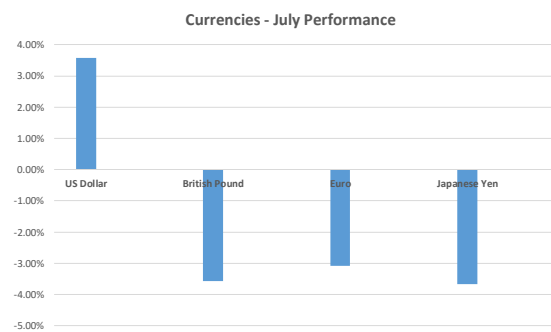
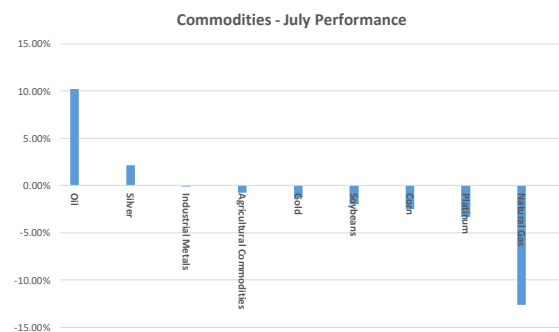
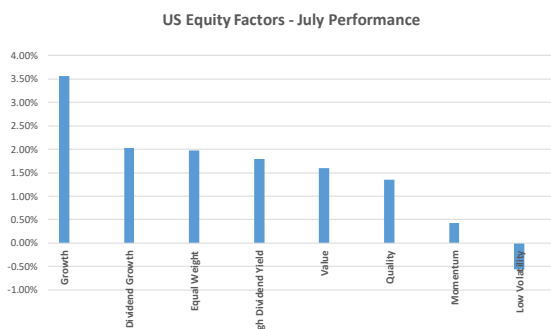
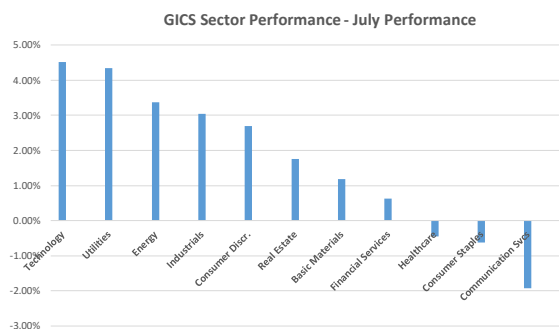
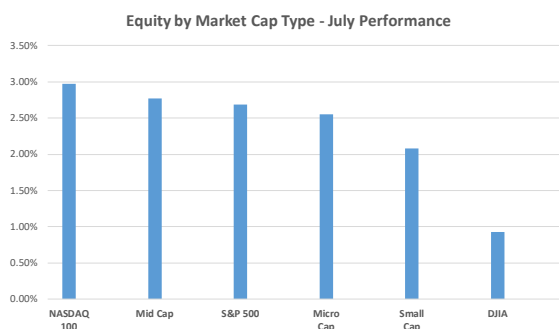


July 2025 - Market Comments

Markets in a Glimpse

- **Markets Reach Highs, Then Cool as Month Closes:** U.S. stock indices soared in the first half of the month driven by strong earnings and trade developments. However, despite these highs, indices suffered losses in the second half as investor sentiment turned more cautious.
- **Federal Reserve Holds Rates Steady:** The Fed maintained its benchmark rate at 4.25%–4.50% citing inflation persistence and a strong job market.
- **Positive GDP, Bleak Job Market:** U.S. Q2 GDP top-line figure beat consensus with the positive effect of tariff-related plunge of imports masking the significant weakness in aggregate consumption and investment as well as a poor non-farm payrolls data.
- **Cooling Job Market to Pressure Market Sentiment:** Consumer sentiment rose to a five-month high, but it remains low by historical standards due to a significant risk of future inflation and weakening of the job market as it was confirmed by non-farm payrolls.
- **Ethereum Shines:** Ethereum took the spotlight as BlackRock's ETHA ETF hit \$10 billion fuelled by a significant double-digit price rebound.



July 2025 - Market Comments

In-Depth Market Review

Financial Markets

Equities

U.S. equities finished in positive territory despite losing steam gradually. The first half of the period was positive with US indices reaching initially record highs, supported by solid earnings from major large cap tech firms. Market sentiment benefited from seasonally positive trends, low volatility and global trade developments, including progress in U.S.–China talks and a U.S.–EU trade agreement. Emerging markets outpaced developed peers, gaining approximately mid-single-digits as improved sentiment and export recovery supported performance. That said, indices turned south in the last part of July due to new U.S. tariffs on key trade partners: 35% on Canada, and 50% on Brazil.

Fixed Income

Treasury yields ticked higher as the Fed held fire and signalled potential resistance to cuts, especially after disappointing Powell remarks at the July FOMC press conference that triggered a significant bear steepening in the interest rate curve that allow short-duration bonds to outperform long maturity securities. In contrast, Japanese government bond yields were stable, but the yen strengthened, reflecting shifts in BoJ inflation expectations and rate guidance, which continues to be important developments as this country remains the largest foreign holder of US treasuries with approximately \$1.135 trillion.

Commodities

Commodities showed mixed performance with oil prices showcasing lower volatility, with modest fluctuations due to lingering geopolitical tensions and weak demand signals from China. Copper prices declined sharply following a 50% U.S. tariff on Brazilian imports and disappointing Chinese data. Precious metals like gold and silver were flat, supported by inflation concerns and safe-haven demand. Agricultural commodities were steady overall, as favourable weather conditions eased pressure on grains and livestock benefited from lower feed costs.

Currencies

Investor repositioning was evident in global allocations: surveys show that more than two thirds of institutional investors are reducing exposure to dollar-denominated assets amid looming de-dollarization anxiety. Digital assets showed resilience in July. With tech-sector optimism and a crypto-friendly stance from U.S. banking regulators, Bitcoin, Ether and major altcoins posted gains.

Monthly Key Takeaway

Overall July 2025 was characterized by resilience across risk assets: equities reached record highs, economic data remained unchanged, and deflation fears eased moderately. Yet beneath the surface lay signs of caution: manufacturing weakness, persistent inflation, institutional wariness around tariffs, and uneven growth globally. Central banks retained data-driven prudence. The upcoming weeks will hinge on August tariff deadlines and detailed trade deal finalization, with attention on Q3 macro data to gauge sustainability of the current upswing.

July 2025 - Market Comments

Macroeconomy & Financial Markets

June underscored a nuanced macro landscape: the US shows pockets of resilience but faces growing headwinds, while other developed economies in Europe are grappling with policy tightening lags, sluggish demand, and inflation complexities:

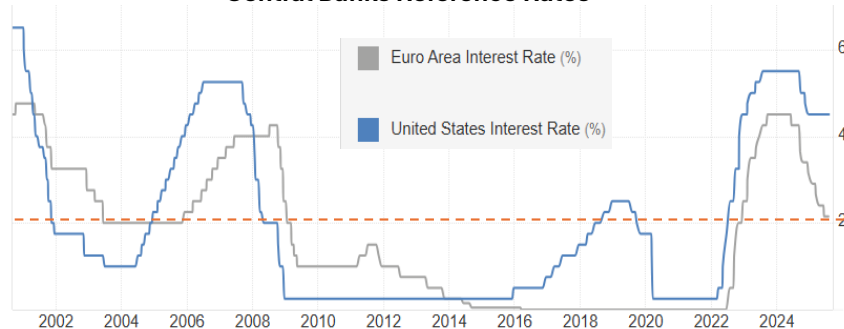
- US economic growth stumbles on weak sentiment:** Preliminary GDP data confirmed roughly 3.0% annualized growth in Q2, rebounding strongly from a Q1 contraction of around – 0.3%. However, the top line figure benefitted from a significant decline in imports and underlying momentum showed signs of softening: consumer spending rose just 1.4%, the slowest pace in three quarters; while business capex stalled. Recent US manufacturing PMI data did not bring a hopeful message resonating with the latest Chinese data i.e. business confidence fell into contraction (48) as production growth eased while new orders and employment declined for the first time this year.

Manufacturing PMI – US vs China



- Fed Cautious Stand Lingers:** The Fed reiterated a data-dependent, cautious stance, voting to hold rates at 4.25%–4.50%, with two dissenters preferring earlier cuts. Forward guidance shifted subtly, lowering probability of a September cut from 65% to 48% after Powell’s press conference. Moreover, the fact that headline U.S. inflation continues to run above target, though core PCE edged closer to 1.7% annualized (below the Fed’s 2% goal) is offsetting some immediate rate-cut pressure.

Central Banks Reference Rates

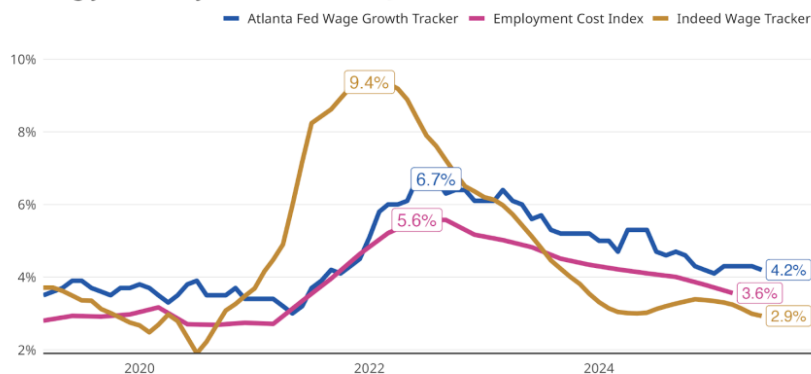


July 2025 - Market Comments

- The labour market remained resilient but with red flags:** The latest private-sector employment data rose by approximately 104,000 in July, surpassing consensus expectations of 75,000 and indicating a moderate rebound from the slower pace observed in June. That said, non-farm payrolls increased by +73k in July, well below +110k consensus expectations, and the June and May figures were both revised down suggesting the labour market may be cooling earlier than anticipated. Job openings and hiring activity showed further signs of cooling, reflecting ongoing softening in labour demand. Additionally, structural indicators point to emerging fragility: Deloitte highlights persistent challenges including diminished labour force participation, sectoral disparities, and weakening job creation momentum, all of which suggest underlying vulnerability in the employment landscape despite resilient headline figures.

Wage growth has moderated across several measures

% chng year-over-year, March 2019 - June 2025



Source: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, and Indeed. Note: ECI series is wages for private sector workers excluding incentive-paid occupations.

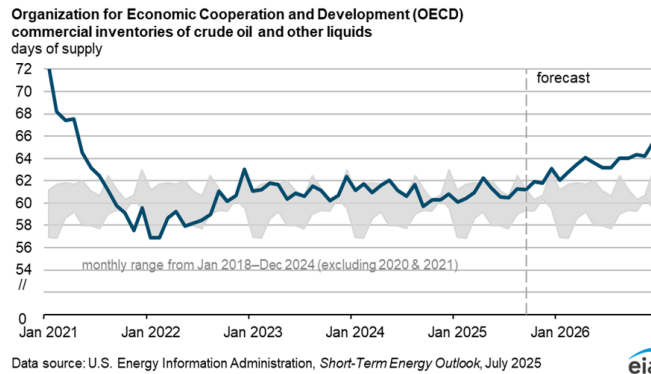
- Earnings Season Kick Off Showcasing Large Cap Strength:** Although only one third of US companies have reported Q2 2025 results, the overall picture is mixed picture leaning towards positive when discussing large corporations. In this way, a robust 80% of firms have exceeded EPS estimates - above the 5- and 10-year averages of 78% and 75% respectively - yet the magnitude of earnings surprises is modest: 6.1% vs 9.1% 5-year average. Sector results are uneven, with Communication Services, Financials, and Information Technology leading growth, while six sectors, notably Energy, show earnings declines. On the top-line side, 80% of companies have also beaten estimates exceeding historical norms, while the percentage of companies issuing negative EPS guidance was well below historical averages at 52%. These preliminary results are encouraging but remember that less than 40% of the companies have reported so far.

Commodities and Currencies

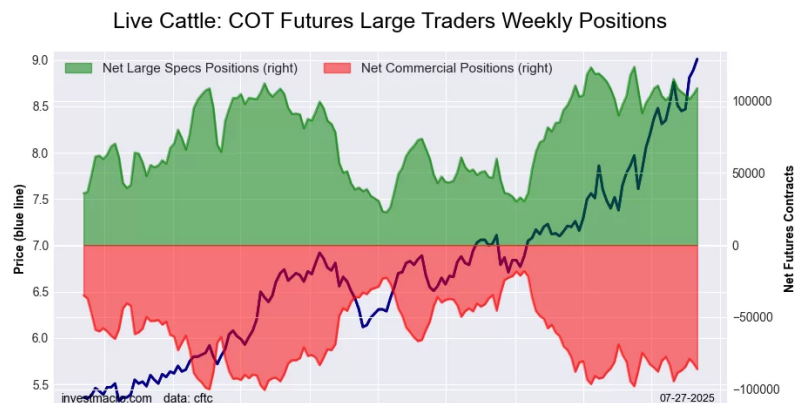
Commodities delivered mixed results in July due to muted volatility amid geopolitical tensions and weak Chinese demand:

July 2025 - Market Comments

- **Energy:** Oil prices ended in positive territory with Brent and WTI fluctuating modestly as geopolitical tensions (US–Iran) lingered, but sentiment was tempered by demand concerns tied to weak China data and cooling global growth fears. Seasonal market norms suggested mild bullishness, but overall macro data and build up of inventories limits further upside.



- **Metals:** Copper prices slumped during the month as Chinese economic activity disappointed and the U.S. imposed a 50% tariff on Brazilian refined copper, triggering investor retreat from industrial metals. Precious metals saw moderate strength: gold benefited from softer equity sentiment in Asia and inflation concerns.
- **Soft Commodities:** Agricultural prices held steady overall: grain prices eased slightly due to favourable weather and improved U.S. crop conditions. Livestock contracts showed modest gains, supported by lower feed cost outlooks and steady demand that feeds a persistent net long speculator demand for cattle future contracts as showed in the next chart.



- **Cryptocurrencies:** Digital assets showed resilience in July. With tech-sector optimism and a crypto-friendly stance from U.S. banking regulators, Bitcoin and, particularly, Ether posted gains even as regulatory scrutiny rose in other jurisdictions.

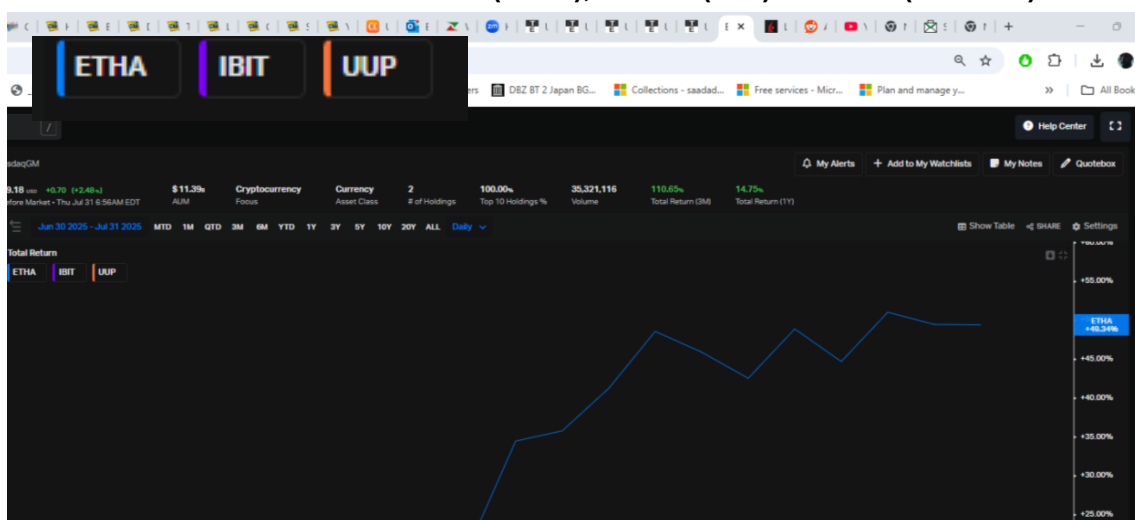
July 2025 - Market Comments

Topic of the Month: Ethereum Rally

Ethereum took the spotlight as BlackRock's ETHA ETF hit \$10 billion fuelled by a significant double-digit price rebound.

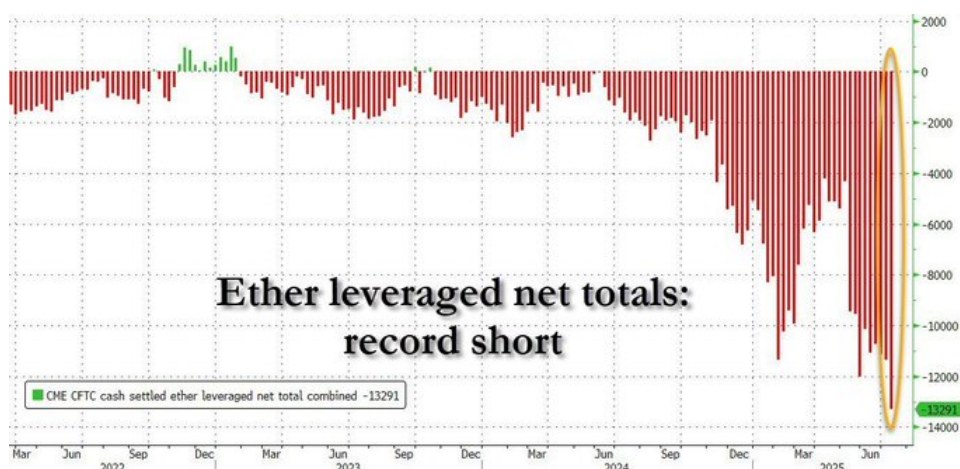
Ethereum is undergoing one of the largest rallies in crypto history. Since July 1st, ETH has gained over \$150 billion in market cap. This followed a spike in record-high short positions, leading to a sharp rally with Spot Ether ETF (ETHA) significantly outperforming USD Index (UUP ETF) and the Spot Bitcoin ETF (IBIT).

Total ETF 1-month Return - Ether (ETHA), Bitcoin (IBIT) and USD (UUP ETF)



The most likely reasons behind the short-position unwind and the growing bullish sentiment toward Ether are as follows:

- Short-squeeze: recent developments explain the short term run of Ether:
 - Going into July, net short leverage on Ethereum reached an all-time high.

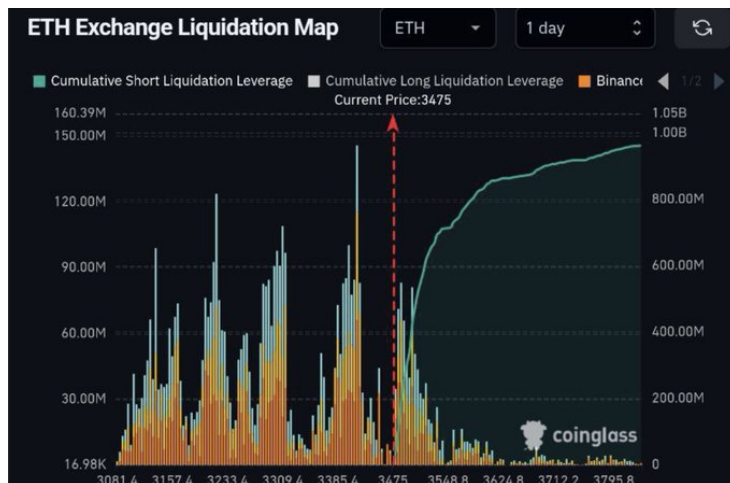


July 2025 - Market Comments

- However, President Trump's World Liberty Financial has been buying Ethereum and, heading into July 1st, Blackrock's ETF added Ethereum on 29 of the previous 30 days. Yet, prices were down because of the sudden surge in leveraged short exposure. That said, recent developments triggered an inflection point as the previous information was known.



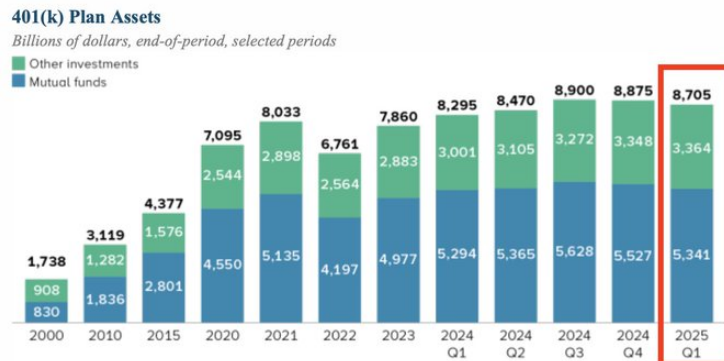
- As a result, billions in short positions have already been wiped out. If Ethereum climbs another 10%, we could see an additional \$1 billion in shorts get liquidated.



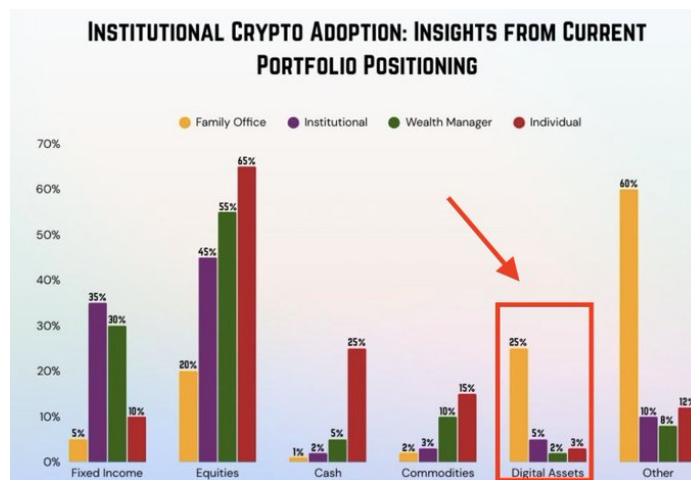
Beyond short-squeeze reaction, several drivers are feeding the positive sentiment in the long run not only for Ether but also the entire crypto space:

- **Major Crypto Legislation Passed:** US House passed three major pro-crypto bills: Clarity Act, Genius Act and Anti-CBDC Act. Crypto now has bipartisan political support, making it harder for anti-crypto politicians to win elections.
- **Potential Executive Order by Trump:** Trump may sign an executive order allowing 401k retirement plans to invest in crypto. This would mark one of the most bullish policy moves in crypto history. As of Q1 2025, US 401k plans hold \$8.7 trillion. That's 2.3x larger than the entire crypto market cap (\$3.8 trillion) and opens the door for a huge influx of capital into crypto securities.

July 2025 - Market Comments



- Macro Shift in Market Structure and USD crisis: Current trends are redefining financial markets and how capital is allocated. The crypto rally is being driven by structural and macroeconomic factors such as the ongoing structural US deficit spending crisis, which acts as key driver of crypto growth.
- Institutional Adoption Accelerates: Institutional capital is increasingly entering crypto markets. Bitcoin has delivered a 90% CAGR over the past 13 years, outperforming most asset classes. Asset managers are allocating more AUM to crypto because of fear of missing out against peers.



July 2025 - Market Comments

MG's Message to Investors

- While markets advanced through most of July, momentum faded by month-end, diminishing the earlier optimism driven by strong tech earnings and progress on trade relations. The Federal Reserve maintained its data-dependent posture, holding rates steady as inflation persisted but moderated slightly. Global equities followed suit, though performance diverged, with emerging markets outperforming developed counterparts. Meanwhile, oil markets steadied and gold regained some strength, though copper and industrial metals retreated on weak Chinese data and fresh tariffs.
- As the third quarter unfolds, July's marginal gains will be tested against a backdrop of mixed macro signals. Investors remain focused on inflation and labour market data for clues about the Fed's next policy move, with expectations for a September rate cut dialled back. Geopolitical tensions and fiscal policy uncertainty, particularly around tariff timelines and trade agreements, continue to weigh on sentiment. China's slowing momentum and Japan's evolving inflation stance will be key drivers in Asia, while diverging central bank paths across regions add to the complexity of the global investment landscape.
- As August unravels, MG highlights the following tactical views:
 - **Equities:** The model has shifted equity exposure from Neutral to Overweight, identifying an attractive entry point following recent market corrections. This adjustment reflects positive momentum, with increased exposure across all regions except Japan and Europe. However, persistent risks—such as uncertainty around Fed policy, tariff developments, and geopolitical instability—warrant a cautiously optimistic stance.
 - **Fixed Income:** The model maintains an Overweight positioning in fixed income, with increased exposure to short- and intermediate-term high-quality corporate and Treasury bonds. This reflects a preference for duration balance and credit quality, while no reductions were made across any fixed income segments.
 - **Alternatives:** Exposure to alternatives remains Neutral overall. The model retains a strong Underweight in commodities, particularly oil, due to persistent oversupply and weak demand—especially from China—which is expected to outweigh geopolitical risk. Overweight positions in gold and REITs are maintained to help hedge the portfolio's net increase in equity risk.
 - **Outlook and Strategy:** These positioning shifts are tactical in nature and will be reassessed as incoming economic data, policy developments, and market dynamics evolve.
- MG reminds its investors about the critical importance of disciplined risk management, reaffirming the necessity of adopting a cautious, data-driven methodology focused on achieving long-term performance objectives. In this way, MG remains steadfast in its commitment to diligently monitor financial markets and actively adjust risk exposures in alignment with shifting market dynamics. The primary recommendation emphasises the preservation of a fully diversified portfolio, ensuring its structural integrity by refraining from imprudent exposure to risks or opportunities that may appear excessively favourable or unsustainable.

July 2025 - Market Comments

MG Investment Solutions Taxonomy

- **MG ETF Asset Allocation Portfolios:** Multi-asset class diversified mandates employing a quantitative asset allocation framework that dynamically adjusts portfolio exposures in response to evolving market conditions and the distinct risk profile of each mandate, with the objective of effectively navigating the prevailing environment of uncertainty.
- **MG ETF High Income Portfolio:** A diversified ETF portfolio designed as an alternative investment vehicle for investors seeking short-duration, highly liquid exposure with the objective of generating monthly income. The strategy targets a mid-single digit yield and is recommended for investors with a minimum investment horizon of two years.
- **MG Opp Portfolio:** An equity portfolio managed through a quantamental investment process, selecting U.S. stocks with a higher likelihood of outperformance over the medium to long term. The portfolio maintains a strategic bias toward large-cap growth companies.
- **MG Opp Dividend Portfolio:** An equity portfolio constructed through a quantamental investment process, focused on the selection of U.S. stocks with a dividend yield significantly higher than the broad U.S. equity market. The portfolio emphasizes companies with high-quality balance sheet, aiming to enhance the likelihood of outperformance over the long term, with a strategic bias toward mid-cap value and quality-oriented stocks.
- **MG Emerging Technologies (MGET):** A Tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by allocating capital to high-growth transformative thematic opportunities such as Artificial Intelligence, Cybersecurity, Robotics, Biotechnology, Blockchain, and Quantum Computing.
- **MG Blockchain (MGBLOCK):** A tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by offering investors diversified access to the cryptocurrency sector. The strategy employs a combination of direct exposure to cryptocurrency-linked, fiat currency-denominated ETFs (focused on Bitcoin and Ether) alongside indirect exposure to publicly traded companies demonstrating high sensitivity to the blockchain ecosystem.

MG Solution	Short	Asset Class	Description
MG Asset Allocation ETF	<i>MGAA</i>	Multi-Asset Class	Multi-asset class diversified mandates employing a quantitative asset allocation framework that dynamically adjusts portfolio exposures in response to evolving market conditions and the distinct risk profile of each mandate, with the objective of effectively navigating the prevailing environment of uncertainty.
MG High Income ETF	<i>MGHI</i>	Fixed Income	A diversified ETF portfolio designed as an alternative investment vehicle for investors seeking short-duration, highly liquid exposure with the objective of generating monthly income. The strategy targets a mid-single digit yield and is recommended for investors with a minimum investment horizon of two years.
MG Opp	<i>MGOP</i>	Equity	An equity portfolio managed through a quantamental investment process, selecting U.S. stocks with a higher likelihood of outperformance over the medium to long term. The portfolio maintains a strategic bias toward large-cap growth companies.
MG Opp Dividend	<i>MGOD</i>	Equity	An equity portfolio constructed through a quantamental investment process, focused on the selection of U.S. stocks that prioritize a dividend yield approximately three to four times higher than that of the broad U.S. equity market. The portfolio emphasizes companies with high-quality balance sheet, aiming to enhance the likelihood of outperformance over the medium to long term, with a strategic bias toward mid-cap value and quality-oriented stocks.
MG Emerging Tech	<i>MGET</i>	Equity	A Tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by allocating capital to high-growth transformative thematic opportunities such as Artificial Intelligence, Cybersecurity, Robotics, Biotechnology, Blockchain, and Quantum Computing.
MG Blockchain	<i>MGBLOCK</i>	Equity & Crypto ETF	A tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by offering investors diversified access to the cryptocurrency sector. The strategy employs a combination of direct exposure to cryptocurrency-linked, fiat currency-denominated ETFs (focused on Bitcoin and Ether) alongside indirect exposure to publicly traded companies demonstrating high sensitivity to the blockchain ecosystem.