SGMC CAPITAL

MONTHLY UPDATES

October Review

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

GLOBAL MARKETS PAUSE ON MULTIPLE FRONTS

With the US Elections imminent, markets look closely to the results and the likely impact on leading stocks on account of a change in the composition of the US Congress

Larger capital expenditure bills at the Hyperscalers have caused some investors to lighten up exposure to the AI theme. At the same overall demand for compute and tokens continues at pace.

OCTOBER 2026



HIGHLIGHTS

1. **The weakness seen at the end of September led to further choppy downward price action.** While the broader indexes dipped some the leading AI plays took a larger hit. At the same time there does not appear to be any signs of the ubiquitous spread of the AI Economy.

2. **The Federal Reserve held rates** and Chair Kevin Warsh continues to provide minimal insight into future policy direction as he prefers to transfer that need for caution to investors. The market currently prices in two additional hikes over the next 12 months.

3. **We see the current set up of rates and the yield curve to be an attractive entry point to add longer duration fixed income assets.** The US 10 year Treasury Bond currently trades at around a 5% annualized yield and we have been allocating to longer duration assets to take advantage.

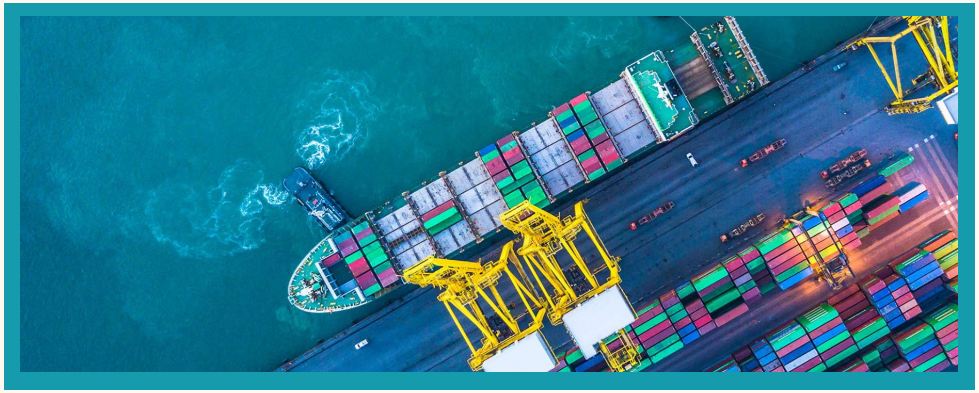
Global Markets Update

- With the **US midterm elections taking place on November 3**, markets are entering the vote with measured anticipation rather than a singular political bet. Republicans currently hold narrow majorities in both chambers; any change in control would alter legislative oversight and fiscal negotiations, while continued Republican control would offer greater policy continuity, at least initially. For investors, the principal questions concern 2027 budget and debt-ceiling discussions, the direction of financial and technology regulation, and state decisions affecting AI data-centre development. Yet the election does not reset the economic cycle.

- **Federal Reserve policy, corporate earnings, interest rates and the returns on AI-related capital expenditure are likely to remain more consequential** for equity and bond valuations over time. Some short-term volatility is possible as results clarify the balance of power, but investors would be well served by distinguishing concrete policy changes from political headlines rather than repositioning portfolios solely around election-night outcomes.

- **Third-quarter results from US technology companies** have generally confirmed robust underlying demand, particularly for cloud computing, AI infrastructure and digital advertising. Microsoft, Alphabet and Amazon reported strong cloud growth, while selected enterprise software companies also demonstrated resilient customer spending.





- However, the **scale of AI-related capital expenditure has become a more prominent concern**, with rising infrastructure commitments weighing on free cash flow at several large platforms. Investor reactions have consequently been more selective, rewarding evidence of sustainable monetisation rather than revenue growth alone. Overall, the earnings season suggests that technology fundamentals remain healthy, although expectations for investment returns are becoming increasingly demanding.

- **The Federal Reserve's outlook** has shifted toward maintaining restrictive monetary policy for longer. Having raised rates in September, the Fed held its benchmark range at 3.75–4.00% in October, citing resilient growth and still-elevated inflation. Markets and economists broadly anticipate another increase in December, while the Fed's September projections suggest rates could remain broadly unchanged through 2027. Strong investment spending and a stable labour market give policymakers room to proceed gradually, although weaker employment or faster disinflation could change that assessment. For investors, the central consideration is increasingly the duration of elevated borrowing costs rather than an imminent easing cycle.

- Apart from the US midterms, the **Initial Public Offering from Anthropic** will be a key event for global investors as it will signal the readiness, or not, of investors to incrementally fund allocations to bring AI tech to production at scale.

SGMC Capital Funds

SGMC Global Dynamic FX Fund

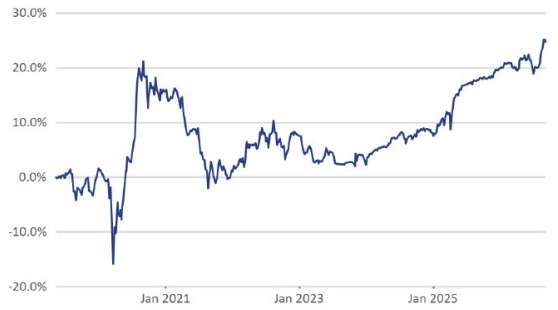
ISIN: LI0471005640

Inception: 13/05/2019

Performance

NAV	**$1,246.90**
YTD	**3.99%**
Since inception	**24.69%**

Updated as of 31 August 2026



SGMC Nusantara Opportunities Fund

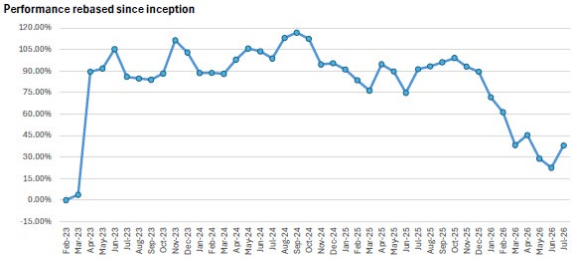
ISIN: SGXZ63154108

Inception: 02/02/2023

Performance

NAV	**$1,380.43**
YTD	**-27.15%**
Since inception	**38.04%**

Updated as of 31 July 2026



SGMC AI Revolution Portfolio

ISIN: XS2644235207

Inception: 07/07/2023

Performance

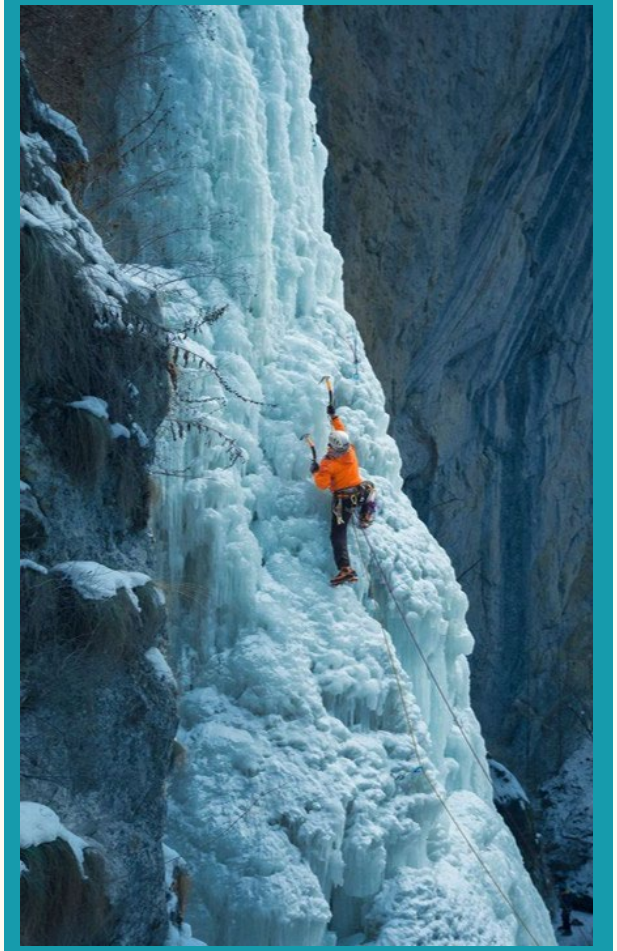
NAV	**$28,923.77**
YTD	**31.15%**
Since inception	**189.24%**

Updated as of 31 October 2026



Key Markets

Index	Month to Date (%)	Year to Date (%)
Topix	-3.49	16.31
Hang Seng China Enterprises	-4.35	-11.80
Dax	2.46	5.42
Euro Stoxx 50	-2.20	5.87
S&P 500	-0.93	10.73
Dow Jones	1.70	7.71
Nasdaq 100	-6.65	12.42
US 10 Year Treasury	-0.36	0.76
Bloomberg Barclays Global Corporate Bond Index	1.41	-1.30
Bloomberg Barclays Global Corporate Bond High Yield Index	-0.21	-0.36
EUR USD	-1.50	-4.99
USD JPY	0.10	0.54
Gold	-6.80	-10.30
MSCI WORLD	-0.82	9.75



SGMC Forward Views Highlights

Asset Class	Avoid	Reduce	Hold	Add On	High Conviction	Notes
Equities						
US Equities						We remain "Neutral" on US equities, not because of longer term worries, but mostly because a number of risk factors remain present, namely Middle Eastern tensions and the upcoming US mid term elections.
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.
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						**Upgraded to "Add On":** longer term rates seem to have found a top, and at current levels investment grade corporate bonds provide attractive absolute yields
Government Bonds						**Upgraded to "Add On":** longer term rates seem to have found a top, and at current levels government bonds provide interesting absolute yields and potential for capital appreciation
FX & Alternative Asset Classes						
US Dollar Index						Meaningful increase in US rates and consequent improvement in interest rate differential to continue benefiting the Greenback.
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						The rise in rates and consequent mortgage costs will weigh on the sector.
Collectibles						Uncorrelated with markets.

- **Upgraded Investment Grade Bonds from Hold to Add On:** longer term rates seem to have found a top, and at current levels investment grade corporate bonds provide attractive absolute yields
- **Upgraded Government Bonds from Hold to Add On:** longer term rates seem to have found a top, and at current levels government bonds provide interesting absolute yields and potential for capital appreciation

SGMC Media



OUR CEO, MAX BONDURRI, JOINS CNA938 TO DISCUSS KEY...

October 2, 2026 | Channel News Asia



ON RTHK MONEY TALK PODCAST, OUR FOUNDER AND CEO MA...

October 5, 2026 | RTHK Money Talk podcast



OUR CIO SHARES VIEWS ON AI ACHIEVEMENT, PROGRESS O...

October 23, 2026 | RTHK Money Talk podcast

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SGMC APITAL

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