TrinityBridge Select Global Equity Fund

Monthly fund manager update

June 2025

Giles Parkinson
Managing Director

STRATEGY OVERVIEW

The TrinityBridge Select Global Equity Fund seeks to achieve resilient returns over the long term by acquiring 'cheap durables' – direct interests in predictable and sustainable businesses that will grow in value purchased at attractive cash-based valuations.

MONTHLY PERFORMANCE REVIEW & ACTIVITY

In June, equity markets extended the strong rebound from April's tariff induced sell-off. The macro data continued to support the 'soft-landing reboot' thesis: US Jobs growth remained positive, albeit slowing, but we still believe the US can avoid a recession if the Federal Reserve (Fed) restarts its rate cutting cycle. US inflation data continued to come in persistently cold, showing minimal impact from the tariffs so far. This helped the market to nearly fully price in a September rate cut from the Fed by the end of the month, buoying global markets.

Against this backdrop we continued to increase up our equity overweight, by adding higher beta cyclical stocks linked to capital markets. In addition, we started new positions in the US housebuilder, NVR and the US payment network, Mastercard. The US housebuilders are down c.-30% from their autumn highs, but are clear beneficiaries of a Fed cutting cycle. NVR has a unique capital and asset-light business model, delivering superior fundamentals compared to land-heavy peers. In June, Mastercard's share price pulled back on concerns that stablecoins could disrupt the traditional payment landscape. However, we see widespread consumer adoption of stablecoins as unlikely given the inherent benefits and convenience the current system gives to consumers.

The Select Global Equity Fund outperformed its Investment Association (IA) peer group in June and the Fund is +3% ahead of the benchmark year-to-date.

LOOKING AHEAD

We are now the most optimistic we have been this year. The Federal Reserve is expected to resume cutting interest rates at some point in the next 6-12 months, which will reboot the 'soft landing' narrative that dominated markets positively in 2024. The key risk to equities lies in the Treasury market thanks to sizeable US budget deficits and general US political uncertainty, which is slowly undermining the post-WW2 era of 'US exceptionalism'. The American economy continues to slow under the burden of persistently high interest rates. However, as long as it remains out of recession, we will remain fully invested.

As a long-term strategy with low turnover, we fully expect and recommend that unitholders judge our performance over a period of five years or more.

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