NEDGROUP INVESTMENTS

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Quarterly review

Nedgroup Investments Core Global Fund

Marketing communication

As at 30 June 2025

Markets Rebound Amid Trade and Geopolitical Turmoil

The second quarter of 2025 unfolded under a cloud of heightened geopolitical tension and economic uncertainty, testing the resilience of global markets and policymakers alike. A dramatic shift in U.S. trade policy, escalating conflict in the Middle East, and diverging central bank strategies all contributed to a volatile yet ultimately resilient financial landscape. Over the quarter, the Nedgroup Investments Core Global Fund increased by 9.2%.

The table below compares an investment in the Nedgroup Investments Core Global Fund to US bank deposits (cash) and its growth target over various time periods. For every $10 000 invested in the Nedgroup Investments Core Global Fund at inception (16 November 2015), you would have $20 279 at the 30th of June 2025. This is better than the $12 321 you would have achieved had you invested your money in US bank deposits (cash) over the same period. The green circle in the chart below, highlights the recent market recovery, which helps to contextualise the returns experienced in the past few years.

(Past Performance is not indicative of future performance and does not predict future returns)

	Value of $10,000 investment in Nedgroup Investments Core Global Fund versus US Cash[1]					
	3 Months	1 Year	3 Years	5 Years	7 years	Inception 16 November 2015
Growth of fund (after fees) *(Growth in %)*	$10 921 *9.2%*	$11 307 *13.1%*	$14 198 *12.4% p.a.*	$15 610 *9.3% p.a.*	$16 611 *7.5% p.a.*	$20 279 *7.6% p.a.*
Growth of US Cash *(Growth in %)*	$10 106 *1.1%*	$10 472 *4.7%*	$11 473 *4.7% p.a.*	$11 516 *2.9% p.a.*	$12 005 *2.6% p.a.*	$12 321 *2.2% p.a.*
Growth target (EAA Fund USD Aggressive Allocation) *(Growth in %)*	$10 705 *7.0%*	$10 984 *9.8%*	$13 291 *9.9% p.a.*	$14 558 *7.8% p.a.*	$15 003 *6.0% p.a.*	$17 600 *6.1% p.a.*

Source: Morningstar

(Past Performance is not indicative of future performance and does not predict future returns)

Source: Morningstar

Since the inception of the Nedgroup Investments Core Global Fund, it has delivered returns in excess of US cash. However, it is to be expected that occasionally there will be periods where the Fund does not beat US cash over 5 years. Over the long term[2], a portfolio such as Nedgroup Investments Core Global Fund would have delivered a higher return than US cash approximately 64% of the time over any 5-year period.

1. We used the ICE Bank of America 3-month deposit rate for US cash returns
2. Based on Global market returns from 1997 to 2018 (source Morningstar) using the same long-term equity allocation and fees.

Economic and market review

In a move that stunned global markets, President Donald Trump declared a sweeping overhaul of U.S. trade policy in what he dubbed "Liberation Day." Far from symbolic, the announcement introduced a broad set of tariffs that marked the most aggressive turn toward protectionism in nearly a century. The average U.S. import tariff surged from 2.5% to 24%, with most nations facing a flat 10% levy and strategic rivals hit even harder.

Markets reacted swiftly. Major indices tumbled on fears of a deepening trade war, slower global growth, and rising inflation. The scale and abruptness of the tariff regime sent shockwaves through supply chains and diplomatic circles alike. The global response remains a critical variable. China and the European Union, among others, hold significant leverage—ranging from retaliatory tariffs to control over rare earth minerals vital to high-tech industries. Currency dynamics will also play a role: a stronger dollar could cushion inflationary effects, while tit-for-tat measures risk amplifying economic disruption.

Despite the turbulence, equity markets staged a remarkable comeback. The S&P 500 notched a record high by the end of June, fully recovering from an 18.8% drawdown in April. Global equities followed suit, with the MSCI All Country World Index climbing 11.7% for the quarter. Emerging markets led the charge, outperforming developed peers with a 12.2% gain.

This rebound was fuelled in part by easing geopolitical tensions. A brief but intense 12-day conflict between Israel and Iran in mid-June sent oil prices soaring above $80 per barrel. However, a U.S.-brokered ceasefire helped stabilize the region, and crude prices eventually settled back to $67. Adding to the optimism was a tentative trade agreement between Washington and Beijing. The proposed deal would grant the U.S. access to critical rare earth elements, while easing restrictions on certain Chinese imports—a potential thaw in an otherwise frosty relationship.

Monetary policy responses varied across regions. The European Central Bank continued its easing trajectory, cutting interest rates by 25 basis points in June—its eighth reduction in a year, totalling a 2% decline since mid-2024. The move reflects easing inflation and a cautiously improving economic outlook. In contrast, the Bank of England held rates steady at 4.25%, signalling a wait-and-see approach. Meanwhile, the People's Bank of China paused after a May rate cut, part of a broader effort to support a slowing economy amid trade headwinds.

Bond markets remained volatile, buffeted by geopolitical developments and concerns over U.S. fiscal health. A pending budget reconciliation bill raised alarms about long-term debt sustainability, keeping pressure on long-term yields. The Bloomberg Global Aggregate Bond Index still managed a 4.5% return for the quarter.

The U.S. dollar weakened notably, falling 7% against a basket of major currencies. Investor sentiment has been rattled by the Trump administration's aggressive policy shifts, and currency markets are adjusting accordingly.

As the world enters the second half of 2025, the outlook remains uncertain. Much will depend on how global powers navigate the new trade landscape, whether diplomatic efforts can prevent further conflict, and how central banks balance growth and inflation risks. For now, markets have proven surprisingly resilient—but the road ahead is anything but smooth.

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