

Omnis Managed Portfolio Service



US tariff challenges, Bank of England caution and weaker US jobs data shape market expectations

Market-moving events

Tariff challenges mount. A US court ruled Trump's use of emergency powers to impose trade tariffs unlawful, though most remain in place pending appeal. The decision may change how tariffs are applied rather than the policy itself. The US also added a 25% tariff on Indian goods after talks over agriculture stalled.

BoE signals caution. The Bank of England cut rates by 0.25% to 4% in August, with a closer vote than expected. Inflation is now forecast to peak at 4%, led by food and energy. Another cut this year looks less likely, though markets still see gradual easing into 2026.

US jobs weakness emerges. Revised data showed job growth below the level needed to keep unemployment steady, with large downward revisions unusual outside recessions. At Jackson Hole, Fed Chair Jerome Powell said the "shifting balance of risks" could warrant a September cut. Even so, high inflation suggests any easing will be gradual.

Investment highlights

Portfolio rebalance with new positioning. In June, we rebalanced portfolios and increased exposure to two existing funds, reflecting our latest tactical views. These changes align the portfolios with emerging global market opportunities.

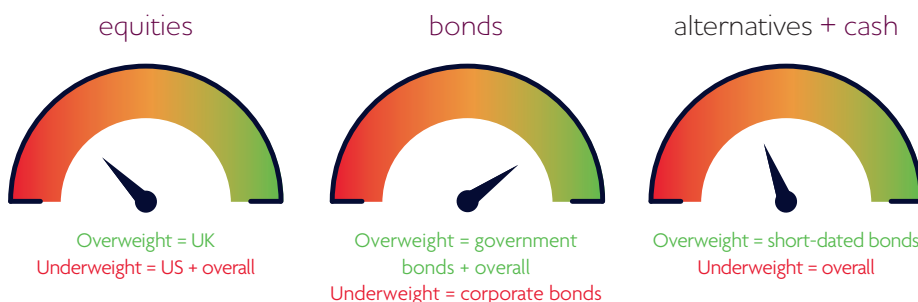
European allocation increases. We added to the Omnis European Equity Leaders Fund and trimmed exposure to the Omnis Asia Pacific (ex-Japan) Equity Fund following strong performance. With interest rates expected to fall and governments planning more spending, we see a supportive backdrop for European equities. Extra commitments from Germany, alongside wider European stimulus efforts, should also help.

Focus on US smaller companies. We increased our position in the Omnis US Smaller Companies Fund and reduced exposure to the Omnis US Equity Leaders Fund. Smaller companies now offer a stronger earnings growth outlook than larger peers and, at current valuations, present a more attractive risk-reward opportunity. We expect this to drive small-cap outperformance in 2025.

Asset allocation

Red = underweight
Amber = neutral weighting
Green = overweight

If you'd like more detail on our asset allocation views then please visit our [online dashboard](#).



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