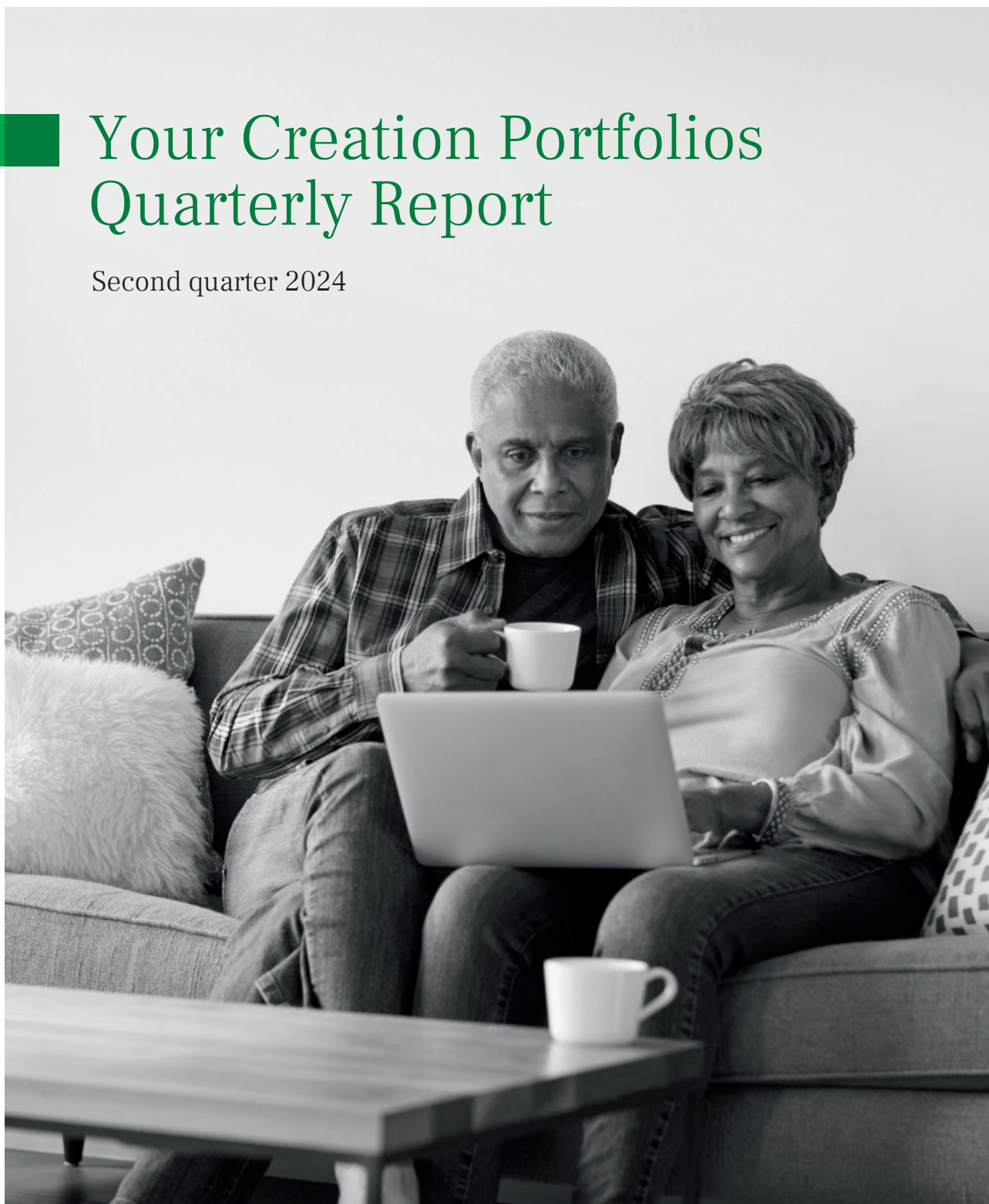


UK: Suitable for retail and professional clients.

Quilter
Investors

Your Creation Portfolios Quarterly Report

Second quarter 2024



What your report covers

- ▶ Our market summary
- ▶ 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.





Marcus Brookes
Chief Investment Officer

Our market summary

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

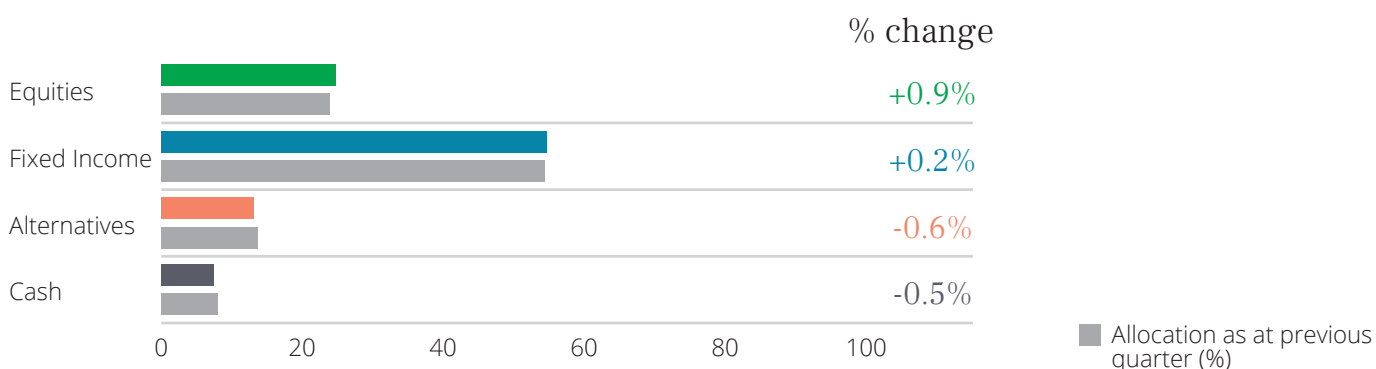


UK gilts trailed other government bonds as they declined 1.1%. US Treasuries were essentially flat after a less hawkish tone from US Federal Reserve (Fed) chairman, Jerome Powell, in June, helped to right losses from earlier in the period. The latest Fed dot-plot now shows just one rate cut in the rest 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: Creation Conservative Portfolio

Creation Conservative Portfolio asset allocation breakdown



Creation Conservative Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Conservative Portfolio - A (GBP) Accumulation Shares	4.9%	-0.3%	-7.8%	5.7%	-2.0%
Quilter Investors Creation Conservative Portfolio - U1 (GBP) Accumulation Shares	5.5%	0.4%	-7.1%	6.5%	-1.3%
Quilter Investors Creation Conservative Portfolio - U2 (GBP) Accumulation Shares	5.5%	0.3%	-7.1%	6.5%	-1.4%
IA Mixed Investment 0-35% Shares sector average	7.6%	-0.7%	-7.9%	6.6%	1.3%

Creation Conservative Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Conservative Portfolio - A (GBP) Accumulation Shares	0.2%	1.6%	4.9%	-3.6%	-0.1%	47.5%	28/04/08
IA Mixed Investment 0-35% Shares sector average	0.7%	2.1%	7.6%	-1.6%	6.2%	68.0%	
Quilter Investors Creation Conservative Portfolio - U1 (GBP) Accumulation Shares	0.3%	1.8%	5.5%	-1.7%	3.4%	19.2%	06/06/14
IA Mixed Investment 0-35% Shares sector average	0.7%	2.1%	7.6%	-1.6%	6.2%	29.1%	
Quilter Investors Creation Conservative Portfolio - U2 (GBP) Accumulation Shares	0.3%	1.8%	5.5%	-1.6%	3.4%	22.2%	19/02/14
IA Mixed Investment 0-35% Shares sector average	0.7%	2.1%	7.6%	-1.6%	6.2%	31.4%	

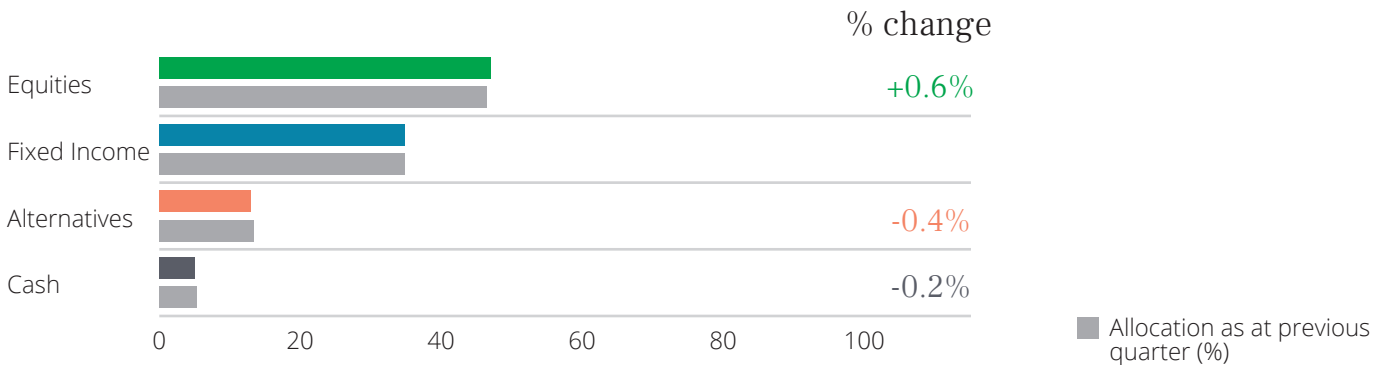
*Since launch performance figures are from the launch date of the respective share class.

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Source: Quilter Investors as at 28 June 2024 unless otherwise stated. Total return, percentage growth, net of fees in pounds sterling. We have shown the performance of the portfolio against a performance comparator that is considered appropriate on the basis that the portfolio's equity exposure over time is expected to be similar to that of the average fund in this sector. 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: Creation Balanced Portfolio

Creation Balanced Portfolio asset allocation breakdown



Creation Balanced Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Balanced Portfolio - A (GBP) Accumulation Shares	7.4%	2.6%	-7.9%	10.7%	-1.8%
Quilter Investors Creation Balanced Portfolio - U1 (GBP) Accumulation Shares	8.0%	3.3%	-7.2%	11.6%	-1.1%
Quilter Investors Creation Balanced Portfolio - U2 (GBP) Accumulation Shares	8.0%	3.3%	-7.2%	11.4%	-1.1%
IA Mixed Investment 20-60% Shares sector average	9.5%	1.2%	-7.1%	11.8%	-0.7%

Creation Balanced Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Balanced Portfolio - A (GBP) Accumulation Shares	0.4%	3.3%	7.4%	1.6%	10.4%	66.0%	28/04/08
IA Mixed Investment 20-60% Shares sector average	1.2%	3.7%	9.5%	2.8%	14.2%	91.4%	
Quilter Investors Creation Balanced Portfolio - U1 (GBP) Accumulation Shares	0.5%	3.6%	8.0%	3.6%	14.3%	36.9%	28/04/14
IA Mixed Investment 20-60% Shares sector average	1.2%	3.7%	9.5%	2.8%	14.2%	46.6%	
Quilter Investors Creation Balanced Portfolio - U2 (GBP) Accumulation Shares	0.5%	3.5%	8.0%	3.6%	14.2%	37.3%	19/02/14
IA Mixed Investment 20-60% Shares sector average	1.2%	3.7%	9.5%	2.8%	14.2%	47.1%	

*Since launch performance figures are from the launch date of the respective share class.

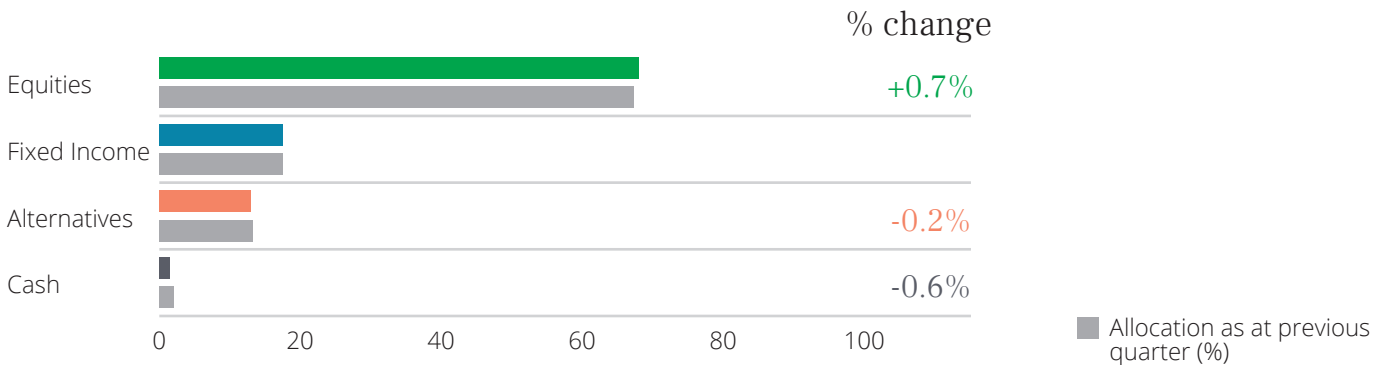
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Your investment summary: Creation Moderate Portfolio

Creation Moderate Portfolio asset allocation breakdown



Creation Moderate Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Moderate Portfolio - A (GBP) Accumulation Shares	10.2%	5.0%	-8.4%	16.0%	-2.2%
Quilter Investors Creation Moderate Portfolio - U1 (GBP) Accumulation Shares	10.8%	5.7%	-7.7%	16.9%	-1.5%
Quilter Investors Creation Moderate Portfolio - U2 (GBP) Accumulation Shares	10.7%	5.8%	-7.7%	16.8%	-1.4%
IA Mixed Investment 40-85% Shares sector average	11.8%	3.3%	-7.2%	17.4%	0.1%

Creation Moderate Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Moderate Portfolio - A (GBP) Accumulation Shares	0.7%	5.1%	10.2%	6.0%	20.3%	84.8%	28/04/08
IA Mixed Investment 40-85% Shares sector average	1.7%	5.9%	11.8%	7.2%	26.0%	135.1%	
Quilter Investors Creation Moderate Portfolio - U1 (GBP) Accumulation Shares	0.8%	5.3%	10.8%	8.1%	24.5%	54.7%	16/05/14
IA Mixed Investment 40-85% Shares sector average	1.7%	5.9%	11.8%	7.2%	26.0%	75.6%	
Quilter Investors Creation Moderate Portfolio - U2 (GBP) Accumulation Shares	0.8%	5.3%	10.7%	8.1%	24.5%	54.6%	19/02/14
IA Mixed Investment 40-85% Shares sector average	1.7%	5.9%	11.8%	7.2%	26.0%	76.2%	

*Since launch performance figures are from the launch date of the respective share class.

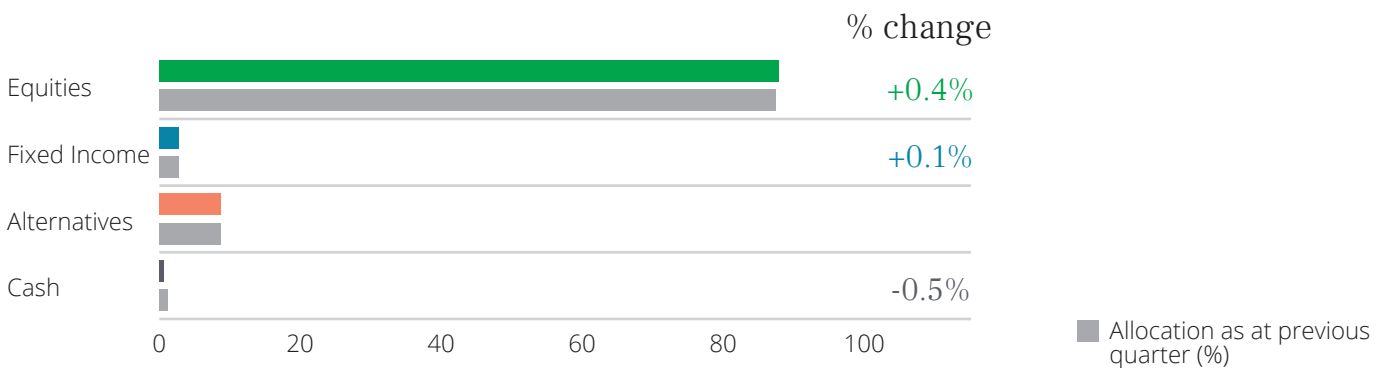
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Your investment summary: Creation Dynamic Portfolio

Creation Dynamic Portfolio asset allocation breakdown



Creation Dynamic Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Dynamic Portfolio - A (GBP) Accumulation Shares	12.3%	6.9%	-8.4%	21.7%	-3.3%
Quilter Investors Creation Dynamic Portfolio - U1 (GBP) Accumulation Shares	12.9%	7.9%	-7.5%	22.6%	-2.5%
Quilter Investors Creation Dynamic Portfolio - U2 (GBP) Accumulation Shares	13.0%	7.8%	-7.5%	22.7%	-2.6%
IA Flexible Investment sector average	11.6%	3.7%	-7.2%	19.8%	0.4%

Creation Dynamic Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Dynamic Portfolio - A (GBP) Accumulation Shares	0.9%	6.7%	12.3%	9.9%	29.3%	102.0%	28/04/08
IA Flexible Investment sector average	1.7%	6.2%	11.6%	7.3%	29.0%	133.6%	
Quilter Investors Creation Dynamic Portfolio - U1 (GBP) Accumulation Shares	1.0%	6.8%	12.9%	12.7%	34.7%	70.5%	05/06/14
IA Flexible Investment sector average	1.7%	6.2%	11.6%	7.3%	29.0%	78.0%	
Quilter Investors Creation Dynamic Portfolio - U2 (GBP) Accumulation Shares	1.0%	6.9%	13.0%	12.7%	34.6%	72.6%	19/02/14
IA Flexible Investment sector average	1.7%	6.2%	11.6%	7.3%	29.0%	81.6%	

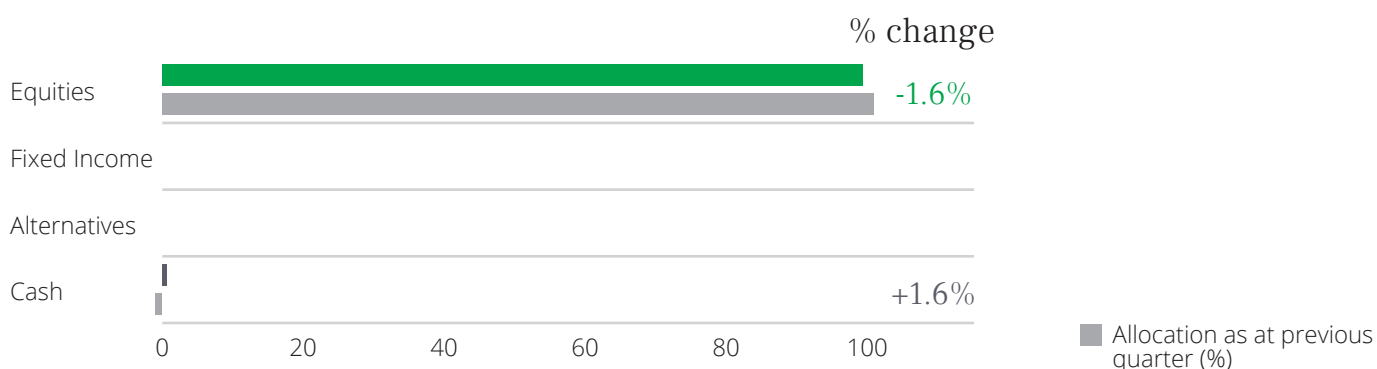
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Your investment summary: Creation Adventurous Portfolio

Creation Adventurous Portfolio asset allocation breakdown



Creation Adventurous Portfolio growth year by year to end of June

Holding	2024	2023	2022	2021	2020
Quilter Investors Creation Adventurous Portfolio - A (GBP) Accumulation Shares	13.3%	7.9%	-7.7%	22.6%	-3.4%
Quilter Investors Creation Adventurous Portfolio - U1 (GBP) Accumulation Shares	13.8%	8.7%	-7.0%	23.6%	-2.6%
Quilter Investors Creation Adventurous Portfolio - U2 (GBP) Accumulation Shares	14.0%	8.9%	-6.9%	23.7%	-2.4%
IA Flexible Investment sector average	11.6%	3.7%	-7.2%	19.8%	0.4%

Creation Adventurous Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Creation Adventurous Portfolio - A (GBP) Accumulation Shares	0.8%	7.3%	13.3%	12.8%	33.6%	41.8%	03/07/17
Quilter Investors Creation Adventurous Portfolio - U1 (GBP) Accumulation Shares	0.9%	7.5%	13.8%	15.1%	38.5%	49.0%	03/07/17
Quilter Investors Creation Adventurous Portfolio - U2 (GBP) Accumulation Shares	0.9%	7.5%	14.0%	15.6%	39.6%	50.6%	03/07/17
IA Flexible Investment sector average	1.7%	6.2%	11.6%	7.3%	29.0%	39.9%	

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Your portfolio holdings

Holding Name	Fund manager (where applicable)	Asset type	Creation Conservative Portfolio	Creation Balanced Portfolio	Creation Moderate Portfolio	Creation Dynamic Portfolio	Creation Adventurous Portfolio
EQUITY			24.74%	47.09%	67.99%	87.83%	99.41%
ASIA PACIFIC EQUITY			4.53	7.50	10.08	12.70	13.80
FIDELITY ASIA PACIFIC OPPORTUNITIES FUND	FIDELITY	COLLECTIVE	1.06	2.09	2.69	3.38	3.62
ISHARES JAPAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	1.22	2.35	3.72	4.33	4.46
ISHARES PACIFIC EX JAPAN EQUITY INDEX	BLACKROCK	COLLECTIVE	0.01	0.00	0.00	0.00	0.00
M&G JAPAN FUND	M&G	COLLECTIVE	1.91	2.53	2.87	3.91	4.70
SCHRODER ORIENTAL INCOME FUND LIMITED	SCHRODERS	COLLECTIVE	0.32	0.53	0.81	1.08	1.02
EMERGING MARKETS EQUITY			0.94	2.02	3.62	4.88	6.00
ISHARES EMERGING MARKETS EQUITY INDEX	BLACKROCK	COLLECTIVE	0.00	0.10	0.42	0.56	1.15
JUPITER GLOBAL EMERGING MARKETS FOCUS	JUPITER	COLLECTIVE	0.52	0.98	1.70	2.32	2.49
QUILTER INV EM EQUITY GROWTH (JPMORGAN)	JPMORGAN	COLLECTIVE	0.42	0.93	1.50	2.00	2.36
EUROPEAN EQUITY			4.40	8.96	13.33	17.45	19.88
ISHARES CONTINENTAL EUROPEAN EQUITY INDEX	BLACKROCK	COLLECTIVE	0.70	3.84	6.75	9.25	10.53
M&G EUROPEAN STRATEGIC VALUE FUND	M&G	COLLECTIVE	1.30	1.88	2.29	2.80	3.22
PREMIER MITON EUROPEAN OPPORTUNITIES FUND	PREMIER MITON	COLLECTIVE	1.19	1.53	2.13	2.60	2.95
QUILTER INV EUR (EX UK) EQ (JANUS HEND)	JANUS HENDERSON	COLLECTIVE	1.21	1.70	2.17	2.80	3.18
GLOBAL EQUITY			5.52	9.44	11.48	13.55	15.33
ISHARES MSCI WORLD HEALTH CARE UCITS ETF	BLACKROCK	COLLECTIVE	1.53	1.51	1.52	1.52	1.50
QUILTER INV GBL EQUITY GROWTH (FIDELITY)	FIDELITY	COLLECTIVE	0.51	1.34	1.50	1.80	2.11
QUILTER INV GBL EQUITY VALUE (REDWHEEL)	REDWHEEL	COLLECTIVE	0.90	2.25	2.83	3.51	4.18
QUILTER INV GLOBAL DYNAMIC EQUITY	ROYAL LONDON	COLLECTIVE	0.00	0.00	0.00	0.00	0.00
QUILTER INV GLOBAL UNCONSTR. EQUITY (RLAM)	ROYAL LONDON	COLLECTIVE	0.95	1.72	2.54	3.04	3.52
SCHRODER GLOBAL ENERGY TRANSITION FUND	SCHRODERS	COLLECTIVE	0.90	0.90	0.91	0.96	0.92
WELLINGTON DURABLE ENTERPRISES FUND	WELLINGTON	COLLECTIVE	0.73	1.73	2.18	2.72	3.10
NORTH AMERICAN EQUITY			2.84	6.17	10.29	14.40	16.33
BNY MELLON US EQUITY INCOME FUND	BNY MELLON	COLLECTIVE	0.98	2.01	2.83	3.19	3.70
ISHARES NORTH AMERICAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	0.32	0.56	2.39	4.84	5.26
PREMIER MITON US OPPORTUNITIES FUND	PREMIER MITON	COLLECTIVE	0.50	1.47	2.05	2.70	3.13
QUILTER INV US EQUITY GROWTH (JPMORGAN)	JPMORGAN	COLLECTIVE	1.04	2.12	3.01	3.67	4.24

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Your portfolio holdings (cont'd)

Holding Name	Fund manager (where applicable)	Asset type	Creation Conservative Portfolio	Creation Balanced Portfolio	Creation Moderate Portfolio	Creation Dynamic Portfolio	Creation Adventurous Portfolio
UK EQUITY			6.51	13.00	19.19	24.86	28.07
FTSE 100 (IFEU) SEP 24		DERIVATIVE	1.03	1.57	1.82	2.61	2.98
ISHARES UK EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	1.94	5.64	11.04	13.52	14.84
J O HAMBRO UK DYNAMIC FUND	J O HAMBRO	COLLECTIVE	1.30	2.08	2.21	3.20	3.57
LIONTRUST UK GROWTH FUND	LIONTRUST	COLLECTIVE	0.89	1.78	2.00	2.68	3.12
QUILTER INV UK EQ LG-CAP INCOME (ARTEMIS)	ARTEMIS	COLLECTIVE	1.34	1.93	2.12	2.84	3.56
FIXED INCOME			54.67%	34.86%	17.51%	2.77%	0.00%
CORPORATE BONDS			16.07	10.85	6.59	1.54	0.00
PREMIER MITON FINANCIALS CAP SECURITIES	PREMIER MITON	COLLECTIVE	0.71	0.71	0.74	0.42	0.00
QUILTER INV BOND 3 (JPMORGAN)	JPMORGAN	COLLECTIVE	0.12	0.06	0.02	0.01	0.00
QUILTER INV DYNAMIC BOND (TWENTY FOUR)	TWENTY-FOUR	COLLECTIVE	1.42	1.41	1.43	0.71	0.00
QUILTER INV STERLING CORP BOND FUND	FIDELITY	COLLECTIVE	3.07	2.34	1.45	0.00	0.00
VANGUARD GLOBAL CORPORATE BOND INDEX FUND	VANGUARD	COLLECTIVE	4.31	2.74	1.40	0.00	0.00
WELLINGTON GLOBAL CREDIT ESG FUND	WELLINGTON	COLLECTIVE	6.43	3.60	1.54	0.40	0.00
EMERGING MARKET DEBT			7.10	4.32	1.90	0.12	0.00
ISHARES CHINA CNY BOND UCITS ETF	BLACKROCK	COLLECTIVE	7.10	4.32	1.90	0.12	0.00
GOVERNMENT BONDS			30.20	18.38	7.69	0.16	0.00
10Y AUSTRALIA T-BOND (SFE) SEP 24		DERIVATIVE	0.50	0.34	0.10	0.00	0.00
10Y T-NOTE (CBT) SEP 24		DERIVATIVE	0.00	0.00	0.00	-0.25	0.00
EURO BUND GERMANY (EUR) SEP 24		DERIVATIVE	1.17	0.32	0.71	0.00	0.00
ISHARES \$ TREASURY BOND UCITS ETF	BLACKROCK	COLLECTIVE	17.86	12.56	2.88	0.00	0.00
ISHARES GBP INDEX-LINKED GILTS UCITS ETF	BLACKROCK	COLLECTIVE	0.94	0.93	0.90	0.41	0.00
ISHARES GLOBAL GOVT BOND UCITS ETF	BLACKROCK	COLLECTIVE	8.44	3.38	3.36	0.00	0.00
LONG GILT (IFEU) SEP 24		DERIVATIVE	-1.22	-1.02	-0.87	0.00	0.00
VANGUARD JAPAN GOVERNMENT BOND INDEX FUND	VANGUARD	COLLECTIVE	2.51	1.88	0.61	0.00	0.00
OTHER FIXED INCOME			1.30	1.31	1.33	0.94	0.00
ALLSPRING U.S. SHORT-TERM HIGH YIELD BOND	ALLSPRING	COLLECTIVE	0.00	0.00	0.00	0.00	0.00
JANUS HENDERSON ASSET- BACKED SECURITIES	JANUS HENDERSON	COLLECTIVE	1.30	1.31	1.33	0.94	0.00
ALTERNATIVES			13.17%	12.98%	13.03%	8.73%	0.00%
ALTERNATIVE EQUITY			3.51	3.44	3.46	2.34	0.00
JUPITER UK SPECIALIST EQUITY FUND	JUPITER	COLLECTIVE	0.95	0.93	0.93	0.60	0.00
NEUBERGER BERMAN EVENT DRIVEN	NEUBERGER BERMAN	COLLECTIVE	1.04	1.01	1.00	0.73	0.00

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Your portfolio holdings (cont'd)

Holding Name	Fund manager (where applicable)	Asset type	Creation Conservative Portfolio	Creation Balanced Portfolio	Creation Moderate Portfolio	Creation Dynamic Portfolio	Creation Adventurous Portfolio
ALTERNATIVES (CONTINUED)							
PANTHEON INFRASTRUCTURE PLC	PANTHEON	COLLECTIVE	0.48	0.47	0.48	0.28	0.00
SCHRODER GAIA SICAV ASIAN EQUITY L/S HDG	SCHRODERS	COLLECTIVE	1.04	1.03	1.05	0.73	0.00
ALTERNATIVE FIXED INCOME			7.02	6.95	6.98	4.72	0.00
ALLIANZ FIXED INCOME MACRO FUND	ALLIANZ	COLLECTIVE	2.21	2.20	2.23	1.42	0.00
ARDEA GLOBAL ALPHA FUND	ARDEA	COLLECTIVE	1.03	1.02	1.00	0.68	0.00
BREVAN HOWARD ABSOLUTE RETURN GOV. BOND	BREVAN HOWARD	COLLECTIVE	0.73	0.71	0.70	0.51	0.00
JUPITER STRATEGIC ABSOLUTE RETURN BOND	JUPITER	COLLECTIVE	0.83	0.80	0.83	0.54	0.00
SCHRODER ALTERNATIVE INCOME GBPH	SCHRODERS	COLLECTIVE	1.00	1.01	1.00	0.73	0.00
WELLINGTON GLOBAL TOTAL RETURN	WELLINGTON	COLLECTIVE	1.23	1.21	1.22	0.84	0.00
ALTERNATIVE OTHER			1.51	1.48	1.48	0.98	0.00
AQR MANAGED FUTURES UCITS FUND	AQR	COLLECTIVE	0.91	0.88	0.88	0.59	0.00
THE RENEWABLES INFRASTRUCTURE GROUP	INFRARED CAPITAL PARTNERS	COLLECTIVE	0.61	0.60	0.59	0.39	0.00
COMMODITIES			0.60	0.59	0.59	0.39	0.00
L&G MULTI-STRATEGY ENHANCED COMMODITIES UCITS ETF	L&GIM LIMITED	COLLECTIVE	0.60	0.59	0.59	0.39	0.00
PROPERTY			0.52	0.52	0.52	0.31	0.00
IMPACT HEALTHCARE REIT PLC	IMPACT HEALTHCARE	COLLECTIVE	0.52	0.52	0.52	0.31	0.00
CASH			7.41%	5.07%	1.47%	0.66%	0.59%
CASH			7.41	5.07	1.47	0.66	0.59
TOTAL			100%	100%	100%	100%	100%

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

Your performance review



Ian Jensen-Humphreys
Portfolio Manager



Sacha Chorley
Portfolio Manager



CJ Cowan
Portfolio Manager

The Creation Portfolios delivered returns ranging from 0.3% to 1% over the second quarter of 2024. Equity market returns were the dominant driver of performance, although a strong showing from our alternatives holdings also contributed. In general, the portfolios were hindered by our equity exposures outside of the ever-dominant US tech sector as other market segments, such as US value or smaller companies, failed to keep up. Elsewhere, we increased our allocations to Japanese equity to benefit from improving corporate dynamics and more accommodative monetary policy, but we reduced our exposure to healthcare, where we are less positive in the near term, despite the sector's structural tailwinds.



How our equity holdings performed

Resurgence in UK equities

The UK stock market was among the strongest developed markets over the quarter. Our significant allocation to UK equities, and strong returns from our active UK managers overall, also helped returns over the period. On the continent, markets were essentially flat over the quarter. Even so, both our value and growth-oriented managers were able to outperform.

US 'exceptionalism' continues

Our allocations to value-oriented managers, such as the BNY US Equity Income Fund, hindered returns. Similar impacts were felt in our global equity allocations, where holdings with either a value style or a small-cap bias underperformed. An example of this was Wellington Durable Enterprises Fund, which lost 1.6% over the quarter despite global equities advancing almost 3%.

Yen weakness hinders Japanese holdings

A strong rebound in the Chinese stock market helped to drive Asian and emerging market indices to be the strongest performers over the quarter. However, our manager selection was generally negative for Asian and emerging markets given the broad underweight to China from key holdings such as the Fidelity Asia Pacific Fund and the Jupiter Global Emerging Markets Focus Fund.



How our fixed-income holdings performed

High-yield bonds add value

Bond yields rose over the period (meaning their prices fell), which delivered losses to our fixed-income allocations. That said, investor risk appetite was generally positive, which meant our credit-focused allocations benefited from some modest price gains. Consequently, our allocation to high-yield bonds via the Quilter Investors Dynamic Bond Fund was a positive as high-yield bonds enjoyed the best gains. The gains from high-yield bonds were broadly offset by losses elsewhere, meaning aggregate returns from our bond holdings were mostly negligible.



How our alternative holdings performed

Real-return assets drive performance

Our alternatives holdings added value over the quarter. In aggregate, they outperformed cash thanks to both a positive strategy mix and the outperformance of some of our underlying managers. The commodity strategy, L&G Multi-Strategy Enhanced Commodities ETF, was the standout performer, in a quarter when all of our alternatives holdings delivered positive returns.

Portfolio changes

There were two asset allocation changes to our equity holdings. From a regional perspective, we increased our exposure to Japanese equity. The Japanese stock market has consistently delivered earnings growth in recent years, helped by progress in corporate governance and a more shareholder-friendly environment. We think this trend will continue and lead to above average earnings per share (EPS) growth over time. Conversely, we reviewed our healthcare position and decided to halve it. Although we retain confidence in the structural dynamics of healthcare demand, we haven't seen positive near-term corporate results. We're now looking for a stabilisation in the earnings profile of the healthcare sector before we increase our position once more.

New holdings



PANTHEON
INFRASTRUCTURE
PLC

Pantheon Infrastructure

The addition of Pantheon Infrastructure comes following a review of the infrastructure space and a preference for this investment. It has a relatively well diversified portfolio of contracted income available at a considerable discount to fair value. The investment team behind Pantheon is also well resourced and very experienced and we believe it to be a strong holding.



IMPACT
Healthcare REIT

Impact Healthcare REIT

Impact Healthcare is a real-estate investment trust (REIT) focused on residential care homes in the UK. In addition to being underpinned by the structural need for care homes in the UK, we believe the Impact team to be strong and experienced operators in the space. Impact sits within the 'inflation sleeve' of our alternatives holdings.

Removed holdings



HIPGNOSIS

Hipgnosis Songs Fund

Following a bid for the company, we took the opportunity to exit the company at an increased share price.



INTERNATIONAL
PUBLIC
PARTNERSHIPS

International Public Partnerships (INPP)

Following a review of our investment options in the infrastructure space, we took the opportunity to re-allocate our holdings to our preferred manager line-up which meant a disposal of INPP.



Fidelity
INTERNATIONAL

Fidelity China Fund

We exited this small Chinese equity position as part of a review of the investment case for China, which led us to be concerned about the possibility of continued weakness from the market.



HICL
Infrastructure

HICL Infrastructure

Following a review of our investment options in the infrastructure space, we took the opportunity to re-allocate our holdings to our preferred manager line-up which meant a disposal of HICL.

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

Active management

Active management is a traditional investment approach where the manager actively trades the holdings in their fund or portfolio to take advantage of investment opportunities or to minimise potential losses. It is the opposite of passive management.

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.

Investment trust discount

An investment trust discount is when the share price of an investment trust is worth less than the net asset value (NAV) of its underlying portfolio. When the opposite is the case, it is said to trade at a premium.

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.

Growth stocks

Growth stocks tend to be younger companies that derive their value from the rate at which they're expected to grow their future earnings. Generally, they pay limited dividends as they reinvest their profits to grow their businesses.

Hawkish

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

High-yield bonds

High-yield bonds are bonds issued by countries, companies, or institutions with lower creditworthiness who must pay greater rates of interest to compensate their bondholders for the increased risk.

Real-estate investment trust

A real-estate investment trust (REIT) is a closed-end fund that invests in income-producing real-estate assets such as residential, retail, office, and logistical properties. REITs are traded on public exchanges, so they're far more liquid than physical real-estate investments.

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.

Yield

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 Creation 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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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)).

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