UK: Suitable for retail clients.

Your Monthly Income and Growth Portfolio quarterly report

Q1 2025

What your report covers

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- Portfolio summary
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- Performance review
- Portfolio changes
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- 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.

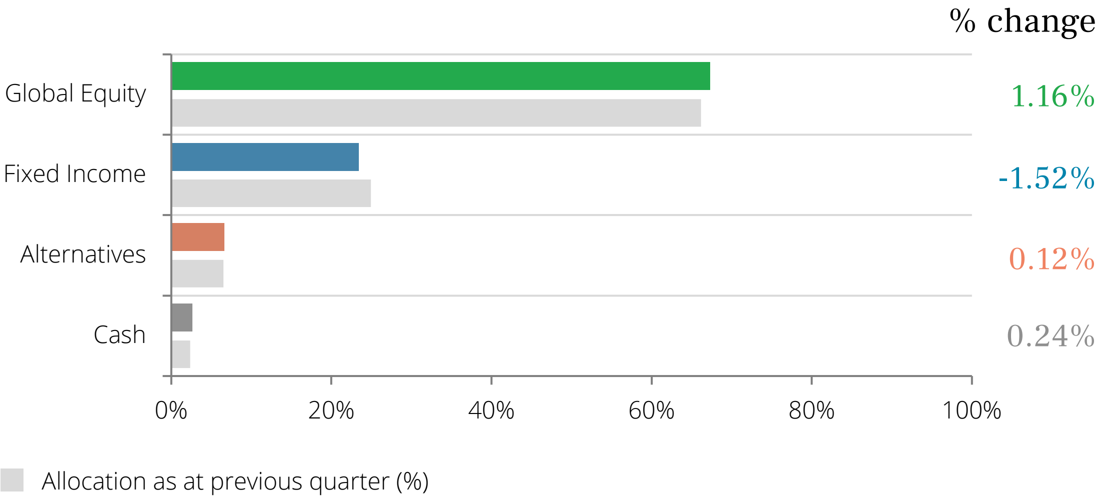
Fixed income

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



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
Monthly Income and Growth	**0.4**	**0.3**	**5.1**	**9.9**	**44.0**	**26.7**
IA Mixed 40-85%	-1.2	-0.1	3.3	8.5	44.5	28.1

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
Monthly Income and Growth	**5.1**	**7.9**	**-3.0**	**5.5**	**24.2**
IA Mixed 40-85%	3.3	10.1	-4.6	5.4	26.5

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 Monthly Income and Growth Portfolio R (GBP) accumulation shares. The R (GBP) share class was launched on 26 June 2019. The performance of other share classes may differ.

Your portfolio holdings

Holding name	Fund manager (where applicable)	Asset type	Weight (%)
Global Equity			67.34
Asia Pacific Equity			**7.49**
Schroder Asian Income Fund	Schroders	Collective	4.19
M&G Japan Fund	M&G	Collective	2.56
Schroder Oriental Income Fund Limited	Schroders	Collective	0.75
Emerging Markets Equity			**3.43**
Allspring Emerging Markets Equity Income	Allspring	Collective	3.43
European Equity			**6.96**
Vanguard FTSE Developed Europe ex UK	Vanguard	Collective	3.45
Montanaro European Income Fund	Montanaro	Collective	1.77
Quilter Inv Europe ex-UK Equity Inc (Schroders)	Schroders	Collective	1.74
Global Equity			**6.73**
Quilter Inv Gbl Equity Value (Redwheel)	Redwheel	Collective	5.00
Fidelity Global Quality Income UCITS ETF	Fidelity	Collective	1.72
North American Equity			**19.84**
iShares Core S&P 500 UCITS ETF	BlackRock	Collective	5.86
Fidelity US Quality Income UCITS ETF	Fidelity	Collective	4.92
BNY Mellon US Equity Income Fund	BNY Investments	Collective	3.04
SPDR S&P US Dividend Aristocrats UCITS ETF	State Street	Collective	3.02
Schroder US Equity Income Maximiser Fund	Schroders	Collective	3.00
Private Equity			**0.84**
NB Private Equity Partners	Neuberger Berman	Collective	0.84
UK Equity			**22.05**
Schroder UK-Listed Eq Income Maximiser	Schroders	Collective	5.51
Quilter Inv UK Eq Lg-Cap Income (Artemis)	Artemis	Collective	4.41
Montanaro UK Income Fund	Montanaro	Collective	3.28
J O Hambro UK Dynamic Fund	J O Hambro	Collective	2.76
iShares UK Dividend UCITS ETF	BlackRock	Collective	1.69
Ninety One UK Equity Income Fund	Ninety One	Collective	1.55
The City of London Investment Trust PLC	Janus Henderson	Collective	1.11
iShares Core FTSE 100 UCITS ETF	BlackRock	Collective	1.10
Finsbury Growth & Income Trust PLC	Lindsell Train	Collective	0.63
Fixed Income			23.42
Corporate Bonds			**13.09**
Quilter Inv Dynamic Bond (TwentyFour)	TwentyFour	Collective	3.05
Premier (Miton) Corporate Bond Monthly Income Fund	Premier Miton	Collective	3.05
Quilter Inv Sterling Corp Bond (Fidelity)	Fidelity	Collective	1.83
iShares Core £ Corp Bond UCITS ETF	BlackRock	Collective	1.50
Vanguard USD Corporate Bond UCITS ETF	Vanguard	Collective	1.36
iShares $ Corp Bond UCITS ETF	BlackRock	Collective	1.36
BNY Mellon Global Credit Inc	BNY Investments	Collective	0.95
Quilter Inv Bond 3 (JPMorgan)	JPMorgan	Collective	0.01

Your portfolio holdings (cont'd)

Holding name	Fund manager (where applicable)	Asset type	Weight (%)
Emerging Market Debt			**0.76**
iShares J.P. Morgan $ EM Bond UCITS ETF	BlackRock	Collective	0.76
Government Bonds			**5.69**
Vanguard U.K. Gilt UCITS ETF	Vanguard	Collective	3.20
Vanguard EUR Eurozone Government Bond	Vanguard	Collective	1.56
iShares $ Tips 0-5 UCITS ETF GBP	BlackRock	Collective	0.88
iShares USD TIPS UCITS ETF	BlackRock	Collective	0.87
Legal & General Emerging Markets Government Bond Index Fund	L&G	Collective	0.76
10Y T-Note (CBT) Jun 25		Derivative	-1.58
Other Fixed Income			**3.88**
AXA US Short Duration High Yield Fund	AXA	Collective	3.05
CVC European Opportunities Limited	CVC	Collective	0.43
BioPharma Credit PLC	Pharmakon Advisors	Collective	0.40
Alternatives			6.64
Alternative Equity			**1.03**
FTF ClearBridge Global Infrastructure Income Fund	Clearbridge	Collective	1.03
Alternative Fixed Income			**2.42**
Janus Henderson Abs Return Fixed Income	Janus Henderson	Collective	0.88
Ardea Global Alpha Fund	Ardea	Collective	0.88
Schroder Alternative Sec. Income GBPH	Schroders	Collective	0.65
Alternative Other			**2.98**
International Public Partnerships Limited	Amber Infrastructure	Collective	1.30
The Renewables Infrastructure Group	Infrared Capital Partners	Collective	1.02
Foresight Solar Fund Limited	Foresight Group	Collective	0.67
Property			**0.20**
Assura PLC	Assura	Collective	0.20
Cash			2.60
Cash			2.60

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

Helen Bradshaw
Portfolio Manager

CJ Cowan
Portfolio Manager

The Monthly Income Portfolio returned 0.6% over the quarter while the Monthly Income and Growth Portfolio returned 0.4%. Both the portfolios outperformed their IA mixed sector performance comparators. US equities detracted from returns. but, the portfolios carry a notably lower weighting here than most peers so this helped relative returns. Strong performance from our UK and European holdings offset the drag from the US. Fixed income contributed particularly positively, while our alternatives holdings experience mixed fortunes, largely netting one another out.

How your equity holdings performed

Europe led the way...

Europe was home to several top performing managers and our largest holding in the region, a new holding in the portfolio, Quilter Investors Europe (ex UK) Equity Income Fund, was up 12.0%. Bank stocks like Societe Generale and BNP Paribas were the real stand outs as bond yields increased. Smaller companies slightly lagged larger ones, as shown by Montanaro European Income, which returned 4.2% while Vanguard FTSE Developed Europe Ex UK ETF delivered 7.6%.

...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 portfolio was less exposed to the brunt of the selloff as these stocks typically pay no dividends. The BNY Mellon US Equity Income Fund had a better time than most as the manager's value investing style, which focuses on buying companies at cheap prices, was rewarded. This stands in contrast to the iShares Core S&P 500 ETF, which lost 7.7%.

UK and global managers come up trumps

Returns were generally in the mid-single digits for UK managers, although the small-company focused Montanaro UK Income Fund was a laggard. Our defensive global managers protected capital well amid a nervous mood in pockets of the equity market. The Quilter Investors Global Equity Value Fund, managed by Redwheel, was up 4.3% as the manager's focus on durable, cash-generative companies with attractive dividend yields won out.

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 additional bond issuance required to fund it. Our US-focused holdings were among the best performers with the iShares USD TIPS 0-5 ETF up 2.9%, while the Vanguard Eurozone Government Bond ETF was broadly flat.

How your alternatives holdings performed

A mixed bag for alternatives

Widely diverging fortunes for our alternatives holdings ultimately netted to flattish to slightly positive returns overall. Assura PLC, a real estate investment trust that invests in primary care property like doctors' surgeries, received a takeover bid and the shares jumped to end the month more than 20% higher. The performance of our infrastructure holdings varied materially as the Renewables Infrastructure Group, which owns and operates solar, wind, and battery assets, was down nearly 10% but Foresight Solar returned more than 6%. Ardea Global Alpha, a government bond relative value strategy, returned just over 1%, which was typical for several of our other alternatives managers.

Your portfolio changes

It was an active quarter on the manger selection front. We made several changes to our fixed-income line-up, consolidating down into one remaining strategic bond holding, although we envisage adding another back in due course, and adding a new global credit fund. We also switched out a smart beta European equity holding and bought a new active manager. We took advantage of a softer patch in performance from the Montanaro UK Income Fund by adding to it, while also selling half our holding in Assura following the takeover bid. Regarding tactical asset allocation changes, in early February we modestly increased our equity weighting to bring the portfolio closer to its IA comparator's equity allocation, although still remaining underweight.

New holdings

BNY | INVESTMENTS

BNY Mellon Global Credit Fund

We were attracted to the manager's disciplined investment approach, which combines top-down macro considerations with bottom-up security selection. Their rigorous approach to risk control and position sizing means that views are appropriately sized and no one individual call should dominate performance.

Schroders

Quilter Investors Europe (ex UK) Equity Income Fund (Schroders)

The strategy is managed by the value team at Schroders, who are well respected and have a strong track record in the region. We had room to add a new active manager, so we bought this in place of a very cyclical smart-beta holding that we have less conviction in.

Removed holdings

Allianz
Global Investors

Allianz Strategic Bond Fund

We sold this holding on weakened conviction in the manager, allocating to the BNY Mellon Global Credit Fund instead.

HERMES
INVESTMENT MANAGEMENT

Hermes Unconstrained Credit Fund

We sold this holding to reduce the riskiness of our high-yield bond allocation as the asset class had become very expensive. We invested the proceeds into the BNY Mellon Global Credit Fund, and the AXA US Short Term High Yield Fund.

iShares
by BlackRock

iShares Euro Dividend ETF

We sold this to make way for the Quilter Investors Europe (ex Uk) Equity Income Fund (Schroders).

Blackstone

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-run 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'. With heightened uncertainty, diversification across regions and asset classes is the name of the game.

Thank you for investing with us

Keep an eye out for your next Monthly Income and Growth 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***

Important information

Past performance is not a guide to future performance and may not be repeated. Future forecasts are not a reliable guide to future performance and may not be achieved. 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)).

The portfolio is denominated in one currency, but may hold assets denominated in other currencies, which means exchange rate changes may cause the value of investments to rise or fall. The portfolio may invest in a range of assets such as bonds, equities (company shares), and other investment funds. This means the portfolio will be subject to the collective risks of those investments and, in the case of other investment funds, the collective risks of those investment funds as well as their underlying investments. The portfolio deducts the charges from the income of the portfolio, which means there is the potential for capital erosion if insufficient income is achieved to cover the charges. The portfolio may use derivatives, which means there may be a higher level of risk. The portfolio may hold investments that may be more difficult to sell, which may affect the ability of investors to withdraw their money. The portfolio invests in emerging markets, which may be more volatile than investments in developed markets. The portfolio is likely to favour value stocks (as they typically provide higher dividend payments), which may be subject to periods of underperformance, as value and growth stocks typically outperform each other, and markets generally, at different times.

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