Fortem Capital US Equity Income Fund

Quarterly Commentary – 30th June 2026

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Total Return	2026	Q2
UK 100	7.6%	4.0%
US 500	10.0%	15.1%
Europe 50	11.1%	15.2%
Japan 225	40.1%	37.3%
Hong Kong 50	-9.3%	-6.5%
US 2000	22.6%	21.5%
Swiss 30	10.1%	12.9%
Global Equity	9.7%	13.8%
Global Bond	0.6%	0.7%
Commodities	12.3%	-8.9%
PGF	**2.1%**	**4.7%**
AGF	**-5.3%**	**-1.9%**
DGF	**-8.9%**	**-0.7%**
USI	**9.7%**	**15.0%**
ARF	**15.7%**	**10.3%**
CARF	**-12.0%**	**7.0%**
LAF	**16.0%**	**8.1%**

The Fund's objective is to provide an annual income of 4% p.a. whilst providing for capital growth such that the Fund's total return tracks the US 500 Index's net total return.

US equities entered the quarter against a backdrop of heightened geopolitical uncertainty and renewed inflation concerns. The escalation of conflict in the Middle East during the first quarter had disrupted energy markets, pushed oil prices sharply higher and led investors to reassess the outlook for monetary policy. Early in the period, markets remained sensitive to developments in the region, with changes in energy prices and interest-rate expectations contributing to elevated volatility.

As the quarter progressed, attention increasingly returned to the strength of the underlying corporate and economic backdrop. Corporate earnings remained robust and generally exceeded expectations, supported by resilient revenues and strong margins. Economic activity continued to expand at a moderate pace, while the labour market remained broadly stable and consumer spending continued to provide support. These factors helped reassure investors that the US economy remained capable of absorbing a more uncertain inflation and policy environment.

Artificial intelligence remained central to market performance. Continued investment in data centres, semiconductors, cloud infrastructure and electrical equipment supported earnings across a range of technology and technology-related businesses. However, market leadership broadened as the quarter progressed. While companies directly exposed to the artificial intelligence investment cycle remained prominent, gains extended beyond the largest technology stocks to industrials, financials and other areas benefiting from resilient earnings and continued capital investment. This reduced the market's dependence on the relatively small group of mega-cap companies that had dominated returns in recent years, although performance remained uneven beneath the surface.

Sentiment improved more materially toward the end of the quarter as tensions in the Middle East eased and progress was made toward an agreement between the US and Iran. The reduction in the immediate risk of further disruption to energy supply caused oil prices to retreat from their earlier highs. This helped moderate concerns that higher energy costs would lead to a more persistent increase in inflation, although the Federal Reserve remained cautious and continued to emphasise that future policy decisions would depend on incoming economic and inflation data.

A historic problem for US benchmark equity for investors in need of income is its lack of natural yield, a problem exacerbated as the index becomes dominated by stocks that pay little or no dividends. However, the Fund again paid a dividend during the quarter making the 12m historic yield 4.0%. Income investors are no longer required to choose between benchmark exposure and yield.

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