

Monthly Market Commentary

JUNE 2026

WIP EQUITY STRATEGY

+8.3% **+57.2%**
June YTD

S & P 500

-1.4% **+9.4%**
June YTD

MSCI ACWI

-1.1% **+10.9%**
June YTD

NOTE SUMMARY

June closed with the WIP Equity Strategy returning 8.3% for the month and 57.2% year-to-date, well ahead of the S&P 500 at -1.4% and 9.4%. A fragile memorandum of understanding between the US and Iran, signed June 17, eased the conflict, though compliance on both sides has remained contested since. AI exposure again drove returns, benefitting from our positioning in memory, packaging, and power, even as Kevin Warsh's first FOMC meeting delivered a hawkish hold in the month that left the broader market searching for direction. With fundamentals broadly intact and the AI growth story still earnings-led, the constructive case remains in a stable position.

TALE OF TWO TAPES

We entered June with two major macro catalysts resolved, though neither cleanly. A fragile memorandum of understanding between the US and Iran, signed June 17, eased the most acute phase of the Middle East conflict, though compliance on both sides has remained contested since. Kevin Warsh held his first meeting as Federal Reserve Chairman on June 16 and 17, with the FOMC voting unanimously to hold rates at 3.50% to 3.75%, while a notably hawkish dot plot signalled uncertainty ahead. This unfolded against a backdrop of resilient US labour data: payrolls grew by 172,000¹ in May, well above consensus, unemployment held at 4.3%², and wages rose 3.4% year over year³. Canada's picture was more mixed: unemployment fell to 6.6% in May from 6.9% in April⁴, even as the economy posted a second straight quarterly GDP contraction. Under this backdrop, the WIP Equity Strategy delivered another strong result of 8.3% in the month, while the broader market in the US and globally struggled to post gains.

NOT YOUR FATHER'S BUBBLE

Much is being made of a bubble forming in the Artificial Intelligence trade. Many comparisons to the dotcom bubble of the early 2000s are referenced in financial publications as prominent names like NVIDIA, META, Micron, and Western Digital continue to drive forward with positive results.

Below are two charts that show the health of this growth in recent years. The chart on the left tracks earnings per share against the price-to-earnings ratio for the S&P 500; the chart on the right shows

¹ U.S. Bureau of Labor Statistics, "The Employment Situation — May 2026," news release, June 5, 2026.

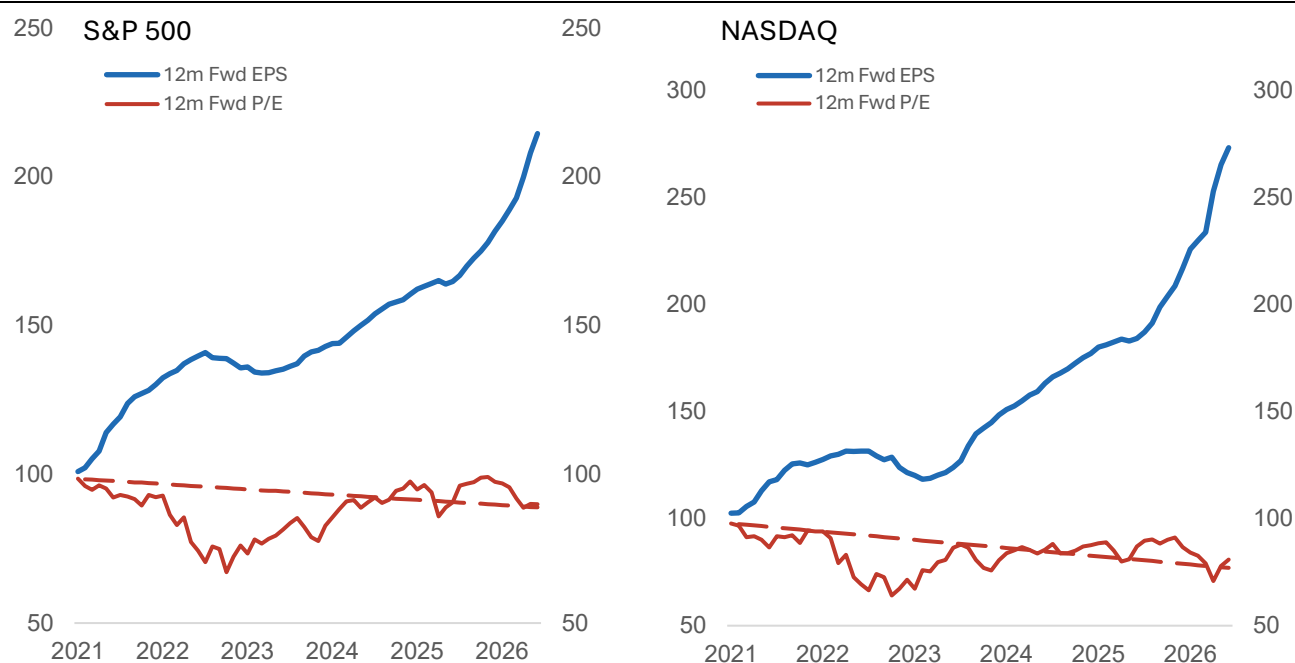
² U.S. Bureau of Labor Statistics, "The Employment Situation — May 2026," news release, June 5, 2026.

³ U.S. Bureau of Labor Statistics, "The Employment Situation — May 2026," news release, June 5, 2026.

⁴ Statistics Canada, "Labour Force Survey, May 2026," The Daily, June 5, 2026.

the same for the tech-heavy NASDAQ. Since the pandemic, earnings per share have grown steadily in both cases, while price-to-earnings, a measure of how expensive a stock is relative to its earnings, has stayed low.

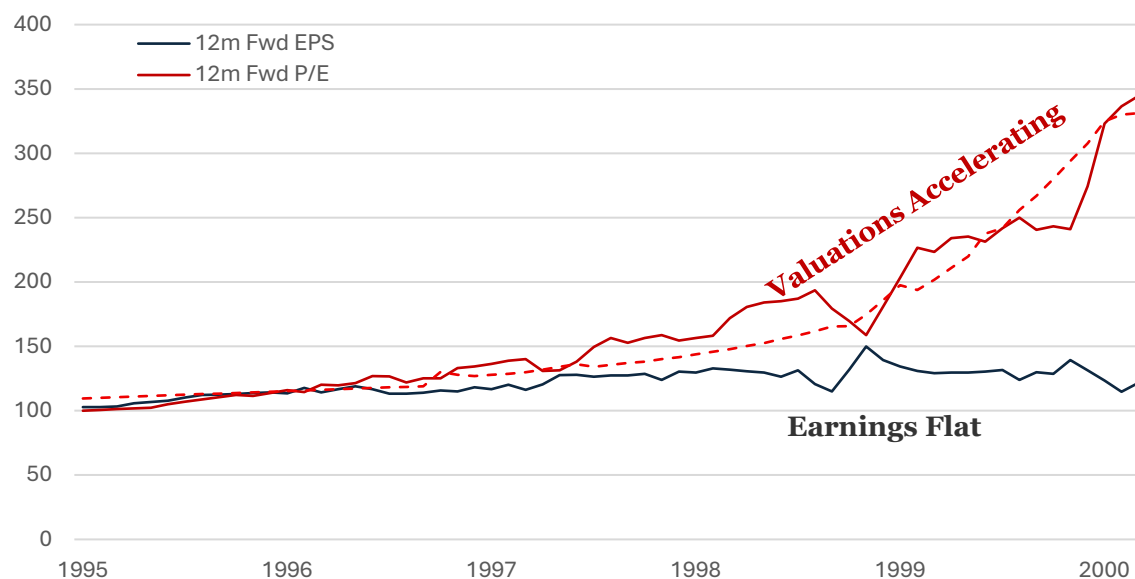
Recent Years: Profit Growth, Not Multiple Expansion



Source: Bloomberg

In plain terms, the recent rise in stock prices has been driven mainly by real earnings growth, not by investors paying more for the same earnings. That is a healthier pattern than what we saw during the dot-com bubble, as noted in the chart below.

Tech Bubble EPS vs P/E

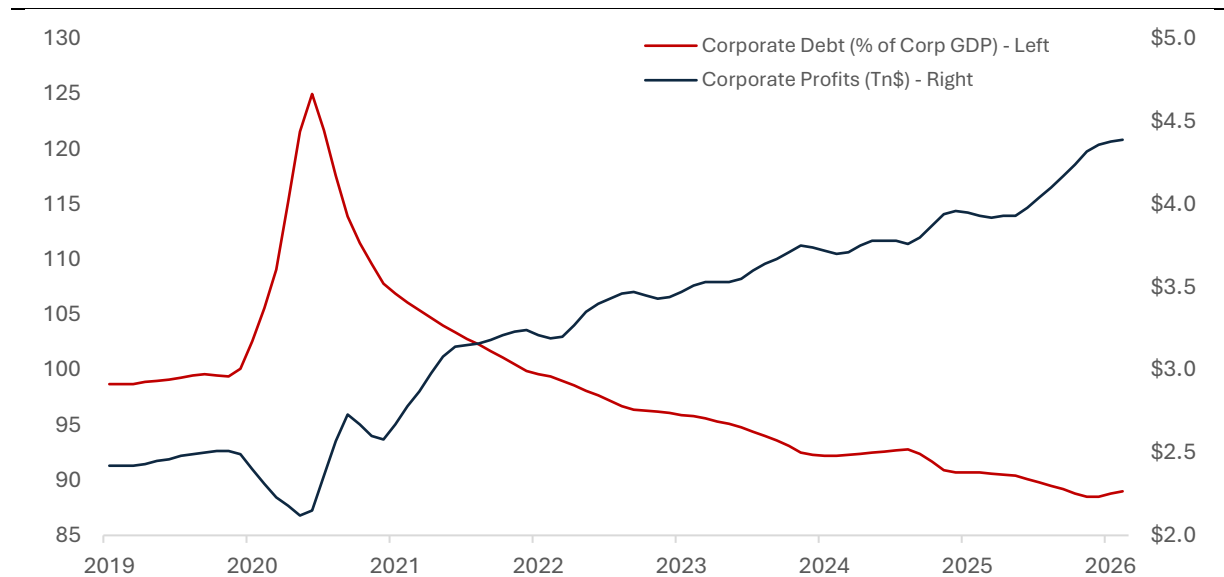


Source: Bloomberg

The chart above tells a different story from the dot-com era, when valuations climbed even as earnings failed to keep pace. That contrast is what makes today's earnings-led growth a healthier pattern by comparison.

Clearly, we're seeing a sharp rise in profitability, driven by the innovations artificial intelligence is bringing to the global economy. But there's a risk that these earnings are 'low quality' — fueled by a buildup in debt rather than reinvested profits. Debt-fueled growth can be fragile and prone to sudden reversals, as we saw in the 2008 financial crisis, driven by mortgage-backed securities. Earnings-driven growth, by contrast, is far more sustainable.

Corporate Debt vs Corporate Profits (2019 – 2026)



Source: AlpineMacro

As we can see, this earnings growth is not being fueled by debt. The market's growth remains on a sustainable, healthy footing for now. Although the rally has been narrow and volatile, the quality of that growth continues to support the bull trend.

As always, we will continue to evaluate new opportunities with discipline, manage risk thoughtfully, and allow fundamentals to determine where we invest.

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