
QUARTERLY CIRILIUM PORTFOLIO REPORT

QUARTER 2 2020

Quilter
Investors

A NOTE FROM YOUR CIRILIUM PORTFOLIO MANAGERS

On 19 February of this year, the US stock market hit a new all-time high when the S&P 500 index closed at a record 3,386 points. But the 63-year index high was to be short lived.

Soon after investors began to price-in the coronavirus outbreak, causing global stock markets to veer violently into 'bear market' territory – namely a fall of 20% or more from their previous highs. In the case of the S&P 500, the main US index declined some 34% over the course of five weeks to hit a low of 2,237 on 23 March.

This was the day the US Federal Reserve (Fed) announced a major monetary expansion of its response to the coronavirus shutdown of the US economy. Following that, equity and bond markets began a recovery of epic proportions.

The news helped lift markets around the world with similarly heroic measures from other central banks and policymakers aimed at plugging the economic hole left by the shutdown, helping to drive the ongoing rally in markets. The news, late in the period, that many countries were beginning to ease their lockdown restrictions and that life was at least starting to return to normal, provided further impetus for the rally.

Over the course of the second quarter, the MSCI World Index gained some 20%, after declining almost 16% in the previous quarter. Meanwhile, the S&P 500 enjoyed its best quarter since 1998; it jumped 21%, paring losses to just 4% for the year. Returns from European and Asian equity markets were also in the high teens.

One of the most prominent themes of the quarter was the startling outperformance of 'growth' stocks versus 'value' stocks. While growth stocks are generally categorised as companies with earnings that are expected to increase faster than those elsewhere, value stocks are generally regarded as trading at less than their intrinsic or 'book' value, suggesting that their current price doesn't correspond to their long-term fundamentals. Value stocks are often also identified by the relatively high level of dividends they pay.

Over the course of the second quarter, with investors clearly anxious to take on more risk, the MSCI World Growth index delivered 26%, thanks largely to booming technology stocks, exactly twice the 13% return delivered by the MSCI World Value index.

While the UK was the notable laggard among major markets due to the added agonies of Brexit and the FTSE's natural 'value' bias, thanks to its heavy weighting to financials, oil, mining and industrial stocks, it still delivered just over 10% in the second quarter.

As a result, investors in financial markets have thus endured the worst and the best quarters of consecutive performance in decades.

While the world is combatting the greatest pandemic in a century and the worst economic contraction of the last 80 years or more, we should not underestimate the importance of massive monetary and fiscal support.

Investors have placed great credence in the ability of central banks and governments to bring about an economic recovery. In the US, for example, the Federal Reserve (Fed) and the Treasury have already demonstrated their commitment to the cause in dramatic fashion.

We're now poised for the next wave of stimulus measures, which could well see the Fed 'managing the yield curve' by literally buying all the corporate bonds it needs to set interest rates right across the risk spectrum. Other central banks have similar tricks up their sleeves, which should give us all some reason to be optimistic, whatever the short term might throw at us.

Regards,

Paul Craig
Cirilium Portfolio Manager

Rasmus Soegaard
Cirilium Portfolio Manager

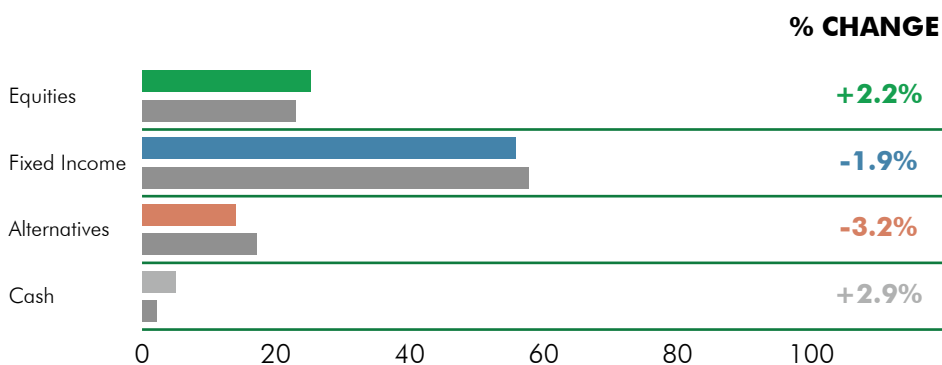


**PAUL
CRAIG**

**RASMUS
SOEGAARD**

CIRILIUM INVESTMENT PORTFOLIO SUMMARY

CIRILIUM PORTFOLIO ASSET ALLOCATION BREAKDOWN



Quilter Investors Cirilium Conservative Portfolio

PORTFOLIO MANAGERS

**PAUL CRAIG
AND RASMUS SOEGAARD**

■ Allocation as at previous quarter (%)

THE CIRILIUM PORTFOLIO'S GROWTH YEAR BY YEAR PERFORMANCE

Holding	2019	2018	2017	2016	2015
Quilter Investors Cirilium Conservative Portfolio - A (GBP) Accumulation Shares	7.1%	-5.3%	5.2%	12.9%	1.8%
Quilter Investors Cirilium Conservative Portfolio - R (GBP) Accumulation Shares	7.8%	-4.7%	5.8%	13.4%	2.5%
Mixed Investment 0-35% Shares, Open End Fund Funds, Europe Region TR	8.8%	-3.4%	5.0%	9.1%	0.9%

THE CIRILIUM PORTFOLIO'S PERCENTAGE GROWTH TO MONTH END PERFORMANCE

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Cirilium Conservative Portfolio - A (GBP) Accumulation Shares	11.5%	-4.1%	-2.3%	-1.4%	15.3%	32.4%	30/03/12
Quilter Investors Cirilium Conservative Portfolio - R (GBP) Accumulation Shares	11.6%	-3.8%	-1.7%	0.4%	18.5%	38.9%	30/03/12
Mixed Investment 0-35% Shares, Open End Fund Funds, Europe Region TR	7.6%	-1.1%	1.3%	6.0%	18.9%	38.9%	

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

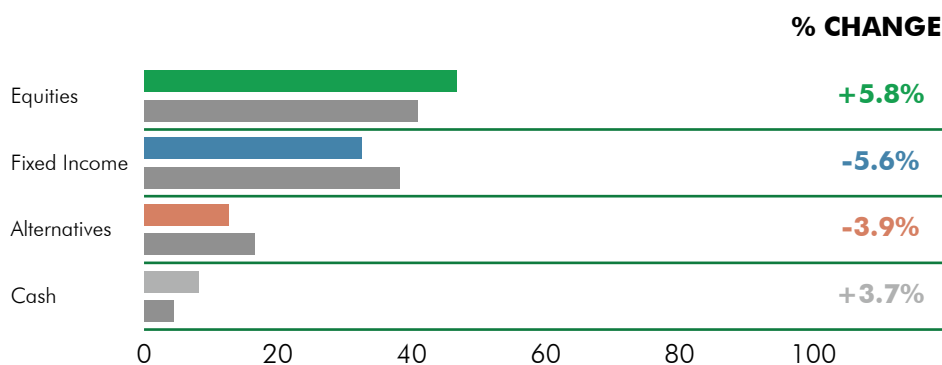
Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit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

Where the portfolio has a benchmark, we have shown the performance of that benchmark. Where it does not have a benchmark, we have shown the performance of a 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.

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CIRILIUM INVESTMENT PORTFOLIO SUMMARY

CIRILIUM PORTFOLIO ASSET ALLOCATION BREAKDOWN



Quilter Investors Cirilium Balanced Portfolio

PORTFOLIO MANAGERS

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■ Allocation as at previous quarter (%)

THE CIRILIUM PORTFOLIO'S GROWTH YEAR BY YEAR PERFORMANCE

Holding	2019	2018	2017	2016	2015
Quilter Investors Cirilium Balanced Portfolio - A (GBP) Accumulation Shares	11.0%	-7.5%	8.8%	14.8%	1.8%
Quilter Investors Cirilium Balanced Portfolio - R (GBP) Accumulation Shares	11.6%	-7.0%	9.5%	15.4%	2.1%
Mixed Investment 20-60% Shares, Open End Fund Funds, Europe Region TR	12.1%	-5.1%	7.2%	10.6%	1.5%

THE CIRILIUM PORTFOLIO'S PERCENTAGE GROWTH TO MONTH END PERFORMANCE

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Cirilium Balanced Portfolio - A (GBP) Accumulation Shares	13.6%	-6.7%	-4.0%	-1.7%	18.2%	84.3%	02/06/08
Quilter Investors Cirilium Balanced Portfolio - R (GBP) Accumulation Shares	13.8%	-6.4%	-3.5%	0.1%	21.4%	98.4%	02/06/08
Mixed Investment 20-60% Shares, Open End Fund Funds, Europe Region TR	10.1%	-4.2%	-0.7%	4.8%	20.0%	65.3%	

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

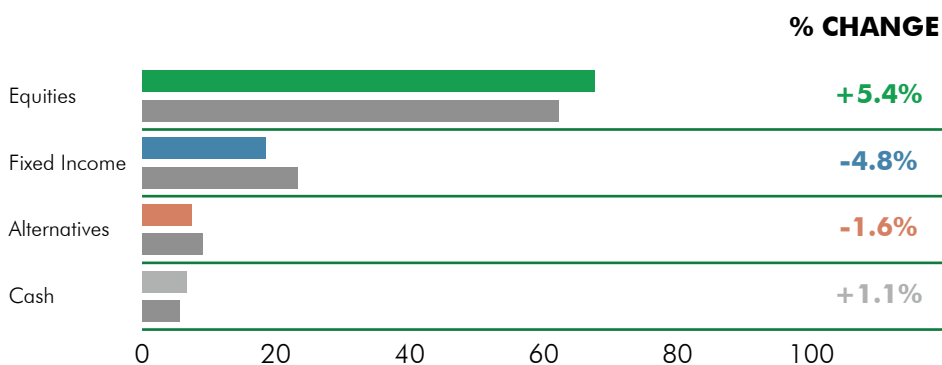
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CIRILIUM INVESTMENT PORTFOLIO SUMMARY

CIRILIUM PORTFOLIO ASSET ALLOCATION BREAKDOWN



Quilter Investors Cirilium Moderate Portfolio

PORTFOLIO MANAGERS

**PAUL CRAIG
AND RASMUS SOEGAARD**

■ Allocation as at previous quarter (%)

THE CIRILIUM PORTFOLIO'S GROWTH YEAR BY YEAR PERFORMANCE

Holding	2019	2018	2017	2016	2015
Quilter Investors Cirilium Moderate Portfolio - A (GBP) Accumulation Shares	14.1%	-9.7%	10.7%	17.3%	1.6%
Quilter Investors Cirilium Moderate Portfolio - R (GBP) Accumulation Shares	14.3%	-9.1%	11.6%	18.1%	2.3%
Mixed Investment 40-85% Shares, Open End Fund Funds, Europe Region TR	15.9%	-6.1%	10.0%	13.3%	2.8%

THE CIRILIUM PORTFOLIO'S PERCENTAGE GROWTH TO MONTH END PERFORMANCE

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Cirilium Moderate Portfolio - A (GBP) Accumulation Shares	16.8%	-7.7%	-3.5%	-1.2%	21.3%	113.3%	02/06/08
Quilter Investors Cirilium Moderate Portfolio - R (GBP) Accumulation Shares	16.7%	-7.9%	-3.9%	-0.2%	24.3%	129.7%	02/06/08
Mixed Investment 40-85% Shares, Open End Fund Funds, Europe Region TR	13.1%	-4.1%	0.1%	9.0%	29.7%	84.4%	

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

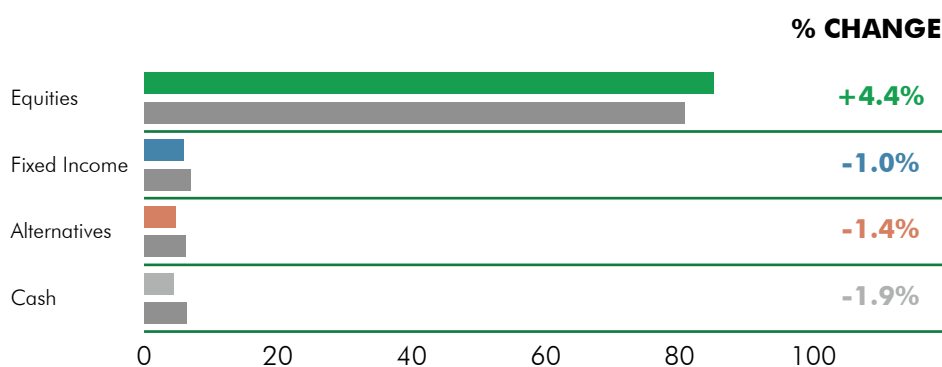
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CIRILIUM INVESTMENT PORTFOLIO SUMMARY

CIRILIUM PORTFOLIO ASSET ALLOCATION BREAKDOWN



Quilter Investors Cirilium Dynamic Portfolio

PORTFOLIO MANAGERS
PAUL CRAIG
AND RASMUS SOEGAARD

■ Allocation as at previous quarter (%)

THE CIRILIUM PORTFOLIO'S GROWTH YEAR BY YEAR PERFORMANCE

Holding	2019	2018	2017	2016	2015
Quilter Investors Cirilium Dynamic Portfolio - A (GBP) Accumulation Shares	16.4%	-11.7%	12.6%	18.1%	2.5%
Quilter Investors Cirilium Dynamic Portfolio - R (GBP) Accumulation Shares	17.2%	-11.0%	13.4%	18.9%	3.3%
Flexible Investment, Open End Fund Funds, Europe Region TR	15.6%	-6.6%	11.1%	14.2%	2.1%

THE CIRILIUM PORTFOLIO'S PERCENTAGE GROWTH TO MONTH END PERFORMANCE

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Cirilium Dynamic Portfolio - A (GBP) Accumulation Shares	17.9%	-10.4%	-5.7%	-3.7%	19.9%	110.4%	02/06/08
Quilter Investors Cirilium Dynamic Portfolio - R (GBP) Accumulation Shares	18.1%	-10.1%	-5.0%	-1.5%	24.5%	129.5%	02/06/08
Flexible Investment, Open End Fund Funds, Europe Region TR	13.6%	-4.0%	0.4%	8.7%	30.1%	78.3%	

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

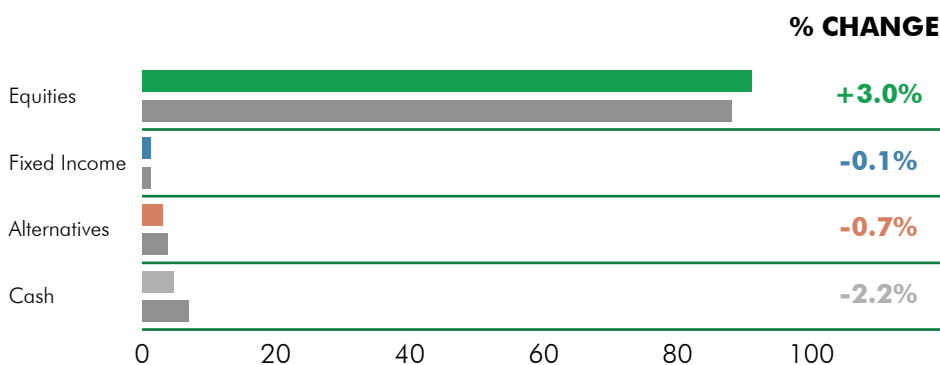
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CIRILIUM INVESTMENT PORTFOLIO SUMMARY

CIRILIUM PORTFOLIO ASSET ALLOCATION BREAKDOWN



Quilter Investors Cirilium Adventurous Portfolio

PORTFOLIO MANAGERS

**PAUL CRAIG
AND RASMUS SOEGAARD**

Allocation as at previous quarter (%)

THE CIRILIUM PORTFOLIO'S GROWTH YEAR BY YEAR PERFORMANCE

Holding	2019	2018	2017	2016	2015
Quilter Investors Cirilium Adventurous Portfolio - A (GBP) Accumulation Shares	14.3%	-10.2%			
Quilter Investors Cirilium Adventurous Portfolio - R (GBP) Accumulation Shares	15.1%	-9.5%			
Flexible Investment, Open End Fund Funds, Europe Region TR	15.6%	-6.6%			

THE CIRILIUM PORTFOLIO'S PERCENTAGE GROWTH TO MONTH END PERFORMANCE

Holding	3 months	6 months	1 year	3 years	5 years	Since launch*	Launch date
Quilter Investors Cirilium Adventurous Portfolio - A (GBP) Accumulation Shares	19.6%	-10.2%	-7.2%	-2.2%		-2.7%	01/06/17
Quilter Investors Cirilium Adventurous Portfolio - R (GBP) Accumulation Shares	19.8%	-9.9%	-6.5%	0.0%		-0.5%	01/06/17
Flexible Investment, Open End Fund Funds, Europe Region TR	13.6%	-4.0%	0.4%	8.7%		8.0%	

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

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HOLDINGS WITHIN THE CIRILIUM PORTFOLIOS

Holding Name	Fund manager (where applicable)	Asset type	Cirilium Conservative Portfolio	Cirilium Balanced Portfolio	Cirilium Moderate Portfolio	Cirilium Dynamic Portfolio	Cirilium Adventurous Portfolio
EQUITY			25.18%	46.72%	67.52%	85.03%	91.02%
ASIA PACIFIC (INC JAPAN) EQUITY			6.16	9.69	11.07	14.20	15.00
BAILLIE GIFFORD JAPANESE INCOME GROWTH	BAILLIE GIFFORD	COLLECTIVE	1.82	1.80	2.66	3.26	2.71
BLACKROCK JAPAN EQUITY TRACKER	BLACKROCK	COLLECTIVE	0.00	0.00	0.00	0.00	0.96
BLACKROCK PACIFIC EQUITY TRACKER	BLACKROCK	COLLECTIVE	0.00	0.00	0.00	0.00	1.15
FIDELITY ASIA PACIFIC OPPORTUNITIES	FIDELITY	COLLECTIVE	1.85	3.01	2.85	3.22	3.75
JAPANESE EQUITY EXPOSURE (TOPIX)		DERIVATIVE	-0.18	-0.33	-0.50	-0.67	-0.67
LIONTRUST JAPAN INSTITUTIONAL	LIONTRUST	COLLECTIVE	1.50	2.52	2.52	3.52	2.01
SCHRODER ASIAN TOTAL RETURN	SCHRODER	COLLECTIVE	1.17	1.11	0.00	0.00	0.00
SPARX JAPAN SUSTAINABLE EQUITY	SPARX	COLLECTIVE	0.00	0.00	1.45	1.52	2.06
USONIAN JAPAN VALUE	USONIAN	COLLECTIVE	0.00	1.58	2.08	3.34	3.02
EMERGING MARKETS EQUITY			1.13	3.20	8.14	10.58	11.28
BLACKROCK EMERGING MARKETS EQUITY TRACKER	BLACKROCK	COLLECTIVE	0.00	1.56	1.04	2.61	2.64
FIDELITY CHINA CONSUMER FUND	FIDELITY	COLLECTIVE	0.00	0.00	2.19	2.58	3.25
MERIAN GLOBAL EMERGING MARKETS	MERIAN	COLLECTIVE	0.00	0.00	1.58	1.05	0.00
PACIFIC NOS EM EQUITY	NORTH OF SOUTH	COLLECTIVE	0.00	1.64	1.83	2.27	2.79
TEMPLETON EMERGING	TEMPLETON	COLLECTIVE	0.00	0.00	1.50	2.08	2.61
WELLS FARGO EM EQUITY INCOME	WELLS FARGO	COLLECTIVE	1.13	0.00	0.00	0.00	0.00
EUROPEAN EQUITY			4.58	6.86	9.73	12.68	13.80
BLACKROCK CONTINENTAL EUROPEAN EQUITY TRACKER	BLACKROCK	COLLECTIVE	0.00	0.00	0.00	0.00	3.34
EUROPEAN EQUITY EXPOSURE (EUROSTOXX 50)		DERIVATIVE	-0.26	-0.45	-0.62	-0.81	-0.94
FP CRUX EUROPEAN	CRUX ASSET MANAGEMENT	COLLECTIVE	0.82	1.50	2.13	2.18	3.05
INVESCO EUROPEAN EQUITY	INVESCO PERPETUAL	COLLECTIVE	0.87	0.97	1.25	1.31	1.70
MITON EUROPEAN OPPORTUNITIES	MITON	COLLECTIVE	2.09	3.19	3.15	3.90	4.48
MONTANARO EUROPEAN INCOME	MONTANARO	COLLECTIVE	1.06	1.65	2.15	2.75	2.17
MONTANARO EUROPEAN MID-CAP	MONTANARO	COLLECTIVE	0.00	0.00	1.67	2.44	0.00
MONTANARO EUROPEAN SMALLER COMPANIES	MONTANARO	COLLECTIVE	0.00	0.00	0.00	0.91	0.00
GLOBAL EQUITY			3.18	7.60	11.37	13.31	11.46
MONKS	BAILLIE GIFFORD	COLLECTIVE	0.00	0.99	0.00	2.01	0.00
MONTANARO BETTER WORLD FUND	MONTANARO	COLLECTIVE	0.00	1.44	2.02	2.69	1.79
NINETY ONE GLOBAL SPECIAL SITUATIONS	NINETY ONE	COLLECTIVE	0.84	1.21	1.24	1.67	1.72
POLAR AUTOMATION AND ARTIFICIAL INTELLIGENCE	POLAR CAPITAL	COLLECTIVE	0.00	1.45	2.82	3.34	3.32
SANDS GLOBAL LEADERS FUND	SANDS CAPITAL	COLLECTIVE	2.34	2.50	3.22	3.60	4.63
WELLS FARGO GLOBAL EQUITY	WELLS FARGO	COLLECTIVE	0.00	0.00	2.07	0.00	0.00
NORTH AMERICAN EQUITY			3.68	7.88	10.30	10.73	14.05
BERKSHIRE HATHAWAY B SHARES	BERKSHIRE HATHAWAY	COLLECTIVE	0.44	0.99	0.78	0.76	3.99
BNY MELLON US EQUITY INCOME	BNY MELLON	COLLECTIVE	1.51	1.89	1.40	1.46	0.00

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HOLDINGS WITHIN THE CIRILIUM PORTFOLIOS

Holding Name	Fund manager (where applicable)	Asset type	Cirilium Conservative Portfolio	Cirilium Balanced Portfolio	Cirilium Moderate Portfolio	Cirilium Dynamic Portfolio	Cirilium Adventurous Portfolio
EQUITY (CONTINUED)							
GRANAHAN US SMID SELECT	GRANAHAN	COLLECTIVE	0.00	0.00	1.99	2.06	3.66
MITON US OPPORTUNITIES	MITON	COLLECTIVE	2.03	3.23	3.66	3.68	3.63
MITON US SMALLER COMPANIES	MITON	COLLECTIVE	0.00	1.45	1.38	1.49	2.21
US EQUITY EXPOSURE (S&P 500)		DERIVATIVE	-0.30	-0.72	-1.00	-1.19	-1.42
WELLS FARGO US SELECT EQUITY	WELLS FARGO	COLLECTIVE	0.00	1.04	2.08	2.47	1.97
PRIVATE EQUITY			0.00	1.54	3.63	7.12	7.93
EUROVESTEC	SELF-MANAGED	COLLECTIVE	0.00	0.00	0.00	0.06	0.00
GRAPHITE ENTERPRISE	GRAPHITE	COLLECTIVE	0.00	0.00	0.58	0.00	0.00
HARBOURVEST GLOBAL PRIVATE EQUITY	HARBOURVEST	COLLECTIVE	0.00	1.21	2.40	3.04	2.00
INTERNATIONAL OIL & GAS	INTERNATIONAL OIL & GAS	COLLECTIVE	0.00	0.00	0.00	0.00	0.00
PANTHEON INTERNATIONAL	PANTHEON	COLLECTIVE	0.00	0.00	0.00	3.01	3.75
RIVERSTONE ENERGY	RIVERSTONE	COLLECTIVE	0.00	0.33	0.64	1.01	2.19
UK EQUITY			6.45	9.96	13.29	16.41	17.49
BLACKROCK UK EQUITY TRACKER	BLACKROCK	COLLECTIVE	2.60	1.64	1.68	2.97	2.70
CAMBRIA AUTOMOBILES	SELF-MANAGED	COLLECTIVE	0.00	0.00	0.00	0.35	0.00
DIVERSE INCOME TRUST	MITON	COLLECTIVE	0.00	0.00	0.61	0.00	0.00
FIDELITY SPECIAL VALUES	FIDELITY	COLLECTIVE	0.00	0.00	0.00	0.88	0.00
MERCANTILE INVESTMENT TRUST	JPMORGAN	COLLECTIVE	0.00	0.00	1.18	1.18	0.00
MERIAN UK ALPHA	MERIAN	COLLECTIVE	0.00	0.96	0.96	0.00	0.00
MITON UK VALUE OPPORTUNITIES	MITON	COLLECTIVE	0.97	1.77	2.56	3.44	2.92
MONTANARO UK INCOME	MONTANARO	COLLECTIVE	1.10	1.96	1.47	1.24	2.53
POLAR UK VALUE OPPORTUNITIES	POLAR CAPITAL	COLLECTIVE	1.01	1.21	1.58	2.46	1.98
QUILTER INVESTORS EQUITY 2 (NINETY ONE)	NINETY ONE	COLLECTIVE	0.00	1.37	1.76	2.02	2.11
RIVER & MERCANTILE UK DYNAMIC EQUITY	RIVER & MERCANTILE	COLLECTIVE	0.00	0.00	0.00	0.00	3.06
RIVER & MERCANTILE UK LONG TERM RECOVERY FUND	RIVER & MERCANTILE	COLLECTIVE	0.88	1.08	1.52	1.82	1.83
SCHRODER PUBLIC PRIVATE	SCHRODER	COLLECTIVE	0.00	0.00	0.00	0.00	0.65
UK EQUITY EXPOSURE (FTSE 100)		DERIVATIVE	-0.10	-0.15	-0.21	-0.27	-0.28
WOODFORD EQUITY INCOME	WOODFORD	COLLECTIVE	0.00	0.00	0.00	0.00	0.00
WOODFORD EQUITY INCOME	WOODFORD	COLLECTIVE	0.00	0.12	0.18	0.32	0.00
FIXED INCOME			55.81%	32.56%	18.41%	5.86%	1.24%
CORPORATE BONDS			18.99	7.22	3.14	0.00	0.00
APQ GLOBAL 3.500% 30/09/24	APQ CAPITAL	BOND	0.01	0.00	0.00	0.00	0.00
HERMES UNCONSTRAINED CREDIT	HERMES	COLLECTIVE	6.59	4.18	2.61	0.00	0.00
ICE BOFA STERLING CORPORATE (1-5 Y) (GBP HEDGED)		BOND	4.74	0.00	0.00	0.00	0.00
NB DISTRESSED DEBT	NEUBERGER BERMAN	COLLECTIVE	0.28	0.00	0.00	0.00	0.00
QUILTER INVESTORS BOND 2 (FIDELITY)	FIDELITY	COLLECTIVE	2.06	0.00	0.00	0.00	0.00
VANGUARD GLOBAL SHORT TERM CORPORATE	VANGUARD	COLLECTIVE	1.89	1.19	0.54	0.00	0.00

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HOLDINGS WITHIN THE CIRILIUM PORTFOLIOS

Holding Name	Fund manager (where applicable)	Asset type	Cirilium Conservative Portfolio	Cirilium Balanced Portfolio	Cirilium Moderate Portfolio	Cirilium Dynamic Portfolio	Cirilium Adventurous Portfolio
FIXED INCOME (CONTINUED)							
WELLS FARGO INVESTMENT GRADE CREDIT	WELLS FARGO	COLLECTIVE	3.42	1.85	0.00	0.00	0.00
EMERGING MARKET DEBT			7.06	5.35	4.11	1.95	0.00
1167 GLOBAL HIGH INCOME BOND	1167 CAPITAL	COLLECTIVE	3.89	2.66	2.07	1.95	0.00
ASHMORE EMERGING MARKETS SHORT DURATION	ASHMORE	COLLECTIVE	3.03	2.57	2.05	0.00	0.00
INTER-AMERICAN DEVELOPMENT BANK 5.500% 23/08/21		BOND	0.13	0.13	0.00	0.00	0.00
EUROPEAN EQUITY			0.50	0.73	0.64	0.00	0.00
INVESCO AT1 CAPITAL BOND ETF	INVESCO PERPETUAL	COLLECTIVE	0.50	0.73	0.64	0.00	0.00
OTHER FIXED INCOME			29.26	19.25	10.51	3.91	1.24
1167 GLOBAL TOTAL RETURN BOND	1167 CAPITAL	COLLECTIVE	2.39	0.00	0.00	0.00	0.00
ALLIANZ STRATEGIC BOND	ALLIANZ	COLLECTIVE	7.89	4.09	1.93	0.00	0.00
AQR GLOBAL AGGREGATE BOND	AQR	COLLECTIVE	4.24	2.33	0.00	0.00	0.00
BIOPHARMA CREDIT	PHARMAKON CAPITAL	COLLECTIVE	0.00	0.95	0.95	0.00	0.00
BLACKSTONE GSO LOAN FINANCING	BLACKSTONE	COLLECTIVE	1.03	1.03	0.46	0.50	0.00
BROOKS GROUND RENT INCOME FUND	BROOKS MACDONALD	COLLECTIVE	0.73	0.00	0.00	0.00	0.00
CATCO REINSURANCE OPPORTUNITIES	CATCO	COLLECTIVE	0.12	0.11	0.13	0.16	0.00
CATCO REINSURANCE OPPORTUNITIES C	CATCO	COLLECTIVE	0.35	0.34	0.28	0.34	0.13
CVC EUROPEAN CREDIT OPPORTUNITIES	CVC	COLLECTIVE	0.07	0.04	0.04	0.00	0.00
FAIR OAKS INCOME FUND	FAIR OAKS	COLLECTIVE	0.01	0.53	0.00	0.00	0.00
HADRIANS WALL SECURED INVESTMENTS	HADRIANS WALL CAPITAL	COLLECTIVE	0.11	0.11	0.12	0.15	0.00
HENDERSON STRATEGIC BOND	HENDERSON	COLLECTIVE	6.62	4.44	2.02	0.74	0.00
HONEYCOMB INVESTMENT TRUST	HONEYCOMB	COLLECTIVE	1.14	1.02	0.89	0.92	0.00
ICE BOFA GLOBAL FLOATING RATE HIGH YIELD (GBP HEDGED)		BOND	0.56	0.46	0.32	0.00	0.00
P2P GLOBAL INVESTMENTS PLC	POLLEN STREET CAPITAL	COLLECTIVE	1.41	1.38	1.37	1.10	1.11
RM SECURED DIRECT LENDING PLC	RM CAPITAL	COLLECTIVE	0.41	0.40	0.00	0.00	0.00
UK MORTGAGES LTD (TWENTY FOUR)	TWENTY-FOUR	COLLECTIVE	1.15	0.00	0.00	0.00	0.00
WELLS FARGO SHORT-TERM HIGH YIELD	WELLS FARGO	COLLECTIVE	1.00	2.01	2.00	0.00	0.00
ALTERNATIVES			13.94%	12.57%	7.45%	4.75%	3.02%
OTHER ALTERNATIVE (INC HEDGE FUNDS)			10.55	9.46	5.82	2.87	2.10
APQ GLOBAL	APQ CAPITAL	COLLECTIVE	0.00	0.00	0.00	0.19	0.00
COOPER CREEK NORTH AMERICA LONG SHORT	COOPER CREEK PARTNERS	COLLECTIVE	0.00	1.22	1.16	1.06	2.07
CZ ABSOLUTE RETURN ALPHA	CZ	COLLECTIVE	0.99	0.96	0.92	0.91	0.00
MERIAN STRATEGIC ABSOLUTE RETURN BOND	MERIAN	COLLECTIVE	2.03	0.99	0.00	0.00	0.00
MYGALE EVENT DRIVEN	MYGALE	COLLECTIVE	1.12	1.57	1.03	0.00	0.00
QUILTER INVESTORS ABSOLUTE RETURN BOND	JANUS HENDERSON	COLLECTIVE	3.67	2.00	0.00	0.00	0.00

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HOLDINGS WITHIN THE CIRILIUM PORTFOLIOS

Holding Name	Fund manager (where applicable)	Asset type	Cirilium Conservative Portfolio	Cirilium Balanced Portfolio	Cirilium Moderate Portfolio	Cirilium Dynamic Portfolio	Cirilium Adventurous Portfolio
ALTERNATIVES (CONTINUED)							
SANDBAR GLOBAL EQUITY MARKET NEUTRAL	SANDBAR ASSET MANAGEMENT	COLLECTIVE	2.22	2.21	2.19	0.72	0.03
TRIUM EUROPEAN EQUITY MARKET NEUTRAL	TRIUM CAPITAL	COLLECTIVE	0.52	0.51	0.52	0.00	0.00
PROPERTY			3.40	3.12	1.62	1.88	0.93
AEW UK LONG LEASE REIT	AEW	COLLECTIVE	0.72	0.00	0.00	0.00	0.00
EDISTON PROPERTY	EDISTON	COLLECTIVE	0.65	0.38	0.00	0.00	0.00
IMPACT HEALTHCARE REIT (IHR)	CARNE GLOBAL	COLLECTIVE	1.05	0.96	0.64	0.00	0.00
INFRASTRUCTURE INDIA PLC	IIP	COLLECTIVE	0.00	0.00	0.00	0.00	0.00
NEXTENERGY SOLAR	NEXTENERGY CAPITAL	COLLECTIVE	0.00	0.77	0.00	0.00	0.00
RAVEN RUSSIA	SELF-MANAGED	COLLECTIVE	0.00	0.00	0.00	0.80	0.00
RAVEN RUSSIA CONVERTIBLE	SELF-MANAGED	COLLECTIVE	0.97	1.01	0.98	1.07	0.93
CASH			5.06%	8.15%	6.62%	4.36%	4.72%
CASH			5.06	8.15	6.62	4.36	4.72
TOTAL			100%	100%	100%	100%	100%

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COMMENTARY AND ANALYSIS FROM YOUR CIRILIUM PORTFOLIO MANAGERS

EQUITIES

MARKET OVERVIEW

Global equity markets rallied in the second quarter as many countries gradually eased their lockdown measures, even as the number of coronavirus cases worldwide topped 10 million.

A period that started with the UK's first full month of lockdown, ended with an easing of restrictions in a bid to kickstart the economy, which contracted 20.4% in April – the largest monthly contraction on record.

The FTSE All-Share index rallied 10.2% higher during a period that saw talks between the UK and the European Union (EU) resume in a bid to define their future trading relationship. The UK also confirmed it would not be requesting an extension to the 31 December transition deadline.

Meanwhile, German industrial output fell a record 17.9% in April even while the country began easing its lockdown restrictions, much earlier than Spain, France and Italy. Elsewhere, the European Central Bank (ECB) also revised down its growth forecast, warning of an 8.7% contraction in the region this year.

However, the poor economic data coming out of Europe didn't dampen equity markets, with the MSCI Europe ex UK index posting a return of 18.1%.

In the US, the MSCI USA index climbed 22% over the quarter, led by its array of major technology companies. Even so, the coronavirus death toll continued to mount; it had reached 130,000 by the end of the quarter.

With the US accounting for around a quarter of all recorded coronavirus deaths globally, President Trump's failure to adequately address the crisis came under ever greater scrutiny during the period. In his fumbling attempts to lay the blame for the coronavirus outbreak at China's door he also succeeded in reigniting tensions with China, threatening a return to the bitter trade war that raged between the two until Mr Trump's much-trumpeted 'phase 1' deal in January.

He also found himself amid a nationwide reckoning on racial equality as protests against racism and police violence gripped the nation following incendiary footage showing the death of yet another African American while in police custody.

At its annual meeting of parliament in May, China announced it would abandon its GDP target, citing the uncertainty caused by the global pandemic, while the National People's Congress announced further fiscal stimulus.

Late in the period, the Chinese authorities passed a new national security law for Hong Kong, which provoked international concern. Even so, the MSCI China index returned 15.7% over the period although it lagged the MSCI Emerging Markets index, which gained 18.5%.

Emerging-market countries struggled to contain the pandemic during the quarter, with Brazil becoming the second country, after the US, to record 50,000 deaths from coronavirus and to register more than one million cases.

Elsewhere, US oil prices rebounded during the quarter, with the price of West Texas Intermediate (WTI) crude recovering to around \$38 a barrel, boosted by increased consumer demand.

(All performance figures in sterling terms unless otherwise stated and rounded to one decimal place.)

PERFORMANCE ANALYSIS

Equities were by far the best performing core asset class during the quarter. With the exception of the Conservative portfolio, which has a greater weighting to fixed-income assets than equities, our equity holdings contributed the lion's share of returns over the quarter.

In terms of regional attribution, while the UK represents one of the highest regional weights across the portfolios, it was Europe and the US that contributed the most to equity returns.

Within Europe, the portfolios benefited from strong performance across all managers, styles and market capitalisations amid a broad rebound in European equity markets. It was also encouraging to see that our active managers generally outperformed the broader indices, albeit marginally, over the quarter.

For the majority of the portfolios, the US – which substantially outperformed other major markets – provided the greatest contribution to returns.

That said, the performance of the BNY US Equity Income Fund was disappointing relative to the broader market as ‘value’ strategies like these remained firmly out of favour. However, this was more than offset by the performance of the Miton US Opportunities Fund and our small and mid-cap US managers, which provided some of the strongest returns in the higher-risk portfolios.

The top performer was the Granahan US Small/Mid Cap Select Fund, which gained nearly 60%, while the Miton US Smaller Companies Fund and the Wells Fargo US Select Equity Fund, both gained nearly 40%.

We added the Granahan fund to the portfolios in January following a lengthy period of due diligence. While it may have been unfortunate timing to add a fund in the relatively volatile smaller companies space just prior to the pandemic lockdown, the managers have more than recovered any losses suffered as a result of the coronavirus-induced cratering in share prices seen in February and March. As at the end of June, the fund was already some 17% higher than when we invested in January.

The Wells Fargo US Select Equity Fund also benefited from strong stock selection together with an improvement in the breadth of companies seeing their share prices improve. We enjoy regular dialogue with the manager who believes that, despite the rebound, there are still ample opportunities to find good companies trading at attractive valuations.

Although returns from the UK portfolio were strong in absolute returns, they seemed lacklustre when compared with overseas markets. While the FTSE 100 laboured under its heavy weightings to banks, oil and gas companies, which all struggled over the quarter, smaller companies with a UK domestic focus suffered due to the re-emergence of Brexit concerns.

However, a number of our managers succeeded in beating the FTSE All-Share index over the quarter, including the Polar Capital UK Value Opportunities Fund and the River&Mercantile UK Recovery Fund; both funds gained around 15% during the period.

Within the Asia-Pacific region, including Japan, the portfolios benefited from strong performance across all managers. We had chosen to be overweight to Asia at the expense of the UK (relative to our model portfolio) and were rewarded with equity returns that were effectively twice those achieved by our UK holdings.

Elsewhere, the Montanaro Better World Fund and the Sands Global Leaders Fund both gained over 20% during the quarter, while the Polar Capital Automation & AI Fund added nearly 30%. These three funds represent what we continue to see as long-term thematic winners.

CHANGES TO THE PORTFOLIO OVER THE QUARTER

Activity over the quarter largely revolved around the implementation of our ‘action plan’ and, to a lesser extent, adding in some passive fund exposure as a way to cheaply capture the returns from various regional indices. The former involves gradually tilting the portfolios away from the ‘value’ exposures they have built up in recent times.

Last year, in anticipation of an uptick in economic activity in 2020 and a subsequent recovery in relative performance, we added to several of our ‘value’ managers. A number of our underlying ‘growth’ managers also took advantage of valuations at the time to add to their ‘value’ positions. However, the thinking behind this, including the expectation for future returns has been interrupted and, quite possibly, impaired by the pandemic.

Consequently, we have identified a number of funds that we will look to reduce and rotate into strategies that have a more visible path towards earnings growth and therefore share price performance. That said, the transition is structured so as not to sacrifice expected near-term gains.

Activity	Fund name	Manager	Rationale
Sold	Merian Asian Equity Income Fund	Merian Global Investors	We sold out of our position here as the fund is managed to a model that offers little in the current environment. We recycled the proceeds into the Fidelity Asia Pacific Opportunities and Fidelity China Consumer funds where we see better prospects.
Sold	Wells Fargo Emerging Market Equity Income Fund	Wells Fargo Asset Management	We sold our holding here and switched into the iShares Emerging Market Equity Index Fund, which offers a cost-effective means for us to capture the returns (also referred to as market ‘beta’) from the FTSE Emerging Markets Index.
Sold	Merian UK Alpha Fund	Merian Global Investors	We sold our holding here and switched into the iShares UK Equity Index Fund, which offers a cost-effective means for us to capture the returns from the FTSE All-Share Index.
Cut	Invesco European Equity Fund	Invesco	Following a pick-up in the relative performance of value strategies in Asia, Europe and the UK (but not yet in the US) we began to trim our exposure to this fund. We recycled the proceeds into existing holds with more growth-oriented strategies (see below).
Cut	Polar Capital UK Value Opportunities	Polar Capital	Following a pick-up in the relative performance of value strategies in Asia, Europe and the UK (but not yet in the US) we began to trim our exposure to this fund. We recycled the proceeds into existing holds with more growth-oriented strategies (see below).
Cut	River & Mercantile UK Recovery Fund	River & Mercantile Asset Management	Following a pick-up in the relative performance of value strategies in Asia, Europe and the UK (but not yet in the US) we began to trim our exposure to this fund. We recycled the proceeds into existing holds with more growth-oriented strategies (see below).
Cut	Mercantile Investment Trust	JP Morgan Asset Management	We sold down our position here following an improvement in the trust’s share price and recycled the proceeds into the Montanaro UK Income Fund.

Cut	Monks Investment Trust	Baillie Gifford	We sold down our position here following an improvement in the trust's share price and recycled the proceeds into the Sands Global Leaders Fund.
Added	iShares Emerging Markets Equity Index Fund	BlackRock	We added to our holding here with the proceeds from the disposal of the Wells Fargo Emerging Market Equity Fund. As a 'tracker' fund it offers a very cheap means for us to capture the returns from the FTSE Emerging Markets Index.
Added	iShares UK Equity Index Fund	BlackRock	We added to our holding here with the proceeds from the disposal of the Merian UK Alpha Fund. As a 'tracker' fund, it offers a cost-effective means for us to capture the returns from the FTSE All-Share Index.
Added	Montanaro UK Income Fund	Montanaro Asset Management	We added to our holding here with the proceeds from the reduction in the Mercantile Investment Trust as we see better prospects for the Montanaro portfolio in the near future.
Added	Sands Capital Global Leaders Fund	Sands Capital	We added to our holding here with the proceeds from the reduction in the Monks Investment Trust. We were attracted by robust recent performance, which looks set to continue.
Added	Fidelity Asia Pacific Opportunities Fund	Fidelity International	This increase was funded from the sale of the Merian Asian Equity Income Fund. It helped us to re-position the portfolio towards more growth-oriented strategies.
Added	Fidelity China Consumer Fund	Fidelity International	The proceeds from the sale of the Merian Asian Equity Income Fund also funded this increased position in a fund that offers excellent potential as China's economy regains its footing after coming out of lockdown.
Added	CRUX European Fund	CRUX Asset Management	This was one of a number of additions to managers that performed extremely well in the quarter using the proceeds from our reduction in equity-income strategies. Such moves helped us to adopt a more growth-oriented stance going forward.
Added	Polar Capital Automation & AI Fund	Polar Capital	As above.
Added	Berkshire Hathaway	Berkshire Hathaway	We added to Warren Buffet's famous fund, despite its strong 'value' bias. With shares in the fund still at historic lows, we expect to see a significant price improvement in the coming months.

PORTFOLIO MANAGERS' OUTLOOK (EQUITIES)

Currently, we expect the nascent economic recovery to continue into the second half of the year, although at a slow and uneven pace, with the help of additional fiscal and monetary support.

Undoubtedly, this outlook could shift meaningfully given the uncertainty around a variety of factors impacting the broader economy. The greatest potential upside for our portfolios would be a meaningful change in the outlook for the coronavirus outbreak that leads to a return to normal for consumer behaviour. The downside risks mostly revolve around a sharp uptick in infections that results in lasting changes to consumer behaviour, a renewal of lockdowns and a premature reduction, or exhaustion, of policy support.

In this environment, we expect risk assets to perform well given the massive monetary support that has so far been provided. That said, we still favour broad diversification within our equity portfolios.

FIXED INCOME**MARKET OVERVIEW**

Ongoing stimulus from global central banks provided huge support to credit and sovereign bond markets during the quarter.

In June, the Bank of England expanded its quantitative easing programme; it increased the level of UK government bond purchases by £100bn bringing the total to £745bn. At the same time, the Monetary Policy Committee maintained interest rates at the record low of 0.1%.

During the quarter, the UK sold negative-yielding government bonds for the first time when the May auction of £3.8bn in three-year gilts sold at an average yield of -0.003%. The yield on two-year gilts also hit an all-time low in May, albeit briefly, as investors fretted over the long-term impact of the coronavirus outbreak on the economic recovery.

With investors anxious to take on more risk during the quarter, corporate bonds, namely bonds issued by companies, significantly outperformed government bonds with the ICE BofA 1-10 Year UK Gilt index gaining just 1% over the period compared to 10% for the ICE BofA 10-15 Year Sterling Corporate index.

Downbeat US economic data published early in the quarter prompted a fall in Treasury yields, with the two-year Treasury yield dropping to its lowest level in eight years. Meanwhile, the US Federal Reserve (Fed) announced it would leave near-zero interest rates unchanged through to 2022.

The ICE BofA US High Yield index was the big winner of the quarter; it gained 10%, compared to the ICE BofA US Treasury index, which delivered a total return of just 0.6%.

Meanwhile, the European Central Bank (ECB) confirmed it would leave interest rates unchanged but announced an expansion in both the size and duration of its Pandemic Emergency Purchase Programme by €600bn to €1.35trn. The programme will now run until the end of June 2021.

Investors began to return to emerging-market debt with some caution, even while the level of new issuance surged. The ICE BofA Local Emerging Markets Non-Sovereign index delivered a total return of 3.3%.

(All performance figures in sterling terms unless otherwise stated.)

PERFORMANCE ANALYSIS

While central bank and government stimulus provided a positive backdrop for corporate bonds (or credit) the strong rebound in higher-risk assets didn't trigger a corresponding sell-off in (lower risk) government bonds, which ended the quarter marginally higher.

This central bank support helped US high-yield bonds rally by nearly 10% in the second quarter, while global investment-grade credit rallied by almost 9%. However, some of the strongest returns were found within the emerging market and European high-yield bond arenas.

Consequently, our fixed-income portfolio was a positive contributor over the quarter, with returns driven by three distinct themes.

The first, was a sharp recovery in credit markets following the announcement that the Fed was going to start buying corporate bonds – a move followed shortly after by the Bank of England. The news helped funds like Hermes Unconstrained Credit to gain almost 11% during the quarter, while the Wells Fargo US Investment Grade Fund rose by nearly 10%.

The second key driver of returns was a recovery in emerging-market bonds and in their local currencies as investors anticipated that central banks in developing markets would follow a similar path to those elsewhere. Consequently, the 1167 Global High Income Fund gained some 11% during the period, while the Ashmore Emerging Market Short Duration Fund added over 20% (after an admittedly disappointing first quarter).

The last key factor to influence returns in this part of the portfolio was the expertise of our flexible bond fund managers who navigated the quarter well. Within this, the Allianz Strategic Bond Fund gained some 12% during the quarter, while the Janus Henderson Strategic Bond Fund added around 9%.

Elsewhere, we saw a tentative recovery from some of our listed specialist credit funds such as the Blackstone GSO Loan Financing trust, the Raven Property Convertible and the UK Mortgages trust.

The performance of the Fair Oaks Income, Honeycomb Finance and Pollen Street Secured Lending trusts was more modest, although following updates from the underlying managers, we expect to see stronger returns in the coming quarters.

CHANGES TO THE PORTFOLIO OVER THE QUARTER

Investment activity over the quarter was dominated by the pending acquisition of Merian Global Investors by Jupiter Asset Management and the subsequent loss of two of our key fixed-interest managers.

Activity	Fund name	Manager	Rationale
New	Wellington Emerging Local Debt Advanced Beta Fund	Wellington Management	This was the only new 'replacement' manager added. The firm, fund and manager are well known to us. The fund has a singular strategy that aims to provide a return profile broadly equivalent to the overall market, but with less risk thanks to currency hedging.
Sold	Merian Financial Contingent Capital (Co-Co) Fund	Merian Global Investors	With Merian's acquisition and the departure of key fixed-income managers we disposed of our holding here and reinvested the proceeds into existing managers and passive funds pending research into new opportunities or the re-emergence of our former Merian managers at new companies.
Sold	Merian Corporate Bond Fund	Merian Global Investors	As above.
Sold	Merian Monthly Income Bond Fund	Merian Global Investors	As above.
Sold	Merian Local Currency Emerging Market Debt Fund	Merian Global Investors	As above.

PORTFOLIO MANAGERS' OUTLOOK (FIXED INCOME)

Importantly, the worst-case scenario for markets, namely the coronavirus crisis morphing into a liquidity crisis, has been avoided; central banks don't appear to lack appetite when it comes to providing whatever financial support may be necessary to keep the wheels of finance turning.

With this in mind, we continue to favour corporate investment-grade bonds over government bonds but retain a significant weighting in flexible bond managers who can exploit opportunities within both government bond and credit markets.

We also retain exposure to emerging-market debt and specialist credit, where prospective returns look attractive.

ALTERNATIVES

OVERVIEW

Alternative investing is a broad industry. It covers the widest range of asset classes from areas such as commercial property and infrastructure through to hedge funds. The latter invest in all kinds of different markets but, thanks to their use of derivative contracts, they can pursue all manner of different strategies. Many of these strategies focus on generating returns that have a low correlation to those of equity or bond markets or on delivering consistent, positive returns whatever the investment environment.

Our allocation to alternatives is designed to diversify the risks that come with our investment into traditional 'long-only' equity and bond strategies – namely those where the managers buy and hold a company's shares or bonds until they either deliver the level of return required, or are sold in favour of better opportunities elsewhere.

For this reason, the performance of our alternatives exposure will vary between individual holdings depending on the underlying assets in which they invest and the efficacy of the individual manager's approach in the prevailing market conditions.

PERFORMANCE ANALYSIS

Within the alternatives portfolio, our listed private-equity holdings dominated performance in the higher-risk end of the portfolio range. For example, for the Adventurous portfolio our private-equity holdings represented around 11% of total returns for the quarter.

In simple terms, the share prices of these listed funds took a pounding in the first quarter in anticipation of significant underlying losses. However, they bounced back again in the second quarter when losses were far more restrained than previously feared.

Consequently, the HarbourVest Global Private Equity trust gained some 19%, the Pantheon International trust added around 16% while the Riverstone Energy trust rallied more than 150% helped in part by the trust's share buy-back during the quarter.

Returns from our absolute-return funds were, naturally, far more restrained. However, they mostly generated positive returns as well as providing the means to service unitholder outflows while allowing us to favour stronger performing asset classes.

The only notable change to the alternatives portfolios was our decision to sell half of our holding in the Trium European Equity Market Neutral Fund and to switch the proceeds into the Sandbar Global Equity Market Neutral Fund.

We have followed our managers closely since the start of the crisis and we had expected more from the Trium Capital team given the environment, so we opted to cut the position by 50% in favour of Sandbar's strategy, pending further analysis as to whether we should rebuild our holding or cut it completely.

PORTFOLIO MANAGERS' OUTLOOK (ALTERNATIVES)

With geopolitical risks mounting and equity market returns likely to be smaller by some magnitude in the year ahead, the risks of investing are rising; both the risk of incurring losses and the risk of missing out when sentiment inevitably recovers.

In this sort of environment, alternative investments have much to commend them. They offer us the means to tap into return streams that are uncorrelated to major index moves or which target specific markets or investment risks.

Currently we see alternative asset classes such as hedge funds, listed private equity and real assets as both portfolio diversifiers and potential sources of outperformance or 'alpha'.



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