UK: Suitable for retail and professional clients.

Quilter

WealthSelect Managed Blend Portfolios

Monthly commentary – Review of November 2024

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Chief Investment Officer

Our market summary

The US election result was the main driver of market performance in November. Donald Trump regained the presidency, and the Republicans retained the Senate and won the House of Representatives. This clean sweep could make it easier for Trump to implement his campaign promises that include tax cuts, trade tariffs, and the deportation of illegal migrants.

Against this backdrop, global equities were up 5.0% in November. However, there remains a high degree of uncertainty about US domestic and foreign policy, and what the policy responses of other countries will be.

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

Equity markets

US equities significantly outperformed all other regions, returning 7.5% in November, buoyed by expectations that Trump's domestic policy will cut taxes and regulation. It was these expectations for de-regulation that boosted US financials and the energy sector, while the industrials sector was seen as one of the main beneficiaries from tax cuts and trade policy. The weakest sectors in the month included healthcare and materials.

European equities were down 1.4% over the month with concerns about US trade policy and earnings warnings from the automotive and consumer goods sectors weighing on sentiment. The IT and communication services sectors were among the top gainers while materials and consumer staples suffered some of the steepest declines. There was also political uncertainty as the German government collapsed and then the French government followed in December.

UK equities were up 2.4% in November. Strong performance from financials and domestically focused companies helped to recoup some of the losses suffered in the immediate wake of the October Budget. Sterling also weakened 1.1% against the dollar which boosted companies with significant US exposure. However, economic headwinds increased as GDP growth in Q3 2024 was reported to have slowed to 0.1% from 0.5% in Q2 2024.

Overall, emerging markets equities were down by 2.5% in November as they weakened in the face of a strengthening dollar and investor concerns about the impact of Trump's intended tariffs. The latter weighed particularly heavy on China, which was down 3.3%. Elsewhere, some of the smallest emerging markets, such as the Philippines and Indonesia, saw the biggest losses, whilst the European markets of Czech Republic, Hungary, and Turkey were the top performers.

Fixed income

Fixed income markets ended the month on a positive note, despite earlier volatility surrounding the US elections. Global bonds were up 1.2% and global corporate bonds returned 1.4%. In the UK, gilts rallied and ended the month up 1.8%, whilst US Treasuries were up 0.8%. Meanwhile, central banks continued to lower rates during November with both the US Federal Reserve (Fed) and the Bank of England cutting interest rates by 0.25%.

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 30 November 2024. Total return, percentage growth, rounded to one decimal place over period 31 October 2024 to 30 November 2024. Global equities is represented by the MSCI AC 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, emerging markets by the MSCI Emerging Markets Index, Chinese equities by the MSCI China Index, US Treasuries 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 global bonds by the Bloomberg Global Aggregate (GBP Hedged) Index.*

Performance review

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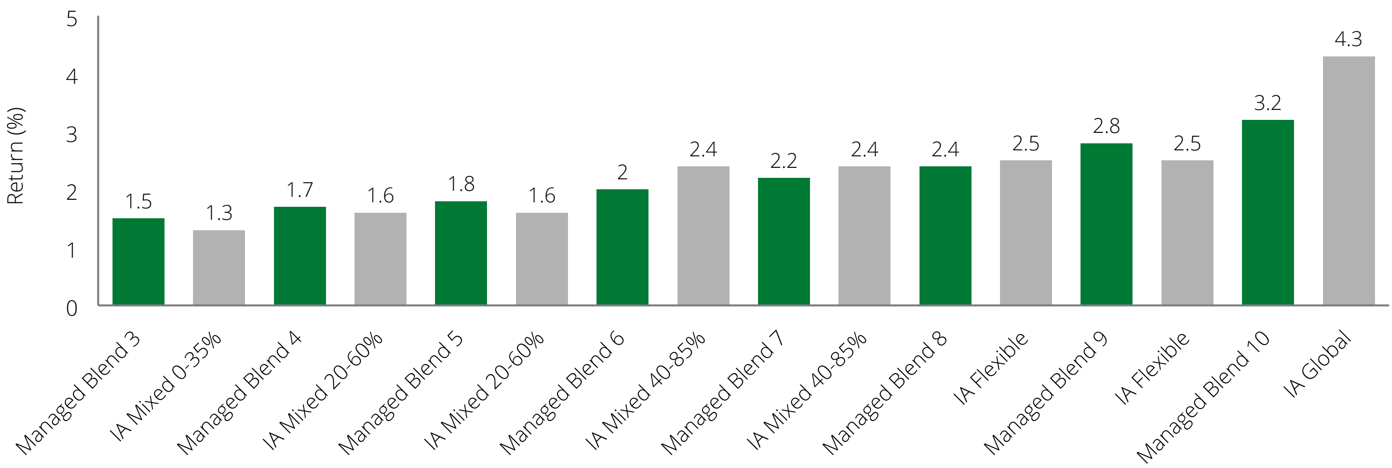
The portfolios delivered positive returns in November, ranging from a gain of 1.5% at risk level 3 to a 3.2% gain at risk level 10.

Equities were the primary driver of positive returns in the portfolios, with the strongest performance coming from our US equity holdings . Within that, domestically exposed small caps fared particularly well.

Meanwhile, concerns that Trump's proposals could prove inflationary meant bonds only made small gains despite both the Fed and the Bank of England lowering interest rates over the month.

Monthly performance (%)



Performance summary (%)

	Cumulative performance						*Discrete annual performance to end of November*				
	1 month	*YTD*	*1 year*	*3 year*	*5 year*	*Since launch*	*2023 - 2024*	*2022 - 2023*	*2021 - 2022*	*2020 - 2021*	*2019 - 2020*
Managed Blend 3	**1.5**	**6.7**	**9.7**	**7.7**	**18.9**	**54.5**	**9.7**	**3.9**	**-5.5**	**4.3**	**5.9**
IA Mixed 0-35% Shares	1.3	5.4	9.1	0.9	7.7	35.6	9.1	1.4	-8.8	3.4	3.3
Managed Blend 4	**1.7**	**7.7**	**10.9**	**10.2**	**23.7**	**68.7**	**10.9**	**4.3**	**-4.8**	**5.6**	**6.3**
IA Mixed 20-60% Shares	1.6	7.3	11.4	4.9	15.4	52.1	11.4	2.0	-7.7	7.0	2.8
Managed Blend 5	**1.8**	**8.7**	**12.2**	**12.0**	**27.8**	**82.7**	**12.2**	**4.7**	**-4.6**	**7.0**	**6.6**
IA Mixed 20-60% Shares	1.6	7.3	11.4	4.9	15.4	52.1	11.4	2.0	-7.7	7.0	2.8
Managed Blend 6	**2.0**	**9.7**	**13.4**	**14.9**	**32.9**	**95.8**	**13.4**	**5.0**	**-3.5**	**8.4**	**6.7**
IA Mixed 40-85% Shares	2.4	10.1	14.8	8.6	27.4	82.9	14.8	2.3	-7.5	12.2	4.5
Managed Blend 7	**2.2**	**10.8**	**14.8**	**17.6**	**37.7**	**109.9**	**14.8**	**5.3**	**-2.7**	**9.8**	**6.6**
IA Mixed 40-85% Shares	2.4	10.1	14.8	8.6	27.4	82.9	14.8	2.3	-7.5	12.2	4.5
Managed Blend 8	**2.4**	**12.0**	**16.2**	**20.6**	**43.5**	**126.5**	**16.2**	**5.7**	**-1.9**	**11.3**	**7.0**
IA Flexible	2.5	10.1	14.6	9.0	30.4	88.2	14.6	2.0	-6.8	12.7	6.2
Managed Blend 9	**2.8**	**13.4**	**17.9**	**22.1**	**51.4**	**154.5**	**17.9**	**6.4**	**-2.7**	**13.2**	**9.5**
IA Flexible	2.5	10.1	14.6	9.0	30.4	88.2	14.6	2.0	-6.8	12.7	6.2
Managed Blend 10	**3.2**	**14.4**	**19.3**	**23.3**	**56.9**	**183.6**	**19.3**	**7.1**	**-3.5**	**14.2**	**11.4**
IA Global	4.3	14.9	20.8	16.4	56.5	178.0	20.8	3.9	-7.3	18.8	13.2

Past performance is not a guide to future performance and may not be repeated. Source: Quilter Investors as at 29 November 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 Managed Portfolio Service charge. The deduction of this charge will impact on the performance shown. The WealthSelect Managed Blend Portfolios launched on 24 February 2014.

Investment outlook

It’s been just a matter of weeks since Donald Trump secured his victory over the Democrats in the US presidential election and markets continue to grapple with what this means for the global economy and financial markets.

1. Trump may provide a short-term boost

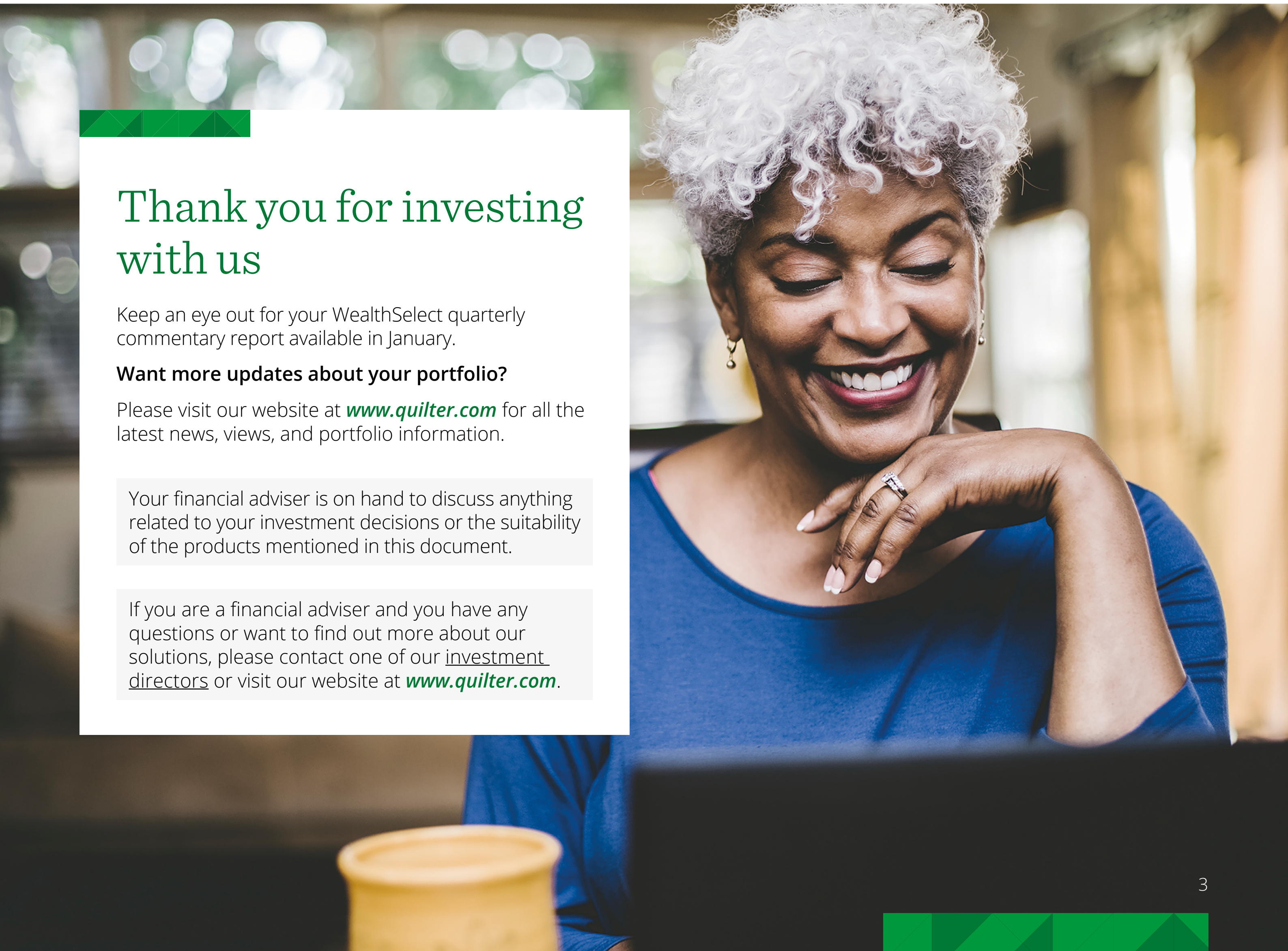
On balance, Trump’s campaign pledges of corporate tax cuts and deregulation should be positive for corporate America and will likely provide a near term boost to the US economy. However, we continue to watch developments closely, mindful that there are hurdles ahead for the Republicans given their thin majority in the House of Representatives.

2. Alternatives provide diversification

Whilst supportive of US growth rates, the underlying policy mix of the new Trump administration should prove inflationary. This could complicate the path for central banks, and we see heightened risks that the Fed will need to delay rate cuts. As such, we continue to see value in looking to alternatives to provide diversification within the portfolios.

3. Volatility will present opportunities

As we look forward, we envisage a shift higher in both bond and equity market volatility reflecting the abrupt changes and unconventional methods of policy communication from Trump. Whilst the new administration in the US introduces some uncertainties in the path ahead, we remain alert to developments and optimistic about the opportunities that volatility will inevitably present.



Thank you for investing with us

Keep an eye out for your WealthSelect quarterly commentary report available in January.

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