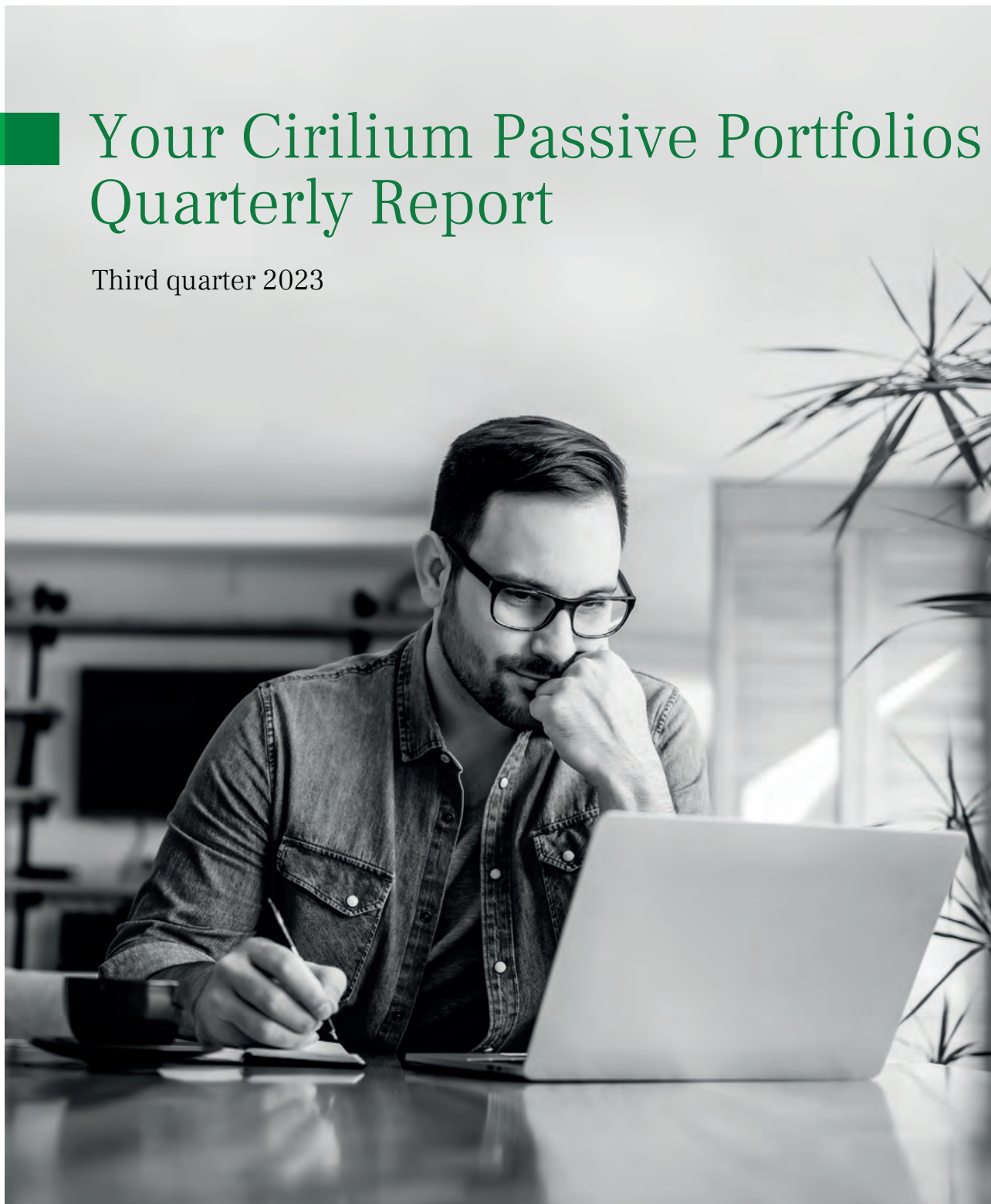


UK: Suitable for retail and professional clients.

Quilter
Investors

Your Cirilium Passive Portfolios Quarterly Report

Third quarter 2023



What your report covers

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





Marcus Brookes
Chief Investment Officer

Our market summary

Global equities finished a tumultuous third quarter in positive territory with a modest return of 0.7%. Japan, China, and the UK were the top-performing regional markets while the US gained 1% as European markets declined. At a sector level, commodity and energy stocks were among the top performers, as both Russia and Saudi Arabia announced cuts to oil production which drove prices higher. Meanwhile, bond markets sold-off with US Treasuries suffering the biggest losses.

Equity markets



US equities gained a modest 1.0% following a largely disappointing quarter. Sentiment was upbeat at the start of July, with investors anticipating an end to US interest-rate hikes on the back of positive inflation news. However, a more cautious outlook from the US Federal Reserve (Fed) and the prospect of interest rates remaining higher for longer, weighed heavily, especially on technology stocks. Meanwhile, energy stocks were among the few positives.



European equities declined by 2.0% over the quarter, mostly due to interest-rate concerns. However, data released late in the period showed that inflation in the bloc had fallen to a two-year low, prompting speculation of near-term rate cuts from the European Central Bank (ECB) despite another European rate rise in September. Like the US, energy stocks were an outlier as the only positive sector.



It was a more positive period for UK equities, which gained 2.3%. Domestically-focused stocks, which had suffered throughout much of the year, rallied on the prospect of inflation having peaked. The news allowed sectors such as property and financials to recover some of their recent losses. Meanwhile, energy stocks were the main contributor to positive performance as they also benefited from sterling's weakness relative to the US dollar.



Currency exchange rates impact investments in other countries. If the currency of the investment rises compared to sterling, this adds to returns; if it falls, this reduces returns.



Emerging markets outperformed global equities, rising by 1.3%. Turkey and Egypt were among the top-performing countries as markets reacted positively to announcements from their respective central banks. Despite continued scepticism regarding the nation's reopening, Chinese equities climbed by 2.3% following a release of better-than-expected economic data. Brazil, Poland, and Chile were among the worst performers of the quarter.

Fixed-income

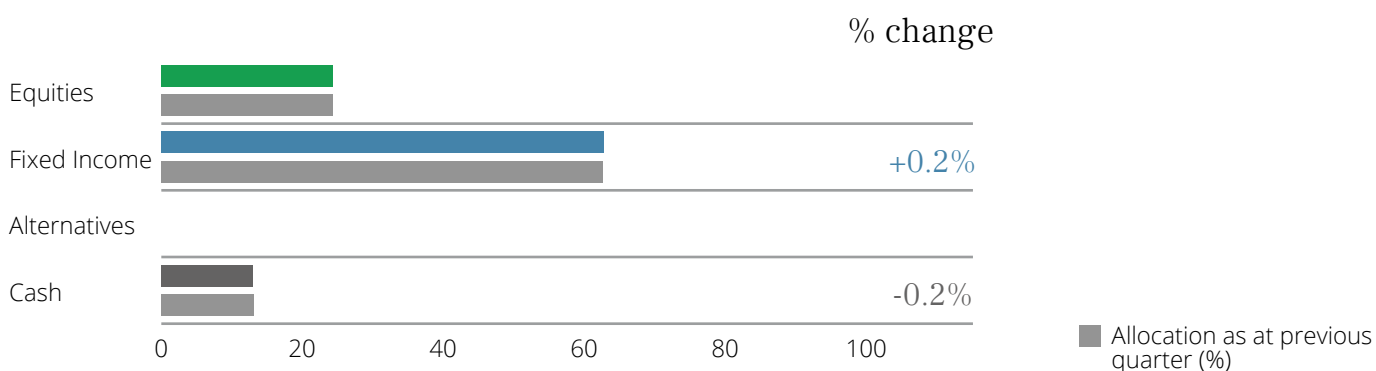


US Treasuries (US government bonds) fell 3.5% in the quarter, owing partly to a US credit-rating downgrade in August. More positively, peaking inflation led to a slowdown in interest-rate rises, with the Fed opting to hold rates in September. The Bank of England followed suit, as UK inflation finally appeared to be easing. Sterling corporate bonds (issued by companies) were positive as a result; they climbed 2.2% despite UK gilts (UK government bonds) falling another 0.8%.

Source: Quilter Investors as at 30 September 2023. Total return, percentage growth in pounds sterling except where shown, rounded to one decimal place. The performance shown for global equities is represented by the MSCI 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 September

Holding	2023	2022	2021	2020	2019
Quilter Investors Cirilium Conservative Passive Portfolio - R (GBP) Accumulation Shares	2.6%	-9.9%	4.4%	2.1%	6.8%

Cirilium Conservative Passive Portfolio growth to month end

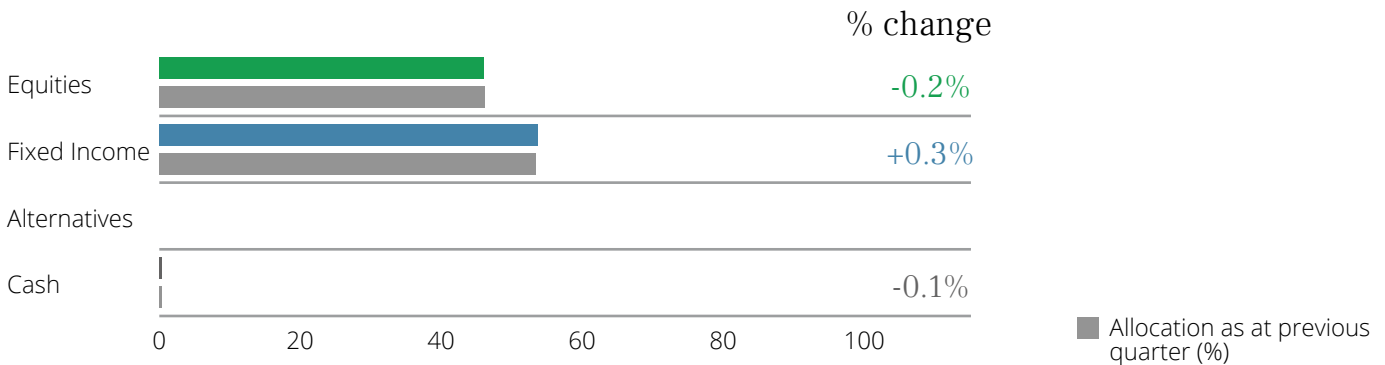
Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Conservative Passive Portfolio - R (GBP) Accumulation Shares	-1.0%	-0.7%	2.6%	-3.5%	5.3%	36.2%	08/02/13

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 29 September 2023 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 September

Holding	2023	2022	2021	2020	2019
Quilter Investors Cirilium Balanced Passive Portfolio - R (GBP) Accumulation Shares	3.5%	-9.3%	9.8%	0.8%	7.3%

Cirilium Balanced Passive Portfolio growth to month end

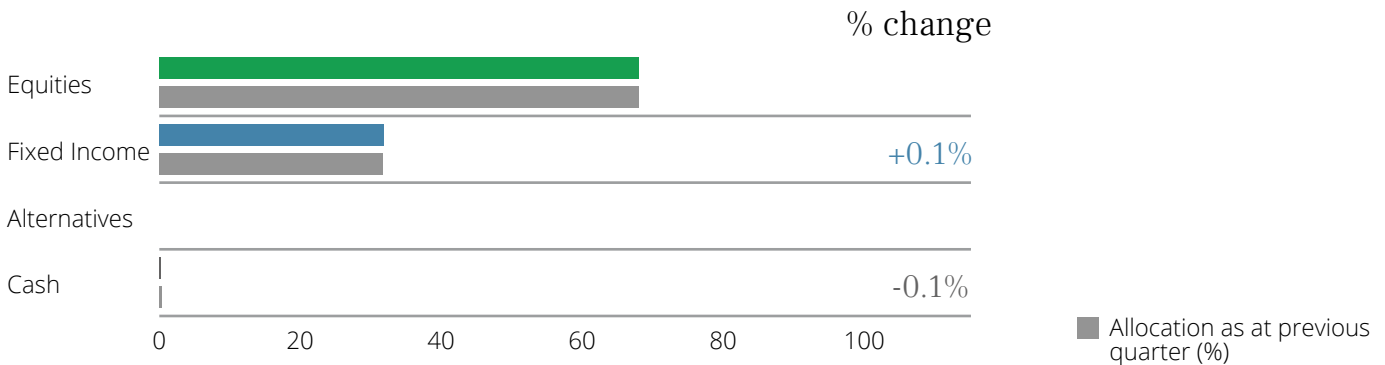
Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Balanced Passive Portfolio - R (GBP) Accumulation Shares	-0.8%	-0.3%	3.5%	3.0%	11.5%	65.2%	08/02/13

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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 September

Holding	2023	2022	2021	2020	2019
Quilter Investors Cirilium Moderate Passive Portfolio - R (GBP) Accumulation Shares	5.3%	-6.5%	15.4%	-0.1%	6.9%

Cirilium Moderate Passive Portfolio growth to month end

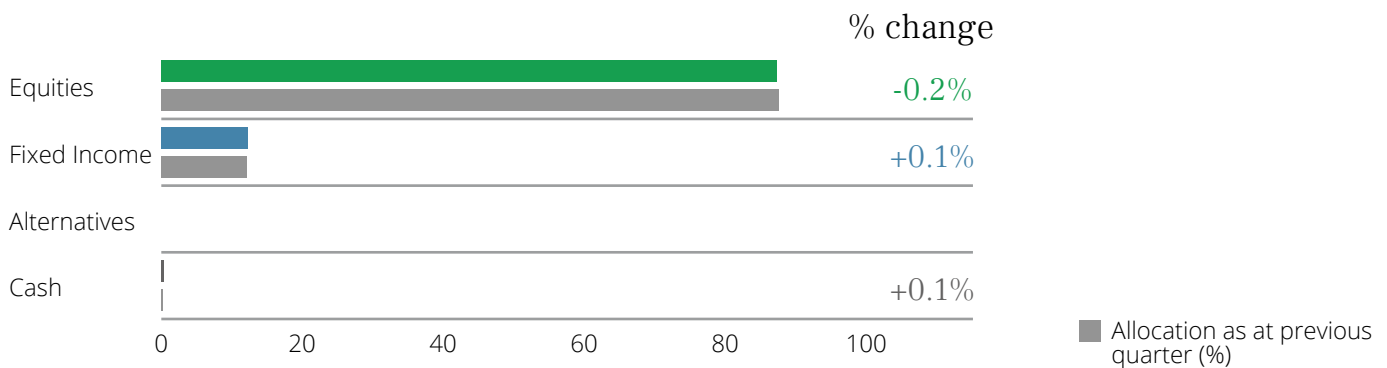
Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Moderate Passive Portfolio - R (GBP) Accumulation Shares	-0.1%	0.9%	5.3%	13.6%	21.4%	92.9%	08/02/13

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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 September

Holding	2023	2022	2021	2020	2019
Quilter Investors Cirilium Dynamic Passive Portfolio - R (GBP) Accumulation Shares	6.9%	-4.0%	20.8%	-1.3%	6.6%

Cirilium Dynamic Passive Portfolio growth to month end

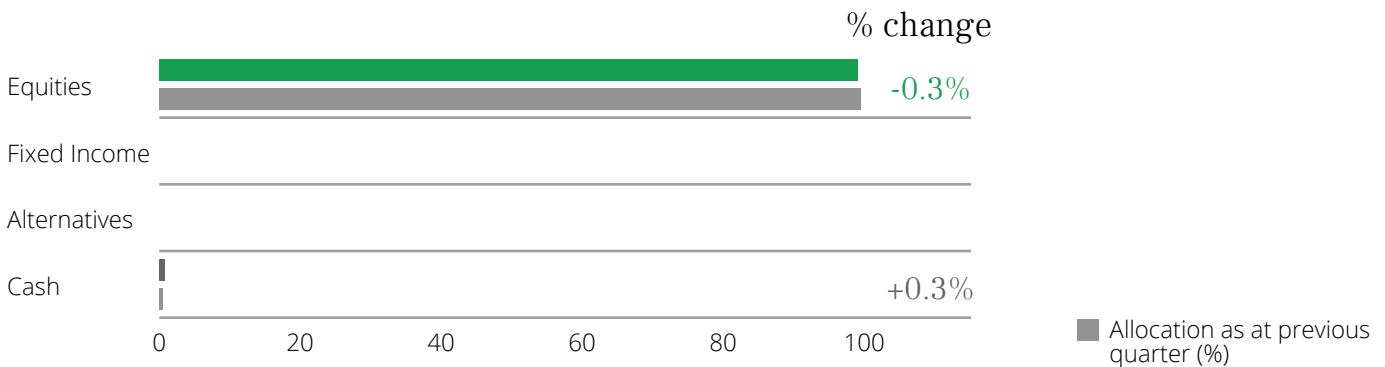
Holding	3 months	6 months	1 year	3 years	5 years	Since launch	Launch date
Quilter Investors Cirilium Dynamic Passive Portfolio - R (GBP) Accumulation Shares	0.5%	2.1%	6.9%	24.1%	30.5%	119.5%	08/02/13

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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 September

Holding	2023	2022	2021	2020	2019
Quilter Investors Cirilium Adventurous Passive Portfolio - R (GBP) Accumulation Shares	6.5%	-2.3%	23.0%	7.4%	8.2%

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	0.7%	4.4%	6.5%	28.0%	48.7%	69.3%	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			24.31%	46.00%	67.96%	87.38%	99.15%
ASIA PACIFIC EQUITY			2.14	4.06	6.01	7.75	13.75
ISHARES JAPAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	1.29	2.41	3.58	4.59	8.17
ISHARES PACIFIC EX JAPAN EQUITY INDEX	BLACKROCK	COLLECTIVE	0.86	1.65	2.44	3.16	5.58
EMERGING MARKETS EQUITY			1.56	2.95	4.35	5.61	9.94
ISHARES EMERGING MARKETS EQUITY INDEX	BLACKROCK	COLLECTIVE	1.56	2.95	4.35	5.61	9.94
EUROPEAN EQUITY			2.43	4.64	6.90	8.86	15.69
ISHARES CONTINENTAL EUROPEAN EQUITY INDEX	BLACKROCK	COLLECTIVE	2.43	4.64	6.90	8.86	15.69
NORTH AMERICAN EQUITY			9.18	17.52	26.06	33.56	59.77
ISHARES NORTH AMERICAN EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	9.18	17.52	26.06	33.56	33.18
VANGUARD FTSE NORTH AMERICA UCITS ETF	VANGUARD	COLLECTIVE	0.00	0.00	0.00	0.00	26.59
UK EQUITY			9.00	16.82	24.63	31.60	0.00
ISHARES UK EQUITY INDEX FUND	BLACKROCK	COLLECTIVE	9.00	16.82	24.63	31.60	0.00
FIXED INCOME			62.76%	53.70%	31.78%	12.25%	0.00%
OTHER FIXED INCOME			62.76	53.70	31.78	12.25	0.00
VANGUARD GLOBAL AGGREGATE BOND UCITS ETF	VANGUARD	COLLECTIVE	29.17	20.17	0.00	0.00	0.00
VANGUARD GLOBAL BOND INDEX FUND	VANGUARD	COLLECTIVE	33.59	33.52	31.78	12.25	0.00
CASH			12.92%	0.30%	0.26%	0.37%	0.85%
CASH			12.92	0.30	0.26	0.37	0.85
TOTAL			100%	100%	100%	100%	100%

Source: Quilter Investors, as at 30 September 2023. 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

The Cirilium Passive Portfolios delivered a range of returns over the third quarter. While the Cirilium Conservative Passive Portfolio lost 1% due to its higher relative weighting to bonds, the Cirilium Adventurous Passive Portfolio gained 0.7% as the higher-risk portfolios outperformed.



How our equity holdings performed

US equities bailed out by a stronger dollar

The so-called 'Magnificent Seven' mega-cap tech stocks (Amazon, Apple, Alphabet, Meta, Microsoft, Nvidia and Tesla), which drove US equities in the first half of the year, were flat in the third quarter. As a result, the US market lost its momentum but returns for UK investors were significantly boosted by a strengthening US dollar as expectations of future rate cuts were pared back. This was especially beneficial for the Cirilium Adventurous Passive Portfolio which has an outsized weighting to the US equity market.



Currency exchange rates impact investments in other countries. If the currency of the investment rises compared to sterling, this adds to returns; if it falls, this reduces returns.

Energy boost for UK equity market

The portfolios' UK equity holding, the iShares UK Equity Index Fund, delivered a positive return. This was mostly thanks to the UK market's significant weighting to energy companies which rallied as the oil price surged over 30% higher, driven by supply cuts from Saudi Arabia and Russia. This helped make energy the top-performing industry sector over the quarter.

Japan outshines other developed markets

Japan was the top-performing regional market as its comparatively loose monetary policy (low interest rates) helped support the local equity market. Despite our relatively small weighting, Japan was one of the top-contributing regions to portfolio returns with the iShares Japan Fund returning over 2% during the quarter.



How our fixed-income holdings performed

Government bonds sell-off

The significant move higher in long-dated government bond yields (meaning their prices fell) caught many investors off-guard at a time when central bank hiking cycles are in their latter stages. Meanwhile, the prices of corporate bonds (issued by companies) were largely unmoved until late September, when the sell-off in equities began to be felt in corporate bond markets. This translated into losses of a little over 2% for the Vanguard Global Bond Index Fund and the Vanguard Global Aggregate Bond ETF. The latter is held only in the Cirilium Conservative Passive and the Cirilium Balanced Passive portfolios, which was a key driver of their underperformance over the quarter.



Typically, bonds with 10 or more years until they repay their principal are called 'long maturity' or 'long-dated' bonds. As their prices are more sensitive to changes in interest rates, they are more volatile than shorter maturity bonds.

Portfolio changes

The portfolios were fully re-balanced back to their long-term strategic asset allocations (SAA) at the start of quarter. The trade sizes for the quarterly re-balance are typically not large as daily flows are used to steer the portfolios back towards their target weights on an ongoing basis.



The strategic asset allocation (SAA) is our long-term model asset allocation. It establishes how much of each portfolio should be invested in different asset classes such as equities, bonds, property, alternatives and cash.

Investment outlook

Economic data in the US has been more resilient than generally expected, despite a very aggressive interest-rate hiking cycle. Meanwhile, the strength in equity markets so far this year has recently dwindled, due to the dawning realisation that although interest-rate rises could be over, a stronger economy means that interest-rate cuts are unlikely any time soon. The economic growth picture ahead remains uncertain. US consumers have continued spending despite tightening credit conditions, meaning the economy may be able to weather higher yields and experience a 'soft landing', where interest rates are raised just enough to stop the economy from overheating and experiencing high inflation, without causing a severe downturn. On the other hand, interest-rate increases are known to act with a lag while monetary policy will become more restrictive as inflation falls, even without further rate hikes.

1. Europe to struggle amid higher oil prices

A benign economic outcome seems less likely in Europe and the UK, where the growth picture is already weaker. Meanwhile, the recent rise in oil prices, if sustained, will have further negative implications for growth for energy-importing regions like Europe, while also worsening the inflation outlook. The big question then, is how central banks respond, will they cut rates to reinvigorate economies or keep interest rates elevated to stamp out inflation?

2. Corporate earnings and labour market still resilient

We are inclined to think that central banks will keep interest rates elevated unless growth really nosedives, and this will cause increasing problems for business models that rely on cheap debt. On the positive side, corporate earnings have been relatively resilient, although earnings growth is now stagnating, and labour markets are only gradually slowing. However, workers experiencing wage increases while inflation cools, means real incomes improve, which will help support consumption.

3. Slowdown, but not yet?

On balance, a further economic slowdown looks likely, but perhaps not just yet. This leaves our asset allocation relatively close to neutral as we focus on portfolio diversification. Equities offer upside in a growth environment while bonds offer upside in a more negative scenario. Although cash may seem appealing given interest rates not seen in over a decade, we see better alternatives in each of our upside and downside economic scenarios and prefer to remain invested.

Thank you for investing with us

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

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 speak to one of our investment directors on +44 (0)207 167 3700, email us at enquiries@quilter.com, or visit our website at www.quilter.com.



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