



May Review

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

Navigating Tech Positivity with Geopolitical Negativity

The overall month-by-month narrative does not seem to see much alteration in 2026

We believe the trends in technology are well established and will only continue; price action here while positive will see some choppy times

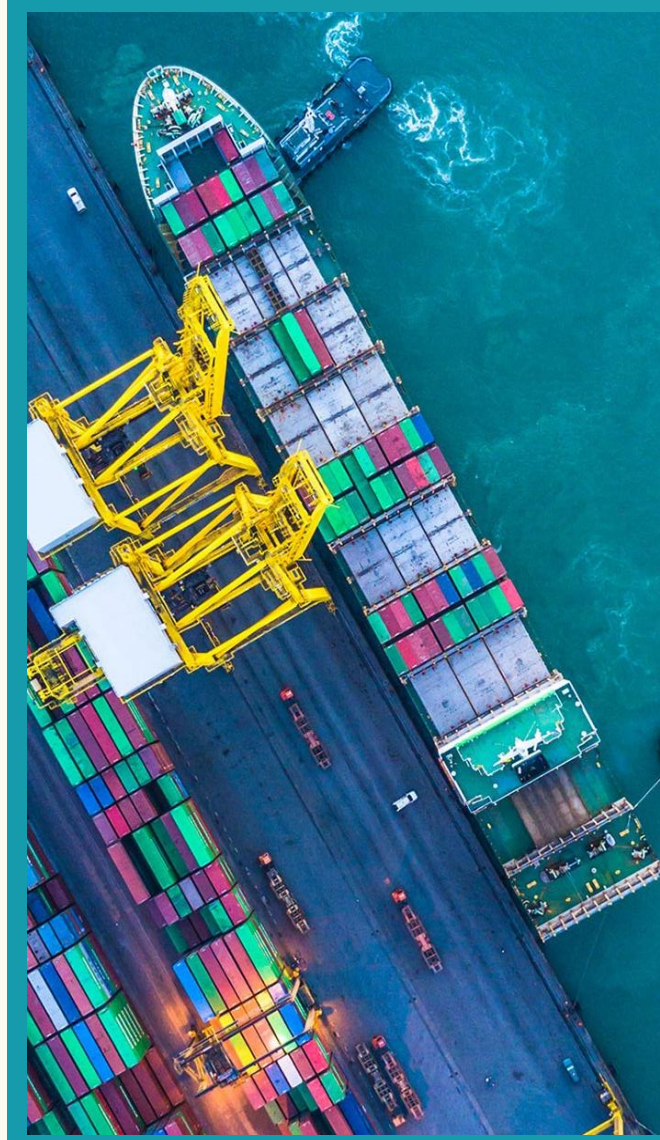
HIGHLIGHTS

1. Negotiations continue to be brokered between the US and Iran and while we have not seen anywhere close to the level of hostility in the last month, the mood continues to be cautious
2. Developments within the world of semiconductors continues apace and the focus today is moving back to CPUs from GPUs. Even Nvidia, the leading graphics processing player, is now focusing on central processing units in multiple forms
3. Key initial public offerings are being keyed up with one marquee deal, the chip-maker Cerebras, being well received by the equity markets.
4. Others on the horizon are OpenAI, Anthropic and SpaceX. All eagerly awaited albeit with less clarity on how they will be received.

Global Markets Update

- **After a difficult six months for software stocks, the opportunity set looks more attractive.** The sell-off has compressed multiples in many high-quality names just as the underlying demand picture is beginning to broaden beyond experimentation. Customers are moving from pilots to production, budgets are being reallocated toward automation, data infrastructure, cybersecurity, and workflow software, and AI is making software more valuable rather than less relevant. The key distinction now is between companies with durable distribution, embedded workflows, and pricing power, versus those merely adding AI features. For patient investors, the reset has created a better entry point into long-term compounders.

- **Kevin Warsh's confirmation** reinforces an important shift in the macro debate: productivity is moving back to the center of monetary policy. His recent dovish comments reflect the view that the AI boom could prove highly deflationary over time, as businesses use automation to lower unit costs, improve labor efficiency, and expand output without equivalent pressure on wages and prices. That does not mean inflation risk has disappeared, but it does suggest the Fed may have more room to ease if productivity gains become visible in the data.



- **The broader US growth picture** remains healthier than the headline debate suggests. AI and related technology spending are no longer confined to the mega-cap technology complex; they are beginning to stimulate activity across power, industrial equipment, data centers, semiconductors, consulting, software services, cybersecurity, healthcare workflows, logistics, and financial services. This matters because technology cycles become more durable when they pull adjacent sectors into the investment wave. The capex boom around compute, energy, and infrastructure is creating second-order demand across the economy. While some areas remain cyclical, the US retains a powerful combination of innovation, capital depth, and entrepreneurial flexibility.

- **Over the next two to three years, AI is likely to move from model spectacle to practical deployment.** The frontier will still matter, but the bigger commercial opportunity may come from agentic workflows, enterprise automation, domain-specific models, inference optimization, robotics, edge AI, and better integration with existing software systems. The winners are likely to be companies that reduce cost, latency, and complexity while making AI reliable enough for regulated and mission-critical use. We should expect fewer vague AI promises and more measurable productivity outcomes. The market will increasingly reward execution, distribution, infrastructure advantage, and real customer ROI.



SGMC Capital Funds

SGMC Global Dynamic FX Fund

ISIN: LI0471005640
 Inception: 13/05/2019

Performance
 NAV **\$1,224.69**
 YTD **2.14%**
 Since inception **22.47%**

Updated as of 31 May 2026

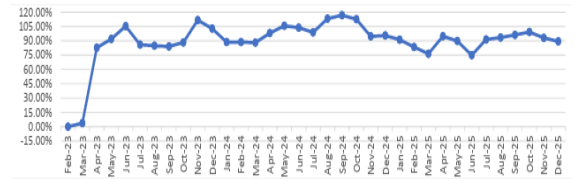


SGMC Nusantara Opportunities Fund

ISIN: SGXZ63154108
 Inception: 02/02/2023

Performance
 NAV **\$1,894.95**
 YTD **-3.07%**
 Since inception **89.50%**

Updated as of 31 December 2025



SGMC AI Revolution Portfolio

ISIN: XS2644235207
 Inception: 07/07/2023

Performance
 NAV **\$33,618.83**
 YTD **52.44%**
 Since inception **236.19%**

Updated as of 31 May 2026





Key Markets

Index	Month to Date (%)	Year to Date (%)
Topix	6.17	16.08
Hang Seng China Enterprises	-2.95	-5.47
Dax	3.34	2.51
Euro Stoxx 50	2.87	4.47
S&P 500	5.15	10.73
Dow Jones	2.78	6.18
Nasdaq 100	10.49	20.13
US 10 Year Treasury	0.06	0.27
Bloomberg Barclays Global Corporate Bond Index	0.34	0.50
Bloomberg Barclays Global Corporate Bond High Yield Index	0.70	1.94
EUR USD	-0.61	-0.74
USD JPY	1.71	1.63
Gold	-1.68	5.11
MSCI WORLD	4.37	9.80

SGMC Forward Views Highlights

SGMC Forward Views						
Asset Class	Avoid	Reduce	Hold	Add On	High Conviction	Notes
Equities						
US Equities						Downgraded to Hold: We have taken advantage of the recent bounce in US equities, but after the strong recent returns we slightly downgrade the sector to "Neutral" from "Outperform", not because of longer term worries, but mostly because tactically the move now looks a relatively stretched
EU Equities						European equities are likely to continue being under pressure due to the energy supply and price shock due to Middle Eastern conflict. We remain neutral at the moment mostly due to the cheaper valuations after the strong declines
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 and Brazil .
Bonds						
High Yield						Happy to continue selectively adding to lock in yields but only with short duration
Investment Grade						Inflationary shocks and rising inflation expectations due to Middle Eastern conflict will weigh on longer dated corporate bonds. The still relatively tight credit spreads do not offer much cushion either - we downgrade and advise to reduce duration across portfolios
Government Bonds						While most developed Central Banks are not in a rush to raise rates, inflationary shocks due to the Middle Eastern conflict put upward pressures on rates
FX & Alternative Asset Classes						
US Dollar Index						Rangebound trading likely to continue in the short term with peaks in volatility linked to headlines risk
Commodities						The Iran conflict is likely to have an inflationary effect on commodities, both due to a lower supply and harder and more expensive transportation of them
Private Equity / Hedge Funds						We remain relatively underweight this sector
Real Estate						We see good potential for this sector over the coming months
Collectibles						Uncorrelated with markets

- **Downgraded US Equities from Add On to Hold:** We have taken advantage of the recent bounce in US equities, but after the strong recent returns we slightly downgrade the sector to "Neutral" from "Outperform", not because of longer term worries, but mostly because tactically the move now looks a relatively stretched



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📅 May 18, 2026 | RTHK Money Talk podcast



THIS EVENING OUR CEO, MAX BONDURRI, JOINS CNA938 T...

📅 May 29, 2026 | Channel News Asia

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