RATHBONES

RATHBONE SICAV GLOBAL OPPORTUNITIES FUND

QUARTERLY UPDATE MARCH 2025

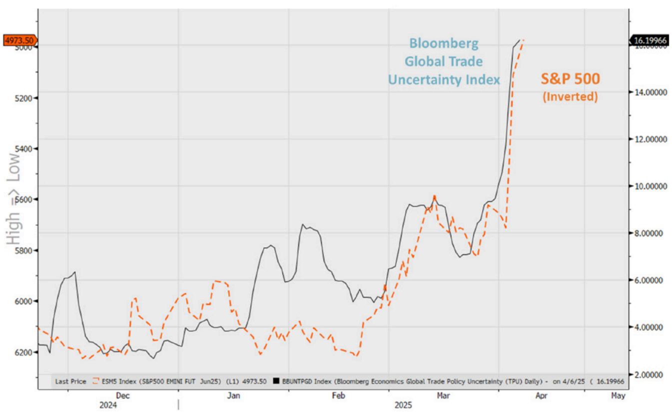
During the first quarter, your fund returned -3.7%.

These are agonising times as it remains unclear how this man-made trade disaster will resolve itself as the fire spreads through financial markets. We can take comfort that our portfolio has a number of resilient characteristics and these high-quality stocks are some of the most adaptable, durable, tested and mission-critical businesses in the world. These companies have remarkable healing power and markets often embrace a short memory if we hold our nerve.

Five key takeaways

1. Approximately 20% of our portfolio is invested in weatherproof holdings – less economically sensitive and recession resistant. Stocks like **Rollins** (pest control), **Waste Connections** (garbage collection), **Coca-Cola** (drinks), **Mondelez** (chocolate), **TJX** (off-price retail) and recent purchase **O'Reilly** (auto parts).
2. The dollar usually strengthens in a market crisis, thereby dampening the downside on our sterling portfolio which has more than 70% of its investments in the US.
3. There are some automatic stabilisers in the economy that should soften the impact on the US consumer, including falling oil prices, lower bond yields and a Fed that will cut rates more quickly as recession risks grow.
4. We have no debt or investments on margin in the portfolio and are buyers on weakness.
5. Any relief in global trade uncertainty will trigger a monster rally in risk assets.

THE MARKET HAS 1 KNOWN PRIMARY ISSUE… THE REST IS UNKNOWN AND DEPENDENT ON THIS



Source: Bloomberg; data 31 Oct 2024 to 7 Apr

US President Donald Trump's 'Liberation Day' delivered worse than the worst-case scenario as a thick protectionist fog has engulfed world trade. The market has abandoned faith in Trump's pro-business characteristics and his sensitivity to stock markets. This was reinforced when Treasury Secretary Scott Bessent used President Ronald Reagan's first term as a historical analogy. In the first two years following Reagan's victory in November 1980, the S&P 500 sold off by circa 25% as US Federal Reserve Chair Paul Volcker drastically tightened interest rates to fight inflation. This was followed by a 180% rally over the next six years. And this is the medicine that Trump hopes we're willing to swallow (perhaps we've previously underestimated his grasp of history?).

AFTER ~25% FALL IN REAGAN'S FIRST 2 YEARS, US STOCKS RALLIED C.150%

Source: FactSet; price index from 1 Oct 1980 to 28 Nov 1986

Meanwhile, the pivot from Wall Street to Main Street has been reinforced by the Trump administration's focus on bringing down interest rates to refinance US debt as cheaply as possible. That may signal fairly high tolerance of further equity market downside in the short term. Mass reshoring is the goal. Tariffs need to stay on the agenda to get companies to relocate production to the US and to force other countries to capitulate on trade terms.

Trump is creating maximum leverage for himself in the hope this lays the foundations for an epic window of dealmaking. He likes to commence discussions with destabilised adversaries reeling from the impact of his broadsides. On the flipside, Trump knows that 62% of Americans own stocks.

Performance review

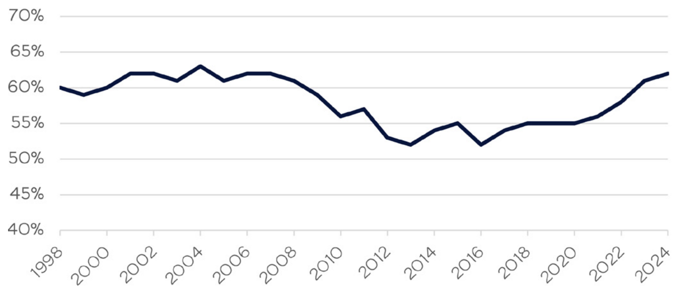
	3 months	6 months	1 year	3 years	Since launch 11 Mar 21
Rathbone SICAV Global Opportunities Fund	-3.7%	1.3%	1.1%	13.4%	21.3%
IA Global Sector	-4.5%	-1.1%	-0.3%	13.4%	24.5%

	31 Mar 24 – 31 Mar 25	31 Mar 23 – 31 Mar 24	31 Mar 22 – 31 Mar 23	31 Mar 21 – 31 Mar 22
Rathbone SICAV Global Opportunities Fund	1.1%	22.2%	-8.3%	7.8%
IA Global Sector	-0.3%	16.7%	-2.7%	8.4%

Source: FE Analytics; data to 31 March, L-class, mid price to mid price.

These figures refer to the past, which isn't a reliable indicator of future performance.

PROPORTION OF US HOUSEHOLDS INVESTED IN STOCK MARKET

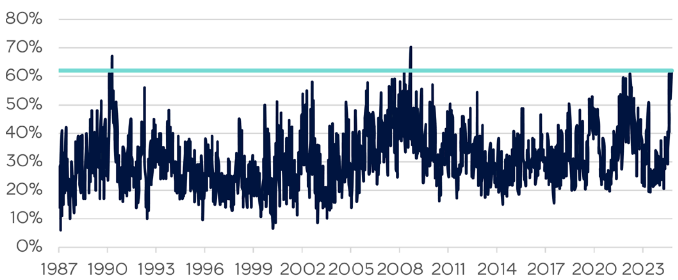


Source: Gallup

While investors may question Trump's megalomania and his dogged focus on ruining the economy – his 37-page Annex 2 list of tariff-exempt goods reveals a surprising sensitivity. It includes energy products, chemicals used in energy manufacturing, critical minerals, pharmaceuticals, copper, semiconductors and more. Perhaps much more thought and consideration went into the formulation of tariff policy than is generally appreciated? The list seeks to exempt industries of national security importance. Notably, the catalogue of oil, gas and energy products excluded from the tariffs suggests that energy deflation is high on the Trump administration's priority list.

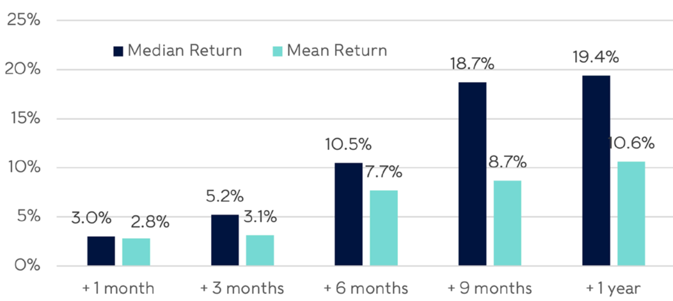
The unprecedented nature of this crisis will keep many investors on the sidelines, but historically periods of stress have provided buying opportunities. The latest American Association of Individual Investors survey shows 'bearish' investor sentiment has spiked to its third-highest level of all time – similar to historic catastrophes such as the Global Financial Crisis, COVID and the 1990 crash. Recent bad news, such as the retaliation for China's reciprocal tariffs, has not triggered a new wave of selling pressure. Perhaps markets are starting to price in the recession risk? Moreover, episodes of investor capitulation have historically been followed by quite profitable stock market returns. We've added a new holding to the fund during this market meltdown and will be adding another in short order.

US INDIVIDUAL INVESTORS ARE EXTREMELY BEARISH



Source: FactSet, American Association of Individual Investors Bearish Survey; Jul 1987 to Apr 2025

AVERAGE S&P 500 RETURNS AFTER AAII BEARISH READINGS BREACH 55



Source: Piper Sandler

The value of investments and the income from them may go down as well as up and you may not get back what you originally invested.

JAMES THOMSON
Lead Fund Manager

SAMMY DOW
Fund Manager

For more info on our fund, including factsheets, performance and fund manager views, please click here.

If you require further clarification on this commentary, then please contact your adviser or Rathbones at the contact details below.

Any views and opinions are those of the investment manager, and coverage of any assets held must be taken in context of the constitution of the fund and in no way reflect an investment recommendation. Past performance should not be seen as an indication of future performance. The value of investments and the income from them may go down as well as up and you may not get back what you originally invested.

This fund is actively managed. This is a marketing communication. Please refer to the prospectus of the UCITS and the KIID before making any final investment decisions.

Please note that the Rathbone Luxembourg SICAV may decide to terminate the agreements made for the marketing of the fund pursuant to Article 93a of Directive 2009/65/EC. For a summary of investor rights and guidelines regarding an individual or collective action for litigation on a financial product at European Union level and in the respective country of residence of the investor, please refer to the supplementary information document that can be found on rathbonefunds.com/international. The summary is available in English or an authorised language in the investor's country of residence.

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