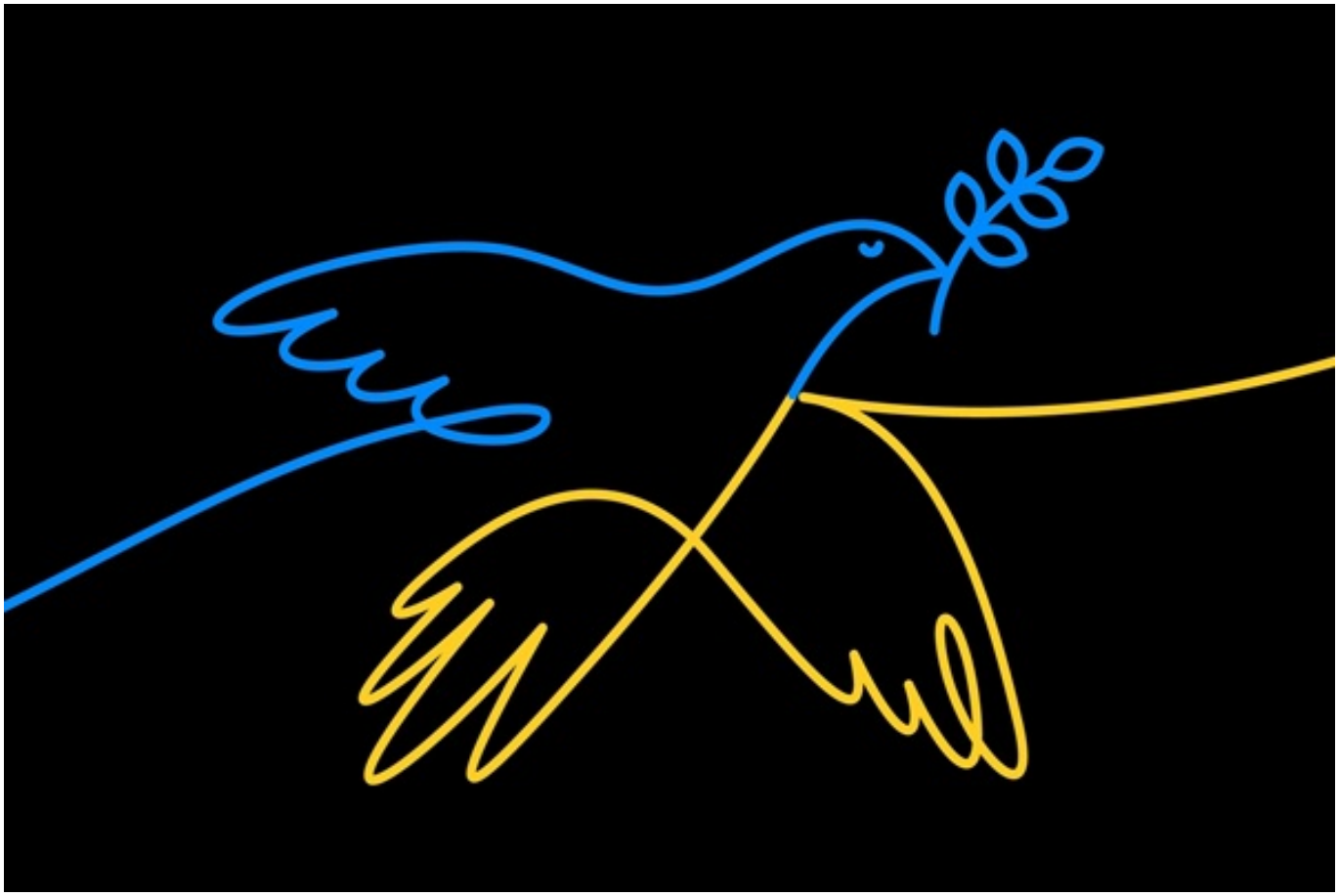


In a partisan world, European peace unites us all

In the aftermath of a weekend filled with political rhetoric about war, peace, spending and thinly veiled political insults, as always, it's worth putting some of our reactions down on paper.

First and foremost as investors, the market open on Monday didn't seem too worried about Trumps salvo against European governments lacklustre defence spending nor VP Vance's scolding speech about the "threat from within" which was a thinly veiled criticism of the European political elite ignoring the values of their people (as the US perceived it) and reciprocity for Europe taking advantage of the US on defence and exports.

In the main, the real market reaction centred around developments on a Ukraine ceasefire which is undoubtedly a positive development in anyone's books. Nice to know peace is still a universal language. Indeed, the DAX (Germany's stock market) rallied 2% on the news in one of the best days it's had in recent memory.

The elephant in the room seems to be both the Ukraine and European government's marginalised

negotiation role, which isn't too much of a surprise when one considers that Trump wants to be the one to land this deal, not the EU or Volodymyr Zelenskyy. Clearly, Putin's strong man response remains a wildcard and any peaceful resolution in Ukraine will oscillate around Trump giving Putin an "off ramp" to end hostilities without losing face globally or at home. Perhaps the US is the only one who can give him that off ramp so their lead on negotiations is not entirely misplaced.

In an alarmingly similar narrative to 1930's, many have concerns about Putin's future designs on Europe which is the overarching factor behind EU nations signing off collective pledges to invest up to 5% of GDP into European defence (stocks such as Rheinmetall, BAE and SAAB rallying hard off this development).

This commitment to see "Europeans defending Europe" should give Putin a moment of pause on considering further escalation as his own forces remain depleted and in need of support from the likes of Iran and North Korea. Likewise, the possibility of Ukraine joining Nato and the UK pledging to put "boots on the ground" in Ukraine will serve as further moments of pause for a weakened Russia and any designs on further invasion into Europe.

Back to the peace deal, we do know Trump prides himself as a peace maker and a deal maker. Bringing these two traits together to establish peace in the European block will undoubtedly be seen as a positive signal to investors. Lower oil prices would likely be an outcome of a ceasefire which feed into lower inflation, sequentially feeding into further interest rate cuts feeding into a rallying stock market. Likewise, we see increases in European GDP off the
back of a peace deal further boosting demand for European stocks.

It has largely gone under the radar amidst the maelstrom of news in 2025 that the European market has had its best start to a year going back to the 80's and has also outperformed the US market in 2025, year to date. This is a sizable shift in investor sentiment towards Europe and away from the redoubtable US stock market.

Why? Well really it comes down to the dichotomy of an expensive US market dominated by 7 massive stocks whom, courtesy of Chinese AI DeepSeek, are debatably running out of runway to keep rallying indefinitely. Logic suggests that a lot of this European performance can then be attributed to investors wanting to invest in the "next best story" and to a certain extent, with the potential for a peace deal, this is now Europe. Even the UK market is
being swept up in the outperformance of the "overseas" trade.

So, it looks positive for Europe right now and we are invested directly into the region via a European fund which is one of the best performing investments we have for our clients so far this year.

All in all, we are keeping our clients as invested into this positive and rallying market as much as we possibly can. However, the TAM portfolios understandably have an additional layer of defensive

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