UK: Suitable for retail and professional clients.

Quilter

WealthSelect Responsible Active Portfolios

Monthly commentary – Review of August 2024

Marcus Brookes
Chief Investment Officer

Our market summary

The end of July and the start of August began with a resurgence of volatility in stock markets, as both bond yields and equity markets declined, making it an eventful period for investors. Early in the month, disappointing US economic data heightened concerns about a potential slowdown in the US economy. This, paired with an interest-rate hike from the Bank of Japan, triggered a significant sell-off in global equity markets. However, by month's end, markets recovered as investors started to factor in anticipated interest-rate cuts by the US Federal Reserve (Fed). Overall, global equities ended the month up by 0.2%.

In order to aid your understanding, the underlined terms are hyperlinked to definitions in our online investment glossary.

Equity markets

In early August, fears of a US recession were fuelled by disappointing jobs and employment data, and manufacturing data well below expectations. However, later in the month, better economic data and a dovish message from Fed Chair, Jerome Powell, calmed markets. Overall, US equities rose 2.4% in dollar terms, but due to the dollar's weakness against the pound, sterling-based investors only saw a 0.1% return.

In August, European equities underperformed compared to the US in local currency terms but yielded 1.8% for sterling-based investors. The French service sector got a boost from the Olympics, pushing the eurozone Purchasing Managers' Index (PMI) higher than expected. Nonetheless, the overall economy remains sluggish, and earnings from cyclical companies were disappointing.

In the UK, large-cap stocks were hampered by the strength of the pound weighing on overseas earnings. There was also weak performance from commodities based on growth concerns, and the aversion of investors to economically sensitive areas impacted mid-cap and small-cap stocks. Nonetheless, UK equities still delivered returns of 0.7% in August.

The strength of the pound again weighed on overseas returns as emerging markets were up 0.4% in local currency, but down 0.7% for sterling-based investors. The continued challenges in the Chinese real estate sector and the spillover effects on the broader economy are still being felt. The weakness of the Chinese consumer was evidenced by poor earnings results from the e-commerce platform, Pinduoduo, better known by Western consumers for its Temu brand.

Fixed income

August was a positive month for fixed income investors. The volatility observed at the start of the month led to a flight to quality, and with investors pricing-in more aggressive rate cuts, it was a strong month for government bonds with US Treasuries up 1.2% and UK gilts returning 0.5%. Meanwhile, global corporate bonds were up 1.1% and sterling corporate bonds returned 0.3%.

Source: Quilter Investors as at 30 August 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, US Treasuries by the ICE BofA US Treasury (GBP Hedged) Index, UK government bonds by the ICE BofA UK Gilt Index, global corporate bonds by the Bloomberg Global Aggregate (GBP Hedged) Index, and sterling-denominated corporate bonds by the ICE BofA Sterling Corporate Index.

Performance review

The portfolios delivered positive returns in August, ranging from 0.8% at risk level 3 to 0.1% at risk level 10, against a backdrop of significant volatility.

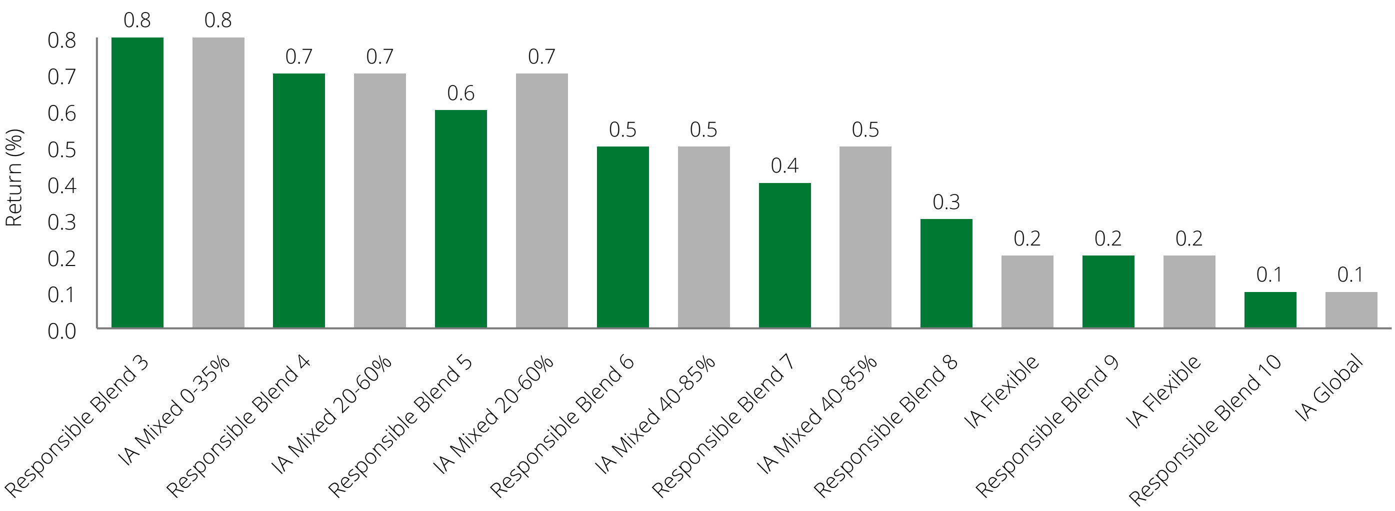
As risk assets came under pressure at the beginning of the month, our allocation to alternatives and fixed income, particularly government bonds, alongside our more defensive value-orientated equity holdings supported returns. As markets calmed, risk assets along with our equity holdings recovered quickly. Our corporate and strategic bond holdings were able to take advantage of the volatility and outperform.

Stuart Clark
Portfolio Manager

Helen Bradshaw
Portfolio Manager

Bethan Dixon
Portfolio Manager

Monthly performance (%)



Performance summary (%)

	Cumulative performance						*Discrete annual performance to end of August*				
	1 month	*YTD*	*1 year*	*3 year*	*5 year*	*Since launch*	*2023 - 2024*	*2022 - 2023*	*2021 - 2022*	*2020 - 2021*	*2019 - 2020*
Responsible Blend 3	**0.8**	**4.2**	**8.5**	**-**	**-**	**7.7**	**8.5**	**1.1**	**-**	**-**	**-**
IA Mixed 0-35% Shares	0.8	4.0	9.1	-	-	3.4	9.1	-1.3	-	-	-
Responsible Blend 4	**0.7**	**4.8**	**9.2**	**-**	**-**	**10.1**	**9.2**	**1.6**	**-**	**-**	**-**
IA Mixed 20-60% Shares	0.7	5.5	10.8	-	-	8.7	10.8	-0.3	-	-	-
Responsible Blend 5	**0.6**	**5.5**	**10.0**	**-**	**-**	**12.6**	**10.0**	**2.0**	**-**	**-**	**-**
IA Mixed 20-60% Shares	0.7	5.5	10.8	-	-	8.7	10.8	-0.3	-	-	-
Responsible Blend 6	**0.5**	**6.2**	**10.9**	**-**	**-**	**15.3**	**10.9**	**2.4**	**-**	**-**	**-**
IA Mixed 40-85% Shares	0.5	7.1	12.5	-	-	13.7	12.5	0.4	-	-	-
Responsible Blend 7	**0.4**	**7.0**	**12.1**	**-**	**-**	**18.5**	**12.1**	**3.0**	**-**	**-**	**-**
IA Mixed 40-85% Shares	0.5	7.1	12.5	-	-	13.7	12.5	0.4	-	-	-
Responsible Blend 8	**0.3**	**7.9**	**13.2**	**-**	**-**	**21.6**	**13.2**	**3.6**	**-**	**-**	**-**
IA Flexible	0.2	6.8	11.8	-	-	14.2	11.8	0.4	-	-	-
Responsible Blend 9	**0.2**	**8.9**	**14.6**	**-**	**-**	**24.5**	**14.6**	**4.0**	**-**	**-**	**-**
IA Flexible	0.2	6.8	11.8	-	-	14.2	11.8	0.4	-	-	-
Responsible Blend 10	**0.1**	**9.4**	**15.4**	**-**	**-**	**26.3**	**15.4**	**4.4**	**-**	**-**	**-**
IA Global	0.1	8.8	14.7	-	-	23.5	14.7	3.2	-	-	-

Source: Quilter Investors as at 30 August 2024. Total return, percentage growth, rounded to one decimal place. All performance figures are shown after the deduction of the charges of the underlying funds, but before the deduction of the Managed Portfolio Service charge. The deduction of this charge will impact on the performance shown. The WealthSelect Responsible Blend Portfolios launched on 8 March 2022.

Investment outlook

The start of September has seen risk assets weaken and yields rise with some of the concerns that partly triggered the volatility in August resurfacing.

1. Magnificent seven driving markets, but for how long?

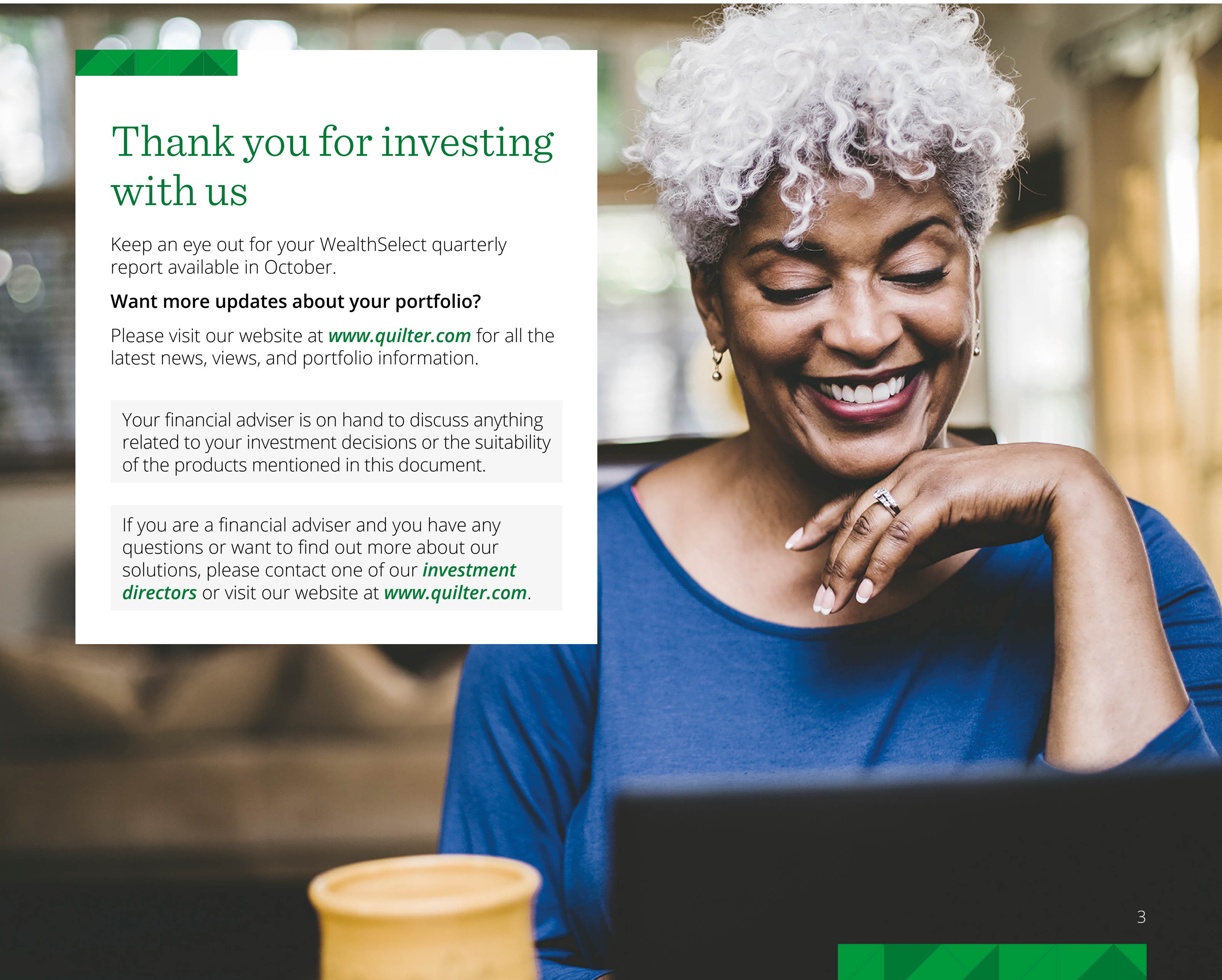
Meanwhile, artificial intelligence (AI) and the magnificent seven continue to be key drivers of equity market returns and sentiment.
However, they have so far been headwinds to equity markets in September on signs that Nvidia's growth rates may be decelerating and facing increased regulatory scrutiny.

2. When will the fed cut rates and by how much?

Bond market pricing suggests the Fed will cut interest rates in September after they opted to stay on hold in July. The concerns over signs of a weakening labour market continue to influence market pricing, with expectations building that the cut in September will be greater than 0.25%. If central banks cut rates gradually due to lower levels of inflation this should boost equities, but sharp cuts due to weak economic growth may not be as welcomed.

3. Will it be a soft or hard landing?

US economic data and signs of a hard or soft landing continue to be in focus. There are concerns that the balance is tipping towards a hard landing following subdued US manufacturing activity and further signs of a weakening labour market. However, it is difficult to tell whether this is just normalisation or a notable change in economic fundamentals. Our base case is still for a soft landing, but we are closely monitoring the situation for any further developments.



Thank you for investing with us

Keep an eye out for your WealthSelect quarterly report available in October.

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***.

Need additional help reading documents?

More and more of our investors are using screen reading software as a quick and easy way to read their documentation if they are blind, partially sighted, or dyslexic. Alternatively, we can write to you in several alternative formats, such as large print, braille, audio, and OpenDyslexic font.

Find out more about screen readers, accessing your documents online, and our alternative format options at ***www.quilter.com/document-help***.

Important information

Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments may go down as well as up and investors may not get back the amount originally invested. Exchange rates may cause the value of overseas investments to rise or fall.

quilter.com

Please be aware that calls and electronic communications may be recorded for monitoring, regulatory, and training purposes and records are available for at least five years.

The WealthSelect Managed Portfolio Service is provided by Quilter Investment Platform Limited and Quilter Life & Pensions Limited. Quilter is the trading name of Quilter Investment Platform Limited, which also provides an Individual Savings Account, Junior ISA, and Collective Investment Account, and Quilter Life & Pensions Limited, which also provides a Collective Retirement Account and Collective Investment Bond.

Quilter Investment Platform Limited and Quilter Life & Pensions Limited are registered in England and Wales under numbers 1680071 and 4163431, respectively. Quilter Investment Platform Limited is authorised and regulated by the Financial Conduct Authority under number 165359. Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under number 207977. Registered office: Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB.

Quilter uses all reasonable skill and care in compiling the information in this communication and in ensuring its accuracy, but no assurances or warranties are given. Investors should not rely on the information in this communication when making investment decisions. Nothing in this communication constitutes advice or a personal recommendation. This communication is for information purposes only and is not an offer or solicitation to buy or sell any Quilter portfolio.

Data from third parties is included in this communication and those third parties do not accept any liability for errors and omissions. Investors should read the important information provided by the third parties, which can be found at www.quilter.com/third-party-data. Where this communication contains data from third parties, Quilter Investors cannot guarantee the accuracy, reliability or completeness of the third-party data and accepts no responsibility or liability whatsoever in respect of such data.

Published: September 2024

QI 23402/29/8342/SK22302