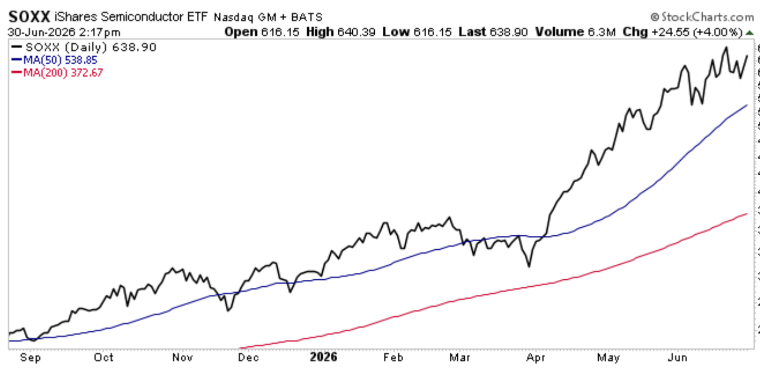
Global Macro News & Various Views

- **U.S. Stocks Post Best Quarter since mid-2000 as Chip Stocks Skyrocket**. Memory and semiconductor stocks led the charge in the second quarter powering U.S. and global markets (see chart). The first quarter was a tough one for U.S. investors, marred by the start of a war with Iran and a rolling panic triggered by fears that accelerating disruptions from artificial intelligence (AI) could harm the business models of many software and professional-services firms. The second quarter was far kinder for most investors. Cash poured into stocks of companies expected to benefit from bottlenecks in the AI supply chain. Shares of hot memory names like **SanDisk** surged 258%, **Micron Technology** gained 242%, **Intel** rallied 216% and **Marvell Technologies** up 201% among several of the top performers;



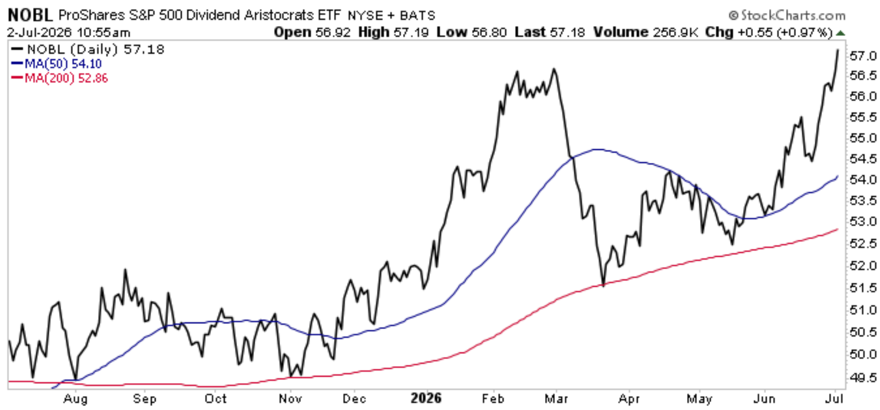
- **The S&P 500 surged 14% in Q2** -- its best performance during the calendar quarter since June 2020, *FactSet* data showed. The Nasdaq composite roared 21.4% in Q2 – the best since 2020 – despite the tech-heavy benchmark's decline in June. The PHLX Semiconductor Index, which offers investors exposure to semiconductor names, gained more than 80% in the second quarter. The Russell 2000 Index posted its best quarterly gain in years, up 22%;
- **Emerging Market Stocks Surge, but Concentration Risk in Tech Grows**. The dichotomy underway in performance attribution in the MSCI Emerging Markets Index has been striking since 2025. Historically a natural resource-heavy asset class with major commodity producing nations in the index like Brazil, Indonesia, Russia (banned from the broader index in 2022) and South Africa, the bull market in technology (chip stocks) has catapulted Taiwan and South Korea to the top two largest market-cap benchmarks in the composite at 27.3% and 23.7%, respectively. China has fallen to third place at 19%. Three stocks account for 30.8% of the index – **TSMC, Samsung Electronics** and **SK Hynix**. Information technology is now 45% of the benchmark – its highest on record. YTD, the MSCI Emerging Markets Index is up 24% and a blistering 60% over the past 12 months;
- **Bank of Japan Lifts Rates to 31-Year High but Yen Plunges to 1986 Levels**. In late June, the BOJ raised interest rates to a 31-year high to 1% from 0.75%. Borrowing costs are now at their highest level since 1995. The Japanese government bond market has been under pressure for the past two years as long-term rates climb from historical lows coupled with rising inflation. The yen, however, continues to test BOJ thresholds as the FX carry-trade booms amid low funding costs and a weak currency; BOJ intervention is inevitable. The Tokyo Nikkei has skyrocketed since the introduction of market and economic reforms under the late Prime Minister Shinzo Abe; the benchmark has rallied over 145% over the past five years in local currency or 112% in USDs;

- **U.S. Baby Boomers Keep Spending**. The American consumer remains the backbone of the consumption-led economy at about 68% of GDP as of Q1 2026. According to Yardeni Research: *The consumer remains in good shape despite rising inflation. Real consumer spending rose 2.1% year-over-year to a new record high in May. Real disposable income posted its first monthly gain since January 2026. But it has been basically flat for the past year. We attribute this to the retirement of Baby Boomers, who collectively have a record $89 trillion in net worth and are using it to fund their spending now that they don't have paychecks. The Redbook Retail Sales Index rose 9.7% year-over-year for the week of June 26. The four-week moving average climbed to its highest since September 2022.*
- **Software Bust Hits Thoma Bravo.** One of the largest software-focused investment firms with over $186 billion in assets, Chicago-based Thoma Bravo, LP handed control of software company Medallia to a **Blackstone**-led consortium, cementing a loss of the $5 billion it invested in the software company when it took it private in 2021 – the second largest loss in the private equity industry's history;
- **Law and Accountancy Firms Targets of AI Disruption.** Private capital executives recently warned that law firms and accountancy are among the sectors most vulnerable to AI disruption, adding to buyout groups' concerns over their big investments in professional services;
- **Solar Supplies more Electricity than Coal.** *The Wall Street Journal* reported in June that for the first time, solar supplied more of the nation's electricity than coal, or 12.8% of the total. Coal supplied 12.2%, its fourth-lowest monthly share on record;
- **Bitcoin Bear Market Intensifies**. After peaking above $120,000 on a series of crypto-friendly catalysts late last year, Bitcoin has been cut in half to $60,095. In June, Bitcoin plunged 21% and is down 33% YTD. **Strategy Class A** stock, founded by crypto bull, Michael Saylor, loaded up on Bitcoin the last several years and vowed never to sell it. Well, he's reduced his Bitcoin holdings, sparking a wider sell-off. Saylor previously bulked up his company's cash-flow with Bitcoin; in 2026, MSTR is down 38%, and crashed 74% over the past year.

Global Equities

- **Dividend Kings beat Dividend Aristocrats**. Investors caught up in the AI boom have largely ignored dividends to favor growth stocks, but the compounding of dividends has historically been one of the easiest ways to build wealth. According to *Richard Bernstein Advisors*, the S&P Dividend Aristocrats index's total return over the past 25 years is neck-and-neck with the teach-heavy Nasdaq index but with considerably less volatility;
- A recent report in *Barron's* compared the Dividend Aristocrats with the Dividend Kings. The Aristocrats have boosted their dividend for 25 years or more while the more elite Kings have raised dividends for at least 50 straight years. There are more than 50 dividend Kings, including **Procter & Gamble** (70 years), **Coca-Cola** (64 years), **Johnson & Johnson** (64 years), **Colgate Palmolive** (63 years), **PepsiCo** (54 years), **Nucor** (53 years) and **Walmart** (53 years). The Kings offer the safest dividends and the highest likelihood of further payouts. According to *Barron's*, the average yield in the group is 2.7% and the payout ratio averages under 50%, leaving runway for more payouts;
- The Kings don't have tech stocks because most tech firms don't pay dividends and are less than 50 years old. There isn't a dividend Kings ETF available, but the **ProShares S&P 500 Dividend Aristocrats ETF** (NOBL) is the

only vehicle offering such exposure to companies that have increased their dividends for at least 25 years. Since inception in 2013, NOBL has gained 10.34% per annum after expenses compared to 10.76% per annum for the S&P 500 Dividend Aristocrats Index. Another option for investors is the **State Street SPDR S&P Dividend ETF** (SDY), which holds higher-yielding stocks with 20 years of dividend increases. Both ETFs charge 0.35% in annual expenses. *ENR Comment*: Dividends are a great way to compound long-term wealth. But with markets at highs and valuations near nosebleed, consider buying half of your planned investment allocation now and waiting to invest the rest after a correction;



- **Cheaper Chinese Models still a Threat**. Chinese AI models are structurally 5x to 70x cheaper than Western alternatives like **OpenAI's** GPT or **Anthropic's** Claude while offering near-frontier performance. Major tech companies such as Microsoft, Coinbase, and Shopify are actively adopting these low-cost options to scale high-volume AI workflows and slash operational expenses, according to *Reuters*. Companies' AI bills can quickly get out of control with token pricing and AI agents assigning themselves work. Increasingly, U.S. firms are cutting ties with the likes of Claude in favor of vastly cheaper Chinese models. How much of the U.S. AI market Chinese competitors capture could determine the fates of Claude, Gemini, and ChatGPT;

Fixed Income & Credit

- **Fidelity Total Bond ETF**. We have not been bullish on bonds since the Covid-19 pandemic. After decades of accelerated disinflation and ultra-low interest rates following the Great Financial Crisis, rates started a normalization process following the pandemic and the 2022 inflation burst. We still don't like most bonds, especially long-duration securities because of soaring sovereign and corporate deficits, high inflation and the high likelihood of a sovereign debt restructuring when this extended credit cycle ends. But some investors need to have bonds for asset allocation purposes and to diversify their income sources.
- **ENR owns FBND**. Recently, we began to buy small positions in my favorite bond ETF. Actively managed, the **Fidelity Total Bond ETF** (AMEX-FBND) is a $26 billion behemoth that invests most of its current assets in investment grade securities and just 9% in high-yield bond or below investment grade debt (it can hold up to 20% in high-yield). The Fund is highly diversified across government, corporate and securitized debt securities with 89% invested in the United States. The Fund currently has a duration of 5.9 years and has an effective 12-month yield of 4.69%. FBND levies 0.36% in annual expenses. Since inception in October 2014, FBND has

gained 2.58% per annum versus 1.91% for the Bloomberg U.S. Aggregate Bond Index (see chart). That's not exciting and it fails to beat inflation. But remember, we've been in a bond bear market for almost ten years. More recently, FBND has earned 4.76% per annum over the last three years versus 3.95% for the benchmark. If you're seeking alternatives to equity income or dividend stocks, FBND is a good diversifier, assuming interest rates don't surge from currently high levels.

Currencies

- The **ENR Global Currency Sandwich** declined an additional 1.84% in June as the USD Index roared to a 14-month high (see chart). YTD, the basket is down 5.91% versus an advance of 2.72% for the USD Index.
- The new FOMC boss, Kevin Warsh, is vowing to slash consumer prices. Markets have started to discount at least one 0.25% rate hike this year; wagers on a stronger dollar in the futures market in late June hit their highest level in more than a year, according to the CFTC;

- The Japanese yen hit a 40-year low last week vs. the dollar, despite a BOJ rate hike and fears of FX intervention to support the beleaguered currency;
- Some of Asia's currencies are under severe pressure as previously high oil prices this spring and soaring import costs drive the Indonesian rupiah to an all-time low vs. the USD. Other units including the Philippine peso, Thai baht and the Indian rupee have also come under pressure;

- The booby prize for Q2's ENR Global Currency Sandwich slaughter are precious metals; gold prices plunged 11.6% in June and silver plummeted 21.3%. Except for several currencies – including the Aussie, Brazil real, Mex peso and Hungarian forint – the U.S. dollar has posted big gains versus other major currencies this year;
- **The ENR Global Currency Sandwich** includes gold (or IAU/GLD), silver (or SLV/PSLV), the Swedish krona, the Swiss franc, the Polish zloty and the Singapore dollar equally weighted.

Commodities

- **Gold and Silver Suffer Worst Quarterly Losses in 13 Years.** Precious metals got shellacked in June. Gold prices shed more than $500 an ounce or 11.6% in June trading – its worst month since June 2013. Silver futures tanked 21.3% in Q2, the worst quarter in 13 years in percentage terms. YTD, gold is down 7% and silver off 15.7%. The official media declares the sell-off in the metals is due to higher interest rate expectations and a strong dollar. That's partly true. Other major factors bearing more weight are central bank sales since the outbreak of war in the Persian Gulf; massive retail and hedge fund ETF sales; sales tax increases on gold and silver in India and recent restrictions by some Chinese banks on bullion trading;

- **Commodities Slammed in Sell-off**, **Oil Nearing Bottom**. Now might be an ideal opportunity to increase positions in commodities following the big drop since the end of May. West Texas crude has crashed over 40% from its high in April and now hovers at levels prior to the outbreak of Persian Gulf hostilities. From its high this year, the FTSE/CC CRB Index is 12.9%.

- The **Invesco DB Commodity Index Tracking Fund** (see chart, bottom page 5) is 16.3% below its high and offers a good entry point to new or existing investors. The Fund is still up 18.5% in 2026. Chinese demand for oil and other commodities has declined sharply since the onset of the Iran conflict. China built reserves. However, China is running through its commodity stockpiles and at some point, will have to make fresh purchases. And the U.S. drained its strategic oil reserve to 40-year lows this spring and requires replenishing.

Model Portfolio

- **Casino Market Mentality at Risk this Summer**. We believe the market volatility seen so far from the March 31 bottom is the tip of the iceberg, which could turn into a 10%-20% correction in the broader markets, as it's been well over a year since we have seen a double-digit pullback. Corporate earnings have been the strongest in more than five years, but the rally is overbought and a pullback would be healthy in the context of a secular bull market since October 2022. Options trading volume has soared, investors have taken out more margin debt in their brokerage accounts (margin debt at new highs through May), and assets managed by risky leveraged ETFs have also shot higher as investors piled into these products, seeking to maximize their gains from soaring semiconductor stocks. Another leading indicator of previous market tops is the boom in mergers and acquisitions (M&A) volume this year. Record mergers hit $2.8 trillion the first six months of the year, a 49% increase compared to a year earlier, according to the *London Stock Exchange Group*;
- **Beware of Extended Credit Cycle**. The credit cycle is long in the tooth and overdue for a price correction following 17 years of mostly strong returns and the lowest credit spreads since 2007. Part of this era was engineered by massive quantitative easing by the Federal Reserve and other central banks helping to keep rates low. Everything from corporate bonds to private credit has been under pressure since the beginning of the year with the former challenged by a deluge of issuance and the latter struggling to meet soaring investor redemptions;

- **Banks Cap Asian Hedge Fund Tech Exposure**. Other signs of euphoria lie in the emerging markets, which have become a clone to Nasdaq in many ways. As discussed earlier, technology concentration risk is dangerously high in South Korea and Taiwan. Seoul's $5 trillion equity market – more than 2.5 times Korea's GDP – is swinging wildly as chip mania subsumes the broader economy. The exuberance is so extreme that global banks are capping hedge funds' exposure to **SK Hynix** and **Samsung**, fearing a dangerously crowded trade. Over the last 12 months, the Korean KOSPI Index has gained a spectacular 170%;

- **The Bank of International Settlements (BIS)** or the central bank for central banks, has a good track record making bold macro calls. The BIS forecasted the mortgage-backed securities bust in 2007. Released on June 29, the BIS report warned of the global economic risks tied to AI spending and how an AI bust could throw the financial system into turmoil. Asa Fitch of *The Wall Street Journal* detailed the fine points of the BIS report: *There's nothing especially new about those concerns. But the BIS connects some other dots, drawing lines between a possible AI bust and the unusually vulnerable state of consumers, governments and the global economy. U.S. households are significantly more exposed to stocks than in the past couple of decades, both relative to their wealth and their income. And rising U.S. stock prices during the AI boom have given U.S.-listed companies extraordinary weight in global indexes, threatening global erosion of wealth in the event of a U.S. tech-focused bust.*
- In June, the MSCI World Index declined 0.85%. The equally weighted **ENR Market Outlook Portfolio** of 29 open positions gained 0.92%. Top performers included **HSBC Holdings PLC** (+26.8%), **Abbvie Inc** (+15.8%), and **Zurich Insurance Group** (+8%). The top three worst performers were **ConocoPhillips** (-10.3%), **Invesco DB Commodity Tracking Fund** (-8.6%), and **Porsche AG** (-7.7%);
- Best Buys in July include **Northrop Grumman**, **Berkshire Hathaway Class B**, **Cameco Corporation**, **ConocoPhillips**, **Energy Select Sector SPDRs** and the **Invesco DB Commodity Index Tracking Fund**.

Wishing all of our American clients and friends a very happy Fourth of July!

Eric Naimer Roseman
Montréal, Canada
July 3, 2026

Security	Listed	Symbol	Entry Price	Date	Current Yield	Current Price	Gain/ Loss	Advice
Northrop Grumman Corporation	NYSE	NOC	$548.67	Jun 9/26	1.71%	$549.01	0.06%	BUY
Mondelez International, Inc.*	NASDAQ	MDLZ	$58.69	Feb 2/26	3.28%	$60.91	5.49%	BUY
Invesco DB Commodity Index Tracking Fund	AMEX	DBC	$23.00	Dec 9/25	2.80%	$26.57	18.76%	BUY
Cameco Corporation	NYSE	CCJ	$38.55	Sep 5/24	0.18%	$96.54	151.16%	BUY
Rio Tinto Group	NYSE	RIO	$64.71	Apr 2/24	4.26%	$94.42	54.86%	BUY
Energy Select Sector SPDR	NYSE	XLE	$43.37	Feb 7/23	2.85%	$53.22	43.03%	BUY
ConocoPhillips*	NYSE	COP	$67.56	Sep 29/21	3.15%	$104.73	74.57%	BUY
Berkshire Hathaway*	NYSE	BRK.B	$197.73	Aug 5/19	0.00%	$507.78	156.80%	BUY
Wheaton Precious Metals	NYSE	WPM	$22.78	Jun 5/19	0.62%	$115.73	422.98%	BUY
Apple Inc*	NASDAQ	AAPL	$23.20	May 9/16	0.34%	$308.63	1266.03%	HOLD
Newmont Corporation*	NYSE	NEM	$17.99	Dec 31/15	1.05%	$97.04	504.36%	HOLD
HSBC Holdings plc	LSE	HSBA	£4.74	Nov 9/22	3.32%	£14.45	311.75%	HOLD
Alphabet Inc.	NASDAQ	GOOGL	$104.65	May 5/23	0.24%	$359.91	245.50%	HOLD
Hochtief AG	XETRA	HOT	€ 154.30	Apr 1/25	1.07%	€ 487.00	241.10%	HOLD
iShares Russell Top 200 Value Index	NYSE	IWX	$52.46	Jan 2/18	1.46%	$107.45	128.14%	HOLD
Zurich Insurance Group	VTX	ZURN	CHF 411.20	Oct 4/22	4.28%	CHF 606.80	109.79%	HOLD
AbbVie Inc	NYSE	ABBV	$140.24	Nov 30/23	2.58%	$261.07	97.73%	HOLD
Nestlé SA*	VTX	NESN	CHF 65.15	Dec 7/16	3.55%	CHF 84.45	94.34%	HOLD
iShares Global Clean Energy ETF	NASDAQ	ICLN	$11.37	Apr 1/25	0.90%	$19.67	75.85%	HOLD
The Southern Company	NYSE	SO	$66.47	Dec 7/21	3.04%	$97.98	65.55%	HOLD
Vanguard Small Cap Value Index Fund	NYSE	VBR	$157.50	Oct 2/23	1.78%	$243.22	60.97%	HOLD
Lazard Global Listed Infrastructure Portfolio	NASDAQ	GLIFX	$14.04	Aug 4/20	3.91%	$19.37	58.28%	HOLD
Microsoft Corporation*	NYSE	MSFT	$256.72	Jul 5/22	0.91%	$390.49	56.26%	HOLD
WisdomTree India Earnings Fund	NYSE	EPI	$32.42	Mar 3/23	0.00%	$42.92	32.94%	HOLD
The Health Care Select Sector SPDR Fund	AMEX	XLV	$131.65	Jun 2/25	1.60%	$163.74	26.78%	HOLD
iShares MSCI Hong Kong ETF	NYSE	EWH	$18.35	Nov 5/24	4.95%	$20.93	23.89%	HOLD
iShares MSCI China A ETF	CBOE	CNYA	$34.42	Dec 29/25	1.68%	$36.63	6.71%	HOLD
Dr. Ing. h.c. F. Porsche AG	XETRA	P911	€ 42.81	Sep 29/25	5.11%	€ 45.20	4.56%	HOLD
Salesforce, Inc.	NYSE	CRM	$192.95	Mar 2/26	1.03%	$166.11	-13.45%	HOLD

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