Q1 2025

INVESTMENT

REVIEW & OUTLOOK

+353 65 6710 507

info@seasprayprivate.ie

www.seasprayprivate.ie

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Table of Contents

Page Number

Executive Summary

- As we end Q1 2025, financial markets are being shaped by two dominant themes: Trump tariffs and Liberation Day. Early in Q2, markets have reacted sharply to the announcement of Global Tariffs and the potential impact on global growth for the year ahead. In brief, the US has imposed broad-based tariffs on 180 countries, starting at a baseline rate of 10%. Countries with significant trade imbalances with the US face even steeper tariffs—such as China (104%), Japan (24%), and the EU (20%).

- Despite the implementation of Global Tariffs the global economy is still expected to grow in 2025. That said, forecasts have been revised down to a range of 1.5%–2.0%, compared to the 3% projected at the beginning of the year..

- Inflation, though easing from its 2022 peak, remains a key focus for policymakers. The introduction of US tariffs could lead to short-term inflation spikes, as businesses pass on higher costs to consumers. Even so, central banks remain firmly committed to their inflation targets—most aiming for around 2%—and are expected to continue managing policy accordingly.

- Interest rate cuts are still on the agenda, as central banks respond to the evolving economic landscape. Markets now anticipate that the US Federal Reserve will cut rates at least four times in 2025, in light of tariff pressures and slower growth prospects. In Europe, the ECB has already lowered rates six times since June 2024 due to softer inflation. With added uncertainty from tariffs, expectations for further cuts are rising, with another reduction likely at the bank's next meeting.

- Company earnings were core to the global gains experienced in 2024 and will continue to be centre stage as companies navigate through the tariff uncertainty out over Q2 to year end. While revenues and pricing power may come under pressure in the short term, lower valuation multiples across many sectors and regions—particularly in the US and Europe, could provide support for equity markets in the months ahead.

- Amidst all this, one long-term theme remains firmly intact: Artificial Intelligence (AI). Despite near-term economic disruptions, AI continues to be a key driver of global innovation. Both the US and Europe are positioned to benefit significantly. Notably, the European Commission has just launched InvestAI, an ambitious programme set to mobilise over €200 billion (Bn) to support AI investment across the EU.

Market Movers

Asset Classes	1-Month	3-Month	YTD
Equity Indices			
S&P 500	-13.65%	-15.81%	-15.28%
Nasdaq	-16.09%	-21.62%	-20.94%
EuroStoxx50	-14.70%	-7.04%	-4.73%
EuroStoxx600	-14.32%	-8.09%	-6.60%
FTSE 100	-10.92%	-7.06%	-5.40%
ISEQ	-15.37%	-3.05%	-3.56%
MSCI World	-11.25%	-12.50%	-12.60%
Unit Link Funds			
Aviva Multi-Asset ESG 3	-2.25%	-2.24%	-2.23%
Aviva Multi-Asset ESG 4	-6.61%	-8.22%	-7.99%
Aviva Multi-Asset ESG 5	-9.63%	-12.49%	-12.14%
Irish Life MAPS 3	-4.63%	-5.56%	-5.31%
Irish Life MAPS 4	-7.20%	-8.58%	-8.14%
Irish Life MAPS 5	-9.65%	-11.84%	-11.17%
New Ireland iFunds alpha 3	-2.50%	-2.70%	-2.60%
New Ireland iFunds alpha 4	-5.30%	-6.60%	-6.30%
New Ireland iFunds 5	-7.50%	-9.80%	-13.20%
New Ireland PRIME 3	-2.20%	-2.80%	-2.70%
New Ireland PRIME 4	-6.20%	-8.60%	-8.10%
New Ireland PRIME 5	-8.10%	-11.20%	-10.70%
New Ireland Water Fund	-7.80%	-7.90%	-8.70%
New Ireland Alternative Energy	-11.20%	-17.30%	-14.20%
Zurich Prisma 3	-3.05%	-4.48%	-4.42%
Zurich Prisma 4	-6.73%	-9.65%	-9.44%
Zurich Prisma 5	-10.54%	-14.56%	-14.04%

Market Movers

Asset Classes	1-Month	3-Month	YTD
Bonds			
US 10 Year Bond Yield	+2.80%	-6.89%	-5.16%
US 2 Year Bond Yield	-3.17%	-11.14%	-11.13%
German 10 Year Bond Yield	-8.32%	+2.84%	+9.65%
UK 10 Year Bond Yield	+1.66%	-3.45%	+2.46%
Irish 10 Year Bond Yield	-1.35%	+7.42%	+13.75%
Currencies			
EUR/USD	+1.81%	+7.09%	+6.50%
EUR/GBP	+2.55%	+2.75%	+3.92%
GBP/USD	-0.67%	+4.30%	+2.52%
Commodities			
Gold	+5.60%	+13.72%	+15.93%
Brent Crude Oil	-13.32%	-20.71%	-18.05%

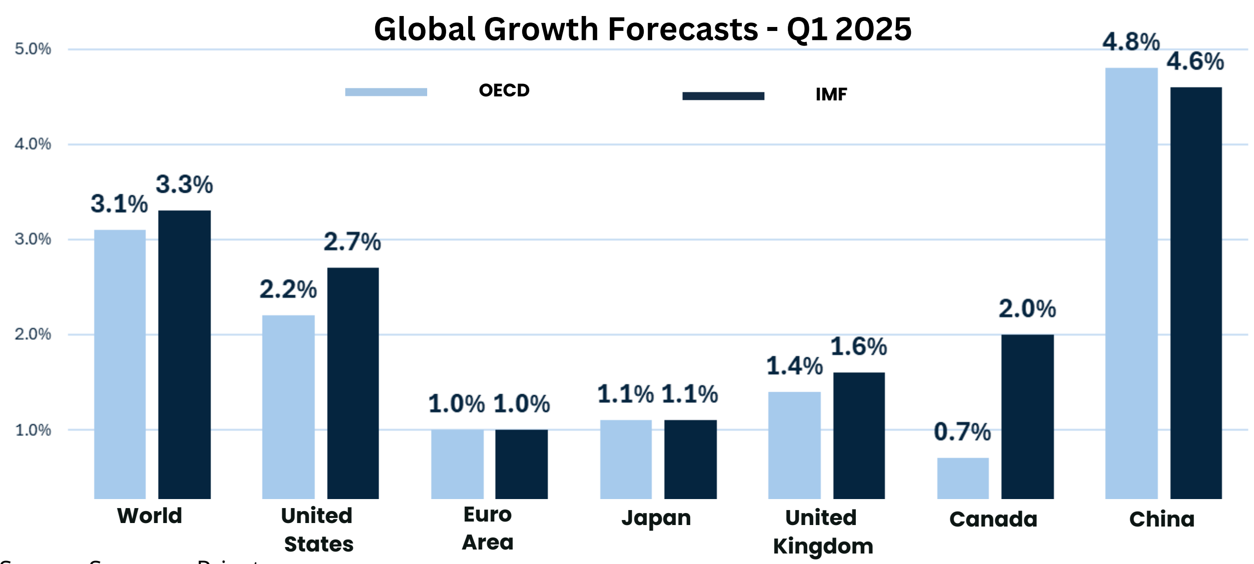
Source: Seaspray Private as of the 09.04.2025

Global Economic Outlook

Uncertainty has been a key theme to describe the first quarter of 2025. The radical shift in economic policy from the United States has shaken markets and economies across the globe, and has changed the political dynamic between the US and its historical allies. This has resulted in a cocktail of uncertainty and volatility which has weighed heavily on some key markets, particularly in the US. However, this change in policy from the US has in fact galvanised other economic markets, particularly the European Union. With reliance on the US now lessening, Europe has had to turn inwards, and as a result companies and stock market indices on the continent reacted positively through Q1 - up to the tariff announcements on the 2nd April. Despite the current uncertainty, we believe that investors who can stay the course, remain patient and look at the longer term picture will be rewarded.

TNT - Trade n' Tariffs

Trade and tariffs have become a key battleground for the major economies of the world, due to the new US administration. The US's significant trade deficit has led to President Trump and his administration taking drastic action in order to lower the deficit. This has culminated in his April 2nd announcement of reciprocal tariffs, which have been levied against 180 countries and will start from a base rate of 10% for all countries. The announcement of worldwide tariffs now means the US effective tariff rate could reach its highest level in over a century. Looking at GDP growth, projections from the two key international think tanks—the IMF and OECD—indicate that growth forecasts for 2025 are still relatively positive, bearing in mind these forecasts were estimated before the reciprocal tariffs. Globally, the world economy is expected to grow by between 3.1% and 3.3%, with the IMF being more bullish on growth compared with the OECD. However, the IMF projections are taken from its January 2025 World Economic Outlook, while the OECD figures are from its March 2025 Interim Report. Between January and March we have seen significant volatility in markets due to the new US economic outlook regarding trade and tariffs. This explains why the OECD has revised down nearly all key growth forecasts for developed economies compared to its December outlook, while the IMF has revised up its January figures relative to its October 2024 Outlook.



Source: Seaspray Private

Trade

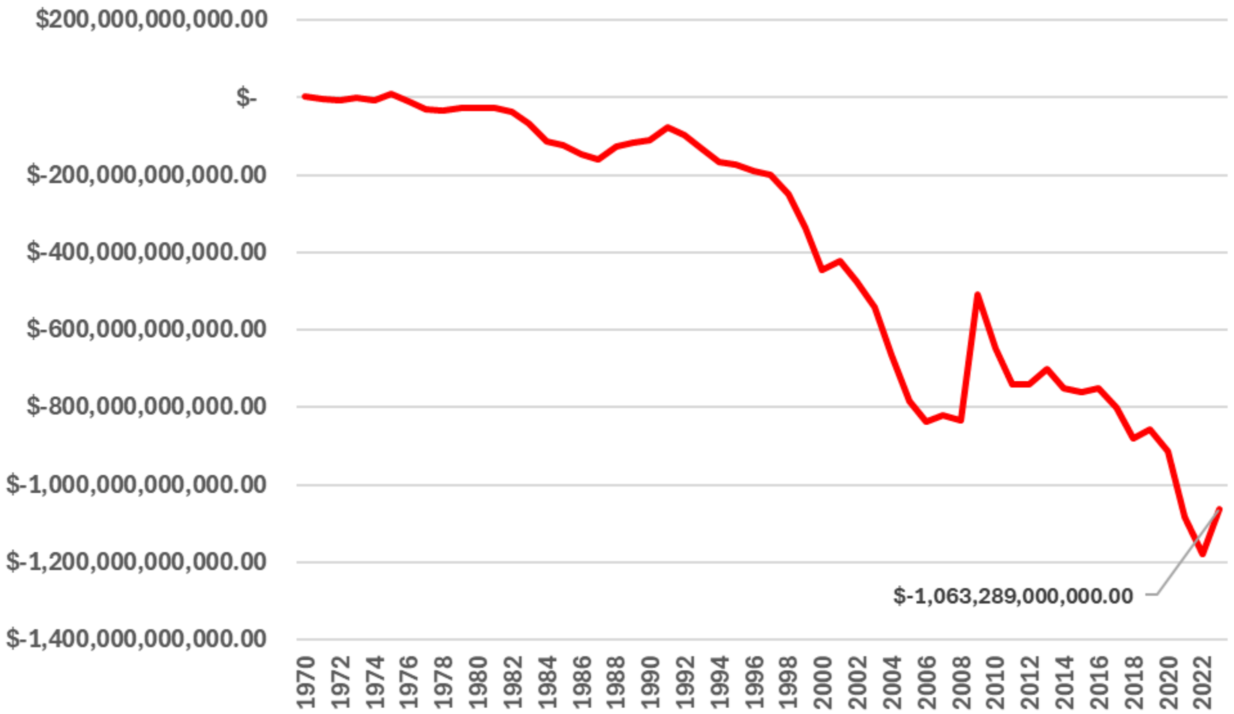
"We too often talk about trade while using the vocabulary of war. In war, for one side to win, the other must lose. But commerce is not warfare. Trade is an economic alliance that benefits both countries. There are no losers, only winners."

-Ronald Reagan, 40th US President, 1911-2004

Those words were spoken by President Reagan in 1988, as the US was signing the Free Trade Agreement between the United States and Canada. This agreement removed many barriers to trade between the countries and resulted in a substantial increase in bilateral trade. Reagan actually opened this speech by congratulating the new Prime Minister Brian Mulroney, perhaps a far cry from today's political climate.

Trade has become central to both global economic and political policy in 2025. The new US administration under President Trump has made elimination of the US trade deficit one of its key priorities for the next four years. This may prove to be a tall order, even with the implementation of various tariffs. The reason is that the United States has, for the past half-century, run a trade deficit. The importation of consumer and industrial products, along with energy products such as oil, has led to a steady increase in the national deficit since 1970, due to continued strong domestic demand for products such as electronics, oil, and motor vehicles. In addition, due to the historic strength of the US dollar as a currency, foreign imports into the US have been relatively cheap.

US Net Trade (1970 - 2023)



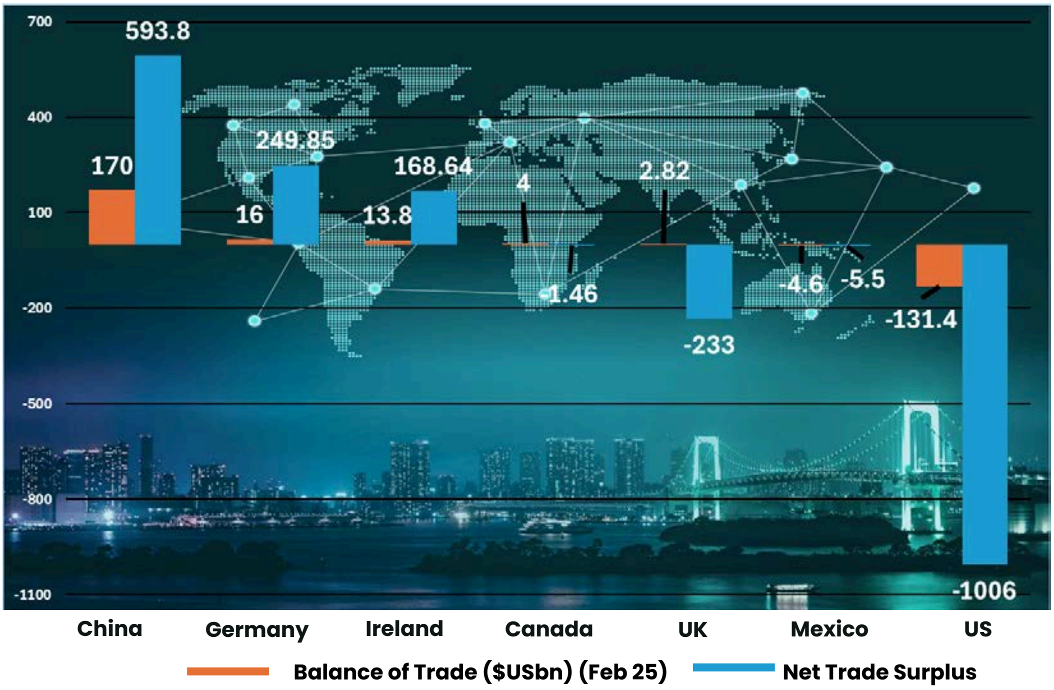
Source: Seaspray Private

Trade

In 2023, the latest year for which net trade data is available, the US had a net trade deficit of just over $1 trillion (Tn), the largest of any country in the world. Looking at 2025 data, the variance in trade statistics between some of the key countries involved in the burgeoning trade war initiated by the US is quite apparent. In February 2025, the US recorded a monthly trade deficit of $131.4bn, an all-time record, compared with China's trade surplus of $170bn. China also recorded a net trade surplus of $593bn in 2023, the largest of any country globally.

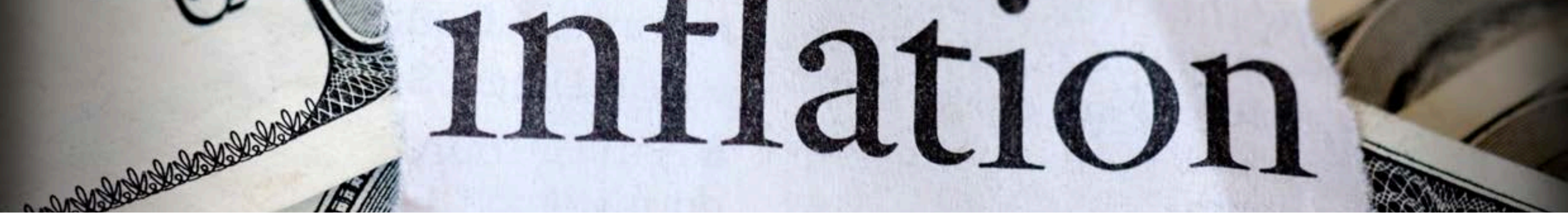
Canada and Mexico, the United States' closest geographic trade partners, both recorded trade surpluses in February—$4bn and $2.82bn, respectively—despite posting negative net trade balances in 2023. From a European standpoint, Germany reported a $16bn trade surplus in February and held the second-largest net trade surplus globally in 2023, at $248bn. Interestingly—and somewhat remarkably—Ireland ranked third globally in 2023, with a net trade surplus of $168bn, and recorded a $13.8bn surplus in February 2025. This places Ireland ahead of most of its European peers, as well as countries like India and Australia, despite having a significantly smaller population.

Net Trade Surplus (2023, $USbn)



Source: Seaspray Private

The US economy is by far the largest in the world, with an estimated GDP of over $30tn, more than $10tn ahead of China in second place. It is therefore difficult to envisage a scenario in which the US turns its trade deficit into a surplus, simply due to the size of its economy, its consumer base, and its reliance on countries such as China, Canada, and Mexico for both consumer and industrial products. With the implementation of reciprocal tariffs, on top of all those that have come before, the current Republican US administration is clearly adamant that it believes tariffs will bring the US' trading partners to the table for negotiations, despite warnings from former party leaders.

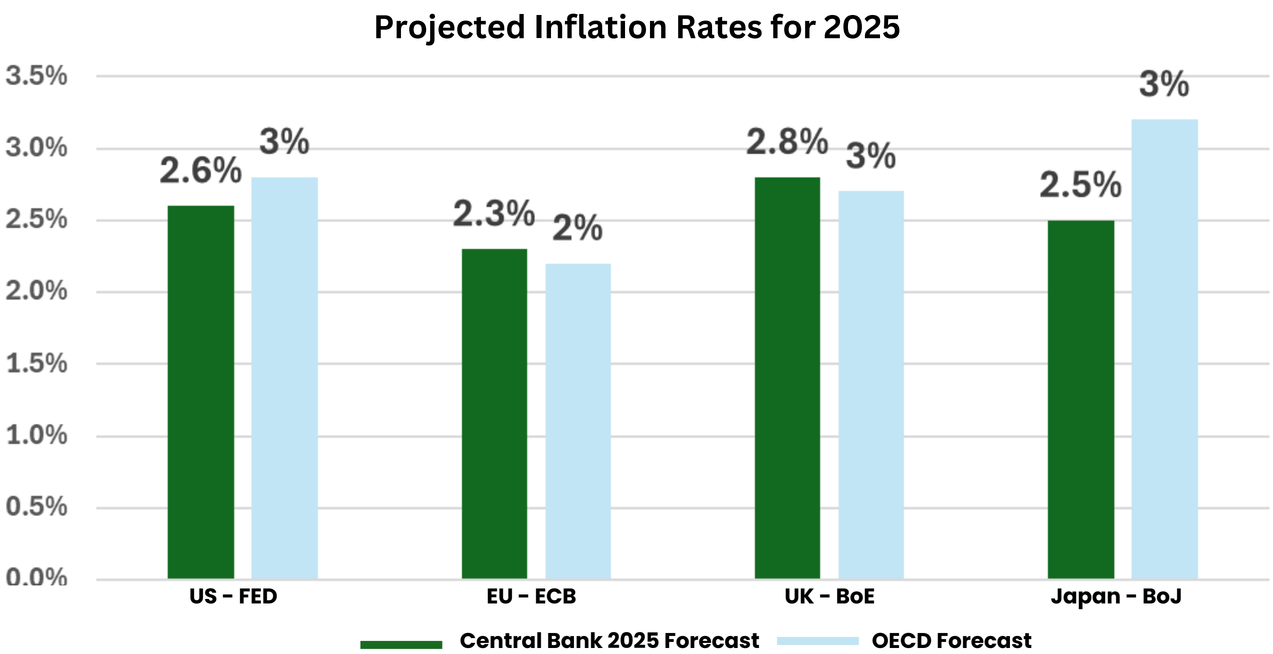


Inflation

In 2023 and 2024, inflation was arguably the most significant threat to global financial markets, aside from geopolitical tensions. Soaring prices prompted a dramatic shift in central bank policy, as authorities moved to curb inflationary pressures before they could seriously harm the global economy. At the same time, improvements in global supply chains—such as through the Suez Canal—and increased production of goods like semiconductors have made consumer products more readily available compared to 2022.

Looking ahead to 2025, inflation remains central to monetary policy, though it is no longer the key issue driving market sentiment. For much of the past year, inflation rates in major economies have been slowing down and have nearly returned to baseline rates. However, this battle is not yet won, and as history has shown, inflation can re-emerge quickly if not continuously managed. With the implementation of US tariffs on products from countries such as China, Canada, and Mexico, there may be transitory spikes in inflation as companies pass these extra costs onto consumers.

Looking specifically at the US, the Federal Reserve estimates that PCE inflation—the preferred metric for measuring inflation in the US—will average 2.6% in 2025. The OECD estimates a rate of 3%, which is also the current rate as of March 2025. While this remains above the Fed's preferred rate of 2%, it is still well below the highs seen in 2022, when US inflation rose to over 8%. The impact of tariffs—likely to be absorbed by US companies that import products and potentially passed on to consumers—could lead to temporary spikes in inflation. However, the extent of this effect will depend on the duration of the tariffs and the specific industries affected.



Source: Seaspray Private

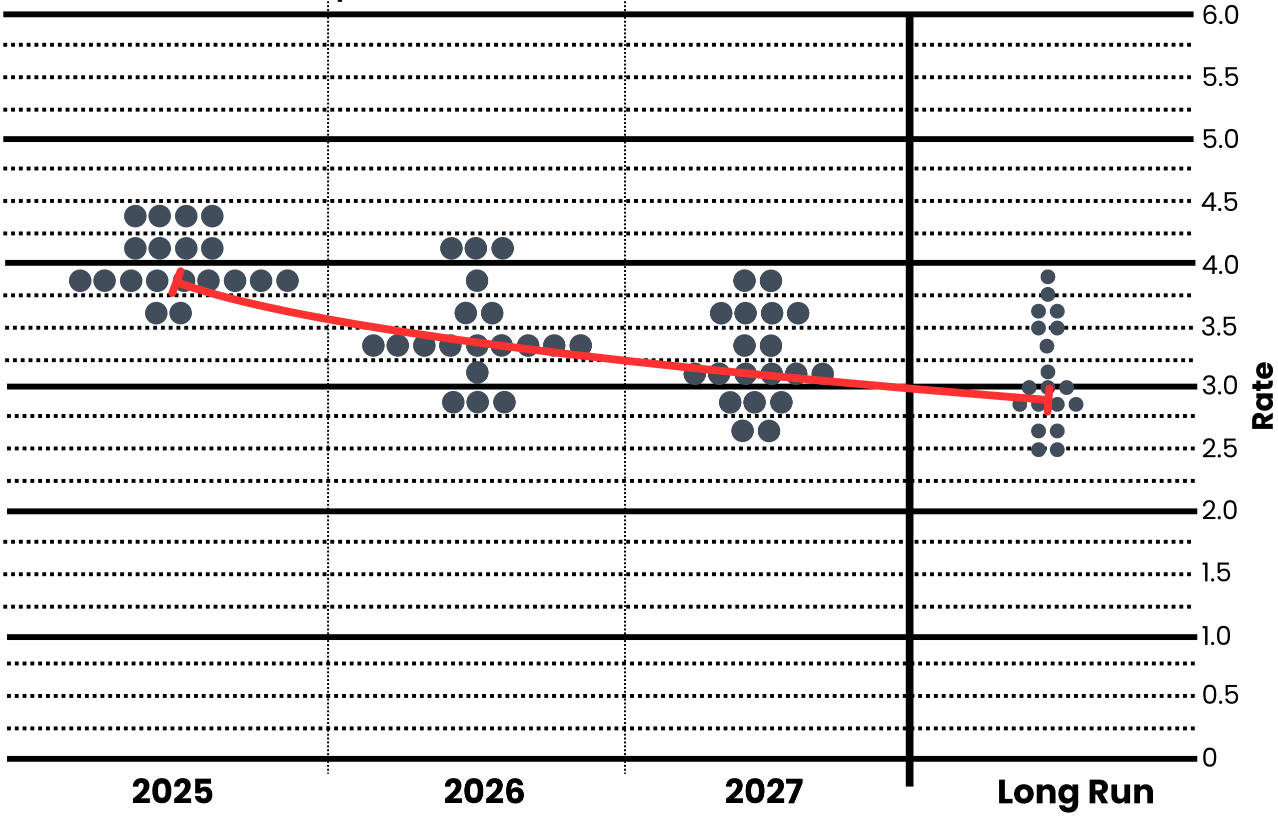
Interest Rates

Federal Reserve

The US interest rate currently stands at 4.50%, with the Federal Reserve having made two cuts since the rate hike cycle ended last summer. The current outlook in the US is for two rate cuts in 2025, based on the current economic data and market conditions. However, the Fed will act if it feels the US economy is slowing or the labour market is cooling. An example of this is the 50bps cut that initiated their rate cut cycle last September, primarily driven by slowing non-farm payrolls, which remain a key consideration for the Fed. It is possible the Fed could also intervene if the current tariff regime has a negative impact on the US economy.

As seen in the *dot plot* chart below, which reflects FOMC participants' assessments of appropriate interest rate levels over several time frames, the majority of members project interest rates will fall to a range of 3.75%–4.00% in 2025, which is 50 basis points lower than the current rate. This indicates two interest rate cuts before year-end. Importantly, if we observe the red line that dissects the majority views of Fed members over the next two years, we see a gradual decline in rates, suggesting the Fed does not foresee a scenario in which dramatic cuts are needed, as would be the case with a recession. Rather, based on current data, The Fed anticipates a gradual normalisation of rates over the coming two years. However, this will depend on various economic data points, such as inflation and the impact of prolonged tariffs, employment, and GDP growth.

Federal Open Market Committee Dot Plot - March 2025



Source - Seaspray Private

European Central Bank

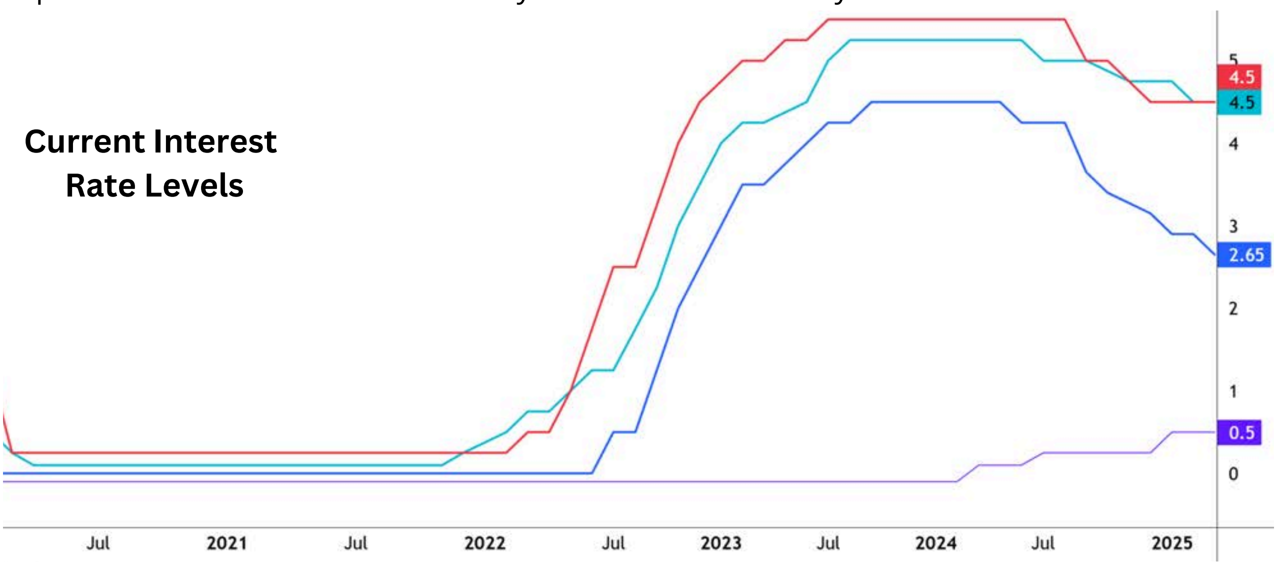
The European Central Bank (ECB) has cut interest rates in the bloc six times since June 2024, with the most recent cut coming on March 6th. The ECB has been empowered to cut rates to such an extent due to the softer inflation rates in the Euro Area compared to the US and, in certain cases, the UK. Employment in the bloc also remains at record highs, which gives the ECB the ability to pause cuts. However, lower growth projections in countries such as Germany have exacerbated the need for lower rates to spur both personal and corporate borrowing. The impact of US tariffs on the Euro Area could also slow growth across the bloc, which may lead to the ECB taking further action to stimulate economic growth, though it is too early to tell what the tangible effect of tariffs will be, as negotiations with the Trump administration commence as we enter Q2.

Bank of England

The UK's interest rate currently sits at 4.50%, after the Monetary Policy Committee of the Bank of England (BoE) maintained rates at their March meeting. It is expected that the Bank of England will reduce rates further in 2025, as concerns mount over growth in the UK economy and the impact of international trade dynamics with the US on British companies and consumers.

Bank of Japan

As central banks around the world continue to plot their interest rate cut cycles, the Bank of Japan (BoJ) is instead plotting possible future interest rate hikes. After raising interest rates for the first time since 2008 last year, the BoJ has now increased its benchmark rate to 0.5%, driven by continued progress in generating inflation. For years, Japan struggled with deflation, which kept interest rates at or below zero in an effort to stimulate growth. Now, with both positive inflation and GDP growth, the BoJ has greater flexibility to adjust rates. However, any further move on rates will depend on the impact of US tariffs on the Japanese economy. The United States is Japan's key trading partner, and Japan's primary export—motor vehicles—was recently hit with a 25% tariff by the US



Region	FED	ECB	BOE	BOJ
Line Colour				

Source: Seaspray Private

Income and Earnings

Corporate earnings will continue to play a crucial role in the performance of financial markets. While sentiment and speculation have fuelled much of the AI boom, which has propelled companies such as NVIDIA, Broadcom and Palantir to all-time highs, solid underlying fundamentals are still core to the performance of indices such as the S&P 500 and Eurostoxx50. In the previous quarter (Q4 2024), companies in the US beat earnings estimates by an average of 8%, while European companies beat earnings by an average of 1%. Bloomberg forecast that both US & EU companies will beat forecasted revenues by an average of 10% in the upcoming quarter. This forecast was made before the US tariff announcement in April, which could significantly skew the below figures. While revenues may suffer in the near term, if major firms in both the US and Europe can continue to beat or match forecasted revenues and show signs of resilience, then the impact of tariffs may not be as severe as we move through the next three quarters.

Certain industries could also be more adversely affected then others, particularly industries and companies who are more exposed to global trade and supply chains, such as the technology and automotive industries. One other observation on the chart below is the forecasted increase in positive earnings beats in Europe through Q3 and Q4 of 2025. The increased optimism in Europe pre-US tariffs is due to the increased spending and borrowing plans from countries such as Germany. There has also been a willingness from other countries in the Bloc to invest inwards which has had a positive impact on EU-based companies. This has been reflected in the difference between US equity declines post April 2nd and European equities.

Average Actual vs Forecast Revenues - Q1 2024 to Q1 2026

Source: Seaspray Private

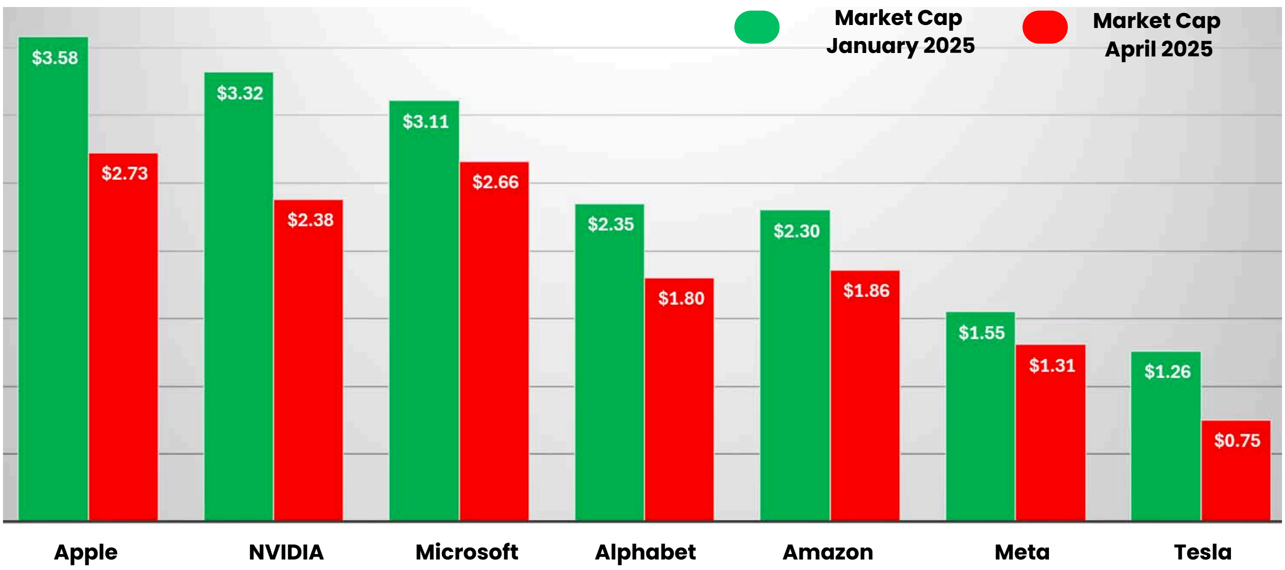
The Magnificent 7

One of the standout stories of 2025 so far has been the underperformance of the Magnificent Seven—a group of stocks that have been key drivers of US equity market gains since early 2023. However, a toxic mix of political, economic, and fiscal uncertainty has weighed heavily on these companies, leading to some of the sharpest declines seen in the US market.

Since the start of 2025, over $1tn has been wiped off the combined value of the seven stocks, with NVIDIA and Tesla each losing more than $500bn in market capitalisation. In total, the Magnificent Seven have shed nearly $4tn in market cap this year alone, amid heightened market volatility.

Despite these sharp Q1 declines, the group remains up by 80% over the past two years. Their combined market capitalisation now stands at $13.48tn—making them collectively larger than any national economy in the world, apart from the United States and China.

MAG 7 - Market Cap - January 2025 vs April 2025 (US $Tn)



Source: Seaspray Private 07.04.2025

Artificial Intelligence

Artificial Intelligence continues to be a dominant theme across almost all industries and sectors. The technology is no longer limited to just companies in the IT sector, and is now actively employed across other sectors such as agriculture, finance, law, and customer services. The first quarter of 2025 has seen some big stories in the AI space, particularly in investment and funding.

Investment

NVIDIA and xAI both announced during Q1 that they would become partners in a new AI infrastructure fund created by BlackRock and backed by Microsoft and the state of Abu Dhabi. The AI Infrastructure Fund is projected to raise an initial $30bn, which will be allocated to addressing AI's power demands and developing infrastructure to alleviate the significant strain AI could place on existing energy systems.

xAI, the company founded by Elon Musk, purchased X, previously known as Twitter, in late March in a deal worth approximately $45bn. xAI has recently launched the newest version of its AI chatbot, known as Grok-3, which is one of the most powerful open-source models currently available.

OpenAI, the creators of ChatGPT, raised $40bn in a recent funding round which values the company at approximately $300bn. The funding came predominantly from Softbank, the Japanese investment firm, which provided 75% of the total amount. With the $300 bn valuation, OpenAI would rank as the 27th largest company on the S&P 500 were it a public company.

CoreWeave, a cloud-based tech company which specialises in scaling Generative AI, began publicly trading on the NASDAQ in late March after raising $1.5bn, in what is the largest US IPO since ARM Holdings in late 2023. The company, which relies heavily on NVIDIA for sales, has experienced rapid growth in the past three years, with revenues rising from $16mn in 2022 to $1.9bn in 2024, however, much of this has been fuelled by large borrowings. The company faces interest payments of $7.5bn at the end of 2025 due to its prior borrowings.

Water

Artificial Intelligence is being employed in the area of water treatment and pollution to identify various contaminants in real-time. This includes implementing AI with existing hardware such as CCTV inspections of water pipes and sewage systems to immediately identify various contaminants and potential repairs needed.

Autodesk, a US-based software firm, is implementing AI image analysis with pre-existing systems that automate inspections of pipes in large municipalities. AI is also being used to develop water treatment technologies and make decisions on where to locate water facilities based on ground data. Along with water, AI is also being applied to investigation of ground contamination, which can be analysed in real-time to inform decision-making around planting of crops and crop health, which in turn means farmers use less and spend less on fertilizer and chemicals.

AI will undoubtedly have a positive impact on global and regional GDP in the coming years. While we have previously discussed the growth in global and US AI development, it is important to analyse the investment and potential future impact of AI in Europe. For example, it was recently announced that AI could add upwards of €250bn to Ireland's economy by 2035, with AI adoption levels almost doubling between 2024 and 2025 to 91%. The European Commission also launched InvestAI in February, an initiative that will mobilise €200bn for investment in AI across the bloc and a further €20bn to develop AI gigafactories (AI-dedicated data centre complexes, are often referred to as gigafactories).

Looking at a more micro level, it is interesting to note the planned investment in AI in 2025 among some of the largest sectors in Europe. According to data from IDC's Worldwide AI and Generative AI Spending Guide, by 2028, European spending on AI will reach over $144bn. Currently, the top five industries for AI spending in Europe are Banking, Software & Information Systems, Retail, Telecoms, and Professional & Personal Services.

The Banking sector in Europe is expected to spend upwards of $10.5bn on AI and Generative AI in 2025, with a projected Compound Annual Growth Rate of 32.4% between 2024 and 2028. Given that the Banking sector constitutes the largest proportion of the EuroStoxx 600, the benchmark equity index for the Euro Area, increased AI spending could also have broader stock market implications. The Software & Information Services sector is expected to invest $6.6bn in 2025, with much of this spending directed towards building AI infrastructure. Retail follows closely, with digital commerce being the main segment benefiting from AI. AI-driven customer service and planning models also form part of this total EU investment. Rounding out the top five are the Telecoms and Professional & Personal Services industries.

Overall, the Compound Annual Growth Rate for European AI spending is expected to be 30.3% between 2024 and 2028, indicating strong momentum in the industry. While the US may lead in absolute terms, this data suggests that Europe is rapidly closing the gap.

European investment on AI US $Bn

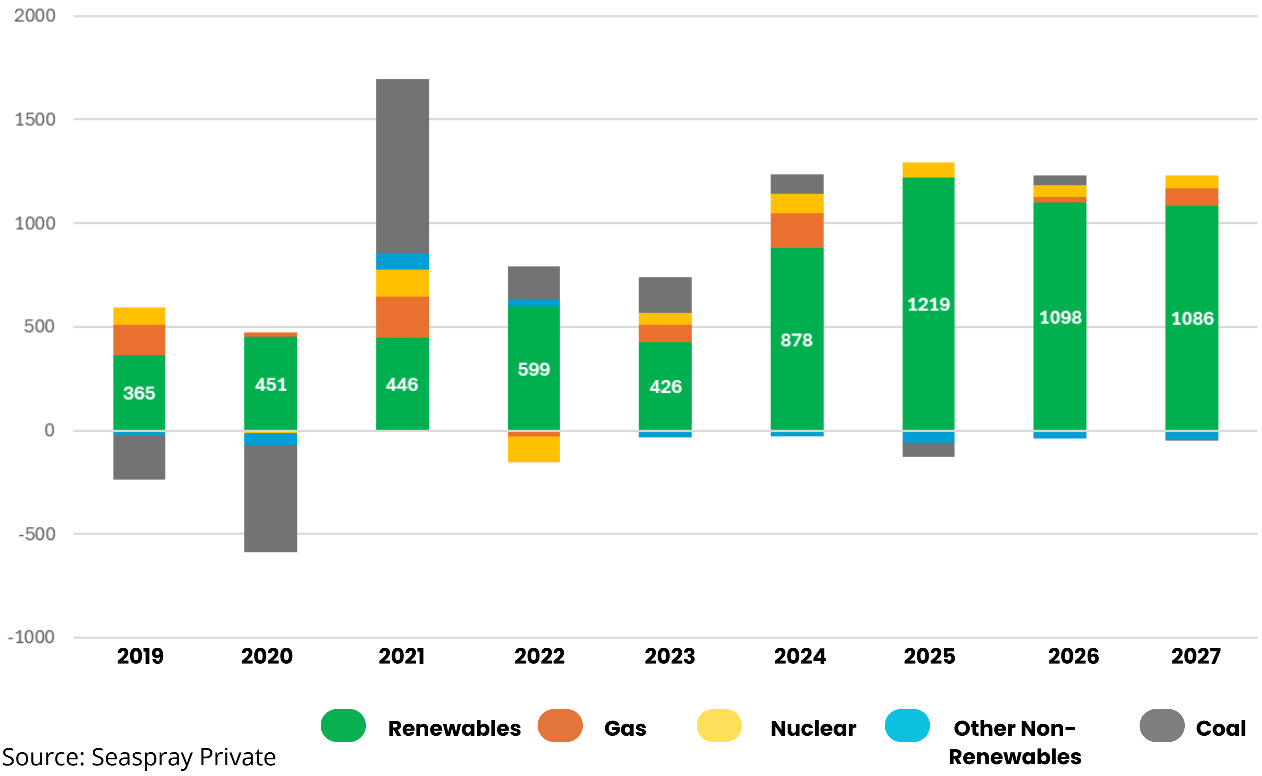
Source: Seaspray Private

Climate Action & Clean Technologies

While the world has experienced great change so far in 2025, one thing that has not changed is the continuing adverse impact on the world's climate, with 2024 being the hottest year on record post-industrial revolution. Severe weather events continue to become more common, even here in Ireland, with Storm Eoywn being one of the most destructive storms in the country's modern history and crippling the country's energy and electricity systems. In the US, we saw the destructive power of wildfires in California, causing 200,000 evacuations and projected to cost $20bn, a new record for wildfire-related insurance claims in the US.

It is therefore critical that work continues globally to transition away from non-renewable energy sources, which will only further damage our fragile ecosystem and result in further changes to our climate. While consensus on renewable energy sources is mixed, particularly in the US, it is clear that overall, renewables are on an upward trajectory globally. The International Energy Agency (IEA) forecast in its Electricity 2025 report that renewable energy sources such as solar, wind and hydropower are projected to meet up to 95% of electricity demand growth between 2025 and 2027, and will account for one third of global energy generation in 2025, overtaking coal in the process. Growth in renewable energy capacity comes at an opportune time, as global demand for electricity is rising in some of the world's advanced economies. This relates to additional demand for AI systems and data centres, as well as domestic heat pumps and electric vehicles.

Year-on-year global change in electricity generation by source, 2019-2027 (Gigawatts)



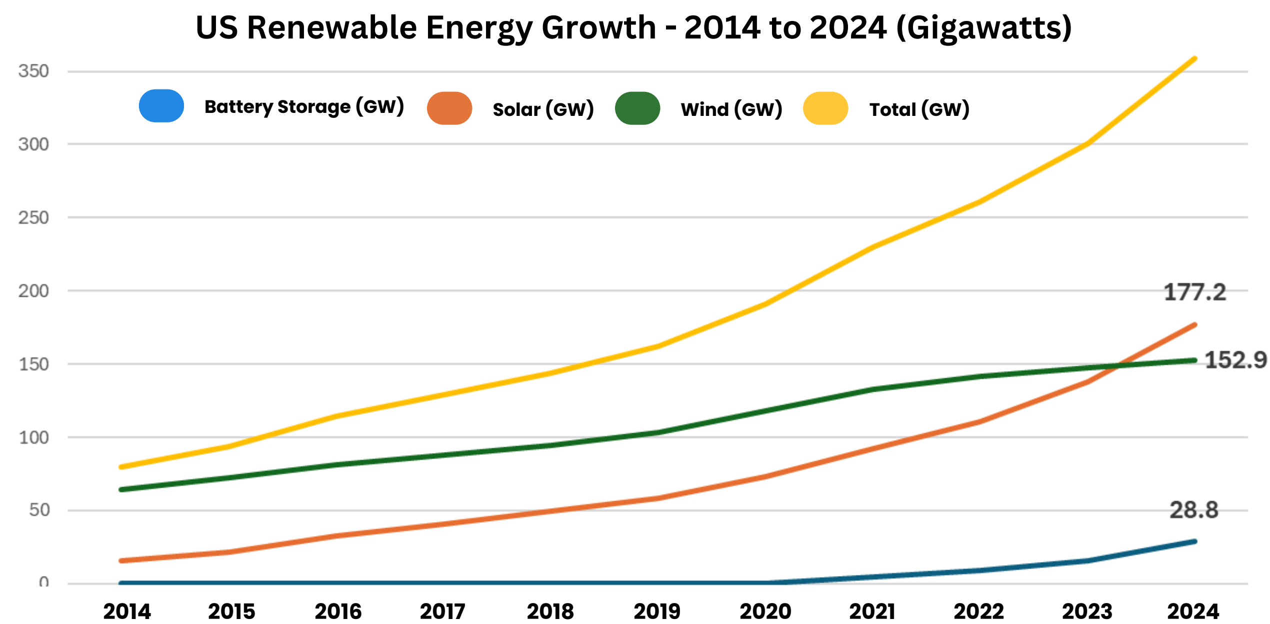
Source: Seaspray Private

The growth of renewable energy has become a contentious subject in recent years, with support for its development fluctuating. Several factors have contributed to this trend. Higher interest rates have made it less attractive to borrow and invest in infrastructure projects, a stark contrast to 2020 and 2021 when interest rates were near zero and demand for renewables soared post-COVID. Additionally, political pressure and shifting perspectives on renewables versus non-renewables have led to decreased investment in the sector and an exodus from green-based equity funds. Despite these challenges, it is evident that renewable and clean energy are here to stay and will eventually dominate the global energy landscape. While China leads the way in renewable development, the United States ranks second in country terms for total capacity for wind and solar power. The divergence in US opinions on the green agenda makes it even more intriguing to observe the rapid expansion of renewable energy capacity over the past decade. In relation to ESG investment, it was noteworthy during this quarter how one of the largest pension funds in the UK withdrew £28bn from State Street. This action serves as a prominent example of an asset owner challenging the shift away from ESG principles among major US asset managers towards responsible investment principles. In 2014, total renewable energy capacity in the US stood at 80 gigawatts. Wind energy accounted for 64.2 GW, while solar energy contributed just 15.7 GW. As the decade progressed, renewable capacity steadily increased, with solar energy experiencing particularly rapid growth—quadrupling between 2014 and 2019. By late 2023, solar capacity had overtaken wind energy capacity, reaching 177 GW at the start of 2024 compared to 152 GW for wind.

Additionally, the emergence of battery storage from 2020 onwards has played a crucial role in supporting renewable energy growth. Expanding battery storage is essential for ensuring the US power grid can handle the increased capacity demands of advanced AI systems and data centres, which are pivotal to AI growth. The US currently has just under 30 GW of battery storage online, with this figure expected to rise significantly in the coming years.

Over the past decade, solar panel capacity has grown by 1,029%, while wind capacity has expanded by 138%, highlighting the differences in the pace of development between these two energy sources.

Source: Seaspray Private

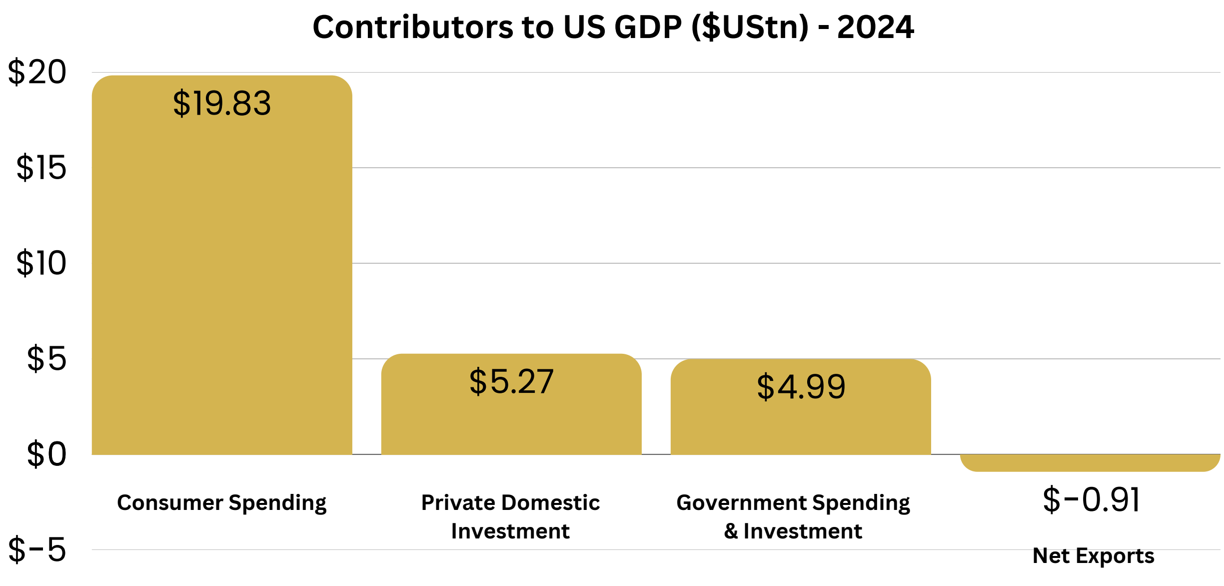


Regional Analysis

United States

To say 2025 has been a whirlwind for the US economy would be an understatement. The first quarter of the year has been marred by falling stock prices, tariffs, and falling consumer confidence. The culmination of all three occurred on April 2nd -"Liberation Day", as US President Trump made good on his promises for "reciprocal" tariffs on America's trading partners. This is in addition to a multitude of other tariffs implemented since taking office in January. Undoubtedly tariffs will have a negative impact on the US economy as a whole, as US companies will have to foot the bill for any goods they import from abroad. There have been two other occasions where the US has implemented mass tariffs. These were in 1828 and 1930. In 1828, the US Government under John Quincy Adams attempted to protect northern industries by taxing imported goods, specifically British textile and manufacturing goods. However, the tariffs were especially unfair on the agrarian-based southern states of the country and caused a constitutional crisis which almost led to war between the State of South Carolina and the US Government, and the tariff was reduced significantly. In 1930, in response to the Great Depression and stock market crisis of 1929, President Herbert Hoover implemented tariffs on 20,000 import products, with the idea of protecting US producers and in particular US farmers. This caused a global trade war, with trade falling 60% worldwide as a result, deepening the effects of the Great Depression. It is therefore evident that tariffs in the past have not had a positive impact on the US economy, and it remains to be seen how the 2025 tariffs will be judged in the history books.

Shifting the focus from tariffs to key economic fundamentals, as highlighted in the table below, in terms of GDP growth, exports have the smallest influence on the overall growth of the US economy; in fact, they currently detract from it. In 2024, consumer spending accounted for $19.83tn of the US economy, solidifying its role as the most critical driver of economic growth. Consequently, fluctuations in consumer spending metrics, like retail sales, will become increasingly significant as we move through Q2 and beyond.



Source: Seaspray Private

Europe

The European landscape has changed dramatically in the course of a few short months. Until recently, the continent was quite fractured, with political tensions between countries like France and Germany over issues such as immigration and the War in Ukraine creating divisions among key figures. Economic growth for the Bloc was also a key concern, with mounting fears over the German economy in particular. However, the first quarter of 2025 has seen a remarkable shift in the European agenda. The continent's key countries have almost become a United States of Europe in the wake of US trade hostility. This has led to increased spending plans, particularly in the area of defence, which will help grow key economies such as Germany and France. Increased investment in areas such as AI, specifically the InvestAI initiative, which will mobilize €200bn for investment in AI, including Gigafactories will be used to train large language AI models and help turn Europe into the AI continent.

UK

The chief concerns for the UK at present are US tariffs and anemic economic growth within the country itself. While tariffs remain outside the control of the UK government, fostering domestic economic growth falls within its remit. The recent Spring Statement introduced a £14bn package aimed at addressing a shortfall in public finances and revitalising economic growth. Although the Office for Budget Responsibility (OBR) halved its GDP growth forecast for 2025 to just 1% following the Statement, it projects stronger growth between 2026 and 2029. As Q2 approaches, the UK must navigate the implications of US tariffs. While the United States is the UK's largest individual trade partner, the UK exports a higher volume of goods to the EU. In 2024, the UK exported £72bn worth of goods to the US, with cars and pharmaceuticals comprising the largest export categories. However, the 25% tariff imposed on foreign-made cars and car parts entering the US market has led major car manufacturer Jaguar Land Rover to "pause" shipments to the United States while it works to "address the new trading terms."

Asia

China

The world's second-largest economy ended Q1 as one of the chief targets of US tariffs, with reciprocal tariffs of 34% levied on Chinese exports by the US, followed by a 34% tariff on US imports to China. Currently, as of April 9th, the US has imposed tariffs of 104% on Chinese imports. A prolonged trade war between the US and China could have a significant impact on both economies and the world economy in general, and could lead to lower growth in China, which has been a key area of concern for Beijing. The Chinese Government has targetted GDP growth of 5% for 2025, the same as 2024. Looking ahead, domestically China still has concerns regarding domestic demand and potential deflation, as well as lingering doubts over the health of its commercial property sector.

Japan

Japan's economic prospects are heavily influenced by US tariffs, given that the United States is Japan's largest individual export partner, accounting for $40bn in car exports in 2024. Should the US maintain its hardline approach, it may drive Japan closer to its regional neighbours, particularly China.

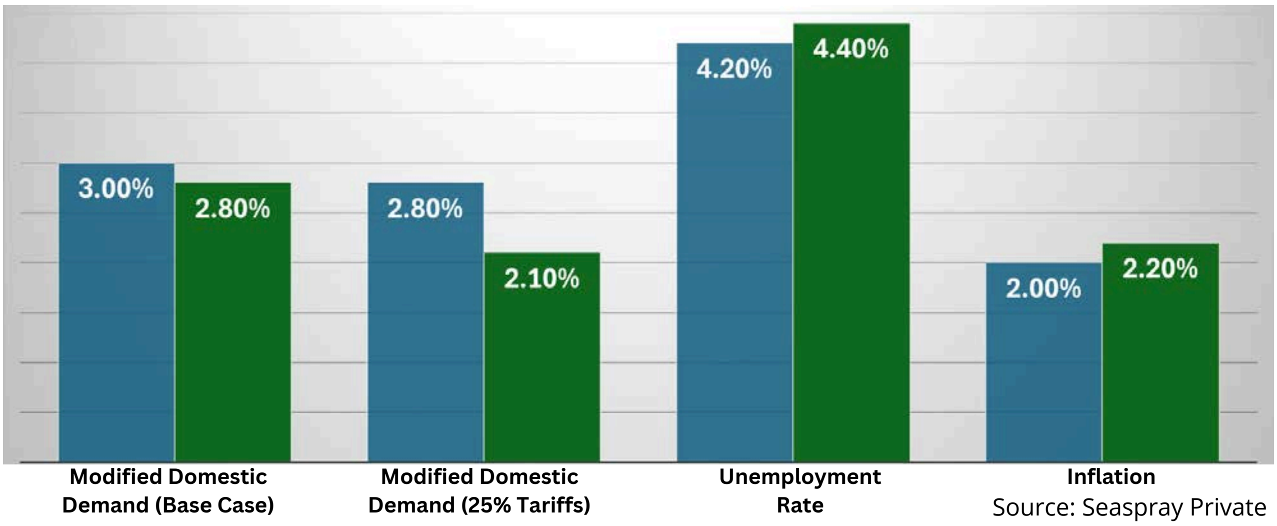
Ireland

Like many countries, Ireland stands to be affected by US tariffs, particularly any proposed duties on pharmaceutical products. In 2024, Ireland exported $66bn worth of pharmaceutical goods to the United States, representing 28% of total US pharma imports. As such, any levies on these types of products would pose a potential downside risk to the Irish economy. However, it is important to note that much of what Ireland exports is not finished product, but rather intermediate materials used in the production of pharmaceuticals that are later completed in the US. Therefore, tariffs targeting finished pharmaceutical goods may not have the overtly negative impact on the Irish economy that one might initially expect. Beyond the pharmaceutical sector, dairy and whiskey are also in the 20% tariff firing line. Together, these account for 91% of Irish agricultural exports to the US. The American market comprises 11% of Ireland's total food and drink export market. However, the full impact of these tariffs will only become clear following negotiations between the EU and the Trump administration, scheduled to take place during April.

Despite the current uncertainty around tariffs, the Irish economy remains resilient and is projected to continue growing in 2025. The ESRI (Economic and Social Research Institute) initially forecast base case growth of 3% for the year, revising this slightly to 2.8% if 25% US tariffs were implemented. With current levies at 20%, year-end growth is expected to fall within this range, assuming no further economic shocks.
Looking ahead to 2026, growth is forecast at 2.8% without tariffs and 2.1% with tariffs in place. Aside from growth, Ireland's labour market remains strong, with unemployment at record lows, reflecting an economy operating at or near full capacity. Unemployment is projected at 4.2% in 2025, rising slightly to 4.4% in 2026. Inflation, once a significant concern, is expected to average 2.0% in 2025—just below the ECB's Euro Area average of 2.3%—and rise modestly to 2.2% in 2026. These are considered healthy levels, with 2% being the ECB's benchmark target rate.

In addition to this robust macroeconomic backdrop, the Irish state collected €21.9bn in tax revenue during the first quarter of 2025—excluding income from the Apple tax case. This represents an increase of €3.5bn compared to the same period in 2024.

Ireland's Economic Outlook - 2025-2026



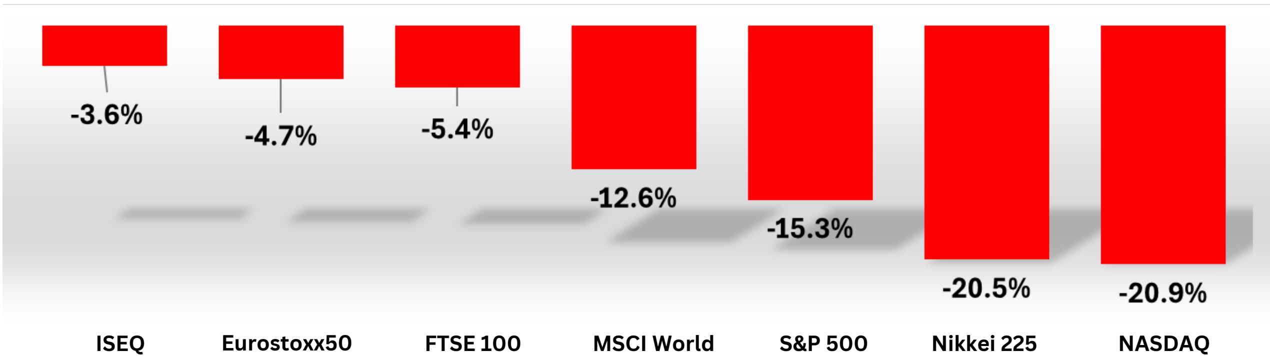
Source: Seaspray Private

Global Equities

“Investing is the only business I know that when things go on sale, people run out of the store"
-Mark Yusko

The volatility evidenced in financial markets during the first quarter of 2025 has been of historic proportions. After two years of stellar returns in the US, with the S&P 500, for example, hitting a new record high 57 times in 2024, so far 2025 has not been kind to US equities. This, of course, is related to US trade policy and the impact tariffs could have on future company revenues. The announcement of reciprocal tariffs on April 2nd led to a global market sell-off, which has seen trillions wiped off stock market valuations. The US has been the worst hit, with the NASDAQ down 20.9% due to its heavy tech weighting. These technology stocks, including Apple and NVIDIA, are highly vulnerable to tariffs targeting Asian countries such as China and Vietnam, which could disrupt their global supply chain. The Japanese Nikkei 225 has also declined by more than 20% so far this year, due to the Japanese bear market which emerged directly in response to US tariffs. This is in direct response to the Trump tariffs, which could have repercussions for the wider Japanese economy, and particularly the Automotive sector. After their best start in decades, European equities just entered the red after the US tariff plan was unveiled. The Eurostoxx50, which rose by as much as 15% at one point during Q1, is down just under 5%, while the ISEQ has dropped just -3.6%. Taking a global view, the MSCI World Index, which can be used as a barometer for global stock markets, is down -12.6% YTD.

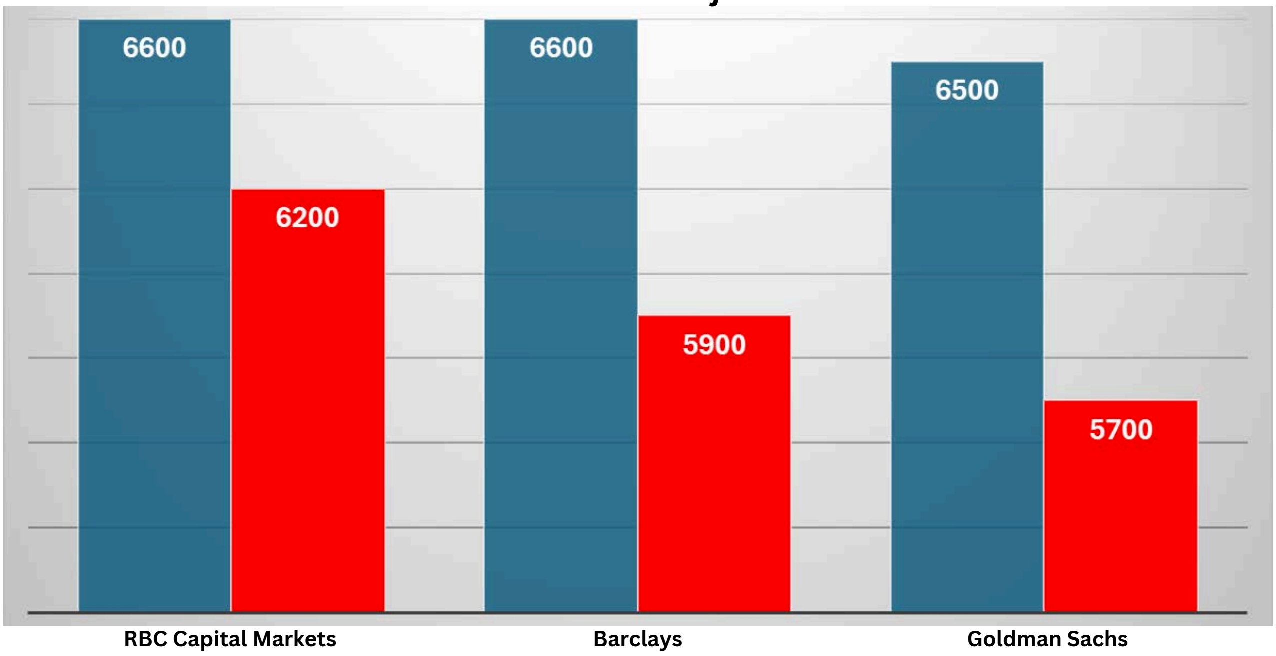
Global Equity Markets 2025 Performance



Source: Seaspray Private

The outlook for the second quarter of 2025 is not as optimistic as it was in January. The unpredictability of the new US administration in Washington has led to increased global market uncertainty. The implications of tariffs imposed by the US administration and the potential for retaliation from Europe and Asia make it difficult for equity markets to navigate the upcoming uncertainty unscathed. This is reflected in the revised projections for the S&P 500 for 2025 by several major investment banks. Goldman Sachs, Barclays, and RBC Capital Markets have all downgraded their forecasts for 2025 compared to their January outlooks. Goldman Sachs, in particular, had forecast the S&P 500 reaching 6,500 by year-end; however, as of the end of March, this has been lowered to 5,700. Following the April sell-off, the S&P 500 is now trading below even this revised forecast.

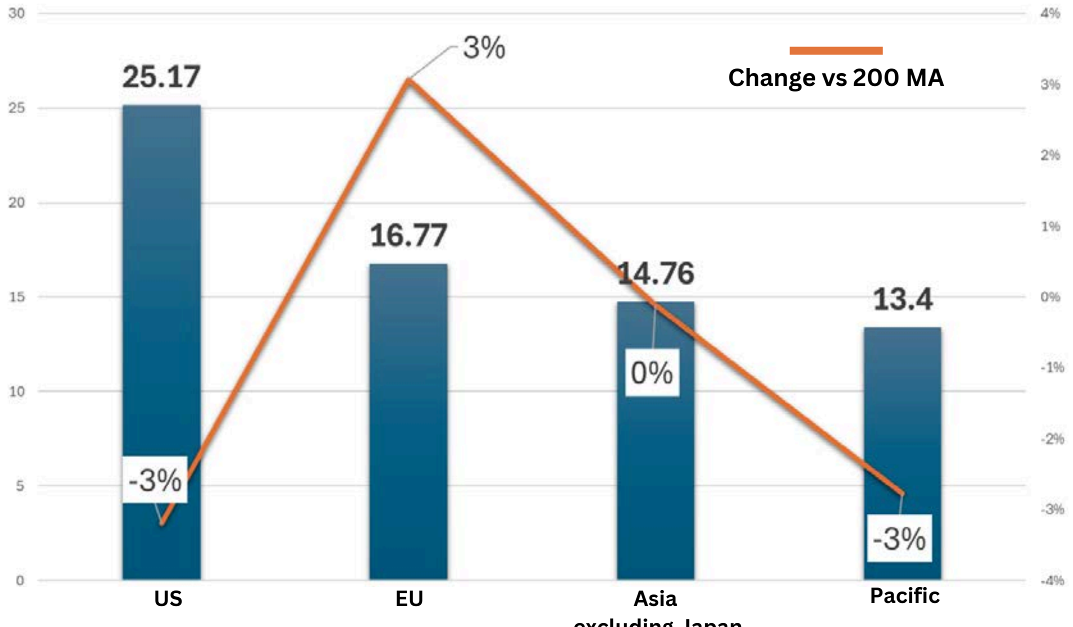
S&P 500 2025 Projections



Source: Seaspray Private

While US markets have taken a hit in the first three months of the year, this does present a unique opportunity, despite the uncertainty. The US equity market has always been viewed as more expensive than Europe or Asia, with companies such as NVIDIA pushing the overall price-earnings ratio of the US market higher due to increased investor optimism. This can make the wider index more expensive for investors and lower the attraction of investing in the US. However, as we can see below, while the US is still more expensive than Europe or Asia, its 200-day moving average is down 3%, while the P/E ratio is currently 25 times earnings. While still not cheap, it does present investors with a more attractive entry point for long-term investors. In contrast, Europe represents good value in comparison at 16 times earnings, even if it is 3% ahead of its 200-day moving average.

Price Earnings - Geographic Areas



Source: Seaspray Private

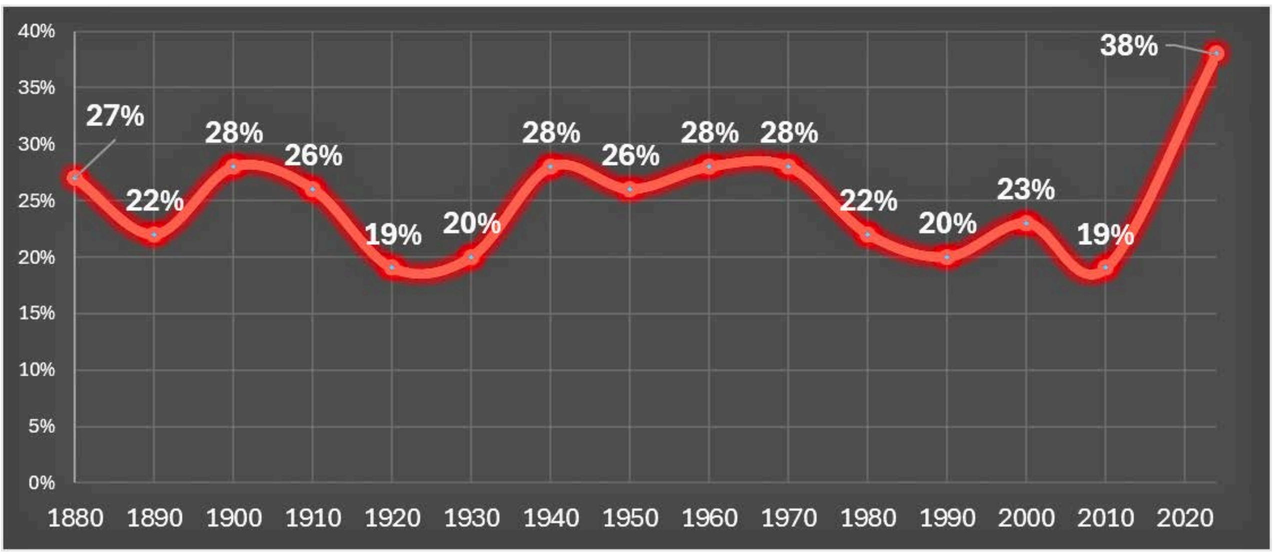
It’s also important to understand why US equities have experienced such a dramatic shift in a relatively short period of time. A key reason is the same factor that has driven US equity outperformance over the past two years: its largest companies.

The S&P 500 is not an equally weighted index, meaning that companies within it exert varying levels of influence on its overall performance. Put simply, some companies have a far greater impact on the index than others. For instance, Apple is the single largest constituent of the S&P 500, accounting for just over 7% of the index’s total weighting, whereas Walmart represents only 0.8%. This means that fluctuations in Apple’s share price have a significantly larger effect on the direction of the S&P 500 than similar moves in Walmart’s shares.

The overall performance of the index—whether it outperforms or underperforms—is therefore heavily shaped by the movement of its largest constituents, a dynamic known as concentration. Looking at historical data, the level of concentration among the top 10 weighted companies in the index has changed significantly between 1880 and 2024. These top 10 companies—typically the largest by market capitalisation—have long exerted the greatest influence on the broader market. In 1880, the top 10 stocks accounted for 27% of the entire index. Between 1880 and 2010, they made up an average of 24%, with the remaining 490 companies comprising the other 76%.

However, a notable outlier emerged in 2024, when the S&P 500’s concentration reached an all-time high: the top 10 stocks made up 38% of the total index. This level of concentration brings both opportunities and risks, as seen across 2024 and into 2025. When the largest companies—such as Apple and NVIDIA—perform well, the index is pulled higher, even if the majority of other companies experience flat or falling share prices. Conversely, as witnessed in 2025, when these mega-cap stocks underperform, the S&P 500 can decline sharply. As a result, the index has recently been outpaced by equity markets in Europe, the UK, and China.

S&P 500 Concentration - 1880 - 2024



Source: Seaspray Private

When it comes to ranking and evaluating companies, typically in today’s world we look at market capitalisation, as in, the overall total value of the company stock. This has become more evident with the growth in the Mag 7 companies, and in particular NVIDIA and Apple, whose market valuations now exceed $3.5tn. However, being the largest companies globally does not necessarily mean that they lead in revenue generation. The title for the highest revenue globally belongs to the American giant, Walmart, which generated $648bn in 2024. With more than 2 million employees and over 10,000 locations, Walmart’s market cap stands at $700bn, a staggering $3tn less than NVIDIA, highlighting the contrast between market cap and revenue.

Following Walmart is Amazon, with $574bn in revenues in 2024. This figure represents both the retail side of the e-commerce giant, but also Amazon Web Services, the company’s cloud computing wing. Next is a company perhaps unfamiliar to most. State Grid is the name of the largest utility company in the world, owned by the Chinese state and generating over $500bn in revenue in 2024. The company employs 1.3 million people, and has a customer base of 1.1billion, with bases in countries such as Portugal, Chile and Brazil.

Then we have Saudi Aramco, the world's largest daily oil producer, which reported $494bn in revenue in 2024 while managing the most extensive hydrocarbon network globally. As time progresses however and the usage of oil decreases as the world shifts to more renewable forms of energy, it will be interesting to see how Aramco adapts to a changing world and whether it can keep its revenues at current levels. Making up the top 5 is another lesser known company, Sinopec. In 2024, Sinopec reported $429bn in revenue and is part of the largest oil refining conglomerate in the world, while also being the leading supplier of geothermal energy in China, focusing on initiatives to create smog-free cities.

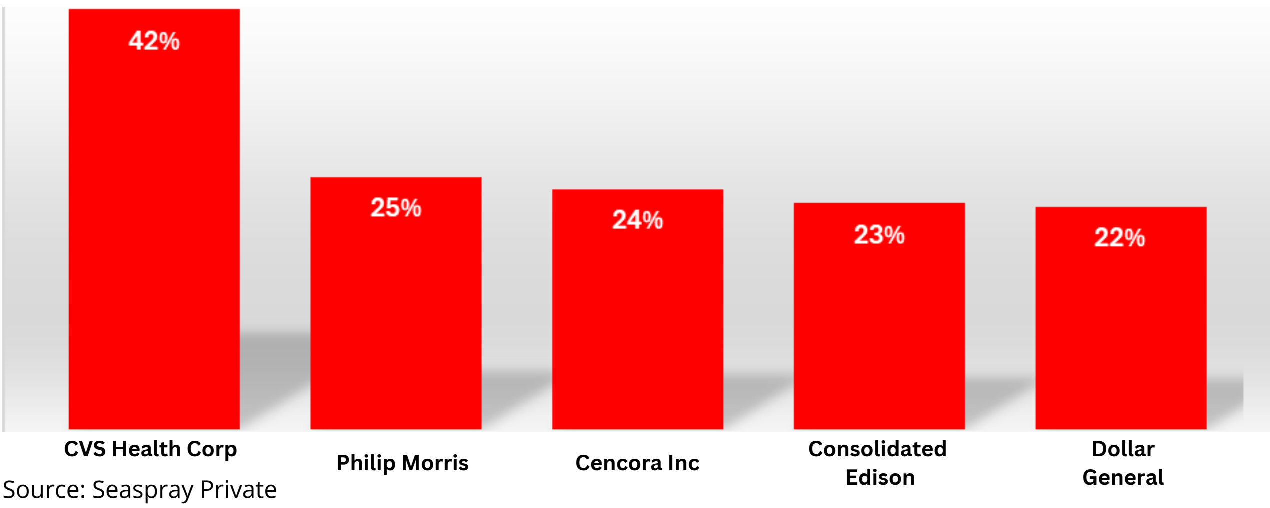
Largest companies in the World, by revenue ($USbn)

Source: Seaspray Private

Let's take stock:
An overview of the best performing companies in Q1 2025

In the US in Q1, we can see the rotation in stock performance in full force, both in terms of year-to-date (YTD) gains and the types of companies leading the S&P 500. In Q1 2024, three of the top five performers on the index were in the Information Technology sector, with one of these three being NVIDIA, whose shares gained 82% in Q1 2024. However, as we see in the chart below, that dynamic has shifted, as there is no IT stock among the top five best performers YTD. CVS Health is the best performer on the S&P 500 so far in 2025. The healthcare firm has seen its shares skyrocket in 2025 due to positive Q4 earnings released in February, as it beat Wall Street expectations while also raising guidance. However, the stock has also gained significantly because it was still relatively undervalued. CVS shares dropped over 40% in 2024, meaning its valuation at the start of 2025 was lower than many rivals, such as UnitedHealth. This allowed investors to buy a cheap healthcare stock with a positive 2025 outlook. Philip Morris, the tobacco and nicotine company, has seen its shares rise over 30%, also due to positive earnings and upgraded guidance for 2025. The company also received approval from regulators to market its new nicotine pouch as an alternative to cigarettes. Cencora Inc is a pharmaceutical services company that specialises in the distribution of drugs, helping to lower costs for consumers. Its services include pharmacy management and clinical trial assistance. Consolidated Edison is an energy company, and is one of the largest investor-owned energy companies in the US. It primarily serves electricity and gas customers in the New York and Westchester County areas. The company grew revenues by 6.5% in Q4 2024, while expecting steady growth in electricity demand throughout 2025. Another reason for its performance so far this year is the company's dividend policy. Consolidated Edison has been making regular dividend payments to investors since 1885, and has grown its dividend for 51 years straight. With the ongoing uncertainty in financial markets, Edison becomes an attractive buy due to the almost certain guarantee of dividends, without the need for market cap or stock price growth. Finally, Dollar General are discount stores located all over the US. The company is a defensive stock, which become popular during times of economic uncertainty. As it targets cheaper goods and cost conscious buyers, Dollar General can be considered a defensive stock play as uncertainty dominates in the near term.

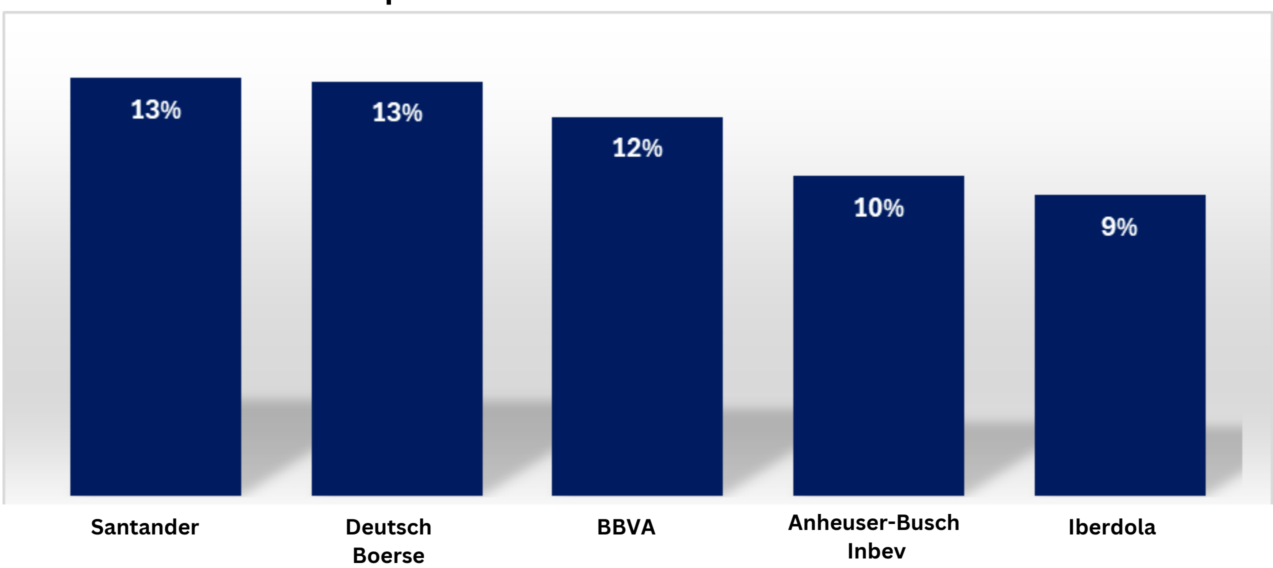
Top 5 YTD Performers - S&P 500



Source: Seaspray Private

In Europe, some of the best performing companies in 2025 have been from the banking and financial sector. This has been as a result of raised optimism surrounding European spending and investment, particularly in the area of defence. Along with this, however, banks in Europe are now well-capitalised, and many, including the likes of AIB and Bank of Ireland, have announced share buyback schemes—a sign of the overall health of the sector. Potential growth in mergers and acquisitions activity in Europe over the coming year has also led to increased optimism. The best performer in Europe year to date is Spanish banking giant Santander, whose shares have risen 38%. These gains have been driven by all the factors listed above, along with positive Q4 and 2024 earnings, which saw its customer base grow by 8 million in 2024. Next, in Germany, Deutsche Börse, which operates the Frankfurt Stock Exchange, has seen shares rise 25% so far this year. This is due to positive 2024 earnings released in February, which showed a 15% increase in revenue and a 13% rise in net income. There has also been increased optimism from asset managers regarding European equities and derivatives. BBVA, another Spanish financial giant, has seen shares gain over 30% in 2025. Shares in the banking group have risen on overall optimism regarding European spending. The group is also in the process of acquiring Banco de Sabadell in a deal worth $12bn. Next is Anheuser Busch InBev, perhaps the least well known company on the list, however some of the company's brands are the best well know in the world. AB InBev owns the Budweiser, Bud Light, Corona and Stella Artois brands among many other global brand names. Unlike other brewers, AB has a wide range of beverages, with these megabrands accounting for over 50% of its revenue in 2024. However, it has also diversified into canned cocktails and non alcoholic beers. While the alcohol beverage market may be a key battleground between the US & Europe in tariff terms, AB InBev's large diversified portfolio provides better protection against trade shocks, as does its global presence. Finally, Iberdola, the Spanish renewable energy giant has gained 9% YTD. Shares have gained as power demands globally increase, and while other renewable providers have been hit hard in recent years, Iberdola's global presence and its early adoption of renewables means many of its major projects are already operating, such as its largest US solar project, True North Farm, which began operation in April 2025.

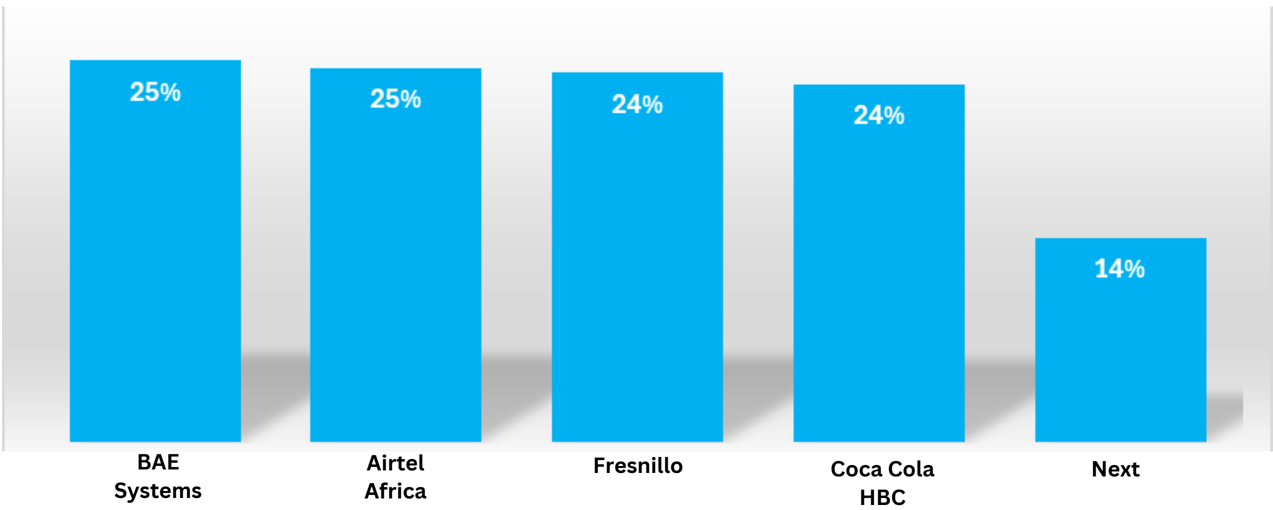
Top 5 YTD Performers - Eurostoxx50



Source: Seaspray Private

In the UK, up to Liberation Day, the FTSE 100 has had a positive start to 2025, having continually lagged behind both European and US equity markets for years in terms of gains. When it comes to the best performing stocks on the FTSE 100 index, it is a diverse list, however, it aligns with current global market conditions. BAE Systems is the best performing company on the FTSE 100 in Q1 2025 - one of the UK's largest defence companies, which has risen 36% YTD. The contractors have benefited from increased defence pledges, which have resulted in a record backlog of orders totalling £77bn. BAE's 2024 earnings have also boosted the share price so far this year, with gross profit passing £3bn for the first time. Fresnillo is a leading global mining company and is the world's largest silver producer and one of the leading producers of gold in Mexico. Like many other gold and silver miners, their share price has risen dramatically in a short space of time due to safe haven demand for gold, which has reached new records in Q1. Airtel Africa, meanwhile, is a telecoms firm that provides mobile services to parts of eastern Africa, such as wireless voice, data roaming services, and money transfers. The company grew its customer base by 7.9% in 2024 to 163.1mn and recently announced a second $100mn share buyback. Interestingly, over the last five years, the stock has risen by almost 300%. Lloyds Bank is the only financial-based company on the list, gaining 32% YTD due to its positive Q4 earnings. This is somewhat of a trend amongst many of the companies on this list and the US & EU lists. Companies that have beaten earnings expectations for Q4, while also showing positive underlying fundamentals, have been amongst the best performers. Coca Cola HBC is the world's third largest bottler of Coca Cola, and is the bottling partner of the Coca Cola Company. The company operates in 29 countries with 197 brands in its total portfolio. Crucially, the company is focused on Europe and Africa, with limited exposure to the US market. This means any tariffs from the US on European exports will not impact upon HBC's current business. Finally, Next, one of the UK's most popular clothing brands recently past the £1bn profit mark, enabling it to join an elite list of UK retailers to have achieved this level of profitability. This pushed shares higher before the April 2nd tariff announcement, however Next's strong domestic presence in the UK does make it more attractive than other large clothing brands.

Top 5 YTD Performers - FTSE 100



Source: Seaspray Private

Commodities

Energy

Energy markets suffered significantly towards the end of Q1 due to the US reciprocal tariff regime. Oil prices have declined 18% through Q1, as concerns grow over the health of the global economy. Oil prices tend to rise with economic growth, as countries will always need oil to power industry and energy. Additionally, OPEC+, the largest oil cartel in the world, announced a shock supply increase in early April. The supply increase aims for an additional 411,000 barrels per day, which has put heavy downward pressure on prices. Looking ahead, oil prices will be guided by the global outlook and whether a full-blown trade war breaks out, with lower prices benefiting consumers but impacting oil producers.

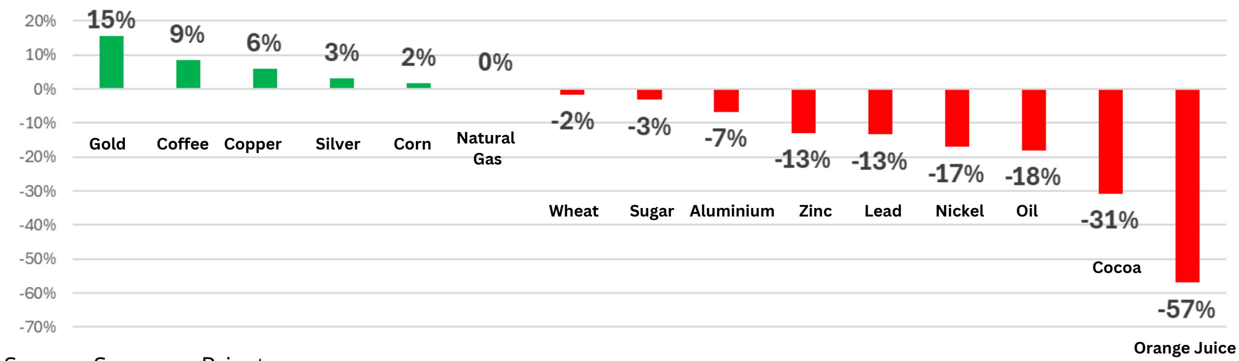
Foodstuff

Coffee futures hit record highs in February, as analysts expect a lower harvest in Brazil due to lower than normal rainfall levels, which have been attributed to climate change. However, due to US tariffs, and the impact of these on consumer demand, prices have softened towards the end of Q1. Cocoa futures were also impacted by tariffs in Q1, with the Ivory Coast and Ghana subjected to levies of 21% and 10% respectively. The US is the world's largest importer of chocolate and cocoa products, importing $4bn worth in 2023. While this could lead to higher prices for chocolate products in the US, cocoa futures could retreat as consumer demand falls. Finally, orange juice futures have fallen by over 50% YTD, the largest quarterly drop since 1967. This decline has been attributed to a steady decrease in demand for the breakfast staple, as consumers cut back on sugar products and also to a poorer quality orange harvest from Brazil as a consequence of dry weather. Lower-quality fruit could result in a more acidic product, reducing consumer appeal.

Metals

One of the standout stories of 2025 has been the surge in the price of gold. The yellow metal has long been considered a safe haven asset, which investors flock to in times of market uncertainty. It can also be used as a hedge against inflation. Due to the global uncertainty unleashed by the US in Q1, the price of gold per troy ounce has surged to all-time record levels, breaking the $3,000 mark for the first time ever. As volatility continues, it can be expected that gold prices will continue to climb as investors seek shelter.

Commodities YTD Performance



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2025

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