



FINURA

YOUR MARKET REVIEW
MARCH 2025



INFOGRAPHIC: THE GLOBAL ECONOMY

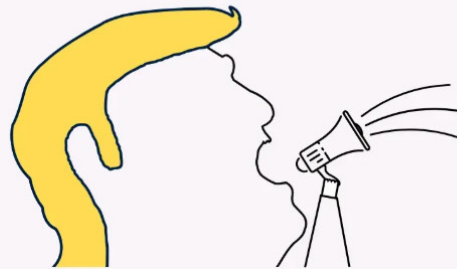
Could Trump's bite be as bad as his bark?

2.5%

Schroders forecast for global growth in **▶ 2025**



Fears are rising that US economic policy may be more extreme than initially expected...



...this could impact the growth and inflation outlook...

2025 - 2026 ▶



...creating a more challenging backdrop for global equity markets



Can changes in fiscal policy materially lift business investment?

German companies have been investing abroad but not at home...

German investment has lagged the rest of Europe

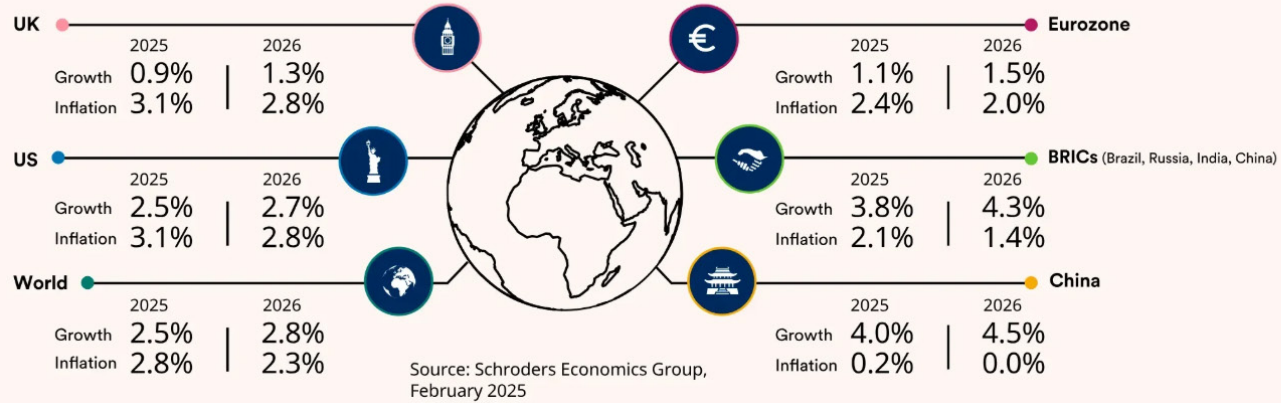


...citing high energy and labour costs, as well as bureaucratic blocks...

...with possible solutions from policymakers now in focus



Schroders' latest central growth and inflation forecasts



Source: [Schroders as at March 2025](#).



MULTI-ASSET INVESTMENT VIEWS

KEY

▲ Up from last month ▼ Down from last month

● Long / Positive

● Neutral

● Short / Negative

	Category	View	Comments
Main Asset Classes	Equities	●	We remain positive, believing that concerns about a US recession are premature due to the robust labour market. However, we have broadened our regional exposures given varying valuation levels among global equity markets.
	Government Bonds	●	We remain neutral. Following the recent market correction and yield rally, our valuation models indicate US bonds are fairly valued.
	Commodities	●	While we are positive on industrial metals and gold, excess supply is likely to continue to drag down energy markets, leaving us neutral overall.
	Corporate Bonds (Credit)	● ▼	We have downgraded our score to neutral due to tight valuations, particularly in US investment grade (IG), and policy uncertainty that has led to conservative behaviour from corporations.
Equities	US	●	Although we remain positive on US equities, we have tempered our view slightly. While the labour market remains solid, inflation risks are likely to persist due to uncertainty over trade tariffs.
	UK	●	We remain neutral as recent Bank of England forecasts suggest growth weakness and persistent inflation, indicating a cautious approach to monetary policy.
	Europe ex UK	●	We remain positive. Despite the strong rally in recent months, valuations are not yet stretched.
	Japan	●	We remain neutral on Japanese equities, recognising global uncertainties and the lack of strong domestic catalysts to drive the market.
	Global Emerging Markets ¹	● ▲	We have upgraded our view to positive. A weaker US dollar and a better outlook for China should boost confidence in the EM market.
	Asia ex-Japan: China	● ▲	Upgraded to positive, given that the Chinese government has confirmed a shift towards technology innovation and consumption which should improve market sentiment.
	EM Asia ex China	●	We remain neutral due to downside risks in markets such as South Korea, where concerns include a slowing economy, domestic political risk, and tariff risks.
	Government Bonds	US	●
UK		●	We remain neutral as although gilts have not been unduly affected by the recent European bond market sell-off, inflation remains sticky.
Europe		●	We remain neutral as although inflation data has broadly improved, there has been a clear signal from Germany and eurozone countries to spend more on defence.
Japan		●	Recent economic data has been stronger than expected, which has raised concerns about inflation and future interest rates, leading us to remain neutral.
US Inflation Linked (TIPS)		●	We remain neutral as we believe oil prices will remain subdued given the backdrop of ongoing tariff uncertainty, which may keep expectations of higher prices pushed out for a while longer.
Emerging Markets Local		● ▲	We have upgraded to positive as the asset class provides some diversification from Trump or tariff-related noise. Current yields appear attractive relative to developed market bonds.

¹ Global Emerging Markets includes Central and Eastern Europe, Latin America and Asia.



	Category	View	Comments
Investment Grade Credit	US	●	We remain negative, as US IG remains expensive and is more vulnerable to interest rate volatility.
	Europe	●	We remain neutral as although a valuation premium still exists versus the US, valuations and spreads (the difference between the yields of two different bonds) have nonetheless tightened.
	Emerging Markets USD	●	We remain neutral as although the sector offers greater value compared to developed markets, there appears to be no clear catalyst to boost the asset class.
High Yield Bonds (Non-IG)	US	●	We remain neutral on US HY given the tightness of spreads. However, fundamentals and technicals remain benign.
	Europe	● ▼	We have downgraded to neutral as there has been an extreme divergence between European and US credit performance.
Commodities	Energy	●	We expect further downside for oil markets with OPEC+ supply returning. Meanwhile, US natural gas prices are likely to drop as the country transitions out of a cold period.
	Gold	●	We remain positive as central banks, crucially the People's Bank of China, continue to buy. Investor demand is returning and interest rate levels are turning more supportive.
	Industrial Metals	● ▲	There has been structural underinvestment in this sector, which has constrained supply. Given an upswing in the global manufacturing cycle, this should be supportive.
	Agriculture	●	With fundamentals still in balance, the market is likely to be more influenced by the escalation of retaliatory tariffs, which is likely to weigh down prices, leaving us neutral.
Currencies	US \$	● ▼	We have downgraded to neutral due to the increase in uncertainty from President Trump's policies and the excessive number of rate cuts already priced into US rates.
	UK £	●	We remain neutral given recent signs of slower economic growth. There is also the risk that services inflation may not continue its recent decline due to persistent wage pressures.
	EU €	● ▲	We have upgraded to positive given that Germany is implementing a large-scale stimulus package, domestic growth expectations are improving, and the euro has not fully priced these in.
	CNH ¥	●	We maintain our negative stance, as the CNH is a key target in the US-China trade tensions. We expect greater impact from retaliatory tariffs and a weaker CNH going forward.
	JAP ¥	●	We remain neutral on the yen. The risk from trade tariffs appears to be low for now, which suggests it could serve as a safe-haven currency during market volatility.
	Swiss F	● ▼	We have downgraded to negative as Swiss inflation is consolidating, allowing the Swiss National Bank to support CHF depreciation. A Ukraine-Russia ceasefire could also reduce safe-haven demand for the currency.

Source: [Schroders, March 2025](#).

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

The views for equities, government bonds and commodities are based on return relative to cash in local currency. The views for corporate bonds and high yield are based on credit spreads (i.e. duration-hedged). The views for currencies are relative to US dollar, apart from US dollar which is relative to a trade-weighted basket.



MARKETS REVIEW

A look back at markets in Q1 when US shares fell and Europe outperformed.

THE QUARTER IN SUMMARY

A look back at markets in Q1 when US stocks fell on tariffs worries while Europe outperformed as Germany announced spending plans. Gold soared amid the volatility elsewhere.

THE US

US shares fell in Q1 with the information technology and consumer discretionary sectors posting steep declines. However, most other sectors performed better, with energy and healthcare the top gainers.

News that China's DeepSeek had developed an artificial intelligence (AI) model comparable to market leaders, but at a fraction of the cost, caused investors to reassess expectations around AI, US leadership in the field, and returns on investment. The AI theme has powered stock markets in recent years, contributing to the outperformance of the "Magnificent Seven" group of stocks, and so the news put pressure on some of the largest stocks in the index.

Read more: [DeepSeek disruption highlights need for resilient portfolios](#)

Trade tariffs were another key theme of the quarter. President Trump announced tariffs on certain countries (notably Mexico and Canada) and on some goods (cars, steel, aluminium). As the quarter came to a close, investors were awaiting 2 April, dubbed "Liberation Day" by Trump, and the announcement of a broader swathe of tariffs.

Read more: ["Liberation Day": inflation up, growth down - with a huge dollop of uncertainty](#)

Investors feared that trade tariffs, plus public sector jobs cuts planned by DOGE (the new Department of Government Efficiency), could put pressure on US consumers. The University of Michigan's consumer sentiment index for March came in at 57.0, well below February's 64.7 reading.

In March, the US Federal Reserve (Fed) cut its US growth forecast for 2025 to 1.7% from 2.1%. The Fed also lifted its inflation outlook to 2.7% from 2.5%. The Fed kept interest rates on hold at 4.25-4.50% during the quarter.

EUROZONE

Eurozone shares gained sharply in Q1. In January, news about DeepSeek caused investors to reassess concentrated positioning in US large caps and rotate elsewhere. February brought the German elections and optimism that the new administration led by Friedrich Merz would pursue a pro-growth agenda. However, gains were capped with markets pulling back in March amid worries over the US imposing tariffs on imports, starting with the automotive sector.

The top performing sector for the quarter was financials. Banks in particular had a strong quarter amid some robust earnings updates. Banks are also relatively insulated from trade tariff concerns. Other top gaining sectors included industrials, energy, communication services and utilities. Underperforming sectors in the quarter included consumer discretionary, information technology and real estate.



The German elections took place in February with Friedrich Merz's Christian Democrats (CDU) emerging as the largest party. Merz signalled an intention to form a government by Easter (20 April). However, he was able to push through plans to loosen Germany's strict borrowing limits before the new parliamentary session began. Extra money is expected to be spent on defence and infrastructure.

Read more: [What do Germany's spending plans mean for economic growth?](#)

Following the election, sentiment among companies in Germany brightened. The Ifo business climate index, which is based on a survey of businesses, rose to 86.7 points, up from 85.3 in February. In the eurozone, the HCOB flash purchasing managers' index for March rose to a seven-month high with manufacturing production returning to growth for the first time in two years.

The European Central Bank cut interest rates in January and in March. Annual inflation in the eurozone eased to 2.3% in February from 2.5% in January, according to data from Eurostat.

UK

UK equities rose over the quarter, driven by a strong performance from larger companies, although sentiment towards UK small and mid-sized companies remained fragile. Large cap financials, energy and healthcare sectors benefited in line with European equities more broadly as global investors rotated away from richly valued US technology stocks.

UK small and mid-sized companies suffered amid ongoing concerns around the UK economic outlook. News that the country had narrowly avoided a technical recession at the end

of 2024 provided little respite. Meanwhile, spending cuts in the Spring Statement served to prompt questions around the state of the UK economy. While the Office for Budget Responsibility said the UK fiscal outlook remained stable, it warned that risks from upward pressure on defence spending and a tightening of the global trade environment might mean another round of tax hikes is required in the autumn.


The challenging domestic economic outlook drove a poor performance from a number of consumer-facing sectors such as housebuilders, retailers and travel and leisure. As a result, the consumer discretionary sector was one of the largest drags on market performance over the period, with technology and basic materials other notable detractors. Sterling stabilised after a very weak January.

JAPAN

The Japanese equity market declined in Q1, ending the quarter with a negative return of -3.4% for the TOPIX Total Return index in yen terms. The Nikkei 225 underperformed the TOPIX due to weak performance in larger stocks, particularly in the technology and exporter sectors.

The Japanese equity market faced selling pressure, driven by uncertainty surrounding tariff policies under the Trump administration, as well as rising concerns about the risk of a US recession. These fears were exacerbated by an announcement towards the end of March that the Trump administration would impose 25% tariffs on imported cars. As a result, exporters and technology-related stocks were among the most heavily affected.





On the other hand, several Japan-specific positives supported share prices in certain sectors such as financials. These included: rising Japanese government bond yields, driven by positive inflation and wage growth data; an announcement by Berkshire Hathaway that it is increasing its stakes in Japanese trading houses; and increased defense spending by the Japanese government. The Bank of Japan raised its policy rate in late January, a widely expected move that supported financial stocks, particularly banks.

Additionally, ongoing activity related to corporate governance reform continued to provide some support for Japanese equities. This includes, but is not limited to, disclosures of activist investor stakes in major Japanese companies, and an uptick in management buyout activity.

EMERGING MARKETS

The MSCI Emerging Markets (EM) index gained over Q1 2025, ahead of US indices although behind the MSCI Europe. In a quarter dominated by trade tariffs and US policy uncertainty, a falling US 10-year Treasury yield and a weaker dollar were supportive for EM overall.

Some of the emerging European markets, including Poland, Greece, Czech Republic and Hungary, posted particularly strong returns, supported by an improved outlook for the eurozone following Germany's fiscal policy changes. China's performance also contributed to the index's advance. The market has benefited from optimism about its AI capabilities following the initial release of DeepSeek's lower-cost open-source AI model in January. A rise in sentiment was also seen towards the end of the quarter by the announcement of a number of stimulus measures aimed at supporting domestic consumption.

Brazil outperformed with the real stronger against the dollar over the quarter. Given inflation remains above the central bank's target, the policy rate has been raised three times since the start of the year and now sits at 14.25% as at early April. South Africa was ahead of the broader EM index too, although in contrast to Brazil, its central bank cut interest rates at the end of January. Mexico outperformed as the imposition of some US trade tariffs were temporarily postponed.

The Korean market gained, led by a rebound in performance from DRAM chip producers, who benefited from an improving pricing environment. The UAE and Saudi Arabia also posted positive returns although the latter's performance was behind the broader index. India declined, primarily because of growth concerns. The Reserve Bank of India lowered the repo rate for the first time in almost five years in February, to 6.25%, maintaining a neutral stance to provide a supportive backdrop for growth (the repo rate is the rate at which the central bank lends to commercial banks when there is a shortage of funds). Indonesia and Thailand posted double-digit losses in US dollar terms with growth concerns also weighing on these markets. Taiwan also returned double digit negative returns, as uncertainty relating to US trade tariffs weighed on technology stocks.

ASIA (EX JAPAN)

Asia ex Japan equities achieved modest gains in the first quarter. China, Singapore, and South Korea were the best-performing markets in the MSCI AC Asia ex Japan Index. Thailand, Taiwan, and Indonesia were the worst-performing markets in the quarter.

Shares in China were sharply higher in the quarter after government stimulus measures, such as interest rate cuts, support for the country's troubled property sector, and liquidity injections,

helped to stabilise the economy and restore investor confidence. Advances in artificial intelligence (AI) by Chinese companies have also led investors to reevaluate China as a leader in the technology sector with strong growth potential.

Hong Kong shares also advanced in the quarter, albeit more modestly. Shares in Taiwan experienced sharp declines in the first quarter amid investor fears over tariffs imposed by Donald Trump on semiconductor exports to the US and concerns over a potential slowdown in AI investments by some of the large US technology companies.

Share prices in India were also weaker in the quarter amid investor fears over a potential trade war with the US and signs of a slowdown in the Indian economy.

GLOBAL BONDS

There was a notable shift in the global macroeconomic landscape during the first quarter of 2025. US exceptionalism was challenged as heightened policy uncertainty led to a sharp fall in sentiment and raised recession concerns. In comparison, Germany's fiscal regime change prompted a significantly improved outlook across Europe, catalysing a marked divergence in fixed income markets.

In March, Germany's parliament approved plans by incoming Chancellor Friedrich Merz to loosen borrowing limits, exempting spending on defence and security from the country's strict debt rules. This also facilitated the creation of a €500 billion infrastructure fund to run over the next 12 years. Consequently, German Bunds bore the brunt of the ensuing sell-off across the eurozone, with yields recording their largest daily jump since reunification in 1990 following the announcement (yields move

inversely to price). There was a partial reversal of the market weakness towards the end of the quarter as focus turned to the impact from tariffs ahead of US "Liberation Day".

US Treasuries outperformed this quarter, with yields falling (and prices rising) in response to weaker economic activity data. Canada also faced tariff uncertainties, leading to falling yields, although its performance lagged behind the US.

Divergence was evident in corporate bond markets. US dollar denominated bonds outperformed euro bonds on both investment grade and high yield markets. Investment grade bonds are the highest quality bonds as determined by a credit rating agency. High yield bonds are more speculative, with a credit rating below investment grade.


In the UK, a stagflationary outlook and a vulnerable fiscal position, underscored by the government's Spring Statement, influenced asset performance. Gilt yields ended slightly higher.

In Asia, Japanese government bonds underperformed all major markets, with rising yields amid strong Q4 GDP growth of 2.2% and rising inflation, signalling potential rate hikes by the Bank of Japan. Conversely, in China, a largely deflationary outlook stemmed a rise in yields.

COMMODITIES

The S&P GSCI Index gained in the first quarter. Precious metals was the best-performing component, with strong price gains achieved by gold and silver. Worries over tariffs and their potential impact on economic growth saw investors turn to assets perceived as safe havens, such as gold.





Agriculture was the worst-performing component of the index, driven lower by a sharp fall in the price of cocoa. Declines in the price of wheat, cotton and corn were more modest, while coffee and sugar prices gained in the quarter. Within energy, all sub-components gained in the quarter, with natural gas achieving the biggest price rise. In industrial metals, the price of copper was sharply higher, while lead and nickel achieved more modest gains. Zinc prices fell in the quarter.

DIGITAL ASSETS

Digital asset markets were caught by opposing forces during the first quarter. On the one hand, the Trump administration pushed ahead with plans to make the US the crypto capital of the world, while simultaneously uncertainty over tariff policies weighed heavily on all risk assets. Digital asset markets were not spared, as the overall market cap of digital assets fell 18%.

Ethereum was down over 45% while a broad index of large and small cap Altcoins was also down 35%. Bitcoin held up slightly better and retraced only -12% during the quarter and was flat in March.

Market headwinds overshadowed some otherwise positive developments for digital assets, such as Congress moving forward on stablecoin legislation by passing the GENIUS Act, which would establish an extensive regulatory framework for the issuance and regulation of stablecoins in the US. This step effectively gives the green light for large, regulated incumbents to participate in the stablecoin market. (A stablecoin is a type of cryptocurrency where the value of the digital asset is pegged to a reference asset).

TOTAL RETURNS (NET) % – TO END MARCH 2025

Equities	3 MONTHS			12 MONTHS		
	USD	EUR	GBP	USD	EUR	GBP
MSCI World	-1.8	-5.9	-4.7	7.0	7.0	4.8
MSCI World Value	4.8	0.5	1.7	8.7	8.7	6.4
MSCI World Growth	-7.8	-11.6	-10.5	5.4	5.4	3.1
MSCI World Smaller Companies	-3.7	-7.7	-6.6	-0.3	-0.3	-2.4
MSCI Emerging Markets	2.9	-1.3	-0.1	8.1	8.1	5.8
MSCI AC Asia ex Japan	1.8	-2.4	-1.2	11.3	11.3	9.0
S&P500	-4.3	-8.2	-7.1	8.3	8.2	6.0
MSCI EMU	12.2	7.5	8.8	6.8	6.8	4.5
FTSE Europe ex UK	10.9	6.4	7.6	6.1	6.0	3.8
FTSE All-Share	7.7	3.3	4.5	12.9	12.9	10.5
TOPIX*	1.5	-2.7	-1.5	-0.4	-0.4	-2.5

Government Bonds	3 MONTHS			12 MONTHS		
	USD	EUR	GBP	USD	EUR	GBP
JPM GBI US All Mats	2.9	-1.4	-0.2	4.5	4.5	2.3
JPM GBI UK All Mats	3.6	-0.7	0.5	0.6	0.6	-1.5
JPM GBI Japan All Mats**	2.6	-1.7	-0.5	-4.0	-4.0	-6.1
JPM GBI Germany All Traded	2.5	-1.8	-0.6	0.1	0.1	-2.0
Corporate Bonds	USD	EUR	GBP	USD	EUR	GBP
BofA ML Global Broad Market Corporate	2.9	-1.4	-0.2	4.9	4.9	2.7
BofA ML US Corporate Master	2.4	-1.9	-0.7	5.3	5.3	3.1
BofA ML EMU Corporate ex T1 (5-10Y)	4.0	-0.3	0.9	4.1	4.1	1.9
BofA ML £ Non-Gilts	3.8	-0.5	0.7	4.7	4.7	2.5
Non-investment Grade Bonds	USD	EUR	GBP	USD	EUR	GBP
BofA ML Global High Yield	2.0	-2.2	-1.0	8.1	8.0	5.8
BofA ML Euro High Yield	5.0	0.7	1.9	8.1	8.1	5.8

Source: LSEG DataStream. Local currency returns in Q1 2025: *0.2%, **-1.1%.

Past performance is not a guide to future performance and may not be repeated.





Source: [Schroders, March 2025](#)

The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Past performance mentioned is not a guide to future performance and may not be repeated. The sectors, securities, regions and countries shown are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Important Information: This communication is marketing material. The views and opinions contained herein are those of the named author(s) on this page, and may not necessarily represent views expressed or reflected in other Finura communications, strategies or funds. This document is intended to be for information purposes only and it is not intended as promotional material in any respect. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. Information herein is believed to be reliable but Finura does not warrant its completeness or accuracy. The data has been sourced by Finura and should be independently verified before further publication or use. No responsibility can be accepted for error of fact or opinion. This does not exclude or restrict any duty or liability that Finura has to its customers under the Financial Services and Markets Act 2000 (as amended from time to time) or any other regulatory system. Reliance should not be placed on the views and information in the document when taking individual investment and/or strategic decisions. Exchange rate changes may cause the value of any overseas investments to rise or fall. Any sectors, securities, regions or countries shown above are for illustrative purposes only and are not to be considered a recommendation to buy or sell. The forecasts included should not be relied upon, are not guaranteed and are provided only as at the date of issue. Our forecasts are based on our own assumptions which may change. Forecasts and assumptions may be affected by external economic or other factors. Issued by Finura Partners Limited, registered in England under Companies House number 09560937, 4th Floor, 20 Aldermanbury, London, EC2V 7HY.

Approved by Evolution Wealth Network Ltd on 08/04/2025.



FINURA

5th Floor, 20 Old Bailey, London EC4M 7AN
T: +44 (0)20 8057 8004 E: hello@finura.co.uk W: finura.co.uk

Finura Partners is an Appointed Representative of Evolution Wealth Network Limited who are authorised and regulated by the Financial Conduct Authority and based at Holmwood House, Broadlands Business Campus, Langhurstwood Road, Horsham, West Sussex, RH12 4QP.

Finura Partners Limited are registered in England under Companies House number 09560937,
4th Floor, 20 Aldermanbury, London, EC2V 7HY.