

# Omni Live

6<sup>th</sup> August 2025

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# CPD

As a result of participating in this webinar, you will understand:

- The macro-economic environment and its impact on asset classes
- The principles of investment planning: Asset Allocation
- The principles of investment planning: Portfolio Construction
- The performance of investments

Please remember that for this session to qualify as structured CPD you must include a note on the CPD file that captures your specific learning need along with a reflective statement that captures how the session has addressed it.

**CPD Code**

**OPW497**

# Agenda

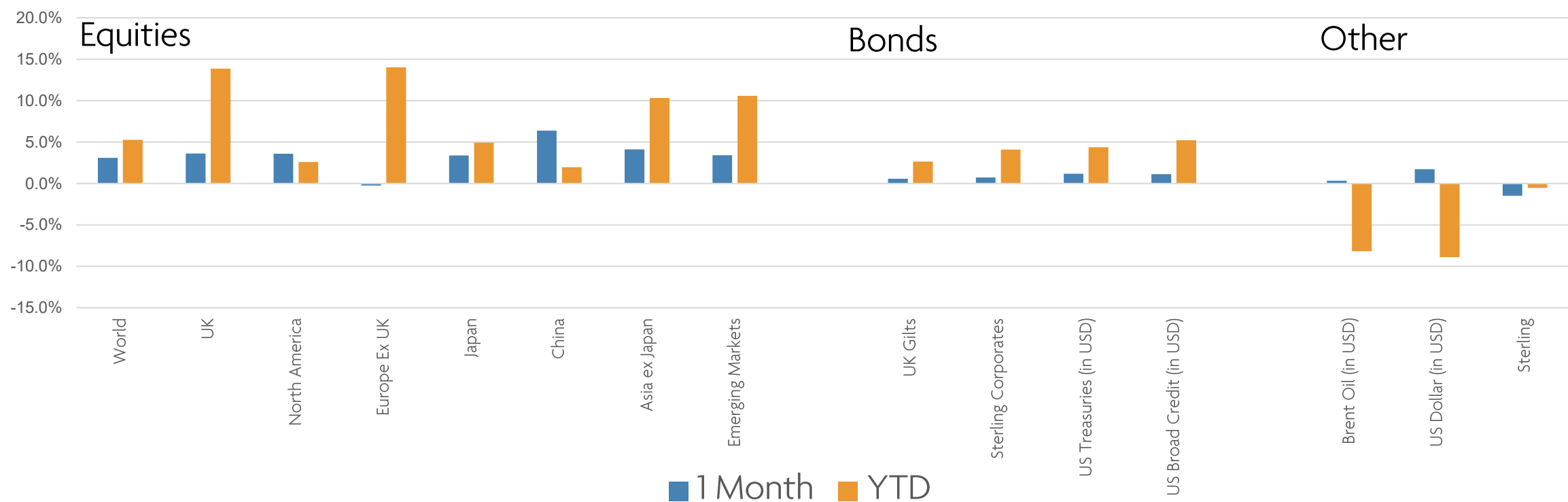
1. Macro & Market Update
2. Fund updates
3. Q&A

# Macro and market update

Patrick O'Donnell – Chief Investment Strategist

# Key Markets Performance

## Cyclical assets build on their recent recovery



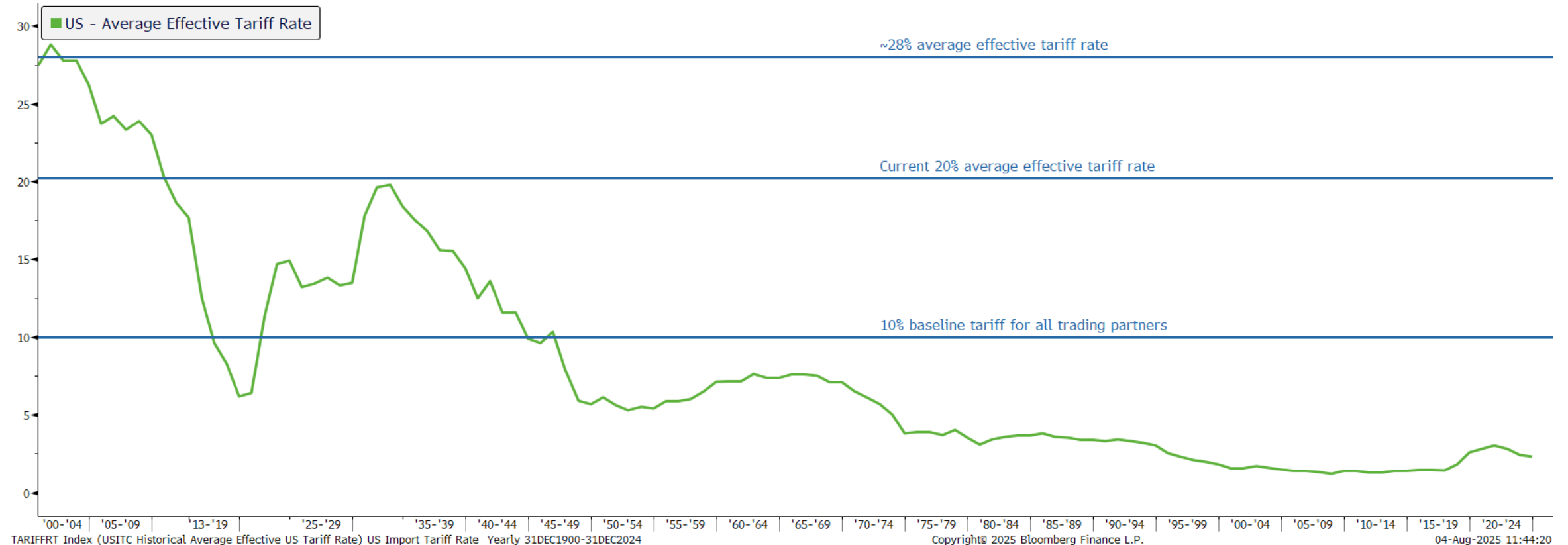
Performance in GBP to 01/08/2025

Source : Bloomberg, MSCI



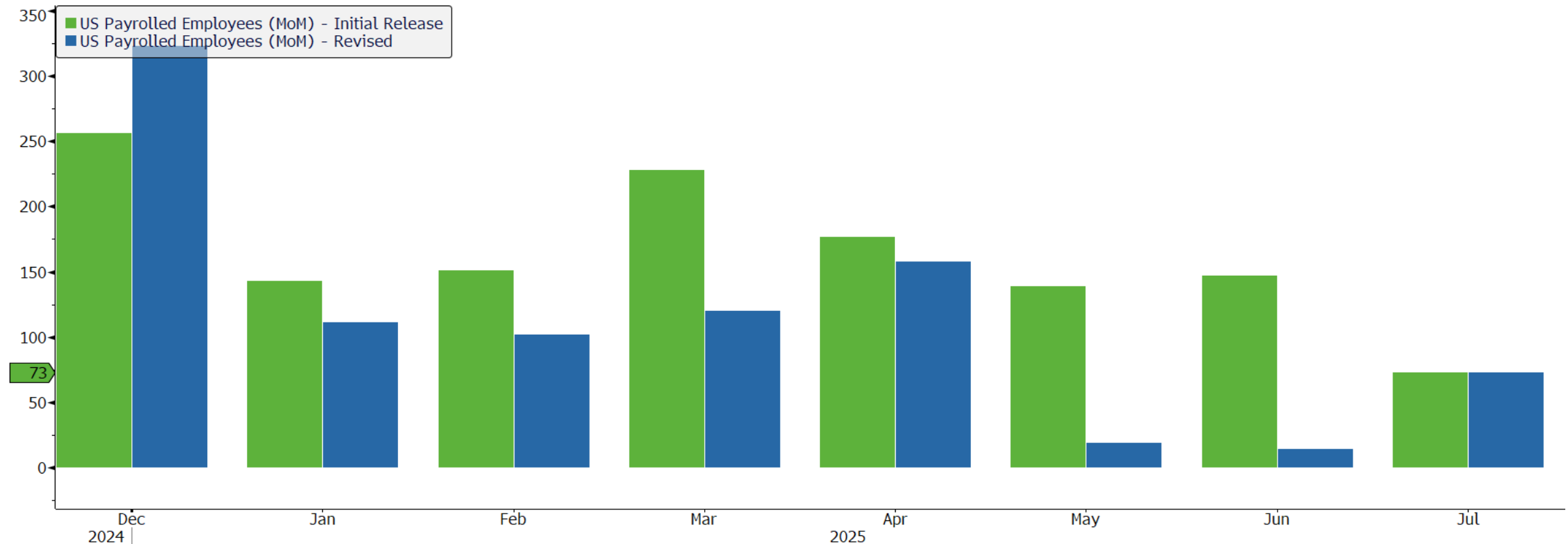
# Tariffs – trade deals signed with EU and Japan

But still see a significant increase and set to remain in place for the foreseeable future



# US – Weak labour market report

## Largest non-recessionary revisions since the 1960s



NFP TCH Index (US Employees on Nonfarm Payrolls Total MoM Net Change SA) NFP (with revisions) Monthly 31DEC2024-31JUL2025

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# Causing short-dated bonds appreciated in value

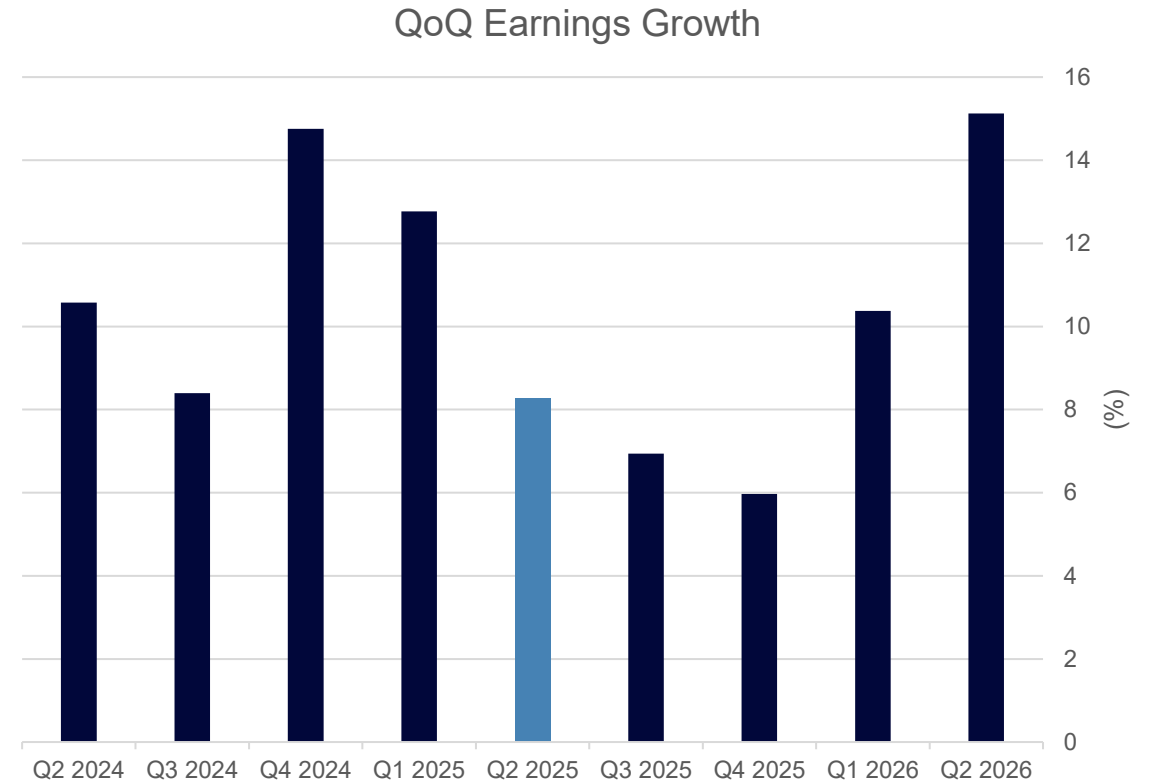
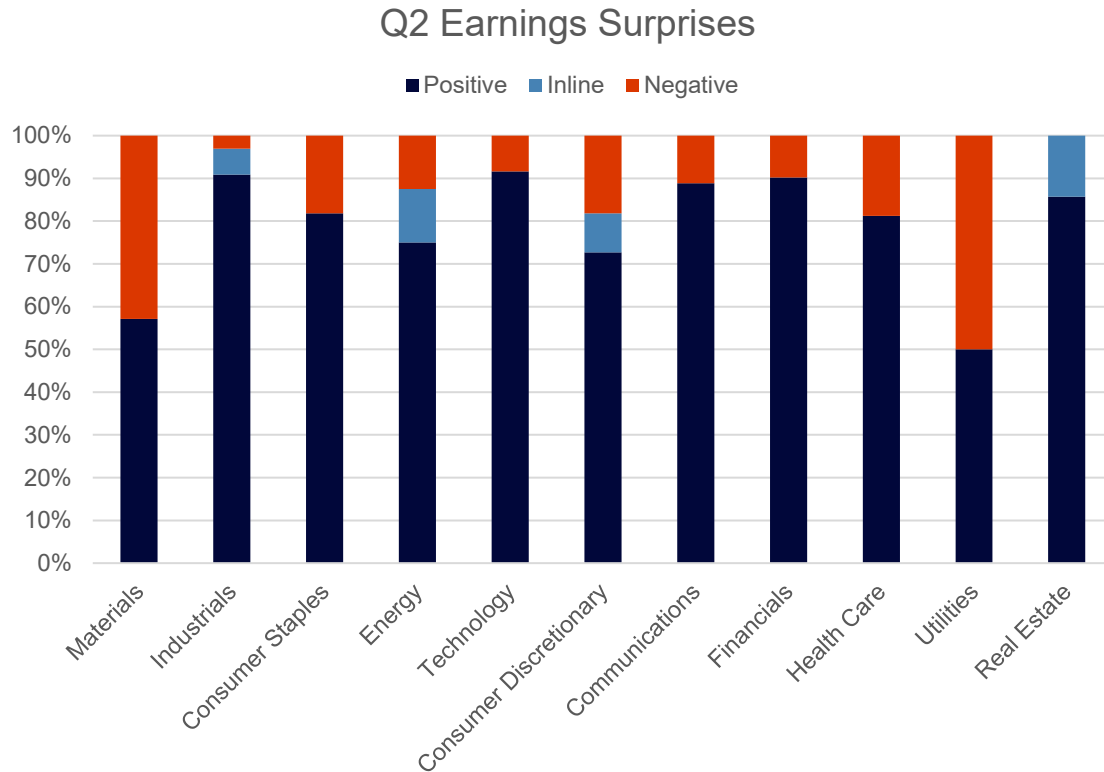
Yields fell the most in ~2yrs – market now expects 0.60% and 0.70% of cuts in 2025 & 2026





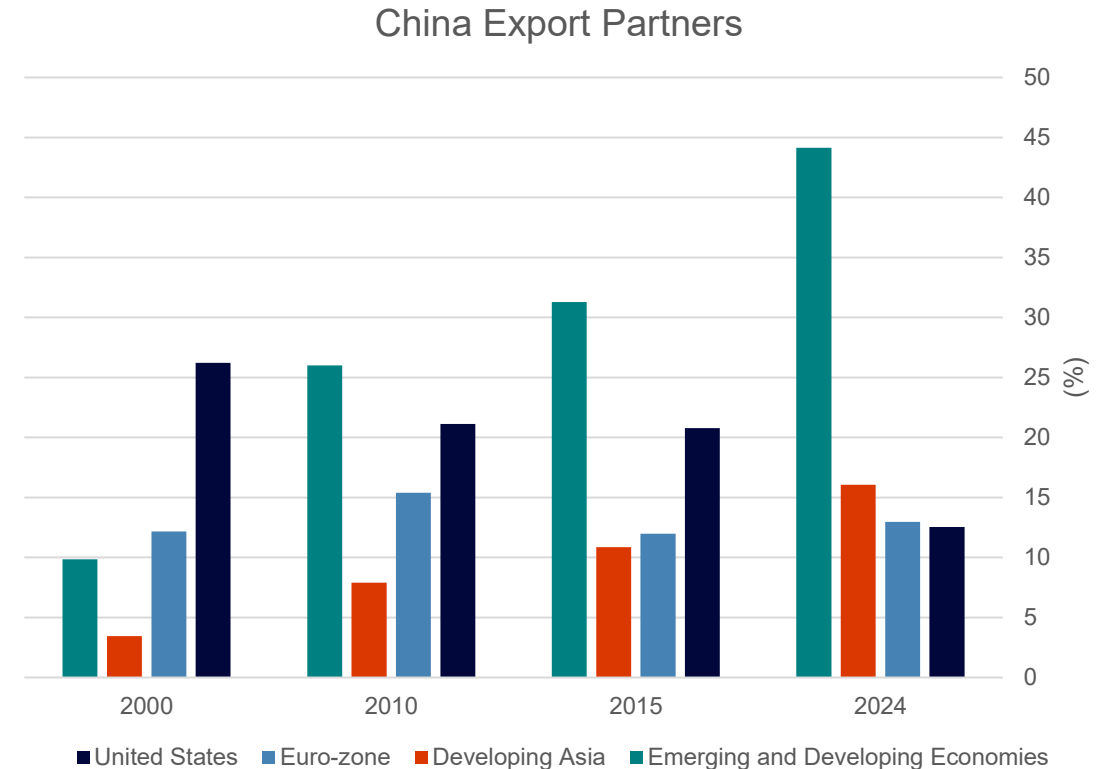
# US Earnings Season – better than expected

A key driver of returns - expectations were subdued, but results in-line with average annual growth



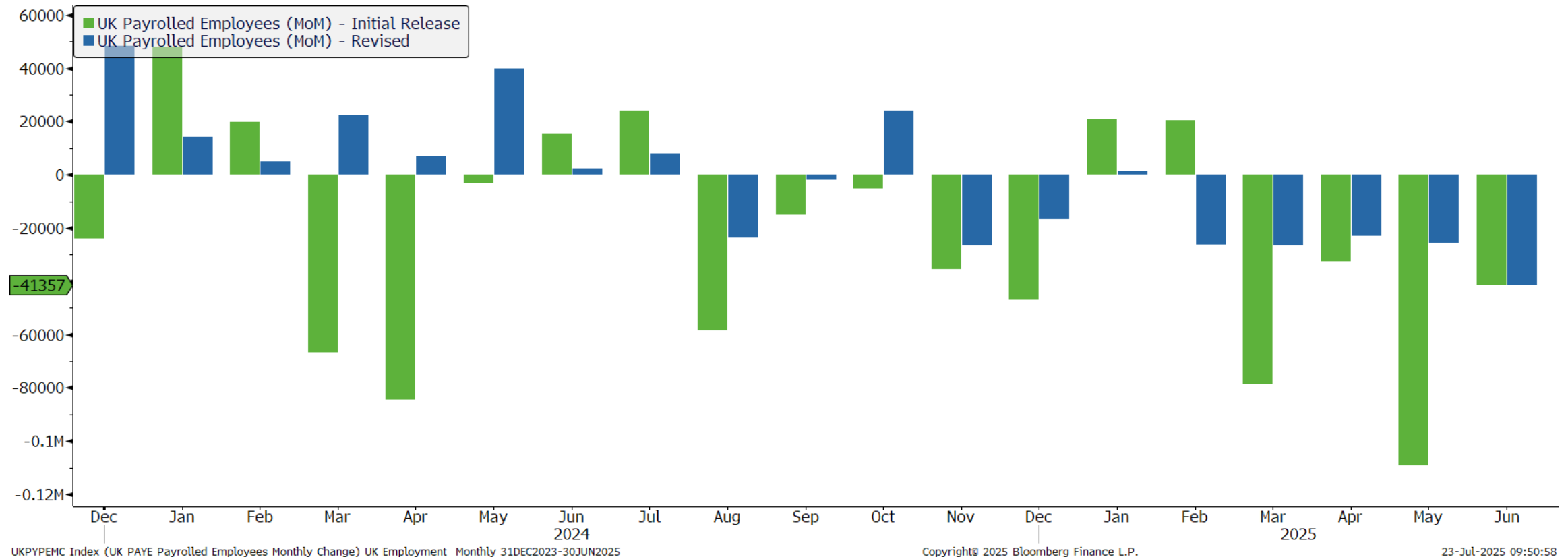
# China Exports have held up

Due to re-routing before reaching the US – supporting the equity market



# UK – Labour market not as bad as some feared

It is still softening though - base case is still two more rate cuts this year



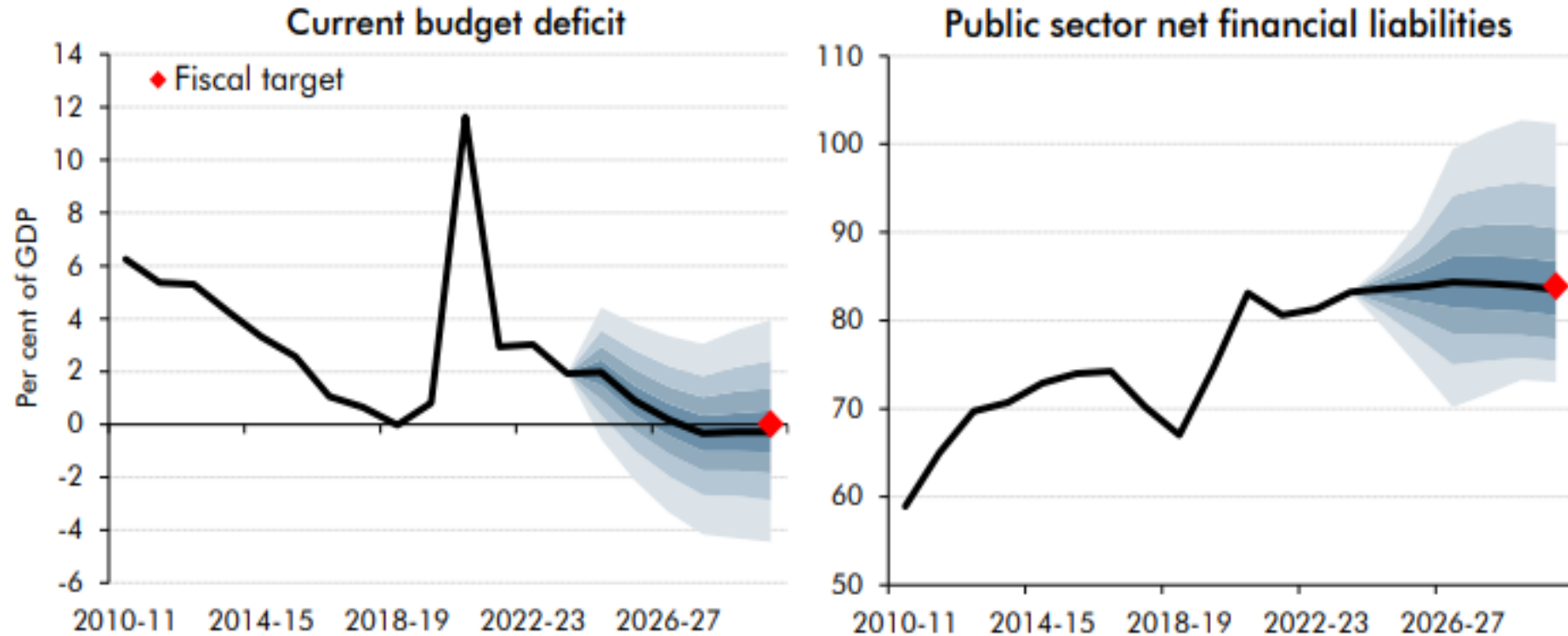
# UK – Fiscal Fears

**PM's equivocal support for the Chancellor caused a sharp rise in gilt yields**



# UK – Chancellor's fiscal rules

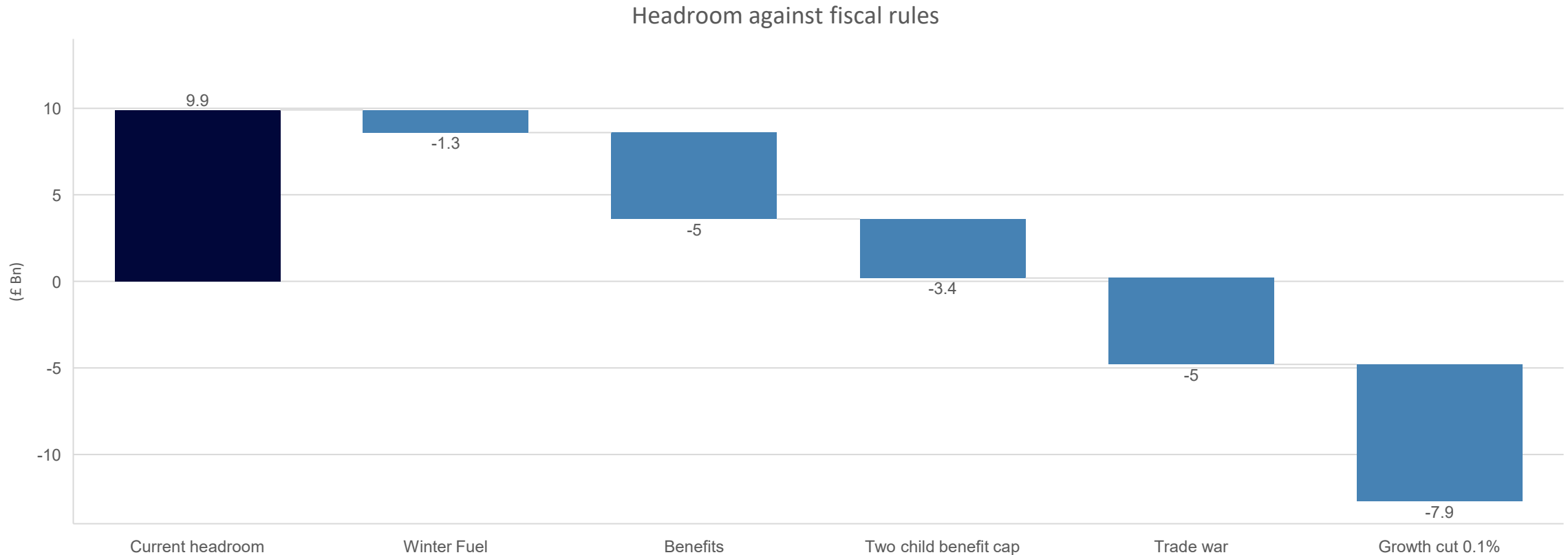
There was little scope to absorb any shocks



Source: ONS, OBR

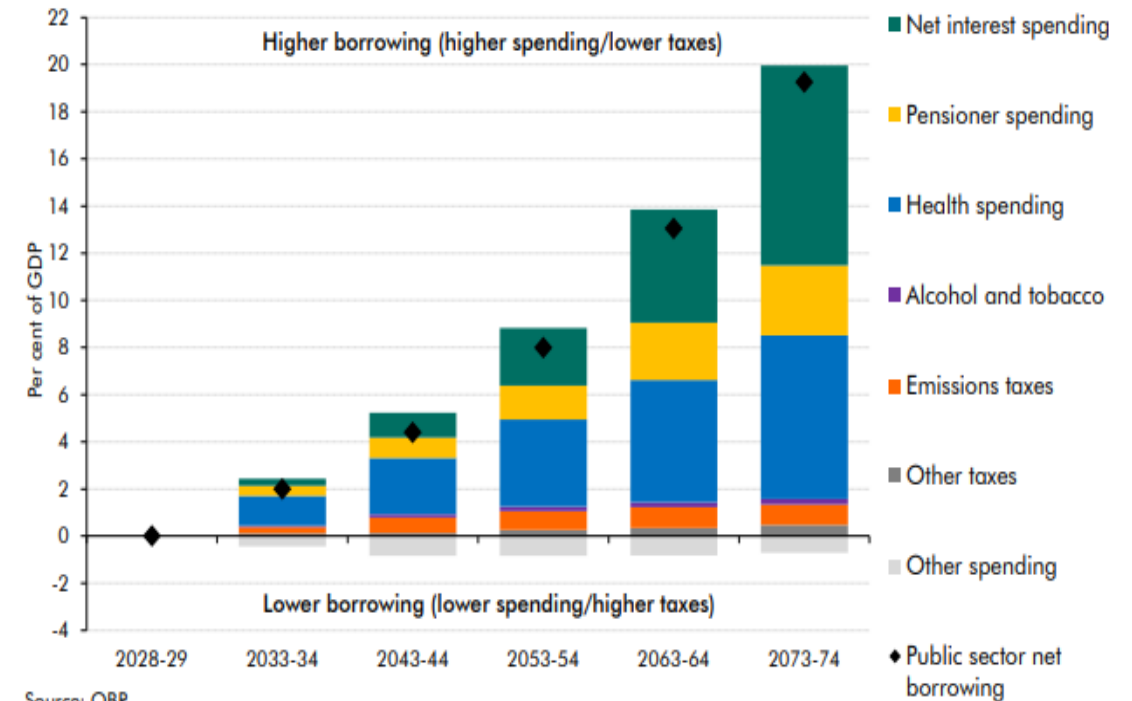
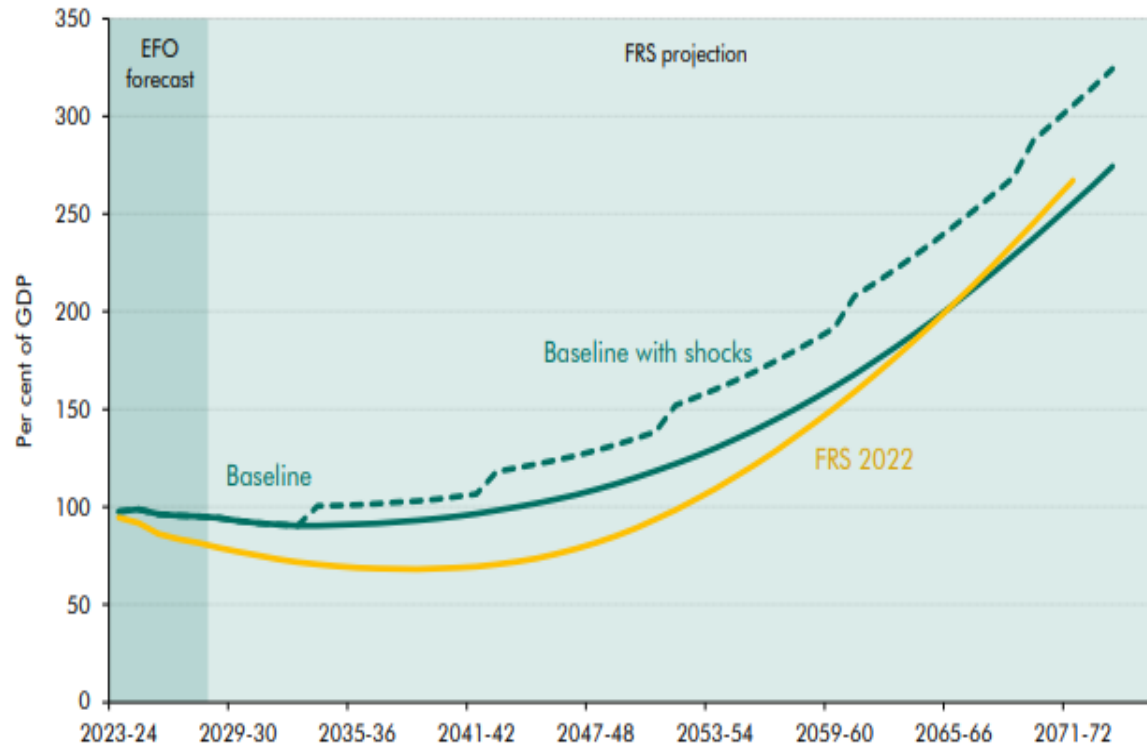
# Tax Rises to come, along with accounting fudges

U-turns, tariff shock and growth downgrade mean there is a £12.7bn hole to fill



# What about in the longer run?

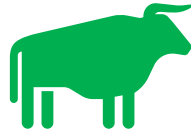
Something must change!



# US Equities - The Bull case versus the Bear case

## Fundamentals remain strong but elevated valuations and risks on the horizon

- Earnings Growth - US still exceptional



- Economic Growth - Greater than DM peers

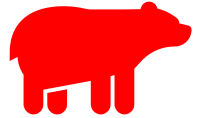
- Weaker USD - Mag7 earn ~45% revenue from overseas.

- Ongoing investment in AI

- Monetary Policy to ease

- Tax cuts and deregulation

- Valuations – absolute and relative



- Soft data has weakened

- Labour market is weakening (gradually)

- Weaker USD - “Sell America”

- Concentration risk – top 3 companies account for 21% of the market



# Outlook

- Trade negotiations ongoing and will cause dispersion between different markets
- Economic impact is still unknown
- Near-term inflation increases but not demand-driven and Central Banks to look-through them
- Central Bank interest rate cuts to continue
- Rotation away from mega-cap technology sector
- Fixed Income volatile but yields to fall over the course of the year
- Unchanged high-level Asset Allocation, modest underweight Equities vs Bonds

# Fund Updates

Ed Russell – Investor Solutions Associate



# Fund – Investment Management changes

## Strategic Bond

- New manager:

**T.RowePrice®**  
INVEST WITH CONFIDENCE

- Transitioned on 25<sup>th</sup> July 2025
- Webinar on 22<sup>nd</sup> October 2025

## Global Bond

- New manager:



- Expected transition date: 8 September 2025
- Webinar on 19<sup>th</sup> November 2025

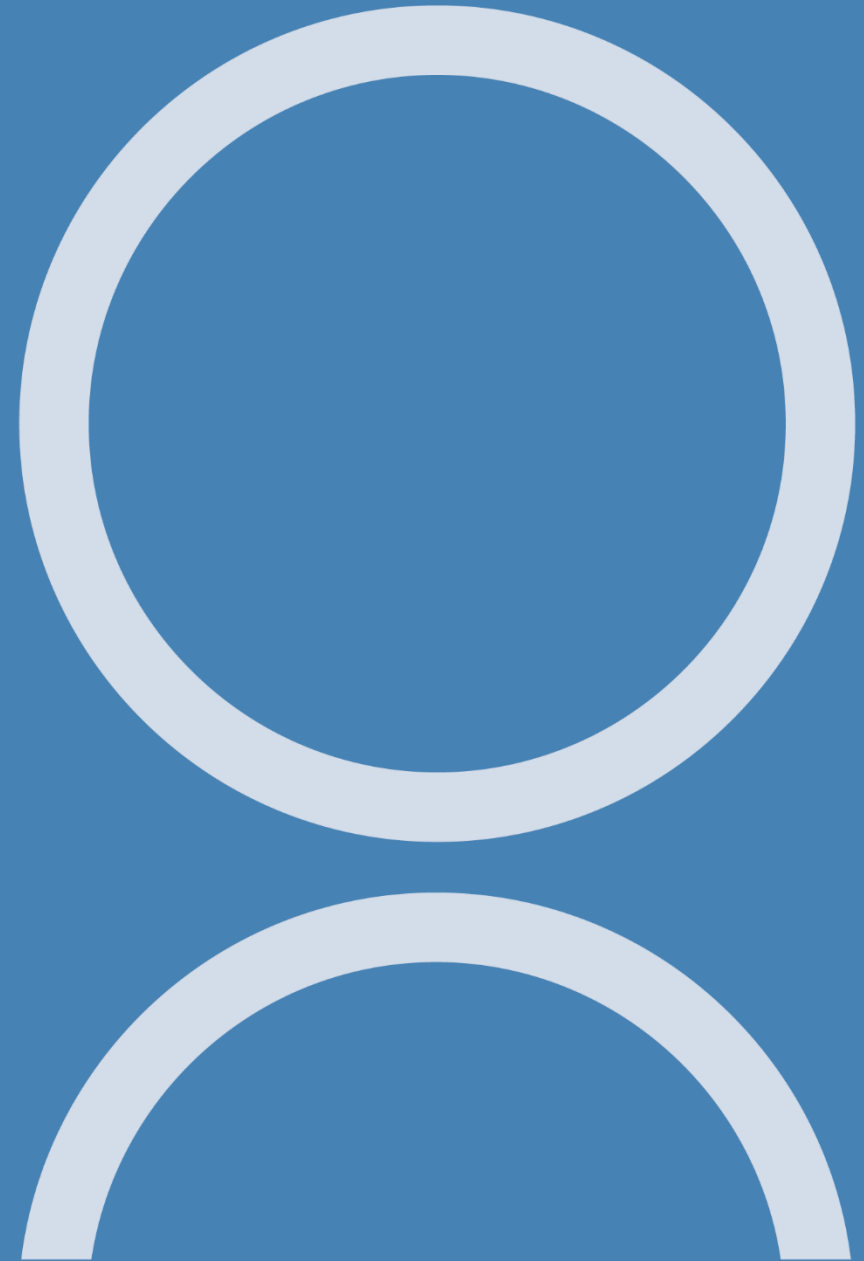
## Managed Funds

- New manager:

**Schroders**

- Expected transition date: 18 September 2025
- Benchmark to change simultaneously
- Webinar on 17<sup>th</sup> September 2025

QUESTIONS



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**Thank you for joining us!**



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