



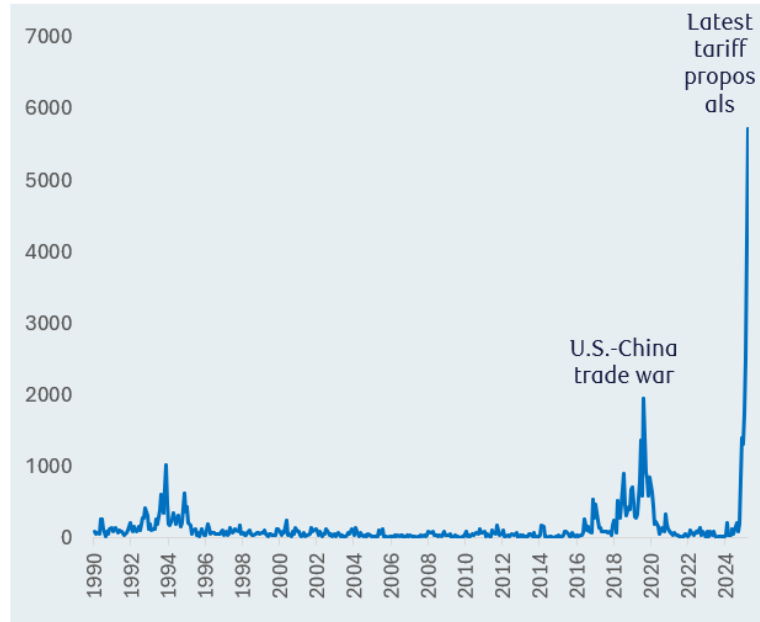
IBMS

MARCH 2025



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CONSULTING

TRADE TARIFF UNCERTAINTY



U.S. trade policy uncertainty remains very high, but guardrails are becoming visible

Fundamentally, U.S. still has many trade grievances and wants to shrink trade deficit

Source: Bloomberg, Baker, Scott R.; Bloom, Nick; Davis, Stephen J. via Federal Reserve Economic Data (FRED). As of April 28, 2025.

Information contained in this document is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness.

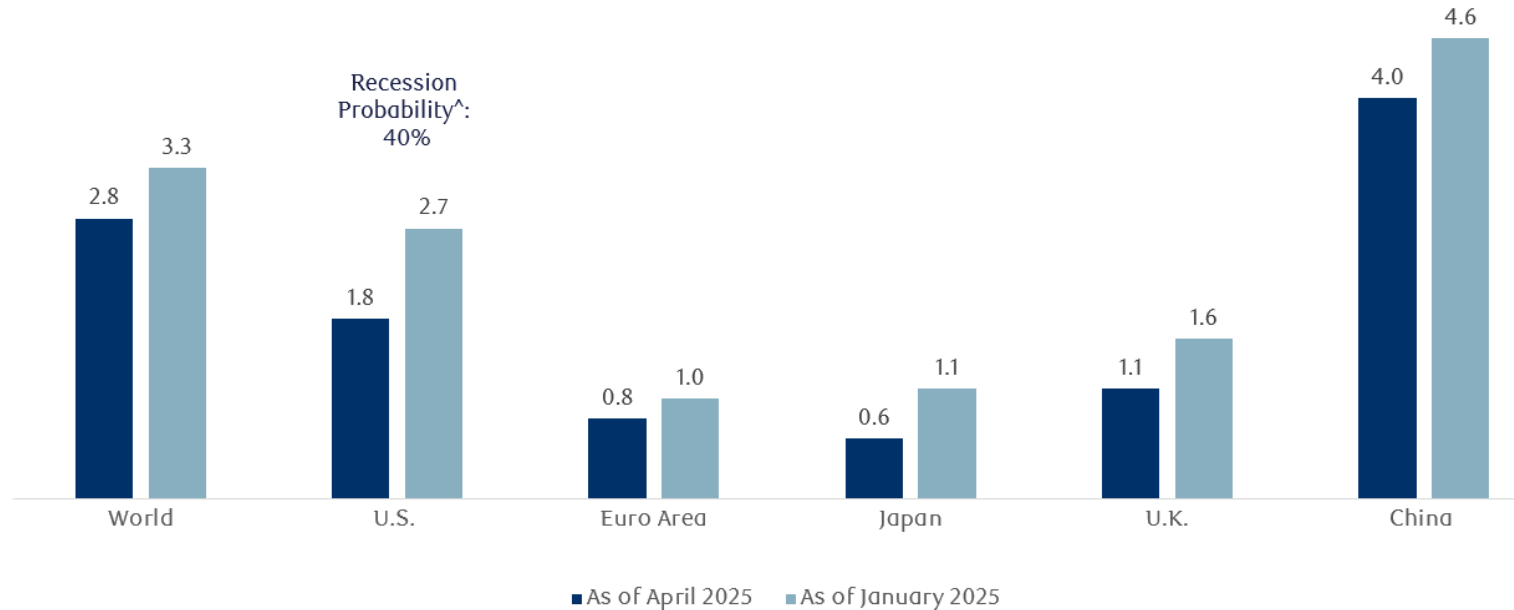
CHINA WILL BE RELATIVELY RESILIENT



2.8%

Export to the U.S. as a % of China's GDP

GROWTH FORECASTS HAVE FALLEN



Source: ^IMF WEO April 2025.

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FAITH IN THE US ECONOMY HAS BEEN SHAKEN

The U.S. dollar

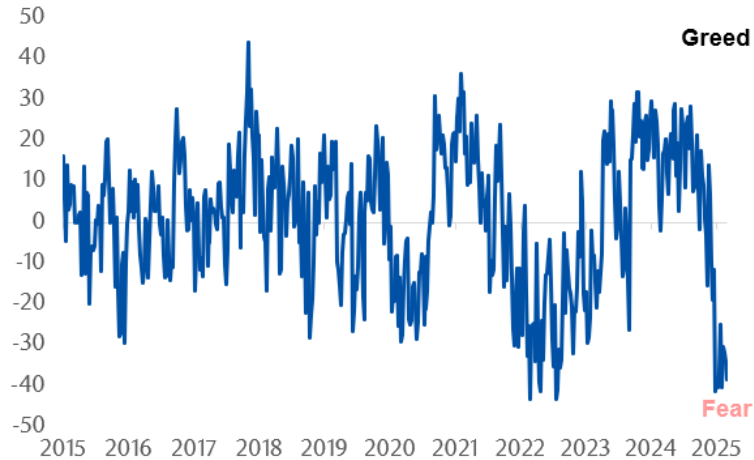


U.S. government bond yields (%)

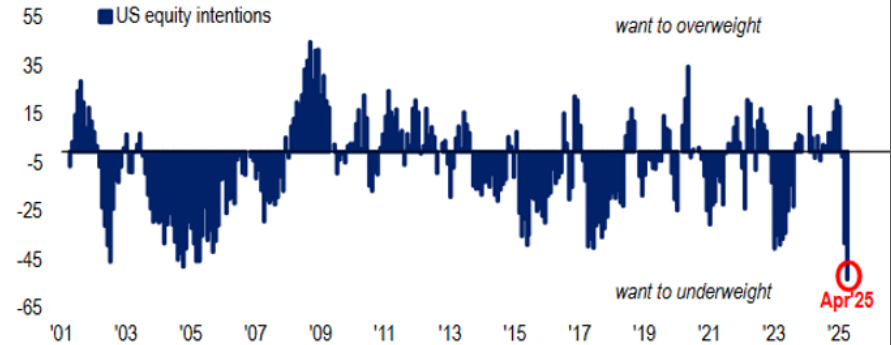


US EQUITIES ARE MOST UNDER PRESSURE

AAll investor sentiment* (bull % minus bear %)



BofA global fund manager survey^

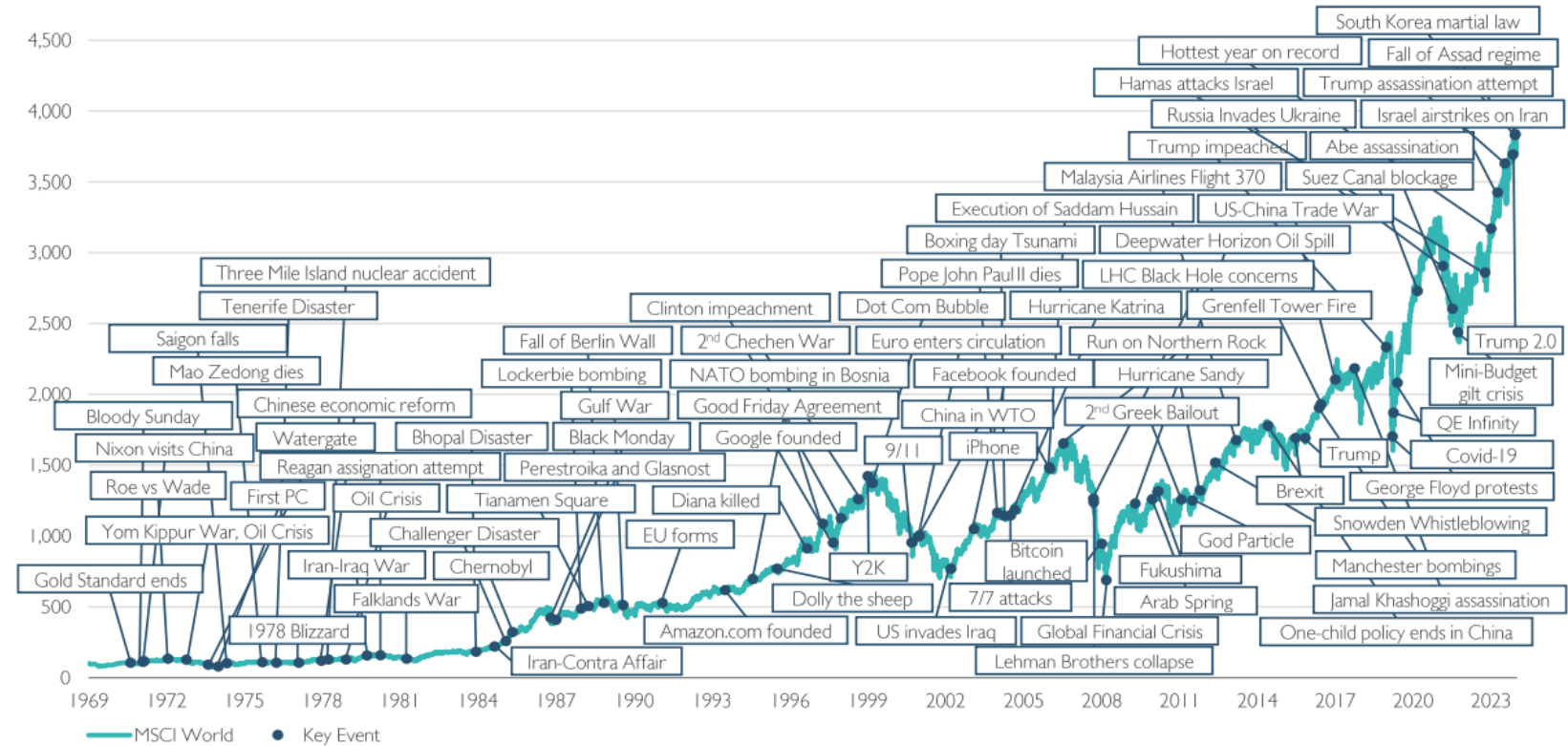


Record number of fund manager survey respondents intend to cut U.S. equities

Source: Bloomberg. As of May 1, 2025. *Question asked: Do you feel the direction of the stock market over the next six months will be up (bullish), no change (neutral) or down (bearish)? ^Question: want to overweight vs underweight?

THERE IS ALWAYS A REASON NOT TO BE INVESTED...

“Climbing the Wall of Worry”

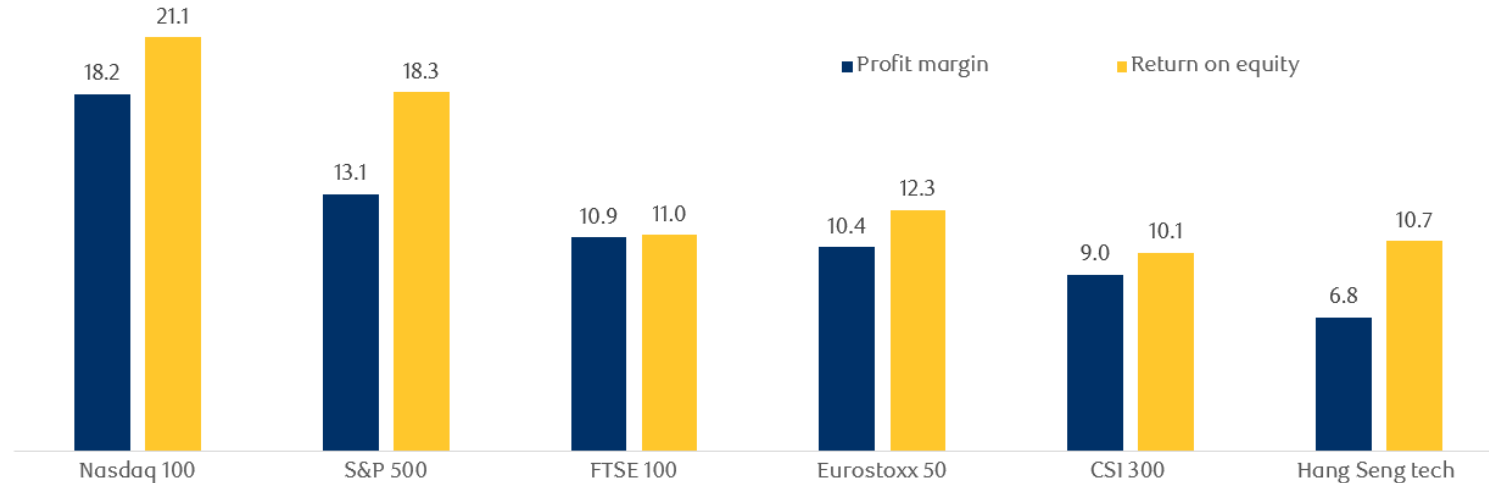


Source: Waverton, Bloomberg As at 31.12.24.

Risk warning: Past performance is no guarantee of future results and the value and income from such investments and their strategies may fall as well as rise. You may not get back your initial investment. Capital security is not guaranteed.

HOWEVER, US EXCEPTIONALISM IS FAR FROM OVER

Profitability metrics of selected equity indices (%)



Source: Bloomberg. As of April 4, 2025.

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SUMMARY OF MACRO VIEWS

CAUTIOUS OPTIMISM

- U.S. and China will lower tariffs for 90 days
- Reciprocal tariffs are paused for 90 days
- Tariffs not too inflationary ex-U.S
- U.S. economy remains resilient
- Stimulus from China and Germany
- Some rate cutting still underway

VALID CONCERNS

- Tariffs are still higher than before
- Still high policy uncertainty
- President Trump remains unpredictable
- Sentiment remains fragile
- Higher inflation, slower growth
- Bar for Fed rate cut is still high
- Loss in U.S. policy credibility

SUMMARY OF INVESTMENT ALLOCATIONS

- Continued overweight on equities due to the fairly resilient profit outlook. Equal weighted exposure preferred however given the lofty tech valuations. They have however been trimmed by c.4% over the past quarter.
- U.S. equities preferred as a relative to other regions. Europe & UK overweight and represents good value, but geo-political risks cause for concern.
- Neutral on bonds & negative on corporate given limited additional return for risk. Significant overweight on short duration to provide a hedge against market volatility and sticky inflation.
- Negative on most Alternatives due to other asset classes providing better value. Significant underweight absolute returns, but overweight on protectionary options and gold.

WHAT TO DO?



Diversified global exposure



Preference for government
bonds over credit



Gold as safe haven

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Past performance is not a guide to future performance.

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STAY IN CASH AND YOU'LL GUARANTEE A LOSS OF PURCHASING POWER

Global equities versus cash and inflation



THE CORROSIVE EFFECTS OF INFLATION ON CASH

The fate of £10,000 deposited in a bank

