

# Fortem Capital US Equity Income Fund



## Quarterly Commentary – 30th June 2025

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The Fund's objective is to provide an annual income of 4% p.a. whilst providing for capital growth such that the Fund's total return tracks the US 500 Index's net total return.

After a negative first quarter, the index recovered strongly to post a gain of 10.8% for the second quarter, leaving it up 6% for the year. The Fund, which tracks the major US benchmark, participated in the rebound accordingly and is up 10.6% year-to-date having posted a 5.7% return for the quarter.

The US 500 began the quarter with a significant retreat from its February peak into mid-April (21% peak-to-trough), driven primarily by tariff uncertainty following President Trump's 'Liberation Day' announcement. His subsequent follow-up tariffs and inevitable walk-backs kept the market guessing and led to the coining of the term TACO (Trump Always Chickens Out, much to his ire). The announcement of reciprocal tariffs triggered severe downside momentum, only for a 90-day postponement to ignite a V-shaped rebound through Q2. Trump's tariff U-turn on April 9 delivered a one-day 9% surge, the biggest since October 2008, setting the tone for fresh highs by quarter-end.

Compounding volatility, the brief 12-day Iran-Israel escalation stoked risk-off flows and lifted oil prices, exerting a modest drag on equities, with the index declining amid hostilities before regaining footing as the war 'ended' almost as quickly as it had started.

A historic problem for US benchmark equity for investors in need of income is its lack of natural yield, a problem exacerbated as the index becomes dominated by stocks that pay little or no dividends. However, the Fund again paid a dividend during the quarter making the 12m historic yield 4.0%. Income investors are no longer required to choose between benchmark exposure and yield.

Total Return	2025	Q2
UK 100	9.5%	3.2%
US 500	6.0%	10.8%
Europe 50	10.4%	2.7%
Japan 225	2.4%	13.8%
Hong Kong 50	22.7%	5.7%
US 2000	-1.8%	8.5%
Swiss 30	5.9%	-3.7%
Global Equity	9.5%	11.5%
Global Bond	7.3%	4.5%
Commodities	3.3%	-4.1%
<b>PGF</b>	<b>4.8%</b>	<b>3.2%</b>
<b>AGF</b>	<b>3.3%</b>	<b>0.7%</b>
<b>DGF</b>	<b>2.6%</b>	<b>1.9%</b>
<b>USI</b>	<b>5.7%</b>	<b>10.6%</b>
<b>ARF</b>	<b>3.4%</b>	<b>2.8%</b>
<b>CARF</b>	<b>3.8%</b>	<b>1.7%</b>

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