SGM CAPITAL

MONTHLY UPDATES

JUNE 2026

June Review

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

Heading into the mid year key themes remain unchanged

The AI rally, global geopolitics in the Middle East and Eastern Europe and a new Federal Reserve Governor continue to dominate the cyclical news-flow

Over the next few months, the market will shift attention to the upcoming mid-term elections in the US

HIGHLIGHTS

1. Despite some extremely choppy intra-month price action the AI rally continues to deliver strong results. However, over the last six months a definitive skew has emerged with semiconductors powering ahead while software and services find very few takers.

2. Whether this sets up as a good opportunity to be long software and services on a going forward basis is a key internal, and market, dialectic.

3. Over at the Federal Reserve the new Chair, Kevin Warsh, has set a reticent tone by talking down forward guidance and showing a preference for higher interest rate volatility; not necessarily a bad idea in our view.

4. While the price of energy has corrected significantly over the last month the fog of war remains in the Middle East and we watch further developments closely.

Global Markets Update

- **The Fed** held rates at 3.50%-3.75% on June 17 in a unanimous 12-0 vote, but the Federal Reserve's dot plot turned hawkish — the 2026 median rose to 3.8%, implying a hike rather than the cut previously projected. This was Kevin Warsh's first meeting as Fed chair, and 17 of 18 officials now see inflation risks tilted to the upside. It's a genuine regime change in forward guidance after three years of an easing bias.

- **The Bank Of Japan** raised its policy rate 25bps to 1.0% on June 16 — the highest level since 1995 — in a 7-1 vote, driven by wholesale inflation hitting 6.3% in May, the highest since March 2023, as the US-Iran war keeps oil elevated.

- Normally a hike would firm the Japanese Yen, but it hasn't stuck: despite an estimated ¥11.7 trillion ($73.5 billion) in intervention spending during May and the largest quarterly FX intervention since 2004, the yen touched ¥161.95/USD on June 29 — its weakest since December 1986 — and closed the month at ¥162.60, down over 13% year-on-year.

- **The driver is the widening Fed-BOJ gap and FX traders of $ vs JPY are paying attention:** with Warsh's Fed leaning hawkish but still near 3.6-3.75% and the BOJ only just reaching 1%, the rate differential keeps favoring dollar carry trades over intervention and a very gradual push toward a neutral rate via hikes every few months.

- **The Iran war** and the effective closure of the Strait of Hormuz have been the dominant macro variable. Brent fell nearly 20% in May on ceasefire optimism even though the Strait remained effectively closed the whole month, and as of late June markets are still watching whether the fragile US-Iran arrangement holds. This is the single biggest driver of the inflation surprise feeding into Fed policy. Gasoline prices in the US are a key domestic politics variable ahead of the summer driving season and is likely part of the overall mid-term election calculus used by both sides of the political aisle.

- The five largest **hyperscalers are on track to spend $700-900 billion on capex in 2026**, a 36% increase over 2025, with Amazon alone guiding to $200 billion and Alphabet roughly doubling guidance to $175-185 billion. But the AI capex-to-revenue growth divergence is running around 46%, already exceeding the 32% divergence seen in the 2001 telecom bust, and Broadcom's weak guidance triggered a sharp early-June selloff as investors questioned whether AI valuations can hold without imminent rate cuts — with Dimon and Dalio both flagging bubble risk.

- **The Volatility Index (VIX)** flirted with levels slightly north of 20, a key pivot level, earlier in June on conflicting news from the Middle East but has now settled well below that level. Risk appetite as a result continues to be robust in the short term.

SGMC Capital Funds

SGMC Global Dynamic FX Fund

ISIN: LI0471005640

Inception: 13/05/2019

Performance

NAV	**$1,193.69**
YTD	**-0.45%**
Since inception	**19.37%**

Updated as of 30 June 2026

SGMC Nusantara Opportunities Fund

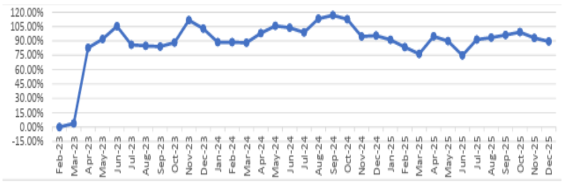
ISIN: SGXZ63154108

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	**$31,607.93**
YTD	**43.32%**
Since inception	**216.08%**

Updated as of 30 June 2026

Key Markets

Index	Month to Date (%)	Year to Date (%)
Topix	0.95	17.18
Hang Seng China Enterprises	-10.30	-15.21
Dax	-0.43	2.06
Euro Stoxx 50	4.59	9.27
S&P 500	-1.06	9.55
Dow Jones	2.52	8.85
Nasdaq 100	-0.19	19.91
US 10 Year Treasury	0.03	0.30
Bloomberg Barclays Global Corporate Bond Index	-0.71	-0.21
Bloomberg Barclays Global Corporate Bond High Yield Index	0.20	2.14
EUR USD	-2.03	-2.76
USD JPY	2.06	3.73
Gold	-11.72	-7.21
MSCI WORLD	-0.80	8.92

SGMC Forward Views Highlights

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

- No changes to our forward views this month

SGMC Media

OUR FOUNDER AND CEO, MAX BONDURRI JOINS CNA938 TO ...

June 12, 2026 | Channel News Asia

ON WEDNESDAY MORNING, SENIOR PARTNER MOHIT MIRPURI...

June 24, 2026 | Channel News Asia

OUR SENIOR PARTNER, MOHIT MIRPURI, JOINS BLOOMBERG...

June 24, 2026 | Bloomberg

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