



WealthSelect Managed Active 10 Portfolio Quarterly Report Q2 2025

Quarterly report to 30 June 2025

Market summary



Marcus Brookes
Chief Investment Officer

Markets in the second quarter of 2025 were shaped by geopolitical tensions, particularly around US trade tariffs. President Trump's 'Liberation Day' tariff announcements initially rattled equities, but a 90-day suspension and progress in trade talks helped restore investor confidence. Equities rebounded, supported by resilient corporate earnings and easing recession fears with global equities ending the quarter up by 5.2%. The first quarter of the year saw underperformance by the Magnificent Seven, but they achieved a 13.9% return in the second quarter. This contributed to global growth assets ending the quarter up by 10.9% and making them the best performing asset class for the period.



Developed markets (ex UK)

US equities ended the quarter up by 4.9%. Performance was led by IT and communication services, while healthcare and energy lagged due to drug pricing reforms and sector-specific pressures. Meanwhile, Trump's 'Big Beautiful Bill' extended tax cuts and increased defence spending, which raised concerns about the fiscal sustainability of the US government. As a result, Moody's downgraded the US credit rating, adding to market volatility.

European equities posted strong gains in Q2 delivering a return of 6.2%. This was primarily driven by the industrials and real estate sectors along with defence stocks, which benefitted from increased NATO spending commitments. Elsewhere, consumer discretionary, healthcare, and energy underperformed. Despite the tariff threats from the US, markets recovered through the quarter as negotiations progressed.



UK equity

UK equities finished the quarter up by 4.1% but trailed other developed markets as it was impacted by its significant weighting in the energy and healthcare sectors – the only global equity sectors to register negative performance. Elsewhere, the industrials, telecoms, utilities, and real estate sectors were the best performing sectors. The Bank of England (BoE) cut interest rates to 4.25% in May, but inflation remains above their 2% target.



Emerging markets equity

Emerging markets outperformed developed markets, aided by a weaker dollar and easing trade tensions, ending the quarter up 5.7%. Korea and Taiwan led the way, driven by political stability and renewed AI enthusiasm, respectively. Brazil also outperformed as the central bank hiked interest rates twice, lending support to the real, which rallied against the dollar. China saw a loss of 3.9% and India underperformed due to growth and valuation concerns.



Fixed interest

Bond yields generally retraced their moves higher over the quarter. Although long-dated bonds in the US saw yields rise due to concerns over fiscal sustainability, elsewhere yields were range bound as inflation fell, and some members of the US Federal Reserve (the Fed) began to back further interest rate cuts. Bond issuance was also low over the quarter, which kept a lid on yields. In the UK, gilt yields fell following softer employment data and signs of slowing wage growth, which added to expectations for future rate cuts.

Past performance is not a guide to future performance and may not be repeated. Source: Quilter and Factset as at 30 June 2025. Total return, percentage growth in pounds sterling. Each equity market is represented by an appropriate MSCI index and the Magnificent Seven by the Roundhill Magnificent Seven ETF.

Portfolio summary

Portfolio name

Managed Active 10

Portfolio objective

The WealthSelect Managed Active 10 portfolio aims to achieve capital growth over a period of five years or more through a diversified range of investments in the UK and globally.

The portfolio is matched to a risk profile that targets a specific range of volatility of between 95% and 105% of the expected annualised volatility of global equities over the next 10 years and is managed to stay within this range most of the time.

Growth to last quarter end

Cumulative performance

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*
Managed Active 10	3.95%	2.53%	5.78%	32.16%	58.44%	177.77%
IA Global	5.59%	0.64%	4.45%	32.98%	52.13%	174.74%

Growth year by year

Discrete annual performance over one year to June

Holding	2025	2024	2023	2022	2021
Managed Active 10	5.78%	13.99%	9.60%	-3.77%	24.58%
IA Global	4.45%	14.92%	10.78%	-9.10%	25.86%

Source: Quilter. Calculated by FactSet. Total return, percentage growth, rounded to one decimal place. All performance shown is based on an illustrative model of the WealthSelect Managed Active 10 Portfolio held via the Quilter platform, 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 WealthSelect Managed Active 10 launched on 24 February 2014. The performance of the portfolio on other platforms may not be the same due to various factors including the availability of funds and share classes, the timing of trades within the portfolio, and the impact of costs and charges. Investors can obtain a performance summary of their individual portfolio from their financial adviser.

The performance comparator is an index or similar factor against which the portfolio manager invites investors to compare the performance of the portfolio. The IA Global sector is representative of funds with exposure to a broad mix of asset types. The portfolio's allocations to these asset types may be different to the average sector allocation and therefore the performance of the portfolio and the performance comparator may differ.

Portfolio commentary

Portfolio name

Managed Active 10



Stuart Clark

Portfolio Manager



Helen Bradshaw

Portfolio Manager



Bethan Dixon

Portfolio Manager

When we consider all that was thrown at the world and markets in the second quarter – 'Liberation Day', the significant escalation in the Middle East, continued fighting in Ukraine – it is not surprising that there was a heightened level of volatility in the period. As the quarter progressed, and economic data remained resilient, stock markets made a roaring comeback. Through the noise we stayed calm and kept in close contact with the underlying managers to understand the impact that was being felt in the holdings in your portfolios. This allowed your portfolio to post a positive return over the quarter.



UK equity

UK growth

UK equity markets performed admirably despite their higher exposure to sectors that lagged and lower exposure to more growth-oriented sectors that outperformed. Against this backdrop, the active managers performed even better with all but one, the Quilter Investors UK Equity Growth Fund (BlackRock), outperforming their benchmarks. However, the fund still delivered a positive return of 3.7%.

Good opportunities

The best performing holding was the Quilter Investors UK Equity Opportunities Fund (Artemis), which generated a return of 14.0% over the period. The fund benefitted from positive stock selection with names like Entain, Babcock, and Jet 2 outperforming the market significantly on positive business developments. These positives were also complemented by having no meaningful detractors and avoiding certain names in the index that underperformed materially, such as AstraZeneca.

Artemis delivers

The performance of the Quilter Investors UK Equity Opportunities Fund was further complemented by the performance of the Quilter Investors UK Large-Cap Equity Income Fund (again managed by Artemis), which returned 9.0%, and the Quilter Investors UK Equity Fund (Jupiter), which returned 6.6%.



Developed markets (ex UK)

Europe strong

European equity markets continued to benefit from the reform of fiscal rules in Germany alongside the view that international investors may need to diversify away from US equities. Our relative overweight to this region compared to our peers helped portfolio returns, as did strong stock picking from our underlying managers – all outperforming the regional index this quarter. At the June rebalance, we trimmed our holdings in the region to lock in some profit.

The Magnificent Seven ride again

In local currency terms, the US was the top performing equity market over the quarter, although dollar weakness was a drag for sterling-based investors. Gains were led by IT and consumer services-related names as appetite for the Magnificent Seven stocks reignited. As a result, it was the Quilter Investors US Equity Growth Fund (managed by JP Morgan) that led returns from the region, posting a total return of 10.7% over the quarter.

Gold shines

Within our global equity holdings there were mixed returns with the Quilter Investors Global Equity Value Fund (Redwheel) giving back some of its outperformance from the start of the year. Meanwhile, the Quilter Investors Precious Metals Equity Fund (BlackRock) continued its strong run reflecting the increase in the price of physical gold and benefitting from the lowering of energy costs through the period.

Portfolio commentary (cont.)

Portfolio name

Managed Active 10



Emerging markets equity

Emerging markets growth

Emerging markets also performed well although Chinese equity markets, while bouncing back from the tariff announcements at the start of the quarter, did languish behind other markets in the region. As with other regions, the more growth-oriented managers performed better this quarter. Leading the way was the Quilter Investors Emerging Markets Growth Fund (JP Morgan), which posted a return of 6.2%.



Investment outlook

The first half of the year has been quite the roller coaster for equity and bond markets reflecting the multiple shifts in policy and geopolitics around the world. Had all this been known on 1 January, few would have guessed that US, European, and UK equity markets would each be up by between 6% and 10% in local currency terms (although a substantial weakening of the US dollar more than eradicated US share price gains for sterling-based investors).

Going round again?

As we look forward to the second half of the year, we need to consider if we are rolling around for another loop of the track or if the ride is ending. Even if it is the latter, which seems optimistic, then we feel the potential impact of the tariff announcements on economic activity are yet to be seen and this has led to a disconnect between current equity market levels and potential risks.

Who will pay?

The crux of the issue is who will pay for the tariffs – US consumers, US corporates, overseas corporates, overseas consumers, or any combination of the above. If it is consumers, it will be through price inflation and a forward impact on discretionary spending. If by corporates, then it will be through margin squeeze. Offsetting this, there are future tax cuts and spending measures from the 'Big Beautiful Bill', which may be paid for in part by those tariff revenues.

A waiting game

However, the point of the tariffs is to bring production back to the US and therefore receipts should dry up over time. This brings forward the additional risk of the sustainability of debt given a higher deficit – an issue that is not unique to the US. Overall, this means we have not chased performance but rather maintain a 'wait and see' approach to economic data developments over the next few months.

Portfolio holdings

Portfolio name

Managed Active 10

Asset allocation

As at 30 June 2025



Portfolio changes

Your portfolio is constantly monitored and reviewed by our portfolio management team. As part of our active management of your portfolio, we will make changes to the funds in which we invest where we believe it's in your best interest.



Portfolio holdings

	UK equity	5.19%
Fund		
Quilter Investors UK Equity Large-Cap Income		1.62%
Quilter Investors UK Equity Opportunities		1.43%
Quilter Investors UK Equity		1.37%
Quilter Investors UK Equity Growth		0.78%

Source: Quilter. Calculated by Factset. Please note that due to rounding the portfolio holdings may not add up to 100%.

The portfolio holdings shown are based on an illustrative model of the WealthSelect Managed Active 10 Portfolio held via the Quilter platform. The portfolio holdings on other platforms may not be the same due to various factors including the availability of funds and share classes.

Portfolio holdings (cont.)

Portfolio name

Managed Active 10



Developed markets (ex UK) equity

86.82%

Fund

Quilter Investors US Equity Income	12.19%
Quilter Investors North American Equity	12.18%
Quilter Investors Global Equity Value	8.90%
Quilter Investors Europe (ex UK) Equity	6.87%
Quilter Investors Japanese Equity	6.74%
Quilter Investors Asia Pacific (ex Japan) Equity	5.49%
Quilter Investors Europe (ex UK) Equity Income	5.23%
Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity	5.20%
Quilter Investors Europe (ex UK) Equity Growth	5.13%
Quilter Investors US Equity Small/Mid-Cap	4.83%
iShares North American Equity Index	4.30%
Quilter Investors US Equity Growth	3.81%
Quilter Investors Natural Resources Equity	1.75%
Quilter Investors Timber Equity	1.51%
Quilter Investors Precious Metals Equity	1.50%
Quilter Investors Asia Pacific	1.20%



Emerging markets equity

7.99%

Fund

Quilter Investors Emerging Markets Equity Growth	2.70%
Quilter Investors Emerging Markets Equity Income	2.68%
Quilter Investors Emerging Markets Equity	1.85%
Quilter Investors China Equity	0.75%

Source: Quilter. Calculated by Factset. Please note that due to rounding the portfolio holdings may not add up to 100%.

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Portfolio holdings (cont.)

Portfolio name

Managed Active 10

Source: Quilter. Calculated by Factset. Please note that due to rounding the portfolio holdings may not add up to 100%.

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Glossary

Bond yield

A bond yield is the return an investor expects to receive each year over its term to maturity. It is calculated by dividing a bond's value by the amount of interest it pays. When a bond's price goes down, its yield will go up, and vice versa.

Consumer discretionary

Consumer discretionary describes goods and services that consumers consider non-essential, but highly desirable if their income allows. Consequently, companies that sell consumer discretionary products tend to be the most sensitive to economic cycles.

Credit spread

Credit spread is the additional yield offered by a corporate bond (issued by companies) versus a government bond of the same maturity and currency. This compensates the bondholder for the added risk that the company may default on its debt obligations.

Currency strength

Currency strength is when a currency rises compared to another currency. For example, if a sterling investor holds a US dollar investment, and sterling rises compared to the US dollar, the return from the investment will decrease.

Fiscal policy

Fiscal policy refers to governments influencing the economy through their decisions on the levels of taxation and spending.

Gilts

Gilts is the name given to bonds issued by the UK government.

Growth stocks

Growth stocks tend to be younger companies that derive their value from the rate at which they are expected to grow their future earnings. Generally, they pay limited dividends as they reinvest their profits to grow their businesses.

Large cap

Large-cap describes larger-sized companies as measured by market capitalisation (market cap). While the exact thresholds change with market conditions, large cap refers to companies with a market capitalisation of \$10bn to \$200bn.

Longer-dated bonds

Longer-dated bonds, also known as long maturity bonds, are bonds with 10 or more years until they repay their principal. As their prices have higher sensitivity to changes in interest rates, they are more volatile than shorter maturity bonds.

Magnificent Seven

Magnificent Seven is a term used to describe Amazon, Apple, Alphabet, Meta, Microsoft, Nvidia and Tesla. They are also referred to as mega-caps.

Overweight

Overweight is when a fund or portfolio holds a larger position in a particular stock, sector, region, or strategy than the index or model against which it is benchmarked. Underweight means the opposite.

UN Global Compact

The UN Global Compact (UNGC) is the world's largest corporate sustainability initiative. It's a voluntary initiative by the United Nations, aiming to encourage businesses worldwide to adopt sustainable and socially responsible policies.

Important information

Source: Quilter Investors and FactSet. Based on the latest data and portfolio holdings available as at 30 June 2025.

Further information on the WealthSelect Managed Portfolio Service can be found at quilter.com/wealthselect

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