

QUILTER CHEVIOT GLOBAL INCOME & GROWTH FUND FOR CHARITIES

FACTSHEET - Q3 2020



QUILTER CHEVIOT
INVESTMENT MANAGEMENT

SERVICE DETAILS

Launch date	8 January 2020
Size of fund	£49,661,325
Benchmark	CPI +3.5%*
Fund type	CAIF
Base currency	GBP
Number of holdings	88
Anticipated yield	3%
OCF	0.73%**
MiFID II cost & 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%

** The Ongoing Charge Figure (OCF) includes the charges for the underlying open ended funds held in the Fund and the Fund's management fees. This is a point in time estimated calculation, so changes to holdings within the Fund may result in higher or lower ongoing charges.

*** The MiFID II cost and charges figure includes the charges for the underlying open and close ended funds held in the Fund, transaction costs, and all the Fund's management fees. This is a point in time estimated calculation, so changes to holdings within the Fund may result in higher or lower ongoing charges.

INVESTMENT OBJECTIVES & POLICY

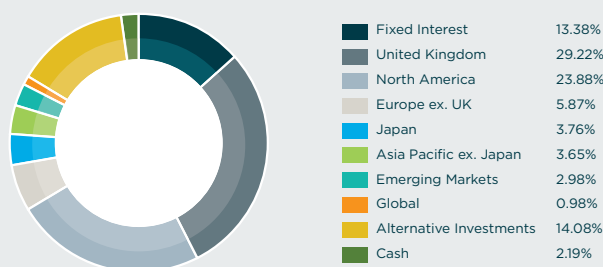
- Grow both the capital value and provide income over the long-term.
- Deliver an annualised total return of 3.5% above the UK Consumer Price Index over the medium term through exposure to a diversified range of asset classes.
- Aims to provide a minimum income yield of 3% per annum.
- The Fund invests in a mix of direct equities (UK, US and Europe primarily) and bonds, and uses third party 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



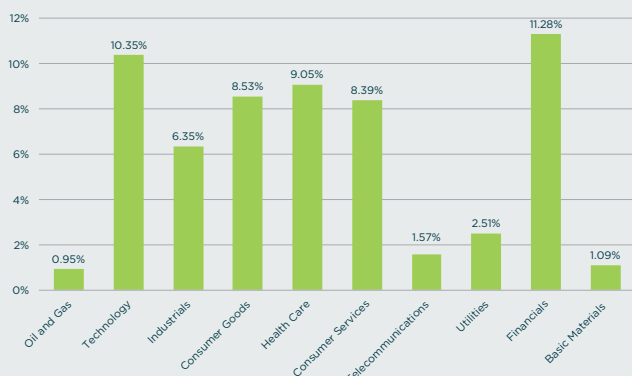
As at 30 September 2020

TOP 20 HOLDINGS %

Royal London Unit Trust Managers Sterling Credit	3.91
Baillie Gifford & Co Japanese Income Growth	3.76
Pimco Global Investment Grade Credit Fund Hedged	3.02
United Kingdom(Government Of) 4.5% Snr Bds 07/12/2042	2.28
Apple	2.22
United Kingdom(Government Of) 0.125% I/L Gilt Bds 22/11/2036	2.16
Microsoft	1.74
HICL Infrastructure	1.72
Amazon	1.68
M&G	1.52
International Public Partnerships	1.45
BMO Property Growth & Income	1.44
Relx	1.43
Legal & General	1.39
Unilever	1.34
B & M European Value Retail	1.33
Matthews Asian ex Japan	1.32
Wells Fargo Emerging Markets Equity Income	1.31
Astrazeneca	1.31
Merck	1.30

As at 30 September 2020

PORTFOLIO POSITIONING*



* Shown as percentage of total fund value. As at 30 September 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

Equity markets paused for breath in September after a steady rebound from the 23 March low. The global economic recovery continues, but a second wave of Covid-19 in Europe and regional lockdowns are a timely reminder that the pandemic still has some way to run. Although, over 50 vaccines are under development, they are unlikely to be available until well into 2021.

The US Federal Reserve has indicated that interest rates are likely to remain close to zero until 2023, in order to meet the new target of full employment and an 'average' inflation rate of 2%. Ordinarily, a signal of lower rates for longer would boost share prices, but the market initially took a more circumspect interpretation: that economic growth was likely to be subdued for longer. With no new stimulus measures announced to reflect the Fed's latest assessment, shares went into retreat.

Politically life is interesting, a new game of brinkmanship is being played between the UK and EU on Brexit, with the UK government threatening to break international law by introducing a new internal market bill that unpicks part of the previously agreed Brexit deal. This was the main reason for the fall in sterling recently. There is also the prospect of the US election in early November. Polls show Joe Biden ahead of Donald Trump, although a cursory glance at history indicates that things can change very quickly in politics. Nonetheless, a change to a Democrat President would probably see a partial reversing of tax cuts introduced by the incumbent, which might not be so well received by the markets. The counter argument to this is the perceived chance of a greater stimulus package from the Democratic party.

Despite the prospect of fiscal stimulus measures being a little way off, central banks continue to be supportive. The ultra-low interest rate policies have boosted the relative attraction of equities versus bonds with the ratio now back to pre-crisis levels. This suggests that market valuations leave little room for disappointment albeit corporate earnings have, so far, surprised on the upside. While central bank action has boosted equity markets in general, banks which are a key component of the financial system and hence the wider economy are contending with low interest rates, flat yield curves and dividend restrictions making the sector unattractive in our view. We continue to focus on companies with a high proportion of visible/recurring revenues, flexible cost bases and the ability

to grow despite economic conditions.

The Fund rose 2.2% over the quarter versus the performance comparator return of 0.2%; since inception (8 January 2020) it has risen 2.7% versus the performance comparator fall of -5.4%. At a headline level, the Fund benefited from our underweight stance in the UK (as well as stock selection), and particularly from the positioning within the US equity element.

Examples of companies that have performed well for the Fund include B&M European Value Retail which has traded well throughout the year. The majority of its stores are located in retail parks which are easier to make Covid-19 compliant and, in our view, the company is well placed to continue to capture market share.

Apple also contributed strongly; the balance sheet remains rock solid and the growth of software revenues has helped to reduce the reliance on iPhone sales, precipitating a re-rating in the share price. The previous sentence notwithstanding, the forthcoming iPhone 12 is expected to drive revenues in the period ahead.

We introduced a position in Trane Technologies during the quarter. The supplier of energy efficient heating, ventilation and air conditioning equipment, announced consensus beating results in late July which resulted in strong share price gains.

Elsewhere, we took some profits from the position in Reckitt Benckiser which we had added to back in the spring and re-introduced a position in the house-builder, Persimmon given the expectation that it will return to paying a dividend as well as its strong market position having not furloughed staff or taken a government loan.

The search for income, whilst maintaining a focus on long-term growth prospects can be rather head-scratching in the current environment, additionally we are keen to introduce non-correlated assets and diversifiers. To that end we bought a position in Hipgnosis, which is a portfolio of music royalties, from which it pays an attractive income stream.

Market uncertainty remains: our job is to stay focussed on the long-term and, as ever, try to navigate through the noise to identify long-term themes and investments.

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.

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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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