



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



March 2025

Independent Advice. Bespoke Solutions.

“US policy caused uncertainty, as investors became concerned about the potential for trade tariffs and slowing global growth.”



Matthew Cove DipFA
Director
01304 371 753

February 2025 Commentary

Growing uncertainty about the impact of the US Administration's policy agenda weighed on investor sentiment, which was further exacerbated by renewed concerns about slowing global growth. However, global bonds produced positive returns as yields fell.

United Kingdom

FTSE All Share: 1.32%

UK equities rose in February, with larger international companies in banking, defence and pharmaceutical leading the market higher. However, sentiment towards UK small and mid-sized companies, which tend to be more domestically focused, continued to deteriorate over the period, amid ongoing worries around the domestic economic outlook.

The UK's fiscal outlook remained a concern. Prime Minister, Sir Keir Starmer, announced an unexpected increase in defence spending to 2.5% of GDP by 2027. This pledge added to fears that UK Chancellor Rachel Reeves might need to raise taxes again. The Office for National Statistics revealed that inflation in January had risen to 3%, its highest rate in 10 months. However, this did not stop the Bank of England (BoE) cutting interest rates by 0.25%.

United States

S&P 500: -2.64%

US equities fell in February due to softer economic data and concerns over the potential impact of trade tariffs on the US economy.

Data from the Bureau of Economic Analysis showed personal consumption expenditure fell 0.2% in January. This was the first negative

coalition will now begin, with a key issue being the need for more defence spending.

The flash purchasing managers' index (PMI) showed business activity in the eurozone continued to expand, with a reading of 50.2.

China

CSI 300: 0.95%

Shares in China were sharply higher after

Discrete Quarterly Performance as at 28/02/2025



reading in nearly two years and came in the wake of some cautious comments from US retailers about uncertainty ahead, especially in relation to the potential trade tariffs.

Minutes from the January Federal Open Market Committee meeting indicated that policymakers want to see "further progress on inflation" before considering any further interest rate cuts. The US Federal Reserve (Fed) had previously kept interest rates on hold at its January meeting.

Europe

FTSE Developed Europe ex UK: 2.24%

Eurozone equities advanced in February as investors began to anticipate a ceasefire between Russia and Ukraine, despite tense negotiations with the US.

Germany held elections which saw Friedrich Merz's Christian Democrats emerging as the largest party. Negotiations to form a governing

government stimulus measures, such as interest rate cuts, support for the country's property sector, and liquidity injections, helped to stabilise the economy and restore investor confidence. Advances in artificial intelligence (AI) by Chinese companies has also led investors to reevaluate China as a leader in the technology sector with strong growth potential.

Japan

MSCI Japan: -2.66%

The Japanese equity market declined in February as market sentiment continued to be heavily influenced by developments in the US, particularly the uncertainty surrounding trade policies.

On the domestic front, solid economic data, including Q4 24 GDP figures, and hawkish comments from some Bank of Japan (BoJ) officials, led to an increase in Japanese government bond yields and a narrowing interest rate gap with the US. Consequently,

the Japanese yen appreciated against the dollar, impacting Japan's exporters.

Japanese companies reported solid earnings despite headwinds such as domestic inflation and uncertainty in global markets impacting exporters.

Emerging Markets

MSCI Emerging Markets: -0.84%

Poland was notably strong on the back of optimism about a potential end to the Russia-Ukraine conflict. The smaller markets of Kuwait, Greece, Chile and the Philippines all posted positive returns. Mexico gained as US tariffs, which were announced on 1 February, were paused until 4 March. The UAE and Qatar were also ahead of the broader index.

Korea posted negative returns with foreign equity outflows contributing to the market's under-performance. The Bank of Korea cut the policy rate by 0.25% and downgraded its GDP growth forecast in response to growth concerns.

Saudi Arabia lagged the broader index amid weaker energy prices while Taiwan ended the month in negative territory, led lower by poor performance from some tech stocks.

Global Bonds

Bloomberg Barclays Global Agg: 0.09%

As investors allocated to less risky assets, US Treasuries and European bonds benefited from this trend, causing yields to drop. The 10-year yield for US Treasuries and German Bund fell to 4.2% and 2.39% respectively.

In Japan, new data revealed that the economy grew at an annualised rate of +2.8% in Q4 24, significantly higher than expected. This stronger growth raised concerns about inflation and future interest rates.

Meanwhile, Australia's central bank cut its cash rate target from 4.35% to 4.10%, marking its first rate cut since 2020, as it reported progress in reducing inflation. The Reserve Bank of New Zealand followed suit with a third consecutive 0.5% rate cut, bringing its cash rate to 3.75%.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 28/02/2025

| | 1 Year % | 3 Years % | 5 Years % | Volatility % ² |
|--------------------------|----------|-----------|-----------|---------------------------|
| Global Bonds | 3.46 | -2.24 | -8.08 | 5.35 |
| UK Equities | 18.37 | 27.74 | 53.40 | 13.50 |
| US Equities | 18.48 | 49.84 | 115.92 | 13.74 |
| European Equities | 9.72 | 30.91 | 61.29 | 14.58 |
| Japan Equities | 1.17 | 23.54 | 43.43 | 12.11 |
| Asia Equities | 8.69 | 14.55 | 51.16 | 15.97 |
| China Equities | 13.43 | -15.04 | 8.25 | 19.20 |
| Emerging Market Equities | 10.58 | 8.04 | 24.98 | 14.07 |
| Global Equities | 16.16 | 42.67 | 94.55 | 13.02 |

Data source FE Analytics 28/02/2025. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

IMPORTANT: Throgmorton Private Capital Ltd 31-33 High Street, Deal, Kent, CT14 6EL Tel: 01304 371753 www.throgmortononline.co.uk is authorised and regulated by the Financial Conduct Authority (FCA). This document is a general communication and is being provided for informational purposes only. It is not designed or intended to be advice or a personal recommendation of any kind. You are recommended to seek appropriate professional independent advice before taking or refraining from taking any action on the basis of the contents of this publication, which does not contain sufficient information to support an investment decision and should not be relied upon in the evaluation of the merits of any specific investment, investment strategy, product or transaction.