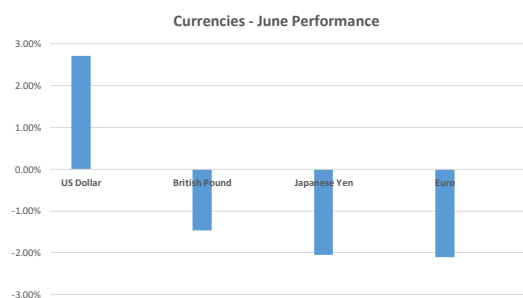
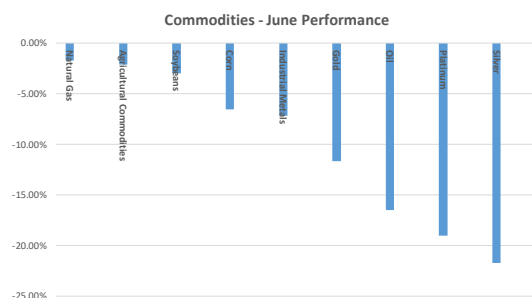
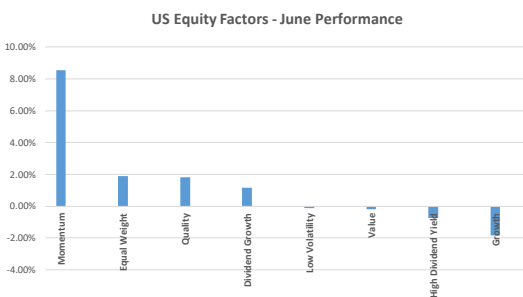
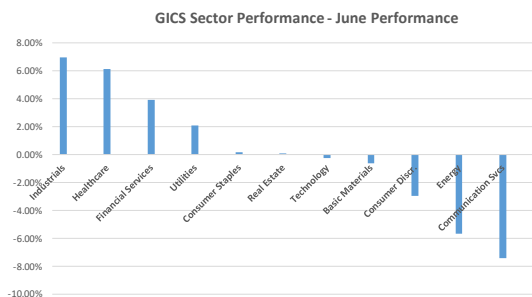
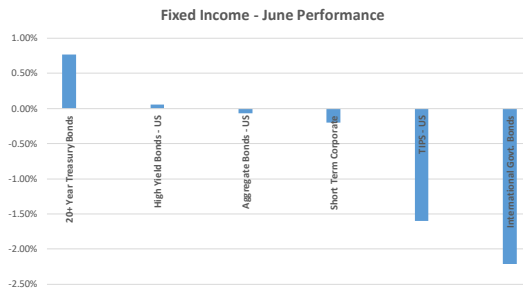
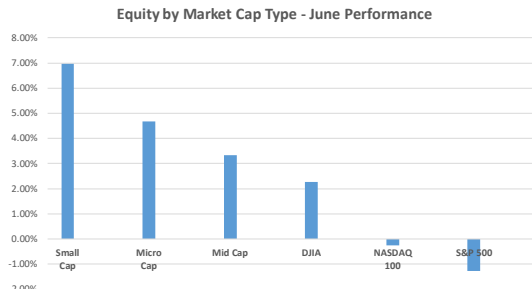


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### Markets in a Glimpse

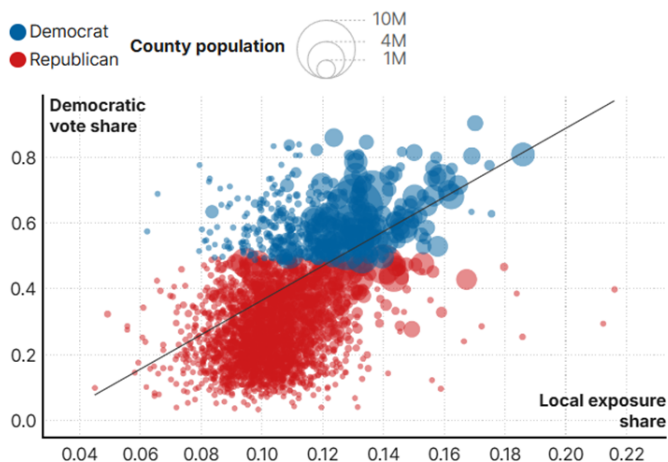
- **Fed hawkish repricing became the dominant cross-asset driver:** The Fed held rates but signalled a potential late-2026 hike, pushing yields and the U.S. dollar higher while pressuring duration-sensitive assets. Markets shifted from expecting prolonged high rates to pricing the possibility of renewed policy tightening.
- **Energy shock faded, but Hormuz risk remained systemic:** US-Iran de-escalation eased immediate oil supply concerns, but persistent shipping risks in the Strait of Hormuz kept geopolitical inflation risks elevated as reflected on a lingering energy risk premium.
- **AI capex became a credit and liquidity story:** Record AI investment discussions coincided with hyperscalers issuing more debt to finance data center expansion. Investors increasingly focused on funding needs, power demand, and credit market absorption rather than AI revenue growth alone.
- **Equity leadership broadened after a tech pause:** AI and large-cap tech remained leaders, but profit-taking and IPO-related liquidity effects triggered a temporary rotation. Small-cap stocks outperformed, indicating broader risk appetite despite tighter macro conditions.
- **Gold and crypto lost appeal as inflation hedges:** Rising real yields and a stronger dollar drove a sharp decline in gold, while Bitcoin weakened amid ETF outflows and tighter liquidity expectations. Both assets traded more like liquidity-sensitive investments than traditional inflation hedges.



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### In-Depth Market Review

- From AI Optimism to Political Scrutiny:** Public sentiment toward AI appears to be deteriorating, and that shift is increasingly influencing the policy debate in Washington. President Trump recently signed an executive order expanding voluntary government oversight of frontier AI models, while concerns about the impact of data center buildouts on local energy costs have gained traction among Democratic lawmakers. Although current proposals remain largely non-binding, calls for data center construction moratoria in several states highlight growing political scrutiny of the sector. With the midterm elections approaching, the direction of travel appears to be toward greater regulation rather than less. This reflects broader voter concerns around AI's potential impact on employment, national security, critical infrastructure, and economic disruption. Survey data indicates that roughly half of U.S. adults are more concerned than excited about AI adoption, while other research suggests AI-related economic anxiety is particularly concentrated in Democratic-leaning regions with high occupational exposure to automation. Rising energy prices further reinforce these concerns, creating a political backdrop in which policymakers may increasingly prioritize AI oversight and inflation-related issues. For markets, this raises the possibility that a stronger policy response could impact the AI investment theme and contribute to tighter financial conditions (source: Pew Research, Brookings).



- Index and ETF Providers Under Pressure:** The wave of mega-IPOs could soon reshape public markets, with SpaceX, OpenAI, and Anthropic potentially listing at combined valuations exceeding \$3 trillion. To put that into perspective, these three companies alone could represent roughly 5–6% of the total market capitalization of the S&P 500 and around 4–5% of the Russell 1000. Concerns are growing that index providers are shortening waiting periods and easing listing requirements, allowing these firms to enter major indexes more quickly and forcing passive funds to buy them regardless of valuation. While SpaceX, OpenAI, and Anthropic are leaders in space and artificial intelligence, their valuations imply extraordinary future growth and, in some cases, remain unsupported by current profitability. Critics argue that public markets may be used as an exit opportunity for founders and early investors, transferring risk to index fund holders. However, free-float weighting rules should limit their initial impact on index portfolios. The debate ultimately centers on whether index

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providers should prioritize market representation or maintain longer seasoning periods before adding highly valued new listings (source: Pitchbook).

### Estimated Impact of Including Mega-IPOs in CRSP US Market Indexes

| Private Company | Valuation \$Bil | Offering \$Bil | CRSP US Total Market Index Weight % | CRSP US Mega Cap Index Weight % | CRSP US Large Cap Index Weight % |
|-----------------|-----------------|----------------|-------------------------------------|---------------------------------|----------------------------------|
| SpaceX          | 1,750           | 75             | 0.12                                | 0.16                            | 0.13                             |
| OpenAI          | 872             | 44             | 0.07                                | 0.09                            | 0.08                             |
| Anthropic       | 388             | 19             | 0.03                                | 0.04                            | 0.03                             |
| Stripe          | 165             | 8              | 0.01                                | 0.02                            | 0.01                             |
| Databricks      | 140             | 7              | 0.01                                | 0.01                            | 0.01                             |

- Are IPOs a leading indicator of Market Peaks?** Initial Public Offering (IPO) activity is historically a lagging indicator of market strength rather than a precise tool for timing a market peak. While waves of massive IPOs reflect the late stages of major equity booms, historical data shows that only about 20% of mega-IPOs directly coincide with actual stock market tops. That said, An analysis of 40 years of data across 12,000 listings reveals that while heavy IPO clusters rarely spark immediate crashes, they are reliably followed by softer forward index returns and compressed valuation multiples over the subsequent 1 to 2 years (source: BCA Research).

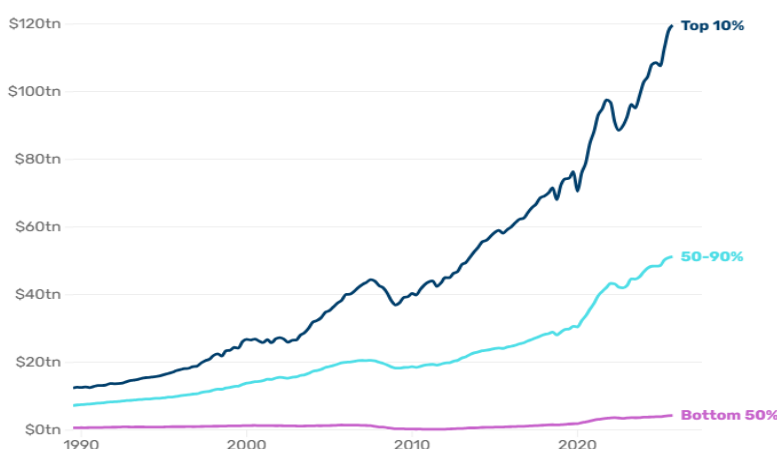


- A Fragile Consumer Behind America's AI-Fuelled Boom:** **Updated** The recent tech rally has masked growing weakness among US consumers, who remain the backbone of the economy. While investors are focused on AI-driven gains, household spending still accounts for roughly two-thirds of US GDP. Recent earnings reports from major retailers suggest consumers are feeling increasing financial pressure from higher energy costs, rising prices, and depleted savings. Walmart noted customers are buying smaller amounts of fuel, a sign of tightening household budgets, while Costco reported greater demand for its lower-cost petrol stations. Although headline economic data such as consumer spending, unemployment, and corporate profits remain strong, much of this strength is concentrated among wealthy households and a handful of large technology companies. Research shows that the top 10% of households account for a disproportionate share of consumer spending

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and own most US equities, benefiting from rising asset prices. Meanwhile, lower- and middle-income consumers are becoming financially stretched. The personal savings rate has fallen to its lowest level since 2008, while serious credit delinquencies continue to rise. This leaves the economy vulnerable if AI-related market gains fade and wealthier consumers reduce spending. At the same time, policymakers face a difficult choice between fighting inflation and avoiding a deeper slowdown in consumer demand. (source: Minneapolis Federal Reserve).

**US Household Net Wealth Per Deciles**

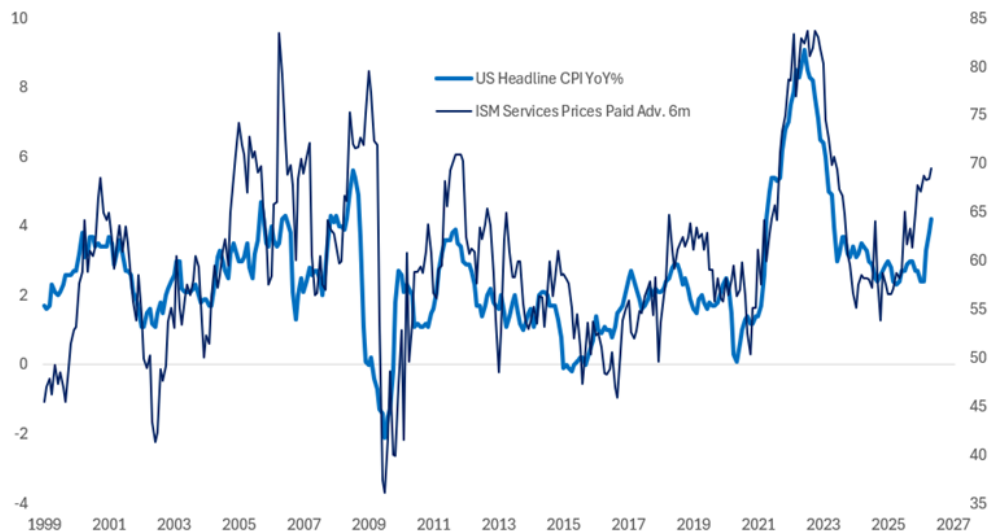


- 2026 Trump-Iran Deal Differs from the 2015 Obama Nuclear Deal:** the 2026 MoU is best viewed as a Middle East de-escalation framework with a future nuclear negotiation embedded within it, rather than a replacement for the JCPOA. The Obama-era agreement was a detailed, multilateral nuclear-control accord; the current MoU is an interim bilateral framework aimed at ending conflict, restoring maritime commerce, and creating space for a more comprehensive agreement. Its ultimate market impact will depend on whether the parties can convert the current framework into a durable, verifiable settlement. Overall, geopolitical experts see the MoU as bearish for oil-risk premia if it holds, positive for risk assets at the margin, but fragile. Renewed strikes or unclear maritime rules could quickly reverse the de-escalation trade.

| Topic                   | 2026 MoU                                     | 2015 JCPOA (Obama)                                    |
|-------------------------|----------------------------------------------|-------------------------------------------------------|
| Primary objective       | End active conflict and reopen Gulf shipping | Prevent Iran from obtaining a nuclear weapon          |
| Status                  | Interim 14-point MoU                         | Legally negotiated multilateral agreement             |
| Participants            | Primarily U.S. and Iran (with mediators)     | U.S., UK, France, Germany, Russia, China, EU, Iran    |
| Length                  | Framework document                           | More than 160 pages of technical annexes              |
| Timeline                | 60-day negotiation period                    | 10–15 year implementation schedule                    |
| Immediate market impact | Oil, shipping, inflation, defense            | Nuclear risk premium, sanctions, long-term oil supply |

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- Sticky Inflation Fear Lingers:** While higher energy prices initially drive inflation higher, the concern is that these increases are now spreading more broadly through the economy via supply-chain disruptions, rising wages, strong demand, easy financial conditions, and a large AI-driven investment boom. Inflation breadth is widening, with more categories experiencing elevated price growth, while economic activity remains strong and labor markets are reaccelerating. Wage growth is particularly strong in cyclical sectors, suggesting inflation pressures are becoming embedded rather than remaining temporary. As a result, even if oil prices decline, inflation may not fall meaningfully because second-round effects are taking hold. Against this backdrop, consensus expects the Federal Reserve under Kevin Warsh to prioritize inflation credibility and adopt a more hawkish stance (source: Citadel Securities).



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### MG's Message to Investors

- AI Leadership Broadens as Geopolitical Risk Fades: June closed with global markets extending their risk-on tone, led by AI infrastructure, semiconductors and select growth equities, while leadership broadened modestly beyond the largest U.S. technology names. The dominant macro shift was the fading of the Middle East geopolitical risk premium, which weighed on oil and reduced safe-haven demand, even as markets remained anchored by a higher-for-longer interest-rate outlook. Investors continued to reassess the timing of Federal Reserve easing amid resilient economic data, keeping Treasury yields elevated and maintaining pressure on duration-sensitive assets such as gold and portions of the crypto market. China showed tentative signs of stabilization through improving manufacturing activity and AI-related export demand, although domestic consumption and the property sector remained structural headwinds. Meanwhile, digital assets continued to trade primarily as liquidity-sensitive risk assets, with near-term performance constrained by ETF outflows and Fed repricing, even as institutional adoption, tokenization initiatives, and regulatory progress continued to support the longer-term investment case. Overall, the market narrative has shifted from pricing geopolitical tail risks toward evaluating whether robust AI-driven earnings and capital expenditure can continue to offset restrictive monetary policy, elevated valuations, and increasingly concentrated positioning.
- As July kicks off, MG highlights the following tactical views for the short term:
  - Equities: Conservative view reflecting concerns that recent market valuations have become overly optimistic in pricing a swift resolution to the Strait of Hormuz crisis. As a result, the strategy has reduced exposure to segments that exhibited signs of excessive exuberance during the latest rebalancing period.
  - Fixed Income: Underweight allocation factoring mounting inflationary pressures and the gradual rise in yields across most segments of the yield curve. The only tactical overweight remains in Fallen Angel High Yield bonds, where the strategy seeks to capitalize on opportunities created by forced selling and market overreactions following credit-rating downgrades.
  - Alternatives: Neutral allocation favouring Gold as its preferred exposure within the asset class. Conversely, it remains underweight in Commodities due to the massive exposure to Energy commodities as the 60-day ceasefire MoU is offering a poor risk-reward profile for the time being. Moreover, a cautious stance toward IPO risk is recommended since elevated investor enthusiasm and stretched valuations suggest sentiment may have become overly optimistic.
  - Outlook and Strategy: These positioning shifts are tactical in nature and will be reassessed as incoming economic data, policy developments, and market dynamics evolve.
- MG reminds its investors about the importance of disciplined risk management, reaffirming the necessity of adopting a cautious, data-driven methodology focused on achieving long-term performance objectives. In this way, MG remains steadfast in its commitment to diligently monitor financial markets and actively adjust risk exposures in alignment with shifting market dynamics. The primary recommendation emphasises the preservation of a

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fully diversified portfolio, ensuring its structural integrity by refraining from imprudent exposure to risks or opportunities that may appear excessively favourable or unsustainable.

## MG Investment Solutions Taxonomy

| MG Solution                    | Short          | Asset Class         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|----------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MG Asset Allocation ETF</b> | <i>MGAA</i>    | Multi-Asset Class   | Multi-asset class diversified mandates employing a quantitative asset allocation framework that dynamically adjusts portfolio exposures in response to evolving market conditions and the distinct risk profile of each mandate, with the objective of effectively navigating the prevailing environment of uncertainty.                                                                                                                                             |
| <b>MG High Income ETF</b>      | <i>MGHI</i>    | Fixed Income        | A diversified ETF portfolio designed as an alternative investment vehicle for investors seeking short-duration, highly liquid exposure with the objective of generating monthly income. The strategy targets a mid-single digit yield and is recommended for investors with a minimum investment horizon of two years                                                                                                                                                |
| <b>MG Sector ETF</b>           | <i>MGS</i>     | Equity              | An actively managed ETF strategy designed to deliver high-single-digit annualized returns over the long term through a concentrated sector rotation approach. The portfolio invests exclusively in liquid, U.S.-listed ETFs that provide targeted exposure to GICS sectors, and using a dynamic, machine-learning-based quantitative model developed to address the limitations of traditional factor strategies.                                                    |
| <b>MG Opp</b>                  | <i>MGOP</i>    | Equity              | An equity portfolio managed through a quantamental investment process, selecting U.S. stocks with a higher likelihood of outperformance over the medium to long term. The portfolio maintains a strategic bias toward large-cap growth companies                                                                                                                                                                                                                     |
| <b>MG Opp Dividend</b>         | <i>MGOD</i>    | Equity              | An equity portfolio constructed through a quantamental investment process, focused on the selection of U.S. stocks that prioritize a dividend yield approximately three to four times higher than that of the broad U.S. equity market. The portfolio emphasizes companies with high-quality balance sheet, aiming to enhance the likelihood of outperformance over the medium to long term, with a strategic bias toward mid-cap value and quality-oriented stocks. |
| <b>MG Emerging Tech</b>        | <i>MGET</i>    | Equity              | A Tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by allocating capital to high-growth transformative thematic opportunities such as Artificial Intelligence, Cybersecurity, Robotics, Biotechnology, Blockchain, and Quantum Computing.                                                                                                                                                          |
| <b>MG Blockchain</b>           | <i>MGBLOCK</i> | Equity & Crypto ETF | A tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by offering investors diversified access to the cryptocurrency sector. The strategy employs a combination of direct exposure to cryptocurrency-linked, fiat currency-denominated ETFs (focused on Bitcoin and Ether) alongside indirect exposure to publicly traded companies demonstrating high sensitivity to the blockchain ecosystem.       |