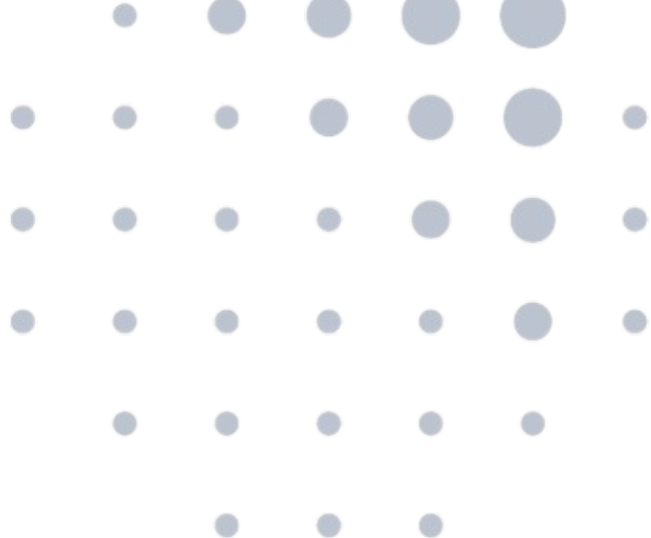
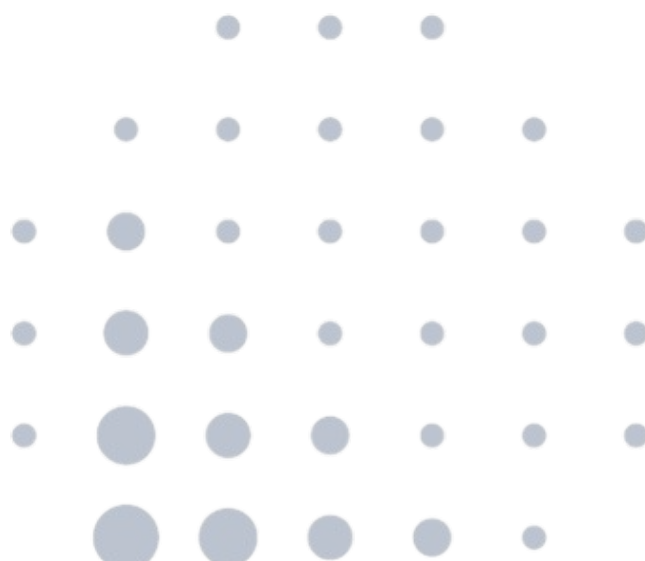




Quarterly Report

Singularity Strategies | Q3 2026





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Market Commentary

The third quarter of 2026 brought modest gains in global equities, with the MSCI All Country World Index (ACWI) advancing +1.6%, and considerable dispersion beneath the surface. Renewed tensions in the Middle East pushed energy prices higher, reviving inflation concerns and lifting bond yields. Nevertheless, resilient economic activity and strong corporate earnings supported equity markets. During an exceptionally hot summer, leadership shifted briefly within technology, with selected software and platform companies recovering while many semi-conductor stocks retraced part of their exceptional first-half gains.

For Applied Innovation investors, the quarter highlighted the distinction between operating performance and short-term share-price movements. Concerns about the scale and sustainability of AI investment (which we address in this report) weighed on parts of the infrastructure value chain, even as companies continued to report substantial growth. **Nvidia's August results showed revenues more than doubling year-on-year, while Micron closed its financial year with record results.** Within September, both Micron and TSMC confirmed that AI spending was not taking a breather, **lifting sector leaders back to all-time-highs by early October.** These developments confirmed our focus on the areas where innovation is already generating tangible revenues, earnings, and cash flows.

Cybersecurity also demonstrated its importance within the expanding AI ecosystem. As enterprises deploy more AI applications and agents, securing their data and systems becomes increasingly critical. **CrowdStrike's record new recurring revenue** and improved outlook provided further evidence of this demand.

During the quarter, **The Singularity Group's assets under management crossed USD 200m, supported by persistent inflows.** This continued growth reflects investors' confidence in our Applied Innovation approach through periods of market volatility. In this report, **we examine the main questions surrounding the AI investment cycle, including spending sustainability, software business models, and valuations.**





Performance Update

The Singularity Group screens the global equity universe for Applied Innovations. With the help of a global community of innovation experts, The Singularity Think Tank, we continuously map which future technologies are on the horizon, **which innovations find application in markets today**, and which established or commoditized innovations should no longer be of interest to investors. Our curated knowledge base currently maps more than 300 innovations.

Singularity Innovation Score (SI-Score)

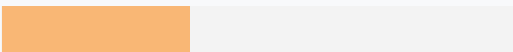
Figure 1

Crowdstrike 95%



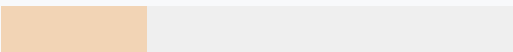
A company's SI-Score represents the percentage of its revenues associated with Applied Innovation. It reflects a company's ability to create cash flows from innovation versus commoditized business, and its ability to participate in technological evolution.

Thermo Fisher 34%



Based on TSG's ongoing innovation screening, we divide listed companies globally into two categories: Applied Innovation leaders – those deriving at least 10% of their revenues from innovative products and services (SI-Score 10) – and others (SI-Score < 10).

Illumina 26%



The Singularity Universe comprises companies with an SI-Score above 10, and forms the foundation for innovative investment strategies.

Singularity Fund™

Despite July 2026 marking its worst month ever, a results-driven recovery in September mitigated The Singularity Fund™'s decline to -2.4% in Q3, underperforming the MSCI ACWI by -4.0%, following its record second quarter. **Year-to-date performance remained strong at +26.1%, ahead of the benchmark's +13.0%.** The Fund continued to rank among the leading funds in its Global Large-Cap Growth Equity peer group across multiple time horizons. Investor flows remained positive, bringing quarter-end assets under management to USD 187m.

At the Singularity Sector level, **the strongest sector in Q3 was Networks & Connectivity, where cybersecurity holdings** like CrowdStrike (SI-Score: 95), Cloudflare (100), and Palo Alto Networks (54) led the gains.



Bioinformatics also performed strongly, supported by Natera (SI-Score: 100) and scientific-instrument providers including Thermo Fisher.

Artificial Intelligence added positively, with Meta Platforms (SI-Score: 100), one of the Fund's largest overweight positions since June rebalancing, delivering the most positive stock-level contribution. On September 8, Meta launched Muse, a new personal AI agent app built for everyday consumers. The app experienced viral adoption, quickly surpassing ChatGPT to secure the No. 1 free spot on Apple's U.S. App Store. Meta had been unduly punished for large capex spending plans in previous quarters. Within Robotics, electronics manufacturing and automation exposures such as Flex (SI-Score: 100) detracted, while Keyence (100) contributed positively.

Compute Power was the largest performance detractor. Semiconductor equipment and memory companies gave back part of their previous gains over the summer, with Applied Materials (SI-Score: 100), Lam Research (100) and SK Hynix (77) the main detractors. The weakness was selective: Nvidia (SI-Score: 90) and AMD (48) contributed positively. Micron's record September results including a further large commitments into wafer fabrication facilities and cleanrooms immediately boosted order visibility for major equipment suppliers, fuelling share price recoveries in that space. New Energy also weighed on performance, reflecting declines in power-generation, electrification and cooling exposures, including GE Vernova (SI-Score: 70), Caterpillar (35) and Vertiv (80).

The summer reversal of some of Q2's market leadership confirmed the value of diversification across Applied Innovation. **Our focus remains on companies whose innovative products and services translate into durable commercial demand and earnings growth through the cycle.**

Singularity US Innovation Leaders

The Singularity US Innovation Leaders gained +0.2% in Q3, slightly behind the Nasdaq 100's +0.5%. **Year-to-date performance remained strong at +23.7%, outperforming the benchmark by +2.8%.** Since launch in May 2024, the AMC has returned +78.2%, ahead of the Nasdaq 100 by +12.3%.

The quarter revealed substantial differences within Compute Power. **Nvidia (SI-Score: 90) was the largest positive contributor, supported by continued expansion in AI compute demand and another strong earnings release catapulting it to new all-time-highs by early October.** AMD (48) also added positively. However, declines in Applied Materials (100), Lam Research (100) and Micron (81) outweighed these gains within the sector. Avoiding less Innovative benchmark constituents such as KLA cushioned the hardware downturn.



Networks & Connectivity provided an important offset, with CrowdStrike (SI-Score: 95), Palo Alto Networks (54), Fortinet (67) and Zscaler (100) all contributing positively. Extended Reality added more modest gains through Adobe (77) and Autodesk (98).

Artificial Intelligence was the main relative detractor despite positive absolute returns. The portfolio nevertheless preserved its substantial gains accumulated earlier in the year.

Singularity US Equity

The Singularity US Equity AMC declined by -1.0% in Q3, compared with +2.2% for the S&P 500 Index. Despite this quarterly setback, **the strategy returned +15.3% year-to-date, outperforming by +2.8%**. Since its January 2025 launch, it has gained +38.7%, exceeding the benchmark by +10.4%.

Meta Platforms (SI-Score: 100), was the strongest individual contributor, recovering to year-to-date highs after its September announcement highlighted above.

Healthcare-related innovation provided a counterbalance to semiconductor weakness over the summer months. Bioinformatics benefited from Thermo Fisher Scientific (SI-Score: 34), Danaher (60) and Agilent (100), while IQVIA (41) supported Big Data. Cybersecurity holdings also advanced, led by CrowdStrike (95) and Palo Alto Networks (54). **CrowdStrike's record new recurring revenue highlighted the commercial demand accompanying the growing need to secure AI-enabled enterprises.**

Across all Singularity Strategies, the principal source of weakness in July and August was Compute Power after exceptional returns in H1. In the Singularity US Equity portfolio, New Energy companies Caterpillar (35), GE Vernova (70) and GE Aerospace (73) weighed on returns, illustrating how the correction extended beyond chips into selected industrial beneficiaries of AI spending.

Partner Products

Swissquote Innovation Money Makers

The Innovation Money Makers strategy declined by -1.8% in Q3, against a +1.9% gain for the MSCI World Index. Its underlying strategy retained a **strong +20.2% year-to-date return, outperforming by +8.4%**. Since the AMC's launch on May 1, 2026, investors have earned +8.1%, ahead of the benchmark by +2.6%.



The global portfolio offered some contrasting sources of resilience: Within New Energy, Japan's Hitachi (SI-Score: 72) and Mitsubishi Heavy Industries (36) contributed positively, slightly mitigating declines in Caterpillar (35), Siemens Energy (59) and GE Vernova (70). Bioinformatics was the strongest positive sector in relative terms, supported by Thermo Fisher Scientific (34) and Danaher (60). Networks & Connectivity also helped through CrowdStrike (95) and Palo Alto Networks (54).

Meta Platforms (100) led individual gains, reflecting the portfolio's exposure to AI Advertising. However, AppLovin (100) and Alphabet (22) declined, while avoiding Microsoft (6) and Apple (0) proved costly against the benchmark.

Compute Power accounted for the largest performance drag, with weakness spanning semiconductor manufacturing equipment and memory. Equipment companies Applied Materials (SI-Score: 100), Lam Research (100) detracted predominantly in July and August, while AI-chipmakers Nvidia (90) and AMD (48) provided partial offsets.

The AMC's positive return since launch shows that the quarterly retracement has left a meaningful part of its early gains intact. **September results and announcements are fuelling a recovery from the summer dip that some investors seized as a buying opportunity.**

LUKB Smart Farming – Powered by The Singularity Group

The LUKB Smart Farming Basket gained +6.3% in Q3, **extending its strong year-to-date performance to +29.8%**. Since launch in April 2024, the Basket has returned +17.2%. This quarter's advance came from a different combination of holdings than in Q2, demonstrating the valuable breadth of its exposure across the smart farming value chain.

Data Analytics & AI was the strongest theme, led by Illumina (SI-Score: 26), Thermo Fisher Scientific (34) and Trimble (85). Genomics and analytical tools were particularly strong, with Illumina's July results showing renewed revenue growth and improved operating profitability. These technologies support the collection and interpretation of biological data alongside precision measurement and positioning capabilities.

Seed, Chemicals, Biologicals and Additives also delivered substantial gains. Clariant (SI-Score: 75) was a leading contributor, complemented by DSM-Firmenich (76) and Syensqo (28).

Robotic Equipment & Automation moved in the opposite direction. Cooling and water-management exposures, including AAO (45), Modine Manufacturing (25) and Pentair (39), declined, while Valmont (25) and Veolia (11) also detracted. GEA Group (25) contributed positively but could not offset the broader weakness in the theme. Strong gains in biological analysis and specialty chemicals nevertheless carried the Basket to another positive quarter.



FAIQ: The 5 Most Frequently Asked Questions About AI

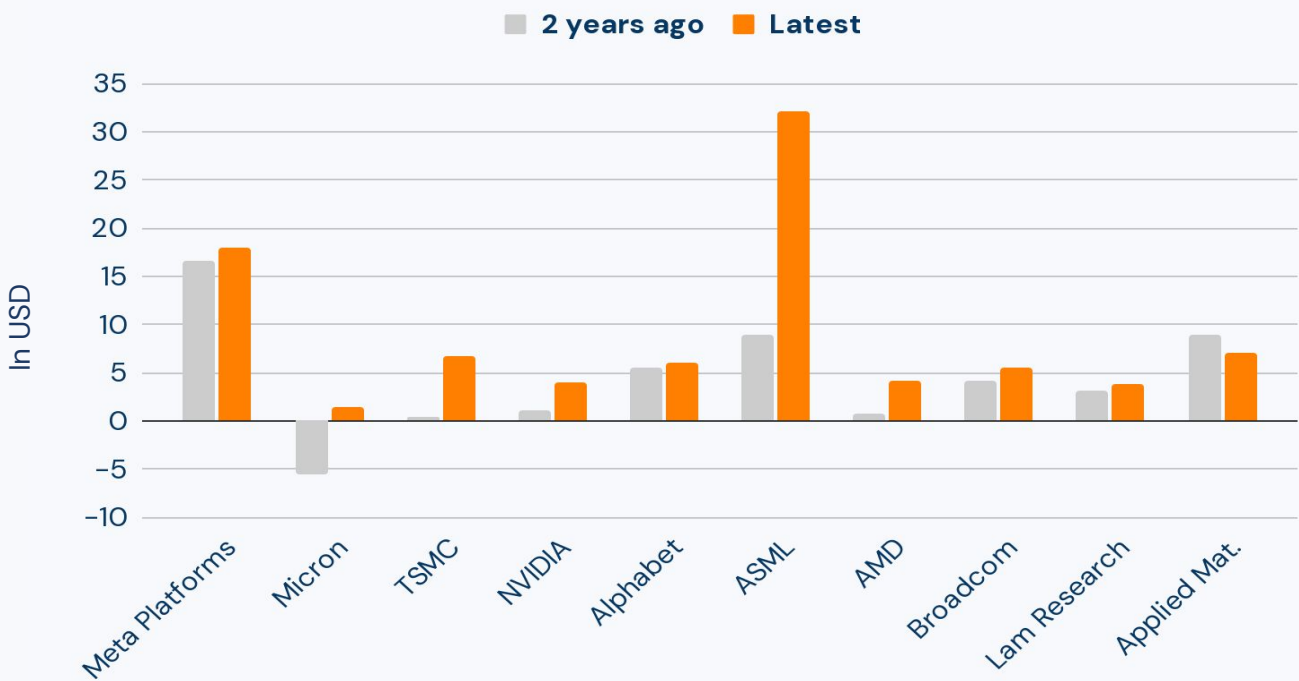
There have been a lot of discussions and clickbait news titles on whether the AI rally has gone too far and is looking like a bubble. In this quarterly report we address and unpack the main concerns we have been hearing and reading about in the last few months. Note that most of these concerns were already a topic of discussion one year ago in 2025, in 2024, and even in 2022 when ChatGPT first came out.

Q1: Is the Level of AI Spending Sustainable?

A common view in the market is that AI technology is useful and here to stay, but companies are investing amounts unheard of in the AI infrastructure buildout: is this level of spending sustainable?

Free Cash Flow Analysis Shows Sustainable Financials

Chart 1



Free Cash Flow (FCF) per share in USD for the top ten holdings in the Singularity Fund as of September 30, 2026, comparing the latest reported financial year (Latest) with two financial years earlier (2 years ago)

Source: Factset,TSG

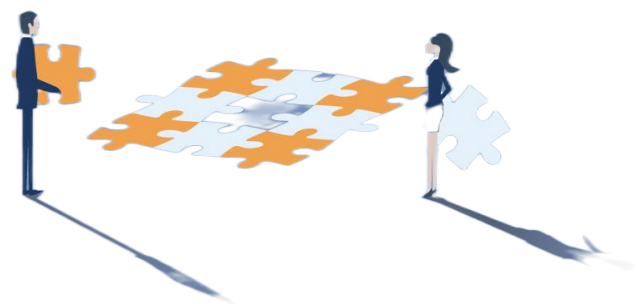


If we look at the **top ten names in our flagship fund portfolio** (see *Chart 1*), it is made of advanced chip designers, memory and equipment manufacturers, and ads-based social media and streaming leaders, which have all participated in the most recent AI Capital Expenditures (CapEx) wave. CapEx concerns for these companies stem from different reasons: while the key concern for hyperscalers is their ability to recover their investment in the future, chips and memory producers are facing concerns around potential overcapacity should hyperscalers' spending abate.

The semiconductor companies selected into our portfolios continue to show very solid numbers, with most names significantly ramping Free Cash Flow (FCF) per share versus two years ago. In particular, we see that Micron, the only company in the group to have negative FCF per share two years ago, has improved its metrics significantly over the period. Investments are well funded and financially sustainable.

Meta Platforms and Alphabet have been the focus of many discussions for their AI spending. We are talking about companies whose latest FCF per share are USD 17.91 (Meta) and USD 5.99 (Alphabet). Meta corrected sharply during the summer when it announced plans to increase its 2026 AI spending above the previously forecasted numbers. In the same quarterly earnings announcement, Meta reported YoY revenue growth for the Family of Apps segment of 28% versus the 5-year average of 16%. While investing substantially in the AI buildout, **both companies are already generating substantial revenues and earnings from their AI investments, most notably through their ads businesses, where they are able to deliver premium services and increase their pricing thanks to applied AI.**

Ads are an underappreciated area of real, tangible, value-accretive impact from AI investments, but they are just one piece of the AI growth and pricing power puzzle. Besides this application, the underlying trends remain supportive: enterprise adoption is accelerating, compute usage continues to expand, and AI is being deployed across a broader range of use cases.





Q2: Is Software Dead?

One of AI's big promises is that traditional enterprise software will eventually become much less relevant or even replaced ("software is dead"). At TSG, we are sceptics of software, albeit for a different reason: **it is still too early to call winners from losers and there is clearer, better value elsewhere.**

Throughout the multiple interactions we have had with our Think Tank experts over the past months and even years, one key point has remained consistent: enterprises still need enterprise software. Privacy, compliance, security, integration with existing systems, and the complexity of replacing mission-critical workflows all create significant barriers to developing these solutions internally.

At the same time, there is not a single large software company that is not integrating AI into its products or leveraging outstanding AI coding capabilities. Increasingly, this appears to be a competitive necessity rather than a source of differentiation in itself. AI is putting pressure on traditional software business models from the inside and out. If AI agents can perform tasks that previously required several users, customers may need fewer software licenses. This development is weakening the traditional per-seat subscription model and pushing vendors towards usage-based or outcome-based pricing, where the economics are less predictable.

Our concern is therefore not that enterprise software will disappear. These companies continue to invest heavily in AI and, **given their high margins, in most cases they can easily afford to do so.** The question is whether those investments will translate into stronger pricing power and better economics for shareholders. Within enterprise software, the only space where we see this being realised is in **cybersecurity** through network security software. The explosion of AI agents highlighted several cybersecurity risks with numerous attacks that were far beyond what we previously believed possible, and those companies that deliver the software to keep enterprise systems secure are seeing strong interest in their products. **The exposure to cybersecurity is about 6.6% of the Singularity Fund portfolio as of the end of September, representing a significant overweight vs. the MSCI ACWI with cyber exposure around 1%.**



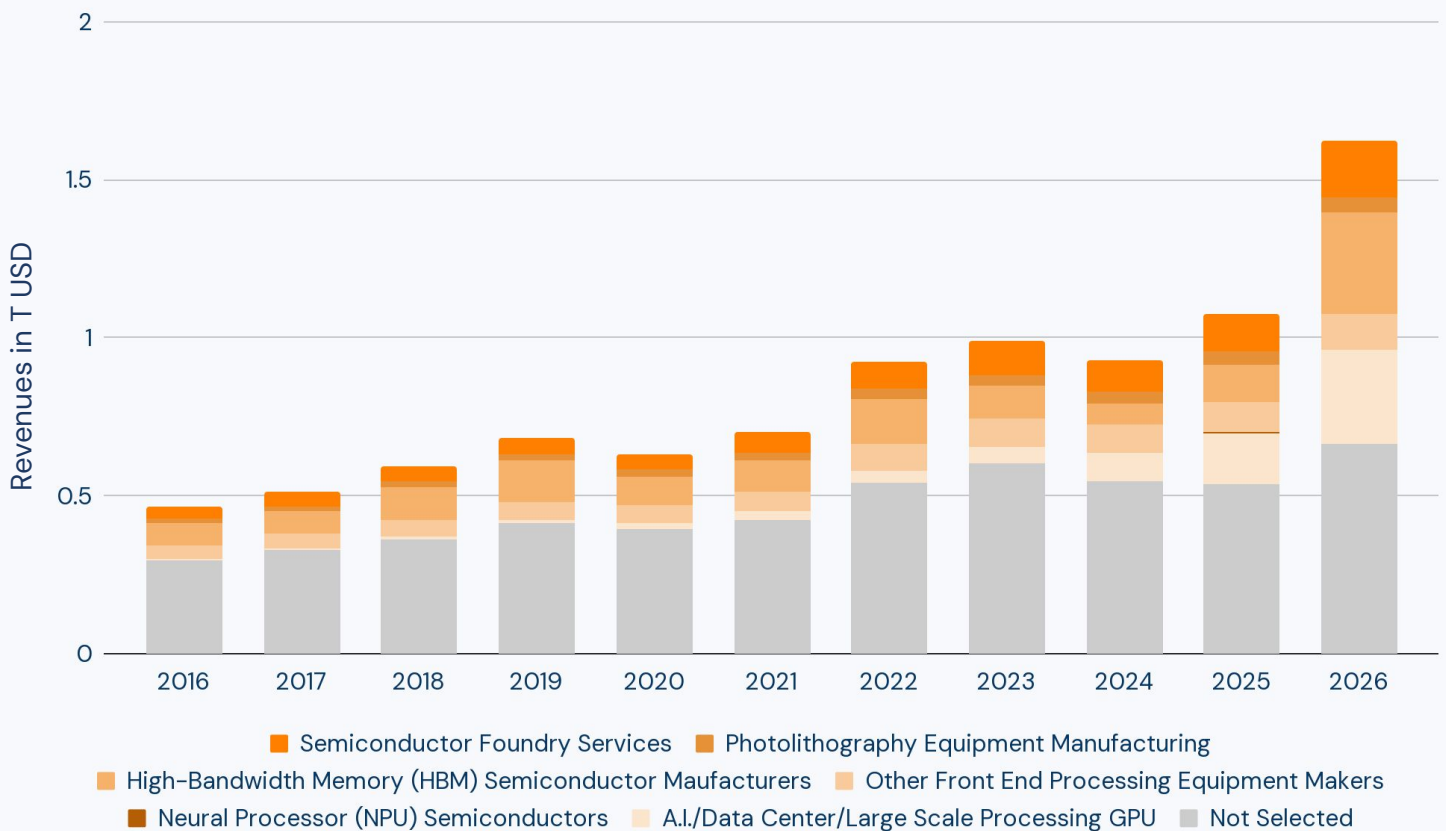


Q3: If Semiconductors are the Picks and Shovels of AI, Why Not Just Buy the Whole Sector?

While semiconductors remain essential within the AI buildout, **not every semiconductor is a bottleneck, and semiconductors are not the only bottleneck. Therefore, both selectivity and diversification are critical.** GPUs and other accelerators have become the dominant compute architecture for AI training, while high-bandwidth memory (HBM) has emerged as a critical accompanying memory technology. Demand remains exceptionally strong, and HBM in particular continues to face significant supply constraints, with new manufacturing capacity requiring substantial investment and long lead times.

Revenues in the Semiconductor Value Chain: Selectivity Matters

Chart 2



The chart shows how the TSG selection **in orange tones** has been significantly outgrowing the more commoditized areas **in gray** and overcoming the cyclicity of the general semiconductor sector.

Source: Factset, TSG



The semiconductor value chain spans a broad range of products and services, from chip design and manufacturing to equipment and distribution. The breakdown above (see *Chart 2*) illustrates how TSG's investment approach differentiates within the semiconductor universe. Selected exposure is concentrated in areas such as data center graphics accelerators and controllers, foundry services, and volatile memory, while other categories remain unselected.

As AI workloads increasingly shift from training towards inference, the architecture is also becoming broader. GPUs remain central, but CPUs, memory, networking and high-performance storage are gaining importance as inference, reasoning and agentic workloads require different combinations of compute and data movement. **This does not mean that these components are necessarily unconstrained; rather, the location of scarcity is becoming more distributed across the stack.**

At the same time, power availability is an increasingly important physical constraint. Our recent Think Tank discussions have highlighted the difficulty data centers face in securing grid connections, but also how operators are increasingly adopting alternative solutions such as private microgrids and on-site power generation to overcome these constraints and accelerate deployment. This is one of the reasons why we have been **increasing our exposure to innovative areas within energy generation and grid modernization**, including aeroderivative and heavy-duty gas turbines, smart-grid management systems, and efficient climate-control technologies. Get in touch with us if you would like further information on our exposure!





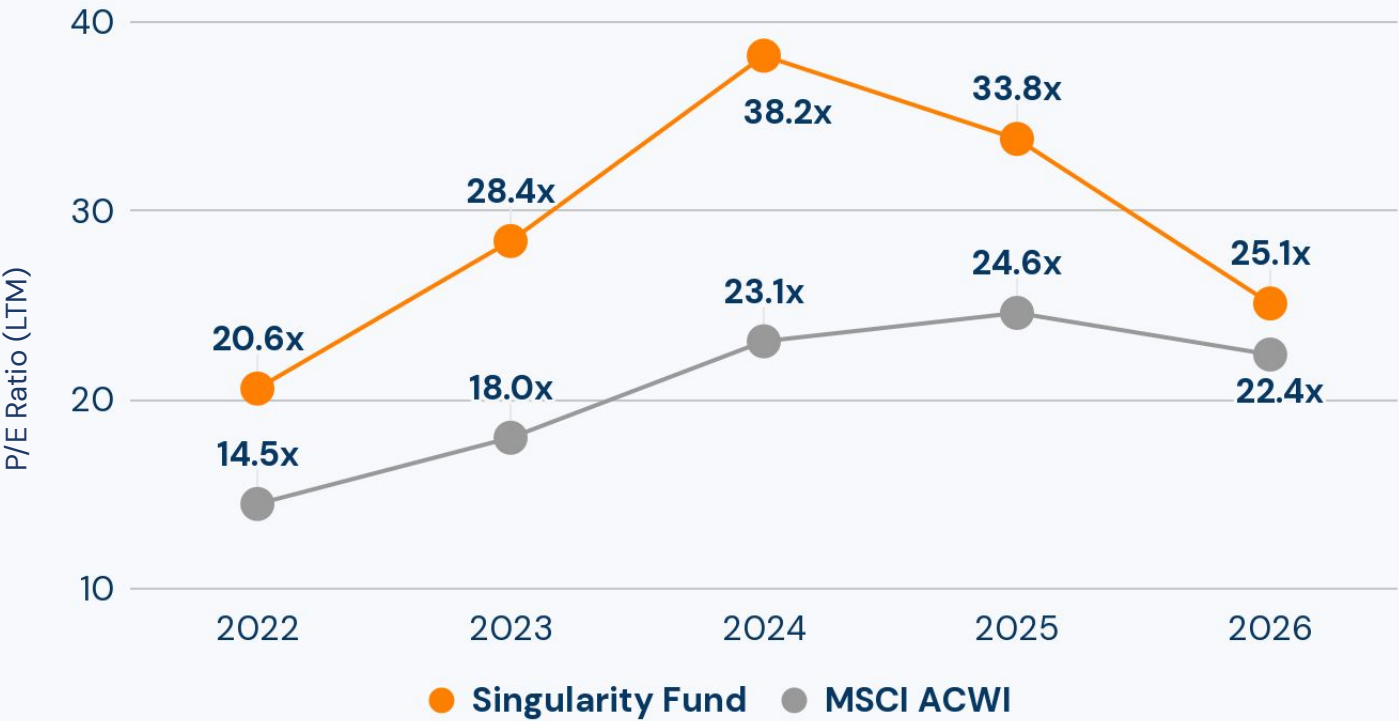
Q4: Are Markets Overvalued? Is There an AI Bubble?

Have stock prices, in particular of those companies benefitting from the AI boom, rallied too much? Are their valuations justified? Is this another bubble? A useful starting point is our own portfolio and its valuation, given its current exposure to the AI buildout.

At TSG we do not build valuation models as such. We select companies with innovative product or service solutions and strong moats that translate into above-average growth. **This growth is regularly underestimated by the market.** Based on what we see today, again, our portfolio does not appear overvalued, particularly relative to its growth profile and its recent history.

Price-to-Earnings Ratio: More for Less

Chart 3



Trailing twelve-month (LTM) P/E for the Singularity Fund versus the MSCI ACWI for the past five years. Retrieved on September 30, 2026.

Source: Bloomberg

The Singularity Fund currently trades at an average Price-to-Earnings (P/E) ratio of 25.1x using trailing twelve-month earnings, slightly above the 22.4x P/E of the MSCI ACWI. The more interesting point, however, is **how much this valuation premium has compressed.**



In 2024, the portfolio traded at 38.2x earnings compared with 23.1x for the benchmark, a premium of around 65%. Today, the premium is only around 10%, as the P/E of the portfolio has declined significantly while the benchmark is trading at roughly the same multiple as two years ago (see *Chart 3*).

This valuation premium also needs to be seen in the context of the portfolio's longer-term growth profile. **Since inception, the portfolio has delivered realized earnings per share growth of 20.4% CAGR, compared with 9.2% for the MSCI ACWI.** On that basis, the realized PEG ratio stands at 1.2x for the portfolio versus 2.4x for the benchmark (see *Table 1*). In other words, **while the portfolio still trades at a modest premium on earnings, investors are paying considerably less for each unit of realized earnings growth.**

Twice the Earnings Growth for Half the Price

Table 1

	The Singularity Fund	MSCI ACWI
Realized Earnings Growth (CAGR)	20.4%	9.2%
Realized PEG Ratio	1.2%	2.4%

Realised earnings growth and PEG ratio for the Singularity Fund versus the MSCI ACWI.
Retrieved on September 30, 2026.

Source: FactSet,
Bloomberg

Of course, valuation alone does not answer the question. The more important issue is whether prices have moved too far ahead of the underlying fundamentals. This is where a comparison with the dot-com bubble becomes interesting.

Nasdaq addressed this concern at the end of 2025 in a white paper called ["Is AI Another Bubble for the Nasdaq 100?"](#). At the peak of the dot-com bubble, 21 of the 100 companies in the index generated negative net margins and valuations were far more extreme. Nasdaq estimates that the index traded at approximately 104x earnings at the end of 1999, compared with a trailing twelve months P/E of 34.7x at the end of September.

Today, we are seeing very strong fundamentals from companies such as Nvidia, the poster child of the "AI bubble", which in its latest quarterly earnings reported +106% sales growth year-on-year and a net profit margin of 62%. That does not mean there cannot be pockets of euphoria, not just related to AI. The IPO of humanoid robot maker Unitree is [one example](#): the offering was more than 8,000 times oversubscribed, valuing the company at more than 200x 2025 earnings. The shares surged more than 5x on debut, and subsequently corrected sharply.



Q5: How Are We Positioned in the Current AI Environment?

Taken together, the evidence does not point to an AI boom that is simply running on valuation expansion or speculative enthusiasm. Valuations remain supported by strong growth, the largest companies funding the buildout continue to generate substantial cash flow, and both enterprise adoption and compute usage are still expanding. **At the same time, the scale of investment justifies scrutiny.**

This is reflected in our portfolio. We remain exposed to the AI buildout, and **focus selectively on the areas where demand is strongest and scarcity remains most pronounced:**

- Advanced compute
- High-bandwidth memory (HBM)
- Selected front-end semiconductor manufacturing equipment
- Power generation for data centers and grid efficiency

We also maintain exposure to areas **where AI is already translating into tangible commercial benefits, particularly:**

- Cybersecurity
- Digital advertising

In areas such as enterprise software, where the impact of AI is significant but the eventual winners are still unclear, we are waiting on the sidelines for true Applied Innovation to materialize.





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