April 2025 | Investment perspectives

Markets, tariffs and the road ahead

Markets have rallied after the US paused new tariffs for most countries, easing fears of a full-scale trade war. But uncertainty remains. Here's what the Omnis team is watching and why staying invested still matters.

What's happened?

Markets have been on a rollercoaster. Over the past week, global equities fell sharply amid fears of a full-scale trade war. But then came a dramatic turn – the US announced a 90-day pause on new tariffs for countries willing to negotiate, triggering one of the strongest market rallies in recent history.

Following the latest Omnis Live webinar, and with further reflections from our Chief Investment Officer Andrew Summers, we're sharing our view on what's happening, what it means for investors and why maintaining a long-term perspective remains more important than ever.

A volatile environment and a sharp rebound

Both equity and bond markets reacted negatively to the initial US tariff announcement on 2 April, given the likely drag on growth and the inflationary impact it would have had. So it's no surprise that equities rallied strongly once the most disruptive element – the so-called reciprocal tariffs – was paused.

"The good news is that the US administration has shown little appetite for the sort of broad-based global trade war that would have triggered further material falls in markets," said Andrew Summers, Chief Investment Officer at Omnis. "The bad news is that some damage has already been done, particularly to the US, which was already slowing, and to the UK and Europe, which had only recently started showing signs of improvement."

Even with the pause, this episode has been a setback. It's likely that the shock of the original announcement, combined with already-elevated uncertainty, will have dented both consumer and business confidence – and that could affect economic activity over the coming quarters.

Uncertainty remains, but risks are more balanced

While the most damaging tariffs are on hold, some remain in place – particularly those aimed at China. These are likely to push up prices in the US, placing additional strain on an economy already facing slower growth. This situation creates a difficult balancing act for central banks, who must weigh the need to control inflation against the need to support growth.

"Our view was that calmer heads would prevail," said Summers, "and for now, that seems to have been the right call. However, it's worth remembering that the tariffs are only paused and not cancelled."

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The stand-off between the US and China appears to be growing more entrenched. While the trade volume between them is relatively small compared with the size of their economies, the broader uncertainty may still hurt sentiment globally. The overall damage – and any spillover effects – is still being assessed, and that means risks remain in both directions.

Markets move fast so should we react?

The past few weeks have seen wild swings in sentiment. While these movements may offer short-term trading opportunities for the most active investors, for most people they're more likely to cause confusion than create value.

"These gyrations may have offered opportunities for traders," Summers noted, "but for most investors they simply risk getting whip-sawed and left behind."

Rather than reacting to every market movement, Omnis continues to focus on evidence and fundamentals, knowing that the full impact of policy changes often takes time to become clear. That means watching the data closely, analysing risks carefully and acting only when it makes long-term sense to do so.

Why staying invested really matters

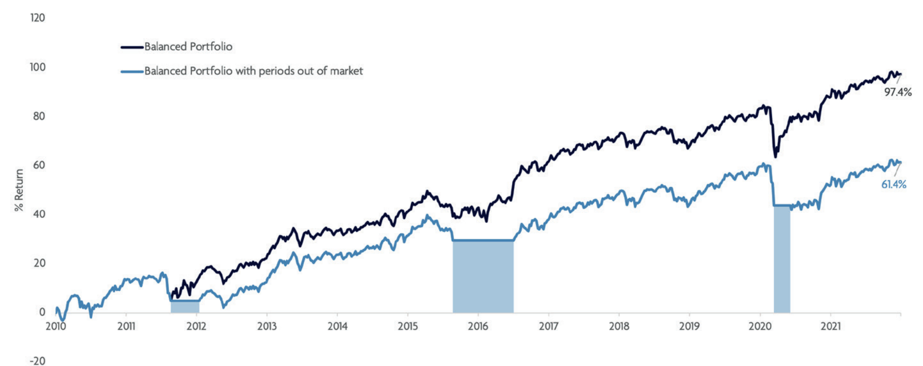
Recent volatility has served as a vivid reminder that markets don't just fall – they can bounce back quickly too. Investors who try to time their exits and re-entries often miss these sharp recoveries, harming long-term returns.

"It's unwise to react to one-day moves, however large," said Summers. "Being just a little wrong with timing can be costly."

The lesson? Don't let headlines dictate your investment decisions. Stick to your plan and focus on long-term goals.

Figure 1: Investors should avoid timing the market

This chart demonstrates the long-term cost of exiting the market during downturns and re-entering after recovery.



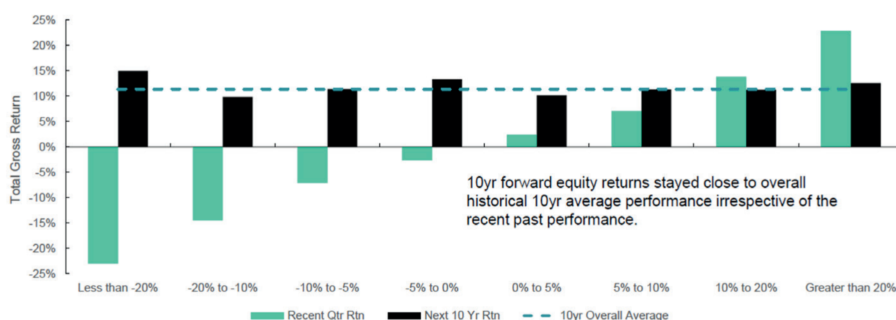
Source: FE fundinfo, 1 January 2010 to 31 December 2021. *Using Graphene C2 Balanced Index Equivalent for Balanced Portfolio. Assumes investments are withdrawn when market falls 10% and reinvested when market subsequently recovers 10%.

Short-term results don't tell the full story

It's easy to focus on recent performance. But as we've seen time and again, short-term returns are rarely a reliable guide to long-term outcomes. What matters is building and holding a portfolio that's grounded in value, quality and diversification.

Figure 2: Short-term returns don't matter much in the long term

This chart shows how short-term returns are poor predictors of 10-year outcomes.



Source: FactSet, SSGA calculations from 31/12/2025 to 31/03/2025. The analysis is performed using MSCI DM World Equity total returns in GBP currency. 10-year returns are annualised. Recent quarterly returns are not annualised.

"Periods of underperformance can be uncomfortable," said Hannah Evans, Head of Manager Research at Omnis, "but they often lead to stronger results over time. It pays to be patient."

As discussed in the webinar, asset classes such as UK mid and small caps, or emerging markets, have been out of favour – but that's precisely what may create opportunities for long-term investors.

Active management in an unpredictable world

When markets are moving quickly and unpredictably, active management can play a vital role. Passive strategies follow the index. Active managers, on the other hand, can adapt portfolios as new risks and opportunities emerge.

"This is exactly the kind of market where active management adds value," said Evans. "Our fund managers are analysing new data, re-evaluating positions and adjusting where needed, but we're not abandoning our strategy."

At Omnis, our teams continue to apply disciplined decision-making, avoiding emotional responses and focusing on where long-term value is most likely to emerge. This approach includes ongoing work on tactical asset allocation across our portfolios, and a commitment to identifying managers with strong, proven processes.

Looking ahead

It's clear that 2025 has already been an eventful year for investors, and there are likely more twists to come. But the key lesson so far is simple – don't react to the noise.

"Investment decisions should always be based on evidence and fundamentals," concluded Summers. "That work is ongoing, and we remain alert to both the risks and opportunities of the current environment."

At Omnis, we're continuing to manage portfolios actively, with a clear process that's delivered long-term value and is designed to navigate uncertainty. While it's impossible to predict short-term outcomes, we believe the principles of diversification, discipline and patience remain as important as ever.

Need support

If you have any questions or concerns, speak to your financial adviser. They can help you understand what this means for your individual portfolio and make sure you stay on track.

You can also find regular updates at www.omnisinvestments.com, including our weekly podcast, which is available through our website or your favourite podcast app.

The value of your investment and any income from it can go down as well as up and you may get back less than you invested.

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