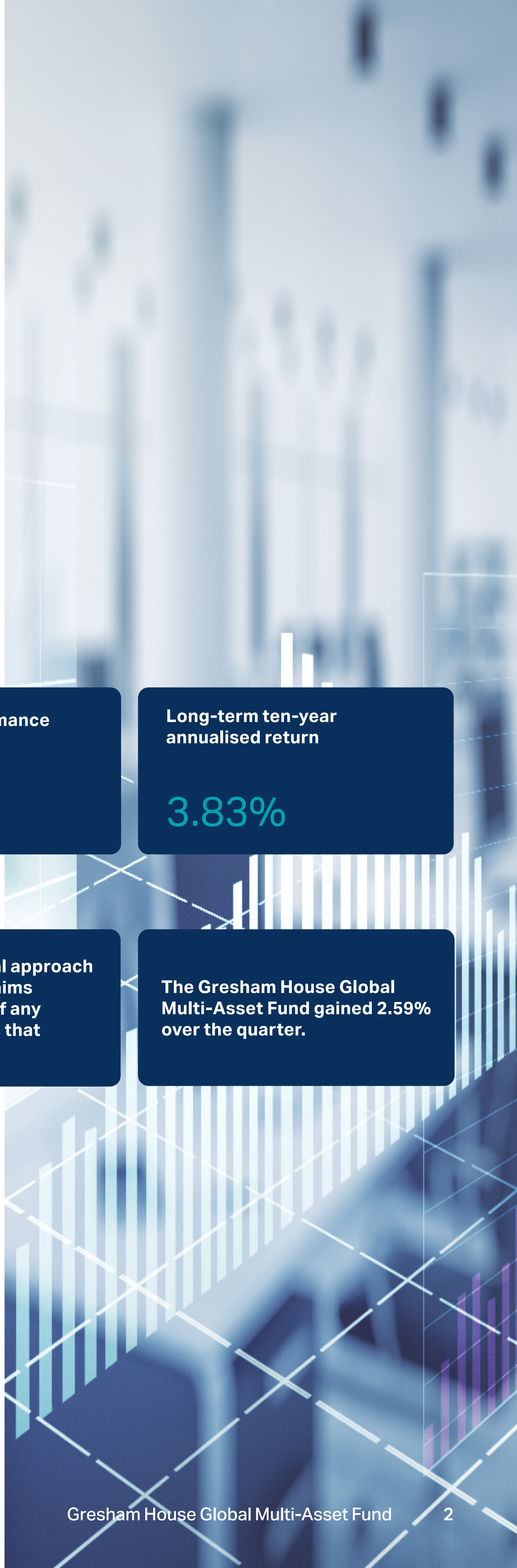
Gresham House Global Multi-Asset Fund

Quarterly Report

1 January 2025 to 31 March 2025

Gresham House
Specialist investment

Highlights



The Gresham House Global Multi-Asset Fund is a diversified fund that invests in a comprehensive range of traditional and alternative asset classes that includes Equities, Fixed Income, Property, Infrastructure, Venture Capital, Commodities, Forestry and Currencies.

This unaudited quarterly update provides an overview of Gresham House Global Multi-Asset Fund (the Fund) performance between 1 January 2025 to 31 March 2025.

The Fund launched in 2005 with a target return of 4% to 5% per annum.

Unit Price

(NAV per Unit)

€206.4588

Year to date performance

2.59%

Long-term ten-year annualised return

3.83%

We believe the portfolio will deliver strong results going forward.

Our counter-cyclical approach to asset allocation aims to take advantage of any market dislocations that we may witness.

The Gresham House Global Multi-Asset Fund gained 2.59% over the quarter.

The Investment Manager, Gresham House Asset Management Ireland Limited (Gresham House Ireland, Investment Manager or the Manager), is a leading Irish based asset manager, managing a range of funds, which invest globally, to grow and protect our clients' assets while generating sustainable income.

For more information visit

www.greshamhouse.ie

Investment Manager's Report

Market Commentary

The Gresham House Global Multi-Asset Fund finished the quarter up 2.59%, the Gresham House Global Thematic Multi-Asset Fund finished the quarter down 0.27%, the Gresham House Global Equity Fund gained 3.67%, and the Gresham House Global Small Company Fund fell 0.30%. The Gresham House Euro Liquidity Fund gained 0.47%.

Coming into 2025, the consensus opinion in the market was one that was fully endorsing US exceptionalism and ignoring assets outside the US. All of that changed in Q1. Despite no major changes in our relative fundamental models (US earnings came in strong and economic data was unsurprising) sentiment has shifted dramatically. The three newsworthy events that caused the sentiment shift were: Germany's announcement that it would break previous fiscal rules, news from DeepSeek that AI can be delivered much more cheaply than expected, and President Trump's tariff rhetoric about using tariffs against trading partners.

The German fiscal announcement has been the first major break in policy we have seen for many years. The spending could boost German GDP by 1-2%, a significant amount for an economy that was on the brink of recession. Some of this excitement should be tempered by the fact Germany is exposed to a potential trade war and the fact it will take years for the fund flows to translate into the real economy.

The announcement by DeepSeek took some froth out of the Western AI market. We have long been weary of the AI excitement, finding it difficult to justify the large initial outlays and to determine who the winners and losers in the AI race would be.

President Trump's tariff rhetoric is concerning, and we expect it to continue over the coming quarters. This could cause severe market volatility and dislocations. Both the result and indeed the end goal are uncertain. The noise should die out towards the end of the year. Otherwise, the Republicans risk losing the Senate after the mid-term elections in November 2026. A lame duck Congress would severely hamper Trump's agenda for the remaining two years. The reaction of the US dollar has been interesting and has been on our radar for some time. Economic theory would imply that the dollar would rise as an offset to the tariffs. This has not materialised, and the dollar is now close to its six-month lows. We have long held the belief that too much investor wealth is held in US assets. The US has now become a much less welcoming place for foreign capital, we expect to see the dollar weakness to continue. The reaction of the dollar has dashed hopes that the tariff pain will be borne by the overseas exporter. It will hit the US consumer.

We expect nothing but continued chaos and volatility for at least a couple more quarters. Corporate credit spreads will be crucial. We continue to favour equities with strong balance sheets, strong free cash flow generation, and limited US dollar exposure. In our multi-asset portfolios, we will look to add to our equity weighting on signs of peak pessimism and exhaustion.

Fund Performance

The Gresham House Global Multi-Asset Fund finished the quarter up 2.59%.

Our asset allocation continues to remain cautious. At quarter-end less than 35% of the fund was invested in equities, significantly below the typical multi-asset fund. Our asset allocation process is counter cyclical and involves us taking risk off the table when investors are sanguine and adding risks when markets are concerned over some worry or another. In other words, we subscribe to Warren Buffett's "Be fearful when others are greedy, and greedy when others are fearful" motto.

The fact we have never subscribed to US exceptionalism benefitted the funds in the first quarter. At the end of last year, the US accounted for over 70% of global equity market capitalisation with only 18% of global GDP and 4% of global population. We saw this as unsustainable and unjustified. In the first quarter equities outside the US significantly outperformed those in the US and the US Dollar fell against its major trading partners. The first cracks in the AI bubble drove the underperformance of the US. A Chinese player named DeepSeek launched a large language model that matched the performance of OpenAI's o1, which had been released just a few months earlier. R1 came out of nowhere and was both remarkably innovative and astoundingly cheap with the final training run costing only $6 million compared with the tens or hundreds of millions spent on some of its US rivals.

The second driver of relative US underperformance was the growing noise surrounding tariffs. This is concerning to us as we believe it is unlikely to dissipate any time soon. This could lead to severe market volatility and dislocations. Both the result and, indeed, the end goal are uncertain. We will stick to our disciplined process and use it as an opportunity to add to our risk positions.

The last reason for US underperformance was the fact that Europe looks like it could finally awaken from its moribund state. The German fiscal announcement has been the first major break in policy we have seen for many years. The spending could boost German GDP by 1-2%, a significant amount for an economy that was on the brink of recession. Some of this excitement should be tempered by the fact Germany is exposed to a potential trade war and the fact it will take years for the fund flows to translate into the real economy.

Over the quarter our position in Gold Bullion added 14.5%. We have held gold as an insurance policy for many years and it has done an effective job in turbulent times. We used the recent rally to trim our position back down to 5%.

Our fixed income position contributed marginally over the quarter. We remain conservative in our fixed income allocation, with duration close to the two-year point.

Banco Santander gained 46% over the quarter. Strong operational performance with a willingness to look at their strategic options drove the performance.

We are finding significant value in value equities, property and shorter duration fixed income. We will use any volatility around tariffs to increase our equity weighting.

	YTD	1 month	3 months	6 months	1 year	3 years	5 years	10 years	Since Inception
Net Return	2.59%	-1.33%	2.59%	2.05%	5.77%	11.49%	52.68%	45.65%	106.46%
Annualised Return	2.59%	-1.33%	2.59%	2.05%	5.77%	3.69%	8.83%	3.83%	3.81%
Best Month	6.77%	Nov-20							
Worst Month	-9.27%	Mar-20							
Current Month	**-1.33%**								

Weighting by asset class	%	Top Holdings	%	Sector Weighting	%
Equities	35.18	Irish Forestry Unit Trust	7.30	Materials	20.24
Bonds	30.14	Gresham House Commercial Property Fund	5.27	Financials	20.13
Cash	8.37	Gold Bullion Securities Ltd	5.11	Health Care	19.71
Forestry	8.12	GH Small Company Fund	2.98	Energy	12.21
Property	6.19	Banco Santander SA	2.86	Consumer Staples	11.34

10 Year Fund Performance versus 4.5% Target Return

The Team

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