

MONTHLY MARKET MONITOR

# Trump tariff threats sours investor appetite for US equities

March 2025

## US stocks face challenges on multiple fronts

A continuous news flow from the White House, weaker growth data, fresh tariff announcements and persistent inflation have combined to wipe out most of the post-election gains for US stocks. European equities continue to lead the pack, supported by earnings upgrades and more supportive economic data. The bond market was supported by falling US yields.

### Highlights



#### Equities

Growth uncertainty in the US was a drag on developed market equities.



#### Bonds

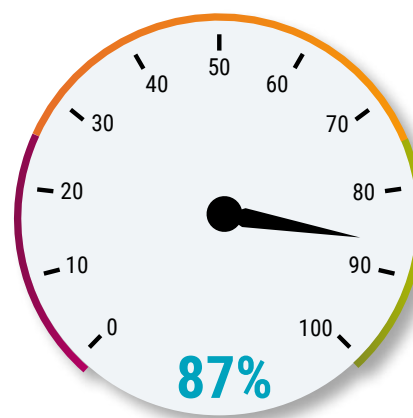
Bonds proved to be a good diversifier against the pullback in equities.



#### Alternatives

Real estate was supported by falling bond yields.

### Robeco Bull & Bear indicator



**-8%**

vs. last month

Market's risk mode

## Buy or sell? Our highest conviction views



#### Equities trimmed to neutral

We cut our equity exposure by taking profit on a tactical overweight to China. We remain constructive on European equities, with upside potential if there is a truce between Russia and Ukraine.



#### Changes to credits, Treasuries

We believe that credit spreads are priced almost to perfection and there is limited upside potential. We also took profits from an overweight in 10-year Treasuries, thanks to a fall in yield curves.

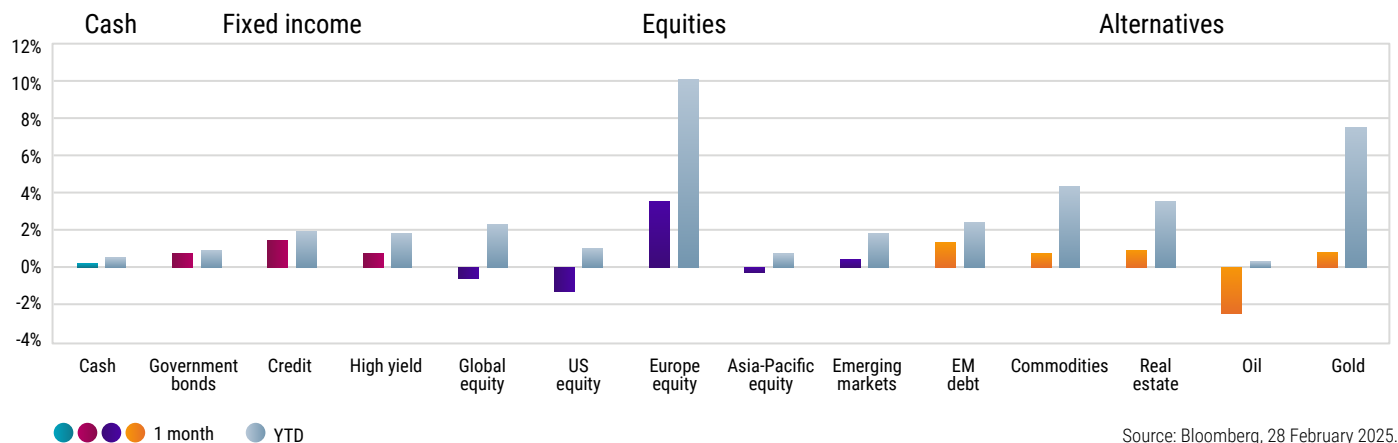


#### Commodities reduced

We cut our allocation to commodities due to rising concerns about US economic growth. For now we have redeployed this into cash to help manage the downside risk.

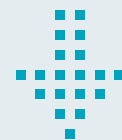
# Asset classes compared

## Asset class performance: February and YTD



### US exceptionalism loses its shine

- US megacaps were the big losers on concern over earnings sustainability, particularly from the disruptive potential of DeepSeek.
- Global small- and mid-cap stocks underperformed on rising growth concerns, despite falling discount rates.



Equity exposure reduced to flat



### Bonds bounce back

- All fixed income sectors were positive over the month, thanks to a sharp movement down in US government bond yields.
- Emerging market debt was one of the standout performers, thanks partly to a weakening US dollar.



Underweight to credits



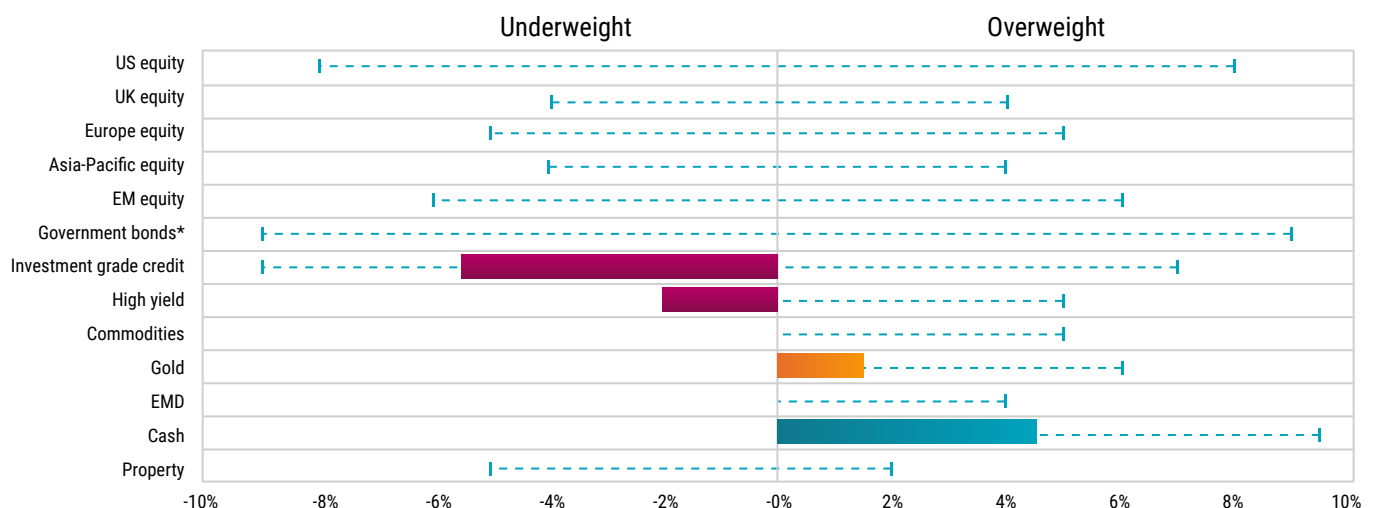
### Oil falls sharply

- Oil prices fell on reports OPEC+ will proceed with a planned oil output increase and worries that US tariffs will hurt demand.
- Commodities are increasingly being caught in the crossfire of broader geopolitical uncertainty and US tariff policy.



Reduced commodities

## Current positioning



--- = Max asset class range over past 5 years

\* Includes Treasury, MBS, ABS, Agency, non-corporates. Note reference benchmark is 50% MSCI ACWI & 50% Bloomberg Global Aggregate Index.

Theme of the month

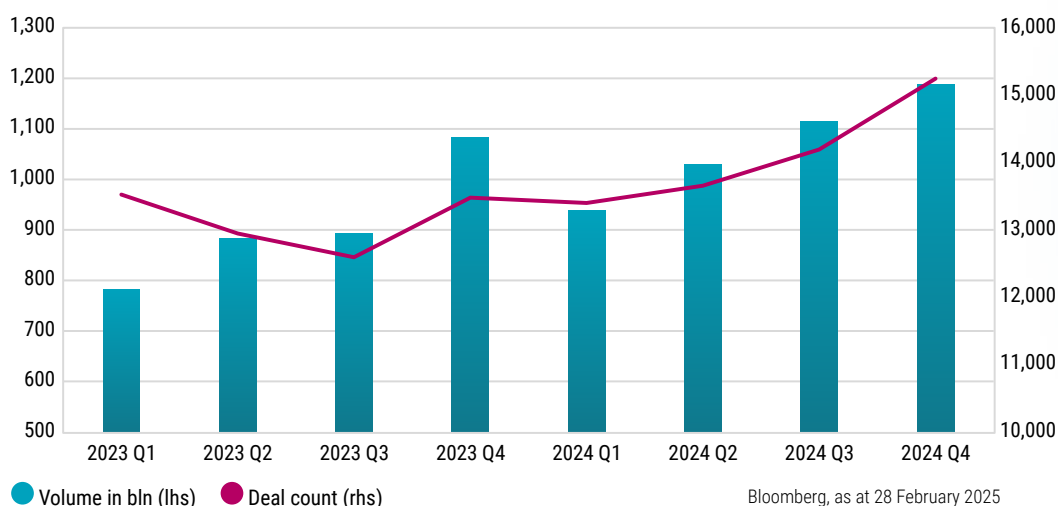
## Financials – riding the wave or getting washed away?

*“The financial sector is experiencing several positive trends, including US deregulation, higher potential margins from AI, and a growing pipeline for M&A deals in overly fragmented regional US and Chinese banks – all of which support profitability.”*

Patrick Lemmens  
Portfolio Manager of the FinTech and New World Financials strategies



### Rising M&A activity has boosted investment bank revenues



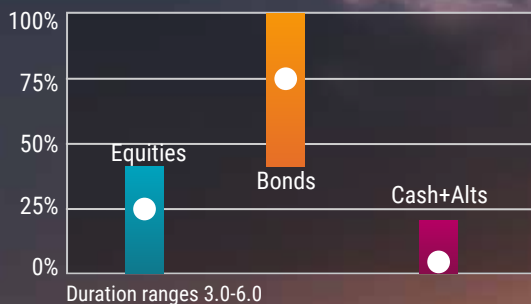
Rising M&A activity has meant more opportunities for investment banks to advise companies on acquisitions and divestitures. Looking forward, strong company balance sheets and cash positions should be a supportive environment for further M&A activity.

- Since AI adoption gives companies efficiency and scale, banking and finance are obvious candidates to benefit from more automation and more efficient regulatory reporting. One of the most transformative trends we are witnessing in 2025 is the greater adoption of AI agents.
- In the absence of strong entry barriers, fintech will continue to be a disruptor in the financial ecosystem. The penetration of fintech players into traditional finance segments is growing, offering positive momentum for revenues and profits of leading players.



# Robeco Multi-Asset strategies

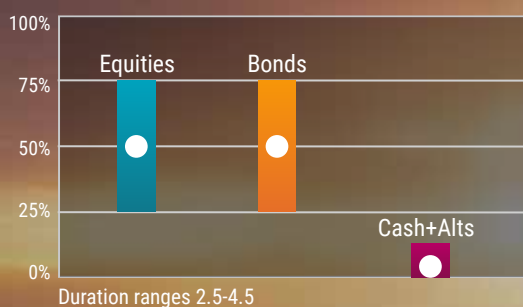
## Sustainable Income Allocation



Income  $\geq 5\%$   
Volatility **7%**

- Stable income + capital appreciation
- Focus on downside protection
- 3-star Morningstar rating

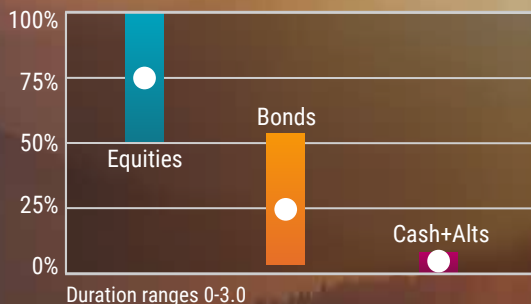
## Sustainable Diversified Allocation



Return  $\geq 6\%$   
Volatility **10%**

- Stable capital growth over long term
- Balanced mix of bonds and equities
- 4-star Morningstar rating

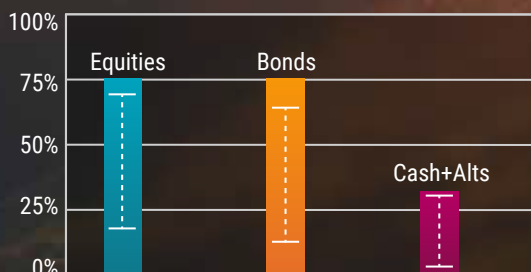
## Sustainable Dynamic Allocation



Return  $\geq 7\%$   
Volatility **12%**

- Equity-like growth with less volatility
- Capital growth focus
- 5-star Morningstar rating

## Flexible Allocation



Cash **+4%**  
Volatility **6-12%**

- Total return approach
- Active allocation from '5y Exp. Returns'
- Flexible alpha hunting strategy

● Bandwidth    ● Benchmark weight    - - - - Max 5-year range



For more information, please visit our  
Multi-Asset website

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