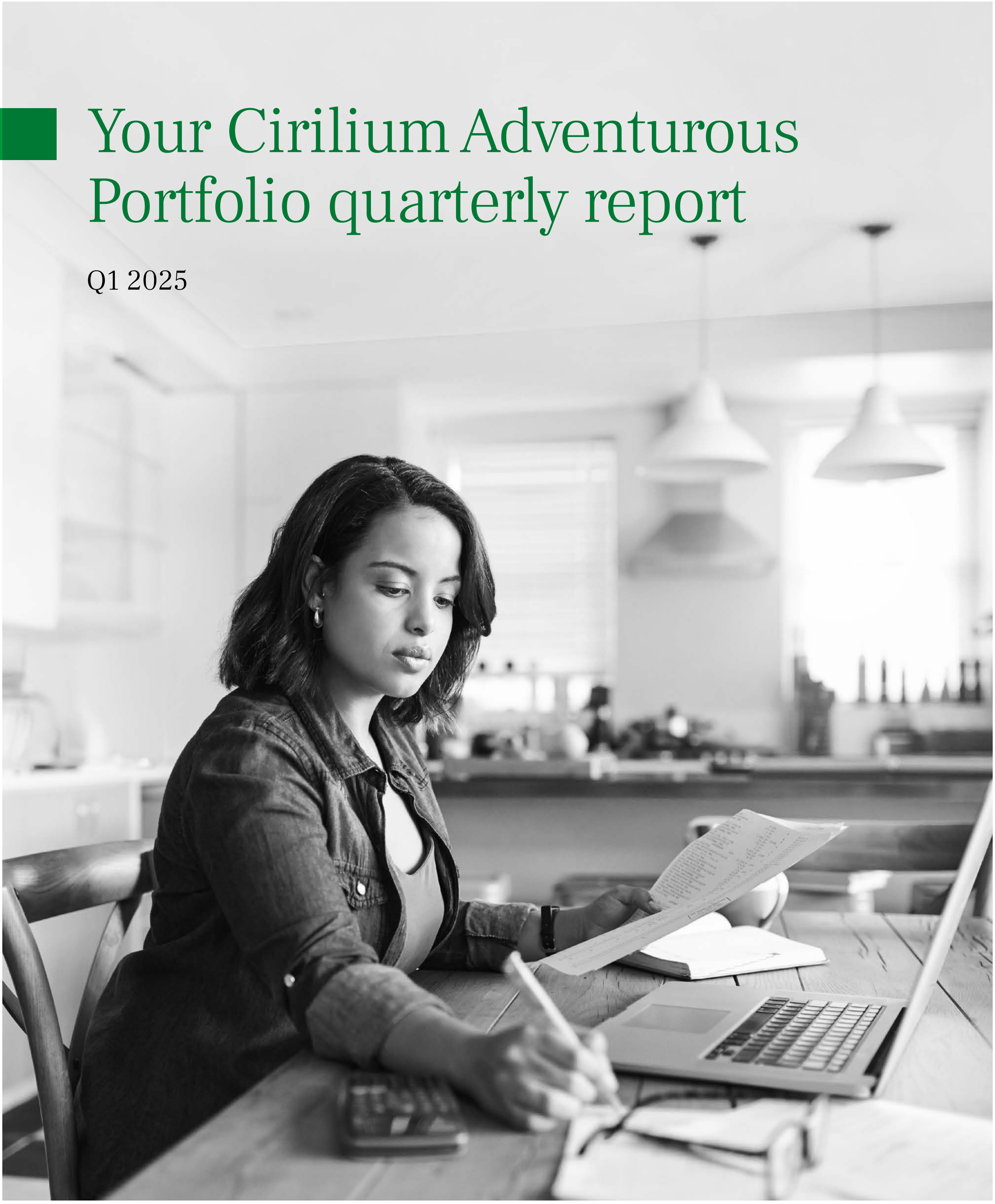
UK: Suitable for retail clients.

Quilter Investors

Your Cirilium Adventurous Portfolio quarterly report

Q1 2025



What your report covers

- Market summary
- Portfolio summary
- Portfolio holdings
- Performance review
- Portfolio changes
- Investment outlook
- Important information

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

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Your market summary

Marcus Brookes
Chief Investment Officer

In our latest market update video, we review the impact of Trump's tariffs, how markets are reacting, and what this could mean for your investments. Watch the video at ***quilter.com/uncertain-times***.

The first quarter of 2025 was volatile with global equities down 4.2% due to elevated uncertainty caused by US trade policy dampening growth expectations. Whilst outside of the period of review for this commentary, since end of Q1, we have continued to see Trump's tariff policies lead to heightened volatility and market weakness. The uncertain nature of Trump's policies and the unpredictability of their delivery means market volatility is here to stay for at least the short term. However, one pleasing aspect of recent weeks has been the success of diversification in navigating these uncertain times. Falling yields in the US have offset equity losses, and in equities overall, diversification has worked at a regional and sector level.

Equity markets

US equities saw significant volatility in Q1 2025 due to tariff-related headlines and policy uncertainty. Overall, US equities were down 7.4% with the information technology and consumer discretionary sectors seeing the worst losses. The energy and healthcare sectors performed better. The ongoing concerns about trade tariffs and fears of public sector job cuts by DOGE (the new Department of Government Efficiency) also impacted consumer sentiment.

European equities outperformed other developed markets in Q1, up by 7.6%, driven by robust performance in the financials, industrials, and energy sectors. Germany's fiscal policy changes and increased defence spending also boosted market sentiment with German equities recording their strongest first quarter since 2023. However, concerns about US tariffs on imports, particularly in the automotive sector, caused markets to pull back in March and cap gains.

UK equities rose by 4.9% over the quarter, led by large-cap financials and the energy and healthcare sectors. Sentiment towards small and mid-sized companies remained weaker due to ongoing concerns about the domestic outlook. This challenging environment saw consumer-facing sectors such as housebuilders, retailers, and travel and leisure suffer. Technology and basic materials were also detractors.

Emerging markets equities were broadly flat in the first quarter. This was despite impressive performance from Chinese equities, which were up 11.7%, driven by technology companies and supportive measures from the policymakers in Beijing. Indian stocks struggled, while Brazil and South Africa fared better. Elsewhere, Indonesia, Thailand, and Korea all posted double-digit losses as uncertainty relating to growth and US trade tariffs weighed on sentiment.

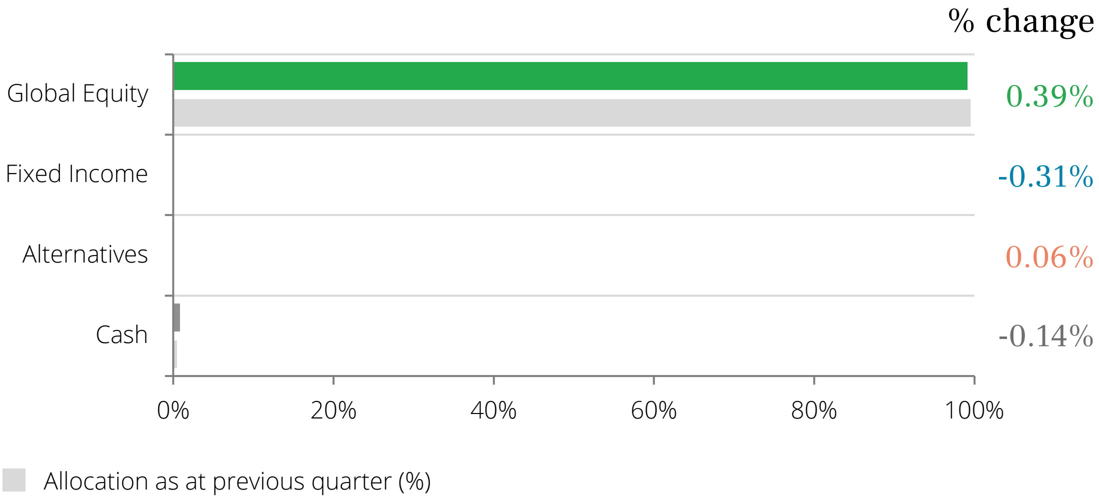
Fixed income

Fixed income markets saw gains in Q1, with US Treasuries returning 3.0% amid rising recession risks. Elsewhere, sterling corporate bonds were up 0.4%, gilts were up 0.5%, and global corporate bonds saw a rise of 1.8%.

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 and FactSet as at 31 March 2025. Total return, percentage growth in pounds sterling except where shown, rounded to one decimal place. The performance shown for each equity market is represented by the appropriate MSCI Index. Global bonds are represented by the Bloomberg Global Aggregate (GBP Hedged) Index, US Treasuries by the ICE BofA US Treasury (GBP Hedged) Index; and UK gilts by the ICE BofA UK Gilt Index.*

Your portfolio summary

Asset allocation



Please note due to rounding of figures they may not add up to 100%. Asset allocation may include derivative exposure which may be offset against cash exposure.

Cumulative growth (%)

Total return over periods shown to 31 March 2025

Holding	3 months	6 months	1 year	3 years	5 years	Since launch
Cirilium Adventurous	**-0.9**	**0.6**	**2.7**	**5.0**	**62.3**	**34.8**
IA Flexible	-1.5	0.1	2.9	8.8	47.7	40.5

Year by year growth (%)

Discrete annual return over periods shown to 31 March each year

Holding	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
Cirilium Adventurous	**2.7**	**11.5**	**-8.3**	**4.1**	**48.6**
IA Flexible	2.9	10.1	-4.0	5.0	29.4

Past performance is not a guide to future performance and may not be repeated. Source: Quilter Investors as at 31 March 2025. Total return, percentage growth, net of fees, rounded to one decimal place of the Cirilium Adventurous Portfolio R (GBP) accumulation shares. The R (GBP) share class was launched on 1 June 2017. The performance of other share classes may differ.

Your portfolio holdings

Holding name	Fund manager (where applicable)	Asset type	Weight (%)
Global Equity			**99.16**
Asia Pacific Equity			**7.25**
Fidelity Asia Pacific Opportunities Fund	Fidelity	Collective	3.97
M&G Japan Fund	M&G	Collective	3.38
HSBC MSCI PACIFIC ex JAPAN UCITS ETF	HSBC	Direct Equity	2.94
Baillie Gifford Japan Trust PLC	Baillie Gifford	Collective	0.99
MSCI AC AP ex Japan (EUR) Jun 25		Derivative	-4.04
Emerging Markets Equity			**11.39**
Pacific North of South EM All Cap Equity	Pacific Capital Partners	Collective	4.94
Quilter Inv Emerging Markets Equity (Jupiter)	Jupiter	Collective	2.06
MSCI Emrg Markets Mini (IFUS) Jun 25		Derivative	1.97
Jupiter Global Emerging Markets Focus	Jupiter	Collective	1.40
JPMorgan Emerging Markets Investment Trust PLC	JPMorgan	Collective	1.02
European Equity			**16.44**
M&G European Strategic Value Fund	M&G	Collective	5.56
Premier Miton European Opportunities Fund	Premier Miton	Collective	4.28
Invesco European Equity Income Fund	Invesco	Collective	2.84
Martin Currie Euro Unconstrained	Martin Currie	Collective	2.60
Fidelity European Trust PLC	Fidelity	Collective	0.98
Euro STOXX 50 (EUR) Jun 25		Derivative	0.50
SX5E 06/20/25 P3950		Derivative	0.05
SX5E 06/20/25 P4950		Derivative	-0.36
Global Equity			**7.57**
Quilter Inv Gbl Equity Value (Redwheel)	Redwheel	Collective	5.05
AB International Health Care Portfolio	Alliance Bernstein	Collective	1.57
Monks Investment Trust PLC	Baillie Gifford	Collective	0.96
North American Equity			**31.61**
Brandes U.S. Value	Brandes	Collective	6.40
Quilter Inv US Equity Growth (JPMorgan)	JPMorgan	Collective	6.24
Premier Miton US Opportunities Fund	Premier Miton	Collective	4.06
Mini Russell 1000 Value (CME) Jun 25		Derivative	3.31
Sands Capital US Select Growth Fund	Sands Capital	Collective	3.15
Berkshire Hathaway B Shares		Direct Equity	3.12
E-mini S&P 500 Equal Weight (CME) Mar 25		Derivative	1.97
Mini Russell 1000 Growth (CME) Jun 25		Derivative	1.63
iShares Edge MSCI USA Quality Factor UCITS ETF	BlackRock	Collective	1.45
eMini S&P 500 (CME) Jun 25		Derivative	1.08
JPMorgan American Investment Trust Plc	JPMorgan	Collective	1.00
Pershing Square Holdings Ltd	Pershing Square	Collective	0.98
SPX US 06/20/25 P4850		Derivative	0.32
MSCI USA USD GTR (EUR) Jun 25		Derivative	-0.97
SPX US 06/20/25 P6050		Derivative	-2.11
Private Equity			**2.93**
Pantheon International PLC	Pantheon	Collective	1.03
HarbourVest Global Private Equity	Harbourvest	Collective	1.01
Riverstone Energy Limited	Riverstone	Collective	0.64
Pollen Street PLC	Pollen Street Capital	Collective	0.25

Your portfolio holdings (cont'd)

Holding name	Fund manager (where applicable)	Asset type	Weight (%)
UK Equity			**21.96**
Invesco UK Opportunities Fund	Invesco	Collective	4.39
Quilter Inv UK Equity 2 (Ninety One)	Ninety One	Collective	4.37
Liontrust UK Growth Fund	Liontrust	Collective	4.36
J O Hambro UK Dynamic Fund	J O Hambro	Collective	2.18
River and Mercantile UK Recovery Fund	River & Mercantile	Collective	2.16
Montanaro UK Income Fund	Montanaro	Collective	2.15
The City of London Investment Trust PLC	Janus Henderson	Collective	1.05
Finsbury Growth & Income Trust PLC	Lindsell Train	Collective	1.04
FTSE 100 (IFEU) Jun 25		Derivative	0.70
UKX 06/20/25 P6500		Derivative	0.03
UKX 06/20/25 P8275		Derivative	-0.47
Cash			**0.84**
Cash			0.84

Please note due to rounding of figures they may not add up to 100%. Asset allocation may include derivative exposure which may be offset against cash exposure.

Your performance review


Ian Jensen-Humphreys
Portfolio Manager


Sacha Chorley
Portfolio Manager


CJ Cowan
Portfolio Manager

The Cirilium Portfolios delivered mixed returns over the quarter. However, all portfolios were ahead of or in line with, their respective Investment Association (IA) performance comparators. The Conservative Portfolio returned 0.5% but returns steadily declined moving up the risk levels to a 0.9% loss for the Adventurous Portfolio.

Our equities holdings dragged returns lower, and an overweight to the US and an underweight to Europe both went against us. Our fixed income and alternatives exposures boosted returns, with fixed income a particular positive in the lower-risk portfolios where they have a higher weighting. Meanwhile, a defensive derivatives position we introduced to the portfolios in December helped mitigate some of the losses incurred from the US equity sell-off.

How your equity holdings performed

Europe led the way...

Europe was home to several top performing managers and our largest holding in the region, the M&G European Strategic Value Fund, was up 10.2%. Industrial stocks like Rheinmetall and BAE Systems were the real standouts on news that Germany would increase spending on defence over the coming decade. The Invesco European Equity Income Fund and Fidelity European Trust began the year well too, up by 8.0% and 10.1%, respectively.

...and the US brought up the rear

Meanwhile, mega-cap tech led declines in US equities in a sharp reversal of fortunes of recent years. This meant the Quilter Investors US Equity Growth (JP Morgan) and Sands Capital US Select Growth funds, were down by 13.4% and 12.2%, respectively. However, Warren Buffet's Berkshire Hathaway had an exceptional quarter and returned 14.0%. The stock delivers exposure to his value investing style, which focuses on buying good companies at cheap prices.

Defensive managers come up trumps

Our defensive global managers protected capital well amid a nervous mood in pockets of the equity market. The Quilter Investors Global Equity Value Fund (Redwheel) was up 4.4% as the manager's focus on durable, cash-generative companies with attractive dividend yields won out. Our tactical overweight to healthcare was a benefit too as the Alliance Bernstein International Health Care Portfolio returned 0.5% compared to a 4.2% drop for global equity markets.

How your fixed-income holdings performed

Fixed income delivers

Our fixed income exposure contributed to returns over the quarter as the initial sell-off in the first weeks of January proved short lived. This gave way to a rally in US fixed income as economic survey data began to worsen. Meanwhile, European government bond yields surged on the expectations of German fiscal expansion, increased spending on defence, and the additional bond issuance required to fund it. Our US-focused holdings were among the best performers with the Vanguard US Government Bond Index Fund was up low single digits. Elsewhere, the Wellington Opportunistic Fixed Income Fund lead the pack, returning 2.9%.

How your alternatives holdings performed

The benefits of alternatives

Our alternatives exposure added value over the quarter. Care REIT, which leases and operates care homes around the UK, received a takeover bid from a US counterpart, sending the shares up more than 30%. Meanwhile, the AQR Managed Futures Fund, which seeks to profit from both up and downtrends in equity, fixed income, commodity, and currency markets was another stand out, returning 6.6%. However, it was not all positive as the Cooper Creek North America Long Short Equity fund suffered and was down by 5.6%, but that came after a strong 2024. Meanwhile, the L&G Multi-Strategy Enhanced Commodities ETF was another solid performer, as natural gas, gold, and coffee prices all surged higher.

Your portfolio changes

We made several tactical asset allocation and manager changes over the quarter. In January, we removed our high-yield bond overweight, a position that had performed well enough to persuade us that high-yield bonds had become too expensive to continue holding. We also removed our overweight to clean energy. In March, we removed our European equity underweight, as the promise of increased fiscal spending in Europe, particularly Germany, fundamentally changes the long-term outlook for the region and removes a key reason for its persistent underperformance compared to the US over the past decade. We also made changes to our US equity line-up and our alternatives allocation, adding a new equity long/short manager and changing weightings in favour of our highest conviction picks. Once finished, this will mean full sales of a few managers.

New holdings

Jupiter Merian Global Equity Absolute Return Fund

This is a quantitative market neutral fund that takes both long and short positions in global stocks with the aim of delivering steady returns above cash. The team work closely with leading academic experts and were already well known to us as the fund is held in other portfolios we manage.

Neuberger Berman Event Driven Fund

The strategy seeks to profit from mispricing's that occur during corporate M&A events while remaining market neutral; this means it should deliver positive returns regardless of overall equity market direction. The team is highly experienced and benefits from wide-ranging investment resource available at Neuberger Berman.

HSBC MSCI Pacific ex Japan ETF

The exposures from this ETF better match our strategic asset allocation. It does not invest in Taiwan or South Korea and instead has a notably larger weighting in Australian equities.

Removed holdings

Kepler SGA US Large Cap Growth Fund

We exited this fund due to a loss of confidence in the manager's ability to deliver returns, as they tend to overpay for high-quality stocks.

Premier Miton Financials Capital Securities Fund

We sold out of this holding when removing the tactical overweight to high-yield bonds.

Hermes Unconstrained Bond Fund

We sold out of this holding when removing the tactical overweight to high-yield bonds.

Care REIT

We sold this real estate investment trust after it received a takeover bid, and the share price rose by more than 30%.

Schroder Global Energy Transition Fund

We sold out of this holding when removing the tactical overweight to clean energy. Trump's anti-green agenda is unlikely to help lift sentiment towards the sector, and earnings growth estimates are too high to be realistic.

Blackstone Loan Finance

This trust has been in run off for several months. A deal was agreed to sell remaining assets to Blackstone, enabling capital to be returned to investors faster. The final distribution payment has now been received.

Your investment outlook

By the end of Q1 2025, the US economy was still in good shape. Consumer and business confidence had weakened but economic activity and labour market data remained solid. So, while a slowdown was coming, we didn't expect anything more serious. In Europe, the promise of more government spending has notably improved the long-term economic outlook. Closer to home, the UK enjoyed a small bounce in growth, but wage gains without any productivity growth means higher inflation remains a concern.

1. How it started

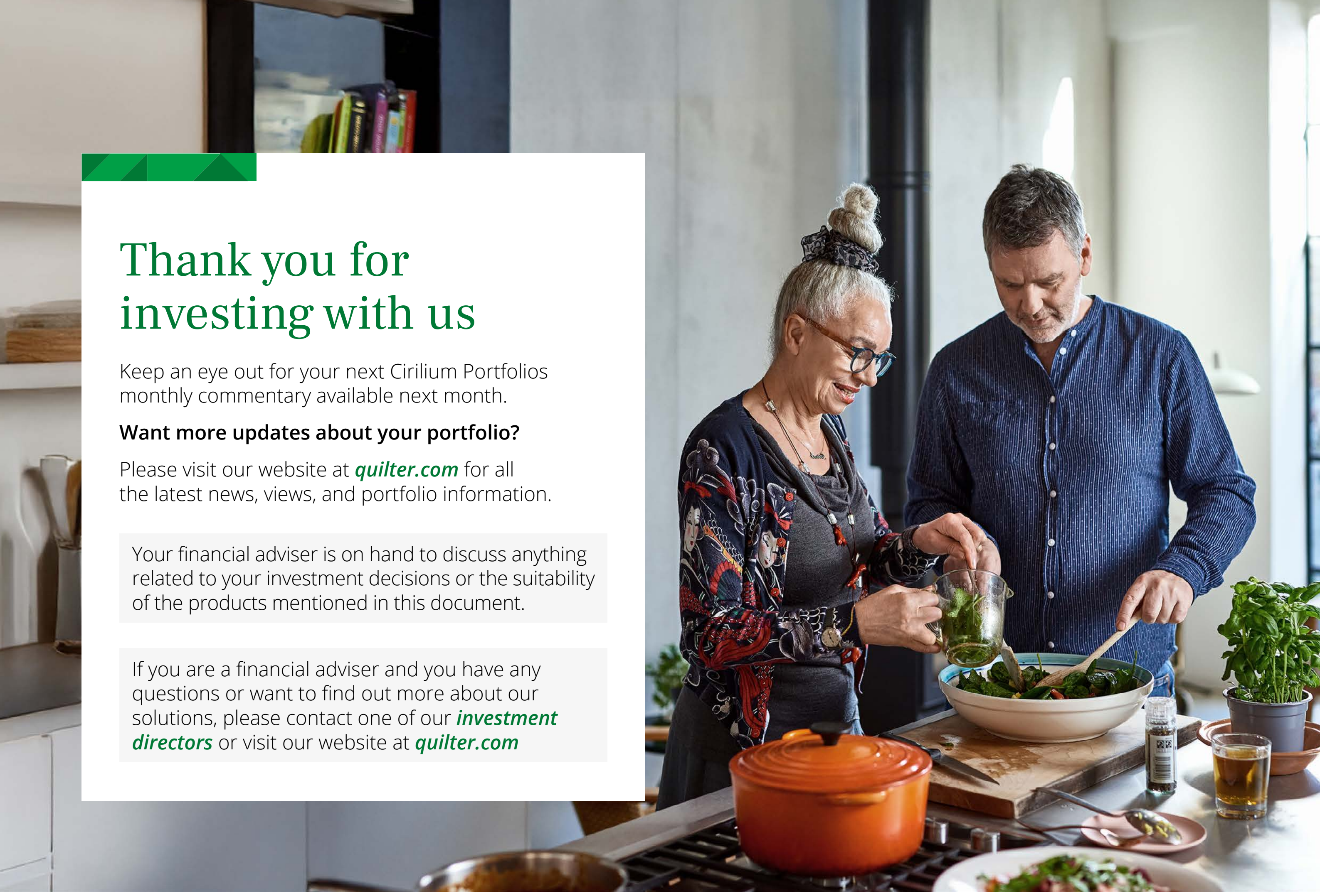
Before the Presidential election, US equities rallied on expectations of deregulation and tax cuts. While tariffs were always part of Trump's policy agenda, our working assumption was that the reality would be less extreme than the rhetoric, given the knock-on impact of lower global growth and higher 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, and its chaotic aftermath left investors with serious doubts over the competency of US policy making. Trump backtracked in a matter of days once US Treasury yields jumped, but the cat is out of the bag, and it is unlikely we will revisit recent highs in equity markets for the time being. There is now a reluctance to hold US assets and we have likely seen the peak in the US's share of global equity markets unless policy drastically changes course.

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 can be (partly) unwound with a single 'tweet', so we are reticent to sell equities now and instead favour derivatives that pay out in market rallies or falls. With uncertainty, diversification is the name of the game.



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Keep an eye out for your next Cirilium Portfolios monthly commentary available next month.

Want more updates about your portfolio?

Please visit our website at ***quilter.com*** for all the latest news, views, and portfolio information.

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

If you are a financial adviser and you have any questions or want to find out more about our solutions, please contact one of our ***investment directors*** or visit our website at ***quilter.com***

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