**By email**

20 June 2022

Dear Sir/Madam,

**Changes to Quilter Investors Sterling Corporate Bond Fund**

We are writing to you as a shareholder in Quilter Investors Sterling Corporate Bond Fund (the "**Fund**"), a sub-fund of Quilter Investors OEIC (the "**Company**"), to inform you of changes we intend to make to the prospectus of the Company in respect of the Fund and some of its share classes.

**What do you need to do?**

The way the Fund is managed, and the risk profile of the Fund, remains unchanged and no action on your part is necessary as a result of the information provided in this letter.

**What are the changes and why are we making them?**

1. Enhancements to the prospectus of the Company

We are making enhancements to the prospectus to provide you with more clarity as to how the Fund is managed. Full details of the changes are set out in the Appendix to this letter. The changes can be summarised as follows:

- **Investment policy**: We are updating the Fund's investment policy to:
    - Clarify the Fund's expected minimum exposure to its primary asset class, which is Sterling denominated (or hedged back to Sterling) investment grade debt securities.
    - Provide additional detail on the type of investments the Fund may typically hold, for example, asset-backed and mortgage-backed securities and contingent convertible bonds (CoCos). Asset-backed securities are debt securities backed by a pool of income-generating assets such as credit card debt or student loans, whereas mortgage-backed securities are debt securities whose yield, credit quality and effective maturity derive from an interest in an underlying pool of commercial and/or residential mortgages. CoCos are a type of hybrid subordinated debt security that are convertible into equity if a pre-determined trigger event occurs.
    - Clarify that derivatives may be used by the Fund for investment purposes or for efficient portfolio management. An explanation of efficient portfolio management can be found in the current prospectus of the Company.

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- **Target Benchmark**: We are providing additional information to explain why we believe the Target Benchmark is appropriate as a measure for assessing the performance of the Fund. In addition, we are updating the name of the Target Benchmark to reflect the rebranding of the benchmark administrator from Bank of America Merrill Lynch ("**BofAML**") to Bank of America ("**BofA**"). This does not represent a change of Target Benchmark for the Fund.

- **Investment approach**: We are re-labelling the "Investment Style" section of the prospectus to "Investment Approach", as this better reflects the description of the way in which the Fund is managed. We are also providing further information on how we monitor the Investment Adviser to the Fund and providing an explanation that the investments in the Fund may differ from those in the Target Benchmark.

- **Investment in collective investment schemes ("CIS")**: We are clarifying the amount which the Fund may invest in other CIS (5% of the value of its property, rather than 10% as currently stated in the prospectus), to better reflect how the Investment Adviser manages the Fund. The relevant section of the prospectus setting out the CIS investment limits for all funds in the Company is also being reformatted, so that this information is set out in a table to make it easier to understand.

2. Changes to the charging policy of the A (GBP) Income and U2 (GBP) Income share classes of the Fund (the "**Income Share Classes**")

When you invest in the Fund, charges apply that are known as the Fixed Ongoing Charge ("**FOC**"), details of which can be found in the current prospectus of the Company. Currently, it is our policy to charge all expenses relating to the Fund to income, with the exception of transaction costs, which are treated as capital expenses. If the FOC is taken from the income of the Fund and the income received is insufficient to pay it, then all or some of the FOC may be taken from the capital of the Fund. **This may have the effect of constraining capital growth.**

With effect from 31 August 2022 our policy for the Income Share Classes will change so that all the fees and expenses will be taken from the capital of the Fund. Deducting fees and expenses from the capital of the Fund will increase distributable income by the amount charged and the capital of the Fund will be reduced by the same amount. We are changing our policy as we believe that taking charges from capital, rather than income, can enhance the yield paid to investors holding the Income Share Classes. **You should be aware that this may result in capital erosion or constrained capital growth.**

This change does not apply to any other share classes in the Fund.

**When will the changes come into effect?**

The enhancements to the prospectus of the Company will become effective on 22 July 2022.

The changes to the charging policy of the Income Share Classes will become effective on 31 August 2022.

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## Further information

The FCA has confirmed that the changes described above do not affect the ongoing authorisation of the Company.

The costs relating to these changes will be payable by us out of the FOC that we receive for managing the Fund. There is no additional cost to you, but investors should consult their tax or financial adviser with regard to any tax liabilities that may apply to them.

The revised Key Investor Information Documents for the Fund and the prospectus will be available to download from our website, www.quilterinvestors.com, from the dates on which the changes become effective.

If you have any queries regarding this matter, please contact us using the details at the bottom of this letter. Alternatively, please consult your financial adviser.

Yours faithfully,

For and on behalf of
**Quilter Investors Limited**

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## Appendix: Enhancements to the Prospectus of the Company

## Quilter Investors Sterling Corporate Bond Fund (PRN 632254)

### Changes

| | Current | Proposed |
|---|---|---|
| **Investment Objective** | The Fund aims to achieve a combination of income and capital growth and to outperform the ICE BofAML Sterling Non-Gilt Index, net of charges, over rolling five year periods. | The Fund aims to achieve a combination of income and capital growth and to outperform the ICE BofA Sterling Non-Gilt Index, net of charges, over rolling five-year periods. |
| **Investment Policy** | The Fund primarily invests (at least 70%) in investment grade Sterling-denominated bonds (or hedged back to Sterling) issued by companies located anywhere in the world.<br><br>The Fund may also invest in investment grade and sub-investment grade bonds and similar debt investments issued by companies, banks, public entities and governments located anywhere in the world.<br><br>Investment may be direct or through collective investment schemes or derivatives.<br><br>The Fund may also invest in other transferable securities, collective investment schemes, warrants, money market instruments, deposits and cash.<br><br>Any investment in collective investment schemes may include those managed or operated by the ACD or an associate of the ACD.<br><br>The Fund may use derivative instruments for investment purposes or Efficient Portfolio Management. The use of derivatives for the purpose of investment may affect the risk profile of the Fund although this is not the ACD's | The Fund invests at least 80% of the value of its property in Sterling-denominated (or hedged back to Sterling) investment grade debt securities issued by companies located anywhere in the world.<br><br>The Fund may also invest in investment grade and sub-investment grade debt securities issued by companies, banks, public entities and governments located anywhere in the world.<br><br>Investment may be direct or indirect (e.g. through collective investment schemes or derivatives). The Fund may invest in asset-backed and mortgage-backed securities and may hold up to 10% in contingent convertible bonds (CoCos).<br><br>The Fund may also invest in other transferable securities, collective investment schemes, warrants, money market instruments, deposits, cash and derivatives.<br><br>Any investment in collective investment schemes may include those managed or operated by the ACD or an associate of the ACD. |

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| | | |
|---|---|---|
| | intention. The use of derivatives for Efficient Portfolio Management is unlikely to affect the risk profile of the Fund.<br><br>The Fund is managed by an Investment Adviser selected by the ACD for their expected ability to manage the Fund according to the investment objective and policy. The ACD continuously monitors and may periodically make changes to this appointment | The Fund may use derivatives for investment purposes and/or Efficient Portfolio Management. The use of derivatives for the purpose of investment may affect the risk profile of the Fund although this is not the ACD's intention. The use of derivatives for Efficient Portfolio Management is not likely to affect the risk profile of the Fund. |
| **Target Benchmark** | The target benchmark for the Fund is the ICE BofAML Sterling Non-Gilt Index.<br><br>This benchmark is considered appropriate on the basis that the Fund is managed with a view to outperforming this Index as set out in the investment objective. | The Target Benchmark for the Fund is the ICE BofA Sterling Non-Gilt Index.<br><br>The Target Benchmark is representative of the debt instruments in which the Fund primarily invests and is therefore considered an appropriate benchmark for the Fund to seek to outperform and against which its performance may be assessed. |
| **Currently Investment Style to be described as Investment Approach** | The Fund is actively managed. This means the Investment Adviser uses their expertise to pick investments to achieve the Fund's objective. | The Fund is managed by an Investment Adviser selected by the ACD for its expected ability to manage the Fund according to the investment objective and policy. The ACD continuously monitors and may periodically make changes to this appointment.<br><br>The Fund is actively managed. This means the Investment Adviser uses its expertise to pick investments to achieve the Fund's objective, so Fund investments may differ from those included in the Target Benchmark, provided they are allowed in the investment policy. |

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