



PH&N Overseas Equity Fund

Commentary as at June 30, 2025

Optimism early in the period that the Trump administration would focus on deregulating the economy and boosting economic growth quickly gave way to concern over the impact of trade tariffs. Announced tariff levels threatened to significantly disrupt supply chains and raise U.S. retail prices, potentially pushing the U.S. into recession. Meanwhile, increasing geopolitical concerns caused several European governments to increase spending on rearmament, supporting economic-growth forecasts in the region. The differing economic outlooks led non-U.S. investors to repatriate assets and resulted in a rare period of underperformance for U.S. financial markets.

Trade policy uncertainty declined as the period progressed after the U.S. announced that the imposition of extremely high tariffs would be delayed until July, allowing time for a negotiated outcome. Global equity markets rallied from this point, with investors returning to companies linked to artificial-intelligence technology, and the threat of a U.S. recession receded.

The Fund benefited from positions in Safran, Erste Group and Intesa Sanpaolo. Performance was limited by holdings in Recruit Holdings, InterContinental Hotels and Novo Nordisk.

The macroeconomic situation remains supportive for capital markets, with inflation and interest rates on a gradually declining trend. However, U.S.-policy uncertainty and geopolitical events have contributed to recent volatility and have the potential to continue to do so over the balance of the year. Equity markets have been resilient with technological and industry change, contributing to the positive development. It continues to be the opinion of the portfolio manager that companies with strong balance sheets and dependable earnings will be best positioned to navigate the potential difficulties ahead, while harnessing the opportunities offered by technological change.

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