LIBERO BALANCED FUND -'B' SHARE CLASS

FACTSHEET

FEBRUARY 2019

QUILTER CHEVIOT

OBJECTIVE

The Libero Balanced Fund aims to produce a balance between income and capital growth through a balanced investment strategy by investing in a well diversified spread of equities, bonds, and collective funds from each asset class and/or geographical sector. We have an active approach to stock-picking in UK and overseas markets. Where we feel that it would be more appropriate to access a particular asset class or geographical region through a collective fund, our independence allows us to select the best performing collective funds in the market place, without any affiliation to, or over-reliance on, one single investment house.

Source: Financial Express 31 January 2019. Performance is shown as net of management fees with all income reinvested.**Past performance is not a guarantee of future results.**

INVESTMENT PARTNERS

You can also invest in this fund via one of our wide range of Investment Partners.

AEGON, ascentric, AVIVA, AXA WEALTH, cofunds, novia, nucleus, Platform One, Seven Investment Management, Standard Life Elevate, transact

Cumulative performance (%) to 31 January 2019	YTD	1yr	3yr	5yr	Since Inception
LIBERO BALANCED FUND -'B' SHARE CLASS	3.55	-4.33	23.30	30.84	54.50
IA Mixed Investment 40-85% Shares	3.32	-3.07	25.13	32.04	53.96
Bank Of England Base Rate	0.06	0.62	1.32	2.33	3.79

Discrete performance (%) to 31 January each year	2019	2018	2017	2016	2015
LIBERO BALANCED FUND -'B' SHARE CLASS	-4.33	8.97	18.28	-3.32	9.76
IA Mixed Investment 40-85% Shares	-3.07	9.42	17.98	-3.55	9.40
Bank Of England Base Rate	0.62	0.31	0.38	0.50	0.50

'B' clean share class is the Retail Distribution Class (RDR) and is commission free
*Fund Data as at 31 January 2019

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	-3.09	3.66	-1.39	0.50	1.57	-0.73	-0.08	1.64	-1.53	-0.08	3.60	-0.32	3.58
2015	2.69	1.93	0.76	0.30	1.20	-3.63	0.92	-3.58	-2.05	4.67	0.54	-0.77	2.69
2016	-3.32	1.36	1.97	0.54	-0.15	2.15	5.65	2.21	0.63	1.11	-1.37	2.50	13.81
2017	0.47	2.43	0.86	-0.39	2.43	-0.96	0.39	1.16	-1.08	2.19	-0.31	1.45	8.88
2018	0.56	-1.92	-2.84	3.57	2.38	-0.25	0.98	-0.18	-0.91	-4.24	-0.13	-4.05	-7.10
2019	3.55	-	-	-	-	-	-	-	-	-	-	-	3.55

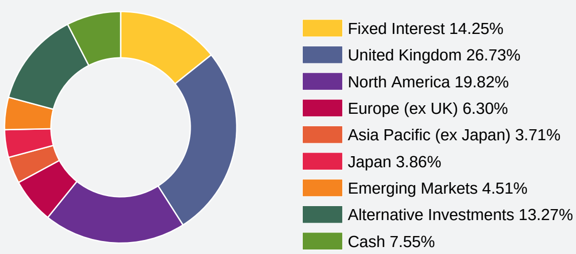
'B' clean share class is the Retail Distribution Class (RDR) and is commission free
*Fund Data as at 31 January 2019

ASSET ALLOCATION

ASSET ALLOCATION	%
Fixed Interest	14.25
Equity	64.93
Alternative Investments	13.27
Cash	7.55

ASSET CLASS/GEOGRAPHICAL ALLOCATION

As at 31 January 2019



TOP 10 HOLDINGS

TOP 10 HOLDINGS	%
HSBC ETFS S&P 500	9.77
Vulcan Global Value Equity Fund	4.11
Iridian US Equity Fund	3.55
J O Hambro Continental European Fund	3.17
Henderson European Select Opp. Fund	3.14
Lazard Emerging Markets Fund	3.12
M&G Optimal Income Fund	2.88
Royal London Sterling Credit Fund	2.83
ETFS Physical Gold	2.65
Invesco Physical Gold	2.65
Total Top 10	**37.87%**

IMPORTANT: The value of investments and the income from them can go down as well as up. You may not recover what you invest.

LIBERO BALANCED FUND -'B' SHARE CLASS

FUND DATA - 'B' SHARE CLASS

Launch Date	31 March 2011
Launch Price	100.00p
Current Price	154.50p Acc, 133.50p Inc
Fund Size	£37,157,300.00
ISAs/SIPPs/SSASs/Offshore Bonds	Eligible
Base Currency	GBP
Minimum Lump Sum Investment	£1,000
Minimum Regular Savings	£100 a month
Dealing Schedule	Daily at 12:00pm

Historic Yield	1.90%
Annual Management Charge	1.00%
Initial Fee	0.00%
Ongoing Charges*	1.57%
Ex Dividend Dates	1 January & 1 July
Dividend Pay Dates	30 April & 31 October
Sedol Number	B4S5LT0 Acc, B4PR843 Inc

* This includes the Annual Management Charge

MARKET COMMENTARY

Risk assets produced positive returns in January, recovering strongly from their Christmas lows. US equity markets clearly led the global market rebound with other markets following, to a lesser extent. It is worth noting that sentiment indicators remained relatively depressed, suggesting a degree of scepticism about the sustainability of the rally.

Assuming no further deterioration in global trade conditions, 2019 will likely see a small moderation in global GDP growth to 3% from 3.2% last year. Most regions will slow, except Japan and the UK, both of which are starting from a low base. Shipment data and business surveys suggest the manufacturing slowdown has further to go, but some of this represents the normalisation of inventories after frontloading ahead of raised US tariffs. For consumers, labour markets are strong and rising wages mean expenditure is well supported even if overall confidence has waned. Financial conditions will continue to tighten, although real interest rates and credit availability remain accommodative and targeted fiscal policy is being used to provide relief.

Progress on US-China trade talks is critical to a sustainable market upturn but the timetable is tight given the 1 March deadline and Chinese New Year in the interim. Both leaders now have the motivation to negotiate: the economic impact on China has been greater than expected and a confidence boost would improve the effectiveness of its policy stimulus. China has shown itself willing to make concessions on agricultural products but not yet on industrial policies, intellectual property protection, and cyber-theft. Thus, national security concerns around the technology sector are likely to remain.

It has been a volatile time for financial markets, and with the investment cycle maturing, monetary policy tightening, and profit growth, slowing or reverting to normal, volatility is likely to continue. Historically, significant equity market declines have occurred without a recession (as we saw in 1987 and 2018) as markets de-rate on fears that slowing growth might turn into no growth. Such declines are usually temporary and followed by a rebound, since the cycle doesn't sustainably reverse without a recession, of which we see very few signs.

Absent a geopolitical meltdown we believe that lower GDP and profit forecasts are already reflected in valuations to a large extent. Since last summer estimated global profit growth has fallen to 6% from 10% – one of the steepest declines on record – placing equities on a 14x forward price earnings multiple, slightly below the long-term average. We expect the market to continue to reward relatively capex-lite companies which generate strong surplus cash to support dividends or share buybacks after their required capital expenditure. Nothing we have heard from companies in the latest results season suggests profits are in serious danger, so we maintain our exposure to risk assets amidst a more widely diversified portfolio.

During the month, we locked in the profits we made on our tactical position in US Treasuries, by selling the holding in the Barclays US Treasury Bond ETF.

INVESTMENT THEMES

BMO Property Growth and Income Fund

BMO Property Growth and Income offers a core exposure to pan European property through both equities and physical property with c.23% direct property, c.18% UK equities, and the rest in European equities. We favour this approach as it goes some way to solving the liquidity issue affecting most other open-ended funds. The hybrid nature of the Fund continues to be unusual within the peer group. We like the management team's unique expertise, as we think that the combination of skills required to perform in both physical property and property equity markets is rare and difficult to bring together. The Fund aims to achieve some capital appreciation whilst paying a quarterly dividend with a target of 5% per annum.

Vulcan Global Value Equity Fund

We like the clear focused investment discipline of the Vulcan team, their bias towards stocks which are not 'just' cheap but require underlying business growth along with recent market volatility which has provided the Fund with opportunities to add to higher conviction names. The portfolio remains highly concentrated, owning 24 stocks as at 31 December 2018, its largest holding being Hilton worldwide Holdings with a c6.4% weighting; the team likes Hilton's long-term growth path underpinned via its franchise model. There is some flexibility, up to 20%, to invest in overseas companies, particularly in the UK and Europe, with a large position in financial Swiss group Swiss RE.

References to specific securities are not recommendations to buy or sell those securities.

FUND MANAGERS

Alan McIntosh - Chief Investment Strategist
Alan began his career as a fund manager in 1982 at Scottish Life, followed by Municipal Mutual and BZW Investment Management. He joined Credit Suisse Asset Management in 1994 as UK Market Strategist, before moving in 1999 to Laing & Cruickshank Investment Management, where he ran the Model Portfolios and was Senior Equity Strategist. Alan continued in this role at UBS Wealth Management following their acquisition of Laing & Cruickshank in 2004, and was appointed Executive Director. He joined Quilter Cheviot in 2006 as Chief Investment Strategist.

Claudia Quiroz - Fund Manager
Claudia is the Lead Fund Manager of the Libero Balanced and the Climate Assets Funds. She also manages segregated portfolios on behalf of private clients, pensions and charities. Claudia holds an MBA from Cass Business School in London and joined Quilter Cheviot from Henderson Global Investors in 2009. She has over 18 years' of investment experience and is a Chartered member of the Chartered Institute for Securities & Investment. Claudia sits on the International Equities Stock Selection Committee at Quilter Cheviot.

HOW TO INVEST

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