

Predictable income in an unpredictable year



In a year defined by shifting market dynamics and uneven income growth, the Quilter Investors Monthly Income Portfolios have once again demonstrated their ability to deliver for you and your clients.

Helen Bradshaw and CJ Cowan, portfolio managers, discuss how this level of income was achieved, the challenges that were overcome, and the forecast for the next financial year.

Against a challenging backdrop, **the Monthly Income Portfolio achieved a distribution of 3.88p per share**, comfortably within its forecasted range, while **the Monthly Income and Growth Portfolio delivered 4.11p**, exceeding expectations.

	Income forecast per share 2025-26	Income distribution per share 2025-26
Monthly Income Portfolio	3.50-3.90p	3.88p
Monthly Income and Growth Portfolio	3.60-4.00p	4.11p

The income figures shown refer to past performance. Past performance is not a reliable indicator of future performance.

Source: Quilter as at 31 May 2026. Annual income forecast and distribution over period 1 June 2025 to 1 May 2026. All income payments and forecasts are for the U1 (GBP) income shares.

A resilient strategy in a mixed environment

The 2025–26 financial year presented a nuanced picture for income investors. Dividend growth varied significantly across regions and asset classes, reflecting different economic cycles and corporate behaviours. Against this backdrop, the portfolios benefitted from their robust and balanced allocation framework.

Equities played a central role in driving income growth, while bonds continued to provide stability. This interplay was critical. Developed market equities delivered strong dividend support, while fixed income maintained dependable distributions in a stable yield environment.

Broad-based support for equities

Equities were the primary engine of income generation over the period, with developed markets leading the way. Dividend growth was particularly strong in the UK, Europe, and Japan, supported by resilient corporate earnings and disciplined capital allocation.

Japan stands out as a compelling example of structural progress underpinning income growth. The end of ultra-low interest rates has enhanced profitability particularly for financials while ongoing corporate governance reforms have driven a stronger focus on shareholder returns.

In the UK, dividend performance was more mixed but still delivered important contributions. Financials proved a key driver, and the return of dividends from Rolls-Royce, which benefitted from a wave of defence spending, also contributed.

Globally, financials were the standout sector. At the same time, the evolving behaviour of technology companies, many of which are now returning cash to shareholders, has broadened the opportunity set for income investors.



“While the year ahead brings new challenges, the foundations remain firmly in place. For you and your clients, that consistency and the clarity with which it is delivered offers a compelling proposition in an evolving income landscape.”

Portfolio managers, **Helen Bradshaw and CJ Cowan**

Fixed income stability with select upside

Fixed income played its expected role as a stabilising force within the portfolios. While overall income growth from bonds was modest, distributions remained consistent and in line with expectations.

However, there were areas of opportunity. Local currency emerging market debt delivered stronger-than-expected income, supported by attractive carry and favourable currency movements. Select credit strategies also contributed positively, while specialist investments such as BioPharma Credit provided additional income through strong underlying asset performance.

Alternatives presented a more varied outcome. While some holdings delivered stable income, others saw distributions decline, reflecting the dispersion within the asset class. This underlines the importance of selective exposure and ongoing portfolio oversight.

The value of active management

One of the defining features of the year has been how closely actual income aligned with forecasts. In a market characterised by divergence, this is a strong endorsement of our forecasting discipline and active management approach.

Portfolio changes also played an important role. The decision to exit certain high-yielding renewable infrastructure trusts driven by concerns around dividend sustainability illustrated a clear focus on long-term income reliability rather than short-term yield.

Our income forecast

Looking ahead, the outlook for income remains broadly positive. We are **forecasting an income distribution of between 3.55p and 3.95p for the Monthly Income Portfolio and a range of 3.70p and 4.10p for the Monthly Income and Growth Portfolio**. Based on the unit price on 1 May 2026 this equals **a projected yield of between 3.56% and 3.96% and 3.21% and 3.56%**, respectively. Please note, our forecasts are not guaranteed and should not be relied on as an indicator of any future income distributions. The larger upward shift in the target range for the higher risk Monthly Income and Growth Portfolio is reflective of the fact we see equities driving income growth in the coming year.

Active equity managers are forecasting dividend growth in the mid- to high-single digits, with Japan expected to continue leading the way. However, strong equity market performance over the past year has created a challenge. With global equity indices delivering gains of over 20%, dividend yields have been compressed, creating a headwind for income-focused portfolios.

Encouragingly, corporate behaviour is evolving in ways that support income investors. In the UK, some companies whose share prices have performed particularly well recently are favouring dividends over share buybacks. This is positive not only for income return but also total returns as buybacks at elevated share prices destroy shareholder value.

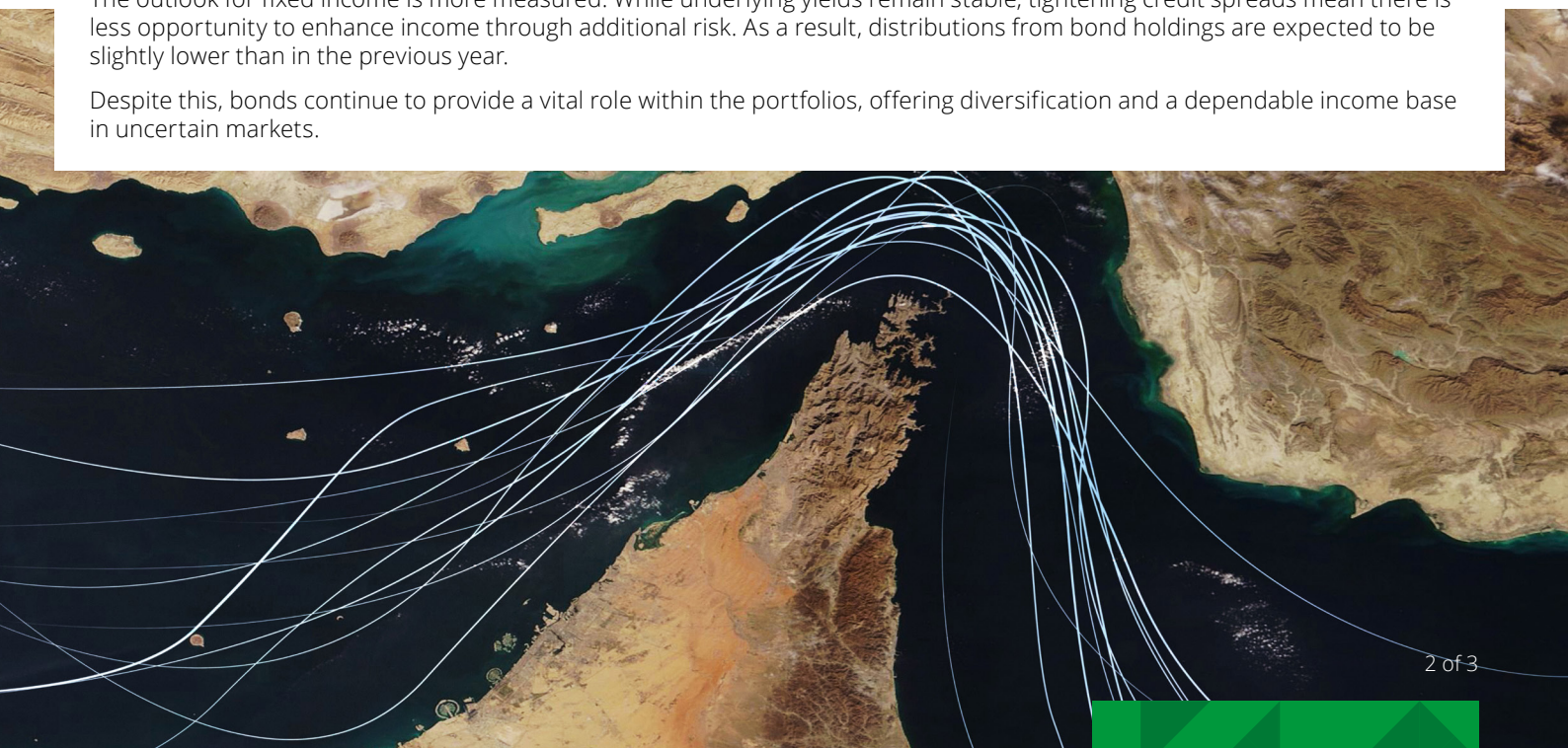
	Income forecast per share 2026-27	Projected yield 2026-27
Monthly Income Portfolio	3.55-3.95p	3.56-3.96%
Monthly Income and Growth Portfolio	3.70-4.10p	3.21-3.56%

Source: Quilter as at 31 May 2026. Annual income forecast over period 1 May 2026 to 30 April 2027. All income forecasts are for the U1 (GBP) income shares. Projected yield price as at 1 May 2026.

Fixed income still dependable

The outlook for fixed income is more measured. While underlying yields remain stable, tightening credit spreads mean there is less opportunity to enhance income through additional risk. As a result, distributions from bond holdings are expected to be slightly lower than in the previous year.

Despite this, bonds continue to provide a vital role within the portfolios, offering diversification and a dependable income base in uncertain markets.



Global risks remain

Geopolitical risks also remain front of mind. Sustained energy price pressures could weigh on both corporate profitability and consumer demand, potentially impacting dividend growth.

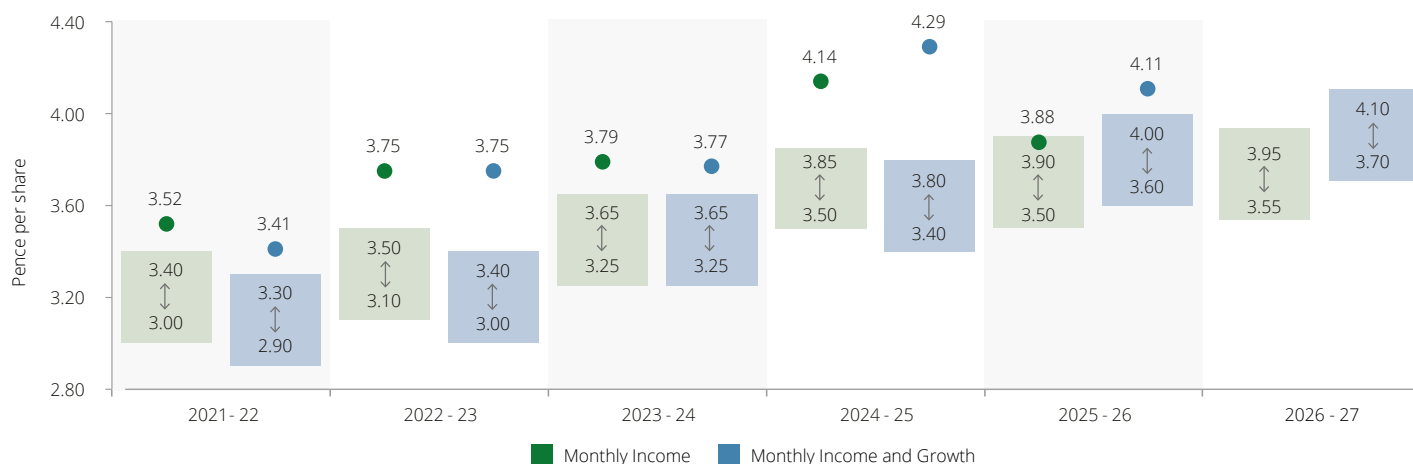
To navigate this environment, the portfolios are being actively managed to maintain a resilient income profile. This includes introducing new holdings to support income delivery.

A consistent proposition for income investors

The 2025–26 financial year demonstrated the value of a disciplined, diversified approach to income investing. By combining equity-driven growth with the stability of fixed income, and underpinned by active management, the Quilter Investors Monthly Income Portfolios have delivered consistent outcomes in a complex environment.

While the year ahead brings new challenges, the foundations remain firmly in place. For you and your clients, that consistency and the clarity with which it is delivered offers a compelling proposition in an evolving income landscape.

Income forecasts and distribution over the last five years



The income figures shown refer to past performance. Past performance is not a reliable indicator of future performance.

Source: Quilter as at 31 May 2026. Annual income forecast and distribution (pence per share) of the Quilter Investors Monthly Income Portfolio U1 (GBP) Income Shares over period 1 June 2021 to 1 May 2026. The square shows the income forecast range and the circle shows the income delivered.

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