



The past quarter and indeed the whole first half of 2025 was marked by heightened levels of trade uncertainty. The announcement by US President Donald Trump of reciprocal tariffs in early April sent equity markets sharply lower and (more notably) US treasury yields higher alongside broad US dollar weakness. The weakness seen in US treasuries and the US dollar, usually safe havens during asset price volatility and rising risk aversion, was unusual in comparison with previous market sell-offs. In the face of these dislocations, and with trading partners including China beginning to engage with the US on broader trade-related matters, President Trump backtracked by delaying the tariff implementation into July (at least). This, coupled with a challenge to the legality of the tariffs, saw US markets rallying strongly through May and June, and reverting to prior record levels. Equity investors also took encouragement from broadly stable US labour market dynamics, stable earnings outlooks from the bellwether US technology firms, and ongoing bullishness for key industrial segments of the economy (notably electrification, AI and defence).

Geopolitical Tension

Conflict in the Ukraine and the Middle East continued throughout the period culminating in the US bombing Iranian nuclear facilities in mid-June. The tragic loss of life in these regions notwithstanding, the immediate impact on markets from the above conflicts was muted. Oil prices lifted temporarily in June before reversing all gains. The key Strait of Hormuz, through which c.25-30% of global oil exports flow, remained open and Iran's production levels (if lost) could easily be met by spare OPEC capacity. Nevertheless, ongoing geopolitical tensions remain high and ideological differences remain entrenched on all sides. As a result, market confidence in peaceful settlement in both regions is low, reflected in the elevated gold price, and in ongoing investment in the global defence sector.

Challenge to US Exceptionalism and US Dollar dominance.

President Donald Trump's isolationist stance, weaponisation of tariffs and trade policy and targeted sectoral spending cuts have challenged the global order and traditional market relationships. He has also not been shy to openly attack the US Federal Reserve governor Jerome Powell and is likely to replace Powell with a more dovish candidate within a year. As mentioned, the sell-off in April was remarkable in that US treasury yields rose, and the US dollar weakened whilst equity markets sold off (usually yields head lower and the dollar strengthens in such instances). Recent auctions of 30-year US treasuries have seen weak demand. The upshot is that the US dollar's reserve status has been incrementally challenged, and the market view of US treasuries as a safe haven has been openly questioned. Investor positioning in US equities remains at all-time

high, coupled with stretched valuation differentials of such assets when compared to the rest of the world. This is justifiable only while US corporate earnings are growing faster or deemed more stable than other regions. However, an increase in trade uncertainty (which may impact US consumer sentiment), a stabilised Chinese economy and a boost in German fiscal policy (with increased EU defence spending) are all likely to see investor positioning broadening further into other, increasingly attractive capital markets and thus retain pressure on the US dollar.

Fund Commentary

The fund navigated the volatility of this past quarter well, outperforming the broader index during the sharp drawdowns of early April, but then still participating well in the market recovery that followed despite a portfolio tilt towards more defensive shares. As a result, outperformance over the MSCI ACWI Index for the half-year to June 2025 remains significant.

Major individual contributors to returns for the quarter were pleasingly diverse but again included Broadcom which continued to deliver extraordinary growth in earnings and orders, Quanta Services and GE Vernova (ongoing beneficiaries of US electricity grid densification and renewal), Microsoft, Flutter and AngloGold. Smaller, newer stock contributors included Oracle and Mitsubishi Heavy Industries, both acquired during the quarter at attractive levels but then moving up rapidly in price, preventing us adding more at this stage.

Major detractors from fund performance relative to the MSCI ACWI benchmark for the quarter included UnitedHealth Group, Nvidia (the fund owns some but less than the index weight given our strong view backing Broadcom in a similar AI chip arena), and Fiserv. Noteworthy amongst this list, UnitedHealth continued to struggle following the assassination of divisional CEO Brian Thompson late last year, with overall CEO Sir Andrew Witty leaving the firm during this period. The company has faced intense scrutiny over its claims management practices, not coming out on the right side of some of this analysis, and the overall claims ratio continues to rise. We have not added to the investment in the stock given the degree of uncertainty over forthcoming earnings prospects but held the balance as we remain optimistic that the group is best-placed to benefit longer-term from ongoing need-driven demand for healthcare in the ageing US medically-insured population. Fiserv has been a fairly recent and modestly-sized acquisition in the fund but missed market expectations for its quarterly volume growth in its merchant-facing payments ecosystem (Clover). In contrast with our passive stance on UnitedHealth, we added incrementally to our Fiserv position during the sell-off.

Looking ahead, the portfolio remains well diversified in the face of elevated economic uncertainty. Individual stock positions are the product of fundamental analysis and are less impacted by the top-down influences referenced in our overall market commentary. Nevertheless, we are regularly asked about the fund's overall positioning from a geographic and sectoral perspective. On this score, the fund holds about 50% of exposure in US-listed counters (with the vast majority of these being global businesses). European/UK-listed exposure stands at around 28%. At a sectoral level, the portfolio remains most underweight the IT, Communication Services, Utilities and Consumer Discretionary sectors, with overweight positions clustered in Materials, Healthcare, Consumer Staples and Financials. The positions remain idiosyncratic and with strong upside to our view of their fair intrinsic value.

Performance declaration for Thornbridge Global Opportunities Fund GBP

	FUND	BENCHMARK
Annualised return since inception	+10.5%	+9.5%
Cumulative return since inception	+750.0%	+610.5%
1 Year	+9.8%	+7.1%
Highest rolling 1-year return (since inception)	+22.4%	
Lowest rolling 1-year return (since inception)	+10.8%	
Fund inception date *	23 January 2004	

* Laurium Capital was appointed as the investment manager of the Fund on 30 November 2022

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