



Q2 2025

Magellan Global Equities Update

Against a backdrop of shifting global dynamics and heightened geopolitical tension, Portfolio Managers Arvid Streimann and Alan Pullen unpack the key market trends that shaped the recent quarter. They share insights on how the portfolio is positioned and the opportunities they are monitoring.

Could you provide an update on the past quarter? Were there any key developments or standout moments worth highlighting?

The quarter began with significant market volatility triggered by Donald Trump's 'Liberation Day' tariff announcement, which led to a sharp 10% market drop. However, as the quarter progressed, the initial fears eased, and markets rebounded strongly.

A major driver of the recovery was renewed optimism around artificial intelligence (AI). The portfolio benefited from strong performances by AI-related stocks such as Microsoft, TSMC and Intuit. Netflix was also a standout, delivering returns of up to 40% for the quarter.

Overall, while defensive stocks lagged in the strong market environment, they remain crucial for stability during more turbulent periods.

Can you share any key portfolio changes from the last quarter, and how recent geopolitical events may have influenced your positioning?

The portfolio was positioned at its maximum risk level during the quarter, a decision that proved effective despite various headline-grabbing concerns. We remained confident in our strategy, choosing to stay fully invested even as market fears emerged. This conviction was rewarded as markets pushed through the noise, reinforcing the importance of sticking to long-term beliefs rather than reacting to short-term uncertainty. The strong performance of the portfolio reflects this disciplined approach.

On the geopolitical front, particularly regarding tensions in the Middle East, we assessed the risk of a negative supply shock – especially in energy – as low. We believed that disruptions to oil flow were unlikely, particularly from Iran, which lacked the leverage to halt supply without facing severe consequences. This view aligned with market behaviour, which remained stable during the events. However, they cautioned that high market sentiment could lead to overconfidence, and investors should remain vigilant about how risks are being priced.

Could you walk us through the current portfolio positioning? Are there any new stock additions or material changes that you're able to share with us at this stage?

There were a few changes at the stock level in the portfolio, with three exits and two new positions added. While the specific names haven't been disclosed yet, the changes were driven by bottom-up stock selection rather than a shift in overall strategy. Some stocks reached their valuation targets and were replaced with similarly high-quality companies that offer better value. The new additions are described as structurally strong, somewhat defensive, and have long been admired by the team.

We continue to evaluate the 'Magnificent Seven' tech giants on a case-by-case basis rather than as a group. We remain highly confident in Microsoft, Amazon and Meta, citing strong current performance, especially in AI-related areas like Microsoft Azure. However, Alphabet (Google) is under scrutiny due to potential structural risks to its core search business from generative AI. While other parts of Alphabet, like Waymo, YouTube and Google Cloud, are strong, the dominance of Search in its earnings is a concern.

Apple is also facing headwinds, including geopolitical risks tied to China, and legal challenges that could affect its services revenue. Tesla is not considered investable due to its speculative nature, and Nvidia, while high quality, is viewed cautiously due to uncertainty regarding long-term chip demand and competition from hyperscalers. Overall, we remain focused on quality and valuation, carefully managing risk while staying aligned with long-term convictions.


Looking ahead, what's your outlook for global equities and the key themes or risks shaping the market?

Equity markets have performed strongly over the past three months, led by growth-oriented tech and AI companies. This outperformance prompted some portfolio rebalancing to maintain balance. Looking ahead, record-high corporate profitability and expected global stimulus support a positive outlook, especially as trade uncertainties begin to ease.

However, inflationary pressures and potentially fewer interest rate cuts than expected could limit market gains. While broad rallies may be less likely, a gradual upward trend is anticipated. With companies responding differently to macro conditions, this environment favours active management and stock picking.

Watch the video [here](#)

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