BAGGOT
Investment
Partners

General Update

JULY 2025

We build and maintain portfolios for clients which address their specific needs

Baggot is a Central bank regulated investment manager. We specialize in designing and monitoring investment strategies that are built using global investment products and assets. Where almost all financial advisors and brokers would simply refer your business to a large external manager, in return for a commission, we use in-house expertise to actively manage your assets.

We offer Investment strategies across various risk profiles. In many cases, we build portfolios in-line with our client's specific needs (CGT focus, Income focus, etc.).

As a principle at Baggot, we do not charge upfront fees or expose our clients to lock-up periods. You can add or withdraw funds at any time and switch between strategies at no extra cost.

If you would like a review of your current investment strategy or to discuss future investment opportunities please contact us.

Call 01-699 1590

Peter Brown
Managing Director

CONTENTS

01.

Portfolio Performance

On product returns, it should be noted that return numbers include all charges, which is not the case for our benchmarks. Benchmarks show you returns before taking account of all charges. Year-to-Date (YTD) figures are based on closing values at the end of Q2.

Baggot Equity Income

- YTD: 8.18%
- Benchmark Setanta Dividend Fund YTD: - 1.14%
- Baggot YTD Outperformance: 9.32%

Baggot Multi-Equity

- YTD: 3.15%
- Benchmark MSCI World YTD: - 2.32%
- Baggot YTD Outperformance: 5.47%

Baggot Multi-Asset 4 (BMA4)

- BMA4 (Medium Risk) YTD: 1.44%
- Benchmark Irish Life MAPS 4 YTD: -0.75%
- BMA4 Outperformance: 2.19%

Baggot Multi-Asset 5 (BMA5)

- BMA5 (Medium-High Risk) YTD: 0.02%
- Benchmark Irish Life MAPS 5 YTD: - 1.55%
- BMA5 Outperformance: 2.0%

Baggot Multi-Asset 6 (BMA6)

- BMA6 (High Risk) YTD: 1.52%
- Benchmark Irish Life MAP6 5 YTD: - 3.22%
- BMA6 Outperformance: 4.85%

Observations

We've outperformed benchmarks and peers in all of our equity and multi-asset products so far in 2025. The main reason is that we've had significantly less exposure to US Equities than our peers and where it relates to multi-asset products, we've also been overweight Gold vs peers and continued to keep our Bond exposure in the Ultrashort Dated Investment Grade space, while our peers have favoured longer duration Bonds.

It seems counter-intuitive to many that longer duration Bonds in Europe continue to dramatically underperform shorter duration Bonds, given that the ECB has cut interest rates eight times since June of 2024. We've gotten things wrong before too. Everyone is human, but ultimately for us, it is down to the fact that ultra-short duration Bonds have a risk profile in the 1-2 range, while longer duration government Bonds have a risk profile in the 4-5 range.

Risk Rating	Volatility Ranges	
	Equal to or above	Less than
1	0%	0.5%
2	0.5%	2%
3	2%	5%
4	5%	10%
5	10%	15%
6	15%	25%
7	25%+	

We believe that we live in a world where governments and central banks cannot allow Bonds to generate returns in excess of inflation. In that world, longer duration Bonds are much more risky, so for the risk, we much prefer assets that can track or even beat these longer term inflationary policies, such as Equities and Commodities.

02.

Market Returns Summary

Q2 Asset Class Returns

Asset class return numbers noted below are all based in Euro denominated terms. We've added Energy, Industrial Metals and Crypto to the list. Data taken from investable European Equity, Bond, Commodity and Crypto ETFs, which include costs as well as dividend payments. For perspective when comparing returns, the EURUSD has gained 8.95% in value in Q2 and 13.85% year-to-date.

Equity ETF Returns YTD Leaders & Laggards (Euro denominated returns)

YTD Leaders: German DAX, MSCI Latin America, Euro Stoxx 50.

YTD Laggards: MSCI China A Shares, S&P 500, NASDAQ 100.

Q2/YTD Equities Performance (Euro denominated returns)

S&P 500
2.7% / -6.1%

NASDAQ 100
8.5% /-4.8%

Euro Stoxx 50
1.4% / 11.0%

German DAX
6.1% / 19.7%

Stoxx Europe 600
1.5% / 9.1%

FTSE 100
-0.3% / 6.1%

MSCI EM Asia
1.6% / 2.8%

Vanguard FTSE EM
-0.7% / -2.1%

MSCI China A Shares
-5.6% /-9.6%

MSCI Japan
-0.8% / 0.4%

MSCI Word
2.6% / -2.9%

MSCI Latin America
5.4% / 15.4%

MSCI India
0.7% / -4.5%

MSCI Asia Pacific ex-Japan
1.9% /0.2%

Bond ETF Returns YTD Leaders & Laggards (Euro denominated returns)

YTD Leaders: European Investment Grade Ultrashort dated Bonds, European Inflation Linked Bonds, and European Aggregate Bonds.

YTD Laggards: US 10+ Year Treasury Bonds, US Inflation Protected Bonds, and EM Bonds.

Q2/YTD Bonds ETF Performance (Euro denominated returns)

US 10+ Year Treasury Bond ETF

-8.7% / -7.9%

German 10+ Year Bund ETF

1.6% / -4.5%

EM Bond ETF

-4.8% / -5.9%

Europe Aggregate Bond ETF

1.6% / 0.8%

US Inflation Protected Bonds

-7.2% / -6.7%

Global Aggregate Bond ETF

-3.6% / -4.6%

Europe Inflation Linked Bonds

2.1% / 1.4%

Europe Investment Grade Ultrashort dated Bond ETF

0.7% / 1.5%

Q2/YTD Precious Metals ETF Performance (Euro denominated returns)

Gold

-1.4% / 11.7%

Silver

-3.7% / -1.7%

Platinum

-25.9% / -27.7%

Q2/YTD Industrial Metals ETF Performance (Euro denominated returns)

Copper
-10% / 8.5%

Nickel
-14.9% / -14.1%

Aluminium
-6.2% / -8.5%

Q2/YTD Energy ETF Performance (Euro denominated returns)

Brent Crude
-12.9% / -14.3%

WTI Crude
-12.3% / -14.7%

US Natural Gas
-27.6% / -13.4%

European Natural Gas
-20.6% / -31.6%

Q2/YTD Energy ETF Performance (Euro denominated returns)

Bitcoin
17.3% / 2.0%

Ethereum
20.6% / -35.4%

Solana
8.1% / -29.0%

NASDAQ Crypto Index
16.1% / -7.0%

03.

Changing Things up a Bit

We've decided to change things up a bit with our quarterly updates. The feedback we've gotten from clients is that the reports are long and require effort to read. Recently we've been writing shorter pieces more frequently and the feedback has been very favourable. Below are links to my recent blogs, all published in the last 2 months, which are still relevant from an investing perspective. They are all pretty quick reads.

Nuclear is Hot
https://baggot.ie/nuclear-is-hot/

Silver is Cheap Relative to Gold
https://baggot.ie/silver-is-cheap-relative-to-gold/

Trump Has Been Good For European Equities
https://baggot.ie/trump-has-been-good-for-european-equities/

The Investment Case for Uranium
https://baggot.ie/the-investment-case-for-uranium/

Significant Outperformance in China Tech Versus US Tech
https://baggot.ie/significant-outperformance-in-china-tech-versus-us-tech/

What Comes Next After the Trade War Dust Settles?
https://baggot.ie/what-comes-next-after-the-trade-war-dust-settles/

Bitcoin Exposure, Without All of the Downside Risk
https://baggot.ie/bitcoin-exposure-without-all-of-the-downside-risk/

04.
Tariffs

On tariffs, I think it is too early to tell what the impact will be on global markets and particularly the US economy. We think it's really going to be after Q4 of this year or even possibly after Q1 of 2026 before we're really going to see the real impact as it pertains to the real economy. Obviously there are still a lot of negotiations in play and not many trade deals have actually been done. Originally Trump announces huge tariffs on countries like China, among others, and then his imposed tariffs seem to come down over time. The Irish Times has a running list here; https://www.irishtimes.com/business/2025/07/15/a-timeline-of-key-tariff-related-events/.

I won't re-hash all of it, but for instance on May 25 Trump agrees to delay his threatened 50% tariffs on Europe and extends the deadline to July 9. Then on July 7 he extends the deadline for "reciprocal" tariffs from July 9 to August 1. Three days later Trump announces a 30% tariff on Mexico and Europe, effective August 1. Over time we are seeing Trump initially bring a big stick to his fight and then he backtracks to lower levels and extends the deadlines. It will take a good bit of time for all of these tariffs numbers to finally settle to an exact number and then at least another Quarter or two before we see the actual effect in the economic data.

What we do know is that back in March his tariff numbers were much higher and the market's reaction was extreme with a big nose dive. Since then we've seen large market recoveries and dramatic outperformance of non-US markets relative to the US. At this stage markets currently don't react much to new tariff news. One thing is for sure though, markets don't like uncertainty and we think that is why US equities have lagged the rest of the world.

05.
Equities

The weak dollar combined with dramatically weaker oil prices is really good for Europe, Asia in general and EM. It really eases inflationary pressures and provides cover for countries to do more fiscal stimulus (Germany, China, etc) without stoking inflation. Bottom line is that the US is trying to reign in their deficit after years of spending like drunken sailors, with spending cuts and tariffs. Who knows if it will work for them or not, but that is what they are doing. When you print and spend as the US has for the last 4-5 years, it increases government liability but that money goes into the economy and pushes earnings higher. The US ran higher budget deficits than pretty much everyone else. Now they are cutting back at least relative to the last presidential term, so it is wise to expect the inverse. Europe and China are the opposite; they've been much more fiscally conservative and now they are loosening up and doing stimulus.

Alongside all of that, there is a massive imbalanced position where global benchmarks have 70% invested in the US with MAG 7 making up a huge part of that. In contrast the US is only about 26% of Global GDP so the potential is gigantic that over time we see a tidal wave of capital leaving the US and being repatriated to Europe, Japan and the rest of the world. This is why you see EURUSD up so much this year.

6.

Commodities

Generally speaking it is difficult not to like broad based commodity exposure. They're historically extraordinarily cheap vs Bonds and Equities and many parts of the commodity complex have been acting well. These assets can perform well in spite of inflationary environments, so for multi-asset portfolios, they provide a nice hedge to inflation at the portfolio level. Areas we are focused on in the commodity space are Gold and Silver, where we've been overweight relative to peers for many years.

Since year 2000, Gold has produced an average Compound Annualised Growth Rate of 10.1% across major currencies!

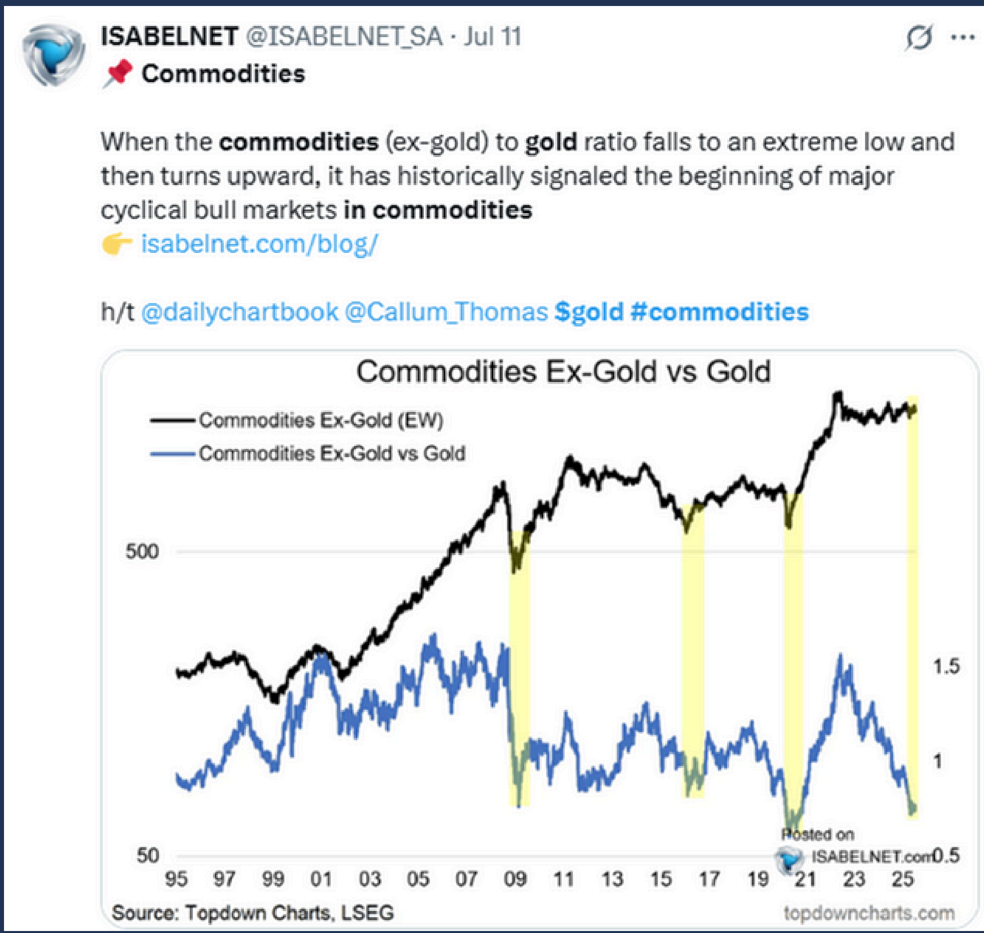
Gold Performance in Major Currencies, 2000–2025 YTD

Year	USD	EUR	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2000–2004	52.4%	13.3%	28.0%	27.3%	26.8%	52.3%	52.7%	9.1%	51.5%	**34.8%**
2005–2009	150.1%	136.8%	197.0%	118.1%	118.7%	106.3%	126.8%	127.6%	168.4%	**138.9%**
2010	29.5%	38.6%	34.2%	13.6%	22.8%	25.1%	13.2%	16.8%	24.8%	**24.3%**
2011	10.2%	13.9%	10.6%	10.3%	12.7%	5.2%	4.5%	10.7%	30.7%	**12.1%**
2012	7.1%	5.0%	2.5%	5.3%	4.2%	6.0%	20.7%	4.5%	11.1%	**7.4%**
2013	-28.0%	-30.9%	-29.4%	-16.1%	-23.0%	-30.1%	-12.6%	-29.8%	-19.1%	**-24.3%**
2014	-1.8%	11.6%	4.4%	7.3%	7.5%	0.7%	11.6%	9.4%	0.2%	**5.6%**
2015	-10.4%	-0.1%	-5.3%	0.6%	6.8%	-6.2%	-9.9%	-9.7%	-5.9%	**-4.5%**
2016	8.5%	12.1%	29.6%	9.6%	5.3%	16.1%	5.4%	10.3%	11.4%	**12.0%**
2017	13.1%	-0.9%	3.3%	4.6%	5.9%	6.0%	9.0%	8.3%	6.3%	**6.2%**
2018	-1.5%	3.0%	4.3%	8.9%	6.8%	4.1%	-4.2%	-0.8%	7.3%	**3.1%**
2019	18.3%	21.0%	13.7%	18.8%	12.6%	19.7%	17.2%	16.6%	21.3%	**17.7%**
2020	25.0%	14.8%	21.3%	14.1%	22.6%	17.2%	18.8%	14.3%	28.0%	**19.6%**
2021	-3.6%	3.6%	-2.6%	2.2%	-4.3%	-6.1%	7.5%	-0.6%	-1.7%	**-0.6%**
2022	-0.2%	6.0%	11.6%	6.3%	7.0%	8.3%	13.7%	1.1%	10.8%	**7.2%**
2023	13.1%	9.7%	7.4%	13.1%	10.5%	16.3%	21.6%	2.9%	13.7%	**12.0%**
2024	27.2%	35.6%	29.4%	40.0%	38.1%	30.8%	41.7%	37.1%	30.8%	**34.5%**
2025 YTD	25.9%	10.6%	14.7%	18.4%	19.1%	23.6%	15.3%	10.0%	26.1%	**18.2%**
2000–2025 YTD										
Performance	**1,049.0%**	**882.3%**	**1,248.4%**	**1,041.5%**	**981.6%**	**894.1%**	**1,518.9%**	**473.0%**	**2,163.6%**	**1,139.1%**
CAGR	**10.0%**	**9.4%**	**10.7%**	**10.0%**	**9.8%**	**9.4%**	**11.5%**	**7.1%**	**13.0%**	**10.1%**
%POS Years	**73.1%**	**80.8%**	**84.6%**	**88.5%**	**80.8%**	**80.8%**	**84.6%**	**73.1%**	**88.5%**	**81.6%**

Source: LSEG (as of 06/30/2025), Incrementum AG

incrementum

Commodities in general look pretty cheap relative to Gold, so we are looking for reasons to increase non-Gold commodity exposure.



Uranium is another area we've had big exposure for the last 5 years. We continue to see it as the only zero-carbon solution to the world's ever increasing demand for power.

Copper is an area we have some indirect exposure to but where we have a lot of room to potentially increased exposure. We are watching closely for opportunities as there is just so many reasons to like the space and there's just not enough supply out there relative to ever increasing demand. See this excerpt from the July 3, Macrovoices podcast with Larry McDonald, entitled "The Great Migration to Hard Assets", which I highly recommend. You can find it on Spotify; https://www.macrovoices.com/1433-macrovoices-487-larry-mcdonald-the-great-migration-to-hard-assets

“**Larry**: Yes, so there's two big things going on. One is the situation in Washington with the 301 investigation in the Trump administration. But the bigger picture, which I want to cover both, but first I'll just take a step back to the macro picture, and that is artificial intelligence, data centers, the US power rebuild. We talk about this in great detail in our book, How To Listen When Markets Speak, and we believe we're coming into an OPEC 1970s like crisis with copper. Because one of the things that I've talked about in the book, is Neil Ferguson, the famous historian, I sat down with him in the book, and he's like, wars are so inflationary, and when you come out of wars, you've got to get through massive amounts of issues. And if you think of like the Ukraine rebuild, think about if you do the math on the structures rebuilding the Ukraine, the structures to rebuild Iran, Gaza-Israel wars are extremely, extremely inflationary. And then when you think about artificial intelligence, and right now, the US power grid is 50 years old in some places, 30 years old in others. And so that's a situation where you've got tremendous incoming demand for copper there. And then there's the Los Angeles rebuild, just because of the tragedy there with the fires in the fall. And then the last area is robotics. If you listen to some estimates across the street, the next 10 years, you could have 50 million robots that are produced, but just 2 million robots would take almost a month of demand, of global production. And so, if you add up everything, and we do this in the book, you just have a tremendously powerful macro picture for copper. And that's why, if you look at some of the charts here, copper is breaking out versus big tech and the NASDAQ.

Erik: I was slightly surprised that you didn't mention the need to rebuild and increase the capacity of most of the electric grids of most countries around the world. Because people talk about electric vehicles, great, but if you want to be able to recharge them all, and everybody's got one, we got to double the capacity electric grids. And there's no plan to do that, those things are not budgeted, planned or accounted for. It seems to me like that's one of the biggest drivers. You didn't mention it. Do we disagree that that's the driver? Or what are you thinking?

Larry: No, no, absolutely. The grid is 50 years old in some places, 30 years old in others. And I should have made that much more clear, and this is something where the power grid, it's like a 90 year old, retired person that you know really has to get into a Ferrari. In other words, all of those data centers, all of that transmission of power and energy has to go and all those electric vehicles, and you could see this breaking down in state of Texas and California, there's a number of places in the United States where the grids, the grid systems, are just breaking down. And so, the whole, it's about a $2 trillion rebuild in copper and aluminum. By the way, those two are going to be the big beneficiaries.

Erik: Larry, before we leave the topic of copper, we got to touch on President Trump's tariffs. It's been quite a ride on copper because people didn't know what to expect. A lot of people were front running, expecting tariffs on copper. Then it turned out that copper itself was exempted a little bit. Nobody really saw that one coming, and so it was just a whipsaw on the HG futures chart. Give us the background, tell us what we need to understand about the politics of copper, looking forward.

Larry: Well, at The Bear Traps Report, we have a Bloomberg chat with hedge funds, mutual funds and pension funds, that we host a conversation during the day. And what I've noticed is a trend shift, where in the last like month or so, there's a lot of focus from the institutional investors on copper and on tariffs in Washington. And the setup, based on all of our research and talking with the big funds, the setup is really bullish, because once the Trump team gets through with this section 301 investigation, we're talking about a 25% tariff on copper, and US imports about 40% of our copper needs. And so right now, there's a pretty interesting spread between US copper. So, think of US copper and copper, say, in London, or in other parts of the world, US copper is already almost a 10% premium. So, you can tell that these tariffs are being priced in. We think it's going to be a 25% tariff. Some people are front running this. So I want investors, I want everybody listening to us to know that this is no secret that the US is going to have the tariffs and that this is being priced in some respect. But at the end of the day, this is coming, and I'm seeing really large institutional investors buying companies that are exposed to the US copper, for sure."

It is well worth the listen and as the title suggests, there's a lot in there on other important commodities.

Oil has been down quite a lot this year, but fossil fuels continue to provide nearly 80% of all of the world's energy demand. We do not currently have large exposure as Oil prices at current levels don't provide great profit margins for Energy producers which causes them to tighten production. We think Oil prices are priced for global recession but this is a scenario that is very hard to see when you have the kind of fiscal stimulus happening in much of the world.

7.
Conclusion

To conclude, we remain confident in the way our portfolios are constructed. Our multi-asset portfolios provide true diversification when you really need it, in an uncertain world.
Please do let us know if you wish to discuss your portfolio at any time.
We appreciate your faith and trust in us.

Kind Regards,

David Flynn
Chief Investment Strategist and Director
dflynn@baggot.ie

BAGGOT
Investment
Partners