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SWAN CAPITAL SOLUTIONS

Weekly Market Commentary (07.08.2026)

Local Highlights

The **SEMDEX** was down by 0.52% over the week. Considering only transactions on the normal board, adjusted total market turnover (TMT) fell by 22.4% w/w. Adjusted trading activity on the equity board was geared towards **MCBG**, which made up 46.1% of TMT, followed by **AEIB** (11.6%) and **SBMH** (3.3%). Overall, foreigners were **net purchaser** to the tune of Rs 23.7m. Accounting only for SEMDEX constituents, foreigners were net buyers to the tune of Rs 6.6m, with **MCBG** being the main driver of foreign purchase, registering a net inflow of Rs 3.1m.

On the banking front, **MCBG** fell by 0.28% to close at Rs 439.50. Likewise, **SBMH** fell by 0.65%, closing the week at Rs 6.14.

Within the conglomerate space, **ERL** fell by 0.77% to Rs 19.30. Likewise, **CIEL** fell by 0.76%, closing at Rs 7.88. **IBLL** also fell by 1.74% to Rs 22.60.

Sugar conglomerates closed in the red with **ALTG** (-0.44%) and **TERA** (-0.27%) closing at Rs 11.40, and Rs 18.70 respectively.

As for the property sector, **BLL** gained 6.06% to Rs 0.70. Contrastingly, **ASCE** fell by 2.37% to Rs 18.50.

Among hotels, **LUX** (-3.49%) and **NMHL** (-2.86%) closed the week lower at Rs 47.00, and Rs 13.60, respectively, while **SUN** gained 0.52% to Rs 48.25.

Regarding industries, **PBL** fell by 1.69% to close the week at Rs 58.00. **MOR** also fell by 10.33% to Rs 14.75.

On the commodities side, **NewGold ETF - MUR** gained 2.87% to close at Rs 1,970.00.

Top Performers	
Bluelife	+ 6.06%
Gamma	+ 3.13%
NewGold ETF - MUR	+ 2.87%
Afreximbank - USD	+ 2.29%
Swan General	+ 1.62%

Main Detractors	
Moroil	- 10.33%
PAD	- 4.33%
ASL	- 3.51%
Lux Island Resorts	- 3.49%
NMH	- 2.86%

Most Traded Stocks (Adj)	% of TMT
MCB Group	46.1%
Afreximbank - USD	11.6%
SBM Holdings	3.3%
Sun Resorts	2.6%
Emtel Limited	1.4%

<u>Financial Results</u> – Emtel QE Jun 2026

- Q2 2026 revenue increased to Rs 1.09bn, up 10.3% YoY, driven by continued growth in recurring service revenue, which rose 8.4% YoY to Rs 991m. H1 revenue reached Rs 2.14bn, representing an 8.6% YoY increase.
- Q2 EBITDA grew 12.0% YoY to Rs 539m, with the EBITDA margin improving to 49.5% from 48.7% in Q2 2025, reflecting continued operating efficiencies.
- Underlying operating profit increased 18.8% YoY to Rs 282m, while profit before tax rose 35.6% YoY to Rs 220m, supported by higher operating profitability and lower net finance costs.
- The effective tax burden (including the Fair Share Contribution and prior-year tax adjustments) declined to approximately 21.5% in Q2 2026 from 31.5% in Q2 2025.
- Profit after tax from continuing operations increased to Rs 173m from Rs 111m, supported by a lower effective tax burden during the quarter.
- Net debt stood at Rs 3.06bn as at 30 June 2026, with the net debt/EBITDA ratio improving to 1.4x from 2.2x a year earlier.
- Management remains positive on H2 2026, citing continued revenue growth, an upcoming international connectivity infrastructure project to expand bandwidth capacity, and plans to introduce a scrip dividend scheme, subject to regulatory approvals.

International News – US Market

Wall Street kicked off the week strongly on Monday as signs of easing U.S.-Iran tensions pushed oil prices and Treasury yields lower. Crude prices fell around 5% amid expectations of talks aimed at reopening the Strait of Hormuz, helping ease concerns that elevated energy prices could fuel inflation and prompt further monetary tightening by the Federal Reserve. The Dow Jones gained 1.32% to close at a record high, while the S&P 500 and Nasdaq advanced 1.48% and 2.13%, respectively.

The rally gathered momentum on Tuesday, with Palantir Technologies surging 29.5%, after raising its annual revenue forecast, while Caterpillar climbed 5.6% after lifting its revenue growth outlook amid strong demand related to the buildout of AI data centres. Semiconductor stocks also rebounded sharply, with the Philadelphia Semiconductor Index jumping 6.6%. Meanwhile, another decline in crude prices helped reduce expectations of a September Fed rate hike, with the implied probability falling to 56.9% from 67.2% in the previous session. The Dow rose 1.71%, the S&P 500 gained 1.79%, and the Nasdaq rallied 2.59%.

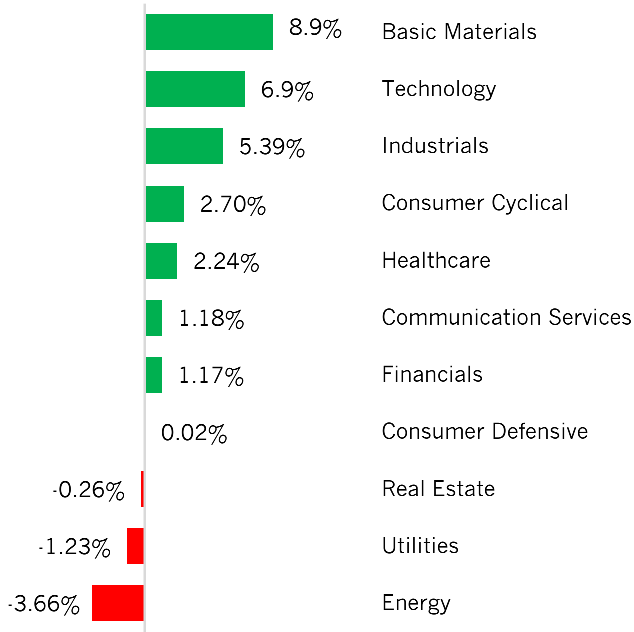
Markets turned mixed on Wednesday as investors assessed corporate earnings and developments surrounding a potential peace agreement with Iran. The Dow gained 0.49% to another record close, supported by Amgen and Disney, while the S&P 500 slipped 0.17% and the Nasdaq fell 0.83%. AI-related stocks came under pressure following earnings, with SpaceX tumbling 13.6% despite nearly doubling revenue and narrowing operating losses, as investors questioned the sustainability of its heavy AI-related spending. Advanced Micro Devices also declined 7% despite forecasting quarterly revenue above expectations, as investors sought stronger evidence that elevated AI spending would translate into faster growth. On the economic front, private payroll growth slowed in July, while the ISM services index edged up to 54.1, signalling continued expansion. Expectations for a September Fed rate hike eased further to 54.9%.

Wall Street extended its pullback on Thursday. Oil prices rebounded amid renewed uncertainty surrounding the Strait of Hormuz, with U.S. crude rising 2.75% and Brent gaining 3.83%. Technology-related earnings weighed on sentiment, with Western Digital falling 13% and Sandisk declining 6.8%. In contrast, SpaceX recovered 6.1% despite the expiry of its post-IPO lockup period. The Dow declined 0.85%, while the S&P 500 and Nasdaq slipped 0.18% and 0.06%, respectively.

Wall Street rebounded on Friday, with a much weaker-than-expected U.S. employment report reducing expectations of a September Fed rate hike. Nonfarm payrolls unexpectedly declined by 23,000 in July, compared with expectations for an 80,000 increase, while employment gains for the previous two months were revised sharply lower. Atlassian soared 35.3% following better-than-expected results and guidance, while Airbnb climbed 17.4% after beating quarterly revenue estimates. The S&P 500 gained 0.62%, the Nasdaq advanced 1.30%, and the Dow rose 0.28%.

For the week, the S&P 500 gained 3.58%, while the Nasdaq surged 5.19% and the Dow Jones advanced 2.96%.

1 Week Performance



Valuation

	Forward P/E	PEG	P/FCF
Basic Materials	14.81	1.22	25.55
Communication Services	30.24	1.70	37.22
Consumer Cyclical	21.55	1.33	45.45
Consumer Defensive	20.51	2.85	22.76
Energy	11.71	1.04	13.46
Financial	15.02	1.46	10.47
Healthcare	18.33	2.17	22.52
Industrials	29.49	2.02	37.29
Real Estate	30.19	3.03	23.13
Technology	26.20	0.92	40.19
Utilities	15.71	1.70	114.00

Earnings Calendar

	Time (GMT+4)	Ticker	Company	Estimate EPS (USD)
10.08.2026	-	BRK.B	Berkshire Hathaway Inc.	5.04
12.08.2026	00.05	CSCO	Cisco Systems, Inc.	1.17
14.08.2026	00.01	AMAT	Applied Materials, Inc.	3.39

The Week's Defining Stocks

Palantir Technologies Inc. (PLTR)

Palantir Technologies surged on Tuesday following stronger-than-expected second-quarter results and an improved full-year outlook, easing concerns over a potential slowdown in AI demand. Revenue reached a record $1.94 billion, up 93% year-on-year and 19% quarter-on-quarter, marking the company's 12th consecutive quarter of accelerating growth. Adjusted EPS came in at $0.41, ahead of analysts' expectations of $0.35. Growth continued to be driven by Palantir's Artificial Intelligence Platform (AIP), with U.S. commercial revenue soaring 149% to $764 million, while U.S. government revenue increased 90% to $809 million. Profitability also strengthened, with gross margin rising to 84.7% and net margin to 55.1%. Management subsequently raised its 2026 revenue guidance to $8.15 billion, representing expected growth of 82%.

Palantir Technologies Inc.

Closing Price (07.08.2026)	$172.01
Performance	
5 Day	+ 36.90%
1 Month	+ 32.27%
YTD	- 3.23%
Analyst Estimates	
Average Recommendation	Overweight
Median Target Price	$197.71

Caterpillar Inc. (CAT)

Caterpillar shares jumped on Tuesday after the company reported record second-quarter results, supported by strong demand across its major business segments. Sales and revenues increased 24% year-on-year to $20.5 billion, exceeding $20 billion in a single quarter for the first time in the company's history, while profit per share surged 73%. Growth was broad-based, with sales to users rising 33% in Power & Energy, 22% in Construction Industries and 17% in Resource Industries. Power generation was particularly strong, with sales climbing 72%, driven largely by demand for generators and turbines used in data centres. Caterpillar's backlog reached $72.1 billion, up 92% year-on-year, reflecting strong order activity. Adjusted operating margin stood at 21.9%, supported by $392 million in tariff recoveries, while underlying tariff costs were lower than previously anticipated.

Caterpillar Inc.

Closing Price (07.08.2026)	$842.19
Performance	
5 Day	+ 1.47%
1 Month	- 9.58%
YTD	+ 47.01%
Analyst Estimates	
Average Recommendation	Overweight
Median Target Price	$984.41

Advanced Micro Devices Inc. (AMD)

AMD shares fell on Wednesday despite the chipmaker reporting record second-quarter revenue and earnings that exceeded Wall Street expectations, as investors had anticipated a stronger performance. Revenue surged 50% year-on-year to $11.54 billion, while adjusted EPS reached $1.66, ahead of the $1.62 expected. Data centre revenue more than doubled and accounted for 58% of total revenue, compared with 42% a year earlier. However, capital expenditure rose sharply to $808 million from $282 million in the prior-year period. For the current quarter, AMD expects revenue of approximately $13 billion, plus or minus $300 million, which fell short of the highest analyst forecasts. Management also cautioned that the PC market could soften in the second half of the year as higher memory and component costs weigh on demand, while gaming graphics revenue declined year-on-year.

Advanced Micro Devices Inc.

Closing Price (07.08.2026)	$483.36
Performance	
5 Day	- 0.26%
1 Month	- 9.55%
YTD	+ 125.70%
Analyst Estimates	
Average Recommendation	Overweight
Median Target Price	$599.79

Eli Lilly & Co. (LLY)

Eli Lilly shares jumped on Wednesday after the drugmaker reported stronger-than-expected second-quarter results, driven by robust demand for its GLP-1 treatments Mounjaro and Zepbound. Revenue surged 48% year-on-year to $22.97 billion, exceeding Wall Street expectations of around $20.7 billion, while adjusted EPS rose 33% to $8.38. Mounjaro revenue climbed 91% to $9.94 billion, while Zepbound sales increased 46% to $4.93 billion. Together, the two treatments generated $14.87 billion, accounting for nearly 65% of quarterly revenue. Worldwide sales volumes increased 60%, helping offset a 13% decline in realised prices, while adjusted gross margin improved to 86.3%. Supported by continued strength in injectable GLP-1 demand, Lilly raised its 2026 revenue guidance to $85–87 billion from $82–85 billion previously.

Eli Lilly & Co.

Closing Price (07.08.2026)	$1,185.71
Performance	
5 Day	+ 5.74%
1 Month	+ 0.32%
YTD	+ 10.33%
Analyst Estimates	
Average Recommendation	Overweight
Median Target Price	$1,328.08

The Week's Defining Stocks

Sandisk Corp. (SNDK)

Sandisk shares fell on Thursday after the memory and storage manufacturer issued fiscal first-quarter revenue guidance below Wall Street expectations. The company expects revenue of $10.3–10.8 billion, compared with analysts' estimates of $11.16 billion, while adjusted EPS is forecast at $44–46. For the fourth quarter, Sandisk reported revenue of $8.79 billion, ahead of the $8.64 billion expected, while adjusted EPS of $39.25 also surpassed estimates of $34.37. Revenue growth was driven by higher volumes and pricing, while gross margin reached a record 84.6%. Management noted that customer demand continues to exceed supply and expects memory supply to remain constrained beyond 2027. Sandisk has also secured long-term agreements with customers, representing minimum expected revenue of $93.9 billion, reflecting sustained demand amid the ongoing AI infrastructure build-out.

Sandisk Corp.

Closing Price (07.08.2026)	$1,212.21
Performance	
5 Day	- 5.89%
1 Month	- 27.58%
YTD	+ 410.66%
Analyst Estimates	
Average Recommendation	Overweight
Median Target Price	$2,244.21

Space Exploration Technologies Corp. (SPCX)

SpaceX shares experienced significant volatility during the week as investors digested the company's first earnings report since going public and the expiry of its first post-IPO lock-up period. Second-quarter revenue and adjusted EBITDA exceeded expectations, but concerns over a sharp increase in AI-related capital expenditure, which reached $15.8 billion from $7.7 billion in Q1, initially weighed on sentiment, sending the stock down 13.6% on Wednesday. However, shares rebounded 6.1% on Thursday despite 911.5 million shares becoming eligible for trading, more than doubling the company's public float. The recovery accelerated on Friday, with SpaceX surging 15.8% to record its strongest daily gain since listing. Overall, the stock gained nearly 16% for the week, although eight additional lock-up tranches are still scheduled to expire over the coming months.

Space Exploration Technologies Corp.

Closing Price (07.08.2026)	$133.11
Performance	
5 Day	+ 16.22%
1 Month	- 4.22%
Analyst Estimates	
Average Recommendation	Overweight
Median Target Price	$225.84

Microchip Technology Inc. (MCHP)

Microchip Technology reported a strong start to fiscal 2027, with first-quarter net sales rising 38% year-on-year and 13.2% sequentially to $1.485 billion, exceeding its previous guidance. Non-GAAP EPS reached $0.76, well above the guided range of $0.67–$0.71, while non-GAAP gross margin improved to 63.8%. Performance benefited from improving demand, inventory normalisation, stronger factory utilisation and disciplined cost management. Customer activity also strengthened across several end markets, while data-centre momentum improved, with PCIe Gen6 connectivity design wins doubling sequentially. The company reduced net debt by approximately $170 million during the quarter. Looking ahead, Microchip expects September-quarter sales to increase by 7–9% sequentially, representing approximately 40.6% year-on-year growth at the midpoint, supported by healthy bookings and improving customer demand.

Microchip Technology Inc.

Closing Price (07.08.2026)	$84.69
Performance	
5 Day	+ 12.59%
1 Month	+ 0.55%
YTD	+ 32.91%
Analyst Estimates	
Average Recommendation	Overweight
Median Target Price	$110.95

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