

QUILTER CHEVIOT GLOBAL INCOME & GROWTH FUND FOR CHARITIES

FACTSHEET - Q1 2020



QUILTER CHEVIOT
INVESTMENT MANAGEMENT

SERVICE DETAILS

Launch Date	8 January 2020
Size of fund	£24,037,319
Benchmark	CPI +3.5%*
Fund type	CAIF
Base Currency	GBP
Number of holdings	80
Anticipated Yield	3%
Annual Management Charge	0.5%**
Ongoing Charges	1.04%***
Ex-Dividend Dates	31 January, 30 April, 31 July, 31 October
Dividend Pay Dates	28 February, 31 May, 31 August, 30 November
Sedol Number	BGKG3L1
Reporting	Quarterly

*UK Consumer Price Index plus 3.5%

** Sliding scale: 0.5% on the first £200m, 0.4% on the next £200m, 0.3% on the next £200m, 0.25% thereafter

*** Estimated. This will change depending on the size of the fund and the fees charged by third party funds held within the Fund

INVESTMENT OBJECTIVES & POLICY

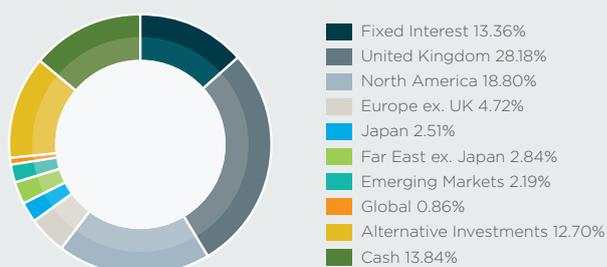
- Grow both the capital value and provide income over the long term.
- Deliver an annualised total return of 3.5% above the UK Consumer Price Index over the medium term through exposure to a diversified range of asset classes.
- Aims to provide a minimum income yield of 3% per annum.
- Within the Fund we invest in a mix of direct equities (UK, US and Europe primarily) and bonds, as well as funds to gain exposure to specialist areas such as property, infrastructure and also to equities in other geographic areas.

We do not invest in companies whose primary business is producing or manufacturing tobacco; and as a company we do not invest in businesses which make controversial weapons. Please visit www.quiltercheviot.com to see our controversial weapons policy.

PERFORMANCE

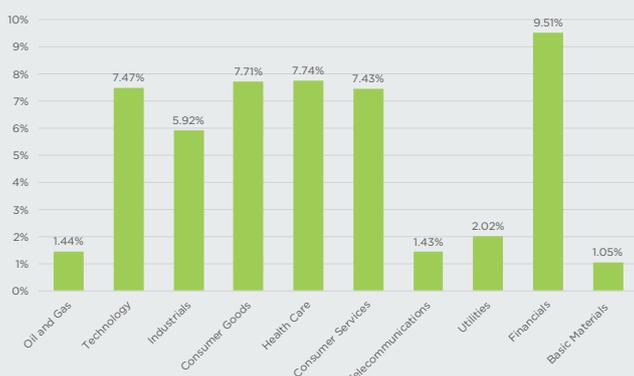
Performance will be shown once the Quilter Cheviot Global Income & Growth Fund has been running for a full year. The Fund's inception date is 8 January 2020.

ASSET ALLOCATION



As at 31 March 2020

PORTFOLIO POSITIONING



As at 31 March 2020

TOP 20 HOLDINGS

Royal London Unit Trust Managers Sterling Credit Instl Inc Z GBP NAV	3.76%
Pimco Global Advisors Irl Ltd Global Inv Grade Cred Hgd Instl Inc Nav	3.21%
United Kingdom (Govt Of) 4.5% Snr Bds 07/12/2042 GBP1000 'Regs'	2.58%
Baillie Gifford & Co Japanese Income Growth W4 Dis	2.51%
Property Income Trust for Charities	2.25%
Microsoft Corp Com USD0.00000625	1.82%
Amazon Com Inc Com USD0.01	1.77%
United Kingdom (Govt Of) 0.125% I/L Gilt Bds 22/11/2036 GBP1000	1.74%
BBGI SICAV S.A. ord NPV	1.73%
HICL Infrastructure Plc ord GBPO.0001	1.67%
International Public Partnerships ord GBPO.0001	1.60%
Matthews Asia Fds SICAV Asian ex Japan Div S GBP Dis	1.52%
Smiths Group ord GBPO.375	1.48%
Unilever ord GBPO.031111	1.47%
Royal Dutch Shell 'B'ord EURO.07	1.44%
Relx Plc GBPO.1444	1.40%
Smith(DS) ord GBPO.10	1.35%
Reckitt Benckiser Group Plc ord GBPO.10	1.34%
Apple Inc Com USD0.00001	1.25%
Netflix Inc Com USD0.001	1.25%

As at 31 March 2020

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

COMMENTARY

On the back of a successful fourth quarter and 2019, global stock markets reached new all-time highs in early February before suffering a sharp and broad based sell-off as it became clear that Covid-19 had not been contained within China and that the nature of our globalised world meant that the spread across continents was rapid. The economic impact, which is mainly the result of public health countermeasures rather than sickness or death, is unknown in magnitude or duration as there are no precedents in the global supply chain environment in which we find ourselves.

In the short term, the abrupt impact on the global economy has seen many businesses faced with the combined challenge of both a supply side and demand-side shock to their business model. The result is a significant increase in working capital requirements, a point acknowledged by governments and central banks worldwide, with many introducing loan guarantee schemes, quantitative easing, wage guarantees and fiscal stimuli, the quantum of which no one has seen in living memory. These are providing confidence to investors that governments are ready to do 'whatever it takes'.

The most affected sectors are non-food retail, leisure, travel and some aspects of the property market. Within the Fund we have limited exposure to these areas, with LVMH being our only non-food retail exposure as B&M has food as well as other retail exposure, whilst our small position in Doric Nimrod (leasing planes to Emirates) has been impacted by the significant reduction in air traffic. Contagion means that other areas will be impacted and in times such as these we have to focus on long-term trends and themes.

The Fund has an income objective to generate a minimum yield of 3% and given the concerns for many charities regarding income streams in this unprecedented time, this remains at the centre of our approach, alongside the overall aim of achieving CPI inflation +3.5% annualised over the long term. The Fund's holdings have seen a diminishment of income – the house-builder Persimmon cancelled its payment after it went ex-dividend, whilst for HSBC the pressure from the regulator has resulted in the UK banking sector cancelling dividends for this year and

next, if for no other reason to be seen to be "in it together". We expect to see similar impacts across international equity markets. We have taken action to try to mitigate the loss of income from these areas, via new positions in investment companies such as Foresight Solar Income and JP Morgan Global Real Asset as well as through purchases of Assura, the UK's largest listed operator of purpose built GP surgeries. We have also introduced a weighting in Tesco which is trading strongly through the current "lockdown". Likewise we initiated a position in United Utilities which trades on an attractive valuation discount to its peers as well as providing what we believe is a secure dividend.

Beyond the pandemic, there are also concerns over the sustainability of dividends within the oil and gas sector. The breakdown in relations between OPEC and Russia has had a significant impact on the price of Brent crude oil, which in turn has caused havoc in the domestic US oil market. The price of oil has been volatile throughout, likewise the share prices of all oil and gas companies. Whilst this was undoubtedly a very challenging quarter, we were pleased with the performance of our conventional Gilt edged securities which recorded a total return of 7% for the quarter, marginally ahead of the wider UK Government Bond index. Unsurprisingly the internet giants Amazon and Netflix provided positive contributions.

We believe that markets will recover but given the significant uncertainties surrounding the magnitude and duration of the downturn we remain relatively cautious. While markets have re-priced to factor in a global recession in the first half of this year, we believe investors will require confidence that the spread of the virus has been halted before being prepared to look through to recovery in the second half of this year.

The shape of the recovery will depend on limiting the cascade of business bankruptcies, layoffs, and consumer scarring which would deepen the recession and lengthen the time it takes to return to growth.

We expect markets to remain volatile over the next few months and at this juncture, it is too early to say that markets have fully priced in the full implications of this crisis.

CO-LEAD MANAGERS



Howard Jenner - Executive Director

Howard studied English and Psychology at Southampton University before joining Laing & Cruickshank in 2001, which was acquired by UBS in 2004. In 2006, he moved with the majority of his former colleagues to Cheviot Investment Management, which subsequently merged with Quilter. He is a Chartered Fellow of the Chartered Institute of Securities and Investment (CISI) and chairs the Charity Asset Allocation Sub-Committee. Howard is a member of the international equity,

alternatives and fixed interest committees. Amongst his charitable commitments, he is a member of the Royal College of Arts' investment committee.



Gemma Woodward - Executive Director

Gemma joined Quilter Cheviot in 2015. She is responsible for managing charity portfolios, as well as leading the company-wide approach to responsible investment. She has over twenty years industry experience and has spent the majority of that time focussed on the charity sector and specifically clients with complex ethical and socially responsible investment requirements. Gemma started her career at Lloyds Bank; she joined Newton in 2002, following the acquisition of

the Henderson private client and charity business; and latterly was at Kleinwort Benson. She graduated from Durham University with a degree in history in 1994, is a Chartered Fellow of the Chartered Institute of Securities and Investment (CISI) as well as holding the Chartered Wealth Manager designation. Gemma is a member of the Investment Oversight Committee and the Charity Asset Allocation Sub-Committee. She is a trustee of two charities as well as being on the investment committee of an additional charity.

The Quilter Cheviot Global Income and Growth Fund for Charities is for UK charities only.

HOW TO INVEST

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CONTACT DETAILS

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Risk Warning: 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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