



FINURA

YOUR MARKET REVIEW JULY 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 on equities. Economic uncertainty persists, and we need to monitor its impact on corporate behaviour, but some of the downside risks are more limited in nature. Consequently, we believe the risk of a recession this year has lessened.
	Government Bonds	●	We remain neutral as medium-term concerns persist over increasing debt levels and lingering inflation risks in the US. We favour opportunities outside of the US where inflation concerns are less acute.
	Commodities	●	Global demand remains weak, keeping us neutral on base metals despite tight supply dynamics. We have upgraded energy to neutral due to the recent spike in oil prices. We maintain a positive stance on gold, supported by persistent central bank demand.
	Corporate Bonds (Credit)	●	While valuations are expensive, particularly in the US, the cyclical picture continues to improve with lower yields, a robust labour market and consumer sentiment remaining strong.
Equities	US	●	We continue our positive view on US equities supported by resilient consumption data, stable labour markets, and low energy prices. We are optimistic that pro-growth policies will support US growth and sentiment.
	UK	●	We remain neutral on UK equities. Although earnings growth is positive, it has declined significantly, and earnings surprises remain negative.
	Europe ex UK	●	We continue our positive view on European equities supported by fair valuations, robust inflows reflecting domestic demand, and a stable earnings outlook.
	Japan	●	Supportive macro trends, together with increased clarity on tariffs, are expected to benefit Japanese equities, therefore we maintain our positive view.
	Global Emerging Markets ¹	●	We maintain a positive outlook on emerging market equities. A weaker dollar, constructive trade negotiations, and favourable policy developments in some countries are providing positive catalysts for the asset class.
	Asia ex-Japan: China	●	We remain unchanged at neutral as growth forecasts are stable, despite concerns about domestic economic weakness and the inflationary pressures resulting from tariffs.
	EM Asia ex China	●	While Asian markets have so far avoided immediate tariffs, their reliance on Chinese imports continues to expose them to potential risks.
Government Bonds	US	●	We remain negative as increasing government bond supply may sustain elevated yields for an extended period. In addition, the Treasury market no longer displays the defensive qualities traditionally seen during risk-off periods.
	UK	●	We remain neutral. Although valuations are appealing, concerns over UK inflation persist. This has led to the Bank of England remaining cautious about cutting rates.
	Europe	●	We continue to favour German bonds as a safe-haven position given Germany's fiscal expansion is expected to stay disciplined and inflation under control.
	Japan	●	The Japanese government is strongly incentivised to support the long end of the yield curve (i.e. to keep long-term interest rates low); however, we remain neutral due to ongoing inflation concerns.
	US Inflation Linked	●	We maintain a neutral view, as subdued commodity prices are offsetting the impact of higher tariffs.
	Emerging Markets Local	●	Several emerging markets are benefitting from supportive policy environments as well as from a weaker US dollar and high carry (meaning local debt pays a higher interest rate compared to other regions).

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

	Category	View	Comments
Investment Grade Credit	US	●	Valuations are still elevated and tariff developments remain unpredictable; however, the market's focus has shifted towards deregulation and fiscal stimulus.
	Europe	●	Our view is unchanged as spreads (the difference between government and corporate bond yields) are more appealing compared to the US, underpinned by robust growth, strong demand and improved positioning.
	Emerging Markets USD	●	We maintain a neutral stance due to elevated valuations. The asset class's significant exposure to Asia leaves it sensitive to ongoing tariff developments.
High Yield Bonds (Non-IG)	US	●	While valuations are unattractive, the sector should benefit from stabilising growth, a pick-up in demand and positive consumer sentiment data.
	Europe	●	We remain neutral. The growth picture continues to look positive, and demand for the region is showing signs of improvement.
Commodities	Energy	● ▲	Oil prices have gone up recently because of geopolitical concerns and are likely to remain at current levels while this uncertainty persists. However, we expect incoming supply to eventually outweigh demand, and once the current uncertainty fades, we expect prices to come down again.
	Gold	●	We remain positive as gold continues to serve as a valuable diversifier amid fiscal concerns and geopolitical tensions.
	Industrial Metals	●	Speculation around what is to come from the Section 232 investigation (examining the national security implications of copper imports) is causing a great deal of volatility in copper markets, but ultimately, we see it as short-term noise, all the while global demand growth remains tepid, keeping us neutral.
	Agriculture	●	We remain neutral. The spike in oil prices caused a couple of biofuel feedstocks, namely soy oil, to rally, but elsewhere growing conditions remain broadly healthy leading to increased supply.
Currencies	US \$	●	Our view is unchanged reflecting the dollar's diminished diversification benefits and the uncertainty surrounding current US policy.
	UK £	●	The UK continues to contend with inflation, but market expectations for rate cuts seem excessive which could offer some support for sterling.
	EU €	●	We retain our positive view given its continued attractive valuations. We see investors reducing their exposure to the US dollar in favour of the euro.
	CNH ¥	● ▼	We've downgraded the Chinese yuan as we see limited upside. Its fixing has been stable, and volatility has been low in 2025, which makes it a cost-effective hedge.
	JAP ¥	●	We retain a positive view as rising wage and services inflation, coupled with anticipated steps by the Bank of Japan towards policy normalisation, should support the yen.
	Swiss F	●	Although the Swiss franc serves as an effective diversifier, we continue to exercise caution given its notably low carry (i.e. low interest rate compared to other currencies).

Source: [Schroders, July 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 July when greater clarity emerged on tariffs and some strong corporate earnings buoyed equities.

THE MONTH IN SUMMARY

Global shares gained in July amid greater clarity on trade tariffs as the 1 August deadline approached. Emerging market shares outperformed developed markets. In fixed income, global government bond yields rose (yields move inversely to prices) amid continued unease over fiscal positions in advanced economies.

GLOBAL EQUITIES

Global shares gained in July with emerging market shares outperforming their developed market counterparts. Stock markets were supported by progress on tariffs, some well-received corporate earnings, and the ongoing enthusiasm for AI investments.

THE US

US shares gained in July amid advances for technology stocks and the emergence of some clarity on trade tariffs. The US announced tariff deals with a number of major trading partners in advance of the 1 August deadline. Additionally, the House of Representatives approved President Trump's flagship tax and spending plans (the 'Big Beautiful Bill').

Information technology stocks continued their rebound from the falls suffered earlier in the year. Optimism over the potential of artificial intelligence (AI) powered related stocks higher. Several technology stocks also posted some well-received quarterly earnings during the month. Meanwhile, there was an agreement

by the US that semiconductor companies could resume shipments of some key advanced processors to the Chinese market.

Elsewhere, some more defensive sectors – including healthcare and consumer staples – underperformed during July.

The US economy grew at an annualised rate of 3% in Q2, according to data from the Bureau of Economic Analysis, rebounding from the -0.5% contraction in Q1. The Q1 figure had been affected by a sharp rise in imports amid worries over potential trade tariffs.

Data for June showed that US annual inflation (as measured by the consumer price index) had climbed to 2.7%, up from 2.5% in May, as increased tariffs began to be reflected in prices. The Federal Reserve (Fed) left interest rates unchanged at 4.25-4.50% at its July meeting.

EUROZONE

Eurozone shares, as measured by the MSCI EMU index, advanced in July amid relief on tariffs as well as some positive corporate earnings updates. Top performing sectors in the month included healthcare and financials. Healthcare stocks received a lift from some positive corporate earnings, as well as relief on tariffs. Among financials, several European banks delivered positive earnings releases.

The information technology sector was among the weakest sectors amid disappointing quarterly earnings updates and outlook statements from some large European software and semiconductor stocks.

Other underperforming sectors included real estate and utilities, which are sensitive to interest rates. The European Central Bank (ECB) held rates steady at 2% in July. ECB President Christine Lagarde had said in June that the central bank was near the end of its rate-cutting cycle.

The European Union struck a deal with the US that will see tariffs of 15% imposed on EU goods being imported into the US. Shares rose in the wake of the news amid relief that a threat by President Trump to impose 30% tariffs had been avoided. Some sectors (including aircraft and aircraft parts) secured exemptions from the tariffs.

Data from Eurostat revealed that the eurozone economy grew by 0.1% in Q2 2025, a slowdown from 0.6% in Q1 but better than feared given trade uncertainty during the period.

UK

The FTSE All-Share delivered a positive return in July. Top performing sectors included energy, healthcare, consumer staples and telecommunications. The healthcare sector was boosted by strong earnings updates from some large pharmaceutical companies. Weaker sectors were real estate and technology. The mid-cap FTSE 250 index underperformed the large cap FTSE 100.

UK Chancellor Rachel Reeves used her annual Mansion House speech to unveil some limited reforms to bolster the financial sector and encourage greater investment by retail customers. Data from the Office for National Statistics (ONS) showed that UK inflation rose to 4.1% year-on-year in June, up from 4.0% in May. Separately, ONS data also showed that the UK government borrowed £20.7 billion in June, more than expected amid rising debt costs.

JAPAN

The Japanese equity market gained momentum toward month-end, with the TOPIX Total Return index rising 3.2% and the Nikkei 225 up 1.4%. Earlier in the month, upside was limited by concerns over Japan's Upper House election and US-Japan trade negotiations. However, the election outcome was better than feared.

During the month, Japan reached a favourable trade deal with the US, triggering a rally led by exporters and global cyclical. Additionally, strong demand expectations for AI data centres boosted shares of related Japanese firms, particularly optical cable and component providers, contributing further to market strength amid improving investor sentiment.

EMERGING MARKETS

Emerging market (EM) equities gained in July with the MSCI EM index ahead of the MSCI World index but behind the S&P 500 and MSCI Asia ex Japan indices. While dollar strength was a headwind for EM, strong performance from index heavyweights Taiwan, China and Korea proved supportive.

Thailand was the top-performing index market, with the UAE and Qatar also delivering robust performance in US dollar terms. Greece outperformed, driven by strong returns from banking stocks, followed by Taiwan, China and Korea which all generated similar gains, ahead of the index.

In Taiwan, ongoing investor enthusiasm for artificial intelligence continued to prove supportive, as were foreign inflows into the equity market. In China, ongoing progress on US-China trade talks as well as the "anti-involution" trade was beneficial for





market sentiment in the month. This included the US allowing some AI-chip exports to China to resume. Meanwhile, foreign equity inflows and a trade agreement with the US, which sees Korea face a 15% general tariffs plus some sector-specific levies and exemptions, contributed to the Korean index market's outperformance.

Poland and South Africa both gained in July, albeit by less than the index, while Mexico, Indonesia and Saudi Arabia all declined in US dollar terms. India and Brazil posted the biggest losses with both markets impacted by US trade tariff-related risks. The former faces a 25% duty from early August as well as an extra penalty given its trade relationship with Russia. Brazil has been hit with a 50% tariff, one of the highest rates the world.

ASIA (EX JAPAN)

The MSCI Asia ex Japan index made gains in July. Tariff deals with the US were generally better-than-feared, although talks between the US and China are ongoing.

Thailand was the strongest performer in the month, followed by Taiwan, Hong Kong and China. The end of the month saw Thailand and Cambodia reach a ceasefire agreement following a series of border clashes. Taiwanese stocks continued to benefit from enthusiasm around AI. Chinese shares drew support from the government's "anti-involution" campaign which aims to curb intense price competition and reduce overcapacity in certain industries.

India underperformed amid uncertainty around US tariffs. On 30 July, President Trump announced a 25% tariff on goods imported from India, as well as an extra penalty for India's purchases of oil and weapons from Russia.

GLOBAL BONDS

In July, the market's focus was on trade negotiations and on renewed fiscal discipline concerns. This caused global government bond yields to rise (yields are inverse to price). Corporate bonds outperformed amid an improvement in economic sentiment.

The US faced conflicting pressures from tariffs and fiscal policy. President Trump signed the 'Big Beautiful Bill' into law, with the net impact from tax reductions, increased spending on defence and border security and cuts to social security judged to be negative for the country's deficit.

Meanwhile concerns over central bank independence resurfaced, although President Trump later refuted speculation that Federal Reserve Chair Powell's position was under threat. As expected, the Federal Open Market Committee (FOMC) left interest rates unchanged (4.00-4.25%) while the market interpreted Powell's press conference as relatively hawkish.

In Japan, renewed fiscal concerns ahead of the upper house elections – which saw the ruling coalition lose its majority – drove Japanese government bond yields higher. The Bank of Japan kept its policy rate unchanged at 0.5% as expected, but revised up its inflation forecast, fuelling speculation over potential rate hikes.

Meanwhile, the UK gilt market endured a degree of volatility driven by political developments. The government's concessions on welfare cuts raised doubts over fiscal discipline, particularly given uncertainty of whether the Chancellor of the Exchequer Rachel Reeves – the advocate of the strict fiscal rules - would remain in her post.

It looks like a trade war the European Union (EU) and the US has been averted. Following weeks of negotiations, a baseline tariff rate of 15% on almost all EU goods entering the US was agreed, with the EU also committing to significant spending on US military equipment and energy. Meanwhile, the European Central Bank kept interest rates unchanged for the first time in a year, with President Lagarde striking a surprisingly hawkish tone.

Corporate bond markets enjoyed a positive month, generating positive returns over government bonds. In the US, a constructive outlook and robust company earnings - which exceeded expectations particularly in cyclical companies-drove solid performance across sectors and rating, both for investment grade and high yield. 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. June's payroll data and job opening report painted a constructive picture of the US labour market, while survey data extended further into expansionary territory.

Euro denominated corporates equally produced positive total and excess returns as spreads compressed for the third consecutive month. Performance was broad based across sectors, with life insurance and real estate investment trusts among the outperformers.

The US dollar strengthened against all other G10 currencies in July. Sentiment was positive, with strong labour market data, positive company earnings growth and expansionary survey data. News that a trade deal with the European Union had been reached also helped support the US dollar towards the end of the month.

The Japanese yen was at the weaker end of the spectrum amid political uncertainty. The upper house elections saw the ruling coalition lose its majority, although Prime Minister Shigeru Ishiba confirmed that he would remain in office.

COMMODITIES

In commodities, the S&P GSCI Index gained in July. The energy component was strong while livestock also delivered a positive return. Precious metals were little changed overall.

Both the agriculture and industrials metals components registered negative returns for July. Within agriculture, sugar posted a gain, while zinc outperformed among industrial metals.

DIGITAL ASSETS

July was marked by advances in regulatory adoption of digital assets. The total cryptocurrency market capitalisation surpassed \$4 trillion for the first time in mid-July, propelling Bitcoin to a new all-time high above \$123,000 and delivering an 8% monthly return. Ethereum outpaced Bitcoin with a 42% gain in the month, fuelled by surging demand for spot ETFs and growing institutional interest.

Optimism was boosted by pivotal US legislative developments. During Congress's inaugural "Crypto Week," the regulatory landscape shifted decisively as three major bills were passed: the Genius Act, the Clarity Act, and the Anti-CBDC Surveillance State Act. Together, they establish a comprehensive framework that opens the door for Wall Street banks, Silicon Valley firms, and other businesses to begin rolling out blockchain-based products and services.



TOTAL RETURNS (NET) % – TO END JULY 2025

	1 MONTH			12 MONTHS		
Equities	USD	EUR	GBP	USD	EUR	GBP
MSCI World	1.3	3.9	4.9	15.7	9.4	12.3
MSCI World Value	0.4	3.0	4.0	11.1	5.1	7.9
MSCI World Growth	2.1	4.7	5.7	20.2	13.6	16.6
MSCI World Smaller Companies	1.2	3.8	4.8	8.4	2.5	5.2
MSCI Emerging Markets	1.9	4.6	5.6	17.2	10.8	13.7
MSCI AC Asia ex Japan	2.6	5.2	6.2	20.0	13.4	16.4
S&P500	2.2	4.9	5.9	16.3	10.0	12.9
MSCI EMU	-1.5	1.0	2.0	21.3	14.7	17.8
FTSE Europe ex UK	-2.1	0.4	1.4	1.7	8.4	11.3
FTSE All-Share	0.4	3.0	4.0	15.5	9.2	12.1
TOPIX*	-0.1	1.6	2.5	8.0	2.1	4.8

	1 MONTH			12 MONTHS		
Government Bonds	USD	EUR	GBP	USD	EUR	GBP
JPM GBI US All Mats	-0.4	2.2	3.2	2.6	-3.0	-0.4
JPM GBI UK All Mats	-3.8	-1.3	-0.4	2.3	-3.3	-0.8
JPM GBI Japan All Mats**	-5.1	-2.6	-1.7	-3.6	-8.9	-6.5
JPM GBI Germany All Traded	-2.7	-0.3	0.7	6.0	0.2	2.9
Corporate Bonds	USD	EUR	GBP	USD	EUR	GBP
BofA ML Global Broad Market Corporate	-0.6	1.9	2.9	6.4	0.6	3.3
BofA ML US Corporate Master	0.1	2.7	3.7	4.7	-1.0	1.6
BofA ML EMU Corporate ex T1 (5-10Y)	-1.9	0.7	1.6	11.0	4.9	7.7
BofA ML £ Non-Gilts	-3.1	-0.7	0.3	7.1	1.3	4.0
Non-investment Grade Bonds	USD	EUR	GBP	USD	EUR	GBP
BofA ML Global High Yield	0.2	2.8	3.7	9.9	3.9	6.6
BofA ML Euro High Yield	-1.4	1.1	2.1	14.4	8.2	11.0

Source: LSEG DataStream. Local currency returns in July 2025: *3.2%, **-1.1%.

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Source: [Schroders, July 2025](#)

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