Six Minute Strategy

Oil, IPOs and the outlook for global markets

June 2026

Marketing communication

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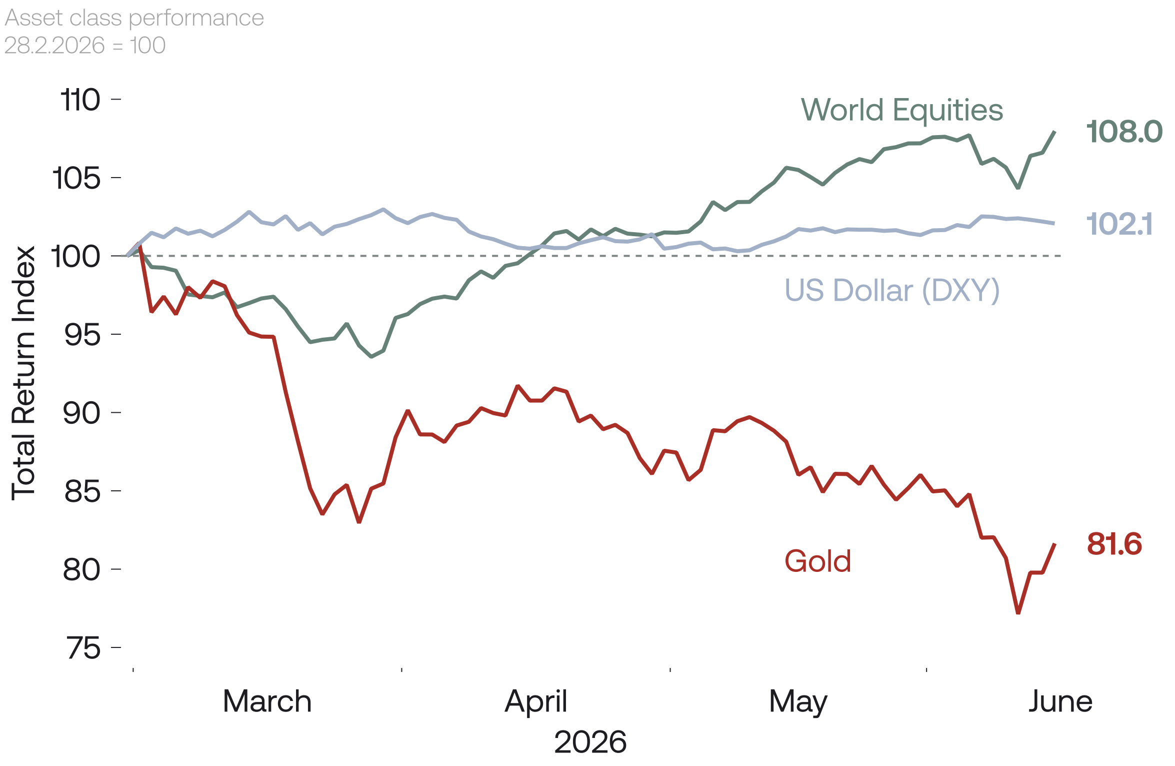
Global equity and asset class performance

Quality and consistent dividend flows not rewarded in 2025/6

Source: Macrobond, 16.06.26

Performance since the start of the 2026 Iran War



Source: Macrobond, 16.06.26

1. Iran War: Contours of a ceasefire

Ceasefire holds
(85% probability)

Brent $80 - 90 in 2026 and $70 - $80 in 2027

- Gradual resumption of shipment of energy and bulk commodities through the straits of Hormuz.
- Mine clearing to take a few months – initial passage through narrower channels
- Resumption in production to take time (damage to Ras Laffan gas facility in Qatar and refineries in the UAE and Saudi Arabia)
- Insurers gradually restore coverage
- Price remains elevated for the rest of the year as countries seek to rebuild energy inventories

Escalation
(15% probability)

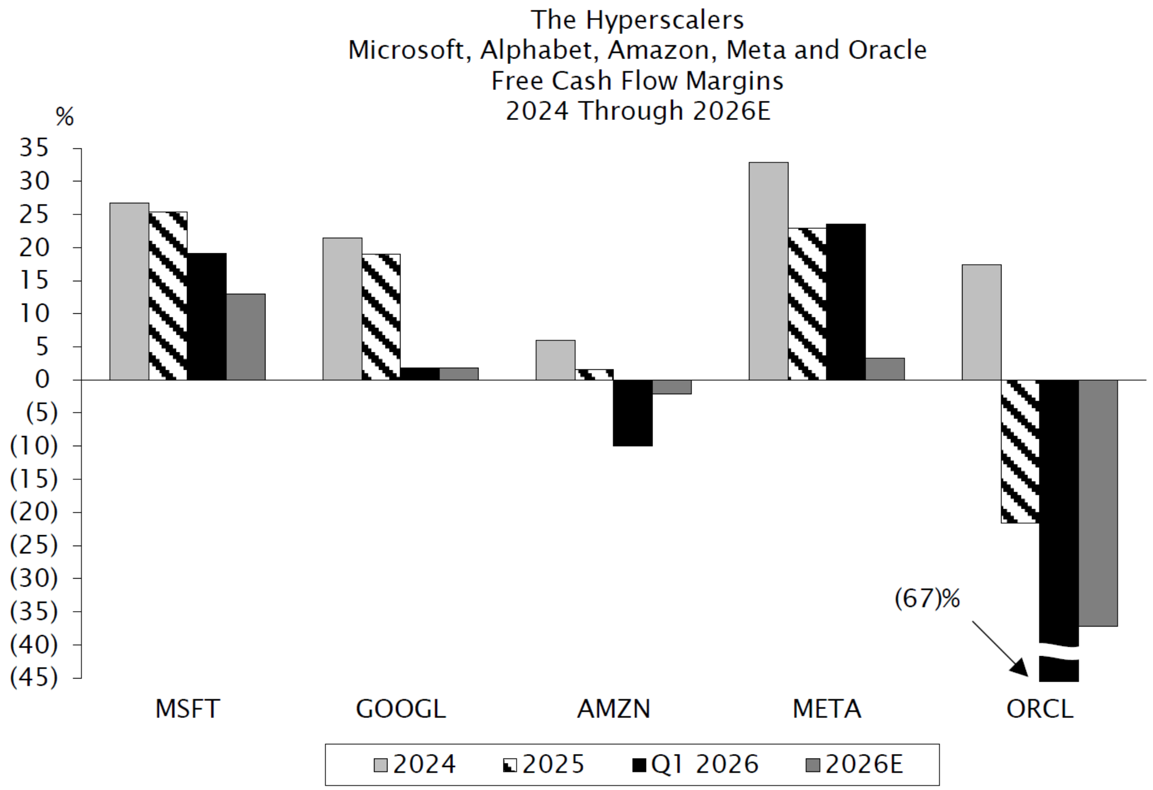
Brent $110–130

- Israel disrupts ceasefire with further campaigns in Lebanon, or ...
- Limited progress on nuclear disarmament, or ...
- Backtracking on release of frozen assets / tolling of the Straits of Hormuz
- Risk premia in energy markets remain (Brent @ $120/barrel by end 2026)

Source: Sarasin & Partners, 16.03.26

2. Equity flows: Free cashflow has fallen sharply across the AI hyperscalers

Record levels of capital investment weighs heavily on free cash flow



Hyperscaler Capex reaching C.$1trn in 2027 with over $2trn invested since 2024
(**Morgan Stanley June 2026**)

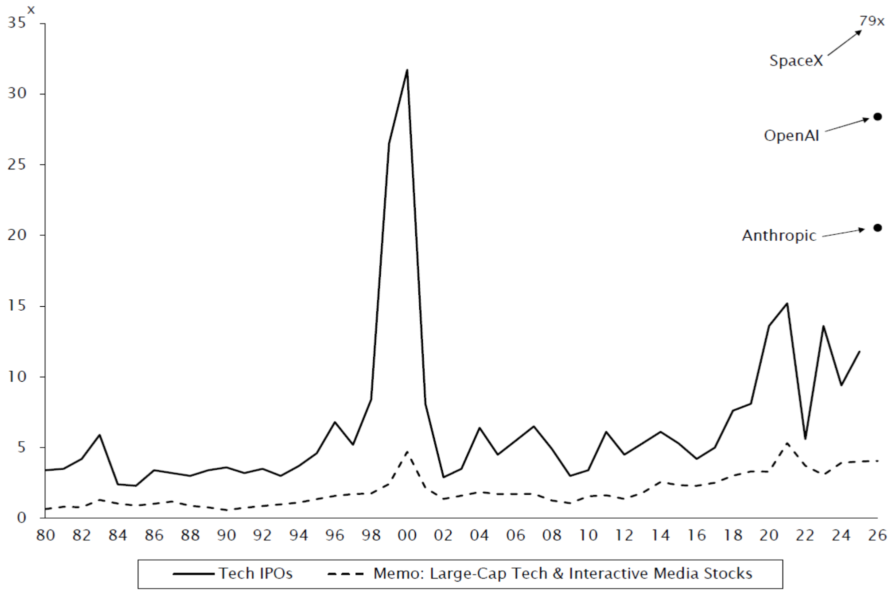
Source: Empirical Research Partners, June 2026

Expensive and unprofitable?

All three mega-IPO’s will go out at very high price to sales ratios

IPO’s listing with price to sales ratios > 20 have tended to meaningfully underperform over next 3 years

Exhibit 15: U.S. Tech IPOs[1]
Average Price-to-Sales Ratio at Offer Price[2]
1980 Through Early-June 2026



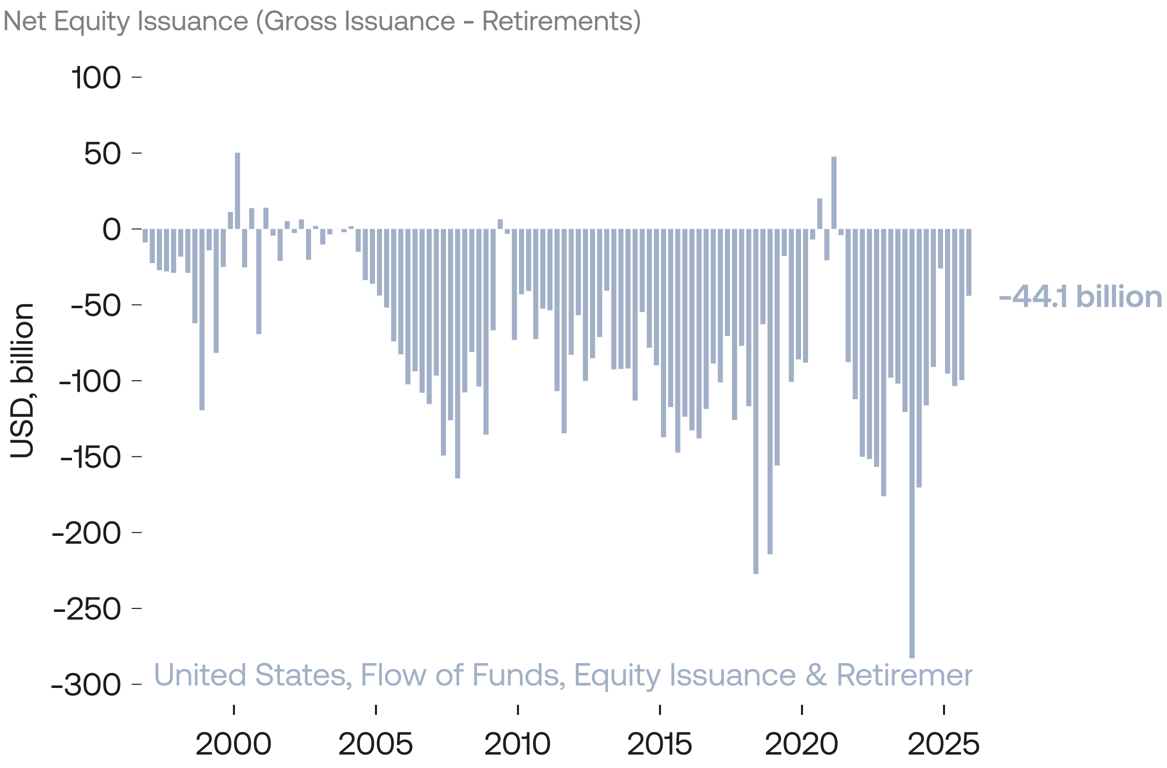
Source: Jay Ritter, University of Florida, Empirical Research Partners Analysis.

[1] Excludes ADRs, SPACs, closed-ended funds, and issues with offer price below $5.
[2] Offer valuations are assumed to be $1.8 trillion for SpaceX, $852 billion for OpenAI, and $965 billion for Anthropic.

US net equity issuance

Could new IPOs + lower buybacks reverse 20 years of equity market shrinkage?

US flow of funds – equity issuance and retirement



Source: Macrobond, 16.06.26

Market implications

1. US Iran ceasefire will trigger lower oil prices and help cap global inflation
2. Equity valuations for AI linked companies are elevated
3. US equity net issuance will reappear after 20 years of market shrinkage
4. Opportunities appearing in quality and income stocks after dramatic underperformance

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