

CHIEF INVESTMENT OFFICE

Investment Insights

The First Pit Stop Is Here

All data, projections and opinions are as of June 13, 2025 and subject to change.

Rising geopolitical risk overnight given the Israeli strikes in Iran has increased volatility across the capital markets. Oil prices have spiked by some 10% and Gold has maintained its uptrend. In contrast to the overnight developments, the equity markets have rallied aggressively in a short period of time from the lows of early April (specifically the S&P 500 rallied over 21% since April 8). With this sharp V-shaped move back off the lows, shifting into the first pit stop within the re-examine phase of the market workout cycle is expected. This latest geopolitical conflict and spike in volatility is likely to exacerbate the trends that have been building in the past few months.

We continue to believe that weakness in the equity markets without a material change to the evolving fundamentals is a potential buying opportunity for long-term investors. This is supported by the resiliency in the consumer, the potential for easier financial conditions, and the resumption of a better-than-expected profits cycle through the balance of 2025 and into 2026. In addition, our portfolio themes of increasing diversification overall, adding to non-U.S. exposure, maintaining growth exposure in U.S. innovation across sectors, namely Technology, using exposure to Gold as a hedge on conflict risk and foreign reserve flows, and adding to key themes driven by the scaling of generative artificial intelligence and infrastructure redevelopment remain our top positive trends in the Chief Investment Office.

Our pit stops across the summer months viewpoint is based on more of a refueling stage not another large reset which occurred in April. Portfolio repositioning through the pit stops should be considered as we expect our main market themes to pull through the volatility and help lead the markets higher well into the next business cycle.

Stay tuned for more insights in our CIO Mid Year Outlook 2025: On the Road ToRecovery webcast premiering on June 23 [On the Road to Recovery](#).

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