LIBERO BALANCED FUND - 'B' SHARE CLASS

FACTSHEET

MARCH 2020

QUILTER CHEVIOT

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 29 February 2020. 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 29 February 2020	YTD	1yr	3yr	5yr	Since Inception
LIBERO BALANCED FUND - 'B' SHARE CLASS	-4.49	7.13	10.80	27.33	68.20
IA Mixed Investment 40-85% Shares	-4.94	5.06	10.58	26.38	64.01
Bank Of England Base Rate	0.12	0.75	1.73	2.61	4.63

Discrete performance (%) to 29 February each year	2020	2019	2018	2017	2016
LIBERO BALANCED FUND - 'B' SHARE CLASS	7.13	-0.88	4.35	19.53	-3.86
IA Mixed Investment 40-85% Shares	5.06	-0.10	5.36	18.59	-3.63
Bank Of England Base Rate	0.75	0.64	0.33	0.36	0.50

1 **Past performance is not a guide to future performance and future returns are not guaranteed.** Source: Financial Express 29/02/2020. 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
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	1.11	-1.27	2.00	1.32	18.03
2020	0.23	-4.70	-	-	-	-	-	-	-	-	-	-	-4.49

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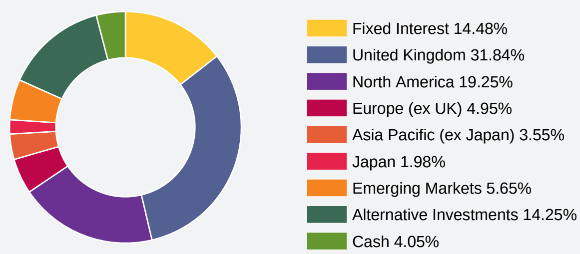
ASSET ALLOCATION

	%
Fixed Interest	14.48
Equity	67.22
Alternative Investments	14.25
Cash	4.05

ASSET CLASS/GEOGRAPHICAL ALLOCATION

As at 29 February 2020



TOP 10 HOLDINGS

	%
HSBC ETFS S&P 500	9.55
Vulcan Global Value Equity Fund	3.87
Schroder US Large Cap Fund	3.84
iShares Stoxx Real Estate	2.96
JP Morgan Emerging Markets Fund	2.83
Vontobel Emerging Markets	2.83
Royal London Sterling Credit	2.80
UK Treasury Gilt 4.5% 07/12/2042	2.56
iShare Physical Gold	2.55
Equity Trustees Alliance Bernstein	2.55
Total Top 10	**36.34%**

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

LIBERO BALANCED FUND - 'B' SHARE CLASS

FUND DATA - 'B' SHARE CLASS

Launch Date	31 March 2011
Launch Price	100.00p
Current Price	168.20p Acc, 142.40p Inc
Fund Size	£39,926,083.79
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	2.07%
Annual Management Charge	1.00%
Initial Fee	0.00%
Ongoing Charges*	1.53%
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

Global stock markets reached all-time highs in early February before suffering a sharp and widespread sell-off as it became clear that the coronavirus had not been contained within China. While it will likely reach most countries, not all will be affected to the same extent, with some better prepared and equipped to handle any outbreak than others. A surge of sell orders saw most major stock markets end the month with negative returns of between 8-9%. Despite a heavy weighting towards the energy and resources sectors, the FTSE 100 reached its lowest level since July 2016.

The economic impact is unknown in magnitude or duration, partly because there is no precedent in such a globalised world where supply chains stretch across national borders. Financial markets are pricing only a temporary impact, with a fairly swift recovery to normality on the basis that broad financial conditions remain supportive. Investors are hoping that economies receive an additional boost from government spending and tax cuts, as well as a monetary boost from lower interest rates, with the Federal Reserve cutting interest rates by 0.5% at the beginning of March.

Global GDP estimates have been downgraded to 2.5% from 2.7% at the start of the year – potentially the weakest annual rate since the financial crisis – with the most impact on China, Hong Kong, and emerging and commodity dependent economies. Current assumptions are that developed economies will be less affected, excluding Japan. Having said this, China ranks fourth in the world for automotive good inputs and so those with substantial dependence on consumer spending will face disruption from significant quarantine measures in China.

With China at the more advanced stages of the epidemic, it will be interesting to see how their recovery develops. New cases are reducing, recovery rates improving and numbers under medical supervision receding. All this suggests a turning point. Chinese officials are now prioritising industrial production and expect a near full return to work in state-owned enterprises by the end of February. We expect private enterprises to experience a much slower recovery however. Generally, Chinese business surveys for February painted a fairly bleak picture, with the private industrial manufacturing and non-manufacturing PMI plummeting to record lows. However, extensive stimulus measures should trigger a rebound in the second half of the year.

The trade sensitive economies of Japan and Germany will be more impacted than most. Japanese growth has been worse than expected and corporate earnings are highly correlated with weakening exports. While there is some talk of further fiscal and monetary measures, these are unlikely to have a material impact. The EU is also on track to continue its weak growth trajectory, especially the German auto sector. The latter's changing political landscape may lead to further government spending in due course. Meanwhile, the European Central Bank appears to be hoping that steady domestic consumption will prevent a slide into recession.

While UK GDP numbers for the fourth quarter stalled, the most recent manufacturing and services surveys have shown a mild uptick since the election. Housing market data, retail sales, and consumer confidence numbers also support this picture. The economy should gradually pick-up as pent-up demand is released, although to what extent will be determined by the ongoing negotiations with the EU.

INVESTMENT THEMES

During the month we reduced Japan equities and topped up our gold exposure.

Japan equities

Japan revealed in February that GDP growth for the fourth quarter of 2019 growth shrank at an annualised rate of 6.3%, worse than the expected 3.7%. The decline was triggered by an October increase in the consumption tax. Consequently, we reduced our Japanese exposure by selling our holding in the Baillie Gifford Japanese Income Growth Fund. We expect there to be collateral damage in Japan from the impact of the coronavirus too.

Gold

Considering the market environment, we retain our position in gold and view the commodity as an important element to hedge against event risk. We have added a new vehicle to gain exposure to gold, the iShares Physical Gold ETC. This has a very low cost and we have used the purchase of it to ensure we have an appropriate total gold weighting in the fund. Gold remains attractive in an environment where other safe haven assets like bonds offer a low yield and a high degree of price volatility.

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

e: Liberobalancedfund@quiltercheviot.com
Thesis Unit Trust Management Ltd
t:0333 300 0375

CONTACT DETAILS

Quilter Cheviot
One Kingsway
London WC2B 6AN