June 2026

Market Overview

GRAYSWAN

THE MONTH IN TWELVE POINTS

June belonged to global equities, and to the United States above all. Markets closed one of their strongest quarters in years, but the gains left shares expensive and the expense concentrated in a handful of American giants. Beneath a euphoric SpaceX listing and a record rush into bonds sits one steady question for the long-term investor: what future has already been paid for at today's prices? It ends with how our funds are positioned in response.

1. The scoreboard

Over one year SA Bonds (+21.5%) and SA Equities (+18.4%) led in Rands, ahead of Global Equities (+12.3%); the US Dollar fell 7.8%.

Before the global headlines, it helps to see where returns came from. Over the past year South African assets led: bonds up 21.5% and equities 18.4% in Rands, ahead of global equities at 12.3%. A firmer Rand, with the US Dollar down 7.8%, trimmed offshore returns. Over five years, though, local and global equities are all but tied.

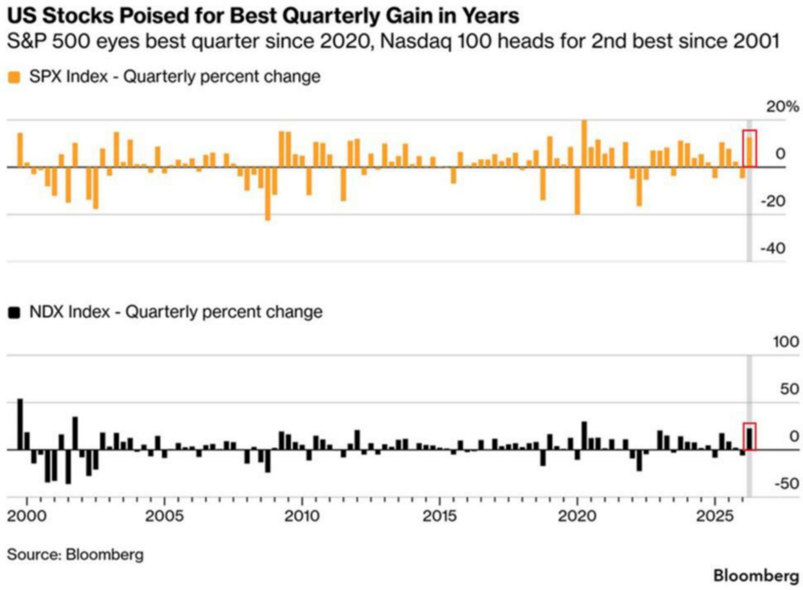
1 MONTH		3 MONTHS		1 YEAR		3 YEARS		5 YEARS	
SA Bonds	1.5%	Global Equities	9.1%	SA Bonds	21.5%	SA Bonds	17.8%	SA Equities	15.2%
US Dollar	1.2%	SA Bonds	7.9%	SA Equities	18.4%	SA Equities	17.4%	Global Equities	15.1%
Global Equities	0.5%	SA Equities	-2.4%	Global Equities	12.3%	Global Equities	14.2%	SA Bonds	12.4%
Global Bonds	0.4%	Global Bonds	-3.6%	US Dollar	-7.8%	Global Bonds	-2.2%	US Dollar	2.8%
SA Equities	-3.7%	US Dollar	-4.3%	Global Bonds	-7.9%	US Dollar	-4.6%	Global Bonds	0.1%

Datasource: Morningstar. Returns longer than one year annualised.
MSCI World (Global Equities), FTSE WGBI (Global Bonds), Beassa ALBI (Bonds), USD/ZAR (US$), FTSE/JSE All Share (SA Equities)

> **GRAYSWAN VIEW** *For a Rand-based investor the past year's winners were close to home; we hold both local and offshore, because over time they converge.*

2. Best quarter in years

The S&P 500 was set for its best quarter since 2020 and the Nasdaq 100 its second best since 2001, a solid rather than exceptional move by longer-term standards.



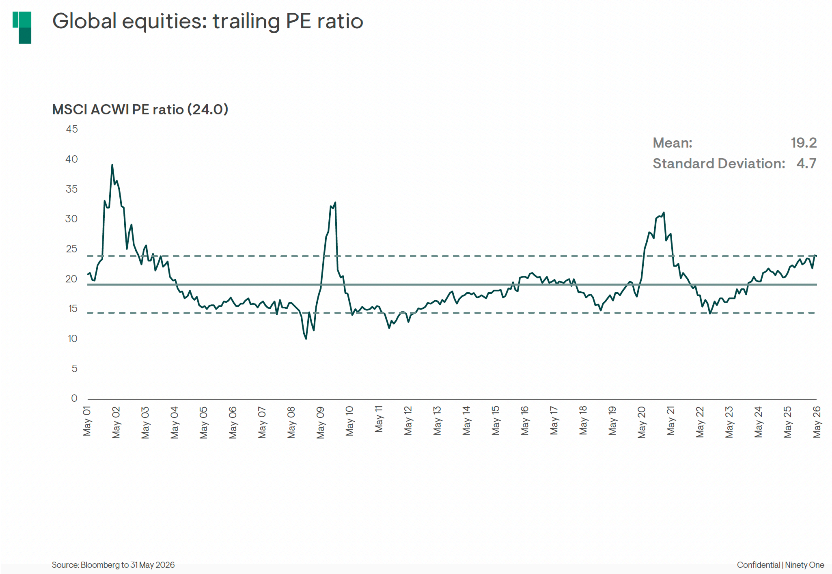
Global equity markets closed one of their strongest quarters in years, led once again by the largest American technology companies. Set against a quarter century of history, though, the gain is respectable rather than remarkable. What stands out is the rebound in confidence after a shaky start to the year, not the scale of the advance itself.

GRAYSWAN VIEW *We judge a market by its starting point, not its last quarter, and this starting point is a demanding one.*

3. Global shares are expensive

The MSCI world index trades at 24.0 times earnings against a 19.2 average, about one standard deviation rich, with most of the re-rating coming from price rather than profits.

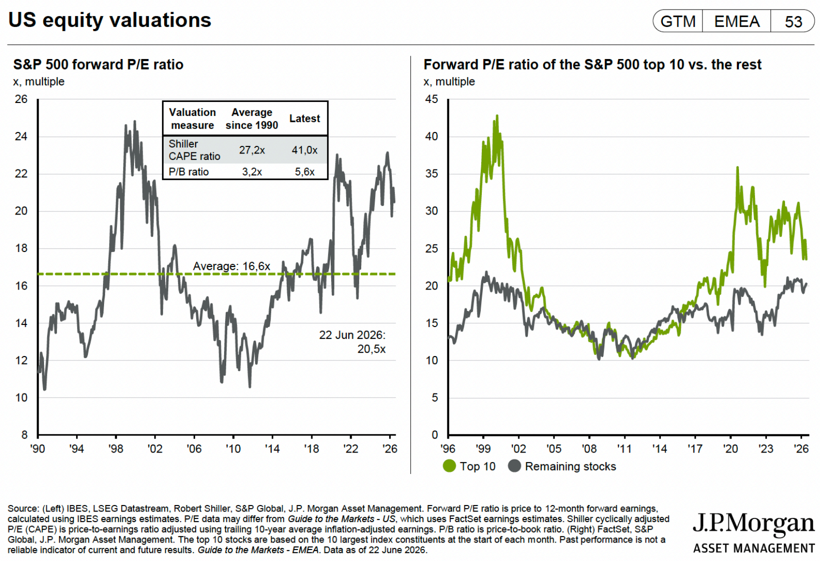
Step back to the level of the whole world market and it is clearly expensive. The MSCI All Country World Index trades at 24 times earnings against a long-run average near 19, roughly one standard deviation above its own history. Most of the move off the 2022 low has come from investors agreeing to pay more for each Rand of earnings, not from earnings themselves growing.



GRAYSWAN VIEW *Rich valuations leave little margin for error; we plan for patience rather than a repeat of recent gains.*

4. America is the outlier

The S&P 500 sits on 20.5 times forward earnings, its ten largest members near 30 times against about 19 for the rest, the widest split since the dot-com era.



The expense of the world market is really the expense of the American one. The S&P 500 trades on 20.5 times forward earnings against a 16.6 average, and the longer-memory Shiller measure is more stretched still. Strip out the ten largest companies, though, and the rest of the index sits near a normal 19 times: a handful of very expensive giants resting on a reasonably priced market.

GRAYSWAN VIEW *Broad US index exposure is now a concentrated bet on a few names; genuine diversification matters more than usual.*

5. Concentration at the top

Three companies now exceed four trillion Dollars; Nvidia alone, near 5.1 trillion, is worth more than the entire top ten of the year 2000.

The very top of the market has been remade in a generation. In 2000 the largest American company, Microsoft, was worth 433 billion Dollars; today every member of the top ten exceeds a trillion, led by Nvidia at around 5.1 trillion. Only Microsoft appears on both lists, a reminder of how rarely dominance endures.

America's Biggest Companies: Then vs Now

2000		2026	
Microsoft	$433.5B	Nvidia	$5.1T
General Electric	$414.3B	Alphabet	$4.5T
Cisco Systems	$365.8B	Apple	$4.4T
Intel	$334.6B	Microsoft	$2.8T
ExxonMobil	$274.2B	Amazon	$2.6T
AT&T	$217.5B	SpaceX	$2.4T
Walmart	$213.0B	Broadcom	$2.0T
IBM	$186.3B	Tesla	$1.5T
Citigroup	$186.3B	Meta Platforms	$1.5T
Oracle	$175.1 B	Micron Tech.	$1.3T

Source: The Market Mind, @Market_Mind_

Syz PRIVATE BANKING

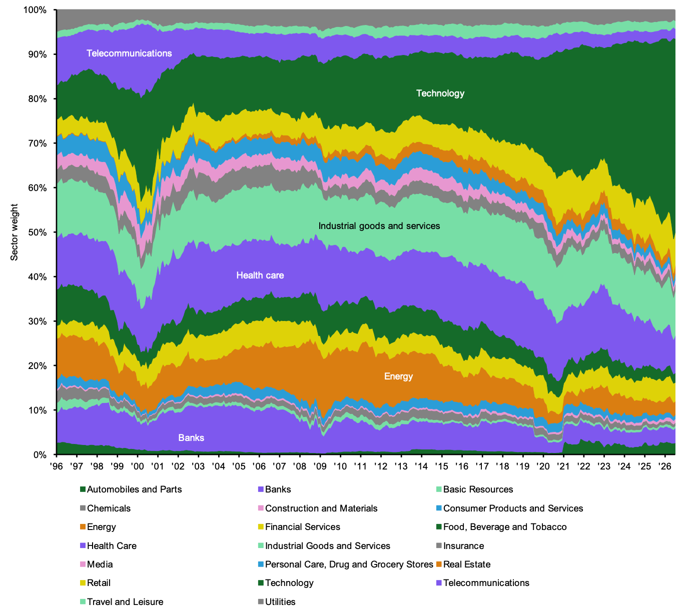
Page 77

GRAYSWAN VIEW *Every era believes its giants are permanent; we own great companies gladly, but never at any price.*

6. One sector above all

Technology is now comfortably the largest sector of the S&P 500, its weight climbing relentlessly since 2015 – the index is increasingly one theme.

Figure 201: S&P 500 sector composition



Source: Panmure Liberum, LSEG Workspace

The concentration is not only in a few companies but in a single sector. Over thirty years Technology has grown from a modest slice of the S&P 500 to comfortably its largest block by 2026, dwarfing the financial, energy and industrial names that once led. Buying the index today means buying one theme to a degree rarely seen.

GRAYSWAN VIEW *We would rather choose our technology exposure deliberately than inherit an outsized, passive bet on one sector.*

7. The largest listing in history

SpaceX debuted up more than 19% to a 2.1 trillion Dollar valuation, but history shows the median major IPO lost 31% in its first year.

The month's defining event was the SpaceX listing, billed as the largest in history, which leapt more than 19% on debut to a 2.1 trillion Dollar valuation and instantly became the world's seventh-largest listed company. History urges caution: across the major listings of the past fifteen years, the median company lost 31% in its first year and fell 53% from its first-day close along the way.

2-trillion-dollar baby

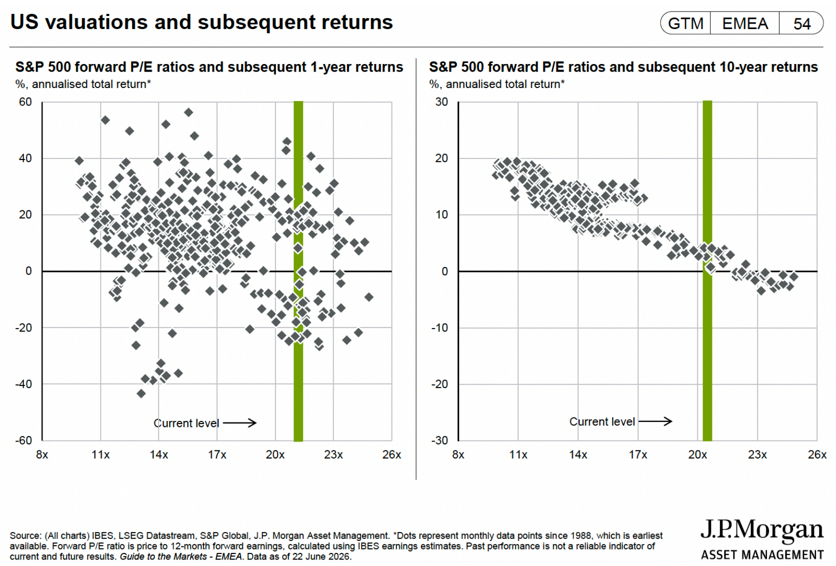
What a debut for SpaceX! Shares closed UP +19% at $160.95. With a market cap of $2.1 trillion, it is already the 7th largest listed company in the world!

Rank	Name	Market Cap	Price	Today
1	NVIDIA NVDA	$4.969 T	$205.19	▲ 0.16%
▲1 2	Alphabet (Google) GOOG	$4.367 T	$358.16	▲ 0.45%
▼1 3	Apple AAPL	$4.275 T	$291.13	▼ 1.52%
4	Microsoft MSFT	$2.902 T	$390.74	▲ 0.10%
5	Amazon AMZN	$2.566 T	$238.55	▼ 1.23%
6	TSMC TSM	$2.198 T	$423.93	▲ 0.68%
▲1 7	SpaceX SPCX	$2.104 T	$160.95	▲ 19.22%
▼1 8	Broadcom AVGO	$1.817 T	$382.07	▼ 0.91%

GRAYSWAN VIEW *Enthusiasm is not value; we pay for a margin of safety and pass when the story outruns the numbers.*

8. Valuation shapes the decade

Starting valuation barely moves one-year returns yet strongly predicts ten-year returns; today's US multiples point to muted long-run gains.



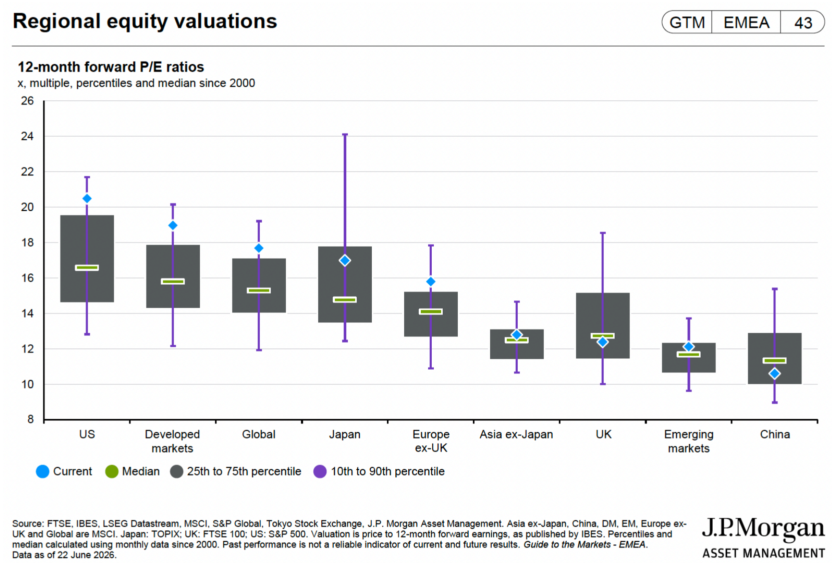
Valuation is a poor guide to the next year and a powerful one to the next decade. From today's rich US multiples, decades of data point to muted long-run returns, likely low-to-mid single digits a year, well short of what cheaper entry points have delivered. It is why we care about price without pretending to time the market.

GRAYSWAN VIEW *Price shapes the decade, not the day, which is why we look hardest where others have left value behind.*

9. Value lies abroad

The UK, emerging markets and China trade near their long-run medians, and emerging markets offer higher profitability at roughly a 30% discount to the world index.

Step outside the United States and the valuation problem largely disappears. The United Kingdom, emerging markets and China all trade close to their long-run medians, at little more than half the US multiple. Emerging markets are especially interesting: higher company profitability than the developed world, available at roughly a 30% discount to the global index.



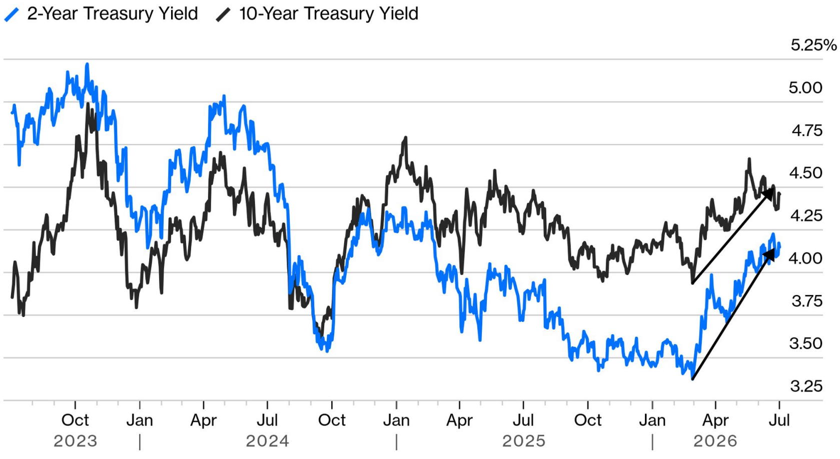
GRAYSWAN VIEW *Higher profitability at a lower price is the setup we want, and it sits outside the crowded US market.*

10. Yields turn higher

US 2-year (~4.1%) and 10-year (~4.4%) Treasury yields have both risen firmly since early 2026 – bearish for bonds, and a higher discount rate for every asset.

Bearish Bonds

Since war broke out, the trend in Treasury yields has been firmly upward



Source: Bloomberg

Bloomberg Opinion

Both the 2-year and 10-year US Treasury yields have turned firmly higher since early 2026, the 2-year to around 4.1% and the 10-year to about 4.4%. Rising yields mean falling bond prices and a higher discount rate on every asset. The bond market is repricing for rates staying higher for longer.

GRAYSWAN VIEW *Higher yields hurt long bonds but reward patient buyers at the short end, where we lean.*

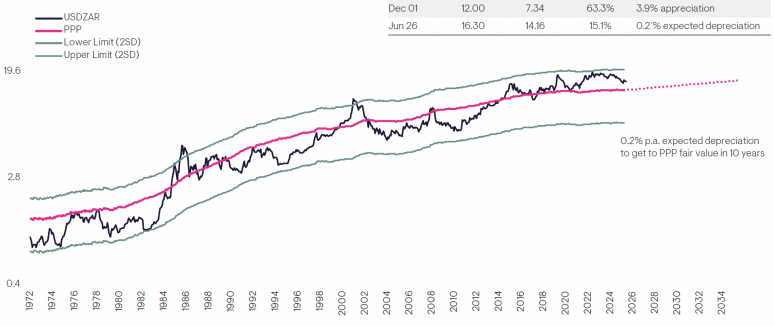
11. Bringing it home

A more hawkish Fed lifted the Dollar above 101 and real yields toward 2.1%; the Rand sits near fair value, and gold round-tripped from its best year to a flat 2026.

For the South African investor a more hawkish US Federal Reserve lifted the Dollar to its highest in over a year and pushed real yields toward 2.1%. The Rand, unusually, sits close to fair value at around 16.30, only about 15% below its long-run purchasing-power level, so the model expects almost no further weakness. Gold, meanwhile, round-tripped from its best year in memory to roughly flat, a vivid lesson against chasing last year's winner.

The long-term trajectory for the rand

Date	USD/ ZAR	Fair Value	Weakness	Following 10-year CAGR
Jul 86	5.12	2.74	86.6%	1.3% appreciation
Dec 01	12.00	7.34	63.3%	3.9% appreciation
Jun 26	16.30	14.16	15.1%	0.2`% expected depreciation



Log scale
Source: I-Net Bridge, Bloomberg & Ninety One, 3 June 2026

Confidential | Ninety One 33

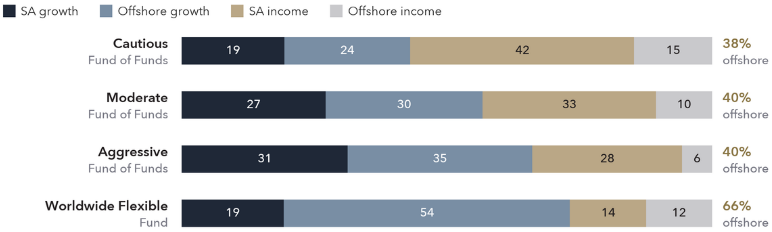
GRAYSWAN VIEW *Currency near fair value keeps the offshore decision on the assets and the client's needs, where it belongs.*

12. Positioned for this market

The four GraySwan funds hold the month's playbook as live positions: partly insured US equity, partly banked SA gains, a real EM tilt, short-dated income and a guarded currency.

Four mandates, one discipline

Effective asset allocation with futures and options looked through · GraySwan SCI funds · 1 July 2026



THE HEDGE BOOK

The puts are struck below the market, so the funds take the first part of a fall – the cover limits a deep decline, it is not a guarantee against loss. · About a fifth of offshore equity is covered (S&P 500 puts ~6% below) and a quarter of SA equity (ALSI just below) · USDZAR puts guard against renewed Rand strength · gold calls (~14% above) add upside, not cover · all options held long; futures hold index exposure while the cash behind them earns short-term yields.

Source: GraySwan fund data as at 1 July 2026. Effective exposure; hedge percentages are of the relevant sleeve. Bar segments are independently rounded and may not sum to 100.

Everything this brief has argued sits in the funds as live positions. S&P 500 puts, struck below today's market, protect about a fifth of offshore equity and ALSI puts, struck just below it, about a quarter of South African equity, so the funds take the first part of any fall and the cover limits a serious decline, not every loss. Emerging markets carry up to a third of offshore equity, income stays short-dated, the currency is guarded against Rand strength, and a modest gold holding carries bought calls that add upside, not cover. Growth ranges from 43% of the Cautious fund to 73% of the Worldwide Flexible, one discipline at four different pitches.

GRAYSWAN VIEW *Positioning is where a view becomes accountable: fully invested where we are paid to be, insured where the price of being wrong is highest, patient everywhere else. But the cover is struck below today's prices, so the funds take the first part of a fall: it limits a deep decline, not every loss. This snapshot, as at 1 July, changes as prices and views do.*

Sleep Well At Night with GraySwan

Sleep Well At Night

GRAYSWAN

Find your Freedom at: www.grayswan.co.za

Stellenbosch & Somerset West	(021) 852 9092
George & Mossel Bay	(021) 852 9092
Johannesburg & Pretoria	(011) 431 0141