

UK: Suitable for retail and professional clients.

Quilter
Investors

Your Monthly Income Portfolios Quarterly Report

Third quarter 2024



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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

The third quarter of 2024 ended with most asset classes in positive territory, but the headline figures don't tell the story of the market volatility experienced in the quarter. In early August disappointing US economic data, an interest-rate hike from the Bank of Japan, and questions about tech valuations all led to a significant sell-off in global equity markets. However, this increased volatility in markets ended up being short-lived. The long-anticipated interest rate cut by the US Federal Reserve (Fed) in September, stronger US economic data, and fresh stimulus in China helped to ease concerns supporting a strong rally at the end of the quarter.

Equity markets



US equities advanced over the quarter, but the performance across different sectors was mixed. The quarter saw a broadening of returns away from the big tech names with the utilities and real estate sectors the best performing. Overall, US equities rose 5.9% in dollar terms, but due to the dollar's weakness against the pound, sterling-based investors saw a loss of 0.2%.



European equities were more muted in Q3 delivering returns of 1.6% in local currency terms. However, returns were again impacted by the strength of the pound and translated into a 0.1% return for sterling-based investors. Economic data highlighted the sluggish eurozone recovery this year, with Germany disproportionately affected by the ongoing global manufacturing downturn, in addition to increased competition from cheaper Chinese imports.



UK equities were up 2.2% over the quarter as the landslide Labour victory in the general election raised hopes of a more stable political backdrop and the beginnings of an economic recovery. This coincided with building expectations of a rate cut by the Bank of England (BoE), which they duly provided in August. The consumer discretionary, consumer staples, and financial sectors were the top performers over the quarter, whilst energy was a significant detractor.



Emerging markets performed well over the quarter returning 2.6%. This was largely due to the raft of new stimulus measures from Chinese policymakers that saw a surge by Chinese equities in late-September, ending the quarter 16.5% up. Elsewhere, Thailand was the top performer with South Africa also notably strong, whilst India, Brazil, and Korea all underperformed.

Fixed-income

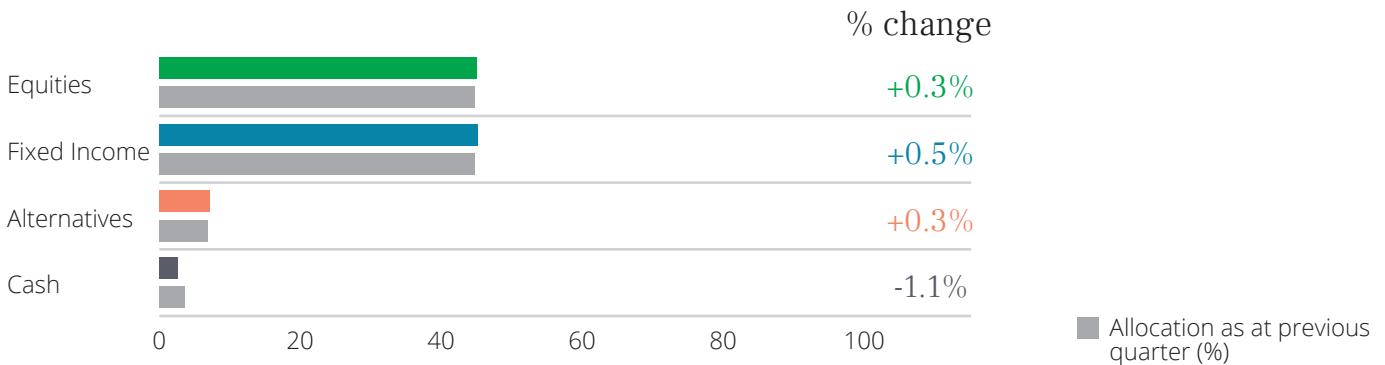


Fixed income markets were buoyed by the prospect of lower interest rates with global bonds up 4.1% and global corporate bonds returning 4.9%. Government bonds performed well due to changing investor expectations on interest rates. US Treasuries gained 4.7%, while UK gilts trailed with a return of 2.4%.

Source: Quilter Investors as at 30 September 2024. 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 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 Emerging Markets Index; Chinese equities by the MSCI China Index, global bonds by the Bloomberg Global Aggregate Index; global corporate bonds by the Bloomberg Global Aggregate Corporate Index, US Treasuries by the ICE BofA US Treasury (GBP Hedged) Index; and UK gilts by the ICE BofA UK Gilt Index.

Your investment summary: Monthly Income Portfolio

Monthly Income Portfolio asset allocation breakdown



Monthly Income Portfolio growth year by year to end of September

Holding	2024	2023	2022	2021	2020
Quilter Investors Monthly Income Portfolio - U1 (GBP) Accumulation Shares	12.6%	4.1%	-10.5%	12.5%	-3.9%
Quilter Investors Monthly Income Portfolio - U1 (GBP) Income Shares	12.6%	4.1%	-10.5%	12.5%	-3.9%
IA Mixed Investment 20-60% Shares sector average	12.1%	4.2%	-10.7%	11.3%	-1.2%

Monthly Income Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Monthly Income Portfolio - U1 (GBP) Accumulation Shares	3.1%	4.9%	12.6%	5.0%	13.5%	16.1%	26/06/19
Quilter Investors Monthly Income Portfolio - U1 (GBP) Income Shares	3.1%	4.8%	12.6%	5.0%	13.4%	16.1%	26/06/19
IA Mixed Investment 20-60% Shares sector average	2.3%	3.5%	12.1%	4.4%	14.7%	16.9%	

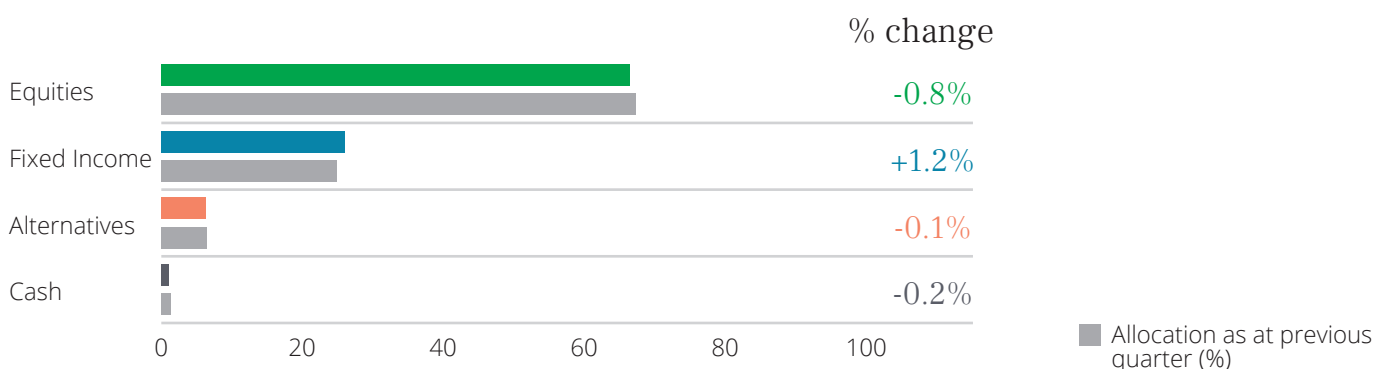
*Since launch performance figures are from the launch date of the respective share class.

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 30 September 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: Monthly Income and Growth Portfolio

Monthly Income and Growth Portfolio asset allocation breakdown



Monthly Income and Growth Portfolio growth year by year to end of September

Holding	2024	2023	2022	2021	2020
Quilter Investors Monthly Income and Growth Portfolio - U1 (GBP) Accumulation Shares	13.9%	5.4%	-8.9%	16.2%	-3.7%
Quilter Investors Monthly Income and Growth Portfolio - U1 (GBP) Income Shares	13.9%	5.4%	-8.8%	16.1%	-3.7%
IA Mixed Investment 40-85% Shares sector average	13.8%	5.3%	-10.3%	16.8%	-0.1%

Monthly Income and Growth Portfolio growth to month end

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Monthly Income and Growth Portfolio - U1 (GBP) Accumulation Shares	2.7%	4.7%	13.9%	9.4%	22.4%	26.3%	26/06/19
Quilter Investors Monthly Income and Growth Portfolio - U1 (GBP) Income Shares	2.7%	4.8%	13.9%	9.4%	22.4%	26.2%	26/06/19
IA Mixed Investment 40-85% Shares sector average	1.6%	3.3%	13.8%	7.5%	25.5%	28.2%	

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

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 30 September 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 portfolio holdings

Holding Name	Fund manager (where applicable)	Asset type	Monthly Income Portfolio	Monthly Income and Growth Portfolio
EQUITY			45.00%	66.46%
ASIA PACIFIC EQUITY			4.92	7.86
M&G JAPAN FUND	M&G	COLLECTIVE	2.11	2.42
SCHRODER ASIAN INCOME FUND	SCHRODERS	COLLECTIVE	2.50	3.81
SCHRODER ORIENTAL INCOME FUND LIMITED	SCHRODERS	COLLECTIVE	0.30	1.13
VANGUARD FTSE JAPAN UCITS ETF	VANGUARD	COLLECTIVE	0.00	0.50
EMERGING MARKETS EQUITY			2.21	3.45
ALLSPRING EMERGING MARKETS EQUITY INCOME	ALLSPRING	COLLECTIVE	2.21	3.12
ISHARES CORE MSCI EM IMI UCITS ETF	BLACKROCK	COLLECTIVE	0.00	0.33
EUROPEAN EQUITY			5.72	7.69
ISHARES EURO DIVIDEND UCITS ETF	BLACKROCK	COLLECTIVE	1.28	1.79
MONTANARO EUROPEAN INCOME FUND	MONTANARO	COLLECTIVE	1.30	1.80
SPDR S&P EURO DIVIDEND ARISTOCRATS UCITS ETF	STATE STREET	COLLECTIVE	1.31	1.78
VANGUARD FTSE DEVELOPED EUROPE EX UK	VANGUARD	COLLECTIVE	1.82	2.31
GLOBAL EQUITY			4.50	7.40
FIDELITY GLOBAL QUALITY INCOME UCITS ETF	FIDELITY	COLLECTIVE	1.11	2.36
QUILTER INV GBL EQUITY VALUE (REDWHEEL)	REDWHEEL	COLLECTIVE	3.39	5.04
NORTH AMERICAN EQUITY			10.59	16.35
BNY MELLON US EQUITY INCOME FUND	BNY MELLON	COLLECTIVE	0.81	1.21
FIDELITY US QUALITY INCOME UCITS ETF	FIDELITY	COLLECTIVE	2.80	4.65
ISHARES CORE S&P 500 UCITS ETF	BLACKROCK	COLLECTIVE	2.74	5.46
SCHRODER US EQUITY INCOME MAXIMISER FUND	SCHRODERS	COLLECTIVE	2.12	1.79
SPDR S&P US DIVIDEND ARISTOCRATS UCITS ETF	STATE STREET	COLLECTIVE	2.12	3.23
PRIVATE EQUITY			0.55	0.87
NB PRIVATE EQUITY PARTNERS	NEUBERGER BERMAN	COLLECTIVE	0.55	0.87
UK EQUITY			16.51	22.85
FINSBURY GROWTH & INCOME TRUST PLC	LINDSELL TRAIN	COLLECTIVE	0.45	0.70
ISHARES CORE FTSE 100 UCITS ETF	BLACKROCK	COLLECTIVE	1.93	2.28
ISHARES UK DIVIDEND UCITS ETF	BLACKROCK	COLLECTIVE	1.70	2.18
J O HAMBRO UK DYNAMIC FUND	J O HAMBRO	COLLECTIVE	2.73	3.51
MONTANARO UK INCOME FUND	MONTANARO	COLLECTIVE	1.55	2.56
NINETY ONE UK EQUITY INCOME FUND	NINETY ONE	COLLECTIVE	0.74	1.92
QUILTER INV UK EQ LG-CAP INCOME (ARTEMIS)	ARTEMIS	COLLECTIVE	3.37	4.44
SCHRODER UK-LISTED EQ INCOME MAXIMISER	SCHRODERS	COLLECTIVE	2.56	3.75
SPDR S&P UK DIVIDEND ARISTOCRATS UCITS ETF	STATE STREET	COLLECTIVE	0.67	0.74
THE CITY OF LONDON INVESTMENT TRUST PLC	JANUS HENDERSON	COLLECTIVE	0.80	0.77
FIXED INCOME			45.21%	26.07%
CORPORATE BONDS			21.81	13.18
FEDERATED HERMES UNCONSTRAINED CREDIT	HERMES	COLLECTIVE	3.74	2.48
ISHARES \$ CORP BOND UCITS ETF	BLACKROCK	COLLECTIVE	2.07	1.32
ISHARES \$ HIGH YIELD CORP BOND UCITS ETF	BLACKROCK	COLLECTIVE	0.68	0.58
ISHARES CORE £ CORP BOND UCITS ETF	BLACKROCK	COLLECTIVE	1.85	1.23
PREMIER (MITON) CORPORATE BOND MONTHLY INCOME FUND	PREMIER MITON	COLLECTIVE	3.34	1.83
QUILTER INV BOND 3 (JPMORGAN)	JPMORGAN	COLLECTIVE	0.02	0.01

Continued on next page

Your portfolio holdings (cont'd)

Holding Name	Fund manager (where applicable)	Asset type	Monthly Income Portfolio	Monthly Income and Growth Portfolio
FIXED INCOME (CONTINUED)				
QUILTER INV DYNAMIC BOND (TWENTY FOUR)	TWENTY-FOUR	COLLECTIVE	3.87	2.24
QUILTER INV STERLING CORP BOND (FIDELITY)	FIDELITY	COLLECTIVE	3.27	1.84
VANGUARD USD CORPORATE BOND UCITS ETF	VANGUARD	COLLECTIVE	2.63	1.66
XTRACKERS USD CORPORATE BOND UCITS ETF	DWS	COLLECTIVE	0.34	0.00
EMERGING MARKET DEBT			2.28	1.52
ISHARES J.P. MORGAN \$ EM BOND UCITS ETF	BLACKROCK	COLLECTIVE	2.28	1.52
GOVERNMENT BONDS			13.25	6.70
10Y T-NOTE (CBT) DEC 24		DERIVATIVE	0.81	0.20
ISHARES \$ TIPS 0-5 UCITS ETF GBP	BLACKROCK	COLLECTIVE	1.69	0.91
ISHARES \$ TREASURY BOND 7-10YR UCITS ETF	BLACKROCK	COLLECTIVE	1.12	0.17
ISHARES USD TIPS UCITS ETF	BLACKROCK	COLLECTIVE	1.69	0.92
VANGUARD EUR EUROZONE GOVERNMENT BOND	VANGUARD	COLLECTIVE	2.21	1.60
VANGUARD U.K. GILT UCITS ETF	VANGUARD	COLLECTIVE	5.74	2.90
OTHER FIXED INCOME			7.87	4.67
ALLIANZ STRATEGIC BOND FUND	ALLIANZ	COLLECTIVE	1.74	1.07
AXA US SHORT DURATION HIGH YIELD FUND	AXA	COLLECTIVE	3.99	2.38
BIOPHARMA CREDIT PLC	PHARMAKON ADVISORS	COLLECTIVE	0.61	0.39
BLACKSTONE LOAN FINANCING LIMITED	BLACKSTONE	COLLECTIVE	0.48	0.44
CVC EUROPEAN OPPORTUNITIES LIMITED	CVC	COLLECTIVE	0.59	0.39
FAIR OAKS INCOME LIMITED	FAIR OAKS	COLLECTIVE	0.46	0.00
ALTERNATIVES			7.23%	6.35%
ALTERNATIVE EQUITY			0.86	0.75
FTF CLEARBRIDGE GLOBAL INFRASTRUCTURE INCOME FUND	CLEARBRIDGE	COLLECTIVE	0.86	0.75
ALTERNATIVE FIXED INCOME			2.47	2.12
ARDEA GLOBAL ALPHA FUND	ARDEA	COLLECTIVE	0.67	0.57
JANUS HENDERSON ABS RETURN FIXED INCOME	JANUS HENDERSON	COLLECTIVE	1.03	0.92
SCHRODER ALTERNATIVE SEC. INCOME GBPH	SCHRODERS	COLLECTIVE	0.77	0.64
ALTERNATIVE OTHER			3.39	3.02
FORESIGHT SOLAR FUND LIMITED	FORESIGHT GROUP	COLLECTIVE	0.86	0.80
INTERNATIONAL PUBLIC PARTNERSHIPS LIMITED	AMBER INFRASTRUCTURE	COLLECTIVE	1.52	1.37
THE RENEWABLES INFRASTRUCTURE GROUP	INFRARED CAPITAL PARTNERS	COLLECTIVE	1.01	0.86
PROPERTY			0.51	0.46
ASSURA PLC	ASSURA	COLLECTIVE	0.51	0.46
CASH			2.56%	1.12%
CASH			2.56	1.12
TOTAL			100%	100%

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

Your performance review



Helen Bradshaw
Portfolio Manager



CJ Cowan
Portfolio Manager

Over the quarter, the Monthly Income and Monthly Income and Growth Portfolios delivered returns of 3.1% and 2.7%, respectively, with both portfolios ahead of their respective Investment Association (IA) performance comparators.

Bonds were a big contributor to returns due to the growing expectation of additional interest rate cuts over the coming year. This explains the better performance from the lower-risk Monthly Income Portfolio, which has a greater allocation to bonds. It wasn't a bad period for equity markets either, but the strength of the pound offset returns from US and European equity holdings for sterling-based investors. Meanwhile, Asian markets enjoyed a sharp bounce in late September after Chinese policymakers announced several economic and equity market stimulus measures.



How our equity holdings performed

UK in the driving seat

The UK contributed the most to returns, partly owing to the region's large weighting in the portfolios. The top performers were the iShares UK Dividend ETF and the SPDR S&P UK Dividend Aristocrats ETF, whose holdings within the utilities sector delivered strong returns. Utilities companies are often thought of as 'bond proxies' owing to their visible cashflows and reliable dividends, so in a quarter where bond yields declined significantly it is not surprising to see the sector perform well.

Good picks in Europe and the US

Despite European and US equity indices delivering minimal returns over the third quarter, with any gains entirely offset by the weakness of the euro and US dollar versus sterling, our holdings performed noticeably better. Much like in the UK, the SDPR S&P US Dividend Aristocrats ETF and the SPDR S&P Euro Dividend Aristocrats ETF led the way. Once again, utilities stocks performed particularly well, while financials also kept pace.

China enjoys a rapid turnaround

The Chinese equity market has been declining since the beginning of 2021, driven by several factors including its stringent zero-covid policy, regulatory crackdowns scaring away investors, and a property crash. However, in late September, Chinese policymakers announced several stimulus measures designed to boost demand and support both the economy and equity markets. Our holding in the Allspring Emerging Markets Equity Income Fund was a particular beneficiary.



How our fixed-income holdings performed

More interest rate cuts boost bonds

Returns from bond holdings were universally positive as more and more interest rate cuts were expected over the coming year, particularly in the US and Europe, which drove bond yields lower and bond prices higher. Corporate bonds, high-yield bonds, and US dollar emerging market bonds performed a little better than government bonds due to the additional yield that investors pick up by holding them. The iShares J.P. Morgan \$ EM Bond ETF was at the top of the pile. Elsewhere, our alternative income holdings continued their strong run of form, with BioPharma Credit, an investment trust which makes loans to life sciences companies, being the best performer.



How our alternative holdings performed

Solid infrastructure

Our alternatives holdings, and particularly our infrastructure investments, had a strong quarter. The Renewables Infrastructure Group, an investment trust that develops and operates renewable energy assets, saw its share price rise by 9.5% and was the top contributor to portfolio returns within alternatives. The FTF Clearbridge Global Infrastructure Income Fund delivered similarly strong returns of 12.1% but owing to our smaller position size it had less of an impact on portfolio returns. Meanwhile, the Janus Henderson Absolute Return Fixed Income and Schroder Alternative Securitised Income funds both continued to deliver low but stable positive returns, as intended.

Portfolio changes

Towards the end of the quarter the portfolios were rebalanced to their new strategic asset allocation (SAA). This marked the culmination of many months of work to determine an updated asset allocation model that could deliver on the portfolios' income objectives whilst retaining the balance of a more typical multi-asset portfolio. We are optimistic that the new strategic models should allow the portfolios to deliver strong returns in a wider range of market environments. The most significant changes were an increase in the US equity weight at the expense of the UK, an increase in UK bonds instead of global bonds, and a reduction in high-yield bond exposure. There were several new holdings for both portfolios, as well as several full sales.

We also modestly increased the US equity weight in the portfolios in early August following a period of underperformance. This was funded from our UK equity exposure.

New and increased holdings



Ardea Global Alpha

This fund seeks to profit from idiosyncratic mispricing of government bonds without being exposed to the overarching risks that are usually the primary drivers of bond performance, such as the direction of bond yields or interest rates. Consequently, we view this holding as part of our exposure to alternatives.



Vanguard EUR Eurozone Government Bond ETF

We bought this passive ETF to align the portfolios' bond exposure with their new strategic asset allocation. This fund offers broad exposure to European government bonds from Germany, France, Italy, Spain, and other major markets.



Premier Miton Corporate Bond Monthly Income

We added this UK corporate bond fund to reflect the increase in the UK bond weighting in the SAA. The fund offers a differentiated investment process compared to many other investment-grade bond funds, focusing on rapidly recycling capital into bonds that are newly issued. As a result, the strategy has higher portfolio turnover than many alternatives, but it has delivered consistently strong returns over time.



Vanguard FTSE Developed Europe ex UK ETF

We added this passive ETF to increase defensiveness in the portfolios by increasing exposure to larger companies and help moderate the bias towards small-cap value companies that many of the portfolios' other holdings deliver.



Schroder UK-Listed Equity Income Maximiser

This is the more recently launched sister fund to the Schroder US Equity Income Maximiser fund already held in the Monthly Income Portfolio. It seeks to replicate the returns of the FTSE 100 Index whilst also using a derivatives strategy to deliver additional income, aiming for a yield of around 7%.



BNY Mellon US Equity Income

The increased weighting to US equities in the SAA introduced a requirement for a new US manager. We chose to add an active manager as existing exposures in the portfolios are all passive or smart beta. This fund invests in companies with attractive and growing dividends, targeting a yield of 1.5x the broad market.

Removed and reduced holdings

iShares
by BlackRock

iShares \$Treasury Bond 7-10y ETF

We sold this ETF as part of the increase in UK bonds and the reduction in global bonds. Where required, US Treasury exposure is obtained via a derivative position, allowing us to generate more income for the portfolios in the current environment.

Xtrackers
by //DWS

Xtrackers USD Corporate Bond (Monthly Income Portfolio only)

We sold this ETF as part of the increase in UK bonds and the reduction in global bonds, consolidating US investment-grade exposure in the Vanguard and iShares ETFs that are already held.

iShares
by BlackRock

iShares \$ High Yield Corp Bond ETF

The additional yield pickup investors current receive from high yield bonds is close to all-time lows, so we sold this ETF as part of our reduction in high yield bonds.

SPDR

SPDR S&P Euro Dividend Aristocrats ETF

This strategy intends to provide defensive income by investing in reliable dividend payers. Over time its sector allocation has become more cyclical, so we sold the ETF, preferring more defensive, large-cap exposure.

iShares
by BlackRock

iShares Core MSCI EM IMI ETF (Monthly Income and Growth Portfolio only)

We sold this and allocated proceeds to our higher conviction, active emerging markets equity fund, the Allspring Emerging Markets Equity Income Fund.

Vanguard

Vanguard FTSE Japan ETF (Monthly Income and Growth Portfolio only)

The target allocation to Japan was reduced in our new SAA. We consolidated the portfolio's Japan exposure into our higher conviction, active Japanese equity fund, the M&G Japan Fund.

SPDR

SPDR S&P UK Dividend Aristocrats ETF

The pool of companies that meet the strategy's dividend criteria has reduced and, like its European counterpart, its financials exposure has increased. We sold the position, allocating instead to more defensive large-cap managers.



Investment outlook

It's been another good year for equity markets as the US economy has defied predictions of recession. Despite generally weaker survey data, particularly from the manufacturing sector, real GDP growth has remained above historic trend rates and the labour market is showing only tentative signs of weakness. Inflation appears to be under control, giving central banks the green light to begin reducing interest rates.

1. What happens next?

While it is welcome news that central banks have pivoted to supporting growth rather than fighting inflation, we worry that bond markets are expecting too many interest rate cuts over the next year given our view that growth, in the US at least, should continue to do just fine. Meanwhile, China's recently announced policy support should provide further impetus for global growth, but risks leading to a resurgence in inflation, albeit not of the same scale as the pandemic induced spike.

2. How are we positioned?

Given our view that growth will be OK but not great, we are modestly overweight equities and high-yield bonds. We expect the latter to perform well in a soft landing. We are underweight government bonds due to concerns that too many interest rate cuts are expected, but only modestly because bonds typically rally when rates are cut. If we are right and we see fewer cuts due to a stronger economy, this should be fine for equities but there may be some bumps in the road in the near term.

3. What if we are wrong?

If inflation rebounds and fewer cuts are delivered, we expect companies with high dividend yields to perform well as investors should value up front returns, so our equity mix should be a positive. A fall in growth would be less positive given our risk assets overweight. However, corporate balance sheets remain strong, so we think high yield bonds can perform better than in past recessions. We remain vigilant for signs of a slowdown and will reposition if we believed this was likely.



Glossary

Central banks

Central banks are the financial institutions typically tasked with managing a country's financial stability, by implementing monetary policy. This will involve setting interest rates, watching price stability, and regulating other financial institutions or organisations.

Consumer discretionary

Consumer discretionary describes goods and services that consumers consider non-essential, but highly desirable if their income allows. Consequently, companies that sell consumer discretionary products tend to be the most sensitive to economic cycles.

Consumer staples

Consumer staples are goods and services that are always in demand. Consequently, consumer staples companies are referred to as being non-cyclical or defensive companies and are favoured by investors when economic growth declines.

Corporate bonds

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

Currency weakness

Currency weakness is when a currency, such as sterling, falls compared to another currency. For example, if a sterling investor holds a US dollar investment, and sterling falls compared to the US dollar, the return from the investment will increase.

Derivative

Derivatives are financial contracts. Their price is derived from one or more underlying asset such as commodities, company shares, or an index.

Emerging market bonds

Emerging market bonds, also known as emerging market debt, are bonds issued by the governments or companies of emerging market countries. They can be issued in local currencies or in hard currencies such as the US dollar, the euro, or sterling.

Gilts

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

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 of default.

Investment-grade bonds

Investment-grade bonds are considered to signify a relatively low risk of default. Bonds rated from 'AAA' to 'BBB' are investment grade. They are assigned these credit ratings by agencies such as Standard & Poor's, Moody's and Fitch.

Large-cap

Large-cap describes larger-sized companies as measured by market capitalisation (market cap). While the exact thresholds change with market conditions, large-cap refers to companies with a market capitalisation of \$10bn to \$200bn.

Overweight

Overweight is when a fund or portfolio holds a larger position in a particular stock, sector, region, or strategy than the index or model against which it is benchmarked. Underweight means the opposite.

Pivot

Pivot is the term used to describe when central banks turn from being hawkish, (raising interest rates to fight inflation), to being dovish, (reducing interest rates to help support the economy), or vice versa.

Small-cap

Small-cap describes the smallest companies as measured by market capitalisation (market cap). While the exact thresholds change with market conditions, small-cap refers to companies with a market capitalisation of \$250m to \$2bn.

Soft landing

A soft landing is when a central bank, such as the Bank of England, can successfully slow down inflation, by raising interest rates, without causing a recession. When a central bank raises rates too quickly or by too much, it can cause a recession. This is known as a hard landing.

Strategic asset allocation

Strategic asset allocation (SAA) is a long-term model asset allocation set out for a fund or portfolio. It establishes how much of the fund or portfolio should be held in each asset class such as equities, bonds, alternatives, and cash.

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.

Volatility

Volatility is the extent and speed of change in the value of a financial security such as a bond or equity. The greater the movements in the price of a security, and the shorter the period of such changes, the higher its volatility. The higher the volatility of an asset, the more unpredictable and extreme its price movements.

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 Monthly Income 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 contact one of our [investment directors](#) or visit our website at www.quilter.com.



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