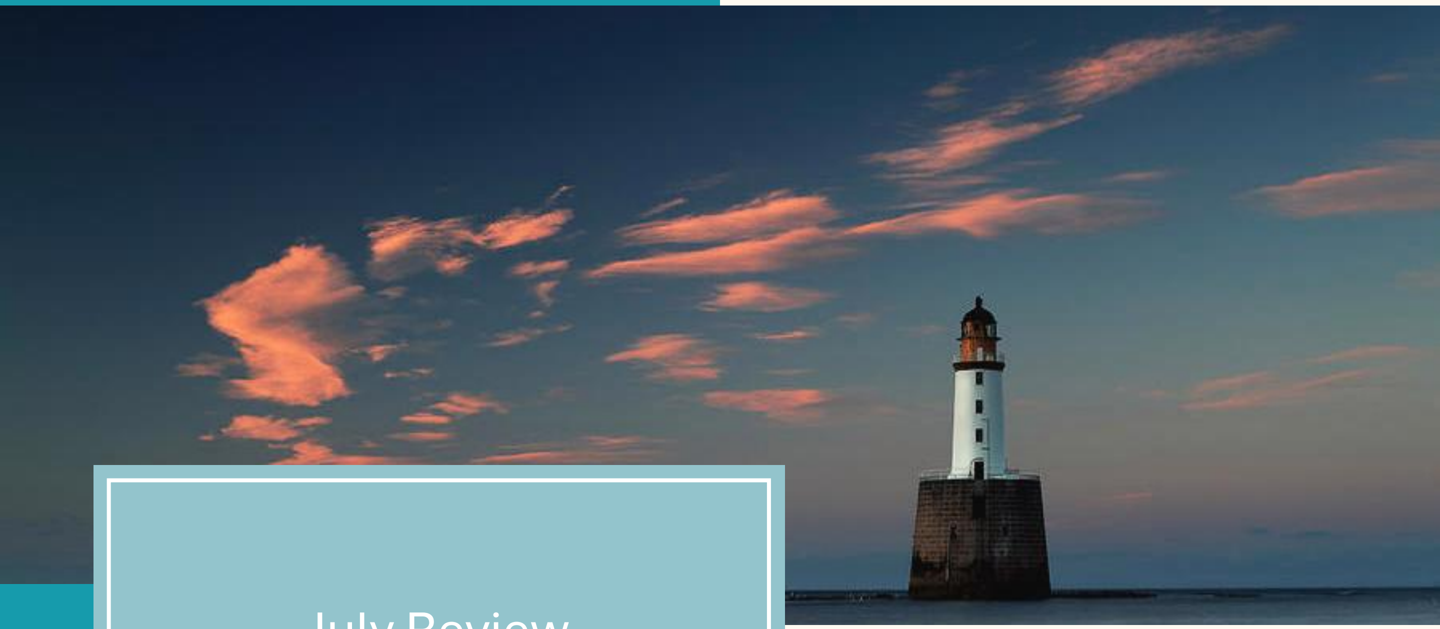
SGM CAPITAL

MONTHLY UPDATES

JULY 2026



July Review

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

Resumption of hostilities in the Middle East leads to oil spiking again

With the ceasefire breaking down oil rallied around 30% and brings back inflationary pressures as a concern for Central Bankers

The Fed Reserve held rates for the fifth meeting in a row and Chair Warsh's style of communicating is taking some getting used to

HIGHLIGHTS

1. The back-and-forth kinetic exchanges in the Middle East has caused the price of energy to rapidly spike in July and taking inflation expectations higher with it

2. While the 2 year US Treasury is up around 12 bps for the month the 30 year bond is up around 40 bps and will have negative knock-on effects to the mortgage markets

3. While the broader S&P 500 Index was flat for the month the tech-heavy Nasdaq declined around 7%. Some part of this decline was catalyzed by the flow of news from the Middle East and the rest from some aggressively levered investors being unable to put up more margin as their portfolio values declined.

4. Tech Sector earnings continue to power ahead and we are seeing more confidence in the durability of AI demand coming through

Global Markets Update

- The latest earnings round showed continued strength across the major cloud and digital-platform businesses. Microsoft Azure, AWS and Google Cloud led the pack with Meta's 28% revenue growth coming in at a still strong 28%. The broader conclusion is that demand for cloud and AI services remains strong and is becoming increasingly visible in reported revenue.

- Capital expenditure figures at these hyperscalers are rapidly accelerating as they race each other to build larger data centers. **The total annual spend figure is rapidly approaching the trillion dollar landmark** and management teams continue to report that customer demand exceeds available capacity, although higher equipment and memory prices are also contributing to the increase in spending.

- **Recent open-weight language as multi-modal models are narrowing parts of the capability gap with proprietary systems** while becoming cheaper and more practical to deploy. Progress is coming from a combination of sparse architectures, lower-precision computation, improved attention mechanisms and better inference software. This gives users greater flexibility to select, customize or operate models for specific workloads and should place some pressure on model pricing. Open-weight models are not yet uniformly equal to the strongest proprietary models, however, and **we expect to see a wide variety of models proliferating, each used for the micro-task they are best suited**.

- **The recent forced unwinding at Leopold Aschenbrenner's Situational Awareness fund, alongside the wave of deleveraging among South Korean retail investors**, is a reminder that positioning matters as much as conviction. In both cases, concentrated bets on volatile semiconductor names—amplified by margin and leveraged single-stock products—meant that what began as a routine drawdown quickly turned into forced selling. None of this undermines the longer-term investment case for AI infrastructure or memory, but it does highlight a familiar market truth: even the right macro thesis can produce painful outcomes when leverage, liquidity and position sizing are misaligned with the volatility of the underlying assets.

- As AI continues to power ahead in terms of providing new technological capabilities we expect to see some investor segments getting carried away by inducing similar such volatility into the markets. **We wait patiently for these events to take advantage in the temporary drop in asset prices for our long-term oriented portfolios.**

- **The Volatility Index (VIX)** again continues in a tight trading range between the year's lows of around 16 and the highs of around 20. Despite large sell-offs in some leading AI stocks in July there was not much demand to hedge overall portfolio risk and the relatively stable environment augurs well for risk appetite.

SGMC Capital Funds

SGMC Global Dynamic FX Fund

ISIN: LI0471005640

Inception: 13/05/2019

Performance	
NAV	**$1,209.01**
YTD	**0.83%**
Since inception	**20.90%**

Updated as of 31 July 2026

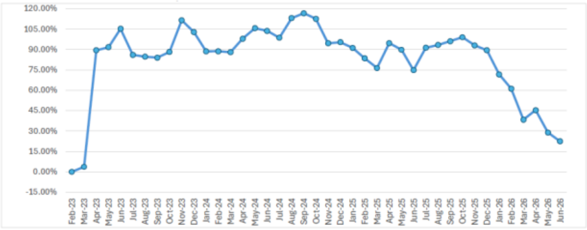
SGMC Nusantara Opportunities Fund

ISIN: SGXZ63154108

Inception: 02/02/2023

Performance	
NAV	**$1,225,22**
YTD	**-35.34%**
Since inception	**22.52%**

Updated as of 30 June 2026



SGMC AI Revolution Portfolio

ISIN: XS2644235207

Inception: 07/07/2023

Performance	
NAV	**$27,639.88**
YTD	**25.33%**
Since inception	**176.40%**

Updated as of 31 July 2026

Key Markets

Index	Month to Date (%)	Year to Date (%)
Topix	0.21	17.43
Hang Seng China Enterprises	13.94	-3.38
Dax	2.53	4.65
Euro Stoxx 50	0.47	9.78
S&P 500	-0.13	9.41
Dow Jones	0.32	9.20
Nasdaq 100	-6.61	11.98
US 10 Year Treasury	0.03	0.30
Bloomberg Barclays Global Corporate Bond Index	-0.53	-0.75
Bloomberg Barclays Global Corporate Bond High Yield Index	-0.28	1.85
EUR USD	0.92	-1.86
USD JPY	-3.17	0.44
Gold	0.95	-6.33
MSCI WORLD	0.46	9.42

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

IN RECENT ARTICLES, OUR SENIOR PARTNER, MOHIT MIRP...

July 25, 2026 | The Business Times

OUR CIO, EDMUND GOMES, SPEAKS ON BLOOMBERG TV ON M...

July 21, 2026 | Bloomberg

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