

Quarterly Report

Singularity Strategies | Q1 2026





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Market Commentary

Global equities started 2026 on a weaker footing, with the MSCI All Country World Index (MSCI ACWI) down -3.2% in Q1. The quarter was marked by a sharp shift in the macro backdrop, as the escalation of the conflict in Iran drove a significant spike in energy prices and reintroduced inflationary pressures. This goes beyond a cyclical shock, **as disruptions in key routes through the Strait of Hormuz are exposing structural fragilities in the global energy system and reinforcing the need for greater resilience. Read more [here](#).**

Despite this challenging environment, **earnings growth across our Applied Innovation universe remained strong.** The ongoing AI ramp-up continues to translate into sustained demand for compute power, the upstream semiconductor ecosystem, and the energy complex.

Market leadership remains firmly anchored in companies exposed to a durable innovation cycle spanning industrial automation, pockets of the AI value chain, and efficient energy systems. While geopolitical risks have increased, the fundamental drivers of growth within our Applied Innovation universe remain intact and continue to deliver. **Indiscriminate sell-offs driven by fear and uncertainty have historically without fail represented excellent buying opportunities for our strategies focused on long-term winners.**





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

TSMC

98%



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.

GE Vernova

64%



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).

RTX

35%



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

Singularity Fund™

The Singularity Fund™ returned -7.2% in Q1 2026, underperforming the MSCI ACWI Index by -4.0%. Since launch, the fund has delivered a cumulative performance of +125%, i.e. +10.3% net annualized return.

Performance in this quarter was primarily impacted by weakness across parts of the AI value chain, particularly within Big Data and AI-related software. Key detractors included **Microsoft** (SI-Score 44), **SAP** (SI-Score 100) and **Meta** (SI-Score 100), reflecting a broader rotation away from software and platform names despite continued solid underlying fundamentals.



On the positive side, Compute Power remained a strong positive contributor. Advanced semiconductor and equipment players such as **ASML** (SI-Score 98), **Applied Materials** (SI-Score 99), **TSMC** (SI-Score 98) and **Lam Research** (SI-Score 100) delivered strong performance supported by sustained demand for advanced chips and manufacturing capacity. Memory companies including **Samsung** (SI-Score 28), **Micron** (SI-Score 82), and **SK Hynix** (SI-Score 68) continued to rally as well.

Notably, the energy complex was driven higher through the turmoils in the Middle East, with exposure to Energy-related innovations providing meaningful support: Companies such as **GE Vernova** (SI-Score 64) and **Vertiv** (SI-Score 78) benefited from increasing demand for power infrastructure and energy systems linked to electrification trends.

Singularity US Innovation Leaders

The Singularity US Innovation Leaders strategy returned -10.0% in Q1, underperforming the Nasdaq 100 Index by -4.2%. Since launch less than 2 years ago, the strategy has delivered a cumulative performance of +25%, i.e. +15.2% net annualized return.

The most positive contributions came from Compute Power, notably **Micron** (SI-Score 82), **Applied Materials** (SI-Score 99), **Lam Research** (SI-Score 100), and **ASML** (SI-Score 98). Select industrial and infrastructure names including **Honeywell** (SI-Score 40) and **Baker Hughes** (SI-Score 24) also contributed positively, reflecting increasing demand for electrification and energy-related innovations.

On the other hand, the main detractors were software and platform companies, with **Microsoft** (SI-Score 44) the largest negative contributor, followed by **Broadcom** (SI-Score 100), and **AppLovin** (SI-Score 69).



Singularity US Equity

The Singularity US Equity strategy returned -8.8% in Q1, underperforming the S&P 500 Index by -4.4%. Since launch, a year ago, the strategy has delivered a +9.8% net return, outperforming S&P 500 at +9.1%.

Energy-related innovations were the main contributors to performance. Companies such as **GE Vernova** (SI-Score 64), **Quanta Services** (SI-Score 47) and **Caterpillar** (SI-Score 18) benefited from increasing demand for electricity infrastructure and power systems, in line with the evolving energy backdrop. Compute Power exposure also contributed positively, alongside selected industrial names including **Honeywell** (SI-Score 40) and **RTX** (SI-Score 35).

As in the other strategies, the main detractors were concentrated in software and platform companies, reflecting continued weakness across AI end-applications and Big Data segments despite resilient underlying fundamentals.

Please find our Partner Product “LUKB Smart Farming” [here](#).





Beyond the Barrel: How the Global Energy Crisis Fuels Applied Innovation

The war in the Middle East is exposing the fragility of the current global energy setup, and while we are hoping for a timely resolution, more and more countries are faced with the reality of not having enough resilience when it comes to their requirements for energy and other resources.

This had already become apparent in 2022 when the Russia–Ukraine war started: the combination of sanctions and pipeline destruction forced the EU to find alternative sources of natural gas. Russia accounted for around 40% of EU imports of pipeline gas in 2021. An increase of imports from the US, Norway, and the Middle–East drove this dependency down to 6%¹.

The current war in Iran is exposing a similar dynamic. **In this case, the impact goes beyond natural gas to cover the full spectrum of hydrocarbons.** Asian countries are the most directly impacted by the physical shortage: about 80% of oil and oil products transiting the Strait of Hormuz in 2025 were destined for Asia². In a global, interconnected energy market, the shock is triggering a broad price increase. As a consequence, **many countries are exploring how to secure energy and hydrocarbon independence and resilience.**

Three major avenues can be explored if the situation prevails. We anticipate a combination of these three outcomes to materialize over the medium term:

- 1) **Switching the suppliers of oil and gas**, which will require substantial investments
- 2) **Reducing consumption**, which has obvious recessionary implications
- 3) **Finding alternative sources of energy, and continuing the process of decarbonizing energy supplies**

Applied Innovation is historically a crucial factor in navigating any paradigm shift. At The Singularity Group, our work involves analyzing innovation value chains across various regions, industries, and sectors. Technological progress in the field of energy and resources has invariably been central to our analysis and exposure. **A number of related developments currently on our focus-list are poised to experience accelerated adoption.**

Applied Innovation: Electricity Infrastructure

Even before the recent developments, many countries have been transitioning towards increasing reliance on electricity while trying to reduce the dependence on fossil fuels usage in power generation by shifting toward alternatives such as renewables (wind, solar, biomass), or more recently nuclear.

¹<https://www.consilium.europa.eu/en/infographics/where-does-the-eu-s-gas-come-from/>

²<https://www.iea.org/topics/the-middle-east-and-global-energy-markets>



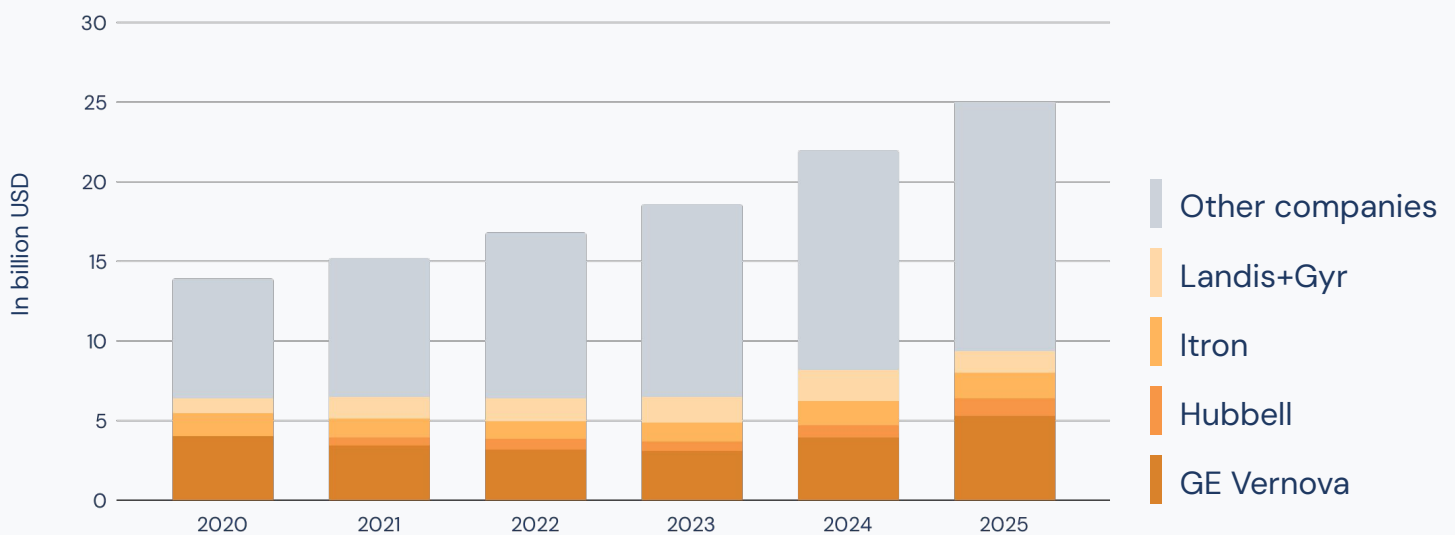
Tapping into nuclear energy requires long-term projects and substantial capital expenditure (CapEx), with several projects underway. In contrast, renewables have much shorter lead times. Solar energy, specifically, exhibits significant, inexpensive, and readily deployable overcapacity. Although photovoltaic producers could benefit from tactical trades in the current disrupted environment, the market is commoditized, with very limited pricing power, and therefore it remains outside of our focus area.

No matter the source, over short or long term, all alternative energy solutions command upgrades and significant buildout of electricity infrastructure: our Energy experts confirm the criticality of smart grid management systems and digital optimization platforms for handling the complexity of distributed energy resources and for improving both resilience and efficiency.

These technologies have been experiencing strong growth for a few years. Companies like **GE Vernova** (SI-Score: 64) in smart grid management systems and **Quanta Services** (SI-Score: 47) in **electricity infrastructure construction** have been gaining market share. In light of the ongoing crisis, we expect the adoption of these readily available solutions to accelerate an already ongoing trend.

Total Revenues generated in Smart Grid Technologies and Smart Meter Products (in \$bn)

Chart 1



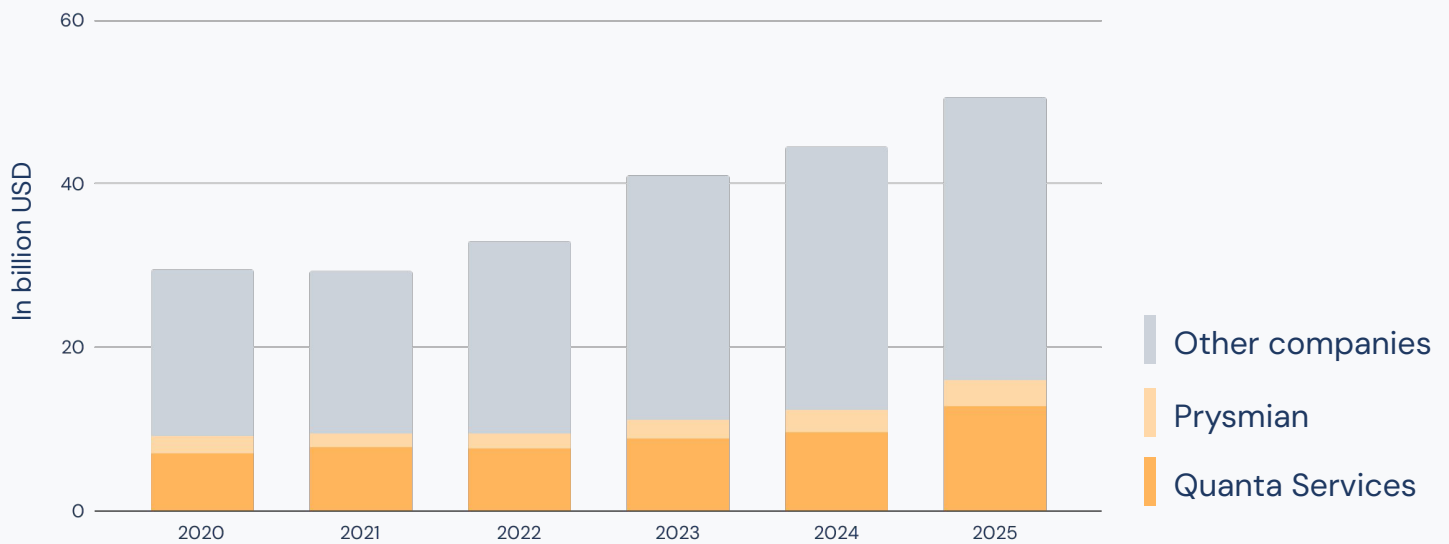
The chart displays total revenues generated by all companies active in the Smart Grid Technologies and Smart Meter Products space. GE Vernova Revenue: GE Vernova revenues for the period 2020–2023 reflect figures reported and consolidated by GE prior to the GE Vernova spinoff.

Source: Factset,TSG



Total Revenues generated in Electricity Infrastructure Construction (in \$bn)

Chart 2



The chart displays total revenues generated by all companies active in the Electricity Infrastructure Construction space.

Source: Factset, TSG

Applied Innovation: Energy Efficiency

Mitigating the impact of an oil and gas shortage does not only entail shifting away from fossil fuels, but also finding new and more efficient ways of using energy overall.

Several critical technologies cater to these needs. Some advancements such as high-efficiency gas turbines (**Siemens Energy**; SI-Score: 57) and the latest high by-pass ratio jet engines (**RTX**; SI-Score: 35) focus on increasing the efficiency of existing fossil-fuel systems. Other technologies achieve significant energy gains by replacing fossil fuels with electricity, a prime example being the use of heat pumps for both heating and cooling.

Investment in **advanced heating and cooling solutions, smart sensors, valves, and actuators** reflects our long-standing focus on energy efficiency as a source of innovation. These technologies enable more precise control of HVAC (Heating, Ventilation, and Air Conditioning) systems, leading to substantial energy savings and better indoor air quality. Their demand is fundamentally driven by long-term efficiency gains and decarbonization goals, a trend that is only being accelerated by current energy dynamics, rather than being a direct consequence of the oil and gas shock.



While the current high-price environment benefits cyclical sectors like traditional oil and gas, as evidenced by the Energy sector's recent performance, these mature, low-innovation and legacy models offer limited long-term appeal due to their structural vulnerability to the unpredictable geopolitical environment. The Singularity Group's approach is rooted in leveraging Applied Innovation as the superior source of return. We focus on non-cyclical, real growth areas like energy efficiency and grid modernization, where structural differentiation and resilient long-term value are achievable and reinforced in the context of the current shock.





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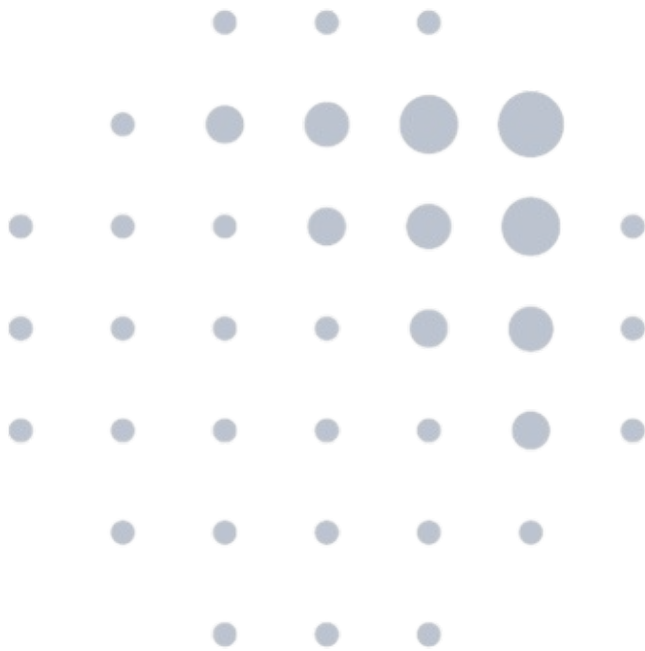


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