

## April Newsletter

A summary of key events and market trends during the month of April.

### TARIFFS UPEND ECONOMICS & MARKETS

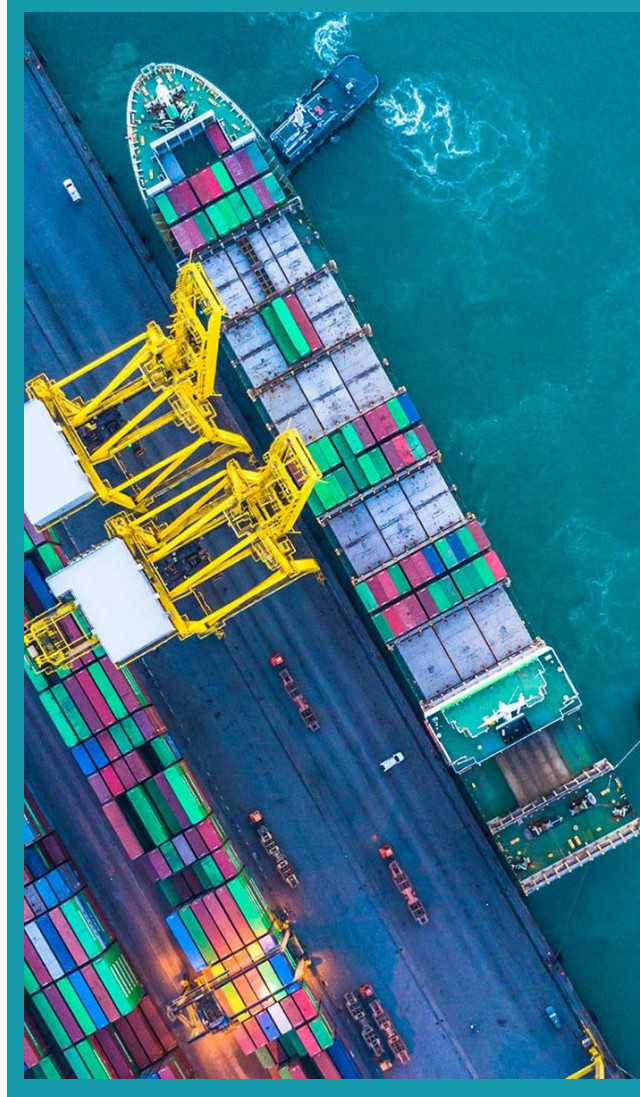
As much as markets were braced for a negative follow through from the tariff announcements and further escalation they were not braced enough.

### HIGHLIGHTS

- 1. Tariffs throw a spanner in the works.**  
The initial reaction to the first tariff announcements on Liberation Day show the degree to which they were underpriced. Further escalation through the initial part of the month added to the sense of unease and concern.
- 2. While we do now have a 90-day reprieve there is also a significant amount of lingering uncertainty.** More so with China than any other country or bloc.
- 3. Economic data currently being reported is for periods prior to the imposition and hence don't fully reflect the negative impact. Data releases from May onwards will be a different picture altogether.**

# Global Markets Update

- The far reaching and heavy US tariffs imposed, with China being the large outlier, created an initial shock to the global economic system and as a result to all areas of global markets.
- The initial market impulse had been to reduce exposures and this led to a cascade of selling in the equity, bond and currency markets. There have been multiple credible reports of large hedge funds imploding with the resultant volatility and this added to the negative sentiment.
- There is a considerable amount of work left to be done; first to understand the point at which trade policy stabilizes and then for global supply chains to reorient to the new reality. While the Trump Administration has spoken of multiple negotiations in progress there is scant detail, if any, available on final terms.



- As a result, we expect a material slowdown in growth in the coming months. The question now is if the valuation of assets at the previous recent lows adequately discount the negative sentiment and reality.
- Quarterly earnings data from US Banks were off the charts on account of the strong trading volumes put through in the recent panicked selling. Coming quarters will tell the story of how well they continue to weather the trend.
- The technology sector has also had a good showing with Netflix, Alphabet, Meta and Microsoft among others delivering strong results.
- We will closely monitor the health of not just the currently incoming data but also prospective releases and tariff announcements to understand the best portfolio positioning.
- We have used the spikes in implied volatility to our advantage by selling at elevated levels and creating strong entry points to our preferred assets.





## Key markets

Tkr	Index	Month to Date (%)	Year to Date (%)
TPX INDEX	Topix	0.32	-4.22
HSCEI INDEX	Hang Seng China Enterprises	-4.05	10.79
DAX INDEX	Dax	1.50	13.00
SX5E INDEX	Euro Stoxx 50	-1.68	5.40
SPX INDEX	S&P 500	-0.76	-5.31
INDU INDEX	Dow Jones	-3.17	-4.41
NDX INDEX	Nasdaq 100	1.52	-6.86
USGG10YR INDEX	US 10 Year Treasury (bps)	-1.03	-8.91
LEGATRUU INDEX	Bloomberg Barclays Global Corporate Bond Index	2.94	5.65
LG30TRUU INDEX	Bloomberg Barclays Global Corporate Bond High Yield Index	0.85	2.72
EURUSD CURRENCY	EUR USD	4.73	9.41
USDJPY CURRENCY	USD JPY	-4.59	-8.99
XAUUSD CURRENCY	Gold	5.29	25.31

- Overall the deep initial equity market correction of the first half of April has been mostly offset by the rally in the second half of the month, with most equity indices managing to close the month not too far from where they started it
- One data point that clearly stands out is the strong depreciation of the US Dollar since the beginning of the year, weighed down by tariff and economic insecurity as well as an overall lack of confidence. The Greenback has already lost close to 10% against the EUR this year, and we believe this trend could continue, even though at a relatively lower pace
- European stocks continue their strong relative year when compared to their American counterparts, as the performance differential between Eurostoxx and S&P is of over 10% in favor of European names, even though in absolute terms American names fared better in April, but only by a small margin
- Gold remains one of the main beneficiary of geopolitical tensions and economic noise, raising over 25% year to date and having touched its historical all time high this month of 3,500 against the Dollar



## 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



IN A RECENT INTERVIEW WITH CITYWIRE ASIA, OUR FOUN...

📅 April 15, 2025 | CityWire Asia



AN INSIGHTFUL INTERVIEW WITH OUR FOUNDER & CEO, MA...

📅 April 2, 2025 | Bloomberg / Asharq News الشرق



QUOTE ON EMERGING ASIA  
UPBEAT ON HOPES OF US AUTO  
TARIFF RELIEF...

April 29, 2025 | Reuters

## SGMC Capital Funds update

## DISCLAIMER

Copyright notice: copyright details; intellectual property rights reserved (newsletter).

Licence to use newsletter: licence to use newsletter; prohibitions on use of newsletter; retention of newsletter copyright etc notices; rights granted by document are personal; licence terminates upon breach; actions on termination of newsletter licence.

No advice: newsletter contains information not advice; no reliance on information in the newsletter; newsletter and medical attention; no legal advice in newsletter.

Limited warranties: accuracy of newsletter content; exclusion of warranties etc in relation to newsletter.

Limitations and exclusions of liability: caveats to limits of liability; interpretation of limits of liability; no liability for force majeure; no liability for business losses; no liability for loss of data or software; no liability for consequential loss; aggregate liability cap under document.

All information in this report has been obtained from Bloomberg sources except where indicated otherwise. All data in this report is as of the last international business day except where indicated otherwise.

This report may contain forward looking statements which are often but not always identified by the use of words such as “anticipate”, “believe”, “estimate”, “intend”, “plan”, “expect”, “forecast”, “predict” and “project” and statements that an event or result “may”, “will”, “can”, “should”, “could” or “might” occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward-looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. SGMC Capital expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

This report is for information and illustrative purposes only; it is in no way a recommendation, or an offer or solicitation to buy or sell any investment products, but only factual information being provided. SGMC Capital will not be held liable for any information provided in this document which is stated to have been obtained from third party sources, this information may be based on assumptions or market conditions and may change without notice.

The information in this report was prepared by SGMC Capital and is current as of the date of the report. The information contained herein has been obtained from sources that SGMC Capital believes to be reliable, but SGMC Capital does not guarantee its accuracy, adequacy, completeness, reliability, or timeliness, and will not be held liable for any investment decisions made based on this information. Moreover, SGMC Capital is not responsible for any errors or omissions or for the results obtained from the use of such information. All information and estimates included in this report are subject to change without notice. This report is intended for qualified customers of SGMC Capital.

Past performance does not guarantee future results. Investment products are subject to investment risks, including possible loss of principal amount invested. You may not redistribute this report without explicit permission from SGMC Capital.