# DEPOSIT ADMINISTRATION FUND

utmost
CORPORATE SOLUTIONS

## GUARANTEED RETURN FUND RANGE

### US DOLLAR ANNUAL REPORT
2025

## ECONOMIC BACK-DROP & MACRO SITUATION

With a new Presidential Administration entering the White House, 2025 was expected to be a year of change and this was clear from the outset, with an America First trade agenda and upheaval of global trade.

The markets were disrupted in April by the President announcing a 10% universal baseline tariff and far higher reciprocal tariffs on a list of nations. These measures were designed to rebalance international trade and encourage the reshoring of manufacturing. The "One Big Beautiful Bill Act" was signed into law on 4 July 2025. This sweeping legislation made various tax reductions permanent while introducing new incentives for domestic production.

The political climate remained volatile, culminating in a record-breaking 43-day government shutdown from 1 October to 12 November. This interrupted federal operations and created a temporary "data blackout", forcing investors to rely on private-sector indicators during a period of high market uncertainty.

US inflation, measured by the Consumer Price Index (CPI), ended the year at 2.7%. While energy prices moderated, costs associated with shelter and the adjustment to new trade duties kept the inflation rate above the Federal Reserve's long-term 2% target.

Despite vocal pressure for more rapid easing, US Federal Reserve Chair Jerome Powell maintained a data-dependent stance. Citing uncertainty around the inflationary impacts of the tariffs, the Federal Reserve remained on hold at 4.25% to 4.5% for the first half of the year before delivering a series of 0.25% reductions from September, ending the year in a range of 3.5% to 3.75%.

The US labour market cooled throughout the year and the unemployment rate rose from 4.1% in the first quarter to 4.4% by December. Although mass layoffs were largely avoided, 2025 saw the slowest job growth since the pandemic.

## US FINANCIAL MARKETS

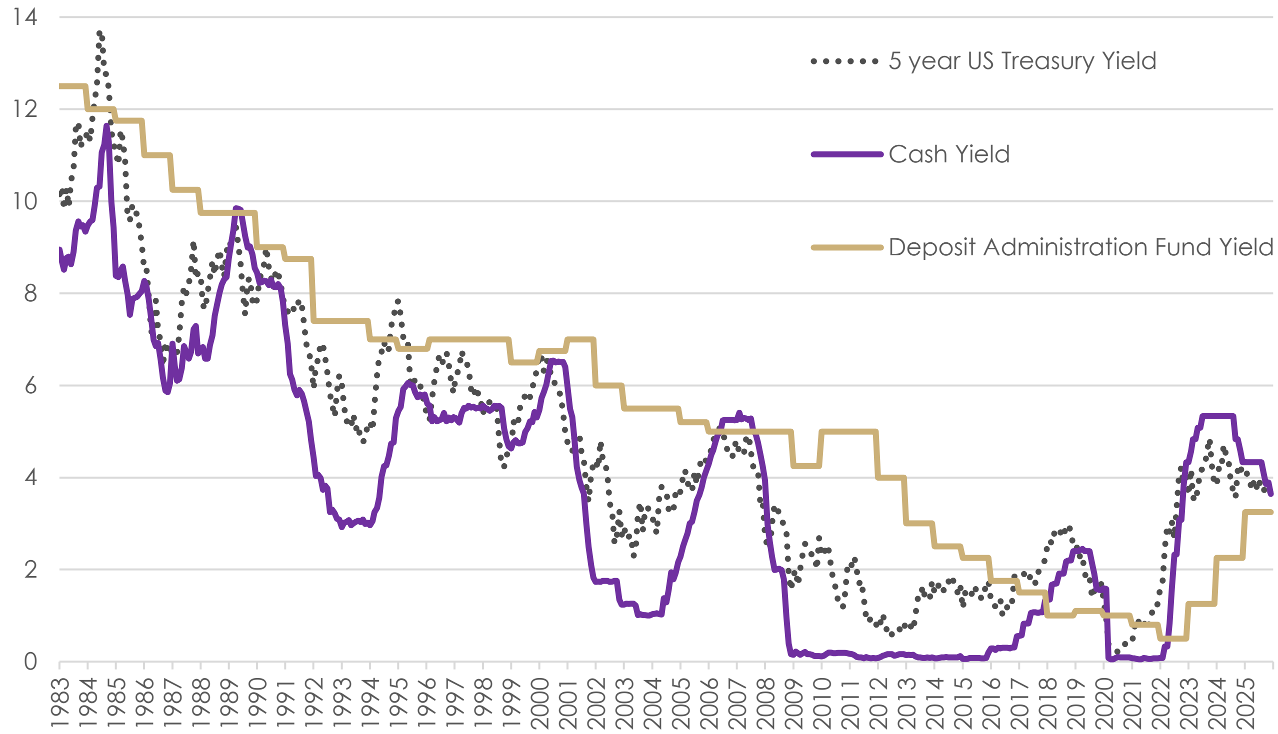
Despite a large amount of volatility and a sharp selloff in April on the back of the tariff announcements, US equity markets had another strong year in dollar terms, led by large-scale growth names. For international investors this performance was eroded as the US dollar lost value against most other major currencies, with the Dollar Index falling 10% over the year.

The fixed income markets saw a large amount of volatility with investors trying to digest the inflationary impact of tariffs against the expectation of further interest rate cuts. This ultimately resulted in yields increasing on longer dated securities throughout the year due to fiscal worries (Government spending) whilst shorter dated yields finished the year lower on the back of Federal Reserve interest rate cuts.

# THE US DOLLAR DEPOSIT ADMINISTRATION FUND

The following chart details the fund's 2025 declared rate of 3.25%, along with cash returns and the yield on 5 year US Government Bonds (known as Treasuries).

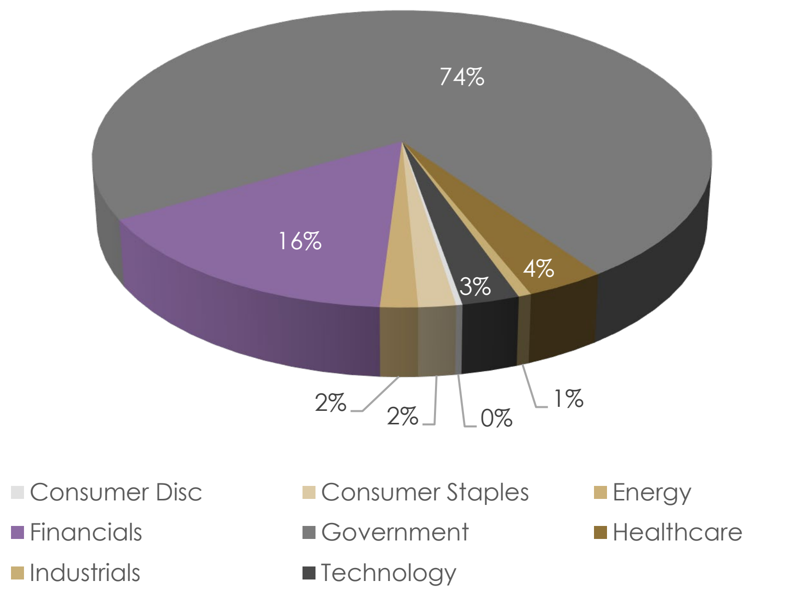
## PERFORMANCE COMPARISON CHART



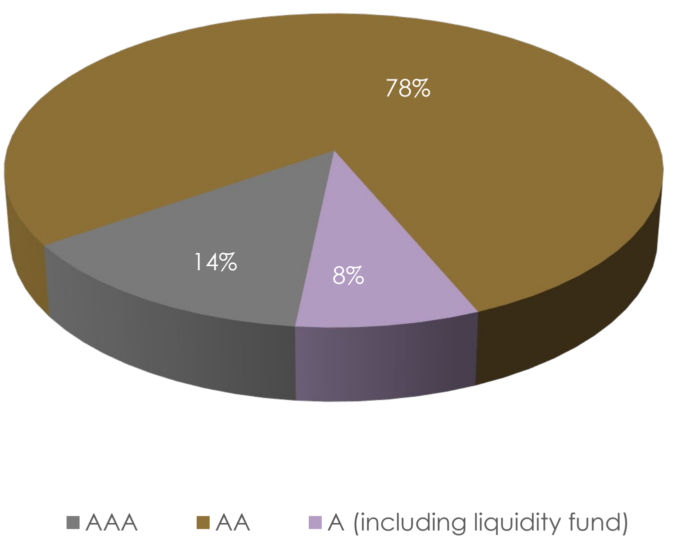

The allocation to Government and Government Related securities (primarily US Treasuries) stayed relatively consistent throughout the year at 74%. The balance was invested into corporate bonds with the largest proportion being financial issuers at just under 16%. The additional yield from corporate bonds continues to be low versus the yield on Government bonds. The portfolios sensitivity to changes in interest rates, measured using modified duration, ended the year at 1.9 years having reduced slightly from 2 years at the start of 2025.

This defensive positioning on both interest rate and credit exposure helped the assets backing the Deposit Administration Fund to perform well throughout the year without the volatility experienced in longer-dated assets. Our fund managers continue to actively manage the portfolio, adapting it to a rapidly changing world.

## ASSET DISTRIBUTION BY SECTOR




## ASSET DISTRIBUTION BY CREDIT RATING




A WORLD *of* DIFFERENCE

**Registered Head Office address:** Utmost Worldwide Limited, Utmost House, Le Truchot, St. Peter Port, Guernsey, Channel Islands, GY1 1GR.

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T +44 (0) 1481 715 400
F +44 (0) 1481 715 390
E EBInvestCustomerService@utmostworldwide.com
W utmostinternational.com