

# Monthly Market Commentary

June 2025



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Wealthcare

## Calm must not be mistaken for a return to normal

After a volatile start to the year that threatened prolonged portfolio turmoil, May delivered a growing sense of calm that few investors expected.

President Trump, after grabbing the world's attention, is now facing constraints on his authority as a U.S. trade court initially ruled that he overstepped his powers by imposing sweeping duties on imports from U.S. trading partners. This represents a reminder of the challenges for the administration as it seeks to negotiate bilateral trade deals with various countries. The initial court blow though was overturned quickly and the White House plans to appeal to the Supreme Court, arguing a case of judicial overreach, though advisers insist alternative legal avenues remain to sustain or expand the tariff regime. Whilst new tariffs on steel quickly appeared after this, threatening the embryonic UK trade deal, we do see increased limitations on the administration's ability to act in the months ahead, not least from the bond markets which are unsettled by its large spending plans.

Meanwhile, tensions with China continue to evolve. A temporary pause in the trade war last month saw both countries ease tariffs, with the U.S. reducing duties on Chinese imports from 145% to 30%, and China cutting tariffs from 125% to 10%. This truce opened the door for broader negotiations, but tensions have since resurfaced. Washington has accused Beijing of delaying rare earth export licences, while China claims the U.S. violated the Geneva agreement through renewed restrictions on Chinese tech firms and student visas.

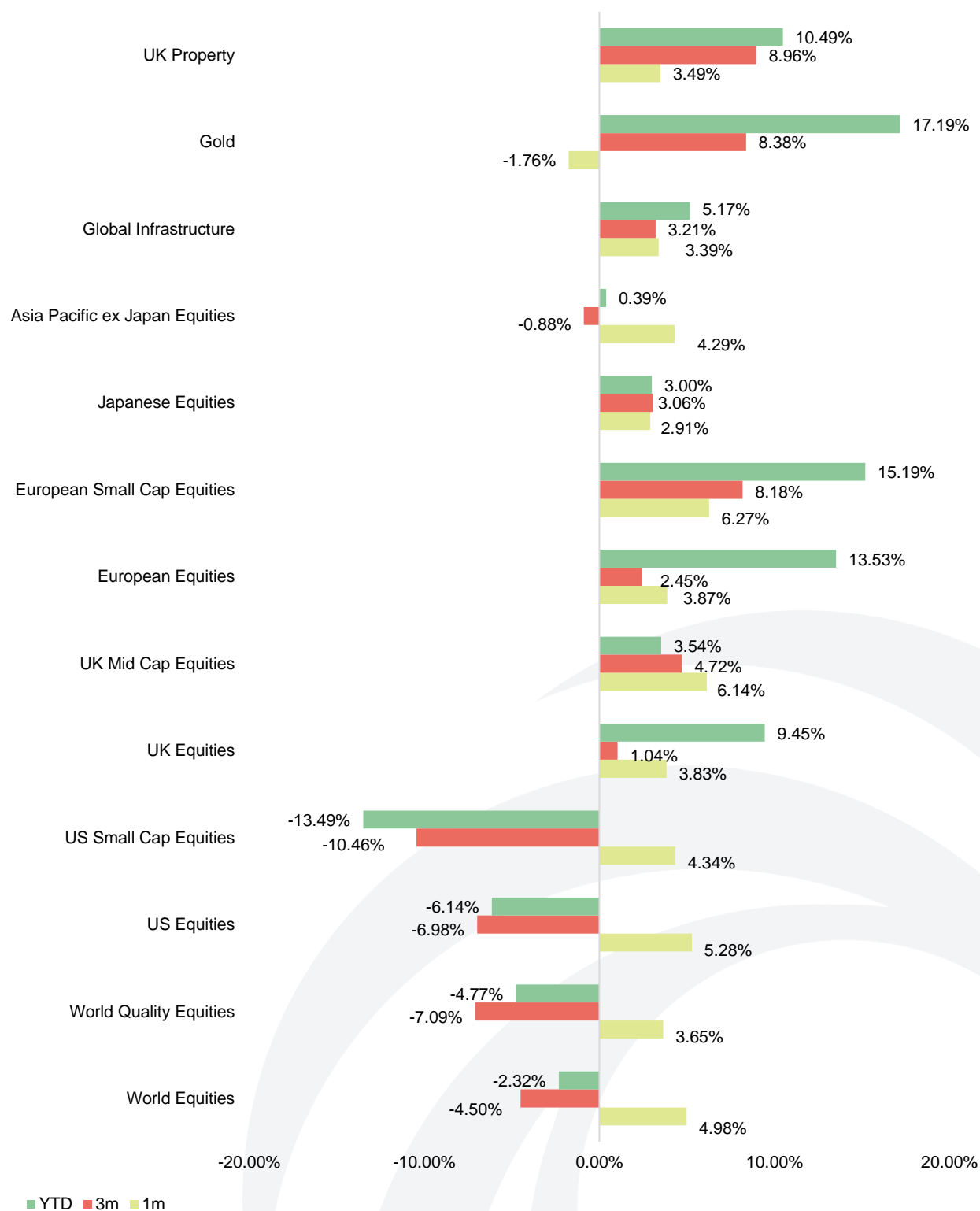
Central banks remain cautious amid this backdrop. The Federal Reserve held rates unchanged at its May meeting, citing considerable uncertainty around the trajectory of inflation. The Bank of England, conversely, cut its base rate by 25 basis points, maintaining its quarterly pace of reductions. While uncertainty around trade and consumer confidence continues to weigh on growth, the UK stands among the few developed economies where growth estimates have been revised upward.

Equity markets and risk assets more broadly have responded positively to trade developments. U.S. stocks have now recovered their year-to-date declines, while European and UK equity markets are approaching all-time highs. Asian equities, led by China, have also rallied substantially. Fixed income markets, having rallied at the start of the crisis on recession fears, have retreated as worst-case scenarios have failed to materialise. The US dollar, historically viewed as a safe haven, has shown continued weakness in recent weeks.

The past few months have proven tumultuous for markets, and maintaining a longer-term perspective has helped portfolio outcomes. We were reluctant to trade during heightened volatility and have avoided crystallising losses in otherwise sound investments.

Looking ahead, we will continue to enhance equity diversification by favouring large-cap, income-focused funds and further reducing exposure to smaller companies in light of the uncertain global outlook.

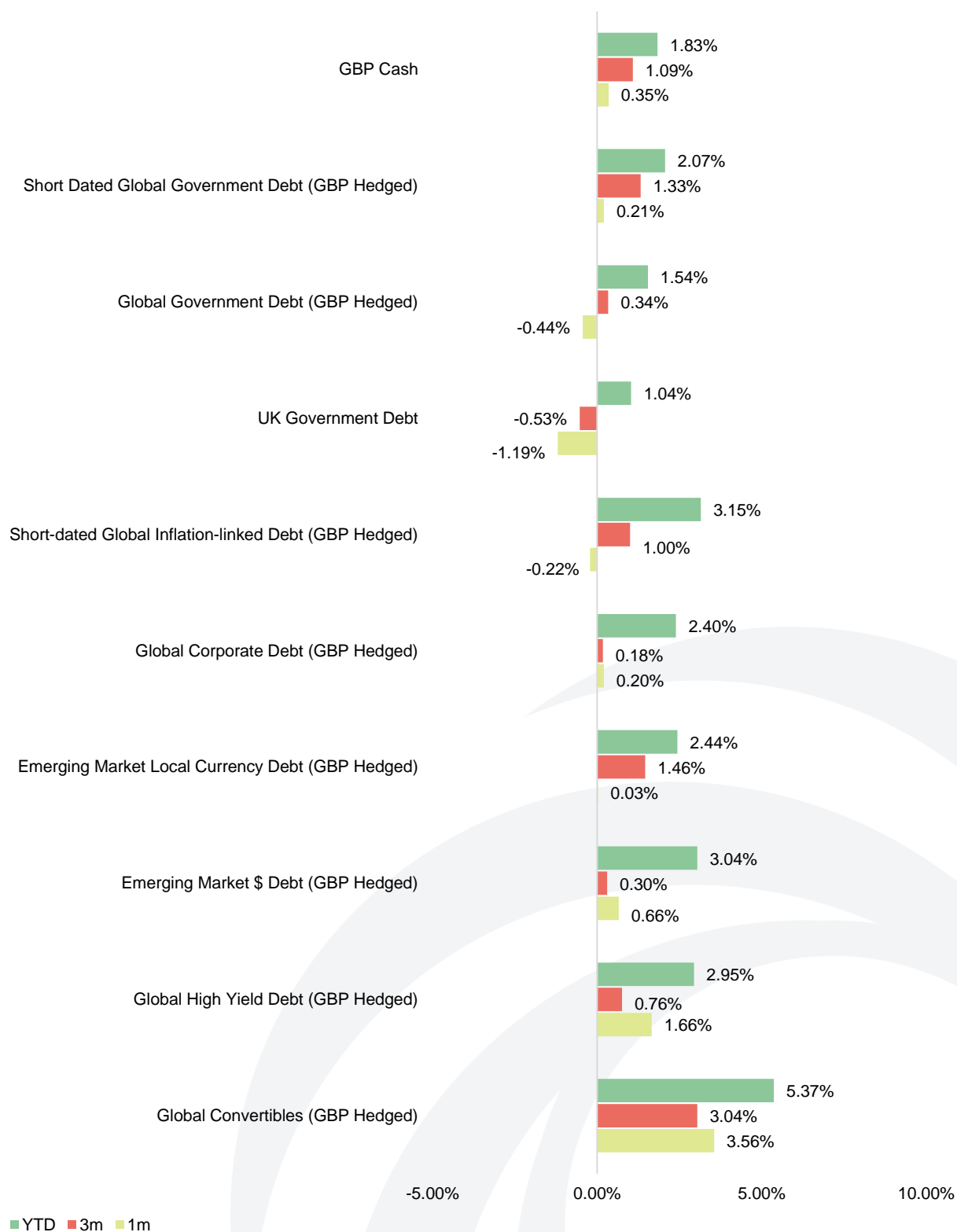
## Asset Class Performance: Equities & Alternatives



Source: FactSet, data to 30/05/2025 in GBP

**Past performance is not a guide to future performance**

## Bonds & Cash



Source: FactSet, data to 30/05/2025 in GBP

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