CANTOR FITZGERALD ASSET MANAGEMENT

Market Update

JULY 2025

The greatest trick the investment devil ever pulled was distracting the world about tariffs. Diverting attention towards trade wars has led to an opportunity cost for many investors that far exceeds the cost of those trade wars themselves. Amidst the tariff chaos the investment capex revolution continues to be missed by many commentators. The markets however have noticed and many of the leading indices of the world are sitting at or near all-time highs as we enter the second half of 2025.

The AI led capex boom is deepening within tech, broadening into industries, and travelling further across the globe than even the most ardent believers forecasted 6 months ago. This generational investment cycle which has driven so much of the strength of the US economy and markets over the last 3 years is now spreading globally. An AI infrastructure arms race has begun with positive investment implications across multiple sectors and geographic locations. When one puts this against the backdrop of falling inflation, a record amount of global rate cuts and a deeper fed cutting cycle its hard for us to square the circle of cynicism out there in regard to risk assets. Earnings growth accelerating into 2026, margins stable and over a trillion dollars of buybacks aren't to be sniffed at either. The tariff war is a whimper and even the more concerning aspects of the nascent Tax war has died down with the killing of section 899.

The funds have had a good 2025 so far, substantially outperforming all relevant peers and passive benchmarks. Our active, style agnostic and pragmatic approach has once again delivered for investors. Q2 2025 generated the largest ever relative outperformance versus the benchmark in the long history of the funds.

The outperformance year to date can be put down to 5 key drivers, listed below:

1. Style agnosticism: 2025 has represented a complete reversal of the stocks, sectors, regions and factors that have led the market in 2023,2024 in quite a dramatic fashion. The funds outperformed across all 3 years despite this as it is not beholden to any one investment style.

2. Stock selection: This is at the heart of what we do as we run no benchmark positions. Over 25 stocks have added significantly to performance this year, ranging from UK banks, EU defence, US Stablecoins, Global subscription services & Irish Airlines.

3. Proactive Asset allocation: Post the US election day euphoria after volatility collapsed we went to the bottom of our investment range, Post Liberation day capitulation and after volatility exploded we went back to the top end

4. Tactical Opportunities: Decisions made around the "deepseek" Monday, which saw key power and energy holdings fall 7 standard deviations added to returns as we have the investment culture to exploit these rapid black swan events.

5. Risk Management: Our top 20 contributors have an almost 2:1 ratio versus our top 20 losers. That is the mistakes we make cost half what our successful investments make as we constantly cut the things we are wrong on early.

Entering into H2 the funds are fully invested with some key overweight's of note below-

Technology - AI Infrastructure, Analog Semis

Industrials - Electrical Engineers, US Defence, Reshoring, US Ag's

Energy - Global LNG Ecosystem, EU Power demand

Consumer Discretionary - Quality/Luxury Brands, E-Commerce 2.0

Materials - Cooper

Consumer Internet - Subscription services

Medtech - Robotic Surgery

This marks quite the turnaround from the start of the year where we were overweight cash, energy, defence and global banks in particular. We remain overweight dollars whilst the duration in the fixed income portfolio is relatively neutral. We understand the geo political risks out there, especially as we approach the latest tariff deadline of July 9th .However as we look at markets and economies through our investment lens of a tried and trusted 3 pillar process, we continue to see solid earnings and economic growth, both now and into 2026.

Phil Byrne
Chief Investment Officer

WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment may go down as well as up.

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