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Investment Update Q3 2025

After steadying in the spring, markets navigated a stop-start summer and made welcome progress. Global shares began the quarter on the front foot, dipped in early August as softer US jobs data and sizeable revisions unsettled investors, then recovered as central-bank signals turned more supportive. Closer to home, the UK backdrop was helped by resilient corporate results and firmer sterling. Our focus has remained on balance: participating in equity upside while keeping portfolios diversified and calm through bouts of volatility.

Investment Commentary

July delivered solid equity gains as companies broadly met or beat expectations. A weaker US labour-market print and large downward revisions to prior months sparked a wobble at the start of August, but Fed Chair Powell's remarks at Jackson Hole helped sentiment recover and indices ended August near highs. The US remained the main driver of global indices, though the UK also posted solid returns over the summer with a run of record highs leaving valuations still modest versus peers. Leadership stayed relatively narrow—technology remained influential—but there were periods when more cyclically sensitive areas participated, especially in Europe and the UK where starting valuations have been attractive.
Fixed income returns were more uneven.

Fiscal concerns weighed on bond markets in August, with a broad-based gilt benchmark down about 1.1% over the month. Short-dated gilts held up better than longer maturities (0–5yr roughly flat, 5–15yr modestly lower, 15yr+ weaker). Even so, the overall level of gilt yields is appealing by the standards of much of the last 15 years, providing a more meaningful income foundation for diversified portfolios. Sterling strengthened over the summer—including a rise of a little over 2% against the US dollar in August—which trimmed translated returns from overseas assets for UK-based investors but also signalled confidence in the domestic outlook. Commodity moves were mixed and headline-driven; rather than making big directional calls here, we prefer to own businesses that can protect margins across different cost environments.

Looking ahead

As we enter the final quarter, the picture is of a softening, but still functioning, global economy, with central banks edging towards easier policy. Headlines around trade, fiscal policy and labour-market data are likely to keep markets on their toes, particularly after the August US jobs revisions. Against that backdrop, we remain cautiously constructive: participate where fundamentals and valuations support it, keep portfolios balanced, and use volatility to add to high-quality assets at better prices.

What have we been doing?

The following notes represent a brief selection of our latest trade ideas to best position our bespoke portfolios for the prevailing market conditions. We look forward to commenting on these and more in individual commentaries we prepare that are tailored to your own accounts. If you would like any further information ahead of such time, please do get in touch and we will be delighted to talk you through our activities.

We undertook a sale of shares in Tesco PLC in Q3. This was not driven by concerns about Tesco, rather it reflects a preference for Marks & Spencer following a dip in its share price on the back of a cyber-attack. We do not believe that event upsets our view of an encouraging medium-term outlook.

A review of options in the UK equity fund sector was also undertaken. Resulting in a sale of the Liontrust UK Growth fund. This was a difficult decision for us as the fund is managed by an established team under a successful process, but we believe their analysis just isn't paying off in the current market environment. We may well revisit a position in their fund in the future but for the time being we have defaulted to a UK tracker to capture the larger weightings therein to UK banking and mining company performance. Active fund managers are typically underweight these sectors so a passive investment is a cost-effective option for capturing that exposure over shorter periods.