SGMCAPITAL

MONTHLY UPDATES

FEBRUARY 2026

February Review

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

Geopolitical risk escalates

Global markets are currently digesting very rapidly the events over the weekend in the Middle East

In the short-term and while this conflict does not come to a close we would expect potential for enhanced volatility to most financial markets

HIGHLIGHTS

1. Q4 2025 was another strong quarter of corporate performance in the US with top- and bottom-line performance mostly surprising to the upside.

2. As we have been saying, after three years of strong performance most global markets could see some consolidation as market participants take a step back and digest both the positive momentum from the creation and deployment of AI technologies as well as debate whether valuations are too stretched.

3. Japan is a positive outlier here with the recent elections providing a launchpad for Prime Minister Takaichi to deliver on the strong growth and reform mandate that she campaigned on.

Global Markets Update

- **Corporate Buybacks Hit Record Highs** Continuing strong corporate performance saw US companies announce $233 billion in share buyback authorizations — the largest February on record. Salesforce, Walmart, and Verizon led the charge. Analysts now project a record $1.3 trillion in full-year repurchases, suggesting corporate America remains well-capitalized and confident in its own valuations. This activity is keeping a firm bid under the less loved, albeit still strong segments of the US equity markets.

- **AI Enthusiasm Meets Market Skepticism** February's defining story was the market's growing unease around AI. Despite strong Nvidia earnings, tech stocks fell sharply as investors questioned the sustainability of AI infrastructure spending. Defensive sectors — utilities, staples, and energy — led the monthly scoreboard, with the rotation away from mega-cap tech deepening noticeably.

- **Supreme Court Clips the Tariff Agenda** The Supreme Court struck down the administration's use of emergency powers to impose broad-based tariffs, forcing a rapid pivot to alternative legal authorities. The ruling injected fresh uncertainty into trade relationships, and businesses with cross-border supply chains should monitor developments closely as the legal framework is rebuilt.

- **Cross-Border Banking Hits Post-Crisis Highs** European cross-border banking deals reached their highest level since 2008, driven by rising lender profitability making international mergers increasingly attractive. If momentum holds, it could mark the beginning of a genuine consolidation wave across a sector that has long remained fragmented along national lines. Healthy bank balance sheets and overall positive activity is a key indicator that we focus on and the news here is particularly encouraging.

- **India Plants Its Flag on the AI Map** New Delhi's India AI Impact Summit signaled a decisive shift in the global AI conversation. CEOs of OpenAI, Anthropic, Google, and Meta gathered with PM Modi at what was billed as the first major AI summit hosted in the Global South. OpenAI signed a partnership with Tata Group, Anthropic announced a deal with Infosys, and India's Reliance and Adani pledged a combined $210 billion in domestic AI and data infrastructure investment.

Key markets

Index	Month to Date (%)	Year to Date (%)
Topix	10.44	15.54
Hang Seng China Enterprises	-4.91	-0.61
Dax	3.04	3.24
Euro Stoxx 50	3.20	5.99
S&P 500	-0.87	0.49
Dow Jones	0.17	1.90
Nasdaq 100	-2.32	-1.15
US 10 Year Treasury	0.07	-0.23
Bloomberg Barclays Global Corporate Bond Index	1.12	2.06
Bloomberg Barclays Global Corporate Bond High Yield Index	0.20	1.19
EUR USD	-0.33	0.56
USD JPY	0.82	-0.42
Gold	7.86	22.22

SGMC Forward Views Highlights

SGMC Forward Views						
Asset Class	**Avoid**	**Reduce**	**Hold**	**Add On**	**High Convinction**	**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

SGMC Media

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February 5, 2026 | Digital Assets Forum

SGMC Capital Funds update

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