



deVere  
**MPS Review  
& Outlook**

**Q1** 2025

Q1

## Market Review

It is quite remarkable what can happen over a 90-day period. Coming into the start of the year investors were optimistic that pro-growth policies in the US and the prospect of interest rate cuts would support global growth and drive the price of equities higher.

This optimism was dashed though with the announcement of ‘Liberation Day’ where the US introduced a blanket 10% tariff on all imports and a further reciprocal tariff which looked to target those countries which were considered to have been taking advantage of the US either through large trade imbalances or applying high tariffs to the import of US products.

The reciprocal tariffs have since been paused, however with China ‘retaliating’ with its own tariffs and countries reappraising the US’s role as a global economic steward this was enough to shake equity markets.

After reaching an all-time high in late February, the S&P 500 ended the quarter down 7.2% (in sterling terms) whereas European equities already benefitting from attractive valuations and improving sentiment were buoyed by added fiscal stimulus and ended the quarter up 7.6%.

Until we see a resolution in global trade policy it is likely to continue to weight on investor sentiment, however coming into this period it was characterised by strong earnings growth and a robust consumer. Whilst we have seen softening it is rare that a recession is caused by government policy error, but this announcement has increased the odds of recession, whilst still not being our base case.

## deVere MPS Performance Review

The lower risk deVere portfolios were positive last quarter reflecting the challenging period for risk assets.

Over the last 12 months though all portfolio returns are positive and we’ve seen both the deVere MPS Moderate Growth and Growth portfolios outperform their ARC benchmarks.

Whilst we saw negative returns in the higher risk funds it’s worth noting that compared to broader equity markets we saw relative outperformance

The top performing funds were the dVAM Smarter Money Credit and dVAM Diversified Liquid Alternative funds returning 0.8% and 0.7% respectively.

An example being the dVAM Global Equity Income fund which was down 1.3% compared to the MSCI World Index which was down 5.7% - this reflecting the funds overweight allocation to defensive sectors such as consumer staples and underweight allocation to technology companies.

## Cumulative Returns from 31<sup>st</sup> Dec 2017 to 31st Mar 2025

deVere MPS vs Benchmark	1yr	3yr	5yr
deVere MPS Growth (GBP) - Clean	2.66 %	13.40 %	54.67 %
ARC Equity Risk PCI (GBP)	2.46 %	8.48 %	48.25 %
deVere MPS Moderate Growth (GBP) – Clean	3.02 %	12.20 %	53.08 %
ARC Steady Growth PCI (GBP)	2.53 %	6.94 %	38.24 %
deVere MPS Balanced (GBP) - Clean	2.86 %	10.28 %	42.98 %
ARC Balanced Asset PCI (GBP)	2.94 %	5.36 %	28.47 %
deVere MPS Cautious (GBP) - Clean	3.13 %	6.23 %	29.66 %
ARC Cautious PCI (GBP)	3.78 %	3.65 %	17.26 %

Please Note: All funds referenced in this financial promotion are GBP Classes.



# dVAM

## Global Equity Focus Strategy

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### Performance

- The strategy underperformed the MSCI All-Country World Index benchmark in Q1 2025.

### Detractors

- Stock selection detracted from relative performance, largely due to choices in the communication services, healthcare and technology sectors.
- At the security level, Taiwan Semiconductor Manufacturing Company was the largest detractor; shares declined amid growing concerns about AI infrastructure capital commitments and new US restrictions on exports of high-end semiconductors to China.
- Microsoft also had an unfavourable impact, as its shares were hurt by the wider pivot away from high-growth technology stocks and the volatility triggered by the emergence of Chinese company DeepSeek's new AI model.
- Sector allocation was unhelpful, mainly due to the overweight in technology and underweight in consumer staples. The energy underweight was also unhelpful.

### Contributors

- Security selection in the financials and industrials sectors made positive contributions.
- In terms of allocation, the overweight in industrials added most value.
- At the stock level, the zero weights in Tesla and Apple both aided relative performance as their shares declined over the quarter.
- Our Howmet Aerospace holding was also helpful. Investors grew increasingly bullish about the company's earnings outlook, given the ongoing strength of both the commercial and defence sides of the aerospace industry. The company then followed up with strong Q4 2024 results later in the period.

### New Purchases

- **Experian:** Experian is a credit-scoring firm that boasts a strong competitive position and robust margins. The company's direct-to-consumer channel is a major advantage in developing markets, helping potential customers who may never have had a credit card or bank account to participate in the formal financial system for the first time.
- **Intercontinental Exchange (ICE):** ICE operates in an effective duopoly, with CME Group, in the futures exchange industry. As well as providing clearing services for multiple types of futures contracts, ICE has a data business relaying information to traders. The firm is also moving into new areas, such as mortgage services, where it aims to automate mortgage origination – if successful, this would be a very attractive proposition.
- **Walmart:** The leading US retailer has nearly a 25% share of the market and, in our view, is well positioned to grow this following a period of investment in the business. Walmart is able to leverage its scale and digital expertise to offer value to consumers in times of uncertainty, which gives it a competitive advantage among its peers and should help it to gain share in the omnichannel market, offering scope for network effects going forward.

### Other Activity

- To help fund these additions, we profitably sold Insulet and Renesas Electronics after strong performance.
- Other sales included S&P Global, Waste Connections and Intuit to pursue higher-conviction opportunities elsewhere.



# dVAM

## Diversified Liquid Alternatives

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### Performance

- dVAM DLA returned +0.85% for Q1 2025, c.0.3% ahead of the ARC Cautious benchmark. Since inception, the fund is ahead by a little over 1% net of fees, on an annualised basis.

### Top Performers

- The main gains came from Absolute Return Strategies in Diversifiers, Alternative Credit and Infrastructure stocks.
- BlackRock's Asia Pacific Diversified Equity Absolute Return Fund had another strong quarter in Diversifiers, closely followed by Kite Lake's Event-Driven fund.
- PGIM's Emerging Market Total Return Fund led once again within Credit.
- Neuberger Berman's Commodities fund and Atlas led in Real Assets. Atlas enjoyed a strong recovery in a couple of their holdings.

### Detractors

- Montanaro's Global Small Cap Equity fund was the main detractor in Diversifiers amid the risk-off environment.
- Digital REITs gave back ground as part of the US Tech sector sell off, which also impacted the RobecoSAM Smart Materials Fund.

### General Comments

- Markets were shaped by the fast-evolving policies emanating from newly re-elected US President Trump. The broad consensus at the time of writing is that many of the policies, led by the imposition of trade tariffs, will be bad for global growth and inflationary, especially in the US.
- Against this background, dVAM DLA performed well. Its returns were positive, while in contrast, the US S&P 500 index was down by 4% and the Nasdaq lost 10%.
- The only change in the quarter was to reduce credit risk a little given how tight spreads had become. We sold the Barings Senior Secured Bond fund, investing the proceeds to BlueBay's higher credit quality fund as well as Diversifiers.

### April - Trump

It's much too early to determine the longer term impact of Trump's April 2nd tariff announcements and we have made no changes to the portfolio as a result thus far. We are of course watching things closely and remain nimble to respond to any opportunities we identify. dVAM DLA's more defensive qualities are helping to contain losses, as they did in 2020 and 2022. Indeed some of the Infrastructure funds are up month-to-date.



# dVAM

## Global Equity Income

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### Performance

- In the first quarter of 2025, the Fund returned +2.5% (in USD), while the MSCI World Index (TR USD) returned -1.8%. the Fund therefore outperformed by 4.3%.

### Top Contributors

- Deutsche Boerse AG (+27.9 USD)
- Nestle SA (+22.1% USD)
- Arthur J Gallagher & Co (+21.9% USD)
- Roche Holding AG (+20.2% USD)
- AbbVie Inc (+19.0% USD)

### Detractors

- Broadcom Inc (-27.6% USD)
- Novo Nordisk (-20.4% USD)
- Eaton Corp PLC (-17.8% USD)
- Diageo (-16.9% USD)
- Taiwan Semiconductor Manufacturing (-16.0% USD)

### Dividend Actions 2025

- So far in 2025, we have had dividend updates from 20 of our 35 holdings.
- 19 companies announced increases for their 2025 dividend vs 2024. The average dividend growth these companies was 6.4%.
- 1 company announced a flat dividend vs 2024
- 0 companies announced a dividend cut
- 0 companies announced dividend cancellations
- The Fund's dividend yield at the end of the quarter was 2.0% (net of withholding tax) vs the MSCI World Index's 1.8% (gross of withholding tax).

### General Comments

- We made no changes to the portfolio in the quarter.
- The Fund continues to deliver on key tenets: quality, value, dividend, and conviction.
- The Fund continues to maintain a fairly even balance between quality defensive (approx. 45%) and quality cyclical/growth (approx. 55%) companies.
- The Fund continues to offer a portfolio of consistently highly profitable companies with strong balance sheets at a small premium to the benchmark despite its quality and yield advantages.
- We have kept our approach unchanged, continuing to focus on quality compounders and dividend growers.

# Global All Cap Opportunities

## Transition to Global All Cap Opportunities

The fund transitioned to a Global All Cap Opportunities strategy from February 24 with the rebalance taking place on that date.

### Performance

- Pacific Global All Cap Opportunities underperformed its benchmark, MSCI World Net Total Return, in Q1 2025, mainly due to a weak performance among our Consumer discretionary holdings.
- Our limited allocation to Information technology sector resulted in a favourable allocation contribution to performance as the sector underperformed the benchmark.
- The quarter saw positive stock selection across Communication Services, Information Technology and Materials sectors.

### Top Contributors

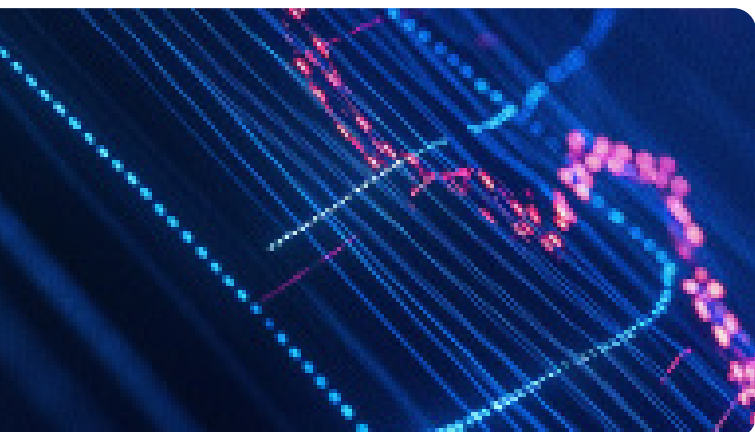
- Key stock contributors included Convatec, Astrazeneca and Abbvie.
- Convatec remains a core holding in the portfolio. Outperformance reflected a solid Q4 report, underpinned by a promising product pipeline across the key product areas.

### Detractors

- Key stock detractors included RH, Nike and Meta Platforms.
- RH derated on concerns over a delayed recovery in the housing market in the US with additional concerns surrounding the pending tariff implementation by the Trump administration.
- Nike's Q3 report received a muted reaction. The company provided conservative guidance, reflecting a challenged consumer, tariff risks and the ongoing reorganisation efforts. We have confidence in management's ability to execute on the turnaround and deliver product innovation, though this may require some patience.

### General Comments

- The strategy transition resulted in a more balanced sector exposure, with a reduction in our Healthcare allocation the key change.
- The quarter proved to be volatile as the unveiling of China's DeepSeek model led to heightened scrutiny around the evolution of competitive landscape in the Tech sector as well as the monetisation of ongoing investments.
- US Tariff policy remains the biggest uncertainty, posing as an overhang for most sectors with final implementation timeframes and effects on growth, consumption and inflation a hot topic for the debate.
- We see our positioning as well balanced across the defensives and cyclicals. We maintain our focus on quality value plays, avoiding companies with substantial macro risks or inflated valuations.





# dVAM

## Smarter Money Credit

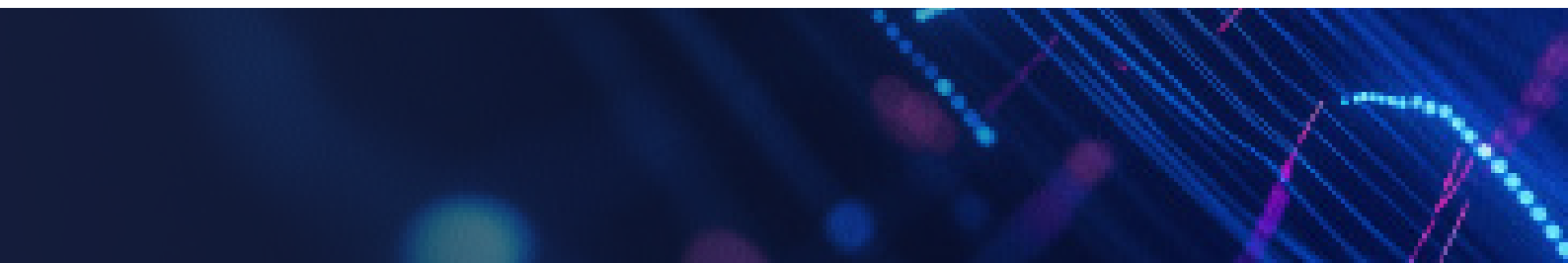
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### Performance

- Given the unsurprising 20% and 25% peak-to-trough losses in the S&P500 and Nasdaq indices, respectively, and the historically elevated volatility, CCI's portfolios have performed much more strongly than in prior shocks due to a range of pre-emptive defensive measures that we have undertaken over the last year (and more intensively in recent weeks).
- The yields on all CCI's portfolios remain exceptionally strong.
- Historically, CCI has always generated its best performance aftershocks, and has been waiting for an opportunity like the current one to acquire cheap bonds paying historically attractive credit spreads.
- CCI has observed assets starting to become cheap on various historical measures.
- The volatility in current markets will create exceptional future investment opportunities in the new issue or primary markets, which have offered skinnier returns in recent times.
- New bond issuers will be compelled to pay very large new issue concessions to raise capital, and this is a key source of CCI's long-term alpha or excess returns.
- CCI has also been incredibly active, trading over \$2.5 billion of global credit and more than \$3.5 billion of government bonds since mid-March.
- CCI has been actively taking profits and de-risking to capitalise on a shock such as this one, which has included:
  1. *Moving up the capital stack and pivoting towards most liquid senior ranking bank bonds*
  2. *Focusing most of our portfolios on the bonds issued by the four major Australian banks and taking profits on positions with smaller entities*
  3. *Switching out of USD and EUR bonds into lower volatility AUD bonds*

### General Comments

- CCI has actively avoided riskier sectors of the debt market including:
  1. *Sub-investment grade or high yield or junk bonds*
  2. *Subordinated RMBS/ABS*
  3. *Illiquid hybrid securities*
  4. *Loans or privately traded assets*
- CCI filters out 96% of all global bond issuers and only allocates to the safest 4% of firms in the world based on our 19-analyst team's quantitative and qualitative risk assessments.
- Prior to Trump's press conference announcing his final tariff regime, CCI put in place credit hedges due to our contrarian view that Trump's tariffs would be much worse than the market expected and would, therefore, trigger a large risk sell-off, which is what has transpired. This included hedging 15% of the credit risk in long-only strategies – this included the dVAM Smarter Money Strategy.



# dVAM

## Multi-Asset Active Range

### Performance

- Fund performance was mixed last quarter with lower risk funds outperforming their higher risk counterparts.
- Over the quarter the deVere MPS funds were in line or just slightly behind their benchmarks.

### Top Contributors

- Over Q1 2025 the biggest contributor to performance was the allocation fixed income which returned 0.60% (in GBP).
- Within the allocation to fixed income both the allocations to Investment Grade and Government Bonds were positive contributing 0.48% and 0.11% respectively.
- At fund level we saw strong performance from the Robeco Global Credits fund which looks to invest into a diversified portfolio of global investment grade bonds;
- The fund returned 2.1% over the quarter compared to the 0.20% return of an investment grade bond benchmark.

### Detractors

- At an asset class level, equities were a detractor on the quarter and were down 1.1%.
- This was primarily a result of the sell-off we saw in US equities which were down 7.2%.
- We were able to mitigate some of drawdown though with positive performance from our allocation to UK, European and Japanese equities.

# PAM

## Multi-Asset Accumulator Range

### Performance

- Each of the Pacific Multi-Asset funds generated positive returns last quarter – this ranged from 0.1% to 1.6% with stronger returns being seen from the lower risk funds.
- Over the year all multi-asset funds generated positive absolute returns

- *Over the year we've seen strong levels of outperformance across the Pacific Multi-Asset funds.*
- *The Pacific Multi-Asset Plus fund is up 5.7% over the last 12 months compared to the 2.8% return of the ARC Equity Risk benchmark.*

### Top Contributors

- We saw positive performance across all asset classes last quarter with our allocation to diversifying assets producing the highest return.
- Within that allocation we saw strong performance from our holding in the AQR Style Premia fund which was up 12.9% on the quarter.
- We also saw gains from our FX Value position, which was up 9.9% in a period where we saw elevated volatility in currency markets.

### Detractors

- Key detractor on the quarter were our allocation to US equities which whilst outperforming broader US equity markets were still negative.

To learn more about our services, contact one of our Financial Advisers in your area.

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