ALTUS
INVESTMENT

Altus Diversified Portfolio Quarterly Investor Report

Second Quarter 2026

Macro Commentary

The second quarter was defined by a sharp improvement in market sentiment. It began with investors confronting an inflationary energy shock caused by conflict in the Middle East, disrupted shipping routes and fears that central banks would be unable to cut interest rates. By the end of June, however, the US-Iran memorandum of understanding had reduced the immediate threat to the Strait of Hormuz and pushed Brent crude back below $80 per barrel. The broader backdrop remained difficult, but the removal of the worst-case energy scenario was enough to drive a strong recovery in risk assets.

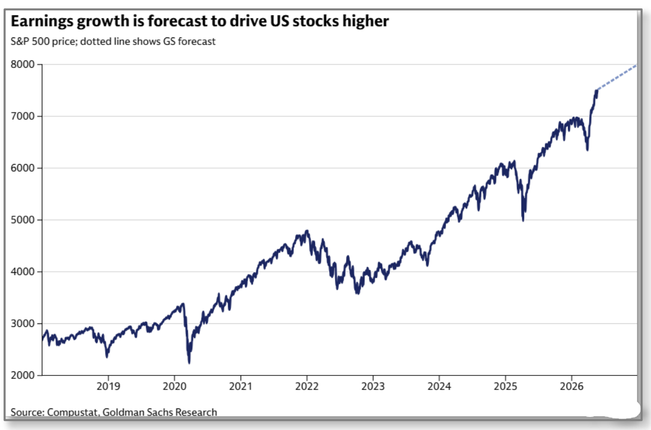
The quarter also reinforced the idea that the global economy has entered a more complicated regime. Growth remains resilient in some areas, but inflation is proving difficult to eliminate, fiscal deficits are rising and central banks are in no hurry to ease policy. Markets can still perform in this environment, although higher rates and greater volatility mean investors need to be more selective.

The United States continued to stand apart from most developed economies. Growth expectations remained around 2.2 to 2.3% for 2026, supported by investment in artificial intelligence, cloud computing and data centres. This spending is feeding through into demand for semiconductors, power generation, electrical equipment, cooling systems, construction and industrial metals. Five of the largest hyperscalers increased investment by a combined $318 billion, while annual data-centre spending could approach $1 trillion by 2028. This has helped offset weakness in more interest-rate-sensitive areas such as housing and lower-income consumption.

The picture in Europe and the UK was less convincing. Eurozone growth expectations were reduced to roughly 0.5%, with weak consumption, high energy costs and continued pressure on Germany's industrial base. The UK economy had stabilised, but softer employment data, subdued business surveys and concerns over the public finances left gilt markets sensitive. Unlike the US, both regions are dealing with persistent inflation from a position of much weaker underlying growth.

Inflation remained the main obstacle to easier monetary policy. Falling oil prices provided some relief, but services inflation, housing costs and infrastructure bottlenecks remained persistent. In the US, core PCE was still above the Federal Reserve's 2% target, while the AI investment boom itself is increasing demand for power equipment, skilled labour and physical infrastructure.

The first Federal Reserve meeting under Kevin Warsh marked a notable change in tone. Rates were left



Macro Commentary (continued)

unchanged at 3.50 to 3.75%, but the removal of traditional forward guidance and the possibility of further tightening forced markets to reconsider expectations for rate cuts. Nine of the eighteen FOMC members projected at least one increase before year-end.

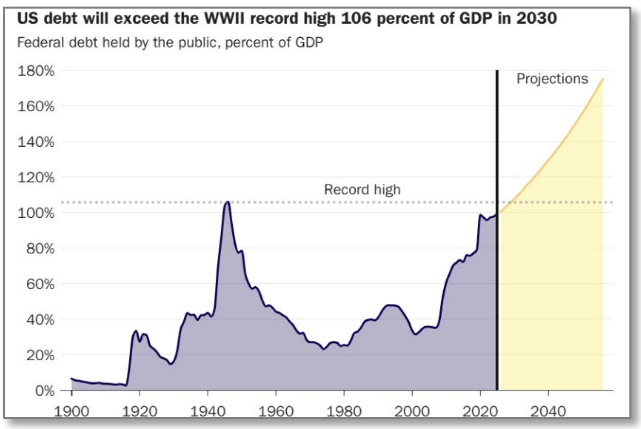
China remained difficult to assess. Growth slowed to around 4.5%, with exports, manufacturing and selected technology sectors offsetting weakness in property and household confidence. The lack of a stronger domestic recovery remains a concern, while reliance on exports and industrial production is likely to keep trade tensions elevated.

Fiscal policy is also becoming increasingly important for asset allocation. US federal debt held by the public is projected to rise from 98.5% of GDP in 2026 to 108.7% by 2030, with the deficit expected to reach 7.1% of GDP in 2029. Greater bond issuance and rising interest costs are likely to keep upward pressure on long-term yields, with similar constraints evident in the UK and parts of Europe.

The quarter ultimately showed that markets are still prepared to reward growth, but are becoming less forgiving of fiscal weakness and excessive interest-rate sensitivity. Equities can continue to perform, although concentration and valuation risks need to be managed carefully. Credit still offers attractive income, but tight spreads provide limited protection if growth weakens, while long-duration government bonds cannot be treated as an automatic hedge while inflation remains persistent.

For multi-asset portfolios, this supports a broader approach to diversification. Cash and short-duration fixed income remain useful while policy rates are elevated, while selected commodities, real assets, alternatives and absolute-return strategies can provide protection where traditional equity and bond diversification is less dependable.

The second quarter ended with markets in a much better position than they began, largely because the energy shock faded, US growth remained resilient and investment in AI infrastructure continued to accelerate. The risks have not disappeared, but the view is not that investors should avoid risk. It is that they need to be more deliberate about where that risk is taken.



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+44 (0)20 7183 1200 | contact@altusinvestment.com | altusinvestment.com

Asset Class Review

Fixed Income

Fixed income had a difficult but important quarter in Q2. Many investors began the year expecting bonds to benefit from lower inflation and eventual rate cuts, but the quarter showed that duration risk is still very real. Energy volatility, sticky inflation and resilient labour markets all pushed against the idea that central banks could quickly return to easing. Even after oil prices fell back following the US-Iran peace framework in mid-June, the message from bond market was clear; rates may stay higher, and more volatile, than investors had expected.

The biggest shift came from the Federal Reserve under Kevin Warsh. His confirmation as Chair in May marked a more hawkish tone. The Fed held rates at 3.50% to 3.75% in June, but removed forward guidance and left markets facing the possibility that the next move could still be a hike rather than a cut. That matters because fixed income valuations are highly sensitive to the expected path of rates. When cuts are no longer the base case, longer-duration assets become much harder to own.

This was the central tension in government bonds. Yields are now high enough to make fixed income attractive again as a source of income, but duration is no longer a simple portfolio hedge. A 10-year government bond can still protect capital if growth weakens sharply, but it can also fall quickly if inflation stays sticky or central banks turn more hawkish. The real question is no longer whether bonds are cheap, but how much interest rate sensitivity investors should take.

The UK, Europe and Japan reinforced the same message. The Bank of England held rates, but markets became less confident that cuts were coming. The ECB raised rates in June, while the Bank of Japan lifted policy rates to around 1.00% and continued reducing bond purchases. For global investors, Japan's shift matters because it is no longer the same anchor for ultra-low global yields.

The key lesson from last quarter is that fixed income markets remain highly exposed to duration risk. Yields are attractive, but the case for bonds is no longer as simple as waiting for central banks to cut rates. Sticky inflation, volatile energy prices and questions around future policy leadership mean longer-duration assets can still reprice quickly. A selective approach, focused on carry, shorter (and intermediate) dated bonds would, in our opinion, significantly improve returns; this will be a shock to nearly all fixed income investors who still have the outdated buy and hold mantra.

	Current	3M	12M	% Δ to 12M
Rates				
10-Year Treasury	4.5	4.4	4.3	-19 bp
10-Year Bund	2.9	3.0	3.0	7 bp
10-Year JGB	2.7	2.5	2.4	-33 bp

Asset Class Forecasts: Price targets of major asset classes are provided by Goldman Sachs Global Investment Research. As of July 6, 2026.

Asset Class Review

Credit

Credit markets looked calm in Q2, but that calm was slightly misleading. Spreads stayed tight, demand for income remained strong, and carry continued to support returns. The issue was that credit no longer looked especially cheap. Yields were still attractive, but investors were being paid relatively little extra for taking on weaker borrowers, higher rates or refinancing risk.

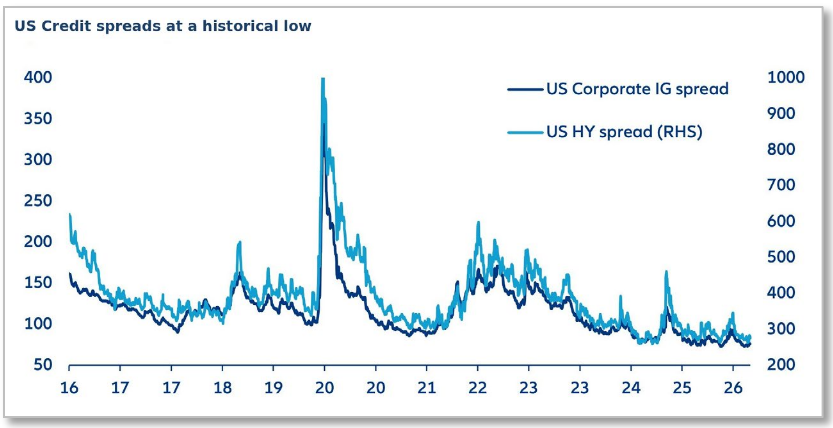
The main lesson from the quarter is that credit remains investable, but selectivity matters much more. With government bond yields still elevated, returns are less likely to come from falling rates and more likely to come from the quality of the income stream. That makes starting yield useful, but it also makes the source of that yield more important.

This was clearest in private credit and BDCs, which have become a much more familiar part of the credit market. BDCs benefited from floating-rate lending while rates were rising, because higher base rates fed directly into income. But the same higher rates are now putting pressure on borrowers. More companies are having to rely on payment-in-kind interest, amendments or lender support, which suggests that stress is becoming harder to ignore. The asset class is not broken, but investors need to separate senior, well-covered lending from the opaque areas where valuations don't fully reflect the risks.

Another important area is credit linked to the AI and semiconductor investment cycle. Data centres, semiconductor capacity, power infrastructure and related supply chains all require significant capital, creating genuine opportunities for lenders. But investors need to be careful not to treat every AI-related borrower the same. Lending against essential infrastructure or strong semiconductor cash flows is very different from lending to a highly levered software company whose business model may be disrupted by AI.

That distinction became more important during the quarter. Software credit was one of the clearest warning signs, with spreads in parts of the leveraged loan market widening sharply. This was not only about near-term defaults; it reflected a deeper concern that AI could weaken traditional SaaS economics, reduce customer retention and make revenues less predictable.

The conclusion is straightforward; credit still deserves a place in portfolios, but it should be owned carefully. The opportunity is in senior, liquid, well-structured lending where borrowers can cope with higher rates. BDCs, private credit and AI-related financing can all be attractive, but only when the underlying risk is properly understood. At this point in the cycle, the key question is not just "what is the yield?" but "am I being paid enough for what could go wrong?"



24 Grosvenor Street, London W1K 4QN
+44 (0)20 7183 1200 | contact@altusinvestment.com | altusinvestment.com

Asset Class Review

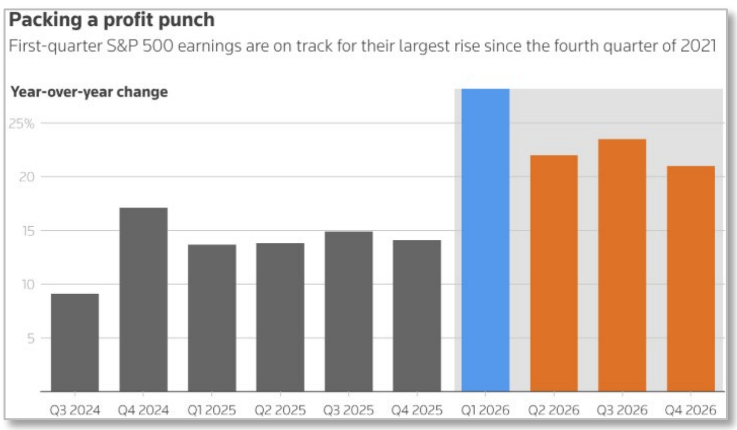
Equities

Equity markets had a remarkably strong second quarter, but the story was not simply that investors rushed back into risk. What made Q2 more interesting was that markets had to digest a serious geopolitical shock, higher inflation pressure and a major energy scare, yet still managed to recover sharply once the risk premium began to fade. The turning point came after the United States and Iran agreed a peace Memorandum of Understanding on 17 June 2026, which eased concerns around energy supply, helped reopen the Strait of Hormuz, and allowed investors to shift their focus back toward earnings and growth.

The headline returns were very strong. The MSCI ACWI rose 14.5% in Q2, the MSCI World gained 13.3%, and MSCI Emerging Markets advanced 23.3%. In the US, the S&P 500 climbed 14.9%, the Nasdaq Composite rose 21.4%, and the Russell 2000 surged 24.6%, which was an important sign that the rally was becoming broader than just the largest technology names. Europe also joined in, with the STOXX Europe 600 up 10.5%, although the FTSE 100 was more muted, rising 3.2%. The real leadership came from North Asia. Japan's Nikkei 225 rose 37.2%, Korea's KOSPI gained 67.8% in Q2 and more than 100% year to date, while Taiwan's TAIEX advanced 35.8%. These markets were helped by their exposure to semiconductors, memory and the wider AI hardware supply chain. Not every market participated, though. Hong Kong and Latin America lagged, with the Hang Seng down 7.7%, Brazil's Ibovespa down 8.2%, and MSCI Latin America down 4.6%.

What gave the rally more credibility was that it was not just driven by investors paying higher multiples. Earnings were coming through better than expected, especially in the US. Technology and the major AI beneficiaries remained very important, but the improvement was no longer limited to the same narrow group of mega-cap winners. The market was still rewarding AI exposure, but it was also starting to reward companies that benefit from the infrastructure behind AI, rather than only the companies building the models or selling the chips.

That was one of the biggest shifts during the quarter. The AI trade began to broaden from software, semiconductors and hyperscalers into the physical infrastructure needed to support AI at scale. Investors started paying more attention to power, cooling, electrical equipment, grid investment, data-centre construction and industrial capacity. The question moved from "who owns the best AI model?" to "who builds the infrastructure that allows AI to function?" That helped bring industrials, utilities, materials and selected



Asset Class Review

Equities (Continued)

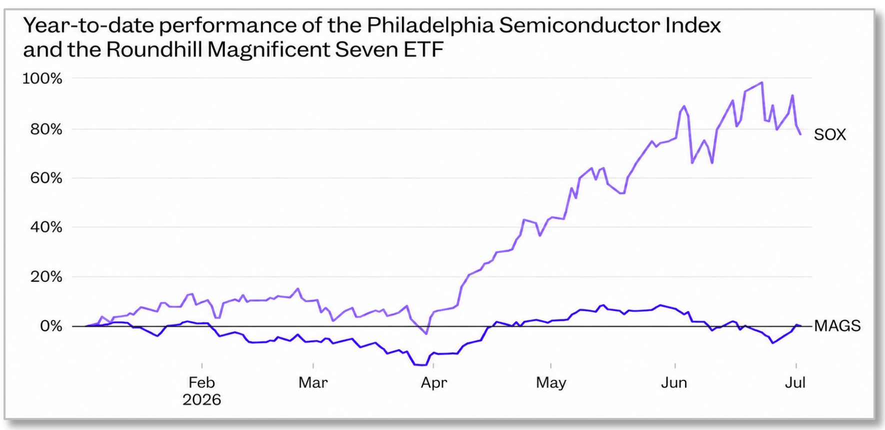
hardware companies into the conversation, making the equity market feel healthier and less dependent on a handful of large technology names.

This was also visible in market style. Value stocks performed well, small caps staged a strong catch-up rally, and the equal-weighted S&P 500 began to perform better as capital moved away from the most crowded parts of the market. That does not mean valuations are suddenly cheap. The headline US market still looked expensive by historical standards, particularly in the most heavily owned growth names. But beneath the surface, there were more reasonably valued areas of the market, especially where earnings visibility, cash generation and exposure to real-world AI infrastructure were improving.

The main constraint remained interest rates. The Federal Reserve, under newly appointed Chairman Kevin Warsh, kept rates at 3.50% to 3.75%, but the message was still hawkish. Bond yields moved higher, which kept pressure on the most expensive growth stocks and on rate-sensitive sectors such as real estate. At the same time, energy lost much of its earlier geopolitical premium as Brent crude fell from above $114 per barrel in May to the low $70s after tensions eased in June.

For UK-based investors, currency also helped. Sterling weakened against the dollar late in the quarter, which boosted overseas equity returns in sterling terms. The S&P 500's 14.9% local-currency return translated into roughly 17.4% in GBP, while MSCI Emerging Markets rose nearly 26.0% in sterling.

The main lesson from Q2 is that equity markets can remain resilient when earnings are improving, but leadership is changing. The strongest opportunities are no longer limited to the obvious mega-cap technology winners. Investors are increasingly looking for companies with pricing power, strong balance sheets, clear cash generation and exposure to the physical investment cycle behind AI. Heading into Q3, the risks are still clear; higher bond yields, renewed tariff uncertainty, any slowdown in hyperscaler spending, or disappointment around the returns from AI investment. The quarter reinforced the case for staying invested, but it also made selectivity more important. Diversification across regions, sectors and styles is no longer just a defensive choice; it is becoming essential for capturing the next phase of the equity cycle.



Asset Class Review

Absolute Return

Q2 2026 was a strong reminder that absolute return investing is not a single asset class, but a collection of very different return engines. The quarter rewarded managers who could exploit dispersion, manage risk dynamically and avoid relying on broad market direction. The most successful strategies were those focused on idiosyncratic alpha, relative value and tactical positioning, while more directional, momentum or crowded approaches faced a more uneven backdrop.

Equity long/short and market-neutral managers had one of the better opportunity sets. Although headline equity indices were strong, the rally was narrow and highly concentrated, with the top ten stocks accounting for 40% of the S&P 500's weight. This created a fertile environment for stock pickers, particularly as single-stock volatility remained elevated even while index volatility looked contained. Broad stock-picking hedge funds returned 5.35% in May, outperforming the MSCI Total Return Index's 4.55% gain, showing that skilled managers were able to add value beyond simple equity beta. Statistical arbitrage and systematic market-neutral strategies also benefited, particularly those using machine-learning mean-reversion models and long-short factor overlays to capture cross-sectional dispersion.

Large multi-strategy platforms again demonstrated why they remain in high demand. Millennium Management gained 2.40% and Citadel rose 1.43% in May, helped by their ability to allocate capital quickly across equity relative value, rates, credit and commodity opportunities. However, the quarter also highlighted the risks within the model. Platform-wide gross leverage climbed to a five-year high, which supported returns but also raised the sensitivity of these strategies to liquidity shocks, crowding and sudden factor reversals. For investors, the lesson is that multi-strategy funds can provide resilient performance, but manager selection and transparency around leverage are increasingly important.

Trend-following and CTA strategies had a more mixed quarter. Persistent moves in some areas, particularly copper and parts of equity markets, helped systematic models, but sharp reversals in commodities and currencies created execution challenges. CTAs remained highly long copper, moderately long crude oil and short gold, reflecting the need to pivot quickly across real assets. This favoured more adaptive trend managers over slower models that can be whipsawed when markets reverse abruptly.

Credit and private credit were the main areas of concern. Public credit dispersion widened at the lower-quality end, while private credit stress became harder to ignore. Median middle-market leverage rose to 6.5x debt-to-EBITDA, PIK interest reached 8.9% of total interest income, and major non-traded BDC platforms including Blue Owl, Blackstone, BlackRock, Apollo and Ares capped redemptions after heavy investor withdrawal requests. This does not undermine the long-term case for private credit, but it does make structure, liquidity terms, underwriting discipline and valuation quality far more important.

The implication for investors is clear; alternatives remain highly relevant, but the dispersion between good and poor managers is widening. The strongest opportunity lies with strategies that can monetise volatility, security selection and relative value rather than depend on rising markets. Equity market neutral, selective long/short, credit long/short, fixed income relative value and genuinely differentiated commodity managers appear best placed. In this environment, absolute return exposure should be used not as a generic diversifier, but as a carefully selected set of specialist managers capable of delivering returns when traditional portfolios are more vulnerable.

Asset Class Review

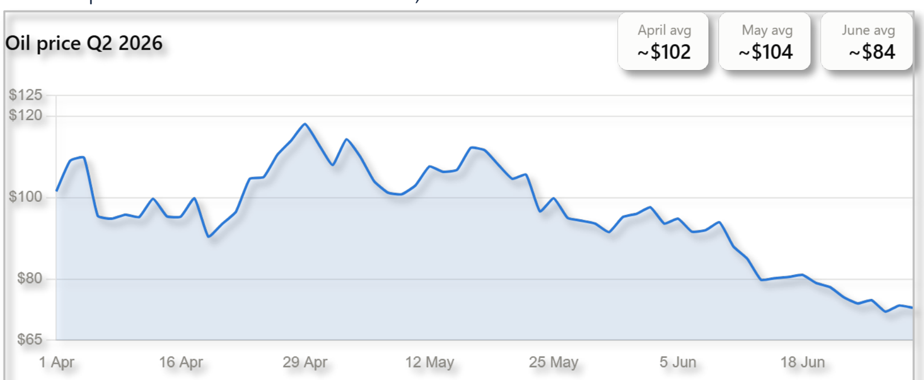
Commodities

The quarter highlighted how quickly the commodity backdrop can move from one narrative to another. At the start of the quarter, investors were still dealing with the consequences of the Middle East conflict, disrupted shipping routes and a genuine fear that energy supply could remain impaired for some time. By the end of June, much of that fear had been repriced. The reopening of the Strait of Hormuz and the easing of US-Iran tensions took a significant amount of risk premium out of oil, freight and precious metals, leaving broad commodity indices sharply lower for the quarter. The S&P GSCI fell 16.9%, led by weakness in energy and precious metals, but that headline number does not tell the whole story. Beneath the surface, the market was already starting to separate temporary crisis trades from more durable structural themes.

Oil was the clearest example of this reversal. Prices had moved aggressively higher earlier in the year as the market priced in the possibility of a prolonged interruption to Gulf supply. Brent briefly traded at levels that reflected real stress in the physical market, not just speculation. Inventories had been drawn down, refineries were under pressure, and product markets such as diesel, jet fuel and gasoline became extremely tight. Yet once the market could see a path towards normalisation, prices fell quickly. Brent ended the quarter around $73 per barrel and WTI around $69.50, a long way below the panic levels seen earlier. For investors, the point is not that the energy risk disappeared completely. Physical repair, demining, refinery disruption and depleted inventories will take time to resolve. The more important lesson is that geopolitical premia are unstable; they can be very profitable on the way up, but they rarely persist once the worst-case scenario starts to fade.

Natural gas was more complicated, and arguably more interesting. The US remained well supplied, with strong production and healthy storage keeping Henry Hub prices subdued. Europe and Asia, however, faced a much tighter market because damage to Qatari LNG infrastructure and disruption to tanker flows constrained supply into import-dependent regions. That divergence matters because gas is still a regional commodity in practice, even if LNG has made it more globally connected. Investors who treat all gas exposure as the same risk can miss the point; US oversupply, European storage vulnerability and Asian import competition can all exist at the same time.

Precious metals also struggled as the quarter progressed. Gold and silver had benefited from safe-haven demand earlier in the year, but as Middle East tensions eased,



Generic 1st Brent futures (CO1), daily last price, 1 Apr – 30 Jun 2026. High $118.03 (29 Apr), low $71.99 (26 Jun), Q2 average $96.68 per Bloomberg. Intermediate daily values approximated from the chart; monthly averages are estimates.

Asset Class Review

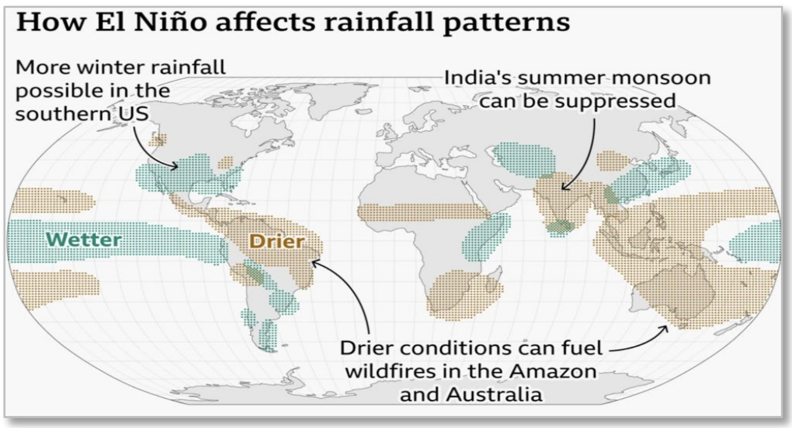
Commodities (Continued)

attention shifted back to interest rates and the US dollar. A more hawkish Federal Reserve under Kevin Warsh changed the tone of the market. Higher real yields and a stronger dollar made gold less attractive in the near term, particularly after such a large run-up. Silver fell even more sharply, partly because it is more volatile and partly because investors reduced exposure after the earlier surge. That said, the longer-term case has not disappeared. Central banks continue to view gold as a strategic reserve asset, while silver still benefits from industrial demand in renewables, semiconductors and electrification. The issue in Q2 was timing; even strong structural stories can correct when positioning is stretched and the macro backdrop turns against them.

The strongest area of commodities in the quarter was industrial metals, where the investment case began to look less tied to short-term macro conditions and more connected to a longer-term infrastructure cycle. Despite ongoing weakness in Chinese property, metals such as copper, zinc and parts of the battery metals complex were supported by AI infrastructure demand, power grids, data centres and energy storage. This is covered in detail in the case study; it is becoming one of the more compelling structural opportunities within commodities.

Agriculture was less dramatic in headline index terms, but the risks were building. Fertiliser prices had already risen sharply earlier in the year, putting pressure on farmer economics, and the confirmation of El Niño conditions raised the risk of weather disruption into the second half of 2026 and beyond. Food commodities move later than energy and metals because the market has to wait for planting, yields and harvest data to confirm the damage. That makes the sector easy to ignore until it suddenly matters. Rice, edible oils and cocoa looked particularly exposed if weather conditions deteriorate.

The overall message from Q2 is that commodity exposure needs to be more selective. Owning the broad index as a simple inflation hedge would have been painful because the largest weights were tied to energy and precious metals. But the quarter also reinforced why commodities still deserve attention in multi-asset portfolios. The opportunity is shifting away from simply buying geopolitical fear and towards owning genuine bottlenecks; power, grids, copper, battery storage, nuclear fuel and selected agricultural supply risks. For Q3, the key question is whether the market continues to normalise after the Middle East shock, or whether structural shortages reassert themselves. Either way, the lesson is clear, the source of the return matters just as much as the direction of the price move.



24 Grosvenor Street, London W1K 4QN
+44 (0)20 7183 1200 | contact@altusinvestment.com | altusinvestment.com

Asset Class Review

Private Equity

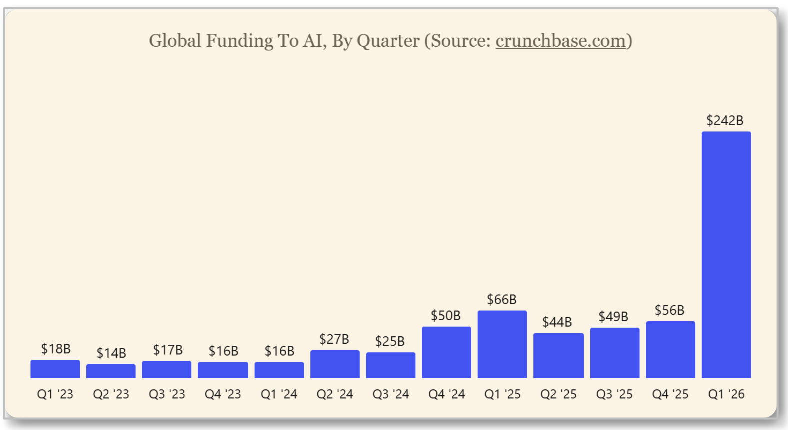
Private equity looked healthier in Q2, but the real story was not a broad recovery across the asset class. It was the amount of money flowing into artificial intelligence. Capital is still available, but it is being pulled into a much narrower part of the market; AI infrastructure, semiconductors, cloud capacity, power, data centres and a small group of companies investors believe can define the next technology cycle. Raising a key question, is this a sustainable investment boom, or are private markets concentrating too much capital around one theme?

The scale of spending is striking. Global AI-related capital spending expectations for 2026 were revised up to $755 billion from $669 billion, an 80% increase versus 2025. This is not marginal growth; it is a capital expenditure shock. It also explains why money is moving away from some traditional software businesses and into the physical infrastructure needed to support AI. Software and SaaS valuations have de-rated sharply as investors worry that generative AI could disrupt legacy business models, while anything linked to compute or data-centre capacity continues to attract capital.

That divide is clear in private markets. Venture and growth fundraising remains weak, but what is being raised is heavily concentrated. In Q1, global VC raised $47.8 billion across 172 funds, yet just six managers captured $36.4 billion, or 76% of the total. LPs are not backing the market broadly; they are backing scale, access and credibility.

SpaceX showed what happens when this works. Its $75 billion listing on 12 June became the largest IPO in history and closed up 19% on the first day. For private equity and growth equity funds that had been heavy investors in SpaceX and similar late-stage technology companies, the IPO provided a valuation marker, a route to liquidity and proof that public markets will still pay for exceptional growth assets. But it also showed how narrow the exit window remains. Public markets are open for the very best companies, not for everything.

For investors, the opportunity is real, but so is the risk. AI requires enormous infrastructure investment, and private capital is well placed to fund parts of that build-out. The concern is whether future revenues, productivity gains and end-demand can keep pace with the money now being committed. Q2 showed that private equity is being reshaped around AI. The winners may own scarce infrastructure and genuinely differentiated companies. The losers may simply be buying the theme too late, at too high a price. The money is clearly flowing into AI. The question is whether it will earn the returns investors now expect.



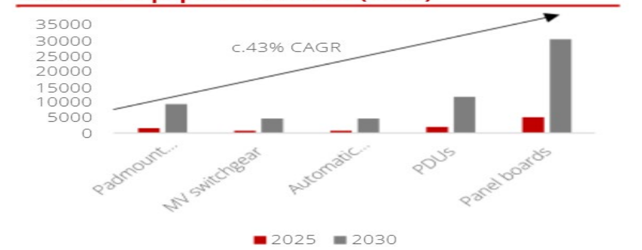
Case Study – Base Metals

The investment case for base metals has evolved significantly in recent years. For much of the past decade, copper, aluminium, zinc, nickel, lead and tin were viewed primarily as cyclical exposures to China, construction, manufacturing and global liquidity. Those drivers remain important, but they no longer capture the full opportunity. Demand is increasingly being shaped by the physical infrastructure required to support artificial intelligence, electrification and the expansion of global power networks.

The AI investment cycle is usually discussed in terms of semiconductors, cloud platforms, hyperscalers and software applications. However, the most significant constraints are increasingly emerging further downstream, in power generation, grid connectivity, transmission capacity and electrical equipment. These systems are physical rather than digital and require large quantities of base metals and other industrial materials. Their supply chains are also capital-intensive, geographically concentrated and slow to expand. Base metals therefore offer one of the cleaner and potentially more risk-adjusted ways to gain exposure to the AI infrastructure cycle, as they benefit from the physical bottlenecks created by the buildout rather than the increasingly competitive race to monetise AI applications.

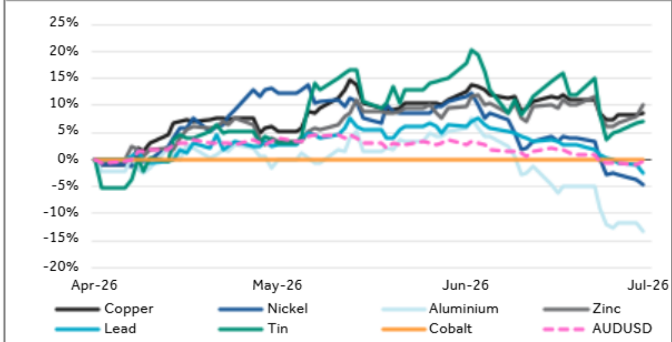
Performance during Q2'26 provided clearer evidence of this shift. Returns across the base-metals complex varied significantly, with the strongest gains concentrated in metals supported by structural infrastructure demand or acute supply constraints. Tin was the leading performer, rising 22.78% during the quarter to approximately $56,000 per tonne, after reaching a high of $57,425. Copper gained 10.66%, increasing from around $12,000 per tonne at the beginning of the quarter to $13,279 by quarter-end, having traded above nominal record highs of $14,000 in May. Zinc rose 9.12%, while aluminium gained 2.93%. By contrast, nickel fell 6.61% and lead declined 1.92%.

Electrical equipment demand (units)



Source: Wood Mackenzie, DBS

Figure 2: Quarterly base metal movements



Source: FactSet

This divergence showed that investors were not simply treating commodities as a broad risk-on trade. Instead, the market was beginning to differentiate between metals benefiting from electrical infrastructure, data-centre investment and constrained supply, and those still affected by excess production, weakness in Chinese property and more traditional industrial cycles. The performance of the sector therefore increasingly reflected individual supply-and-demand fundamentals rather than a single macroeconomic view on commodities.

Copper remains the highest-conviction expression of the AI infrastructure theme. The buildout is ultimately an electricity challenge, and copper is central to the generation, transmission, distribution and consumption

Case Study – Base Metals (Continued)

of power. It is used throughout the electrical network, including in grids, substations, underground cables and data-centre power systems. Traditional enterprise data centres typically operate at between 10 MW and 25 MW, while legacy hyperscale cloud facilities require between 50 MW and 150 MW. Dedicated AI training campuses are now being planned with loads of between 300 MW and 1,000 MW, while the next generation of mega-campuses is moving towards requirements of 1 GW to 5 GW. A single 1 GW AI campus can consume approximately as much electricity as 750,000 homes. This is not simply an incremental increase in server demand, but the emergence of an entirely new category of industrial power consumption.

The constraint is particularly significant because data centres can be constructed far more quickly than the electricity network can connect and supply them. According to the report, a data centre can be built within 12 to 24 months, while utility grid-interconnection queues may extend to between five and seven years or longer. Lead times for distribution transformers have increased from a historical range of six to 12 months to between 18 and 36 months, while large power transformers now face delivery periods of 24 to 48 months.

This mismatch is where the relevance of base metals becomes most apparent. A completed data-centre shell has little economic value without access to sufficient power, while a GPU cluster cannot operate without the surrounding generation, transmission and distribution infrastructure. As investment in AI accelerates, the physical systems required to energise it are likely to become increasingly valuable, strengthening the long-term demand outlook for the metals that enable them.

24 Grosvenor Street, London W1K 4QN

T | +44 (0)20 7183 1200

E | contact@altusinvestment.com

W | altusinvestment.com

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