

January Review

A summary of key events and market trends during the month of January, followed by your dedicated portfolio performance analysis.

A new Fed Chair ?

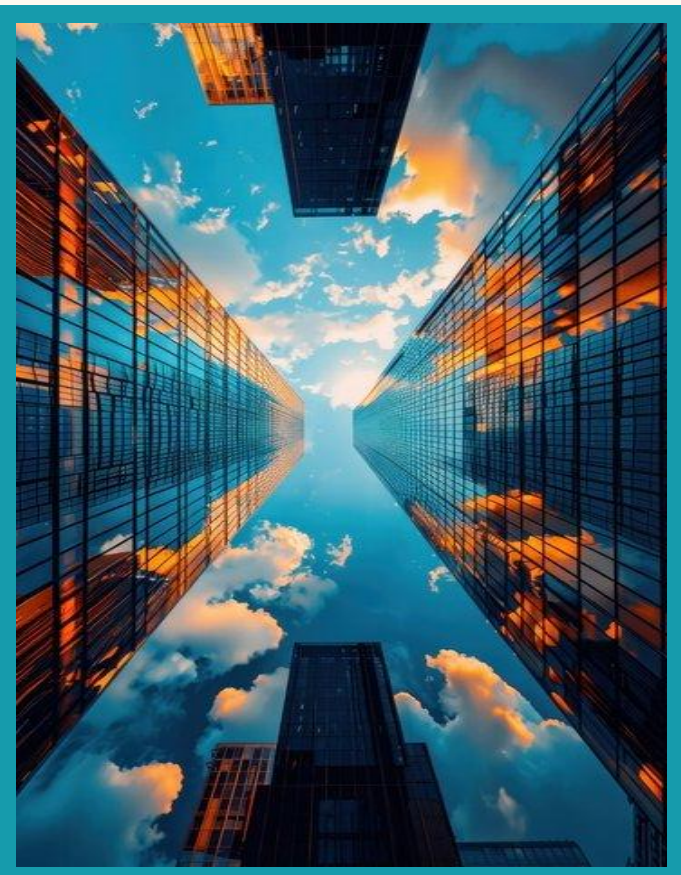
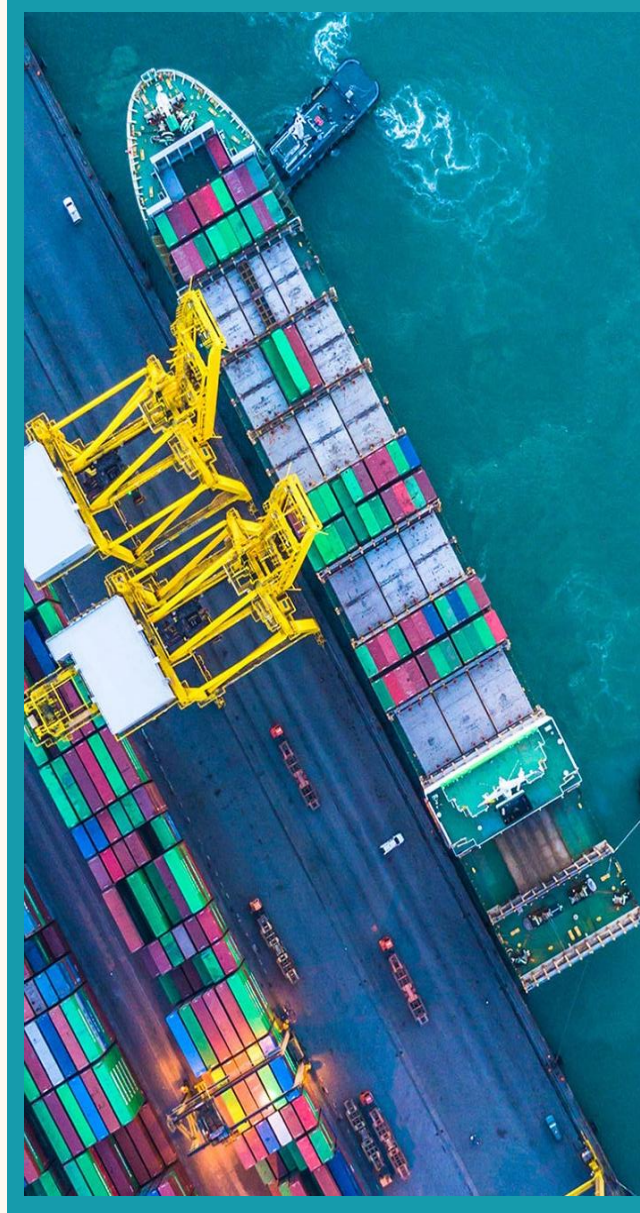
January saw some gyrations in global markets as winning themes from 2025 were taken to an extreme and then lost ground as the month closed. Kevin Warsh as prospective Federal Reserve Chair we believe is a good choice given his credentials and we expect markets will steady before long.

HIGHLIGHTS

1. With about a third of the S&P 500 companies having reported we see most sectors, barring Utilities, deliver positive Revenue growth versus consensus and all sectors outperform Earnings expectations
2. The nomination of Kevin Warsh as Fed Chair by President Donald Trump triggered some selling in global markets prompted by concerns that he would not be as dovish as was otherwise expected of the next incumbent
3. The rates markets now price in around 2 cuts by the end of the year and we tend to agree with that assessment. Wage inflation will likely be constrained leading to a cap on overall CPI inflation numbers

Global Markets Update

- January was a busy month for global markets with a fair part of the conversation being monopolized by precious metals. First, on the way up which saw Silver record a one-month gain of around 70% only to collapse 26% on the last trading day – still up for the month but on shakier ground.
- Our preference to primarily invest in productive assets (equity and bonds) as compared to scarcity assets (silver and gold) leaves us mostly on the sidelines of the ‘investing’ in precious metals debate; though we do closely watch the evolution of the environment around the dramatic price moves to understand the read through to other asset classes.
- With some market participants ostensibly expecting an uber-dovish Fed Chair appointment there was some selling across the board when that did not develop.
- With the last few years delivering strong returns across most equity markets we see the possibility of more muted returns in 2026 as a distinct possibility. The overall price action in January tends to confirm our expectation



- Another narrative that has been doing the rounds in global commentary has been the end of US exceptionalism. Again, we tend to take the other side of this debate as, for better or worse, with the unique strengths that the US possesses, both absolute and relative, we do not expect a significant change in the global order of things.
- Geopolitics in 2026 appears as murky as ever with recent developments in South America and the Middle East creating cause for concern. We view these concerns as binary and to date they have not impacted our view on global asset markets but, as always, we monitor closely.
- The Volatility Index at present indicates some continued calm; though events of the last week suggest that we will see some reversion to mean from elevated levels. We welcome increasing volatility as it rewards our patient approach to not chase markets to extremes.



Key markets

Index	Month to Date (%)	Year to Date (%)
Topix	4.62	4.62
Hang Seng China Enterprises	4.53	4.53
Dax	0.20	0.20
Euro Stoxx 50	2.70	2.70
S&P 500	1.37	1.37
Dow Jones	1.73	1.73
Nasdaq 100	1.20	1.20
US 10 Year Treasury	0.07	0.07
Bloomberg Barclays Global Corporate Bond Index	0.94	0.94
Bloomberg Barclays Global Corporate Bond High Yield Index	0.99	0.99
EUR USD	0.89	0.89
USD JPY	-1.23	-1.23
Gold	13.31	13.31



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



SGMC Media



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