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## Quarterly Investment Update - Q2 2025



### MARKET INSIGHTS

#### Resilience amid uncertainty

Despite geopolitical tensions and shifting trade policies - especially the rollout and pause of “Liberation Day” tariffs - global markets showed impressive resilience. U.S. equities briefly dipped into bear territory but rebounded strongly, underscoring the risks of market timing. International equities outperformed, boosted by a softer U.S. dollar.

Diversified portfolios proved their worth once again, with fixed income providing stability. Encouragingly, recession fears eased as trade talks progressed, though uncertainty lingers around global trade and future Fed policy.

#### Looking ahead

As we enter the second half of 2025, investor resilience remains strong despite ongoing political noise. Governments across developed markets continue to support growth - through bold fiscal moves in the U.S. and strategic infrastructure investment in Europe. Meanwhile, the UK’s cautious but steady approach reflects a commitment to long-term stability and sustainable progress.

The U.S. has once again postponed its latest tariffs, keeping trade talks alive and global markets on edge. With 1st August approaching, investors are hopeful that upcoming developments will bring greater clarity and direction.

Yes, equity valuations are high, policy paths are still unfolding, and bond yields are rising - but these are signs of a dynamic, evolving market. Volatility isn’t a setback; it’s part of the journey, often opening the door to new opportunities for those who stay focused and flexible.

This is a moment to return to the fundamentals: diversify broadly, stay calm amid the noise, and keep a long-term view. History reminds us that uncertainty often sets the stage for future growth. By staying the course, investors don’t just endure the storm - they position themselves to thrive beyond it.

**Let’s take a quick look at how the four key market sectors performed last quarter - and what it could mean going forward.**

### Global gears in motion: Equities lead, Bonds steady, Gold shines

#### Developed Equity - markets rebound

Q2 2025 delivered strong gains across developed markets, rebounding swiftly from post-Liberation Day lows. Pacific ex-Japan led the way, driven by optimism in Australia and Hong Kong.

European equities continued to outperform, supported by policy tailwinds and investor rotation from the U.S., making Europe the top-performing region year-to-date. U.S. equities posted solid local returns, though a weaker dollar trimmed gains for global investors.

#### Global Real Assets - mixed momentum

After a strong Q1, real assets delivered mixed results in Q2. Oil prices fell sharply due to rising OPEC+ supply and weaker demand from China, dragging down the Bloomberg Commodity Index.

Meanwhile, gold surged past \$3,500/oz in April amid geopolitical tensions, though a weaker U.S. dollar trimmed gains for international investors.

#### Emerging Equity - leads the way

Emerging markets outperformed developed peers in Q2, with standout gains from emerging Europe and Latin America – now the top-performing equity regions year-to-date.

Asian markets also delivered strong returns, rounding out a robust quarter for the asset class.

#### Global Fixed Income - holds steady

Despite rate volatility, fixed income posted solid Q2 returns, supported by attractive yields. Global high yield led the way, driven by strong income (over 7%), lower rate sensitivity, and a growing risk-on tone.

Emerging market debt also performed well, helped by improving sentiment and a weaker U.S. dollar.

Sovereign bonds remain in focus, with elevated yields offering meaningful income even as major economies manage high debt and persistent rates.

### Your Goals, Our Focus: Staying Steady in a Shifting World

As we now move into the second half of 2025, we want to take a moment to thank you for your continued trust and partnership.

We know the current environment - marked by shifting policies, geopolitical headlines, and market fluctuations - can feel uncertain at times. But amid the noise, one thing remains clear: resilience is built on perspective, patience, and preparation.

Despite short-term volatility, global markets have shown impressive strength and adaptability. History has consistently shown that those who stay the course, remain diversified, and focus on long-term goals are often best positioned to benefit from future opportunities.

Rest assured we remain committed to helping you navigate this evolving landscape with confidence. Our focus is on the fundamentals - robust diversification, disciplined strategy, and a long-term view tailored to your unique goals.

As always, if you have any questions or would like to review your portfolio, please don't hesitate to reach out. We're here to support you every step of the way.



**A Friendly Reminder** – While investing offers the potential for growth, it's important to remember that the value of investments, along with any income they generate, can go down as well as up. This means you may get back less than you originally invested. And although past performance can offer helpful context, it's not a guarantee of future results.

We're here to help you navigate these ups and downs with confidence and clarity, always focused on your long-term goals.