

MONTHLY INVESTOR LETTER

June 2026

Macro Landscape · Portfolio Themes · Forward View

ONE NUMBER

~165 GW

Indicative US power capacity requirement by 2035 across AI data centre growth and broader electrification demand. The hyperscaler capex commitments we tracked through Q1 are now landing as real orders for reactors, transformers, switchgear and storage.

Source: Deloitte, BloombergNEF, IEA Energy & AI (2025), Cranstoun analysis.

01 — MACRO OVERVIEW

The Spend Becomes the Story

May confirmed that the AI build-out is no longer only a semiconductor story. The bottleneck is moving into power, cooling, storage, grid connection and electrical execution. Cranstoun's portfolio is increasingly positioned around the companies enabling that physical layer.

Sticky oil, a patient Fed and contained inflation are exactly the backdrop the capex cycle needed. Sticky oil keeps the resource trade intact. A patient Fed keeps duration tradable. Contained inflation keeps margin pressure off the names doing the spending. Each removes a reason for hyperscalers to slow down. The risk we are watching is no longer whether they spend. It is whether the grid can absorb it fast enough.

The AI capex story is not crowded the way "AI software" was in 2024. Institutional conviction concentrates at the compute end of the stack and thins quickly as you move down it. The further the spend travels from chips into the physical infrastructure that supports it, the cleaner the trade and the longer the runway. That asymmetry is what we are leaning into.

The African sovereign book continues to do its job. Brent above \$100 means Angola is collecting more than its budget assumed, Egypt's IMF programme is on track, and Nigerian coupons keep arriving on schedule. The credit picture is being underwritten by the same commodity cycle that is supporting the AI infrastructure book on the other side of the portfolio. We see that pairing as more durable than the market currently prices.

02 — THEME COMMENTARY

What Changed This Month

AI & Semiconductors

The standout. AMD's earnings re-rated the broader compute complex on cleaner-than-expected AI revenue. The compute end of the stack (NVIDIA, AMD, ASML, Broadcom, Marvell, Amphenol) remains our highest-conviction allocation. Closed Cadence as the EDA narrative matures.

AI Storage (New)

The first phase of the AI cycle was about compute. The second is about everything that surrounds it. Sandisk, Seagate and Western Digital capture the NAND build-out. FormFactor (semiconductor test) and POET (photonic interconnect) layer in precision exposure.

Consumer Quality

Closed Eli Lilly. The GLP-1 thesis remains intact, but the capital deployed elsewhere is doing more work in this cycle. Costco and Walmart continue to compound through consumer trade-down behaviour.

AI Power & Infrastructure

The thesis is converting. Order books at Vertiv, Eaton, Quanta and Comfort Systems lengthened materially through the month. We added on the basis that hyperscaler capex commitments are now landing as real physical orders, not just guidance. Cameco anchors the power generation side.

Critical Materials & Gold

Closed MP Materials. The rare-earths thesis has lagged the cycle's pace and the capital was no longer working hard enough. Retained Southern Copper and Thor Explorations as electrification proxies. SPDR Gold continues as ballast against expanding deficits.

Technology Platforms

Microsoft, Alphabet and Meta unchanged. These names monetise the capex cycle from the platform side: pricing power, AI-enabled product cycles, and disciplined cost structures convert spend into operating leverage.

MONTHLY POSITIONING SHIFT

Where Conviction Moved in May

INCREASED

AI Power Build-Out

Electrical equipment, cooling, grid and power capacity.

INITIATED

AI Storage

Storage, data movement and optical connectivity.

MAINTAINED

African Income

Selected hard-currency African credit.

The common thread is physical constraint: power, cooling, storage and income streams where supply remains scarce.

03 — THEME IN FOCUS

Capex Becomes Steel

THIS MONTH: AI POWER BUILD-OUT (CONTINUED)

April set up the rotation; May validated it. Hyperscaler capex guidance is now translating into specific orders for power, switchgear, cooling and storage. We extended into electrical infrastructure (Eaton, Vertiv) and opened a new dedicated AI Storage allocation.

AI's first bottleneck was compute. The second is increasingly the physical infrastructure that compute depends on: power, cooling, networking and storage. As inference workloads scale, data movement and storage intensity rise alongside compute demand. We have added a dedicated AI Storage sleeve through Sandisk, Seagate and Western Digital, with FormFactor and POET providing more targeted exposure to advanced semiconductor test and optical interconnect. Together with Quanta, Cameco, Trane, Comfort Systems and IES Holdings, we now have multi-point exposure to the physical AI supply chain.

04 — WHAT COULD BREAK THIS

The Bear Case

Two things could break the thesis. The first is a pull-forward in hyperscaler capex that flatters 2026 and disappoints 2027, leaving the physical-layer names exposed to a slower order book at exactly the moment expectations are highest. The second is a faster-than-expected grid build-out, where utility capex and policy support arrive in size and the supply-demand picture rebalances. Neither is our base case. Both deserve monitoring. We are watching forward orders at the equipment names and US power utility filings as the earliest indicators.

05 — INVESTMENT LENS

Capex Becomes Steel

Software led the first phase of the AI cycle. The next phase is increasingly constrained by power, grid connection, cooling and electrical execution. We have reduced exposure to positions where we believe the narrative is now more fully reflected, and added to the physical layer of the build-out. We are following the wires.

06 — FORWARD VIEW

Where We Go From Here

We close Q2 with conviction concentrated where the spend is landing: AI compute, the physical layer beneath it, and the storage stack that scales with both. African sovereign income remains the diversifier. Our base case is that the structural tailwinds compound through the second half of the year, even as the noise around them intensifies. We will use any second-half macro noise to add selectively rather than reposition.

07 — WHAT WE'RE READING

Perspectives Worth Your Time

Data Centres and AI

International Energy Agency, 2025

Anchor numbers on the gigawatt build-out: capacity, regional concentration and the power-supply gap through 2030.

Tech AI Spending Approaches \$700 Billion in 2026

CNBC, February 2026

The hyperscaler capex picture coming out of Q4 prints. A helpful frame for the orders now landing across our AI Power book.

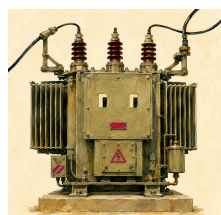
Small Modular Reactors Under Development in the United States

U.S. Energy Information Administration

Project-by-project view of US SMR pipeline. The supply-side answer to the demand picture in the IEA report above.

08 — THE PHYSICAL LAYER

What the AI Build-Out Actually Looks Like



An electricity transformer. The literal embodiment of where the AI capex cycle now lands: in steel, copper and ceramic. What worked in software for the first phase of this cycle is increasingly bottlenecked by what works in physical infrastructure. This is the layer we have rotated toward.