



November Review

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

BLOWING BUBBLES ?

Some prominent bears have emerged and are talking about bubble-like conditions prevailing across some or most parts of global markets

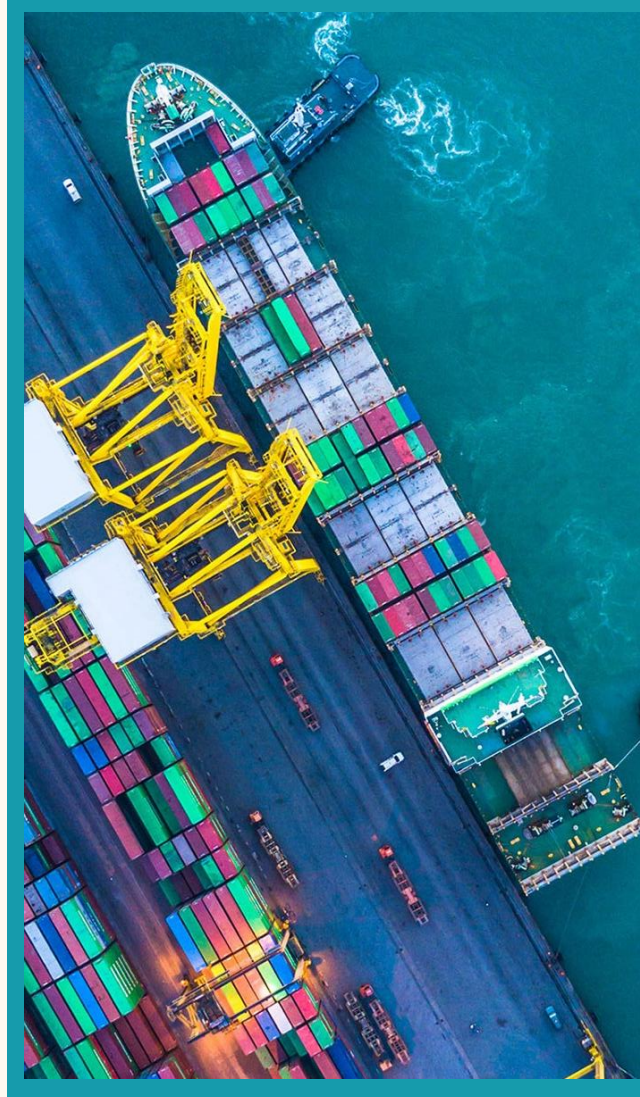
Per our note from last week we continue to see developments and promise of the arc of technology as positive

HIGHLIGHTS

1. Global markets took a breather in November with the Nasdaq 100 ETF down around 2.5% with an intra-month draw down which was more significant. Other markets tumbled too in a reasonably correlated move.
2. Michael Burry, famous for calling the top of the 2007 peak in global housing markets, appears to own long-dated bearish bets on some key movers in the recent rallies.
3. The pace of technological development continues unabated with Google now appearing to take the lead in the LLM battle but OpenAI still providing a strong product map and teasing a new hardware product being designed in partnership with Jony Ive of the iPhone design fame.

Global Markets Update

- Bets on near term rates have moved in the last month from a high probability of a December cut to low and now back to high with recent Federal Reserve data showing a tick down in the outlook for employment in the US.
- The volatility of the outlook on near term rates along with some lack of visibility (now improving) from the lack of economic data has led to a fair amount of profit taking being exacerbated by bearish and bubble talk.
- As we have stated our view on equity valuation is subjective at best and we focus on the underlying metrics and dynamics of the businesses that we own – when those dynamics are strong we are happy to buy into declines and exit on rallies and if not we are happy to sit on the sidelines.
- The earnings numbers from two of our key holdings, Nvidia and Palantir, have been nothing short of spectacular.



- While other holdings continue to deliver strong results too, this pair are redefining the key technology categories; hardware and software. From our experience over the years tracking Global Markets we tend to remember the adage : High quality growth is rarely available cheap.
- We believe it is also hard for many investors to see, in real time, deep paradigm shifts playing out. Investing history is replete with examples of companies that were early to a new game (think Amazon, Facebook and even Microsoft in the mid-'80s and Nvidia in the mid-'90s) and their equity, as it turned out, was eventually undervalued at the very moment the strongest growth was about to be delivered.
- We view the current set-up similarly, with some segments viewing Artificial Intelligence as being the latest shiny thing. We believe it is a shiny thing albeit with tremendous and true promise and we expect the AI Revolution to lead to renaissance across personal and corporate computing.
- The last month has seen some deleveraging and this should lead to a healthy reset from which any further potential rally in asset prices could be based off.



Key markets

Index	Month to Date (%)	Year to Date (%)
Topix	1.40	21.31
Hang Seng China Enterprises	-0.42	25.24
Dax	-0.51	19.73
Euro Stoxx 50	0.11	15.77
S&P 500	0.13	16.45
Dow Jones	0.32	12.16
Nasdaq 100	-1.64	21.05
US 10 Year Treasury	-1.58	-12.16
Bloomberg Barclays Global Corporate Bond Index	0.23	7.89
Bloomberg Barclays Global Corporate Bond High Yield Index	0.56	10.98
EUR USD	0.53	12.01
USD JPY	1.42	-0.65
Gold	5.91	61.53

- November has been a rocky period for most global equity indices, which closed the month flattish to negative
- The American technology sector (Nasdaq) has been one of the most severely hit, with fears over excessive valuations dragging the index lower by 1.64%, even though year to date returns remain very strong at +21.05%
- Japan was the main outlier: thanks to the recently announced ambitious fiscal plan it managed to edge out another positive month, with the Topix closing at +1.40%
- Gold continues its stellar run, with geopolitical tensions and overall demand lifting the precious metal to over USD 4,200 per ounce, equivalent to more than 60% gains in 2025
- USD denominated fixed income investments benefited from a decline in longer term US rates lead by increased expectations of a December cut, resulting in another positive monthly return for the sector



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 corrections 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 extremely 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						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 this month

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