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Investor Insights

Quarterly Report

Summer 2025

Overview

- / Markets mostly higher after initial volatility
- / Rate of inflation closer to central bank target
- / Interest rate cuts continuing and debt an issue
- / Global growth moderating with tariffs still a threat
- / Corporate profits robust if outlook softer
- / Heated political and geopolitical considerations

The second quarter of 2025 proved to be broadly positive for markets despite an initial bout of weakness that arose from the Trump administration's approach on tariffs, with a deferral on most underpinning a striking recovery. There was further volatility given increased geopolitical tensions in the Middle East especially, although those proved to be short-lived, while concerns persisted on the high level of government debt. The positive factors remained of broadly modest rates of inflation in the main western economies and a trend to lower interest rates, and while the forecasts for global economic growth moderated they remained reasonable. Company profits remained robust even as forecasts softened.

Markets endured a degree of volatility over the course of April, triggered by the US proposals on reciprocal tariffs that were higher than expected. Equity markets fell, with the US index down more than a fifth from its latest high, while there was a striking rise in yields in bond markets, where even the traditionally safe haven of US Treasuries came under pressure. Various concessions helped to underpin a recovery in the latter part of the period and certain assets did well. Equity markets saw considerable gains in May on the expectation that the Trump administration would moderate its approach on tariffs, although there remained uncertainty on the outlook and the yields in various bond markets reflected continued concerns over the high level of government debt. Equity markets made some progress overall in the month of June and many reached new highs against a background of conflict which prompted notable swings in the oil price, while bond markets were stable in spite of persistent concerns.

The severity of the proposed tariffs on 2nd April surprised markets, as did the basis of the calculations. Donald Trump announced a minimum levy of 10% on all

imports from 5th April, followed on 9th April by much more severe surcharges targeting sixty countries. The moves in bond markets contributed to Trump announcing a ninety-day delay for countries that did not retaliate, leaving them on the 10% tariff, while he later exempted electronic goods even as he hinted that he would target the pharmaceutical industry. In the dispute with China a series of escalations saw the overall rate the US would levy rise to 145% while China retaliated with its own rate of 125%; it also restricted sales to America of seven rare earth elements, an area in which it is dominant, adding to an earlier export ban on three less rare if still key minerals. In May the US courts challenged the legality of the president's tariff policy and Japan was the first country to negotiate a new outline agreement, while the US agreed with China substantial cuts in the level of threatened tariffs to 30% for Chinese goods and 10% on American products. The US announced a trade deal with the UK on cars and beef as well as digital services. The UK also announced a deal with India and re-set its relations with the European Union. In June the US doubled its 25% levy on imports of aluminium and steel, although the rate was unchanged for the UK following its trade agreement; the US and China reached an agreement of sorts after talks in London and Geneva.

In the US Trump's finance bill, which passed the House of Representatives by one vote (and the Senate in July), was estimated to add \$3.3 trillion to the total national debt over ten years, taking the ratio to GDP from 98% to 125%, the highest since the Second World War, although the administration might cut government spending to reduce the budget deficit from 6.4% to 3% even as Elon Musk stood down from his role at the Department of Government Efficiency. In May Moody's downgraded its debt rating for the US to Aa1, which meant that for the first time America did not hold the highest AAA rating from any of the three major agencies; the yield on 30-year bonds moved over 5% while that on Japanese 40-year government bonds rose by 100 basis points to 3.6%, the highest level for decades given that inflation was now more entrenched. The deteriorating appeal of American assets given policy changes and the threat of a high level of debt was reflected in the currency as the US\$ suffered its weakest first half of the year since 1973, falling by 10.4% against a basket of currencies of its trading partners.

In April the IMF reduced its forecast for global growth in 2025 from 3.3% to 2.8%, with the US now expected to grow by 1.8% and the eurozone by 0.8%, dragged down by the German economy which might still see no growth after declines in 2023 and 2024, even with the proposed boost to spending on defence and infrastructure. For the UK the forecast rate of expansion was 1.1%, with the government having to deal with high borrowing costs - data showed that the UK borrowed £152bn in 2024, up by £21bn on the prior year. The figures released at the end of April showed that America's GDP had reduced by an annualised 0.3% in the first quarter of 2025, reflecting a wider trade deficit as businesses added to stocks before the imposition of tariffs. The initial impact of the tariff announcements clearly impacted confidence. The EU Commission cut its forecast for growth in 2025 for the eurozone to 0.9% from 1.3%, although it expected an improvement to 1.4% in 2026; business activity unexpectedly contracted in May, while consumer confidence improved. Britain's economy grew by 0.7% in the first quarter of the year, compared with the previous three months which was slightly more than expected. In June the World Bank revised its level of projected global growth to 2.3% from the 2.7% it anticipated in January while the OECD reduced its own forecast to 2.9% in 2025 and again in 2026, under 3% for the first time since the pandemic in 2020; the US was expected to expand at a substantially lower level of 1.6% after the 2.8% in 2024. The US Federal Reserve reduced its own forecast for the US economy to growth of 1.4% and it anticipated an increase in unemployment from 4.2% to 4.5%; the payroll numbers suggested a softer jobs market. In the UK retail sales were down by 2.7% in May, the weakest since 2023; the economy struggled after the strong reported first quarter of the year, continuing a pattern in recent years.

The rate of inflation was likely to be kept higher by the tariffs imposed, if they were to persist, although there may be lower prices in some areas as companies in effect dump stock, while energy prices were mostly lower even after a spike in June. In the US the consumer price index (CPI) was down to 2.4% in March from 2.8% in February, then stood at 2.3% in April, which was the lowest level since February 2021, although it rose slightly in May to 2.4%; the key Personal Consumption Expenditure (PCE) price index moved from an annualised 2.3% in March to 2.1% in April then went back to 2.3% in May. In the UK the CPI dropped again from 2.8% in February to 2.6% in March but jumped to 3.5%

in April and stood at 3.4% in May given high food costs. In the eurozone the rate of consumer price inflation eased to 2.2% in March and was the same in April then in May came below the central bank target of 2% for the first time since September 2024, at 1.9%. In Japan the annual inflation rate was at 3.5% in May, down slightly from 3.6% the prior month.

The European Central Bank further reduced its interest rate on deposits in April from 2.5% to 2.25% and in June by another 25 basis points, for the eighth time although its president Christine Lagarde indicated there was limited scope for further reductions, with markets anticipating a final such cut from 2% to 1.75%. The US Federal Reserve kept its policy on hold and provided few pointers to its future approach as it evaluated the uncertain outlook; Donald Trump called for more cuts to rates and applied pressure on the Federal Reserve chairman, although his attempts to call into question the independence of the bank proved short-lived. In May the Bank of England committee voted by five votes to four to cut the interest rate by 25 basis points from 4.5% - two members preferred 4% and two no change - and in June opted by six votes to three to hold at 4.25%. The People's Bank of China reduced its main interest rate from 1.5% to 1.4%. The Bank of Japan rate was unchanged after its latest meeting in June, while the Bank of Switzerland reduced its rate by 25 basis points, taking it to zero once again, the first central bank to do so since the rise in rates in 2022; a notably strong currency had reduced the price of imports.

Company profits remained robust, especially in the technology sector in the US, where businesses as a whole were expected to absorb much of the impact of higher tariffs rather than increasing prices to consumers. In the US there was a record rate of share buyback announcements.

Geopolitics remained complex. Russia's bombardment of Ukraine continued with minimal progress on any peace deal. In April Mark Carney won an election in Canada based on his robust approach to US ambitions, and in May in Australia the Labor party won a bigger majority, having also trailed in opinion polls earlier in the year. Yoon Suk Yeol was formally removed from office in South Korea. The tension over Taiwan simmered. India and Pakistan clashed over the disputed territory of Kashmir following an attack by militants. The US and Israel bombed Iran; the oil price swung sharply.

Outlook

- / Global growth modest with trade wars a factor
- / Rate of inflation likely to fluctuate
- / Central banks still cutting interest rates
- / Corporate profits key and more modest
- / Political and geopolitical factors persistent

The outlook remains broadly positive although one might not think so from the daily news. Much will hinge on the eventual outcome on tariffs, which might yet dislocate the global economy and squeeze prices higher, giving the main central banks an extra consideration as they contemplate interest rate cuts. The prospects for corporate profits remain the key driver over the long term and valuations appear reasonable in most markets. There is likely to be some continued volatility especially given the fractious state of the political world.

Since 10th April, when President Trump announced the pause for ninety days on the reciprocal tariffs, markets have seen a striking rebound and while it may not be that Trump always chickens out, the assumption appears to be that a degree of common sense and self-interest will prevail, or at least the bond market will. The focus remains on China, which might be caught up in the latest efforts to exert pressure on Russia to negotiate on Ukraine via its trading partners, for which it is the largest. US companies have absorbed substantial extra costs and households would feel the pinch if prices were to rise, although the US Treasury might see a windfall: tariffs that end up in the order of 12-14% in aggregate would generate an estimated \$250-300bn in revenues, equivalent to about 1% of GDP for the world's largest economy, and it appears to have booked \$50bn already.

The world economy is expected to show continued expansion if at more modest levels than in recent years, excluding the impact of the pandemic in 2020. While the US is now forecast to see limited growth there has been no real recent indication of a potential recession. Continental Europe has benefitted from increased investment, with Germany taking the lead with a more pragmatic approach on deficits, although the eurozone economy might only expand by 1% or so in 2025, as might the UK which at least has secured a favourable outcome on tariffs.

The Chinese economy was reported to have grown at a rate above 5% in the second quarter of the year, following the 5.4% in the first: there has been an effect from cumulative stimulus packages provided to date yet forecasts for the full year 2025 are more measured in the order of 4% with the likely impact of tariffs adding to the structural challenges. The Chinese authorities have been successful in developing key industries especially those based on new technologies, while Chinese consumer brands are increasingly prevalent around the world, including electric vehicles such as BYD and the Labubu doll from Pop Mart.

Sustained higher tariffs would bring inflationary pressure. In the US the consumer price index (CPI) rose to 2.7% in June from 2.4% in May while the Personal Consumption Expenditure (PCE) price index, the key measure for the central bank, is forecast to have risen in June from an annualised 2.3% in May; the Federal Reserve estimated it would reach a level of 3% in the course of 2025. Inflation forecasts have become more variable, if with less pressure now from wages. The price of oil remains near its lowest levels in three years, given an expected reduced level of global demand if also due to supply considerations, with the OPEC+ cartel keen to hold to increased levels of production. The price jumped during the war between Israel and Iran, if briefly, when the biggest risk was a possible closure of the Strait of Hormuz, where shipping has already had to deal with GPS jamming.

Even if tariffs squeeze inflation higher interest rates are set to reduce, with markets anticipating one or two further cuts in the US and the UK with a probable final reduction in the eurozone from the European Central Bank after its latest cut in July. The move from the Swiss Central Bank to a zero interest rate reflected domestic considerations as well as a wider trend. The economic uncertainty might still entail a delay to any further rises from the Bank of Japan, even with higher prices more embedded in the economy. Another factor for interest rates has been President Trump's disdain for the chairman of the US Federal Reserve, Jerome Powell, whom he believes should have cut further and whose term of office he would clearly like to end ahead of the due date in May 2026, although the impetus for such a change ebbed and flowed.



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Higher interest rates are an additional challenge for indebted governments and it can seem a little circular: higher bond yields reflect concerns on the elevated level of debt which then costs more and adds to the burden. The Japanese government spends about a tenth of its budget on interest payments and the IMF has estimated, given a likely outturn on bond yields, that these payments might double as a proportion of GDP by 2030; at least a higher rate of inflation has contributed to the country's net debt now representing some 135% of GDP from a peak of 162% in 2020. Japan is also one of many countries now spending more on defence, which would logically squeeze expenditure elsewhere or lead to higher taxes, although many governments will be tempted to let deficits grow instead and to leave the issue for future generations, even as populations age. On 25th June NATO countries had agreed (Spain not quite) to raise the target for their military spend to 3.5% of GDP by 2035 with an additional 1.5% on items that are linked to security, however tenuously. There is usually a boost to productivity from defence spending for which research has driven much innovation, mainly on AI and drones in the current era. The One Big Beautiful Bill Act in the US will entail a substantial increase in debt, adding to concerns.

The weakness in the US\$ has reflected the weaker outlook for the American economy and debt levels as well as how its reserve currency status has come into question, even if there is no truly credible alternative. Gold has increased in appeal with central banks, continuing an established trend, and there is always Bitcoin, which as a single digital currency on its own has become the world's third largest asset at a price in the order of \$120,000.

Asset Allocation

We have retained the existing ranges for the various mandates as we believe that this can provide a sufficient degree of flexibility. The quarterly investment committee in July opted to maintain the existing asset allocation, given the potential complexity in the outlook and following the changes that we made to reflect the weaker prospects for global growth and the pressure on the US in particular. We shall keep a high degree of diversification and a blend in styles. The weighting to fixed interest reflects the attractive level of income with a continued focus on credit quality as well as on short duration given the shape of the yield curve. In equity markets we are comfortable in keeping our weighting to the US at modest levels; while the US technology sector saw a sharp recovery although the level of valuation remains a concern. There were strong returns in the quarter too from the likes of UK smaller companies and we see opportunities still in Asia including Japan as well as good value in the UK and European markets even after the price moves. We maintain our exposure to alternative assets to help to offset volatility in bonds and equities, with a tilt as before to absolute return and to trend-following strategies; we have favoured the shares of gold mining companies as well as bullion. Given the gentle trajectory in interest rates the return on any cash that we hold in portfolios remains attractive, as for the money market funds that we favour for liquidity, although over time other assets should enhance returns.

We have included as usual a summary of the asset allocation by mandate as well as the current ranges in the appendix.

The steady improvement in the level of corporate earnings has helped to underpin markets, even as a lower level of economic growth and the absorption of extra costs from tariffs will prove a challenge to most sectors. The data can be variable and as before the full picture may take time to materialise yet the latest results were broadly reassuring, as the second quarter saw a recovery in US company earnings after a dip in the first part of the year. While forecast earnings have moderated they remain impressive, with projected growth in a range of 7-12% for the year as a whole following an expected outcome of a 3-4% increase for the first half of 2025 over 2024, once all announcements are in.

Political or geopolitical considerations will remain considerable through 2025 and will reflect the shift in the world order. Hopes for an end to the war in Ukraine have been blunted while the conflicts in the Middle East persist; there has been a peace deal between Rwanda and the Democratic Republic of Congo at least, while the antagonism between India and Pakistan has subsided. The status of Taiwan will remain a key issue and many a leader such as President Xi in China may ponder an external distraction.

Markets have seen a sharp recovery. Much will depend on the ultimate level of tariffs especially between the US and China as well as on the ability of companies to adapt. There is likely to be some further volatility if with scope for a broadly positive outcome helped by the resilience of earnings and dividends.

United Kingdom

- / Economy still sluggish and confidence variable
- / Bank of England gradually reducing interest rates
- / Political landscape developing

The UK economy has shown a combination of resilience and sluggishness. There was encouraging growth of 0.7% in the first quarter yet the more recent monthly figures for April and May have shown a modest contraction of 0.1%. This continues the pattern of recent years and has pointed to limited overall growth for the year in the order of 1% or so. Unlike many countries the UK should not see much of an issue on tariffs after the limited agreement with the US while the dominance of services does need support, on which the reset relations with the EU might help. The government has been keen to promote growth, including an indication of less onerous regulation in the Mansion House speech from the Chancellor of the Exchequer. Business confidence remains limited and the impact of higher taxes has been a factor in moderating wage increases, which in turn affects consumer demand.

Continental Europe

- / Economic growth boosted
- / European Central Bank cutting rates
- / Various political considerations

The eurozone economy had shown some resilience, with Spain the best of the major countries and France still struggling, with the government now looking to prevent any further deterioration in its finances with suggestions such as fewer public holidays. Germany has lost a degree of its manufacturing prowess, although there should be a substantial boost from the plan to spend on infrastructure and on increased defence expenditure, which will be a feature in most other European countries too. There may yet be a material adverse impact from a trade war with the US, on which an agreement has seemed elusive.

The Bank of England has maintained a cautious approach to cutting interest rates and it made one reduction in the second quarter to a level of 4.25%. The divisions in the Monetary Policy Committee have reflected the conflicting factors of stubborn inflation, which rose again in the latest data, and a sluggish economy. The market expectation is for at least one further cut to 4% by the autumn.

The Labour government completed a difficult first year in office with challenges to its authority which prompted a reversal of policy on social welfare, while there have been a number of mis-steps if some positive developments on the international stage. Reform UK remains a threat, if perhaps more so to the Conservative party, in spite of its own gaffes and its constrained capacity.

The European Central Bank continued with its regular cuts to interest rates, in part to provide a boost to the eurozone economy before governments stepped in with a fiscal stimulus and helped by the subdued rate of inflation which moved closer to and then below the bank's 2% target. The expectations are now of one final cut in the current cycle.

The political landscape remains influenced by the shift in the global order, with Europe expected to carry more of the burden on defence and still needing to support Ukraine with no sign as yet of a sustainable peace in the war with Russia. Domestic politics has been complex in many countries, with the Spanish government caught in a scandal. The threat of the far right and the associated issues on immigration remained an issue in elections in eastern Europe in particular.

North America

- / US economy slowing if still growing
- / Federal Reserve careful on rates
- / Political considerations as before

The forecasts for growth in the US economy have reduced given the administration's approach on tariffs and on immigration, with implications for the labour force. Even with the uncertainty both business investment and consumer confidence have shown a degree of resilience, in spite of concerns too over the future rate of inflation which consumers have tended to over-estimate. There will be tax cuts maintained under the latest legislation and the government has the benefit of some tariff income to help its budget, with hopes also for some cost savings from the Department of Government Efficiency, even without Elon Musk.

The US Federal Reserve as before has focused on a balance between controlling the rate of inflation and sustaining a strong economy, usually through the employment level. The Fed's own projections point to two further cuts in interest rates over the course of 2025 if probably not until the latter part of the year given the recent price rises that have not been helped by the weakness in the US\$.

In Canada the Liberal Party under the technocrat Mark Carney did win in the election, in a remarkable swing in popularity if not enough to carry to an overall majority. Relations remain tense with the US and Canada signed a deal with the EU on defence manufacturing to reduce a now worrying dependence on its southern neighbour. In the US Elon Musk has announced a new political party after falling out spectacularly if perhaps predictably with Donald Trump, whose presidential campaign he had funded heavily.

Japan, NE Asia & Australasia

- / Complex position in Japan
- / Trade and semiconductor issues
- / Australian economy off its best

The Japanese economy is likely to struggle with higher tariffs in spite of the country's prompt negotiations with the US. The rate of inflation has been above the Bank of Japan's 2% target for over three years, in part as the price of rice has doubled since the start of 2024. The central bank has held off on any further rise in interest rates although it has adjusted its purchase of bonds. The elections for the upper house of parliament on 20th July have encouraged the prime minister Ishiba Shigeru to offer giveaways to households that would amount to 0.5% of GDP. For the stockmarket there remains a powerful dynamic in extensive corporate activity, increased dividends and share buy-backs that have helped to realise the intrinsic value of many shares.

The threat of higher tariffs remains a factor for South Korea, where the new president Lee Jae Myung has pledged to revive the economy starting with a fiscal stimulus worth \$23bn, although the country's central bank has been reluctant to cut interest rates to stimulate demand given the risk of a boost to elevated property prices in areas such as Gangnam. The US position is that it will impose tariffs of 25% if there is no deal in place by 1st August. For Taiwan there remain important considerations on trade, the use of new technology and the continued Chinese threats with substantial military manoeuvres.

The Australian economy has faced challenges, which US tariffs may yet exacerbate as there have been no apparent negotiations to date, although the continued expansion in China should underpin demand for minerals that are so abundant in the country. The political issues include the risk that the Trump administration will amend the AUKUS agreement signed in 2021 following a review by the Pentagon, although the new governments in both the UK and Australia also undertook their own reviews.

China, India and Emerging Markets

- / Continued growth in China
- / India looking for a trade deal
- / Emerging markets doing well overall

The Chinese economy has seen a decent reported rate of growth at 5.1% in the second quarter, in spite of some initial impact from tariffs which also contributed to an element of distortion to typical patterns. The likely outcome for the year is estimated to be 4% or so, depending on the extent and severity of the trade wars. The government has continued its incentives to consumers and in the first five months of 2025 subsidised the purchase of 77m household appliances and 56m electronic goods. Such subsidies as well as shopping festivals may have brought forward spending that could weaken if the property market has not stabilised further in the near future or if tariffs bite.

India has been a fast-growing economy although the forecast rate has moderated and there is a threat from largest export market even if bilateral trade in goods with the US only accounted for 3% of India's output.

Property, Commodities and Alternatives

- / Alternative assets providing benefits
- / Property and infrastructure resilient
- / Commodity prices variable
- / Gold price moderating after strong run

Alternative funds maintain their role in portfolios from their potential to provide a degree of diversification from the traditional assets of bonds and equities, as well as the steady income from certain holdings. There have been good returns from funds with an absolute return approach, while those that follow trends through managed futures have lagged strong equity markets as would be expected, with scope to offset any future weakness.

Relations with America have appeared strained, in particular over the conflict with Pakistan on the disputed territory of Kashmir, while both nationalist tendencies and the fact that nearly half of India's workers are in the agricultural sector have made concessions difficult in a bid to secure a trade deal by the autumn.

While emerging markets have come under pressure from the threat of tariffs, the overall asset class has seen a strong first half to the year. The financial positions of many governments are stronger while several central banks moved more promptly in 2021 than in developed markets to tighten monetary policy, which meant that they were able to reduce interest rates more quickly. There has been a benefit in the latest weakness in the US\$ given the link for many currencies, for sentiment at least. There is scope to reach an agreement with the US on tariffs, which President Trump said that Vietnam had done if with no formal confirmation; the latest announcements on likely levies are heavy for south-east Asia, at 32% for Indonesia and 36% for Thailand.

The property and infrastructure sectors have benefitted from the general trend to lower interest rates as well as continued investment into key areas, from data centres to smart offices. A global approach can yet help to mitigate the challenges in individual countries.

Commodity prices have been variable, with distortions from efforts to import and to hoard ahead of tariff rises, which has driven a sharp rally at the end of the quarter in the value of copper even as end demand moderates. Supply considerations remain important especially for key minerals, which have been a feature of several trade deals for America. The oil price had been under pressure and might struggle if President Trump's exhortations to drill lead to a substantial increase in output from the US.

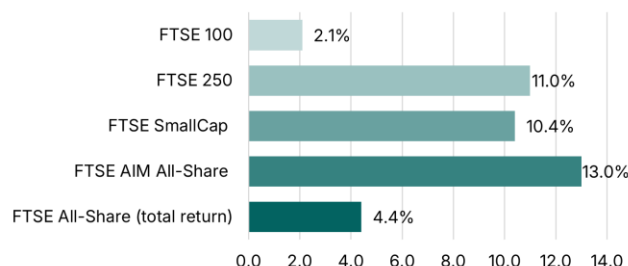
Gold bullion saw a strong first half with the benefit from buying by central banks, from its appeal as a safe haven against geopolitical tensions and given the reduced appeal of US Treasuries as an alternative, although the price might now soften.

Asset Returns

United Kingdom

In the UK the FTSE 100 index was up by 2.1% in the quarter to 8761 to make a return of 7.2% in the first half of the year. The FTSE 250 index of mid-sized companies by contrast gained by 11% and the FTSE SmallCap index by 10.4%. The FTSE AIM All-Share index was up by 13%.

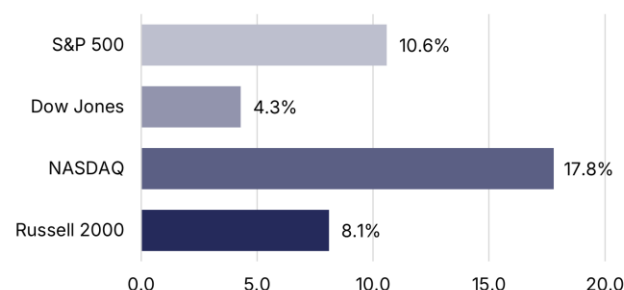
The total return for the FTSE All-Share index including income was 4.4% in the period.



United States

In the US the S&P 500 index gained by 10.6% in the quarter, while an equal-weighted index was up by 5%. The Dow Jones Industrials index did less well with a rise of 4.3% while the technology-oriented NASDAQ index rallied by 17.8%.

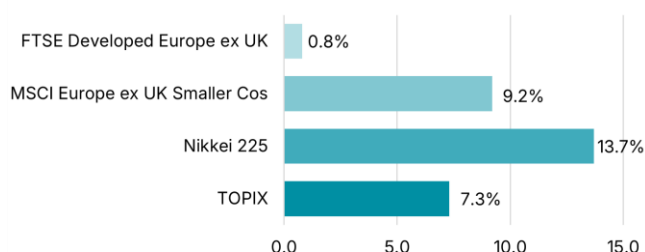
The Russell 2000 index of smaller companies rose by 8.1%.



Europe & Japan

In Europe the FTSE Developed Europe ex UK index (which we now reference in place of the Eurofirst 300) was up by a modest 0.8% over the period after a strong first quarter; the German, Spanish and Italian markets saw reasonable gains although the French index was down. The MSCI Europe ex UK Smaller Companies Index gained by 9.2%.

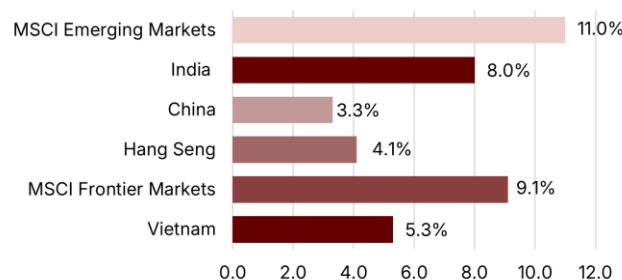
In Japan the Nikkei 225 index rose by 13.7% and the TOPIX index by 7.3%, after their declines in the first quarter.



Emerging Markets

The MSCI Emerging Markets index in US\$ gained by 11% in the period, led by the Korean market which rose nearly a quarter, by 23.8%. The Indian market was up by 8% in the period and the Brazilian index by 6.6%; the Shanghai index for China rose by 3.3% and the Hang Seng index in Hong Kong was up by 4.1%.

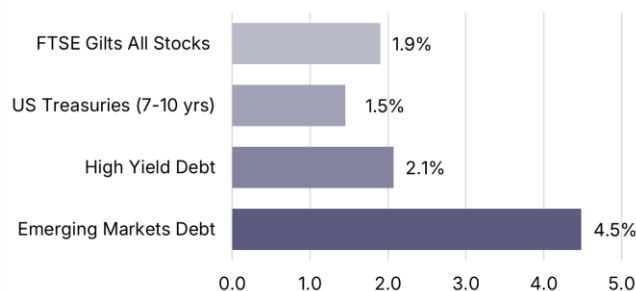
The MSCI Frontier Markets index gained 9.1% with the Vietnamese market 5.3% higher.



Bond Markets

In bond markets the UK 10-year gilt yield dipped from 4.68% to 4.49% and the total return for the FTSE Gilts All Stocks index in the quarter was 1.9%. In Germany the 10-year bund yield moved from 2.74% to 2.61% while the US ten-year yield rose slightly from 4.21% to 4.23%.

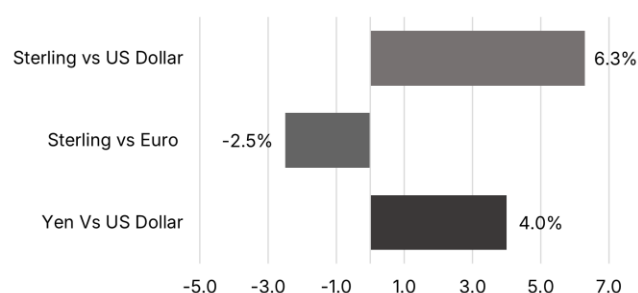
There were positive returns in the major bond markets in the period, with emerging market debt doing best.



Currencies

Sterling gained against the US\$ by a further 6.3% over the quarter to a rate of \$1.37:£, while against the euro Sterling was down by 2.5% in the period to end at a rate of €1.17:£.

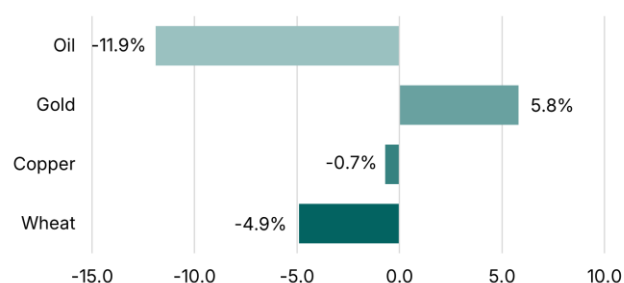
The Japanese yen rose by 4% against the US\$, which was mostly weaker against other currencies.



Commodities

The price of Brent crude oil was down by 11.9% in the quarter to \$68 per barrel, after a spike in June. Gold rose by 5.8% to end at \$3303 per troy ounce.

The prices of major metals were mostly higher in the period, although the bellwether copper was down by 0.7% in London (if up in New York given potential tariffs), and the main agricultural commodities were mostly lower, with wheat off by 4.9%.



Appendix

Bespoke asset allocation ranges and indicative current allocation

Mandate		Bonds	Equities	Alternatives	Cash
Cautious	Range	35 - 60%	15 - 35%	10 - 35%	0 - 25%
	Current	45%	18.5%	24%	12.5%
Cautious Balanced	Range	25 - 50%	30 - 50%	10 - 30%	0 - 25%
	Current	37.5%	35.5%	19.5%	7.5%
Balanced	Range	15 - 40%	45 - 65%	10 - 30%	0 - 20%
	Current	27.5%	50%	17.5%	5%
Balanced Growth	Range	5 - 30%	60 - 80%	5 - 30%	0 - 20%
	Current	17.5%	63%	17%	2.5%
Growth	Range	0 - 20%	70 - 90%	0 - 25%	0 - 20%
	Current	7.5%	75.5%	14.5%	2.5%
Equity Growth	Range	0 - 20%	80 - 100%	0 - 20%	0 - 20%
	Current	0%	88%	11%	1%



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