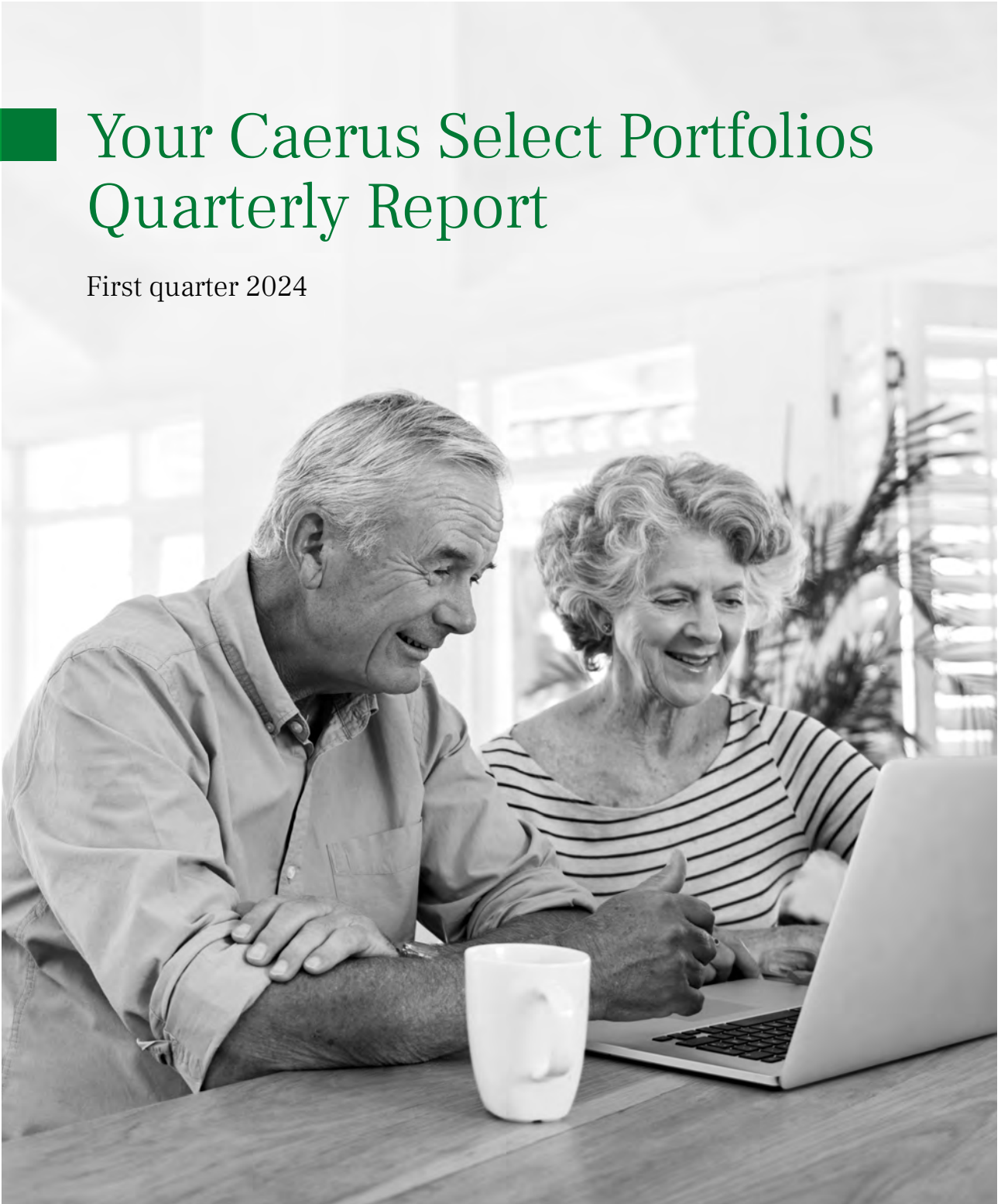


Your Caerus Select Portfolios Quarterly Report

First quarter 2024



What your report covers

- ▶ Our market summary
- ▶ Performance summary
- ▶ Your performance review
- ▶ Model asset allocation
- ▶ Portfolio holdings
- ▶ Important information



To aid in your understanding, definitions for the terms that appear underlined are hyperlinked, and can be found in the glossary at the end of the document.





Marcus Brookes
Chief Investment Officer

Our market summary

A combination of strong company earnings, improving economic data and broadly easing inflation, saw global equities leap 9.3%. Developed markets notably outperformed emerging markets with AI-related stocks continuing to generate great interest, especially in the US. Even so, Japan was the top performing regional equity market. Against a backdrop of robust economic gains and changing expectations as to the timing of interest-rate cuts, government bonds declined while corporate bonds were mostly flat.

Equity markets



Despite downward revisions to the expected pace of US interest-rate cuts, US equities surged 11.4% over the quarter on the back of robust corporate earnings and resilient economic numbers. The Magnificent Seven were especially prominent. Sector wise, the best returns came from communication services, energy, technology, and financials. Meanwhile, more interest-rate sensitive sectors, such as real estate and utilities, struggled.



European equities trailed those in the US and Japan but still delivered a 7% gain. As in the US, tech stocks led the field thanks to the ongoing exuberance for all things AI. Stocks in the financials, consumer discretionary and industrial sectors also prospered against a backdrop of steadily improving economic data and declining inflation, which boosted cyclical stocks. Stocks in the utilities, consumer staples and real-estate sectors trailed.



The UK equity market also trailed once more. It returned 3.7%, partly due to its high weighting to value stocks during an ongoing rally in growth stocks. The mood was further spoiled by data showing the UK economy fell into a technical recession in the second half of 2023 as consumer spending struggled in the face of higher inflation and interest rates. Cyclical stocks, such as financial, industrial and energy companies, generally outperformed.



Emerging markets gained 3.4%. Despite leaping 9% in February, Chinese equities finished the quarter down 1.3%. Peru was the top performer. Like Columbia, it benefited from interest-rate cuts. Conversely, Turkey performed well after recent rate hikes, which were welcomed by investors as a return to conventional monetary policy. Taiwan and India also outperformed. While Korea, South Africa and Brazil all trailed, Egypt was the worst performer.

Fixed income



UK gilts trailed other government bonds. They declined in the face of elevated UK service inflation and wage growth, and the Bank of England reiterating that UK rates would need to remain restrictive until inflation returned to target. US Treasuries also lost ground. The US Federal Reserve (Fed) kept rates on hold but, by the end of the quarter, markets were pricing-in just three US rate cuts in 2024, down from a forecast six rate cuts at the start of January.

Source: Quilter Investors as at 31 March 2024. Total return, percentage growth in pounds sterling except where shown, rounded to one decimal place. The performance shown for global equities is represented by the MSCI World Index; US equities by the MSCI USA Index; European equities by the MSCI Europe ex UK Index; UK equities by the MSCI United Kingdom All Cap Index; UK smaller companies by the MSCI United Kingdom Small Cap Index; emerging markets by the MSCI EM (Emerging Markets) Index.

Performance summary

Caerus Select 100% Active Portfolios

	Cumulative performance						Discrete calendar year performance to end of March				
	3 months	6 months	1 year	3 years	5 years	Since launch	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021	2019 - 2020
Active 3	2.0	6.9	7.2	5.7	15.2	18.9	7.2	-2.1	0.8	9.1	-0.2
IA Mixed 0-35% Shares	1.4	7.2	5.8	-0.1	8.1	15.7	5.8	-5.8	0.2	12.2	-3.5
Active 4	2.6	7.4	7.9	8.2	18.7	27.7	7.9	-1.5	1.8	12.9	-2.9
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
Active 5	3.1	8.0	8.8	10.7	24.6	37.6	8.8	-0.9	2.7	17.8	-4.4
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
Active 6	3.6	8.7	9.6	13.4	29.6	46.2	9.6	-0.1	3.7	21.0	-5.6
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
Active 7	4.2	9.4	10.5	16.3	33.6	51.9	10.5	0.6	4.6	23.0	-6.6
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
Active 8	4.9	10.0	11.4	19.1	41.3	63.7	11.4	1.3	5.6	29.3	-8.2
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
Active 9	5.8	11.1	12.6	22.4	48.7	73.3	12.6	1.8	6.9	33.2	-8.8
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
Active 10	6.7	12.2	13.7	24.7	56.7	85.1	13.7	2.1	7.4	39.0	-9.6
IA Global	7.9	15.3	16.8	22.7	61.6	85.0	16.8	-2.8	8.1	40.6	-6.3

Caerus Select 75% Active 25% Passive Portfolios

	Cumulative performance						Discrete calendar year performance to end of March				
	3 months	6 months	1 year	3 years	5 years	Since launch	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021	2019 - 2020
75% Active 3	2.0	6.9	7.1	5.3	13.9	17.5	7.1	-2.5	0.8	8.5	-0.3
IA Mixed 0-35% Shares	1.4	7.2	5.8	-0.1	8.1	15.7	5.8	-5.8	0.2	12.2	-3.5
75% Active 4	2.6	7.5	8.0	8.2	17.4	26.8	8.0	-1.8	2.0	12.2	-3.3
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
75% Active 5	3.2	8.2	9.0	10.9	23.4	37.1	9.0	-1.3	3.0	17.0	-4.9
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
75% Active 6	3.8	8.9	9.9	13.8	28.5	45.9	9.9	-0.6	4.1	20.3	-6.2
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
75% Active 7	4.4	9.7	10.9	16.8	32.6	52.1	10.9	0.1	5.3	22.4	-7.2
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
75% Active 8	5.0	10.4	11.9	19.7	40.3	64.2	11.9	0.6	6.4	28.8	-8.9
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
75% Active 9	6.0	11.5	13.1	23.3	48.3	74.3	13.1	1.2	7.7	32.7	-9.4
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
75% Active 10	6.8	12.5	14.3	25.8	56.6	86.4	14.3	1.5	8.5	38.5	-10.1
IA Global	7.9	15.3	16.8	22.7	61.6	85.0	16.8	-2.8	8.1	40.6	-6.3

Caerus Select 50% Active 50% Passive Portfolios

	Cumulative performance						Discrete calendar year performance to end of March				
	3 months	6 months	1 year	3 years	5 years	Since launch	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021	2019 - 2020
50% Active 3	1.9	6.9	6.9	4.8	12.7	16.1	6.9	-2.9	0.9	7.9	-0.3
IA Mixed 0-35% Shares	1.4	7.2	5.8	-0.1	8.1	15.7	5.8	-5.8	0.2	12.2	-3.5
50% Active 4	2.7	7.6	8.1	8.1	16.0	25.8	8.1	-2.1	2.1	11.5	-3.8
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
50% Active 5	3.3	8.4	9.2	11.0	22.1	36.4	9.2	-1.6	3.4	16.3	-5.4
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
50% Active 6	3.9	9.2	10.2	14.1	27.3	45.6	10.2	-1.0	4.6	19.7	-6.8
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
50% Active 7	4.5	10.0	11.2	17.3	31.6	52.1	11.2	-0.4	5.9	21.8	-7.9
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
50% Active 8	5.2	10.7	12.2	20.2	39.3	64.5	12.2	-0.1	7.2	28.2	-9.6
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
50% Active 9	6.1	11.8	13.6	24.1	47.8	75.1	13.6	0.6	8.6	32.3	-10.0
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
50% Active 10	6.9	12.8	14.7	26.8	56.4	87.6	14.7	0.8	9.6	38.0	-10.6
IA Global	7.9	15.3	16.8	22.7	61.6	85.0	16.8	-2.8	8.1	40.6	-6.3

Caerus Select 75% Passive 25% Active Portfolios

	Cumulative performance						Discrete calendar year performance to end of March				
	3 months	6 months	1 year	3 years	5 years	Since launch	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021	2019 - 2020
25% Active 3	1.9	7.0	6.8	4.3	11.4	14.7	6.8	-3.3	1.0	7.2	-0.4
IA Mixed 0-35% Shares	1.4	7.2	5.8	-0.1	8.1	15.7	5.8	-5.8	0.2	12.2	-3.5
25% Active 4	2.7	7.7	8.2	8.0	14.6	24.8	8.2	-2.5	2.3	10.8	-4.2
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
25% Active 5	3.4	8.6	9.4	11.2	20.8	35.8	9.4	-2.0	3.7	15.6	-6.0
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
25% Active 6	4.0	9.4	10.5	14.4	26.1	45.2	10.5	-1.4	5.1	18.9	-7.4
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
25% Active 7	4.7	10.3	11.6	17.8	30.4	52.1	11.6	-1.0	6.5	21.2	-8.6
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
25% Active 8	5.3	11.1	12.6	20.6	38.2	64.8	12.6	-0.8	8.0	27.7	-10.3
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
25% Active 9	6.3	12.1	14.1	24.9	47.2	76.0	14.1	0.0	9.5	31.8	-10.6
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
25% Active 10	7.0	13.1	15.2	27.8	56.2	88.8	15.2	0.2	10.8	37.5	-11.1
IA Global	7.9	15.3	16.8	22.7	61.6	85.0	16.8	-2.8	8.1	40.6	-6.3

Caerus Select 100% Passive Portfolios

	Cumulative performance						Discrete calendar year performance to end of March				
	3 months	6 months	1 year	3 years	5 years	Since launch	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021	2019 - 2020
Passive 3	1.9	7.0	6.7	3.7	10.1	13.2	6.7	-3.8	1.0	6.6	-0.4
IA Mixed 0-35% Shares	1.4	7.2	5.8	-0.1	8.1	15.7	5.8	-5.8	0.2	12.2	-3.5
Passive 4	2.7	7.9	8.2	7.8	13.2	23.8	8.2	-2.8	2.5	10.1	-4.6
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
Passive 5	3.4	8.8	9.5	11.3	19.5	35.1	9.5	-2.4	4.0	14.9	-6.5
IA Mixed 20-60% Shares	2.5	8.3	7.8	4.2	16.2	30.8	7.8	-5.0	1.8	20.1	-7.1
Passive 6	4.1	9.7	10.8	14.7	24.8	44.8	10.8	-1.9	5.6	18.2	-8.0
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
Passive 7	4.8	10.6	12.0	18.2	29.3	52.0	12.0	-1.5	7.2	20.6	-9.3
IA Mixed 40-85% Shares	4.1	10.1	10.1	10.7	29.2	47.7	10.1	-4.6	5.4	26.5	-7.7
Passive 8	5.5	11.5	13.0	21.1	37.7	65.1	13.0	-1.5	8.8	27.2	-10.6
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
Passive 9	6.4	12.5	14.6	25.7	47.1	76.8	14.6	-0.6	10.3	31.3	-10.9
IA Flexible	4.5	10.0	10.1	11.0	32.1	51.1	10.1	-4.0	5.0	29.4	-8.0
Passive 10	7.1	13.3	15.6	28.7	56.3	89.9	15.6	-0.5	11.9	37.0	-11.4
IA Global	7.9	15.3	16.8	22.7	61.6	85.0	16.8	-2.8	8.1	40.6	-6.3

Source: Quilter Investors as at 29 March 2024. Total return, percentage growth, rounded to one decimal place. All performance figures are shown after the deduction of the charges of the underlying funds, but before the deduction of the management fee. Deduction of this charge will impact on the performance shown. The since launch figure shown is from when Stuart Clark assumed responsibility for the management of the portfolios on 23 March 2020.

Your performance review

It was a great start to the year for investors. Corporate earnings remained robust and equity markets, with only a few notable exceptions, charged ahead. With these stronger company results, good US employment data and some stickier inflation numbers, government bonds declined a little while corporate bonds did slightly better, but still suffered losses as bond markets cooled following the very strong rally they enjoyed in the last quarter of 2023. Against this backdrop, the CaerusSelect Portfolios generated strong returns right across the risk spectrum.



Developed markets (ex UK) equity

Japan leads the field

Japanese equities found favour with international investors once again with major Japanese indices finally surpassing the record highs they set back in 1989. Our overweight exposure to Japan helped to boost returns, as did the outperformance of the M&G Japan Fund. It saw stronger performance than its peers thanks to its more value-oriented investment style, which prospered during the quarter.

From Magnificent Seven to Famous Five?

After blazing a trail in 2023, two of the Magnificent Seven have fallen back. Although neither is fatally wounded, both Tesla and Apple are in negative territory so far in 2024. The remaining five have outperformed the broader US market, as has the Quilter Investors US Equity Growth Fund managed by JP Morgan. Although the Schroder US Mid Cap Fund and the BNY Mellon US Equity Income funds trailed the growth-led strategy, they still gained 7.6% and 9.3%, respectively.

Gold rally rewards

In the first week of March, we rebalanced the CaerusSelect Portfolios. This included topping up our more specialist holdings in the Quilter Investors Natural Resources and the BlackRock Gold & General funds. The subsequent rally in commodities, not least gold, led to both these holdings making a significant contribution to portfolio returns in March.



UK equity

UK: Still long way back

Although UK equity markets delivered positive returns for the quarter, they trailed some way behind other developed markets. The news that the economy had fallen into a recession in the second half of 2023 compounded the issue for a main UK index with a heavy bias toward old economy stocks, such as mining, oil, energy, and banks, but little to show in the more fashionable technology space during an extended rally in all things AI-related.

Artemis funds lead the hunt

The two best performers among our UK holdings were the Artemis UK Special Situations Fund and the Artemis Income funds. The former notably outperformed the broader UK market in the first two months of the year when the UK market was in decline, but was then able to keep up with the significant market rally seen in March.

Contrasting approach

Conversely, the Artemis Income Fund performed much in line with the broader UK index in January and February but outperformed in March. There were a number of stock-specific drivers behind the fund's progress including ITV's disposal of its holding in Britbox, Pearson's impressive earnings results, and 3i, where strong results from an underlying retail company in its portfolio helped to drive the share price higher.



Emerging markets equity

China casts a shadow over emerging markets

Emerging market equities also delivered positive returns but trailed the rest of the world. The outlook for economic activity in China continued to dominate in this space. Signs of activity through the Chinese new year holidays and central bank intervention delivered a strong rally in February, albeit not enough to counteract January's sharp decline. This left our small exposure to the JanusHenderson China Opportunities Fund down 1.7% for the quarter.

Allspring comes good

Other emerging market funds fared a good deal better. The standout performer was the Quilter Investors Emerging Market Equity Income Fund, managed by Allspring. The strategy continues to benefit from the strong performance of the Indian equity market while the Allspring team also demonstrated strong stock selection over the quarter, which further drove the performance of the portfolio.



Fixed-income

Bond markets decline in face of robust data

There was a major shift in sentiment in fixed-income markets as the continued strength of the US economy brought the number of US rate cuts being priced-in for 2024 down to the level that the Fed has implied through its so-called 'dot-plot' projections. The dot-plot provides a de facto US monetary policy forecast as each member of the rate-setting Federal Open Market Committee (FOMC) assigns a dot to represent what they think will be the appropriate mid-point of the federal funds rate range in the future. This meant losses for our government bond holdings while our corporate bond holdings ground out modest positive returns.



Alternatives

Alternatives: time to shine

Our alternatives holdings worked well over the quarter, outperforming both cash and traditional fixed-income assets. The best performer was the Jupiter Merian Global Equity Absolute Return (GEAR) Fund. Operating a market-neutral strategy, which does not carry any overall market risk, the stock selection process of this fund delivered a return of 3.3%. As impressive, was the performance of the PIMCO Dynamic Bond Fund where the team reduced the interest-rate sensitivity of the fund's portfolio, so helping to protect the fund's performance over the quarter.

Investment outlook

Over the past year or so, inflation has fallen faster than wage growth, which is improving real incomes. This is gradually restoring household purchasing power and helping to insulate economies from more material economic slowdowns. But stronger demand fuels inflation, which is why we've seen expectations for interest-rate cuts being dialled back.

1. Diverging narratives

With US economic growth remaining robust while Europe and the UK struggle with the anaemic growth that's persisted for over a year, the divergence between regions is becoming ever more apparent. This presents the prospect of a divergence in monetary policy. While the European Central Bank (ECB) is clearly signalling a June interest-rate cut, it's looking increasingly likely that the Fed will need to wait a little longer.

2. Inflation still threatens

We continue to be mindful of the risk that inflation, especially in the US, could still spike higher in the short term, given today's robust demand, elevated geopolitical risks, and the easing in financial conditions that the recent extended rally in equity markets has delivered.

3. Pragmatic approach

Recently we have looked to add exposure to positions that may benefit from the ongoing strength in certain economies, while assessing the impact of higher-for-longer interest rates and the stress this may place on companies and consumers as the year progresses. This kind of environment requires a heightened level of scrutiny, and a willingness to adapt our positions quickly.



Model asset allocation

Caerus Select 100% Active Portfolios

	3	4	5	6	7	8	9	10
Developed markets (ex UK) equity	16.7%	22.7%	29.2%	35.7%	42.8%	50.7%	67.1%	83.2%
UK equity	6.9%	10.1%	13.2%	16.2%	19.7%	23.6%	17.0%	7.7%
Emerging markets equity	1.4%	2.0%	2.7%	3.3%	4.0%	4.8%	6.0%	7.1%
Fixed interest	39.4%	31.7%	25.5%	19.7%	14.0%	5.7%	0.0%	0.0%
Alternatives	19.5%	20.2%	20.9%	21.6%	19.2%	14.9%	9.6%	2.0%
Cash	16.4%	13.3%	8.5%	3.5%	0.3%	0.3%	0.3%	0.0%

Caerus Select 100% Passive Portfolios

	3	4	5	6	7	8	9	10
Developed markets (ex UK) equity	14.4%	21.2%	27.3%	33.5%	39.8%	45.9%	57.2%	68.2%
UK equity	7.6%	11.2%	14.5%	17.8%	21.1%	24.4%	21.1%	10.4%
Emerging markets equity	3.4%	5.0%	6.5%	7.9%	9.4%	11.1%	13.7%	20.5%
Fixed interest	49.6%	37.7%	31.0%	26.5%	22.1%	17.7%	7.0%	0.0%
Cash	25.0%	25.0%	20.7%	14.2%	7.6%	1.0%	1.0%	1.0%

Source: Quilter as at 11 March 2024.



Portfolio holdings

Caerus Select 100% Active Portfolios

Developed markets (ex UK) equity
Allianz Continental European
BlackRock Gold & General
BNY Mellon US Equity Income
Fidelity Asia Pacific Opportunities
Invesco Asian
iShares North American Equity Index
Janus Henderson European Selected Opportunities
Jupiter Asia Pacific
Jupiter North American Equity
M&G Japan
Pictet Timber
Quilter Investors Europe (ex UK) Equity Income
Quilter Investors Natural Resources Equity
Quilter Investors US Equity Growth
Redwheel Global Equity Income
Schroder US Mid Cap
Trium ESG Emissions Impact

Emerging markets equity
Janus Henderson China Opportunities
JPM Emerging Markets
Jupiter Global Emerging Markets Focus
Quilter Investors Emerging Markets Equity Income

Caerus Select 100% Passive Portfolios

Developed markets (ex UK) equity
iShares North American Equity Index
L&G Japan Index Trust
L&G Pacific Index Trust
Vanguard FTSE Developed Europe ex-UK Equity Index
Vanguard US Equity Index

Emerging markets equity
iShares Emerging Markets Equity Index
Vanguard Emerging Markets Stock Index

UK equity
Artemis Income
Artemis UK Special Situations
BlackRock UK
Quilter Investors UK Equity
Quilter Investors UK Equity

Fixed interest
Aviva Investors Global Sovereign Bond
Fidelity Moneybuilder Income
Fidelity Strategic Bond
Invesco Corporate Bond
iShares UK Gilts All Stocks Index
Premier Miton Corporate Bond Monthly Income
Premier Miton Strategic Monthly Income Bond
TwentyFour Dynamic Bond

Alternatives
Janus Henderson Absolute Return Fixed Income
Jupiter Global Equity Absolute Return
PIMCO Dynamic Bond
PIMCO Dynamic Multi-Asset

Cash
Abrdn Sterling
Federated Hermes Short-Term Sterling Prime

UK equity
Vanguard FTSE UK All Share Index

Fixed interest
iShares UK Gilts All Stocks Index
Vanguard Global Corporate Bond Index
Vanguard UK Investment Grade Bond Index
HSBC Global Government Bond Index

Cash
Abrdn Sterling
Federated Hermes Short-Term Sterling Prime

Glossary

Consumer discretionary

Consumer discretionary companies provide goods and services that consumers consider non-essential, but highly desirable if their income allows. Consequently, consumer discretionary companies tend to be the most sensitive to economic cycles.

Consumer staples

Consumer staples companies provide goods and services that are always in demand. Consequently, they are referred to as being non-cyclical or defensive companies and are favoured by investors when economic growth declines.

Corporate bonds

Corporate bonds are bonds issued by companies. They are generally riskier than government bonds, so corporate bonds normally offer higher interest rates (or yields) to compensate for the additional risk.

Cyclical companies

Cyclical companies are those whose fortunes are closely linked to the economic cycle. This means their revenues generally rise during periods of economic growth and fall during recession.

Developed markets

Developed markets are generally regarded as those with mature industrialised economies, robust infrastructures, and strong political and legal systems such as the UK, Europe, the US, and Japan. This is in contrast to emerging markets.

Emerging markets

Emerging markets are developing economies that are in the process of transitioning into becoming developed markets by evolving their industries, infrastructure, and political and legal systems.

Gilts

Gilts is the name given to bonds issued by the UK government.

Government bonds

Government bonds, also known as sovereign bonds, are bonds issued by governments.

Growth stocks

Growth stocks tend to be younger companies that derive their value from the rate at which they're expected to grow their future earnings. Generally, they pay limited dividends as they reinvest their profits to grow their businesses.

Magnificent Seven

Magnificent Seven is a term used to describe Amazon, Apple, Alphabet, Meta, Microsoft, Nvidia and Tesla. They are also referred to as mega-caps.

Monetary policy

Monetary policy refers to the tools and actions, such as interest rate changes, that a central bank can take to influence borrowing costs and money supply in its economy.

Old economy stocks

Old economy stocks are typically mature, established businesses with stable earnings, consistent returns, and steady streams of cash flow that focus on the production of goods. For example, the steel, engineering, extraction, agriculture, and manufacturing sectors.

Overweight

Overweight is when a fund or portfolio holds a larger position in a particular stock, sector, region, or strategy than the index or model against which it's benchmarked. Underweight means the opposite.

Recession

Recession is a significant, widespread, and prolonged downturn in economic activity. Recessions often last six months or more and one popular definition is that two consecutive quarters of economic decline constitutes a recession.

Treasuries

Treasuries are US government bonds. They are issued by the US Treasury.

US Federal Reserve

The US Federal Reserve, commonly known as the Fed, is the central bank of the United States of America, it operates in a similar way to the Bank of England in the UK.

Value stocks

Value stocks tend to be well-established, mature businesses. They are companies whose share price is low relative to their value. Consequently, value stocks are among those with the highest dividend yields.

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Keep an eye out for your next Caerus Select Portfolios quarterly report available in July.

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

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