

# MMWealth

Chartered Financial Planners



40 YEARS IN BUSINESS  
1984 - 2024





**Geoff Cooper**

Head of Investment Management  
Chartered Wealth Manager



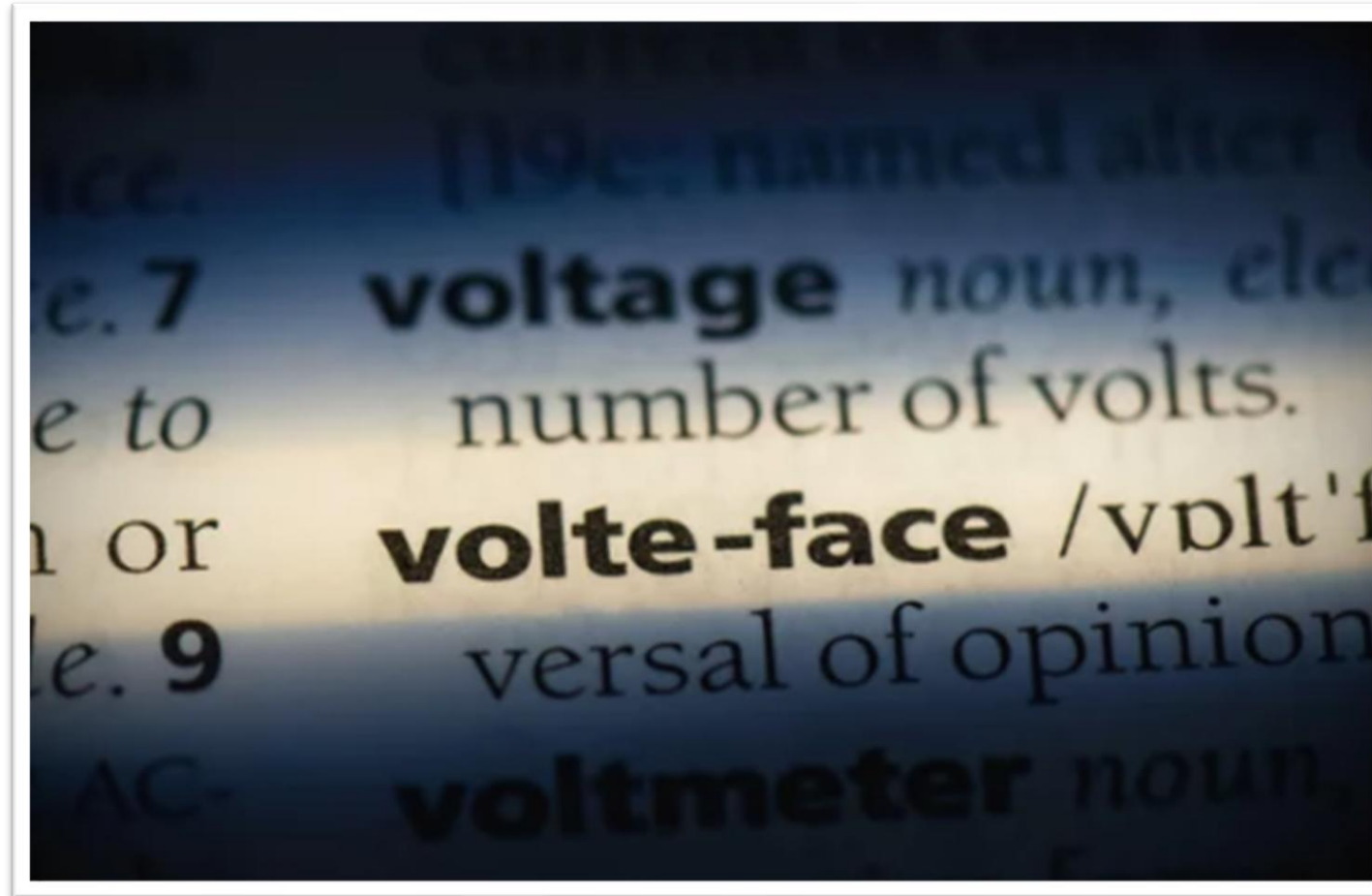
**James Clunie**

Strategy and Economic Analysis  
Chartered Financial Analyst









**Adrian Atkinson**

Managing Director  
Chartered Financial Planner



# MM Wealth

## Q1 Outlook

-  The “Trump bump” is priced in, potentially increasing the risk of corrections, particularly in sectors like mega-cap tech where valuations are optically stretched
-  Inflation may spike in short term, but should stabilise over the year, allowing rate cuts to continue and presenting an opportunity in bond markets as yields fall
-  AI will continue to attract investors, while industry continues to assess the implications and impact of DeepSeek – could this lead to democratisation of AI?
-  Equity returns unlikely to be as strong with growth concerns mounting, continuing to underscore the importance of globally diversified portfolios
-  Geopolitical events or supply shocks could reignite inflationary pressures, but markets can and have increasingly ignored this risk
-  Expect ongoing volatility, fiscal uncertainty and policy shifts, which will create exacerbated moves in highly concentrated equity markets



## Q4 Market Drivers



### Liberation Day

- Trump tariffs ignite volatility on self-named Liberation Day
- Trust in the US dollar and market eroded on big announcements and big climbdowns



### Trade War

- The spillover from Liberation Day reverberates around the world
- Markets unsettled by latest challenges to the established world order



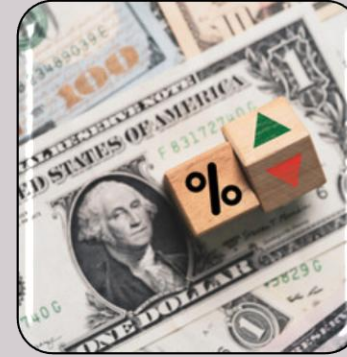
### Inflation back in the limelight

- US Federal Reserve holds rates as inflation fears reignite
- Prospects of a US recession rise as companies and investors pause expenditure amid uncertainty



### Peace v2.0

- The US Administration continue to brow-beat Ukraine and Russia in pursuit of peace – and a better minerals deal



### Earnings Season

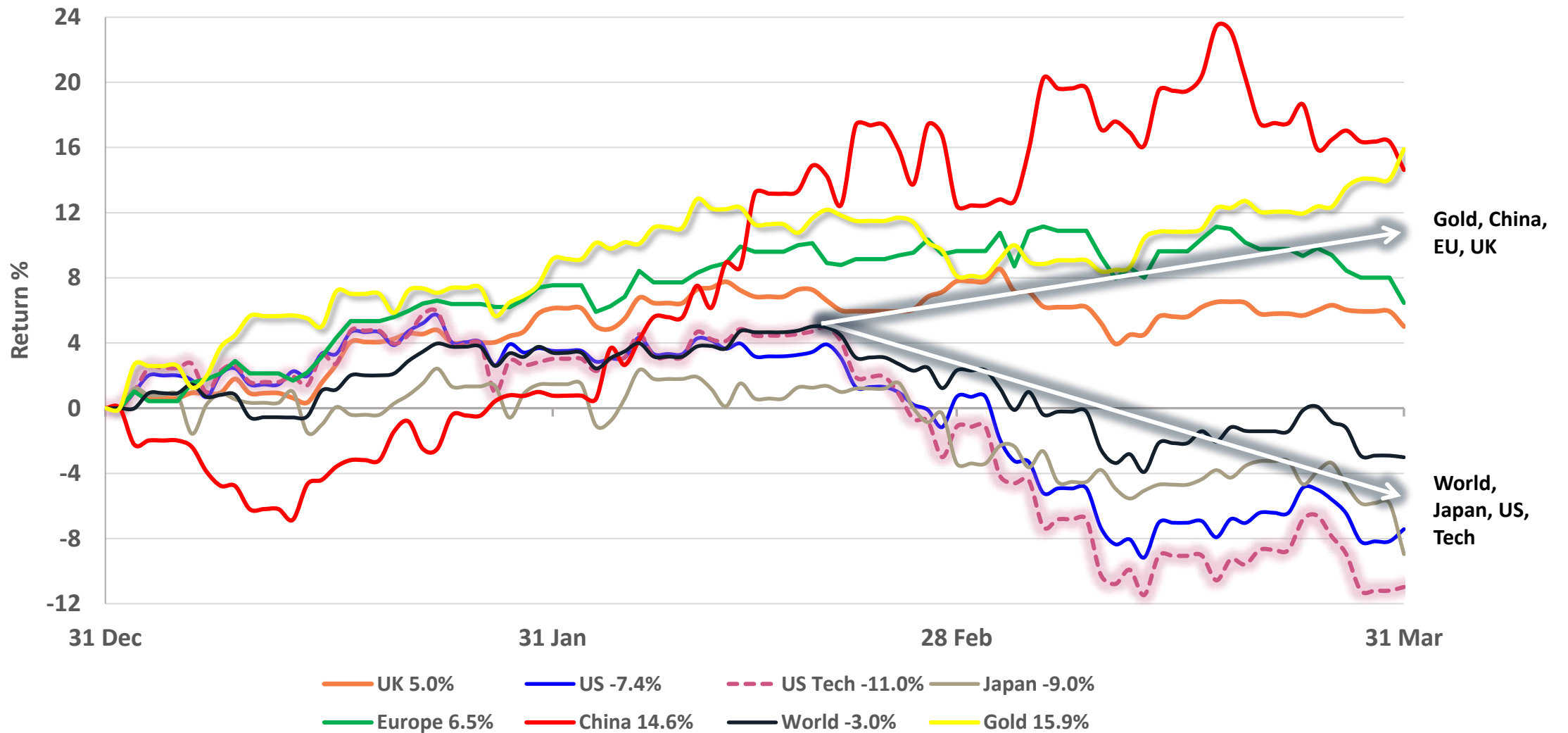
- Fragile confidence has seen a mixed Q1 earnings season
- Company guidance for 2025 in limbo as tariff debacle extends until at least July



### A Good Defence

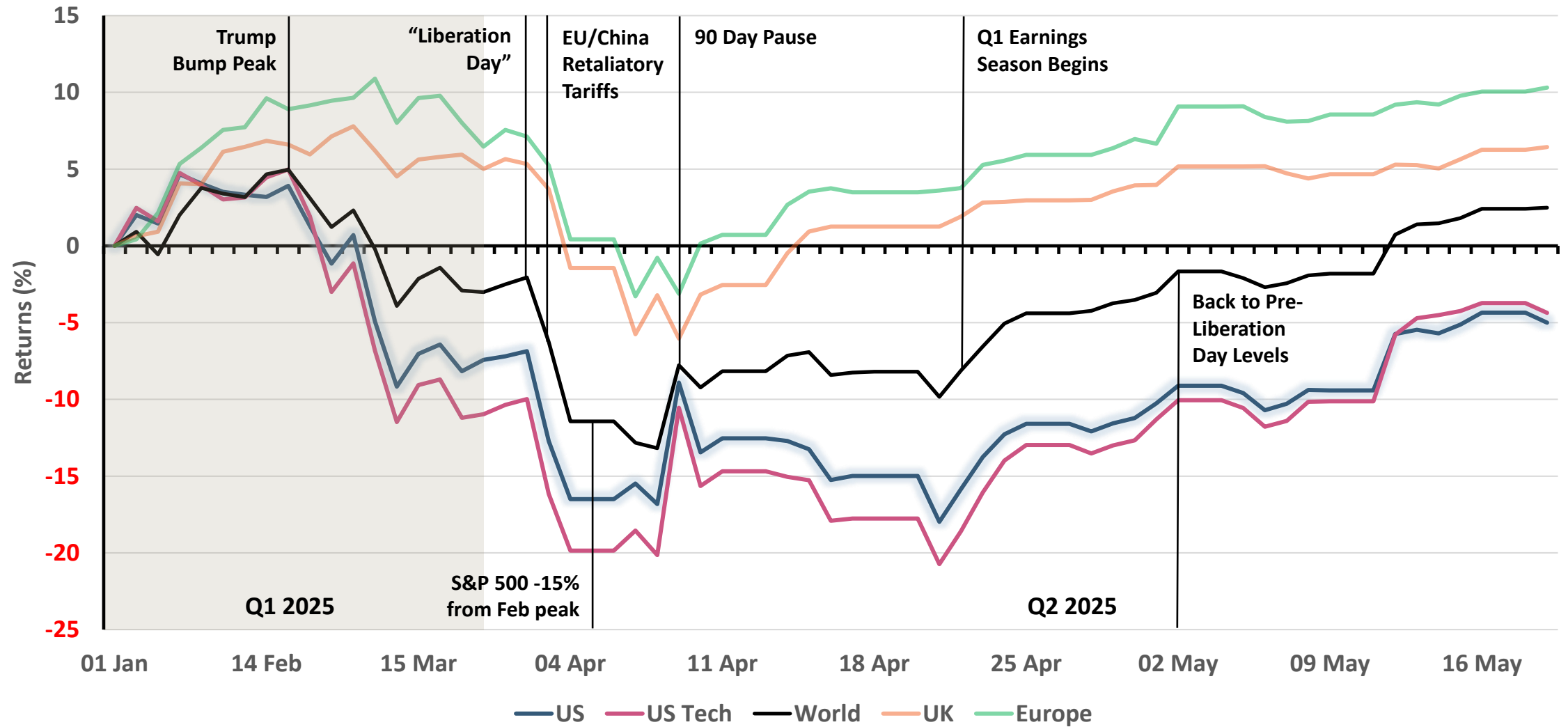
- AI continues to dictate US markets, but a new theme emerges in Aerospace and Defence

## Q1 Market Performance in GBP



# MM Wealth

## April falls



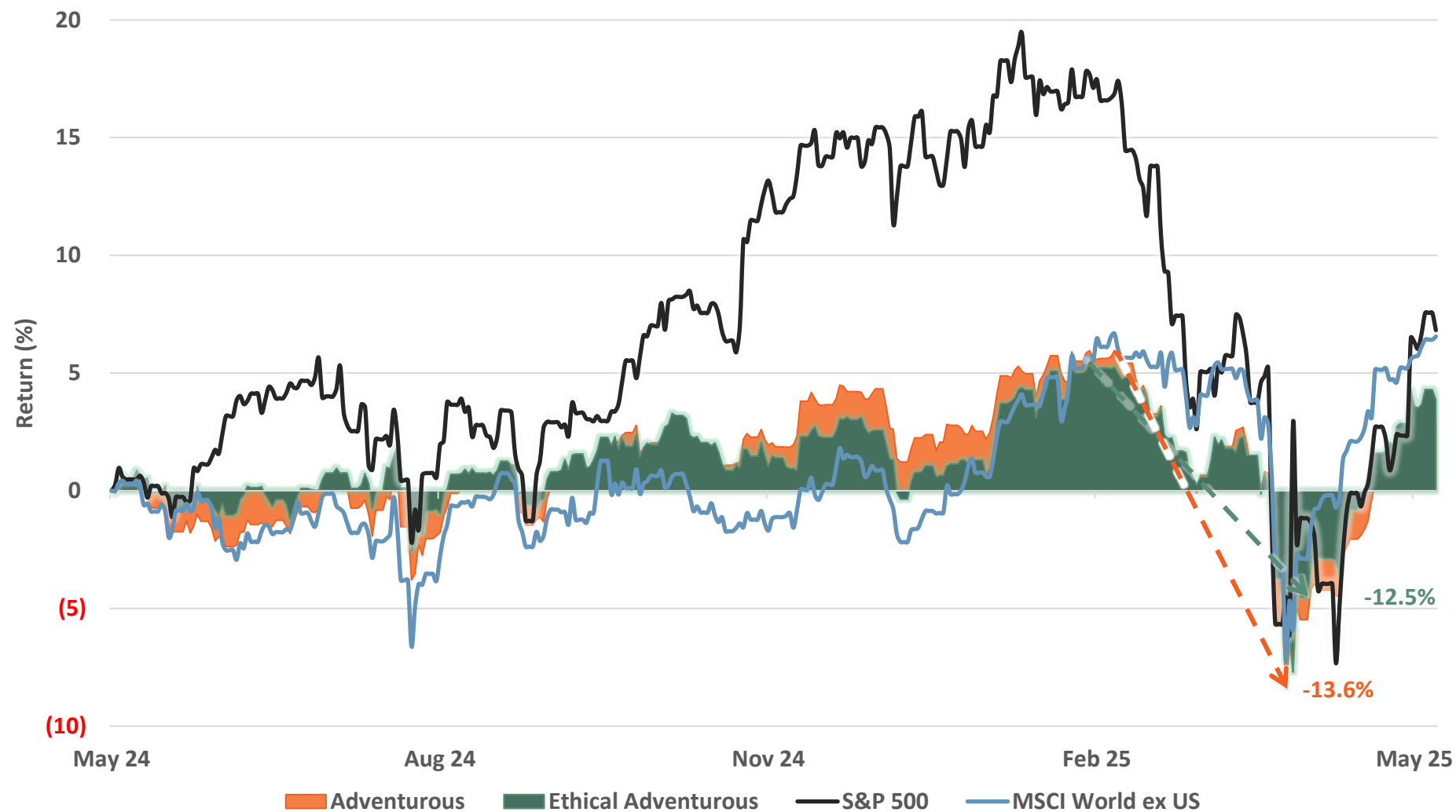
# America First Second: US falls harder, recovers slower



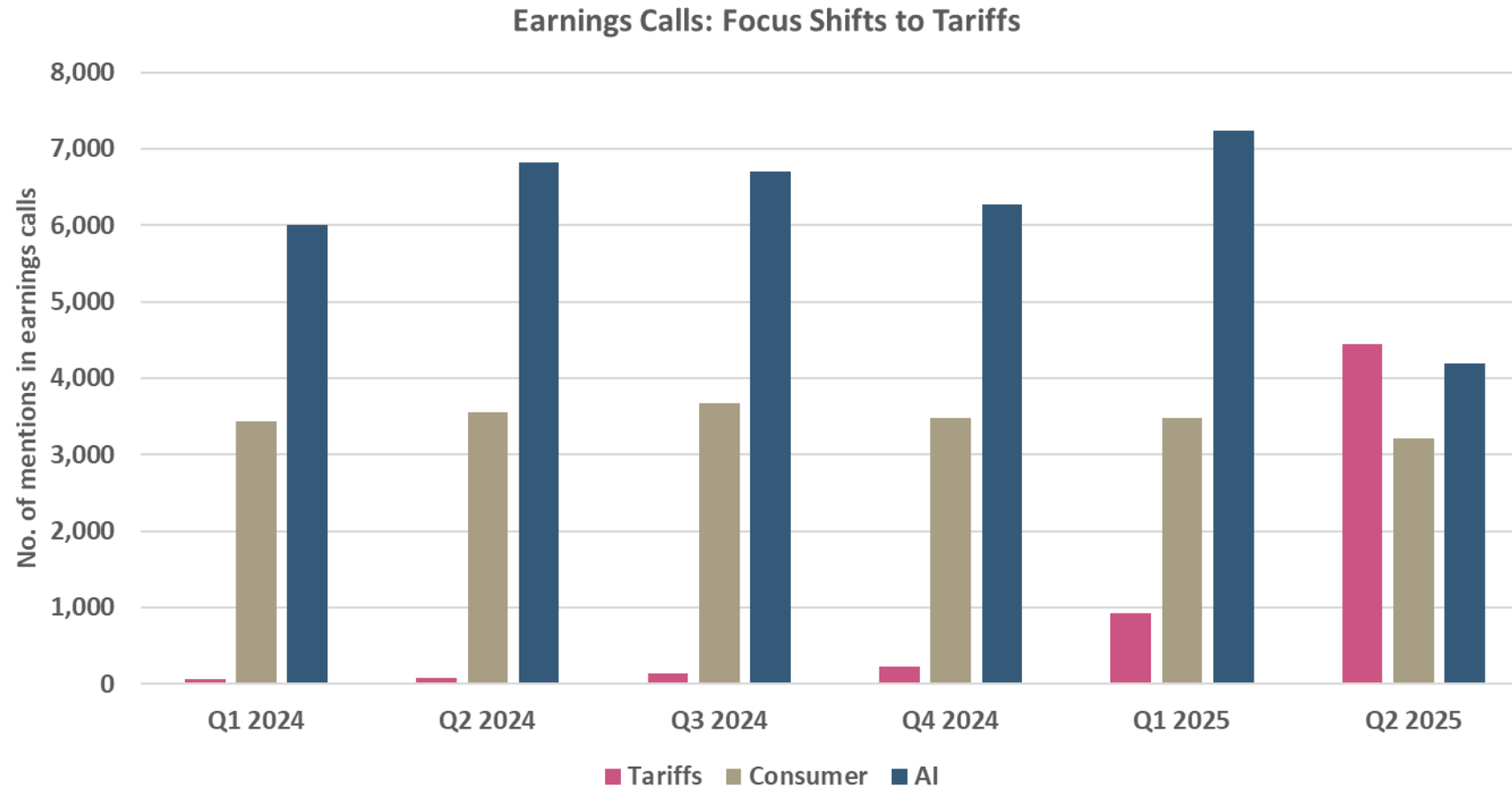


MM Wealth

# Strategy diversification



## AI euphoria replaced by tariff fears



## The Art of the Deal – Part 1

Date	What	Objective	Effective from	Status
1 February	<b>25% on goods from Mexico and Canada</b> – except for Canadian energy exports (oil, gas and electricity) which are subject to 10% tariffs	To address concerns regarding drug trafficking and border security	4 February	<b>30-day delay</b> <ul style="list-style-type: none"> <li>Mexico agreed to deploy 10,000 National Guard to the US Border to curb drug trafficking</li> <li>Canada committed \$1.3billion border plan to combat fentanyl smuggling</li> </ul>
1 February	<b>10% on all goods imported from China</b> , in addition to existing tariffs of up to 25% on products already in force	To address the perceived trade imbalance	4 February	
1 February	<b>Repeal de minimis exemptions*</b> on imports from China	To reduce influx of illegal goods	Immediate	<b>Temporarily reinstated on 7 February</b> <ul style="list-style-type: none"> <li>To give the Commerce Department time to address disruptions it caused for customs inspectors, postal and delivery services, and online retailers</li> </ul>
10 February	<b>25% on all steel and aluminium</b> imports	Bolster domestic metals production	Not specified	Trump has already suggested Australia may be exempt
11 February	<b>Reciprocal tariff regime</b> for imports from countries with high import taxes on US goods	Focused on developing countries like China, Vietnam, Brazil, and India, which have higher average tariffs compared to the US	Not specified	Proposed only
14 February	Trump summons press to Oval Office and declares “all-out trade war”	Not to sign the customary executive order, just a memo directing others to work on it	Still not specified	<b>... and markets have ignored him</b>

## The Art of the Deal – Part 2 (the abridged version!)

Date	What	Objective	Effective from	Status
3 March	<b>20% tariffs on imports from Chinese</b>	Escalation of tariffs first introduced in February, aimed at reducing US trade deficit.	Immediate	<b>Primary target of reciprocal tariffs confirmed</b> ; escalation sets tone for wider conflict.
3 March	<b>25% tariffs on imports from Mexico and Canada</b>	Reinforce US border security and assert leverage over regional trade partners.	Immediate	<b>30-day delay expires</b> ; North American tariffs now active despite early negotiations.
2 April	<b>“Liberation Day” tariffs imposed</b>	Launch of broad “reciprocal” tariff regime framed as reclaiming economic sovereignty.	Immediate	<b>Cornerstone event</b> ; triggers global market response and surge in volatility.
4 April	<b>China retaliates with 34% tariffs on US goods</b>	Direct response to US escalation; signals willingness to negotiate amid pressure.	Immediate	<b>China and EU signal openness to negotiation</b> , but response marks formal start of trade standoff.
9 April	<b>Tariffs on Chinese goods hiked to 125%</b>	Maximalist pressure strategy aimed at forcing trade concessions from Beijing.	Immediate	<b>Sharp escalation</b> ; cumulative tariffs reach extreme levels, pressuring supply chains.
11 April	<b>Consumer electronics (non-China) removed from tariff list</b>	Tactical rollback to limit domestic price impact on consumer tech.	Immediate	<b>Partial de-escalation</b> ; high-profile sectors shielded, though China remains excluded.
2 May	<b>“De minimis” exemption closed for imports &lt; \$800</b>	Expand tariff base and close tax loopholes used by cross-border e-commerce.	Immediate	<b>Hidden cost spike for consumers and SMEs</b> ; logistics and retail sectors face margin pressure.
5 May	<b>100% tariff on foreign-made movies announced</b>	Politically symbolic move to link cultural imports with national security rhetoric.	Unclear	<b>Populist move with symbolic impact</b> ; unclear legal standing or implementation timeline.



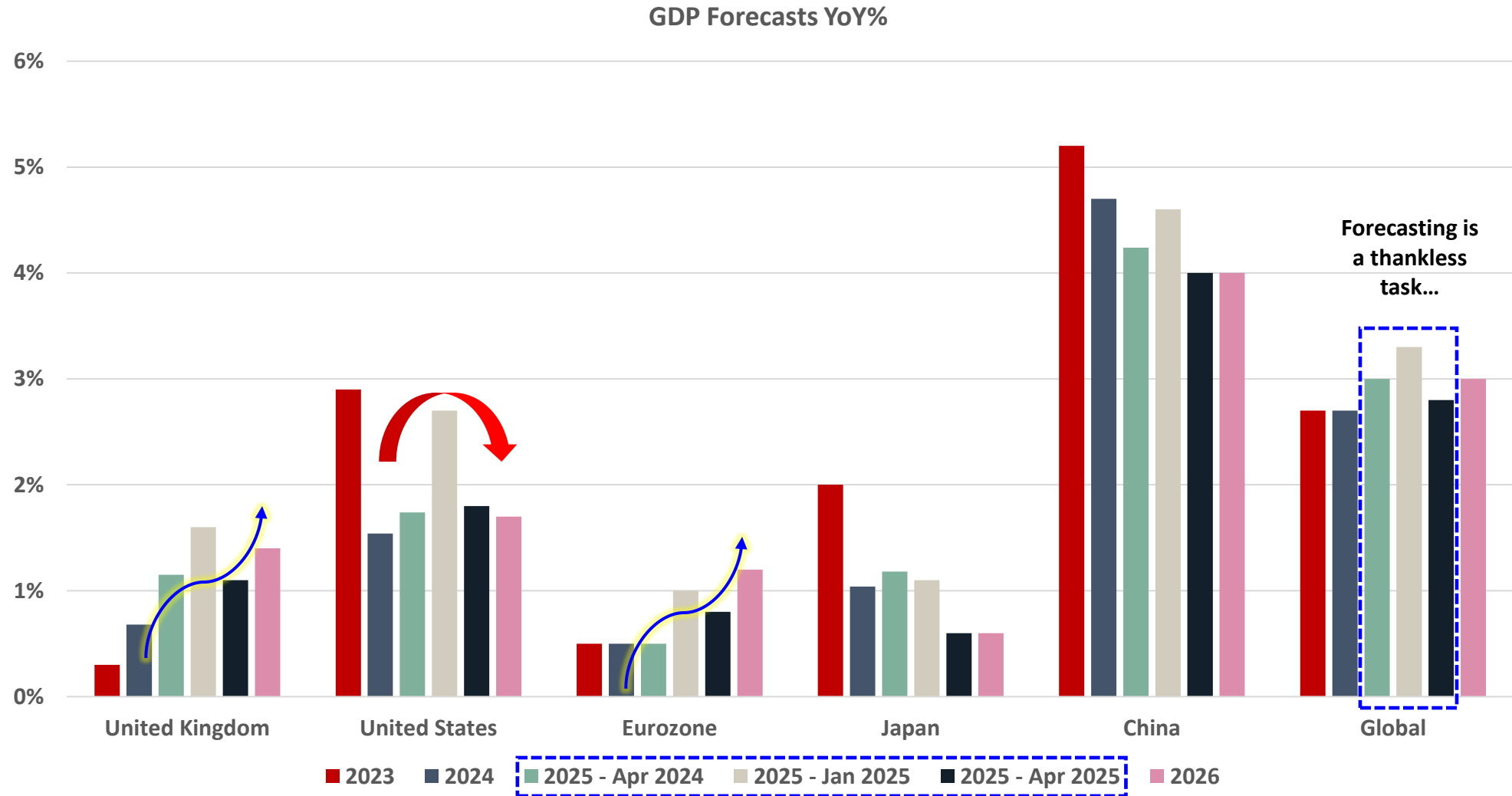
## Spot the difference



*“I used to think that if there was reincarnation, I wanted to come back as the President, or the Pope, or as a 400 baseball hitter. But now I would like to come back as the bond market. You can intimidate everybody.”*

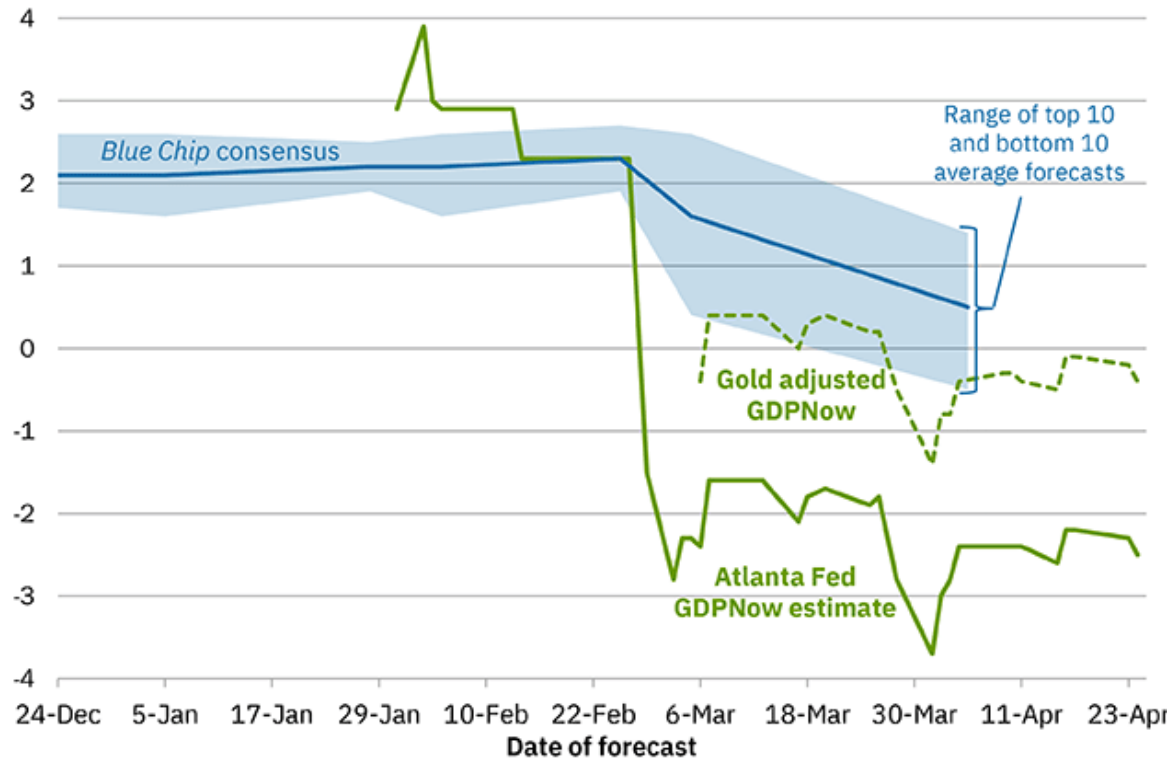
*– James Carville, Lead Strategist on Bill Clinton’s winning 1992 presidential campaign, political consultant, commentator and news pundit.*

# As the US stutters, the UK and Europe benefit



# Forecasts widen; nobody knows what happens next

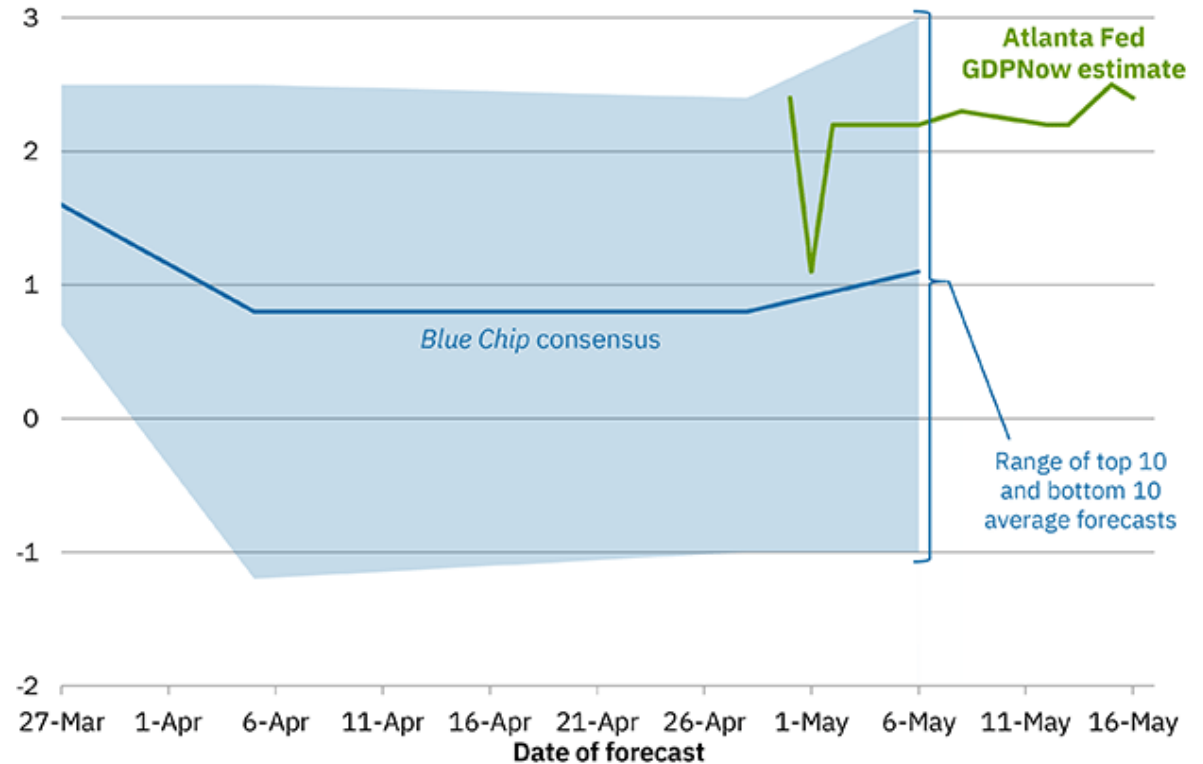
**Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q1**  
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

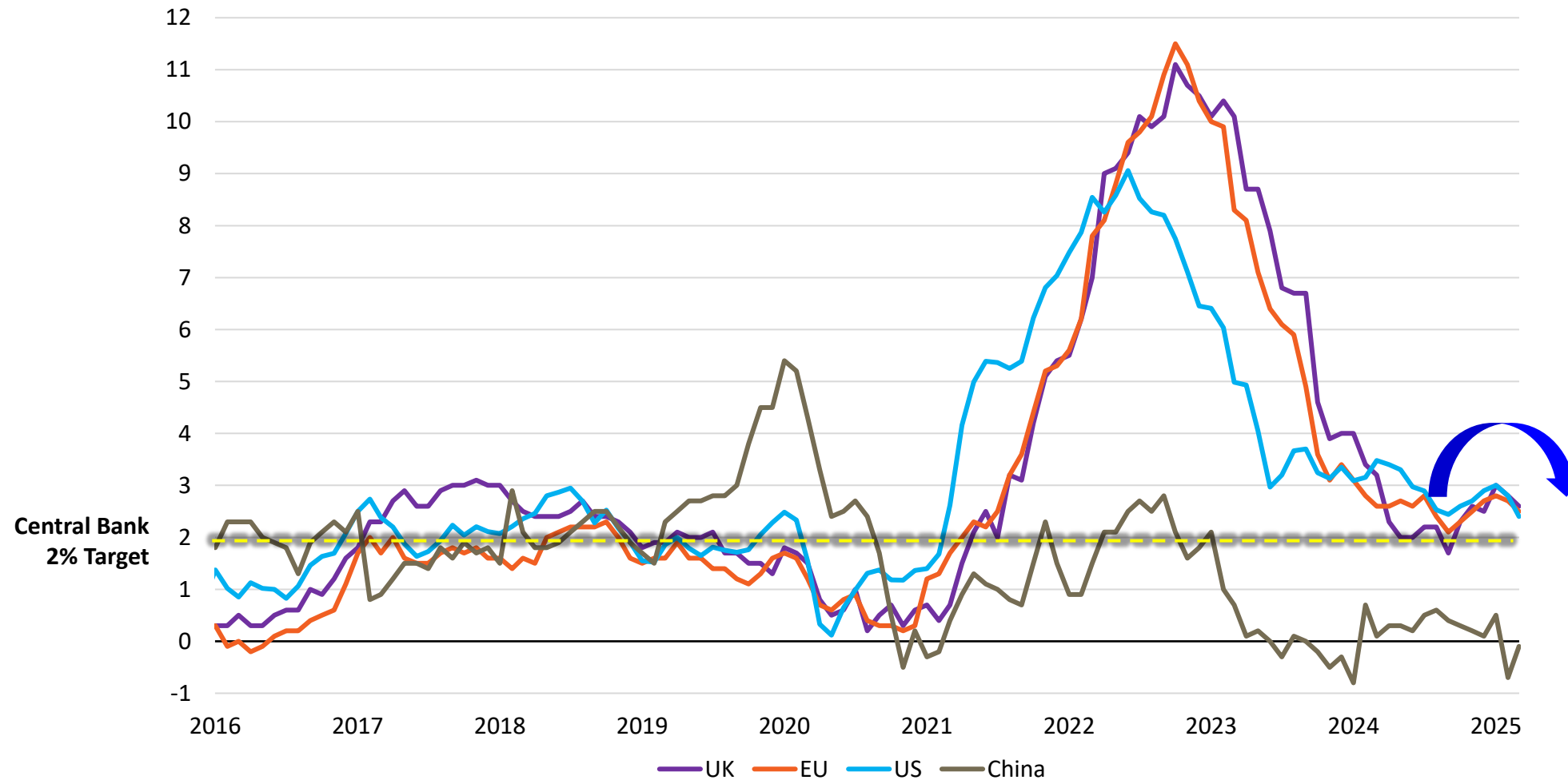
**Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q2**  
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

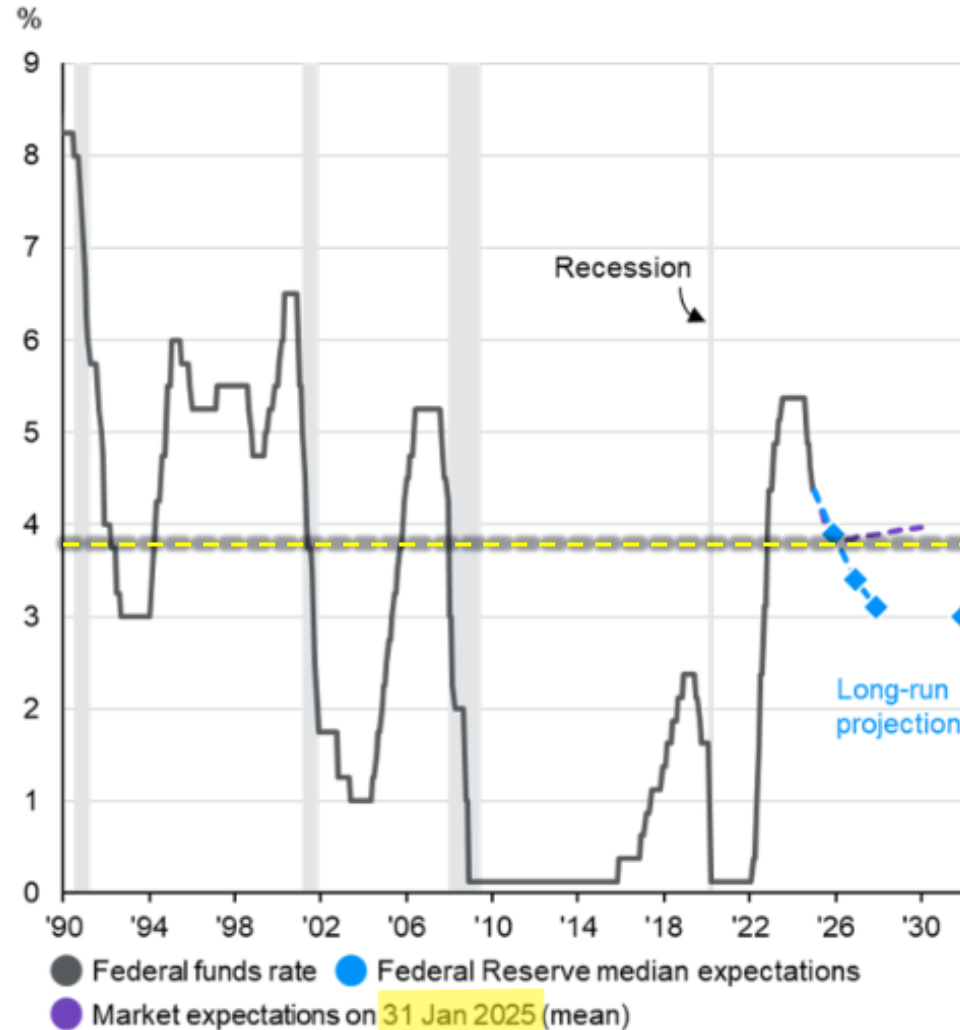
# Inflation not reacting to tariffs - yet



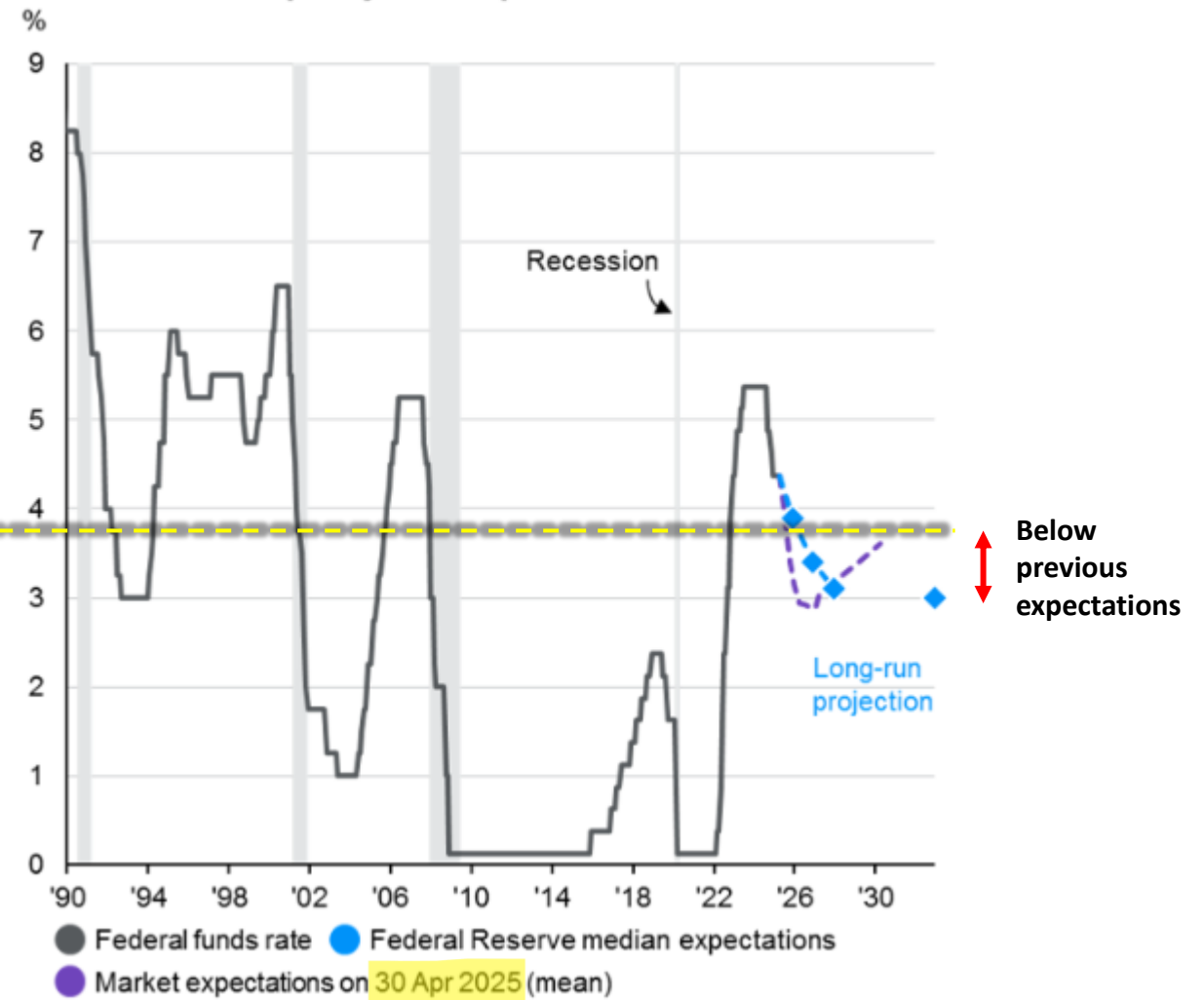


## US Federal Reserve interest rates held at 4.25%-4.50%

Federal Reserve policy rate expectations

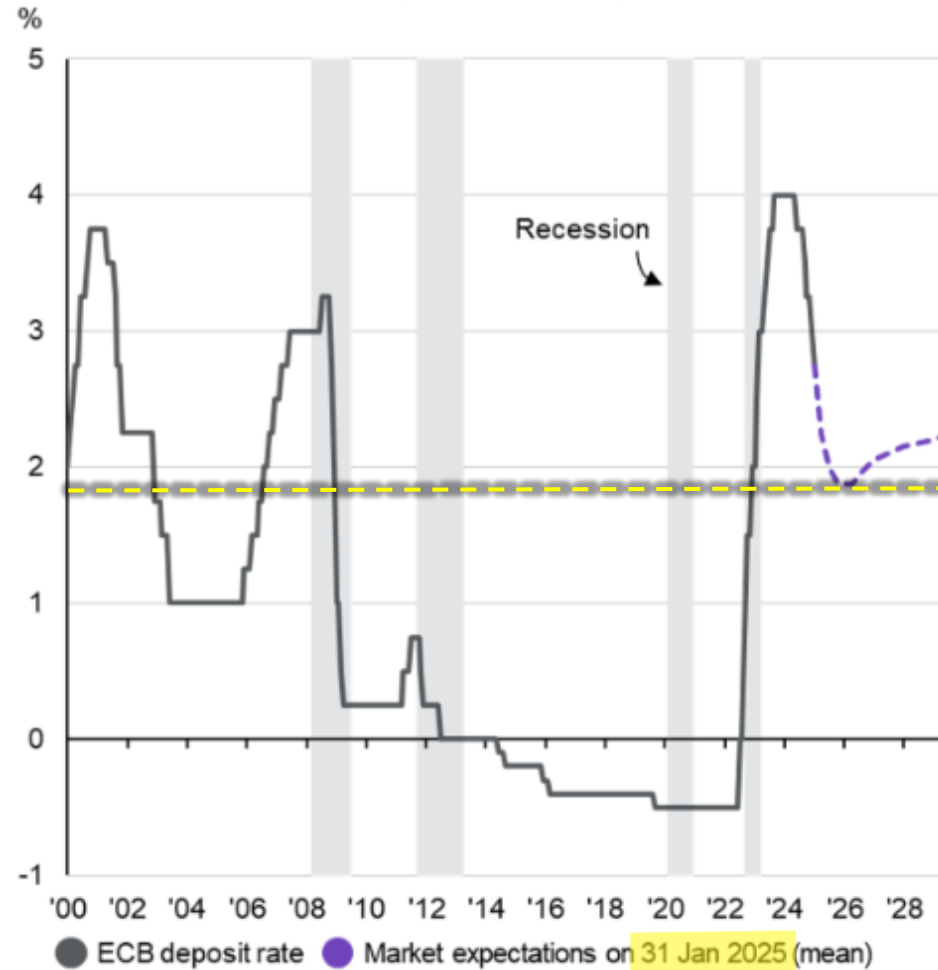


Federal Reserve policy rate expectations

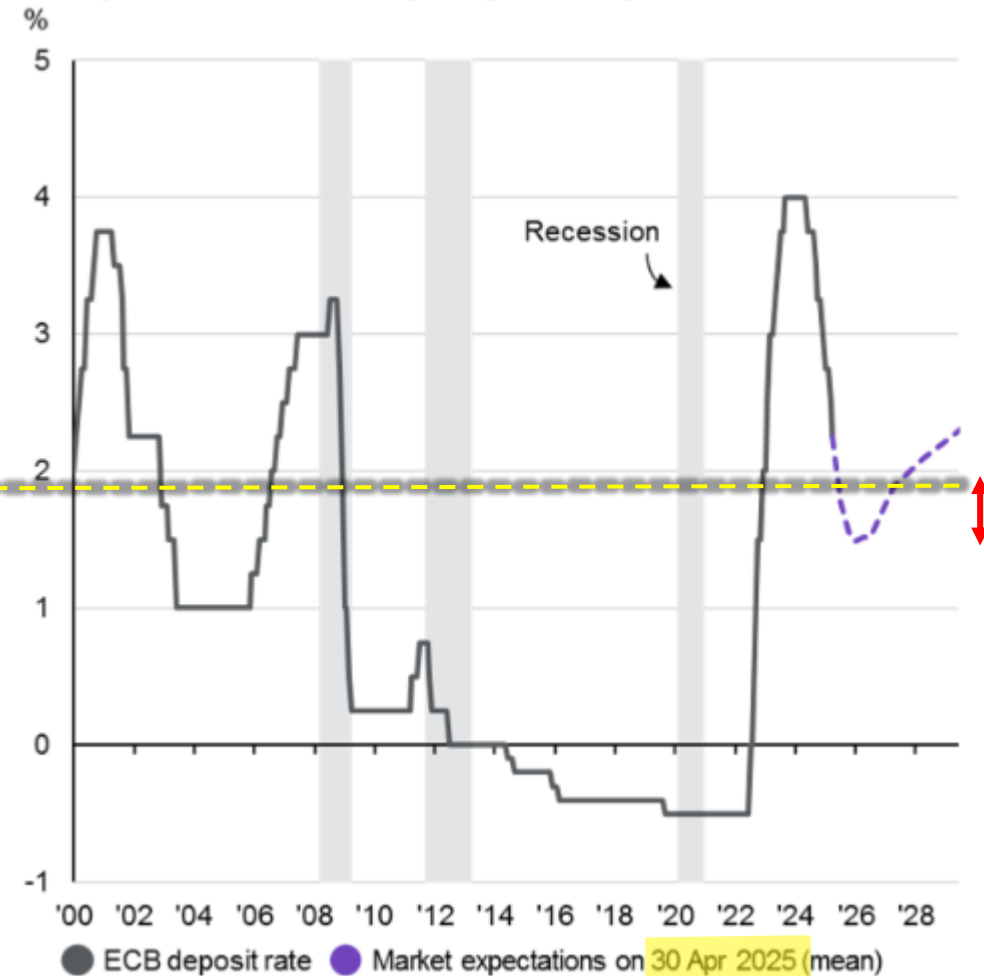


# European Central Bank expected to make 8<sup>th</sup> consecutive cut to 2% in June

European Central Bank policy rate expectations

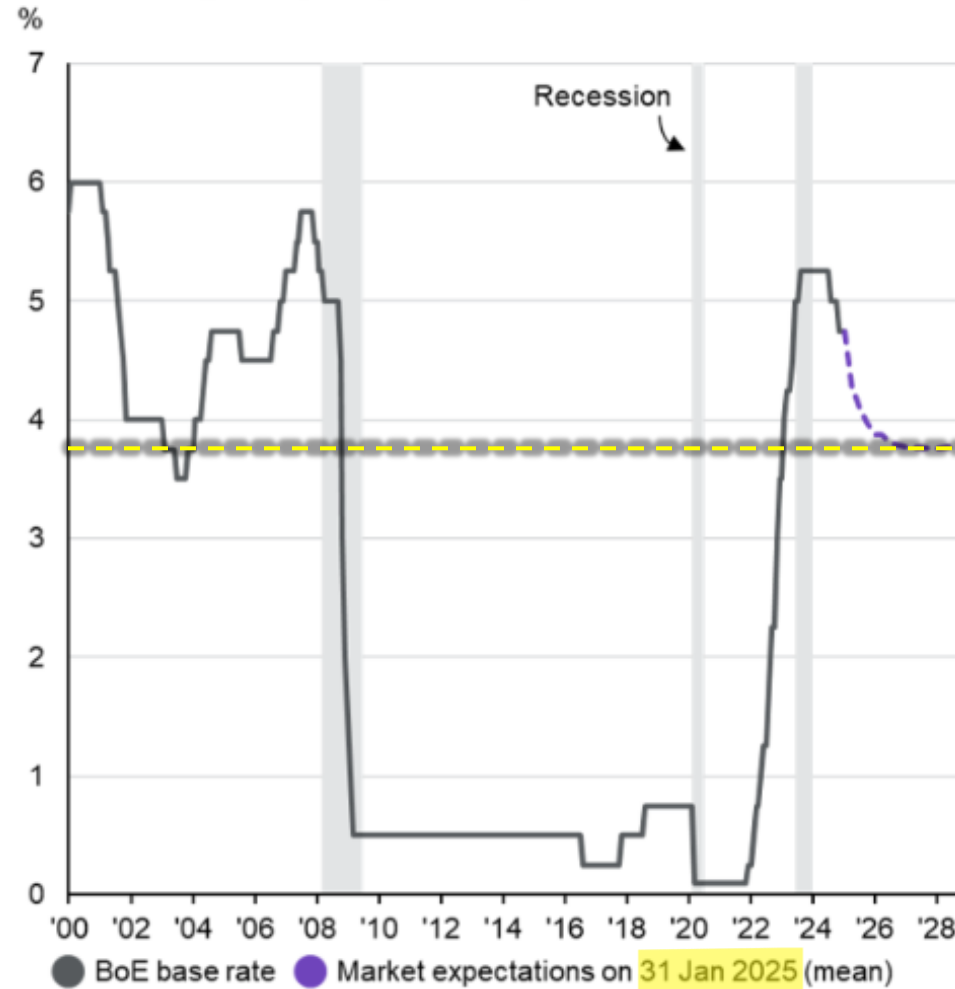


European Central Bank policy rate expectations

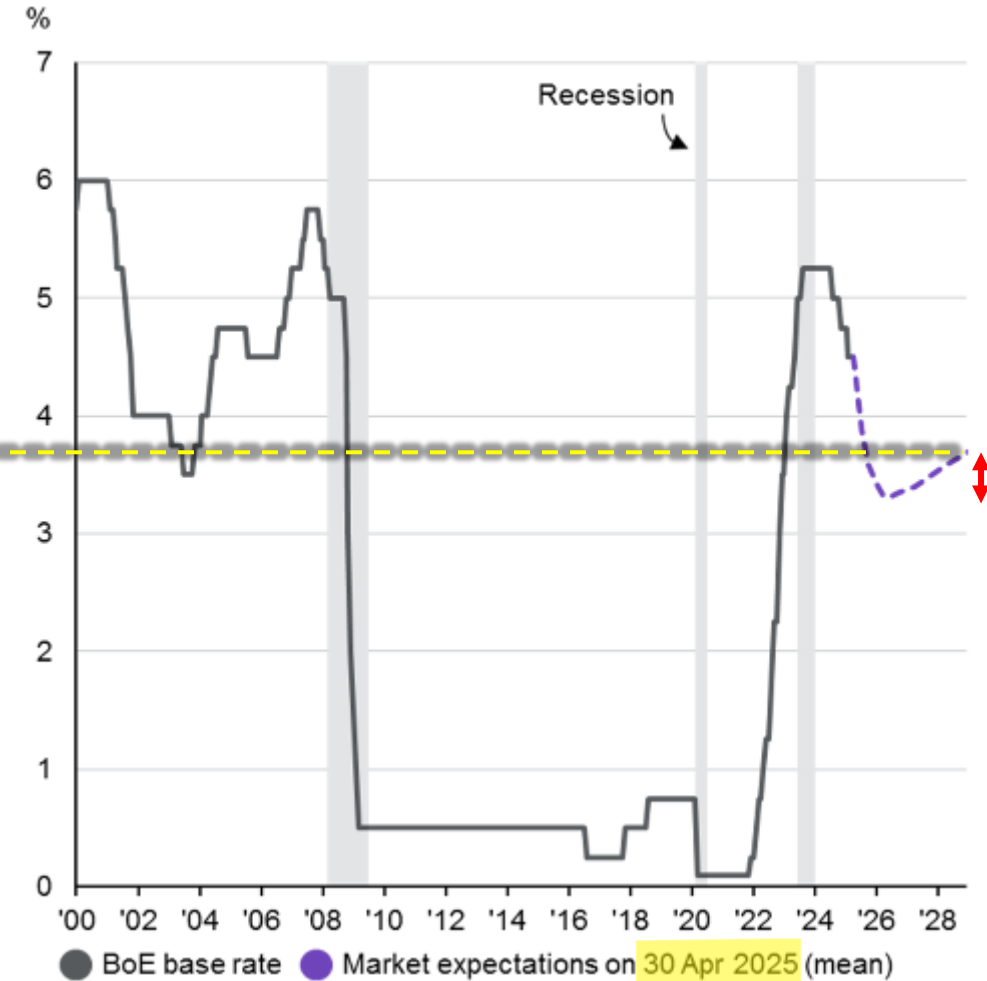


## Bank of England cuts rates 0.25% to 4.25%

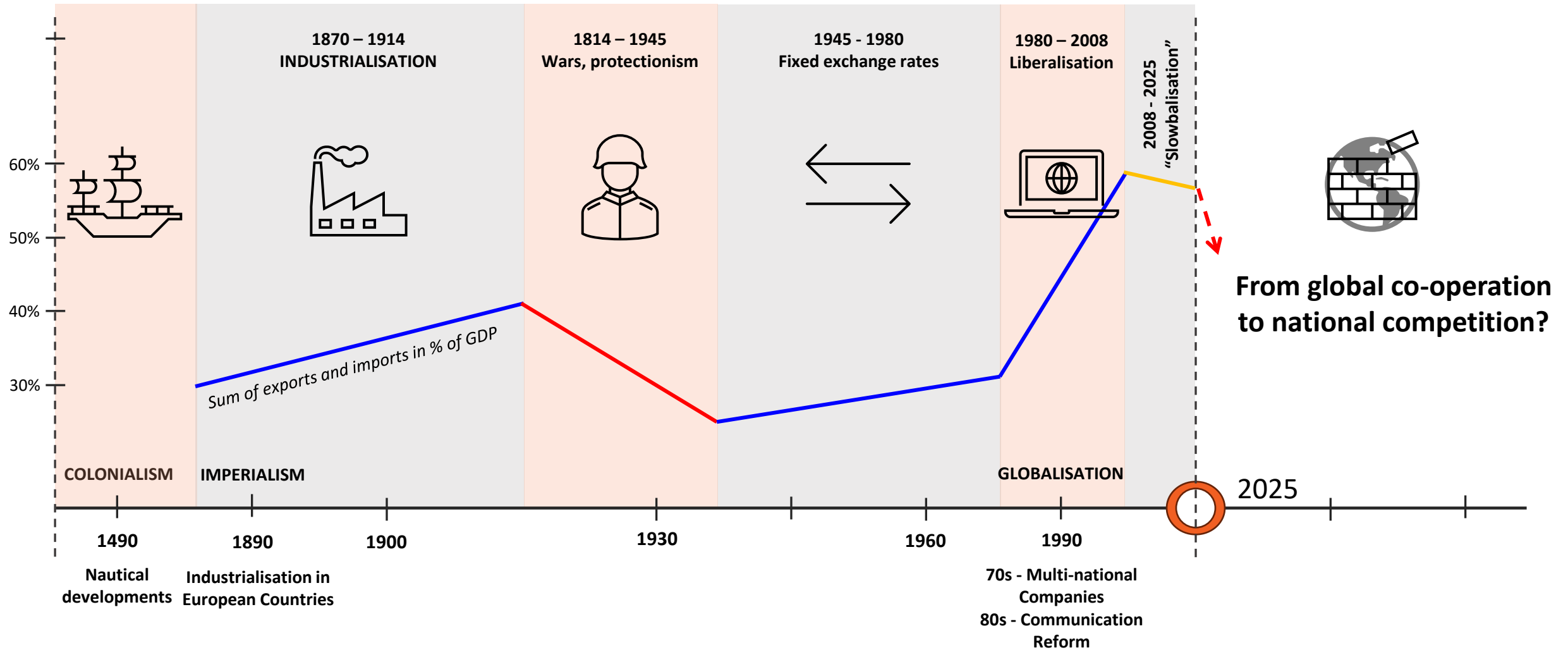
Bank of England policy rate expectations



Bank of England policy rate expectations



# It takes years to build trust...





... and seconds to break it



Market Risks Emerging	Implications for Positioning
Bond markets in the driving seat	High-Quality Credit Favoured
Headline Driven Rally	Longer Duration in the US
Corporate Hesitation & Data Weakness	Liquidity > Risk
US Economy Take The Hit	Europe Turning a Corner?

## It's tough out there



**Airlines** - United Airlines issues **dual profit forecasts**:  
Stable environment = on target for projected earnings \$11.50-13.50 per share  
Recession = earnings could nearly halve to \$7-\$9 per share



**Automakers** - Ford and General Motors **suspend earnings forecasts** due to high exposure to tariffs on imported motors



**Logistics** - UPS withdraws guidance and announces **significant job cuts**, citing disruptive impact of tariffs on its operations

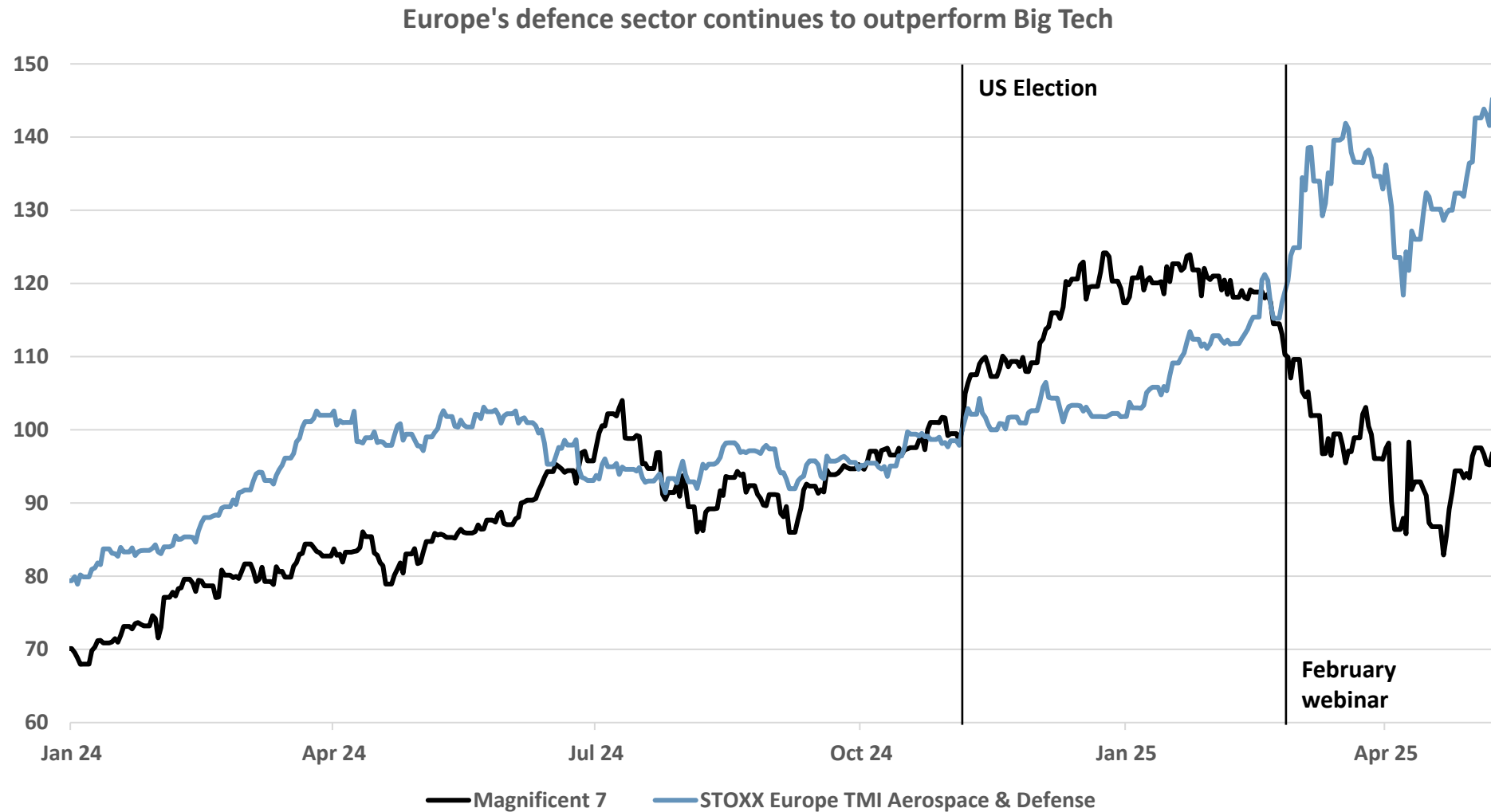


**Consumer Goods** - Procter & Gamble and PepsiCo **lowered earnings and sales forecasts**, indicating cost pressures and subdued consumer spending linked to tariff effects

## Ceasefires, stalemates, and shifting power

 <p>Europe: 80th anniversary of Victory in Europe (VE) Day</p>	 <p>Germany: Friedrich Merz was confirmed as new chancellor after an initial failed vote</p>	 <p>Canada: Liberal Party and Mark Carney secure minority government</p>	 <p>China: charm offensive in Europe, Southeast Asia and Latin America</p>	 <p>Russia-Ukraine: 72-hour ceasefire for VE Day celebrations sees &gt;700 violations</p>	 <p>Gaza-Israel: Hamas withdraws from peace talks, Israel continues airstrikes,</p>	 <p>Yemen: US-Houthi ceasefire over Red Sea attacks, but Houthis continue attacks in Israel</p>	 <p>India-Pakistan: Escalating tensions and military engagements</p>
---	---	---	---	--	--	--	---

# Since Trump election, arms-makers have become Magnificent





## Ethical investing amid trade and conflict

Ethical Criteria	AI	Defence	Energy Tech
<b>Environmental Footprint</b>	⚠️ High energy and water use	⚠️ Embedded emissions, limited disclosure	✅ Strong for renewables ⚠️ Mixed in mining
<b>Social benefit/harm</b>	⚠️ Bias risk, surveillance concerns	❌ Direct link to weapons	✅ Energy access, health and mobility
<b>Transparency and governance</b>	⚠️ Opaque models, proprietary data	❌ Often restricted for national security	✅ Improving with ESG pressure
<b>Ethical fund compatibility</b>	⚠️ Increasingly scrutinised	❌ Excluded from MMW ethical mandates	✅ Frequently included
<b>Engagement potential</b>	✅ High via stewardship, regulation emerging	⚠️ Limited scope in ethical mandates	✅ Active investor influence possible

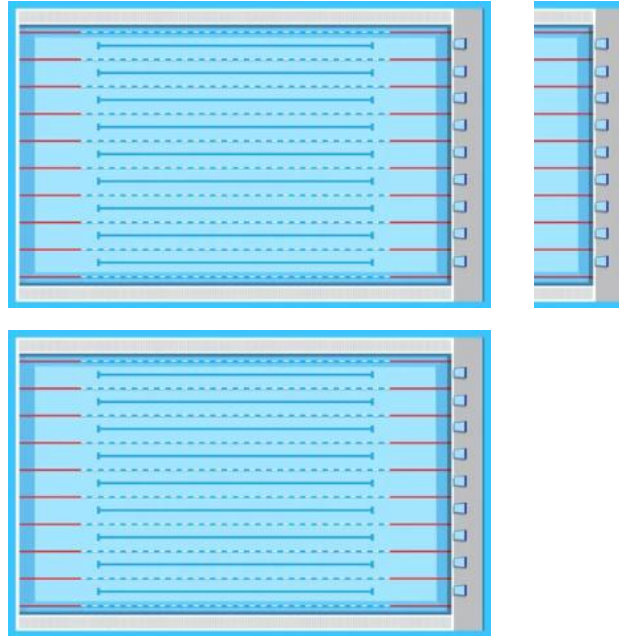
## But beware the risks - the thirst for artificial intelligence

10-15 ChatGPT =  
500ml of clean water



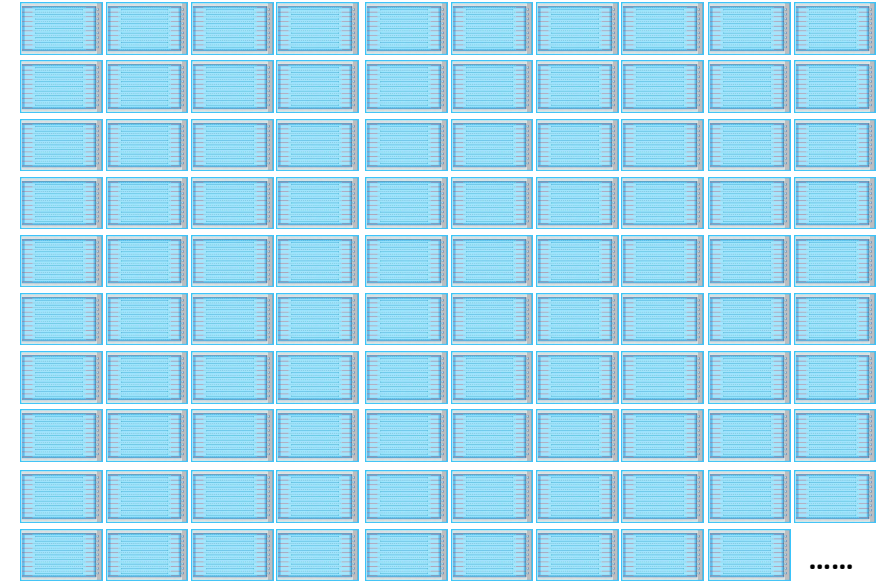
1 x 50cl bottle of Evian

ChatGPT Training =  
5.4 million litres



2.2 x Olympic Swimming Pools

Global AI water use in 2027 (projection) =  
4.2-6.6 billion m<sup>3</sup>



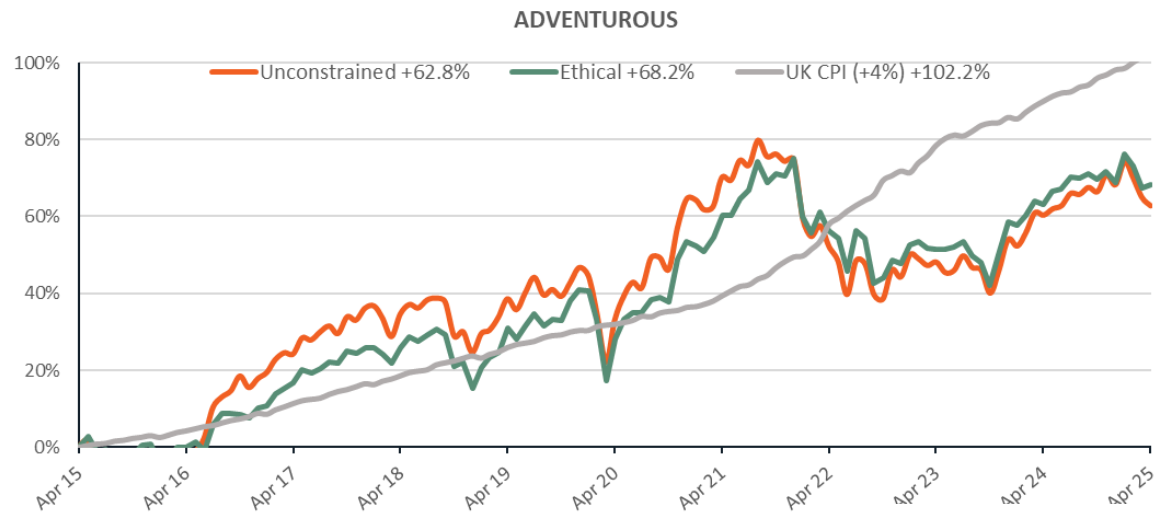
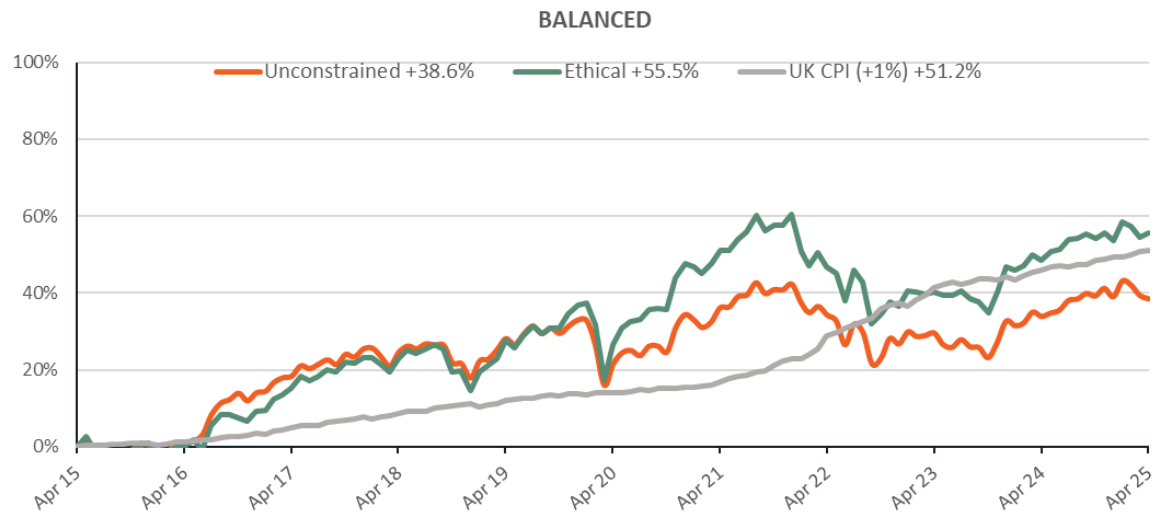
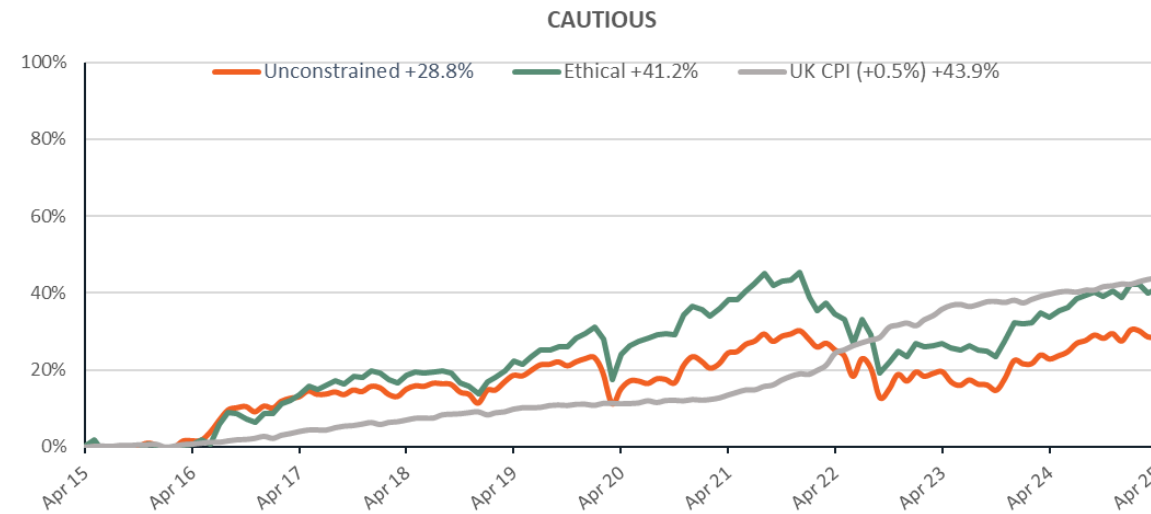
2.64 million x Olympic Swimming Pools

*AI's water footprint is invisible but growing fast. As stewards of ethical capital, we must ask where sustainability ends, and excess begins.*

## MM Wealth strategies – 10-year performance vs peer group comparison



## MM Wealth strategies – 10-year performance vs CPI-plus targets



## 10 years of markets and major events



## Markets vs Economists – a growing disconnect

Factor	Effect
<b>Liquidity excess</b> (carryover from COVID/QE)	Markets are still flush with money, distorting normal reactions
<b>Moral hazard belief</b>	Investors believe the Fed and governments will bail out shocks ("bad news = rate cuts = good news")
<b>Geopolitical distortions</b>	Defence, energy independence, onshoring are seen as new growth drivers, partially offsetting trade damage
<b>Narrative dominance</b>	Markets are currently choosing to believe a "soft landing" is still possible — narrative > data
<b>Crowded pessimism</b>	When everyone agrees on doom, markets sometimes rally just to wrong-foot the crowd (pain trade dynamics)

**John Maynard Keynes – “Animal Spirits”**

*Markets move on emotions, not logic*

**Robert Shiller – “Irrational Exuberance”**

*Clear risks can be ignored until a catalyst forces recognition*

**Daniel Kahneman – “Prospect Theory”**

*People overweight hope and underweight slow-moving threats*

**Hyman Minsky – “Financial Instability Hypothesis”**

*Ignore risk for long enough, bubbles can form while fundamentals deteriorate*





Markets remain disconnected - hope and liquidity are temporarily overpowering a clear fundamental deterioration

Continued volatility driven by tariffs, central bank policy divergence and geopolitics

Higher tariffs should equal lower growth leading to lower prices – markets typically lower in this environment

Stay diversified, focus on quality and resilience, avoid being drawn into the narrative that “this time is different” without proof

Ethical investing remains relevant amid change, despite the lack of relevance in headlines

Upcoming dates for your diary




**Next webinar – 20 August 2025**

**Annual seminar at The Jockey Club Rooms:  
Growing and Preserving Wealth – 30 September  
2025**

## Appendix

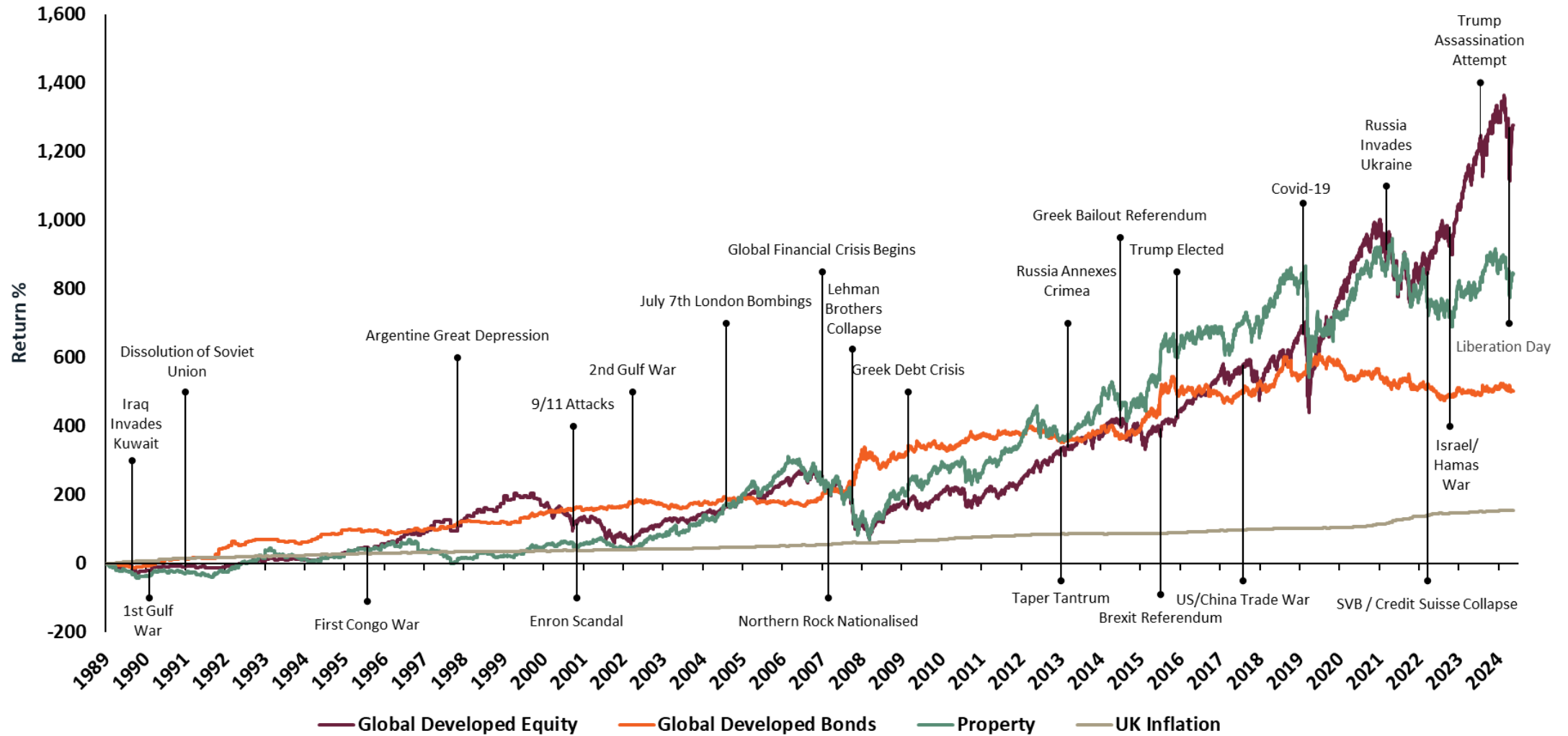
## Global Market Returns in GBP

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Best  Worst	17.04 Japan	33.55 US - S&P 500	30.55 Emerging Markets	6.26 US - NDX	34.07 US - NDX	44.28 US - NDX	29.89 US - S&P 500	0.34 UK	46.38 US - NDX	28.14 US - NDX	10.80 Global Ex US
	16.11 US - NDX	27.96 US - NDX	25.13 Asia Ex Japan	1.56 US - S&P 500	31.89 China	34.08 China	28.68 US - NDX	-5.42 Global Ex US	21.61 Global	27.26 US - S&P 500	8.15 Europe Ex UK
	8.37 China	27.34 Asia Ex Japan	21.48 US - NDX	-2.16 Japan	26.43 Europe Ex UK	20.63 Japan	23.53 Europe Ex UK	-7.08 Asia Ex Japan	19.16 US - S&P 500	20.21 Global	5.46 UK
	8.30 Europe Ex UK	25.96 Japan	21.12 China	-7.69 Global	26.41 US - S&P 500	19.12 Emerging Markets	20.90 Global	-7.79 US - S&P 500	16.36 Europe Ex UK	16.94 China	3.86 Emerging Markets
	7.25 US - S&P 500	24.64 Global Ex US	19.77 Global	-8.57 Asia Ex Japan	26.24 Global	18.66 Asia Ex Japan	18.32 UK	-8.94 Japan	15.65 Japan	13.12 Emerging Markets	-0.75 Global
	1.27 Global	16.75 UK	16.18 Global Ex US	-8.86 Global Ex US	19.17 UK	14.74 US - S&P 500	8.82 Global Ex US	-12.95 Europe Ex UK	9.85 Emerging Markets	12.12 Asia Ex Japan	-0.89 Asia Ex Japan
	0.98 UK	9.69 Emerging Markets	14.75 Japan	-9.47 UK	18.06 Emerging Markets	14.21 Global	-0.08 China	-15.54 Emerging Markets	9.10 Global Ex US	10.78 Japan	-1.87 China
	-0.20 Global Ex US	9.04 Global	13.59 Europe Ex UK	-10.08 Emerging Markets	17.17 Japan	7.24 Global Ex US	-0.19 Emerging Markets	-15.98 Global	7.92 UK	9.47 UK	-4.30 US - NDX
	-4.12 Asia Ex Japan	2.31 Europe Ex UK	13.10 UK	-11.31 Europe Ex UK	16.82 Global Ex US	1.43 Europe Ex UK	-2.00 Asia Ex Japan	-17.25 China	1.31 Asia Ex Japan	7.42 Global Ex US	-5.14 Japan
	-5.76 Emerging Markets	1.14 China	11.29 US - S&P 500	-23.07 China	14.56 Asia Ex Japan	-9.82 UK	-3.49 Japan	-23.86 US - NDX	-15.96 China	7.21 Europe Ex UK	-9.02 US - S&P 500

## Asset Class Returns in GBP

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Best	6.28 EM Debt	33.37 Commodities	25.83 EM Equity	5.82 Govt Bonds	28.07 DM Equity	15.02 EM Equity	28.21 Commodities	30.76 Commodities	23.75 DM Equity	21.57 DM Equity	6.87 EM Equity
	5.36 REITs	33.12 EM Equity	19.13 DM Equity	2.80 Hedge Funds	18.81 REITs	14.06 DM Equity	24.71 DM Equity	3.08 Hedge Funds	11.92 HY Bonds	9.98 EM Equity	5.14 Govt Bonds
	3.11 Hedge Funds	30.77 EM Debt	6.73 HY Bonds	2.43 IG Bonds	14.31 EM Equity	6.96 IG Bonds	24.18 REITs	1.41 Cash	4.65 Cash	8.94 HY Bonds	2.01 EM Debt
	2.65 DM Equity	24.79 REITs	5.06 REITs	0.52 Cash	12.32 HY Bonds	6.12 Govt Bonds	2.78 HY Bonds	-6.23 IG Bonds	4.07 Hedge Funds	8.59 Hedge Funds	1.69 HY Bonds
	2.31 Govt Bonds	24.38 IG Bonds	0.26 Cash	0.32 REITs	10.07 EM Debt	5.10 HY Bonds	0.48 Hedge Funds	-7.08 Govt Bonds	4.05 EM Equity	7.30 EM Debt	1.64 Cash
	2.02 IG Bonds	21.25 Govt Bonds	-0.15 EM Debt	-0.71 EM Debt	7.21 IG Bonds	2.30 Hedge Funds	-0.04 Cash	-8.17 EM Debt	3.59 REITs	7.22 Commodities	0.23 Hedge Funds
	0.36 Cash	20.12 Hedge Funds	-0.35 IG Bonds	-3.61 HY Bonds	4.40 Hedge Funds	1.27 EM Debt	-1.32 EM Equity	-9.62 EM Equity	3.42 IG Bonds	5.32 Cash	-0.55 Commodities
	-2.11 HY Bonds	15.66 HY Bonds	-2.00 Govt Bonds	-5.78 Commodities	3.64 Commodities	0.42 Cash	-2.00 IG Bonds	-12.58 HY Bonds	3.13 EM Debt	3.39 REITs	-1.08 DM Equity
	-9.65 EM Equity	9.65 DM Equity	-2.95 Hedge Funds	-6.86 DM Equity	1.51 Govt Bonds	-6.10 Commodities	-2.61 EM Debt	-13.96 REITs	-1.70 Govt Bonds	2.91 IG Bonds	-2.05 REITs
Worst	-20.34 Commodities	0.44 Cash	-7.11 Commodities	-8.92 EM Equity	0.78 Cash	-11.97 REITs	-5.74 Govt Bonds	-15.62 DM Equity	-13.09 Commodities	-1.85 Govt Bonds	-2.14 IG Bonds

## Time in the market, not timing the market





# Disclaimer

Opinions constitute our judgement as of this date and are subject to change without warning. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance is not a reliable indicator of future results and forecasts are not a reliable indicator of future performance. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up and down. The information in this document is not intended as an offer or solicitation to buy or sell securities or any other investment, nor does it constitute a personal recommendation.

**We hope you found this presentation of interest and useful.**

**If you have any questions, please do not hesitate to contact us.**



MM Wealth is authorised and regulated by the Financial Conduct Authority. Incorporated in England and Wales.

Registration Number: 01454074. MM Wealth Ltd Wellbrook Court, Girton, Cambridge CB3 0NA 01223 233331 [info@mmwealth.co.uk](mailto:info@mmwealth.co.uk)