ALBERT E SHARP

INVESTMENT MANAGEMENT & STOCKBROKING

Market Commentary

June 2026

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Monthly returns and summary

Index	Portfolio Benchmark Risk Level	30/06/2026	1 Month	3 Months	1 Year	3 Years	5 Years
ARC Cautious	Low Risk	226.56	+0.2%	+2.6%	+7.1%	+18.5%	+11.7%
ARC Balanced	Medium Risk	298.60	+0.7%	+6.2%	+11.9%	+27.2%	+20.4%
ARC Steady Growth	Medium High Risk	370.25	+0.9%	+8.6%	+14.3%	+31.6%	+25.5%
ARC Equity Risk	High Risk	444.37	+0.8%	+10.8%	+15.8%	+34.8%	+28.4%

Source: Figures based on ARC estimates.

Index	Region / Asset Class	30/06/2026	1 Month	3 Months	1 Year	3 Years	5 Years
UK 100	UK	10497.12	0.8%	3.2%	19.8%	39.4%	49.2%
UK All Share	UK	5635.05	0.6%	3.8%	18.1%	37.6%	40.4%
Dow Jones Ind Avg	US	52319.20	2.5%	12.9%	18.7%	52.1%	51.6%
S&P 500 Index	US	7499.36	-1.1%	14.9%	20.9%	68.5%	74.5%
Nikkei 225	Japan	70062.32	5.6%	37.2%	73.0%	111.1%	143.3%
MSCI Europe Ex UK	Europe	255.71	3.4%	12.4%	18.7%	38.5%	41.0%
MSCI Asia Ex Japan	Asia	1143.34	-1.5%	27.0%	43.5%	81.3%	28.5%
MSCI Emg Mkts (£)	Emg Mkts	1068.42	0.1%	23.3%	48.2%	78.4%	47.3%
MSCI World Index (£)	Global	4825.50	-0.8%	13.3%	19.8%	62.7%	59.9%
UK Conventional	Gilts	3180.68	0.6%	2.0%	2.6%	9.2%	-19.3%
UK Index-linked	Gilts	3758.58	-0.7%	-1.1%	2.1%	-3.5%	-33.0%
UK Real Estate Investment Trusts	Property	2009.83	6.5%	15.8%	1.6%	9.7%	-25.0%
WTI Crude ($/Barrel)	Oil	69.50	-20.4%	-31.4%	6.7%	-1.6%	-5.4%
Gold Spot $/Oz	Commodities	4008.02	-11.7%	-14.1%	21.3%	108.8%	126.4%
£1 = US$	Currencies	1.3262	-1.4%	0.3%	-3.4%	4.4%	-4.1%
£1 = €	Currencies	1.1611	0.6%	1.4%	-0.3%	-0.2%	-0.5%
£1 = Yen	Currencies	215.58	0.6%	2.7%	9.0%	17.7%	40.3%

Source: Bloomberg. NB: Price returns only, excluding dividends

Index	Region / Asset Class	30/06/2026	1 Month	3 Months	1 Year	3 Years	5 Years
UK Investment Companies	Diversified	15,331.22	-0.6%	13.8%	19.2%	37.9%	12.3%
Latest Weighted Average Discount	-11.9%						
12 Month Weighted Average Discount	-12.7%						

Source: Bloomberg, Refinitiv. NB: Price returns only, excluding dividends

General Comments

June was a mixed month for markets. Volatility and a general sense of frenzy were evident at times, yet many assets ultimately ended the period close to where they began. SpaceX broke records with the largest initial public offering (IPO) in history, driving exceptionally high trading volumes both in its own shares and across adjacent sectors. This came as the AI race showed no signs of slowing, with continued support for semiconductor-related companies of all sizes.

Commodity markets were weaker, with gold experiencing another poor month and briefly dipping below the $4,000 mark before recovering slightly. Oil prices also fell sharply as meaningful progress was made towards peace in the Middle East.

Elsewhere, property was a notable beneficiary, as interest rate expectations declined over the month, providing a more supportive backdrop for leveraged assets. Taken together, these dynamics helped multi-asset portfolios deliver solid positive returns over the period.

UK Commentary

On the political front, the emergence of Andy Burnham as a primary figure following his decisive victory in the Makerfield by-election has provided what he describes as a "circuit breaker" for Westminster. Following the by-election result, Sir Keir Starmer's authority appeared to drain away rapidly. Although the Prime Minister was initially defiant, urging his colleagues to "pull together" to avoid plunging the nation into chaos, the pressure from within his own ranks became insurmountable, and he subsequently resigned. This leaves former Mayor of Manchester Burnham in the unusual position of "Prime Minister-in-waiting". We will reserve proper comment until the identity of the incoming PM is confirmed, and they release greater details on policy. However, we can say at this stage that there seems to be little talk of the pro-business, pro-growth policies and much talk of further taxation and government spending. We note Pension Secretary Pat McFadden's leaked comments on this topic, which we hope will not be the case in future.

Despite the fiscal challenges highlighted by the Office for Budget Responsibility, which recently adjusted its borrowing forecasts upwards, the corporate sector continues to attract international capital. Overseas acquisitions have hit a record pace, with the total value of M&A involving UK firms reportedly passing through the two hundred billion mark this year, which represents the highest level since 2007. High-profile deals, such as the takeover of FTSE 100 stalwart Tate & Lyle by American ingredients business Ingredion and Schroders' recent acquisition by US-based asset manager Nuveen, underscore the deep-seated value international investors see in British enterprises.

Economically, the UK is showing signs of steadying resilience. GDP growth for the first quarter met expectations at 0.6%, and inflation unexpectedly held firm at 2.8% in May. This stability has allowed the Bank of England to maintain interest rates at 3.75%, providing a breather for the property market and businesses alike

North America Commentary

North America continues to be the primary engine of global market enthusiasm, driven by an unprecedented capital expenditure cycle in Artificial Intelligence (AI). Alphabet's landmark $85 billion equity raise marks a historic pivot towards funding the massive infrastructure required for the AI era. This spirit of expansion is further exemplified by the record-breaking IPO of SpaceX, which not only valued the conglomerate at nearly $2 trillion but also minted Elon Musk as the world's first trillionaire. The listing's success has set an optimistic stage for upcoming debuts from other AI titans like OpenAI and Anthropic.

The American labour market remains remarkably robust, with May's payroll figures and JOLTS job openings significantly exceeding consensus estimates. This strength provides the Federal Reserve, now under the stewardship of Chair Kevin Warsh, with the flexibility to tackle persistent inflation without immediate fears of a hard landing. Warsh has already signalled a fresh approach, establishing task forces to modernise the Fed's operations and focusing on transparency and productivity, but also taking the perhaps controversial step to scrap forward guidance.

Retail resilience is another bright spot, as US shoppers increased spending by 0.9% in May, supported by significant tax refunds. While the tech sector has faced some supply-chain pressure (such as those leading Apple to adjust prices for iPads and MacBooks due to memory chip shortages) the overall sentiment remains buoyant. Forward-looking manufacturing indices suggest the economy is successfully overcoming previous uncertainties, maintaining a trajectory of expansion.

Europe Commentary

The European Central Bank raised interest rates by a quarter point to 2.25 per cent, representing its first increase in nearly three years. This move distinguishes the ECB as the first G7 central bank to respond directly to the inflationary pressures unleashed by the Middle East energy shock. With Eurozone inflation reaching 3.2 per cent in May (driven by rising energy and services costs) policymakers clearly felt under pressure to act.

European political pragmatism was highlighted this month as Denmark's new coalition government has announced a welcome programme of corporate and income tax cuts designed to stimulate competitiveness and ease the cost of living. Similarly, Swiss voters delivered a boost to regional stability by rejecting a proposed population cap, maintaining the country's commitment to its essential bilateral relationships with the EU.

Meanwhile, the industrial sector is undergoing a necessary evolution. Volkswagen has announced a substantial restructuring plan involving around 100,000 job cuts and various plant closures. These measures are viewed by many as a vital acceleration to counter global competition and streamline operations for a future focused on core automotive strengths. Although the manufacturing sector in Germany and France remains in a period of contraction, the broader Eurozone composite index is edging closer to expansionary territory, suggesting that the worst of the cyclical downturn may be behind us.

Asia Pacific Commentary

The Bank of Japan marked a historic milestone by raising its short-term policy rate to 1.0%, the highest level in over three decades. This move represents a successful exit from years of ultra-low rates and signals a return to economic "normalisation," a transition that has been met with relative stability in the currency markets.

This comes as an ambitious ¥370 trillion investment roadmap was unveiled by the Japanese government in perhaps the most significant move by Prime Minister Takaichi in her premiership so far. This 14-year plan prioritises AI and semiconductor spending, aiming to position Japan at the heart of the global technology supply chain. The enthusiasm for this sector is echoed in South Korea, where memory-chip giant SK Hynix is seeking a massive $29 billion US listing to fund further production capacity.

Emerging Market Commentary

In South America, the focus is on fiscal recovery and democratic transitions. Venezuela is preparing for a historic sovereign restructuring of its $240 billion debt pile, seeking a return to international markets following the removal of its previous leadership.

Meanwhile, other central banks in the Emerging Markets continue to manage their reserves with prudence. While gold has recently seen a pullback from its record highs as speculators de-risk, countries like China, Poland, and India have remained active accumulators over the longer term, diversifying their holdings away from traditional dollar-denominated assets.

Chart of the month – Equity Supply

As the above chart from the FT highlights, Goldman Sachs is now forecasting over $225bn to be raised in US equity markets this year. Including shares becoming available through expiring lock-ups, this figure rises to more than $700bn.

This has led some commentators and forecasters to predict net equity issuance this year—the first occurrence since the early 2000s. For more than two decades, US companies have repurchased their own shares at an extraordinary pace, resulting in more equity leaving the market than being issued. This trend has been driven by a confluence of factors, including a tax-driven preference for buybacks over dividends, management incentives such as stock-based compensation, and a broader focus on driving share price appreciation.

Meanwhile, debt markets are also being tapped by companies such as Alphabet and SpaceX, both of which have raised tens of billions of dollars in recent weeks. This points to a substantial amount of capital being raised currently, particularly within the AI ecosystem. In turn, this has supported strong enthusiasm for semiconductor companies, which have delivered rapid earnings growth in recent quarters as “hyperscalers” continue to expand capacity.

Net equity issuance would represent a notable shift for the US market in the context of recent decades, and the recent SpaceX IPO—alongside similar plans from companies such as Anthropic and OpenAI—could make this a historic year on that front.

Investment Team's thoughts

The significant fall in the oil price represents a meaningful boost to economic growth prospects. Many commentators were quick to highlight the negatives of a rising oil price, and to point to the risk of it exceeding previous highs. Now, however, we are seeing the prospect of lower energy costs feeding through into economies globally, supporting growth and offering potential relief to companies' margins.

This, coupled with the record level of stock issuance seen with SpaceX and other planned IPOs, reinforces the view that optimism remains elevated across markets. While some of this optimism is grounded in sound economic reasoning, a portion of it appears more speculative in nature.

Just as our role is to remain dispassionate and discerning during market sell-offs, we aim to assess investments through a rational lens when prices are rising. Although we do observe pockets of overvaluation and "hype," we continue to identify attractively valued opportunities across a range of asset classes. Moreover, the combination of falling oil prices and easing inflation provides a more supportive fundamental backdrop for many assets, and we therefore remain optimistic about the securities in which we are investing our clients' capital.