

# Your Cirilium Conservative Passive Portfolio quarterly report

Q3 2025



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

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Marcus Brookes  
Chief Investment Officer

# Your market summary



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](https://quilter.com/uncertain-times).

The third quarter of 2025 saw strong gains with global equities up by 9.7%. This was driven by strong performance from AI and technology stocks, solid corporate earnings, and a widely anticipated US Federal Reserve (the Fed) rate cut with the suggestion of more to follow. Easing trade tensions and resilient economic data further supported risk assets. However, persistent inflation, political uncertainty, and ongoing geopolitical tensions remained headwinds. Investors benefited from diversification, as both equities and corporate bonds performed well, while government bond markets were mixed. Overall, the quarter highlighted the importance of balancing growth opportunities with risk management in a dynamic environment.

## Equity markets



US equities delivered strong returns and finished the quarter up by 10.1%. However, there were some wobbles over the quarter, particularly after the release of July's non-farm payrolls data. The main market drivers were technology and communication services, while healthcare and energy lagged. Overall, the US economy remained resilient, with solid GDP growth and steady consumer spending, though a late-quarter government shutdown created some uncertainty.



Europe was the weakest developed equity market over the quarter but still posted gains of 4.9%. Financials and healthcare led the way, while telecoms and communication services underperformed. German equities were weak due to subdued exports and political uncertainty, while France faced its own political and fiscal challenges. Elsewhere, while a major US-EU trade agreement averted a tariff war, corporate earnings remained weak.



UK equities performed well delivering a return of 6.9% over the quarter. Internationally-focused companies benefited from a weaker pound and resilient global demand. Technology and communication services led gains, while basic materials rallied on higher gold prices. Despite inflation remaining elevated, the Bank of England narrowly voted to cut rates. This, along with their announcement that they would slow quantitative tightening, supported market sentiment.



Emerging markets outperformed developed markets and delivered a return of 12.9%. China, with a return of 22.9% in the third quarter alone, Taiwan, and Korea led the way, driven by AI optimism, trade progress, and strong tech demand. Egypt, Peru, and South Africa also excelled, while Brazil lagged due to political uncertainty. India underperformed as it was impacted by US tariffs including the 100% tariff on drugs exported to the US, and weaker non-tech sectors.

## Fixed income

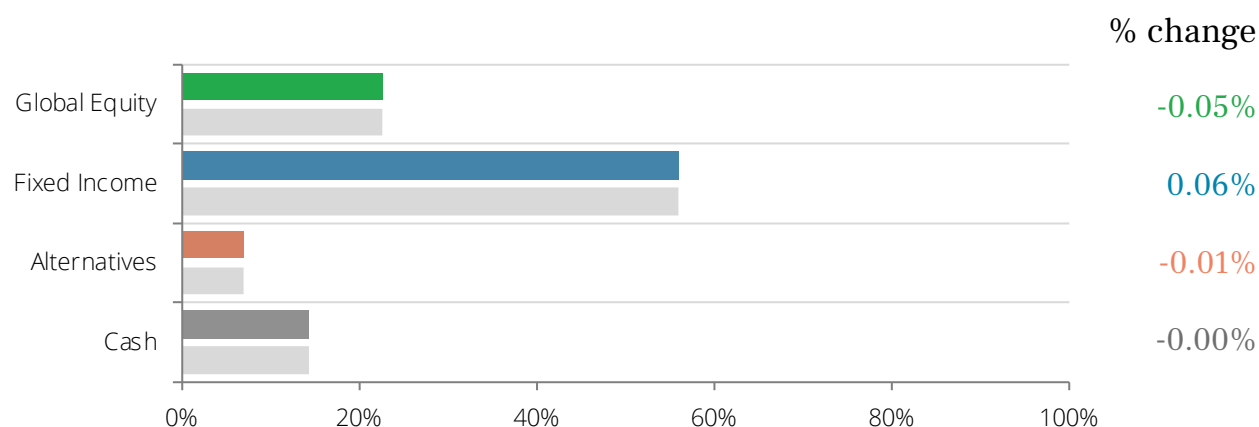


Fixed income markets were mixed. US Treasuries were up 1.5% as the Fed cut rates and labour market data softened, while gilts fell by 0.8% on fiscal concerns and sticky inflation. Meanwhile, corporate bond markets performed well with global corporate bonds up 2.1% and sterling corporate bonds up 0.7%.

**The performance figures shown refer to past performance. Past performance is not a reliable indicator of future performance.** Source: Quilter and Morningstar as at 30 September 2025. Total return, percentage growth over period 30 June 2025 to 30 September 2025. The performance shown for each equity market is represented by the appropriate MSCI Index. US Treasuries are represented by the ICE BofA US Treasury (GBP Hedged) Index, gilts by the ICE BofA UK Gilt Index, global corporate bonds by the Bloomberg Global Aggregate Corporate (GBP Hedged) Index, and sterling corporate bonds by the ICE BofA Sterling Corporate Index.

# Your portfolio summary

## Asset allocation



■ Allocation as at previous quarter (%)

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 30 June 2025

Holding	3 months	6 months	1 year	3 years	5 years	Since launch
Cirilium Conservative Passive	2.9	5.1	5.7	19.9	12.8	59.2

## Year by year growth (%)

Discrete annual return over periods shown to 30 June each year

Holding	2024 - 2025	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021
Cirilium Conservative Passive	5.7	10.5	2.6	-9.9	4.4

**The performance figures shown refer to past performance.** Past performance is not a reliable indicator of future performance.  
 Source: Quilter as at 30 September 2025. Total return, percentage growth, net of fees of the Cirilium Conservative Passive Portfolio R (GBP) accumulation shares over time periods shown. The performance of other share classes may differ. The R (GBP) accumulation share class was launched on 8 February 2013.

# Your portfolio holdings

Holding name	Fund manager (where applicable)	Asset type	Weight (%)
<b>Global Equity</b>			<b>22.59</b>
<b>Asia Pacific Equity</b>			<b>1.51</b>
iShares Japan Equity Index Fund	Blackrock	Collective	0.75
HSBC MSCI Pacific ex Japan UCITS ETF	HSBC	Collective	0.75
<b>Emerging Markets Equity</b>			<b>3.02</b>
Amundi MSCI Emerging Markets	Amundi	Collective	3.02
<b>European Equity</b>			<b>3.76</b>
iShares Continental European Equity Index	Blackrock	Collective	3.76
<b>North American Equity</b>			<b>8.78</b>
iShares North American Equity Index Fund	Blackrock	Collective	8.78
<b>UK Equity</b>			<b>5.52</b>
iShares UK Equity Index Fund	Blackrock	Collective	5.52
<b>Fixed Income</b>			<b>55.98</b>
<b>Corporate Bonds</b>			<b>27.99</b>
Vanguard UK Investment Grade Bond Index Fund	Vanguard	Collective	15.72
Vanguard Global Corporate Bond Index Fund	Vanguard	Collective	12.27
<b>Government Bonds</b>			<b>27.99</b>
J.P. Morgan GBI Global Govies UCITS ETF	Amundi	Collective	16.51
Amundi UK Government Bond UCITS ETF	Amundi	Collective	11.16
BlackRock Ishares UK Gilts All Shares	Blackrock	Collective	0.33
<b>Alternatives</b>			<b>7.03</b>
<b>Alternative Equity</b>			<b>3.49</b>
State Street Gbl Alternative Beta Fund	State Street	Collective	3.49
<b>Alternative Other</b>			<b>3.54</b>
Goldman Sachs Absolute Return Tracker Portfolio Capitalisation	Goldman Sachs	Collective	3.54
<b>Cash</b>			<b>14.40</b>
<b>Cash</b>			<b>14.40</b>

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 Passive Portfolios all delivered positive returns over the quarter. The Conservative Passive Portfolio returned 2.9% and returns steadily improved moving up the risk levels to a 9.0% gain for the Adventurous Passive Portfolio.

Positive equity market returns drove the performance, in particular from emerging markets, where large companies benefitted from optimism around all things AI – Asian companies are large providers of AI related chips, processors and infrastructure. More broadly growth companies outperformed value companies following strong earnings growth announcements during the quarter.



## How your equity holdings performed

### Japan market reaches all-time highs

The Japanese equity market reached an all-time high level during the quarter, buoyed by the announcement of a 'deal' with the US administration on tariffs, with the main index increasing by 10.1% in pounds sterling. The main exposure came from the iShares Japan Equity Index Fund which gained 10.2%.

### Asian equities catch AI fever

Asian and emerging market equities delivered robust returns, as the performance of technology stocks in the region started to catch up with some of their US counterparts. The Amundi Core MSCI Emerging Markets Swap ETF was the top performer, increasing by 12.5%.

### UK and European holdings struggle

Our UK and European holdings struggled during the quarter, hurt by weak economic growth and political tension. The iShares UK Equity Index Fund gained 5.9% while our worst performing equity holding was the iShares Continental European Equity Index Fund, which only rallied 3.9%.



## How your fixed-income holdings performed

### UK bonds underperform global holdings

Interest rates started to diverge during the quarter, with 10-year gilt yields rising from 4.5% to 4.7%, whilst 10-year US Treasury yields fell slightly. This reflected increased concerns about the ability of the UK government to balance the budget given lower revised growth expectations and an unwillingness to reform welfare spending. As a result, the gilt holdings in the portfolios sold off slightly, underperforming global government bonds which eked out a small gain. Similarly, the UK corporate bond holdings underperformed our global corporate bond holdings, although all the corporate bond managers were able to deliver positive returns.



## How your alternatives holdings performed

### Alternatives continue to perform well

The two alternatives positions in the portfolios both delivered positive returns during the quarter. The State Street Global Alternative Beta Fund was up by 2.8% and the GS Absolute Return Tracker Portfolio returned 4.1%. Both holdings have slightly outperformed the HFRX Index, the main hedge fund index, over the past 12 months.

# Your portfolio changes

There were no changes to either our strategic asset allocation (SAA) or our individual holdings over the quarter. Our activity was limited to investing daily cash flows and rebalancing towards target weights.



# Your investment outlook

As we look to the rest of the year and beyond, the key themes on which we are focused are AI and its influence on US equity returns, the trade-off between sticky inflation and slowing growth and job creation, and whether excess liquidity will remain in the system. We will also have to navigate a tricky UK budget that is likely to require tax rises as the chancellor aims to build fiscal headroom while juggling the demands of both her party members and the bond market.

## 1. Can AI euphoria continue?

AI continues to be the dominant theme in equity markets, with huge investments made by the likes of Meta and Alphabet. The question is whether this will lead to sufficient future earnings to justify the sky-high valuations? Warning signs of potential euphoria include the increasing use of margin accounts by retail investors and vendor financing to sell more memory chips is a concern, but the fact that capital spending is largely financed from excess cash flow rather than debt means this could continue for a while longer.

## 2. Where have the jobs gone?

Job creation over recent months has been lower than might be expected given the level of growth in the developed economies, which could lead to lower wage growth moving forward and hence less upward pressure on inflation. The optimistic view is that this is due to a combination of tighter immigration controls but more importantly productivity growth (the AI effect?). Alternatively, this may be an early signal of reduced spending and lower economic growth ahead.

## 3. Too much money chasing too few opportunities?

Aside from AI, we have seen many areas of behaviour recently that suggest there is plenty of money looking for a home – both gold and bitcoin have reached all-time highs recently, while credit spreads are now back to the lows seen before the global financial crisis. Meanwhile, there has been a boom in private credit offerings. History suggests that this can lead to pockets of risk building up in unexpected places, so we are keeping an eye on credit markets in particular for signs of this.



# Thank you for investing with us

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

## Want more updates about your portfolio?

Please visit our website at [quilter.com](https://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](https://quilter.com)



## Important information

**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.**

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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