Umbra Market Review:
June 2025

Umbra MPS

June 2025

FOR PROFESSIONAL INVESTORS AND

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Umbra

Key Points From The Month

- Asset prices rose again in June, closing out a volatile quarter that began with President Trump jolting markets via a sweeping new tariff regime – triggering the S&P 500's sharpest five-day drop since March 2020. However, a 90-day delay on reciprocal tariffs, alongside reported progress on trade agreements with the UK, China, and others, catalysed the fastest rebound in history from a 15%+ drawdown. Both the S&P 500 and Nasdaq 100 ended Q2 at all-time highs.
- The European Central Bank cut its policy rate to 2.0% in June, marking the eighth reduction in its easing cycle. While markets had priced in at least one more cut this year, President Lagarde signalled the cycle was nearing its end as inflation returned to the 2% target, aided by falling energy prices and a stronger euro.
- The US dollar fell a further -1.9% versus GBP during the month, capping its worst start to a year since 1973 with a -10.8% decline. President Trump's unpredictable trade and economic policies, concerns around the ballooning US debt pile - set to expand further if the 'Big, Beautiful Bill' is passed - and mounting pressure on the Federal Reserve's independence have eroded confidence in the dollar's role as a safe-haven asset. This sustained weakness in the USD has acted as a headwind for global investors when returns are translated back into GBP.
- Tensions between Israel and Iran erupted into direct conflict after Israeli intelligence suggested Iran was accelerating its nuclear programme. Following successful efforts to degrade proxy networks, Israel launched a large-scale strike campaign targeting nuclear and missile infrastructure. A US-brokered ceasefire followed retaliatory strikes, containing what could have escalated into broader regional war. While volatility rose, markets were largely unaffected. Brent briefly broke above $80 before settling back near $68.
- For Umbra's MPS, model performance was dispersed over the month. The majority of models were either in-line or moderately ahead of their respective ARC benchmark. The overall weakness in the US Dollar continues to be problematic when converted back to GBP returns.
- Despite US equity markets (S&P 500 Index) being +6.2% during the first half of the year in USD terms, the same index remains -2.9% in GBP terms over the same period. This international bias has been the primary relative detractor on the year from both the equity and fixed income sides of portfolios, however we strongly believe that currency fluctuations wash out across the cycle.

Umbra MPS Range Performance (%): June 2025

Umbra MPS Portfolio	June	Q2 '25	YtD '25	Rolling 1 Yr	2024	2023	2022	2021	2020	Total Ret Annlzd 2 Yr	Total Ret Annlzd 3 Yr	Total Ret Annlzd 5 Yr	Tracking Error 3 Yr	Beta 3 Yr	Std Dev 3 Yr
Umbra MPS P-Passive Defensive	1.15	0.91	-0.20	3.28	5.83	6.57	-11.59	2.79	7.21	5.50	3.33	0.79	2.68	1.42	5.88
Umbra MPS D-Passive Defensive	1.02	1.13	0.82	4.16	5.41	5.92	-9.58	3.45	5.30	5.62	3.82	1.63	2.38	1.39	5.68
Umbra MPS Blended Defensive	0.91	0.94	0.38	4.15	6.14	6.36	-8.50	3.81	4.87	5.84	4.26	2.06	2.24	1.36	5.52
Umbra MPS Active Defensive	0.97	1.14	0.36	4.24	6.74	7.51	-7.31	4.95	4.96	6.23	5.10	2.96	2.28	1.33	5.45
Umbra MPS Income Defensive	0.93	0.95	1.30	5.31	6.33	6.60	-5.26	4.91	2.36	6.49	5.23	3.33	2.20	1.38	5.55
ARC Cautious PCI TR GBP	1.10	1.71	1.94	4.03	4.57	3.68	-7.60	4.23	4.20	5.08	3.23	2.21			3.88
Umbra MPS P-Passive Cautious	1.54	2.02	-0.37	4.02	9.56	8.81	-9.85	7.67	8.66	7.35	5.88	3.75	3.59	1.53	6.59
Umbra MPS D-Passive Cautious	1.29	1.84	0.57	4.37	7.95	8.08	-9.56	7.39	6.81	6.97	5.54	3.68	3.19	1.11	6.50
Umbra MPS Blended Cautious	1.10	1.51	0.09	4.40	8.93	8.08	-6.48	7.90	5.83	7.12	6.30	4.51	3.08	1.43	6.06
Umbra MPS Active Cautious	1.17	1.83	-0.04	3.96	9.55	10.89	-6.61	10.18	6.71	7.60	7.53	5.78	3.62	1.49	6.49
Umbra MPS Income Cautious	0.94	1.19	1.53	5.96	8.62	7.73	-2.13	9.52	1.52	7.81	7.07	5.89	1.55	1.00	6.09
ARC Cautious PCI TR GBP	1.10	1.71	1.94	4.03	4.57	3.68	-7.60	4.23	4.20	5.08	3.23	2.21			3.88
Umbra MPS P-Passive Moderate	1.78	2.65	-0.37	4.31	11.17	9.94	-9.67	10.05	9.45	8.28	6.97	5.03	2.59	1.15	7.20
Umbra MPS D-Passive Moderate	1.41	2.14	0.30	4.19	9.38	9.25	-9.09	9.78	7.82	7.65	6.50	4.90	1.92	1.13	6.93
Umbra MPS Blended Moderate	1.21	1.76	-0.35	3.84	9.92	9.23	-6.25	10.05	6.70	7.48	7.00	5.51	2.09	1.07	6.62
Umbra MPS Active Moderate	1.28	2.18	-0.32	3.57	10.51	12.23	-6.79	12.42	7.80	8.05	8.27	6.74	2.62	1.12	7.07
Umbra MPS Income Moderate	1.15	1.53	2.05	6.01	9.07	8.65	-0.79	12.07	1.81	8.47	7.96	7.22	1.76	1.01	6.49
ARC Balanced Asset PCI TR GBP	1.40	2.29	1.58	3.92	6.41	5.79	-9.14	7.64	4.31	6.39	4.65	3.68			5.93
Umbra MPS P-Passive Balanced	1.98	3.21	-0.49	4.52	12.85	10.99	-9.25	12.44	10.18	9.14	8.02	6.32	3.22	1.22	7.80
Umbra MPS D-Passive Balanced	1.45	2.46	0.76	4.96	11.14	10.65	-8.97	12.49	8.68	8.88	7.86	6.39	2.25	0.93	7.38
Umbra MPS Blended Balanced	1.31	2.10	0.07	4.49	11.50	10.50	-6.51	12.82	8.09	8.59	8.12	6.82	2.47	1.15	7.15
Umbra MPS Active Balanced	1.40	2.55	-0.59	3.24	11.76	13.65	-7.31	15.11	9.25	8.63	9.06	7.79	3.25	1.21	7.73
ARC Balanced Asset PCI TR GBP	1.40	2.29	1.58	3.92	6.41	5.79	-9.14	7.64	4.31	6.39	4.65	3.68			5.93
Umbra MPS P-Passive Growth	2.17	3.81	-0.52	4.77	14.46	12.11	-8.86	14.88	10.87	10.00	9.08	7.62	3.03	1.08	8.42
Umbra MPS D-Passive Growth	1.78	2.75	-0.25	3.90	12.51	11.95	-8.76	14.87	9.88	9.18	8.56	7.35	2.31	1.07	8.13
Umbra MPS Blended Growth	1.55	2.53	-0.64	3.57	12.42	11.89	-6.48	14.78	9.40	8.77	8.76	7.67	2.38	1.00	7.71
Umbra MPS Active Growth	1.64	3.00	-0.61	3.35	13.02	14.64	-7.87	17.64	10.85	9.33	9.86	8.77	2.86	0.96	8.31
ARC Steady Growth PCI TR GBP	1.70	2.98	1.30	3.75	7.89	7.20	-10.23	10.24	4.56	7.11	5.76	4.85			7.34
Umbra MPS P-Passive Adventurous	2.35	4.36	-0.67	4.93	16.15	13.15	-8.39	17.37	11.53	10.82	10.09	8.92	3.68	1.14	9.08
Umbra MPS D-Passive Adventurous	1.86	3.25	-0.31	3.66	14.08	14.45	-8.91	17.03	11.99	10.06	10.11	8.86	3.17	1.10	8.63
Umbra MPS Blended Adventurous	1.62	3.08	-0.62	3.03	13.15	14.09	-7.79	17.13	11.31	9.30	9.78	8.74	3.02	1.10	8.54
Umbra MPS Active Adventurous	1.64	3.35	-1.08	2.92	14.38	16.33	-7.54	19.49	11.87	9.79	10.75	9.84	3.63	1.12	8.92
ARC Steady Growth PCI TR GBP	1.70	2.98	1.30	3.75	7.89	7.20	-10.23	10.24	4.56	7.11	5.76	4.85			7.34
Umbra MPS P-Passive Equity	2.82	5.79	-0.32	5.88	19.41	15.50	-7.91	22.26	12.71	12.72	12.50	11.69	4.04	1.11	10.47
Umbra MPS D-Passive Equity	2.35	4.62	-0.49	3.62	17.38	18.22	-10.23	22.07	16.07	11.85	12.34	11.31	4.04	1.07	10.20
Umbra MPS Blended Equity	2.04	4.03	-0.99	2.76	16.14	17.58	-9.09	22.39	15.33	10.80	11.79	11.04	3.90	1.05	10.02
Umbra MPS Active Equity	2.09	4.61	-1.48	3.28	16.39	19.17	-8.41	23.61	14.84	10.67	12.19	11.63	4.13	1.07	10.25
ARC Equity Risk PCI TR GBP	1.90	3.97	1.00	3.56	9.32	8.30	-11.40	12.31	5.82	7.76	6.75	5.92			8.77

All performance figures are shown in percentage (%) terms and are in GBP and are Net of underlying fund OCF's and Net of Umbra's AMC. Returns are Gross of any platform fee.

Umbra Building Blocks Performance (%): June 2025

Umbra MPS Building Blocks	June	Q2 '25	YtD '25	Rolling 1 Yr	2024	2023	2022	2021	2020	Total Ret Annlzd 2 Yr	Total Ret Annlzd 3 Yr	Total Ret Annlzd 5 Yr	Tracking Error 3 Yr	Beta 3 Yr	Std Dev 3 Yr
Umbra Absolute Return Portfolio	-0.24	-0.84	1.07	2.55	6.87	2.70	3.11	12.00	4.07	4.64	3.99	5.79	3.44	0.61	3.88
ARC Cautious PCI TR GBP	1.10	1.71	1.94	4.03	4.57	3.68	-7.60	4.23	4.20	5.08	3.23	2.21			3.88
Umbra Multi Asset Balanced Portfolio	0.99	-0.12	-0.97	3.38	9.58	7.80	-4.82	14.65	8.21	6.90	6.35	6.17	2.84	1.16	7.37
ARC Balanced Asset PCI TR GBP	1.40	2.29	1.58	3.92	6.41	5.79	-9.14	7.64	4.31	6.39	4.65	3.68			5.93
Umbra Multi Asset Adventurous Portfolio	0.73	-0.13	-1.04	2.95	10.86	11.74	-5.84	19.68	13.77	8.13	8.30	8.53	3.05	1.13	8.75
ARC Steady Growth PCI TR GBP	1.70	2.98	1.30	3.75	7.89	7.20	-10.23	10.24	4.56	7.11	5.76	4.85			7.34

All performance figures are shown in percentage (%) terms and are in GBP and are Net of underlying fund OCF's and Net of Umbra's AMC. Returns are Gross of any platform fee.

Equities

- Equities, as measured by the MSCI ACWI, advanced a further +4.5% in June, bringing the return for the quarter to +11.5%.
- US equities extended their outperformance to a second consecutive month following their upending in April. The S&P500 rose +5.1% for the month and +10.9% for the quarter whilst the NASDAQ gained +6.6% and +18% respectively. Though, headline figures masked significant dispersion across sectors and styles.
- The misfortunes of the 'Magnificent 7' reversed in Q2, led by stand-out earnings, posting +32% YoY growth versus +8% for the indices' remaining companies, amid continued strength in AI and cloud investment. Consensus expects this gap to narrow though the group remains a major driver of capex expenditure forecasts. Conversely, Healthcare (+2.1% and -7.2% respectively) lagged in the wake of President Trump's executive order to cap prescription prices. Energy, too, was a laggard during the quarter, falling -8.6%, although losses were slightly softened by a +4.9% gain in June as energy prices rose following the escalating conflict in the middle east.
- UK small and mid-cap equities showed early signs of revival, fuelled by a sharp pickup in M&A activity, which tripled to £18.5bn in H1 2024. Valuations remain below pre-Covid levels, continuing to attract international buyers. June saw a flurry of deals including Alphawave, Oxford Ionics, and Spectris, with a combined value of £6.3bn if completed.
- Europe, a key beneficiary of capital rotating out of the US, had a softer June, with the MSCI Europe ex-UK Index falling -1.1%, bringing Q2 gains to 3.2%

Performance is shown in local currency terms unless stated otherwise

Fixed Income

- Sovereign bond markets navigated an increasingly complex backdrop, as investor focus shifted from monetary policy to fiscal sustainability. The Citigroup World Government Bond Index rose +1.9% in June and +4.6% for the quarter. In the US, the "Big Beautiful Bill" - projected to add up to $5 trillion to the federal deficit – drove a steeper yield curve, with 30-year yields rising 20bps. Still, Treasuries delivered modest gains of 0.8%.
- European government bonds outperformed, supported by ECB easing and declining inflation. In contrast, Japanese bonds lagged, with fiscal anxiety pushing 30-year yields to a record 3.2%. While macro conditions remained challenging, sovereign bond performance was broadly constructive, although markets must contend with bloated government debt piles and longer-term fiscal risk
- Credit markets continue to demonstrate notable resilience, as the Bloomberg Global High Yield Index rose +2.3% in the month and +4.9% for the quarter, underpinned by attractive carry and generally strong corporate fundamentals. Issuance remained subdued, creating a favourable technical backdrop, and arguably a function of elevated sovereign supply, which continues to dominate fixed income markets. While spreads initially widened after Trump's tariff announcements, they quickly retraced and now appear tight by historical standards for this stage of the cycle

Alternatives

- Gold bullion was flat during the month as investors looked through the Middle East conflict and sought risk assets, although it returned +5.2% for the quarter, continuing its period of very strong performance.

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