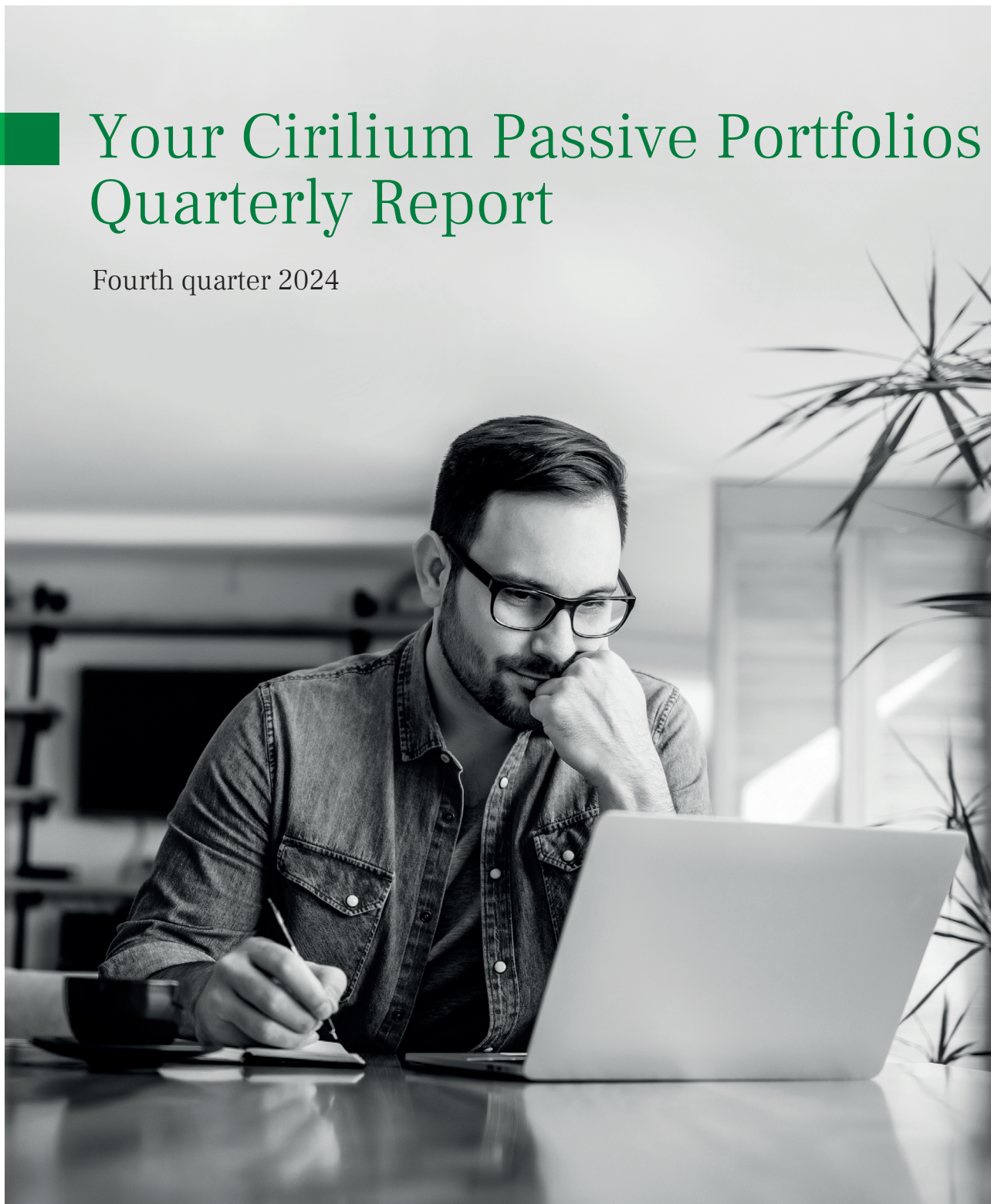


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Quilter
Investors

Your Cirilium Passive Portfolios Quarterly Report

Fourth quarter 2024



What your report covers

- ▶ Our market summary
- ▶ Your investment summary
- ▶ Your portfolio holdings
- ▶ Your performance review
- ▶ Portfolio changes
- ▶ Investment outlook
- ▶ Important information



In order to aid your understanding, definitions of the underlined terms are provided in the investment glossary at the end of this document.





Marcus Brookes
Chief Investment Officer

Our market summary

Global equities were up 1.4% in US dollar terms in the fourth quarter of 2024. However, the currency weakness of sterling saw returns boosted to 6.1% for sterling-based investors. At a regional equity level, the US and Japan were the only developed markets that saw positive returns over the quarter. The US stock market advanced following Donald's Trump's victory in the Presidential election, but other regional markets came under pressure amid worries over the impact of tariffs.

Fixed income markets were highly volatile in the last quarter of 2024 due to geopolitical tensions, the decisions of central banks, and persistent inflation.

Equity markets



US equities rose by 2.8% in US dollar terms, translating to a 10.1% return for sterling investors due to the strong dollar. Markets were buoyed by Trump's clean sweep of the presidency, Senate, and House, with expectations of lower taxes and reduced regulation. The best-performing sectors were consumer discretionary, communication services, and tech, while materials was the weakest.



European equities ended the final quarter of the year with a decline of 4.2%, driven by concerns over a potential recession in the eurozone. Political instability was also prevalent during Q4, notably marked by the collapse of the German coalition government in November and the resignation of the French Prime Minister in December following a vote of no confidence. The weakest performing sectors for the quarter were materials, real estate, and consumer staples.



UK equities ended the quarter 0.6% lower as several domestically-focused sectors declined due to an increase in long-term bond yields and concerns about the outlook for the UK economy. Additionally, there were indications that cost increases mentioned in the Budget could be affecting the jobs market. Industry hiring data for November indicated weak demand for UK staff leading up to the Christmas period.



Overall, emerging markets were down 1.3% for sterling-based investors (down 4.2% in US dollars). Chinese equities saw a 7.0% loss in local currency, but the renminbi's strength against the pound saw this soften to a 1.1% decline. Trump's victory acted as a headwind for emerging markets with concerns about the impact of tariffs weighing heavy on China. Only four emerging markets recorded positive returns over the quarter – Czech Republic, Kuwait, Taiwan, and the UAE.

Fixed-income

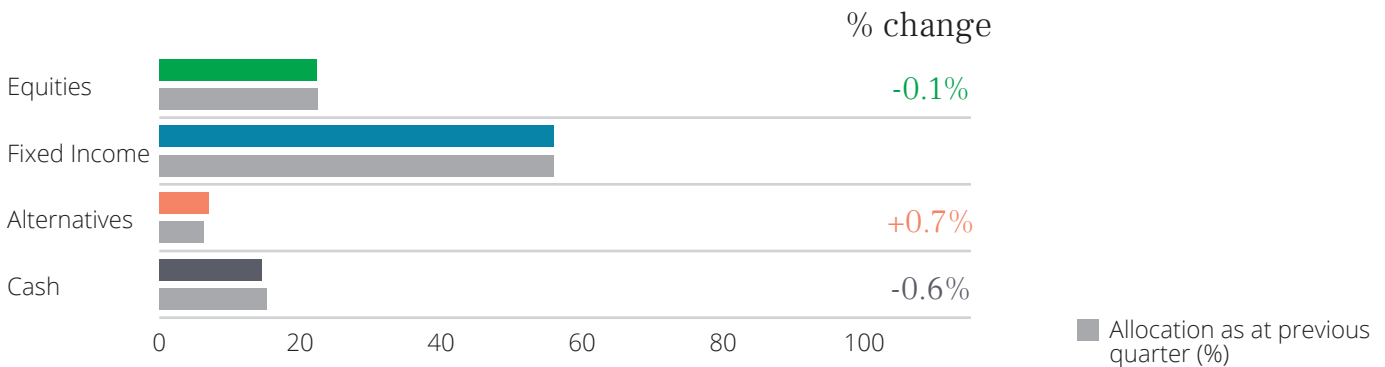


Robust US economic data and higher inflation caused considerable volatility in fixed-income markets, pushing up yields and strengthening the US dollar. The quarter was also marked by notable selloffs in government bond markets. UK gilts were down 3.6%, US Treasuries down 3.5%, and global bonds overall were down 1.0%. In corporate bonds, high-yield bonds outperformed investment-grade bonds, driven by expectations of a pro-business Trump administration.

Source: Quilter Investors and FactSet as at 31 December 2024. 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 investment summary: Cirilium Conservative Passive Portfolio

Cirilium Conservative Passive Portfolio asset allocation breakdown



Cirilium Conservative Passive Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Conservative Passive Portfolio - R (GBP) Accumulation Shares	4.6%	7.4%	-10.1%	2.5%	4.8%

Cirilium Conservative Passive Portfolio growth to month end

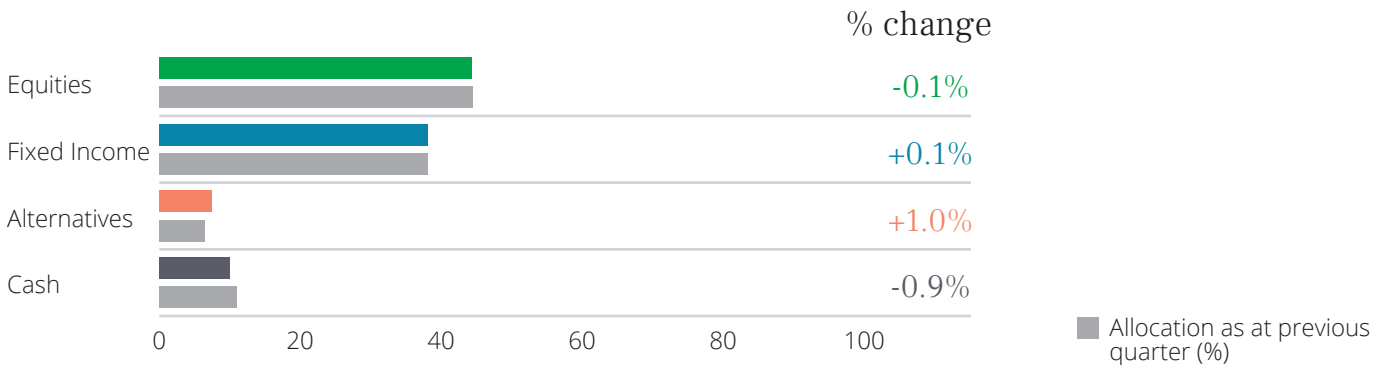
Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Conservative Passive Portfolio - R (GBP) Accumulation Shares	-0.2%	2.1%	4.6%	1.0%	8.5%	50.3%	08/02/13

Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. Exchange rates may cause the value of overseas investments to rise or fall.

Source: Quilter Investors as at 31 December 2024 unless otherwise stated. Total return, percentage growth, net of fees in pounds sterling. Due to rounding and the use of derivatives (financial instruments that derive their values from underlying assets) the allocations may not add up to 100%.

Your investment summary: Cirilium Balanced Passive Portfolio

Cirilium Balanced Passive Portfolio asset allocation breakdown



Cirilium Balanced Passive Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Balanced Passive Portfolio - R (GBP) Accumulation Shares	6.8%	8.7%	-10.5%	6.7%	5.0%

Cirilium Balanced Passive Portfolio growth to month end

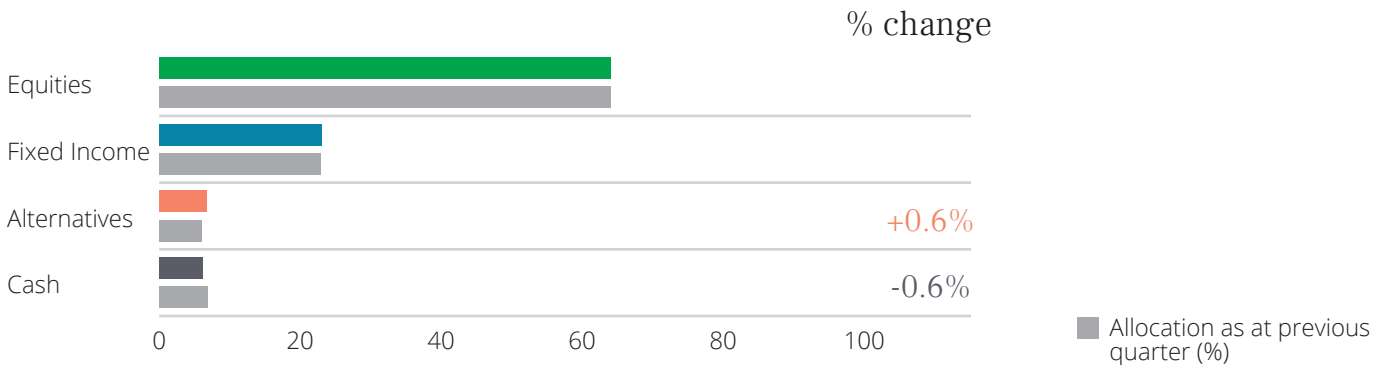
Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Balanced Passive Portfolio - R (GBP) Accumulation Shares	0.5%	2.3%	6.8%	3.8%	16.3%	86.7%	08/02/13

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Source: Quilter Investors as at 31 December 2024 unless otherwise stated. Total return, percentage growth, net of fees in pounds sterling. Due to rounding and the use of derivatives (financial instruments that derive their values from underlying assets) the allocations may not add up to 100%.

Your investment summary: Cirilium Moderate Passive Portfolio

Cirilium Moderate Passive Portfolio asset allocation breakdown



Cirilium Moderate Passive Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Moderate Passive Portfolio - R (GBP) Accumulation Shares	10.1%	10.5%	-8.8%	11.4%	5.2%

Cirilium Moderate Passive Portfolio growth to month end

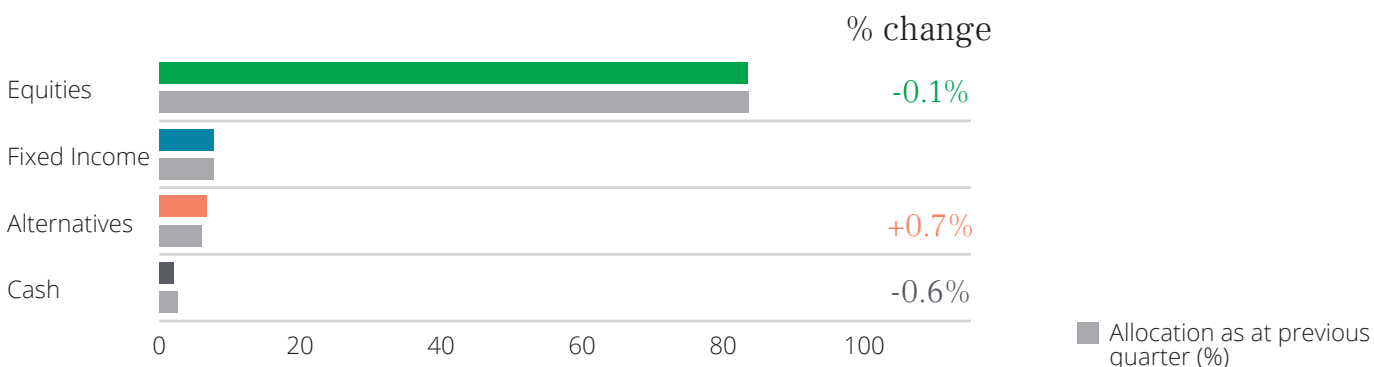
Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Moderate Passive Portfolio - R (GBP) Accumulation Shares	1.4%	3.1%	10.1%	10.9%	29.8%	124.7%	08/02/13

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Source: Quilter Investors as at 31 December 2024 unless otherwise stated. Total return, percentage growth, net of fees in pounds sterling. Due to rounding and the use of derivatives (financial instruments that derive their values from underlying assets) the allocations may not add up to 100%.

Your investment summary: Cirilium Dynamic Passive Portfolio

Cirilium Dynamic Passive Portfolio asset allocation breakdown



Cirilium Dynamic Passive Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Dynamic Passive Portfolio - R (GBP) Accumulation Shares	13.1%	12.0%	-7.3%	15.7%	4.8%

Cirilium Dynamic Passive Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Dynamic Passive Portfolio - R (GBP) Accumulation Shares	2.1%	3.7%	13.1%	17.4%	42.4%	162.2%	08/02/13

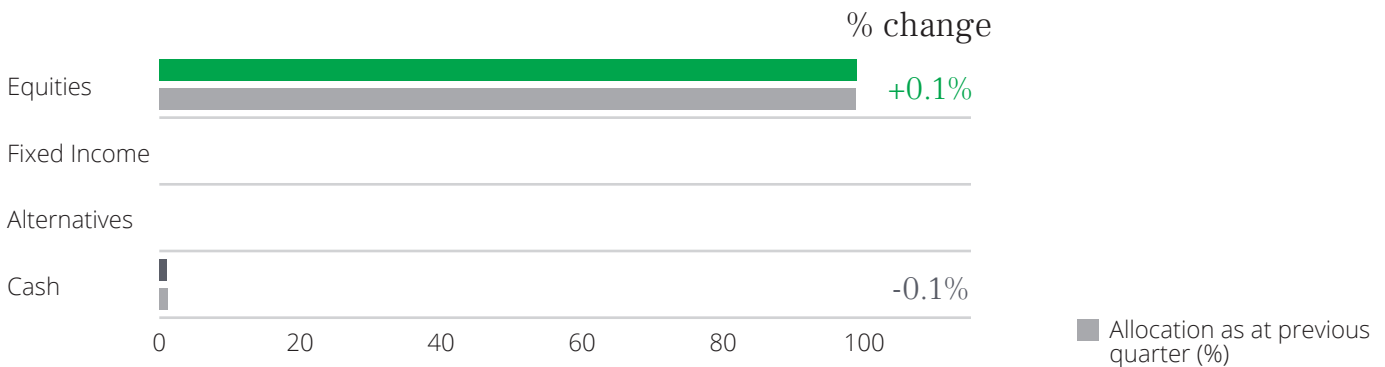
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Source: Quilter Investors as at 31 December 2024 unless otherwise stated. Total return, percentage growth, net of fees in pounds sterling. Due to rounding and the use of derivatives (financial instruments that derive their values from underlying assets) the allocations may not add up to 100%.



Your investment summary: Cirilium Adventurous Passive Portfolio

Cirilium Adventurous Passive Portfolio asset allocation breakdown



Cirilium Adventurous Passive Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Adventurous Passive Portfolio - R (GBP) Accumulation Shares	16.7%	16.0%	-9.2%	19.9%	13.6%

Cirilium Adventurous Passive Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Adventurous Passive Portfolio - R (GBP) Accumulation Shares	2.7%	4.2%	16.7%	22.9%	67.4%	110.6%	01/06/17

Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. Exchange rates may cause the value of overseas investments to rise or fall.

Source: Quilter Investors as at 31 December 2024 unless otherwise stated. Total return, percentage growth, net of fees in pounds sterling. Due to rounding and the use of derivatives (financial instruments that derive their values from underlying assets) the allocations may not add up to 100%.

Your portfolio holdings

Holding Name	Fund manager (where applicable)	Asset type	Cirilium Conservative Passive Portfolio	Cirilium Balanced Passive Portfolio	Cirilium Moderate Passive Portfolio	Cirilium Dynamic Passive Portfolio	Cirilium Adventurous Passive Portfolio
EQUITY			22.39%	44.38%	64.07%	83.45%	98.90%
ASIA PACIFIC EQUITY			1.51	3.01	4.26	5.75	6.78
ISHARES JAPAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	0.76	1.50	2.26	3.03	3.54
ISHARES PACIFIC EX JAPAN EQUITY INDEX	BLACKROCK	COLLECTIVE	0.74	1.50	2.00	2.72	3.24
EMERGING MARKETS EQUITY			2.98	5.72	8.46	11.02	13.02
ISHARES EMERGING MARKETS EQUITY INDEX	BLACKROCK	COLLECTIVE	2.98	5.72	8.46	11.02	13.02
EUROPEAN EQUITY			3.77	7.56	10.79	14.05	16.52
ISHARES CONTINENTAL EUROPEAN EQUITY INDEX	BLACKROCK	COLLECTIVE	3.77	7.56	10.79	14.05	16.52
NORTH AMERICAN EQUITY			8.58	16.71	24.34	31.54	37.45
ISHARES NORTH AMERICAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	8.58	16.71	24.34	31.54	32.99
VANGUARD FTSE NORTH AMERICA UCITS ETF	VANGUARD	COLLECTIVE	0.00	0.00	0.00	0.00	4.47
UK EQUITY			5.55	11.37	16.23	21.09	25.14
ISHARES UK EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	5.55	11.37	16.23	21.09	25.14
FIXED INCOME			56.02%	38.10%	23.02%	7.76%	0.00%
CORPORATE BONDS			28.06	19.07	11.53	4.02	0.00
VANGUARD GLOBAL CORPORATE BOND INDEX FUND	VANGUARD	COLLECTIVE	12.29	8.27	4.99	1.76	0.00
VANGUARD UK INVESTMENT GRADE BOND INDEX FUND	VANGUARD	COLLECTIVE	15.78	10.80	6.54	2.26	0.00
GOVERNMENT BONDS			11.47	7.77	4.74	1.50	0.00
AMUNDI UK GOVERNMENT BOND UCITS ETF	AMUNDI	DIRECT EQUITY	11.47	7.77	4.74	1.50	0.00
OTHER FIXED INCOME			16.48	11.25	6.74	2.25	0.00
AMUNDI INDEX J.P. MORGAN GBI GLB GOVIES	AMUNDI	DIRECT EQUITY	16.48	11.25	6.74	2.25	0.00
ALTERNATIVES			6.99%	7.47%	6.70%	6.75%	0.00%
ALTERNATIVE EQUITY			3.50	3.75	3.38	3.41	0.00
STATE STREET GLBL ALTERNATIVE BETA FUND	STATE STREET	COLLECTIVE	3.50	3.75	3.38	3.41	0.00
ALTERNATIVE OTHER			3.49	3.72	3.32	3.35	0.00
GOLDMAN SACHS ABSOLUTE RETURN TRACKER PORTFOLIO CAPITALISATION	GOLDMAN SACHS	COLLECTIVE	3.49	3.72	3.32	3.35	0.00
CASH			14.60%	10.06%	6.21%	2.03%	1.10%
CASH			14.60	10.06	6.21	2.03	1.10
TOTAL			100%	100%	100%	100%	100%

Source: Quilter Investors, as at 31 December 2024. Due to rounding the allocations may not add up to 100%.

Your performance review



Ian Jensen-Humphreys
Portfolio Manager



Sacha Chorley
Portfolio Manager



CJ Cowan
Portfolio Manager

The Cirilium Passive Portfolios generally delivered positive performance over the fourth quarter, with returns ranging from 0.5% for the Balanced Portfolio up to 2.7% for the Adventurous Portfolio. The exception to this positive trend was the Conservative Portfolio, which lost 0.2%. It was a strong period for US equities, which drove almost all portfolio returns, although this was primarily down to US dollar strength rather than share price performance. Meanwhile, all other equity regions except Japan were a drag with Europe and the UK the most significant. Our bond exposure also detracted, with government bonds underperforming corporate bonds, while our alternatives holdings were a very modest negative too.



How our equity holdings performed

Dollar domination

One of the big stories of the quarter was the renewed strength of the US dollar following on from a weaker summer. This was seemingly driven first by expectation and then the eventual victory of Trump in the US presidential election. Imposing tariffs on imported manufactured goods is one of Trump's headline policies and tariffs typically strengthen the domestic currency. Against this backdrop, the iShares North American Equity Index Fund delivered returns of almost 11% despite share price rises of only a few percent.

China stimulus disappoints but Japan edges back

In the month preceding early October's peak, the Chinese market was up almost 40% after economic stimulus measures were announced. Policy detail at the time was light and further announcements have underwhelmed, leading to half of these gains being given back. Elsewhere in Asia, Japan enjoyed a better quarter as the equity market continued to rebound after August's flash crash, although much of these gains were eaten up by yen weakness leaving the iShares Japan Equity Index Fund up just 0.7%.

UK and Europe struggle

In the UK, the market reaction to Rachel Reeves 'pro-growth' budget suggests investors were not convinced. The iShares UK Equity Index Fund ended the month down 0.1%. European equities fared worse as both the French and German governments collapsed. Europe is also in the crosshairs of Trump's protectionist policies. This weighed on sentiment and weakened the euro, leaving the iShares Continental European Equity Index Fund down by 4.3%.



How our fixed-income holdings performed

Inflation concerns send bond yields soaring

US Treasury yields marched higher during the fourth quarter amid strong US growth and inflation stuck a little above the 2% target of the US Federal Reserve (Fed). Meanwhile, Trump's proposed policies of import tariffs and immigration restrictions could push inflation higher, leading investors to question whether interest rates would be cut as far as expected. The Amundi Index J.P. Morgan GBI Global Govies ETF lost 1.5% as government bond yields rose. UK gilts fared worse. Pay deals agreed by the new government are likely to increase the risk of strikes elsewhere, presenting upside inflation risks, while a Budget that has stifled business optimism risks making the country's debt burden even harder to grow out of. Against this backdrop, the Amundi UK Government Bond ETF was down 3.1%.



How our alternative holdings performed

Mixed alternatives performance

The alternatives market struggled to make headway during the fourth quarter, with both our holdings finishing close to flat. The State Street Global Alternative Beta Fund gained 0.7%, whilst the GS Absolute Return Tracker Portfolio fell 1.2%.

Portfolio changes

There were no changes to the strategic asset allocations over the period.



Investment outlook

We are cautiously optimistic heading into 2025. We think global growth will remain positive, with the US economy continuing to outperform. This should be supportive for broad equity earnings, although valuations look stretched in some areas, particularly in tech stocks. Government bond yields near 5% make them an interesting asset class, particularly with central banks biased to cut rates. However, persistent above target inflation could pose challenges.

1. You can't ignore the politicians

President Trump's second term in the White House is likely to lead to tailwinds of deregulation and tax cuts, which should be beneficial for the US corporate sector. Against this, the proposed tariffs and immigration curbs could prove inflationary. Elsewhere, equities face political headwinds, particularly in Europe and Germany. Finally, the Chinese authorities need to decide if they are serious about stimulating consumer spending to support their somewhat stagnant economy.

2. What might make us more optimistic?

Markets are likely to deliver robust returns if the global economy can remain in a 'Goldilocks' state – decent growth but not so much that inflationary pressures bubble up to the surface, allowing central banks to further cut rates. A key marker for us will be observing inflation in the US and UK to see if it can continue its glidepath down to target levels. There could be several additional catalysts that are worth monitoring, such as a potential Ukraine ceasefire, meaningful China stimulus, and governments in France and Germany that prioritise growth and consumption.

3. What might make us more pessimistic?

The key risk for us for 2025 is US inflation and the risk that it starts to increase again. Trump's policies might be a catalyst for this with tariffs a potential culprit. The result would likely force the Fed to raise rates rather than cut, which would be bad for bond prices and borrowers everywhere. The resulting shock to growth from these tighter financial conditions could lead to poor corporate returns. Separately, a tit-for-tat tariff war could be at the least distracting, and at worst, destructive to growth.



Glossary

Bonds

Bonds are fixed-income investments that represent a loan made by an investor to a borrower such as a government, company, or large institution. In principle, bond investors are lending money (the principal) to the bond issuer in return for a fixed or variable rate of interest (coupon) during the term of the bond. When the term ends (maturity), the issuer repays the principal to the investor.

Central banks

Central banks are the financial institutions typically tasked with managing a country's financial stability, by implementing monetary policy. This will involve setting interest rates, watching price stability, and regulating other financial institutions or organisations.

Consumer discretionary

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

Consumer staples

Consumer staples are goods and services that are always in demand. Consequently, consumer staples companies 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 riskier than government bonds, so corporate bonds normally offer higher interest rates (or yields) to compensate for the added risk.

Currency strength

Currency strength is when a currency, such as sterling, rises compared to another currency. For example, if a sterling investor holds a US dollar investment, and sterling rises compared to the US dollar, the return from the investment will decrease.

Currency weakness

Currency weakness is when a currency, such as sterling, falls compared to another currency. For example, if a sterling investor holds a US dollar investment, and sterling falls compared to the US dollar, the return from the investment will increase.

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.

Equities

Equities are company shares. In most instances, except for private equity, they describe shares in listed companies that are traded on recognised stock markets.

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.

High-yield bonds

High-yield bonds are bonds issued by countries, companies, or institutions with lower creditworthiness who must pay greater rates of interest to compensate their bondholders for the increased risk of default.

Inflation

Inflation is the rate of increase in the price of goods and services. For most countries, it is based on a basket of goods and services that are representative of the cost of living. Inflation increases the cost of goods and services but decreases the real value of cash savings and future bond payments.

Investment-grade bonds

Investment-grade bonds are considered to signify a relatively low risk of default. Bonds rated from 'AAA' to 'BBB' are investment grade. They are assigned these credit ratings by agencies such as Standard & Poor's, Moody's and Fitch.

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 or contraction 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.

Volatility

Volatility is the extent and speed of change in the value of a financial security such as a bond or equity. The greater the movements in the price of a security, and the shorter the period of such changes, the higher its volatility. The higher the volatility of an asset, the more unpredictable and extreme its price movements.

Yield

Yield is a measure of the income an investment delivers. It is calculated as a percentage of either the original purchase price or the current market value of the asset in question.



Thank you for investing with us

Keep an eye out for your next Cirilium Passive Portfolios monthly commentary available in February.

Want more updates about your portfolio?

Please visit our website at www.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 www.quilter.com



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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)).

The portfolios are 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 portfolios may invest in a range of assets such as bonds, equities (company shares), and other investment funds. This means the portfolios 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 portfolios deduct the charges from the capital of the portfolios, which means there is the potential for capital erosion if insufficient capital growth achieved to cover the charges. The portfolios may use derivatives, which means there may be a higher level of risk. The portfolios may invest more than 15% in cash, which could reduce returns in rising markets and reduce losses in falling markets. The portfolios may hold investments that may be more difficult to sell, which may affect the ability of investors to withdraw their money. The portfolios invest in emerging markets, which may be more volatile than investments in developed markets.

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