RATHBONES

RATHBONE GREENBANK MULTI-ASSET PORTFOLIOS

STRATEGIC GROWTH FUND

Quarterly investment update
January to end March 2025

CONTENTS

This document is published by Rathbones Asset Management Limited and should not be taken as financial advice or a recommendation for the purchase or sale of any investment. Any views expressed are subject to change without notice and Rathbones accepts no liability for any loss arising directly or independently from any use of this document. The value of your investment can go down as well as up and you could get back less than your original investment.

HOT TOPICS

MARKETS HOT TOPICS (MACROECONOMIC)

This information reflects our general views and should not be taken as a recommendation or advice as to how a specific market is likely to perform.

THE EMPEROR'S NEW TARIFFS

In the lead up to 2 April – dubbed 'Liberation Day' by US President Donald Trump – markets were positioned for some pain from higher tariffs on trade. What they weren't ready for was for Trump to do the economic equivalent of walking to the rostrum with no clothes on.

Rather than targeted tariffs on specific countries that could be used as negotiating leverage, Trump unveiled breathtaking increases on virtually all trade and at levels that were much higher than anticipated. The US will tariff all imports at a baseline of 10%, and all countries that have a 'trade surplus' with the US (i.e. that send the US more goods than the US sends to it) will be hit with much higher punitive tariffs. When you tot them all up, we estimate that the average US tariff is set to soar from 3% to 23% virtually overnight. As you can see from the chart, that level hasn't been seen since the early 20th century.

AVERAGE US TARIFFS SET TO SOAR

Source: US Census Bureau, FRED Database, Rathbones

Stock markets dropped with everyone's jaws. The S&P 500 fell more than 10% in just two days, dragging all other stock markets with it. That has happened on only three other occasions: the 2020 COVID fall, the Global Financial Crisis and Black Monday 1987. Right before they were supposed to go live, the White House said its 'reciprocal' tariffs on all nations barring China, which had retaliated, would be paused for 90 days of negotiations. This led to a big recovery in stocks, albeit they remain below where they started the year. There are still tariffs on many materials, like steel and aluminium, and the universal 10% levy on all imports remains as well.

The tariffs, including those that are paused, would mean a huge increase in taxes – contrary to what Trump and his Cabinet often argue, tariffs are a tax on consumers – and a large spanner in the spokes of global trade. The White House says $600 billion a year will be raised over the next 10. If correct, that's the equivalent of about 2% of American GDP, which would rank as one of the largest tax hikes of all time. It's hard to know what the real cost will be until we're years down the line, however. If these tariffs are enacted, they will completely scramble business supply chains, international relations and people's buying decisions. The knock-on effects from these first-order effects are endless.

The tariffs have been calculated based solely on whether a nation sends more goods to the US than it receives in reciprocal imports. Of course, often that's because the US wants and likes the products! Or uses them as inputs to other, more valuable products that the US sells elsewhere. The size of each nation's new tariff is exactly half of the ratio of this difference in trade. So Chinese exports to America minus American exports to China divided by Chinese exports is 0.67. Half of that gives you America's 'reciprocal' tariff on China of 34%. (The US has since added extra tariffs for retaliation, taking the total tariff to 145%.)

That reciprocal tariff formula makes little sense. Neither does the administration's implicit goal of completely eliminating all trade deficits with other countries. Some nations are better at making or growing certain things than the US and it makes sense to buy from them. Meanwhile, they may not need what you're selling. You may get more if you sell to another country instead. It also doesn't take into account services exports with those countries, which are often sizeable, accounting for about a third of all US exports and 80% of US employment.

The US administration argues that tariffs will be paid by foreign exporters, and that the tax revenue raised will help reduce the big gap between what the government spends and what it receives and create better jobs for Americans. All of this is possible, if not necessarily probable. What is almost guaranteed, though, is that the first-order effect will be higher US prices for those tariffed products and materials. Expectations of US inflation have ramped up while forecasts of growth have slumped.

Trump's tariffs have sparked massive moves in stock and bond markets far beyond what's considered normal. Lots of investors who borrowed heavily to invest will be shaken out in the coming days, weeks and months, which could keep markets gyrating for some time to come, even if a resolution is found. While it's scary, it's not a time to panic and cut and run. Investing comes with the risk of market falls – it's the price we pay for better returns in the long run. But you must stick to your guns to reach those long-term returns. Our portfolios aren't leveraged, so we're not in danger of being wiped out by unexpectedly large falls. We have an enduring preference for investing in sound companies with limited risk of failure.

EUROPE: FOR EVERY ACTION, A REACTION

America's more aggressive, transactional foreign policy under Trump has caused massive shifts in geopolitics this year. Certain immutable facts and alliances, built up over decades, have fractured almost overnight.

The main one is NATO, a collective security pact that relies on its 32 members being adamant that any attack on one would trigger immediate retaliation by the rest. The US's equivocation on this point has badly damaged the alliance, perhaps irreparably. But Trump has done more than just put the sledgehammer to an ageing bulwark against the shadow of a Cold War superpower. He has also told the rest of the world, in no uncertain terms, that trade and security will be different from now on.

How the rest of the world reacts to these seismic shifts in geopolitics, trade, national objectives and government spending will have consequences reaching decades into the future. Take Germany, one of the main engines of Europe: It responded to Trump's equivocation on NATO with a proposal to amend its constitution and scrap its debt brake, allowing the creation of a 10-year €500 billion infrastructure fund and permitting essentially unlimited borrowing for defence budgets. This river of money should flow into a nation that has parched itself of infrastructure investment for years because of a commitment to straitened government finances.

This paradigm shift sent European stock prices soaring over the quarter and pushed European bond prices significantly lower (which means they have higher yields). The drop in bond prices is because of three main reasons. Firstly, the sheer increase of bonds that will need to be issued in coming years to pay for the planned investments affects their price the same way that a bumper harvest of apples makes them cheaper. Secondly, this spending increases the outlook for GDP growth, and when that rises bond yields tend to rise with them (so the price falls). Thirdly, all that spending is likely to push inflation higher – again, something that usually pushes bond yields up.

Still, there could be some over-egging here. Money's one thing but putting it to good use is another. We welcome the more stimulatory tack on infrastructure that Germany and the rest of the EU are taking. Cash is earmarked for upgrading transport networks, investing in renewable power and developing digital infrastructure. But we're not sure that investors should assume that every available euro will actually be spent. It will take time for plans to be dusted off, permits granted and funding to be released. Not just that, but a surge in new construction and arms orders would likely require a big increase in the capacity of European industrials. That will take time.

Of course, that build-up is part of the appeal of greater public largesse. More diggers, cement mixers and other machinery and materials would be a boon to European manufacturers. More jobs would help further reduce mainland Europe's unemployment rate. While this rate has fallen markedly in recent years, it's still noticeably higher than in the UK and US. And more people getting a wage means more money spent on cars, at restaurants and on other fun and helpful things.

All in all, this is a good thing for Europe.

€500 billion

Germany plans to spend this on infrastructure over the decade.

SPRING STATEMENT SAVES UP TROUBLE FOR THE CHANCELLOR

UK Chancellor Rachel Reeves delivered her deliberately low-key Spring Statement on 26 March. She was insistent that she wanted to get away from tinkering with taxes and rules every six months, as became the habit in recent years.

She kept her promise, as far as she could. While there were no changes to taxes, there were cuts and reforms to government spending to ensure that the government's finances stayed on track for meeting her fiscal rules by the end of this Parliament. With borrowing costs much higher and economic growth much lower than were forecast when Reeves set out her Budget in October, the government found the roughly £10 billion headroom it had given itself between its tax revenue and its expenses had vanished. After a range of cuts, most notably to sickness and disability benefits, the headroom was reinstated. But the root problems haven't been addressed. The UK is still struggling to grow, the increase in Employer National Insurance Contributions has only just started to take effect (they came in on 6 April) and government bond yields remain high. Investors remain dubious that the government will be able to avoid either borrowing more, taxing people more, or both in the next Budget.

The Chancellor is in a bind: there's no money for tax cuts to stimulate the economy by putting more cash in the pockets of people and businesses. And borrowing costs, for all nations, are higher than for decades. The only real route, it seems, is reform: by liberalising some of the laws and processes that could be holding the UK back.

Planning is the main one in the government's sights, given the evidence that the UK's complex and often arbitrary system has contributed to the country's chronic failure to build houses and infrastructure. The government's fiscal watchdog, the Office for Budget Responsibility, estimates impending reforms will eventually add 0.4% to the UK economy each year. While that would be a meaningful boost, it's far from certain. Especially as the OBR halved its own forecast of UK GDP growth just six months later! And risks remain, especially around heroic estimates for productivity growth (how efficiently resources are used).

HEALTHY UK FINANCES RELY ON HEROIC INCREASE IN PRODUCTIVITY

Source: Office for National Statistics and Office for Budget Responsibility

As you can see from the chart, UK worker productivity has been poor for years. The government's fiscal watchdog, the Office for Budget Responsibility, has assumed productivity will grow at the top end of its range of possibilities over the coming five years. That would boost GDP growth and therefore tax receipts, keeping the books balanced. However, if that assumption turns out to be optimistic, the government will break its fiscal rules. Taking the worst-case scenario for productivity growth (which is essentially just flatlining), debt to GDP will balloon from roughly 80% to 90% by 2029-30. And rather than just squeak through with a surplus in tax receipts over day-to-day spending, the government would have a 1.5% deficit.

This is why we're still dubious on the UK's future growth and the government's ability to turn the ship around.

£9.9 billion

The Chancellor's razor-thin headroom after cutting spending to offset higher borrowing costs.

PORTFOLIO ACTIVITY

Key purchases/additions	Key sales/trims
Citi Commodity Curve Seasonally Adjuste Note June 2026 (purchase)	EIB 3.75% 02/14/2033 (sale)
New Zealand Govt 4.25% 05/15/2034 (purchase)	Edwards Lifesciences (sale)
Partners Group (purchase)	Johnson Controls (sale)
Schneider Electric (purchase)	Shopify (trim)
Compass Group (purchase)	ServiceNow (trim)

Source: Rathbones

We don't invest in US government bonds because they don't meet our sustainability criteria. Instead, we invest in dollar-denominated bonds issued by the European Investment Bank, which is backed by European governments. The yields of these bonds closely track US treasuries. Because of the changing balance of risk we saw in US interest rate markets, we sold our dollar-denominated European Investment Bank 3.75% 2033 bonds. We replaced them with euro-denominated European Investment Bank 2.625% 2034 bonds, which track closer to German government bond yields. We also added to our holdings of Portuguese Government 1.65% 2032 and New Zealand Government 4.25% 2034.

We bought the Citi Commodity Curve Seasonally Adjusted Note 2026 structured product, which is a contract with an investment bank based on agricultural commodity prices, like grain and livestock. Typically, the value of a contract for future delivery of commodities is higher than the spot price (known as 'contango') because they tend to be bulky and costly to store. For instance, if you bought a few tonnes of wheat today you might need to borrow some money to pay upfront for the goods, and you would definitely need to pay for a truck to pick them up and to hire a barn to keep them in. If you simply agree to buy them in, say, six months' time (that's all a futures contract is), you don't have any of those costs. But the person selling them to you does and includes that in the future price you're offered.

Today, however, due to a range of bad harvests and supply shortages, many agricultural commodity markets are in 'backwardation': the spot prices are much higher than futures prices as people are clamouring to get hold of what they need now. We believe this unusual situation should correct itself in time, and if we are right our Citi Commodity Note should make money. Because this note's returns are related to the differences between spot prices and futures, it's unaffected by movements in the value of the commodities themselves. That means its returns are uncorrelated with global equities (they move in completely different ways), which makes it a good diversifier for our portfolio.

We sold long-time holding Johnson Controls, an Irish-American global supplier of fire safety, security and heating and ventilation systems for large buildings. We used recent weakness in the price of French engineering company Schneider Electric to swap the business into our portfolio. Schneider supplies the kit and know-how for maintaining and improving electrical circuits big and small. These range from site-specific needs for big power users, like hospitals, factories, data centres and the like to electricity generators and the power grid itself. As the use of electricity continues to increase, ageing grids around the world need serious investment. We think Schneider is well placed to help deliver these important improvements.

We trimmed our holdings in Canadian e-commerce platform Shopify, American GPS tools specialist Trimble, diabetes monitoring company Dexcom and data mast leasing firm American Tower. We recycled that cash into US consultant Accenture, IT helpdesk platform provider ServiceNow, digital office tools developer Microsoft and insulation and roof supplier Owens Corning.

We bought Swiss private equity investor Partners Group using weakness in the stock towards the end of the quarter to ramp up our position. About 40% of Partners' investments are made in Europe, so it has a strong foothold. A rising tide of funding and investments on the Continent should also boost prospective returns for existing investments that it will be cashing out of in the coming years. Partners is a strong operator that has grown its assets under management by an average 16% each year since listing in 2006.

We also added UK-based catering business Compass because we felt it was a quality, defensive business trading at a good price – likely simply because it happens to be listed in London. It's a behemoth in its industry, easily the largest listed company globally. It's about twice as big as its nearest rival in terms of sales, which we think gives it a dominating scale that should be able to squeeze competitors and keep costs in check. While Compass is listed here, about 70% of its business is done in North America, 10% in the UK and the remainder spread around the rest of the world. The market is still mostly small operators (Compass accounts for only 15% of the global market), so there's plenty of growth out there for Compass to capture.

SPOTLIGHT

IN THIS QUARTER, THE SPOTLIGHT IS ON OUR COMPASS GROUP AND SCHNEIDER ELECTRIC HOLDINGS.

COMPASS GROUP

- Compass is a global leader in contract food services. 80% of the business is in catering and hospitality while 20% of the business is in support services (cleaning, security)
- Most of its revenues (c70%) generated in North America; Europe and rest of world are 20% and 10%
- It is the leader in a very large but fragmented market, with 15% market share. It continues to gain share from both larger and smaller players as well as seeing best in class customer retention as it invests in its businesses through technology, refurbishing location and menus
- It should be a defensive name in an inflationary environment given its ability to pass through pricing in its contracts, as well as being resilient in a consumer downturn as for example, consumers trade-down to office canteens over eating out, as they tend to be 30% cheaper (and more so if subsidised)
- Compass Group has committed to a net zero GHG emissions target across its global operations and value chain by 2050, with a near term goal of reducing absolute Scope 1 and 2 GHG emissions by 46% vs a 2019 baseline
- Reducing food waste is a top priority, with a target to cut waste by 50% by 2030. In the latest year, Compass' food waste tracking technology was deployed across nearly 8,000 sites globally – well ahead of the initial 6,000-site goal
- Compass is also a participant in the Single Use Material Decelerator (SUM'D), collaborating with industry peers and suppliers to fast-track sustainable alternatives that replace single-use products and actively working to reducexunnecessary packaging

SCHNEIDER ELECTRIC

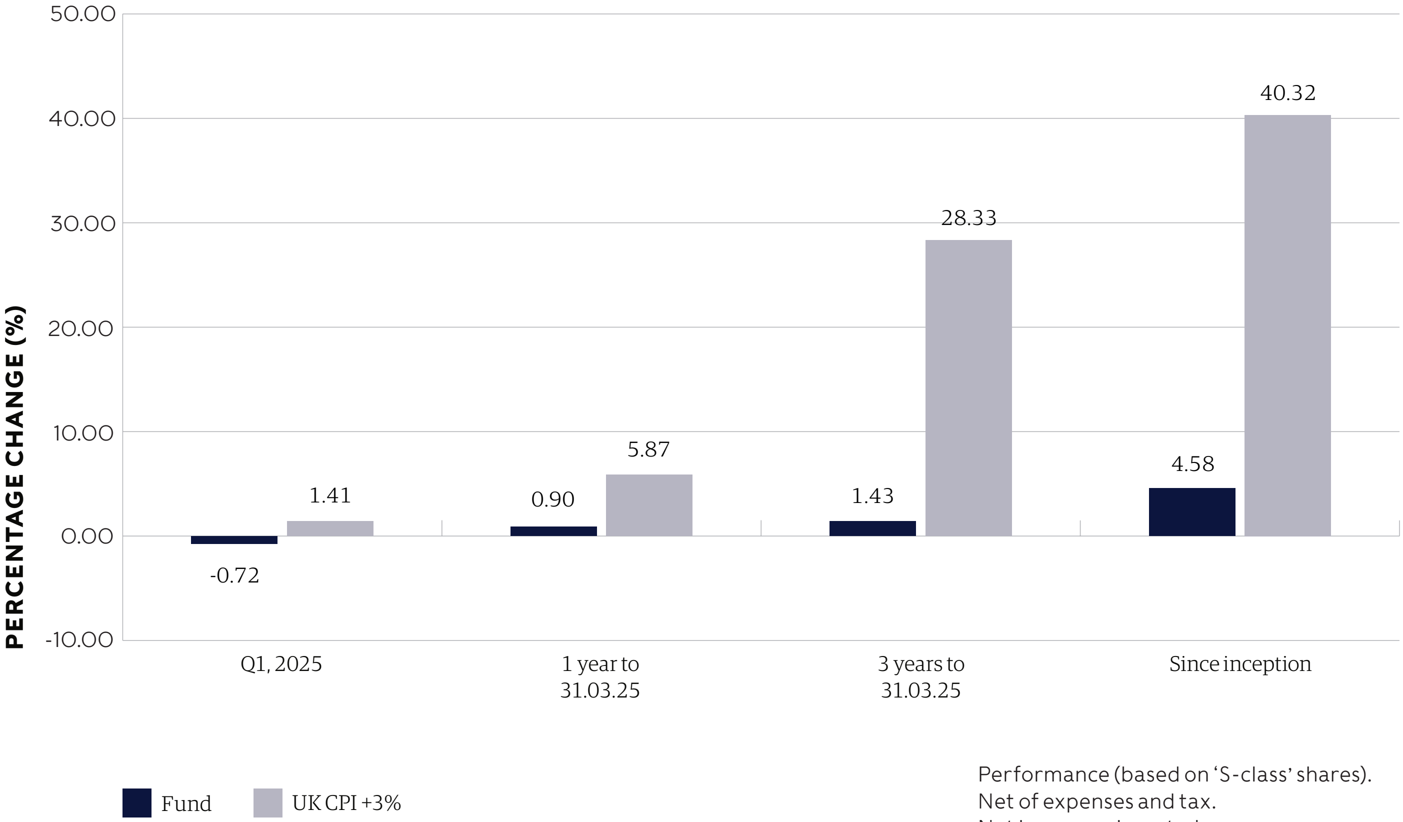
- Schneider Electric is a global leader in the digital transformation of energy management and industrial automation, offering integrated hardware, software and services that help various businesses and industries optimize energy efficiency and reduce their environmental impact
- Key end markets include commercial buildings and electricity grid infrastructure, where Schneider has few global peers
- It is positioned to benefit from key structural trends including aging grid infrastructure, electrification, energy efficiency, industrial automation and digitisation
- It is likely to play a central role in the global energy transition, as energy security and resilience is becoming more important for Governments and Schneiders end customers
- Due to the current intermittency and unreliability of many renewable sources, achieving decarbonisation through improving energy efficiency is important for companies aligning with net zero targets and the Science-Based Targets initiative (SBTi). Schneider Electric helps companies reach these goals by providing digital energy management and automation solutions that enable smarter use of energy across operations
- For example, its EcoStruxure platform connects IoT-enabled hardware with advanced analytics and AI to monitor, control, and optimise energy usage in real time–across factories, buildings, or data centres. Actionable insights are delivered to companies to reduce energy waste, lower emissions and improve operational efficiency

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that the securities identified and discussed were or will be profitable.

All use of company logos, images or trademarks in this presentation are for reference purposes only.

FUND PERFORMANCE

RATHBONE GREENBANK STRATEGIC GROWTH FUND — QUARTER 1 2025



Performance (based on 'S-class' shares).
Net of expenses and tax.
Net income reinvested.
Data source: FE fundinfo

12-month rolling performance					
Year to:	**End Mar 2025**	**End Mar 2024**	**End Mar 2023**	**End Mar 2022**	**End Mar 2021**
Fund	+0.90%	+8.27%	-7.16%	+2.90%	–
UK CPI +3%	+5.87%	+6.55%	+13.76%	+9.34%	–
Annual calendar performance					
Calendar year	**2024**	**2023**	**2022**	**2021**	**2020**
Fund	+4.46%	+6.99%	-13.85%	–	–
UK CPI +3%	+5.65%	+7.06%	+13.97%	+8.30%	+3.39%

Price performance based upon single price (mid). Fund launched in March 2021, therefore there is no performance data before March 2022.
Past performance should not be seen as an indication of future performance. The value of investments and the income from them may go down as well as up and you may not get back your original investment.

Top performers (%)		
Holding	**Performance**	**Contribution**
Jungheinrich	+28.90	+0.17
Roche Holdings	+16.77	+0.14
American Tower	+15.49	+0.14
Abbott Laboratories	+14.30	+0.12
LKQ	+13.35	+0.10

Bottom performers (%)		
Holding	**Performance**	**Contribution**
Sampo	-37.03	-0.29
ServiceNow	-26.14	-0.26
Salesforce	-22.26	-0.24
Nvidia	-19.42	-0.17
Littelfuse	-18.73	-0.11

Note: Top and bottom performers are taken from the list of all holdings of 0.25% and above of the portfolio. Performance and contribution data shown above is based on unhedged GBP capital returns.

Source: Rathbones

Our European stocks did well this quarter, driving our returns. The German government responded to US equivocation over its NATO commitments by changing its fiscal rules to boost investment in defence and infrastructure by roughly €1 trillion over the next 12 years. That river of money should flow into a nation that has parched itself of infrastructure investment for years because of a commitment to straitened government finances. The cash is earmarked for upgrading transport networks, investing in renewable power and developing digital infrastructure. It should stimulate economic growth both in Germany and in the wider trading bloc. This potentially epochal shift from fiscal conservatism to more a stimulatory relaxation of public spending in one of Europe's most important nations sent the Continent's stocks soaring, including our holding in German warehousing equipment and software supplier Jungheinrich.

Strong earnings announcements for many of our healthcare holdings was another boon for us. These included US diagnostics, medical devices and nutrition company Abbott Laboratories and medical devices manufacturer Boston Scientific. Both enjoyed strong demand and sales in their various product divisions, driven by continued innovation, new product launches and steady demand for everything from diagnostics and cancer cures to heart monitors and defibrillators.

Other companies posting strong returns this quarter were data mast leasing firm American Tower, telco network provider Verizon and US rubbish and recycling business Waste Management. Despite operating in different industries, these three all benefit from steady demand for crucial services that are the last to be cut from a budget. This should make them resilient in an uncertain economic environment. Auto-parts supplier LKQ, which is the world's largest recycler of cars and parts, did well as people increasingly opted for repairs over buying new cars. We believe this trend will continue, supported by higher vehicle repair costs and an ageing car fleet.

The technology sector was significantly weaker this quarter, however, and our holdings were no exception. This was mostly due to post-DeepSeek concerns that Western companies might be over-investing in chips for AI development and some signs that corporate customers may be tapping the brakes on their cloud-computing and software spending. This hurt our holdings in customer relationship management platform developer Salesforce, IT helpdesk portal ServiceNow, AI chip designer Nvidia and business office tools titan Microsoft. We kept discipline last year and took profits in these investments as their strong performance increased their size relative to our portfolio. Keeping them in check helped limit the impact of the industry-wide sell-off, compared with if we had held the same amount as the global equity index.

UK government bond values leaped around over the quarter. After a big sell-off in early January they had more than recovered a month later. Then they steadily sold off again as the government's Spring Statement approached. We used weak periods (when prices dropped and yields rose) to add to our UK government bond holdings. Despite their volatility, the yields on these bonds ended the quarter about 0.1 of a percentage point higher than where they started, which meant their value fell slightly.

As the quarter progressed, the dollar weakened 4% against its major trading partners. The sterling exchange rate moved from $1.25 up to $1.29. Because we had locked in the sterling value of some of our American investments by 'hedging' the currency, we were partially shielded from these currency losses.

ASSET ALLOCATION CHANGES

Asset allocation split	31.12.24	31.03.25	% Change	12 month change
Liquidity (5%-40%)	28.5%	26.2%	-2.3%	-3.9%
Equity-type risk (40%-80%)	65.3%	66.4%	1.1%	3.6%
Diversifiers (0%-40%)	6.2%	7.4%	1.2%	0.3%

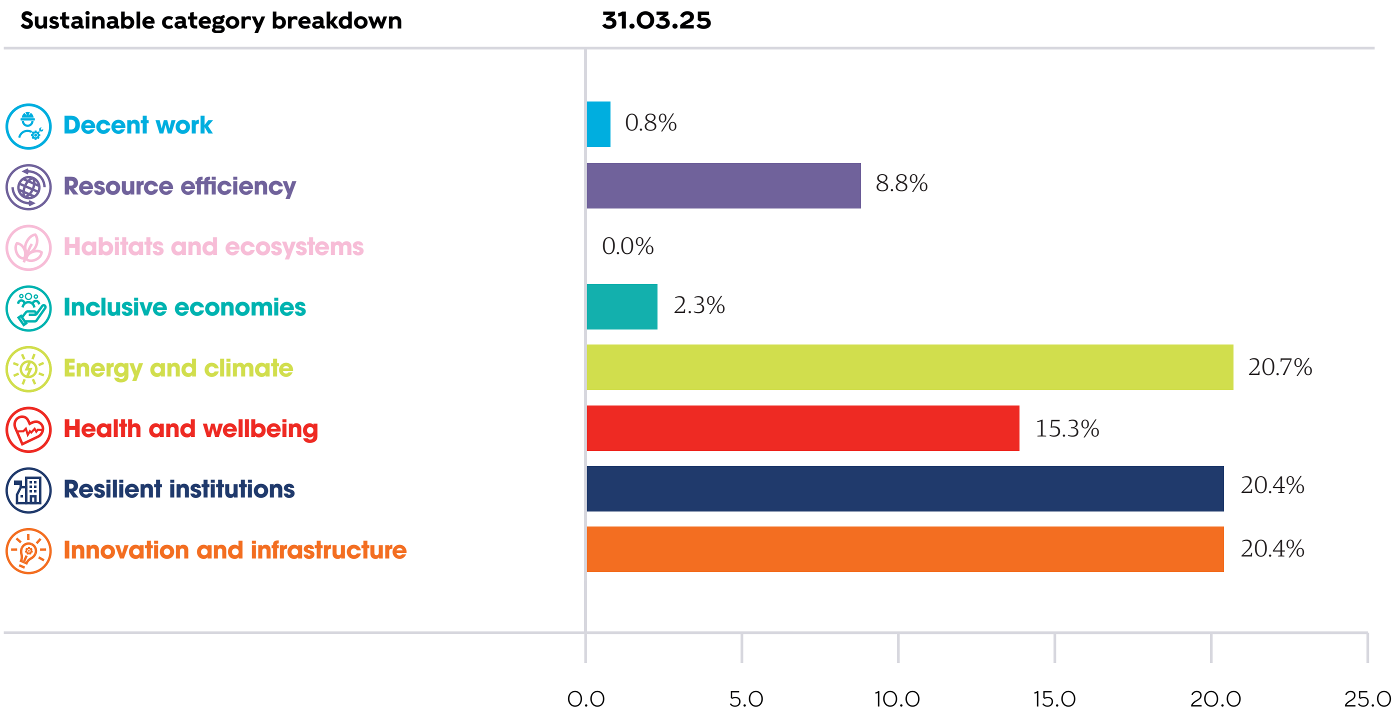
For more information on our liquidity, equity-type risk and diversifiers (LED) risk framework, please consult our investor brochure.

Asset class split	31.12.24	31.03.25	% Change	12 month change
Equities	59.0%	59.2%	0.3%	1.5%
UK	11.9%	12.3%	0.4%	0.7%
US	34.9%	33.0%	-1.9%	0.0%
Europe	9.2%	11.0%	1.8%	1.1%
Japan	0.0%	0.0%	0.0%	-0.5%
Asia ex-Japan	3.1%	2.9%	-0.2%	0.1%
Emerging Markets	0.0%	0.0%	0.0%	0.0%
Global	0.0%	0.0%	0.0%	0.0%
Index-linked bonds	1.8%	1.8%	0.0%	-0.5%
Conventional government bonds	14.2%	17.5%	3.3%	7.1%
Corporate bonds	10.2%	9.8%	-0.5%	-2.1%
Emerging market debt	0.0%	0.0%	0.0%	0.0%
Private equity	0.0%	0.0%	0.0%	0.0%
Alternative investment strategies	6.2%	7.4%	1.2%	0.3%
Property	0.0%	0.0%	0.0%	0.0%
Infrastructure	0.5%	0.5%	0.0%	0.1%
Commodities	0.0%	0.0%	0.0%	0.0%
Cash	8.2%	3.9%	-4.3%	-6.6%

SUSTAINABLE CATEGORY BREAKDOWN

GREENBANK HAS MAPPED THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS) TO A SET OF EIGHT SUSTAINABLE DEVELOPMENT CATEGORIES.

These categories ultimately align with the same ambitions as the SDGs but focus on the areas most relevant to companies and investors Assets in the fund must align to at least one of these categories and the current breakdown of these alignment is shown below.



The 'resilient institutions' category includes government bonds.
For more information on our sustainability criteria, please consult our sustainability process brochure.

INVESTMENT OUTLOOK

TRUMP'S 'AMERICA FIRST' PLATFORM OF FEWER FOREIGN ENTANGLEMENTS, HIGHER TARIFFS, TAX CUTS, PUBLIC SPENDING CUTS AND LESSENED REGULATION WAS WIDELY SIGNPOSTED AHEAD OF TIME.

Most investors expected these measures to boost American workers, juice consumption, encourage business investment and drive the dollar and US stocks higher. However, there was always the other side of the coin. That these policies — along with a clampdown on immigration, both illegal and legal — could refire inflation, clog up supply chains and generally make it harder or more expensive to do business.

This messy mix of policies — where it's difficult to know which countervailing forces will prevail — leaves a lot of tinder around for people to create whichever campfire tale they want to tell. Some people make the case that inflation is about to rip higher, leading the US Federal Reserve to abandon any further interest rate cuts it had hoped to make. Others say America is on the cusp of recession. Some argue both: that 'stagflation' (stagnant growth along with higher inflation and unemployment) is approaching. We think all three are unlikely.

Inflation has drifted around between 2.5% and 3.5% since it descended from its post-COVID peaks in mid-2023. We've long thought it would probably stick slightly above the 2% central bank target once it calmed down after the upheaval of the post-pandemic period rather than scoot below it. It ticked down in February from 3.0% to 2.8%, so it seems well within benign levels to us. Of course, there's nothing like a national meltdown over the stratospheric rise in the price of eggs to make everyone in America think all prices are headed for the moon. This is standard fare for inflation: sudden spikes in low-value but everyday products tend to skew people's views of overall inflation. Food is the example par excellence.

US GDP growth, while it's slowed recently from its red-hot run, is still running at the average of the 2010s, which is a healthy level. The economy would need to do the equivalent of a handbrake turn to start shrinking in the next 12 months. There are some signs that households are reining in their spending and cuts to government employees could be encouraging some of this. But there are plenty of opportunities for them to find other work, if rising private job openings are anything to go by. And while businesses are getting a little nervous about the erratic Trump administration, profits are still growing at a decent clip (7%), albeit not as much as analysts had hoped as the year dawned (12%).

THE DIRECTION OF AMERICA

Trump's blizzard of executive orders, attempts to cut back government staff and escalation of a trade war with virtually everyone has rattled allies, rivals and markets alike. It will take time for the effects to be felt in supply chains and economic data. Trump 2.0's tariff bomb, if enacted, could upend the US economy for sure. But we think this isn't the most likely scenario. Too many people have too much to lose for this to happen. Fractures could already be seen among congressional Republicans and White House counsellors ahead of Trump's decision to delay.

Having said that, the escalating trade war between the US and China — the world's two largest markets for international trade — will significantly affect international supply chains, company profits and global growth. Exactly how much is the question.

We think it's most likely that the US economy continues to forge ahead, slower than in the recent past but avoiding recession. And if that accompanies a resurgent Europe after two decades of funk, that should support global demand for goods and services, which is what drives corporate profits in the long run. China's leaders also seem to have realised that they need to act decisively to help their nation break out of its property-bubble slump. If they continue to pour well-targeted support into their financial system, that adds yet another leg to underpin the world economy. Albeit assuming that this is not completely offset by effectively losing access to America, its largest export market (accounting for 15% of the total).

It's completely understandable to feel worried when markets start falling, especially when there's so much news and uncertainty flying around. But knee-jerk reactions can be harmful for long-term returns.

If there are any of the commentaries you require further clarification on, then please contact your advisers or Rathbones Asset Management (RAM) at the contact details contained on the RAM website.

WANT TO HEAR MORE FROM THE TEAM

THE SHARPE END PODCAST A MULTI-ASSET INVESTING PODCAST

The Sharpe End lets you be a fly on the wall for frank and informal conversations the team are having on the desk about recent events and how they impact their funds.

Available on all major podcasting platforms.
New episodes monthly.

Listen and subscribe here:
linktr.ee/thesharpeend

Scan to listen to
The Sharpe End podcast.

Rathbones Asset Management Limited is authorised and regulated by the Financial Conduct Authority and a member of The Investment Association. A member of the Rathbones Group Plc. Registered office: 30 Gresham Street. London EC2V 7QN. Registered in England No. 02376568.

Call
020 7399 0399
Lines open 9.00-17.00

Visit
rathbonesam.com

Email
ram@rathbones.com

Address
Rathbones Asset Management Limited
30 Gresham Street, London EC2V 7QN

@RathbonesPlc

@RathbonesGroup

Rathbones Asset Management

9370.04.25