

# Your Cirilium Moderate Passive Portfolio quarterly report

Q1 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 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

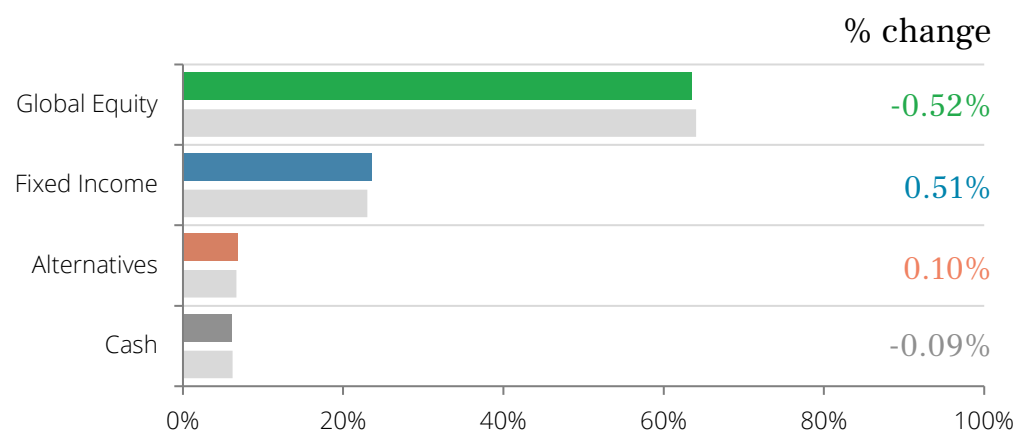


Fixed income markets saw gains in Q1, with US Treasuries returning 3.0% amid rising recession risks. Elsewhere, sterling corporate bonds were up 0.4%, gilts were up 0.5%, and global corporate bonds saw a rise of 1.8%.

**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 Moderate Passive	0.3	1.7	5.7	14.1	52.9	125.4

## 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 Moderate Passive	5.7	11.4	-3.2	6.9	25.3

**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 Moderate Passive Portfolio R (GBP) accumulation shares. The R (GBP) share class was launched on 8 February 2013. The performance of other share classes may differ.

# Your portfolio holdings

Holding name	Fund manager (where applicable)	Asset type	Weight (%)
<b>Global Equity</b>			<b>63.55</b>
<b>Asia Pacific Equity</b>			<b>4.20</b>
iShares Japan Equity Index Fund	BlackRock	Collective	2.22
HSBC MSCI PACIFIC ex JAPAN UCITS ETF	HSBC	Direct Equity	1.99
<b>Emerging Markets Equity</b>			<b>8.42</b>
Amundi MSCI Emerging Markets	Amundi	Collective	8.42
<b>European Equity</b>			<b>10.65</b>
iShares Continental European Equity Index	BlackRock	Collective	10.65
<b>North American Equity</b>			<b>24.30</b>
iShares North American Equity Index Fund	BlackRock	Collective	24.30
<b>UK Equity</b>			<b>15.97</b>
iShares UK Equity Index Fund	BlackRock	Collective	15.97
<b>Fixed Income</b>			<b>23.53</b>
<b>Corporate Bonds</b>			<b>11.71</b>
Vanguard UK Investment Grade Bond Index Fund	Vanguard	Collective	6.60
Vanguard Global Corporate Bond Index Fund	Vanguard	Collective	5.11
<b>Government Bonds</b>			<b>11.81</b>
J.P. Morgan GBI Global Govies UCITS ETF	Amundi	Collective	6.92
Amundi UK Government Bond UCITS ETF	Amundi	Direct Equity	4.89
<b>Alternatives</b>			<b>6.80</b>
<b>Alternative Equity</b>			<b>3.41</b>
State Street Gbl Alternative Beta Fund	State Street	Collective	3.41
<b>Alternative Other</b>			<b>3.39</b>
Goldman Sachs Absolute Return Tracker Portfolio Capitalisation	Goldman Sachs	Collective	3.39
<b>Cash</b>			<b>6.12</b>
Cash			6.12

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

Most of the Cirilium Passive Portfolios delivered positive returns over the quarter. The Conservative Passive Portfolio returned 0.8% but returns steadily declined moving up the risk levels. The Dynamic Passive Portfolio was still up 0.1%, but the Adventurous Passive Portfolio lost 0.1%.

Our equity holdings were a drag on returns, primarily due to losses from the US. However, both our fixed income and alternatives exposures boosted returns. Fixed income was a particular positive in lower risk portfolios where they have a higher weighting.



## How your equity holdings performed

### Europe led the way...

As well as being comfortably the top performing region, with the iShares Continental European Equity Index Fund delivering 6.8%, Europe was also the joint top contributor to performance from our equity exposure. Industrial stocks were the real stand out on news that the German constitutional debt brake would be reformed to allow for increased spending on defence.

### ...with the UK not far behind...

The UK had a strong quarter too as the iShares UK Equity Index Fund delivered 3.5%. There wasn't much in the way of UK specific positive news, but the market traded more in line with the positive sentiment around Europe. UK equities are among the cheapest in developed markets and managers have long been touting the bargains on offer, so it doesn't take much to see a bounce in share prices.

### ...and the US brought up the rear

Mega-cap tech led declines in US equities in a sharp reversal of fortunes. While the US is home to many of the world's foremost companies and earnings growth in recent years has been very impressive, the premium valuations now placed on these companies makes them vulnerable to any dip in sentiment. President Trump's erratic style of policy making seems largely to blame for the market's struggle this quarter – the iShares North American Equity Index Fund was down 8.9%.



## 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. The Vanguard Global Corporate Bond Index Fund was top of the pack owing to its significant US weight and additional yield gained from corporate bonds compared to government bonds. The weakest performer was the Amundi UK Government Bond ETF, although it still delivered 0.4%.



## How your alternatives holdings performed

### The benefits of alternatives

Our alternatives exposure was a small positive over the quarter. The Goldman Sachs Absolute Return Tracker Portfolio returned 0.9% while the State Street Global Alternative Beta Fund was flat. During a more turbulent period for equity markets it has been pleasing to see our alternatives holdings protecting capital. Tracking hedge fund indices is inherently more difficult than tracking an equity or a bond index, so we believe having two funds with different approaches is beneficial.

# Your portfolio changes

There were no changes to our strategic asset allocation (SAA) over the quarter. We sold two equity holdings and bought two new funds, which better match the exposures in the SAA. Other activity was limited to investing daily cash flows and rebalancing towards the SAA.

## New holdings



### 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



### 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 Moderate 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

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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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