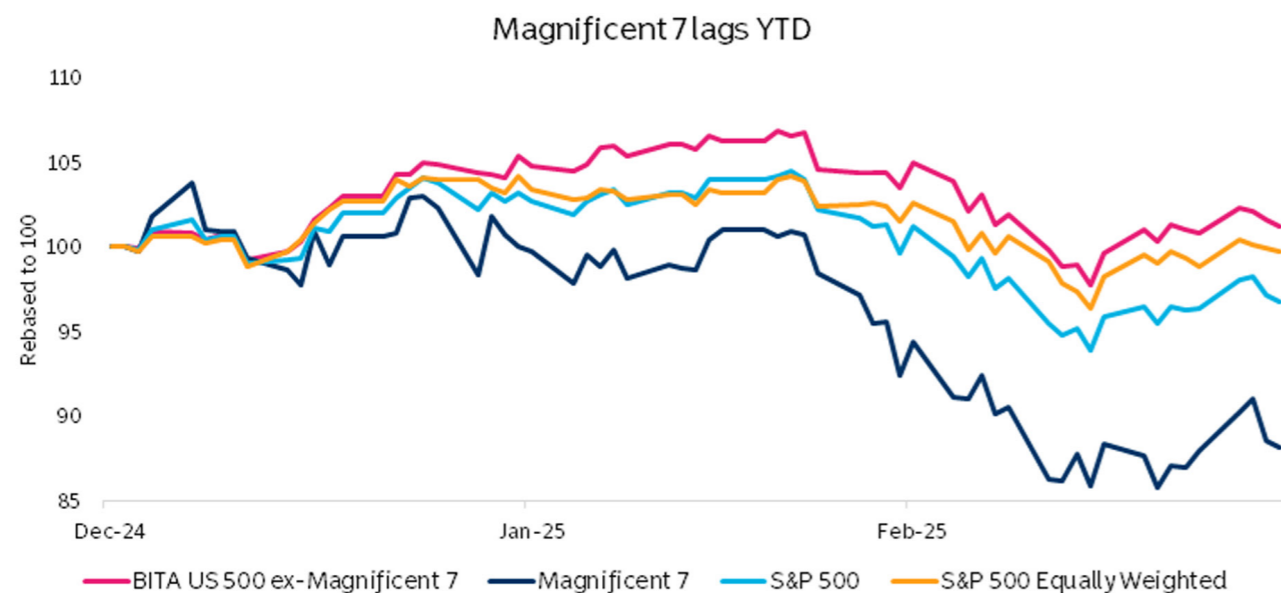


Chart of the Week

31 March 2025



Source: Momentum Global Investment Management, Bloomberg L.P. Data to 27 March 2025.



Lag-nificent 7

Gabby Byron
Investment Services Executive

What this chart shows

The chart compares the year-to-date performance of the S&P 500, a market cap-weighted index of the Magnificent 7, the equal-weighted S&P 500 as well as the BITA US 500 ex-Magnificent 7 Index. While this handful of stocks drove returns in 2023 and 2024, their dominance has faded so far in 2025, with the group underperforming an equal-weighted approach.

Why this is important

Market leadership changes over time, and history suggests that extreme concentration in a small group of stocks rarely lasts indefinitely. Similar trends played out after the dot-com boom, when a handful of high-growth names eventually gave way to broader market participation. The recent underperformance of the Magnificent 7 highlights the risk of excessive exposure to a small group of names, especially when valuations are stretched.

For portfolio positioning, this shift reinforces the case for diversification. We've recently introduced exposure to an equal-weighted S&P 500 fund in some of our portfolios to help reduce reliance on those dominant names and capture opportunities across a broader range of companies. As the name suggests, the equal-weighted fund assigns an equal weight to all 500 companies within the S&P 500, reducing the concentration risk inherent in traditional market cap weighted indices. So far in 2025, smaller weighted companies within the S&P 500 have outperformed and the equal-weighted structure has allowed their performance to make a more meaningful impact. On top of this, the emergence of DeepSeek significantly impacted major tech stocks at the end of January, triggering a sharp sell-off in AI related stocks, with Nvidia falling 17% in a single day. While mega-cap tech remains a core part of the market, a more balanced approach may offer better returns as leadership rotates.

Weekly market update

week ending 28 March 2025

momentum

global investment management

President Donald Trump's announcement of a 25% tariff on all imports of foreign-made cars and parts has significantly impacted global markets, raising concerns about inflation, economic growth, and the potential for a broader trade war.



US

- » President Trump announced a 25% tariff on all imports of foreign-made cars and parts, effective April 2 for vehicles and May 3 for auto parts.
- » Core PCE rose 0.4% in February, pushing the year-on-year rate up to 2.8%. Additionally, the University of Michigan survey showed long-term inflation expectations hitting a 32-year high.
- » US consumer confidence has hit a 12-year low, raising concerns about future spending and potential economic downturns.
- » Financial markets are bracing for volatility due to new "reciprocal" tariffs on various trading partners, with analysts predicting persistent inflation and slower economic growth.



UK

- » Chancellor Rachel Reeves presented the Spring Statement, emphasising the need to stabilise public finances amid global trade uncertainties. The latest measures include benefit changes and reforms to public services.
- » The UK government faces economic threats from US protectionist policies, including recent tariffs on UK car imports and potential future tariffs on pharmaceuticals.
- » The Office for Budget Responsibility warned that a US-initiated trade war could nullify the UK's fiscal savings, potentially leading to higher taxes or further spending cuts.
- » Headline CPI for February was down to 2.8% vs 3.0% expected, leading markets to dial up rate cut expectations at the next Bank of England meeting in May.



Europe

- » The EU is considering retaliatory measures in response to the US's new car tariffs, including potential tariffs on US goods.
- » European markets are experiencing volatility due to concerns over escalating trade tensions between the US and EU.
- » The European Central Bank is closely monitoring inflation data and the impact of US tariffs on the region's economy.
- » EU leaders are exploring negotiated solutions to avoid a full-scale trade war with the US, aiming to protect the European economy.



Rest of the World/Asia

- » China's official manufacturing activity grew by its fastest pace in a year, coming in at 50.5. This saw the Chinese composite PMI expand to 51.4 in March from 51.1 in the month prior.
- » Analysts are closely watching China's policy responses to US trade actions, anticipating potential adjustments to maintain economic stability.
- » The Bank of Japan has signalled the possibility of interest rate hikes if inflationary pressures persist, adding complexity to the economic outlook.
- » International businesses are reassessing supply chains and market strategies in light of new tariffs and trade barriers.

Weekly market data

week ending 28 March 2025

Asset Class / Region	Currency	Cumulative returns			
		Week ending 28 March	Month to date	YTD 2025	12 months
Developed Markets Equities					
United States	USD	-1.5%	-6.2%	-4.9%	7.2%
United Kingdom	GBP	0.3%	-1.0%	7.3%	12.9%
Continental Europe	EUR	-1.8%	-2.7%	7.9%	6.5%
Japan	JPY	-0.6%	3.9%	0.1%	2.8%
Asia Pacific (ex Japan)	USD	-0.6%	1.6%	3.2%	11.6%
Australia	AUD	0.7%	-1.7%	-1.1%	4.7%
Global	USD	-1.4%	-4.3%	-1.6%	7.2%
Emerging Markets Equities					
Emerging Europe	USD	2.6%	7.1%	19.5%	18.6%
Emerging Asia	USD	-1.1%	2.0%	3.4%	12.4%
Emerging Latin America	USD	-1.6%	5.8%	13.7%	-12.8%
BRICs	USD	-0.5%	5.7%	9.1%	20.1%
China	USD	-1.0%	3.5%	16.8%	42.7%
MENA countries	USD	1.3%	-0.7%	1.6%	1.9%
South Africa	USD	-0.4%	8.2%	14.6%	31.3%
India	USD	1.3%	8.7%	-0.2%	4.0%
Global emerging markets	USD	-0.9%	2.4%	4.7%	10.3%
Bonds					
US Treasuries	USD	0.0%	-0.1%	2.7%	4.2%
US Treasuries (inflation protected)	USD	0.5%	0.1%	3.7%	5.7%
US Corporate (investment grade)	USD	-0.2%	-0.5%	2.1%	5.1%
US High Yield	USD	-0.5%	-1.0%	1.0%	7.7%
UK Gilts	GBP	0.1%	-1.2%	0.3%	-1.4%
UK Corporate (investment grade)	GBP	-0.2%	-1.2%	0.3%	2.3%
Euro Government Bonds	EUR	0.3%	-1.8%	-1.3%	1.2%
Euro Corporate (investment grade)	EUR	0.2%	-0.9%	0.2%	4.5%
Euro High Yield	EUR	-0.2%	-0.8%	0.8%	7.8%
Global Government Bonds	USD	0.0%	0.5%	2.5%	2.1%
Global Bonds	USD	0.1%	0.6%	2.7%	3.1%
Global Convertible Bonds	USD	-1.2%	-0.9%	1.6%	9.0%
Emerging Market Bonds	USD	-0.6%	-0.7%	2.0%	6.4%

Asset Class / Region	Currency	Cumulative returns			
		Week ending 28 March	Month to date	YTD 2025	12 months
Property					
US Property Securities	USD	0.8%	-4.6%	-0.2%	8.0%
Australian Property Securities	AUD	-2.4%	-2.9%	-5.3%	-6.7%
Asia Property Securities	USD	0.8%	3.9%	7.6%	1.3%
Global Property Securities	USD	0.7%	-1.9%	1.4%	5.7%
Currencies					
Euro	USD	0.0%	4.1%	4.6%	0.2%
UK Pound Sterling	USD	0.1%	2.8%	3.4%	2.5%
Japanese Yen	USD	-0.5%	0.3%	4.9%	0.9%
Australian Dollar	USD	0.2%	1.3%	1.7%	-3.5%
South African Rand	USD	-1.2%	1.3%	2.5%	2.7%
Swiss Franc	USD	0.1%	2.3%	2.9%	2.2%
Chinese Yuan	USD	-0.1%	0.2%	0.5%	-0.5%
Commodities & Alternatives					
Commodities	USD	0.6%	1.7%	4.2%	5.4%
Agricultural Commodities	USD	-0.8%	-0.6%	-0.8%	-1.8%
Oil	USD	2.0%	0.6%	-1.4%	-15.8%
Gold	USD	2.1%	8.0%	17.6%	38.8%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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