



CHARTBOOK Market Comment

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Market Comment

The Strait of Hormuz crisis remains the dominant macro headwind. Iran's closure of the waterway has disrupted roughly 20% of global oil supply. The knock-on inflation shock lifted U.S. headline CPI to 3.8% in April, with energy prices up nearly 18% year-over-year.

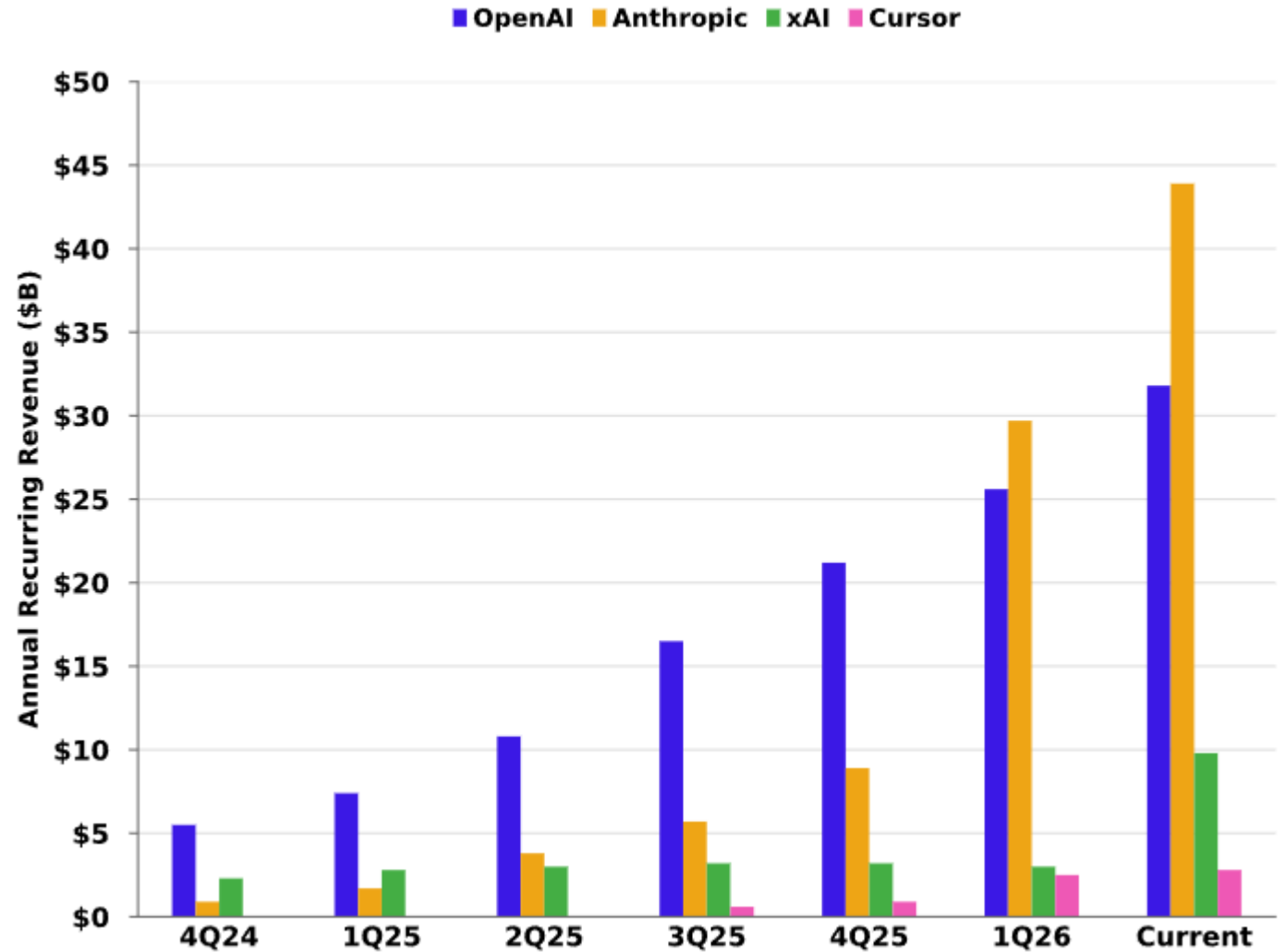
Central bank policy is diverging. Newly sworn-in Fed Chairman Kevin Warsh faces his first FOMC meeting on June 16–17 with rates on hold at 3.50–3.75% and no cuts priced-in for the year. As Trump's nominee, many expect that Warch will push for lower rates, but he won't be able to achieve that without the committee aligned to his point of view, and the committee is split on the path rates should take.

In Canada, Q1 GDP contracted at a –0.1% annualized rate, marking a second consecutive quarterly decline. Business investment fell for a fifth straight quarter amid tariff uncertainty. Governor Macklem has signaled that if the economy evolves broadly in line with the Bank's base case, changes in the policy rate can be expected to be small, though he cautioned that monetary policy may need to be nimble given the unusually elevated uncertainty. Due largely to inflation concerns, the bank is expected to make a rate hike by year-end.

Major AI companies continue to grow at an extraordinary pace. This growth underpins a historic IPO pipeline: SpaceX, OpenAI, Anthropic, and Databricks collectively represent over \$3 trillion in estimated valuation. This is expected to be a major theme for markets for the remainder of 2026 and into next year. These historic IPOs will provide main street investors the opportunity to invest in these interesting new businesses.

AI Revenues

Revenues of the major AI businesses are growing almost exponentially in recent quarters. In just two quarters Anthropic has grown its Annual Recurring Revenue from about \$9B to almost \$45B! This incredible growth rate is one reason why the company is estimated to be worth around a trillion dollars.



Expected IPOs

Company	Valuation (\$bn)	Probability of IPO in 2026	VC Firms Invested
Cerebras	\$56	100%	27
SpaceX	\$1,750	98%	313
OpenAI	\$852	74%	123
Anthropic	\$900	72%	143
Discord	\$15	56%	61
Databricks	\$134	23%	68
Anduril	\$61	12%	140
Stripe	\$159	11%	113
Ramp	\$40	10%	48
Oura	\$11	n/a	34
Total Valuation:	\$3,978	Unique VC Firms:	654

Valuations are latest available funding round except SpaceX valuation is based on rumored target for IPO and Cerebras which is its valuation at IPO. IPO sizes for SpaceX, OpenAI, and Anthropic based on reported figures. VC firms are filtered to those with primary investor type is 'Venture Capital'. SpaceX investor count includes xAI funding rounds prior to the all-stock acquisition.

Source: Polymarket, PitchBook, Bloomberg Intelligence

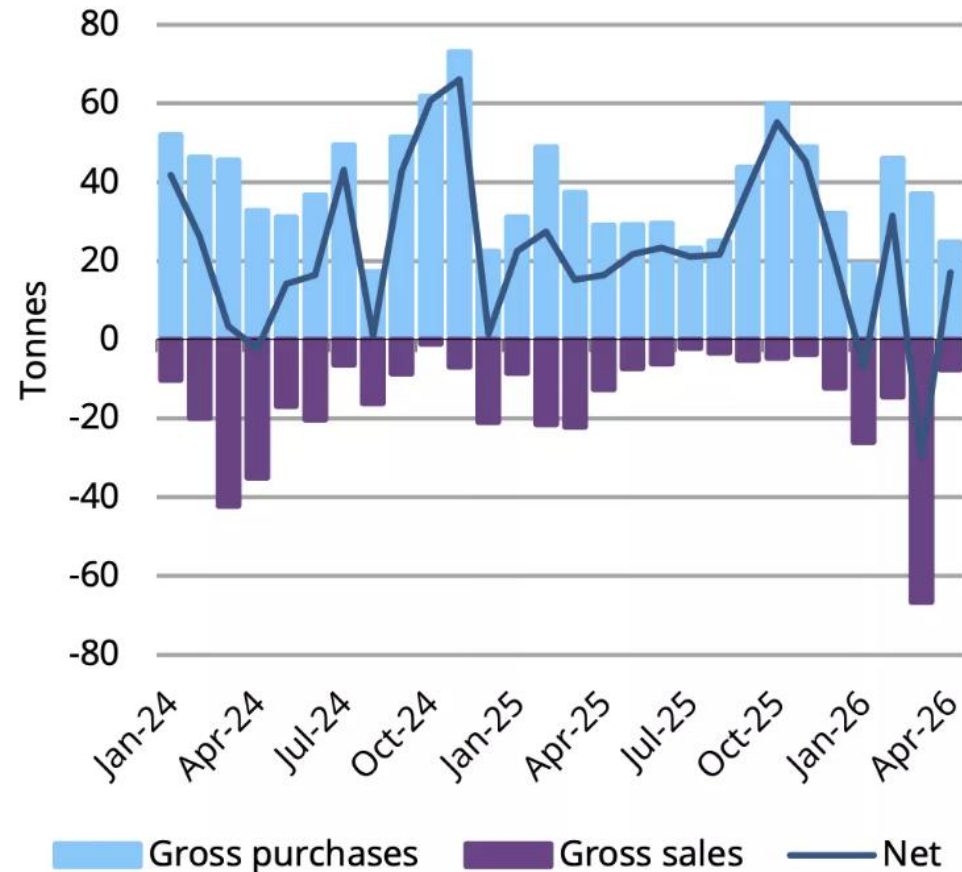


Major IPO activity is expected in 2026. The pipeline is dominated by AI and AI-adjacent names: SpaceX, OpenAI, Anthropic, and Databricks represent a combined \$3+ trillion in estimated valuation. Following the IPO, some of these companies could quickly become among the largest components of the major US stock indices like the Nasdaq 100 and S&P500, as well as the many ETFs that track them, subject to eligibility provisions.

Upon completion and after applicable lockup periods, early private investors in the businesses like Venture Capital firms, founders and early employees will have liquidity to realize their paper gains. For many of them, this will be a substantial amount of wealth that they can now access.



Gold Buying by Central Banks



*Data to 29 May 2026, where available.

Source: IMF, respective central banks, World Gold Council

Central banks purchases of gold rebounded in April, with Poland and several Asian economies leading the buying. Due to their size and resources, central banks are a major source of demand for gold. Should this rebound continue it presents a significant tailwind for gold.

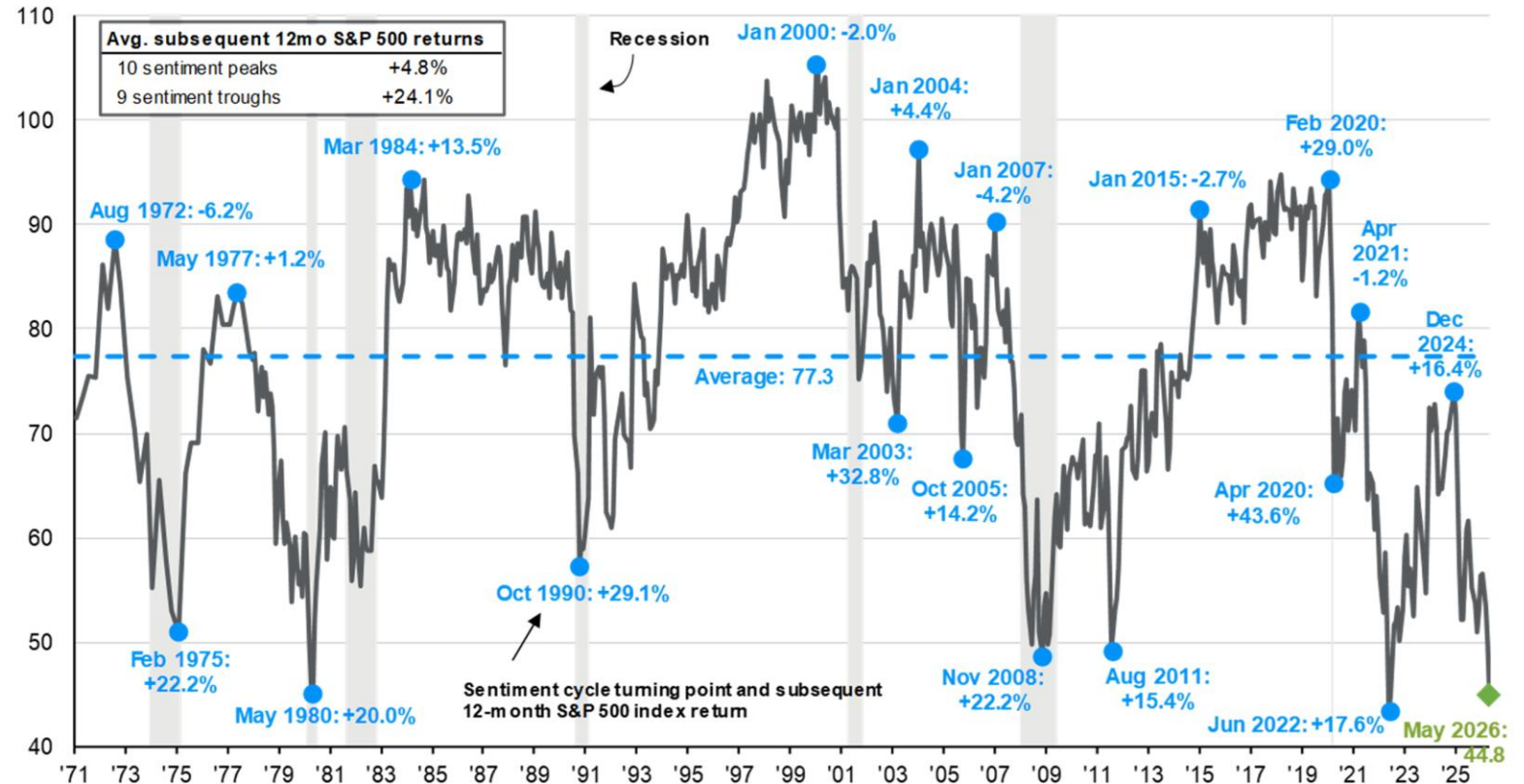
The outlook for gold also depends on a potential resolution to the war in Iran and the opening of the Strait of Hormuz, due to the knock-on effects on the price of oil, inflation and interest rates.

Consumer Sentiment

The University of Michigan Consumer Sentiment Index fell to a low of 44.8 in May. This is particularly interesting given that US stock markets are at or near all-time highs. Despite the strength in markets, many consumers are not feeling positive about the economy.

The historical pattern has been that these troughs tend to be associated with strong forward returns. However, troughs in sentiment have often occurred after a selloff in stocks, such as was the case in the June 2022, April 2020 and November 2008 troughs. It is interesting to see such a negative reading along with strong stock markets.

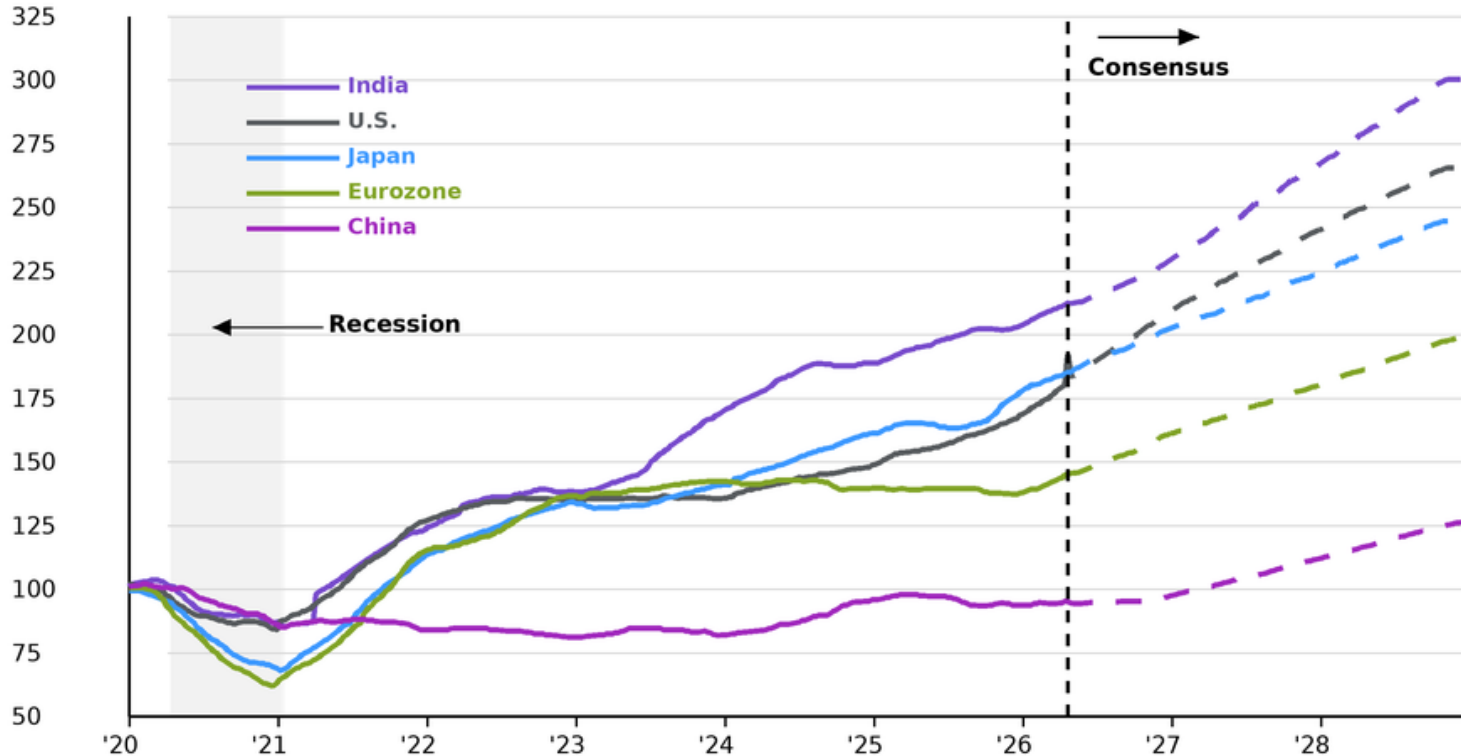
Consumer Sentiment Index* and subsequent 12-month S&P 500 returns



International Earnings Growth

Earnings growth: Pandemic to present/consensus estimates

Jan 2020 = 100, last 12 months, local currency, monthly



International earnings growth is forecast to accelerate in 2026, with India, the US and Japan leading the way. Consensus analyst estimates forecast earnings growth to be strong into 2027 as well.

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