



Quilter Investors Assessment of Value report 2022

*Assessment as at 31 March 2022
for sub-advised funds*

Publication date 29 July 2022

Quilter
Investors

This is our Assessment of Value report for the Quilter Investors’ sub-advised funds and sets out details of our approach, any changes we have made, and the results of the assessment for each of the funds. The sub-advised range of funds are those which are managed by third party investment advisers. These funds provide investors with global diversification and investment across a range of asset classes including equities, bonds, alternatives and commodities. These funds are primarily used by Quilter Investors’ own portfolio managers for investment within our multi-asset funds and by the managed portfolio services offered by the Quilter group.

We also operate a range of multi-asset solutions. To simplify this report, we have published a separate report on these solutions, which you can access [here](#).



Welcome to Quilter Investors’ third annual Assessment of Value report.

We produce this report to provide investors with the results of our annual assessment of the value our funds are providing and to give investors insight into the activities we have completed during the period. Whilst the report has been compiled in line with the requirements set out by our industry regulator the Financial Conduct Authority, we have embraced the ideals it represents, and the monitoring it requires, as a permanent and ongoing part of our business culture.

We are pleased to report that overall, based on the Financial Conduct Authority’s seven assessment requirements (or ‘pillars’), our funds continue to provide good value to investors. The majority of our funds continue to deliver their investment objectives, and while shorter-term performance has been mixed in some cases, we continue to monitor and assess all our funds, taking steps where we can, to improve investor outcomes.

Following the global pandemic, two events have dominated the financial landscape in the first part of this year. Concerns over the economic implications of the Russian invasion of Ukraine and the potential need for a faster pace of interest rate hikes to combat high inflation. These events have weighed on both bond and equity markets, and have naturally increased fears of an economic slowdown and lower corporate earnings growth.

Russia is a major energy and commodity producer and the escalation of tensions has pushed energy and commodity prices to extreme levels, further exacerbating inflation pressures and supply chain disruption, which ultimately dampens future global growth.

Europe has endured a particularly difficult start to the year. As a huge importer of oil and natural gas from Russia, this makes Europe highly vulnerable to the Russia-Ukraine conflict. The risk of a sizeable economic deceleration because of a prolonged period of high energy prices could materialise in the region. However, this could be mitigated by the high excess savings accumulated during lockdowns, healthy labour markets and fiscal stimulus, which is also reflected in the UK and the US.

We continue to try and navigate these market challenges to provide the best outcomes for our investors and we recognise that against this backdrop, there are a small number of our funds that have not delivered against one or more of the seven assessment pillars and we have given specific focus as to what can be done to address this.

We have made some changes to this year’s report which we hope will improve transparency and provide useful information. We are particularly pleased to be able to provide further insight into the evolution of our responsible investment activity. The following report details our approach, findings and actions for the period.

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What this report covers

This report contains details of the Assessment of Value completed on our 43 sub-advised funds, listed in the table below.

This report covers the assessment period for the 12 months to 31 March 2022. The assessment was conducted at fund and share class level (where appropriate), however, for simplicity, we have summarised the results in this report at the fund level.

Funds covered by this report
Quilter Cheviot Global Income and Growth Fund for Charities
Quilter Investors Absolute Return Bond Fund
Quilter Investors Asia Pacific (ex Japan) Equity Fund
Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity Fund
Quilter Investors Asia Pacific Fund
Quilter Investors Bond 1 Fund
Quilter Investors Bond 2 Fund
Quilter Investors China Equity Fund
Quilter Investors Corporate Bond Fund
Quilter Investors Diversified Bond Fund
Quilter Investors Emerging Markets Equity Fund
Quilter Investors Emerging Markets Equity Growth Fund
Quilter Investors Emerging Markets Equity Income Fund
Quilter Investors Equity 1 Fund
Quilter Investors Equity 2 Fund
Quilter Investors Ethical Equity Fund
Quilter Investors Europe (ex UK) Equity Fund
Quilter Investors Europe (ex UK) Equity Growth Fund
Quilter Investors Europe (ex UK) Equity Income Fund
Quilter Investors Gilt Index Fund
Quilter Investors Global Dynamic Equity Fund
Quilter Investors Global Equity Absolute Return Fund
Quilter Investors Global Equity Growth Fund
Quilter Investors Global Equity Index Fund
Quilter Investors Global Equity Value Fund

Funds covered by this report
Quilter Investors Global Unconstrained Equity Fund
Quilter Investors Investment Grade Corporate Bond Fund
Quilter Investors Japanese Equity Fund
Quilter Investors Natural Resources Equity Fund
Quilter Investors North American Equity Fund
Quilter Investors Precious Metals Equity Fund
Quilter Investors Sterling Corporate Bond Fund
Quilter Investors Sterling Diversified Bond Fund
Quilter Investors UK Equity Fund
Quilter Investors UK Equity Growth Fund
Quilter Investors UK Equity Income Fund
Quilter Investors UK Equity Index Fund
Quilter Investors UK Equity Large-Cap Income Fund
Quilter Investors UK Equity Large-Cap Value Fund
Quilter Investors UK Equity Opportunities Fund
Quilter Investors US Equity Growth Fund
Quilter Investors US Equity Income Fund
Quilter Investors US Equity Small/Mid-Cap Fund

The following fund was closed during the assessment period and is therefore not covered in this report:

Funds not covered in this report
Quilter Investors Global Property Securities Fund

To access all current literature on our sub-advised funds, please visit our literature library.

www.quilterinvestors.com/literature-library/

We are always open to feedback and ways to improve our communications with our investors.

If you have any questions or suggestions about information, please provide your feedback to us at enquiries@quilterinvestors.com

Meet the Board of Quilter Investors

Our Board is ultimately responsible for ensuring that all of our funds are run in the interests of our investors. The Board is actively involved in the Assessment of Value process, including contributing to and challenging our approach and reviewing the information used to complete the assessments.

Three of the Board members are Independent Non-Executive Directors. This provides further depth of experience and ensures that our investors' best interests are always represented.



Tim Breedon
Chairman

Tim has had a distinguished career in financial services, with past appointments including Group Chief Executive of Legal & General, being a Member of the Takeover Panel, and holding Non- executive Director roles with the Association of British Insurers and the Financial Reporting Council. Tim is an experienced Non-executive Director and committee member, having sat on the Board and committees of Barclays plc for a number of years.

As a former CEO of a FTSE 100 company operating in the UK long-term savings market, Tim provides challenge, advice and support to Quilter management on business performance and decision-making.

In February 2022, Tim retired from the board of Barclays Bank plc, and stood down as chair of the Barclays plc and Barclays Bank plc Board Risk Committee, and as a member of the Barclays Board Audit Committee, Board Nomination Committee and Board Remuneration Committee. Tim continues to serve on the Board of Barclays plc and chairs Barclays Bank Ireland PLC and Apax Global Alpha Limited.



Richard Skelt
Independent Non-executive Director

Richard was appointed to our Board in March 2020. He brings considerable investment management experience with a deep understanding of multi-asset investing, having helped build Fidelity's investment solutions group into a \$45bn (assets under management) business.

Richard spent 23 years at Fidelity where he held a number of senior leadership roles within the investment solutions group. He spent 18 years as a portfolio manager, where he managed multi- asset funds and proposed and managed new multi-asset solutions.

In his role as co-head of the investment solutions group at Fidelity, Richard formalised the strategic asset allocation process, created a third-party research team and launched a number of new investment products. He went on to become Chief Investment Officer there, before subsequently becoming Head of Investment, where he was responsible for oversight of all investment while providing investment leadership for the team. Richard has a BA in Biochemistry from Oxford University and an MBA from London Business School.



Sarah Fromson
Independent Non-executive Director

Sarah brings a 30 year career in the investment management industry, including senior Chief Investment Risk Officer roles at RBS Asset Management (and formerly at Coutts) and, most recently, at The Wellcome Trust, where her role spanned investment and operational risks. She stepped down from her executive career in September 2019 and is currently a Non-executive Director and Chair of the Audit Committee of asset management firm Arrowstreet Capital; Chair of JP Morgan's £350m+ Global Emerging Markets Income Trust; Chair at venture capital trust Baronsmead Second Venture Trust; and a Trustee Director of the Wellcome Trust Pension Plan and that of its subsidiary Genome Research Ltd. Sarah is also Chair of the Investment Committee of Capital Generation Partners, a high-net-worth family wealth management office.



Steven Levin
Chief Executive Officer

Steven has extensive experience in developing and distributing financial products, as well as in asset management and investments. Steven has been CEO of Quilter Investment Platform Limited since October 2015 and was instrumental in leading the implementation of the new platform technology. He was appointed CEO of Quilter Investors on 1 April 2021. Prior roles include Global Head of Distribution and Managing Director of Skandia International (now Quilter International). He also served as Product & Proposition Director for Old Mutual in South Africa and globally for Old Mutual plc. Steven is a qualified Actuary and a Chartered Financial Analyst.



Louise Williams
Finance Director

Louise was appointed Finance Director for Quilter Investors on 1 January 2020. She has a wealth of experience in the asset management industry at all levels and brought that to Quilter Investors in 2018 when she joined as Financial Controller, following previous roles in Finance and Risk at BNY Mellon and Newton Investment Management.

Louise is a Fellow of the Association of Chartered Certified Accountants and holds a BA (Hons) in International Business & French.

Summary of assessment findings (Continued)

Funds	Quality of services	Performance	Authorised Fund Manager costs	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall score
Quilter Investors Europe (ex UK) Equity Growth Fund	●	●	●	●	●	●	●	●
Quilter Investors Europe (ex UK) Equity Income Fund	●	●	●	●	●	●	●	●
Quilter Investors Gilt Index Fund	●	●	●	●	●	●	●	●
Quilter Investors Global Dynamic Equity Fund	●	●	●	●	●	●	●	●
Quilter Investors Global Equity Absolute Return Fund	●	●	●	●	●	●	●	●
Quilter Investors Global Equity Growth Fund	●	●	●	●	●	●	●	●
Quilter Investors Global Equity Index Fund	●	●	●	●	●	●	●	●
Quilter Investors Global Equity Value Fund	●	●	●	●	●	●	●	●
Quilter Investors Global Unconstrained Equity Fund	●	●	●	●	●	●	●	●
Quilter Investors Investment Grade Corporate Bond Fund	●	●	●	●	●	●	●	●
Quilter Investors Japanese Equity Fund	●	●	●	●	●	●	●	●
Quilter Investors Natural Resources Equity Fund	●	●	●	●	●	●	●	●
Quilter Investors North American Equity Fund	●	●	●	●	●	●	●	●
Quilter Investors Precious Metals Equity Fund	●	●	●	●	●	●	●	●
Quilter Investors Sterling Corporate Bond Fund	●	●	●	●	●	●	●	●
Quilter Investors Sterling Diversified Bond Fund	●	●	●	●	●	●	●	●
Quilter Investors UK Equity Fund	●	●	●	●	●	●	●	●
Quilter Investors UK Equity Growth Fund	●	●	●	●	●	●	●	●
Quilter Investors UK Equity Income Fund	●	●	●	●	●	●	●	●
Quilter Investors UK Equity Index Fund	●	●	●	●	●	●	●	●
Quilter Investors UK Equity Large-Cap Income Fund	●	●	●	●	●	●	●	●
Quilter Investors UK Equity Large-Cap Value Fund	●	●	●	●	●	●	●	●
Quilter Investors UK Equity Opportunities Fund	●	●	●	●	●	●	●	●
Quilter Investors US Equity Growth Fund	●	●	●	●	●	●	●	●
Quilter Investors US Equity Income Fund	●	●	●	●	●	●	●	●
Quilter Investors US Equity Small/Mid-Cap Fund	●	●	●	●	●	●	●	●

Responsible investment

Responsible investing covers a wide range of factors, the most common of which are Environmental, Social and Governance (ESG). During 2020 we formalised our responsible investment approach, and built a team dedicated to supporting implementation of ESG considerations across our business.

Our approach to responsible investment

Our objective is to generate wealth for our investors by focusing on producing long-term risk-adjusted returns. Responsible investment and the incorporation of ESG considerations are a natural part of this approach.

Our overarching Responsible investment philosophy is therefore that the integration of ESG considerations into our investment process is a critical part of generating long-term, risk-adjusted returns for our investors.

The following principles underpin our approach to Responsible Investment:

- 1

▶

Good corporate governance is central to long-term investing and a well-functioning investment market.
- 2

▶

ESG considerations should be embedded throughout the entire business.
- 3

▶

ESG considerations impact the whole investment process.
- 4

▶

Climate change is a particularly important factor to consider in investing.
- 5

▶

A fund-of-funds approach to ESG integration involves assessment at the overall portfolio level as well as of the underlying funds.
- 6

▶

Philosophy, process, people and portfolio i.e. whether responsible investment is part of the investment philosophy, whether/how ESG considerations are integrated throughout the investment process, and the investment team's experience.
- 7

▶

Differing approaches to ESG integration may be equally appropriate.
- 8

▶

Transparency and collaboration.

More details on these principles can be found in our [ESG Report 2021](#).



Responsible investment (Continued)

In review: 2021

From a Responsible investment perspective, 2021 was an important year for Quilter Investors. We continued to build on the foundations laid down in 2020 – as we worked to ensure that ESG considerations are further embedded throughout our business. This has included further development of responsible investment, voting and engagement policies.

- ▶ The Quilter group has become a member of the Institutional Investors Group on Climate Change (IIGCC) and signed the ‘Global Investors Statement to Governments on the Climate Crisis’
- ▶ Produced our first Task Force on Climate-Related Financial Disclosures (TCFD) report, covering 2021
- ▶ Been accepted as signatories to the FRC Stewardship Code 2020 as part of Quilter Plc

- ▶ Continued to invest in the responsible investment team, with the addition of a dedicated ESG Fund Research Analyst and a Responsible Investment Analyst
- ▶ Publicly stated our commitment to the goals of the Paris Agreement, which include securing global net zero carbon emissions by 2050

The Quilter Plc group has become a member of the Institutional Investors Group on Climate Change (IIGCC) and signed the ‘Global Investors Statement to Governments on the Climate Crisis’.



Engagement and voting

1. Stewardship

As a predominantly fund-of-funds investor, we engage closely with the managers of the funds we invest in to determine how effectively they engage on our behalf. Engagement is an ongoing conversation. This collaborative approach allows us to build rapport and develop mutual respect. It enables us to better understand the managers we are investing with and their approach. It’s also through this direct dialogue that we believe we can exert influence and make a difference.

In 2021 we engaged with funds and companies on a number of areas within stewardship, including ESG integration, ESG risks and exposure, transparency and reporting, voting-related engagement and thematic priorities.

2. Voting

We vote on all resolutions at all AGMs and EGMs globally (unless we are restricted from doing so, for example in share-blocked jurisdictions). Our investment team reviews all resolutions ahead of shareholder meetings and we only decide how to vote after due consideration and discussion. We consider the recommendations of our proxy service provider in our voting decisions; however, we do not always follow recommendations if we feel it is in the best interests of our investors to take a different course of action.

3. Public policy engagement/collaborations

As part of Quilter Plc we are signatories to the United Nations supported Principles for Responsible Investment (PRI) and we have made a commitment to embed responsible investment principles across our business, as well as to work together as institutional investors to promote and advance responsible investment in the industry. Other points to note:

- ▶ Quilter Plc is also represented on the Responsible and Sustainable Investment Committee of The Investing and Saving Alliance’s (TISA’s).
- ▶ Quilter Investors is a member of the Investment Association (UK trade body), the Investor Group of the 30% Club and The UK Sustainable Investment and Finance Association (UKSIF).
- ▶ Quilter Investors also has a representative on the Impact Investing Institute’s Learning Panel.

1. Quality of services

An assessment of the range, quality and value of the services we provide to our investors

How we define ‘value’

Our primary service offering is aimed at supporting financial advisers and investors that recommend and buy our funds via investment platforms. We have a small number of individual retail investors that have invested directly into our funds and we continue to support those investors to ensure that the services we provide are appropriate for their needs.

Our services are those that our investors receive or experience directly and indirectly including those services that we have delegated to third party providers. Direct services include our investment expertise, communications and customer service. Indirect services are those that are instrumental to the operation of the funds but in most cases are not directly experienced by the investor, such as legal and compliance oversight, or fund administration.

We consider our offering to be providing value if we are providing these services, and monitoring those delegated, to a high standard.

How we assess ‘value’

We consider our services, under three categories, each of which represents an element of our overall service offering.

Many of the services are provided to all funds and investors, however, where possible, we measure these services at fund and share class level.

- 1. Customer experience:** measures the services we provide throughout the various stages of an investor’s journey using a set of key service measures. These metrics measure customer service, product quality, relationship management, communications, and marketing services.
- 2. Investment management and operation of the funds:** measures the overall quality of our investment team and risk management processes. We assess the skills and quality of the appointed investment advisers, our research processes, and our risk management policies and procedures.
- 3. Quality of governance and oversight:** measures the processes by which we oversee the provision of both the services that we provide ourselves and those delegated to third parties. We also look at our oversight of fund and service changes to ensure any decisions impacting our investors are appropriately challenged and consideration is always given to good investor outcomes.

The key outcomes of our assessment for this period

Customer experience: Overall, our performance against the service metrics was positive throughout the period. This year we refined the metrics we use to measure the quality of our customer experience to include measures which demonstrate benefits to our investors beyond the minimum standards. These include the range and quality of our marketing materials, and the quality of our customer support. This includes enhancements we have made to be able to better assist vulnerable customers.

In last year’s assessment we identified a small number of funds that had a less extensive suite of marketing materials available to investors. As a result, we are publishing new factsheets for these funds to address this gap.

Investment management and operation of the funds:

Quilter Investors is a well-capitalised business with a strong core resource dedicated to investment management, risk and compliance. As part of the monitoring of our external investment advisers, we review their investment processes and systems to ensure that they are robust. We have a dedicated operational due diligence team that is actively involved in the oversight of the investment advisers through monthly reporting and annual questionnaires and onsite visits.

Our research team evaluates the skills and expertise of each investment adviser and the team managing the funds. Our investment committees review the results of the due diligence process and fund research to ensure the ongoing appropriateness of each investment adviser. During the reporting period we made two investment adviser changes in order to improve customer outcomes.

Quality of governance and oversight: The oversight and governance of our delegated service providers continue to be robust. We actively engage with third party suppliers to set service standards and report on these standards on a regular basis to internal governance oversight forums. This includes on-site visits and annual due diligence reviews. The service level of each service provider is monitored through Key Performance Indicators, and regular interaction takes place to ensure delivery to a high level. To ensure costs are managed, we regularly review the contracts and commercial terms with these providers, including benchmarking of costs against other providers, and renegotiating terms in line with our business growth.

How we are improving

To provide further clarity and transparency on how our funds are managed, we are currently making enhancements to our fund literature to include additional detail and insight into how the funds are managed. We are continuing to evolve our responsible investment approach, ensuring that the investment advisers we appoint act in accordance with our responsible investment policy. We have made further investment this year to source ESG data from two of the largest providers of ESG data, allowing us to better assess the environmental and social impacts of the investments held within our funds. The FCA will introduce a new consumer duty act with effect from July 2023 aimed at improving investor outcomes. We welcome this new requirement as we continually seek to improve the quality and the value of the services that we provide.



2. Performance

An assessment of the performance of our funds after charges¹ relative to each fund’s investment objective, policy and target benchmark

How we define ‘value’

A fund is considered to be providing value if it has met its investment objective², been managed consistently to its policy and strategy, and performed well against its benchmark (if applicable) after charges.

How we assess ‘value’

To assess the performance of our funds we look not only at the returns of each share class (after charges) but the various elements which collectively contribute to the fund’s overall outcome including:

- **Appropriate time period:** Our funds have been designed for investors with a medium to long-term investment horizon. Our focus for this report is typically on a fund’s five-year performance up to 31 March 2022 or where applicable performance from the fund’s launch date if that is less than five years from that date. To evaluate whether performance has been consistent over varying market cycles and conditions, we also look at rolling returns from the fund’s launch date.
- **Fund investment objective:** Investment objectives usually include an aim to generate capital growth, income or to outperform a benchmark. We assess whether each share class of a fund is meeting its investment objective and fulfilling investors’ expectations.
- **Benchmark/performance comparator:** Benchmarks and performance comparators are usually a market index or peer group to which a fund’s performance is targeted or to which it can be compared. We look at how each share class of a fund has performed relative to its benchmark or comparator.
- **Fund strategy:** This is the investment approach the fund offers such as providing active management or replicating an index. We measure if a fund has delivered its strategy in line with the investment policy and investment style.

- **Level of risk:** Risk measures provide indicators of how much overall risk is being taken to provide investment returns for a fund, and/or indicate the skill of the Investment team.
 - **Future performance expectations:** We consider whether a fund is currently being managed appropriately to continue to deliver its investment objective. We also consider our confidence in the approach and ability of each appointed investment adviser to deliver a fund’s investment objective in the future.
- In addition to the above we also consider the following share class types in the assessment:
- **Bundled share classes:** Bundled share classes are those available to a narrow group of eligible investors to whom we pay a rebate. When assessing these share classes, we take into account the rebate paid to investors out of the OCF. For these share classes, the performance is measured based on the effective charge (net of rebates) against the benchmark.
 - **Currency hedged share classes:** When assessing the performance of currency hedged share classes, we convert the performance of the benchmark to the currency of the share class.

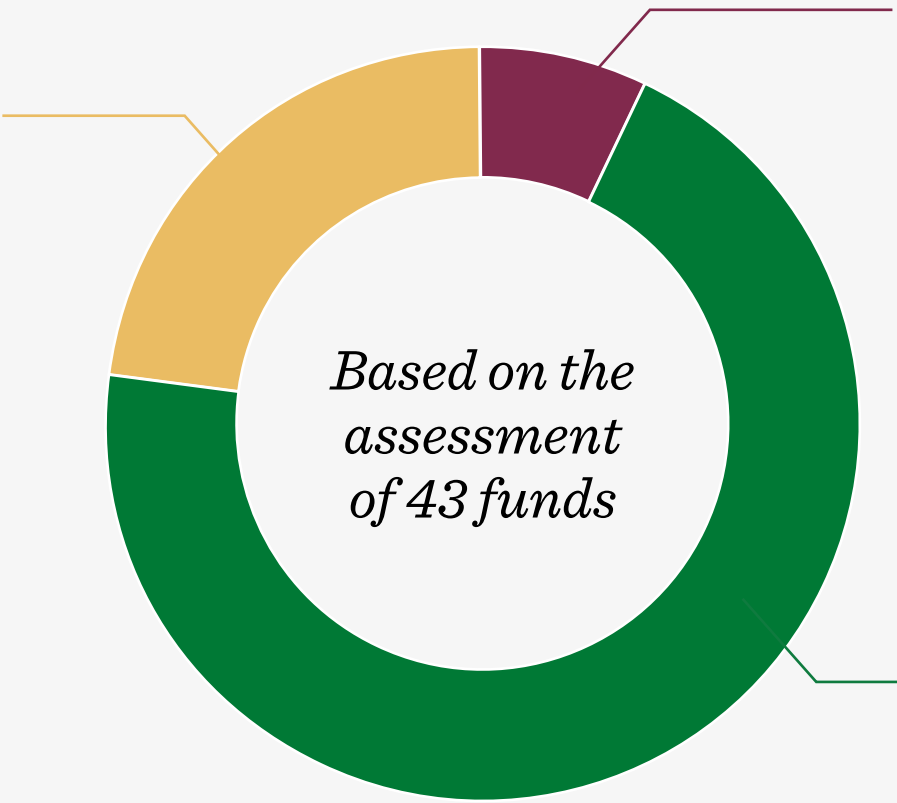
¹ Includes all charges as outlined in the fund prospectuses and includes the transaction costs of buying and selling investments within the funds.

² The specific details for each fund, including the investment policy, objective and charges, are explained in the Key Investor Information Documentation available on the [Quilter Investors website](#). Fund performance is also available in the KIID.

The key outcomes of our assessment for this period

Based on our assessment of the 43 funds in this report we concluded:

11 funds (26%) delivered their primary investment objectives, but their long-term performance was below the anticipated level. We have already taken action on these funds and will continue to monitor them closely (as set out below). Two of these funds were launched in 2019 and therefore have a track record less than the minimum recommended holding period of five years and therefore the performance was measured since their launch date.



3 funds (7%) have been flagged as requiring action based on their overall performance. Actions are currently in progress for all three funds, and we continue to monitor them closely in conjunction with the investment adviser. All three funds were rated as Amber in last year’s assessment.

29 funds (67%) delivered their primary investment objectives and outperformed their target benchmark after charges over the five- year period and/ or rolling five- year periods since launch (or since launch if less than five years).

Further details of the analysis of the performance of each of the funds are provided overleaf.

How we are improving

We acknowledge that sometimes funds may underperform. This may be because of the type of assets a fund invests in, or its investment style which may be out of favour in the current market. Where we find this to be the case, we focus on understanding the drivers for this underperformance and any measures we need to take to deliver value for investors in the future.

In last year’s assessment we reported that 15 of our funds were performing below the anticipated level for the period (rated as either Amber or Red in our assessment). We continued to monitor these funds and the performance of 4 has improved to the extent that we are now able to report that they are delivering value. One other fund in this group, Quilter Investors Global Property Securities Fund, has been closed following continued outflows from the fund and concerns over the impact of its reduced size on its ability to deliver future value.

We have taken further actions on the remaining 10 funds and we expect this to result in improved performance in the future. Seven of these funds have shown improved performance in the short term but continue to be rated as Amber until the changes we have made are reflected in the longer-term performance. However, for the remaining 3 funds, performance has not improved over the last 12 months and following this year’s assessment we consider they are now not providing performance value, and they are now rated as Red. Actions being considered for these funds are detailed below.

2. Performance (Continued)

Performance oversight

As part of our standard governance processes, quarterly monitoring of a fund rated Amber or Red is completed to assess if progress is made in achieving the expected results of any changes made. This monitoring considers factors such as the short and long term performance of the fund, the fund research rating and the assessment of value overall rating. Indicators are used to flag changes in any of these factors, and if further action is required.

The following tables provide summaries about the performance of each fund. This information covers each share class of each fund unless specified.

Funds	Rating
Quilter Cheviot Global Income and Growth Fund for Charities*	●
Quilter Investors Absolute Return Bond Fund*	●
Quilter Investors Asia Pacific (ex Japan) Equity Fund	●
Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity Fund	●
Quilter Investors Asia Pacific Fund*	●
Quilter Investors Bond 1 Fund	●
Quilter Investors Bond 2 Fund	●
Quilter Investors China Equity Fund	●
Quilter Investors Corporate Bond Fund*	●
Quilter Investors Diversified Bond Fund*	●
Quilter Investors Emerging Markets Equity Fund*	●
Quilter Investors Emerging Markets Equity Growth Fund	●
Quilter Investors Emerging Markets Equity Income Fund*	●
Quilter Investors Europe (ex UK) Equity Fund	●
Quilter Investors Europe (ex UK) Equity Growth Fund	●
Quilter Investors Global Equity Growth Fund	●
Quilter Investors Investment Grade Corporate Bond Fund	●
Quilter Investors Natural Resources Equity Fund	●
Quilter Investors Sterling Corporate Bond Fund	●
Quilter Investors Sterling Diversified Bond Fund	●
Quilter Investors UK Equity Fund*	●
Quilter Investors UK Equity Growth Fund	●
Quilter Investors UK Equity Income Fund*	●
Quilter Investors UK Equity Large-Cap Income Fund	●
Quilter Investors UK Equity Large-Cap Value Fund	●
Quilter Investors US Equity Growth Fund	●



How did the funds perform?

Over the five-year period to 31 March 2022, the funds achieved their investment objectives and outperformed their benchmarks after the deduction of charges. The funds delivered in line with their investment policies and active investment style.

Assessment outcome

Our assessment concluded that the funds have provided value to investors by delivering against their objectives and outperforming their benchmarks over the five-year and/or rolling five-year period since launch.

Looking ahead, based on our assessment of our investment advisers' expertise, track record and investment processes, we have confidence that each of these funds can continue to meet their objectives and provide value to investors.

**These funds have a track record less than the minimum recommended holding period of five years. Performance was measured from the fund launch date through to 31 March 2021.*

Funds	Rating
Quilter Investors Gilt Index Fund	●
Quilter Investors Global Equity Index Fund	●
Quilter Investors UK Equity Index Fund	●

How did the funds perform?

These are passively managed funds that aim to track the performance of a specific market index before charges. The benchmark for Quilter Investors Gilt Index Fund is the ICE BofAML UK Gilt Index. The benchmark for Quilter Investors Global Equity Index Fund is the FTSE Developed ex UK Index. The benchmark for Quilter Investors UK Equity Index Fund is the FTSE All-Share Index.

How did the funds perform?


Over the five-year period to 31 March 2022, the funds performed in line with their benchmarks and in accordance with their investment policies and passive management investment style.


Assessment outcome

Our assessment concluded that the funds have provided value to investors by delivering against their primary objective of tracking their benchmarks closely.


2. Performance (Continued)


Fund	Rating
Quilter Investors Equity 1 Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve capital growth and to outperform the FTSE 250 ex-Investment Trusts Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth objective, but underperformed the benchmark after charges.– Rolling five-year returns for the fund (which illustrates the average return an investor would have made if they had invested at any point since the fund’s launch) remain relatively strong and the fund has outperformed the benchmark 58% of the time.– The fund invests in small and mid-cap companies which have a potential for growth. As a result, the fund’s portfolio is concentrated and heavily weighted to higher growth sectors and away from value sectors such as energy, materials (e.g. mining) and banks which have performed better recently. <p>Actions taken or in progress</p> <p>As part of our quarterly monitoring we will continue to review the fund’s performance over the coming 12 months and evaluate ways in which we can address underperformance and whether further action is required.</p> <p>Assessment outcome</p> <p>We remain confident in the fund’s investment strategy and the investment adviser’s ability to deliver on its investment objective in the future.</p>	


Fund	Rating
Quilter Investors Ethical Equity Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve income and capital growth through investment in companies that demonstrate sound ethical practice and to outperform the FTSE World Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth and income objectives, while investing in accordance with its ethical criteria, but underperformed the benchmark after charges. This is in part due to a particular weaker fund performance relative to the benchmark in 2018, which continues to be reflected in the five-year returns.– The fund operates a negative screen to avoid activities that are considered unethical such as gambling, alcohol, tobacco, animal testing and armaments. There is also a positive screen to focus the fund’s investment on companies that promote efficiency in areas such as energy, water, and food. As a result, the fund’s holdings may differ significantly from that of the benchmark and therefore lead to periods of performance that deviate from that of the benchmark. <p>Actions taken or in progress</p> <p>In 2021 we reviewed the securities which the fund can invest in while still maintaining the positive and negative screening. Adjustments have been made to reduce the number of industrial sector holdings, and to add some new technology sector holdings, reducing some of the sector-bias within the fund without compromising the ethical screens that are applied. We will continue to monitor the fund performance over the coming 12 months to assess whether the changes made are achieving the expected results.</p> <p>Assessment outcome</p> <p>While the fund has underperformed its benchmark for the five-year period, changes have been made which have had a positive impact on the performance of the fund. We remain confident in the fund’s investment strategy and the investment adviser’s ability to deliver on its investment objective in the future.</p>	

Fund	Rating
Quilter Investors Europe (ex UK) Equity Income Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve income and capital growth and to outperform the MSCI Europe ex UK Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Since its launch in 2017 to 31 March 2022, the fund achieved its capital growth and income objectives, but underperformed the benchmark after charges. This is in part due to a particular weaker fund performance relative to the benchmark in 2020 which continues to be reflected in the five-year returns.– We have seen a notable improvement over the shorter term, with the fund outperforming the benchmark over three and six months. Returns in the 12 months since the last assessment were marginally behind the benchmark. <p>Actions taken or in progress</p> <p>Changes to the investment team managing the fund (within the current investment adviser’s group) were made in July 2020. This type of change is generally a long-term one that requires time to embed. We will continue to monitor the fund performance over the coming 12 months to assess whether the changes made are achieving the expected results.</p> <p>Assessment outcome</p> <p>We remain comfortable that the actions being taken to improve performance are appropriate to assist the fund in delivering value over the long-term. We will continue to assess the fund, as its performance track record develops, and whether the actions taken have been effective in improving performance.</p>	


2. Performance (Continued)


Funds	Rating
Quilter Investors Global Equity Absolute Return Fund	
How did the funds perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve capital growth by investing at least 85% of its assets in the Jupiter Merian Global Equity Absolute Return Fund (the Master Fund). The investment objective of the Master Fund is capital appreciation while closely controlling risk. In addition, the Master Fund intends to deliver absolute returns that have a low correlation with equity and bond markets over rolling 12-month periods. In seeking to achieve its investment objective, the Master Fund aims to deliver a return, net of fees, in excess of the Federal Reserve Funds Target Rate over rolling three-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– The fund was launched in 2018 and therefore has a track record less than the minimum recommended holding period of five years.– Since launch to 31 March 2022, the fund failed to achieve its capital growth objective (excess returns over cash) primarily due to poor performance in 2019 which continues to be reflected in the overall returns.– The fund invests at least 85% in the Master Fund (as detailed in the investment objective above) which uses a systematic investment approach that utilises mathematical modelling, computer systems and data analysis to select investments. Changes were made to this investment model in 2020 which has resulted in improved performance.– There has been a notable improvement in the performance over the shorter term, with the fund delivering positive returns in excess of cash over the 12-month period since the last assessment. <p>Actions taken or in progress</p> <p>Changes were made to this investment model in 2020 which has resulted in improved performance over the short term. We will continue to monitor the fund performance over the coming 12 months to assess whether the revisions to the investment model have achieved the expected results. In July 2022, the Bank of England Base Rate was added as a performance comparator for the fund to provide investors with an appropriate measure to assess performance.</p> <p>Assessment outcome</p> <p>We remain comfortable that the actions being taken to improve the fund performance are appropriate. We will continue to assess the fund as its performance track record develops over the five-year minimum recommended holding period. We have confidence in the fund's investment strategy, and the investment adviser's ability to deliver on its investment objective in the future.</p>	


Fund	Rating
Quilter Investors Global Equity Value Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve a combination of income and capital growth and to outperform the MSCI All Countries World Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth and income objectives, but underperformed the benchmark after charges. This is in part due to a particular weaker fund performance relative to the benchmark in 2020 which continues to be reflected in the five-year returns.– The fund has a quality income focus which has been one of the contributing factors to its underperformance, particularly in 2020. This investment style focuses on high quality companies that pay higher dividends. These companies are impacted by market changes or setbacks that may result in them having to cut or significantly reduce dividends.– We have seen a notable improvement over the shorter term, with the fund outperforming the benchmark over 3 and 6 months. Returns in the 12 months since the last assessment were marginally below the benchmark. <p>Actions taken or in progress</p> <p>A new investment adviser was appointed to manage the fund in 2021. As part of this change, the new investment adviser has re-evaluated and adjusted the portfolio. This type of change is generally a long-term one that requires time to embed.</p> <p>Assessment outcome</p> <p>We remain comfortable that the actions being taken to improve performance are appropriate to assist the fund in delivering value over the long-term. We remain confident in the fund's investment strategy, and the investment adviser's ability to deliver on its investment objective in the future. We will continue to monitor the fund performance over the coming 12 months in particular whether the change of investment adviser is achieving the expected results.</p>	

Fund	Rating
Quilter Investors Japanese Equity Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve capital growth and to outperform the MSCI Japan Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth objective, but underperformed the benchmark after charges. This is in part due to a particular weaker fund performance relative to the benchmark in 2020 which continues to be reflected in the five-year returns.– We have seen a notable improvement in performance over the shorter term, with the fund outperforming the benchmark over the 12-month period since the last assessment. <p>Actions taken or in progress</p> <p>A new investment adviser was appointed to manage the fund in October 2021. As part of this change, the new investment adviser has re-evaluated and adjusted the portfolio. This type of change is generally a long-term one that requires time to embed.</p> <p>Assessment outcome</p> <p>We remain comfortable that the actions being taken to improve performance are appropriate to assist the fund in delivering value over the long-term. We will continue to monitor the fund performance over the coming 12 months in particular whether the change of investment adviser is achieving the expected results.</p>	


2. Performance (Continued)


Fund	Rating
Quilter Investors North American Equity Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve capital growth by investing at least 85% of its assets in the Jupiter Merian North American Equity Fund (the Master Fund), the investment objective of which is to deliver a return, net of fees, greater than that of the MSCI North America Index with net dividends reinvested over rolling three-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– The fund was launched in 2018 and therefore has a track record less than the minimum recommended holding period of five years.– Since launch to 31 March 2022, the fund achieved its capital growth objective, but underperformed the benchmark for the same period after charges.– The fund invests at least 85% in the Master Fund which uses a systematic investment approach that utilises mathematical modelling, computer systems and data analysis to select investments. Changes were made to this investment model in 2020 which has resulted in improved performance.– We have seen a notable improvement in performance over the shorter term, with the fund outperforming the benchmark over the 12-month period since the last assessment. <p>Actions taken or in progress</p> <p>In addition to the changes already made, we will continue to assess the fund over the next 12 months as its performance track record develops over the five-year minimum recommended holding period.</p> <p>Assessment outcome</p> <p>We remain confident in the fund’s investment strategy and the investment adviser’s ability to deliver on its investment objective in the future.</p>	


Fund	Rating
Quilter Investors Precious Metals Equity Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve capital growth, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth objective, but underperformed the performance comparator (FTSE Gold Mines Index) after charges.– The fund gains exposure to precious metals primarily by investing in mining companies. The FTSE Gold Mines Index is highly concentrated with the three largest companies comprising over 59% of the index. Due to concentration restrictions in the FCA’s rules relating to fund management (that prevent investment in a single company being greater than 10% of a fund), the fund will always be underweight to these larger companies, which contributes to any differences in fund performance versus the index.– More broadly, the fund continues to generate positive absolute returns in line with the fund’s investment strategy and policy. <p>Actions taken or in progress</p> <p>Recognising the increasing concentration in the FTSE Gold Mines Index and the increasing variance between the fund’s holdings and the index, changes were made in 2021 to remove the requirement for the fund to outperform the FTSE Gold Mines Index from the fund objective. The FTSE Gold Mines Index is now used as a performance comparator against which investors can reasonably assess the fund’s performance. These changes have not impacted on how the fund is managed or its investment strategy.</p> <p>Assessment outcome</p> <p>The fund has achieved its objective and continues to provide exposure to precious metals and commodities related businesses located anywhere in the world. We remain confident in the fund’s investment strategy and the investment adviser’s ability to deliver on its investment objective in the future. We will continue to monitor the fund’s performance over the coming 12 months.</p>	

Fund	Rating
Quilter Investors UK Equity Opportunities Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve capital growth and to outperform the FTSE All-Share Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth objective, but underperformed the benchmark after charges.– The investment adviser typically seeks to invest in shares of companies whose potential is not recognised by the market. Value investing targets shares in companies that the investment adviser believes are of good quality, but which have been overlooked by the market and/or are trading at a significant discount to their estimated true value. This type of investment style did not fare well in 2020 but has since recovered. <p>Actions taken or in progress</p> <p>As part of our quarterly monitoring, we will continue to review the fund’s performance over the coming 12 months and evaluate ways in which we can address underperformance and/or whether further actions are required.</p> <p>Assessment outcome</p> <p>Despite the recent performance of the fund, we remain confident in the fund’s investment strategy, and the Investment adviser’s ability to deliver on its investment objective in the future.</p>	

2. Performance (Continued)

Fund	Rating
Quilter Investors US Equity Income Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve a combination of income and capital growth and to outperform the MSCI North America Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– The fund was launched in 2018 and therefore has a track record of slightly less than the minimum recommended holding period of five years.– Since launch to 31 March 2022, the fund achieved its income and capital growth objectives, but underperformed the benchmark for the same period.– Overall, 2020 was difficult for the fund due to its value and income focused strategy which lagged the wider market as growth companies materially outperformed. Value investing targets shares in companies that the investment adviser believes are of good quality, but which have been overlooked by the market and are trading at a significant discount to their estimated true value. This type of investment style did not fare well in 2020 but has since recovered.– Performance over the past 12 months has improved as the value investment style has become more favoured. This type of investing tends to outperform in periods of rising inflation and interest rates. Stock selection in energy, healthcare and materials (e.g. mining) were the key contributors to positive returns. <p>Actions taken or in progress</p> <p>We will continue to assess the fund over the next 12 months as its performance track record develops over the five-year minimum recommended holding period.</p> <p>Assessment outcome</p> <p>Despite the recent performance of the fund, we remain confident in the fund’s investment strategy and the investment advisers’ ability to deliver on its investment objective in the future.</p>	

Fund	Rating
Quilter Investors US Equity Small/Mid-Cap Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve a combination of income and capital growth and to outperform the Russell 2500 Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth and income objectives, but underperformed the benchmark after charges.– Rolling five-year returns for the fund (which illustrates the average return an investor would have made if they had invested at any point since the fund’s launch) remain relatively strong and the fund has outperformed the benchmark 59% of the time.– The fund invests in small and mid-cap companies. The fund’s five-year return is impacted by a relatively poor year in 2020, when large cap stocks performed better than small and mid-cap companies.– We have seen a notable improvement over the shorter term, with the fund outperforming the benchmark over 12 months. <p>Actions taken or in progress</p> <p>As part of our quarterly monitoring we will continue to review the fund’s performance over the coming 12 months and evaluate ways in which we can address underperformance and whether further action is required.</p> <p>Assessment outcome</p> <p>We remain confident in the fund’s investment strategy, and the investment adviser’s ability to deliver on its investment objective in the future.</p>	

Fund	Rating
Quilter Investors Equity 2 Fund	
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to achieve capital growth and income and to outperform the FTSE All-Share Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth and income objectives, but underperformed the benchmark after charges. This is in part due to a particular weaker fund performance relative to the benchmark in 2020 which continues to be reflected in the five-year returns.– A number of factors have contributed to the long-term underperformance of the fund most notably the funds bias to value style investing which was out of favour particularly in 2020. Value investing targets shares in companies that the investment adviser believes are of good quality, but which have been overlooked by the market and are trading at a significant discount to their estimated true value. This type of investment style did not fare well in 2020 but has since recovered. As part of the change of the investment team managing the fund (see actions below) the fund has reduced its exposure to value stocks and has therefore not benefitted from this recovery.– Stock selection has been one of the key detractors over the short-term. The fund has a lower allocation to large cap companies particularly those in the energy, mining and financial sectors which have performed well recently. <p>Actions taken or in progress</p> <p>A new investment team within the current investment adviser’s group was appointed in September 2020. As part of this change, the fund’s investment approach was also adjusted. This type of change is generally a long-term one that requires time to embed.</p> <p>Assessment outcome</p> <p>Given the fund’s longer-term investment performance, the fund has not delivered value against the performance pillar in this assessment. We will continue to monitor the fund performance over the coming 12 months in particular whether the change of investment adviser is achieving the expected results. As part of this monitoring we will evaluate the fund research rating and the short term performance against a set of indicators which flag if any further actions need to be taken.</p>	

2. Performance (Continued)

Fund	Rating
Quilter Investors Global Dynamic Equity Fund	<div></div>
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to provide total return from capital growth and income and outperform the MSCI All Countries World Index, net of charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– The fund is a global multi-manager fund which means that we have appointed several third party investment advisers who each manage a portion of the fund’s assets to create a diversified portfolio of global equities. Each of these investment advisers employs different investment styles which can either contribute or detract from the fund’s overall performance depending on the market environment. In addition to the third party investment advisers, the fund itself is overseen by a Quilter Investors portfolio manager.– Over the five-year period to 31 March 2022, the fund achieved its capital growth and income objectives, but underperformed the benchmark after charges.– During the reporting period, changes have been made to the fund to attempt to provide a more adequate balance of investment styles in line with current market conditions. Examples include an increase to value stocks which are in favour. This change has translated to positive short-term returns.– We appointed a new Quilter Investors portfolio manager to the fund in September 2019. While we have seen positive influences on the fund’s performance as a result, over the longer term, the fund returns continue to lag the benchmark. <p>Actions taken or in progress</p> <p>We are undertaking a detailed review of the fund to identify appropriate remedial actions to improve the long-term performance. This review, will be completed in the second half of 2022, with a view to any further actions being completed within 2023.</p> <p>Assessment outcome</p> <p>Given the long-term performance profile of the fund, the fund is not considered to have delivered value for investors during the reporting period. In the short-term, we are undertaking a strategic review of the fund and will continue to monitor the fund closely.</p>	

Fund	Rating
Quilter Investors Global Unconstrained Equity Fund	<div></div>
How did the fund perform?	
<p>Fund investment objective</p> <p>The fund aims to provide total return from capital growth and income and outperform the MSCI All Countries World Index, after charges, over rolling five-year periods.</p> <p>How did the fund perform?</p> <ul style="list-style-type: none">– Over the five-year period to 31 March 2022, the fund achieved its capital growth and income objectives, but underperformed the benchmark after charges.– The investment adviser to the fund was changed in September 2019, however, the fund significantly underperformed the benchmark in 2020 as markets reacted to the global pandemic and has mixed performance results thereafter. <p>Actions taken or in progress</p> <p>A detailed review of the fund has been completed and we expect to be able to inform investors of further enhancements imminently, with the aim of providing an improved and steadier performance profile in the future. Once these actions are complete, we will monitor the fund’s performance to assess the impact of the changes on the fund performance.</p> <p>Assessment outcome</p> <p>Given the degree of under-performance compared to the benchmark, the fund has not delivered value to investors. We have undertaken a review of the fund and will be informing investors of changes we will be making imminently.</p>	

3. Authorised fund manager costs

An assessment of the costs of providing relevant services (such as fund management and administration) and whether the overall charges paid by investors are reasonable when compared to these costs.

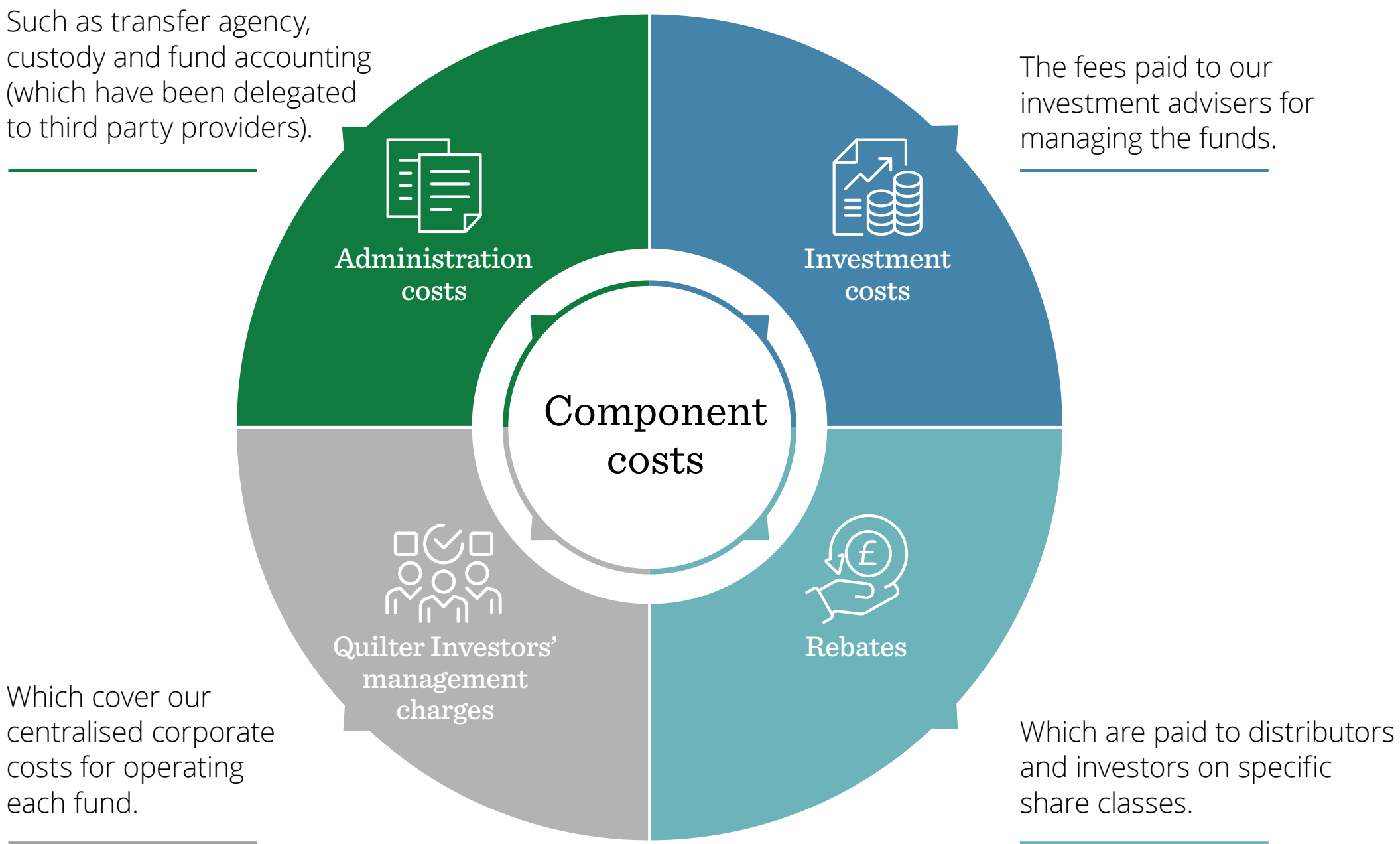
How we define ‘value’

We consider we have delivered value when we can demonstrate that the component costs that make up the ongoing charges figure (OCF) are reasonable compared to the actual charges paid by investors for the service itself.

How we assess ‘value’

We reviewed the component costs that investors pay and assessed their reasonableness compared to the overall level of service provided.

Component costs include:



In assessing the component costs we looked at whether the costs were reasonable given the fund type and strategy. For example, the administration and custody costs of an emerging markets equity fund may be more expensive than a UK equity fund given the markets it invests in. Where any of these costs relate to a third party supplier, we also looked at how we review our delegated arrangements, to ensure that we obtain competitive rates for the services, which in turn, benefits our investors.

The key outcomes of our assessment for this period

- Our assessment concluded that each of the component costs were appropriate relative to the overall charge paid by investors.
- Our assessment concluded that the investment costs are reasonable when taking into consideration the type of fund and its appointed investment adviser. For example, some fund strategies can generally be more expensive to run due to the specialist nature of the fund and the associated cost of getting access to markets or strategies. Similarly, some investment advisers may cost more given their expertise and proven track record in managing a specific strategy type. A dedicated team regularly reviews our funds' investment costs to ensure they remain competitive.
- The costs of fund administration are regularly assessed, and we have a robust process in place to ensure they are benchmarked against similar providers and renegotiated if deemed appropriate to do so.
- Our corporate costs, which include items such as rent, marketing and hardware, are regularly monitored. The corporate costs that we share with the wider Quilter group (centralised costs) are also reviewed by our Board to ensure that they are appropriate and reasonable.
- Our rebate payments are at an appropriate level based on the size of the investment being made. We pay rebates to attract distributors, which generally has the effect of increasing the amount of investment into our funds, which benefits all investors.

How we are improving

Effective management of costs is a key requirement for providing value to investors. We will continue to monitor all of our costs and our resulting charges and will reduce these charges where we find opportunities to pass savings on to investors. To improve transparency on our costs and charges, work is also underway to improve the disclosure of fund costs and charges in our product literature and on our website.

4. Economies of scale

An assessment of whether we have been able to realise economies of scale and pass these onto investors

How we define ‘value’

We define value as our ability to actively seek savings arising from economies of scale across our cost base and ensuring that, wherever possible, we share these with our investors. We do this via reduced charges or through reinvestment back into our business to enhance the processes and services that we provide to investors.

How we assess ‘value’

Alongside our assessment for the authorised fund manager costs criteria, we look at year-on-year changes in costs and ongoing trends to identify where we are realising economies and when they should be passed on to investors or reinvested for the benefit of investors. These savings are referred to as economies of scale and may arise as a result of growth in the number of investors or assets under management within a fund.

Economies of scale can also be achieved because we are able to use the size of our business and the amount of funds, we have under management to negotiate and obtain lower prices. This means that investors in all of our funds, regardless of size, can benefit, either directly or indirectly, from any realised economies of scale.

The key outcomes of our assessment for this period

Our assessment concluded that improving economies of scale is a key part of our business.

We continue to seek economies and, when we can, to pass this benefit along to our investors. Over the past 12 months we were unable to realise any economies of scale for the funds in this report that could be passed back to investors.

We regularly review commercial arrangements with service providers and investment advisers, to ensure we are paying competitive prices and use our scale to renegotiate rates on material contracts. We have a dedicated team that reviews and monitors the rates we pay to our investment advisers to ensure that any economies of scale created, such as through an increase in the size of the fund, are maximised through lower fees. This allows us to appoint investment advisers to the funds, and access investment strategies that may not normally be available to retail investors at competitive rates.

How we are improving

Passing on charge reductions allows our investors to share in the benefits of our growth and scale. We are continually looking for opportunities to identify any economies of scale that can provide further savings to our investors.

5. Comparable market rates

An assessment of our charges compared to similar funds managed by other asset management firms.

How we define ‘value’

We consider our funds to be good value if they have a competitive charge compared to the wider market and if that charge is reflective of the quality of the fund and the services that we provide.

In assessing the comparable market rates of our funds, the Ongoing Charges Figure (OCF) for each share class is compared to the charge that investors might pay elsewhere for a similar share class and fund. Similar share classes and funds are those in the same IA sector and the assigned Morningstar categories. Using these independent sectors and categories provides different lenses of which funds are comparable, while also ensuring that we do not just focus on the primary or cheapest share classes that are on offer.

The assessment considers the type of share classes that we currently offer.

Bundled share classes are those available to a narrow group of eligible investors to whom we pay a rebate. When assessing these share classes, we take into account the rebate paid to investors out of the OCF, to enable a comparable assessment against the charges investors might pay elsewhere.

Unbundled share classes do not include any commission or rebate payments, and the OCF is assessed against comparable peer groups.

The key outcomes of our assessment for this period

Our latest assessment concluded that for the majority of our funds the overall charge remains broadly consistent with the charge of investing in comparable funds available in the market. Of the 175 share classes assessed (in this report), we found that the charges for 92% were ranked as being competitive, relative to the average charge of comparable funds in the same IA sector (or other appropriate peer group). In many instances a number of these share classes were priced at the cheaper end of the spectrum, relative to their respective peer groups.

We identified six funds (11 share classes) where the OCF was deemed more expensive to the comparable peer group. The following are the key findings and associated actions which are being taken on these funds:

Rebate review: A number of the share classes are designed to pay a rebate to investors out of the OCF. After taking into account the rebates paid to such investors the resulting charge for some of them is in the 25% highest charging share classes compared to peers. We are contacting the relevant investors to discuss their current rebate arrangements with the aim of implementing any changes in the second half of this year.

Broader review: Two of our funds (Quilter Investors Gilt Index Fund and Quilter Investors Global Equity Index Fund) have an OCF which is among the 25% highest charging share classes compared to their peer groups. For these funds we are completing a broader review to consider long term options and expect to be able to inform investors of changes we intend to make in the second half of this year.

Reduction of the OCF: We are reducing the OCF of the class A of the Quilter Investors Investment Grade Bond Fund and will be communicating this to investors imminently. This change will not affect how the fund is managed.

Details of the share classes and which of the actions above are applicable are provided in the table below.

Share class	Outcome and actions
Quilter Investors UK Equity Large-Cap Income Fund A GBP Inc	Rebate review
Quilter Investors Gilt Index Fund A GBP Acc Quilter Investors Gilt Index Fund A GBP Inc Quilter Investors Gilt Index Fund U2 GBP Acc Quilter Investors Gilt Index Fund A GBP Inc	Broader review
Quilter Investors Global Equity Index Fund U2 GBP Acc	Broader review
Quilter investors Global Dynamic Equity Fund A EUR Acc	Rebate review
Quilter Investors Investment Grade Corporate Bond Fund A GBP Inc	Reduction of the OCF
Quilter Investors UK Equity Opportunities Fund A GBP Acc	Rebate review

How we are improving

We ensure that our funds remain competitively priced and that they continue to provide good value, by assessing them regularly relative to similar funds in the market. Additionally, we continue to test our offering based on feedback from distribution partners who deal directly with a broad range of competitors and end investors.

6. Comparable services

An assessment of whether any funds or services offered by any part of the Quilter group are comparable to any of Quilter Investors’ funds and whether the charges for those comparable funds or services are consistent.

How we define ‘value’

For us, value is ensuring that our charges for a specific fund and share class are appropriate when compared to:

- similar funds or services that Quilter Investors may offer, and
- similar funds or services that other companies in the Quilter group may offer.

Our assessment is focused on comparing similar funds and services to those available across Quilter Investors (including Quilter Investors ICAV (an Irish domiciled fund) for whom we act as investment manager) but excludes segregated mandates. Segregated mandates are portfolios designed and run specifically for institutional investors, which are not part of our service offering.

While we do not provide segregated mandates, institutional investors can still access our funds through our lower priced share classes or those paying a rebate.

We review whether the following features of our funds are the same or similar to other funds or services being offered within the Quilter group:

- ▶ fund investment management style/resources;
- ▶ fund strategy (i.e. active/passive) and objectives;
- ▶ the type and scope of the service(s) provided (for example, a risk-targeted multi-asset portfolio).

Where we identify comparable products or services, we measure the charges of the relevant product or service against the fund in question. Where they are not similar, we have to satisfy ourselves as to why they are not comparable.

The key outcomes of our assessment for this period

Our latest assessment concluded that each of the funds in this report offers value compared to similar funds and services offered within the Quilter group of companies.

There are a number of partially comparable funds within Quilter Investors. These include other sub advised funds that offer access to a similar type of asset and geography. For each of these, we found charges to be generally similar, but where there were differences these could be reasonably explained by taking account of the different services provided.

How we are improving

We continue to consider and monitor the charges of our funds and new or existing investment management services provided across the whole Quilter group.



7. Classes of units

An assessment of whether investors are invested in the lowest cost share class that is available (and suitable) for them.

How we define ‘value’

We consider that we are providing value to investors if:

- Our investors are holding the lowest cost share class available to them;
- We are providing a range of share classes that meet investor needs; and
- Each share class within each fund has an appropriate charge when considering the rights and service associated with it.

As part of our ongoing assessment, we consider the charges for each share class against the charges of other share classes within the same fund, which enjoy similar rights. Where the rights are similar, but the charges are higher, we assess whether it is appropriate for investors to remain invested in this share class given the higher charges.

We currently offer bundled and unbundled share classes depending on the investor type and whether they are eligible to receive a rebate or not.

The main (although not the sole) focus of our review is on the bundled share classes, which are only available to a narrow group of investors who are eligible to receive a rebate.

Given the higher cost of these share classes, our focus is on ensuring only investors who are eligible to receive rebates invest in these share classes. We can do this by moving investors to lower cost share classes if these are available.

A description of our share classes

Quilter Investors offers a range of share classes with varying eligibility criteria and charges to accommodate the different needs of our investors. Our share classes are designed primarily for distribution through investment platforms.

Share classes have different terms such as investment minimums (the minimum amount you need to invest) and different costs (how much you pay annually for your investment).

The following is a summary of our standard share classes and an explanation of the typical investors:

Share class	Minimum initial investment levels <i>(varies based on fund)</i>	Share class description
Class A	£1,000	These are bundled share classes and, in all instances, the highest charge share classes on offer. The investor base predominantly consists of intermediaries whose businesses remain eligible for commission or legacy business.
Class R	£5,000,000 to £15,000,000	The investor base predominantly consists of intermediaries whose businesses remain eligible for commission or rebates.
Class U1 Class U2	£15,000,000 to £100,000,000	These share classes are offered to institutional investors who either satisfy the investment minimums or have agreed specific terms of business with us. The OCF of these share classes is lower than those for share classes A and R, considering the minimum investment size.

In addition to these standard share classes, several share classes have been created to facilitate investment from one fund to another as part of a fund merger (e.g. O and L share classes) or for fixed-term promotional purposes (F share class). These share classes are not available generally to new investors.

The key outcomes of our assessment for this period

Our assessment concluded that the vast majority of our investors were deemed as being invested in the most appropriate share class available to them.

- In last year’s report we identified 16 investors¹ that were invested in share classes where cheaper alternative share classes in the same fund were available to them. We converted those shareholdings to the cheaper share classes.
- We have implemented additional controls in our dealing process to ensure investors are provided access to the most appropriate share classes available to them. It is anticipated that these controls will minimise the number of investors holding share classes where a cheaper alternative is available to them.
- Where we offer different share classes in the same fund, we reviewed the differences in the OCF for each share class. The aim of this review was to ensure we have a coherent and consistent charging approach for investors across our range. We concluded that our share classes are coherent and where differences exist there is an appropriate rationale for this.

How we are improving

We continue to challenge how we assess and ensure value for our investors. We will continue to monitor our share class offering to ensure it complements the needs of our investor base.

¹Includes investors across all our funds, not just those covered in this report.

Glossary

Active management

An investment adviser aims to achieve higher returns than the benchmark or the relevant sector they use for judging their performance by actively choosing stocks they believe will be the best performers.

Benchmark

An index or similar measure (such as the Consumer Price Index) set by Quilter Investors that forms part of a fund’s investment objective and provides a target for a fund’s performance to match or exceed.

Capital growth

This represents the increase in the value of the capital (or the initial amount invested) that an investor has paid into a fund. It does not include income.

Dividend

This is income that is paid by companies out of their profits to their shareholders, i.e., those who have bought shares in the company. Dividends are usually paid annually or every six months.

Engagement

Involves a purposeful ongoing dialogue by a shareholder with the management or board of a company with the intention of influencing corporate behaviour. As we mainly invest in companies through funds rather than directly, we predominantly engage with our Managers in the first instance. This collaborative approach enables us to better understand the Managers we are investing with and their approach.

Financial Conduct Authority (FCA)

The FCA is a regulatory body which supervises financial services firms and is responsible for making rules and for enforcing and overseeing financial regulation. The FCA is responsible for regulating how business in retail and wholesale markets is carried out (commonly known as conduct of business). Its aim is to make sure that firms put the wellbeing of their customers at the heart of what they do. For example, the FCA oversees consumer protection and will make sure that financial markets operate with honesty.

Fixed income

A term used to describe investments such as bonds, which pay interest at a fixed rate over the term of the investment.

Growth companies

Companies with the potential to grow their earnings significantly over time. Such companies typically reinvest earnings into the business to fund future expansion.

Investment Association (IA) sector

These are the sectors which the IA has developed and categorises funds into sectors based on assets, such as equities and fixed income and, in some instances, geographic focus.

Index

An indicative measure of the value of a sector of shares in a market. An example of this is the FTSE 100 Index, which represents the UK’s largest (or top 100) companies listed on the stock exchange by market capitalisation.

Institutional investor

A company or organisation that invests money on behalf of other people such as a life or pensions company. These investors often trade in larger amounts compared to retail investors.

Investment Association (IA)

The trade body and industry voice for UK investment managers.

Investment strategy

An asset allocation chosen to increase the probability of achieving a stated aim or outcome.

Morningstar

An independent research agency.

Primary share class

The highest charging unbundled (free of any rebates) share class freely available through third party distributors in the retail market.

Overweight

An overweight portfolio holds a larger amount of a particular security (or holds a larger amount of a particular sector) when compared to the weight of that security (sector) held in the benchmark.

Portfolio

A term used to describe the holdings and different types of instruments that make up your investment, for example shares, unit trusts, bonds, cash and so on.

Segregated mandate

An investment portfolio that is managed on behalf of an institutional investor.

Share class

Investors hold shares in the funds and a fund may offer more than one share class to suit different investors. These classes will vary depending on how they are distributed and whether they accumulate or distribute any income derived from the underlying holdings.

Underweight

An underweight portfolio holds a smaller amount of a particular security (or holds a smaller amount of a particular sector) when compared to the weight of that security (sector) held in the benchmark.

Weighting

This represents the percentage allocation of each sector, region or investment type in a portfolio or index.

Quilter Investors:
expertly designed
multi-asset solutions.

For more information visit quilterinvestors.com

Important information

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