

## March Newsletter

A summary of key events and market trends during the month of March,

### BRACING FOR TARIFFS

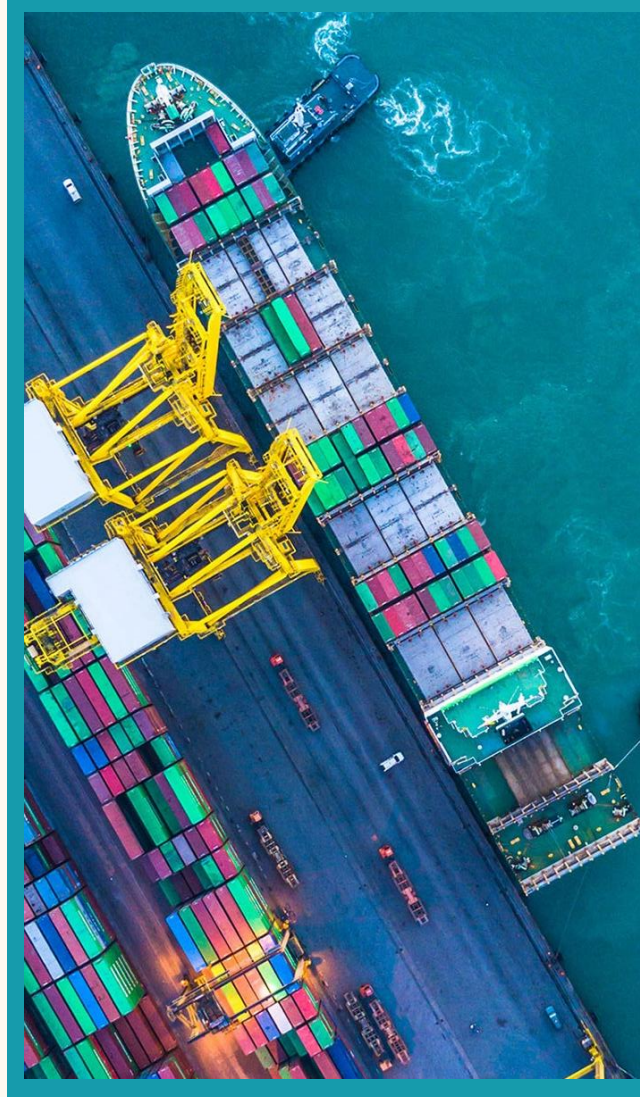
Tariffs, Retaliatory and Counter-Retaliatory are the present focus of politicians, investors, economists and business-people

### HIGHLIGHTS

- 1. Increasing policy uncertainty,** emanating primarily from the US, is creating challenges for businesses in the US and around the globe
- 2. Rate expectations have moved to just over 3 cuts for the rest of the year** to adjust for the impact from the policy flux. Multiple data points indicate higher inflation and slower growth over the coming quarters
- 3. Volatility is back over 20** and the upcoming tariff announcements from President Trump as well as the monthly Unemployment Data will likely keep the need for hedging well in place for the short term

# Global Markets Update

- Global economies and corporates are adjusting to the new reality of US Trade and Industrial Policy. Over the last two odd months there has been substantive talk of tariffs and counter-tariffs and as we write we expect President Trump's Liberation Day announcements to come through within the next few hours.
- Economic activity appears to have taken a hit in the US with a somewhat different, and positive, impact in Europe as European countries invest more heavily in their own economies. The recent ISM manufacturing data is a case in point with lower readings across all growth and employment metrics.
- Inflation is on the rise too. As tariffs are implemented and factored into the calculations we will see the net impact of the rapid shift in policy seeping through partially into higher inflation expectations and the balance impacting corporate bottom-lines.



- Global equity markets have been quick to price in this new reality with Europe and China delivering strong positive returns leading the negative performance from the US. Some part of this is correcting for the prior two to four years of US outperformance.
- US Technology and AI related stocks have been hit particularly hard in 2025. We are confident that these names will continue to deliver strong and above-average growth over the medium term. As a case in point, there are now fairly regular outages occurring with some of the leading LLM service providers; this is a function of massive surge in demand and bodes well for semiconductor chip manufacturers, the LLM providers and the rest of the ecosystem. This is a secular trend of increased productivity and higher growth and we are happy to ride the volatility of the price action in the short-term.
- We are closely evaluating incoming policy decisions and will look to adjust portfolio exposures should we see a continuation of this trend over the longer-term.



## Key markets

Tkr	Index	Month to Date (%)	Year to Date (%)
TPX INDEX	Topix	-0.87	-4.53
HSCEI INDEX	Hang Seng China Enterprises	0.00	15.47
DAX INDEX	Dax	-1.72	11.32
SX5E INDEX	Euro Stoxx 50	-3.94	7.20
SPX INDEX	S&P 500	-5.75	-4.59
INDU INDEX	Dow Jones	-4.20	-1.28
NDX INDEX	Nasdaq 100	-7.69	-8.25
USGG10YR INDEX	US 10 Year Treasury (bps)	0.00	-0.36
LEGATRUU INDEX	Bloomberg Barclays Global Corporate Bond Index	0.62	2.64
LG30TRUU INDEX	Bloomberg Barclays Global Corporate Bond High Yield Index	-0.32	1.85
EURUSD CURRENCY	EUR USD	4.25	4.46
USDJPY CURRENCY	USD JPY	-0.44	-4.61
XAUUSD CURRENCY	Gold	9.30	19.02

- China continues to perform strongly this year with multiple initiatives being taken to shore up investor confidence. This allows for almost five years of underperformance versus the US indices to correct; though only marginally at this point.
- Even after the strong China outperformance this year, from April 2020 to date the total return for the HSCEI is around 8% versus 140% for the S&P 500 and 165% for the Nasdaq 100.
- Geopolitics continues to play out in the background and this contributes to an overall volatile picture. Despite this the Volatility Index (VIX) has been relatively steady with only being marginally higher than the pivot level of 20



## SGMC Forward Views Highlights

SGMC Forward Views						
Asset Class	Avoid	Reduce	Hold	Add On	High Conviction	Notes
Equities						
US Equities						The meaningfully negative start of the year could give rise to a tactical bounce over the coming weeks, but visibility remains poor due to erratic economic and geopolitical policies from the American administration
EU Equities						Hopes are high for a tighter and more meaningful European Union after Germany's actions and decisions. Valuations remain vulnerable though on the back of negative market sentiment and currently retain our underweight
Chinese Equities						Still waiting for a catalyst to move valuations higher - this will likely take more time
Emerging Market Equities						We remain positive on the area but extremely selective. Our top picks include <b>India, Indonesia and Brazil</b> .
Bonds						
High Yield						Happy to continue selectively adding to lock in yields but only with short duration
Investment Grade						The current economic environment is likely to support corporate bonds and keep rates low in the upcoming future
Government Bonds						Continued Central Bank dovishness and potential growth slow downs make government bond investments more attractive
FX & Alternative Asset Classes						
US Dollar Index						Rangebound trading likely to continue in the short term with a skew to the downside
Commodities						As rates decline, commodities to find support.
Private Equity / Hedge Funds						We remain relatively underweight this sector
Real Estate						With a benign interest rate environment we see good potential for this sector over the coming months
Collectibles						Uncorrelated with markets

- No changes to views this month



## SGMC Media



**ASHARQ NEWS الشرق – BLOOMBERG – LATEST LIVE TV INT...**

📅 March 27, 2025 | Bloomberg / Asharq News الشرق



**EXCLUSIVE INSIGHTS FROM OUR CHIEF INVESTMENT OFFIC...**

📅 March 17, 2025 | Bloomberg



**AN INTERESTING QUOTE FROM OUR SENIOR PARTNER, MOHI...**

📅 March 19, 2025 | Financial Times



**OUR CO-FOUNDER & CEO OF SGMC-CAPITAL MONACO, FILIPPO BONDURRI....**

March 12 2025 | Fixed Income Leaders Connect

## SGMC Capital Funds update

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