



deVere
**MPS Review
& Outlook**

Q2 2025



Market Review

Markets faced a challenging backdrop in Q2 as investors had to navigate tariff policy uncertainty and increasing geopolitical risk with war in the Middle East.

Equities initially sold off after President Trump’s April 2nd Liberation Day announcement, which introduced higher-than-expected reciprocal tariffs. However, a subsequent 90 day pause in tariff actions eased recession fears, leading to positive equity performance over the quarter. European equities rallied on low valuations and fiscal stimulus, while U.S. equities staged a remarkable recovery – after a 20% decline, they logged the fastest rebound since the 1950s, reaching an all-time high in June.

In fixed income, government bond yield curves steepened as long-term yields rose amid concerns about the sustainability of fiscal policies, while many developed market central banks (with the exception of the Federal Reserve) cut rates, pushing short-term yields lower.

While policy uncertainty persists, global macro data remains resilient, supported by strong household and corporate balance sheets. Tariff impacts are likely to become more evident as the year progresses. In this environment, diversification remains critical.

deVere MPS Performance Review

All the deVere models produced positive returns over the quarter

Reflecting the outperformance of equities, the higher risk deVere models outperformed the lower risk models

On a relative basis the deVere Moderate Growth, Balanced and Cautious portfolios outperformed their respective ARC benchmarks

Over the course of the year all models outperformed their respective benchmarks

The Global Equity Focus fund was the top performing fund returning 6.4% in GBP terms with strong returns also seen in dVAM Growth (3.3%) and Pacific Multi Asset Plus Fund (1.9%)

Cumulative Returns from 31st Dec 2017 to 30 June 2025

deVere MPS vs Benchmark	1yr	3yr	5yr
deVere MPS Growth (GBP) - Clean	5.11 %	26.93 %	40.80 %
ARC Equity Risk PCI (GBP)	3.56 %	21.66 %	33.34 %
deVere MPS Moderate Growth (GBP) – Clean	5.33 %	24.11 %	40.36 %
ARC Steady Growth PCI (GBP)	3.75 %	18.29 %	26.73 %
deVere MPS Balanced (GBP) - Clean	4.88 %	20.84 %	31.67 %
ARC Balanced Asset PCI (GBP)	3.92 %	14.62 %	19.80 %
deVere MPS Cautious (GBP) - Clean	4.66 %	15.12 %	19.65 %
ARC Cautious PCI (GBP)	4.03 %	10.01 %	11.55 %

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

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Global Equity Focus Strategy

Performance

- Gross of fees, the strategy outperformed the MSCI All-Country World Index benchmark in the second quarter (Q2).
- Sector allocation drove the relative outperformance, with the technology overweight and energy underweight being the main positive contributors.
- Stock selection detracted modestly overall, primarily due to choices in financials. However, picks in technology and industrials contributed.

Detractors

- Mastercard weighed on relative gains; shares fell on reports that major retailers are exploring using in-house stablecoins – a type of cryptocurrency pegged to another liquid asset – to avoid card payment fees.

Top Contributors

- At the security level, Howmet Aerospace was the biggest positive contributor amid optimism about the aerospace sector as European countries have committed to higher defence spending. The firm also posted strong Q1 earnings at the beginning of May and upgraded its full-year outlook.
- Lam Research also aided relative performance. Shares benefited from ongoing positive sentiment towards chipmakers on renewed optimism over AI-driven demand and hopes that trade negotiations between the US and China could result in lighter restrictions on chip exports.

New Purchases

- **Motorola Solutions:** We took advantage of share-price weakness to initiate a position in Motorola. The data communications and telecommunications equipment provider sells reliable mission-critical radio solutions for public safety services, such as police and fire departments. The company has high recurring revenues, improving margins and ring-fenced end markets: important attributes in the current

uncertain macroeconomic environment. Motorola also benefits from the megatrend of the digital transformation of public safety providers, while enjoying a strong competitive moat with 70% market share in public safety radio.

- **Arch Capital:** We favour the leading global insurance, reinsurance and mortgage insurance writer for its superior management and smart capital allocation, as well as its diverse range of solutions and services. The business offers property and casualty insurance and reinsurance, while its subsidiaries focus on marine and aviation, professional liability, healthcare liability and other speciality coverage lines. In addition, Arch Capital offers similar reinsurance exposure to Munich Re, but we see more scope for upside for the former at its current price.
- **Western Digital:** The global leader in digital storage solutions benefits from a broad and ever-expanding portfolio of products which the firm sells directly to consumers, large enterprises and public cloud platforms. Western Digital is now part of a stable duopoly alongside Seagate and should be a considerable beneficiary of the rising value of data.

Other Activity

- To help fund these additions, we sold Munich Re after its strong performance this year. We wanted to reallocate funds to other higher conviction names, and we opted to take some profits to lower our overweight position in insurers and reinsurers.
- Other sales included Thermo Fisher Scientific and Medtronic, as we see better opportunities elsewhere.

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Diversified Liquid Alternatives

Performance

- dVAM DLA returned +1.99% for Q2 2025 (GBP A1 shares, net of fees), c.0.3% ahead of the ARC Cautious benchmark. Since inception, the Fund is ahead by 1.25% net of fees on an annualised basis.
- **Top Contributors**

The main gains came from Infrastructure stocks and REITs, followed by the Alternative Equity Strategies in Diversifiers and Alternative Credit.
- The 3 external Listed Infrastructure managers made roughly equal contributions, and it was Digital REITs that led this sector's returns as Tech stocks rebounded.
- PGIM's Emerging Market Total Return Fund led once again within Credit, this time accompanied by Redwheel's Global Convertibles Fund.
- Within Diversifiers, Montanaro's Global Small Cap and Fidelity's FAST EM Equity funds both performed well.

Detractors

- Natural Resources lagged as losses in agricultural and energy commodities offset gains in precious metals and from our Biodiversity and Smart Materials managers.

- The Absolute Return strategies within Diversifiers were mixed. Several Long/Short Equity and the Event-Driven managers performed well but their gains were offset by losses from Invenomic, Man GLG and Fulcrum's Multi-Asset Trend and Dispersion funds.

- **General Comments**

The second quarter of 2025 saw an unprecedented surge in trade policy uncertainty as the Trump administration announced tariffs on every major US trading partner. This initially led to large scale sell-offs but by the end of the quarter, global equities had staged a powerful comeback.

- Against this background, dVAM DLA performed steadily, with limited downside market participation.
- At the beginning of the quarter, we helped to seed Redwheel's Biodiversity Fund and made a switch from KBI GI's Water Fund to their broader Global Sustainable Infrastructure Fund. The Water Fund has performed well since we invested and, perhaps as a result, assets have grown substantially. The change coincided with a full redemption from First Sentier's Sustainable Listed Infrastructure Fund.

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Global Equity Income

Performance Attribution Commentary Q2 2025:

- Growth outperformed value over the period, and the market rewarded more cyclical sectors – both of which acted as a headwind to the Fund's relative performance.
- Fund underweight to IT and Communication Services; and overweight to Consumer Staples and Healthcare both acted as a drag to Fund relative performance over the quarter.
- Zero-weight allocation to Utilities, Energy, Real Estate, and Materials positively aided Fund relative performance, as all sectors underperformed.
- Good stock selection within IT (Broadcom, TSMC - which are overweight in the Fund) aided performance over the period.

Top Contributors

- Broadcom Inc (+65.02%)
- TSMC (+32.85%)
- Microsoft Corp (+32.75%)
- Eaton Corp PLC (+31.79%)
- Emerson Electric Co (+22.14%)

Detractors Q2 2025 (TR USD):

- PepsiCo Inc (-10.97%)
- TSMC (-10.59%)
- Microsoft Corp (-7.11%)
- Eaton Corp PLC (-7.09%)
- Emerson Electric Co (-5.92%)

Dividend Actions 2025

- So far this year we have had dividend updates from 27 of our 35 holdings.
- 26 companies announced increases for their

2025 dividend vs 2024. The average dividend growth of these companies was 6.7%.

- 1 company announced a flat dividend vs 2024.
- 0 companies announced a dividend cut.
- 0 companies announced dividend cancellations.

General Comments

- The Fund continues to deliver on key tenets: quality, value, dividend, and conviction.
- The Fund continues to maintain a balance between quality defensive (approx. 45%) and quality cyclical/growth-oriented (approx. 55%) companies.
- The Fund continues to offer a portfolio of consistently highly profitable companies with strong balance sheets at a discount to the benchmark despite its quality and yield advantages.
- We have kept our approach unchanged, continuing to focus on quality compounders and dividend growers. This has supported the fund's continued defensive performance profile during periods of broad market sell-offs, as highlighted most recently during the market uncertainty around tariffs.

Global All Cap Opportunities

Performance

- Pacific Global All Cap Opportunities outperformed its benchmark in Q2 2025, mainly due to a strong contribution from stock selection across our Industrials and Energy holdings. Healthcare was the main laggard.

Top Contributors

- Industrials was the main contributor to performance led by Siemens Energy and Chemring. Siemens Energy strong quarterly results drove earnings upgrades, and the stock benefitted from a general rerating in the Energy Infrastructure space. Chemring was helped by increased interest in Defence, as the European governments continue to expand commitments to increased spending.
- Energy sector underperformed the benchmark but a strong run among our uranium holdings generated a positive contribution. This was in part driven by President Trump issuing a series of executive orders aimed at revitalizing the U.S. nuclear energy sector including support for SMR technology and designation of Uranium as a critical mineral.

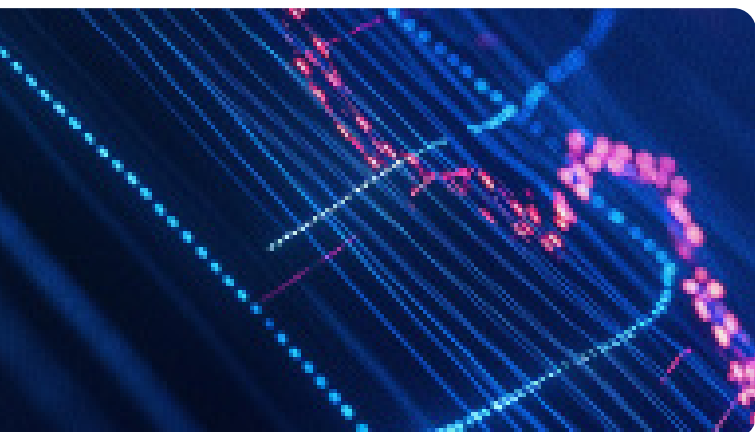
- Key stock contributors included Siemens Energy (strong results, good visibility), Nintendo (successful Switch 2 launch), and Cameco Corp (Uranium demand).

Detractors

- Healthcare underperformed due to continued policy uncertainty and concerns over reduced spending in the education and government sectors.
- Key stock detractors included Avantor (soft guidance), LVMH (growth concerns), Teleperformance (concerns on potential margin headwinds from AI investments).

General Comments

- We reduced our position in Siemens Energy after a strong rally and trimmed our position in Teleperformance. We initiated a position in UBER in early June and see the stock as a structural winner in the autonomous driving and AV delivery space.
- Tariff related news flow led to increased uncertainty and volatility early in the quarter, encouraging many companies to set cautious guidance or to withdraw it entirely.
- Subsequent trade war de-escalation, Tech's resurgence and still mostly resilient economic data drove a rebound in most market indices to new highs.
- Despite our cautious optimism in the resilience of the world economy, supported by support for corporates (lower policy rates set up, Infrastructure and Defence funding, Big Beautiful Bill), high equity valuations make stock picking and a focus on fundamentals crucial.



dVAM

Smarter Money Credit

Performance & Outlook

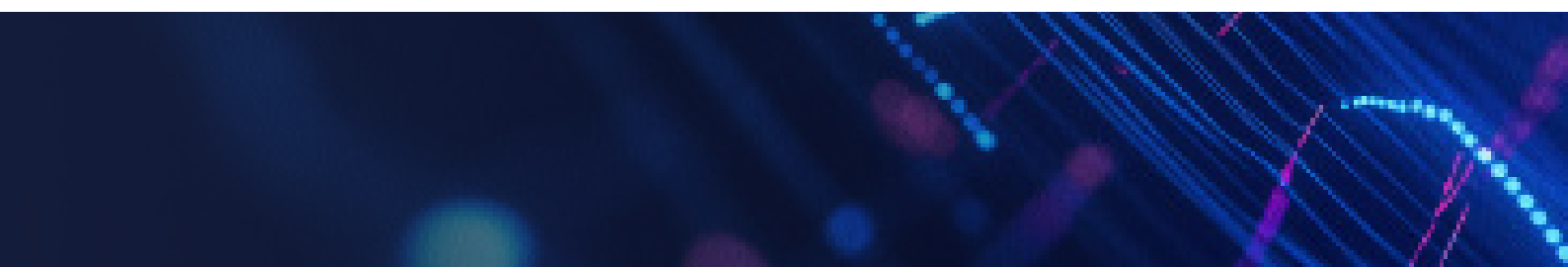
- Coolabah Capital Investments' (CCI) portfolios continued to generate strong risk-adjusted excess returns over Q2 as a function of asset-selection and primary/secondary trading opportunities, this time arising from market volatility centred on US tariffs. CCI participated in approximately 132 primary transactions over the quarter across USD, EUR and AUD markets, most of which were exited for a profit. Over the quarter, CCI invested ~\$3.9 billion into new mispriced global bond issues and executed ~\$27.4 billion of cash bond trades in global secondary markets. The yield of the portfolio has delivered organic income and served to insure against any market shocks. The portfolio continues to have a weighted average credit rating of A+.
- Coolabah's models continue to identify attractively priced floating rate bonds, which are trading cheaper than equivalent fixed rate bonds of the same issuer. This is especially prevalent in names with high name-recognition amongst Asian investors and the fund participated in such primary deals from ANZ, Macquarie, Mizuho, NAB, Nomura, Sumitomo, and Westpac.
- Over the course of the year, CCI invested ~\$9.9 billion into new mispriced global bond issues, particularly cheap senior and Tier 2 bond issues. Over the same period, CCI executed \$83.4 billion of cash bond trades in global secondary markets.
- CCI remained defensively positioned over the quarter, with around 62% of the portfolio allocated to high liquidity, highly rated senior bank bonds. This positioning was driven primarily by concerns around the tightness of credit spreads in late 2024/early 2025, but also in

anticipation of market volatility around the changing US government and new policies around immigration, trade and tax. Over 80% of the portfolio was allocated to bonds issued by major banks.

- In terms of outlook, the market turmoil in April has caused a sharp increase in credit spreads. This is the case for high yield markets where issuer default is a real possibility and liquidity is poor, but it is also the case for highly liquid bonds issued by high quality bank issuers. The credit spread on 5-year major bank senior bonds is similar to long-term averages, and in the current environment we continue to see potential for spreads to move tighter. AUD bonds are also attractive compared to those denominated in EUR and USD, where credit spreads have tightened significantly. Major bank Tier 2 bond spreads are moderately cheap but are benefiting from low levels of supply and elevated demand from a number of investor cohorts.

General Comments

- CCI has actively avoided riskier sectors of the debt market including:
 - Sub-investment grade or high yield or junk bonds
 - Subordinated RMBS/ABS
 - Illiquid hybrid securities
 - 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.



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Multi-Asset Active Range

Performance

- All the dVAM Multi-Asset Active funds generated positive returns over the course of the quarter with returns ranging from 2.1% to 3.3% across the risk profiles (in GBP terms)
- This builds on the strong performance of the portfolios over the last 12 months
- Equities were the top contributor in asset class terms with positive returns seen across all regions

Top Contributors

- Over Q2, we saw strong returns from our allocations to UK and European equities which as a basket in GBP terms returned 8.6% and 7.3% respectively
- Our allocation to Global Equities were also additive to performance over the period with the American Century Global Growth Equity fund benefitting from the rally in growth centric equities and was up 9.2%
- Notable performance also came from a position in the JOHCM UK Equity Income fund which returned 11.9% over the quarter

Detractors

- Over the quarter our allocation to Absolute Return strategies was a small detractor (-0.25%) – this occurred during a period in which both returns from equities and fixed income were positive
- Part of this underperformance came from our allocations to the Schroder GAIA BlueTrend and Aspect Diversified Trends funds. Both funds employ trend-following, a strategy that has struggled to navigate the policy-induced market turmoil.

PAM

Multi-Asset Accumulator Range

Performance

- All Accumulator multi-asset funds produced positive returns over the quarter.
- The Pacific Multi-Asset Plus fund was the top performing fund returning 1.9% over the period .
- Over the year all Accumulator multi-asset funds generated positive absolute returns.

Top Contributors

- Equities were the biggest contributor to returns which as a basket returned 4% (in GBP terms) over the period
- European equities were the strongest performing sub-asset class bucket returning 7% - this was driven by improving sentiment, cheap valuations and increased fiscal stimulus
- Fixed income was also additive to returns with positive performance from our position in short-dated Investment Grade Bonds – these are high quality corporate bonds and are less sensitive to changes to interest rates
- Within our Alternatives allocation the position in REITs was another contributor to performance with the basket up 6.2% as the fall in UK interest rates benefitted the rate sensitive property sector
- A holding in diversifying assets, the PAM 2s 10s Curve Steepener, which generates returns based on a change in the shape of the yield curve, generated positive returns as investors questioned the fiscal sustainability of governments and demanded more yield (compensation) for holding longer dated bonds

Detractors

- The PAM Rates Momentum strategy which we hold in diversifying assets was negative over the period. This strategy looks to go long rates which are experiencing upward price momentum and short rates which are in a downward trend.

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

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