

MONTHLY INVESTOR LETTER

July 2026

Macro Landscape · Portfolio Themes · Forward View

ONE NUMBER

~\$725 billion

Combined 2026 hyperscaler AI capital expenditure, up roughly 77% year on year. In mid-June, Meta lifted its own 2026 range to \$125-145 billion on higher component pricing. While oil round-tripped and the Fed turned hawkish, the spend that underwrites our book did not slow. It accelerated.

Source: Company guidance and SEC filings, Yahoo Finance, Bloomberg, Cranstoun analysis.

01 · MACRO OVERVIEW

The Backdrop Moved. The Build Didn't.

June tested the backdrop our thesis has leaned on. Two of the three supports we have written about all year moved at once. The patient Fed turned hawkish, and the sticky-oil trade unwound in a fortnight. The remarkable thing is what did not move: the AI build-out accelerated straight through the noise.

Oil told the story of the month. Brent opened June above \$100 as the conflict with Iran flared, then collapsed to the low \$70s by month-end, its weakest level since February, once a US-Iran ceasefire was signed and the Strait of Hormuz reopened. A round-trip from roughly \$101 to \$73 in three weeks. The geopolitical risk premium was paid and then refunded.

The Fed held at 3.50-3.75% in Kevin Warsh's first meeting as Chair, but the projections did the talking. The median dot flipped from an implied cut to an implied hike, the end-2026 median rose to 3.8%, and markets began pricing the possibility of a move as early as October. The duration tailwind we have relied on is, for now, gone.

And yet the S&P 500 spent June printing record highs on the back of AI leadership, with Marvell and the networking complex among the standouts. The market is telling us the same thing the order books are: the spend has decoupled from the macro weather around it. That decoupling is the whole point of this letter.

02 · THEME COMMENTARY

What Changed This Month

AI Power & Infrastructure

The clearest data in the book. Eaton's data-centre orders ran up roughly 240% year on year against a \$22.8bn backlog; Vertiv's backlog reached about \$15bn at a book-to-bill near 2.9x; GE Vernova's electrification data-centre orders alone exceeded all of last year. We added GE Vernova on the strength of that backlog.

AI Storage

The sleeve we opened last month is doing its job. As inference scales, data movement and storage intensity rise with it. Sandisk, Seagate and Western Digital capture the NAND build-out; FormFactor and POET layer in test and photonic interconnect. Maintained at size.

Critical Materials & Gold

A hawkish Fed and softer oil pressured the real-asset complex, but we hold our ballast. SPDR Gold remains the hedge against fiscal expansion; Southern Copper and Thor Explorations stay as electrification proxies geared to the grid build, not the oil price.

AI & Semiconductors

NVIDIA data-centre compute set a record at \$60.4bn (+77%), but networking was the tell at \$14.8bn (+199%). Marvell had its best day since listing after being flagged as a future trillion-dollar name. The compute and interconnect end of the stack remains our highest-conviction allocation.

African Income (On Watch)

The month's casualty. Oil at \$73 thins the fiscal cushion that Angola and Nigeria budgeted against, and Egypt's import bill improves but its export math softens. Coupons are still arriving and reserves are adequate, but we stopped adding. We are watching coupon coverage and reserve trends rather than buying the dip.

Technology Platforms

Microsoft, Alphabet and Meta unchanged. Meta's decision to raise its own capex range is a bullish signal for the platform doing the spending: it monetises the build from the application layer while financing the physical layer we own directly.

MONTHLY POSITIONING SHIFT

Where Conviction Moved in June

INCREASED

AI Power Build-Out

Added GE Vernova. Equipment backlogs are now the hardest numbers in the book.

MAINTAINED

Compute & Storage

Networking re-rated. The interconnect and storage layers scale with inference.

REDUCED RISK

African Income

Stopped adding as oil fell to \$73. Watching reserves and coupon coverage.

The common thread is durability: we are leaning into the cash flows that depend on the build, and stepping back from those that depend on the oil price.

The Build Outlasts the Backdrop

THIS MONTH: THE BACKLOG IS THE SIGNAL

For two months we argued that hyperscaler guidance was converting into physical orders. June removed the argument and replaced it with the order books themselves. Eaton's data-centre orders up around 240%, Vertiv near a 2.9x book-to-bill, GE Vernova booking more electrification data-centre orders in a single quarter than in all of 2025. These are not narratives. They are signed contracts with delivery dates.

That is why the macro turbulence of June barely touched the thesis. A backlog measured in years is indifferent to a three-week round-trip in oil and a single hawkish dot-plot. The grid still cannot be built fast enough; the power, switchgear, cooling and storage still have to be delivered. We have spent the quarter rotating away from cash flows that move with sentiment and toward cash flows that are already contracted. June was the month that distinction paid.

04 · WHAT COULD BREAK THIS

The Bear Case

Two risks deserve naming. The first is rates: a Fed that hikes into October would compress the long-duration multiple the whole AI complex trades on, and after nine consecutive up weeks the market has little margin for a valuation reset. The second is the order book itself: if 2026 capex is being pulled forward, the equipment names could face a softer 2027 at exactly the moment expectations sit at their highest. Neither is our base case. The backlogs argue for duration, not a peak. But we are watching forward orders at the equipment names and the tone of the next two hyperscaler prints as our earliest indicators.

05 · INVESTMENT LENS

Following the Wires

The macro weather changed this month and the build did not blink. We would rather own contracted backlogs than rented narratives. So we added to the physical layer where the orders are signed, and we stepped back from the income book where the cash flow depends on a barrel of oil. We are still following the wires, and the wires are still being ordered.

06 · FORWARD VIEW

Where We Go From Here

We enter the second half with conviction concentrated in the physical AI layer (power, electrical equipment, cooling, storage and interconnect) and the compute that sits above it. The African income sleeve becomes a smaller, more defensive position while oil is soft. We expect more macro noise into the autumn: a Fed that may hike, an oil price searching for a floor, and a market that has run a long way. Our plan is unchanged. We use noise to add to contracted cash flows and we let the backlog do the work.

07 · WHAT WE'RE READING

Perspectives Worth Your Time

[Fed Holds Rates Steady as the Dot Plot Flips Hawkish](#)

CNBC, June 2026

Kevin Warsh's first meeting as Chair. The rate was unchanged; the projections were not. Why duration just got harder to own.

[Hyperscalers Hit \\$700 Billion in 2026 AI Spending Plans](#)

Yahoo Finance, 2026

The capex picture that underwrites our entire physical-layer book, with Meta's mid-year raise the latest data point.

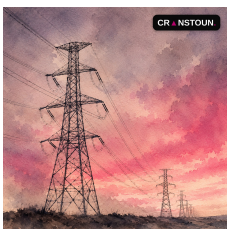
[US-Iran Deal to Extend Ceasefire and Reopen the Strait of Hormuz](#)

Al Jazeera, June 2026

The de-escalation that refunded oil's risk premium and reset the African income calculus in a fortnight.

08 · THE PHYSICAL LAYER

Where the Spend Actually Lands



A transmission pylon. Last month the capex became steel; this month it became wire. Between the transformer and the data centre sits the grid · the pylons, conductors and switchgear that actually carry the build. When the macro backdrop wobbled in June, this is the layer whose order book did not. We keep following the wires.

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