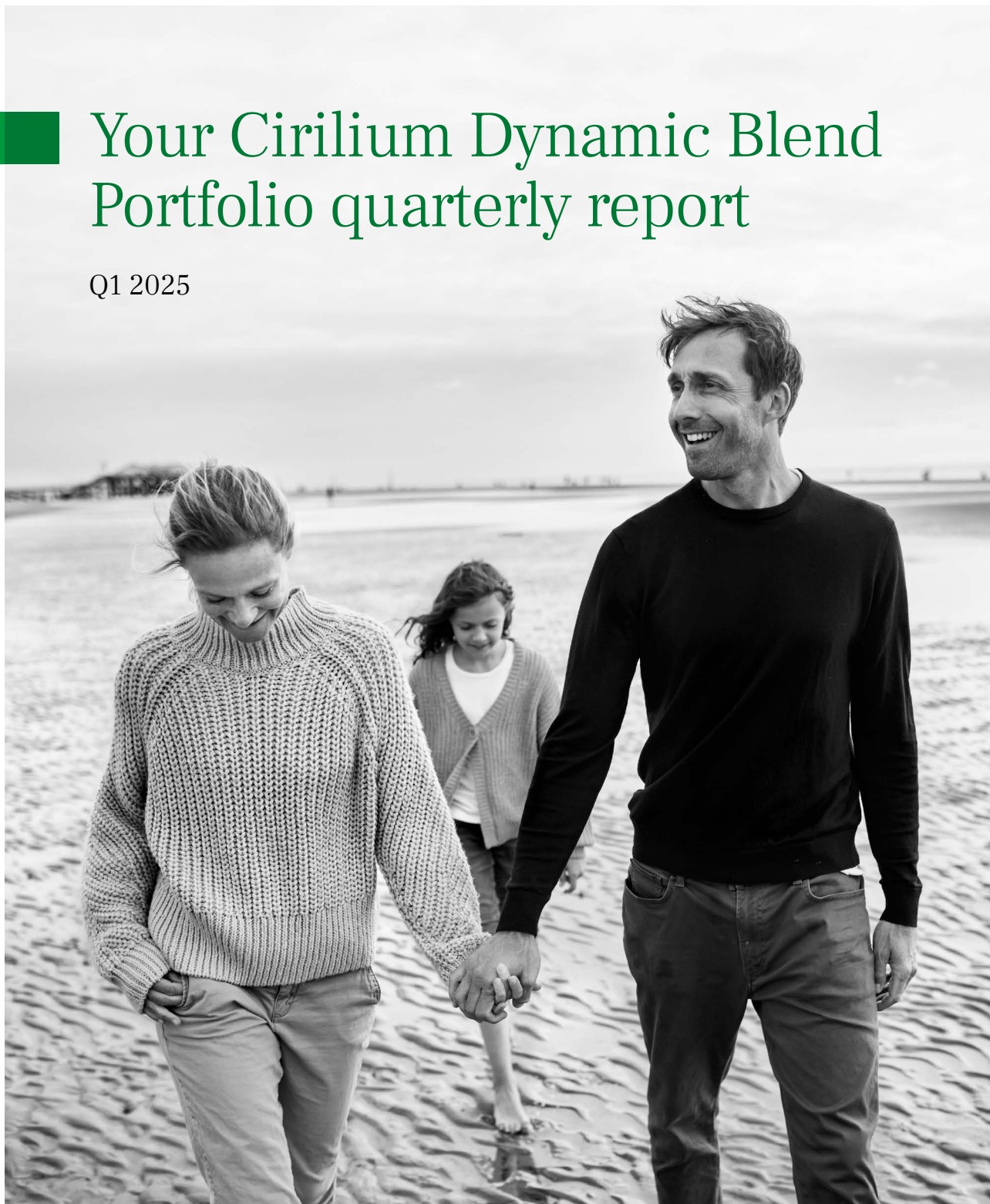


Your Cirilium Dynamic Blend Portfolio quarterly report

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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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.

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

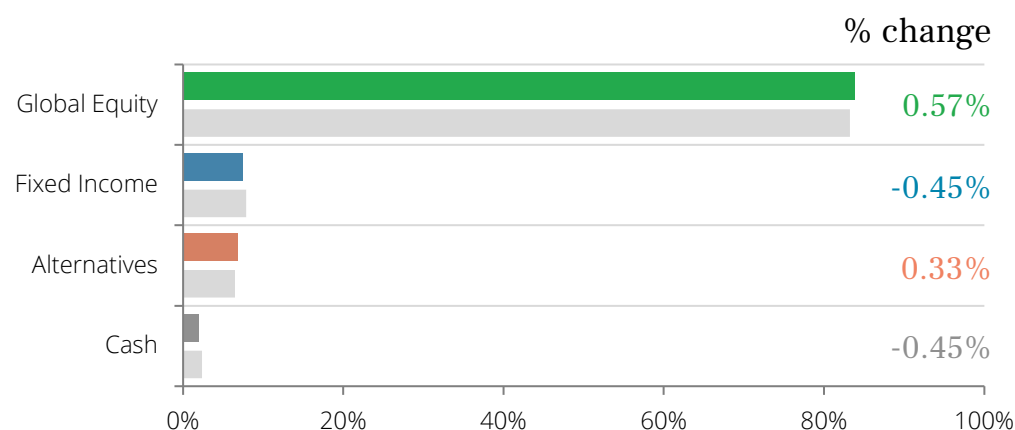


Fixed income markets saw gains in Q1, with US Treasuries returning 3.0% amid rising recession risks. Elsewhere, sterling corporate bonds were up 0.4%, gilts were up 0.5%, and global corporate bonds saw a rise of 1.8%.

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



■ 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 31 March 2025

| Holding | 3 months | 6 months | 1 year | 3 years | 5 years | Since launch |
|------------------------|----------|----------|--------|---------|---------|--------------|
| Cirilium Dynamic Blend | 0.0 | 1.4 | 4.0 | 15.5 | 63.0 | 37.8 |
| IA Flexible | -1.5 | 0.1 | 2.9 | 8.8 | 47.7 | 27.8 |

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 Dynamic Blend | 4.0 | 11.8 | -0.7 | 6.6 | 32.4 |
| 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 Dynamic Blend Portfolio R (GBP) accumulation shares. The R (GBP) share class was launched on 26 July 2019. The performance of other share classes may differ.

Your portfolio holdings

| Holding name | Fund manager (where applicable) | Asset type | Weight (%) |
|---|------------------------------------|---------------|--------------|
| Global Equity | | | 83.79 |
| Asia Pacific Equity | | | 6.55 |
| HSBC MSCI PACIFIC ex JAPAN UCITS ETF | HSBC | Direct Equity | 2.47 |
| M&G Japan Fund | M&G | Collective | 2.28 |
| Fidelity Asia Pacific Opportunities Fund | Fidelity | Collective | 2.11 |
| iShares Japan Equity Index Fund | BlackRock | Collective | 1.82 |
| MSCI AC AP ex Japan (EUR) Jun 25 | | Derivative | -2.13 |
| Emerging Markets Equity | | | 10.08 |
| Amundi MSCI Emerging Markets | Amundi | Collective | 4.09 |
| MSCI Emrg Markets Mini (IFUS) Jun 25 | | Derivative | 2.01 |
| Pacific North of South EM All Cap Equity | Pacific Capital Partners | Collective | 2.00 |
| Quilter Inv Emerging Markets Equity (Jupiter) | Jupiter | Collective | 1.97 |
| European Equity | | | 13.44 |
| iShares Continental European Equity Index | BlackRock | Collective | 7.65 |
| M&G European Strategic Value Fund | M&G | Collective | 2.63 |
| Premier Miton European Opportunities Fund | Premier Miton | Collective | 1.73 |
| Invesco European Equity Income Fund | Invesco | Collective | 1.22 |
| Euro STOXX 50 (EUR) Jun 25 | | Derivative | 0.51 |
| SX5E 06/20/25 P3950 | | Derivative | 0.05 |
| SX5E 06/20/25 P4950 | | Derivative | -0.35 |
| Global Equity | | | 5.52 |
| Quilter Inv Gbl Equity Value (Redwheel) | Redwheel | Collective | 2.13 |
| Ninety One Global Special Situations Fund | Ninety One | Collective | 1.87 |
| AB International Health Care Portfolio | Alliance Bernstein | Collective | 1.03 |
| Xtrackers MSCI World HealthCare UCITS ETF | DWS | Collective | 0.49 |
| North American Equity | | | 28.62 |
| iShares North American Equity Index Fund | BlackRock | Collective | 15.40 |
| Quilter Inv US Equity Growth (JPMorgan) | JPMorgan | Collective | 3.35 |
| Brandes U.S. Value | Brandes | Collective | 2.59 |
| E-mini S&P 500 Equal Weight (CME) Mar 25 | | Derivative | 2.05 |
| Premier Miton US Opportunities Fund | Premier Miton | Collective | 1.72 |
| Sands Capital US Select Growth Fund | Sands Capital | Collective | 1.65 |
| Mini Russell 1000 Value (CME) Jun 25 | | Derivative | 1.34 |
| Berkshire Hathaway B Shares | | Direct Equity | 1.30 |
| eMini S&P 500 (CME) Jun 25 | | Derivative | 0.79 |
| SPX US 06/20/25 P4850 | | Derivative | 0.28 |
| SPX US 06/20/25 P6050 | | Derivative | -1.85 |
| UK Equity | | | 19.57 |
| iShares UK Equity Index Fund | BlackRock | Collective | 9.50 |
| Liontrust UK Growth Fund | Liontrust | Collective | 2.41 |
| Invesco UK Opportunities Fund | Invesco | Collective | 2.16 |
| Quilter Inv UK Equity 2 (Ninety One) | Ninety One | Collective | 2.11 |
| J O Hambro UK Dynamic Fund | J O Hambro | Collective | 1.56 |
| Montanaro UK Income Fund | Montanaro | Collective | 1.54 |
| FTSE 100 (IFEU) Jun 25 | | Derivative | 0.74 |
| UKX 06/20/25 P6500 | | Derivative | 0.03 |
| UKX 06/20/25 P8275 | | Derivative | -0.47 |

Your portfolio holdings (cont'd)

| Holding name | Fund manager (where applicable) | Asset type | Weight (%) |
|---|------------------------------------|------------|--------------|
| Fixed Income | | | 7.43 |
| Corporate Bonds | | | 4.25 |
| Vanguard Global Corporate Bond Index Fund | Vanguard | Collective | 1.02 |
| Vanguard UK Investment Grade Bond Index Fund | Vanguard | Collective | 0.96 |
| Wellington Global Credit ESG Fund | Wellington | Collective | 0.91 |
| Quilter Inv Corporate Bond (Premier Miton) | Premier Miton | Collective | 0.69 |
| Quilter Inv Sterling Corp Bond (Fidelity) | Fidelity | Collective | 0.67 |
| Government Bonds | | | 21.04 |
| BlackRock iShares UK Gilts All Shares | BlackRock | Collective | 1.33 |
| iShares GBP Index-Linked Gilts UCITS ETF | BlackRock | Collective | 1.03 |
| Vanguard Japan Government Bond Index Fund | Vanguard | Collective | 0.15 |
| Vanguard EUR Eurozone Government Bond | Vanguard | Collective | 0.11 |
| Other Fixed Income | | | 0.56 |
| Janus Henderson Asset-Backed Securities | Janus Henderson | Collective | 0.56 |
| Alternatives | | | 6.84 |
| Alternative Equity | | | 2.26 |
| Neuberger Berman Event Driven | Neuberger Berman | Collective | 0.69 |
| FTF ClearBridge Global Infrastructure Income Fund | Clearbridge | Collective | 0.57 |
| Cooper Creek North America Lng Shrt Eq | Cooper Creek Partners | Collective | 0.55 |
| Mygale Event Driven UCITS Fund | Mygale | Collective | 0.45 |
| Alternative Fixed Income | | | 2.23 |
| Brevan Howard Absolute Return Gov. Bond | Brevan Howard | Collective | 0.57 |
| Schroder Alternative Income GBPH | Schroders | Collective | 0.56 |
| Wellington Global Total Return | Wellington | Collective | 0.41 |
| Jupiter Strategic Absolute Return Bond | Jupiter | Collective | 0.32 |
| Ardea Global Alpha Fund | Ardea | Collective | 0.26 |
| Jupiter Merian Glb Equity Absolute Return Fund | Jupiter | Collective | 0.11 |
| Alternative Other | | | 1.18 |
| AQR Managed Futures UCITS Fund | AQR | Collective | 1.18 |
| Commodities | | | 1.17 |
| UBS CMCI Commodity Carry SF UCITS ETF | UBS | Collective | 0.66 |
| L&G Multi-Strategy Enhanced Commodities UCITS ETF | L&G | Collective | 0.51 |
| Cash | | | 1.94 |
| Cash | | | 1.94 |

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 Blend Portfolios delivered mixed returns over the quarter. However, most portfolios were ahead of their respective Investment Association (IA) performance comparators. The Conservative Blend Portfolio returned 0.4% but returns steadily declined moving up the risk levels to a 0.4% loss for the Adventurous Blend Portfolio.

Our equity 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 selloff.



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 was also up by 8.0%.

...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 Xtrackers MSCI World Health Care ETF returned 1.9% 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 up low single digits.



How your alternatives holdings performed

The benefits of alternatives

Our alternatives exposure added value over the quarter. The AQR Managed Futures Fund, which seeks to profit from both up and downtrends in equity, fixed income, commodity, and currency markets was a standout, 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 while the FTF Clearbridge Global Infrastructure Income Fund delivered 6.8%.

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 the persistent underperformance compared to the US over the past decade. We also made changes to 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.



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.



Amundi MSCI Emerging Markets II ETF

The exposures from this ETF better match our strategic asset allocation. The most notable change is the inclusion of South Korea.

Removed holdings



Ardea Global

We sold out of this holding as part of the changes to our alternatives allocation, favouring other higher expected return options.



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.



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 weak sentiment towards the sector and earnings growth estimates are too high to be realistic.



iShares Pacific ex Japan Equity Index Fund

This was replaced by the HSBC MSCI Pacific ex Japan ETF.



iShares Emerging Markets Equity Index Fund

This was replaced by the Amundi MSCI Emerging Markets II ETF.

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.



Thank you for investing with us

Keep an eye out for your next Cirilium Dynamic Blend 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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