

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

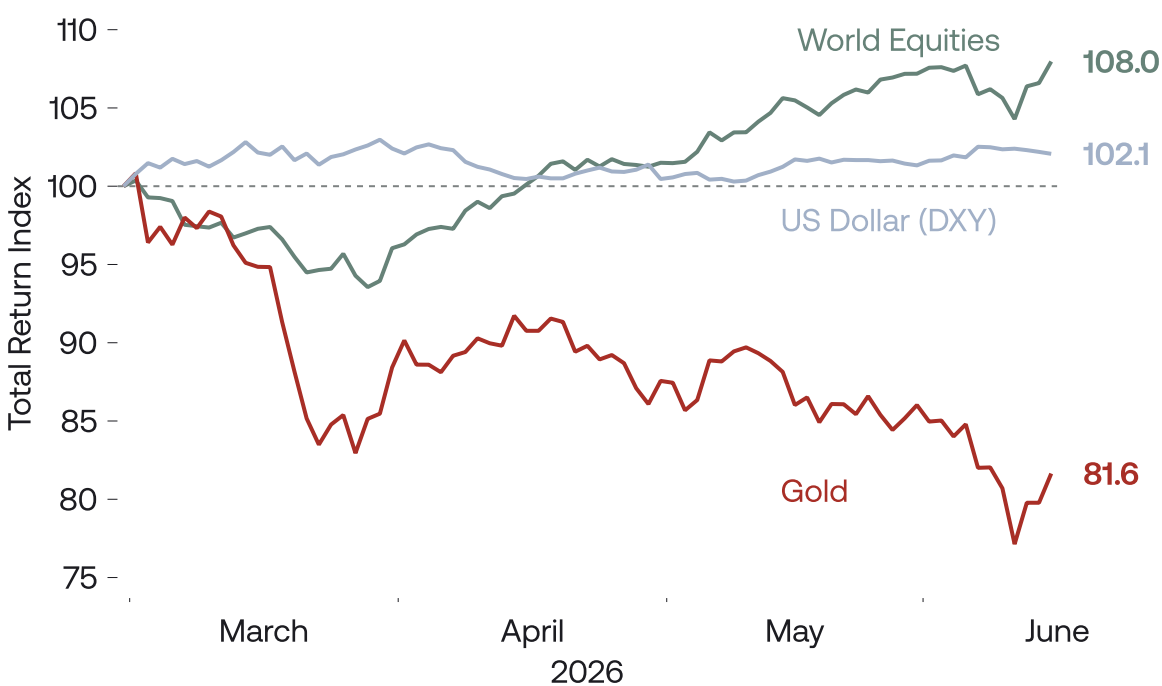
MSCI World Indices GBP (ACWI)
31.12.2024 = 100



Source: Macrobond, 16.06.26

Performance since the start of the 2026 Iran War

Asset class performance
28.2.2026 = 100



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

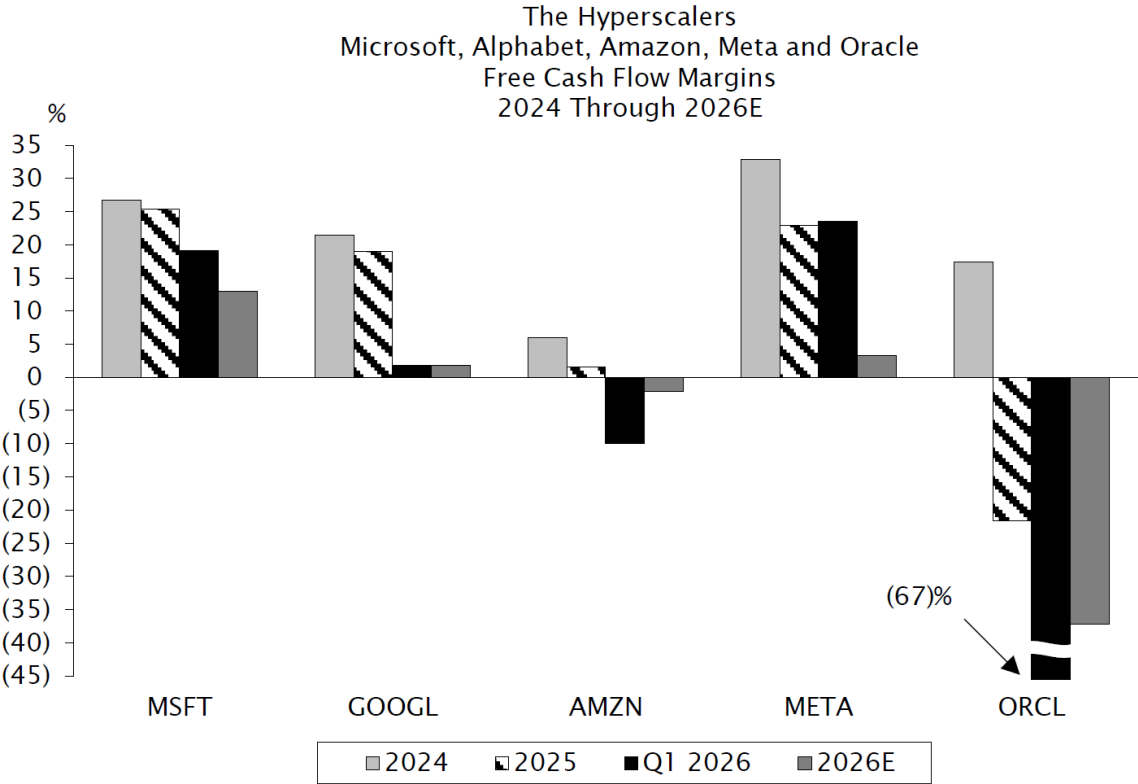
Escalation (15% probability)

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)

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)

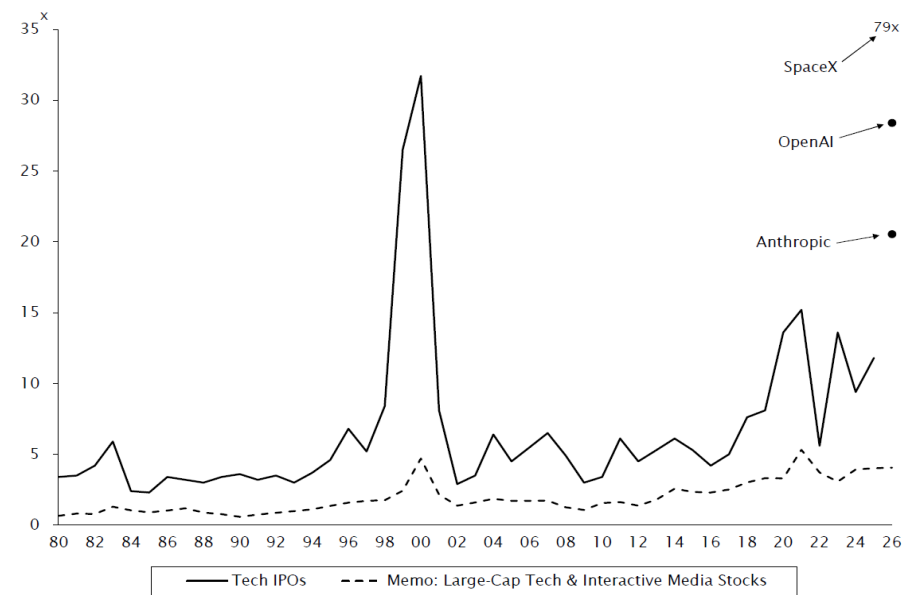
Source: Empirical Research Partners, June 2026

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 IPOs¹
Average Price-to-Sales Ratio at Offer Price²
1980 Through Early-June 2026



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

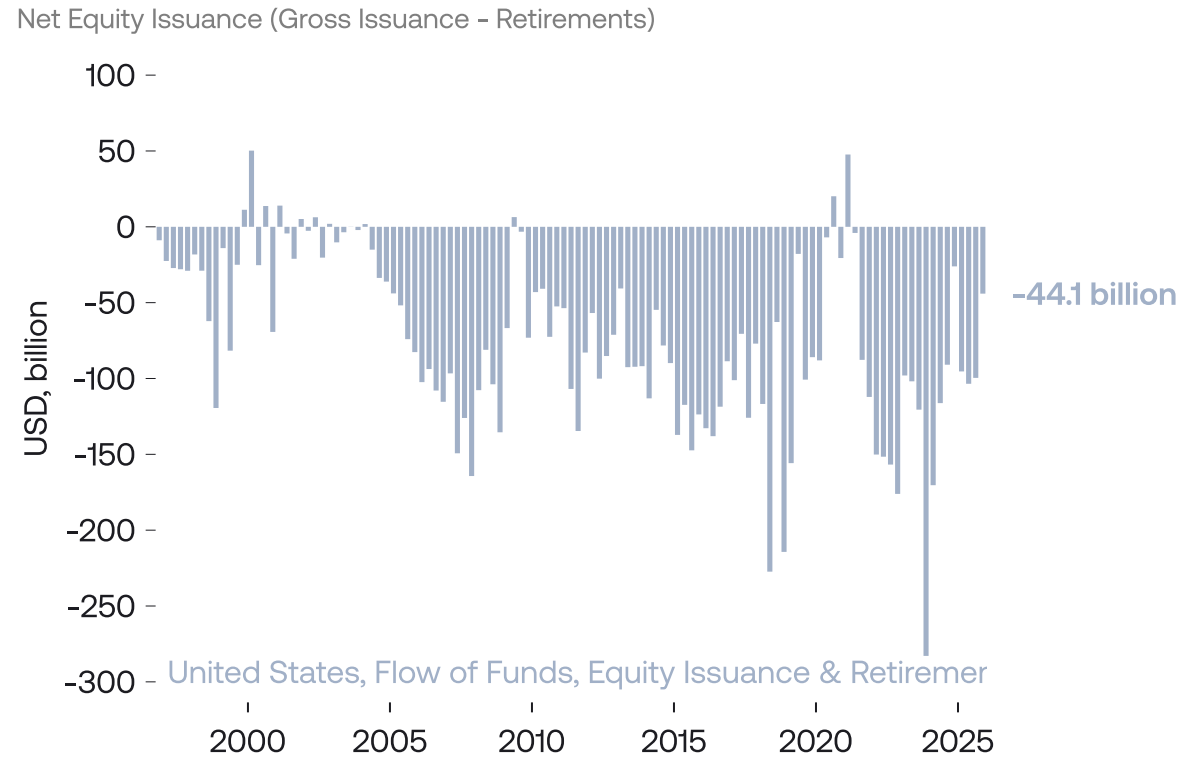
¹ Excludes ADRs, SPACs, closed-ended funds, and issues with offer price below \$5.

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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