

Global Balanced UCITS ETF – Quarterly Update



**Goshawk
Asset Management**

Goshawk Asset Management is a trading name of
North Atlantic Investment Services Limited (FCA no.
969870) with company no. 13800256

Performance Overview

- After a difficult first quarter, global equities rebounded strongly in the second quarter.
- Whilst US markets rose strongly in Q2, the weakness of the US Dollar impacted returns in Sterling.
- We had reduced USD exposure early in 2025, particularly with the fixed income portion of the fund.
- However, after reducing our exposure to the Dollar, our performance was hindered as US stocks rallied much more strongly than anticipated.
- The Goshawk Global Balanced UCITS ETF rose by 1.6% in GBP.

Market Highlights

- **US Market:** markets rallied despite concerns around tariffs policy, increasing geopolitical tensions, repeated attacks by President Trump on the Chair of the Federal Reserve, and the potential impact of the 'Big Beautiful Bill' on the deficit.
- **China:** government policy supported an improvement in domestic consumption.
- **Europe:** mixed equity performance, but excellent returns in Germany driven by a more pro-growth administration.
- **Japan:** equity markets were slightly higher over H1, but enjoyed a better Q2 than Q1.

Portfolio Adjustments

- Introduced a new position in Toppan due to expected improvements in corporate governance and their exposure to the growth in chips required for AI.
- Anticipating an improvement in the industrial automation cycle, added to our position in Keyence and introduced a position in robotics company Yaskawa Electric. The latter also offers significant value, especially from its balance sheet, at its current price.
- Added a position in Diageo following a prolonged period of underperformance and saw a more optimistic trading update and improved free cash flow forecast.

Stock Performance

- Rolls-Royce: rose by 29% (in GBP), continuing to perform exceptionally well due to strong execution and positive defence trends.
- Netflix and Spotify: strong performances from both as investors latched onto their defensive qualities and highly cash-generative nature. Both share prices rose over 30% in the quarter (in GBP).
- IBM and Oracle: reported strong results following a significant tailwind from AI.



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Outlook

- Cash position in portfolio is modestly reduced by new additions.
- Trading carefully in the current environment as we believe US equities are behaving complacently.
- Risks presented by US deadlines for trade deals to avoid 'Liberation Day' tariffs loom.
- Watching bond market developments carefully in case a steep rise in longer-dated yields threatens already-stretched valuations.
- Continue to hold about 50% weighting in US shares of the equity portion of the fund and still see opportunities to invest in promising US companies.

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Data source: Goshawk Asset Management, Bloomberg

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