

# T. Bailey Funds Quarterly Report

July 2025

## Key Market Insights

- Rising inflation, tariff shocks, and mounting geopolitical tensions challenge traditional portfolio allocations and force a rethink of sources of growth and resilience.
- US market dominance is fading as global equities take the lead, offering better value and more balanced risk profiles along with diversification from the US dollar.
- Diversification and active management are re-emerging as critical tools for navigating this uncertainty, capturing selective opportunities, and avoiding over-concentration risks.

## Review of the Markets

The first half of 2025 has marked a notable shift in the global investment landscape. Increasingly since the financial crisis, the United States has dominated investor allocations, fuelled by its formidable technology sector, deep capital markets and dollar strength. But the narrative of US exceptionalism is now under pressure and, with it, long-standing portfolio conventions are being tested.

This year US equity leadership has stumbled, the S&P 500 lagging well behind its international peers, particularly when measured in a common currency. Investors who have traditionally leaned heavily on Wall Street have been forced to contend with rising geopolitical uncertainty, costly tariff shocks, stubborn inflation and stretched valuations. Meanwhile, non-US equities have quietly surged ahead, many supported through a tailwind of fiscal and monetary easing.

Valuation discrepancies underline the potential for this shift to continue. An age of effortless investing in US equities has seen them trade well ahead of their long-run average to the rest of the world - while international markets are more reasonably priced relative to their history. Bond markets tell a similar story with tight credit spreads and elevated funding costs suggesting diminished upside for US debt markets, particularly if inflation persists - and inflation is likely to persist as geopolitics fractures the world economy.

Ongoing conflicts - from Russia-Ukraine to the Middle East - are reshaping global trade and supply chains. Rising nationalism and protectionism are increasing risks in export-led sectors. For investors, this reinforces the need to assess regional exposure not just on return potential, but on geopolitical resilience and local policy credibility.

A more fragile US outlook has rippled through bond markets, especially US Treasuries. Once the global benchmark for safety, long-dated US Treasuries have recently seen softer demand at auctions, with yields edging higher.

Thus there is a need for portfolio diversification to broaden beyond a US centric model for equity and debt into non-US equities, real assets and alternative assets such as infrastructure, real estate and commodities.

Crucially, this environment is also revalidating the role of active management. While passive strategies have dominated in recent years, active managers are able to lean into changing structural trends such as reshoring, decarbonisation and digital infrastructure. In a world of geopolitical landmines and policy U-turns, we consider this flexibility a critical advantage.

To be clear, the US still offers outstanding innovation, liquidity and governance. American technology remains an engine of growth, and AI-led productivity gains are real. But it is not unique in offering opportunities for investors - especially when US assets are priced at a premium and global risks are rising.

Against this backdrop, the T. Bailey portfolios are positioned to address these evolving risks and opportunities. By maintaining a disciplined approach to diversification across regions, asset classes, and sectors, as outlined in the following pages, the portfolios deliberately limit overexposure to any market factor. They seek value in their strategies, aiming to selectively capture growth whilst providing resilience for their investors.

# Portfolios and Performance

## T. Bailey Multi-Asset Dynamic Fund

The dynamism of a multi-asset portfolio has been clearly demonstrated over the past two quarters. In Q1 2025 the diversifiers, particularly gold, were the key drivers of performance, while much of our equity exposure lagged. In contrast, Q2 delivered a near mirror image, with equities rebounding strongly and some diversifiers playing a more muted role. Consequently TBMAD posted a subsequent quarter of positive performance of 3.02%. The rotation in asset class performance underscores the importance of maintaining a balanced and flexible asset mix, capable of adapting to rapidly shifting market conditions.

A sizeable portion of our global thematic equity basket delivered strong returns this quarter, with technology focused funds such as First Trust Cybersecurity and Polar Capital AI rebounding from the setbacks experienced in Q1. While we remain mindful of elevated valuations across the tech sector, we take comfort in Polar Capital AI's broader approach, including allocations to sectors such as industrials, which are positioned as beneficiaries of AI adoption. First Trust Cybersecurity may have also benefited from heightened geopolitical tensions and increased military activity globally, as cyber warfare continues to play an increasingly critical role in modern conflict.

In May, we fully exited our position in CARE REIT. Encouragingly, further positive developments emerged within our real estate allocation, as Urban Logistics REIT received a takeover bid from LondonMetric Property. This highlights the continued consolidation and value recognition in the UK REIT space, which we have pointed out for some time. In June we fully sold out of Urban Logistics, achieving returns of 56% year-to-date. The proceeds were allocated partially to the recently launched Man Credit Opportunities Alternative Fund, headed up by familiar face, Mike Scott.

## Performance Chart



Source: LSEG Datastream

*Source: LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.*

## T. Bailey Multi-Asset Dynamic Fund (continued)

### Best and Worst Performing Holdings

Top 3 Performing Holdings	3 Months
Polar Capital Artificial Intelligence	19.94%
Chrysalis	18.61%
Polar Capital UK Value Opportunities	12.78%

Bottom 3 Performing Holdings	3 Months
WisdomTree Copper	-6.28%
Polar Capital Global Insurance Fund	-4.13%
RM Infrastructure	-2.35%

We have excluded those fund holdings that represent a small position size (less than 1%) from this summary.

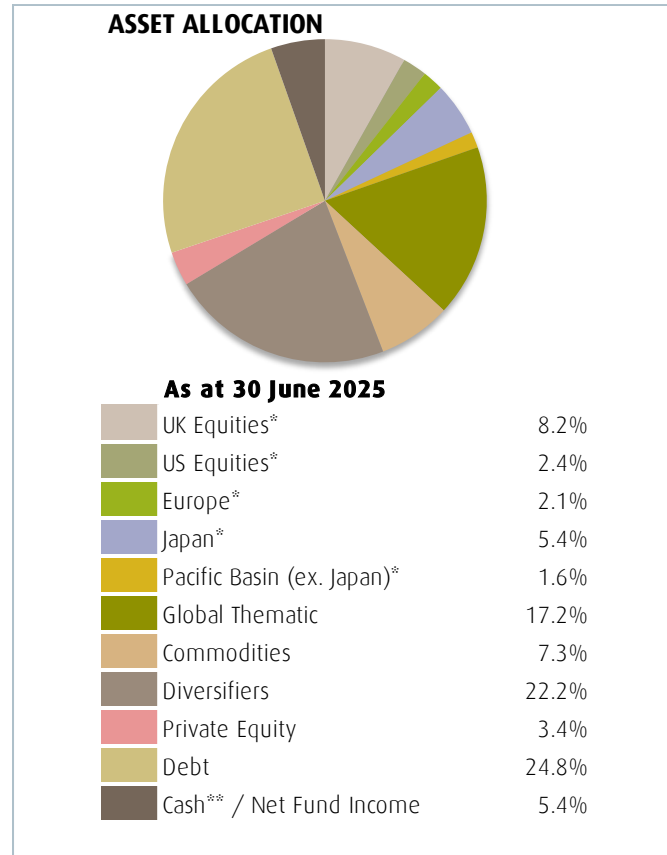
### Portfolio Highlights

Holding	Commentary
Polar Capital UK Value Opportunities	The fund delivered strong gains this quarter. A standout holding was Morgan Sindall Group, which rose by 42.3% in the quarter, buoyed by strong earnings and growth in its infrastructure division, as public sector investment continues to rise. Broader sentiment improved with upgraded UK growth forecasts and a shift in global capital flows towards UK assets. With market valuations still appealing and potential rate cuts ahead, the fund is well positioned for continued positive performance.
Urban Logistics REIT	Urban Logistics share price has risen 56% year-to-date, largely driven by LondonMetric Property's takeover bid in April. The acquisition highlighted the strategic value of Urban Logistics' portfolio and acted as a catalyst for a significant re-rating of the shares. The purchase underscores the deep discounts to NAV across the UK REIT sector. Following the bid, we trimmed our position initially and have now fully exited across both multi-asset funds, locking in strong gains.
L&G Europe Ex UK ETF	The L&G Europe Ex UK ETF continued to perform well this quarter, supported by rising European defence spending, which has provided a powerful tailwind for industrials, one of the ETF's largest sector exposures. Ongoing geopolitical tensions and renewed commitments from NATO members to meet or exceed 2% defence spending targets have driven sustained demand across the defence value chain. At the same time, capital rotated out of US equities into European markets amid policy uncertainty and valuation concerns, further supporting the ETF's strong performance over the period.

## T. Bailey Multi-Asset Dynamic Fund (continued)

### Top 10 Holdings and Asset Allocation

Top 10 Holdings	%
UK Treasury Bond	8.2
Man Absolute Value	8.2
iShares \$ Treasury Bond	7.9
Man UK High Yield Opportunities	6.0
iShares Physical Gold	4.9
Polar Capital UK Value Opportunities	4.5
Ranmore Global Equity	4.3
Man Credit Opportunities Alternative	4.3
TM Fulcrum Diversified Absolute Return	4.3
Polar Capital Insurance	4.1
<b>Sub Total</b>	<b>56.7</b>
Other 16 holdings	37.9
Cash**/Net Fund Income	5.4
<b>TOTAL</b>	<b>100.0</b>



\* excludes regional allocation in Global Thematics.

\*\*includes net exposure of forward exchange contracts.

### Performance Table

#### CUMULATIVE PERFORMANCE AFTER ALL ONGOING CHARGES TO LAST VALUATION POINT IN JUNE 2025

	3 Months	1 Year	2 Years	3 Years	5 Years
WST. Bailey Multi-Asset Dynamic A Acc.	3.02%	8.14%	16.39%	12.08%	28.94%
CPI plus 3% per annum	1.92%	6.07%	11.41%	23.85%	47.33%
IA Mixed Investment 20%-60%	3.14%	5.77%	15.81%	17.17%	22.89%

#### QUARTER-END DISCRETE PERFORMANCE: 12 MONTHS ENDED LAST VALUATION POINT IN JUNE

	2021	2022	2023	2024	2025
WST. Bailey Multi-Asset Dynamic A Acc.	24.10%	-7.30%	-3.70%	7.62%	8.14%
CPI plus 3% per annum	5.58%	12.67%	11.17%	5.03%	6.07%
IA Mixed Investment 20%-60%	13.13%	-7.29%	1.17%	9.49%	5.77%

Source: FE Analytics/LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested. Comparator benchmark: The IA Mixed Investment sector aligns with the fund's asset allocation so gives an indication of how the fund is performing compared with others investing in a similar investment universe.

# Portfolios and Performance

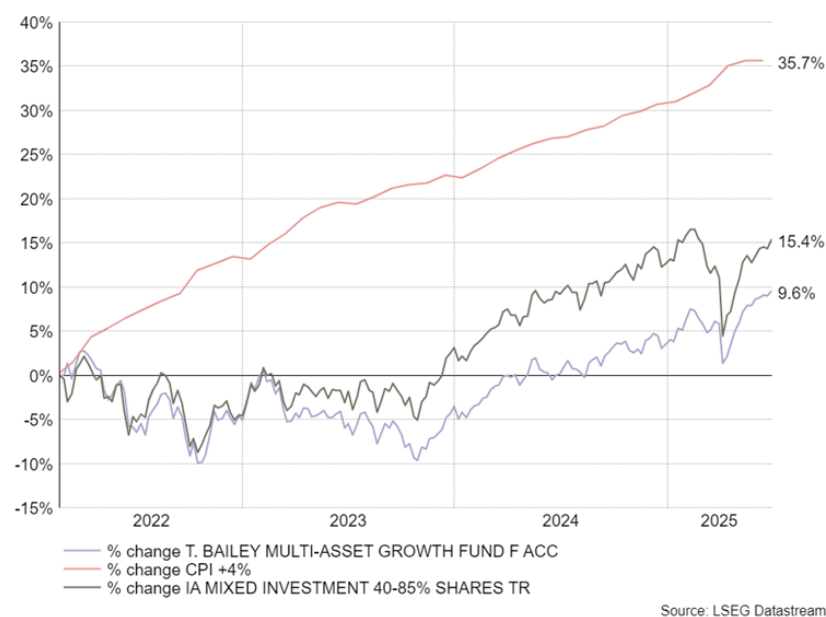
## T. Bailey Multi-Asset Growth Fund

2025 has brought active management back into the spotlight, and TBMAG continues to benefit from the flexibility it offers in traversing a broad and diverse asset base, an essential advantage in navigating uncertain market conditions. As a result, TBMAG delivered a solid quarterly return of 3.62%, building on the resilience demonstrated in Q1. Much of our equity exposure, both regional and thematic, contributed positively during the quarter. That said, there were a few relative laggards, notably the Polar Capital Insurance Fund. While this fund remains a valuable diversifier within our equity allocation, providing differentiated returns, its uncorrelated profile means it may not fully participate during sharp market rebounds, as seen this quarter.

Quarterly highlights included strong contributions from our real estate allocation, UK market exposure, and core global equity holdings in Ranmore and Havelock. Our REIT allocations have been particularly rewarding in 2025, with both CARE REIT and Urban Logistics accepting takeover bids and subsequently being exited. Our absolute return funds fulfilled their role this quarter, with the majority delivering steady, positive performance. We also introduced a new allocation to this basket through the recently launched Man Credit Opportunities Alternative Fund. Managed by Mike Scott, the fund enables us to take long and short positions in sub investment grade global debt instruments. The addition enhances the breadth of our absolute return allocation, while offering access to a differentiated strategy at attractive fees.

Gold remained robust through the second quarter of 2025, supported by safe-haven demand, central bank buying, and a weaker US dollar. However, momentum appears to be waning as the market begins to consolidate after reaching record highs earlier in the quarter. Ongoing concerns around global trade and geopolitical risks continue to provide underlying support, but the pace of gains has moderated heading into the second half of the year.

## Performance Chart



Source: LSGE Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

## T. Bailey Multi-Asset Growth Fund (continued)

### Best and Worst Performing Holdings

Top 3 Performing Holdings	3 Months
Polar Capital Artificial Intelligence	19.94%
Chrysalis	18.61%
First Trust Cybersecurity	14.09%

Bottom 3 Performing Holdings	3 Months
WisdomTree Copper	-6.28%
Polar Capital Global Insurance Fund	-4.13%
Man Absolute Value	-2.06%

We have excluded those fund holdings that represent a small position size (less than 1%) from this summary.

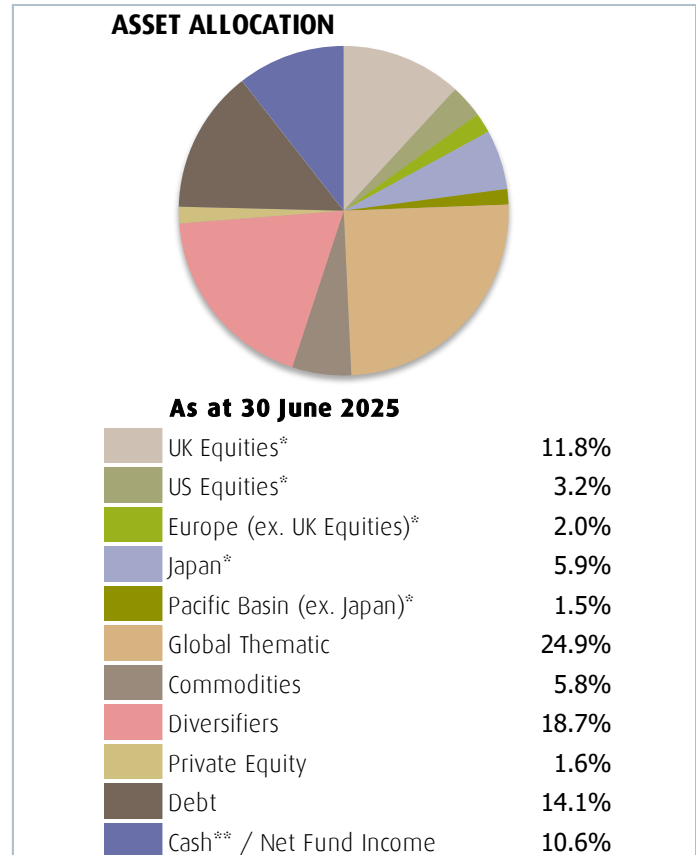
### Portfolio Highlights

Holding	Commentary
Urban Logistics REIT	Urban Logistics share price has risen 56% year-to-date, driven by LondonMetric Property's takeover bid in April. The acquisition highlighted the value of Urban Logistics' portfolio and was a catalyst for a re-rating of the shares. The purchase underscores the deep discounts to NAV across the UK REIT sector. Following the bid, we trimmed our position initially and have now fully exited across both multi-asset funds, locking in strong gains.
Havelock Global	This fund delivered solid performance in Q2, underpinned by its disciplined, value-focused approach despite continued market volatility. As investor sentiment shifted away from highly valued US growth stocks, the fund benefited from its emphasis on attractively priced small and mid-cap companies. Holdings such as Newmont and SigmaRoc contributed positively, while industrials and financials gained from improving regional economic conditions. The fund's quality value philosophy, rooted in bottom-up stock selection and valuation discipline, supports resilient returns for the long-term.
JK Japan	The fund benefited as Japanese equities advanced in Q2. Domestic business sentiment improved, with the Bank of Japan's Tankan survey indicating robust capital expenditure plans from large manufacturers. Inflation and rising wages supported earnings growth, particularly in financials and industrials. Meanwhile, a weaker yen and ongoing corporate governance reforms continued to attract foreign investment.

## T. Bailey Multi-Asset Growth Fund (continued)

### Top 10 Holdings and Asset Allocation

Top 10 Holdings	%
Ranmore Global Equity	6.0
Man Absolute Value Professional	6.0
Man High Yield Opportunities	4.9
UK Treasury Bond	4.7
Polar Capital UK Value Opportunities	4.6
USD Treasury iShares S&P 500	4.5
iShares Physical Gold	4.4
Man Credit Opportunities Alternative	4.3
Polar Capital Artificial Intelligence	3.9
TM Fulcrum Diversified Absolute Return	3.9
<b>Sub Total</b>	<b>47.1</b>
Other 16 holdings	42.3
Cash**/Net Fund Income	10.6
<b>TOTAL</b>	<b>100.0</b>



\* excludes regional allocation in Global Thematics.

\*\*includes net exposure of forward exchange contracts.

### Performance Table

#### CUMULATIVE PERFORMANCE AFTER ALL ONGOING CHARGES TO LAST VALUATION POINT IN JUNE 2025

	3 Months	1 Year	2 Years	3 Years	Since Launch
WS T. Bailey Multi-Asset Growth F Acc	3.62%	9.47%	16.31%	15.74%	9.62%
CPI plus 4% per annum	2.08%	7.01%	13.48%	27.37%	35.67%
IA Mixed Investment 40%-85%	3.90%	5.57%	18.03%	22.01%	15.41%

#### QUARTER-END DISCRETE PERFORMANCE: 12 MONTHS ENDED LAST VALUATION POINT IN JUNE

	2023	2024	2025
WS T. Bailey Multi-Asset Growth F Acc	-0.49%	6.25%	9.47%
CPI plus 4% per annum	12.24%	6.05%	7.01%
IA Mixed Investment 40%-85%	3.37%	11.81%	5.57%

Source: FE Analytics/LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested. Comparator benchmark: The IA Mixed Investment sector aligns with the fund's asset allocation so gives an indication of how the fund is performing compared with others investing in a similar investment universe.

# Portfolios and Performance

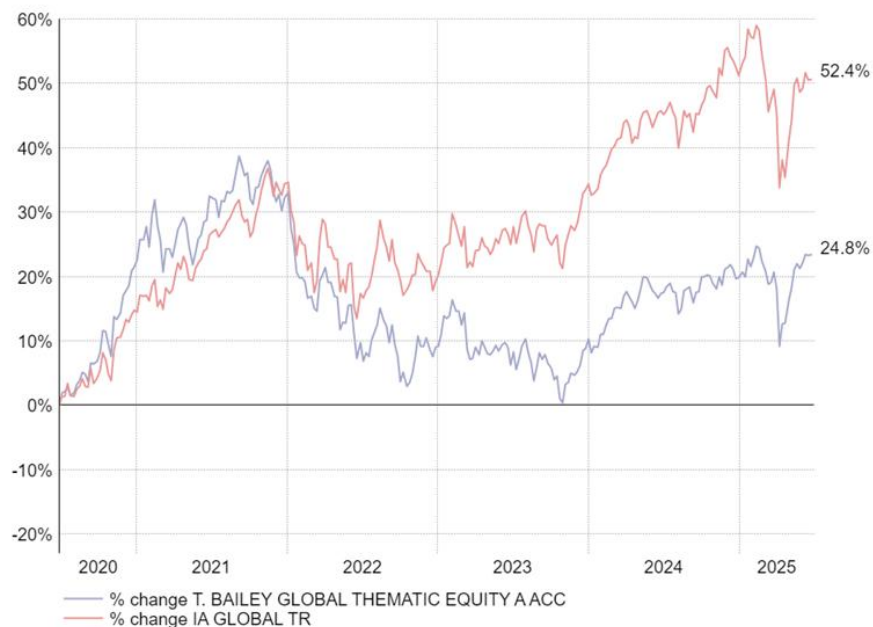
## T. Bailey Global Thematic Equity Fund

As we pass the halfway mark of 2025, the macroeconomic turbulence that defined Q1 showed no signs of abating in Q2. From the escalation of the Israel/Iran conflict to persistent uncertainty around tariff and trade negotiations, the quarter has been nothing short of eventful. Despite this backdrop TBGTE delivered a quarter of positive performance, gaining 4.96%. Equities rebounded meaningfully, with strength across both our thematic and regional allocations more than offsetting the weaker performance in our strategic Copper ETC exposure.

Our UK equity fund selection was a standout in Q2 with the likes of Polar Capital UK Value, RLAM Sustainable Leaders and our very own T. Bailey UK Responsibly Invested Equity Fund, posting substantial relative performance with respect to the FTSE All Share. This reinforces our long-standing thesis that the UK remains an undervalued and overlooked market. As macro pressures intensify, especially in the US, we believe UK equities are beginning to gain broader investor recognition. This is further reflected in the performance of our direct equity UK holdings in Chrysalis and IP Group. Elsewhere our Asian, Japanese and European allocations all gained traction, a stark contrast to our S&P Equally Weighted ETF which missed out on the V-shaped price action seen by the Magnificent 7. This V-shape was particularly driven by sharp recoveries in AI enablers like Nvidia and Microsoft from Q1 to Q2.

In May, we introduced the Merlin Fidelis Emerging Markets Fund across the T. Bailey Fund of Funds, aiming to further enhance diversification within our equity basket. The fund, which launched earlier this year, is actively managed with a disciplined investment process focused on identifying high-quality opportunities across emerging markets. We initiated a position of approximately 1.5% and intend to build this toward a full conviction weighting as the fund scales and assets under management grow.

### Performance Chart



Source: LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.



## T. Bailey Global Thematic Equity Fund (continued)

### Best and Worst Performing Holdings

Top 3 Performing Holdings	3 Months
IP Group	28.08%
Polar Capital Artificial Intelligence	19.94%
Chrysalis	18.61%

Bottom 3 Performing Holdings	3 Months
WisdomTree Copper	-6.28%
Polar Capital Global Insurance Fund	-4.13%
iShares Physical Gold	-0.75%

We have excluded those fund holdings that represent a small position size (less than 1%) from this summary.

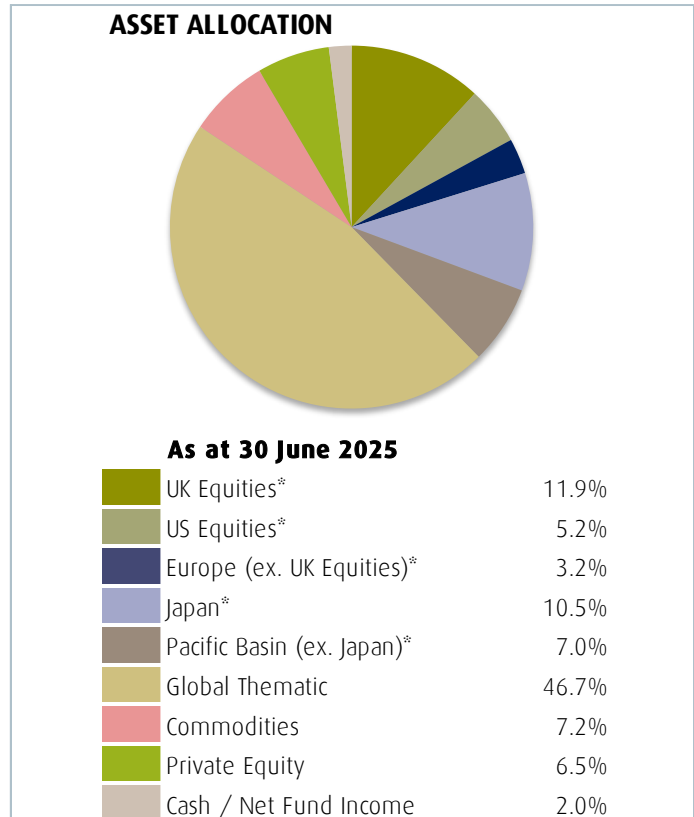
### Portfolio Highlights

Holding	Commentary
Polar Capital UK Value Opportunities	The fund delivered strong gains this quarter. A standout holding was Morgan Sindall Group, which rose by 42.3% in the quarter, buoyed by strong earnings and growth in its infrastructure division, as public sector investment continues to rise. Broader sentiment improved with upgraded UK growth forecasts and a shift in global capital flows towards UK assets. With market valuations still appealing and potential rate cuts ahead, the fund is well positioned for continued positive performance.
Chrysalis	With a rise in NAV and a meaningful narrowing of the share price discount, Chrysalis delivered a strong quarter. The investment vehicle returned capital to shareholders through buybacks, reflecting management's confidence in the underlying portfolio. A key highlight was further progress at Starling, where its Engine technology platform continues to attract interest as a licensed digital banking solution. Combined with successful realisations and improved liquidity from a new credit facility, the portfolio remains well positioned.
First Trust Cyber Security ETF	Geopolitical tensions and rising cyber threats drove strong performance for this fund in Q2. The Israel/Iran conflict intensified focus on digital warfare, prompting increased investment in cyber defence across public and private sectors. Demand for technologies such as real-time threat detection accelerated, benefiting holdings including CrowdStrike, Palo Alto Networks, and Cisco. With exposure to the cybersecurity value chain, the ETF remains well positioned to capture ongoing growth in digital security.

## T. Bailey Global Thematic Equity Fund (continued)

### Top 10 Holdings and Asset Allocation

Top 10 Holdings	%
Ranmore Global Equity	8.1
Polar Capital Global Insurance	7.8
WS Havelock Global Select	7.2
Polar Capital Automation & Artificial Intelligence	7.0
Polar Capital UK Value Opportunities	6.8
Polar Capital Healthcare Opportunities	6.2
Regnan Sustainable Water & Waste	5.8
Baile Gifford Pacific	5.5
Chrysalis	5.4
JK Japan	5.4
<b>Sub Total</b>	<b>65.1</b>
Other 9 holdings	32.9
Cash	2.0
<b>TOTAL</b>	<b>100.0</b>



\* excludes regional allocation in Global Thematics.

### Performance Table

#### CUMULATIVE PERFORMANCE AFTER ALL ONGOING CHARGES TO LAST VALUATION POINT IN JUNE 2025

	3 Months	1 Year	2 Years	3 Years	5 Years
WS T. Bailey Global Thematic Equity A Acc.	4.96%	6.42%	16.18%	15.19%	24.80%
IA Global Sector Mean	5.56%	4.50%	19.65%	32.50%	52.39%

#### QUARTER-END DISCRETE PERFORMANCE: 12 MONTHS ENDED LAST VALUATION POINT IN JUNE

	2021	2022	2023	2024	2025
WS T. Bailey Global Thematic Equity A Acc.	32.60%	-18.29%	-0.85%	9.16%	6.42%
IA Global Sector Mean	26.02%	-8.74%	10.74%	14.50%	4.50%

Source: FE Analytics, LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

# Portfolios and Performance

## T. Bailey UK Responsibly Invested Equity Fund

After a challenging start to the year, the fund had a strong second quarter returning 9.4%, ahead of the broad market which returned 4.39%. It recovered strongly after the drawdowns following the US so-called Liberation Day at the start of April, whilst providing more downside protection than the broad market. As investors looked beyond the US, the resilience of the UK market was demonstrable. Most notably, returns were driven by the mid and small cap sections of the market, where a more domestic focus provided some resilience against volatility driven by global uncertainties. Recognition of value in UK plc has seen interest from private equity and overseas investors pique as M&A activity remained robust.

The fund was a beneficiary of these trends and the shift away from global players being the driver of returns. During the quarter we took profits from Halma and Beazley as well as Spectris, which was subject to a takeover bid and rallied to be the portfolio's top performer. We initiated a position in Lancashire Holdings, the specialist insurer, gaining exposure to financials whilst satisfying the fund's strict qualifying criteria.

### Performance Chart



Source: LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

## T. Bailey UK Responsibly Invested Equity Fund (continued)

### Best and Worst Performing Holdings

Top 3 Performing Holdings	3 Months
Spectris	70.08%
Morgan Sindal	42.32
Pets at Home	24.89%

Bottom 3 Performing Holdings	3 Months
AstraZeneca	-10.08%
Man Group	-10.03%
SThree	-3.59%

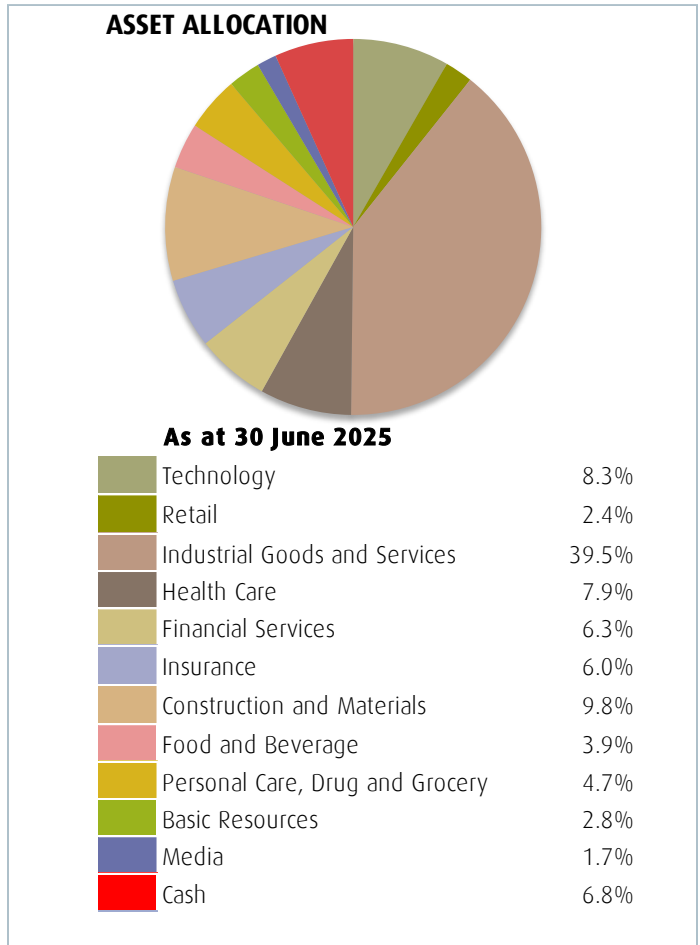
### Portfolio Highlights

Holding	Commentary
Spectris	Spectris, who provide high-tech instruments, test equipment and software for many of the world's leading industrial applications, was subject to a takeover bid. Shares jumped on the news that they had agreed to a £3.8billion takeover by US private equity firm Advent. Further interest from private equity giant KKR and the potential for a bidding war saw the share price continue its upward trajectory, making it the fund's strongest contributor this quarter.
AstraZeneca	The multinational pharmaceutical company was this quarter's largest detractor. Despite little company specific news, AstraZeneca was impacted by the slump in the global healthcare sector as a result of Donald Trump's executive order on drug pricing announced in May.
Lancashire Holdings	The Lloyd's of London specialist insurer is a market leader in reinsurance and is well placed to benefit from strategic sector expansions and its conservative booking practices. Seeking to gain exposure to the financial sector, we like the nature of the oligopolistic specialist insurance market.

## T. Bailey UK Responsibly Invested Equity Fund (continued)

### Top 10 Holdings and Asset Allocation

Top 10 Holdings	%
Tesco	4.7
Astrazeneca	4.4
Morgan Sindall	4.2
Intertek Group	4.0
Origin Enterprises	3.9
IMI	3.8
Rotork	3.7
XPS Pensions	3.7
Spectris	3.6
Hikma	3.5
<b>Sub Total</b>	<b>39.6</b>
Other 19 holdings	53.7
Cash	6.8
<b>TOTAL</b>	<b>100.0</b>



### Performance Table

#### CUMULATIVE PERFORMANCE AFTER ALL ONGOING CHARGES TO LAST VALUATION POINT IN JUNE 2025

	3 Months	1 Year	2 Years	3 Years	Since Launch
WS T. Bailey UK Responsibly Invested Equity Fund F Acc	9.44%	0.67%	12.69%	15.50%	-0.61%
IA UK All Companies Sector	7.35%	8.63%	22.38%	29.67%	18.43%

#### QUARTER-END DISCRETE PERFORMANCE: 12 MONTHS ENDED LAST VALUATION POINT IN JUNE

	2023	2024	2025
WS T. Bailey UK Responsibly Invested Equity Fund F Acc	2.50%	11.94%	0.67%
IA UK All Companies Sector	5.96%	12.66%	8.63%

Source: FE Analytics/LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

## Asset Class Views

Asset Class	Manager views
UK Equities	We maintain exposure to domestic equities. The risk/reward is attractive given the UK's low valuation, and higher dividend yield relative to other developed markets.
North American Equities	In the near term, we are seeing increased volatility and heightened uncertainty due to threats of tariffs. In the longer term, we see continuing AI buildout and adoption creating opportunities across sectors. We believe it is prudent to be selective, moving toward beneficiaries outside the tech sector. Through thematic funds we are invested in sectors like Insurance, Healthcare and Cybersecurity, that exhibit both broad-based earnings growth and provide quality given their market share and pricing power.
European Equities	The risk/reward for European equities is interesting, given both the valuation on an absolute and relative basis, and the catalyst that governments are looking to increase their investment spending on infrastructure and defence.
Japan Equities	We envisage a brighter outlook for Japan's economy and corporate reforms to drive improved earnings and shareholder returns.
Asia Pacific ex-Japan Equities	We are constructive on Asia Pacific ex-Japan, due to the attractive valuations, albeit there still remains uncertainty with regards to tariffs and how that might affect China and other countries in the region.
Global Thematic Equities	We remain constructive on the AI theme, holding the Polar Capital Artificial Intelligence Fund, but see the benefits expanding into other sectors like Healthcare, Insurance, and Industrials. As earnings broaden out factors that have lagged in recent quarters, such as value equities, have potential to make up ground.
Commodities	We have exposure to both Gold and Copper, where we are constructive on both the supply and demand dynamics of both metals. Gold is also a risk-mitigating asset and diversifier from the US dollar.
Diversifiers	Absolute return funds provide useful idiosyncratic risk-reward opportunities that place less reliance on market direction to generate positive returns. They are also well placed to take advantage of market mispricing in periods of volatility.
Debt	Yields across global fixed income remain historically attractive, with 10-year US Treasuries near 4% and German Bunds around 2.5%.

## Outlook for the next Quarter

We are now in a more contentious geopolitical environment with the US administration contributing to rising tensions through tariffs and reduced commitments to European security which could further unify Europe as they seek to diversify trading partners.

We are experiencing the loss of long-term macro drivers that markets have relied on for decades. Inflation expectations are no longer firmly anchored near 2% targets. Fiscal discipline is ebbing away. The compensation investors want for holding long-term US Treasuries is rising from suppressed levels. And confidence in institutions like central bank independence and the haven role of US assets has been eroded.

It is worth noting how portfolio allocation is becoming more complicated. For instance, investors can no longer rely on the US dollar to function as a natural hedge when equities decline, and act as a safe haven.

We believe that the current environment really lends itself to active management to drive alpha in our funds given the greater dispersion in market and security returns. During 2025, we have witnessed the end of the bear market in diversification, in both asset classes, and by geography.

Over the second half of 2025, we expect US GDP growth to slow due to higher tariffs raising prices and dampening consumer sentiment and spending, and uncertainty will weigh on

sentiment. Amid the growth slowdown, it will increase the probability that the Fed will cut rates in the second half of the year.

Despite a subpar growth outlook, we do not anticipate an earnings recession.

Within equities, we continue to favour a more diversified approach geographically. We remain constructive on the more attractively valued parts of the market, that include Japan, and its corporate governance reform theme; and emerging markets, due to their valuations, and being beneficiaries of a weakening US dollar and more stable inflation.

Despite geopolitical risk and tariff uncertainty, equity markets are making new highs. Given this, it is easy to ignore thinking about capital preservation. This is why in our disciplined investment approach we are focused on investing in funds like Ranmore Global, where the manager has a real value approach, which helps protect on the downside. We are also actively looking to increase our exposure in the alternatives space, to help reduce the drawdowns, when they come.

We believe that the funds are well positioned with this barbell approach of investing in managers with a real focus on valuation, and also having exposure to real secular themes like AI, Cybersecurity and the growing demands in managing waste and water consumption globally.

# Important Information

- For professional investors or advisers only. This material is not suitable for retail clients.
- This document is issued by T. Bailey Asset Management Limited ("TBAM").
- TBAM is authorised and regulated by the Financial Conduct Authority No. 190291 and is a member of the Investment Association.
- TBAM products are exposed to global financial markets and are subject to market fluctuations and other risks inherent in such investments. Investments in overseas equities may be affected by changes in exchange rates, which could cause the value of your investment to increase or diminish. The manager may enter into derivative transactions for efficient portfolio management purposes (including hedging).
- The value of your investment and the income derived from it can go down as well as up and you may not get back the money you have invested. The total return or loss on equities may fluctuate significantly from year to year, you should therefore regard your investment as medium-to-long term.
- Past performance is not a reliable indicator of future results.
- The investment methodology and risk controls defined here stand as guidelines and not rules. Occasional deviations from these parameters may occur.
- Full details of the T. Bailey Funds, including charges and risk warnings, are published in the T. Bailey Funds' Prospectus, available on request. Investors should read the relevant Key Investor Information document and Supplementary Information document prior to investing. Fund documentation is available at [www.tbaileyam.co.uk](http://www.tbaileyam.co.uk).
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