Amplia's monthly investor letter

The Boy Who Cried Wolf

The story of the boy who cried “wolf” by Aesop (c. 500 BC) is, at its core, not primarily a moralising children’s tale, but a story about social and political behaviour. It describes a model for how informational value erodes over time. The villagers responded rationally and began optimising their own time by ignoring the boy. It is therefore not primarily a moral tale about the individual, but a model of how trust — and thereby informational value — deteriorates over time.

The market behaves like the villagers: every false alarm raises the threshold for reaction. Eventually, even the real risk is ignored — not out of stupidity, but as a result of rational adaptation. The end of the Iran war has repeatedly been celebrated to the tune of surging equity markets, yet the Strait of Hormuz remains, for all practical purposes, closed.

Performance

The month was characterised by wide dispersion between sectors and, above all, geographical regions. Nasdaq returned +10.9%, while US small caps delivered +7.3%. Europe was weak and ended the month down -2.7%, reflecting its greater sensitivity to rising energy prices.

30.04.2026 Equities	Currency	Return mtd (eur)	Return ytd (eur)	Return 12m (eur)
World	USD	3,3 %	5,8 %	24,7 %
Emerging Markets	USD	0,4 %	14,7 %	41,6 %
US	USD	5,7 %	5,7 %	26,1 %
EU	EUR	-2,7 %	4,3 %	19,0 %
UK	GBP	-2,5 %	6,9 %	24,4 %
Japan	JPY	1,7 %	18,7 %	47,1 %
South-Korea	KRW	4,8 %	61,0 %	177,0 %
China	USD	3,1 %	6,5 %	34,0 %
Finland	EUR	2,9 %	10,9 %	40,7 %
Sweden	SEK	-6,5 %	5,9 %	27,0 %

Bonds	Currency	Return mtd (eur)	Return ytd (eur)	Return 12m (eur)
Euro Government	EUR	-2,3 %	-0,2 %	-0,3 %
US government	USD	-1,1 %	0,0 %	-1,0 %
Europe IG	EUR	-1,6 %	-0,3 %	1,9 %
US IG	USD	-1,2 %	-0,2 %	1,8 %
EU HY	EUR	-0,7 %	0,2 %	4,6 %
US HY	EUR	0,1 %	0,5 %	6,5 %
Emergin Markets HC	EUR	-1,2 %	0,1 %	7,0 %
Emergin Markets LC	EUR	-0,7 %	-0,1 %	0,4 %

Source: Amplia, Bloomberg

Fixed income markets were broadly negative, with higher yields the main culprit. European high yield bonds returned -0.7%, while their US counterpart managed a small positive return of +0.1%.

Macro

The contours of the underlying global economy have been blurred by the gunpowder smoke of the Iran war. The IMF estimates that the war’s impact on global GDP growth could be around -0.2% to -0.3%. The inflationary impact is even more uncertain, as the Strait of Hormuz remains effectively closed and each passing day increases the risk that inflationary pressure spreads from so-called headline inflation to core inflation, as transport costs and shortages of fertilisers and plastics begin to make themselves felt.

When the war broke out, equity markets fell by around 10%, as the price of crude oil surged from roughly USD 65 per barrel to USD 110. After the initial panic, and following several White House statements about peace agreements and the reopening of the Strait of Hormuz, equity markets nevertheless began to rise, particularly in the US, while oil prices remained elevated. Looking at oil prices today, WTI — delivered in Cushing, Oklahoma — and Brent — seaborne delivery in the North Sea — appear relatively undramatic, even though levels are clearly higher than before. Physical oil, however, is constrained by logistics and refinery structure. The oil tankers that left the Persian Gulf at the outbreak of the war have reached the US and discharged their cargoes, but the demand created in Asia by the shortage of Persian Gulf oil is problematic. The light sweet crude exported by the US is largely incompatible with refineries in Asia, while refined products — petrol, diesel, jet fuel and naphtha — are locally running out. Many energy analysts describe the oil shortage as the largest oil crisis in 50 years.

The geography and quality profile of crude oil create a structural fragmentation in which certain production chains may slow down or come to a complete halt, with potentially unexpected consequences both locally and internationally. If various components, already in local undersupply, run out, they will end up competing for the same drops of oil as entirely unrelated products, which may disrupt global production in an uncontrolled manner. The result is a significant risk of shortages in key products in a more abstract sense, which, in addition to inflationary pressure, may increase uncertainty in the global market.

The US economy nevertheless appears resilient, with a surprisingly strong labour market despite weak GDP growth. The Fed has signalled that it has little appetite for rate cuts in the near term, as the economy appears to have traction and inflation remains high. In Europe, the situation is somewhat different, as the mandate is more one-sidedly focused on inflation (2%), and European price developments are explicitly in the crosshairs of the energy crisis.

Valuation

The ongoing earnings season gives the impression of a corporate sector that, despite a more complex macro environment, continues to deliver with a certain discipline. Perhaps the most important change is not the levels themselves, but the fact that expectations have been revised down while outcomes are surprising on the upside. In practice, this means that the market, all else equal, appears cheaper than it did only a few months ago — not because prices have fallen, but because the earnings base has been revised higher.

In the US, the picture remains that of an almost industrially efficient earnings machine. Margins remain surprisingly robust, especially in technology and communication services, where scalability is once again proving its value. The most interesting development, however, is that companies are increasingly resuming more constructive guidance, often with an implicit assumption that demand is normalising rather than weakening. This creates a situation in which multiples can expand without necessarily looking like multiple expansion — because the “E” in P/E is rising at the same time.

In Europe, the picture is more fragmented, but also more interesting from a valuation perspective. Expectations have been lower, making positive surprises more meaningful. Industrial companies and exporters are showing a degree of resilience despite geopolitical friction and energy-related uncertainty. Guidance is being provided, but often more cautiously and with a wider range of possible outcomes. This means that upward earnings revisions in Europe tend to occur more discreetly — but when they do occur, their impact on valuations is all the greater.

Outside the US and Europe, the picture is characterised by more pronounced divergence. Some emerging markets are benefiting from stabilised commodity prices and improved capital flows, while others continue to struggle with currencies and financing conditions. Guidance here is generally more limited and often implicit, which gives the market's interpretation of individual data points a greater role than companies' own narratives.

At a meta level, perhaps the most interesting development is that companies are once again daring to say something about the future. A year ago, communication was often characterised by strategic silence or extremely wide ranges — a way of preserving optionality in an uncertain environment. Today, we see a gradual return to more directed guidance, albeit still with clear caveats. This is not a sign of full visibility, but it does suggest that uncertainty is perceived as more manageable.

Sentiment

Sentiment, which still looked vulnerable at the beginning of April, has recovered globally but appears more hesitant in Europe. Implied volatility on the Euro Stoxx 50 has stubbornly clung to a level clearly above 20, while its American cousin, the VIX, has settled into a more normal regime around 17–19. The difference is not trivial, but reflects an underlying asymmetry in risk perception: Europe continues to price a more immediate and more binary energy risk, while the US tends to view the same issue as exogenous.

This divergence is also reflected in the breadth of market moves. In the US, the rally has gradually broadened, with more sectors participating as earnings are revised higher. In Europe, the move is more selective and at times choppy — a market that wants to rise, but does not yet fully trust its own premises. This creates a sentiment that is functional, but not convinced.

At the same time, there are signs that European sentiment is also stabilising at the margin. Energy flows have, at least temporarily, functioned without major disruptions, and the most acute tail risks have therefore been pushed back. But unlike in the US, where low volatility itself tends to become self-reinforcing, Europe retains a kind of "heightened vigilance" — a volatility that does not quite want to fall, because the market knows that the fundamental uncertainty has not been resolved, only deferred.

Allocation

When the US and Israel attacked Iran, we made a swift decision to underweight equities in the mandate portfolios. The decision was based on the assessment that the risk of a global energy crisis and subsequent stagflation could potentially have a devastating effect on portfolios. Having observed developments and, with some surprise, noted how consistently the market has chosen to believe each new peace narrative, we decided to close the underweight back to neutral, with the aim of gradually moving towards an approximately 10% overweight in the more risk-oriented mandates. As we still see a material risk that markets in Europe and Asia may lose their footing, we decided to invest in Nasdaq. The US economy has good traction, and the technology sector, led by AI, has the best conditions to pull the global economy towards the next upswing.

The key question around increasing the equity overweight is timing. At this stage, the market has already celebrated three endings of the war in Iran, and the "boy who cried wolf" effect has already faded. It is possible that the market reaction will fail to materialise when the message finally has substance, which could lead to a "buy the rumour, sell the fact" situation. Before that, however, the market is likely to have found a new narrative to trade on.

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Kind regards,

Mikael Simonsen