



QUILTER CHEVIOT

LIBERO BALANCED FUND -'B' SHARE CLASS

FACTSHEET

SEPTEMBER 2019

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 August 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.



Cumulative performance (%) to 31 August 2019	YTD	1yr	3yr	5yr	Since Inception
LIBERO BALANCED FUND -'B' SHARE CLASS	14.41	4.02	19.04	37.44	70.70
IA Mixed Investment 40-85% Shares	12.13	2.85	19.25	36.30	67.08
Bank Of England Base Rate	0.50	0.75	1.48	2.48	4.24

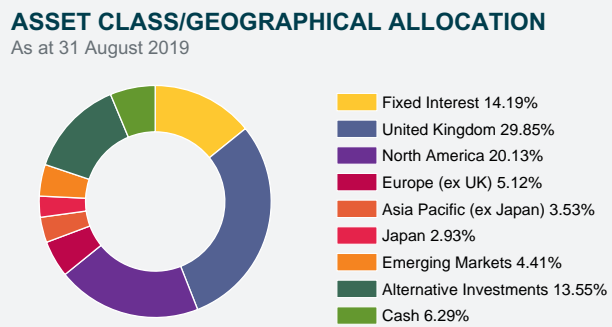
Discrete performance (%) to 31 August each year	2019	2018	2017	2016	2015
LIBERO BALANCED FUND -'B' SHARE CLASS	4.02	4.46	9.55	13.18	2.01
IA Mixed Investment 40-85% Shares	2.85	4.81	10.62	12.56	1.54
Bank Of England Base Rate	0.75	0.48	0.25	0.49	0.50

• Past performance is not a guide to future performance and future returns are not guaranteed. Source: Financial Express 31/08/2019. B Accumulation share class performance, inclusive of charges, in GBP with net income reinvested. The performance of other share classes may differ.

	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	1.62	1.59	3.20	-1.46	3.33	3.70	-1.78	-	-	-	-	14.41

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ASSET ALLOCATION	%
Fixed Interest	14.19
Equity	65.97
Alternative Investments	13.55
Cash	6.29



TOP 10 HOLDINGS	%
HSBC ETFS S&P 500	9.78
Schroder US Large Cap Fund	4.16
Vulcan Global Value Equity Fund	4.14
M&G Optimal Income Fund	2.82
Royal London Sterling Credit Fund	2.81
Invesco Physical Market Secured Gold	2.72
ETFS Physical Gold	2.72
Alliance Bernstein Europe Ex-UK Fund	2.59
Janus Henderson European Select Fund	2.53
Royal Dutch Shell	2.49
Total Top 10	36.76%

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



FUND DATA - 'B' SHARE CLASS

Launch Date	31 March 2011
Launch Price	100.00p
Current Price	170.70p Acc, 145.80p Inc
Fund Size	£39,571,889.00
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	1.12%
Annual Management Charge	1.00%
Initial Fee	0.00%
Ongoing Charges*	1.58%
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

Financial markets have been dominated by trade tensions, prospects for global growth and expectations for short-term interest rate cuts. Over the month, risk aversion saw global bond yields lower, in particular in Germany, where all Bunds now have a negative yield. Equity market volatility rose on the prospect of a deceleration in corporate earnings and trade uncertainty. Increased geopolitical risks in Hong Kong and the UK combined with falling real interest rates to boost gold by c.7%. Brent crude fell 6% to \$60 per barrel on global growth fears.

The world economy continues to slow with trade tensions likely to eventually lead to recession. An increasing number of central banks across the world are taking action to prolong the cycle. The challenge central banks face is that monetary policy is losing its effectiveness.

With the UK fast approaching a 'no-deal' Brexit there is more interest in estimating the potential economic impact. The absence of pre-agreed transition arrangements means the EU and UK would no longer automatically recognise licences to do cross-border business with the result that new customs and regulatory borders would be re-introduced overnight. The assumption is that trade with the EU would default to World Trade Organisation rules and tariffs. Given the EU accounts for around 40% of UK exports of goods and services, the cost of Brexit disruption is likely to be meaningful for the next few years, at least. With that in mind, UK GDP could be 2-3% lower over the next two years than it otherwise would be.

Preparing a portfolio of financial assets for a no-deal Brexit has not been straightforward given potential binary outcomes and the increasing likelihood of an early general election. The UK has a very 'open' economy with significant international activities and a high proportion of GDP dependent on global trade, more so than the US for example. For risk assets such as equities this has shaped our preference for international rather than domestic companies, which should prove reasonably robust in a no-deal scenario. We have a broad exposure to a wide range of sectors, avoid companies which we believe are structurally challenged and seek out those which generate strong free cash flow. Gold offers insurance against another extreme, global geo-political risk. Perhaps the biggest challenge is sterling. Our security positioning already has a bias away from sterling, partly deliberate, but we are conscious that speculators have already pushed the currency towards the lower end of its real effective valuation range such that a 'less bad' outcome could see the currency appreciate as speculators close-out their positions.

INVESTMENT THEMES

During the month we reduced our weighting to domestic companies by selling part of the holding in the Vanguard FTSE 250 ETF to favour companies with significant exposure outside the UK, which should prove reasonably robust in a no-deal scenario. We initiated new positions in RSA Insurance and Entertainment One.

RSA Insurance

RSA provides property and casualty insurance to customers in the UK, Canada and Scandinavia. RSA is reducing risk in the UK (c.30% of profits) by increasing reinsurance cover, raising rates and exiting unprofitable segments. The company has strengthened its balance sheet following a series of disposals of non-core businesses and solvency looks strong. This supports a special dividend payment this year, in our view. We also like that RSA generates around half of its profits in Scandinavia, which is a very profitable market.

Entertainment One

Entertainment One is a producer of films, TV series, children's brands and music, with strong titles such as Peppa Pig, Grey's Anatomy, Designated Survivor, The Rookie, Ray Donovan, and Criminal Minds. The company is deliberately focusing away from film distribution and towards content production, in order to be a large and independent producer at a time when the value of content continues to rise. Shortly after the addition to the Libero Balanced Fund, Entertainment One received a takeover bid from Hasbro at c. 35% premium to our purchasing price. The board has supported the offer and we remain holders and continue to monitor the situation closely.

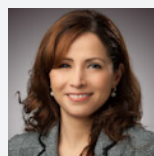
References to specific securities are not recommendations to buy or sell those securities.

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 20 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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