

Cirilium Blend Portfolios

Monthly commentary – Review of April 2025



Marcus Brookes
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

In April, the Cirilium Blend Portfolios delivered returns ranging from a loss of 0.2% for the lower-risk Conservative Blend Portfolio to a 3.0% loss for the higher-risk Adventurous Blend Portfolio.

Stock market performance was the dominant driver of returns, with US equity weakness the main factor. Our defensive options positions helped to mitigate some of the downside, as did our exposure to healthcare equity. In the lower-risk portfolios our fixed-income holdings were also a benefit, particularly from sterling-focused markets, which contributed positively.



Ian Jensen-Humphreys
Portfolio Manager

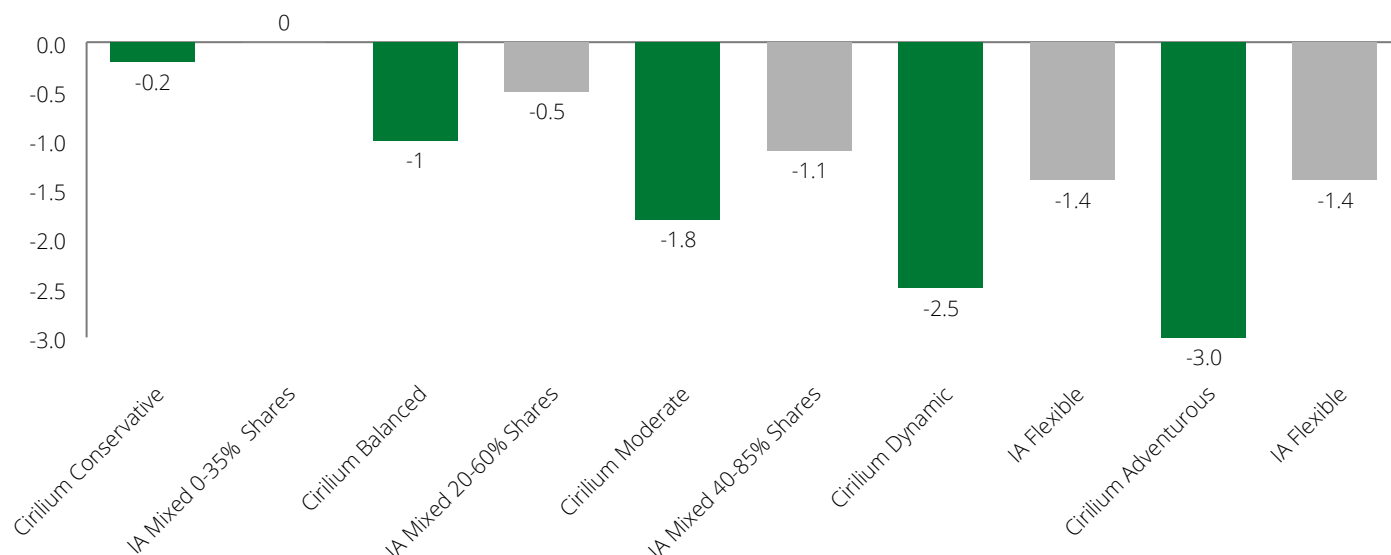


Sacha Chorley
Portfolio Manager



CJ Cowan
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 - 2025	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021
Cirilium Conservative Blend	-0.2	0.2	2.7	4.3	8.8	8.5	2.7	2.6	-1.0	-3.7	8.3
IA Mixed 0-35%	0.0	0.5	4.5	5.0	11.3	7.9	4.5	4.4	-3.7	-3.0	9.3
Cirilium Balanced Blend	-1.0	-0.7	2.4	9.4	23.5	19.2	2.4	6.1	0.7	-1.4	14.5
IA Mixed 20-60%	-0.5	-0.3	4.0	7.8	22.3	14.8	4.0	6.4	-2.6	-2.2	16.0
Cirilium Moderate Blend	-1.8	-1.7	1.9	12.9	37.2	28.6	1.9	8.9	1.7	0.2	21.3
IA Mixed 40-85%	-1.1	-2.3	2.9	9.8	33.2	23.9	2.9	8.7	-1.8	-0.1	21.4
Cirilium Dynamic Blend	-2.5	-2.5	1.6	15.4	47.6	34.3	1.6	10.9	2.4	0.6	27.2
IA Flexible	-1.4	-2.9	2.0	9.6	35.9	26.1	2.0	9.0	-1.4	-0.6	24.7
Cirilium Adventurous Blend	-3.0	-3.4	1.3	16.3	51.6	35.3	1.3	11.9	2.6	0.2	30.1
IA Flexible	-1.4	-2.9	2.0	9.6	35.9	26.1	2.0	9.0	-1.4	-0.6	24.7

Past performance is not a guide to future performance and may not be repeated. Source: Quilter Investors as at 30 April 2025. Total return, percentage growth, net of fees of the U1 (GBP) accumulation shares. The Cirilium Blend Portfolios launched on 26 July 2019.

Portfolio activity

Over the month we removed our overweight to US equity, judging that tariffs will cause near-term earnings weakness for US companies at a time when US valuations are still elevated. We also added positions in the US and German bond markets, which we expect to benefit from higher inflation in the US and higher deficits in both the US and Germany. Given the uncertainty in markets, we also implemented a derivatives strategy intended to protect in both upside and downside market environments. Finally, we adjusted our line-up of alternatives managers to increase the size of our positions in our highest conviction ideas. This resulted in the sale of our holdings in the Mygale Event Driven Fund, the Ardea Global Alpha Fund, and the Jupiter Strategic Absolute Return Bond Fund.

Investment outlook

At the end of the first quarter of 2025, the US economy was still in decent shape. Consumer and business confidence was weaker, but there was good reason to be sceptical of those surveys. Meanwhile, economic activity and labour market data was solid. So, while a slowdown was coming, we didn't expect anything more serious. In Europe, the promise of more government spending had notably improved the long-run economic outlook. Closer to home, the UK enjoyed a small bounce in growth, but wage gains without productivity growth meant upside risks to inflation were still a concern.

1. How it started

Before the Presidential election, US equities rallied on expectations of deregulation and tax cuts. While tariffs were always part of Trump's policy agenda, our working assumption was that the reality would be less extreme than the rhetoric, given the knock-on impact of lower global growth and higher US inflation. However, this theory was already being challenged following the 20% tariff placed on imports from China and the on-off tariff back and forth with Canada and Mexico.

2. How it's going

'Liberation Day' on 2 April was worse than almost anyone foresaw. Its chaotic aftermath left investors with doubts over the competency of US policy making. Trump backtracked in a matter of days once US Treasury yields jumped, but there is now a reluctance to hold US assets among investors. We have likely seen the peak in the US share of global equity markets unless policy drastically changes but would note that asset allocation shifts like this typically take place slowly over several years.

3. What does it all mean?

A more significant global slowdown is now expected. A recession is far from certain and is not priced into markets, so if conditions worsen materially then a further equity sell-off and bond rally is likely. Conversely, the turmoil in markets was entirely Trump-made and could be (partly) unwound with a single 'tweet', so we are reticent to sell equities now and instead favour options trades that payout in market rallies or falls. With uncertainty, diversification is the name of the game.

Thank you for investing with us

Keep an eye out for your Cirilium Blend Portfolios monthly commentary available in March.

Want more updates about your portfolio?

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Your financial adviser is on hand to discuss anything related to your investment decisions or the suitability of the products mentioned in this document.

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There are also other risks shown below of which investors should be aware. For more information on these risks, investors should read the key investor information document(s) (KIID(s)).

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