

MMWealth

Chartered Financial Planners



40 YEARS IN BUSINESS
1984 - 2024





Geoff Cooper

Head of Investment Management
Chartered Wealth Manager



James Clunie

Strategy and Economic Analysis
Chartered Financial Analyst



Adrian Atkinson

Managing Director
Chartered Financial Planner



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Q4 Outlook



Policymakers continue their delicate balancing act against inflation, cautiously using rate cuts to curb price growth while aiming to sustain GDP momentum



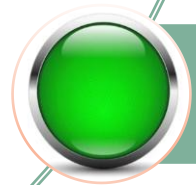
Interest rates are expected to decrease over the next year but will likely stabilise above the near-zero levels seen over the past decade



Higher-for-longer rates create favourable conditions for long-term bond investors, especially within developed market government debt



Equity returns unlikely to be as strong as they have been, particularly in the US, underscoring importance of globally diversified portfolios

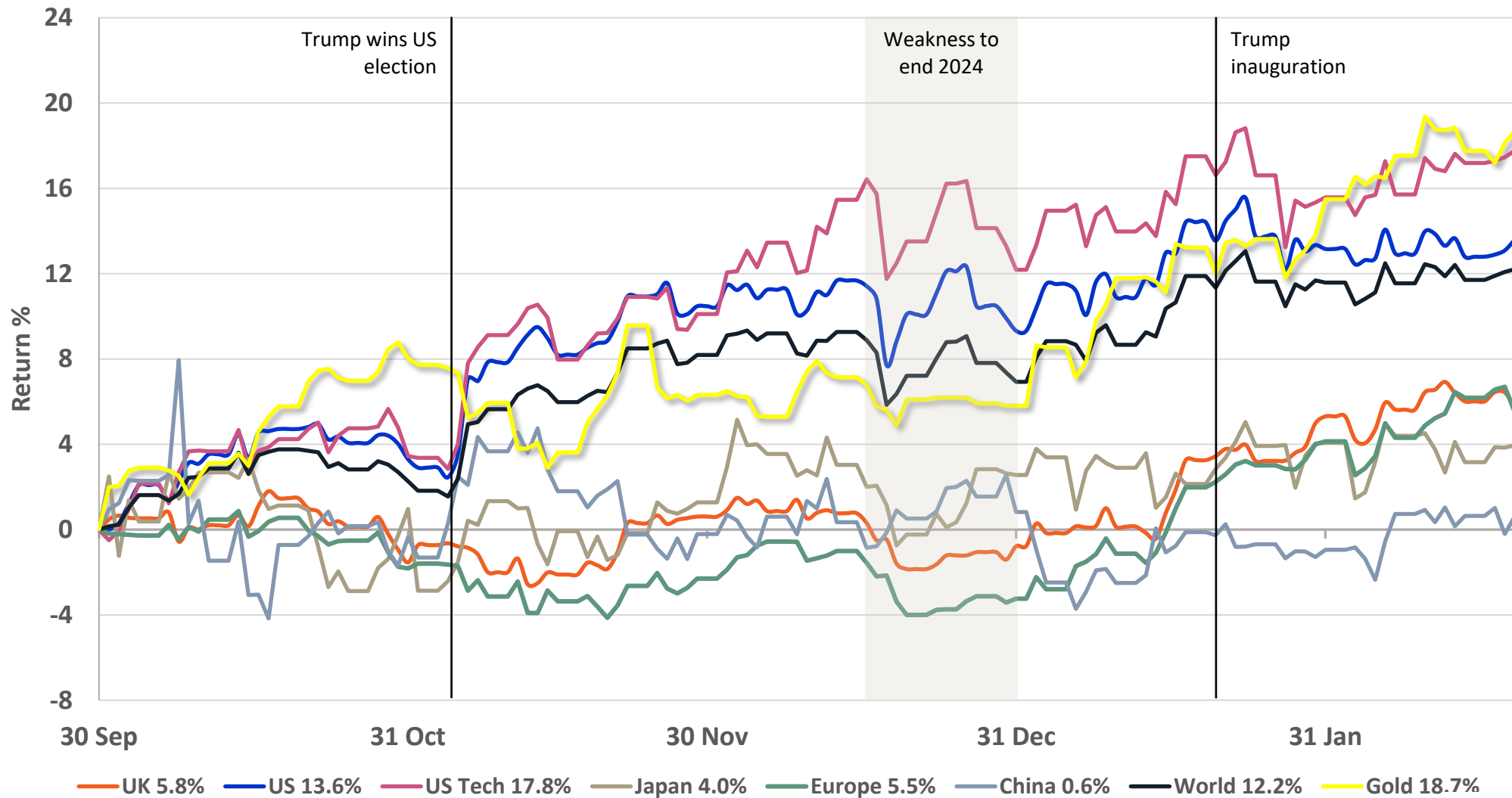


But higher bond yields and returns, combined with global asset diversification, should help smooth portfolio returns and support positive outcomes moving forward

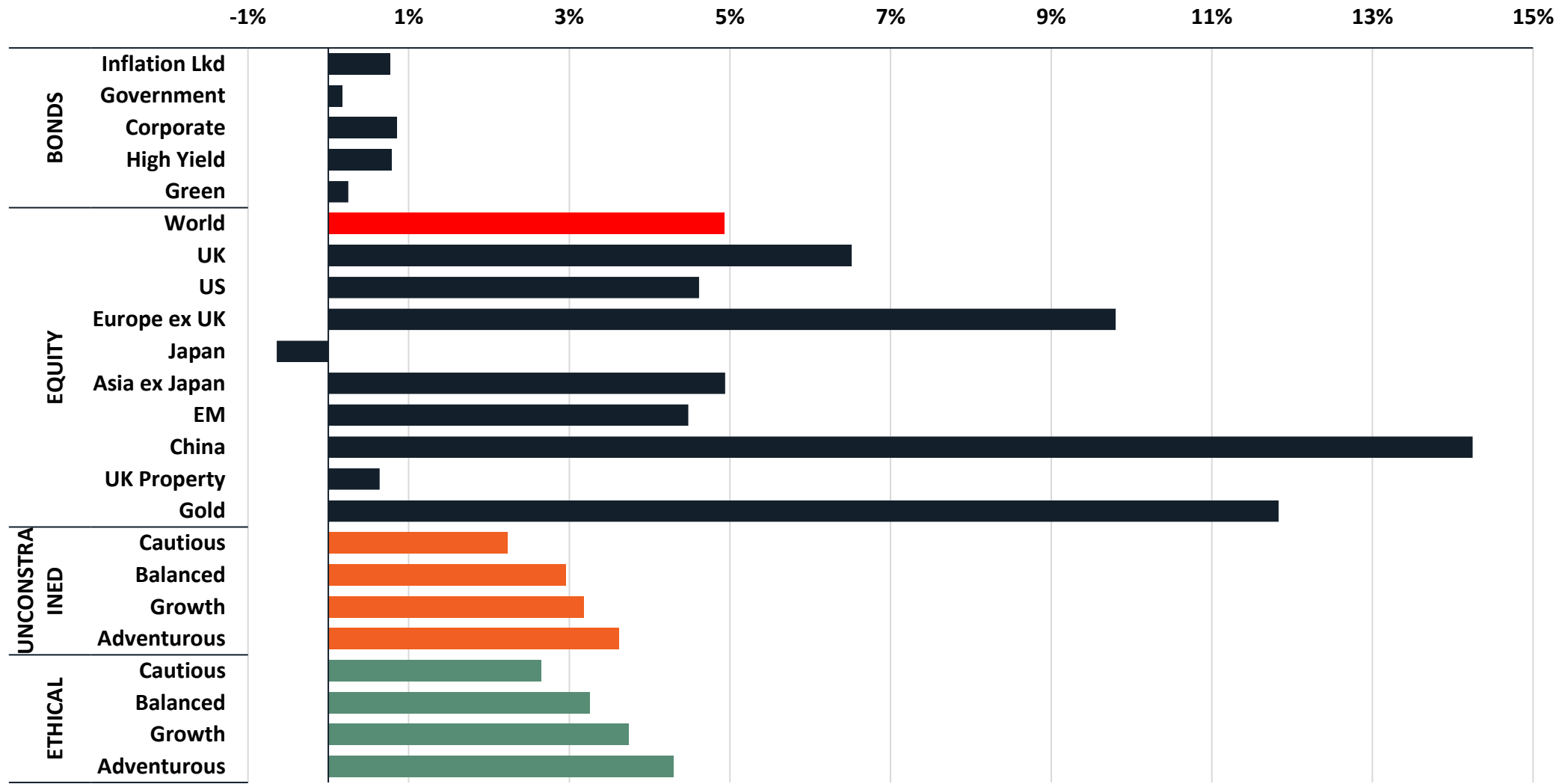
Q4 Market Drivers

<p>Pass the budget - please</p> <ul style="list-style-type: none"> • Governments struggling to pass budgets – France, Germany, South Korea • High debt and large fiscal deficits don't meet voter expectations 	<p>Politics and more politics</p> <ul style="list-style-type: none"> • Ceasefire talks, but Russia-Ukraine war escalates anyway • US-China trade tensions growing • Middle East regime change, Gaza ceasefire, all vying for power 	<p>Trump bounce</p> <ul style="list-style-type: none"> • Large-cap tech and Trump-friendly stocks lead markets higher before later cooling • Robust data, lower expectations for policy interest rate cuts 	<p>UK budget impact</p> <ul style="list-style-type: none"> • Higher NI, and higher minimum wage seen as cost burden for businesses • Gov't spending plans inflationary, bond yields higher in anticipation of rate cuts 	<p>Unexpected strength</p> <ul style="list-style-type: none"> • Despite negative news flow, some markets have made new highs • Company results have shown resilience, despite consumer spending concerns 	<p>New kids on the block</p> <ul style="list-style-type: none"> • DeepSeek's launch both challenges and enhances the outlook for the hyperscalers • But removing fact-checking and diversity programmes raises further questions

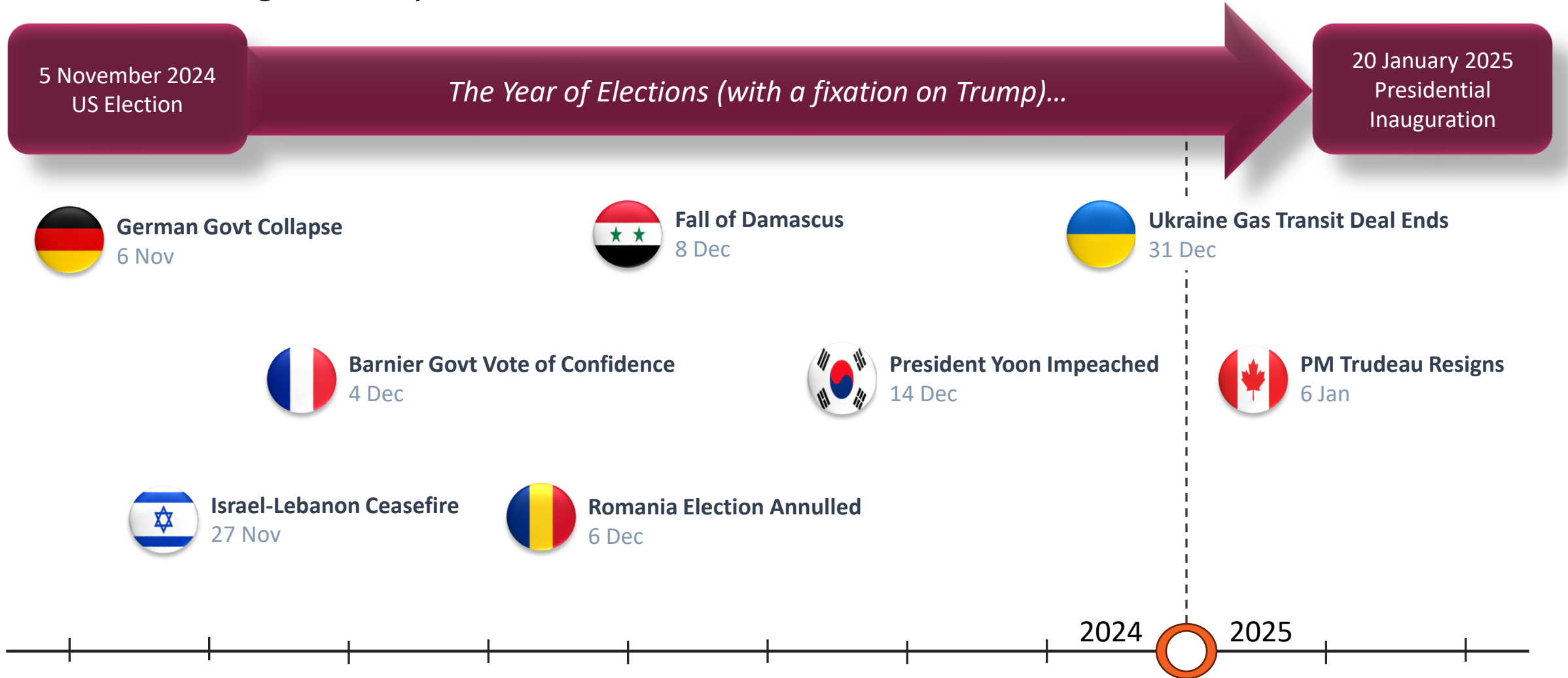
Q4 Market Performance in GBP



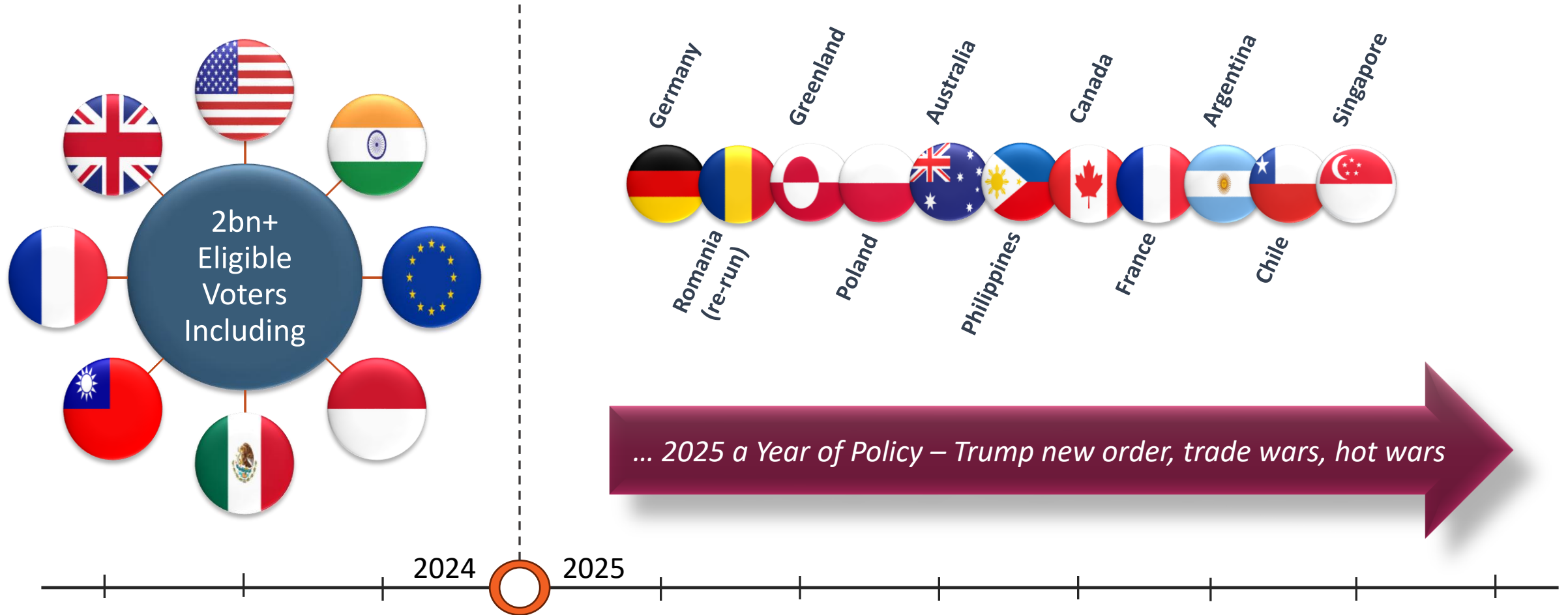
Q1 2025 Market Performance in GBP



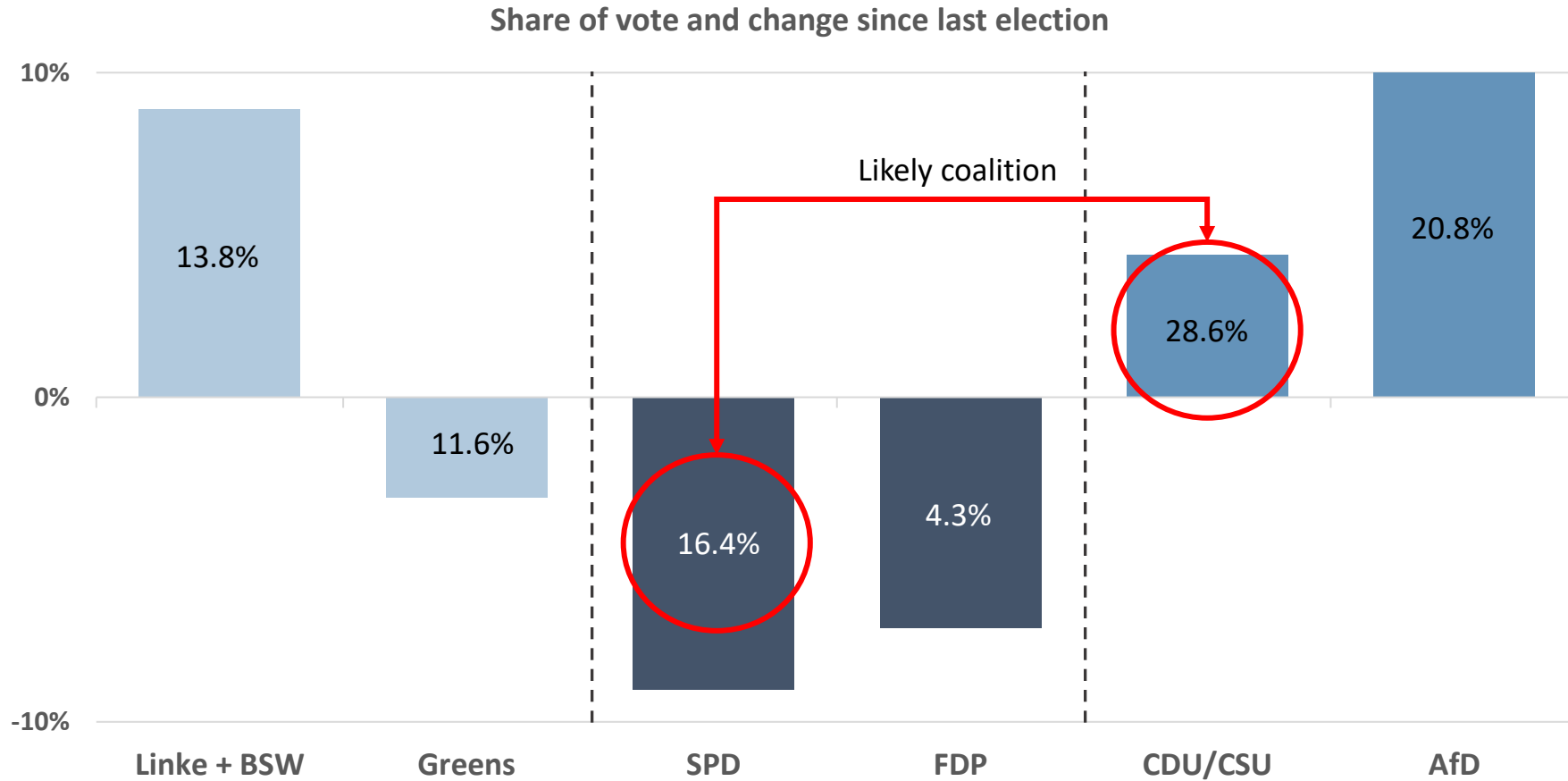
“A week is a long time in politics.”



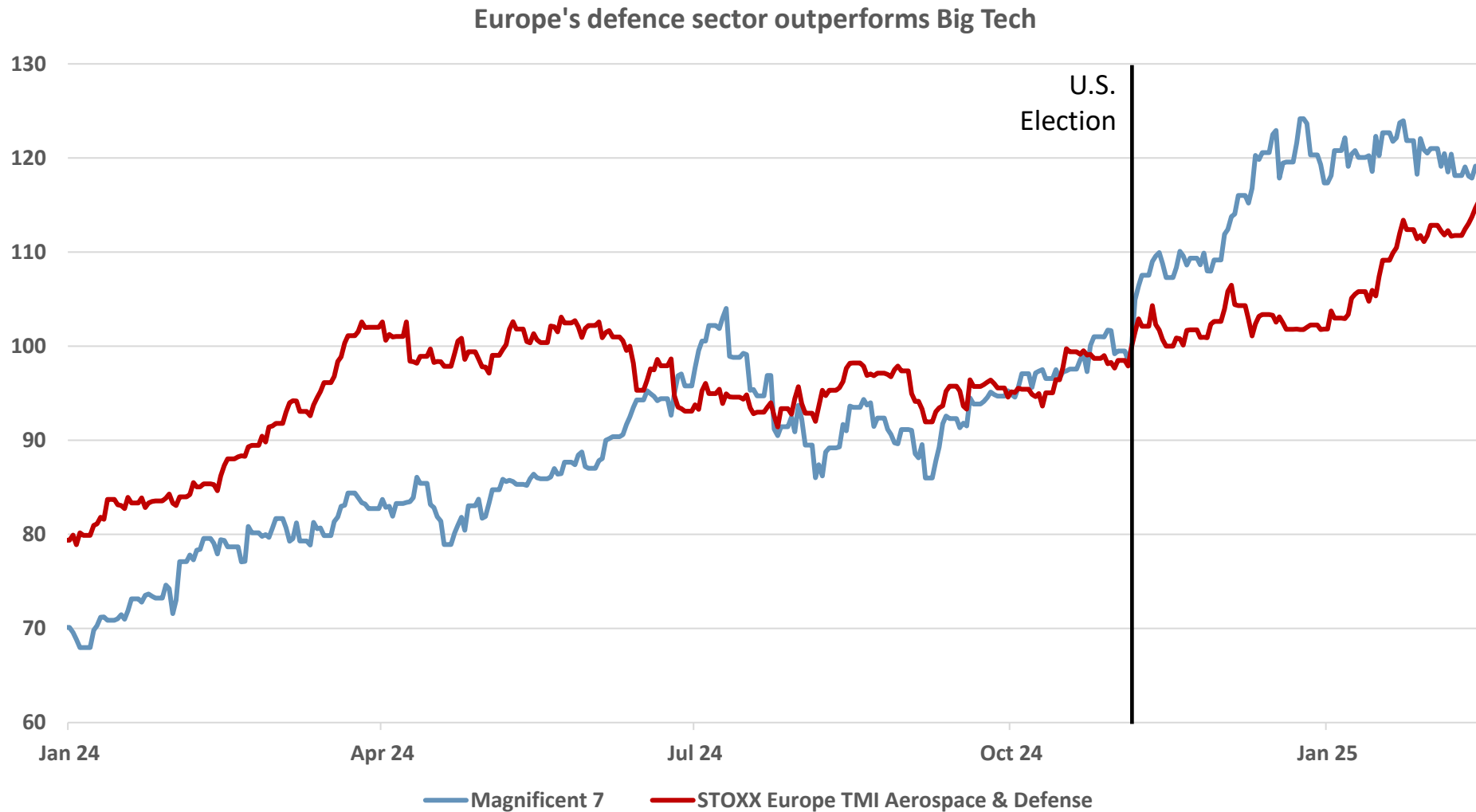
Another year of elections



A shift away from the centre



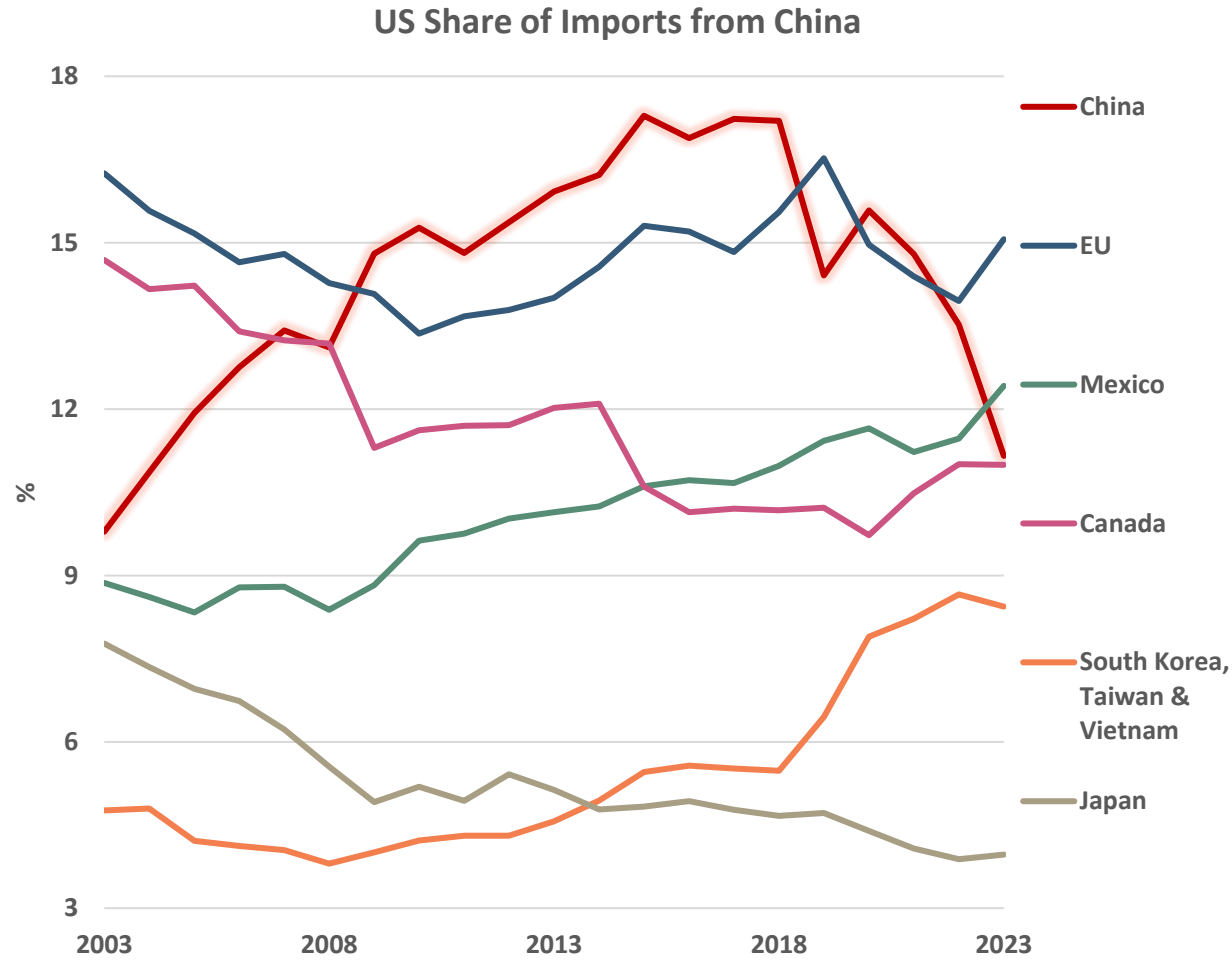
Since Trump election, arms-makers have become Magnificent



The Art of the Deal

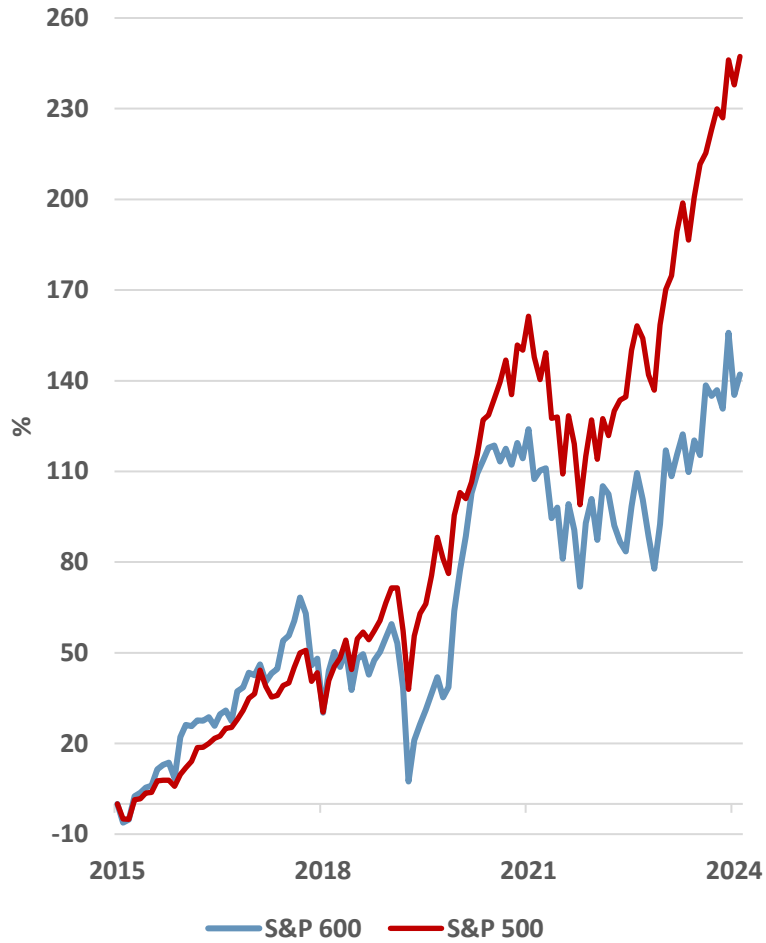
Date	What	Objective	Effective from	Status
1 February	25% on goods from Mexico and Canada – except for Canadian energy exports (oil, gas and electricity) which are subject to 10% tariffs	To address concerns regarding drug trafficking and border security	4 February	30-day delay <ul style="list-style-type: none"> Mexico agreed to deploy 10,000 National Guard to the US Border to curb drug trafficking Canada committed \$1.3billion border plan to combat fentanyl smuggling
1 February	10% on all goods imported from China , in addition to existing tariffs of up to 25% on products already in force	To address the perceived trade imbalance	4 February	
1 February	Repeal de minimis exemptions* on imports from China	To reduce influx of illegal goods	Immediate	Temporarily reinstated on 7 February <ul style="list-style-type: none"> To give the Commerce Department time to address disruptions it caused for customs inspectors, postal and delivery services, and online retailers
10 February	25% on all steel and aluminium imports	Bolster domestic metals production	Not specified	Trump has already suggested Australia may be exempt
11 February	Reciprocal tariff regime for imports from countries with high import taxes on U.S. goods	Focused on developing countries like China, Vietnam, Brazil, and India, which have higher average tariffs compared to the US	Not specified	Proposed only
14 February	Trump summons press to Oval Office and declares “all-out trade war”	Not to sign the customary executive order, just a memo directing others to work on it	Still not specified	... and markets have ignored him

Beijing seeking fresh markets

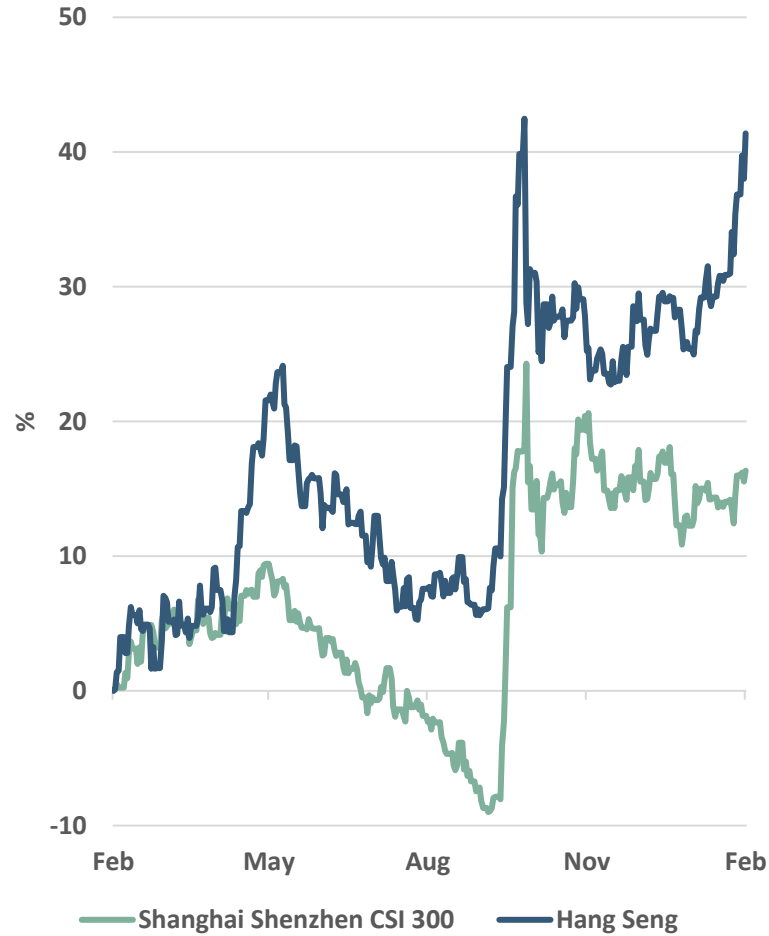


Tariffs – what are they good for?

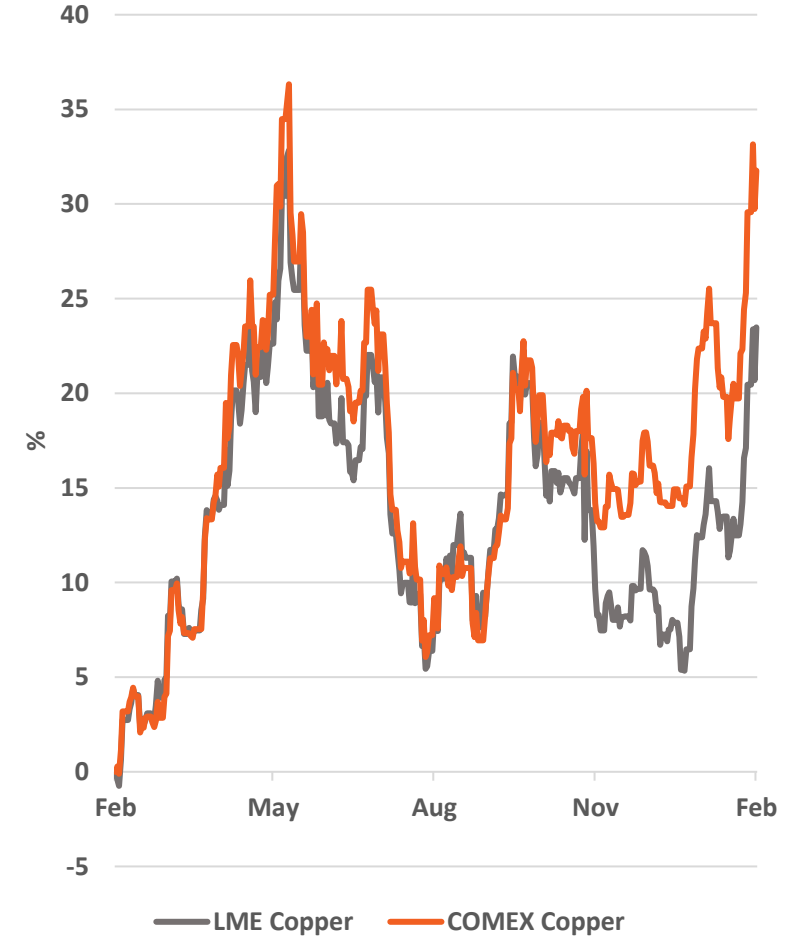
Domestic Companies



Chinese Equities Unfazed

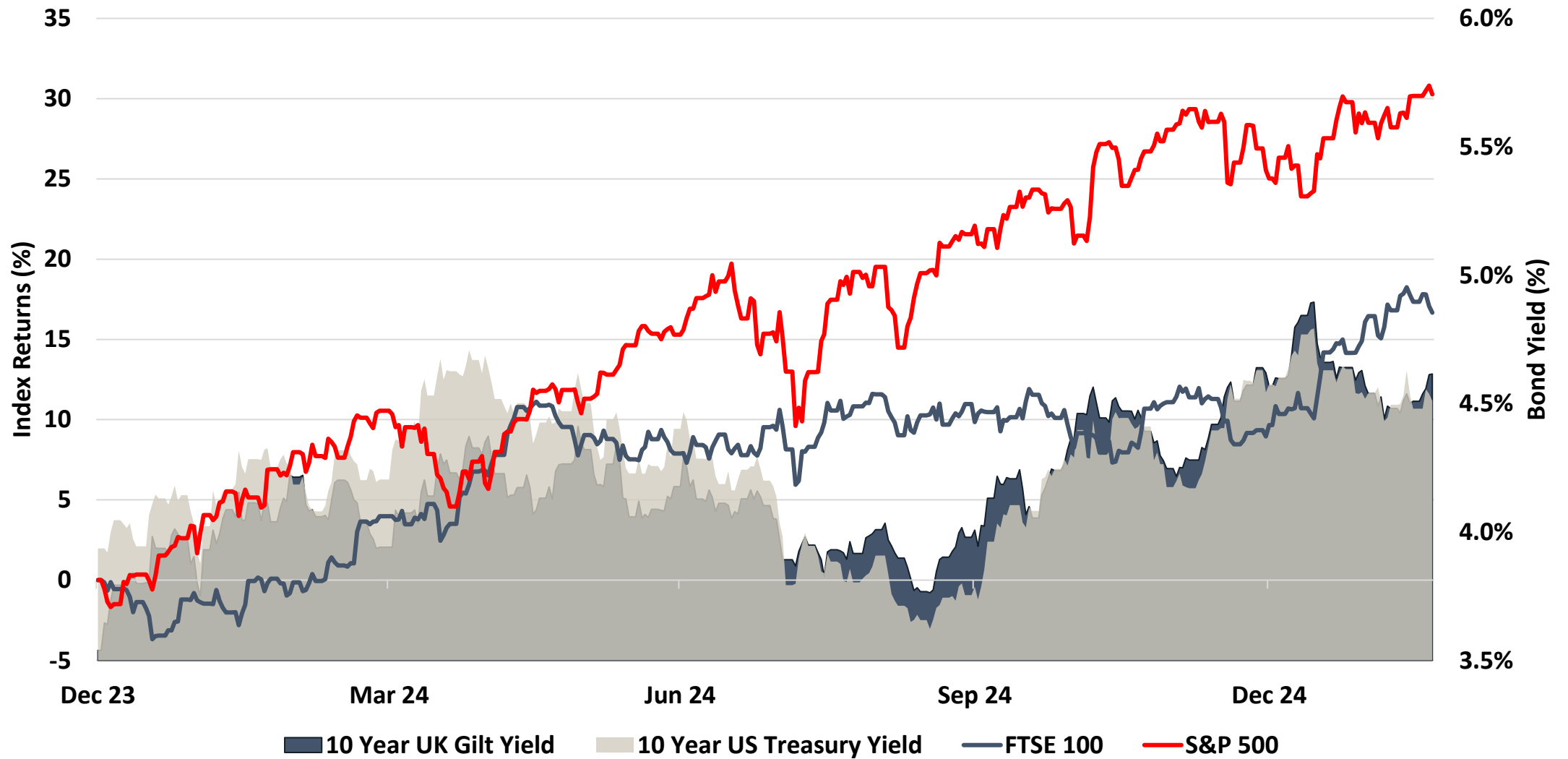


US Copper Prices Boosted



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Higher highs



DeepSeek R1 – gamechanger or red herring?

Open-source innovation

Leverages Meta's Llama and Alibaba's Qwen LLM* models

Lower training costs

e.g. only uses 9% equivalent of the compute used for Meta's LLaMA model

China can compete with the US

Despite current restrictions on access to advanced US semiconductor tech

AI monetisation

DeepSeek charges a fraction of OpenAI's fees

Fight to control the narrative

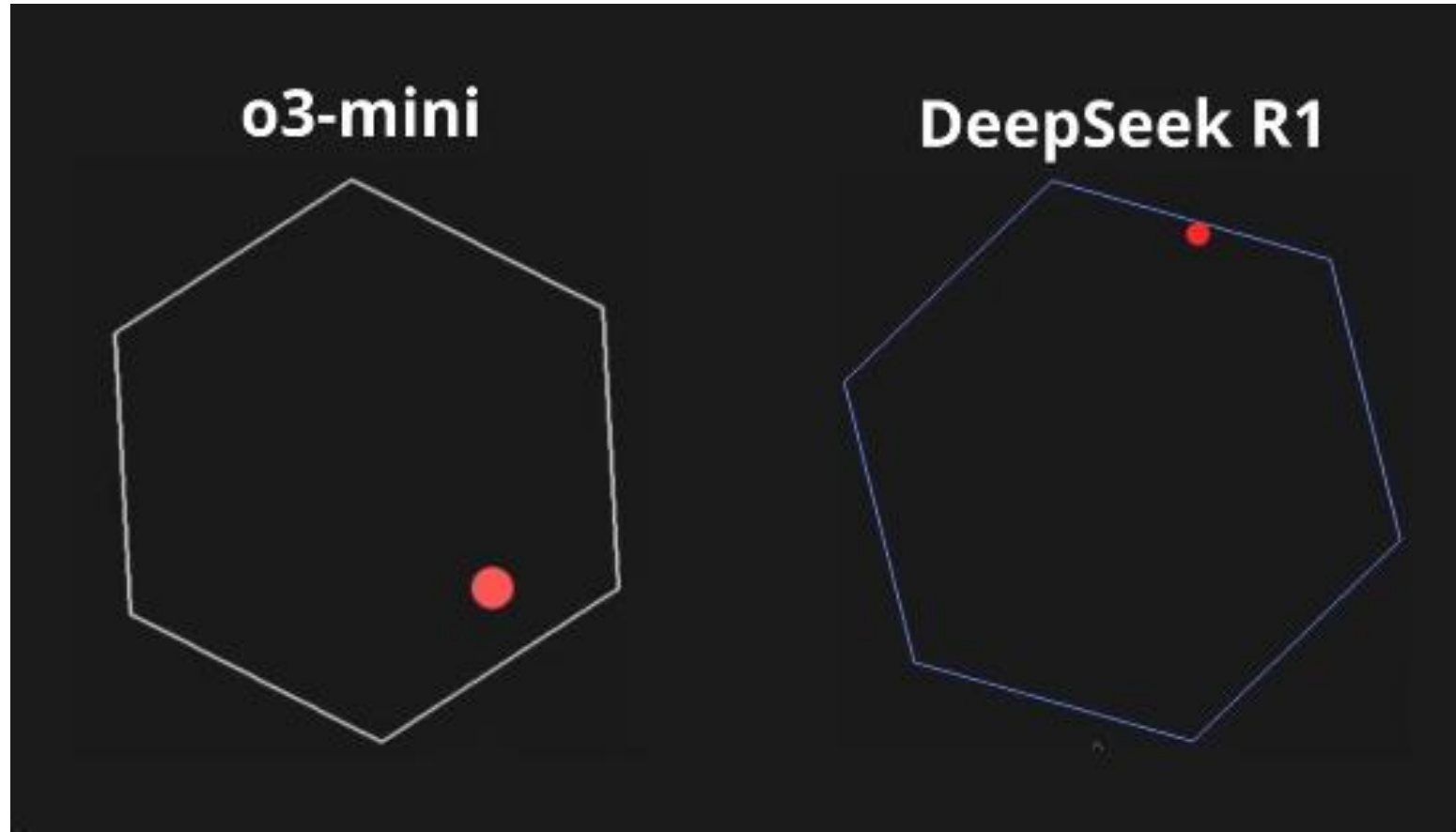
"Scale alone will not be sufficient for success in AI", or "All Chinese AI must be blocked for security reasons."

Investment Implications:

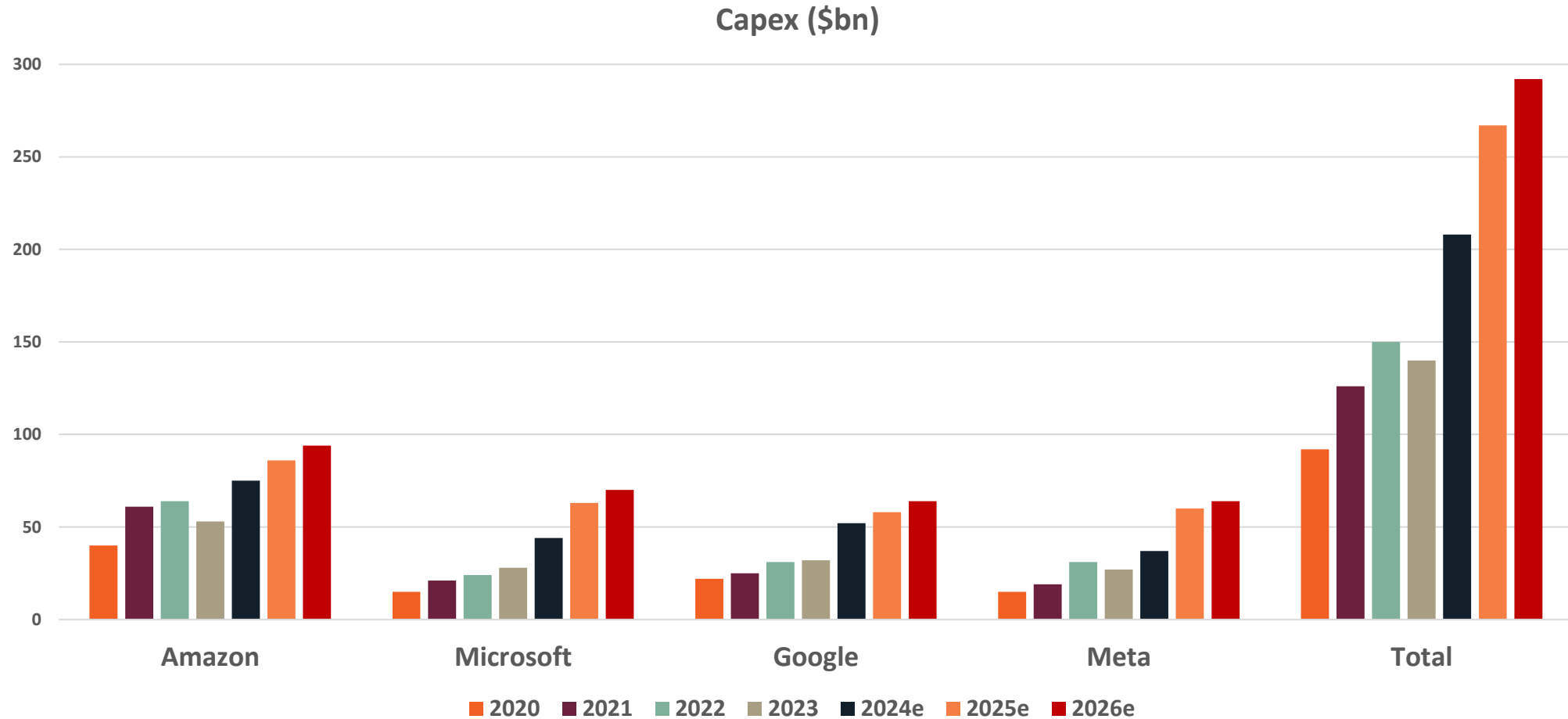
- ongoing strong capex by the hyperscalers on infrastructure
- then filter down to platforms, software, applications and services

OpenAI vs DeepSeek

Prompt: Write a Python program that shows a ball bouncing inside a spinning hexagon. The ball should be affected by gravity and friction, and it must bounce off the rotating walls realistically.

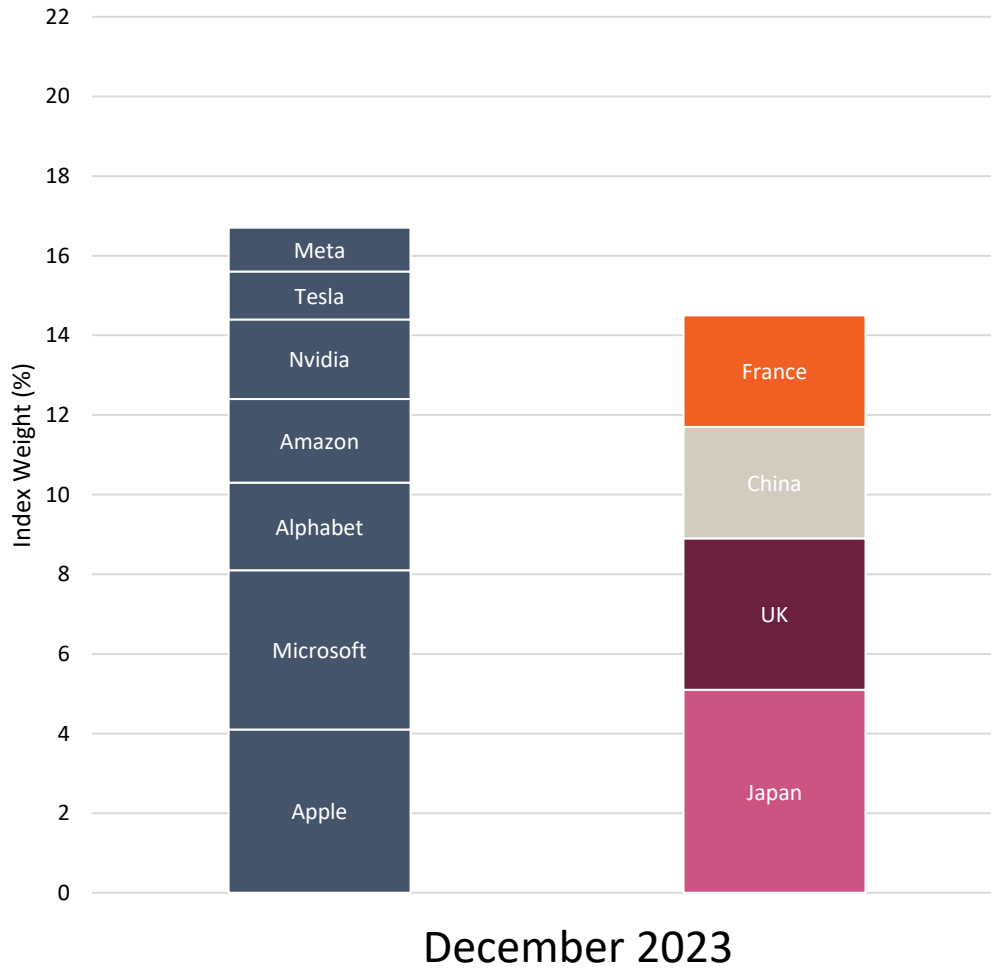


Hyperscalers still hyper-scaling



And the world gets smaller

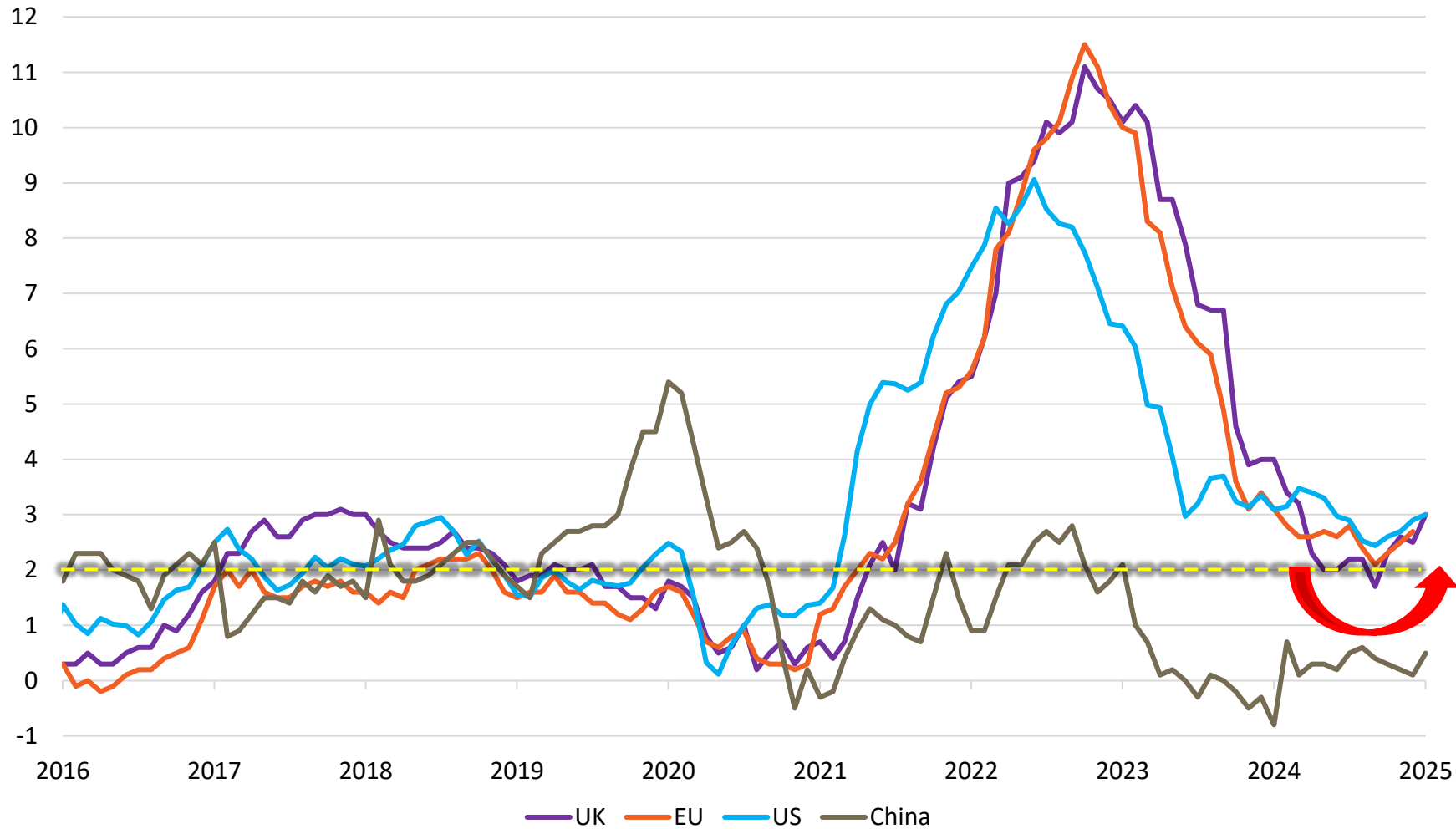
MSCI ACWI Company vs Country Weights



MSCI ACWI Company vs Country Weights

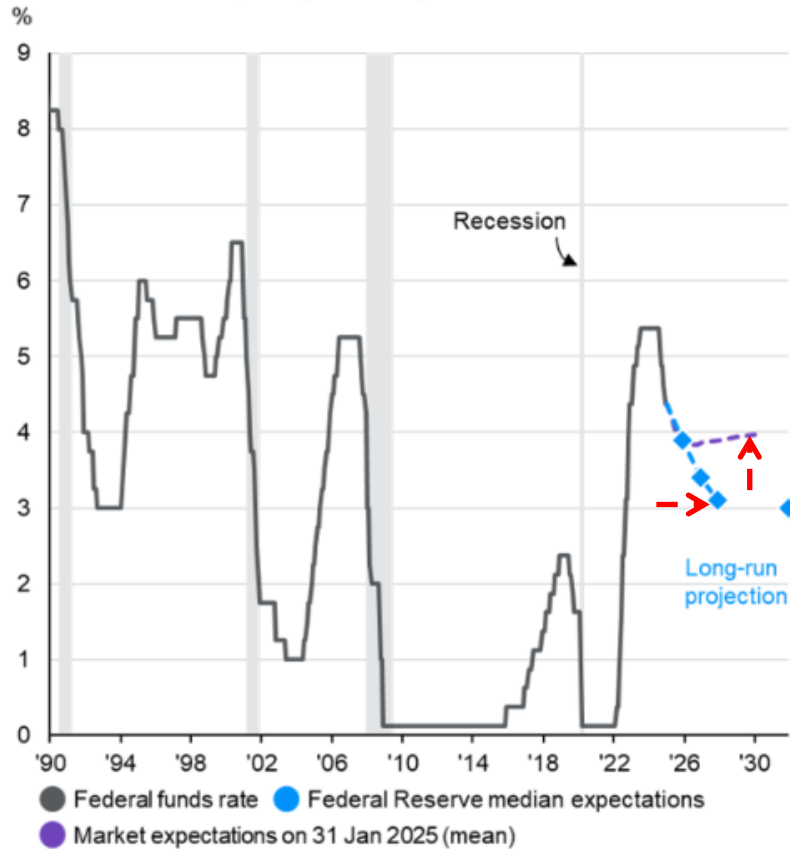


Inflation a cause for concern

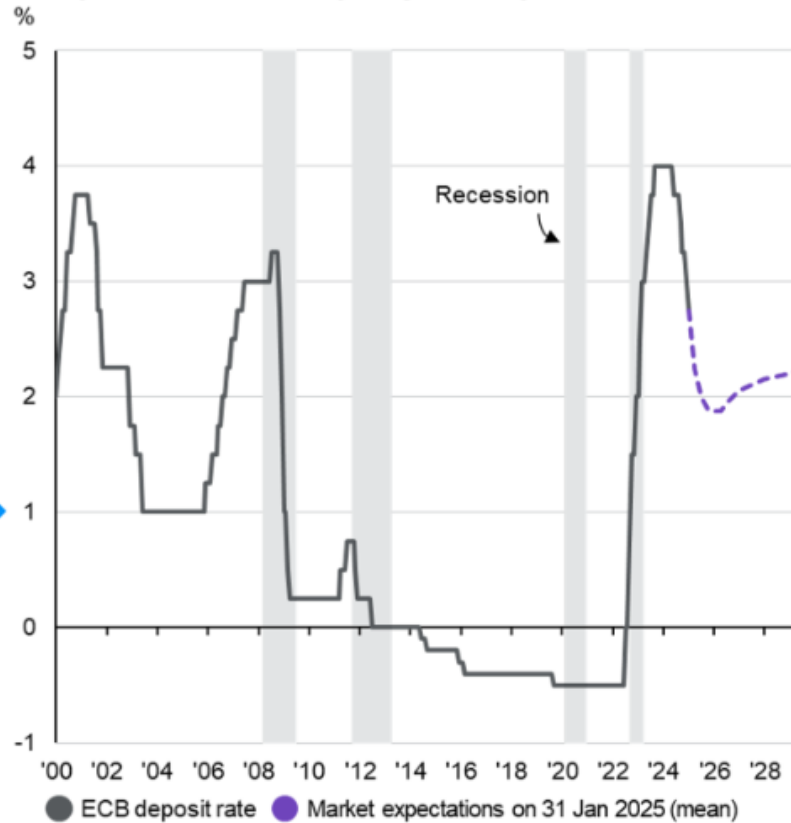


Interest rate expectations

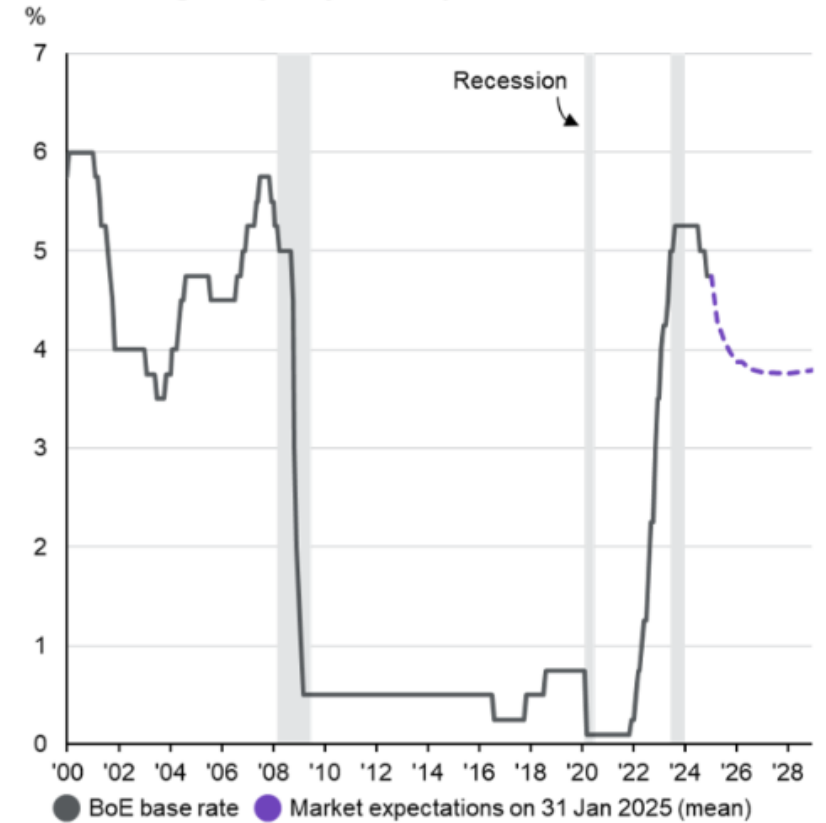
Federal Reserve policy rate expectations



European Central Bank policy rate expectations



Bank of England policy rate expectations



An accelerant in the White House



Shifting messages to match changing markets is nothing new

President Trump orders end to government diversity, equity and inclusion (DEI) programs

- Executive order to end “radical and wasteful government DEI programs and referencing”.

BlackRock exits the Net Zero Asset Managers Initiative

- The latest Wall Street Firm to depart environmentally focused investor group under pressure from Republican politicians.

Meta abandons independent fact checkers on Facebook and Instagram

- Replaces them with “community notes” on the accuracy of posts.

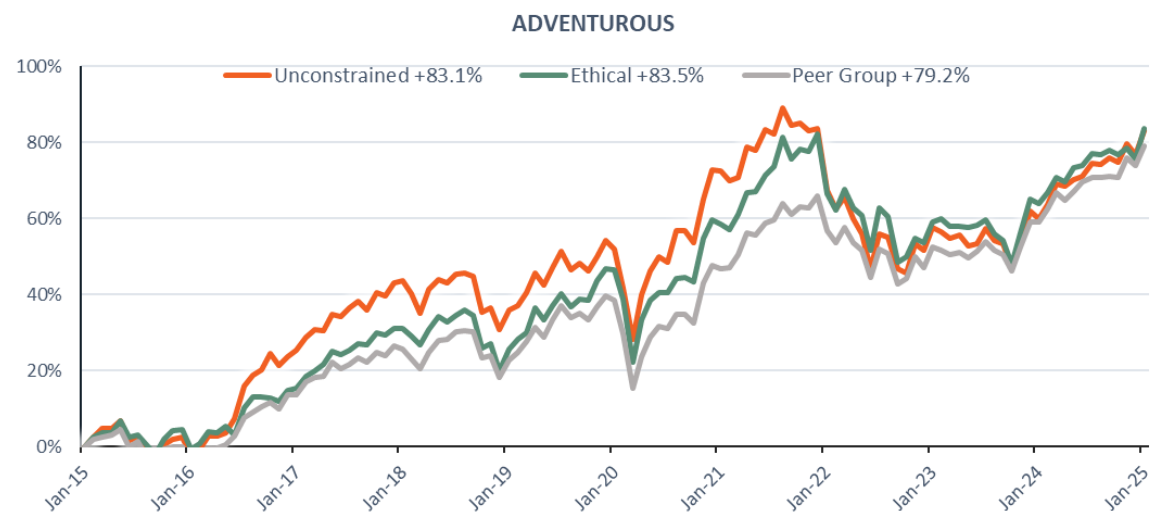
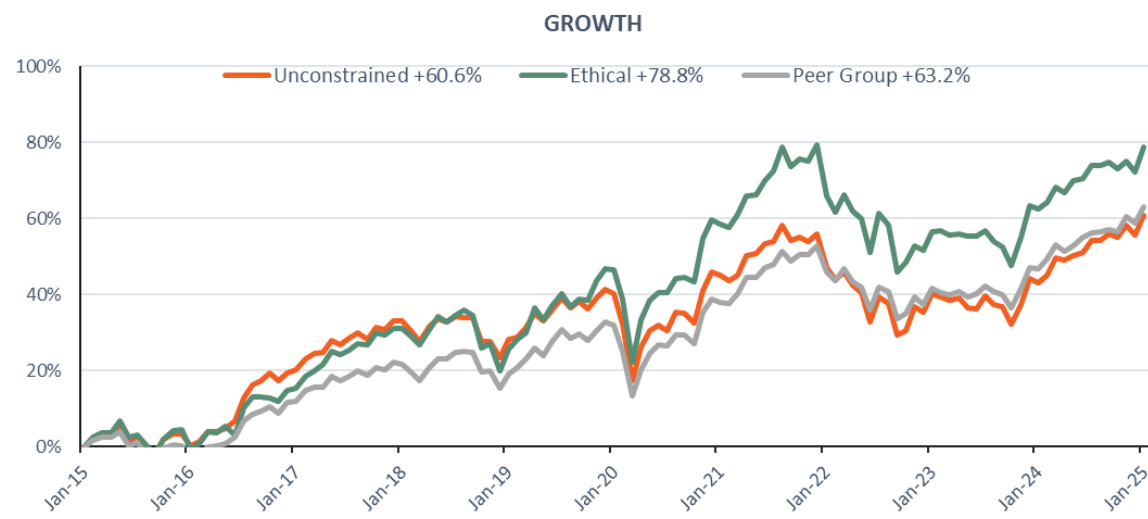
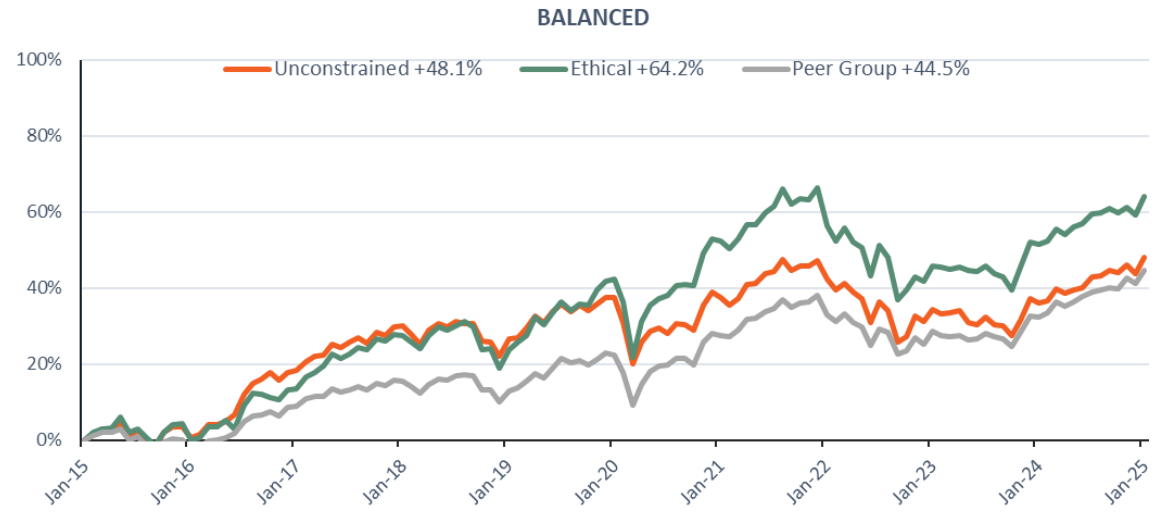
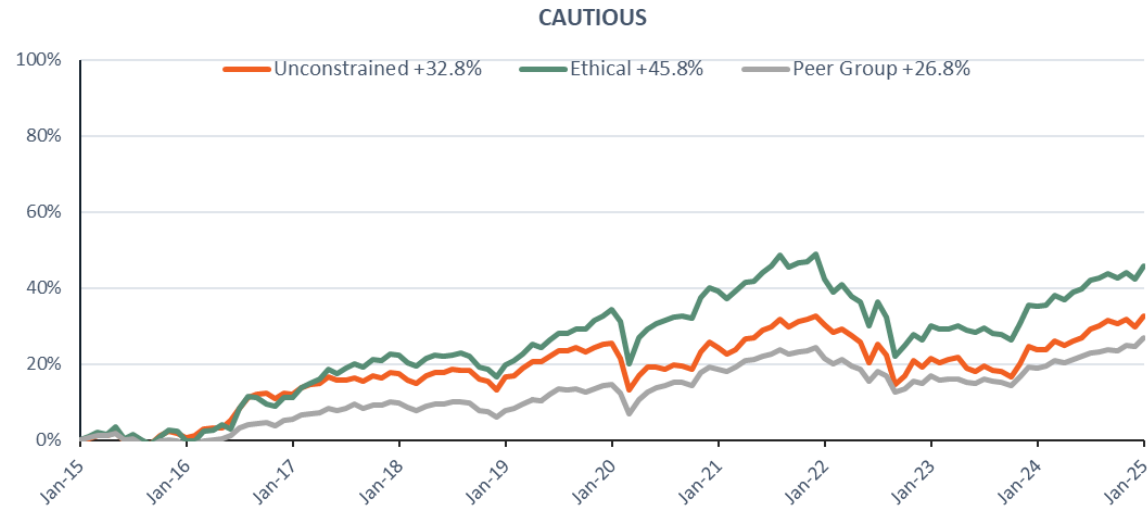
“I’ve given up on anyone ever caring about that.”

- Garvin Jabusch, Investment Chief of Green Alpha Investments talking about climate change.

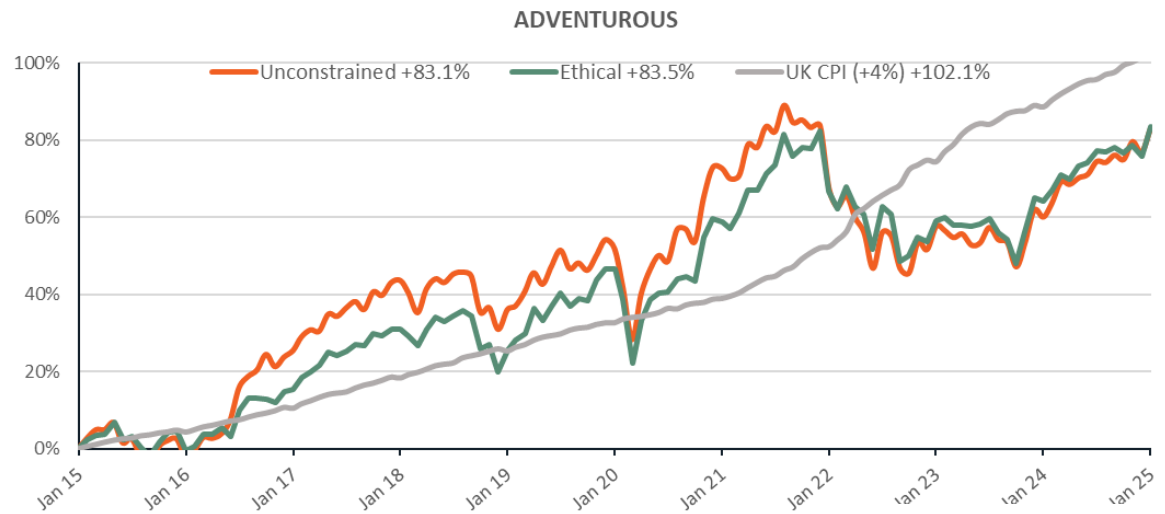
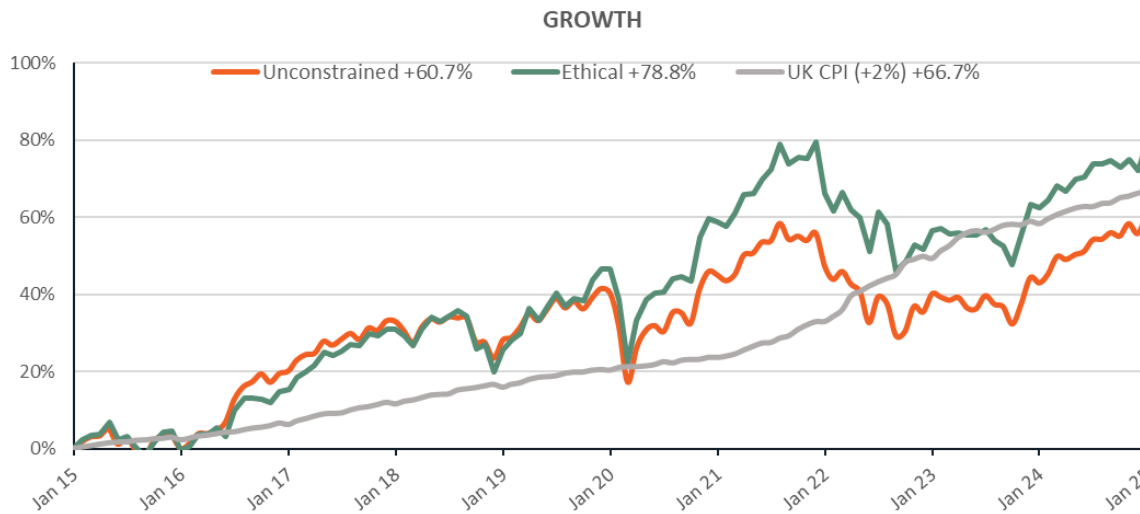
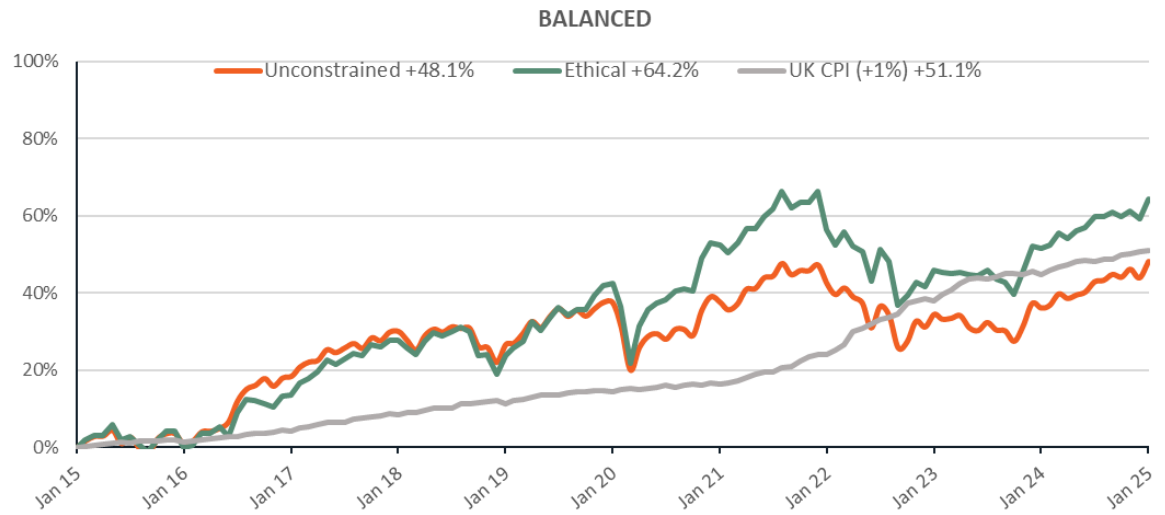
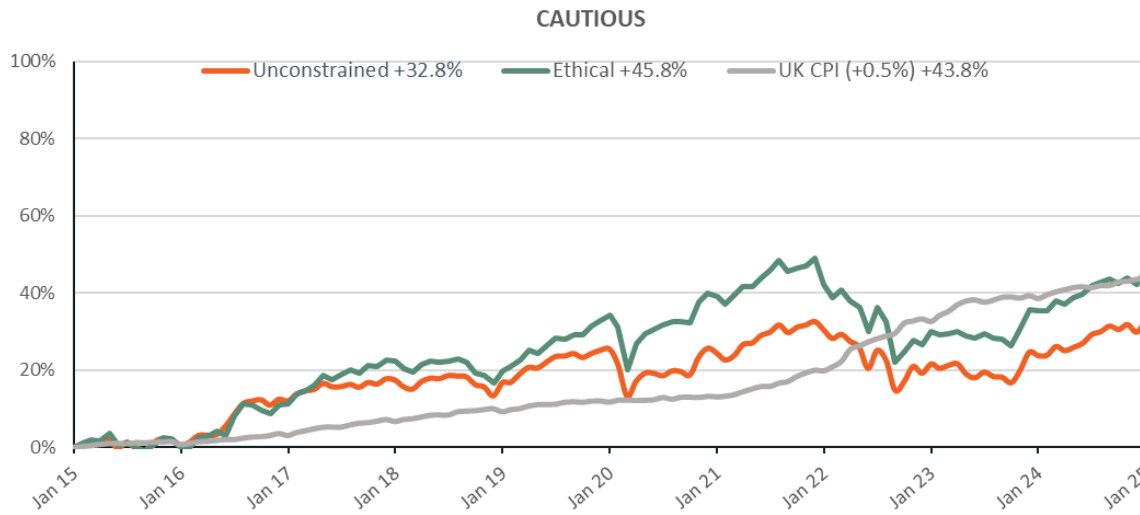
Parnassus Investments accounts for 1/3rd of industry withdrawals from sustainable investments

- The biggest US sustainable investment firm also removes references from website that previously said its funds are fossil-fuel free.

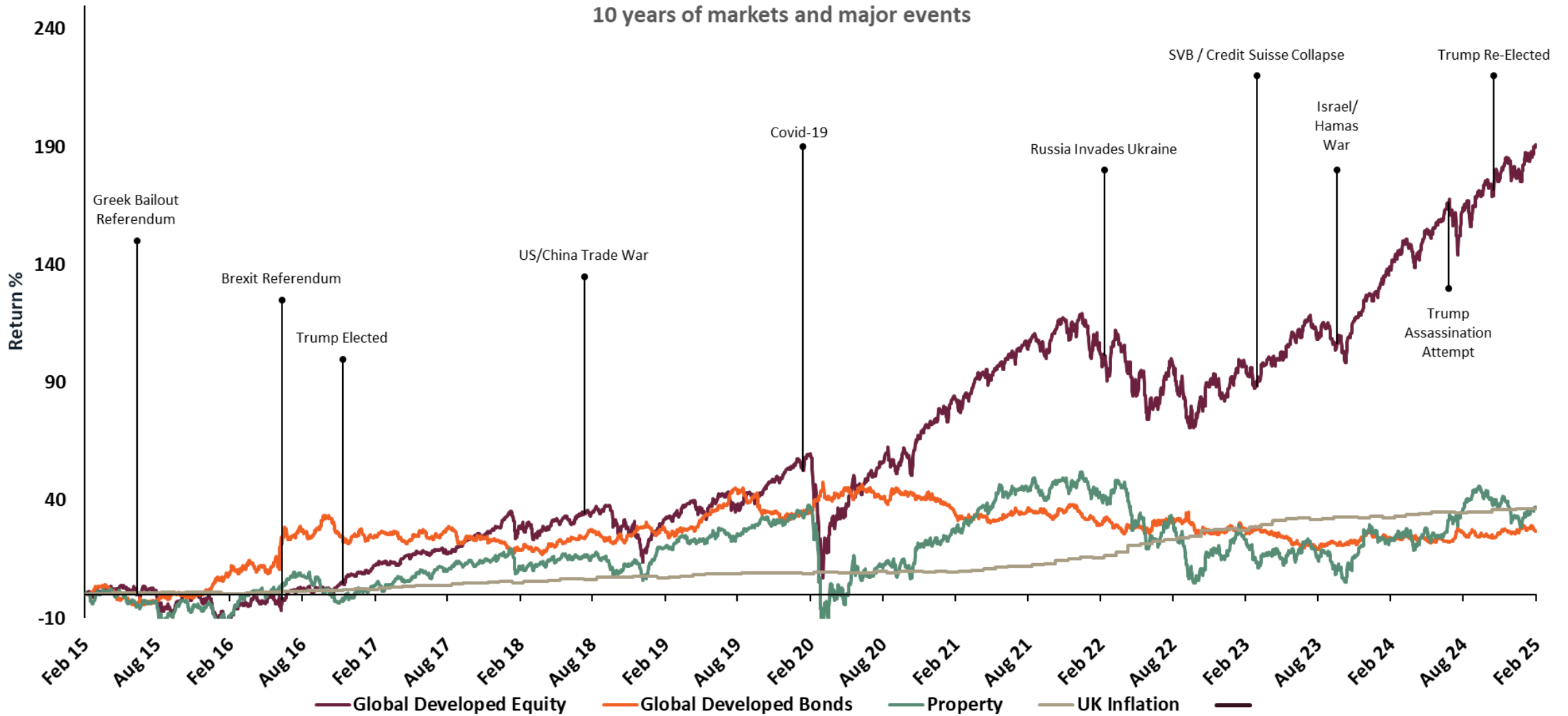
MM Wealth strategies – 10-year performance vs peer group comparison



MM Wealth strategies – 10-year performance vs CPI-plus targets



10 years of markets and major events



Outlook

- The “Trump bump” is priced in, potentially increasing the risk of corrections, particularly in sectors like mega-cap tech where valuations are optically stretched
- Inflation may spike in short term, but should stabilise over the year, allowing rate cuts to continue and presenting an opportunity in bond markets as yields fall
- AI will continue to attract investors, while industry continues to assess the implications and impact of DeepSeek – could this lead to democratisation of AI?
- Equity returns unlikely to be as strong with growth concerns mounting, continuing to underscore the importance of globally diversified portfolios
- Geopolitical events or supply shocks could reignite inflationary pressures, but markets can and have increasingly ignored this risk
- Expect ongoing volatility, fiscal uncertainty and policy shifts, which will create exacerbated moves in highly concentrated equity markets

Upcoming dates for your diary



Next webinar – 21 May 2025

**Annual seminar at The Jockey Club Rooms:
Growing and Preserving Wealth – 3 July 2025**

Appendix

Global Market Returns in GBP

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Best	17.04 Japan	33.55 US - S&P 500	30.55 Emerging Markets	6.26 US - NDX	34.07 US - NDX	44.28 US - NDX	29.89 US - S&P 500	0.34 UK	46.38 US - NDX	28.14 US - NDX	9.84 Europe Ex UK
	16.11 US - NDX	27.96 US - NDX	25.13 Asia Ex Japan	1.56 US - S&P 500	31.89 China	34.08 China	28.68 US - NDX	-5.42 Global Ex US	21.61 Global	27.26 US - S&P 500	6.99 Global Ex US
	8.37 China	27.34 Asia Ex Japan	21.48 US - NDX	-2.16 Japan	26.43 Europe Ex UK	20.63 Japan	23.53 Europe Ex UK	-7.08 Asia Ex Japan	19.16 US - S&P 500	20.21 Global	5.47 UK
	8.30 Europe Ex UK	25.96 Japan	21.12 China	-7.69 Global	26.41 US - S&P 500	19.12 Emerging Markets	20.90 Global	-7.79 US - S&P 500	16.36 Europe Ex UK	16.94 China	5.12 US - NDX
	7.25 US - S&P 500	24.64 Global Ex US	19.77 Global	-8.57 Asia Ex Japan	26.24 Global	18.66 Asia Ex Japan	18.32 UK	-8.94 Japan	15.65 Japan	13.12 Emerging Markets	4.94 Emerging Markets
	1.27 Global	16.75 UK	16.18 Global Ex US	-8.86 Global Ex US	19.17 UK	14.74 US - S&P 500	8.82 Global Ex US	-12.95 Europe Ex UK	9.85 Emerging Markets	12.12 Asia Ex Japan	4.61 Global
	0.98 UK	9.69 Emerging Markets	14.75 Japan	-9.47 UK	18.06 Emerging Markets	14.21 Global	-0.08 China	-15.54 Emerging Markets	9.10 Global Ex US	10.78 Japan	3.49 Asia Ex Japan
	-0.20 Global Ex US	9.04 Global	13.59 Europe Ex UK	-10.08 Emerging Markets	17.17 Japan	7.24 Global Ex US	-0.19 Emerging Markets	-15.98 Global	7.92 UK	9.47 UK	3.24 US - S&P 500
	-4.12 Asia Ex Japan	2.31 Europe Ex UK	13.10 UK	-11.31 Europe Ex UK	16.82 Global Ex US	1.43 Europe Ex UK	-2.00 Asia Ex Japan	-17.25 China	1.31 Asia Ex Japan	7.42 Global Ex US	0.07 China
Worst	-5.76 Emerging Markets	1.14 China	11.29 US - S&P 500	-23.07 China	14.56 Asia Ex Japan	-9.82 UK	-3.49 Japan	-23.86 US - NDX	-15.96 China	7.21 Europe Ex UK	-3.04 Japan

Asset Class Returns in GBP

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Best	6.28 EM Debt	33.37 Commodities	25.83 EM Equity	5.82 Govt Bonds	28.07 DM Equity	15.02 EM Equity	28.21 Commodities	30.76 Commodities	23.75 DM Equity	21.57 DM Equity	8.72 Commodities
	5.36 REITs	33.12 EM Equity	19.13 DM Equity	2.80 Hedge Funds	18.81 REITs	14.06 DM Equity	24.71 DM Equity	3.08 Hedge Funds	11.92 HY Bonds	9.98 EM Equity	5.53 EM Equity
	3.11 Hedge Funds	30.77 EM Debt	6.73 HY Bonds	2.43 IG Bonds	14.31 EM Equity	6.96 IG Bonds	24.18 REITs	1.41 Cash	4.65 Cash	8.94 HY Bonds	4.62 DM Equity
	2.65 DM Equity	24.79 REITs	5.06 REITs	0.52 Cash	12.32 HY Bonds	6.12 Govt Bonds	2.78 HY Bonds	-6.23 IG Bonds	4.07 Hedge Funds	8.59 Hedge Funds	2.39 REITs
	2.31 Govt Bonds	24.38 IG Bonds	0.26 Cash	0.32 REITs	10.07 EM Debt	5.10 HY Bonds	0.48 Hedge Funds	-7.08 Govt Bonds	4.05 EM Equity	7.30 EM Debt	2.16 Hedge Funds
	2.02 IG Bonds	21.25 Govt Bonds	-0.15 EM Debt	-0.71 EM Debt	7.21 IG Bonds	2.30 Hedge Funds	-0.04 Cash	-8.17 EM Debt	3.59 REITs	7.22 Commodities	1.79 HY Bonds
	0.36 Cash	20.12 Hedge Funds	-0.35 IG Bonds	-3.61 HY Bonds	4.40 Hedge Funds	1.27 EM Debt	-1.32 EM Equity	-9.62 EM Equity	3.42 IG Bonds	5.32 Cash	1.77 EM Debt
	-2.11 HY Bonds	15.66 HY Bonds	-2.00 Govt Bonds	-5.78 Commodities	3.64 Commodities	0.42 Cash	-2.00 IG Bonds	-12.58 HY Bonds	3.13 EM Debt	3.39 REITs	0.98 Govt Bonds
	-9.65 EM Equity	9.65 DM Equity	-2.95 Hedge Funds	-6.86 DM Equity	1.51 Govt Bonds	-6.10 Commodities	-2.61 EM Debt	-13.96 REITs	-1.70 Govt Bonds	2.91 IG Bonds	0.67 Cash
Worst	-20.34 Commodities	0.44 Cash	-7.11 Commodities	-8.92 EM Equity	0.78 Cash	-11.97 REITs	-5.74 Govt Bonds	-15.62 DM Equity	-13.09 Commodities	-1.85 Govt Bonds	0.43 IG Bonds

Staying invested, even at market highs, is more profitable than selling at one

Growth of \$100, inflation-adjusted returns

Growth of \$100 invested X years ago	Invested in stocks throughout	Switch to cash if previous month-end was an all time high *	Wealth destroyed by switching
10 years	\$255	\$185	-27%
20 years	\$433	\$268	-38%
30 years	\$1,064	\$449	-58%
50 years	\$5,627	\$2,034	-64%
Since 1926	\$103,294	\$9,920	-90%

* Switch = sell portfolio to cash for the next month following the previous month end if it was at an all-time high but remain invested in stocks at all other times.

Time in the market, not timing the market



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We hope you found this presentation of interest and useful.

If you have any questions, please do not hesitate to contact us.



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Registration Number: 01454074. MM Wealth Ltd Wellbrook Court, Girton, Cambridge CB3 0NA 01223 233331 info@mmwealth.co.uk