

# QUILTER CHEVIOT GLOBAL INCOME & GROWTH FUND FOR CHARITIES

FACTSHEET - Q1 2021



**QUILTER CHEVIOT**  
INVESTMENT MANAGEMENT

## SERVICE DETAILS

Launch date	8 January 2020
Size of fund	£80,859,470
Benchmark	CPI +3.5%*
Fund type	CAIF
Base currency	GBP
Number of holdings	100
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.

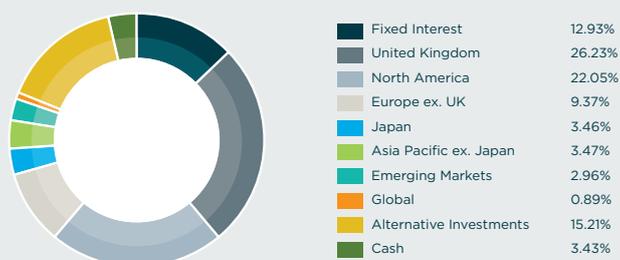
We do not invest in companies whose primary business is producing or manufacturing tobacco; and as a company we do not invest in businesses which make controversial weapons. Please visit [www.quiltercheviot.com](http://www.quiltercheviot.com) to see our controversial weapons policy.

## PERFORMANCE



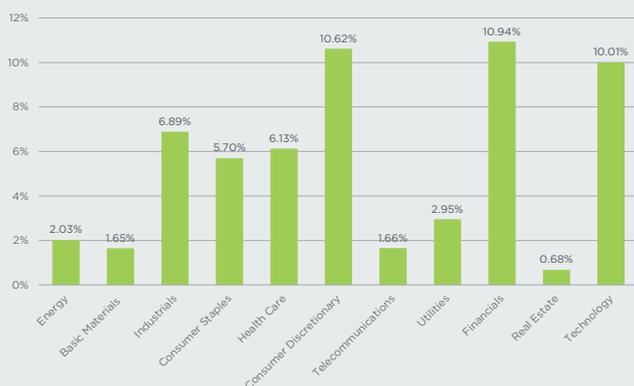
\*12% FTSE Actuaries All Gilts, 5.5% ICE BofA ML Sterling Corporate Bonds, 35% FTSE All Share, 35% FTSE World ex UK, 10% Alternatives (50% FTSE Actuaries UK Conventional Gilts up to 5years/50% FTSE All Share), 2.5% Bank of England Base Rate. \*\* Inception date 08/01/2020 Source: Citibank

## ASSET ALLOCATION



As at 31 March 2021

## PORTFOLIO POSITIONING\*



\* Shown as percentage of total fund value. As at 31 March 2021.

## TOP 20 HOLDINGS %

Royal London Unit Trust Managers Sterling Credit	3.79
Baillie Gifford & Co Japanese Income Growth	3.46
Pimco Global Investment Grade Credit Fund Hedged	2.96
United Kingdom(Government Of) 4.5% Snr Bds 07/12/2042	1.72
M&G	1.69
Rio Tinto	1.65
International Public Partnerships	1.61
Microsoft	1.56
HICL Infrastructure	1.55
Legal & General	1.48
Amazon	1.44
Foresight Solar Fund	1.43
BMO Property Growth and Income	1.42
Apple	1.37
Unilever	1.32
Alphabet	1.26
Tesco	1.25
The Renewables Infrastructure Group	1.25
Matthews Asia SICAV Asian ex Japan Group	1.25
Wells Fargo Emerging Markets Equity Income	1.24

As at 31 March 2021

**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

**This was a challenging quarter for the Fund with the continued market bias towards value stocks, especially those liable to benefit in the short-term from a 're-opening trade' and financials, in particular banks. In part, a reaction to a sharp rise in the majority of global sovereign yields over fears of a significant and sustained increase in inflation and belief that interest rates would need to rise to cushion any concerns that economies, emerging from the grip of Covid-19, might overheat.**

Given this backdrop we did make some changes within our equity positioning; notably we increased our exposure to energy and financials at the expense of health care, as well as trimming positions to take profits in technology (or technology related companies) which have driven market returns for so much of the recent time.

The Fund lagged the performance comparator over the quarter by 2%. As commented above, the lack of exposure to the value part of the market was not helpful, however it was the Fund's underweight positioning to the UK that was particularly challenging. Pleasingly, the Fund is ahead of the performance comparator for the year and since inception.

In terms of income, we believe that the environment for investors will continue to improve after a brutal year of dividend cuts and suspensions. As economies continue to re-open and business and consumer confidence continues to grow, the outlook is positive, albeit movement is most likely to centre on the final quarter of this year and beyond, as optimism translates into increased earnings and profitability. Business optimism surveys in recent days confirm that the economic recovery continues and, if anything, at a slightly stronger pace than previously expected suggesting positive surprises in the period ahead. Whilst acknowledging that for the present, Covid-19 data remains the modern definition of the Curate's egg, in some parts of the world it is not just bad, but troublingly so. Nonetheless, the IMF is forecasting global growth of 6% this year and 4.4% next year. We first saw improvements in manufacturing, which continue, and now we are seeing strong rises in business optimism amongst services companies. The rate of recovery was expected to slow in China, but the latest surveys suggest otherwise.

Domestically, the UK's progressive vaccination programme has already helped manufacturing sentiment and we expect services to follow suit. In the US, some sentiment metrics are the highest on record and encouragingly broad based possibly reflecting the Biden administration proposals for further fiscal stimulus, which in many ways mark this current period as a US-led global recovery. Labour markets are picking-up in the US especially in Covid-19 sensitive sectors, reflecting vaccine progress as well as better weather.

Input pricing pressures and supply disruption feature in most surveys, but these are likely to prove transitory. - unlike the Ever Given in the Suez canal, a ship that almost every retailer is currently citing as an excuse to explain why the item you ordered is still not in stock. Central banks, especially the US Federal Reserve have also continued to suggest that they are less likely to curtail inflationary moves with pre-emptive rate hikes. In the short-term, as ever, it plays not to 'bet against the Fed'. Even though 20 percent of all US dollars in circulation were created over the last 12 months, for the moment the music is very much still playing, and market optimism is rife.

Commentators have also focused on the significant increase in household savings during the period. If unleashed, as suggested, this has the potential to act as a further, significant boost to economies. There are some concerns that any such spending fillip could prove temporary. Additionally, data suggests that low income households, most likely to have suffered the economic impacts of the pandemic, have run down savings, further adding to the cacophony of calls to raise taxes on firms and individuals that have benefited throughout the pandemic.

In summary, the global recovery, whilst imperfect, is underway, although Covid-19 will continue to be a feature and concern. Global vaccination programmes, providing optimism and controversy in equal measure, underpin the ongoing transition back to a form of normality, along the way, aided by significant, ongoing global monetary and fiscal stimulus. Geo-political risks remain ever present, but for now we remain optimistic about the future long-term prospects for investors and do not advocate any major change in strategy.

## 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.**

### CONTACT DETAILS

Charles Mesquita

e: [charles\\_mesquita@quiltercheviot.com](mailto:charles_mesquita@quiltercheviot.com)

t: +44 (0)20 7150 4386

### QUILTER CHEVIOT

Senator House

85 Queen Victoria Street

London

EC4V 4AB

t: +44 (0)20 7150 4000

**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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