Apt.
WEALTH PARTNERS

RESEARCH UPDATE

MARKET watch

JULY 2026

Global equity markets were mixed in June as markets weighed the easing of tensions in the Middle East with the more hawkish policy stance of the US Federal Reserve. A pivot out of artificial intelligence (AI) names into more defensive sectors saw the 'Magnificent 7' all end the month lower, losing a combined US$2.2 trillion in market capitalisation, which drove the S&P 500 and the Nasdaq Composite to a 1.1% and 2.8% loss respectively. The Hang Seng Index dropped 9.1%, driven by a sell-off in technology companies, including giants Tencent and Alibaba. The S&P/ASX 200 outperformed most international markets, with a gain of 0.5%, as the Reserve Bank of Australia held the cash rate target at 4.35%.

S&P/ASX 200 Sector Performance

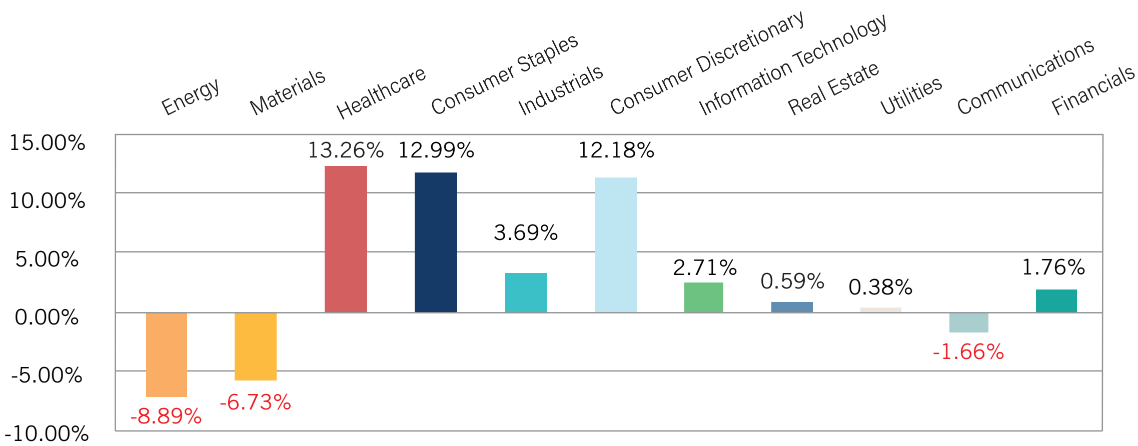
Healthcare was the best-performing sector in June, rebounding 13.3% after being heavily sold off in recent months. Pro Medicus Limited led gains, jumping 53.8% after signing a seven year deal with TidalHealth and renewing two five year contracts with an aggregate value of $60 million. Pro Medicus Limited also agreed to a strategic partnership with Echo IQ involving strategic investment, a finance facility and a reseller agreement to help develop and commercialise Echo IQ's suite of AI solutions. Biotechnology companies Telix Pharmaceuticals Limited and Neuren Pharmaceuticals Limited rose 27.2% and 22.1% respectively, with the latter's Rett syndrome medication 'Daybue' being recommended for approval in the European Union.

The Consumer Staples sector rose 13% in June, with gains being driven by the supermarkets and The a2 Milk Company Limited. Woolworths Group Limited and Coles Group Limited rallied 13.6% and 12.2% respectively, benefiting from the broad market rotation into defensive consumer staples. Meanwhile, a2 Milk gained 39.3% on the back of new regulatory approval from China for its recently acquired a2 Pokeno facility and the announcement of a NZ$300 million (A$245 million) special dividend for shareholders.

The Consumer Discretionary sector advanced 12.2%, supported by the rate hold by the Reserve Bank of Australia and strong employment and retail spending data. Aristocrat Leisure Limited rose 22.3%, supported by its ongoing on-market share buyback, diverging from its competitor Light & Wonder Inc., which fell -5.2%. Wesfarmers Limited had another strong month, rising 13.3% after presenting its 2026 strategy. The company will continue to drive growth and productivity through investment into expansion projects and store networks and digitising its businesses to take advantage of AI. The company will also be combining its Industrial and Safety businesses into Bunnings Group.

Energy was the major laggard of the index, falling 8.9% as energy crisis concerns eased upon the memorandum of understanding between the US and Iran. Crude oil prices fell to a four-month low of US$70/barrel as traffic through the Strait of Hormuz returned. Accordingly, oil and gas producers Karoon Energy Limited and Beach Energy Limited fell 20.8% and 25.6% respectively. Similarly, coal producers Yancoal Australia Limited (-18.9%), Stanmore Resources (-15.3%), Whitehaven Coal Limited (-12.8%) and New Hope Corporation Limited (-8.6%) tracked the sharp drop in coal prices.

S&P/ASX 200 Sector Performance



Data Source: Desktop Broker, 1 July 2026

Highlights

Australia: The Australian Bureau of Statistics published the statistics from their biennial Characteristics of Australian Business survey conducted for the 2025–26 financial year. A notable trend was the increased adoption of AI. Just under half of Australian businesses (46%) have reported that enhanced innovation and new technologies, including AI, have strengthened cost savings and efficiency gains. From last year, AI adoption was up 12%, with usage highest in large businesses (35%) and then medium businesses (22%).

Independent representatives Allegra Spender and Zali Steggall have confirmed plans to establish a new political party, Community Strong Australia, positioning it as a 'responsible alternative' to the major parties. While the party has been announced, it has not yet been formally registered, and no leaders or candidates have officially joined. The pair are still seeking support from fellow independents, with members expected to retain a free vote while collaborating on policy development.

Australia reached its annual duty-free beef export quota of 205,000 tonnes to China, which has triggered a 55% tariff for the rest of the year. The tariff will be held up until the end of 2026 and is projected to drag down Australian beef farmers and disrupt trade flows. Beijing introduced the quota on beef exports at the start of the year to protect its own domestic market.

US: President Donald Trump cancelled his approval of a landmark bill aimed at lowering Americans' housing costs just hours ahead of a planned signing ceremony at the US Capitol. Trump is delaying signing the bill until a separate voter ID and proof of citizenship voting bill that he supports is passed. Despite this, the bill could become law after ten days unless the president opposes or Congress adjourns the housing bill. This housing bill has two main aims: reducing housing costs and increasing housing supply.

Canada: Canada released its AI strategy for the next decade, with a focus on maintaining sovereignty and retaining talent. The plan includes over C$2 billion to develop AI literacy and integrate it across both businesses and government. C$500 million will be used to invest in and acquire a stake in local AI companies.

United Kingdom: UK Prime Minister Keir Starmer resigned following extended political pressure and weakening public support. Starmer is widely expected to be replaced by former Manchester mayor Andy Burnham. The next prime minister will be the seventh in ten years, the highest level of turnover in nearly two centuries. The high turnover underlines the struggle of political leaders to maintain the support of voters after successive failures to improve living standards, public services and address illegal immigration.

Guinea: President Mamady Doumbouya has announced a new policy banning unrefined gold exports to boost the local economy by ensuring that the ore is processed domestically. Guinea exported over 22 tonnes of gold in the first quarter and is the sixth largest producer in Africa.

South Korea: In the first 20 days of June, South Korean exports rose 49.7% year-on-year on a working-day-adjusted basis, driven by semiconductor exports. With the global AI boom and ongoing investment into AI data centres, South Korean semiconductor exports rose 188.4% year-on-year, and computer-related exports rose 293.3%.

China: The World Economic Forum convened for the Annual Meeting of the New Champions, bringing together over 1,500 leaders from over 90 countries to Dalian, People's Republic of China. This meeting focuses on 'innovation, entrepreneurship and public-private cooperation that are essential for turning disruption into opportunity'.

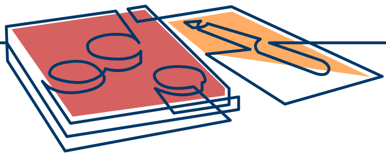
Japan: The Bank of Japan has increased its policy interest rate from 0.75% to 1.00%, the highest in 31 years. This decision was made due to inflationary pressures, including higher energy prices due to the Iran war, exacerbated by Japan's dependence on oil and gas imports. The decision to raise rates also comes as the bank aims to stabilise the yen, which has come under pressure from other major currencies like the US dollar and the euro. Japan will also be quintupling visa fees for foreigners 'to reflect inflation and exchange rate fluctuations'. This will be the first price change in almost 50 years, with single-entry visa fees to be increased from ¥3,000 to ¥15,000 and multi-entry visas to rise from ¥6,000 to ¥30,000.

What to watch out for

Ankara, Turkey, will host the 2026 NATO Summit, bringing together leaders from across the world to discuss key security and geopolitical issues. On the agenda will be defence industry investment and support for Ukraine.

NATO members are focusing on boosting investment in military capabilities, expanding defence production and supply chains, as well as ensuring long-term military assistance to Ukraine as the war with Russia continues.

Conclusion



Global equity markets were mixed in June as easing geopolitical uncertainty was offset by diverging monetary policy and a sell-off in technology. Despite the Strait of Hormuz now being open, there is uncertainty over the speed of recovery in traffic. Higher oil prices are expected to accelerate inflation globally as their effects flow through to other parts of the economy. Most Central Banks are shifting towards a more hawkish stance as they await the impacts of the conflict on inflation.

During periods of uncertainty, clients should:

- **Stick to the plan:** Focus on your long-term goals. Our investment approach is focused on the long term and designed so that your portfolio can ride out any downturns – including this one. Staying the course, despite how uncomfortable it may feel right now, will prove to be the better option when looking back five years from now.
  Investors who stayed the course while equity markets declined in the depths of the COVID-19 pandemic in early 2020 have benefited from one of the fastest market turnarounds with equity markets. Investors who sold equities during the downturn and waited until economies started to show recovery before buying back into the market missed a large part of the recovery.

- **Maintain a buffer of safety:** Holding a buffer of cash and term deposits has been a key strategy to provide a cushion against market downturns and to protect capital.
- **Take advantage of the weakness:** Market downturns provide buying opportunities to invest in long-term, quality investments.
- **Focus on quality investments:** Invest in companies that generate stable cash flows to support distributions, which are not connected to the movements in asset prices, and partner with fund managers who share the same investment philosophy and objectives.
- **Diversify:** Spread investments across asset classes, industries, sectors and geographies.
- **Regularly rebalance the portfolio back to your risk profile:** Ensure the portfolio is not exposed to unwanted risks to lock in profits.
- **Remain calm and speak to your Apt adviser:** It is important that you speak to your Apt adviser before making any financial moves. Your adviser understands your long- and short-term goals and will have been planning for these types of scenarios already, so they are best placed to explain any impact and discuss the best options and opportunities for you personally.