

# WealthSelect Sustainable Active Portfolios

## Monthly commentary – Review of April 2025



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Chief Investment Officer

### Our market summary

April was marked by significant market volatility, primarily driven by President Trump's 'Liberation Day' announcement of sweeping reciprocal tariffs on imported goods. The tariffs announced on 2 April were broader and higher than expected, and the implications of this new US trade policy impacted equities, fixed income, and currencies. Stock markets recovered somewhat later in the month as Trump suspended the reciprocal tariffs for 90 days for countries that had not implemented any retaliatory measures. Against this backdrop, global equities ended the month down 2.4% whilst global bonds finished the month up by 0.5%.



In order to aid your understanding, the underlined terms are hyperlinked to definitions in our online investment glossary.

### Equity markets



The US was the worst performing equity market in April. The 0.9% loss experienced in US dollar terms was increased to a loss of 3.9% for sterling-based investors due to the weakness of the US dollar. Energy was the weakest sector along with the healthcare and financials sectors, with consumer staples and IT the best performers. Meanwhile, Trump's tariffs weakened business confidence, hindering investment and spending decisions, and increasing the risk of a recession.



Like the US, European markets were impacted by the uncertainty caused by the reciprocal tariffs. However, an interest rate cut from the European Central Bank (ECB) and supportive fiscal policies helped provide relief. Overall, European ex UK equities were up 1.6% over the month. Like the US, the energy sector was the weakest with defensive areas, including consumer staples and utilities, showing resilience.



UK equities also faced the same challenges from trade policy uncertainties and ended the month down 0.2%. The energy sector was once again the main laggard, whereas the utilities sector, known for its defensive characteristics, was the top performer. Additionally, the more domestically focused small-cap companies (up 3.6%) outperformed large cap (down 1.4%) over the month.



April saw an escalation in trade tensions between the US and China. This weighed on Chinese equities, which ended the month down 7.5%. Overall, emerging markets proved to be more resilient and were down only 2.1%. Mexico was the top performer as it faced no new trade tariffs on 2 April, whilst Brazil was notably strong, supported by the strength of the Brazilian real. Elsewhere, India continued to do well, and South Africa was up, helped by the surge in the gold price.

### Fixed income



There was significant volatility in bond markets over the month. There was a sharp spike in US Treasury yields and government bond yields fell across Europe and the UK. At the end of the month, US Treasuries were up 0.5%, UK gilts were up 1.8%, global corporate bonds were up 0.4%, and global government bonds were up 1.3%.

**Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments may go down as well as up and investors may not get back the amount originally invested.** Source: Quilter Investors as at 30 April 2025. Total return, percentage growth over period 31 March 2025 to 30 April 2025. The performance figures shown for equities are represented by an appropriate MSCI index, global bonds by the Bloomberg Global Aggregate (GBP Hedged) Index, US Treasuries by the ICE BofA US Treasury (GBP Hedged) Index, UK gilts by the ICE BofA UK Gilt Index, global corporate bonds by the Bloomberg Global Aggregate Corporate (GBP Hedged) Index, and global government bonds by the Bloomberg Global Aggregate Government Treasuries (GBP Hedged) Index.



## Performance review

It was a volatile month for markets. Following President Trump's Liberation Day announcements, global equities saw sharp declines with volatility also spreading to fixed income markets. After a softening of the approach to tariffs, calm began to return, and equities staged a recovery.

Equities were the dominant driver of returns, with US weakness compounded by a weaker dollar. Against this backdrop, portfolio returns ranged from a gain of 0.1% for Sustainable Active 3 to a 2.2% loss for Sustainable Active 10.



**Stuart  
Clark**

Portfolio Manager



**Helen  
Bradshaw**

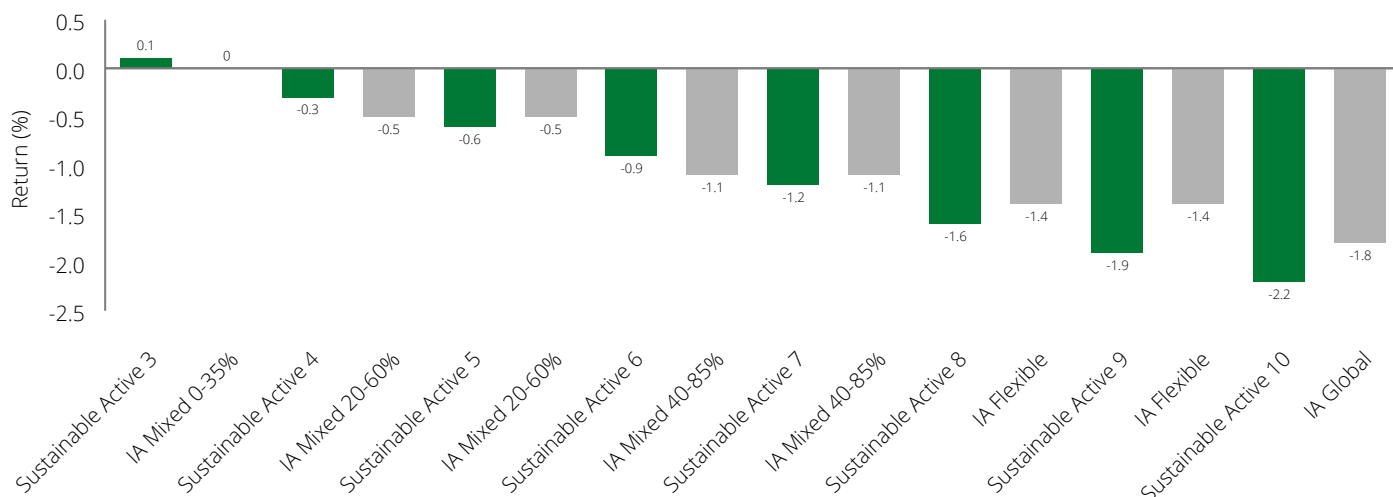
Portfolio Manager



**Bethan  
Dixon**

Portfolio Manager

## Monthly performance (%)



## Performance summary (%)

|                              | Cumulative performance |             |             |            |          |              | Discrete annual performance to end of April |                |                |                |                |
|------------------------------|------------------------|-------------|-------------|------------|----------|--------------|---|----------------|----------------|----------------|----------------|
|                              | 1 month                | YTD         | 1 year      | 3 year     | 5 year   | Since launch | 2024<br>- 2025                              | 2023<br>- 2024 | 2022<br>- 2023 | 2021<br>- 2022 | 2020<br>- 2021 |
| <b>Sustainable Active 3</b>  | <b>0.1</b>             | <b>-0.5</b> | <b>3.4</b>  | <b>7.0</b> | <b>-</b> | <b>5.4</b>   | <b>3.4</b>                                  | <b>5.2</b>     | <b>-1.7</b>    | <b>-</b>       | <b>-</b>       |
| IA Mixed 0-35% Shares        | 0.0                    | 0.5         | 4.5         | 5.0        | -        | 4.3          | 4.5   | 4.4            | -3.7           | -              | -              |
| <b>Sustainable Active 4</b>  | <b>-0.3</b>            | <b>-1.6</b> | <b>1.9</b>  | <b>6.9</b> | <b>-</b> | <b>6.4</b>   | <b>1.9</b>                                  | <b>6.2</b>     | <b>-1.2</b>    | <b>-</b>       | <b>-</b>       |
| IA Mixed 20-60% Shares       | -0.5                   | -0.3        | 4.0         | 7.8        | -        | 9.2          | 4.0   | 6.4            | -2.6           | -              | -              |
| <b>Sustainable Active 5</b>  | <b>-0.6</b>            | <b>-2.7</b> | <b>0.4</b>  | <b>6.6</b> | <b>-</b> | <b>7.2</b>   | <b>0.4</b>                                  | <b>7.0</b>     | <b>-0.8</b>    | <b>-</b>       | <b>-</b>       |
| IA Mixed 20-60% Shares       | -0.5                   | -0.3        | 4.0         | 7.8        | -        | 9.2          | 4.0   | 6.4            | -2.6           | -              | -              |
| <b>Sustainable Active 6</b>  | <b>-0.9</b>            | <b>-3.8</b> | <b>-1.0</b> | <b>6.1</b> | <b>-</b> | <b>7.5</b>   | <b>-1.0</b>                                 | <b>7.8</b>     | <b>-0.6</b>    | <b>-</b>       | <b>-</b>       |
| IA Mixed 40-85% Shares       | -1.1                   | -2.3        | 2.9         | 9.8        | -        | 13.0         | 2.9   | 8.7            | -1.8           | -              | -              |
| <b>Sustainable Active 7</b>  | <b>-1.2</b>            | <b>-4.9</b> | <b>-2.3</b> | <b>5.1</b> | <b>-</b> | <b>7.1</b>   | <b>-2.3</b>                                 | <b>8.4</b>     | <b>-0.7</b>    | <b>-</b>       | <b>-</b>       |
| IA Mixed 40-85% Shares       | -1.1                   | -2.3        | 2.9         | 9.8        | -        | 13.0         | 2.9   | 8.7            | -1.8           | -              | -              |
| <b>Sustainable Active 8</b>  | <b>-1.6</b>            | <b>-5.9</b> | <b>-3.6</b> | <b>4.4</b> | <b>-</b> | <b>7.1</b>   | <b>-3.6</b>                                 | <b>9.1</b>     | <b>-0.7</b>    | <b>-</b>       | <b>-</b>       |
| IA Flexible                  | -1.4                   | -2.9        | 2.0         | 9.6        | -        | 13.3         | 2.0   | 9.0            | -1.4           | -              | -              |
| <b>Sustainable Active 9</b>  | <b>-1.9</b>            | <b>-7.0</b> | <b>-5.1</b> | <b>4.3</b> | <b>-</b> | <b>8.1</b>   | <b>-5.1</b>                                 | <b>10.1</b>    | <b>-0.3</b>    | <b>-</b>       | <b>-</b>       |
| IA Flexible                  | -1.4                   | -2.9        | 2.0         | 9.6        | -        | 13.3         | 2.0   | 9.0            | -1.4           | -              | -              |
| <b>Sustainable Active 10</b> | <b>-2.2</b>            | <b>-8.1</b> | <b>-6.5</b> | <b>3.9</b> | <b>-</b> | <b>8.9</b>   | <b>-6.5</b>                                 | <b>11.0</b>    | <b>0.2</b>     | <b>-</b>       | <b>-</b>       |
| IA Global                    | -1.8                   | -6.5        | 0.2         | 15.2       | -        | 19.8         | 0.2   | 14.3           | 0.6            | -              | -              |

Past performance is not a guide to future performance and may not be repeated. Source: Quilter and FactSet as at 30 April 2025. Total return, percentage growth. The performance shown is after the deduction of the charges of the underlying funds, but before the deduction of the Managed Portfolio Service charge. The deduction of this charge will impact on the performance shown. The performance shown is based on a model of the WealthSelect Sustainable Active Portfolios held via Quilter's platform. The WealthSelect Sustainable Active Portfolios launched on 8 March 2022.

## Investment outlook

The volatility sparked by 'Liberation Day', the rollercoaster of announcements with respect to the 90-day pause, and then the subsequent deal negotiations certainly tested the patience of many market participants. While equity markets have seen a strong bounce back, confidence has been shaken and the medium to long-term impact of Trump's announcements may still have to be felt.

### *1. A waiting game*

If we assume that the US keeps tariffs at a global 10% level then, while considerably better than the worst-case scenario, this is still significantly higher than before. This will affect either inflation, corporate earnings, or both. Conversely, we still wait to see what President Trump and his team deliver on domestic policies such as tax cuts and deregulation, which may offset some of the impact of the tariffs.

### *2. Unpredictability affecting confidence*

The greatest difficulty of the current administration is the unpredictability around policy announcements and retraction. This makes it difficult for companies to commit to capital expenditure and is likely to affect consumer confidence. We will be keeping a close eye on earnings guidance during the upcoming results season.

### *3. Positioned appropriately*

Flexibility and a willingness to adapt is likely to be key to delivering returns in this environment. Alongside this, a diversified portfolio that is not overly reliant on a particular sector or asset class to deliver returns or manage risk will be vitally important. We believe the current construction of the portfolios meets these criteria but will not be complacent about any individual position.

## Thank you for investing with us

Keep an eye out for your WealthSelect monthly commentary report available in June.

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