

# Southern Rock Capital

Allegro Strategy update

June 2026

## Market update

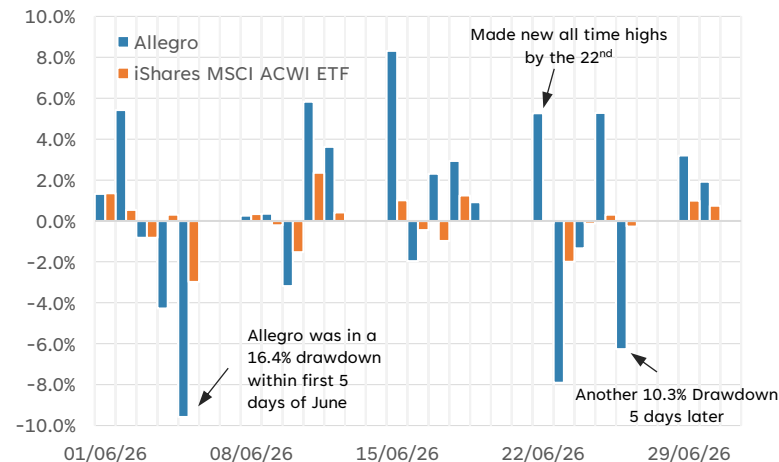
Global markets had a strong second quarter, helped by easing tensions in the Middle East and renewed excitement around artificial intelligence. Oil prices fell sharply as the conflict showed signs of de-escalation, which helped calm inflation fears. At the same time, investors became more confident that companies would continue spending heavily on AI infrastructure, especially data centres and semiconductors.

This sparked a major rally in technology shares, with emerging markets, Korea and Taiwan benefiting strongly because of their large exposure to chip and hardware companies. US, European and Japanese shares also performed well, supported by better company earnings and improving sentiment.

Bonds were more mixed, as investors weighed lower oil prices against still-sticky inflation. Commodities struggled overall, with oil and precious metals falling, although industrial metals held up better thanks to demand from technology and infrastructure spending.

The Allegro strategy posted strong gains of **+9.7%** for the month, outperforming its benchmark, which returned **+6.8%** over the same period.

**Allegro's daily price movement versus the iShares MSCI ACWI ETF**

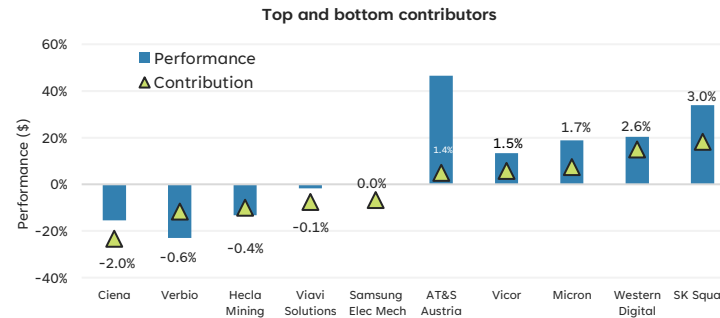


Source: UBS, FactSet Research

## The strategy

Allegro's performance since inception in September 2024 has been exceptional, with the portfolio growing from \$100 to approximately \$400, effectively quadrupling clients' capital over the period. However, the end result tells only part of the story. As the daily return chart illustrates, Allegro has experienced materially greater volatility than a broad global equity ETF such as the iShares MSCI ACWI ETF. While the long-term outcome has been rewarding, the journey has been far from smooth.

This volatility is not a flaw, but an intentional feature of the strategy. Allegro is a deliberately concentrated portfolio, designed to outperform over the long term by investing with conviction rather than closely tracking the broader market. That approach inevitably results in larger short-term price swings. In investing, there are no free lunches, higher long-term return potential typically comes at the cost of greater volatility. For investors willing to remain disciplined through these inevitable periods of discomfort, the volatility has been the price of admission to the strategy's longer-term success.



June was a mixed month across these holdings, but the balance of evidence still points to a market that kept rewarding companies tied to the hardware behind artificial intelligence. **AT&S**, **SK Square**, **Western Digital**, **Vicor**, **Micron**, and **Samsung Electro-Mechanics** all finished higher for the month, helped by a combination of stronger demand for advanced chip packaging, memory, storage, and power components, as well as company updates that reinforced those themes. **Micron** stood out after reporting record results and announcing new customer commitments, while **AT&S** rose sharply after expanding AI-substrate capacity and lifting its outlook. **Western Digital** and **Vicor** also benefited from the same "build the hardware first" mood, with investors focusing on data-storage demand and power systems for AI servers.

The laggards tell a different story. **Ciena** reported very strong quarterly numbers and raised guidance, but the shares still fell as investors had clearly hoped for an even bigger upside surprise, and a large convertible-notes deal added another source of pressure. **Verbio** and **Hecla** were also weaker in June. Softer market sentiment, commodity-price swings, and limited fresh company-specific catalysts weighed on performance. **Viavi** was close to flat after the month of June brought several product announcements tied to AI networking and testing, but the stock was mostly flat after volatile moves earlier in the quarter.

## Rebalance into July

**Kingboard Laminates (1888)** - Kingboard Laminates is a great example of a company quietly benefiting from one of the biggest investment themes of the decade. While it doesn't manufacture AI chips, it produces the high-performance copper-clad laminates and printed circuit board materials that form the foundation of AI servers, networking equipment, electric vehicles and countless electronic devices. As demand for AI infrastructure has accelerated, investors have begun recognising just how important these "behind-the-scenes" suppliers are. The company recently reported a sharp improvement in earnings and is expanding production of specialised materials to meet growing demand from AI and high-performance computing customers.

**DigitalOcean Holdings (DOCN)** - DigitalOcean is a cloud computing company with a simple mission to make powerful cloud infrastructure affordable and easy to use for millions of developers and growing businesses. Rather than competing head-on with technology giants for the largest enterprises, DigitalOcean focuses on smaller businesses that need reliable, scalable computing power. More recently, the company has been positioning itself as an "AI-native" cloud provider, launching a suite of new AI products that help customers build and deploy artificial intelligence applications more easily. Encouragingly, AI-related revenues have been growing exceptionally quickly, while management continues to invest heavily in expanding its infrastructure to support future demand.

# Allegro Strategy

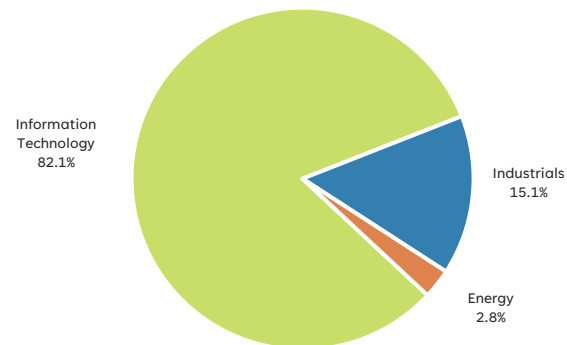
June 2026



## Key facts

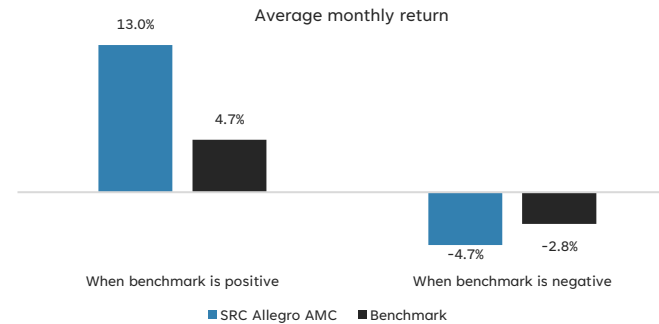
Structure	Actively Managed Certificate
Issuer	UBS AG, Zurich
Issuer rating	S&P A+   Moody's Aa2   Fitch AA
Exchanges	SIX (Switzerland)   JSE (South Africa)
SIX   JSE Symbol	ALEGRU   ALEGRO
ISIN	CH1365474316   ZAE000342325
Number of holdings	15
Strategy objective	An actively managed global equity strategy that seeks to achieve long-term capital growth.
Portfolio Advisor	Southern Rock Capital Limited
Investment strategy	The strategy seeks to buy global companies with the highest quality price momentum.
Strategy assets	\$30m   R163m
Benchmark	iShares MSCI World Momentum Factor ETF

## Sector allocation

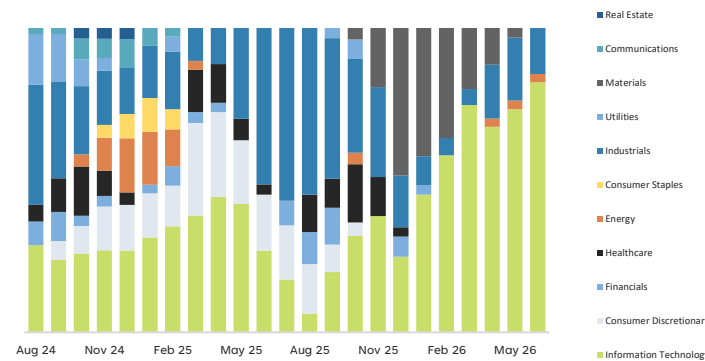


## Top 10 holdings

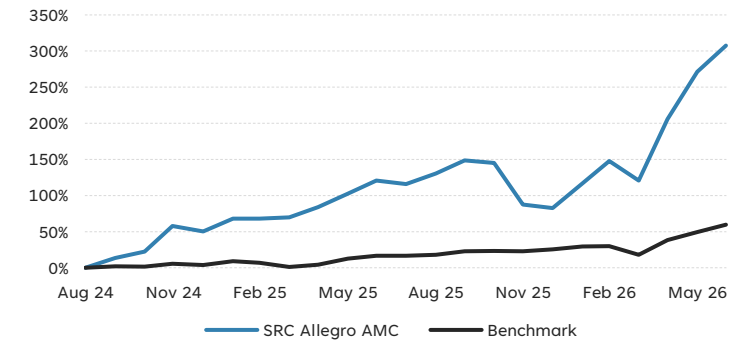
1 Western Digital Corporation	6 SK hynix Inc.
2 Vicor Corporation	7 Viavi Solutions Inc
3 Ciena Corporation	8 Samsung Electro-Mechanics Co., Ltd
4 Micron Technology, Inc.	9 AT & S Austria Technologie & Systemtechnik Aktiengesellschaft
5 Lumentum Holdings, Inc.	10 SK Square Co., Ltd.



## Sector allocation over time



## Net Performance (U.S. Dollar)



%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024									13.6	7.9	29.0	-5.0	50.1
2025	11.9	0.0	1.0	8.5	10.1	8.8	-2.2	6.8	8.0	-1.5	-23.5	-2.7	21.5
2026	18.8	14.3	-11.0	38.7	21.5	9.7							123.4

Inception : 30/08/2024  
Source: UBS

## Risk statistics (since inception)

	Allegro	Benchmark
Alpha	247.9%	-
Beta	1.8	1.0
Annualised Return	115.2%	29.1%
Annualised volatility	45.0%	18.0%
Sharpe Ratio	2.5	1.4
Sortino ratio	4.1	2.3
Tracking error	33.3%	-
Information ratio	2.6	-



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Returns are net of fees, custody and brokerage and reference the UBS published reference portfolio level. Returns are calculated by UBS underlying securities of the model portfolio via the NEO engine. For periods greater than one year the returns have been annualised. Any illustrations prior to 30 August 2024 are back tested information.

Source: UBS

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