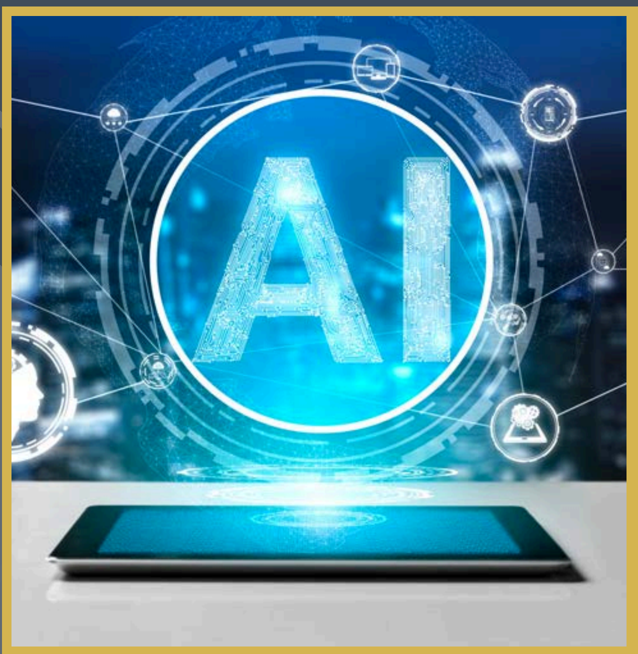
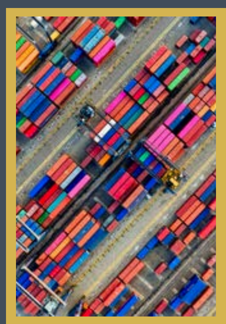
SEASPRAY PRIVATE
Creating Investment Solutions

2025 INVESTMENT OUTLOOK



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Executive Summary

- 2024 proved to be a positive year for financial markets, despite geopolitical headwinds. We expect markets to continue their positive momentum in 2025, albeit at a more conservative pace. Geopolitics and trade issues will also continue to dominate market sentiment in 2025.

- The Global economy is expected to grow in 2025 by over 3%, with the United States projected to grow by at least 2.4%. The Eurozone is expected to grow by 1.3% and UK by 1.7%, ahead of 2024 output, supported by lower interest rates and continued disinflation. China is also expected to maintain its 5% growth rate for 2025.

- Inflation, though sticky with transitory spikes on the back of potential tariffs and higher prices, is expected to decline further in 2025, with the focus of Central Banks still firmly on price stability and moving to the target rate of 2%.

- Central Banks are expected to continue cutting interest rates at a more cautious and conservative rate, with the Federal Reserve expected to cut twice in 2025, while the ECB is anticipated to cut between three and four times, depending on available data.

- Company earnings were core to the global gains experienced in 2024, and will form a key part of the continued growth prospects for world equity markets throughout 2025. The Magnificent 7's growth and analysis of the cash on hand indicates these companies will continue to dominate US and global equity market sentiment. Stock rotation and lower valuation multiples in the broader market on both sides of the Atlantic should also support overall equity market performance through 2025.

- Artificial Intelligence will remain at the forefront of global development, with the United States poised to benefit the most from the continued growth and implementation of AI systems. Semiconductors will continue to see growth in 2025, despite their positioning in the midst of a geopolitical maelstrom.

Market Movers

Asset Classes	1-Month	3-Month	2024
Equity Indices			
S&P 500	+1.11%	+2.44%	+24.01%
Nasdaq	+0.29%	+6.17%	+30.78%
EuroStoxx50	+6.05%	+4.36%	+8.49%
EuroStoxx600	+4.34%	+0.47%	+6.39%
FTSE 100	+5.56%	+2.59%	+5.85%
ISEQ	+0.82%	-0.64%	+11.39%
MSCI World	+1.66%	+0.70%	+17.04%
Unit Link Funds			
Aviva Multi-Asset ESG 3	-0.78%	+0.53%	+7.47%
Aviva Multi-Asset ESG 4	-0.73%	+3.04%	+15.19%
Aviva Multi-Asset ESG 5	-0.66%	+4.81%	+21.27%
Irish Life MAPS 3	-1.16%	+1.94%	+7.38%
Irish Life MAPS 4	+0.89%	+2.70%	+12.30%
Irish Life MAPS 5	+0.98%	+3.37%	+13.49%
New Ireland iFunds alpha 3	-0.4%	+2.0%	+9.70%
New Ireland iFunds alpha 4	-0.5%	+3.1%	+13.40%
New Ireland iFunds alpha 5	-0.5%	+4.5%	+17.70%
New Ireland PRIME 3	-0.2%	+1.7%	+8.3%
New Ireland PRIME 4	-0.6%	+3.6%	+15.5%
New Ireland PRIME 5	-0.6%	+4.7%	+19.3%
New Ireland Water Fund	-5.0%	-2.0%	+11.8%
New Ireland Alternative Energy	-6.2%	-11.3%	-7.5%
Zurich Prisma 3	-0.33%	+1.98%	+8.73%
Zurich Prisma 4	-0.68%	+3.37%	14.67%
Zurich Prisma 5	-0.90%	+5.15%	+22.55%

Market Movers

Asset Classes	1-Month	3-Month	2024 YTD
Bonds			
US 10 Year Bond Yield	+12.39%	+16.06	+19.49%
US 2 Year Bond Yield	+3.80%	+7.63%	-1.85%
German 10 Year Bond Yield	+20.67%	13.00%	+14.36%
UK 10 Year Bond Yield	+12.64%	14.931	+25.32%
Irish 10 Year Bond Yield	+16.05%	7.97%	+9.46%
Currencies			
EUR/USD	-2.50%	-6.22%	-5.97%
EUR/GBP	+1.26%	+0.14%	-3.67%
GBP/USD	-3.70%	-6.34%	-1.84%
Commodities			
Gold	+1.49%	+1.91%	+29.79%
Brent Crude Oil	+7.71%	-1.36%	-1.58%

Source: Seaspray Private

Global Economic Outlook

The year 2024 proved to be both pivotal and promising for the Global Economy. With over half of the world's population participating in elections, coupled with heightened geopolitical uncertainty in Europe and the Middle East and elevated interest rates throughout much of the year, global economies faced numerous challenges. Yet, as we reflect on 2024 and look ahead to 2025, the global economic landscape has demonstrated remarkable resilience, sparking cautious optimism for the continuation of this positive trend into 2025. Although challenges remain, particularly in geopolitical and trade sectors, the decline in inflation and interest rates, along with steady corporate growth and ongoing investments in areas like Artificial Intelligence and Clean technologies, position the Global Economy favourably for sustained growth through 2025.

Our House View: The 4 "I"s:

Inflation

We believe inflation will continue to decline overall, even if there are transitory spikes due to the potential impact of higher prices as a result of trade tariffs. However, inflation should remain under control in most major economies, with the outlook projecting a return to the 2% target rate in most economies by the end of 2025 and into 2026.

Interest Rates

We expect Central Banks to continue their rate cut cycles in 2025, albeit at a more measured and potentially cautious pace. This is due to sticky inflationary concerns, ongoing geopolitical issues and the fact that most major economies continue to exhibit strong labour markets despite the higher rates. In the US, the Federal Reserve (FED) is expected to cut rates only twice in 2025, while in the Euro Area four cuts are currently expected. The Bank of England's outlook and pace of cuts, will be data dependent and also influenced by the cost of borrowing and the impact of the 2025 Budget. Meanwhile, the outlier Central Bank - The Bank of Japan, may continue to increase rates in 2025, if improvements in the economy and prices continue during the year.

Income/Earnings

Our core view remains that company earnings will continue to drive equity markets higher in 2025. After a positive 2024 in general for earnings, large cap companies from both the US and Europe are well positioned to continue this momentum, with the potential for further modest rate cuts in 2025 providing support to growth and valuation prospects. Possible headwinds to this could include geopolitical issues, together with the spectre of tariffs on certain goods.

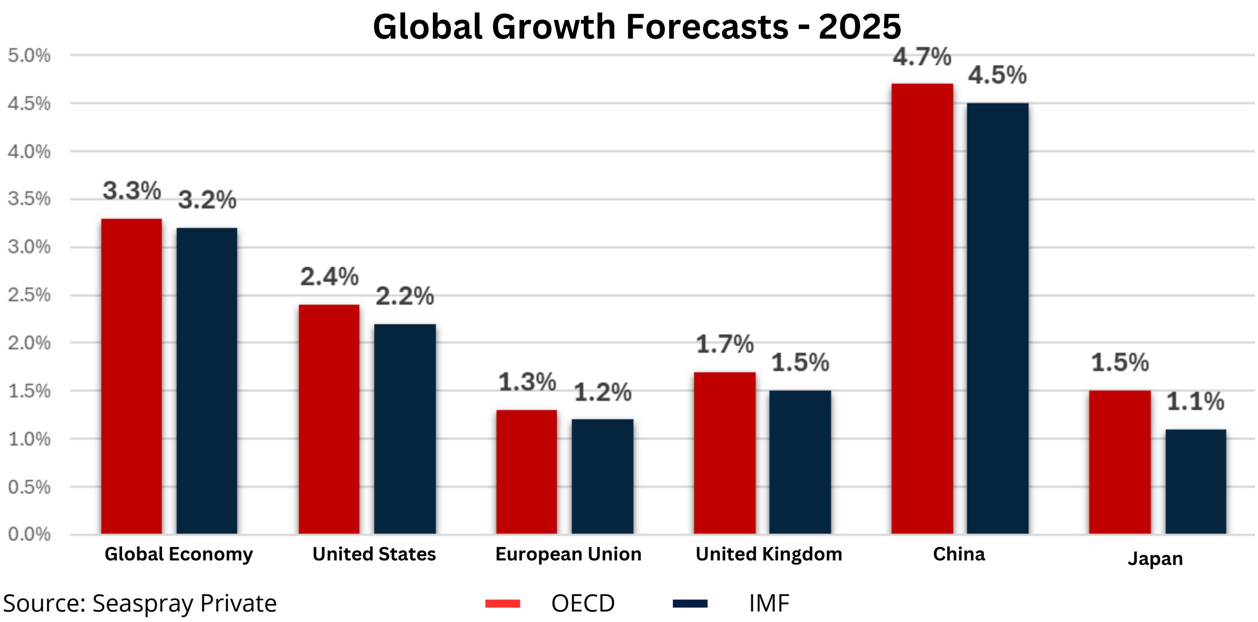
Investment Themes

We remain bullish on Artificial Intelligence, which we see as a key contributor to global growth over the medium to long term. Along with AI, we believe the semiconductor industry remains a key investment theme, due to its importance to the AI revolution.

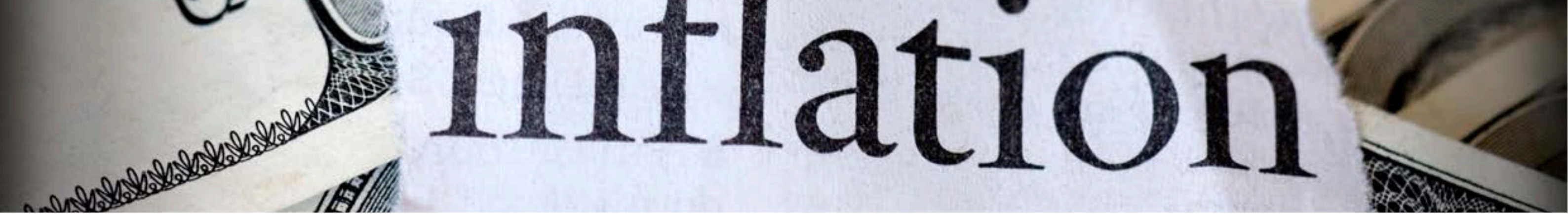
Finally, we remain committed to the Green agenda, and investing in sustainable companies and projects despite the somewhat negative noise surrounding those types of businesses and believe companies and countries will continue to invest in renewables and clean technology to achieve target climate and emissions goals as set out in the Paris agreement.

When it comes to global growth, both the International Monetary Fund (IMF) and the OECD present a fairly aligned perspective. The OECD predicts a growth rate of 3.3% for the global economy in 2025, while the IMF offers a slightly more cautious estimate of 3.2%. Nonetheless, the general agreement is that global growth will benefit from lower interest rates and global disinflation. However, fluctuations in financial markets, akin to the flash sell-off witnessed in August 2024, could affect the anticipated looser monetary policy in 2025.

In terms of individual countries, the US is expected to grow between 2.2% and 2.4% in 2025. The election of Donald Trump as President could herald more pro business policies along with deregulation in financial markets, which could spur growth despite the potential for tariffs. The Euro Area is expected to experience increased growth in 2025, with an uptick in domestic demand, less restrictive monetary policy, lower labour and energy costs all helping to support growth in a region which has lagged behind other geographic areas in recent years. However, downward risks remain, particularly in Germany, the Bloc's largest economy, where low growth and political uncertainty could continue to weigh on the Euro Area's overall growth in 2025. In the UK, the increase in public expenditure announced in the Labour Government's first Budget is expected to help the overall economy grow significantly in 2025 compared to 2024. The 1.7% growth rate is far ahead of the 2024 figure of 0.9%. In Asia, the Chinese economy is projected to achieve the 5% growth target established by the Chinese Government, which is now embracing a more relaxed monetary policy. Meanwhile, Japan is anticipated to experience growth ranging from 1.1% to 1.5% in 2025, fuelled by rising domestic growth despite potential risks from US tariffs.



Source: Seaspray Private



Inflation

2024 was the year where global inflation began to return to normalised rates. Looking ahead to 2025, we expect inflation to be more transient in nature, with potential spikes coming from increased prices due to tariffs and geopolitical issues between the US and other western economies. However, even with these spikes, inflation should return to the target rate of 2% by the end of 2025.

US

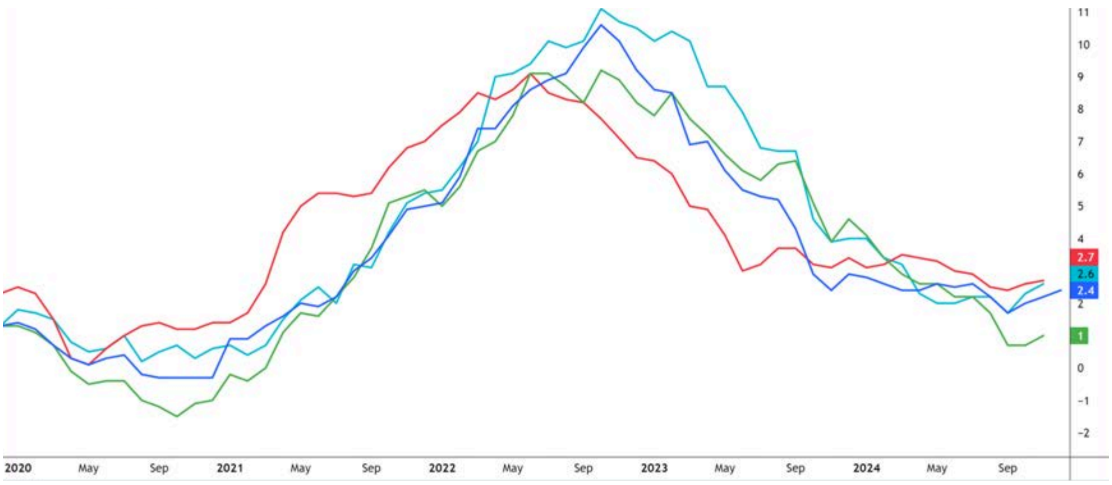
In the US, the rate of inflation stood at 3.1% in January of 2024, with expectations at that time that the rate could reach almost 2% by the end of the year. However, the rate of inflation proved to be more stubborn than other parts of the world, even with the decade high interest rates. The November rate of inflation in the US stood at 2.4%, the lowest level since February 2021. Looking towards 2025, it is possible that inflation rates will remain elevated, at least for the first half of 2025. Much of this will depend on the extent of tariffs implemented by incoming US President Trump.

EU

The rate of inflation in the Euro Area stood at 2.4% in December 2024, the lowest level in over three years. While there has been an uptick in the rate of inflation in the closing months of 2024, it is unlikely that it will breach 3% in 2025, due to the fact that interest rates, while in the midst of a rate cut cycle, are still elevated. This restrictive monetary policy should continue to keep inflation near its 2% target rate.

UK

Inflation in the UK is expected to average 2.6% in 2025, according to the Office for Budget Responsibility in October, an increase of 0.4% due to the potential impact of tax rises announced in the 2025 Budget. Along with this, the UK is also exposed to potential tariffs from the US, should they be implemented.



Source: Seaspray Private

Region	United States	Eurozone	United Kingdom	Ireland
Line Colour				
January 2020 - September 2024	2.5%	2.2%	2.2%	1.7%

Interest Rates

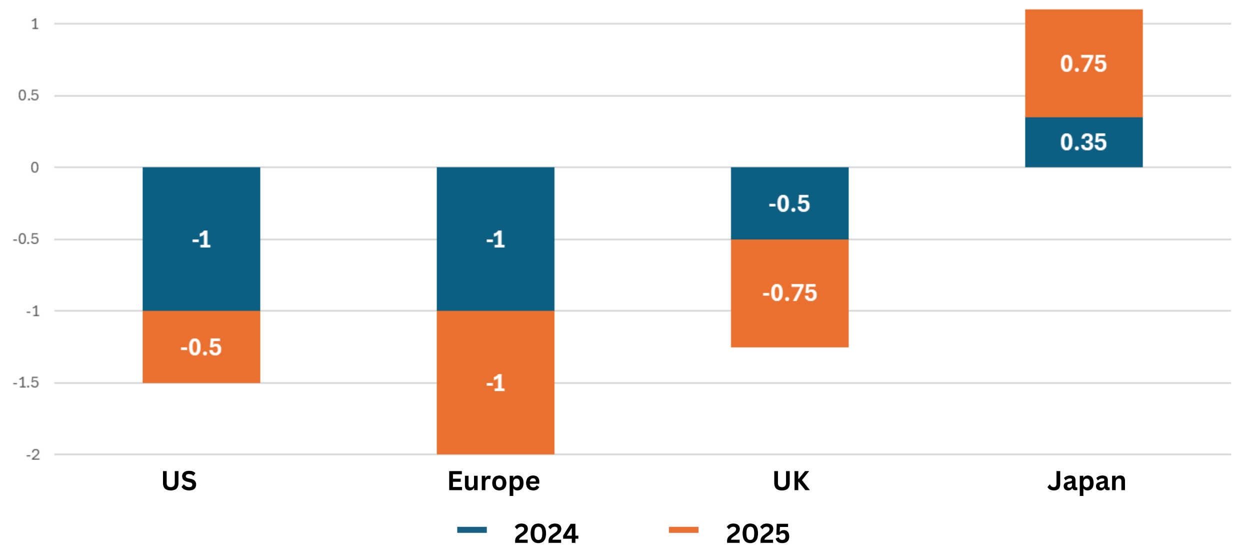
Interest rates have been one of the key issues facing the Global economy over the past two years. Coming from a point where rates were negative in certain parts of the world, the 2022 inflation shock caused Central Banks to hike rates at a pace not seen in decades. However, while these rate hike cycles did cause pain for consumers and businesses at the time, it must now be said that the the monetary policy strategies adopted by the major Central Banks to combat inflation and restore price stability, have proven to be correct.

In 2024, we witnessed the end of the rate hiking cycle and the start of a global rate cut cycle by the major Central Banks. Starting with the ECB and Bank of England, closely followed by the US Federal Reserve, a total of 27 major Central Banks from around the world are in the process of cutting rates. Notwithstanding likely transient spikes in inflation through 2025, we expect that rate cut cycles will continue in the major economies, which should help support economic growth and positively affect global GDP figures. Lower interest rates will also have a positive impact on individual consumers, allowing for increased lending at more reasonable rates. This could impact upon domestic house sales, particularly in the US. Falling interest rates should also have a positive impact on equity and bond markets,

US

The Federal Reserve made its first interest rate cut in September 2024, marking an end to the most austere rate hike cycle in US history. The 50 basis point cut surprised the market, but stemmed from the weak labour market/non farm payrolls data and the FED's dual mandate of price stability and maintaining employment. As we move into 2025, strong non farm payroll data recorded in Q4 2024, together with potential tariffs being implemented by the Trump presidency could slow the pace of cuts, but should not result in rates rising or staying at current levels for an extended period of time.

Current and Projected Interest Rate Trends for 2025



Source: Seaspray Private

ECB

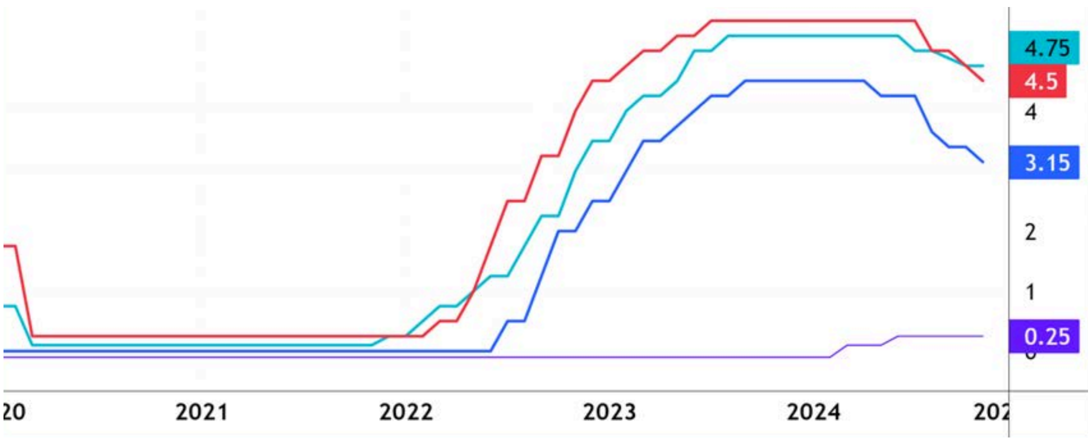
The European Central Bank (ECB) is anticipated to keep reducing interest rates in 2025. After cutting rates four times in 2024, the outlook for 2025 remains consistent, with three to four additional cuts expected to lower rates by another 100 basis points. This would bring the Deposit Facility rate down to 2%, its baseline level. However, if the rise in inflation that began at the end of 2024 continues, the ECB may need to limit rate cuts to maintain control over inflation. During its most recent meeting, ECB policymakers noted that the increase in Eurozone inflation to 2.4% in December "was already expected" and was influenced by the decline in energy prices during the same period in 2023. The ECB's interest rate is projected to trend downward towards approximately 2%, which will support growth prospects throughout the Eurozone, especially in Germany, the EU's largest economy. Lowering rates should stimulate growth by encouraging more borrowing and investment from both businesses and consumers.

BOE

While rate cuts are expected from the Bank of England in 2025, the level and pace of cuts is still to be determined, particularly given that the UK economy had performed below expectations, with zero growth between October and December 2024. While our house view is two to three cuts throughout the course of 2025, there are several factors which could impact the extent and number of rate cuts this year. One of the main reasons is the issue of services inflation, which has remained extremely sticky, with the November rate standing at 5%, higher than the Euro Area and US rates. This persistently high rate has been one of the main reasons for the cautious and hesitant approach by the Bank of England in the current rate cut cycle.

Bank of Japan

While the major economies may differ on the amount of rate cuts in 2025, there is one common denominator - they are cutting interest rates. Japan stands out, having increased rates in 2024 to 0.25bps, the highest since 2008. For 2025, the Bank of Japan will be closely monitoring inflation and the impact of US economic policies under President Trump to determine whether rates will be increased further, having maintained rates at current levels in December.



Source: Seaspray Private

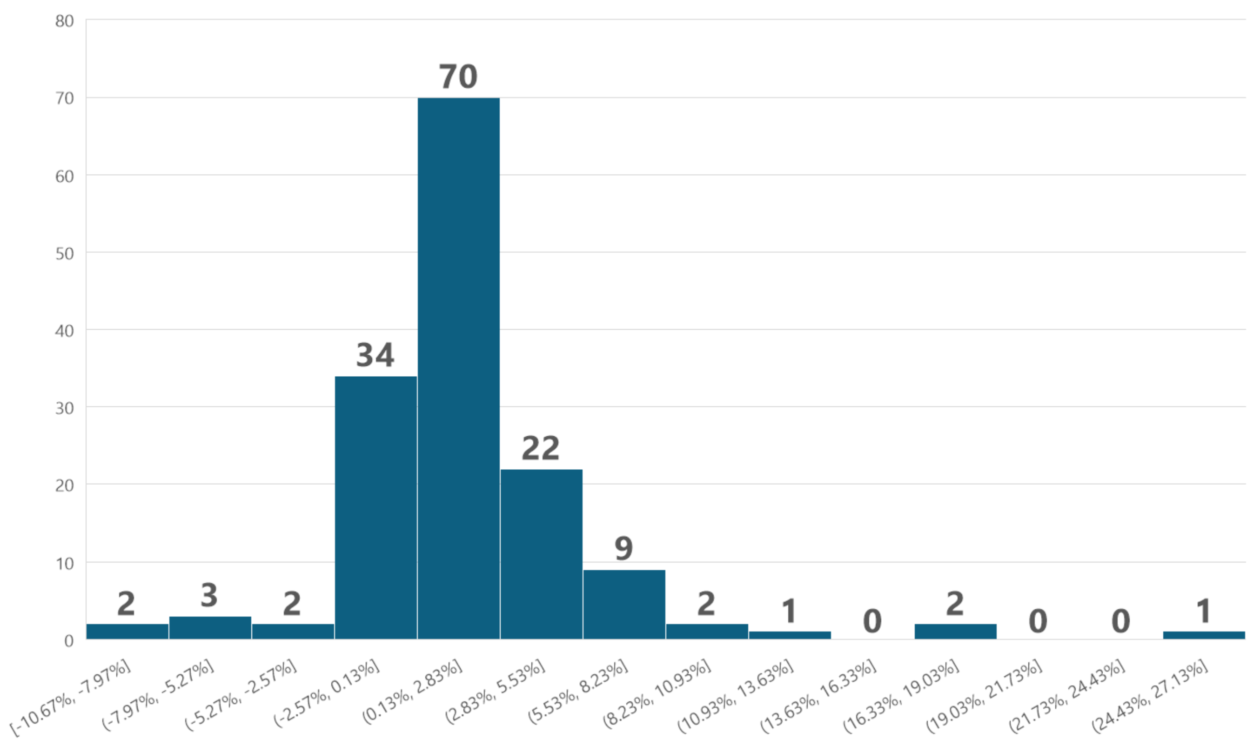
Region	FED	ECB	BOE	BOJ
Line Colour				

Income and Earnings

Corporate earnings were pivotal to the positive Equity market success story of 2024. With interest rates at decade highs, along with geopolitical issues which continued to weigh heavy on markets, corporate earnings continued to outperform. Over the course of 2024, we have tracked specific large cap companies from across the world that have reported on earnings from Q1 to Q3. Taking all the accumulated data, the chart below shows the average performance of the companies tracked. Over the course of the the three quarters, 148 companies were analysed, some across all three quarters concurrently, with their forecasted revenues compared with their actual revenues. Overall, 70 companies beat earnings estimates by between 0.13% and 2.83%, while a further 31 companies recorded actual revenues of between 2.83% and 8.23% above estimates.

As we enter 2025, corporate earnings will yet again be one of the key drivers of equity returns. An example of the impact of positive corporate earnings was seen in 2024, when NVIDIA added a record $272bn in market cap the day after it announced its Q4 2023 earnings in February. While AI hype has carried stocks such as NVIDIA, Palantir and Broadcom into the stratosphere, all three companies have also posted strong positive earnings, supporting valuation multiples.

Average Actual vs Forecast Revenues - Q1 - Q3 2024

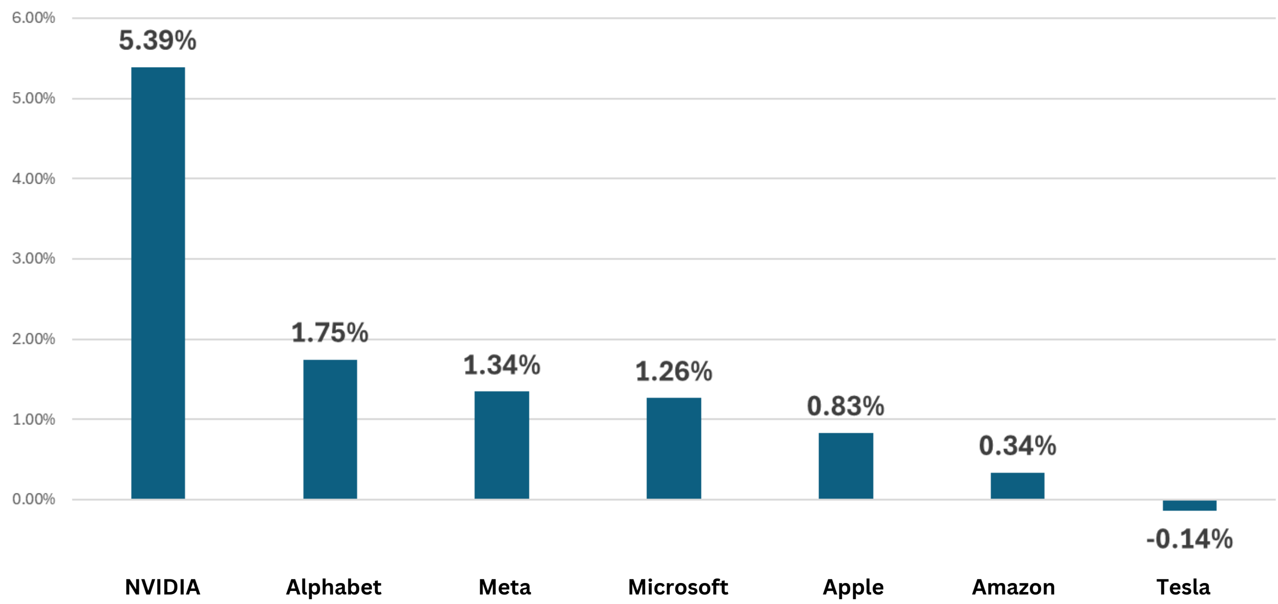


Source: Seaspray Private

The Magnificent 7

Examining the performance of the world's seven largest companies, known as the Magnificent 7 (Mag7) due to their outstanding stock market achievements, 2024 proved to be another successful year for these mega caps. However, notable performance disparities emerged within the Mag7, with NVIDIA standing out as the clear frontrunner. The company achieved an impressive average forecast versus actual revenue beat of 5.39% during the first three quarters of 2024, surpassing its peers. These gains were fuelled by the ongoing AI surge and the growing excitement surrounding the company's Blackwell chip, all against a backdrop of geopolitical tensions over semiconductor chips involving the US, Europe, and China. Conversely, Tesla was the only company to report an average earnings miss from Q1 to Q3 in 2024, primarily attributed to a 4% earnings miss in Q1 due to supply challenges at its German facility.

MAG 7 Earnings - 2024



Source: Seaspray Private

MAG 7 - Market Cap - January 2025 (US $Trn)

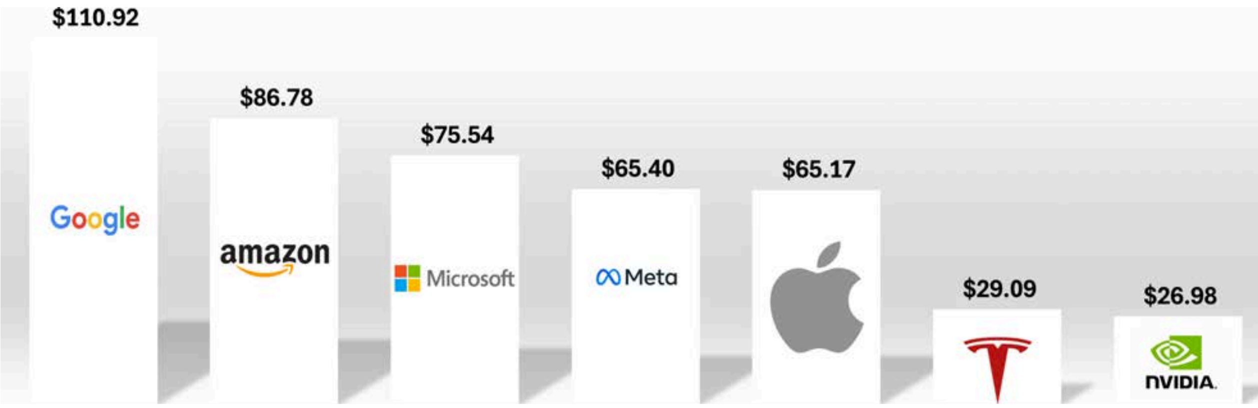
Source: Seaspray Private

The Magnificent 7 contd.

While revenues are vital, and relative corporate success is judged on whether actual earnings reported exceed earnings estimates, the importance of a company's cash reserves to its potential for growth cannot be understated.

Collectively, the "Magnificent Seven" companies possess a staggering $459bn in cash on hand—nearly half a trillion dollars. Alphabet leads the pack with $110bn, which has more cash available than Bank of Ireland had in customer deposits in 2023. NVIDIA, meanwhile, has $29.09bn cash on hand in 2024, an all time record for the company. Importantly, these strong cash positions mean that if one, or all of these companies encounter tricky patches, they have the cash readily available to pump into new projects, acquire new businesses or shore up internal projects. These cash reserves are also important in the event of economic downturns, when opportunities to invest may be cheaper and valuations are lower. It also gives the companies the option to buyback shares, improving earnings per share (eps) ratios and also the ability to deliver returns to shareholders via share repurchases without locking themselves into paying dividends.

Cash on Hand, $USbn - 2023/24



Source: Seaspray Private

Global Trade

With the Presidency of Donald Trump about to begin in earnest, one key election promise central to his campaign was the implementation of tariffs on some of the US' biggest trade partners. In November 2024, the US had a total trade deficit of $78.2bn, and has been running a trade deficit since the mid 1970s, so fixing this issue will not happen in the short term. The threat of tariffs from the world's largest economy could have a far reaching impact, not only for the US' main export partners but also for the US itself. Canada remains the largest export partner for of the US, with $352bn worth of goods exported to Canada from the US in 2023. With an election due in 2025, it seems likely the ruling Liberal party will be replaced by the more right-leaning Conservatives, whose leader Pierre Poilievre has been endorsed by key members of Trump's presidential team. Of the $353bn exported in 2023, just over $100bn was in the vehicle and machinery sector, which could lead to higher car and truck prices for Canadians if Trump goes ahead with tariffs on these areas.

Going from the northern border to the southern border, the US' second largest trade partner is Mexico, with $323bn of goods exported in 2023. However, while Trump has stated that tariffs could be implemented on Mexico in early 2025, Mexico is actually the largest importer of goods into the US, with $480bn imported by the US in 2023, giving Mexico a means of retaliation should tariffs be implemented. These include $130bn worth of vehicles other than railways and tramways, with $44.96bn of motor cars imported and $35bn worth of parts and accessories for motor vehicles. Looking back to US exports, the other three largest export partners are China, the Netherlands and Germany. In the case of China, the country accounted for 7.5% of the US' total exports in 2023, while imports accounted for 15%, with $127bn of imports in electrical and electronic equipment.

United States - Top 5 export partners (2023 in US$Bn)

Source: Seaspray Private

Investment Themes

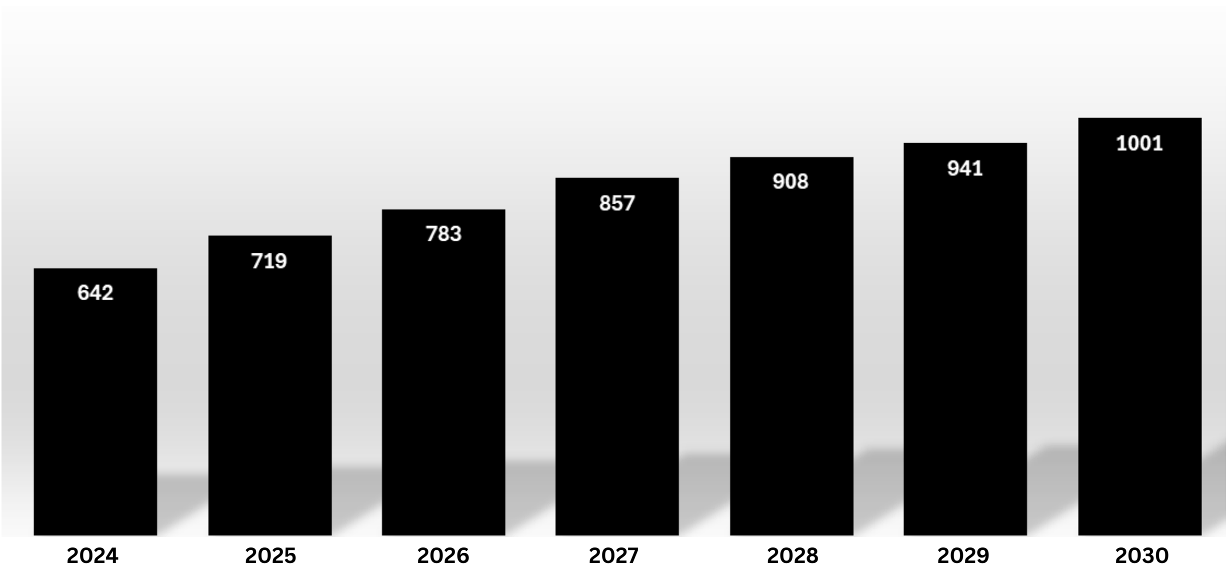
Semiconductors

Semiconductors, which have been referred to as *"this century's oil",* have been and will continue to be one of the building blocks of our modern world. Though they operate mostly unseen, without semiconductors we would not have the modern tech heavy world we live in currently. This is why the future of the industry is so important, and why it has become the maelstrom of a political discord between East and West.

In 2024, the US under President Joe Biden implemented a range of tariffs aimed directly at the Chinese semiconductor and chip-making industry. While these tariffs were originally confined to products such as Electric Vehicles and solar cells used in the production of solar panels, in December, the outgoing administration implemented export controls on products related to advanced semiconductor manufacturing. These include preventing the export of advanced high bandwidth memory (HBM), which is a critical component in the production of high end semiconductors. With the incoming Trump presidency, it is more than likely that tariffs and export controls on semiconductors to China will continue.

Having said this, the semiconductor industry is still expected to grow at a rapid pace in the coming years, due to the necessity for chips in the development of Artificial Intelligence systems. Semiconductors are critical in the development of large language AI models, with the most advanced chips being produced by companies such as NVIDIA and AMD. Countries around the world have taken note of this, and it is estimated that between 2023 and 2027 upwards of $400bn of global Government funding will be allocated to companies in the sector, with the US already having committed $29bn. Looking at the macro level, the global semiconductor industry is expected to reach $1 trillion by 2030, only five years from now.

Global Semiconductor Market Value (Forecast, $bn)



Source: Seaspray Private

Artificial Intelligence

Artificial Intelligence remains the most talked about and heavily researched of any sector. The impact of AI on businesses and households is already being felt, through the use of programmes such as ChatGPT or Microsoft's Copilot, both of which can help with virtually any online task. AI is continuously evolving and has the potential to have an impact on almost every sector of business and industry, while also creating brand new sectors which would not be possible without the advent of AI. Some examples include the following:

Meteorology/Climate Change

Google, which has already developed the Gemini Large Language Model, similar to the ChatGPT and Copilot systems already mentioned, has also developed a new AI-focused weather prediction model, created by the company's DeepMind team. The model, known as GenCast, has already outperformed the traditional methods of forecasting weather for up to 15 days by 97.2% while also enhancing the forecasts for extreme weather events, which have become more prevalent in recent years. The GenCast system could be incorporated into normal everyday weather forecasting, enabling meteorologists to more accurately predict patterns of life-threatening weather events.

Agriculture

In Australia, an autonomous robot known as SwagBot, developed by a team from the University of Sydney, is attempting to make cattle farming more efficient and environmentally friendly. The robot, which has four wheels for traction, can determine the health, type and density of pastures and can also help monitor the welfare of livestock. It can then use this information to herd cattle into the best pastures while also moving them before land becomes overgrazed or damaged. This real-time data can also be fed back to farmers, giving them a real time view of their herd where regular monitoring visits are necessary. In this way, farmers have more time to devote to other aspects of their farm, while also reducing reliance on workers in remote and rural areas, where hiring for jobs in agriculture can be difficult.

Financial Markets

Goldman Sachs has already been using AI for years to help make financial predictions based on real time data from news stories, earnings and stock market movements. The AI, known as Kensho, can track multiple markets in real-time and help the company make trades based on the data it processes.

Although the US remains the primary hub for AI growth and development, Western Europe also stands to gain significantly from the adoption of these technologies. According to estimates from McKinsey & Company, Generative AI could contribute as much as $575.1 billion to the European economy by 2030. While Europe currently trails the US in AI adoption—45% of European companies have embraced the technology compared to 70% in the US—the region excels in the development of AI semiconductor equipment. This advantage can be partly attributed to ASML, one of the largest semiconductor manufacturing companies globally.

Examining the potential of AI in Western Europe, the EU consumer goods and retail sector could see an increase of $100 billion in market value thanks to Generative AI, while the EU healthcare and pharmaceutical sectors could experience growth of $57.20 billion. Moreover, every major sector in the EU economy could benefit from the adoption of Generative AI, potentially leading to an overall productivity growth rate of 3% by 2030. Though the bloc may not match the US in AI growth, there exists a half-trillion-dollar opportunity for Europe that will benefit both citizens and businesses in the region.

Projected Generative AI Productivity Potential in Western Europe by 2030, by Sector (in $US bn)

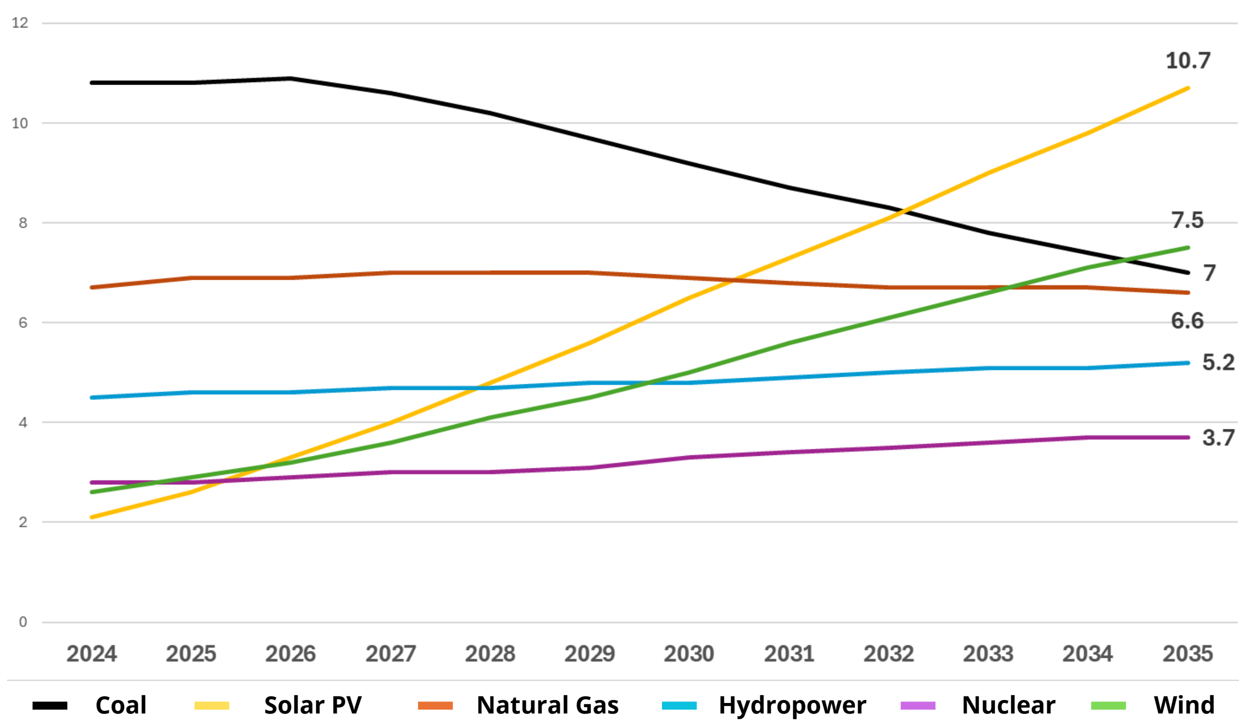
Source - Seaspray Private - McKinsey & Company

Climate Action & Clean Technologies

As we highlighted in our 2024 Global Economic Outlook, renewable energy remains one of the key investment themes and growth areas on a global scale. The impact of climate change is undeniable, with unusual temperature patterns, more extreme weather events, such as Hurricane Milton in the US or the floods that overwhelmed the Valencia region of Spain. As such, a transition to more renewable forms of energy should help regulate the planet's temperature and help to turn the tide on climate change.

The International Energy Agency, the world's most prominent think tank when it comes to all forms of energy, stated in its 2024 Energy Outlook report that by the end of this current decade the global economy can continue to grow without the need for additional fossil fuel usage. Along with this, the agency's "Stated Policy Scenario", essentially provides a perspective on the direction of energy systems given the current policy and investment landscape. Currently, under the Stated Policy Scenario, world electricity generation is expected to change dramatically in the next 10 years. Coal generation is expected to peak between 2025 and 2026, before gradually declining year on year for the rest of the decade. This decline corresponds to a gradual increase in global electricity generation from solar energy, until 2032, when electricity from solar is forecast to overtake coal as the world's largest generator of electricity.

World Electricity Generation - Stated Policy Scenario (TwH, 000's)

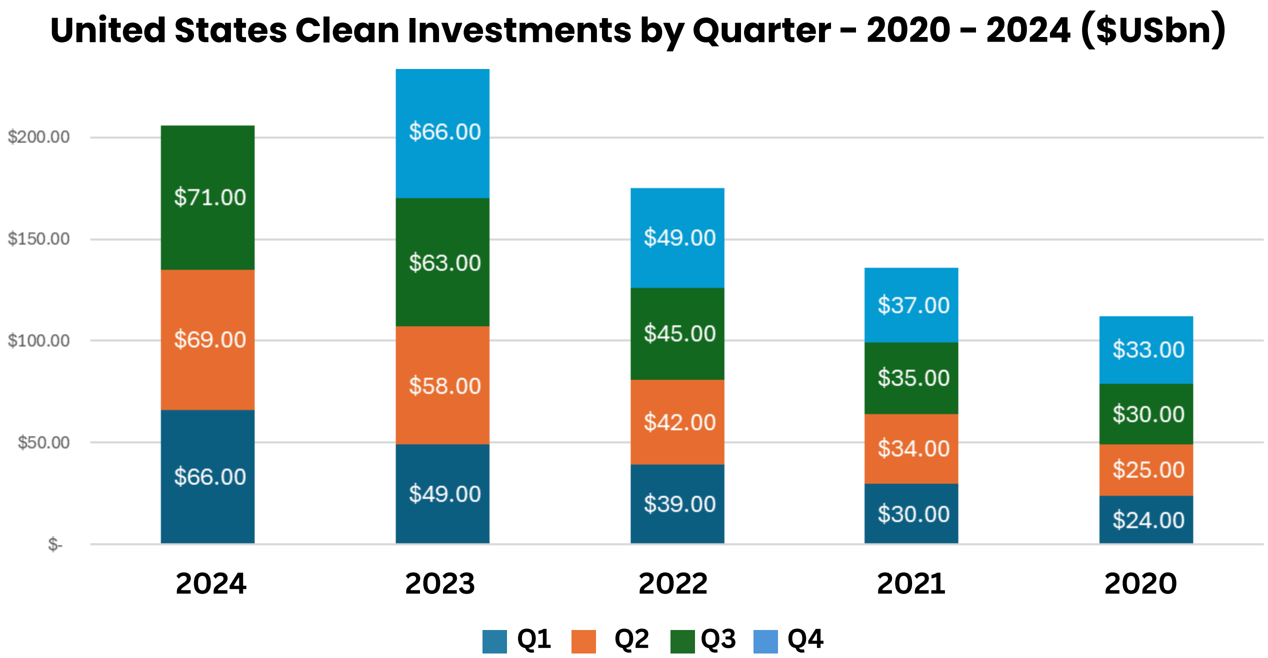


Source: Seaspray Private

The future of Cleantech investment, particularly in the US, is perhaps more uncertain than ever after the recent election of Donald Trump to the White House. However, while the future may be unclear, what is clear is that the US is on track for a record year in terms of investment in clean technologies. In the third quarter of 2024, $71bn of inward investment in the Cleantech sector was recorded in the US. The total investment figure comprises of three sectors: manufacturing, energy and industry, and retail.

- Manufacturing pertains to the development and expansion of factories that focus on creating clean technologies.
- Energy and Industry involves funding for new or existing facilities that generate clean energy sources like wind and solar.
- Retail investment refers to the acquisition or installation of clean electricity units, electric vehicles, or other clean technologies by individual households.

In the third quarter of 2024, the manufacturing sector received an injection of $16 billion, while the energy and industry sector attracted $20 billion. The retail sector saw a noteworthy investment of $35 billion, indicating that US households are actively investing in clean technology solutions for their daily lives. Looking slightly deeper at these figures, in Q3 2024, of the $16bn invested in Cleantech manufacturing, $12.1bn was in the manufacturing of batteries used for electric vehicles and energy storage, such as lithium batteries which store power created from solar energy. In terms of energy investment, $9.74bn of the $20bn recorded was invested in solar energy, nearly five times the figure invested in the wind energy sector. This follows the global pattern which sees solar energy as the key renewable energy source going forward. Finally, in the retail sector, $24.54bn was spent in the US on zero emissions vehicles, while the remainder of the $35bn was spent on heat pumps ($6.55bn) and distributed electricity and storage ($4.42bn). Overall, in 2024 $272bn of investment has been recorded in the US, with each quarter of 2024 setting a new record.



Source: Seaspray Private

Regional Analysis

United States

To say 2025 will be an interesting year for the world's largest economy would be an understatement. With a new President at the helm, Trumponomics 2.0 and geopolitical conflicts will be front and centre. However, with continued focus from the FED on price stability and employment, the US will still have to contend with two of our four I's, these being Interest rates and Inflation. With interest rates, as stated previously, the Federal Reserve is expected to cut interest rates twice in 2025, having lowered the rate cut forecast at their December 2024 meeting. However, this forecast is always subject to change depending on the data available to the Federal Open Market Committee (FOMC). The stability of the labour market will continue to play a part in monetary policy, as it did throughout much of 2024. Fears that the labour market was cooling too quickly prompted the Fed to make a 50bps cut in September 2024, however since that time the jobs market, particularly the closely watched US non farm payrolls, which accounts for 80% of total US job additions on a monthly basis, has stabilised. Along with non farm payrolls, initial jobless claims, which track the weekly additions in persons applying for unemployment benefit on a weekly basis has also stabilised, falling to its lowest weekly level since April 2024.

Inflation, while no longer the key topic of conversation or concern, is still prevalent and may still have an impact on the US in 2025. While the rate of inflation has slowed to 2.7% in November 2024, having reached a rate of 9.1% in June 2022, if trade disputes emerge between the US and countries like Canada and China, transitory spikes in inflation could occur.

One area that incoming President Trump has targeted is the increasing mountain of US debt. Currently, the US national debt amounts to $36tn, equating to $106,000 per citizen. The US' Federal Debt to GDP ratio, which measures the amount of Government debt against the total output of a country, is now 122%, compared to 59% in 2000 and 34% in 1980. However, in pure GDP terms, the United States remains the undisputed King. As we can see below, US total GDP amounts to $30 trillion in 2024, far ahead of China's $19 trillion.

Source: Seaspray Private

Europe

2025 will see the European Bloc managing change both internally and externally. Externally the continent will have to manage its relationship with US President Trump, who has made it his intention to target the Euro Area with import tariffs. Defence spending in the Bloc will also be a target of the incoming regime, particularly spending on the war in Ukraine. Europe will also have to court its partners in the East, specifically China, whose Electric Vehicles have been flooding into Europe, applying pressure on established brands across the Bloc. Internally, the Mario Draghi report has raised concern about the potential loss of competitiveness on a global scale, which the European Commission under Ursula Von der Leyen and her new team will have to address. Lower economic growth, specifically in Germany, must also be addressed in 2025, as will the political landscape after the German elections due to be held in February. Despite all these challenges, unemployment in the Euro Area remains at all time lows, while the Bloc continues to report a trade surplus.

UK

2025 could be a net positive year for the UK, despite the ongoing global uncertainty regarding trade and geopolitics. While we have already discussed the challenges facing the country around inflation and interest rates, consumer spending is expected to increase in 2025, due to lower interest rates and increased wage growth, which will help the overall GDP position in the UK. The OECD and IMF forecast the UK will grow by more in 2025 than the Euro Area, while KPMG estimates that GDP growth could more than double in 2025 compared to 2024. Tax increases as part of the 2025 Budget could see businesses charge more for products, increasing inflation, however this is not anticipated to greatly impact the UK economy.

Asia

China

The People's Bank of China (PBOC) stated it will implement a moderately loose monetary policy in 2025, in a concerted effort by the Chinese Government to grow the economy and achieve the 5% growth rate set for 2025. Many of the same challenges that faced China in 2024 still remain - the ongoing property crisis, along with the threat of deflation which continues to linger since the Covid 19 pandemic. On the Global stage, China's relationship with the US will have a major impact on global growth, and while Xi Jingping and Donald Trump may disagree, neither side will want a return to the trade war era and the impact that had on the global economy during Trump's last term in office.

Japan

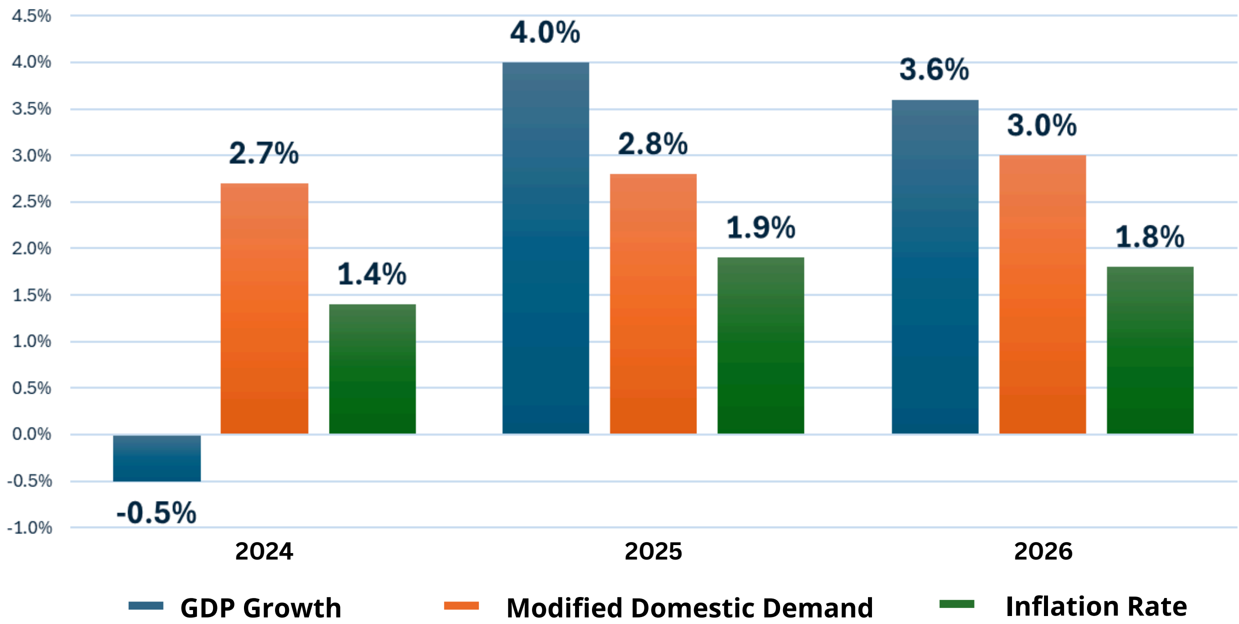
Once the powerhouse of Asia, Japan has been overtaken by its neighbour China in recent decades. However, the island nation should continue to grow at a modest pace in 2025, with forecasts all ranging above 1% for the year. Rate hikes from the Bank of Japan and continued wage growth should increase consumption and demand, while the country navigates an ever-changing geopolitical landscape.

Ireland

2025 is a year of cautious optimism for Ireland. With Fianna Fail and Fine Gael in Government formation talks, it leaves Ireland with a sense of stability in comparison to many countries across Europe and the world, where 2024 saw many incumbent Governments defeated. Perhaps the greatest risk to Ireland in 2025 will be potential economic policy changes from the United States. In 2023, the US accounted for 28% of all trade exported from Ireland , while imports from the US also accounted for 17% of total imports. Should tariffs of 10% to 25%, which has been floated by President Trump as a starting point, apply to all products imported into the US, it could have ramifications for Irish companies trading in the US. However, Ireland is also home to many of the largest companies in the world, such as the European headquarters of Alphabet and Meta, which could be used to the country's advantage.

Looking at the key economic metrics, GDP is expected to increase in 2025 due to the lower inflation rate and a more favourable economic climate with lower interest rates. However, the primary metric used to measure Ireland's economic growth is Modified Domestic Demand (MDD). MDD is a measure of domestic economic activity in Ireland including spending by households, investment by enterprises and net spending by the government. MDD is expected to increase by 2.8% in 2025, still in positive growth territory. Headline inflation is expected to increase in 2025 compared to 2024, but stay below the 2% baseline rate, with 1.9% headline inflation forecasted.

Economic Projections - GDP Growth & Inflation

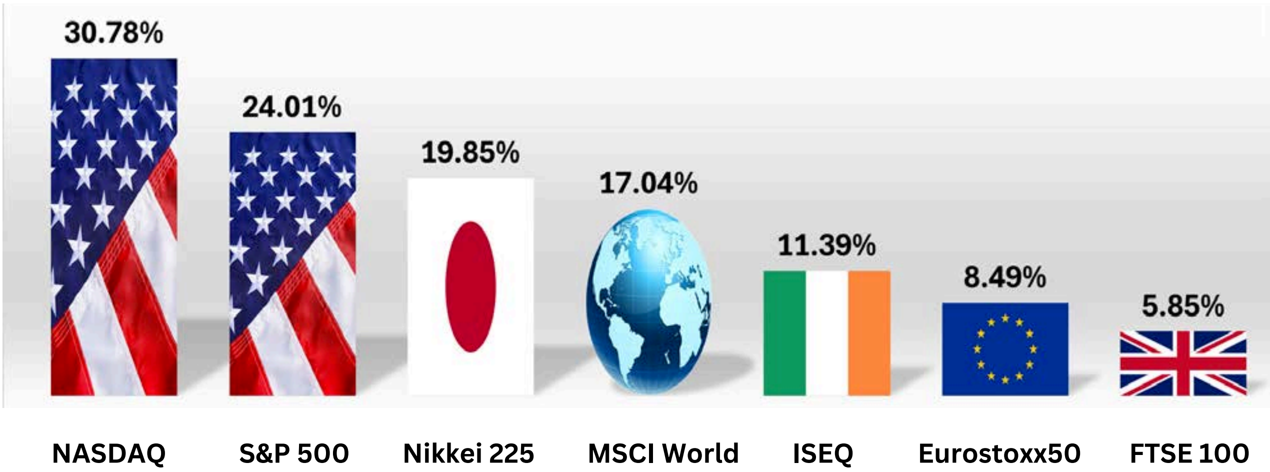


Source: Seaspray Private

Global Equities

2024 saw global equities continue the bull run which began back at the end of 2022. Fuelled by the maturity, adoption and business impact of AI technologies (including GenAI), strong underlying earnings and falling interest rates, stock markets rallied to all time highs in 2024. The S&P 500, for example, hit a new record high 57 times in 2024, while the Nikkei 225, the main Japanese stock index, hit a new high for the first time since 1989. Even in Europe, which lagged behind both the US and Japan in terms of YTD returns, we saw both the Eurostoxx50 and STOXX600 hit multiple record highs. It is the US, however, that reigns supreme when it comes to equity market performance for 2024. The NASDAQ returned 31%, due to its heavy weighting in the technology and communication sectors, while the S&P 500, seen as the barometer for the US stock market, returned 24%.

Global Equity Markets 2024 Performance



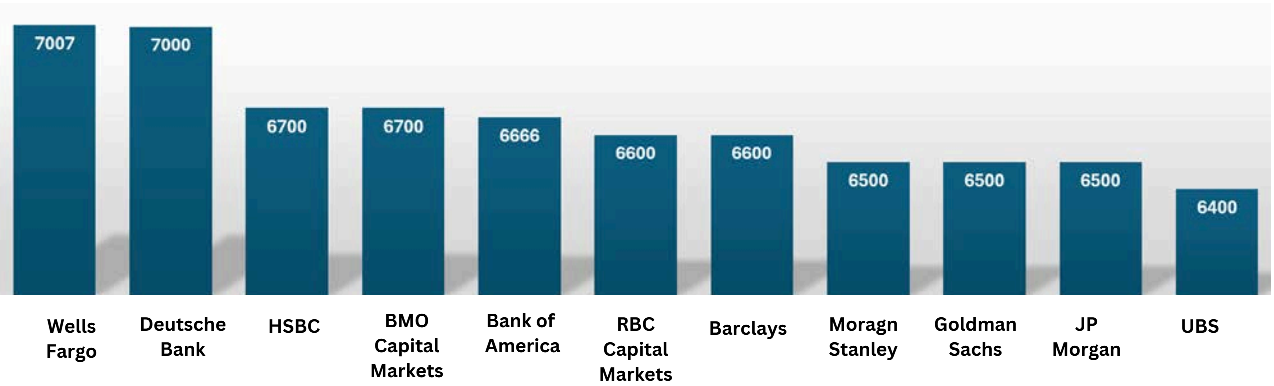
Source: Seaspray Private

As we look to 2025, there is cautious optimism regarding global equities. In the US, with the inauguration of Donald Trump, financial markets should expect less regulation, lower taxes, and more pro business policies which have been core to the Trump campaign. While the Federal Reserve is expected to only cut rates twice in 2025, the fact that rates are on the decline should also help equities post positive returns.

However, as always, corporate earnings performance will have a major say in the trajectory of US and indeed global equity markets. If mega caps such as NVIDIA, Apple and Microsoft can continue to beat earnings estimates and maintain revenue growth quarter over quarter, there is every expectation that equity markets will continue to deliver in 2025. Downside risks come from the potential impact of geopolitics and the spectre of tariffs. These could increase volatility and push investors into safer assets, however it is unlikely President Trump will risk damaging the US stock market over his tariff policy. Potential spikes in inflation could also adversely affect markets, though these should only be transitory in nature.

Overall consensus from the world's largest investment banks is that the S&P 500 will reach new highs again in 2025. Forecasts range from 6,400 all the way to 7000, with the S&P 500 currently in the 5,900 range, having topped 6000 in mid-November 2024. At the beginning of 2024, the S&P 500 stood at 4742, and rose by nearly 1300 points, therefore the below estimates are not without precedent.

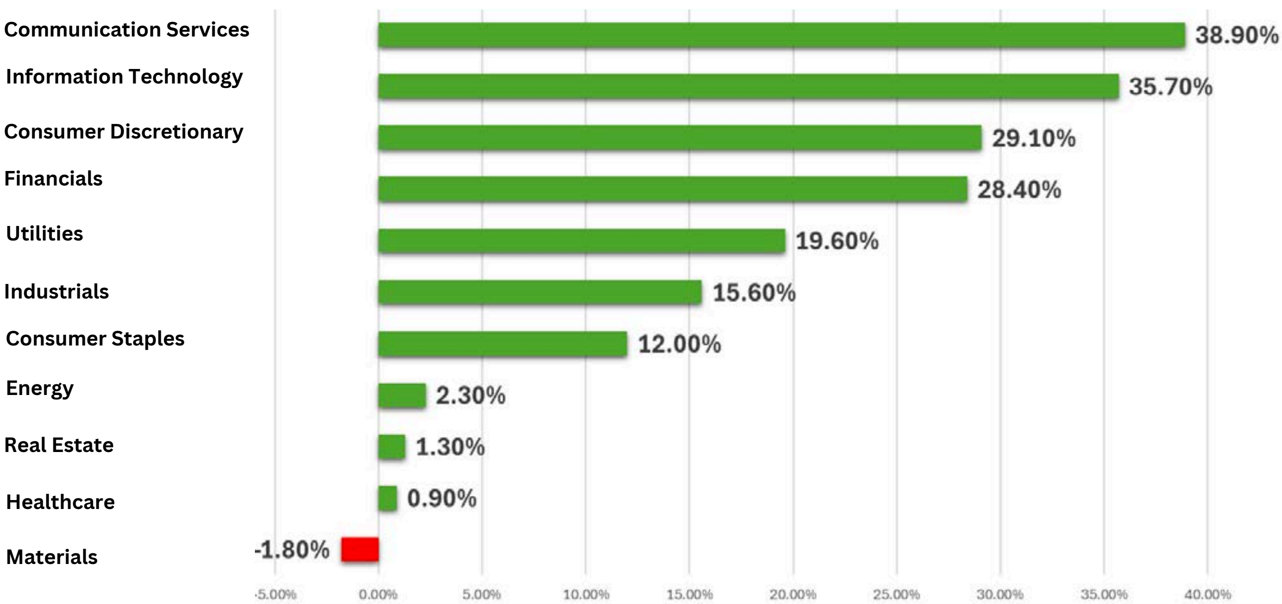
S&P 500 Year End Performance Forecast - 2025



Source: Seaspray Private

Looking at the S&P 500 in greater detail, in the chart below we can see the performance of each of the 11 sectors which make up the 500 constituents of the index. The best performing sector of 2024 was the Communication Services sector, which rose by 38.90%. This sector comprises companies that either provide communications through networks, or provide advertising, marketing and entertainment services, and includes companies such as Alphabet, Meta and Netflix. It was followed by the Information Technology sector, the largest weighted sector of all 11 with 29% of the S&P 500's total weighting and including companies such as NVIDIA, Apple and Microsoft.

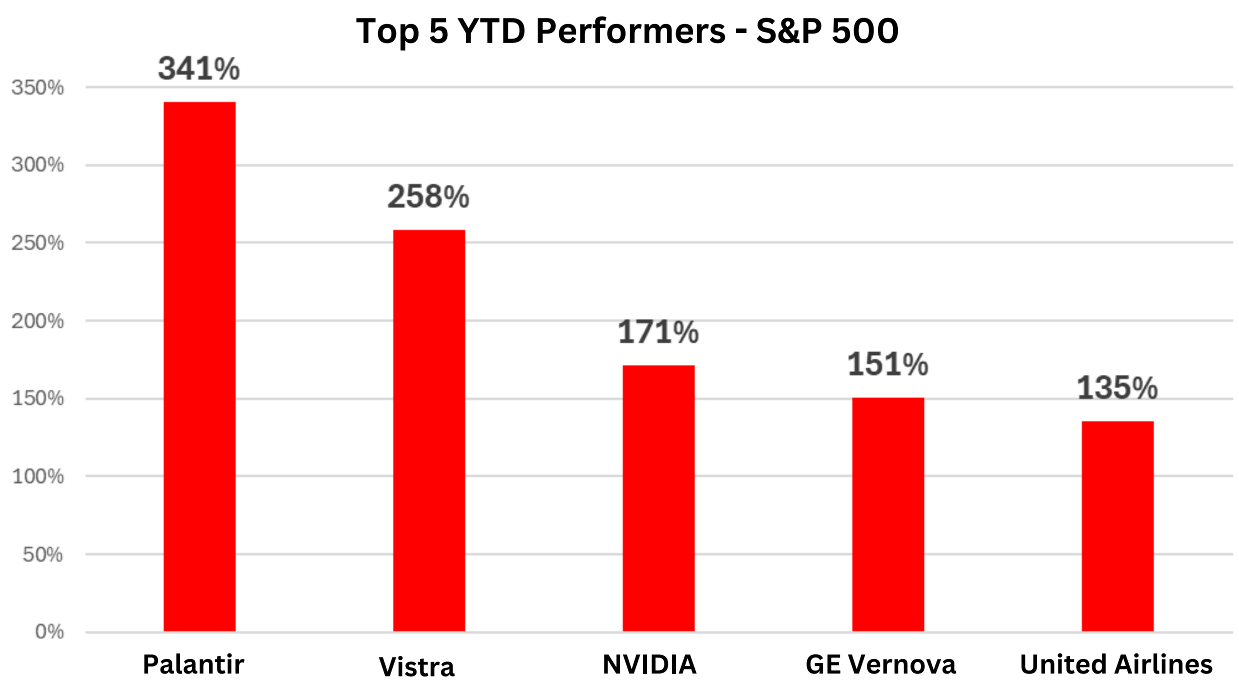
S&P 500 Sectors Performance - 2024



Source: Seaspray Private

Let's take stock: An overview of the best performing companies in 2024.

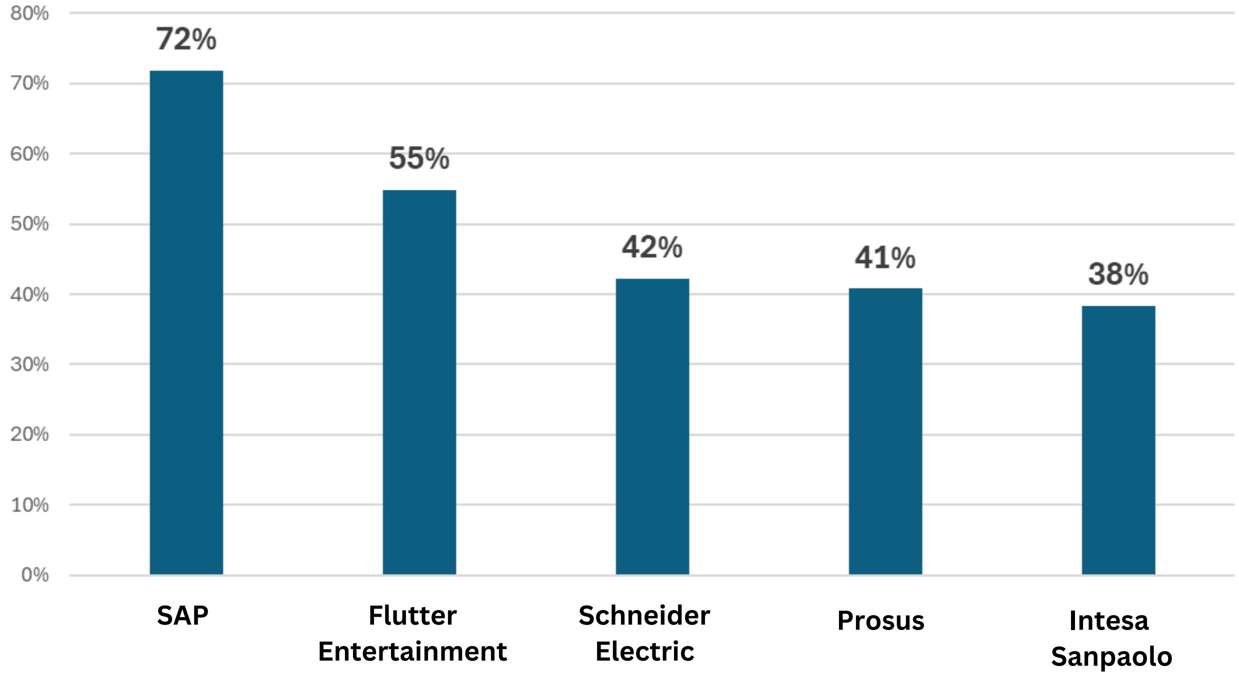
In the US, the best performing stock on the S&P 500 in 2024 was Palantir. It is important to mention that **Palantir** was only added to the S&P 500 in September of 2024, after meeting profitability goals. The company has been one of the most noticeable beneficiaries of the AI revolution, and has been recognized as a leader in the development of AI-based data analysis systems, with its Foundry and Gotham platforms enabling business to collect real-time data and develop large language models (LLMs). Last year the company also launched its Artificial Intelligence Platform, which supports LLM's and its current platforms. Next is **Vistra Energy**, one of the largest US energy providers specialising in nuclear energy, while also having operations in the natural gas and solar energy sectors. The stock has risen due to expectations that the need for data centres to power AI development will require increased energy and electricity, making Vistra a key player in this market going forward. **NVIDIA** was the third best performing stock in 2024. The world's second largest company by market cap has experienced remarkable growth over the past two years, rising from obscurity to become the champion of AI and semiconductor development. NVIDIA's cutting edge computer chips will be essential to increasing machine learning in LLMs, as will their work in the data centre sector. After NVIDIA is **GE Vernova**. This company was only formed in April 2024 as a result of the merger with General Electric's power and energy businesses, with the GE conglomerate as a whole being spun out over three different businesses. Vernova gained 150% in 2024, and similar to Vistra benefitted from expectations that energy demand will increase with the advent of AI. Finally, **United Airlines**, one of America's most recognisable brands, round out the top 5, gaining 135% in 2024. The reason for this was the post pandemic boost in air travel, with over 900 million passengers screened at US airports in 2024. The company also bought back $1.5bn in shares in November, which helped boost the share price further.



Source: Seaspray Private

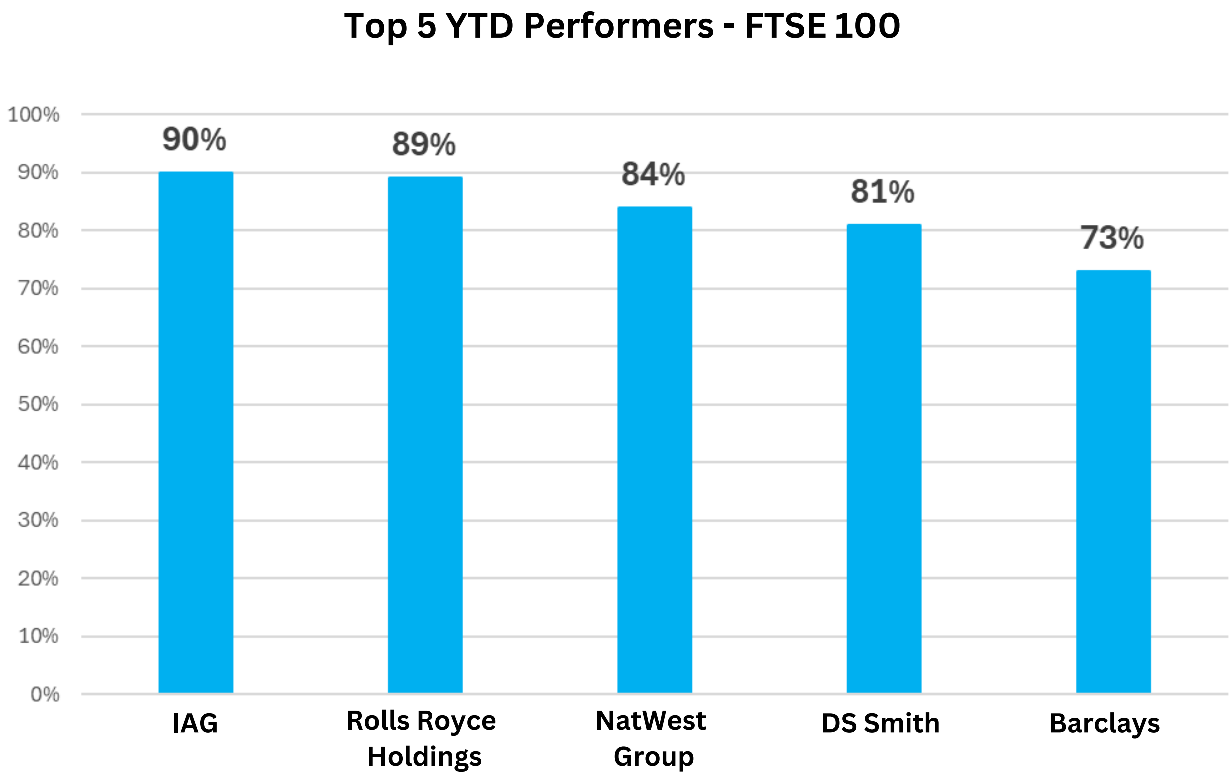
In Europe, while equities in general lagged the US, there was still respectable yearly gains for some companies. The best performing stock of 2024 on the Eurostoxx50 was **SAP**, the German Enterprise Resource Planning (ERP) giant, who gained 71% in 2024. This success can be attributed to positive quarterly earnings throughout 2024, with revenues from the company's cloud computing sector rising by 25% in Q3 of 2024. SAP has also benefitted from the AI boom, with vast amounts of data on hand and from its ERP systems, which are used by companies all over the world. Next is **Flutter Entertainment**, whom Irish investors may be familiar with as the company was once a mainstay on the Dublin exchange, but delisted in 2024 and moved its primary listing to New York from London. The sports betting company gained 54% last year, with revenues rising in the first three consecutive quarters of 2024, while the full year guidance for 2024 was raised due to excellent Q3 earnings, attributed to the European Football Championship in July 2024. Next is **Schneider Electric**, the French corporation which specialises in digital automation and energy management. Schneider is best known for its "Square D" fuse boxes, however its stock has risen significantly in 2024 as a result of the outlook for energy demand due to AI, along with positive quarterly returns. Schneider provides hardware and software for use in the development of data centres, which again has contributed to its positive gains in 2024. **Prosus** is one of the world's largest technology-focused investment groups, with over 90 companies in their portfolio, including Tencent, the Chinese conglomerate, and Remitly, the largest independent digital payment company in the United States. Finally, **Intesa Sanpaolo** is Italy's largest banking group, and at the very end of 2024 became Europe's most valuable bank by market cap, reaching €69bn.

Top 5 YTD Performers - Eurostoxx50



Source: Seaspray Private

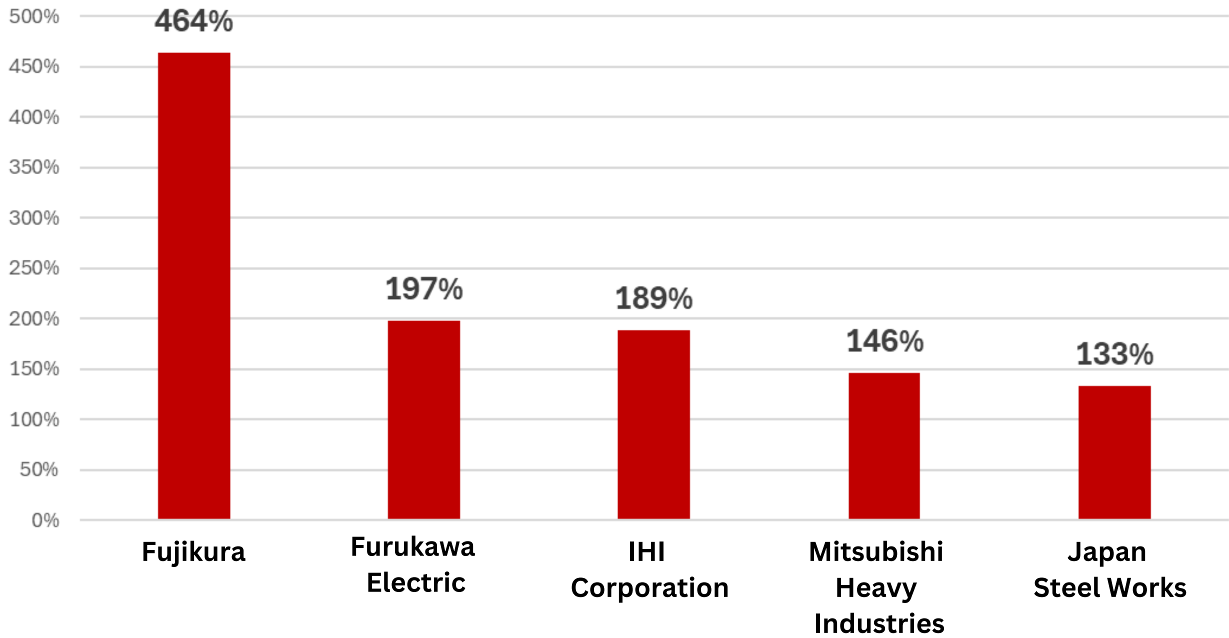
In the UK, the FTSE 100 had its best year since 2021, even as the country struggled to achieve growth, coupled with the impact of a new Government for the first time in over a decade. The best performer on the FTSE in 2024 was **IAG**, the parent company of both British Airways and Aer Lingus, and a company formerly run by Willie Walsh. The airline group has benefited from increased airline travel in 2024, with leisure and travel demand bouncing back from the pandemic era lows. The company also bought back €350mn in shares in 2024, while also trading at a Price Earnings (P/E) of just 7, compared to a p/e of 9 for EasyJet, one of the company's chief rivals in the UK. **Rolls Royce**, the legendary British brand, gained 89% in 2024. These gains have been driven largely by the uptick in the aerospace industry on the back of increased air travel, along with increasing optimism regarding nuclear energy, which is a key facet of Rolls Royce’s long term strategy. A reduction in the company’s debt from $5bn in 2021 to $0.8bn at the end of 2024 has also improved the company's financial position. **NatWest** was next, gaining 84% for the year. This was due to consistently positive quarterly earnings, with profits rising by 26% in Q3 of 2024 alone. That was followed by **DS Smith,** the paper and packaging company which is currently in the middle of an acquisition deal with International Paper attempting to purchase the company for $5.8bn, however regulatory issues have put the deal on hold. Finally, **Barclays** rounds out the top five, gaining 72% in 2024 due to gains made in its investment banking arm as well as a positive year for its UK bank.



Source: Seaspray Private

In Japan, as previously stated, the Nikkei 225 reached an all time new high in February 2024, and for the year the index rose nearly 20%, eclipsing EU, UK and the MSCI world indices. Growth in the Japanese tech sector, and positive rates of inflation which spurred the Bank of Japan to increase interest rates have revitalised what was once a stagnating economy. Looking at the companies who drove the Nikkei's gains in 2025, the best performer in 2024 was **Fujikura**. This company gained over 400% in 2024, despite the fact it has been in operation for 139 years and was relatively obscure before 2024 began. However, with the projected growth in data centres to meet rising AI demand, Fujikura stood out, as the company manufactures wire cabling for data centres, specifically fibre optic cables, which have some of the smallest diameters in the cabling industry. It is likely that as the demand for AI grows, so too will Fujikura's wire cabling. Next is **Furukawa Electric**, another company which specialises in the production of wiring and conductivity. The company manufactures magnet wires and components for electronic equipment, while also making fibre optic cables and network equipment, all necessary for data centres. **IHI Corporation** is an engineering group, which focuses on environmental and social issues as part of its engineering business. They produce equipment for heavy industry, concrete construction materials and products for urban development as well as systems used in cars, such as turbochargers and parking systems. Its share price jumped in June 2024 when it was announced that IHI would work with Rolls Royce in the UK to develop a supersonic jet engine, for use by Japan, the UK and Italy under a trilateral Global Combat Air Programme. **Mitsubishi Heavy Industries** features next. The company is part of the wider Mitsubishi Group, and operates in the heavy industry sector producing everything from elevators to launch vehicles for space exploration, however its turbine engine sales increased towards the end of 2024, increasing its share price. Finally, **Japan Steel Works** is also a heavy industry manufacturer producing a wide range of plastic products, along with steel forgings for products such as turbines and generators.

Top 5 YTD Performers - Nikkei 225



Source: Seaspray Private

Commodities

Energy

Crude oil markets had mixed fortunes in 2024. Increases in geopolitical uncertainty throughout 2024 saw prices reach over $85 a barrel in April, however prices did decline towards the end of 2024, reaching as low as $65 a barrel in September. Since the beginning of 2025, prices have increased sharply due to the new sanctions imposed by the US on Russian oil and its shadow fleet, which could result in supply disruptions. Notwithstanding this, the International Energy Agency (IEA) expects 2025 to be the year when oil production will near its peak, after which a slow decline in output is forecasted as the world transitions to more renewable forms of energy. The potential for a much desired ceasefire in Ukraine after the ceasing of hostilities between Israel and Hamas would likely see prices fall and supply constraints ease, even with the new US imposed sanctions.

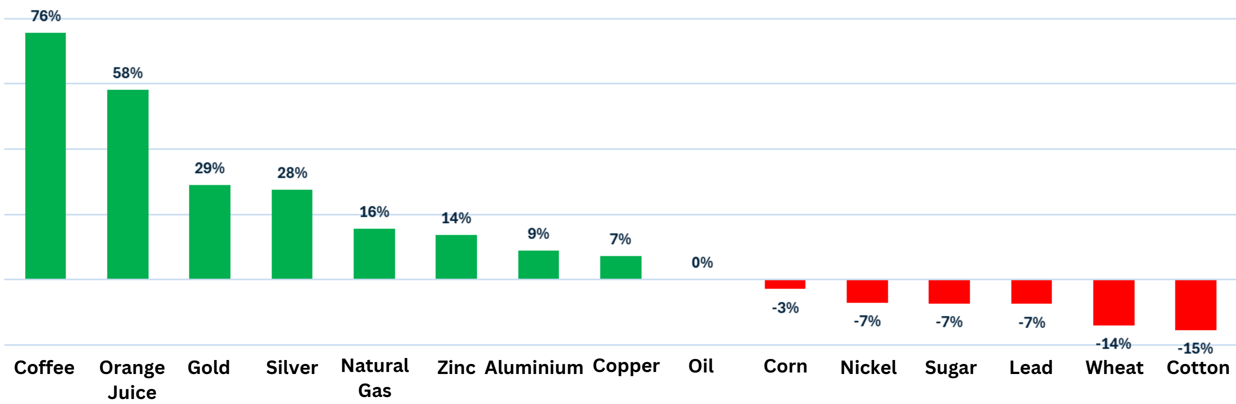
Foodstuff

Coffee and orange juice prices increased the most amongst foodstuffs in 2024, with a shortage in the supply of coffee beans due to climate change impacting on harvests in South America, particularly in Brazil which is the world's largest producer of arabica beans. The country's harvest for 2025/2026 is forecast to fall short of expectations as a result of the hot and dry weather. A new EU law which bans the use of deforested land for crops has also led to price increases towards the end of 2024. The same can also be said of orange juice, with adverse weather affecting the growth of oranges in Brazil, the largest producer of orange juice in the world. The increase in prices is expected to continue, particularly as the world's climate continues to change.

Metals

Gold prices reached record highs in 2024, and while the forecast for interest rate cuts in 2025 has been lowered, the yellow metal should maintain current pricing as it becomes cheaper to hold the metal with lower interest rates.

Commodity Price Changes 2024



Source: Seaspray Private

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