UK: Suitable for retail and professional clients.

Quilter Investors

Your Cirilium Passive Portfolios Quarterly Report

Second quarter 2024

What your report covers

- Our market summary
- Your investment summary
- Your portfolio holdings
- Your performance review
- Portfolio changes
- Investment outlook
- Important information

In order to aid your understanding, definitions of the underlined terms are provided in the investment glossary at the end of this document.

Our market summary

Marcus Brookes
Chief Investment Officer

Global equities gained 2.9% in the second quarter of 2024. China was the top performing market with a return of 7.1%. This boosted Asian and emerging markets, which outperformed developed markets. Despite the European Central Bank (ECB) becoming the first major central bank to cut interest rates in June, European equities were flat over the quarter. Meanwhile, UK gilts were down again while US Treasuries were mostly flat, and sterling corporate bonds suffered slight losses.

Equity markets

Although stubborn inflation continued to push back the expected date of a first US interest-rate cut, US equities gained 4% over the quarter. The relentless enthusiasm for companies exposed to the artificial intelligence (AI) market narrative saw information technology and communication services stocks outperforming amid a flurry of robust earnings numbers and a more bullish tone in corporate messaging. Meanwhile, materials and industrial sector stocks trailed.

Despite Europe being the top performing regional market in May, as investors speculated on the subsequent June interest-rate cut, losses in April and June left European equities up just 0.1%. European equities struggled in June with snap parliamentary elections in France and dwindling expectations of greater interest-rate cuts. As elsewhere, technology-related stocks prospered while Europe's prominent automotive and luxury goods stocks trailed.

UK equities delivered 3.5%. This brought returns for the first half of 2024 to 7.3%, almost exactly in line with returns from both European and Japanese equities at the half-way point. Encouraging progress on UK inflation (CPI), which fell back to the 2% target in May, was sufficient cause for Prime Minister Rishi Sunak to call a July general election, but not sufficient for the Bank of England to cut UK interest rates at its June meeting.

Emerging markets delivered a gain of 5.1% thanks mostly to a strong bounce in China on the back of policy support for its beleaguered housing sector. Turkey was the top performer, closely followed by Taiwan, due to its profusion of major tech companies. South Africa also performed well following its general elections, as did India. Brazil and Mexico suffered the biggest losses. Korea also trailed, as did energy-related emerging markets as oil prices fell.

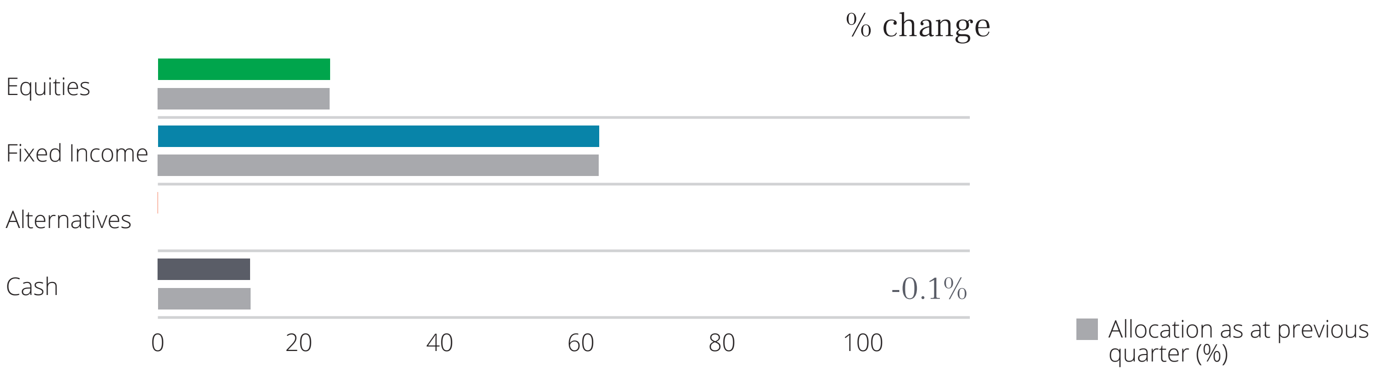
Fixed-income

UK gilts trailed other government bonds as they declined 1.1%. US Treasuries were essentially flat after a less hawkish tone from US Federal Reserve (Fed) chairman, Jerome Powell, in June, helped to right losses from earlier in the period. The latest Fed dot-plot now shows just one rate cut in the rest of 2024, a decrease from three anticipated in March. Meanwhile, sterling corporate bonds declined by a modest 0.2%.

Source: Quilter Investors as at 30 June 2024. Total return, percentage growth in pounds sterling except where shown, rounded to one decimal place. The performance shown for global equity markets is represented by the MSCI AC World Index; US equities by the MSCI USA Index; European equities by the MSCI Europe ex UK Index; UK equities by the MSCI United Kingdom All Cap Index; emerging markets by the MSCI EM (Emerging Markets) Index; Chinese equities by the MSCI China Index, US Treasuries by the ICE BofA US Treasury (GBP Hedged) Index; UK gilts by the ICE BofA UK Gilt Index; and sterling corporate bonds by the ICE BofA Sterling Corporate Index.

Your investment summary: Cirilium Conservative Passive Portfolio

Cirilium Conservative Passive Portfolio asset allocation breakdown



Cirilium Conservative Passive Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Conservative Passive Portfolio - R (GBP) Accumulation Shares	6.9%	1.5%	-7.4%	4.9%	3.4%

Cirilium Conservative Passive Portfolio growth to month end

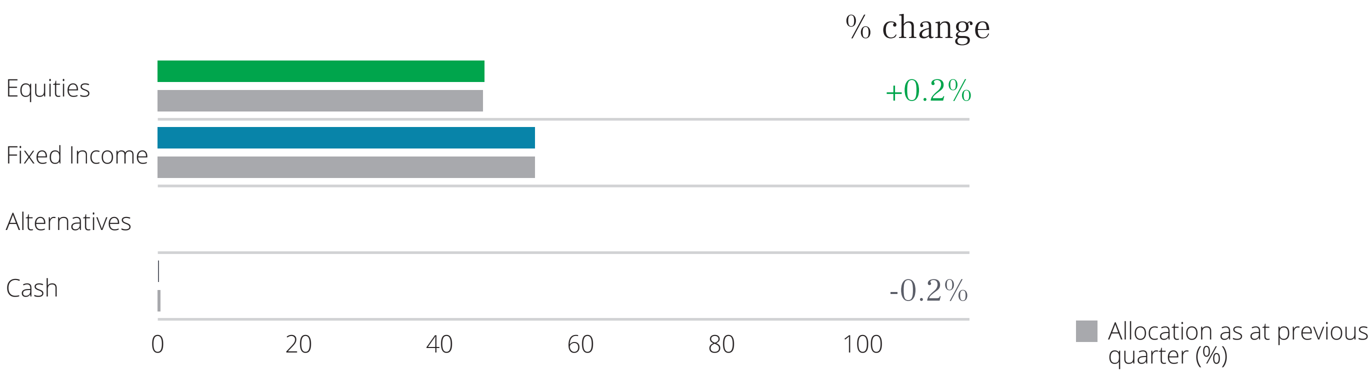
Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Conservative Passive Portfolio - R (GBP) Accumulation Shares	1.0%	2.4%	6.9%	0.4%	8.9%	47.2%	08/02/13

Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. Exchange rates may cause the value of overseas investments to rise or fall.

Source: Quilter Investors as at 28 June 2024 unless otherwise stated. Total return, percentage growth, net of fees in pounds sterling. Due to rounding and the use of derivatives (financial instruments that derive their values from underlying assets) the allocations may not add up to 100%.

Your investment summary: Cirilium Balanced Passive Portfolio

Cirilium Balanced Passive Portfolio asset allocation breakdown



Cirilium Balanced Passive Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Balanced Passive Portfolio - R (GBP) Accumulation Shares	9.6%	2.6%	-7.0%	10.4%	2.1%

Cirilium Balanced Passive Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Balanced Passive Portfolio - R (GBP) Accumulation Shares	1.5%	4.4%	9.6%	4.6%	18.0%	82.5%	08/02/13

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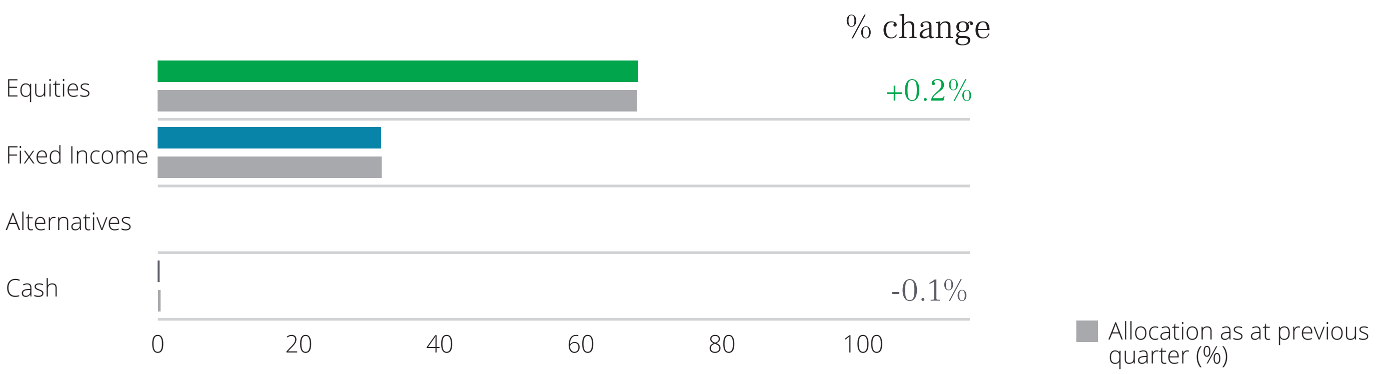
Your investment summary: Cirilium Moderate Passive Portfolio

Cirilium Moderate Passive Portfolio asset allocation breakdown



Cirilium Moderate Passive Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Moderate Passive Portfolio - R (GBP) Accumulation Shares	12.8%	4.9%	-4.7%	16.1%	1.0%

Cirilium Moderate Passive Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Moderate Passive Portfolio - R (GBP) Accumulation Shares	2.3%	6.8%	12.8%	12.8%	32.3%	118.0%	08/02/13

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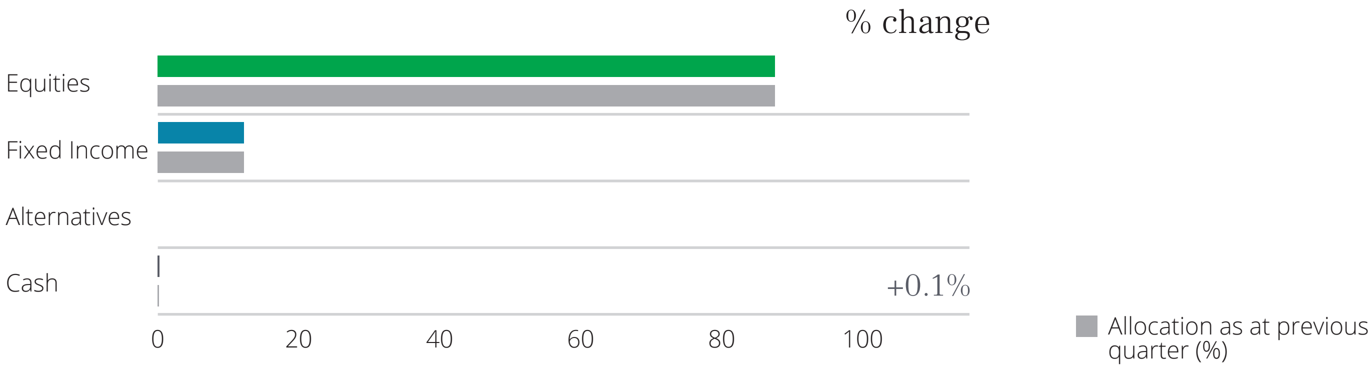
Your investment summary: Cirilium Dynamic Passive Portfolio

Cirilium Dynamic Passive Portfolio asset allocation breakdown



Cirilium Dynamic Passive Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Dynamic Passive Portfolio - R (GBP) Accumulation Shares	15.8%	6.9%	-2.7%	21.3%	-0.2%

Cirilium Dynamic Passive Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Dynamic Passive Portfolio - R (GBP) Accumulation Shares	3.0%	9.1%	15.8%	20.5%	45.8%	152.9%	08/02/13

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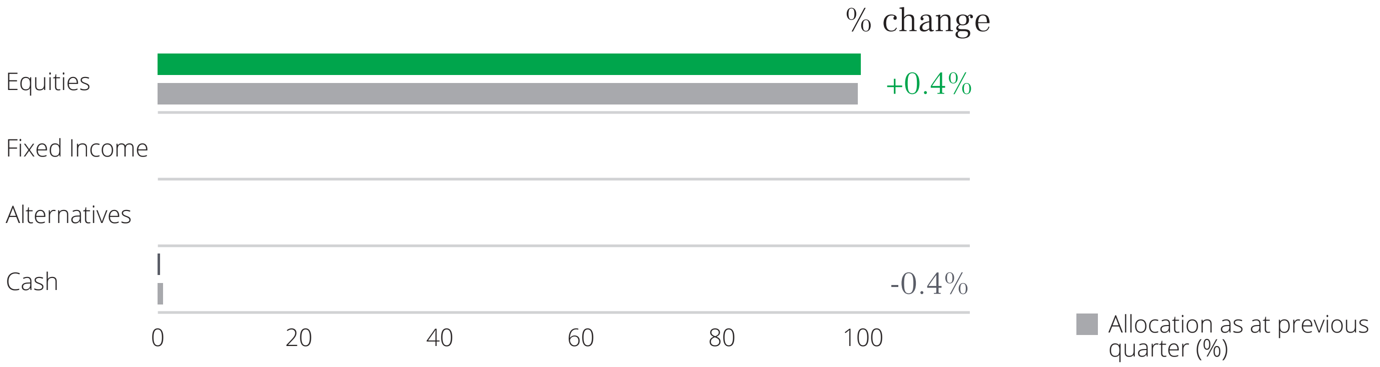
Your investment summary: Cirilium Adventurous Passive Portfolio

Cirilium Adventurous Passive Portfolio asset allocation breakdown



Cirilium Adventurous Passive Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Cirilium Adventurous Passive Portfolio - R (GBP) Accumulation Shares	20.2%	10.2%	-3.8%	26.0%	6.4%

Cirilium Adventurous Passive Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Adventurous Passive Portfolio - R (GBP) Accumulation Shares	3.0%	12.0%	20.2%	27.4%	70.9%	102.0%	01/06/17

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Your portfolio holdings

Holding Name	Fund manager (where applicable)	Asset type	Cirilium Conservative Passive Portfolio	Cirilium Balanced Passive Portfolio	Cirilium Moderate Passive Portfolio	Cirilium Dynamic Passive Portfolio	Cirilium Adventurous Passive Portfolio
EQUITY			**24.39%**	**46.35%**	**68.11%**	**87.54%**	**99.68%**
ASIA PACIFIC EQUITY			**2.20**	**4.13**	**6.13**	**7.88**	**13.95**
ISHARES JAPAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	1.34	2.47	3.66	4.71	8.34
ISHARES PACIFIC EX JAPAN EQUITY INDEX	BLACKROCK	COLLECTIVE	0.86	1.66	2.47	3.17	5.61
EMERGING MARKETS EQUITY			**1.56**	**2.97**	**4.36**	**5.62**	**9.96**
ISHARES EMERGING MARKETS EQUITY INDEX	BLACKROCK	COLLECTIVE	1.56	2.97	4.36	5.62	9.96
EUROPEAN EQUITY			**2.39**	**4.59**	**6.84**	**8.78**	**15.56**
ISHARES CONTINENTAL EUROPEAN EQUITY INDEX	BLACKROCK	COLLECTIVE	2.39	4.59	6.84	8.78	15.56
NORTH AMERICAN EQUITY			**9.34**	**17.90**	**26.35**	**33.95**	**60.20**
ISHARES NORTH AMERICAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	9.34	17.90	26.35	33.95	33.48
VANGUARD FTSE NORTH AMERICA UCITS ETF	VANGUARD	COLLECTIVE	0.00	0.00	0.00	0.00	26.73
UK EQUITY			**8.90**	**16.77**	**24.43**	**31.31**	**0.00**
ISHARES UK EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	8.90	16.77	24.43	31.31	0.00
FIXED INCOME			**62.54%**	**53.51%**	**31.66%**	**12.20%**	**0.00%**
CORPORATE BONDS			**0.02**	**0.02**	**0.02**	**0.02**	**0.00**
VANGUARD GLOBAL CORPORATE BOND INDEX FUND	VANGUARD	COLLECTIVE	0.01	0.01	0.01	0.01	0.00
VANGUARD UK INVESTMENT GRADE BOND INDEX FUND	VANGUARD	COLLECTIVE	0.01	0.01	0.01	0.01	0.00
OTHER FIXED INCOME			**62.52**	**53.49**	**31.64**	**12.18**	**0.00**
VANGUARD GLOBAL AGGREGATE BOND UCITS ETF	VANGUARD	COLLECTIVE	29.02	20.11	0.00	0.00	0.00
VANGUARD GLOBAL BOND INDEX FUND	VANGUARD	COLLECTIVE	33.50	33.38	31.64	12.18	0.00
ALTERNATIVES			**0.01%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
ALTERNATIVE OTHER			**0.01**	**0.00**	**0.00**	**0.00**	**0.00**
GOLDMAN SACHS ABSOLUTE RETURN TRACKER PORTFOLIO CAPITALISATION	GOLDMAN SACHS	COLLECTIVE	0.01	0.00	0.00	0.00	0.00
CASH			**13.06%**	**0.14%**	**0.23%**	**0.26%**	**0.32%**
CASH			**13.06**	**0.14**	**0.23**	**0.26**	**0.32**
TOTAL			**100%**	**100%**	**100%**	**100%**	**100%**

Source: Quilter Investors, as at 30 June 2024. Due to rounding the allocations may not add up to 100%.

Your performance review

Ian Jensen-Humphreys
Portfolio Manager

Sacha Chorley
Portfolio Manager

CJ Cowan
Portfolio Manager

Over the second quarter, the Cirilium Passive Portfolios generated returns ranging between 1.0% for the Cirilium Conservative Passive Portfolio to 3.0% for the Cirilium Adventurous Passive Portfolio.

How our equity holdings performed

Resurgence in UK equities

The UK stock market was among the strongest developed markets of the quarter. Our significant allocation to UK equities in all the Cirilium Passive Portfolios, except for the Cirilium Adventurous Passive Portfolio, led to strong return contributions for the remaining portfolios.

US 'exceptionalism' continues

The story of the past 18 months continued in the second quarter, with strong returns generated by the American stock market. These returns were dominated by larger, technology-focused companies. The US weight is among the largest within the equity allocation, and the largest regional allocation for Cirilium Adventurous Passive Portfolio, meaning the strength of the US market was a material contributor to returns over the quarter.

Yen weakness hinders Japanese holdings

A strong rebound in Chinese equities from depressed levels helped emerging markets outperform developed ones. Although our allocations to emerging markets are modest, they nevertheless made a positive contribution. The same could not be said of our Japanese holdings, which lost money over the quarter. While the local market gained 2% in yen terms, the currency weakened to such an extent that this translated into a 4% loss for sterling investors.

How our fixed-income holdings performed

Fixed income loses ground

Bond yields rose over the period (meaning their prices fell), which delivered losses to our fixed-income allocations over the period. That said, investor risk appetite was generally positive, which meant credit-focused allocations benefitted from some modest price gains. As our fixed-income holdings track the Bloomberg Global Aggregate Index, which is comprised of both government and corporate bonds, our bond holdings contributed little to returns over the quarter.

Portfolio changes

Activity in the portfolio focused on re-balancing back to target allocations for inflows and outflows to the portfolios.

Investment outlook

The halfway point of the year is a good time to look ahead to where we think the key risks and opportunities lie for the remaining six months of 2024. Going into July, we retained a slightly pro-risk stance in the portfolios, reflecting an earnings and economic backdrop which remains favourable. However, we note that market volatility driven by politics is likely to increase; that earnings delivery remains important, especially where valuations are stretched, as in the US; and that current market pricing rests on the expectation of interest-rate cuts later this year. We unpack each of these factors below.

1. Election super-cycle

The third quarter of 2024 started with two elections in quick succession, in the UK and France. The immediate aftermath from both seems to have passed with relatively little excitement from financial markets (despite a French result which was not expected). Looking into the second half of the year, we expect more market volatility from the US presidential election as it has the potential to present more of an impact on markets, given the magnitude and reach that US policy can have.

2. Company earnings delivery

A key source of our confidence in maintaining (or increasing) our allocation to riskier assets is that corporate earnings delivery either continues its current course or improves. Mid-July sees the start of another earnings season for US-listed companies, and we expect to see continued revenue and profit growth. A round of reports that also sees increased breadth in corporate earnings would be welcome as delivery so far has remained dominated by large technology companies.

3. Interest-rate expectations

Markets are currently expecting a modest level of interest-rate cuts later this year, alongside further falls in inflation and softening economic activity. While the change in employment indicators suggests weakening labour markets, these indicators remain at healthy levels meaning there's some risk that rate cuts in the US and UK don't materialise. Given the lag with which policy changes impact the economy, further delay from central banks increases the risk of recession later on.

Glossary

Central bank

A central bank is the institution tasked with managing a country's currency on behalf of the government. It enforces monetary policy by setting interest rates that are appropriate for its economy and its mandate as a central bank.

Corporate-bonds

Corporate bonds are bonds issued by companies. They are generally riskier than government bonds, so corporate bonds normally offer higher interest rates (or yields) to compensate for the additional risk.

Earnings seasons

Earnings seasons take place quarterly. They are the periods when listed companies release their financial data, including information on company revenues, sales, profits, and margins as well as more granular details of the underlying business, its liabilities, and its forecasts for future revenue growth.

Emerging markets

Emerging markets are developing economies that are in the process of transitioning into becoming developed markets by evolving their industries, infrastructure, and political and legal systems.

Fed dot-plot

The Fed dot-plot is a chart that records each US Federal Reserve (Fed) official's projection for the central bank's key short-term interest rate, known as the federal funds rate. The dot-plot provides a de facto US monetary policy forecast as each member of the rate-setting Federal Open Market Committee (FOMC) assigns a dot to represent what they think will be the appropriate mid-point of the federal funds rate range at the end of each of the next three years, and over the longer run.

Gilts

Gilts is the name given to bonds issued by the UK government.

Hawkish

Hawkish describes when central bankers lean towards increasing interest rates. It is the opposite of dovish.

Treasuries

Treasuries are US government bonds. They are issued by the US Treasury.

US Federal Reserve

The US Federal Reserve, commonly known as the Fed, is the central bank of the United States of America, it operates in a similar way to the Bank of England in the UK.

Yields

Yield is a measure of the income an investment delivers. It is calculated as a percentage of either the original purchase price or the current market value of the asset in question.

Thank you for investing with us

Keep an eye out for your next Cirilium Passive Portfolios monthly commentary available in August.

Want more updates about your portfolio?

Please visit our website at ***www.quilter.com*** for all the latest news, views, and portfolio information.

Your financial adviser is on hand to discuss anything related to your investment decisions or the suitability of the products mentioned in this document.

If you are a financial adviser and you have any questions or want to find out more about our solutions, please contact one of our ***investment directors*** or visit our website at ***www.quilter.com***.

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Important information

Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments may go down as well as up and investors may not get back the amount originally invested.

There are also other risks shown below of which investors should be aware. For more information on these risks, investors should read the key investor information document(s) (KIID(s)).

The portfolios are denominated in one currency, but may hold assets denominated in other currencies, which means exchange rate changes may cause the value of investments to rise or fall. The portfolios may invest in a range of assets such as bonds, equities (company shares), and other investment funds. This means the portfolios will be subject to the collective risks of those investments and, in the case of other investment funds, the collective risks of those investment funds as well as their underlying investments. The portfolios deduct the charges from the capital of the portfolios, which means there is the potential for capital erosion if insufficient capital growth achieved to cover the charges. The portfolios may use derivatives, which means there may be a higher level of risk. The portfolios may invest more than 15% in cash, which could reduce returns in rising markets and reduce losses in falling markets. The portfolios may hold investments that may be more difficult to sell, which may affect the ability of investors to withdraw their money. The portfolios invest in emerging markets, which may be more volatile than investments in developed markets.

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