MONTHLY INVESTOR LETTER

November 2026

Macro Landscape · Portfolio Themes · Forward View

Dear Investor,

Meta, the best funded company in the AI build, said on 26 October that it would raise up to $95 billion of equity to pay for it. This week the market sorted the big spenders by who can fund themselves, and in October we sold our gold holding and four other positions to buy the memory and storage the build cannot be finished without.

ONE NUMBER

$95 billion

Meta said on 26 October it would raise up to $95 billion of equity to pay for data centres. It is the company in this build with the least obvious need to raise anything.

About $35 billion is being sold now; the rest waits on a new share class expected early in 2027. Cranstoun does not own Meta. We own the companies it buys from.

Source: Reuters, 26 October 2026.

01 · MACRO OVERVIEW

Oil Does the Tightening

The Federal Reserve held rates at 3.75 to 4% on 28 October, but not unanimously: two members voted for a rise. The statement upgraded growth from solid to strong, and futures now price about an 85% chance of a rise on 9 December. Third-quarter growth came in at 3.4% a year, and the Fed's preferred inflation gauge rose to 3.6% in September, or 3.1% excluding food and energy.

Oil added to the pressure in between. Brent ended October near $113, above the $109.86 close of 16 October that was then the highest since May, on supply risk rather than demand: attacks on shipping around the Arabian Peninsula doubled against September.

Shares fell. The S&P 500 closed October at 7,580.07, down 1.2% on the month, and the Nasdaq lost about 5.2%, its worst month in over a year, though the Dow rose 1.5%. Most of the damage came in the last two sessions, when technology shares sold off hard. Gold kept falling, to about $3,900 from $4,213 at the end of September, a one-year low and some 30% below its January record of $5,589. Higher rates raise the cost of holding an asset that pays no income, and we sold our gold holding on 6 October.

02 · THE BOTTLENECK INDEX

What the Queue Says Now

The same three shortages every month, and the first month they have not all pointed the same way.

Large power transformers	One ordered today may not arrive until around 2030. No fresh reading this month: the latest published survey figure dates from August.	**3 to 5 yr wait** ●
The memory inside every AI server	Still rising, but more slowly. The fourth-quarter forecast for ordinary server memory was cut to a rise of 10 to 15%, from 13 to 18%, while flash was raised to 15 to 20%. SK hynix, reporting on 28 October, still expects demand to exceed supply through 2030.	**+10 to 15%** ▼
The electricity those servers need	More than 2,000 gigawatts of generation and storage projects now sit queued for a US grid connection, which decides when new capacity, and the data centres waiting on it, can open.	**2,000 GW queued** ▲

▲ **Shortage got worse** and that is good for the companies we own

▼ **Shortage eased** and that is less good for us

● **No change** and we sit tight and wait

Sources: electrical equipment lead-time survey, August 2026; TrendForce, 30 September 2026; Gartner, October 2026; SK hynix, 28 October 2026; Reuters, 26 October 2026.

03 · THEME COMMENTARY

What Changed This Month

AI & Semiconductors

Our largest holding had a poor month, the shares closing at $204.64 on 30 October against $228.38 at the end of September. We see nothing in the business to explain it: the finance director repeated that supply, not demand, is the constraint into 2028. No change.

AI Storage (Added To)

Flash prices were revised up for the fourth quarter while ordinary memory was revised down, and SK hynix reported record quarterly profit on 28 October. We think the shortage is concentrating where our holdings sell. We added here in October.

AI Power & Infrastructure

Six listed companies, including Eaton and Vertiv, supplying equipment a data centre cannot open without. The grid connection queue is one indicator of how long their order books may stay full. No change.

Critical Materials & Gold (Reduced)

We sold the gold holding on 6 October after two months of falling prices. Copper, uranium and a gold miner stay.

Consumer Quality (Added)

We bought a large American retailer. It is profitable, generates cash, and is the one holding whose results do not depend on the AI build, which eases the concentration we have elsewhere.

African Income

Our Angola, Egypt, Nigeria and West African bank bonds yield more than 9%, which is the pay for real sovereign and currency risk. Brent near $113 is roughly 75% above the $64.85 Nigeria budgeted for, and its reserves were about $55bn. Egypt is the weak link, its dollar yield up about 1.45 points since January.

04 · POSITIONING SHIFT

Selling the Story, Buying the Shortage

SOLD

Gold, and Four Others

Our gold holding, a water utility, a public safety equipment maker, a space launch company and an electronics contract manufacturer.

BOUGHT

Memory, Storage and a Retailer

We added to the memory and storage sleeve, and bought a large American retailer. The retailer is the one holding unrelated to the AI build.

MAINTAINED

The Power Build-Out

The connection queue got longer, not shorter, so we made no changes here.

Why. The sales paid for the purchases. The storage purchase was taken first, and the rest was placed on 9 October once the proceeds settled.

For four months this letter has argued that memory and power are what the build runs short of. In October we put money into the shortage itself. That makes the portfolio more concentrated in AI infrastructure and, with the gold gone, less protected in a falling market. We judged the shortage worth that cost.

05 · THEME IN FOCUS

Who Still Gets Funded

THIS MONTH: LENDERS, THEN SHAREHOLDERS

Last month this letter said the build had gone on credit. In October the credit market began to price the difference between borrowers, and this week the share market did the same with the spenders.

CoreWeave, which rents out AI computing capacity, saw its bond yields pass 15.5% and its shares touch a seventeen-month low near $59 on 22 October. Then the big companies reported. Alphabet spent $51.4 billion in the quarter, up from $24 billion a year earlier, with free cash flow negative, and its shares fell 12.6% on 29 October, their worst day since listing. Amazon spent $77.3 billion in the quarter and its free cash flow over twelve months stands at minus $42.4 billion; its shares fell 7% before the open on 30 October and closed down about 1.4%. Microsoft, by contrast, reported positive free cash flow of $18.6 billion.

We own suppliers, paid on delivery, and none of the borrowers. Meta raising $95 billion is not weakness, but it shows that even the strongest buyers no longer expect to fund this out of earnings. A build paid for out of operating cash is a different proposition from one paid for at 15.5%, and the second is where a slowdown shows first.
The last two sessions of October complicated the picture. Intel fell about 29% on 30 October after guiding to weaker fourth-quarter revenue, and the Nasdaq 100 fell 3.5% into a correction. Investors are now asking not only who can fund the build but whether it will earn its keep. That matters to our suppliers, because their pricing power depends on customers continuing to spend.

06 · WHAT COULD BREAK THIS

The Bear Case

Two risks we watch most closely. The first is oil. Brent near $113 sits on a risk premium, not demand, and inflation is already 3.6%. If it stays, December's rise becomes near certain and every debt-funded project gets dearer. Our suppliers' multi-year orders protect them only while the customer can pay.

The second is circularity. Our largest holding owns about a tenth of CoreWeave, and three chip suppliers may buy into a large customer's share offering. Each shortens the chain between a supplier's sales and its own money.

Neither changes our investment case, but one defence is thinner than it was. Selling gold removed a holding we kept for the months when shares struggle. Gold fell more than 3% on the day shares sold off on 30 October, so it did not shelter anyone then, but one day is not a verdict. That was a deliberate trade, and if oil keeps rising we may want gold back.

07 · FORWARD VIEW

Where We Go From Here

What happens next. The Fed meets again on 9 December and NVIDIA reports on 18 November. The week just gone answered the spending question only in part: Amazon held its 2026 plan at about $220 billion but said it will spend meaningfully more in 2027.

What would make us buy more. Shortages worsening while the suppliers that benefit fall on financing worries. That is close to what October gave us.

What would make us sell. Waiting times shortening, or a large buyer cutting its spending plan. Either would say the shortage is ending.

What would prove us wrong. Contract prices falling outright rather than rising more slowly, or a large buyer cutting spending enough to hurt its suppliers' earnings.

If nothing changes. We hold what we have.

08 · WHAT WE'RE READING

Perspectives Worth Your Time

Meta Launches $95bn Equity Raise to Fund Expanding AI Infrastructure Buildout

Hargreaves Lansdown, October 2026

The month's defining transaction, and how the best funded buyer in this build decided to pay for it.

Alphabet's Google Cloud Revenue Doubles to $31 Billion as Cash Flow Stays Deep Red

Fortune, 28 October 2026

Cloud revenue doubling and the shares still falling 12.6% on the day: the clearest case this month of the market asking who is paying.

Amazon Posts Negative Free Cash Flow of $42.4 Billion, Holds 2026 Capex Unchanged

CNBC, 29 October 2026

The other half of the same week: the fastest cloud growth in nearly five years, set against a free cash outflow of $42.4 billion.

09 · THE PHYSICAL LAYER

Where the Furnace Is Fed



A scrap yard at dusk, the baled steel an electric arc furnace melts down. The sixth in this series, after the transformer, the pylon, the substation, the coils and the furnace, and one layer further upstream again: what the furnace is fed is yesterday's steel.

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