Multi-Asset

CT Universal MAP Range
Q1 2025

Quarterly investment report

Actively managed, risk controlled multi-asset solutions with a capped ongoing charges figure of 0.29%: **redefining value**

COLUMBIA THREADNEEDLE INVESTMENTS®

Market insights

The first quarter (Q1) of 2025 was another eventful period in financial markets.

Global equities fell, with weakness in the US and Asia outweighing strength elsewhere. In bond markets, US Treasury yields declined, but German Bund yields soared. Credit spreads – the yield gap between corporate and risk-free government debt – mostly widened.

Investors struggled to weigh the anti-growth elements of President Trump's agenda – most notably sweeping import tariffs – against the promise of more business-friendly policies to come, such as tax cuts and looser regulations. Tariff concerns seemed to prevail, and US equities fell while Treasuries rallied.

Overall, the 10-year Treasury yield fell 36 basis points (bps) to 4.21%, while the German and UK equivalents rose 37 bps to 2.74% and 11 bps to 4.68% respectively. The European Central Bank cut its key interest rate 25 bps twice in Q1, taking it to 2.5%. The Bank of England (BoE) made just one 25-bp cut, to 4.5%, while the Federal Reserve kept US rates unchanged at 4.25-4.5%.

Global investment grade (IG) and high-yield (HY) credit spreads widened amid uncertainty about the impact of Trump's trade policies. US markets fared worst. Euro IG was an outlier with spreads tightening.

Within global equities, growth underperformed value, with technology the weakest sector by some distance. By region, it was the US that fell furthest. In export-heavy Japan, stocks fell as rising inflation and an interest rate hike pushed the yen higher. Emerging markets were flat in sterling as currency moves eroded gains. By contrast, continental Europe and the UK enjoyed a strong rally.

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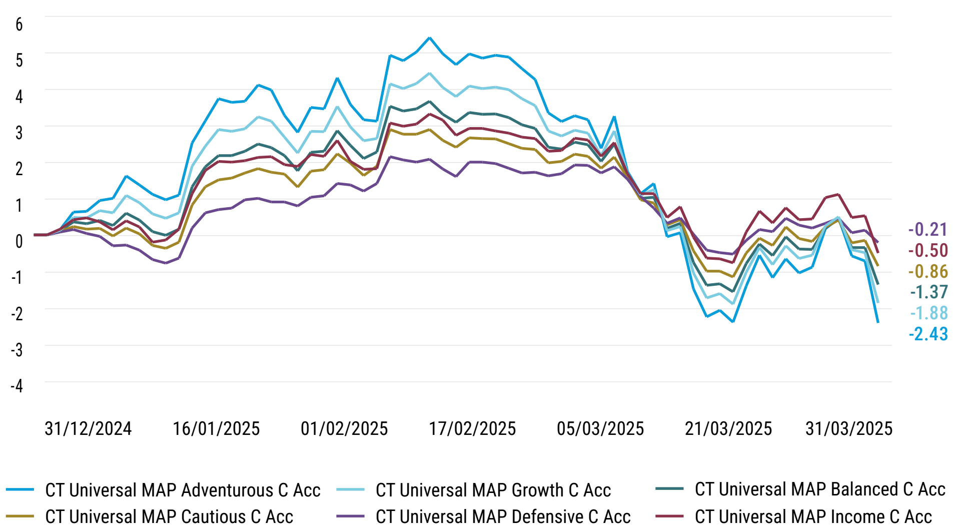
Performance update

US equities lost ground but UK shares rose and Europe was the best performing region.

Three month performance (%)



Source: Columbia Threadneedle Investments and Lipper, all figures net of fees, as at 31 March 2025

The funds lost ground over the quarter as equity markets fell on uncertainty surrounding US trade policy. Fixed income exposure helped limit the losses as yields generally fell and credit spreads tightened, particularly in the US.

At the start of the quarter the large US tech companies were impacted by news that Chinese company DeepSeek had developed an AI tool that was almost as powerful as other current models, but at a fraction of the cost and computational power. However, what followed did more damage to broader equity markets: as the US said it would impose tariffs on China (initially 10% but subsequently 20%) and, more surprisingly, its nearest and largest trading partners, Mexico and Canada.

Key risks

Past performance should not be seen as an indication of future performance.

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

Views and opinions have been arrived at by Columbia Threadneedle Investments and should not be considered to be a recommendation or solicitation to buy or sell any products that may be mentioned.

Performance update (continued)

At 25%, this was much higher than anyone was anticipating. If implemented, these tariffs had the scope to damage all three economies. Although the tariffs were paused twice, the threat of more levies remained an ever-present concern for markets, with Trump setting 2 April as the day for broader tariff announcements. US equity markets took the brunt of the selling with the S&P 500 having a peak-to-trough fall of 10%, which meant it ended the period 4.3% lower. As a consequence, global equities were responsible for the largest losses for the funds over the quarter. UK equities finished in positive territory, up 4.5%, a little behind Europe, which was the best performing region at +6.4%.

Returns from our equity allocations were further enhanced as the global equity team outperformed with overweight positioning in the defensive consumer staples and utilities sectors proving useful. At a stock level, top contributors were an underweight to Tesla and overweights to Vinci and Robinhood Markets. Top detractors were overweight positions to Arista Networks, ServiceNow and Salesforce. The UK equity team lagged the broader UK market, with an underweight to financials the largest detractor from a sector perspective. At a stock level, being underweight Rolls-Royce and HSBC were the two largest detractors. Conversely, being underweight Glencore and Diageo, as well as an overweight to Standard Chartered, proved positive for performance.

Fixed income exposure across the portfolio delivered good gains, as yields generally fell and credit spreads tightened over the period. US 10-year Treasury yields dropped 0.36% to 4.21% on concerns around future growth prospects and the view that the US Federal Reserve would have to cut rates more aggressively than previously anticipated. UK 10-year Gilt yields increased over the period by 0.1% to 4.68%, having hit a peak of 4.9% in January, the highest level since the global financial crisis. The largest contribution to returns came from investment grade bonds, with high yield and government bonds also contributing positively.

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Cumulative performance as at 31 March 2025

	3 months	1 year	3 year	Volatility*
CT Universal MAP Adventurous C Acc	-2.43	7.75	27.72	7.9
CT Universal MAP Growth C Acc	-1.88	6.82	21.52	7.0
CT Universal MAP Balanced C Acc	-1.37	5.82	14.53	6.4
CT Universal MAP Cautious C Acc	-0.86	4.80	8.16	6.0
CT Universal MAP Defensive C Acc	-0.21	4.16	-0.25	6.1
CT Universal MAP Income C Acc	-0.50	4.27	11.36	6.4

Discrete performance as at 31 March 2025

	2020– 2021	2021 – 2022	2022 – 2023	2023 – 2024	2024 – 2025
CT Universal MAP Adventurous C Acc	33.45	14.82	0.23	18.26	7.75
CT Universal MAP Growth C Acc	28.83	7.59	-1.17	15.11	6.82
CT Universal MAP Balanced C Acc	24.62	5.34	-3.31	11.93	5.82
CT Universal MAP Cautious C Acc	18.45	2.54	-5.30	8.99	4.80
CT Universal MAP Defensive C Acc	11.33	0.15	-8.40	4.55	4.16
CT Universal MAP Income C Acc	21.73	6.40	-2.59	9.64	4.27

Past performance should not be seen as an indication of future performance.

Source: Columbia Threadneedle Investments and Lipper, all figures net of fees. *Volatility is based on monthly returns from the last two years.

Activity & positioning

Following the 10% drawdown in US equities in March, we took the opportunity to top up our US equity exposures.

We also increased our weightings to European equities due to better regional growth prospects on the back of more expansionary policies, particularly in Germany. We also swapped some government bond positions, increasing the weight to Gilts and reducing the duration-equivalent exposures to US Treasuries following significant outperformance of the US instruments. Towards the end of the quarter we made a small reduction to our overall duration across portfolios as government bond yields had fallen further than we expected, particularly with the threat of higher inflation looming.

- We added to US equities as markets sold off in March.
- With a shift in fiscal policy in Europe, and especially Germany, we increased weightings to European equities as growth prospects improved.
- We added to UK Gilts with a corresponding reduction in US Treasury exposures.
- In fixed income, we moved to reduce overall duration across the portfolio – a shift reflecting scope for higher inflation.
- Given the uncertain backdrop, over and underweights remain relatively modest.

Our view

The team discuss the key drivers of recent market moves together with their view on where things are likely to head from here

For the foreseeable future, investor attention will be heavily focused on America's trade policy. Markets are currently reacting aggressively – both up and down – in response to the latest updates from the White House. This focus means that fundamental data releases that previously would have garnered significant attention are given less consideration. For example, in response to April's softer-than-expected US inflation data, bond yields ended higher and markets lower. Considering the attention inflation data has received over the past two years, this turnaround is notable and signifies the impact that tariffs could have on the global economy.

There are two main possible outcomes we see playing out over the next few months. The most positive remains our base case and is one in which Trump starts making deals and tariff rates drop off for individual countries as negotiations conclude. Such an outcome would allow the US administration to claim victory and reduce the most harmful tariff rates at the same time. In this scenario – especially if deals get announced quickly – equity markets would likely respond positively. A possible outcome, even in this scenario, is that there will still be a base universal tariff of around 10%. Given that this would still be significantly higher than the previous tariff regime, there will be a knock-on impact in terms of global trade, corporate earnings and prices paid by consumers. We estimate a 1-2% downgrade in growth over the coming year, which would be just about enough for the US to avoid a technical recession. The longer deals take to come through, however, the deeper the likely damage to be done. We have seen a significant uptick in uncertainty, which if unchecked could lead to the postponement of investment by companies and spending by individuals. So, even if the eventual outcome is 'positive' relative to where we stand today, the damage may already be done.

> Given uncertainty – especially around tariffs – we do not think it's the right time for significant over/underweights

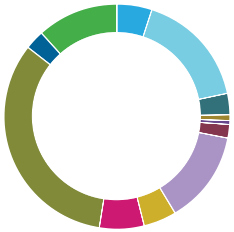
The second scenario is much darker in terms of consequences for global trade, growth and equity markets. Here, deals do not get agreed before the 90-day moratorium expires and the previously announced reciprocal tariffs are enforced. The magnitude of the impact will likely be so significant that many regions, including the US, will slip into recession. The impact would be a knock to global trade, but also an effective and substantial tax rise for the US consumer. This would probably feed through into inflation as the vicious circle of higher prices leads to higher wage demands. The stagflationary impact (lower growth and higher inflation) on the economy would be undoubtedly worse in this second scenario. It would also mean that both equity and fixed income markets would sell off. For investors, there would be few safe havens.

For us, the first outcome remains the base case. However, Trump's liking of tariffs and unwillingness to back down means the second scenario has arguably increased in probability. There are other unknowns that further muddy the waters. Trump has singled China out for special treatment. China is also the only country that has pushed back in the form of higher tariffs on US goods. They could potentially be one of just a few countries that remain with additional reciprocal tariffs – 145% at the time of writing. Given that China accounts for almost 20% of all US imports, this could have a dramatic impact on shop prices in the US and/or a redirection of cheap goods into other regions, such as the UK and Europe. There are also more targeted tariffs such as sectoral levies on pharmaceuticals and microchips, which could increase the overall tariff burden.

Very simply, we do not know what the next announcement from the White House will be, positive or negative. Hence we do not think that this is the time for significant over/underweights in portfolios. We remain vigilant to any changes and will adjust our positions accordingly.

Asset allocation as at 31 March 25

CT Universal MAP Defensive Fund

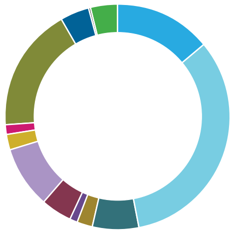


		*
UK Equity	5.2%	-1.9%
North America Equity	16.5%	4.4%
Europe ex UK Equity	3.1%	0.8%
Japan Equity	1.0%	-0.1%
Pacific ex Japan Equity	0.4%	0.0%
Emerging Markets Equity	2.0%	-0.1%
UK Gilts	13.3%	3.1%
UK Index Linked	4.7%	0.2%
Global Ex-UK Government bonds	6.5%	-6.7%
Global Corporate Bonds	32.8%	-0.3%
High Yield	3.0%	0.1%
Emerging Market Debt	0.0%	0.0%
Cash	11.4%	0.3%

CT Universal MAP Cautious Fund

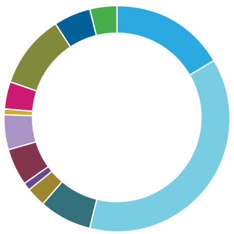
		*
UK Equity	10.2%	-1.9%
North America Equity	25.4%	3.3%
Europe ex UK Equity	5.1%	1.5%
Japan Equity	1.8%	-0.1%
Pacific ex Japan Equity	0.7%	0.1%
Emerging Markets Equity	3.5%	-0.1%
UK Gilts	10.1%	3.1%
UK Index Linked	3.1%	0.3%
Global Ex-UK Government bonds	3.7%	-6.7%
Global Corporate Bonds	25.4%	1.9%
High Yield	3.9%	-0.3%
Emerging Market Debt	0.2%	-0.1%
Cash	6.9%	-0.9%

CT Universal MAP Balanced Fund



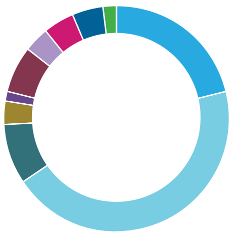
		*
UK Equity	14.1%	-1.8%
North America Equity	33.0%	3.5%
Europe ex UK Equity	6.6%	1.7%
Japan Equity	2.4%	-0.1%
Pacific ex Japan Equity	1.0%	0.2%
Emerging Markets Equity	4.6%	-0.1%
UK Gilts	8.7%	3.5%
UK Index Linked	2.3%	0.1%
Global Ex-UK Government bonds	1.3%	-6.7%
Global Corporate Bonds	17.9%	0.5%
High Yield	4.3%	-0.2%
Emerging Market Debt	0.1%	-0.2%
Cash	3.8%	-0.3%

CT Universal MAP Growth Fund



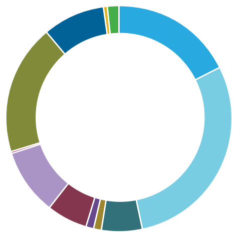
		*
UK Equity	18.0%	-2.1%
North America Equity	40.5%	3.5%
Europe ex UK Equity	8.1%	1.9%
Japan Equity	3.0%	-0.2%
Pacific ex Japan Equity	1.2%	0.2%
Emerging Markets Equity	5.7%	-0.2%
UK Gilts	5.6%	3.8%
UK Index Linked	0.8%	0.1%
Global Ex-UK Government bonds	-4.2%	-7.2%
Global Corporate Bonds	11.4%	0.8%
High Yield	5.7%	0.0%
Emerging Market Debt	0.1%	-0.2%
Cash	4.1%	-0.4%

CT Universal MAP Adventurous Fund



		*
UK Equity	23.2%	-1.9%
North America Equity	48.9%	2.1%
Europe ex UK Equity	9.4%	1.6%
Japan Equity	3.8%	-0.2%
Pacific ex Japan Equity	1.5%	0.3%
Emerging Markets Equity	7.3%	-0.1%
UK Gilts	3.9%	3.9%
UK Index Linked	0.0%	0.0%
Global Ex-UK Government bonds	-4.9%	-4.9%
Global Corporate Bonds	0.0%	0.0%
High Yield	4.8%	0.0%
Emerging Market Debt	0.0%	0.0%
Cash	2.0%	-0.9%

CT Universal MAP Income Fund



		*
UK Equity	17.6%	-0.8%
North America Equity	29.1%	0.7%
Europe ex UK Equity	5.8%	0.8%
Japan Equity	1.1%	0.0%
Pacific ex Japan Equity	1.1%	0.6%
Emerging Markets Equity	6.0%	0.9%
UK Gilts	9.4%	0.6%
UK Index Linked	0.0%	0.0%
Global Ex-UK Government bonds	0.2%	-2.9%
Global Corporate Bonds	18.5%	0.6%
High Yield	8.8%	0.3%
Emerging Market Debt	0.7%	-0.1%
Cash	1.5%	-0.7%

Source: Columbia Threadneedle Investments. *Change from 31 Dec 24.

Designed to make investing simple

With five options ranging from Defensive to Adventurous you can choose the fund that is right for you.

Each portfolio invests across a range of asset classes – the type and proportion of each asset class is tailored in each fund with a view to delivering defined investment outcomes. That means target volatility bands (volatility is a commonly used measure of risk) and long-term return expectations relative to inflation.

For those comfortable with higher levels of risk, a growth portfolio with higher equity exposure may be appropriate. Why? Because equities can offer scope for higher returns, but that potential comes with greater risk of loss. More cautiously minded investors meanwhile, can select a portfolio with a higher allocation to fixed income assets. The likes of government and high-quality corporate bonds tend to be less volatile in their performance than equities.

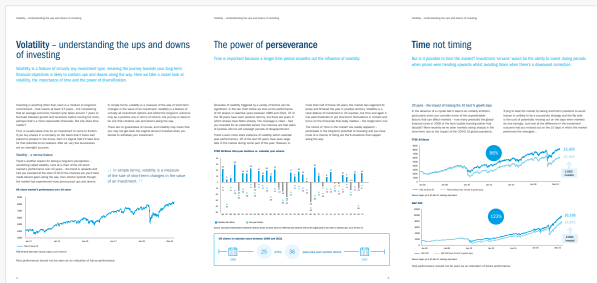
Your adviser can help you decide which portfolio is the right option for you, usually by using a 'risk profiling' questionnaire alongside consideration of your objectives.

Things to remember when considering investing

The value of investments and any income derived from them can go down as well as up as a result of market movements. You may not get back the original amount invested.

Understanding volatility

If you want to know more speak to your financial adviser. They'll be able to provide you with a copy of our guide to 'Volatility – understanding the ups and downs of investing'.



Typical portfolio asset allocations

Higher risk/return potential
Equities

Lower risk/return potential
Fixed income

Adventurous Fund	Growth Fund	Balanced Fund	Cautious Fund	Defensive Fund
95%	75%	60%	45%	25%
5%	25%	40%	55%	75%

Source: Columbia Threadneedle Investments, for illustrative purposes only.

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