earnings season, alongside rising hopes of some resolution to the Iran war, has pushed equities to all-time highs. Investors are taking comfort in resilient corporate outlooks, particularly as valuation and positioning risks have eased. While it is too early to draw firm conclusions on the health of global corporates, Tech remains exceptionally strong and global earnings growth continues to be revised up

Strong Investors' Appetite for Stocks



Multiples and Earnings



Source: State Street Markets

Historic Gap Between S&P 500 (All-Time High) & Consumer Sentiment (All-Time Low)

As of April 2026, the **historic gap between an all-time high S&P 500 and record-low consumer sentiment** stems from a divergence between corporate profit optimism (driven by AI and mega-caps) and severe Main Street pain caused by high inflation, geopolitical turmoil, and rising costs. Markets are forward-looking, anticipating future earnings, while consumers are reeling from immediate cost-of-living pressures.

- **Diverging Economic Realities:** While the S&P 500 reflects top-heavy corporate gains, consumer sentiment is battered by high prices for food and transportation.
- **AI-Driven Market Rally:** The market is dominated by a few "Magnificent Seven" technology stocks (e.g., Alphabet, Meta), which continue to rally despite underlying economic weakness.
- **Main Street vs. Wall Street Timing:** Consumers often feel the pain of inflation and geopolitical uncertainty months before it reflects in corporate earnings or market movements.
- **The "Forward-Looking" Mechanism:** Markets are pricing in a return to normal inflation in 6-12 months, whereas consumer sentiment surveys focus on current personal financial conditions.
- **Persistent Inflation Expectations:** Consumers are experiencing high inflation and expect it to continue, with 1-year expectations spiking sharply.



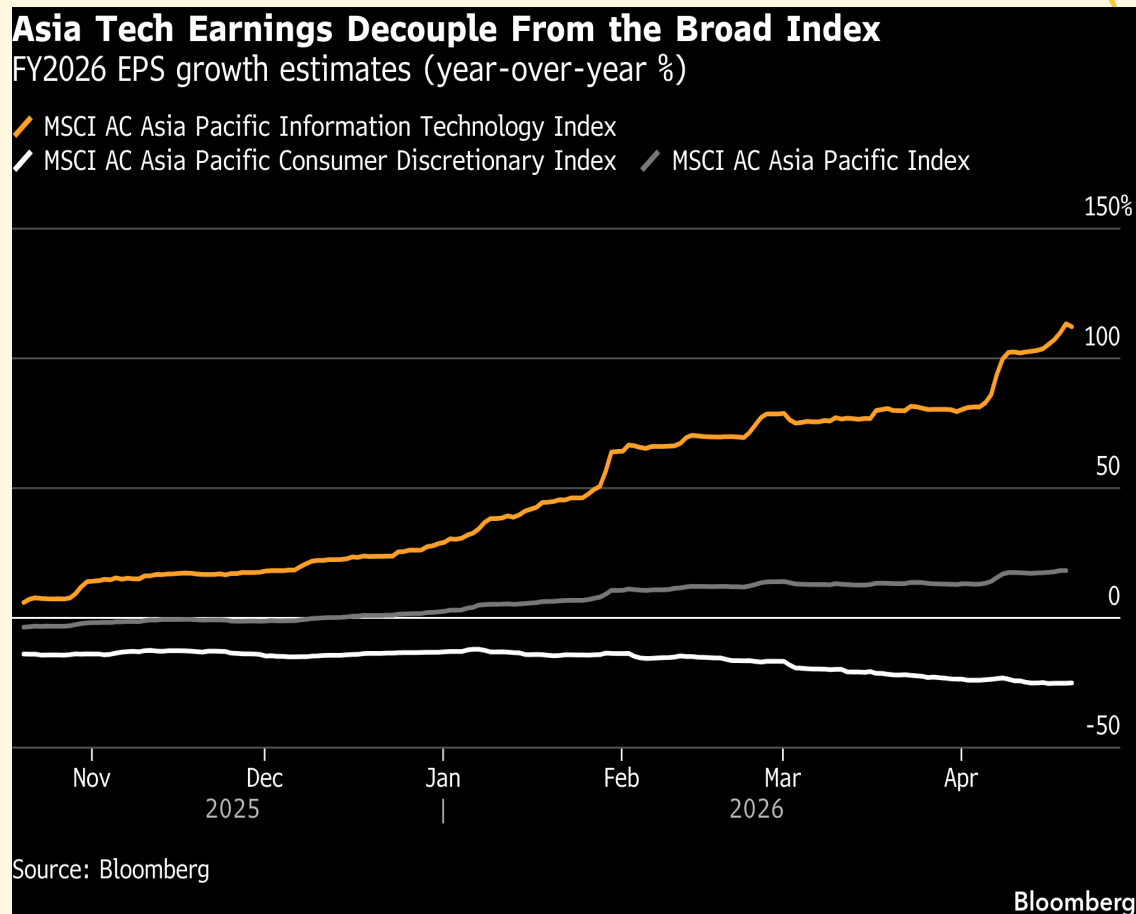
Source: ZeroHedge

Asia Tech Earnings Decouple from Broad Index and Geopolitical Risks

Asia tech has earnings growth drivers for regional outperformance with earnings expectations seeing upward revisions. As long as the Middle East conflict remains contained from re-escalation, the fundamental demand for global compute will likely outweigh the drag from elevated energy costs.

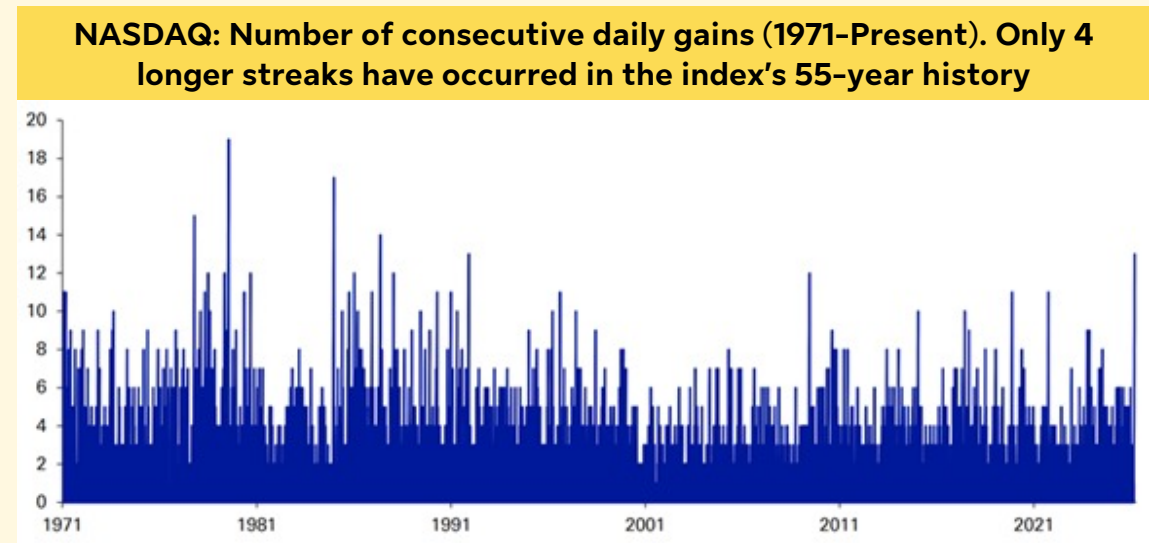
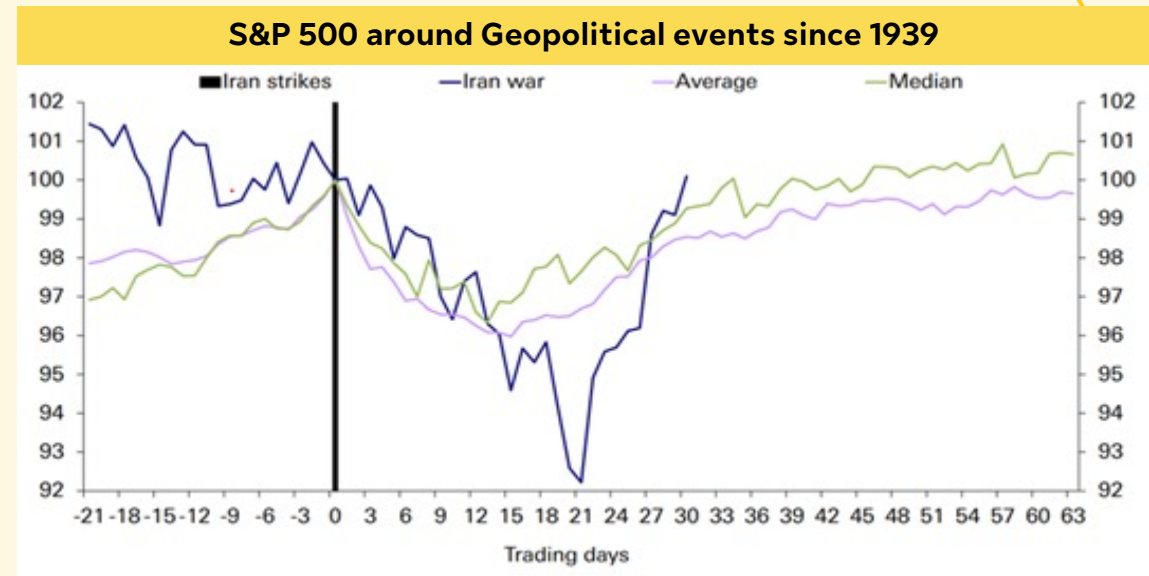
Year-on-year earnings estimates for the MSCI Asia Pacific index's Information Technology sector have continued to accelerate higher for 2026, while those for the consumer discretionary sector have trended lower.

The divergence in earnings estimates and performance show that the market hasn't completely dismissed the economic impact from the Iran war. Rising commodity and energy prices will feed into higher input prices and impact domestic demand, but the global AI capex cycle will continue to benefit



What remains the same is market reactions around Geopolitical events

- The market has broadly followed the typical geopolitical playbook
- Historical data shows it usually takes about three weeks (15 trading days) for markets to bottom after a geopolitical shock, followed by another 3-4 weeks to recover those losses (medians)
- This “Iran episode” saw a big dip in week four, extending slightly beyond the 75th percentile of historical geopolitical losses at this point, with a subsequent strong rebound
- The conflict isn’t over and a “return to normal” is premature but the market’s response largely aligns with historical patterns
- On April 17th, the NASDAQ saw a 13th consecutive daily climb, a winning streak not seen since early 1992 on general optimism and positive sentiment
- The expiration of the ceasefire and whether it’s extended or the attacks restart will undoubtedly be the next test

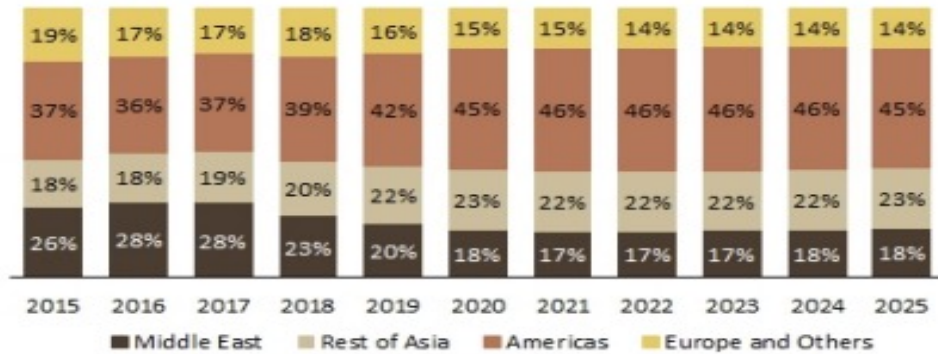


Source: Bloomberg Finance LP, Deutsche Bank Asset Allocation

Iran Escalation – Impact on Philippines

The Middle East is home to 1.1m land-based overseas Filipino workers (OFWs) sending US\$6.5bn in remittances in 2025 alone or nearly US\$6k per worker per year.

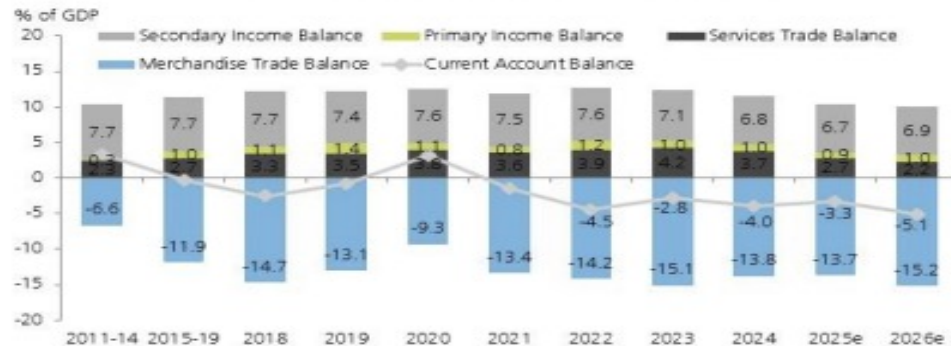
Source of OFW remittances, by region (%)



Source: BSP, CEIC, UBS

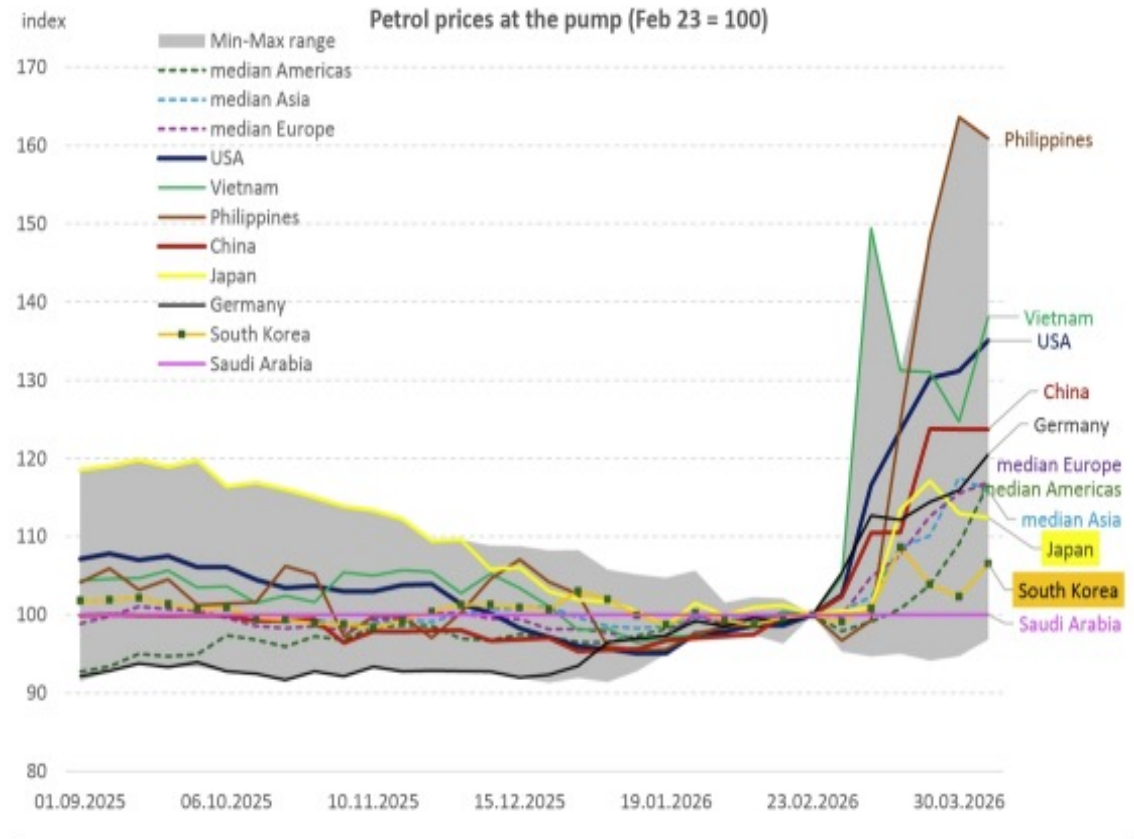
High reliance on imported raw materials, fuels, and components keeps the import value significantly higher than exports with challenges to price increases and lower remittances

Contributors to PH's current account deficit



Source: CEIC, UBS

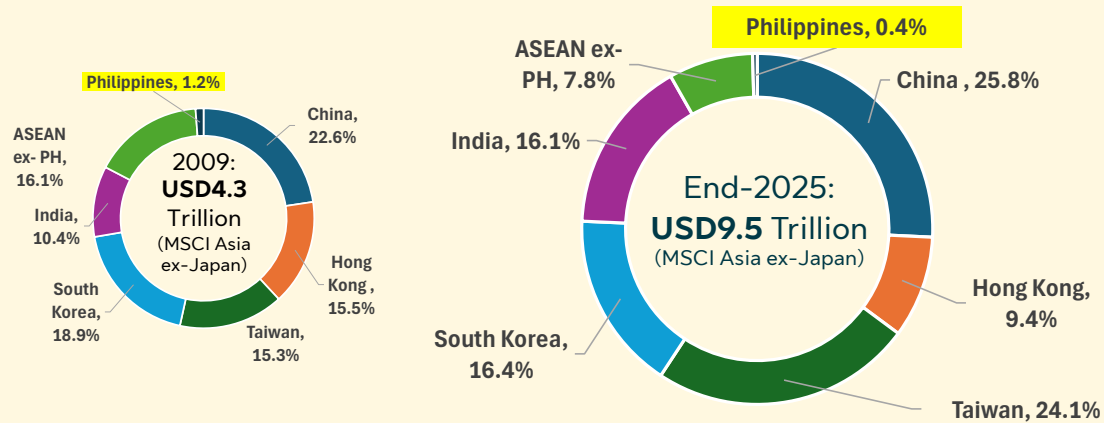
Oil pump prices in the Philippines have risen most globally



Source: UBS, GlobalPetrolPrices.com [Petrol prices LC/liter have been indexed to 100 as of February 23 - just before the conflict in the Middle East started - so that deviations from 100 can be interpreted as % changes.]

Structural Challenges a key drag on Philippines Equities against Global

Emergence of larger markets and themes (e.g. China and India's growth, Internet Companies, ECommerce, Clean Energy, Artificial Intelligence) has drawn investor capital away from ASEAN including PH



Source: SLIMA Equity Team, ETFs, Bloomberg

A market's low liquidity heightens portfolio risks, raising the required returns for investing into PSEi with selective names investable

Country	Index	Avg Value Traded Daily in 2025 (USD mil)
United States	SPX	112,321
China	CSI300	55,915
Indonesia	JCI	920
Vietnam	VNINDEX	916
Thailand	SET50	915
Singapore	STI	883
Malaysia	FBM100	422
Philippines	PCOMP	80

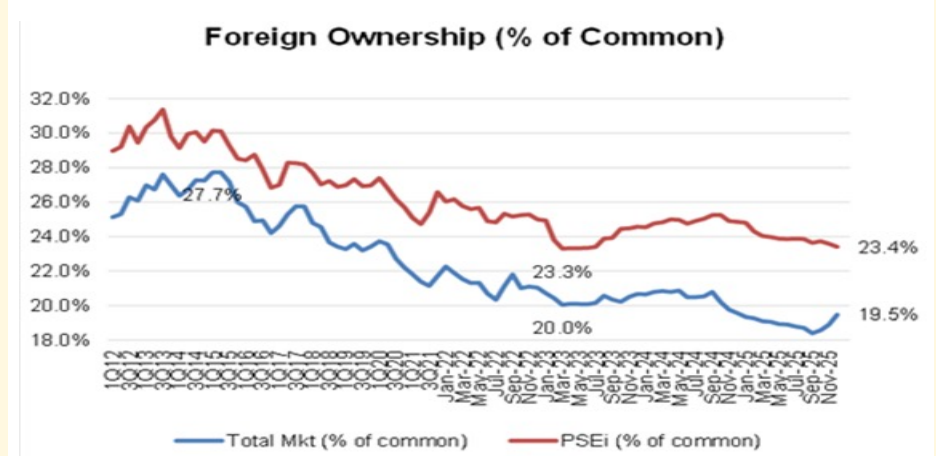
Source: SLIMA Equity Team, Bloomberg

US/Global indices offers exposures to sectors with higher growth/secular trends.

Sector weights	S&P 500	Nasdaq 100	MSCI ACWI	MSCI AxJ	PCOMP
Technology	33%	52%	27%	33%	-
Financials	13%	0%	18%	20%	24%
Comm. Serv	12%	19%	10%	11%	5%
Consumer Discretionary	10%	12%	9%	12%	4%
Health Care	10%	5%	9%	3%	-
Industrials	8%	4%	10%	7%	42%
Consumer Staples	5%	5%	5%	3%	7%
Energy	3%	1%	3%	3%	1%
Utilities	2%	1%	3%	2%	5%
Real Estate	2%	0%	2%	2%	12%
Materials	2%	1%	4%	5%	-

Source: SLIMA Equity Team, ETFs, Bloomberg

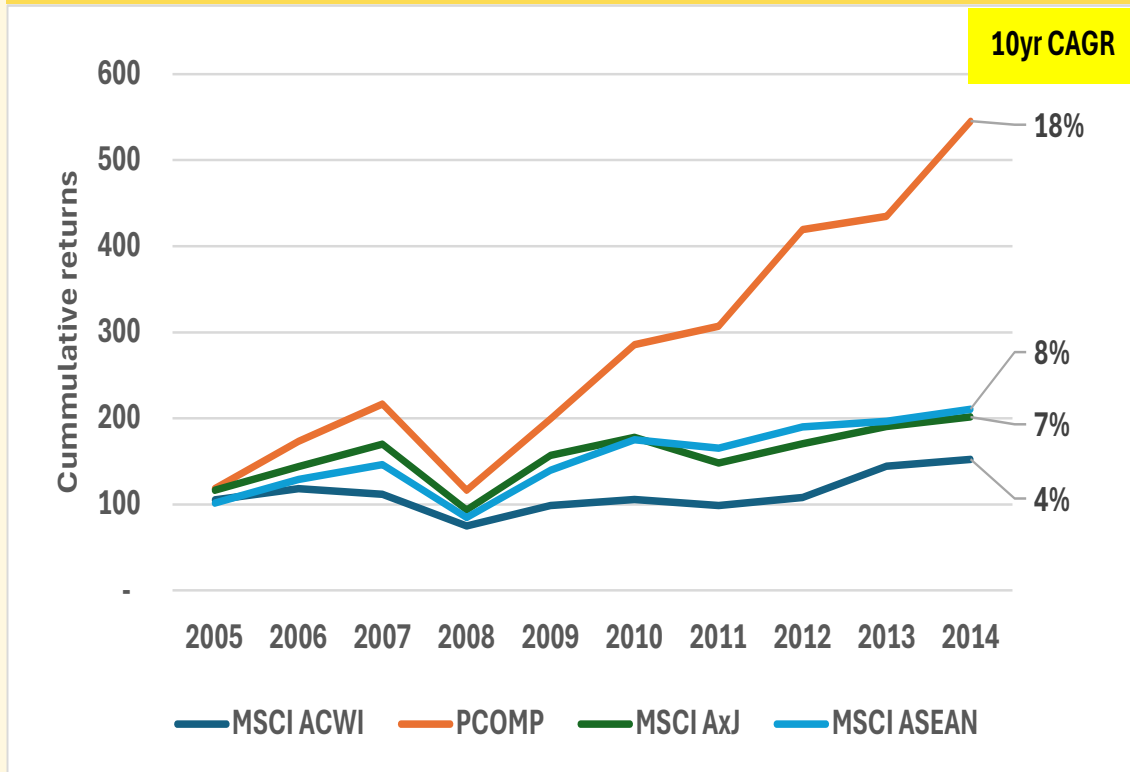
These factors contributed to PSEi's declining ownership



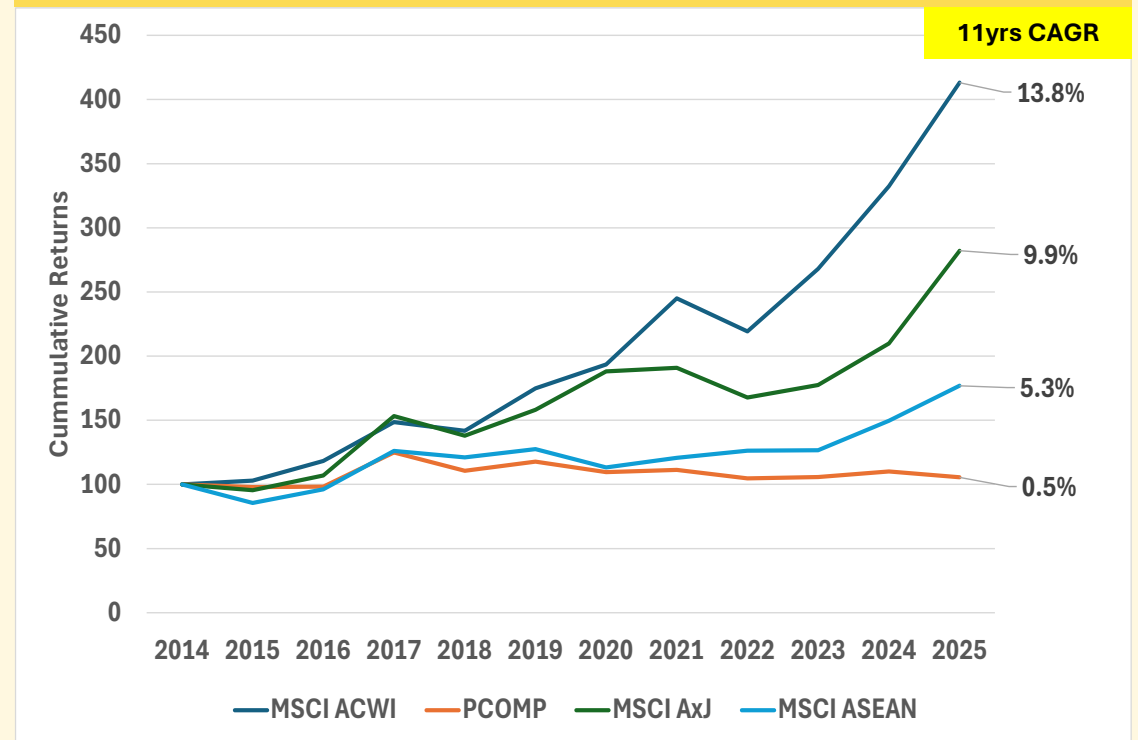
Source: Regis Partners

PCOMP over the last 20 years: A tale of 2 halves

Investments made in PCOMP at the start of 2005 would have grown >4x by 2014, materially outperforming major indices



These trends could not be extrapolated, however. Investments made in the PCOMP at the start of 2015, would have only yielded 0.5% 11yr-CAGR vs 13.8%/9.9%/5.3% in ACWI/AxJ/ASEAN



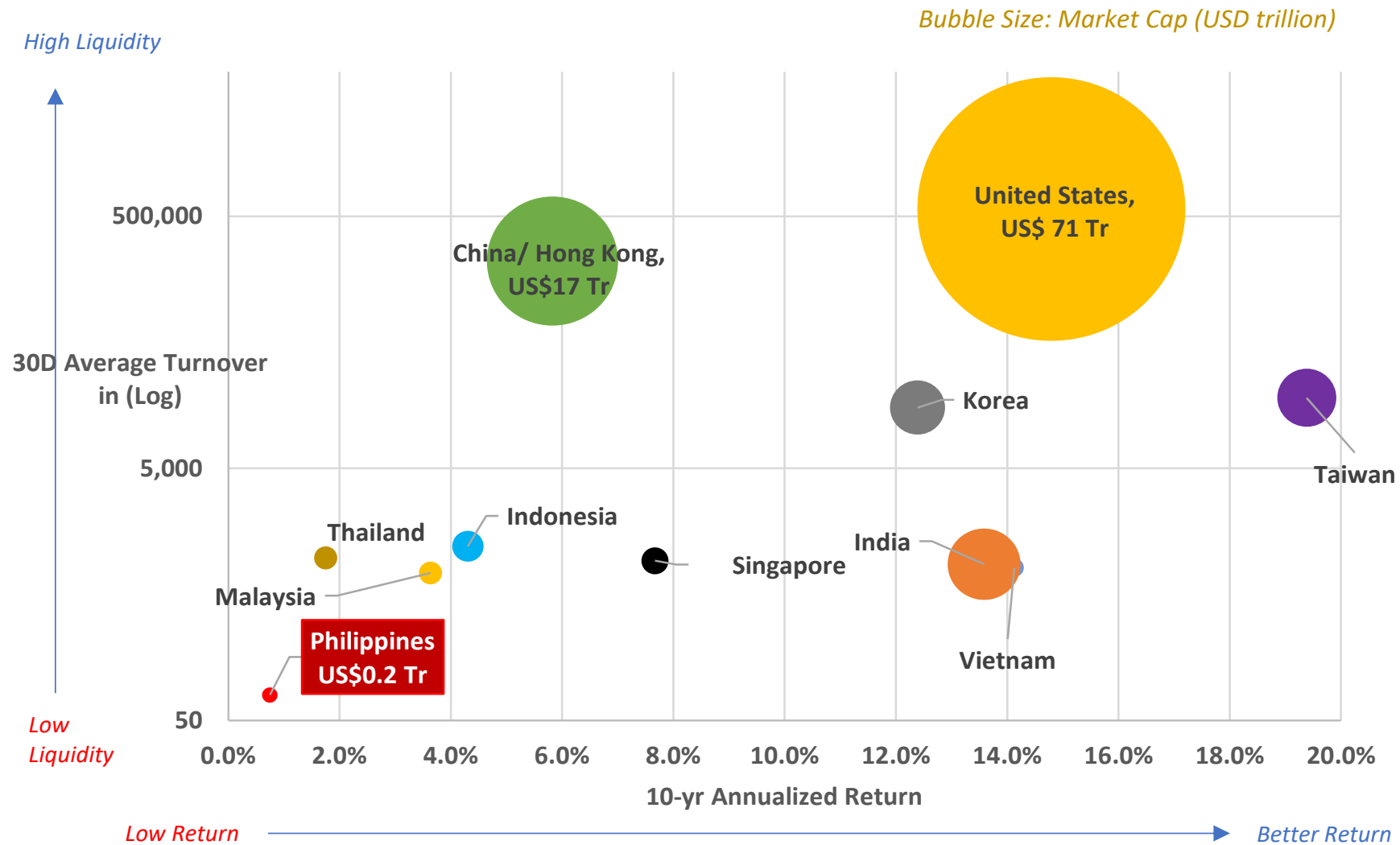
Abbreviations -

MSCI ACWI: MSCI All Country World Index, PCOMP: Philippines Stock Exchange Composite Index, MSCI AxJ: MSCI Asia ex-Japan Index, MSCI ASEAN: MSCI ASEAN Index

Source: SLIMA, Bloomberg
Price Return in Peso

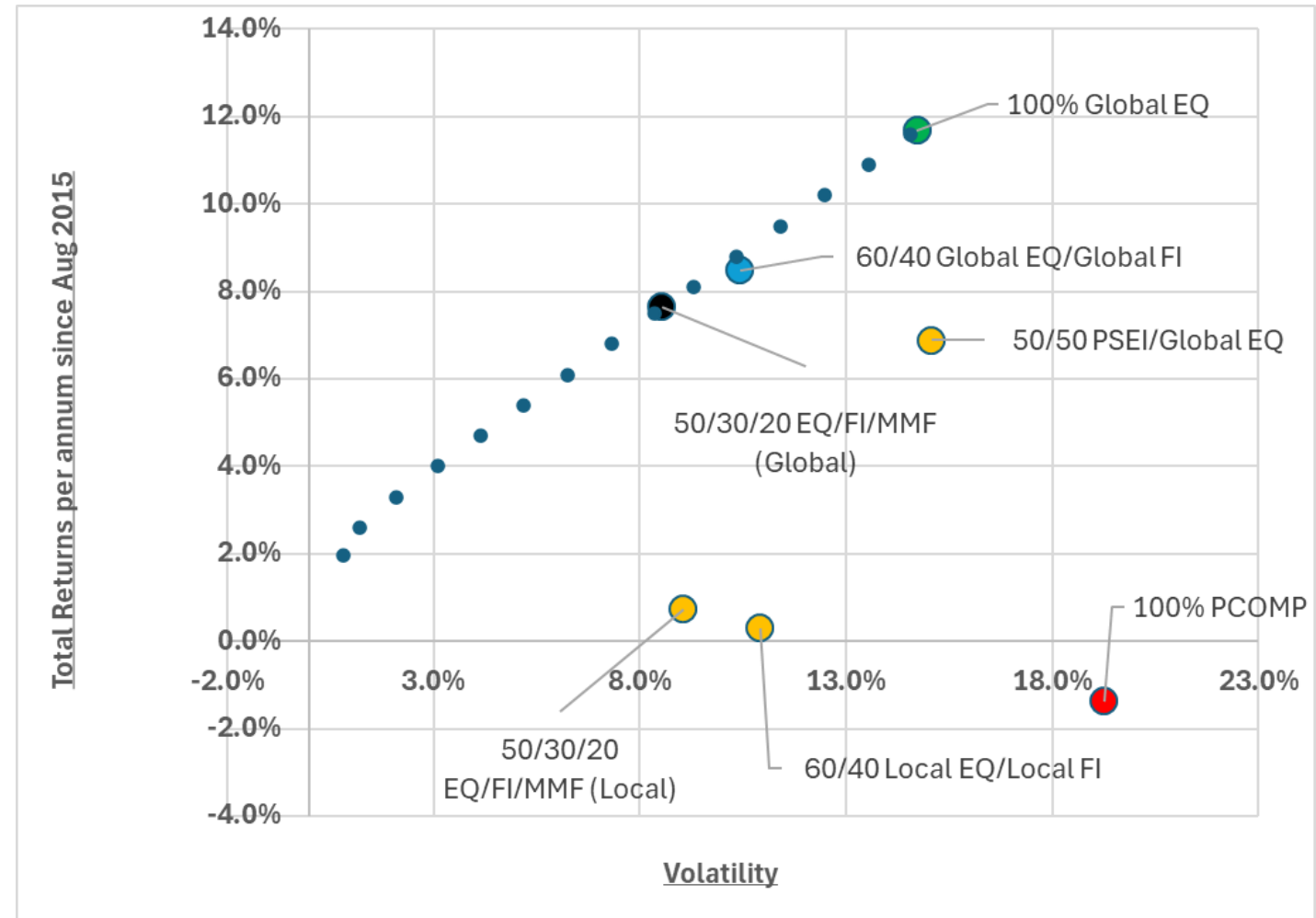
Return, Size and Liquidity Comparison vs. Regional and Global Peers

Source: SLIMA, Bloomberg



Efficient Frontier – Measuring portfolios by risk adjusted returns

The efficient frontier is the set of optimal portfolios that offer the highest expected return for a defined level of risk or the lowest risk for a given level return. A portfolio is said to be efficient if there is no other portfolio that offers higher returns for a lower or equal amount of risk.



Source: SLIMA, Bloomberg
Total Returns in USD

Key Highlights

- 1** Markets have generally followed the geopolitical playbook recouping losses since the Iran War began with divergence performances across markets, sectors and asset classes.
- 2** Historically, equities recover relatively quickly from geopolitical shocks, so avoid timing the market
- 3** Middle East conflict raised uncertainty and increased downside risks in global markets, but the impact will be determined by length, severity of conflict. Both sides currently are seeking a resolution.
- 4** Separate short-term risks for more sustainable drivers of performance. Many other factors more impactful for the markets in the coming months (AI capex, inflation, Fed policy decisions, mid-term elections, etc)
- 5** Equity markets are rotating toward AI winners, disruptors, and Tech beneficiaries especially in Asia with less crowded implementation
- 6** As the future of AI is still taking shape, take advantage of opportunities and diversify geographically and across asset classes to maximize risk adjusted returns



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