

MMWealth

Chartered Financial Planners



40 YEARS IN BUSINESS
1984 – 2024



Image source: ChatGPT

Market Update – August 2025



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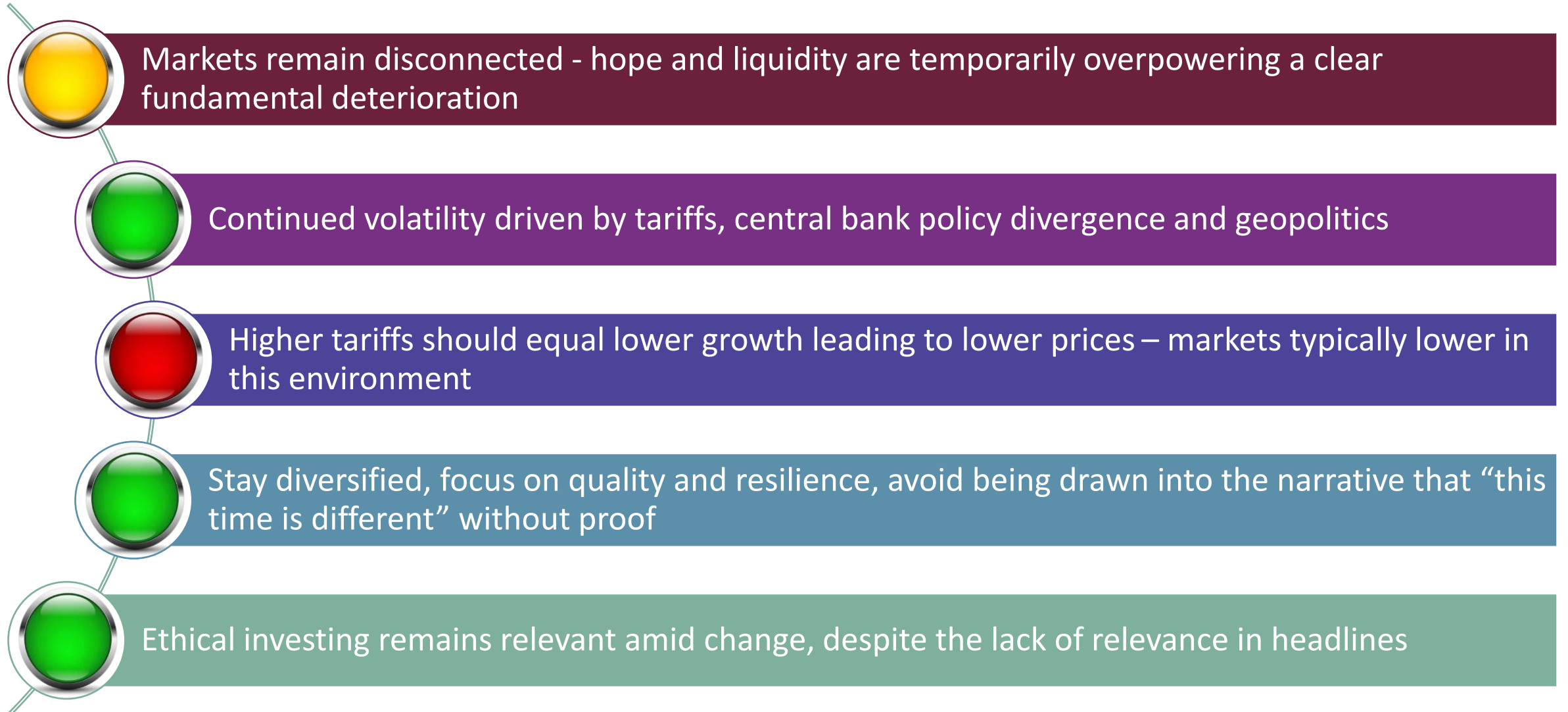


Adrian Atkinson

Managing Director
Chartered Financial Planner

Unlike Trump and Putin in Alaska, we WILL be answering your questions today!





Q2 Market Drivers



Tariff Uncertainty

- Trump's tariff strategy stirs inflation fear, adds geopolitical noise
- Consumer goods and electronics prices firming
- Business confidence wobbles on uncertainty

AI Optimism

- Investor enthusiasm for AI-fuelled productivity and earnings continues to support valuations
- Magnificent 7 major drivers, but gains broadened across sectors

Interest Rate Divergence

- US Federal Reserve holds rates steady
- Bank of England cuts in May and European Central Bank cuts with two more in April and June

UK Surges - Quietly

- UK stocks perform well on earnings strength, cheap valuations and M&A interest
- Despite political and policy overhangs, undervaluation attracts more attention

Earnings Season

- Positive earnings surprises (beats) were less rewarded than usual
- Earnings misses were punished more heavily, reflecting cautious investor sentiment

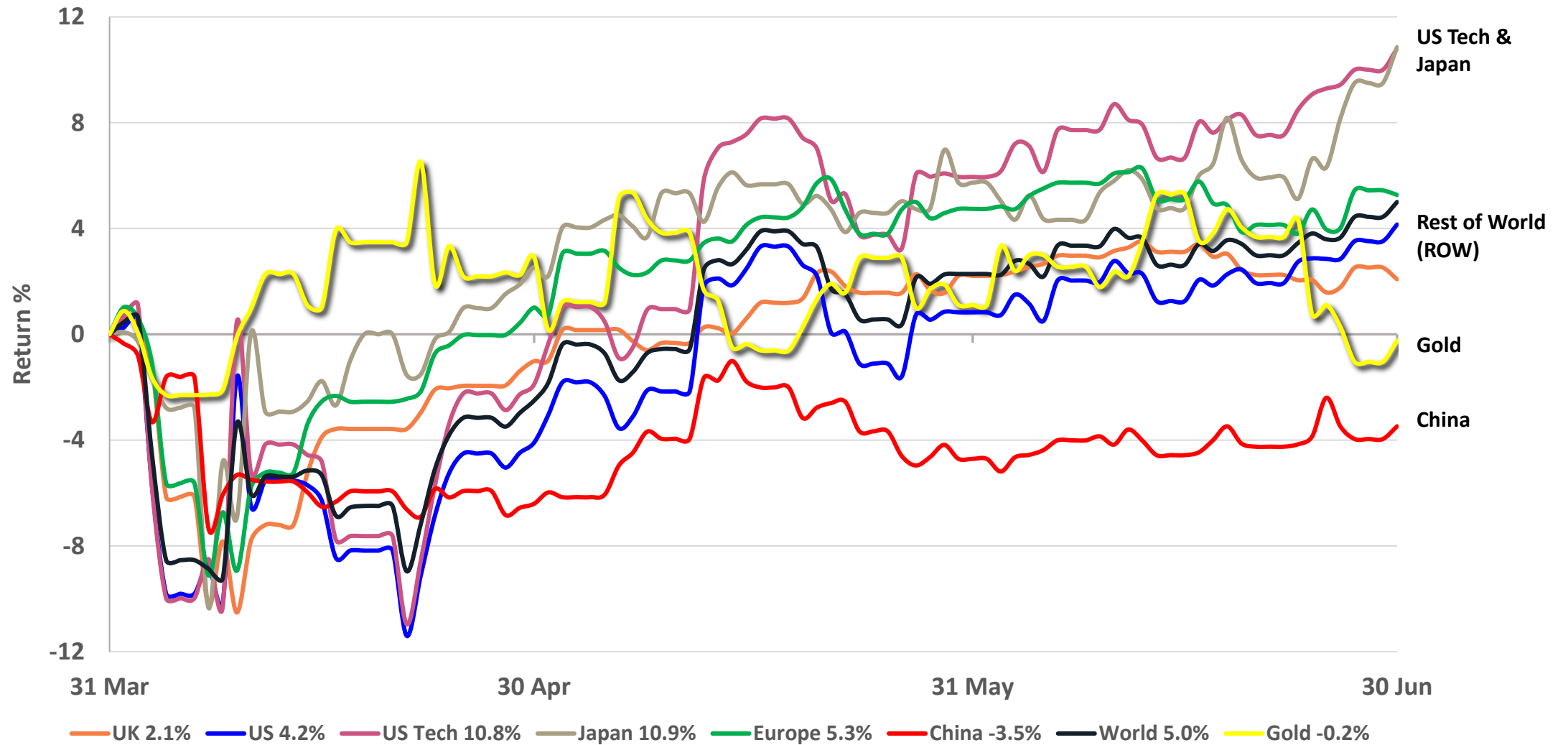
Commodities – No Shock, No Surge

- Oil range-bound, benign backdrop for inflation watchers
- Gold and infrastructure attract interest as inflation and volatility hedge

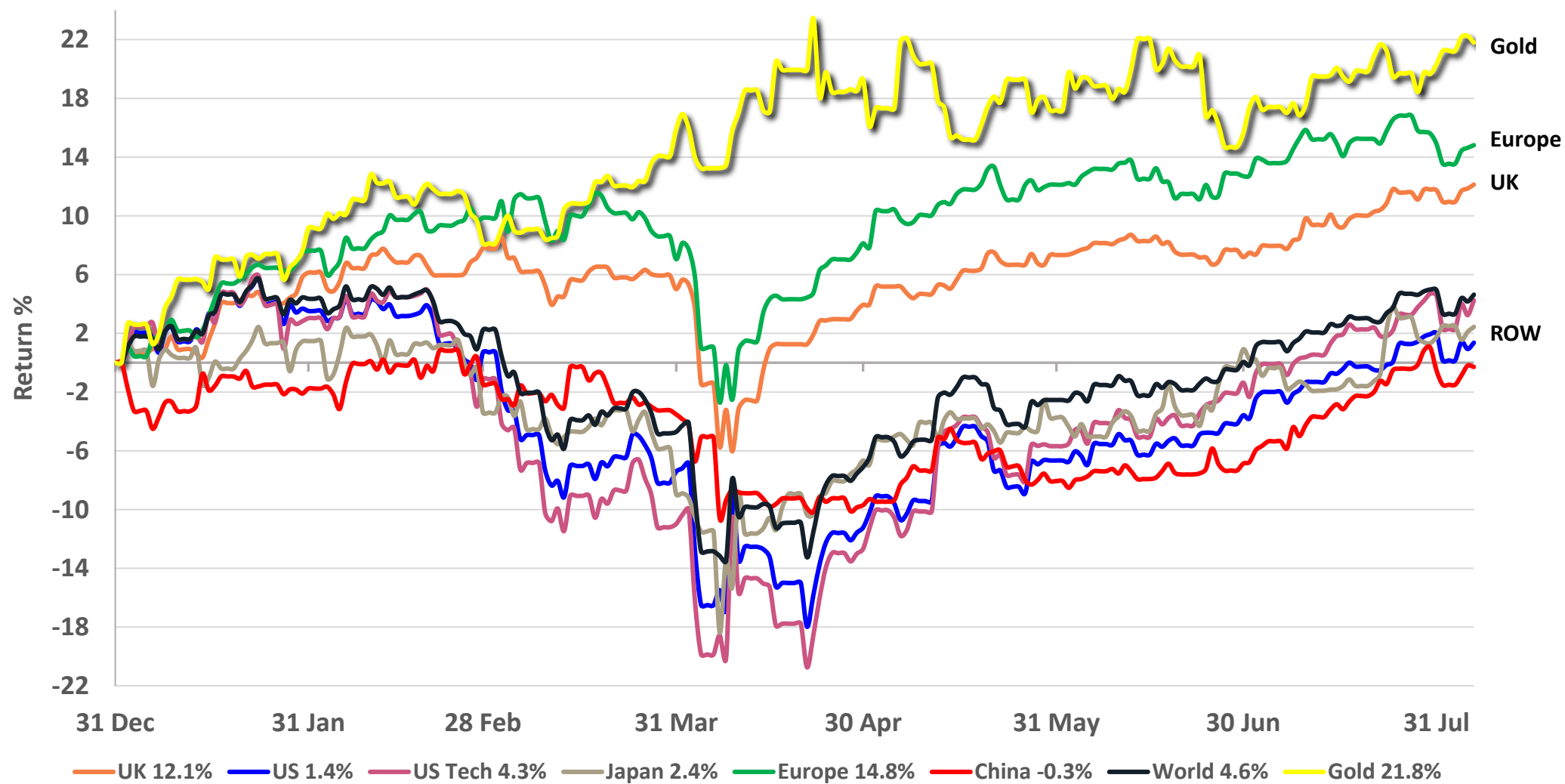
USD Weakness

- Falling Dollar benefits Emerging Markets and non-US developed equities
- Reinforces the case for diversification across geographies and currencies

Q2 Market Performance in GBP

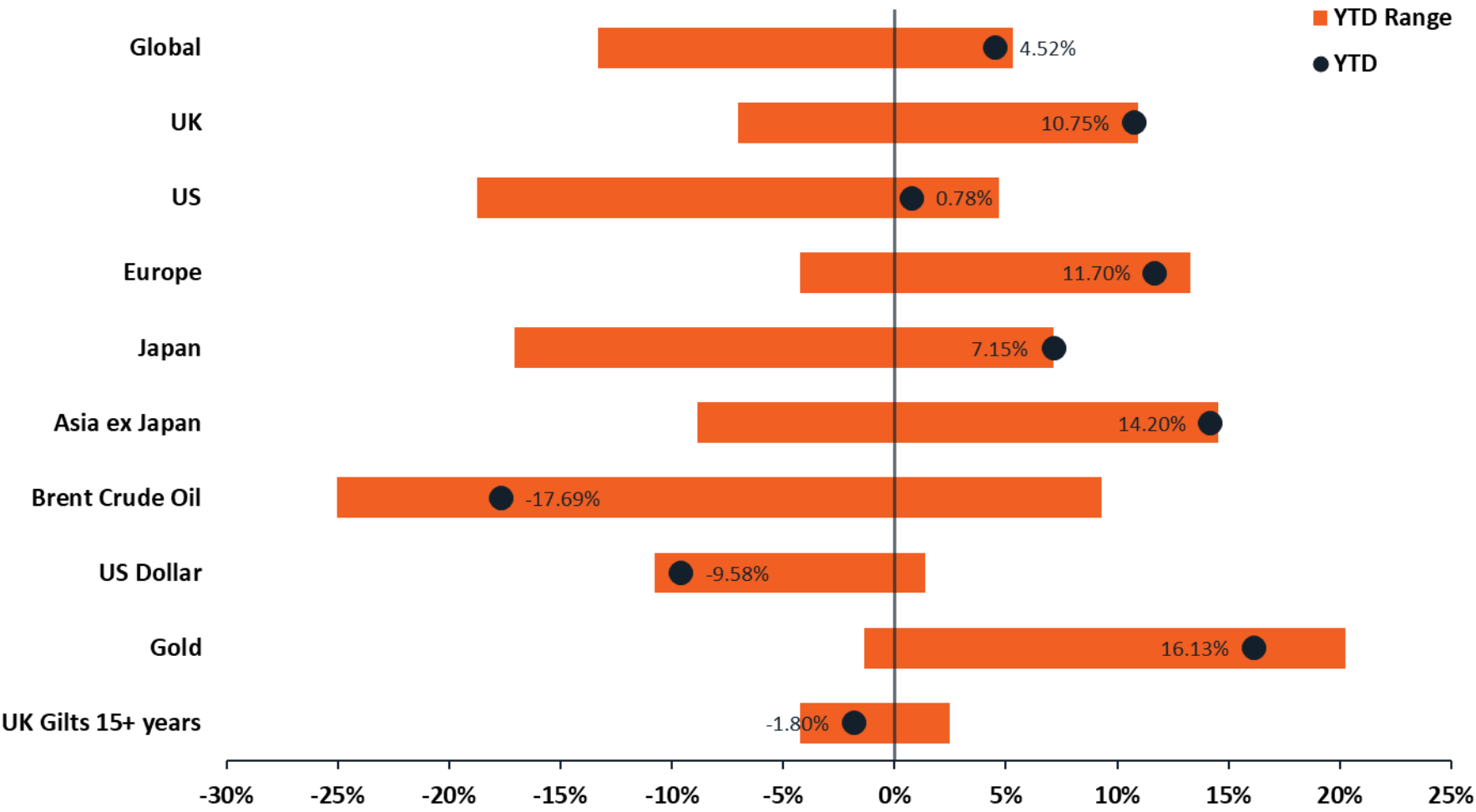


Year to Date Market Performance in GBP

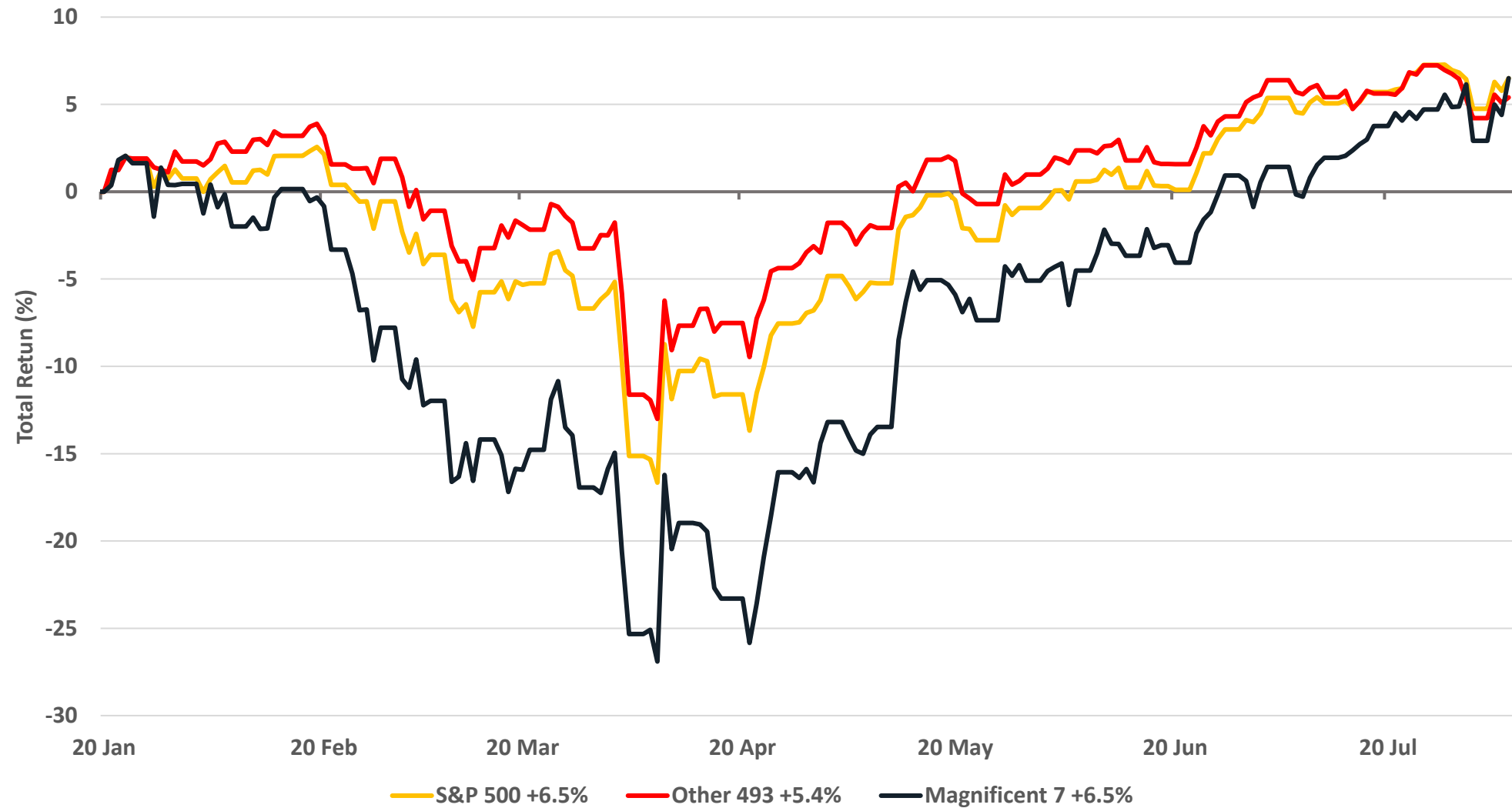


MM Wealth

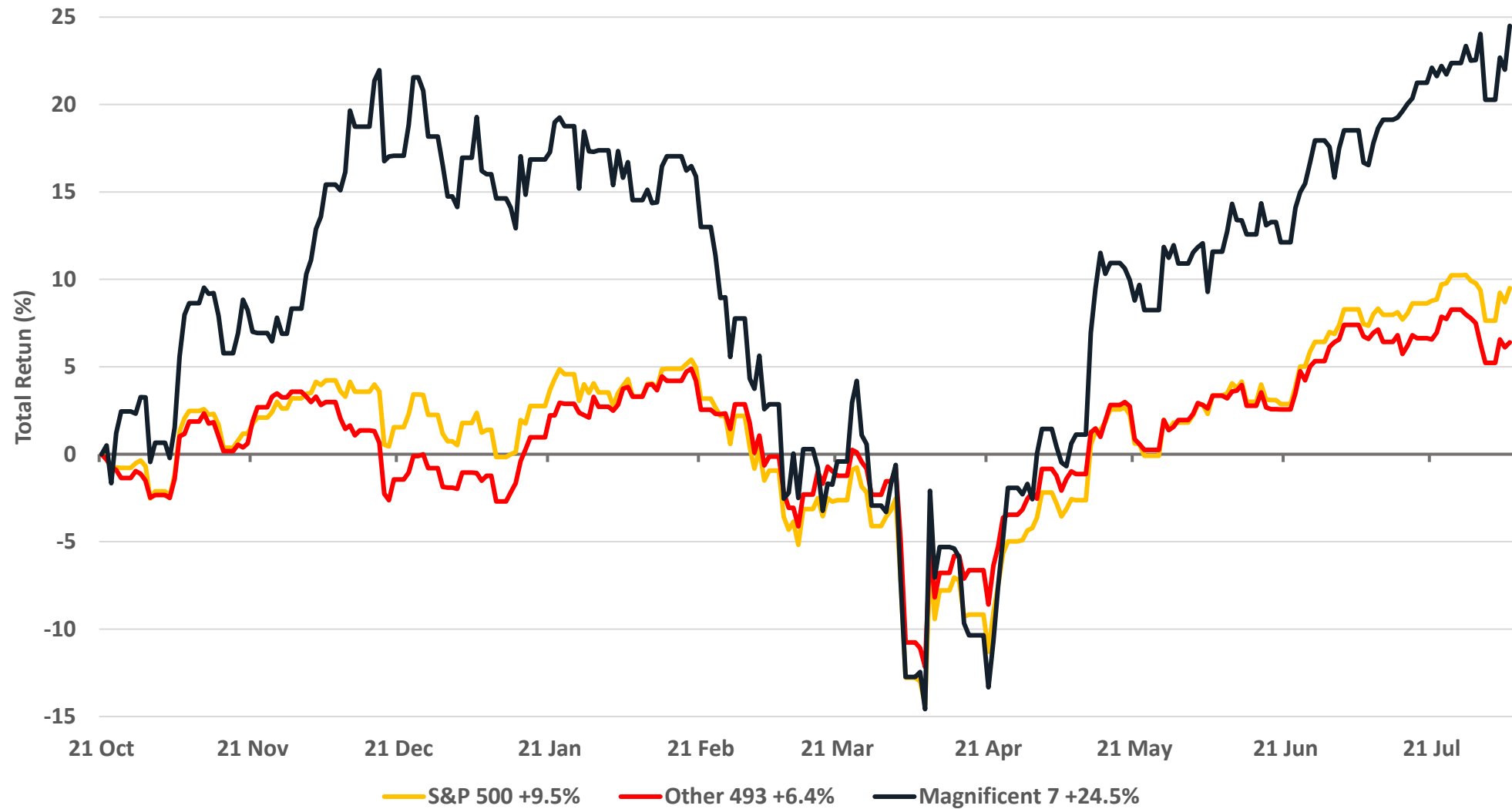
Year to date range



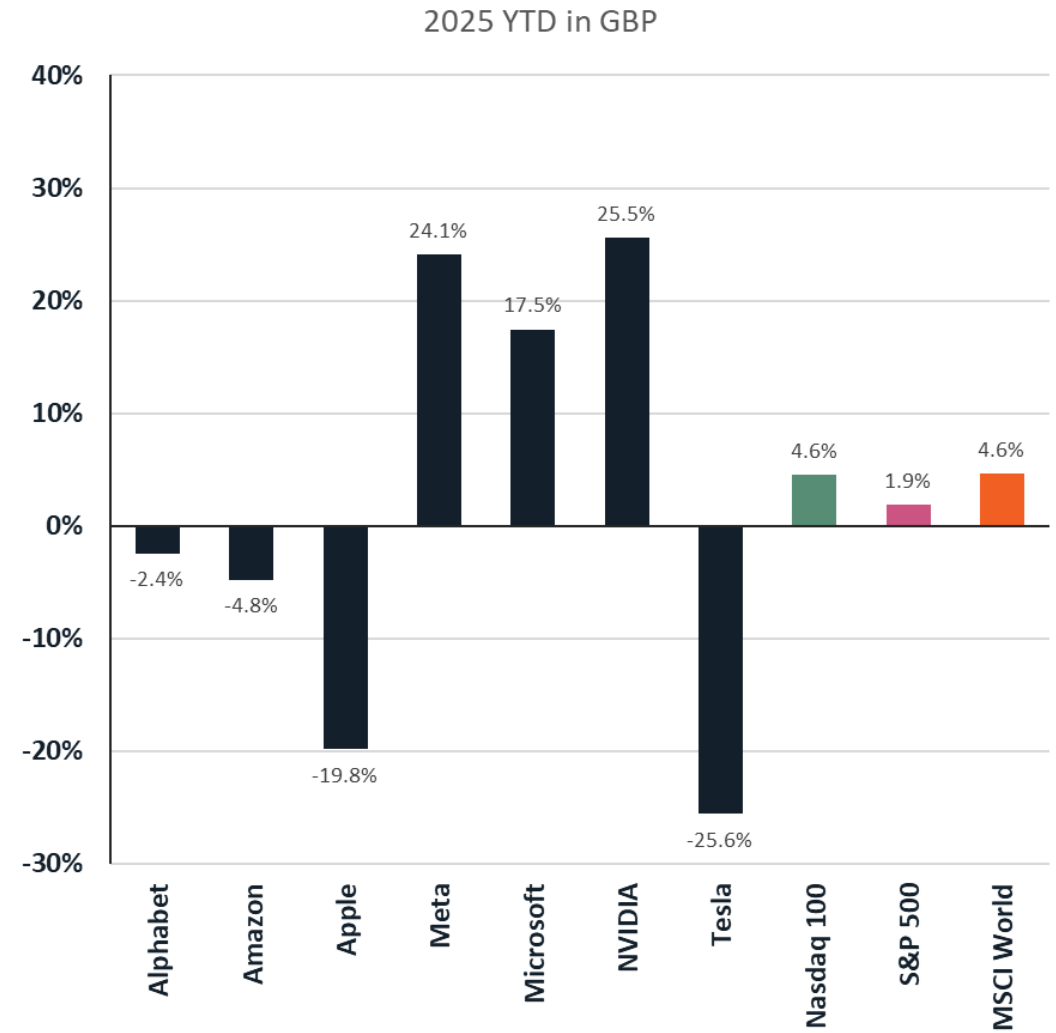
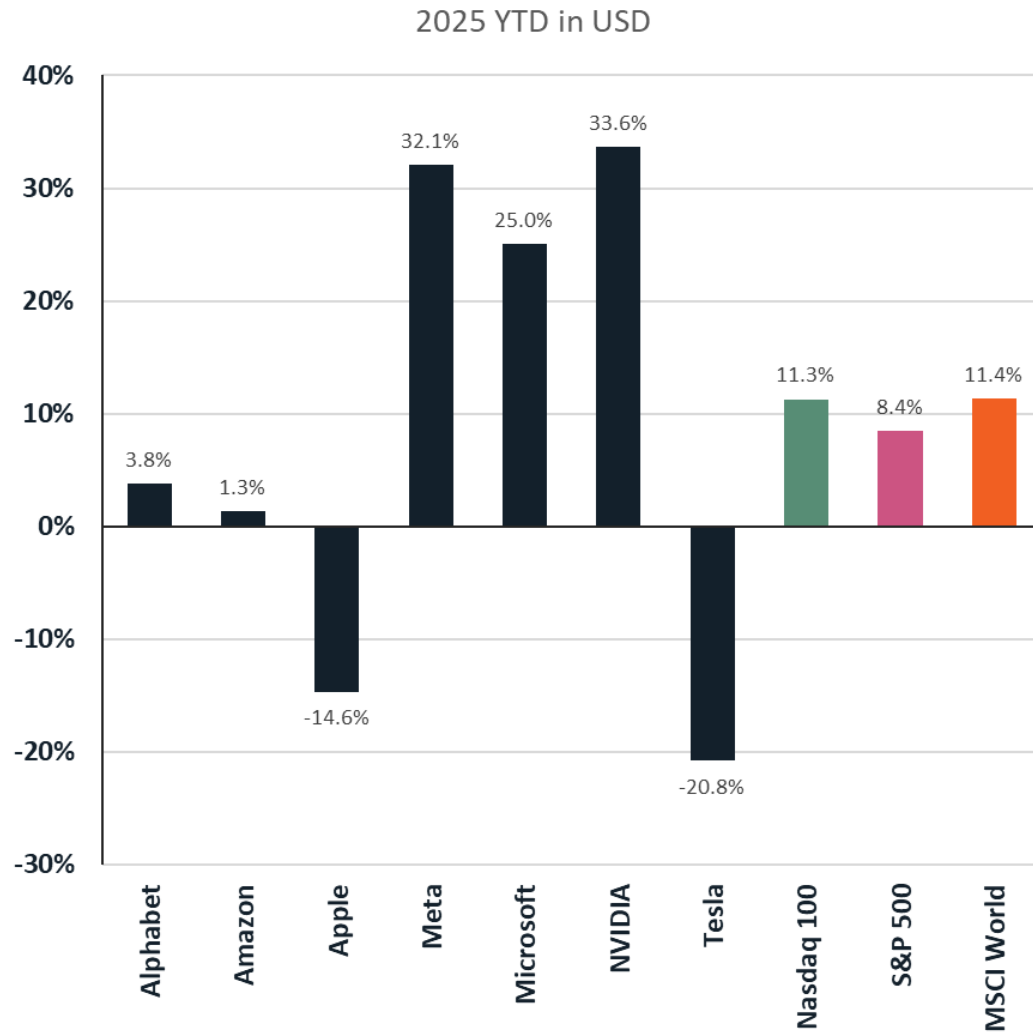
Magnificent 7 back in the lead post-DeepSeek wobble...



Q: Did big-tech ever really fall behind?



A: Some of them, yes – only strength in real tech



Noise vs Signal – “I ended six wars in six months.”

Conflict	Did a war end?	Trump's Role	Reality Check
Thailand – Cambodia	✓ Yes – ceasefire signed	Pressured with trade threats	ASEAN-led mediation, Trump's threats possibly helped
Israel – Iran	▢ Partial de-escalation	Claims brokered truce	Fragile truce, attribution unclear
India – Pakistan	✗ No	Claims credit	India denies any 3 rd party role of formal ceasefire
Rwanda – DRC	✗ No	Claims credit	No official ceasefire or resolution
Serbia – Kosovo	✗ No	Claims credit	Tensions ongoing, no formal peace agreement
Egypt – Ethiopia	✗ No	Claims credit	No resolved conflict on record

Why this matters:



Tariffs ≠ Peace – Diplomatic pressure doesn't equal conflict resolution

Fact-checking matters – when policy claims affect investor confidence

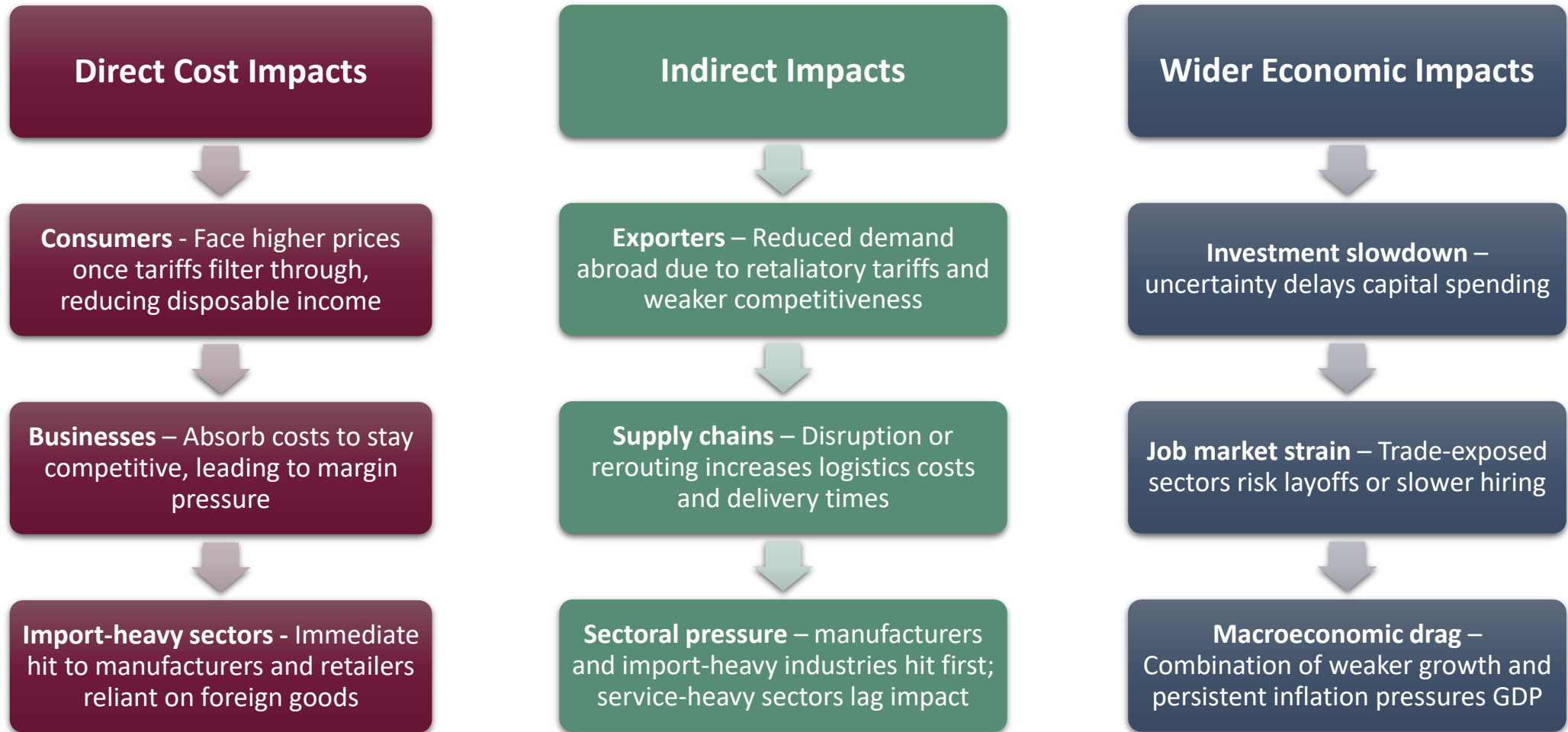
Geopolitics is complex – don't oversimplify in your investment view

The return of tariffs – and stagflation fears

Country/Region	Current effective rate*	GDP Effect (on US)	Inflation Effect (on US)
China	10%	-0.12%	+0.07%
EU	15%	-0.07%	+0.04%
Canada, Mexico	25%	-0.06%	+0.04%
Switzerland	39%	-0.05%	+0.03%
Vietnam	20%	-0.04%	+0.02%
India	25%	-0.04%	+0.02%
World (Copper)	50%	-0.03%	+0.02%
Brazil	40%	-0.03%	+0.02%
Japan	15%	-0.02%	+0.01%
South Korea	15%	-0.01%	+0.01%
Thailand	19%	-0.01%	+0.01%
Taiwan	20%	-0.01%	+0.01%
Malaysia	19%	-0.01%	+0.01%
Indonesia	19%	-0.01%	+0.01%
South Africa	30%	-0.01%	+0.00%
Israel	15%	+0.00%	+0.00%

- **Tariffs bite** – growth slows, prices climb
- **Stagflation threat** – a toxic mix for markets
- **Fed boxed in** – inflation curbs rate-cut firepower
- **Dollar slumps** – weakest in years, investor nerves showing
- **Jobs cool** – September cut still on the table

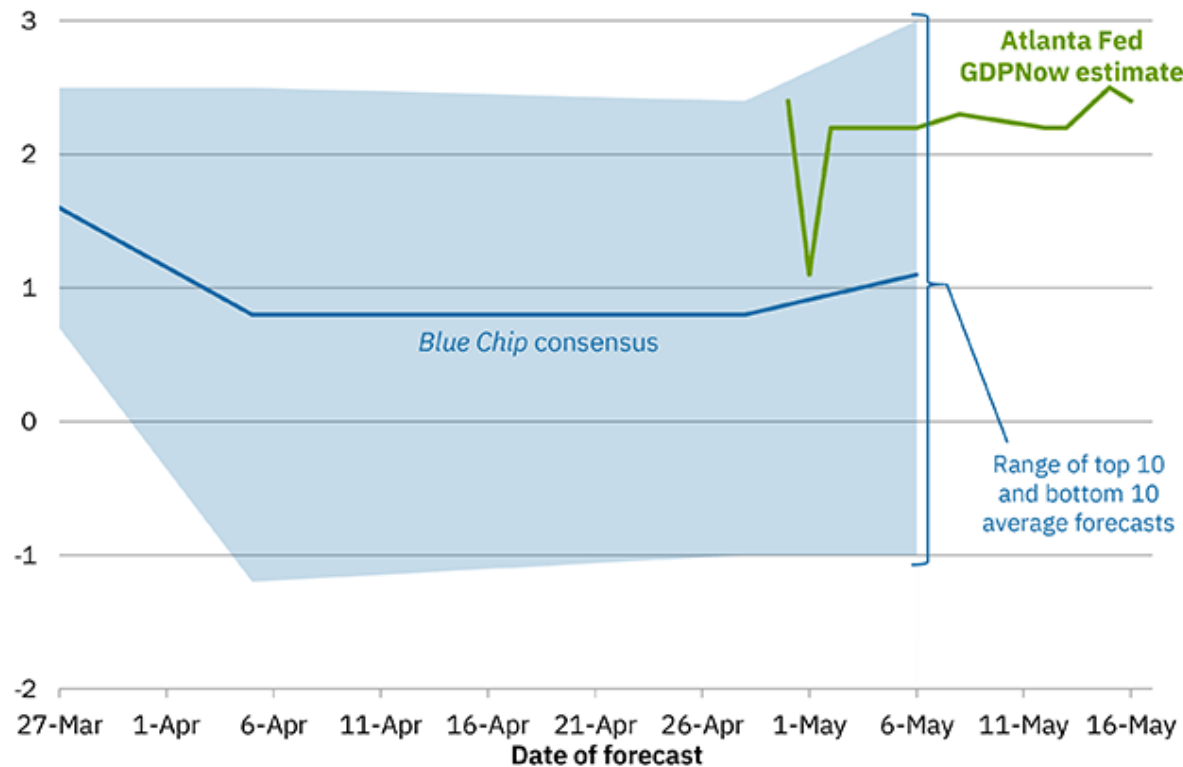
Tariffs and Inflation: Who really pays?



Expectations narrow, lower growth expected

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q2

Quarterly percent change (SAAR)

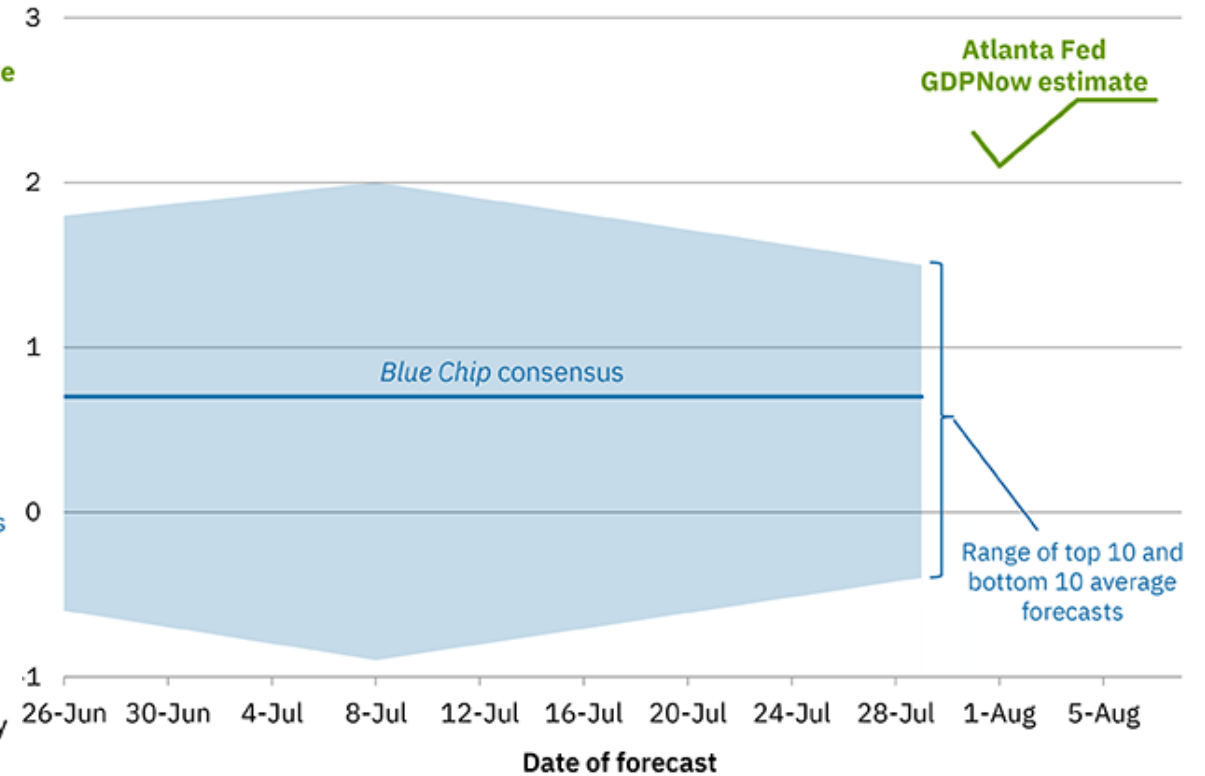


Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

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

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q3

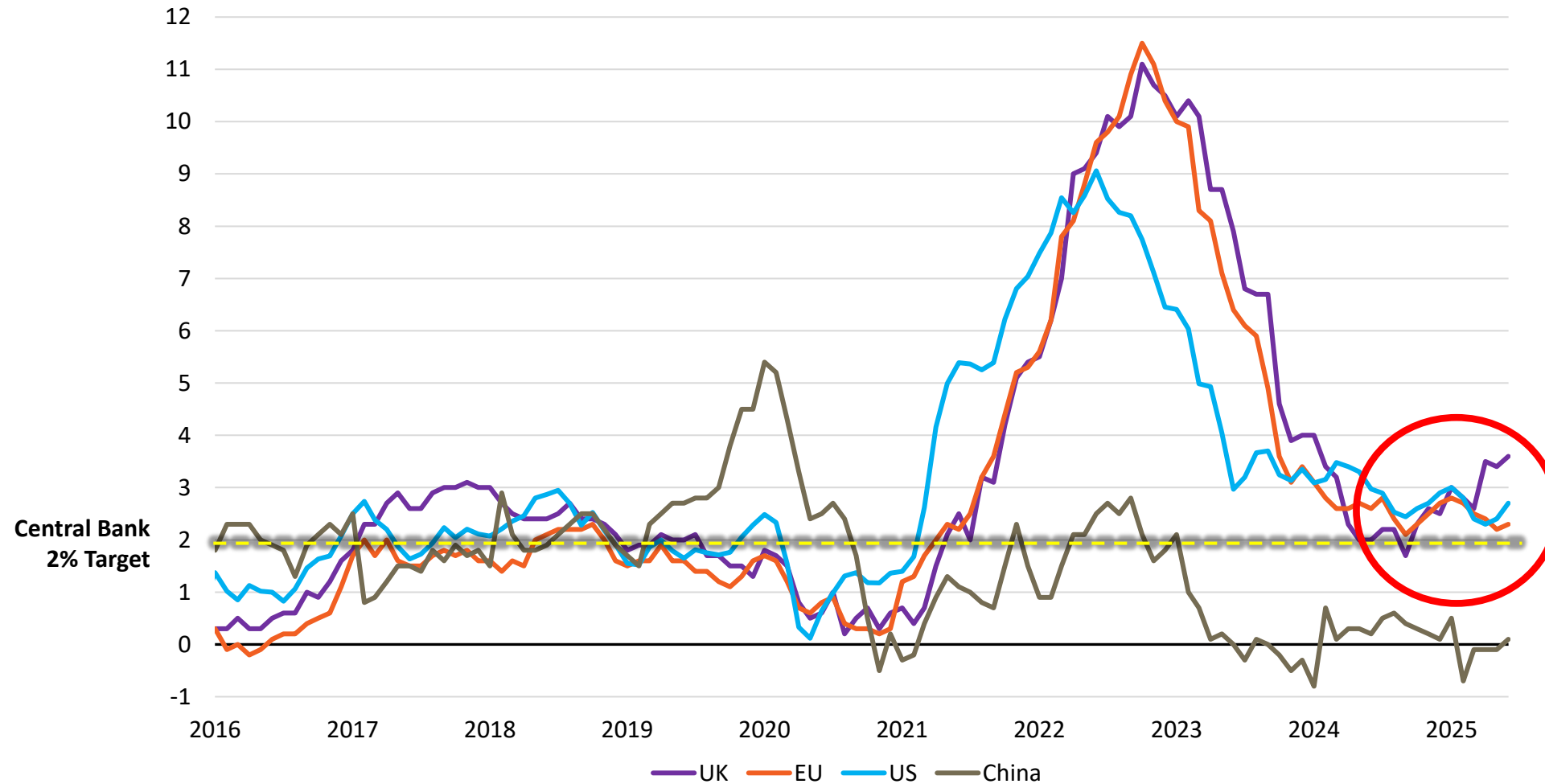
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

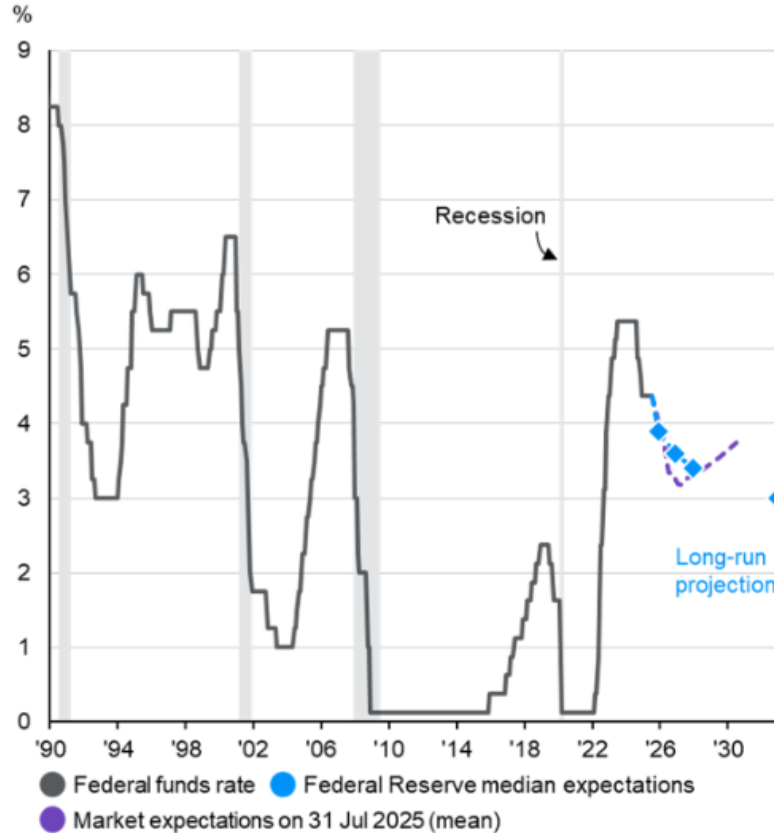
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Inflation now reacting to tariffs and weaker economic data

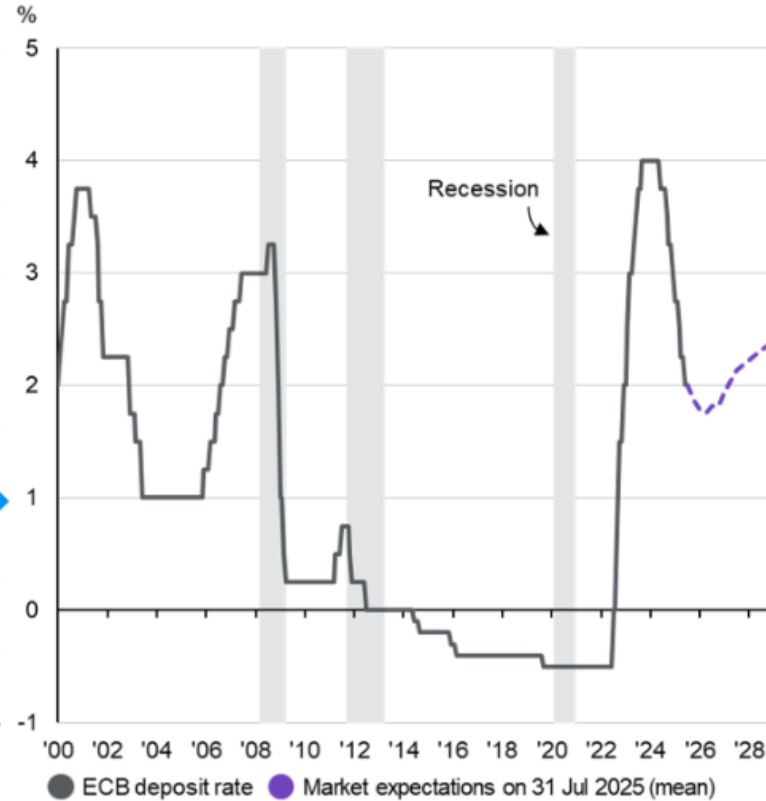


Policy divergence, but expectations largely unchanged

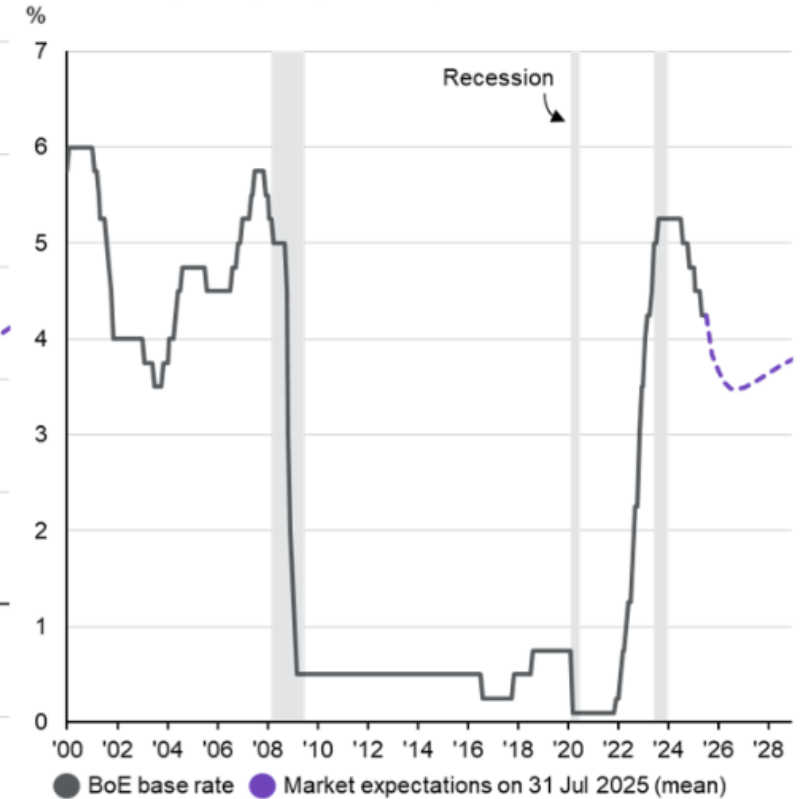
Federal Reserve policy rate expectations



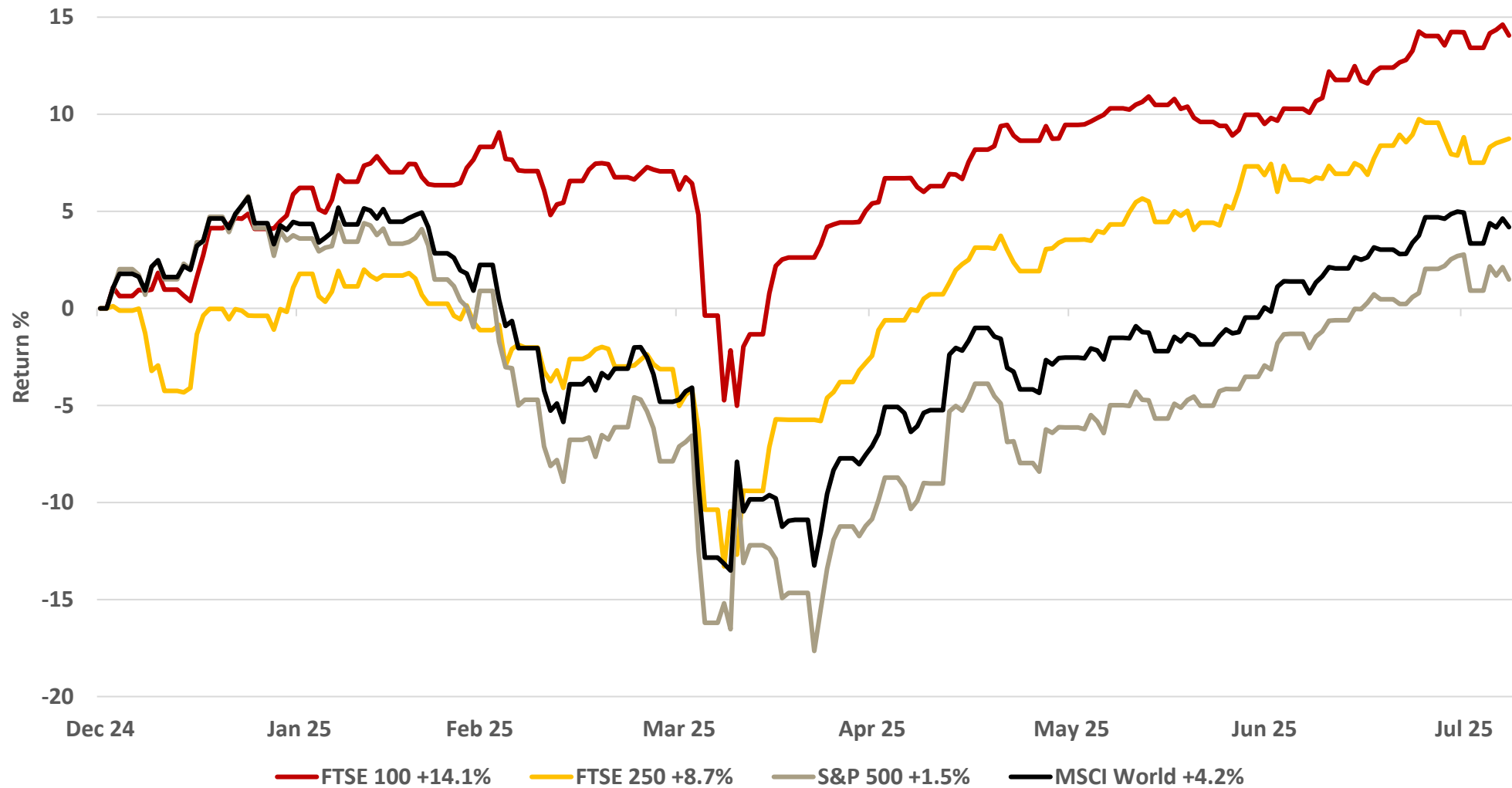
European Central Bank policy rate expectations



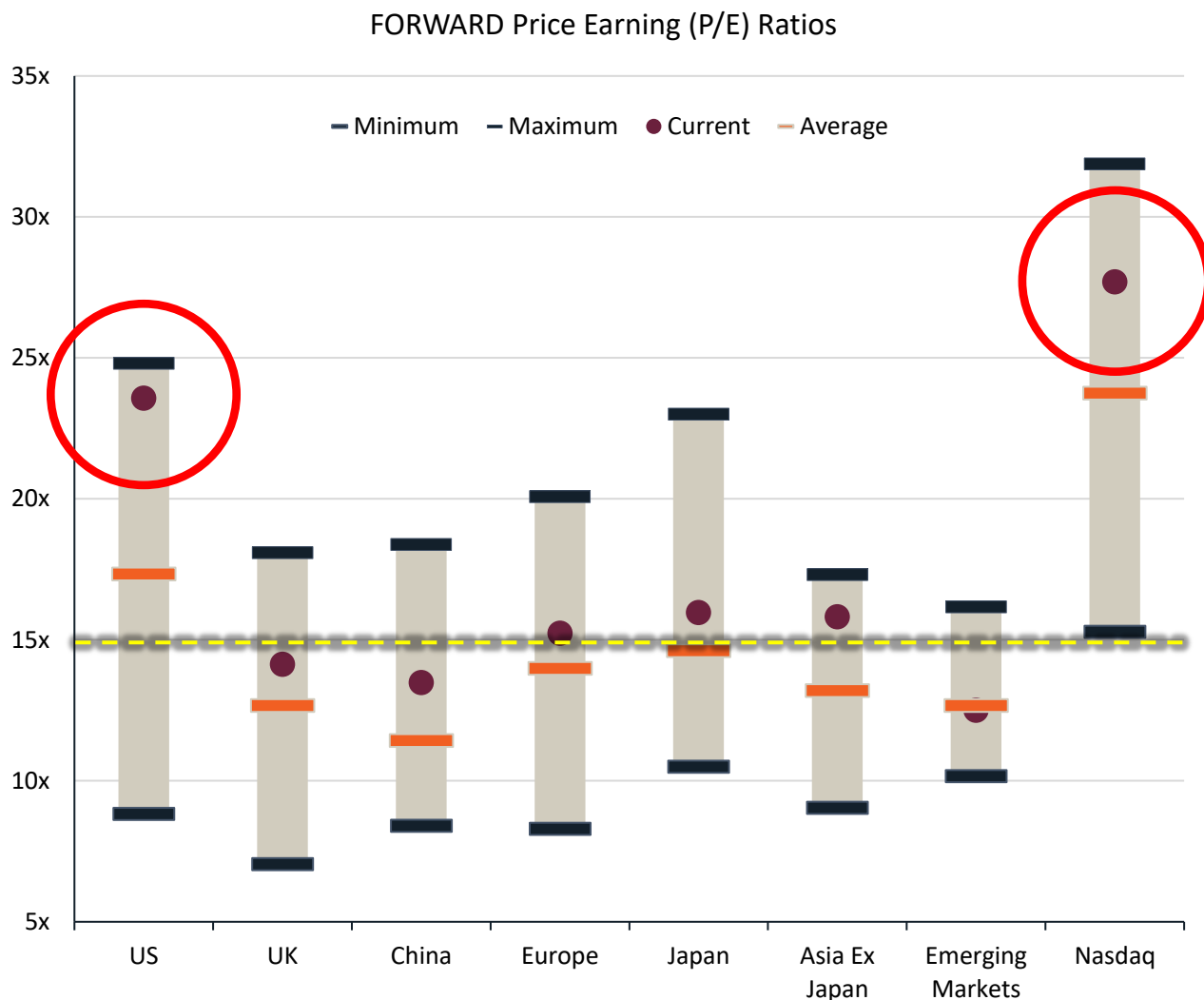
Bank of England policy rate expectations



UK quietly performing



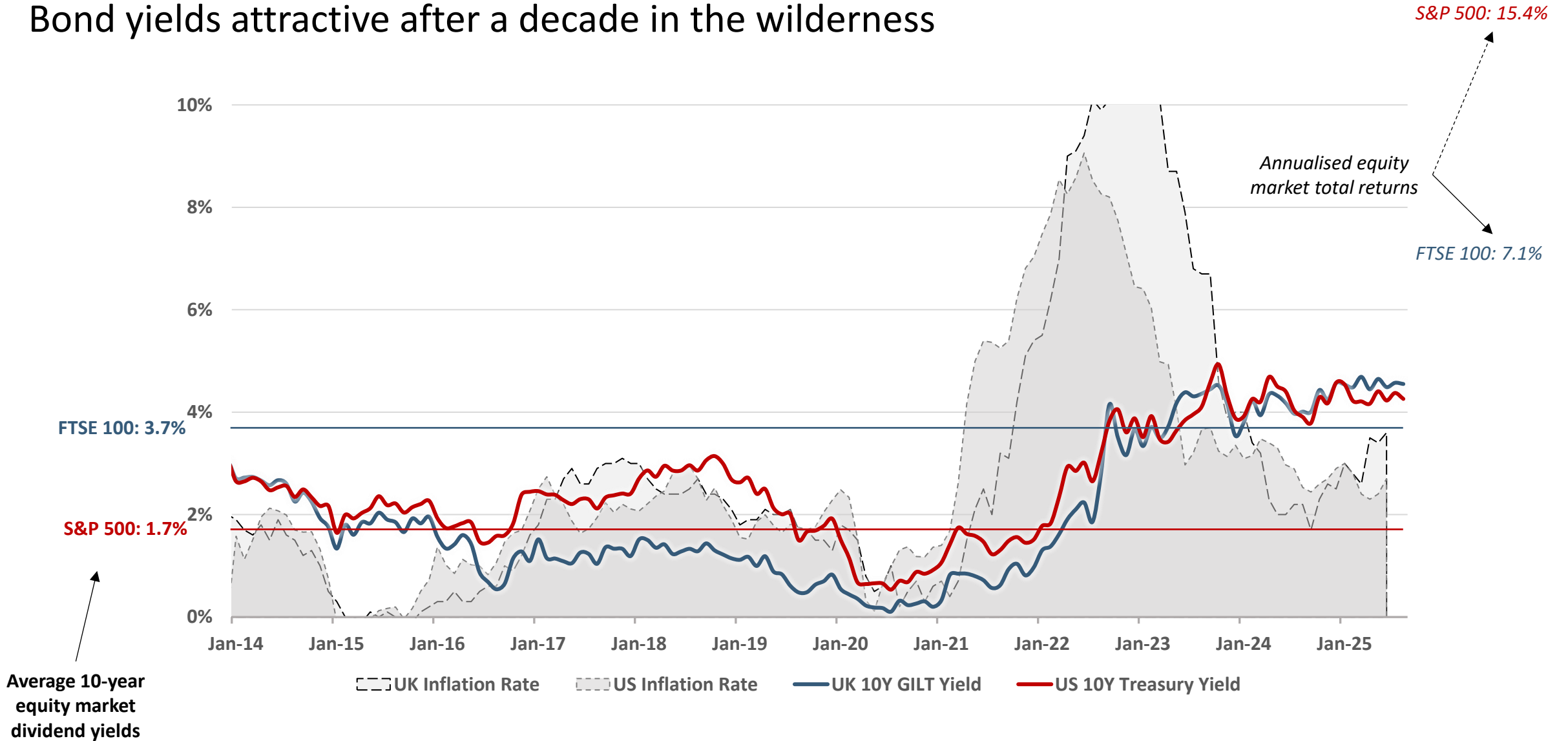
UK equity market 'car boot sale' continues



Why invest in the UK?

- **Valuations remain modest** vs global peers
- Business confidence and activity levels stabilising following **trade agreement with US**
- Policy restrictive with rates @ 4% (double level in Europe), **scope for bigger rate cuts**
- Further rate cuts expected in September, and into 2026, depending on inflation path
- Could potentially unlock generationally high savings ratio and encourage business expansion
- **Opportunity for outsized returns** remains intact, any policy announcement from Reeves could start help re-rate the UK market
- **But beware the Autumn Budget!**

Bond yields attractive after a decade in the wilderness



Why bonds are back in focus now

Yields are compelling again

- Central bank hiking cycles have lifted yields to **multi-year highs**
- For the first time in over a decade, investors can lock in attractive income **without excessive credit risk**

Real returns are positive

- Inflation has cooled from 2022/23 peaks, meaning **yields now exceed expected inflation** in many markets

Bonds can diversify again

- With rates off the floor, **bonds can cushion equity drawdowns** – the classic 60/40 portfolio benefit has partially returned

Active opportunities in a fragmented cycle

- **Diverging central bank policies** (ECB & BoE already cutting, Fed still on hold) create scope for tactical duration and currency positioning

Credit still resilient

- **Default rates remain below historical averages**; spreads offer a buffer, especially in investment grade corporate bonds and selective high yield bonds

From Trump to Tokyo: the global divergence widens

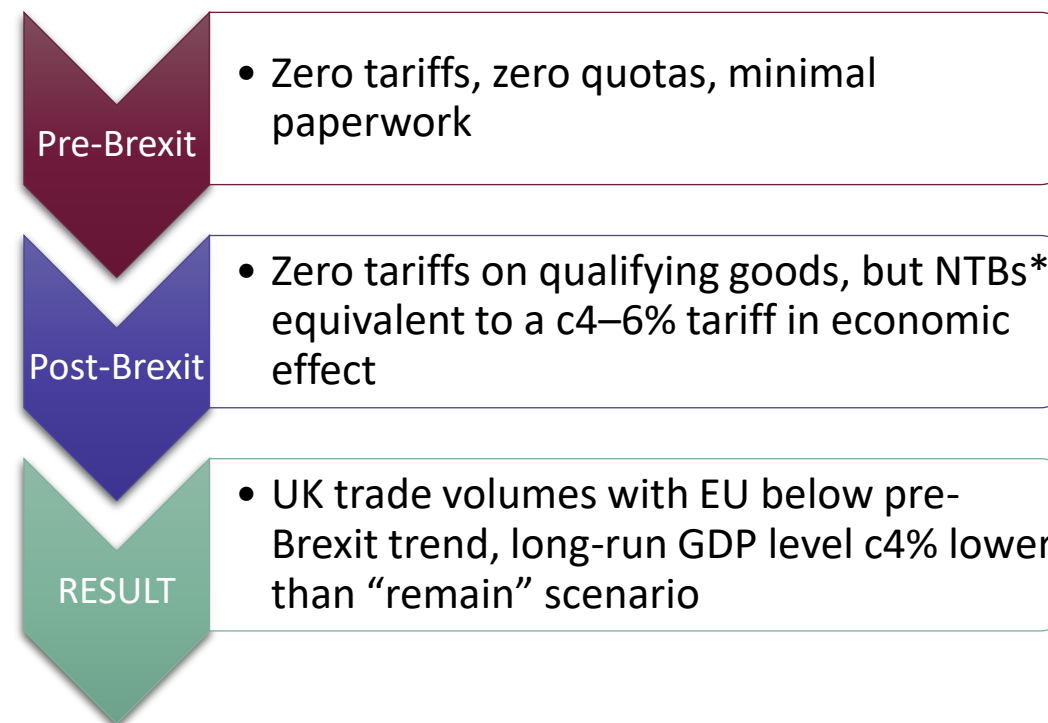
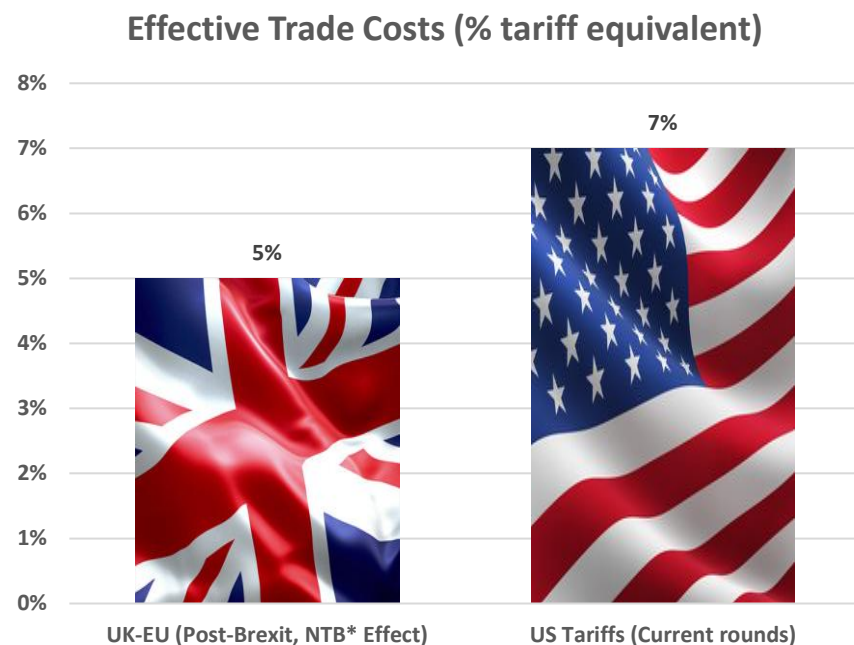
US: Fiscal/tariff stimulus, AI-led optimism, sticky inflation, Fed cut in Q4?

UK: Strong market performance, attractive valuations, potential rate cuts, but policy uncertainty.

Europe: Low rates, fiscal expansion, but more muted growth.

China/Japan: Stimulus tailwinds, but still idiosyncratic risks.

Brexit didn't raise tariffs, but it did raise trading costs

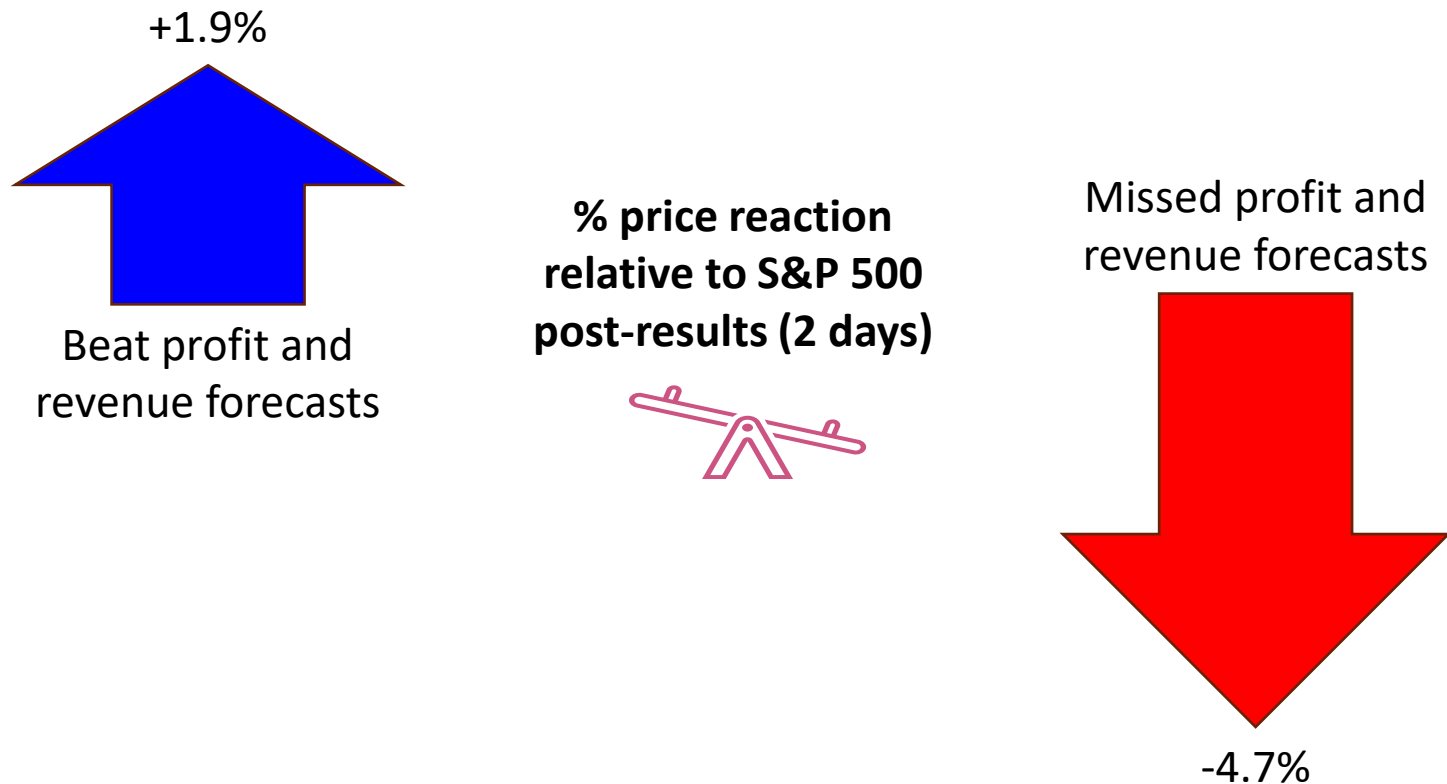


While there is no effective UK/EU tariff rate, there are:

- *** Non-tariff barriers (NTBs):** like customs declarations, rules-of-origin paperwork, sanitary/phytosanitary (SPS) checks
- **Border delays** and higher freight/logistics costs.
- **Loss of services passporting** affecting financial/legal/professional services trade
- **Reduced trade intensity** — OBR and independent studies find UK–EU goods trade fell relative to non-EU trade by c10–15% post-Brexit
- **UK GDP is c4% smaller than the “remain” scenario, or c£90bn a year lost output — risk of similar drag if US tariffs persist...?**

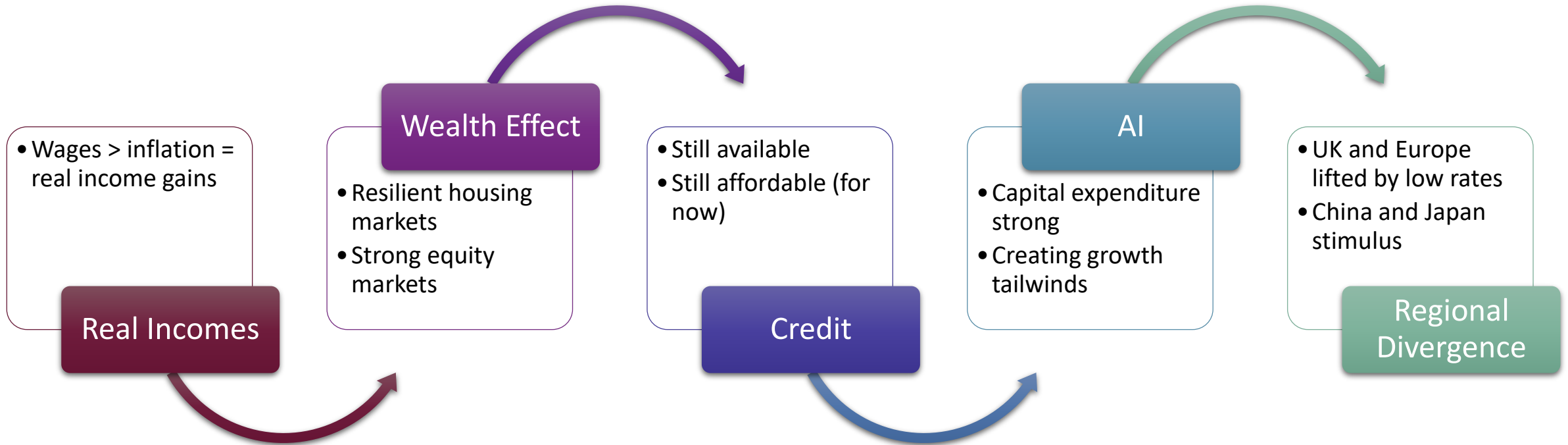
Strong results. Weak reactions.

72% of S&P 500 firms beat profit forecasts in Q2, and 77% beat revenue expectations, with 60% beating both



- The gap between the best and worst performers this season is the widest since 2022, underscoring the importance of stock selection
- Positive surprises no longer being rewarded like before
- Misses being punished more severely
- Reflects nervousness, low analyst expectations, and a market seeking clarity

Not all doom and gloom: Why the recession narrative may be premature



Strategy in an uncertain world



Bonds are back, dividends never left

Artemis Corporate Bond (5.5%) ▪ iShares \$ Treasury Bd 1-3yr (4.2%) ▪ Rathbone Ethical Bond (5.1%) ▪ BNY Mellon US Equity Income ▪ Janus Henderson UK Responsible Income



Inflation protection

M&G UK Inflation Linked Corporate Bond ▪ iShares Environment & Low Carbon Tilt REIT ▪ L&G All Commodities



Volatility resistance

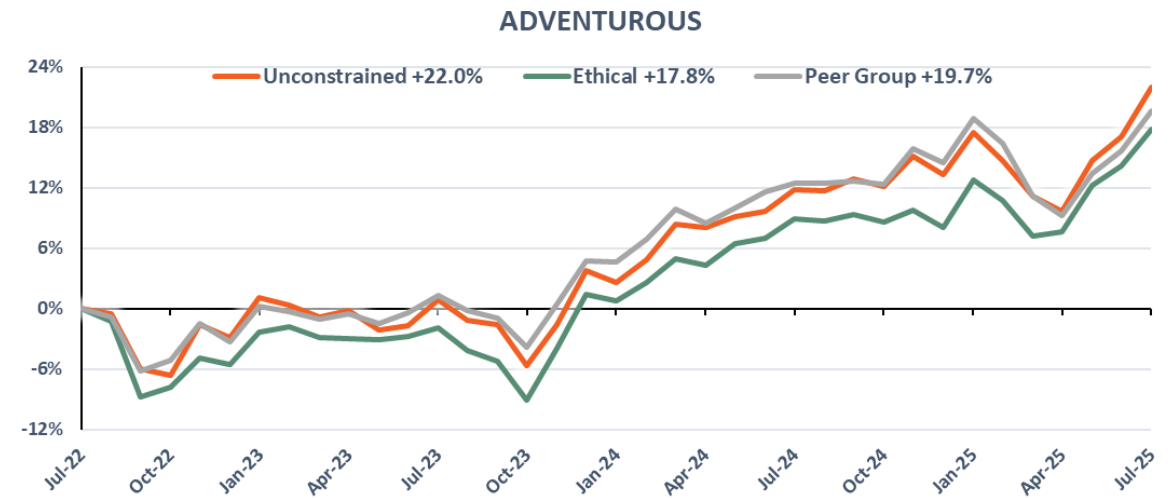
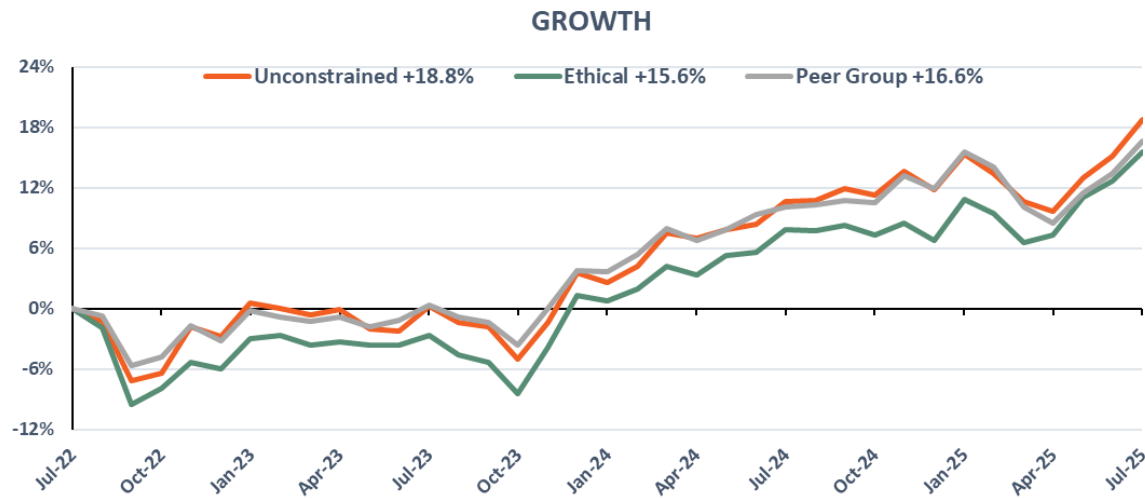
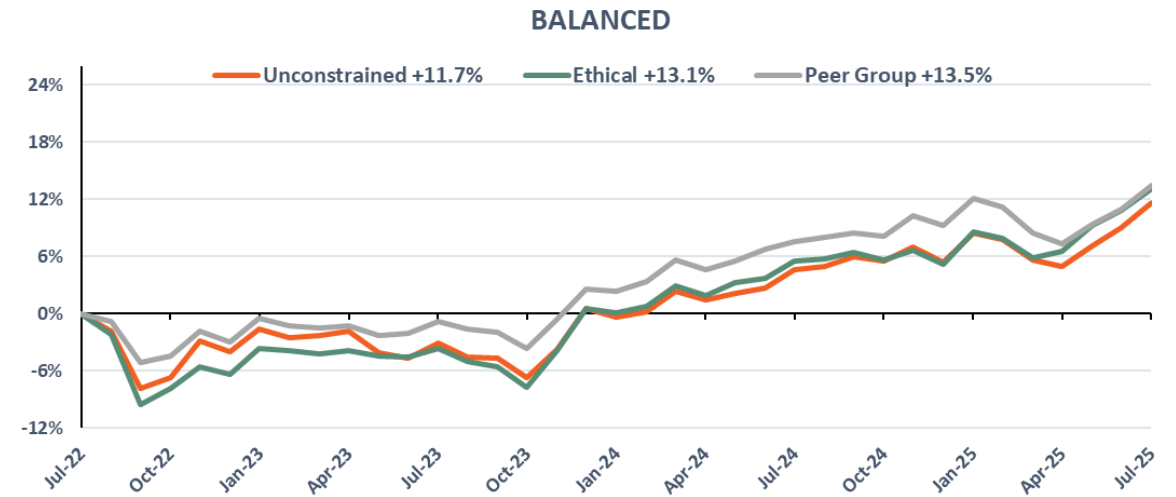
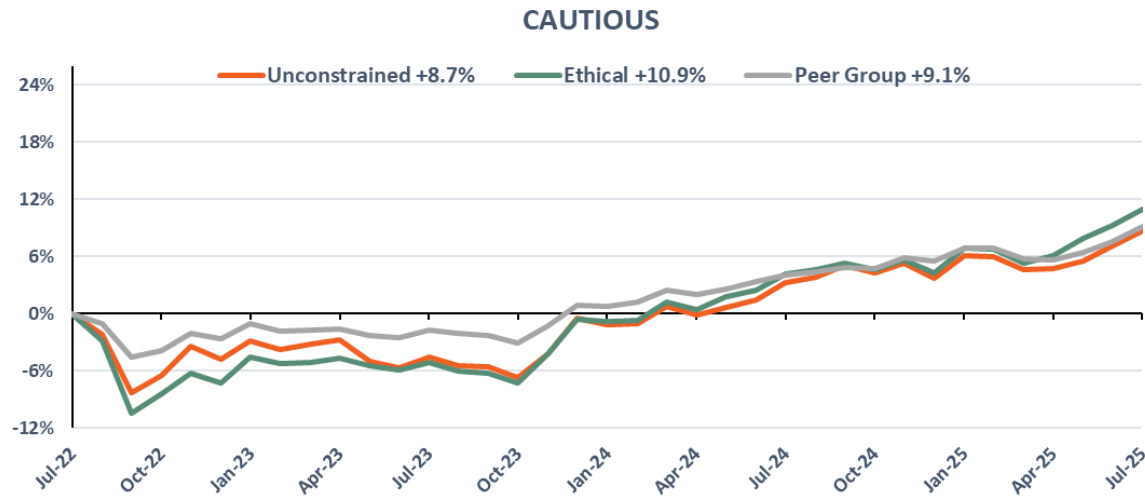
Trium Alternative Growth ▪ Vontobel 24 Sustainable Short Term Bond ▪ Trojan Ethical



Diversify

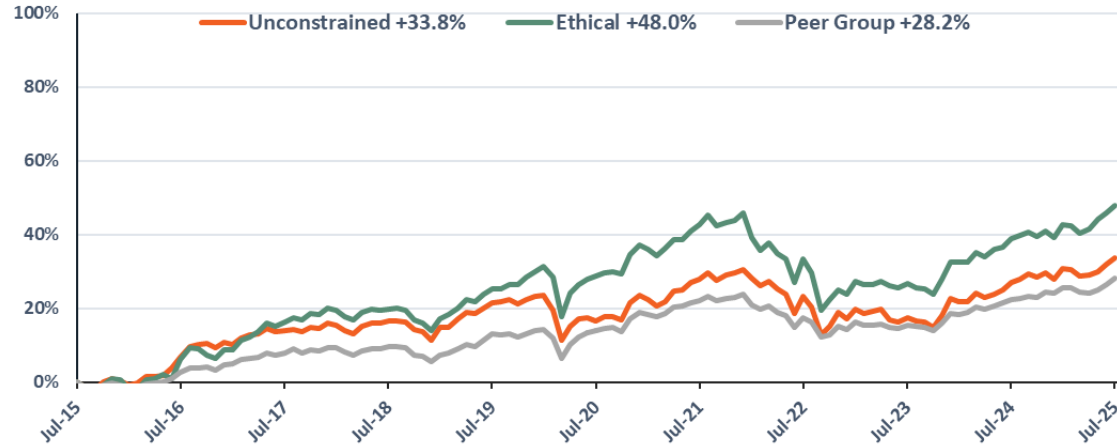
Gravis UK Infrastructure ▪ Royal Mint Gold ETF ▪ Zennor Japan ▪ Xtrackers MSCI World Momentum ▪ Goldman Sachs Global Green Bond (3.5%)

MM Wealth strategies – 3-year performance vs peer group comparison

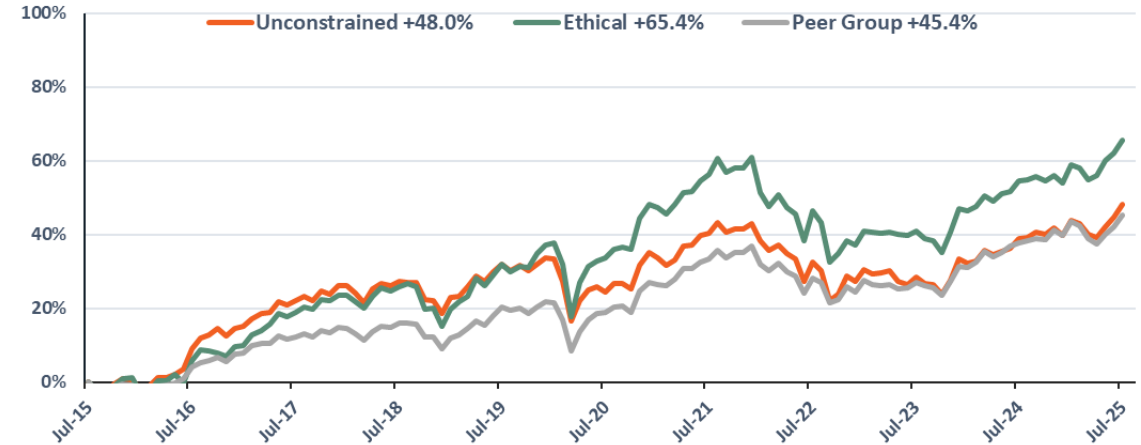


MM Wealth strategies – 10-year performance vs peer group comparison

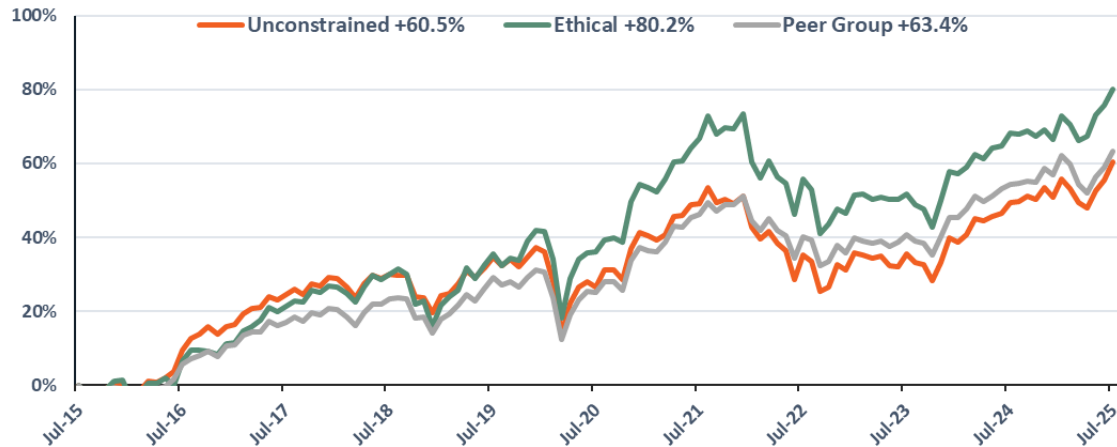
CAUTIOUS



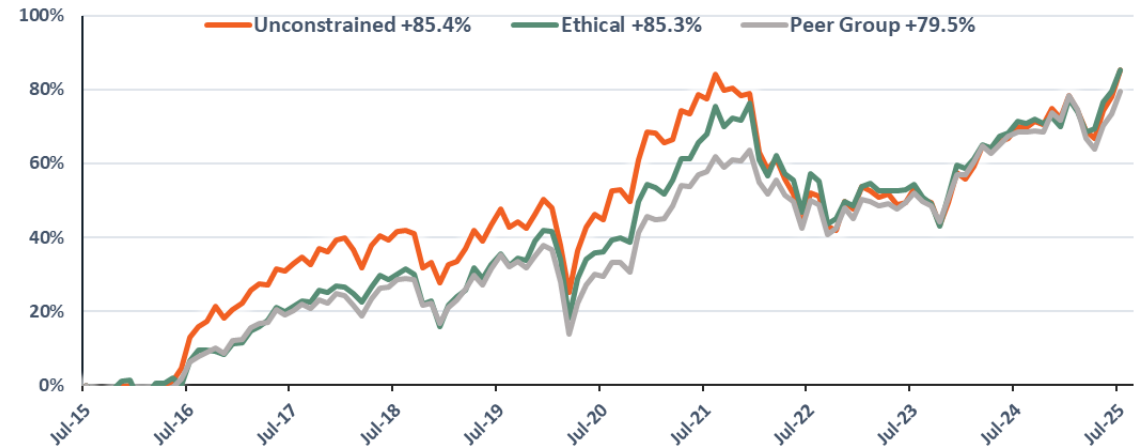
BALANCED



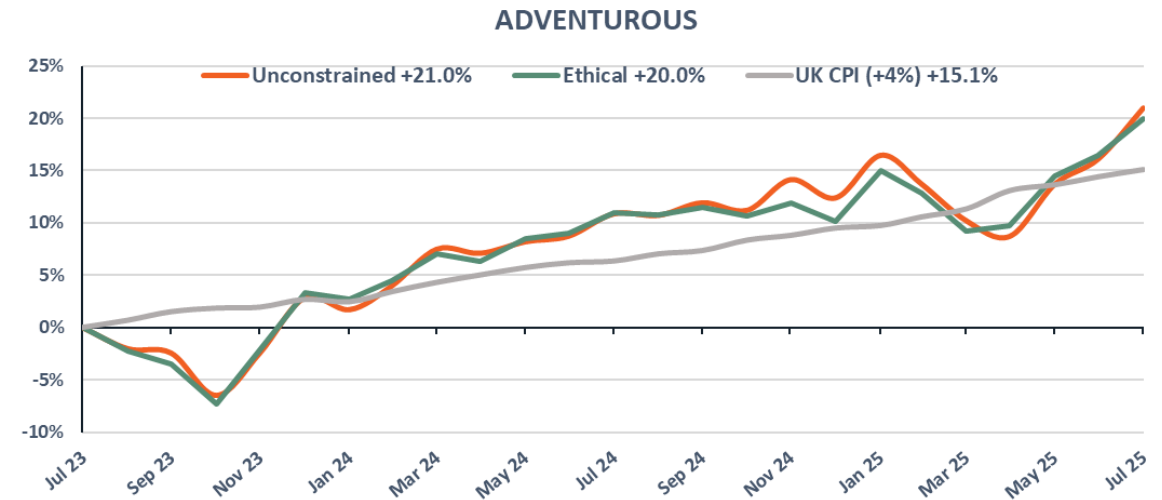
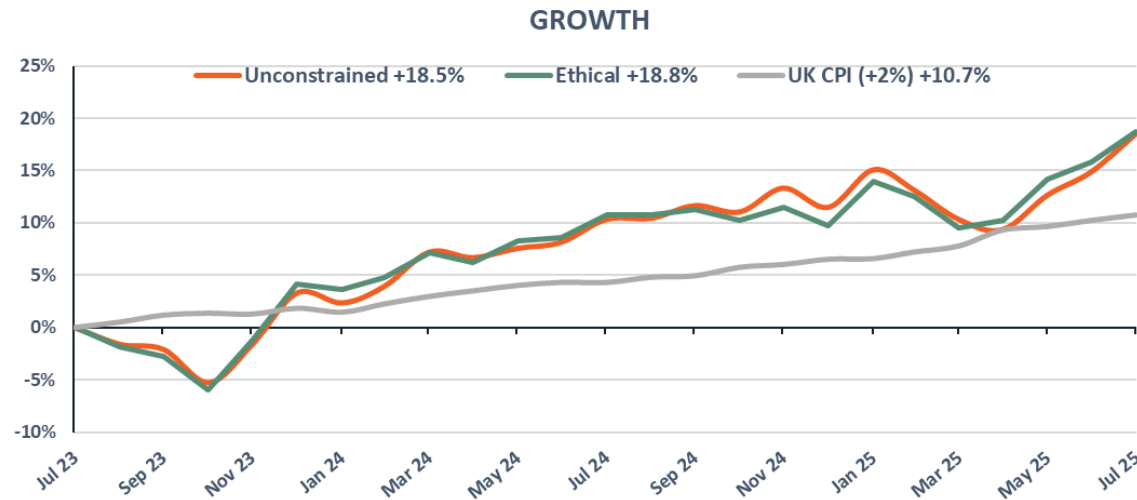
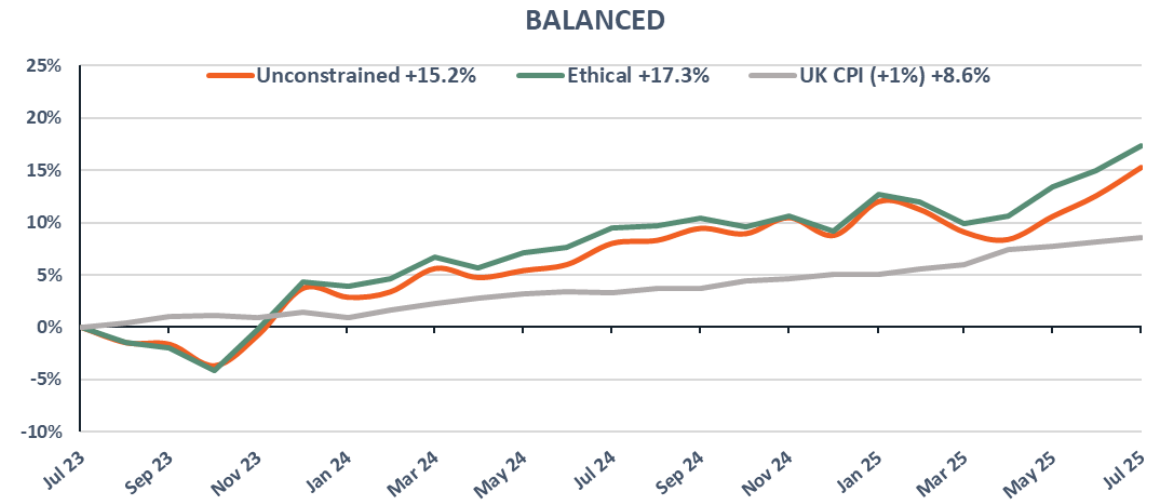
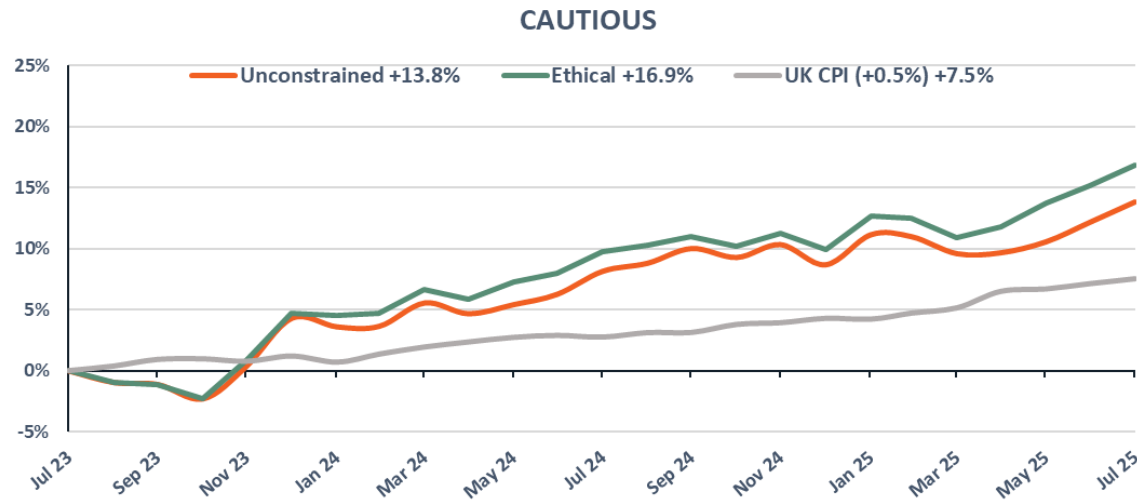
GROWTH



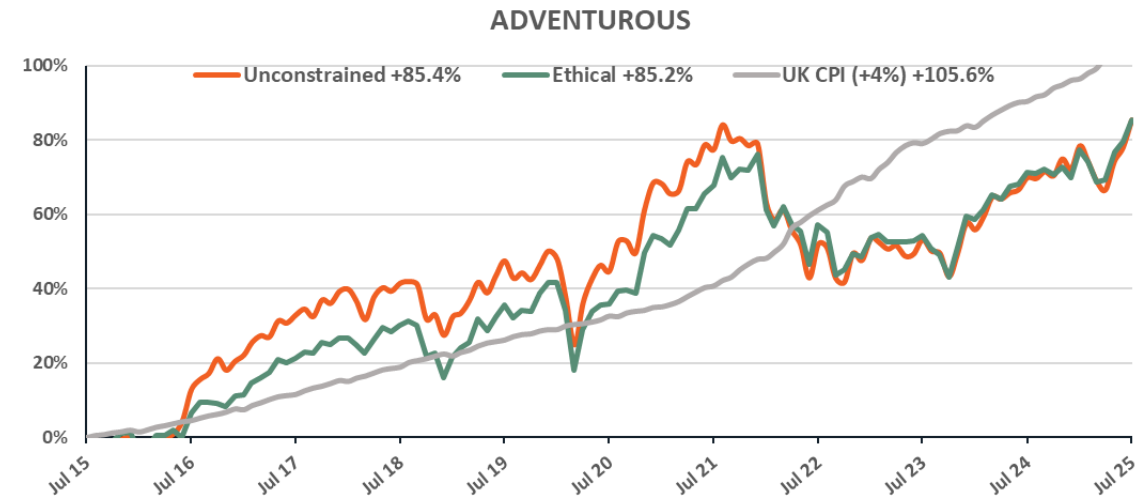
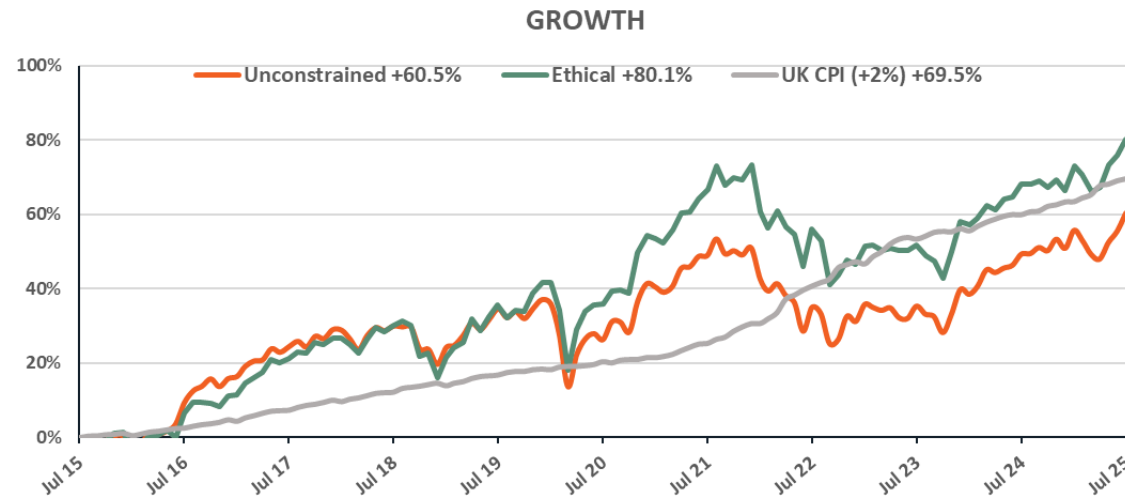
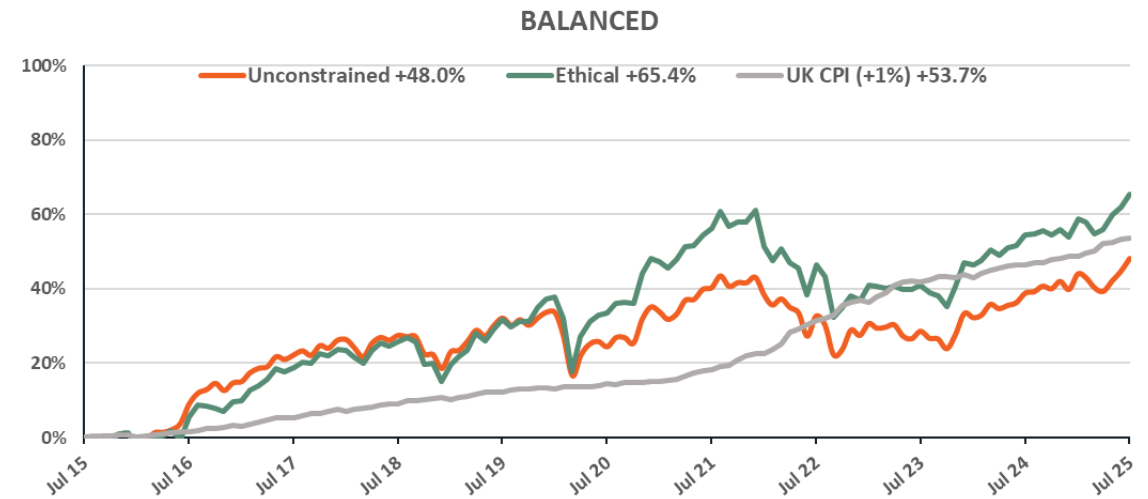
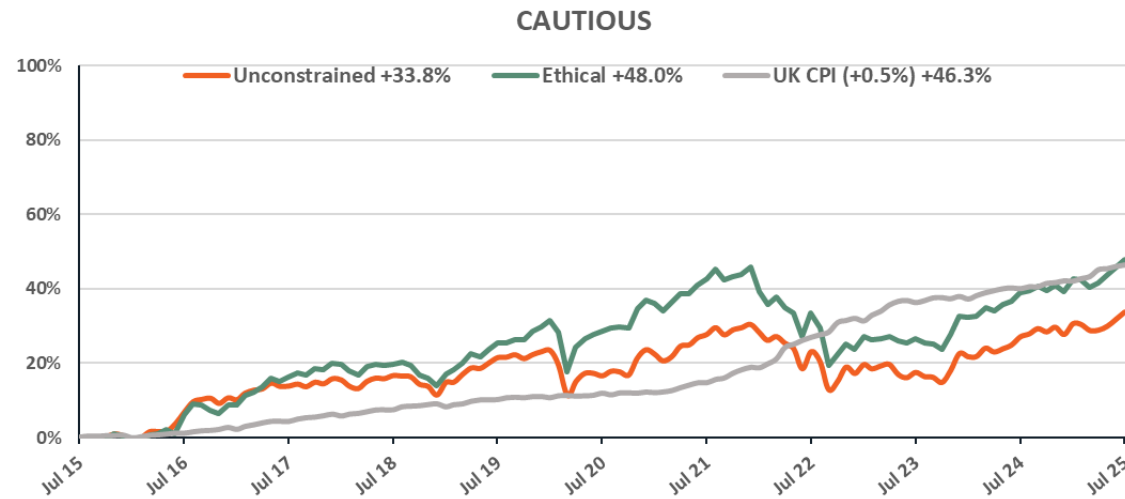
ADVENTUROUS

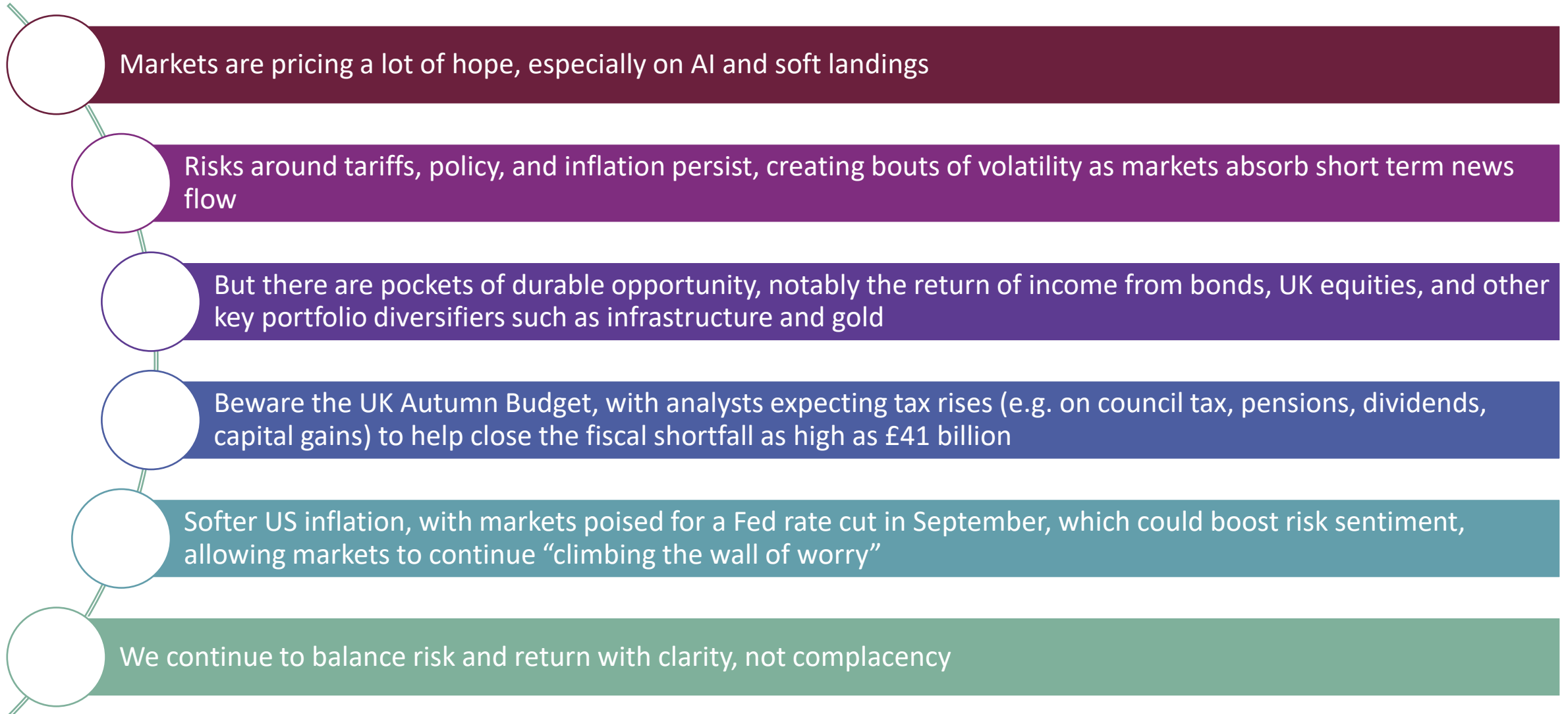


MM Wealth strategies – 2-year performance vs CPI-plus targets



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





Upcoming dates for your diary

Growing and Preserving Wealth Seminar

Arrival from 1.30pm for 2.00pm start – Tuesday 30 September 2025

The Jockey Club Rooms – 101 High Street – Newmarket – Suffolk – CB8 8JL



Upcoming dates for your diary



Next webinar – 26 November 2025

Appendix

Finding (relative) value

Equity Market	CAPE	Forward P/E	Trailing P/E
US	52.56 (18%)	27.62 (4%)	32.24 (3%)
UK	18.59 (0%)	12.48 (14%)	12.91 (-4%)
Europe	19.99 (2%)	14.03 (10%)	17.44 (13%)
Japan	24.99 (-2%)	14.96 (6%)	16.57 (2%)
China	15.41 (5%)	13.21 (7%)	14.8 (9%)

<i>Cheap</i>	<i>Fair Value</i>	<i>Expensive</i>
<0%	0% to 10%	>10%

Global Market Returns in GBP

Best

↓

Worst

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	20.46 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	15.68 Emerging Markets
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	13.53 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	12.45 US - NDX
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	11.01 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	10.10 Europe Ex UK
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	9.37 Asia Ex Japan
-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	8.24 Japan
-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	7.52 China
-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	2.55 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	19.35 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	9.76 DM Equity
	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	7.59 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	6.68 Govt 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	5.53 HY Bonds
	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	3.90 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	2.79 Cash
	-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	0.07 IG Bonds
	-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	0.01 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	-3.21 Commodities

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.



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