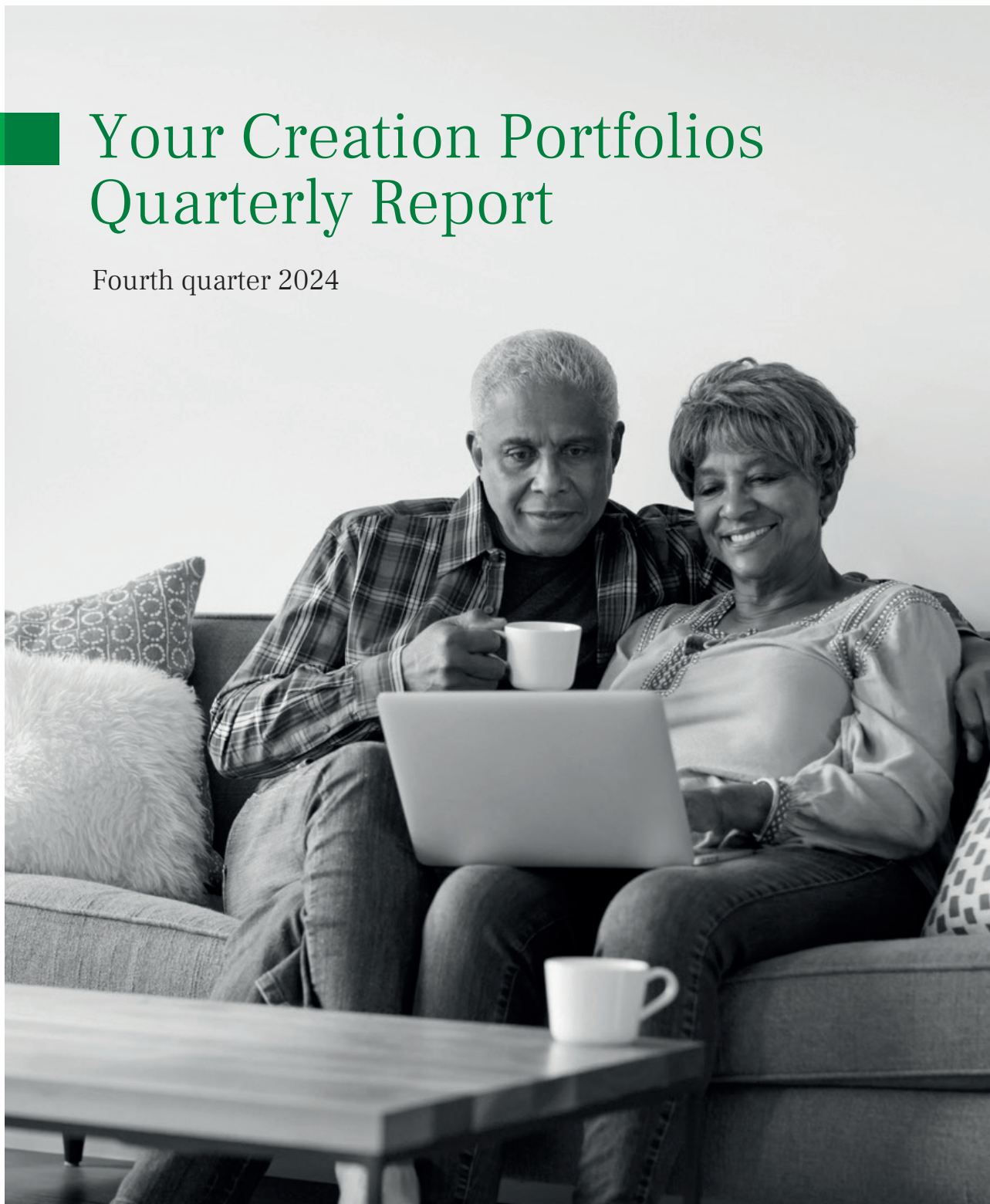


UK: Suitable for retail and professional clients.

Quilter
Investors

Your Creation Portfolios Quarterly Report

Fourth quarter 2024



What your report covers

- ▶ Our market summary
- ▶ 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 end 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 – the Czech Republic, Kuwait, Taiwan, and the UAE.

Fixed-income

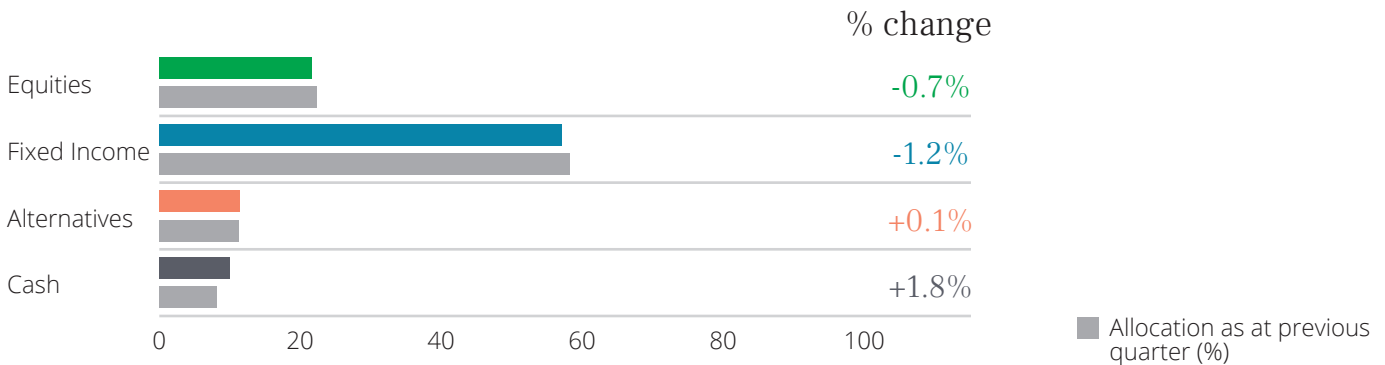


Robust US economic data and higher inflation caused considerable volatility in fixed-income markets, pushing up yields and strengthening the US dollar. The quarter was also marked by notable selloffs in government bond markets. UK gilts were down 3.6%, US Treasuries down 3.5%, and global bonds overall 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: Creation Conservative Portfolio

Creation Conservative Portfolio asset allocation breakdown



Creation Conservative Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Conservative Portfolio - A (GBP) Accumulation Shares	2.6%	4.2%	-8.7%	0.9%	0.5%
Quilter Investors Creation Conservative Portfolio - U1 (GBP) Accumulation Shares	3.1%	4.9%	-8.1%	1.6%	1.3%
Quilter Investors Creation Conservative Portfolio - U2 (GBP) Accumulation Shares	3.1%	4.9%	-8.0%	1.6%	1.2%
IA Mixed Investment 0-35% Shares sector average	4.4%	6.1%	-10.2%	2.6%	4.0%

Creation Conservative Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Conservative Portfolio - A (GBP) Accumulation Shares	-1.0%	1.0%	2.6%	-2.4%	-1.1%	49.0%	28/04/08
IA Mixed Investment 0-35% Shares sector average	-0.4%	2.2%	4.4%	-0.6%	6.0%	71.7%	
Quilter Investors Creation Conservative Portfolio - U1 (GBP) Accumulation Shares	-0.9%	1.3%	3.1%	-0.6%	2.3%	20.7%	06/06/14
IA Mixed Investment 0-35% Shares sector average	-0.4%	2.2%	4.4%	-0.6%	6.0%	32.0%	
Quilter Investors Creation Conservative Portfolio - U2 (GBP) Accumulation Shares	-0.9%	1.2%	3.1%	-0.6%	2.2%	23.7%	19/02/14
IA Mixed Investment 0-35% Shares sector average	-0.4%	2.2%	4.4%	-0.6%	6.0%	34.3%	

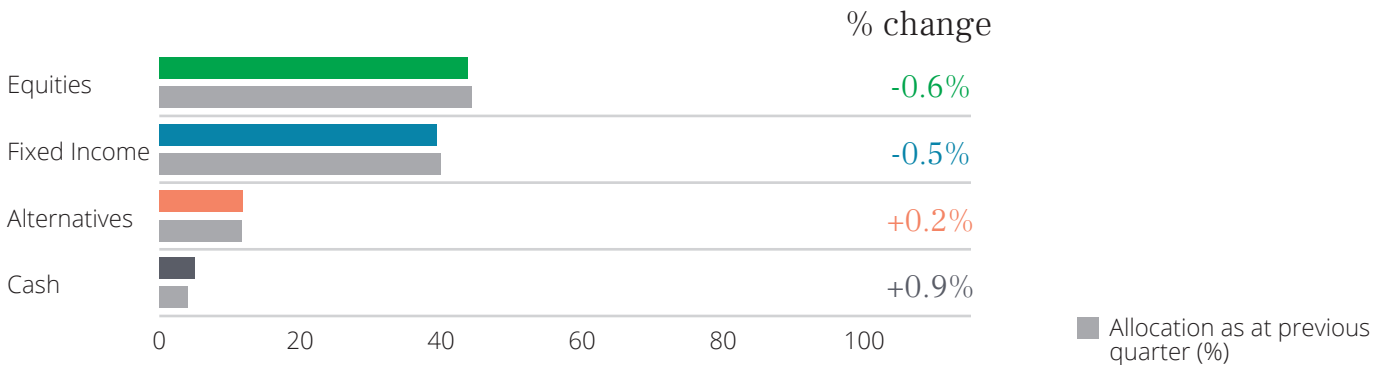
*Since launch performance figures are from the launch date of the respective share class.

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Your investment summary: Creation Balanced Portfolio

Creation Balanced Portfolio asset allocation breakdown



Creation Balanced Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Balanced Portfolio - A (GBP) Accumulation Shares	5.0%	5.8%	-7.8%	4.3%	2.0%
Quilter Investors Creation Balanced Portfolio - U1 (GBP) Accumulation Shares	5.4%	6.4%	-7.2%	5.0%	2.7%
Quilter Investors Creation Balanced Portfolio - U2 (GBP) Accumulation Shares	5.4%	6.5%	-7.2%	5.1%	2.7%
IA Mixed Investment 20-60% Shares sector average	6.2%	6.9%	-9.7%	6.3%	3.5%

Creation Balanced Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Balanced Portfolio - A (GBP) Accumulation Shares	-0.2%	1.6%	5.0%	2.3%	8.9%	68.7%	28/04/08
IA Mixed Investment 20-60% Shares sector average	0.1%	2.4%	6.2%	2.5%	12.8%	95.9%	
Quilter Investors Creation Balanced Portfolio - U1 (GBP) Accumulation Shares	-0.1%	1.8%	5.4%	4.2%	12.4%	39.4%	28/04/14
IA Mixed Investment 20-60% Shares sector average	0.1%	2.4%	6.2%	2.5%	12.8%	50.1%	
Quilter Investors Creation Balanced Portfolio - U2 (GBP) Accumulation Shares	-0.1%	1.9%	5.4%	4.2%	12.6%	39.9%	19/02/14
IA Mixed Investment 20-60% Shares sector average	0.1%	2.4%	6.2%	2.5%	12.8%	50.6%	

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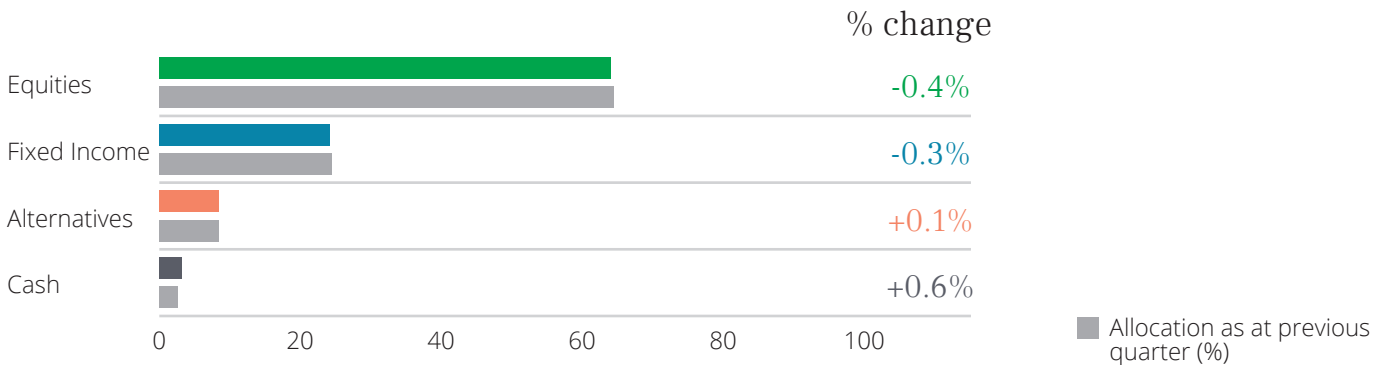
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Your investment summary: Creation Moderate Portfolio

Creation Moderate Portfolio asset allocation breakdown



Creation Moderate Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Moderate Portfolio - A (GBP) Accumulation Shares	7.2%	7.7%	-7.9%	7.3%	3.4%
Quilter Investors Creation Moderate Portfolio - U1 (GBP) Accumulation Shares	7.7%	8.3%	-7.2%	8.2%	4.1%
Quilter Investors Creation Moderate Portfolio - U2 (GBP) Accumulation Shares	7.7%	8.3%	-7.3%	8.2%	4.1%
IA Mixed Investment 40-85% Shares sector average	8.9%	8.1%	-10.2%	11.2%	5.5%

Creation Moderate Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Moderate Portfolio - A (GBP) Accumulation Shares	0.4%	2.0%	7.2%	6.4%	18.0%	88.6%	28/04/08
IA Mixed Investment 40-85% Shares sector average	1.2%	2.8%	8.9%	5.7%	24.0%	141.6%	
Quilter Investors Creation Moderate Portfolio - U1 (GBP) Accumulation Shares	0.6%	2.3%	7.7%	8.3%	22.0%	58.2%	16/05/14
IA Mixed Investment 40-85% Shares sector average	1.2%	2.8%	8.9%	5.7%	24.0%	80.6%	
Quilter Investors Creation Moderate Portfolio - U2 (GBP) Accumulation Shares	0.6%	2.3%	7.7%	8.2%	21.9%	58.1%	19/02/14
IA Mixed Investment 40-85% Shares sector average	1.2%	2.8%	8.9%	5.7%	24.0%	81.1%	

*Since launch performance figures are from the launch date of the respective share class.

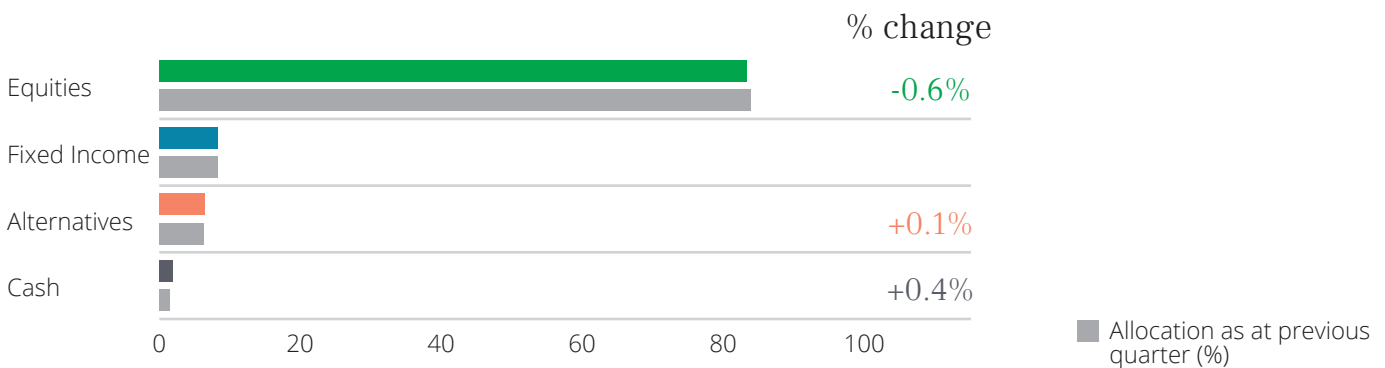
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Your investment summary: Creation Dynamic Portfolio

Creation Dynamic Portfolio asset allocation breakdown



Creation Dynamic Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Dynamic Portfolio - A (GBP) Accumulation Shares	9.3%	8.9%	-8.0%	10.7%	4.0%
Quilter Investors Creation Dynamic Portfolio - U1 (GBP) Accumulation Shares	9.8%	9.8%	-7.1%	11.7%	4.9%
Quilter Investors Creation Dynamic Portfolio - U2 (GBP) Accumulation Shares	9.8%	9.8%	-7.1%	11.8%	4.9%
IA Flexible Investment sector average	9.2%	7.3%	-9.1%	11.4%	7.0%

Creation Dynamic Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Dynamic Portfolio - A (GBP) Accumulation Shares	1.1%	2.5%	9.3%	9.6%	26.2%	107.0%	28/04/08
IA Flexible Investment sector average	1.7%	2.8%	9.2%	6.4%	26.9%	140.0%	
Quilter Investors Creation Dynamic Portfolio - U1 (GBP) Accumulation Shares	1.2%	2.8%	9.8%	12.1%	31.3%	75.3%	05/06/14
IA Flexible Investment sector average	1.7%	2.8%	9.2%	6.4%	26.9%	83.0%	
Quilter Investors Creation Dynamic Portfolio - U2 (GBP) Accumulation Shares	1.2%	2.8%	9.8%	12.0%	31.3%	77.4%	19/02/14
IA Flexible Investment sector average	1.7%	2.8%	9.2%	6.4%	26.9%	86.6%	

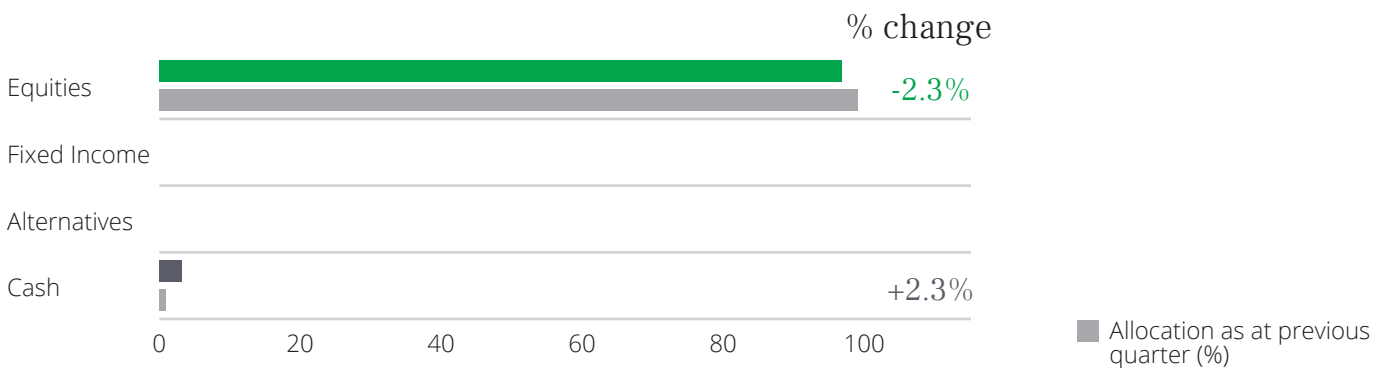
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Your investment summary: Creation Adventurous Portfolio

Creation Adventurous Portfolio asset allocation breakdown



Creation Adventurous Portfolio growth year by year to end of December

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Adventurous Portfolio - A (GBP) Accumulation Shares	10.5%	10.0%	-7.8%	12.6%	3.1%
Quilter Investors Creation Adventurous Portfolio - U1 (GBP) Accumulation Shares	11.2%	10.7%	-7.1%	13.5%	3.9%
Quilter Investors Creation Adventurous Portfolio - U2 (GBP) Accumulation Shares	11.1%	10.9%	-6.9%	13.7%	4.1%
IA Flexible Investment sector average	9.2%	7.3%	-9.1%	11.4%	7.0%

Creation Adventurous Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Adventurous Portfolio - A (GBP) Accumulation Shares	1.5%	3.0%	10.5%	12.1%	30.2%	46.1%	03/07/17
Quilter Investors Creation Adventurous Portfolio - U1 (GBP) Accumulation Shares	1.7%	3.4%	11.2%	14.3%	34.8%	54.1%	03/07/17
Quilter Investors Creation Adventurous Portfolio - U2 (GBP) Accumulation Shares	1.7%	3.4%	11.1%	14.7%	35.7%	55.7%	03/07/17
IA Flexible Investment sector average	1.7%	2.8%	9.2%	6.4%	26.9%	43.7%	

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Your portfolio holdings

Holding Name	Fund manager (where applicable)	Asset type	Creation Conservative Portfolio	Creation Balanced Portfolio	Creation Moderate Portfolio	Creation Dynamic Portfolio	Creation Adventurous Portfolio
EQUITY			21.64%	43.76%	64.11%	83.30%	96.84%
ASIA PACIFIC EQUITY			3.48	5.42	7.23	9.31	10.52
FIDELITY ASIA PACIFIC OPPORTUNITIES FUND	FIDELITY	COLLECTIVE	1.08	1.80	2.58	3.48	3.45
ISHARES JAPAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	0.98	0.71	0.00	0.00	0.00
ISHARES PACIFIC EX JAPAN EQUITY INDEX	BLACKROCK	COLLECTIVE	0.01	0.00	0.00	0.00	0.00
M&G JAPAN FUND	M&G	COLLECTIVE	1.11	2.03	3.44	4.17	4.56
MSCI PACIFIC EX JP NTR (EUR) MAR 25		DERIVATIVE	0.30	0.88	1.21	1.66	2.50
EMERGING MARKETS EQUITY			1.50	3.47	5.49	7.07	8.50
ALLSPRING EMERGING MARKETS EQUITY INCOME	ALLSPRING	COLLECTIVE	0.85	1.58	2.33	2.96	3.53
ISHARES EMERGING MARKETS EQUITY INDEX	BLACKROCK	COLLECTIVE	0.00	0.32	0.85	1.24	1.51
JUPITER GLOBAL EMERGING MARKETS FOCUS	JUPITER	COLLECTIVE	0.49	1.00	1.59	2.24	2.37
MSCI EMRG MARKETS MINI (IFUS) MAR 25		DERIVATIVE	-0.20	0.00	0.00	0.00	0.00
QI EMERGING MARKETS EQUITY FUND		COLLECTIVE	0.36	0.56	0.72	0.64	1.08
EUROPEAN EQUITY			0.18	4.12	7.65	11.04	12.86
EURO STOXX 50 (EUR) MAR 25		DERIVATIVE	-2.74	-1.58	-0.91	0.00	0.00
INVESCO EUROPEAN EQUITY INCOME FUND	INVESCO	COLLECTIVE	0.61	0.92	1.20	1.46	2.02
M&G EUROPEAN STRATEGIC VALUE FUND	M&G	COLLECTIVE	1.14	2.46	3.74	4.90	5.47
PREMIER MITON EUROPEAN OPPORTUNITIES FUND	PREMIER MITON	COLLECTIVE	0.78	1.40	2.08	2.59	3.03
QUILTER INV EUR (EX UK) EQ (JANUS HEND)	JANUS HENDERSON	COLLECTIVE	0.84	1.36	1.99	2.53	2.96
SX5E 06/20/25 P3950		DERIVATIVE	0.10	0.10	0.10	0.09	0.14
SX5E 06/20/25 P4950		DERIVATIVE	-0.55	-0.54	-0.54	-0.54	-0.76
GLOBAL EQUITY			4.51	6.35	8.26	9.84	11.24
AB INTERNATIONAL HEALTH CARE PORTFOLIO	ALLIANCE BERNSTEIN	COLLECTIVE	1.48	1.47	1.46	1.45	1.48
QUILTER INV GBL EQUITY VALUE (REDWHEEL)	REDWHEEL	COLLECTIVE	0.78	1.35	1.98	2.56	3.00
QUILTER INV GLOBAL DYNAMIC EQUITY	ROYAL LONDON	COLLECTIVE	0.00	0.00	0.00	0.00	0.00
QUILTER INV GLOBAL UNCONSTR. EQUITY (RLAM)	ROYAL LONDON	COLLECTIVE	0.73	1.34	2.02	2.52	2.98
SCHRODER GLOBAL ENERGY TRANSITION FUND	SCHRODERS	COLLECTIVE	0.74	0.78	0.79	0.79	0.80
WELLINGTON DURABLE ENTERPRISES FUND	WELLINGTON	COLLECTIVE	0.78	1.40	2.03	2.51	2.98
NORTH AMERICAN EQUITY			7.10	14.15	20.65	26.84	32.13
BNY MELLON US EQUITY INCOME FUND	BNY MELLON	COLLECTIVE	1.01	1.82	2.64	3.39	4.00
E-MINI S&P 500 EQUAL WEIGHT (CME) MAR 25		DERIVATIVE	1.87	1.93	1.95	1.91	0.00
EMINI S&P 500 (CME) MAR 25		DERIVATIVE	0.55	0.75	0.88	1.08	0.00

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Your portfolio holdings (cont'd)

Holding Name	Fund manager (where applicable)	Asset type	Creation Conservative Portfolio	Creation Balanced Portfolio	Creation Moderate Portfolio	Creation Dynamic Portfolio	Creation Adventurous Portfolio
EQUITY (CONTINUED)							
ISHARES NORTH AMERICAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	2.87	7.36	11.24	15.18	18.27
ISHARES S&P500 EQUAL WEIGHT UCITS ETF	BLACKROCK	DERIVATIVE	0.00	0.00	0.00	0.00	1.99
PREMIER MITON US OPPORTUNITIES FUND	PREMIER MITON	COLLECTIVE	0.84	1.51	2.26	2.88	3.42
QUILTER INV US EQUITY GROWTH (JPMORGAN)	JPMORGAN	COLLECTIVE	1.08	2.05	3.01	3.85	4.45
SPX US 06/20/25 P4850		DERIVATIVE	0.19	0.22	0.23	0.25	0.00
SPX US 06/20/25 P6050		DERIVATIVE	-1.31	-1.48	-1.56	-1.71	0.00
UK EQUITY			4.86	10.24	14.82	19.20	21.59
FTSE 100 (IFEU) MAR 25		DERIVATIVE	0.76	0.69	0.68	0.75	0.00
INVESCO UK OPPORTUNITIES FUND	INVESCO	COLLECTIVE	0.85	1.58	2.32	2.97	3.30
ISHARES UK EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	1.27	3.79	5.23	6.83	9.06
J O HAMBRO UK DYNAMIC FUND	J O HAMBRO	COLLECTIVE	0.50	0.92	1.33	1.72	2.07
LIONTRUST UK GROWTH FUND	LIONTRUST	COLLECTIVE	0.86	1.55	2.34	2.97	3.24
MONTANARO UK INCOME FUND	MONTANARO	COLLECTIVE	0.50	0.90	1.32	1.70	2.01
QUILTER INV UK EQ LG-CAP INCOME (ARTEMIS)	ARTEMIS	COLLECTIVE	0.86	1.57	2.35	3.02	3.30
UKX 06/20/25 P6500		DERIVATIVE	0.08	0.08	0.08	0.09	0.16
UKX 06/20/25 P8275		DERIVATIVE	-0.84	-0.84	-0.83	-0.85	-1.55
FIXED INCOME			57.04%	39.40%	24.19%	8.32%	0.00%
CORPORATE BONDS			30.66	21.90	14.42	5.61	0.00
PREMIER MITON FINANCIALS CAP SECURITIES	PREMIER MITON	COLLECTIVE	0.88	0.88	0.90	0.47	0.00
QI CORPORATE BOND FUND	PREMIER MITON	COLLECTIVE	7.89	5.46	3.38	1.23	0.00
QUILTER INV BOND 3 (JPMORGAN)	JPMORGAN	COLLECTIVE	0.08	0.04	0.01	0.01	0.00
QUILTER INV DYNAMIC BOND (TWENTY FOUR)	TWENTY-FOUR	COLLECTIVE	1.83	1.85	1.85	0.92	0.00
QUILTER INV STERLING CORP BOND FUND	FIDELITY	COLLECTIVE	7.87	5.44	3.37	1.21	0.00
VANGUARD GLOBAL CORPORATE BOND INDEX FUND	VANGUARD	COLLECTIVE	6.20	4.25	2.52	0.89	0.00
WELLINGTON GLOBAL CREDIT ESG FUND	WELLINGTON	COLLECTIVE	5.92	3.99	2.39	0.88	0.00
GOVERNMENT BONDS			25.08	16.09	8.72	1.92	0.00
10Y AUSTRALIA T-BOND (SFE) MAR 25		DERIVATIVE	0.26	0.06	0.00	0.00	0.00
10Y ULTRA T-NOTE (CBT) MAR 25		DERIVATIVE	0.00	0.00	0.00	-0.41	0.00
BLACKROCK ISHARES UK GILTS ALL SHARES	BLACKROCK	COLLECTIVE	13.19	9.27	6.13	1.12	0.00
ISHARES GBP INDEX-LINKED GILTS UCITS ETF	BLACKROCK	COLLECTIVE	0.95	1.00	1.00	1.00	0.00
ISHARES GLOBAL GOVT BOND UCITS ETF	BLACKROCK	COLLECTIVE	6.98	4.00	0.00	0.00	0.00
VANGUARD EUR EUROZONE GOVERNMENT BOND	VANGUARD	COLLECTIVE	1.48	0.93	0.66	0.00	0.00

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Your portfolio holdings (cont'd)

Holding Name	Fund manager (where applicable)	Asset type	Creation Conservative Portfolio	Creation Balanced Portfolio	Creation Moderate Portfolio	Creation Dynamic Portfolio	Creation Adventurous Portfolio
FIXED INCOME (CONTINUED)							
VANGUARD JAPAN GOVERNMENT BOND INDEX FUND	VANGUARD	COLLECTIVE	1.18	0.83	0.72	0.20	0.00
VANGUARD U.S. GOVERNMENT BOND INDEX FUND	VANGUARD	COLLECTIVE	1.04	0.00	0.21	0.00	0.00
OTHER FIXED INCOME			1.30	1.40	1.05	0.80	0.00
ALLSPRING U.S. SHORT-TERM HIGH YIELD BOND	ALLSPRING	COLLECTIVE	0.00	0.00	0.00	0.00	0.00
JANUS HENDERSON ASSET-BACKED SECURITIES	JANUS HENDERSON	COLLECTIVE	1.30	1.40	1.05	0.80	0.00
ALTERNATIVES			11.35%	11.85%	8.48%	6.42%	0.00%
ALTERNATIVE EQUITY			1.29	1.34	1.14	0.86	0.00
NEUBERGER BERMAN EVENT DRIVEN	NEUBERGER BERMAN	COLLECTIVE	0.27	0.27	0.37	0.31	0.00
SCHRODER GAIA SICAV ASIAN EQUITY L/S HDG	SCHRODERS	COLLECTIVE	1.02	1.07	0.78	0.55	0.00
ALTERNATIVE FIXED INCOME			5.63	5.86	4.03	3.07	0.00
ARDEA GLOBAL ALPHA FUND	ARDEA	COLLECTIVE	0.27	0.27	0.37	0.31	0.00
BREXAN HOWARD ABSOLUTE RETURN GOV. BOND	BREXAN HOWARD	COLLECTIVE	0.74	0.74	0.72	0.45	0.00
JUPITER STRATEGIC ABSOLUTE RETURN BOND	JUPITER	COLLECTIVE	0.84	0.84	0.51	0.47	0.00
MERIAN GLB EQUITY ABSOLUTE RETURN FUND	JUPITER MERIAN	COLLECTIVE	1.25	1.30	0.75	0.58	0.00
SCHRODER ALTERNATIVE INCOME GBPH	SCHRODERS	COLLECTIVE	1.29	1.35	0.79	0.59	0.00
WELLINGTON GLOBAL TOTAL RETURN	WELLINGTON	COLLECTIVE	1.24	1.36	0.88	0.67	0.00
ALTERNATIVE OTHER			3.04	3.25	2.22	1.66	0.00
AQR MANAGED FUTURES UCITS FUND	AQR	COLLECTIVE	2.00	2.20	1.50	1.05	0.00
PANTHEON INFRASTRUCTURE PLC	PANTHEON	COLLECTIVE	0.56	0.56	0.38	0.32	0.00
THE RENEWABLES INFRASTRUCTURE GROUP	INFRARED CAPITAL PARTNERS	COLLECTIVE	0.48	0.48	0.34	0.28	0.00
COMMODITIES			0.90	0.90	0.73	0.55	0.00
L&G MULTI-STRATEGY ENHANCED COMMODITIES UCITS ETF	L&GIM LIMITED	COLLECTIVE	0.90	0.90	0.73	0.55	0.00
PROPERTY			0.49	0.49	0.36	0.28	0.00
IMPACT HEALTHCARE REIT PLC	IMPACT HEALTHCARE	COLLECTIVE	0.49	0.49	0.36	0.28	0.00
CASH			9.97%	5.00%	3.22%	1.95%	3.16%
CASH			9.97	5.00	3.22	1.95	3.16
TOTAL			100%	100%	100%	100%	100%

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

Your performance review



Ian Jensen-Humphreys
Portfolio Manager



Sacha Chorley
Portfolio Manager



CJ Cowan
Portfolio Manager

Over the quarter, the Creation Portfolios delivered mixed returns, from a loss of 0.9% for the Conservative Portfolio up to a gain of 1.7% for the Adventurous Portfolio. Within the portfolios, our US equity holdings delivered the strongest performance, predominantly in anticipation of deregulation and lower taxation following Donald Trump's victory in the US presidential election. In contrast, our European equity holdings struggled amid political uncertainty in France and Germany.



How our equity holdings performed

Impressive performance from US growth holdings

The strongest performer in the portfolios was the Quilter Investors US Equity Growth Fund, managed by JP Morgan, which was up 14.2%. It benefitted from renewed optimism for the future growth of the large US tech companies. One of the key contributors to this performance was Broadcom Atlassian, which develops semi-conductor solutions.

Emerging market managers outperform

Our active holdings in emerging markets were the best performers in the portfolios relative to their benchmarks, adding an average excess return of 1.6%. The standout was the M&G European Strategic Value Fund, which outperformed the broad emerging markets benchmark by 2.6% over the quarter. This was despite its tilt towards value companies in an environment that favoured high growth stocks. A key contributor was Erste Bank.

Thematic tilts struggle due to political concerns

Donald Trump's victory in the November US presidential election impacted our tactical tilts to both healthcare (due to the nomination of Robert F. Kennedy Jr. as Secretary of Health) and energy transition (due to Donald Trump's vocal attack on the Inflation Reduction Act that had supported renewables at the expense of fossil fuels). As a result, the AB International Health Care Portfolio fell 5.7% whilst the Schroder Global Energy Transition Fund fell 16.5%.



How our fixed-income holdings performed

Negative returns amid rising interest rates

The fourth quarter was tough for fixed-income managers as the headwind of rising interest rates led to falling bond prices. The standout performance came from the Premier Miton Financials Capital Securities Fund, which gained 2.2% despite these headwinds. This was due strong bank performance which improved their balance sheet resilience. We also saw good outperformance from the Wellington Global Credit ESG Fund and the Quilter Investors Corporate Bond Fund (managed by Premier Miton).



How our alternative holdings performed

Mixed alternatives performance

The performance of our alternatives holdings was mixed during the fourth quarter, but provided a marginally positive return overall. The best performing holding was the Brevan Howard Absolute Return Government Bond Fund. The fund gained 4.5%, taking advantage of higher bond volatility despite the downward price trends. Conversely, our real estate and infrastructure investment trust holdings suffered in the higher yield environment. In particular, the Renewables Infrastructure Group, which fell 16.0%.



Portfolio changes

We made several changes to our tactical tilts during the quarter. Firstly, we added a US equity overweight via S&P 500 Equal Weight Index futures (see below) to take advantage of the region's higher growth trajectory and superior equity market profit outlook. This was offset by an underweight to European equities, which are exposed to the threat of tariffs by the new Trump administration and the political uncertainty in France and Germany, which is detrimental to both consumer and corporate confidence.

We also removed our US vs European government bond position. We think the weaker European growth outlook is more supportive of interest rate cuts and lower bond yields.

New holdings



S&P 500 Equal Weight Index futures contract (all portfolios except the Adventurous Portfolio)

We added this in November to take exposure to an index comprised of equally-weighted US larger companies (where all 500 companies in the index are weighted evenly at 0.2% as opposed to being weighted by their size). This is designed to benefit from an expectation that US corporate earnings growth will be broad based, and less concentrated within mega-cap tech companies. It also has an increased exposure to industrial companies that should benefit from Donald Trump's agenda and policies.



iShares S&P 500 Equal Weight ETF (Adventurous Portfolio only)

We added this ETF in November to take exposure to an index comprised of equally weighted US larger companies (where all 500 companies in the index are weighted evenly at 0.2% as opposed to being weighted by their size). This is designed to benefit from an expectation that US corporate earnings growth will be broad based, and less concentrated within mega-cap tech companies. It also has an increased exposure to industrial companies that should benefit from Donald Trump's agenda and policies.



Invesco UK Opportunities

We initiated a position in this strategy during November, having previously held exposure via FTSE 100 Index futures. We were attracted to this fund as we believe it offers diversification to the existing manager lineup, both through its value footprint (although it is not a 'deep value' strategy) as well as through its substantial exposure to larger cap stocks



Alliance Bernstein International Health Care Portfolio

We added this position in November to replace pre-existing passive exposure to the healthcare sector. We like the manager's disciplined focus on owning high-quality companies with disciplined capital expenditure and a strong return on equity, rather than those companies chasing the next 'blockbuster' drug, which is inherently uncertain and could lead to more volatile outcomes.



Vanguard Eurozone Government Bond ETF (Conservative, Balanced, and Moderate portfolios)

We added this position in November to increase our exposure to European government bonds as part of the unwinding of our US vs European government bond tactical tilt.

Removed holdings



iShares MSCI World Health Care Sector ESG ETF

We removed this position in favour of a pure passive due to concerns about the unwanted tilts from the ESG screening methodology.



iShares Continental European Tracker fund (all portfolios except the Conservative Portfolio)

We removed this position because of our tactical decision to reduce our European equity exposure.



Vanguard US Government Bond Index fund (Balanced Portfolio only)

This position was removed in November to reduce our overall exposure to US government bonds as part of the unwinding of the US vs European government bond tactical tilt.



iShares Global Government Bond ETF (Moderate Portfolio only)

We removed this position in November as part of our reduction in the portfolio's overall exposure to US government bonds as part of the unwinding of the US vs European government bond tactical tilt.

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 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.

Fixed income

Fixed income is the general term used to describe bonds and bond-like financial instruments. In most instances, the terms fixed-income, fixed-interest, and bonds are interchangeable.

Futures

Futures are a type of derivative contract agreement to buy or sell a specific commodity asset or shares at a set future date for a set price.

Government bonds

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

Gilts

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

Growth stocks

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

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.

Large-cap

Large-cap describes larger-sized companies as measured by market capitalisation (market cap). While the exact thresholds change with market conditions, large-cap refers to companies with a market capitalisation of \$10bn to \$200bn.

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 is 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 or contraction constitutes a recession.

Treasuries

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

Underweight

Underweight is when a fund or portfolio holds a smaller position in a particular stock (equity), sector, region, or strategy than the index or model against its benchmark. Overweight means the opposite.

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.

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 Creation 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)).

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