ARC GROUP SECURITIES

Equity Capital Markets Update

July 2026

U.S. Market Commentary

U.S. equities finished July mixed as a sharp AI-driven selloff and renewed U.S. – Iran hostilities were offset by a late-month rally in cyclicals, with long-term Treasury yields ending at multi-year highs.

BROAD-BASED DECLINE FROM RECORD LEVELS

Indices entered July near record highs after their best quarter since 2020 but ended mixed. In July, the Nasdaq fell 3.2% and the Russell 2000 declined 3.1%, while the S&P 500 was nearly flat at (0.1%) and the Dow gained 0.3% for a fourth straight winning month. The Nasdaq briefly entered correction territory on July 29 before recovering into month-end.

EARNINGS DELIVERED, BUT MULTIPLES DID NOT

Blended Q2 earnings growth reached 37.9% as of July 24, the highest since Q3 2021, or 25.9% excluding Alphabet, while revenue grew 13.2%. Results diverged sharply: Amazon rose after reporting, Apple fell on weaker China and Services performance, and Microsoft gained 16% on Azure growth.

HAWKISH HOLD AND RENEWED ENERGY SHOCK

The FOMC held rates at 3.50% - 3.75% on July 29 in a 9 - 3 vote, with three regional Bank presidents favoring a 25bp hike. The 30-year Treasury yield reached 5.25%, it's highest since 2007, while the 10-year topped 4.7%. June CPI rose 3.5% YoY but fell 0.4% MoM, with core at 2.6%. Brent briefly exceeded $100 before settling at $88.46 on July 31.

U.S. Equities Overview

	July	YTD	LTM	2Y	5Y
SPX	▼ (0.1%)	▲ +9.4%	▲ +18.2%	▲ +35.6%	▲ +70.4%
DJIA	▲ +0.3%	▲ +9.2%	▲ +18.9%	▲ +28.5%	▲ +50.2%
NASDAQ	▼ (3.2%)	▲ +9.2%	▲ +20.1%	▲ +44.2%	▲ +72.9%
R2000	▼ (3.1%)	▲ +18.1%	▲ +32.5%	▲ +30.0%	▲ +31.7%

3.50 - 3.75%
Fed Funds Target · Jul-26

~3.06%
Longer-run Median Fed Funds

~3.5%
CPI, YoY · Above 2% Target

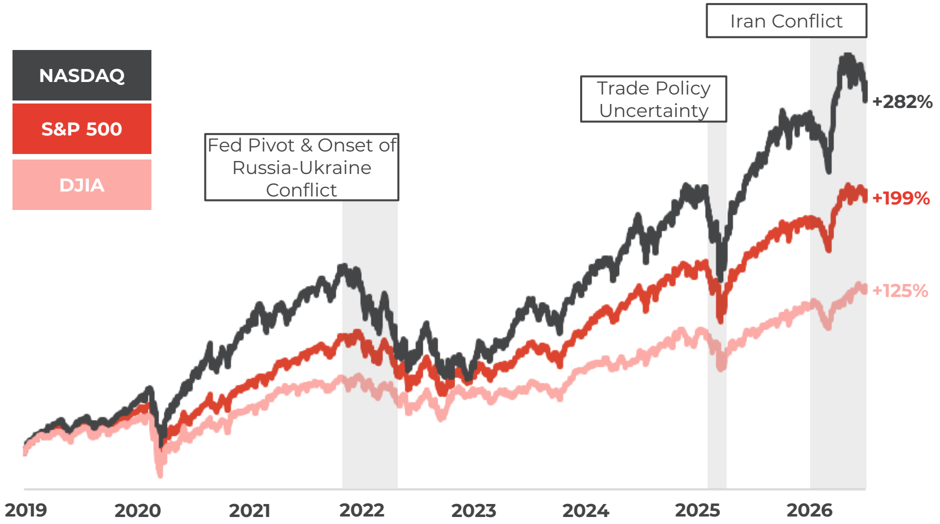
4.3%
Unemployment Rate

July repriced the discount rate, not fundamentals. Earnings growth hit a five-year high while capital rotated out of AI-linked technology and long-term yields reached multi-year highs, leaving the cost of capital as the governing variable into Q3.

Sources: Federal Reserve; BLS; FactSet Earnings Insight July 2026; Bloomberg; Reuters. Issuance figures exclude SPAC IPOs and closed-end funds. Market data as of 7/31/26.

Backdrop for Equity Capital Formation

Major U.S. Equity Index Performance Since 2019

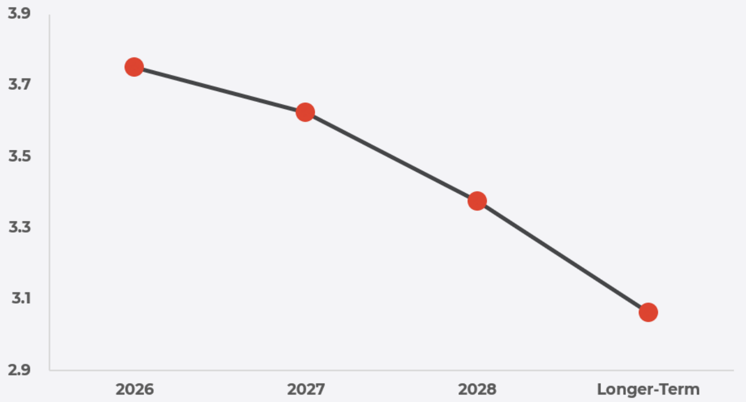


Framing the U.S. Public Equity Capital Raising Landscape

- Constructive, but not frictionless macro – inflation has reemerged as a focus and rates are expected to remain elevated relative to pre-2022 levels
- Primary issuance levels have broadly rebounded through a period of higher volatility, monetary policy changes, and significant energy market disruptions
- Investor appetite is anchored in durable secular themes, with artificial intelligence and aerospace & defense at the forefront, complimented by activity across other sectors
- The equity issuance window is open selectively for quality issuers with scale and proven resilience across business cycles

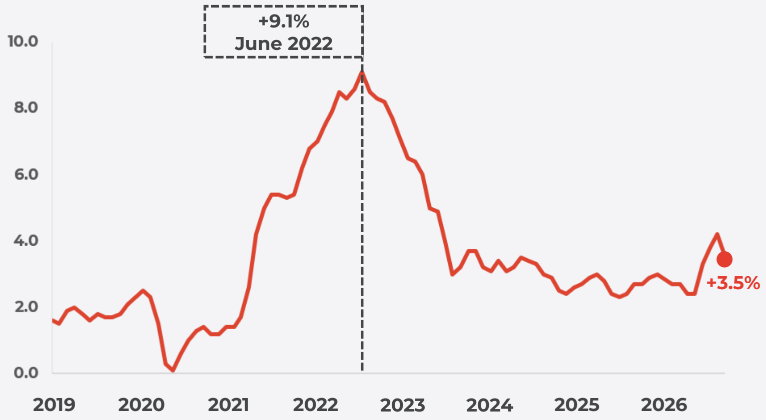
Outlook Indicates Cuts to Benchmark Rates

June 2026 Median Fed Funds Rate Projections



Inflation Remains Elevated Above Target

YoY Change in Consumer Price Index Since 2019



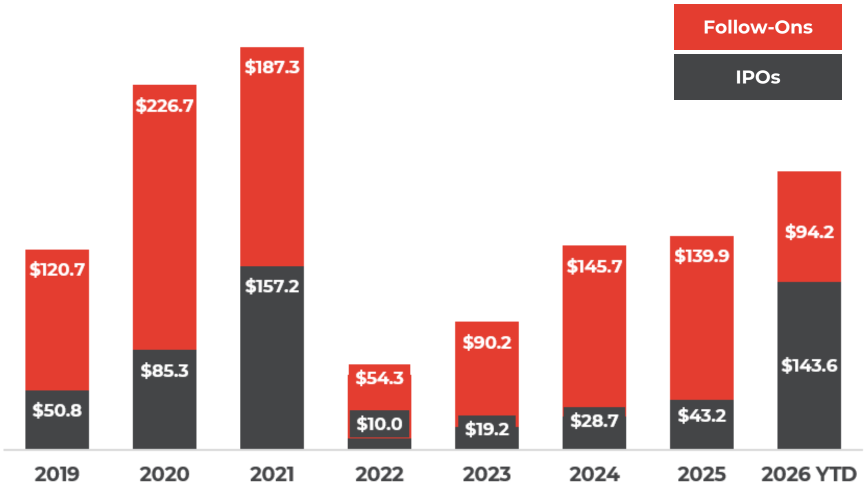
Sources: Bloomberg and FOMC Projections as of June 2026. Market data as of 7/31/26.

EQUITY CAPITAL MARKETS
UPDATE · JULY 2026

Issuance Has Reopened from Cycle Lows

U.S. IPO and Follow-On Issuance

($B)



The Issuance Environment

- IPO momentum is gathering through 2026, underpinned by broad sector participation and investor engagement
- Activity is being shaped by two dominant long-term themes – expansion of AI and digital infrastructure ecosystems, and investment in aerospace and defense technologies
- In parallel, follow-ons are increasingly being used to support strategic initiatives and are expected to continue playing a key role alongside the wider IPO recovery
- Sponsor activity is a key driver of new issuance, with firms turning to the IPO market to monetize mature portfolios

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IPOs Priced in July

~$31.6B
IPO Proceeds

Select Notable July IPOs[1]

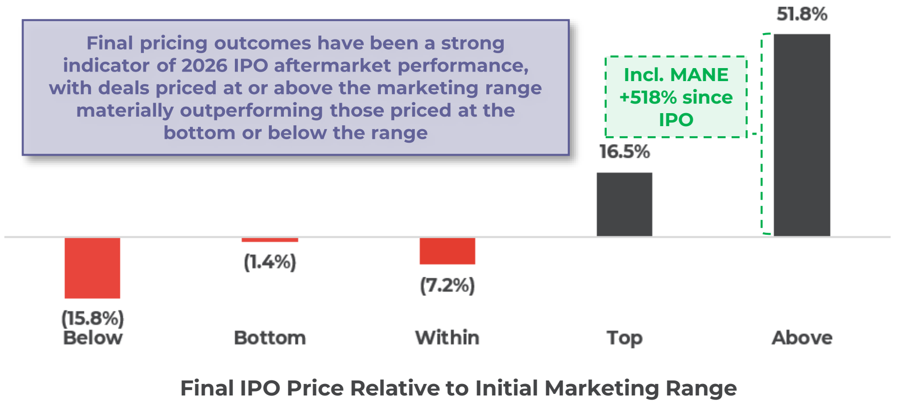
- SK Hynix
  - $26.5B IPO | ▼ **(3.5%)** offer-to-current
- Bending Spoons
  - $1.7B IPO | ▲ **+21.4%** offer-to-current
- Csquare
  - $1.2B IPO | ▼ **(5.0%)** offer-to-current
- Jersey Mike's Subs
  - $1.0B IPO | **(Flat)** offer-to-current
- Reformation
  - $210.9M IPO | ▲ **+8.1%** offer-to-current
- Neutron Holdings
  - $173.9M IPO | ▲ **+18.6%** offer-to-current
- Scribe Therapeutics
  - $148.0M IPO | ▲ **+29.9%** offer-to-current

Sources: FactSet, Bloomberg. Excludes SPACs and closed-end funds. Market data as of 7/31/26.
(1) Includes overallotment.

Quality, Not Volume, Is Driving Aftermarket Performance

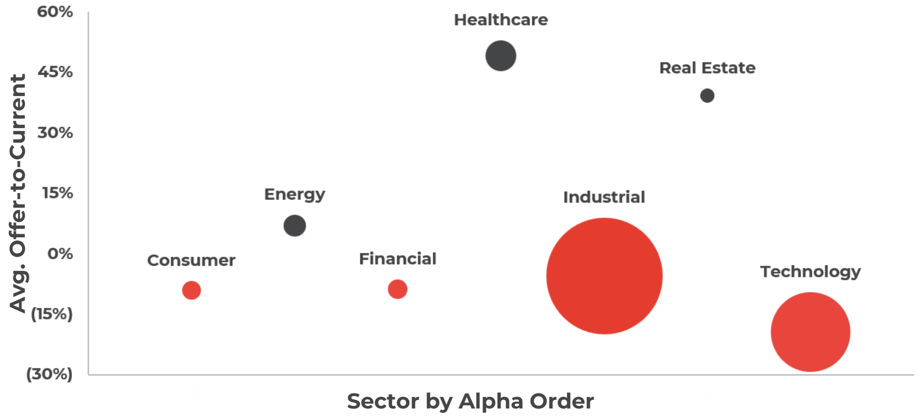
IPO Aftermarket Mixed Based on Pricing Buckets...

YTD Avg. IPO Offer-to-Current % by Pricing vs. Range



...as Industrial & Technology Sectors Drive Volume

YTD Avg. IPO Offer-to-Current % and Volume by Sector (% / $B)



What Is Working

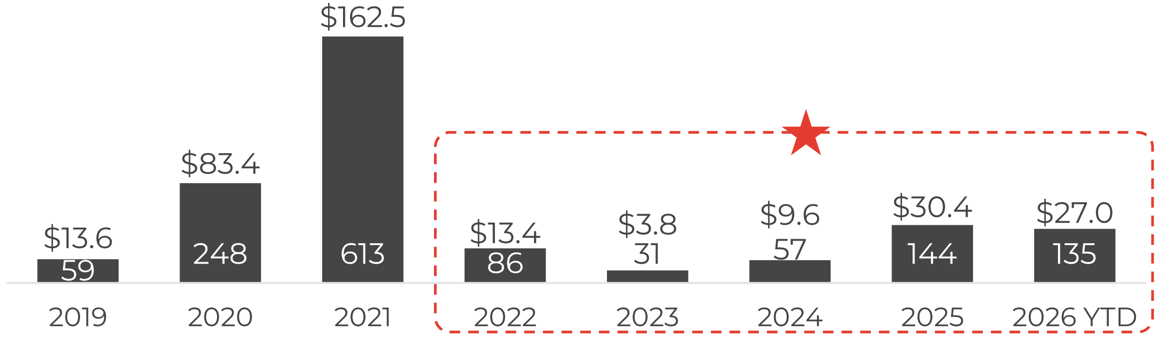
- ✓ Pricing relative to the initial marketing range remains one of the strongest indicators of subsequent IPO aftermarket performance
- ✓ IPOs pricing above the range have generated materially positive average returns when compared with deals pricing within the range
- ✓ Offerings priced within or below the range have produced negative average returns, reinforcing the importance of valuation calibration and credible pricing at launch
- ✓ Larger, later-stage deals continue to dominate the tape, as companies are choosing to remain private for longer in their lifecycles
- ✓ Performance remains highly company-specific: MANE has returned +518% since listing, demonstrating that differentiated fundamentals and investor selectivity continue to drive outcomes

Source: FactSet. Market data as of 7/31/26. Note: Base deal sizes shown. Includes IPOs >$20M in size and excludes SPACs and closed-end funds.

U.S. SPAC Market Activity

SPAC IPO Issuance Recovers from Post-2021 Freeze

($B / #)



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SPAC IPOs PRICED · 2026 YTD

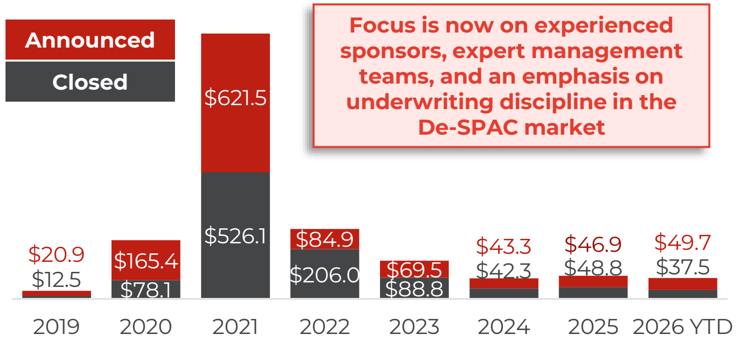
2021 Peak: 613

2019 - 2025 Average Excl. 2020 and 2021: 75

★ ***Recalibration of the SPAC IPO market implies sustainable levels of issuance ahead, and from higher-quality sponsor teams***

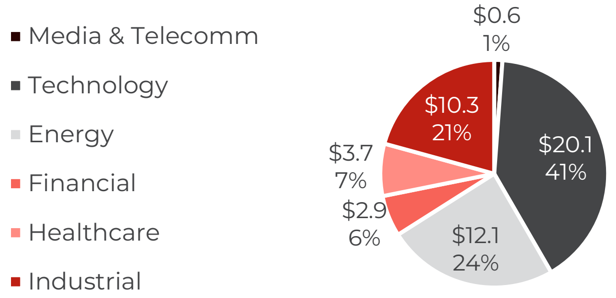
De-SPAC Activity Stabilizing to Pre-Pandemic Levels

($B TEV)



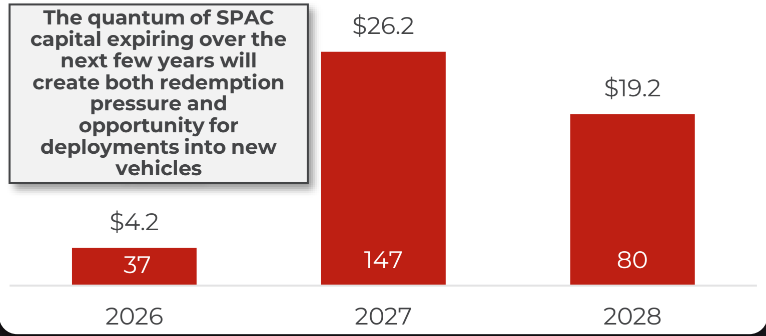
De-SPACs Are Occurring Across a Variety of Sectors

Breakdown of Announced Deals YTD ($B TEV / %)



While Billions in Fresh Capital Hunts for Transactions

SPAC Trust Capital Expiring by Year ($B / #)

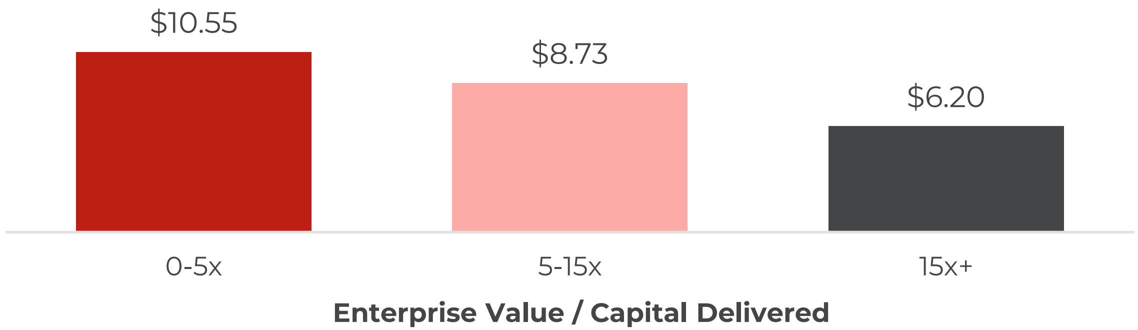


Source: FactSet and SPACResearch as of 7/31/26.

U.S. SPAC Market Activity

Reasonable Valuation Supports Above-Issue Trading

2026 Closed De-SPACs[2]: 30-Day Post Close Median Share Price ($)



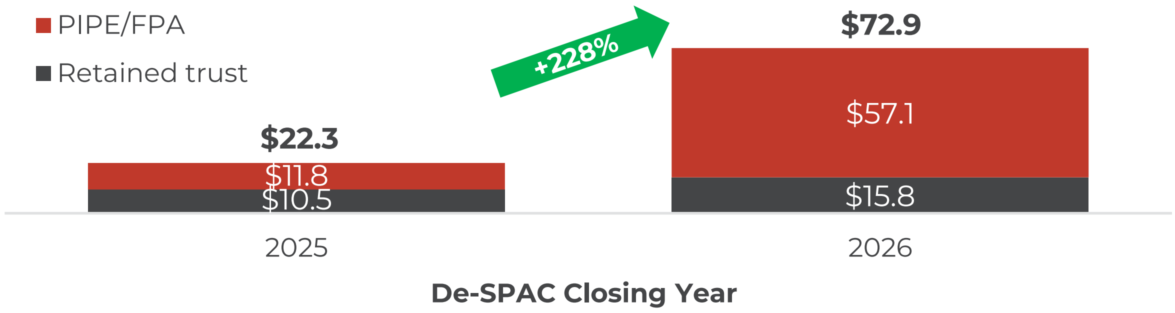
$10.55

MEDIAN SHARE PRICE WHEN EV / CAPITAL DELIVERED[1] IS BELOW 5x

2026 De-SPACs priced at less than 5x EV to capital delivered are the only cohort still trading above the $10.00 trust. At 15x and above, the median falls to $6.20, valuation discipline relative to incoming capital – not deal size or sector – separates the two.

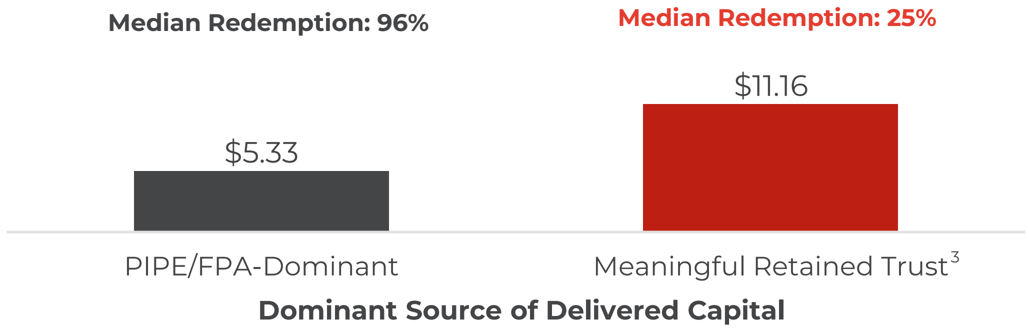
Recovery Is Driven by Committed Capital...

Dollars per $100 of Original IPO Proceeds



...while Retained Trust Remains the Stronger Signal

2026 Closed De-SPACs[2]: Median Current Share Price ($)



(1) Capital Delivered = PIPE + FPA + Remaining Trust.
(2) Includes closed 2026 De-SPACs with redemption disclosed and delivered capital ≥ 5% of EV.
(3) Meaningful retained trust = retained trust > 10% of delivered capital.
Source: FactSet and SPACResearch as of 7/31/26.

ARC Securities' Experienced Capital Markets Team

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