SGMCAPITAL

MONTHLY UPDATES

OCTOBER 2025

October Review

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

ONE STEP FORWARD

At the recently concluded US China talks there appears to be some progress toward positive outcomes with both sides backing down from their most extreme stances

The AI / Tech rally sees no cessation with a broadening and change of leadership within the sector a healthy sign

HIGHLIGHTS

1. The Nasdaq 100 Index is now up around 23% for the year and the momentum shows no signs of abating. Even Apple Inc which had been lagging over the last many quarters has put in a strong showing and caught up with the leaders of the pack.

2. The dearth of US data (on account of the government shutdown) creates a gap in the true understanding of the economy and as such whatever little information does come through is scrutinized closely. The recent CPI numbers support cooling inflation.

3. Jerome Powell is pushing back expectations of an additional rate cut toward the end of the year; having said that the economy and corporate earnings appear robust enough to withstand a slightly higher profile of interest rates.

Global Markets Update

- With overnight interest rates now at 4% and some push back from Fed Chair, Jerome Powell, the key 2 year US Treasury Bond trades at an yield of just around 3.5%. This indicates that while some additional easing is expected it is not a whole lot more.

- With rates starting at 5.5% (at the previous peak) we are now a good 150 basis points lower and most expectations are for rates to bottom out at the 3-3.5% range.

- The push and pull from the simultaneous events of the government shutdown along with the thematically turbocharged re-industrialization of the economy is leading to winners and losers across the board.

- For now the US Banking system appears to be robust and earnings numbers from the largest names of the sector continue to be firm. This is both across trading and investment banking revenue as well as traditional interest income.

- The Artificial Intelligence push across the economy is creating a host of opportunities; and not just restricted to only what is traditionally hardware or software. The key spending currently is on the data center build out which involves not just the construction sector but also importantly all manner of cooling and ancillary systems.

- Start-ups in the space are not focused, again, only on traditional tech start-up themes but are involved in turning around, with the aid of AI, all manner of traditional businesses and wringing out efficiencies from operations across sectors from hospitals to logistics to manufacturing.

- The energy generation needs of the data centers and the various manufacturing initiatives is leading to heavy investment into currently natural gas facilities and we believe down the road, not now, into nuclear facilities too.

- Overall, risk appetite remains robust and, while we are not in the cheapest of markets, there continues to be value available for long term investors

Key markets

Index	Month to Date (%)	Year to Date (%)
Topix	6.19	19.64
Hang Seng China Enterprises	-4.05	25.77
Dax	0.32	20.34
Euro Stoxx 50	2.39	15.65
S&P 500	2.27	16.30
Dow Jones	2.51	11.80
Nasdaq 100	4.77	23.06
US 10 Year Treasury	-1.75	-10.76
Bloomberg Barclays Global Corporate Bond Index	-0.25	7.64
Bloomberg Barclays Global Corporate Bond High Yield Index	0.69	10.36
EUR USD	-1.68	11.43
USD JPY	4.12	-2.04
Gold	3.73	52.52

- October has been another positive market for most equity indices, with the major exception of China and Hong Kong, with the Shanghai Index closing flat (-0.10%) while the latter declined over 4%

- The strong corporate results of tech companies together with exciting growth prospects for the sector continue Nasdaq's outperformance trend, which closed the month near all time highs after a +4.77% monthly return

- It was a very volatile month for precious metals, with gold skyrocketing to all time highs of USD 4,381 after declining and closing October just below the 4,000 mark

- Similar trends have been seen also in silver, which spiked 17% in the first two weeks of the month after declining and closing with a 4% gain

- Europe managed to close in positive territory too, with Eurostoxx keeping a similar pace to the S&P500

SGMC Forward Views Highlights

SGMC Forward Views						
Asset Class	**Avoid**	**Reduce**	**Hold**	**Add On**	**High Conviction**	**Notes**
Equities						
US Equities						Growth expectations and corporate earnings remain solid. Valuations are not cheap and, after the strong year to date rally, we prefer waiting for corrrections before adding additional exposure
EU Equities						**Upgraded to Hold:** We expected European outperformance compared to their American counterparts to fade away, and this is exactly what happened over the last few months. We are now comfortable in raising European names to hold.
Chinese Equities						Cheap in relative and absolute terms, a catalyst is required to meaningfully move and maintain valuations higher
Emerging Market Equities						We remain positive on the area but exteremely selective. Our top picks include **India, Indonesia and Brazil**.
Bonds						
High Yield						Happy to continue selectively adding to lock in yields but only with short duration
Investment Grade						**Downgraded to Hold:** while support for the asset class is likely to remain, the current tight corporate spreads and reduced absolute yields make additional investments less appealing
Government Bonds						**C**ontinued 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 this month

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October 27, 2025 | Bloomberg

SGMC Capital Funds update

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