Roadmap – update Q2 2026

Rapid shifts in investor preferences is a new norm

Ole Søeberg,
Equity Strategist

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BROCK MILTON CAPITAL

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2Q 2026 roadmap update

Roadmaps serve as a compass, not a GPS. They provide direction but lack pinpoint accuracy. However, without a roadmap, navigating uncertain conditions becomes challenging.

Key events in 2Q 2026

MSCI World in EUR up 13% in 1H 2026 and led by tech/semi-conductors in the AI build-out space. Market-leadership shifts have been rapid. In 2026 alone we've seen gold/silver and small caps lead early, a rotation out of software, a brief energy spike during the Iran conflict, a renewed surge in AI and semiconductors and by late 2Q the market was dominated by the SpaceX-driven space theme. **Much of this looks like algo-driven trading** combined with millions of retail investors chasing the next fast-return asset. Passive-fund inflows are at record highs. DRAM - a memory-semiconductor ETF - reached 22 billion USD in AuM in just 10 weeks. Retail flows are clearly driving momentum.

Whether this is healthy is debatable - probably not - but **ignoring the flow factor would be a mistake** as overall market returns probably will continue to be impacted by rapid capital moves and price changes to a larger extend than in the past

Key things for the rest of 2026

No one knows what the next leadership group will be, and being a fundamentally driven investor has rarely been harder. You can have the right long-term views and strong conviction, but if you're measured against a broad index with multiple sub-segments — and **AI-driven strategies keep nailing the short-term rotations** — you face a real challenge. The long term is simply the accumulation of all those short-term moves; if you consistently lose on the swings and turns, the "short term" may well outperform your carefully built investment approach. In that context it's good to see the BMC funds perform well in 2026.

Earnings expectations have moved sharply higher during 2Q26. MSCI World EPS growth forecasts for 2026 have risen from 14% at the start of the year to 22% today, with nearly all of the upgrade coming from tech and a small boost from energy.

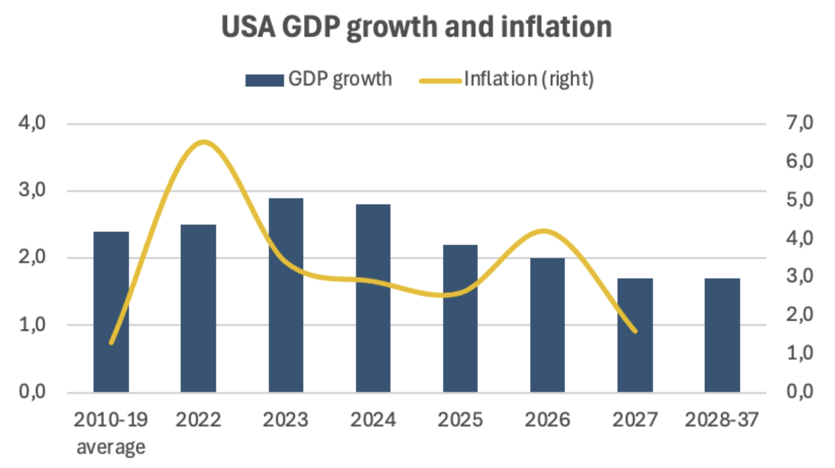
Taken together, **2026 increasingly looks like a 15–20% return year** - up from 10-15% at the start of 2026.

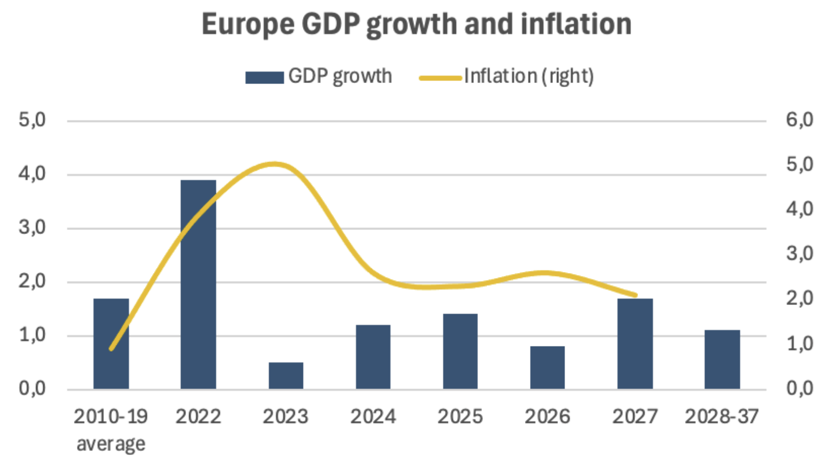
Macro economic factors

Inflation from geopolitical unrest to decline?

The Iran–Israel/USA conflict that briefly closed the Hormuz Strait effectively shut off 10–20% of global energy flow. Iran ultimately held the stronger hand, and the reopening of Hormuz has exposed the limits of major-power reach in the region. Inflation jumped as oil surged from 60 USD in late 2025 to 120 USD, but with prices now back near 70 USD, inflation should ease again.

Global GDP in 2026 is 126 trillion USD in nominal terms. 71 trillion USD comes from private consumption which shows low growth. **Consumer confidence is at multi-decade lows** despite a strong labour market and record-high net savings, including stock-market gains. So why the angst? Likely geopolitical fear. **A calmer geopolitical backdrop and moderate inflation could unlock stronger consumption** — a trend not priced into consumer-related equities, making it a genuinely non-consensus investment theme.





Source: OECD and Conference Board

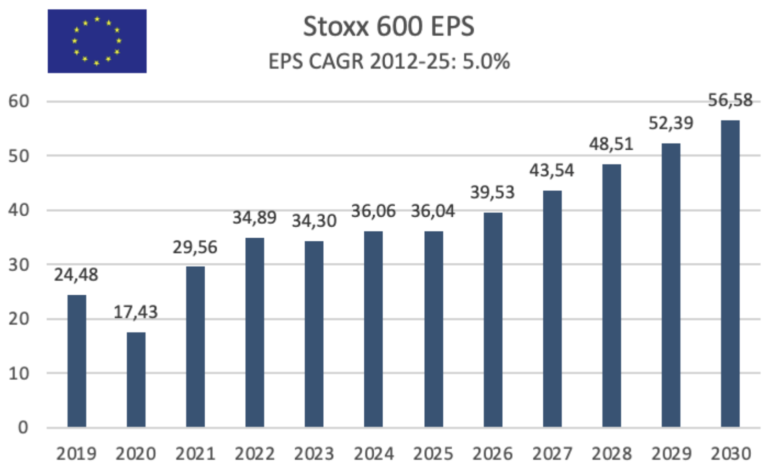
Earnings factors

Earnings remain the single most important long-term driver of stock markets

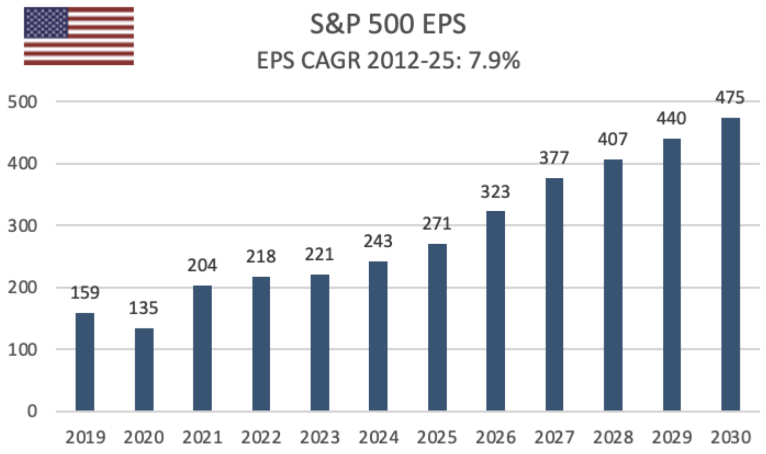
At the start of 2026, global earnings growth was projected at 14%; now it's above 22%. Driven by powerful earnings momentum in semiconductors — especially memory — **US earnings are expected to grow 26% in 2026**, up from 15% at the year's start. US tech earnings are expected to grow 56%, up from 31% at the start of 2026.

Europe is now expected to grow 13%, versus 10% initially.

Memory-chip makers Micron, Samsung Electronics and SK Hynix, are projected to generate a combined 400 billion USD in net income in 2026, rising to 580 billion USD in 2027. These three companies alone account for nearly 10% of MSCI World net income in 2027 — after essentially zero earnings in 2024 that's a development never seen before.
The stock-market rally since the "Rose Garden" moment in April 2025 might be seen as narrow but its fundamentally supported by stronger earnings.
More on cash flows and earnings later in the deck.



Source: Own data base with updates from Bloomberg, NYSE, Refinitiv and Stoxx



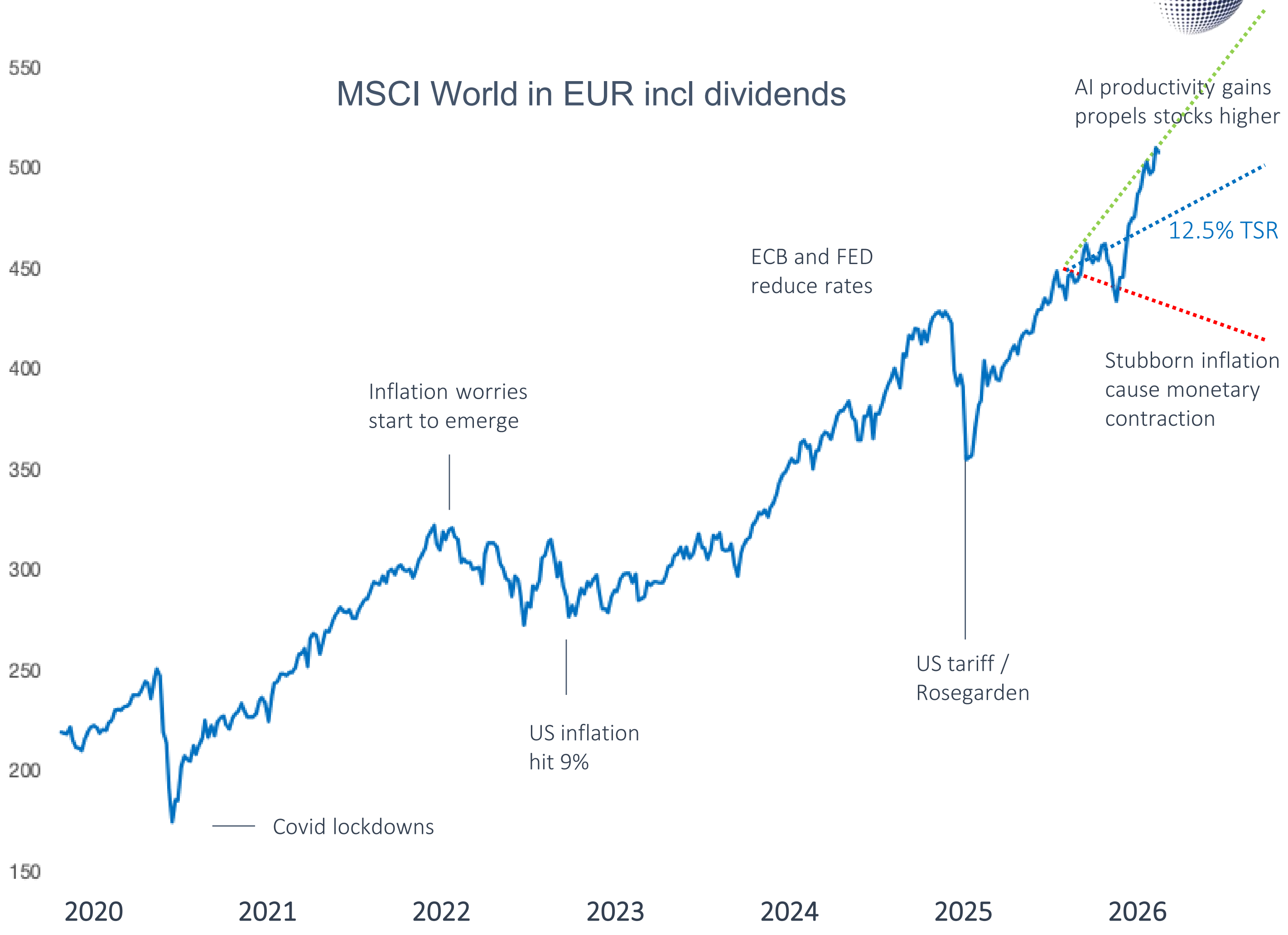
Stock market pattern

Roadmap 2026 initially projected a total shareholder return of 10–15%, but the substantial earnings upgrades pushed that to around 15% after 1Q26.

With 2Q26 earnings estimates and valuation data now in hand, there is justification to **lift the forecast to 15–20%**, though the second half of the year will likely remain volatile with pronounced sector rotations.

Consumer cyclicals, consumer staples, and healthcare have not participated in the 2026 rally. Their MSCI World weights have fallen to decade-lows — just 5% for staples and 8% for healthcare — leaving them materially under-represented relative to their economic importance.

One note of caution: a 10–20% intra-year correction is a near-annual feature of equity markets, so always keep that risk in mind.

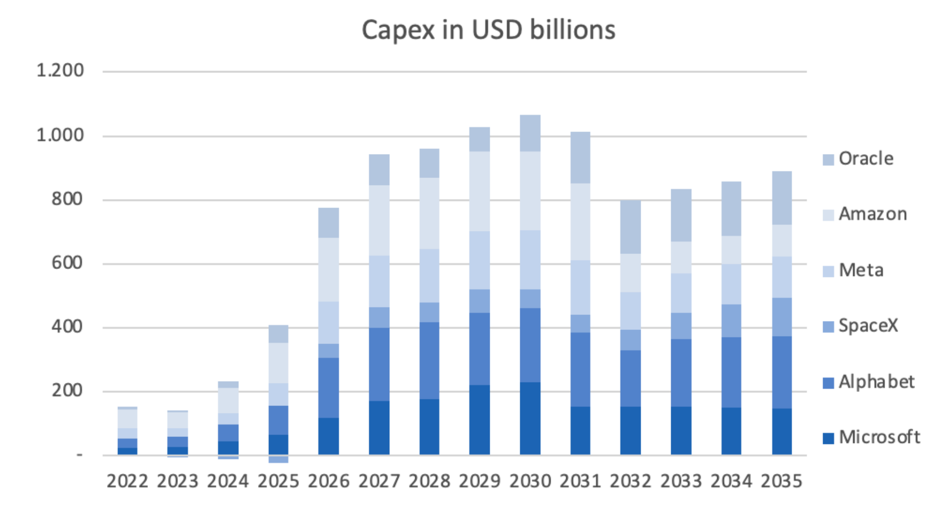


Source: price data from MSCI

A few themes for further inspiration

You need to seed before you can harvest

AI datacenter capex boost hyperscaler investments by 5x from 2023 to 2027



Source: consensus from Koyfin

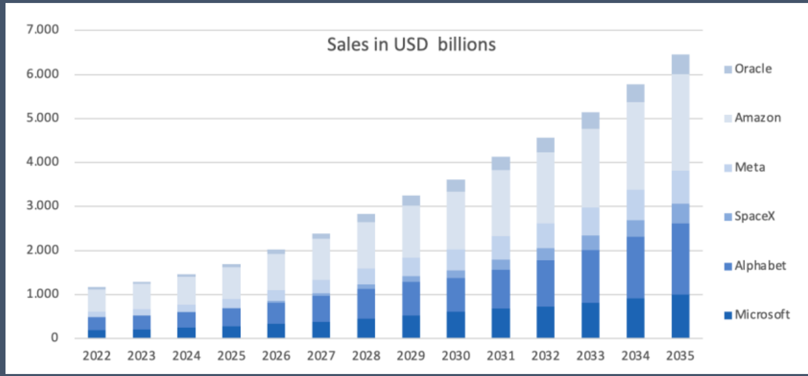
The hyperscaler group is executing the largest peacetime capital deployment in corporate history. Combined capex across Microsoft, Alphabet, Meta, Amazon, Oracle and SpaceX rises from $333B in 2025 to a projected peak of close to $1 trillion per year around 2029–2030 — before gradually declining as the data centre build-out matures.

Each company is racing to secure their position within AI compute capacity in a market they collectively believe will be many times larger by the early 2030s. The investment rationale is straightforward: the cost of missing out on AI infrastructure is seen as far greater than the risk of overbuilding.

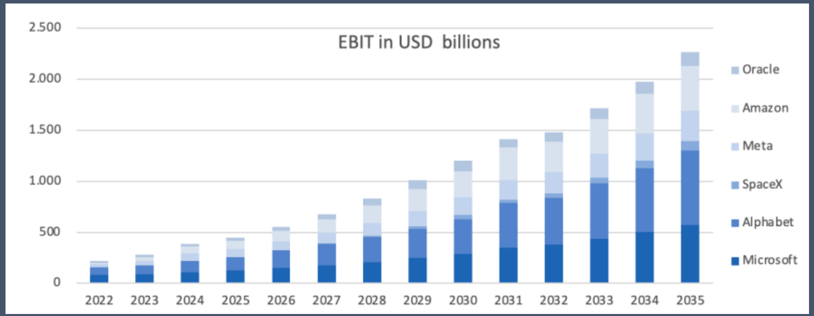
A critical nuance for investors: US GAAP since 2025 permits data centre assets etc to be depreciated over longer time than before, which materially flatters reported EBIT. Near-term earnings optically look healthy even as free cash flow is being consumed by rising capex. Investors should look through reported profits to free cash flow — which tells a very different story

AI scale up will bring significant revenue growth

Revenues expected to grow 4-fold…



…helping a 5-fold boost for EBIT



Source: consensus from Koyfin

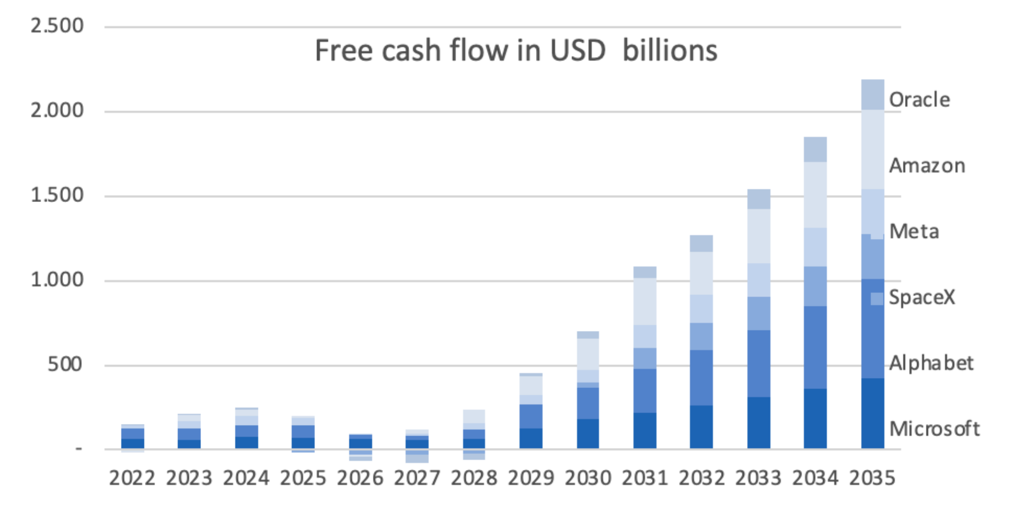
The capex surge leads to rapid expanding revenue streams. Combined sales across the six hyperscaler companies are projected to grow from $1.6 trillion in 2025 to over $6 trillion by 2035 — a near 4-fold increase driven by AI monetisation, cloud share gains and platform expansion. AI token volumes are expected to 20-30-fold over the next 4 years alone and even more in 2030s.

EBIT follows the same trajectory, reaching $2.1 trillion by 2035. However, investors should treat reported EBIT with caution. The extended US GAAP depreciation periods — in some cases 20–25 years — inflate operating income relative to true economic earnings during the build-out phase. European and Asian investors accustomed to more conservative accounting may find reported margins misleadingly high.

Also pay attention to token pricing that are expected to fall ~90% by 2030 as competition intensifies, including from European and Asian challengers building their own AI hyperscaler champions. If token deflation accelerates beyond consensus and/or volume growth is slower projections beyond 2027 could prove too optimistic.

Free cash flow: just wait for early 2030s harvest

Free cash flow is expected to grow 20-fold from 2027 to 2035

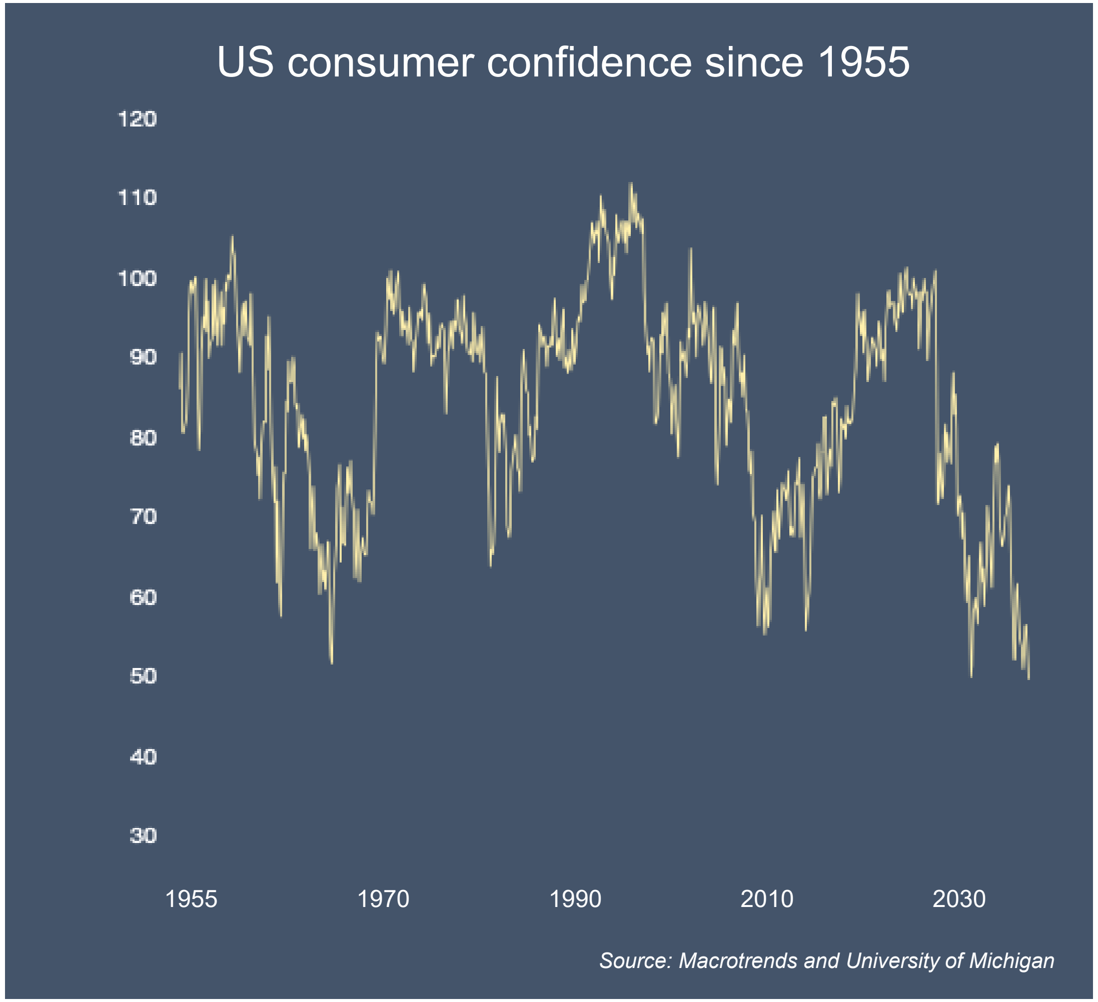


Source: consensus from Koyfin

Free cash flow is the real money — and in the near term, the numbers are no so impressive as operating cash flow barely covers investment capex. The combined free cash flow of the six companies is projected to collapse from 186bn USD in 2025 to just 48bn USD in 2026. This is capital that was previously returned to shareholders via buybacks.

The free cash flow recovery once the hyperscalers scale up their assets is dramatic: 435bn USD by 2029, 1 trillion USD by 2031, and over 2 trillion USD by 2035. At today's combined market cap of roughly $10–12 trillion, that implies a 17–20% free cash flow yield by 2035 — a powerful argument for long-term holders. However, patience is needed as 2026 and 2027 free cash flows do not support current market caps so. The hyperscaler buildout benefit semiconductor names (Nvidia, Micron, Marvell, Broadcom) that capture the 2025–2029 capex wave, however at some point (probably in 2028) the forward cash flow profiles of the hyperscalers gets very attractive which will likely trigger a rotation out of AI data center infrastructure builders and into the the hyperscalers and other businesses that benefit from the use of AI.

Consumers have angst despite consumers being in good shape



Consumers have rarely been in better shape on paper. Employment remains near historic highs, real wages are rising, household wealth has expanded, and savings buffers — outside of the lowest income quintile — remain substantial. By almost any objective measure, the average consumer is healthier and more financially secure than at any point in history. And yet confidence sits at crisis lows, comparable to Great Financial Crisis 2008–09 or the darkest days during Covid in 2020.

The data says expansion; the mood says recession.

Major consumer franchises — Nike, Nestlé, LVMH, Mercedes, Estée Lauder and you name it — have been conspicuously absent from the broader equity rally in recent years. Valuations across global consumer stocks have compressed to decade lows, with price relatives at multi-year troughs. This is not a valuation story anymore: **it is a re-rating opportunity waiting for a catalyst**.

Why do consumers have angst and what could unleash for the better?

Consumer angst despite lots of safety

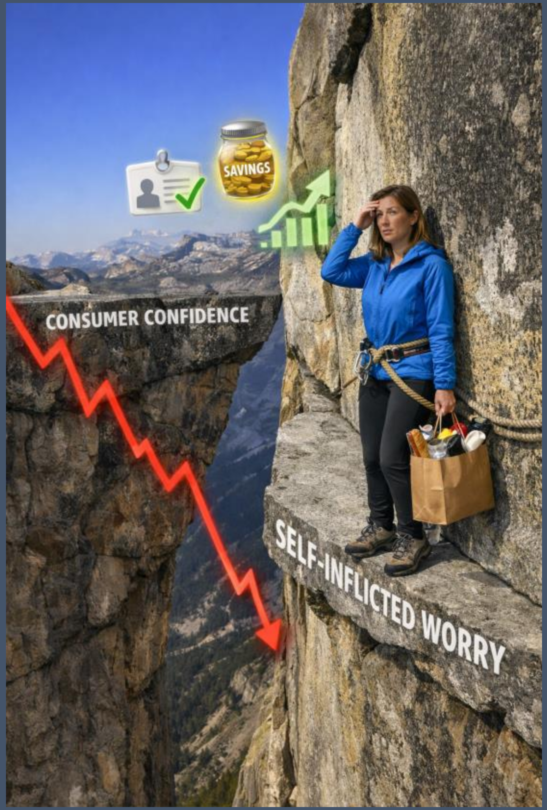


Illustration by Copilot

Reversing the consumer pessimism probably requires three things to align:

1. Trade war and Iran conflict headlines created visceral anxiety about cost-of-living. The psychological damage preceded any real economic harm. Social media unfiltered postings probably also explains the angst

2. Covid, Ukraine war, US political leadership turbulence has made consumers anchored in semi fear - especially in Europe, where household savings rates have nearly doubled since 2019.

3. Higher interest rates and housing costs as well as media stories that AI will make many jobs obsolete only adds to all the other nervousness

Better consumer confidence could be unleashed by geopolitical calm, falling energy cots and inflation, lower interest rates. And once there's consumption momentum it normally last for several years. **Watch out for consumer confidence as well as improvement in fundamentals for luxury, travel, furniture, auto and other big-ticket items to detect a change in mood**