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# QUARTERLY INVESTMENT REVIEW Q2 2020

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QUILTER CHEVIOT GLOBAL INCOME  
AND GROWTH FUND FOR CHARITIES



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**QUILTER CHEVIOT**  
INVESTMENT MANAGEMENT

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# MARKET COMMENTARY

QUARTER ENDED 30 JUNE 2020

**The quarter saw a significant rebound in markets; the FTSE All Share rose by 10.2% although this lagged the FTSE All World ex UK return of 20.5% by some margin. Across the board the Fund performed well with underweight positions in government bonds and UK equities paying off, however stock selection played a greater role across the portfolio. The overall Fund positioning remains underweight UK equities and overweight the overseas allocation versus the performance comparator. It is highly likely that this positioning will continue into the medium/long-term, given the prospects for the UK versus other markets as we perceive them.**

Over the quarter we introduced direct positions in Asia Pacific and Emerging Markets with the holdings in Tencent, Alibaba, Samsung Electronics and TSMC. Within the industrial sector we switched out of Halma in the UK as well as Kion in Europe and bought a position in Trane Technologies. We exited the holdings in HSBC and Persimmon in order to reduce execution risk and move out of now non-yielding stocks. We extended the duration of the government bonds within the portfolio to manage duration and the risk of a prolonged economic downturn. The risk of negative rates also means that we are concerned about letting duration slip too far below benchmark especially as the gilt index duration continues to increase. We reduced the index linked positions as inflation is not an immediate prospect at this time. We remain comfortable with investment grade credit given central bank support and introduced a position in the Axa High Yield US Short Duration Bond Fund. Within the alternatives we added to the infrastructure weighting with a holding in TRIG.

The rate of change after such a sharp and deep economic setback means the rebound appears “V”-shaped at this stage. Although high frequency mobility

data confirm that we are all on the move again and retail sales have spiked up, there has been a significant fall in economic output, not least because some sales have been permanently lost. Caution is still warranted on the sustainability of the recovery. Many economies, including the UK, have benefited from furlough schemes; unemployment is likely to increase once these come to an end. Current estimates suggest that, after a 3.5% downturn this year, global GDP growth will be 5.5% in 2021 before settling to a normal 3% thereafter. Advanced economies will not recover as quickly and, after a 5% downturn this year, GDP growth is likely to be 4.8% in 2021. The US is expected to fare better than average, albeit with increased uncertainty on tax if the Democrats win the Presidential election, while Japan and the UK will be significantly worse. India and Latin America are likely to drag emerging market growth into mildly negative territory this year before a strong cyclical upturn in 2021. China provides some insight on the shape of rebound. From a low point in February, industrial production and construction continue to recover much as expected while until recently consumer spending and corporate capital expenditure lagged. With services accounting for around 60% of economic activity and 50% of urban employment, the sharp upturn in the latest survey covering private businesses is encouraging and suggests the recovery is now broadening out.

The rebound in US activity had exceeded expectations, at least before the latest Covid-19 resurgence. Economic data is likely to remain volatile and there appears to be some confusion between the rate of change and absolute levels. For example, job hiring was a major upside surprise last month but only about one-third of those lost jobs have been regained, with the unemployment rate standing at 11%. In Europe, Germany was least affected by the pandemic and is expected to be the first to return to normality while Italy and Spain only bottomed out in



## MARKET COMMENTARY *contd.*

the second quarter. Spain is particularly dependent on tourism and, despite its furlough scheme, the impact on employment may not be apparent for some time.

UK GDP could fall nearly 10% this year reflecting the economy's dependence on services and consumer spending. Recovery can be expected as lockdown eases although job uncertainty will continue until furlough schemes are unwound. The likelihood of a no, or a very limited, Brexit deal means additional uncertainty in 2021. Falling demand is usually disinflationary so the Bank of England, like other central banks, will want to maintain ultra-accommodative monetary policies. This suggests that very low interest rates and a flat yield curve will continue for some time.

While retail investors have been substantial net sellers of equities year-to-date, institutions appear more sanguine ahead of second quarter corporate results. Aside from the clear winners in the digital/technology space, many companies will be relieved to survive relatively intact. Many of the worst affected cyclical ones have already provided updates and these have largely been absorbed without drama. While balance sheets are stronger than at the time of the global financial crisis, not everyone will escape unscathed as demonstrated by the suspension or reduction of dividends from a number of high profile UK equities. The lack of political appetite for another blanket lockdown, evidence of economic recovery and the sheer weight of policy stimulus suggest there is support for equities for the time being despite valuations looking full by historical standards. Although aggressive \$6trn quantitative easing asset purchase measures by central banks will not be used directly to buy equities, this is a sizeable sum in relation to the \$70trn value of quoted global equities.

No one knows what the “new normal” looks like but we expect structural changes to continue and possibly accelerate. This includes a shift towards international investment where many of these opportunities can be found. Our themes associated with e-commerce, software services, emerging market consumers and digital leisure should benefit and we are also maintaining our exposure to reliable defensive companies such as those in the healthcare sector.



**Howard Jenner**  
*Executive Director*



**Gemma Woodward**  
*Executive Director*



# PORTFOLIO OVERVIEW

AS AT 30 JUNE 2020

<b>FUND NAME</b>	<b>QUILTER CHEVIOT GLOBAL INCOME AND GROWTH FUND FOR CHARITIES</b>
Investment Mandate	To grow the capital value and provide income over the long term
Benchmark	CPI +3.5%
Inception Date	08 January 2020
Lead Portfolio Managers	Howard Jenner, Gemma Woodward
<b>Total Assets (GBP)</b>	<b>£45,052,665</b>



# PORTFOLIO OVERVIEW

FOR THE PERIOD 31 MARCH 2020 TO 30 JUNE 2020

FUND NAME	£ VALUE
Value at Beginning of Period	24,037,319.22
Net Contributions/Withdrawals	16,539,748.19
Realised Gains and Losses	-246,694.79
Unrealised Gains and Losses	4,442,451.58
Cash Dividends	279,841.03
Cash Interest	-
<b>Value at End of Period</b>	<b>45,052,665.23</b>

# INCOME DISTRIBUTIONS

Date of Distribution	Distribution per Unit
31 May 2020	0.6845p



# PERFORMANCE OVERVIEW

TO 30 JUNE 2020

	3 MONTHS %	1 YEAR %	3 YEAR %	5 YEAR %	SINCE INCEPTION %
Quilter Cheviot Global Income and Growth Fund for Charities	14.1	-	-	-	0.5
Performance Comparator - composite of market indices*	12.1	-	-	-	-5.5
<b>Relative Return</b>	<b>2.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.0</b>

\* 12% FTSE Actuaries All Gilts, 5.5% ICE BofA ML Sterling Corporate Bonds, 35% FTSE All Share, 35% FTSE World ex UK, 10% alternatives (50% FTSE Actuaries UK Conventional Gilts up to 5 years/50% FTSE All Share), 2.5% UK interbank 1 year. **Past performance is not a reliable indicator of future results.**

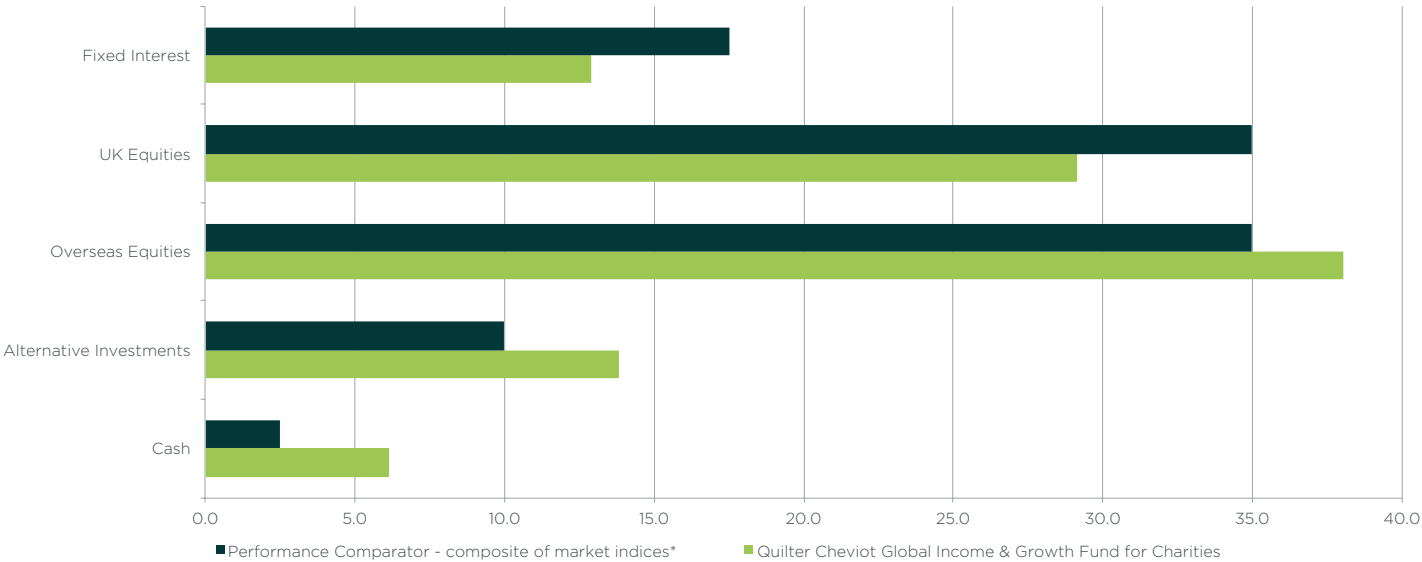


# PORTFOLIO ASSET ALLOCATION



- Fixed Interest 12.89%
- United Kingdom 29.14%
- North America 22.43%
- Europe ex. UK 5.37%
- Japan 2.80%
- Asia Pacific ex Japan 3.44%
- Emerging Markets 3.03%
- Global 0.97%
- Alternative Investments 13.80%
- Cash 6.13%

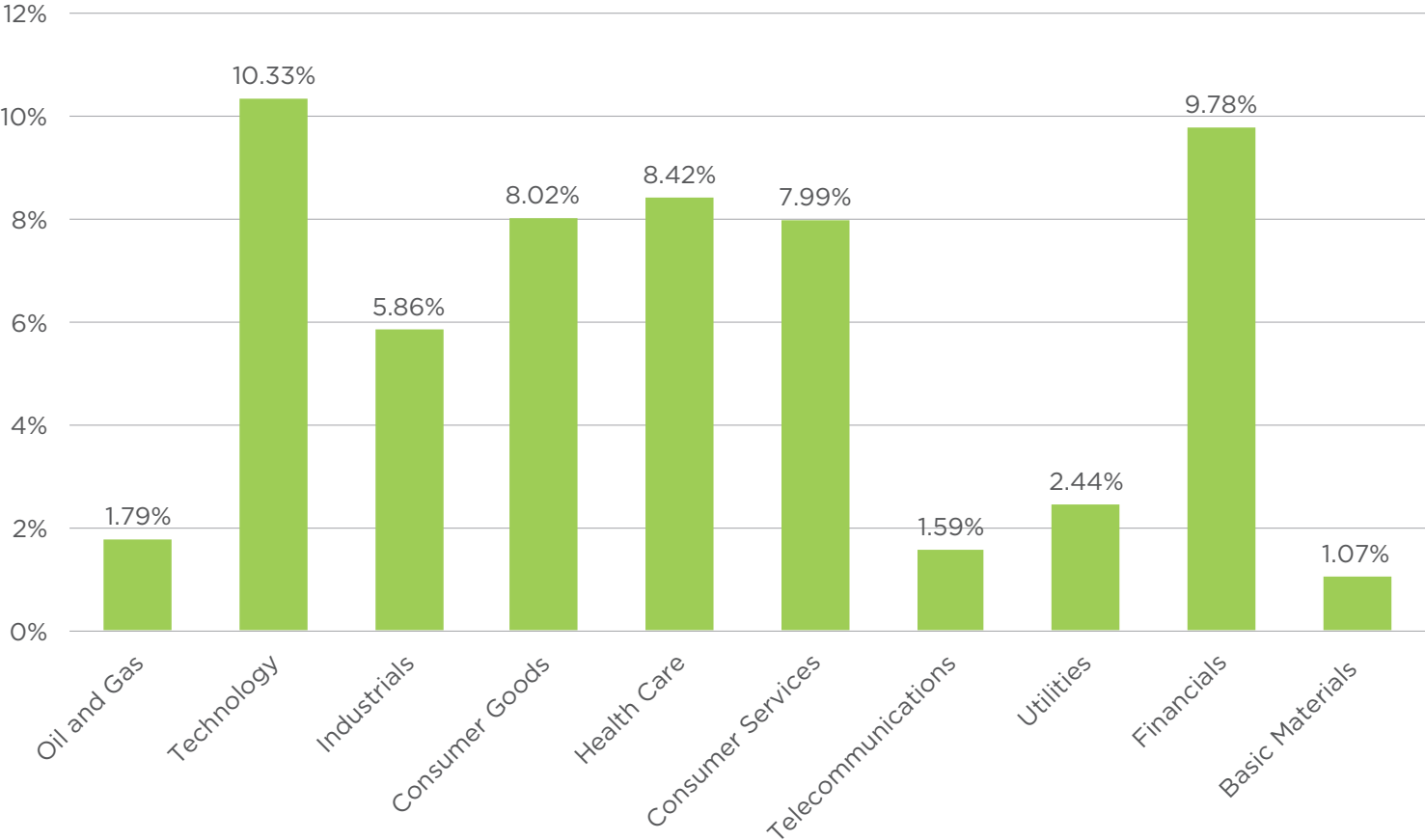
PORTFOLIO POSITIONING VERSUS THE PERFORMANCE COMPARATOR\*



\*12% FTSE Actuaries All Gilts, 5.5% ICE BofA ML Sterling Corporate Bonds, 35% FTSE All Share, 35% FTSE World ex UK, 10% alternatives (50% FTSE Actuaries UK Conventional Gilts up to 5 years/50% FTSE All Share), 2.5% UK interbank 1 year



# EQUITIES SECTOR ALLOCATION\*



\* Shown as percentage of total fund value

# TOP 20 HOLDINGS

AS AT 30 JUNE 2020

HOLDING	COUNTRY	SECTOR	WEIGHT %
Royal London Unit Trust Managers Sterling Credit Instl Inc Z GBP NAV	United Kingdom	Other UK Fixed Interest	3.77
Pimco Global Advisors Irl Ltd Global Inv Grade Cred Hgd Instl Inc Nav	Global	Fixed Interest - Overseas	2.92
Baillie Gifford & Co Japanese Income Growth W4 Dis	Japan	Equity Investment Instruments	2.80
United Kingdom(Government Of) 4.5% Snr Bds 07/12/2042 GBP1000 'Regs'	United Kingdom	UK Government Securities	2.21
United Kingdom(Government Of) 0.125% I/L Gilt Bds 22/11/2036 GBP1000	United Kingdom	UK Index Linked Securities	2.06
Apple Inc Com USD0.00001	United States	Technology	2.03
Microsoft Corp Com USD0.00000625	United States	Technology	1.92
Royal Dutch Shell 'B'ord EURO.07	United Kingdom	Oil & Gas	1.79
Amazon Com Inc Com USD0.01	United States	Consumer Services	1.65
M&G Plc Ord GBPO.05	United Kingdom	Financials	1.54
Blackrock Throgmorton Trust ord 5p	United Kingdom	Equity Investment Instruments	1.53
International Public Partner ord GBPO.0001	United Kingdom	Alternative Investments - Infrastructure	1.51
HICL Infrastructure Plc ord GBPO.0001	United Kingdom	Alternative Investments - Infrastructure	1.43
Reckitt Benckiser Group Plc ord GBPO.10	United Kingdom	Consumer Goods	1.40
Unilever ord GBPO.031111	United Kingdom	Consumer Goods	1.35
Wells Fargo (Lux) Worldwide Fund Emerging Markets Equity Income Y GBP Dis	Emerging Markets	Equity Investment Instruments	1.35
Legal & General Group ord GBPO.025	United Kingdom	Financials	1.35
Matthews Asia Fds SICAV Asian ex Japan Div S GBP Dis	Asia Pacific Ex Japan	Equity Investment Instruments	1.33
Foresight Solar Fund Ltd	United Kingdom	Alternative Investments - Infrastructure	1.33
Smith(DS) ord GBPO.10	United Kingdom	Industrials	1.32



## TOP 10 CONTRIBUTORS AS AT 30 JUNE 2020

HOLDING	SECTOR	CONTRIBUTION TO RETURN
Apple Inc Com USD0.00001	Technology	0.82
Amazon Com Inc Com USD0.01	Consumer Services	0.60
M&G Plc Ord GBPO.05	Financials	0.55
Intermediate Capital Group Plc ord GBPO.2625	Financials	0.52
Baillie Gifford & Co Japanese Income Growth W4 Dis	Equity Investment Instruments	0.45
Microsoft Corp Com USD0.00000625	Technology	0.44
B & M European Value Retail SA ord GBPO.1 (DI)	Consumer Services	0.44
Matthews Asia Fds SICAV Asian ex Japan Div S GBP Dis	Equity Investment Instruments	0.43
NB Private Equity Partners Limited Class'A'Ord Shs USD0.01	Alternative Investments - Private Equity	0.36
Reckitt Benckiser Group Plc ord GBPO.10	Consumer Goods	0.36

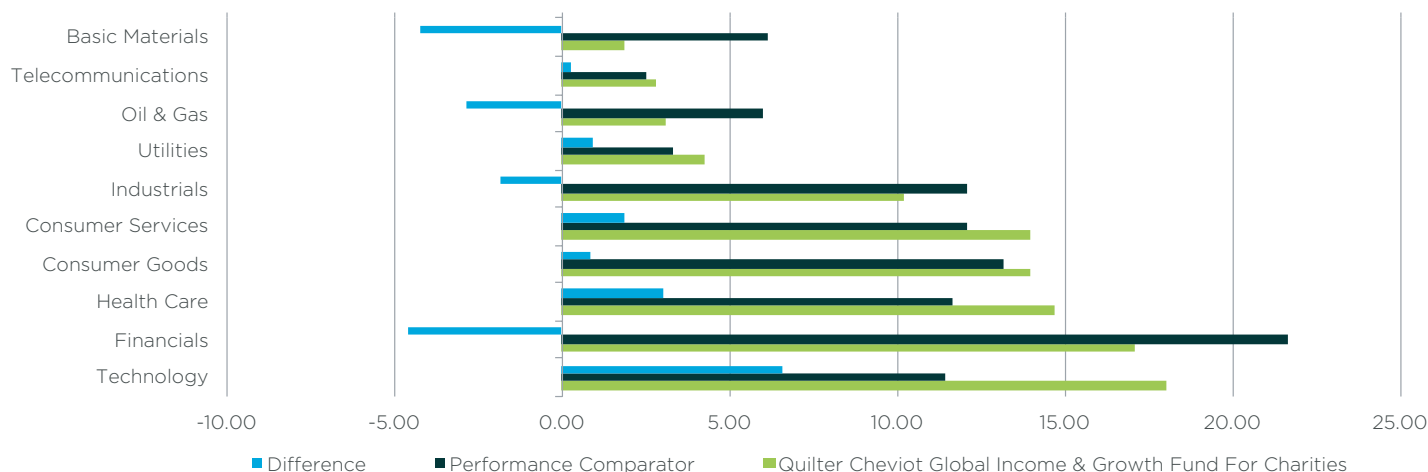
## TOP 10 DETRACTORS AS AT 30 JUNE 2020

HOLDING	SECTOR	CONTRIBUTION TO RETURN
HSBC Holdings Plc ord USD0.50	Financials	-0.14
Compass Group Plc ord GBPO.1105	Consumer Services	-0.10
Royal Dutch Shell 'B'ord EURO.07	Oil & Gas	-0.09
Assura Ord	Alternative Investments - Infrastructure	-0.07
Property Income Trust for Charities	Alternative Investments - Property	-0.03
Xylem Inc Com USD0.01	Industrials	-0.02
Alibaba Group Holding Its Spon ADS Each Rep 8 Ord	Consumer Services	-0.01
United Kingdom (Government of) Idx/Lkd Nts 10/08/2028 GBP100	UK Index Linked Securities	-0.01
United Kingdom (Government of) 1.5% Snr Bds 22/07/2047 GBP1000 'Regs'	UK Government Securities	-0.01
Medtronic Plc USD0.0001	Health Care	-0.01



## SECTOR ASSET ALLOCATION & ATTRIBUTION ANALYSIS - EQUITIES

### SECTOR ALLOCATION COMPARISON - DIRECT EQUITY POSITIONS ONLY



### QUARTERLY SECTOR ATTRIBUTION - DIRECT EQUITY POSITIONS ONLY

	ALLOCATION	SELECTION (INCL. INTERACTION)	TOTAL ATTRIBUTION EFFECT
Financials	2.67	0.07	2.74
Technology	1.28	-0.36	0.91
Consumer Goods	0.48	0.01	0.48
Telecommunications	0.35	-0.02	0.33
Oil & Gas	0.06	0.24	0.29
Consumer Services	0.08	0.09	0.17
Industrials	-0.41	0.44	0.02
Utilities	-0.14	0.01	-0.12
Basic Materials	-0.48	0.03	-0.46
Health Care	-0.78	0.08	-0.69
<b>Total</b>	<b>3.08</b>	<b>-0.03</b>	<b>3.05</b>



## ATTRIBUTION SUMMARY - EQUITIES

TOP TEN CONTRIBUTORS	REGION	SECTOR	SECURITY RETURN	FUND WEIGHT - AVERAGE	BENCHMARK WEIGHT - AVERAGE	AVERAGE ACTIVE WEIGHT	TOTAL ATTRIBUTION EFFECT
Prudential GBPO.05	United Kingdom	Financials	59.15	2.02	0.10	2.57	0.67
Intermediate Capital Group plc	United Kingdom	Financials	54.76	1.96	0.08	1.79	0.60
HSBC Holdings Ord	United Kingdom	Financials	-10.99	0.15	2.18	-1.99	0.55
Apple Inc Com USD0.00001	North America	Technology	47.98	3.56	1.48	1.90	0.55
B&M European Value Retail Ord	United Kingdom	Consumer Services	41.71	2.00	0.08	1.77	0.43
BP Plc	United Kingdom	Oil & Gas	N/A	0.00	1.70	-1.57	0.40
Amazon Com Inc Com USD0.01	North America	Consumer Services	36.73	3.03	1.18	1.60	0.35
Electronic Arts Inc Com USD0.01	North America	Others	34.64	1.74	0.04	1.93	0.33
Aptiv Plc Com USD0.01	North America	Consumer Goods	51.84	1.01	0.02	1.12	0.27
Adobe Ord	North America	Technology	33.64	1.65	0.21	1.71	0.25

BOTTOM TEN CONTRIBUTORS	REGION	SECTOR	SECURITY RETURN	FUND WEIGHT - AVERAGE	PERFORMANCE COMPARATOR WEIGHT - AVERAGE	AVERAGE ACTIVE WEIGHT	TOTAL ATTRIBUTION EFFECT
Merck & Co Inc Com USD0.50	North America	Health Care	2.09	2.54	0.24	1.84	-0.31
Compass Group Plc ord GBPO.1105	United Kingdom	Consumer Services	-7.04	2.21	0.54	1.66	-0.30
Coca-Cola Co Com USD0.25	North America	Consumer Services	-0.35	1.59	0.21	1.39	-0.18
Xylem Inc Com USD0.01	North America	Industrials	-2.11	1.22	0.01	1.19	-0.18
National Grid ord GBPO.12431289	United Kingdom	Utilities	2.79	1.94	0.86	1.13	-0.17
Medtronic Plc USD0.0001	North America	Health Care	-1.19	1.23	0.15	1.37	-0.16
Pfizer Inc Com USD0.05	North America	Health Care	1.79	1.61	0.24	1.40	-0.14
JPMorgan Chase & Co. Com USD1.00	North America	Financials	0.37	1.38	0.35	1.26	-0.12
United Utilities Group Ord	United Kingdom	Utilities	6.69	1.92	0.17	2.08	-0.11
BHP Group Ord	United Kingdom	Basic Materials	N/A	0.00	0.81	-0.89	-0.11



# KEY PORTFOLIO ACTIVITY

FOR THE PERIOD 31 MARCH 2020 TO 30 JUNE 2020

SIGNIFICANT PURCHASES	REGION	SECTOR	RATIONALE
The Renewables Infrastructure Group	Alternative Investments	Infrastructure	Adding to the renewables theme within infrastructure
Tencent	Emerging Markets	Software & Computer Services	Increased exposure to gaming, and the Chinese consumer
Alibaba	Emerging Markets	Software & Computer Services	China's dominant ecommerce platform
Samsung Electronics	Far East ex. Japan	Electronic & Electrical Equipment	Dominant global computer memory manufacturer
Taiwan Semiconductor Manufacturing	Far East ex. Japan	Technology Hardware & Equipment	Worlds largest provider of semi-conductor chips
AXA Investment Managers Short Duration High Yield Bond	Fixed Interest	Overseas Fixed Interest	To increase corporate loan exposure for potential recovery and increase yield
Trane Technologies	United States	Construction and Materials	Leading provider of heating and ventilation systems throughout the USA and elsewhere

SIGNIFICANT SALES	REGION	SECTOR	RATIONALE
HSBC	United Kingdom	Banks	Reduce execution risk and move out of non-yielding stocks
Persimmon	United Kingdom	Household Goods & Home Construction	Reduce execution risk and move out of non-yielding stocks
Kion	Europe ex. UK	Industrial Engineering	Weaker industrial truck activity
United Kingdom(Government of) Index Linked Notes 10/08/2028	Fixed Interest	UK Index Linked Securities	To reflect our views on duration
Halma	United Kingdom	Electronic and Electrical Equipment	Reduce stock specific industrial exposure



# PORTFOLIO HOLDINGS

AS AT 30 JUNE 2020

DESCRIPTION	PRICE	% OF TOTAL	ESTIMATED YIELD %
<b>Fixed Interest - United Kingdom</b>			
<i>UK Government Securities</i>			
United Kingdom(Government Of) 4.5% Snr Bds 07/12/2042 GBP1000 'Regs'	£182.23	2.21	2.48
United Kingdom(Government Of) 1.5% Snr Bds 22/07/2047 GBP1000 'Regs'	£122.13	0.95	1.23
<i>UK Index Linked Securities</i>			
United Kingdom(Government Of) 0.125% I/L Gilt Bds 22/11/2036 GBP1000	£177.18	2.06	0.07
<i>Other UK Fixed Interest</i>			
Royal London Unit Trust Managers Sterling Credit Instl Inc Z GBP NAV	£1.42	3.77	3.71
<i>Fixed Interest - Overseas</i>			
AXA Investment Managers UK Ltd US Sht Duration High Yld Bd ZI Gross Dis	£0.90	0.98	4.49
Pimco Global Advisors Irl Ltd Global Inv Grade Cred Hgd Instl Inc Nav	€ 13.75	2.92	3.21
<b>Equities - United Kingdom</b>			
<i>Oil &amp; Gas</i>			
<i>Oil &amp; Gas Producers</i>			
Royal Dutch Shell 'B'ord EUR0.07	£12.44	1.79	4.22
<i>Basic Materials</i>			
<i>Mining</i>			
Rio Tinto ord GBPO.10	£45.13	1.07	7.71
<i>General Industrials</i>			
Smiths Group ord GBPO.375	£13.99	1.15	2.25
Smith(DS) ord GBPO.10	£3.33	1.32	3.35
<i>Electronic &amp; Electrical Equipment</i>			
Halma ord GBPO.10	£22.85	0.66	0.70



## PORTFOLIO HOLDINGS *contd.*

AS AT 30 JUNE 2020

DESCRIPTION	PRICE	% OF TOTAL	ESTIMATED YIELD %
<i>Support Services</i>			
Experian ord USD0.10	£28.30	1.32	1.34
<b>Consumer Goods</b>			
<i>Beverages</i>			
Diageo Ord GBP0.28 101/108	£26.96	0.91	2.61
<i>Household Goods &amp; Home Construction</i>			
Reckitt Benckiser Group Plc ord GBP0.10	£74.22	1.40	2.35
<i>Personal Goods</i>			
Unilever ord GBP0.031111	£44.07	1.35	3.29
<b>Healthcare</b>			
<i>Pharmaceuticals &amp; Biotechnology</i>			
Astrazeneca ord USD0.25	£84.44	1.12	2.59
GlaxoSmithKline ord GBP0.25	£16.42	1.25	4.89
<b>Consumer Services</b>			
<i>Food &amp; Drug Retailers</i>			
Tesco Ord	£2.32	1.31	4.01
<i>General Retailers</i>			
B & M European Value Retail SA ord GBP0.1 (DI)	£3.94	1.06	2.04
<i>Media</i>			
Relx Plc GBP0.1444	£18.74	1.20	2.44
<i>Travel &amp; Leisure</i>			
Compass Group Plc ord GBP0.1105	£11.23	1.24	-





## PORTFOLIO HOLDINGS *contd.*

AS AT 30 JUNE 2020

DESCRIPTION	PRICE	% OF TOTAL	ESTIMATED YIELD %
<b>Telecommunications</b>			
<i>Mobile Telecommunications</i>			
Vodafone Group ord USD0.2095238	£1.28	1.07	6.33
<b>Utilities</b>			
<i>Gas, Water &amp; Multiutilities</i>			
National Grid ord GBP0.12431289	£9.87	1.16	4.91
United Utilities Group Ord	£9.23	1.28	4.68
<b>Financials</b>			
<i>Life Insurance</i>			
Prudential GBPO.05	£12.22	1.16	2.44
Legal & General Group ord GBPO.025	£2.21	1.35	7.95
<i>Financial Services</i>			
Intermediate Capital Group Plc ord GBPO.2625	£13.11	1.08	3.94
London Stock Exchange Group ord GBPO.06918604	£82.86	0.81	0.84
M&G Plc Ord GBPO.05	£1.70	1.54	10.68
<i>Equity Investment Instruments</i>			
Blackrock Throgmorton Trust ord 5p	£5.55	1.16	1.82
<b>Equities - North America</b>			
<b>Industrials</b>			
<i>Industrial Engineering</i>			
Xylem Inc Com USD0.01	\$64.26	0.69	1.60
<b>Construction &amp; Materials</b>			
Trane Technologies plc Com USD1	\$89.19	0.71	2.38



## PORTFOLIO HOLDINGS *contd.*

AS AT 30 JUNE 2020

DESCRIPTION	PRICE	% OF TOTAL	ESTIMATED YIELD %
<b>Consumer Goods</b>			
<i>Automobiles &amp; Parts</i>			
Aptiv Plc Com USD0.01	\$75.67	0.66	-
<i>Beverages</i>			
Coca-Cola Co Com USD0.25	\$44.36	0.91	3.67
<i>Leisure Goods</i>			
Electronic Arts Inc Com USD0.01	\$130.69	1.13	-
<b>Healthcare</b>			
<i>Healthcare Equipment &amp; Services</i>			
Thermo Fisher Scientific Ord	\$350.80	0.76	0.24
Medtronic Plc USD0.0001	\$90.26	0.86	2.53
Stryker Corp Com Stk USD0.10	\$177.52	0.68	1.28
<i>Pharmaceuticals &amp; Biotechnology</i>			
Merck & Co Inc Com USD0.50	\$76.12	1.17	3.16
Pfizer Inc Com USD0.05	\$32.64	0.92	4.65
<b>Consumer Services</b>			
<i>General Retailers</i>			
Amazon Com Inc Com USD0.01	\$2,680.38	1.65	-
<i>Media</i>			
Netflix Inc Com USD0.001	\$447.24	1.09	-
<b>Technology</b>			
<i>Hardware &amp; Equipment</i>			
Apple Inc Com USD0.00001	\$361.78	2.03	0.84



# PORTFOLIO HOLDINGS *contd.*

AS AT 30 JUNE 2020

DESCRIPTION	PRICE	% OF TOTAL	ESTIMATED YIELD %
<i>Software &amp; Computer Services</i>			
Microsoft Corp Com USD0.00000625	\$198.44	1.92	1.00
Intuit Inc Com USD0.01	\$287.92	1.29	-
Alphabet Inc Cap USD0.001 Cl C	\$1,394.97	1.25	-
Facebook Inc Com USD0.000006 Cl 'A'	\$220.64	0.99	-
Adobe Ord	\$424.20	1.11	-
<b>Financials</b>			
<i>Banks</i>			
JPMorgan Chase & Co. Com USD1.00	\$93.00	0.90	3.83
<i>Financial Services</i>			
Visa Inc Com Stk USD0.0001 'A'	\$191.38	1.00	0.62
Ares Management Corporation Com USD0.01 Class A	\$37.77	0.70	4.03
<b>Equities - Europe ex UK</b>			
<b>Consumer Goods</b>			
<i>Food Producers</i>			
LVMH Moet Hennessy Vuitton SE EURO.30	€ 391.85	0.71	1.23
Nestle SA CHF0.10 (Regd)	CHF 105.15	0.51	2.58
<b>Healthcare</b>			
<i>Pharmaceuticals &amp; Biotechnology</i>			
Roche Holdings AG Genusscheine NPV	CHF 328.90	0.96	2.74
Novartis AG CHF0.50 (Regd)	CHF 82.56	0.69	3.58
<b>Telecommunications</b>			
<i>Mobile Telecommunications</i>			
Cellnex Telecom SA EURO.25	€ 53.96	0.52	0.13



## PORTFOLIO HOLDINGS *contd.*

AS AT 30 JUNE 2020

DESCRIPTION	PRICE	% OF TOTAL	ESTIMATED YIELD %
<b>Technology</b>			
<i>Technology Hardware &amp; Equipment</i>			
ASML Holding NV EURO.09	€ 323.55	0.74	0.73
<b>Financials</b>			
<i>Banks</i>			
UBS Group AG CHF0.10 (Regd)	CHF 10.89	0.49	-
<i>Nonlife Insurance</i>			
Allianz Se (Regd)(Vinkuliert)	€ 180.30	0.76	5.28
<b>Equities - Japan</b>			
Baillie Gifford & Co Japanese Income Growth W4 Dis	£1.36	2.80	2.43
<b>Equities - Asia Pacific ex Japan</b>			
<b>Consumer Goods</b>			
<i>Leisure Goods</i>			
Samsung Electronics REG S GDR	\$1,100.00	0.47	2.25
<b>Technology</b>			
<i>Technology Hardware &amp; Equipment</i>			
Taiwan Semiconductor Manufacturing Spon ADS Each Rep 5 Ord TWD10	\$56.39	0.49	2.33
<b>Funds</b>			
<i>Equity Investment Instruments</i>			
FIL Investment Services (UK) Limited Asia Pacific Opportunities W ACC NAV	£2.27	0.60	1.38
Matthews Asia Fds SICAV Asian ex Japan Div S GBP Dis	£11.56	1.33	2.12
Veritas Funds Plc Veritas Asian D GBP Inc	€ 805.96	0.55	0.67



# PORTFOLIO HOLDINGS *contd.*

AS AT 30 JUNE 2020

DESCRIPTION	PRICE	% OF TOTAL	ESTIMATED YIELD %
<b>Equities - Emerging Markets</b>			
<i>Consumer Services</i>			
<i>General Retailers</i>			
Alibaba Group Holdings Ltd Spon ADS Each Rep 8 Ord	\$215.02	0.43	-
<i>Technology</i>			
<i>Software &amp; Computer Services</i>			
Tencent Holdings Ltd Unsp ADR Each Rep 1 Ord	\$62.87	0.51	0.21
<b>Funds</b>			
<i>Equity Investment Instruments</i>			
Sands Capital Funds Plc Emerging Mkts Grwth A GBP Acc	€ 19.96	0.74	-
Wells Fargo (Lux) Worldwide Fund Emerging Markets Equity Income Y GBP Dis	£80.95	1.35	4.49
<b>Equities - Global</b>			
Polar Capital Funds Plc Automation & Artificial Intel S GBP Cap	£11.02	0.97	-
<b>Alternative Investments</b>			
<i>Infrastructure</i>			
Assura Ord	£0.80	1.14	3.62
Foresight Solar Fund Ltd	£1.11	1.33	6.34
BBGI SICAV S.A. ord NPV	£1.64	1.07	4.40
HICL Infrastructure Plc ord GBPO.0001	£1.72	1.43	4.77
International Public Partner ord GBPO.0001	£1.69	1.51	4.38
Doric Nimrod Air Two Ltd ord Pref	£0.60	0.16	28.57
The Renewables Infrastructure Grp Ord NPV	£1.26	1.30	5.35
<i>Property</i>			
Property Income Trust for Charities	£0.84	1.16	5.54
JPM Global Core Real Assets	£1.09	1.20	2.75



## PORTFOLIO HOLDINGS *contd.*

AS AT 30 JUNE 2020

DESCRIPTION	PRICE	% OF TOTAL	ESTIMATED YIELD %
<i>Private Equity</i>			
Princess Private Equity Hldgs Ord EURO.001 (EUR)	£9.41	1.29	4.58
NB Private Equity Partners Limited Class'A'Ord Shs USD0.01	£9.27	1.17	5.04
Aberdeen Standard EUR Logis Inc Plc Ord GBPO.01	£1.02	1.02	4.81
Cash - GBP	£1.00	6.11	-
Cash - CHF	CHF 1.00	0.01	-
Cash - USD	\$1.00	0.01	-
Cash - Eur	€ 1.00	-	-



# VOTING AND ENGAGEMENT

## QUARTER ENDED 30 JUNE 2020

Below we have outlined some examples of our engagement during the three months to the end of June 2020. In line with SRD II disclosure regulations we have, in the majority of cases, included the name of the company or fund. In some cases we will not, as this would be unhelpful in the long-term to the ongoing engagement process.

We use ISS as our proxy voting service provider and based on our responsible investment principles, ISS provides recommendations on each resolution companies put forward to shareholders. We do not always follow the ISS recommendations as, we believe, it is important that as responsible investment is integrated into our investment process, Quilter Cheviot makes up its own mind. In all cases where we have a concern regarding a company we make contact to discuss the issues ahead of the AGM.

### **DS Smith PLC**

This was an initial conversation with the Chair of the Remuneration Committee as well as the company's sustainability team. We covered a number of areas including the initial response to the Covid-19 crisis as well as the potential inclusion of ESG criteria into incentive plans. We also raised the topic of executive pension contribution alignment with the wider workforce. This is being adjusted with the new iteration of the remuneration policy where new executive director contributions will be brought in line. The CEO contribution is being reduced on a slower trajectory over two years. We could not necessarily see the rationale for slower alignment and have encouraged an acceleration of this process. We raised the topic of using ESG metrics in executive remuneration. This has not previously

been widely incorporated, but is something that is being explored in more detail. The fact that ESG metrics are only now being considered is perhaps surprising given the business strategic focus on sustainability issues and sustainable product lines. The company is a strong ESG performer in its sector. Sustainability targets are a thread running through their annual report and they have relatively well developed corporate KPIs on this. We will monitor this moving forward.

### **Prudential PLC**

Prior to the 2020 AGM we discussed executive remuneration. We welcomed a number of changes proposed by the company, some in reaction to the unfolding Covid-19 crisis. Prudential took the opportunity to make adjustments in the newly proposed remuneration policy including accelerating executive alignment of pension contributions with the wider workforce, LTIP freezes and a reduction in executive salaries. We supported the proposals given the increased alignment with the experience of the wider workforce and other stakeholders.



# DISCLAIMER

**The value of investments and the income from them can go down as well as up. You may not recover what you invest. There are risks involved with this type of investment. Please refer to the Prospectus and Key Investor Information for further details visit: <https://www.quiltercheviot.com/uk/charities/caif/>.**

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