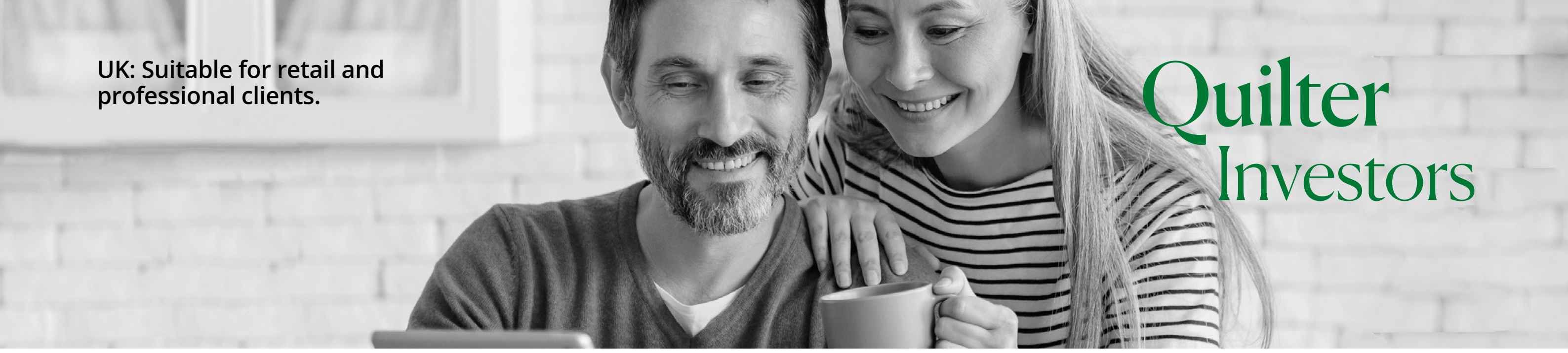


UK: Suitable for retail and professional clients.

Quilter Investors

Monthly Income Portfolios

Monthly commentary – Review of January 2024

Marcus Brookes
Chief Investment Officer

Our market summary

The recent pace of equity market gains slowed in January as markets took stock after a very strong fourth quarter of 2023. Global equities delivered a modest 0.7% return, with **developed markets** outperforming **emerging markets**. Despite a major earthquake, Japan was the top-performing regional equity market. It jumped 4.7% amid strong investment inflows. Meanwhile, China's ongoing market rout helped pull emerging market equities down 4.5% with similar losses across Asian markets. Global bond markets gave up ground following a spectacular end to 2023, with **UK gilts** among the biggest casualties of the month.

Equity markets

The **US Federal Reserve** (Fed) kept interest rates on hold when it met at the end of a month spent attempting to cool expectations of imminent interest-rate cuts. Although US equities gained a modest 1.7%, this was sufficient for major indices to hit all-time highs following a nine-week winning spree that started in late October. The **Magnificent Seven mega-cap** tech stocks notably outperformed once more in January, accounting for the lion's share of US index gains.

Hopes of an early interest-rate cut from the European Central Bank (ECB) dissipated when European inflation jumped to 2.9% in December (from 2.4% in November) with the ECB keeping interest rates unchanged at its January meeting. Meanwhile, Europe's equities squeezed out a 0.4% return against a backdrop of contraction in its manufacturing sector. Tech and communication stocks led the field, while sectors such as utilities and real estate retreated.

The UK was the worst performing developed market in January. It declined 1.3%. A small uptick in UK inflation to 4% in December helped to cool the UK equity market, as did the Bank of England's messaging to dispel expectations of early interest-rate cuts. Tech, consumer, and healthcare stocks generally outperformed energy, materials, and financials. UK **large cap** stocks outperformed, despite a flurry of overseas bids for UK smaller companies.

China was unable to stem the losses arising from the collapse of its property sector and ongoing deflation. Global investors continued to sell-off Chinese equities with the local market down 10.5%. This dragged on **emerging market** equities which fell 4.5%. Elsewhere, Chile was the worst performer due to problems in the mining sector and a weak Chilean peso. The likes of Poland, Peru, Mexico, and Taiwan all outperformed the index, but still delivered losses.

Fixed income

Global bond markets gave back a little of the gains they delivered at the end of 2023, as investors re-calibrated the timing, but not the likely magnitude, of expected interest-rate cuts from central banks. Although **US Treasuries** held up relatively well with a modest decline of 0.2%, **UK gilts** lost 2.4% reflecting the less attractive economic backdrop in the UK, while UK **corporate bonds** also fell 1.1%.

Source: Quilter Investors as at 31 January 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; developed market equities by the MSCI 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; UK smaller companies by the MSCI United Kingdom Small 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; and UK corporate bonds by the ICE BofA Sterling Corporate Index.

Performance review

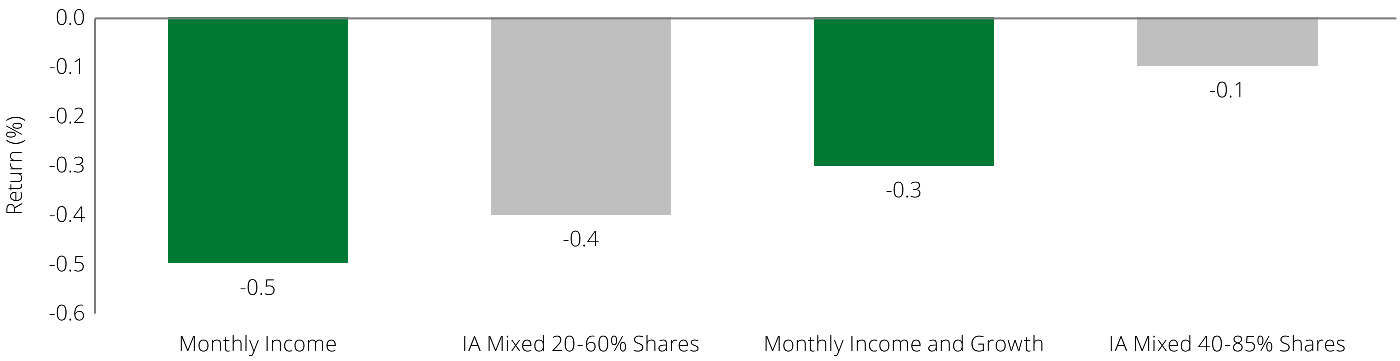
The Monthly Income Portfolios delivered modest losses in January against a backdrop of slim gains for global equity markets, but losses for UK equities and bonds. **Growth stocks** noticeably outperformed, which as another headwind for the portfolios.

The Monthly Income Portfolio declined 0.5% in January while the Monthly Income and Growth Portfolio declined 0.3%, with both marginally underperforming their respective Investment Association (IA) sector performance comparators.

Helen Bradshaw
Portfolio Manager

CJ Cowan
Portfolio Manager

Monthly performance (%)



Performance summary (%)

	Cumulative performance						*Discrete annual performance to end of January*				
	1 month	*YTD*	*1 year*	*3 year*	*5 year*	*Since launch*	*2023 - 2024*	*2022 - 2023*	*2021 - 2022*	*2020 - 2021*	*2019 - 2020*
Monthly Income	**-0.5**	**-0.5**	**2.1**	**3.6**	**-**	**8.4**	**2.1**	**-3.6**	**5.4**	**-0.4**	**-**
IA Mixed 20-60% Shares	-0.4	-0.4	3.3	2.6	-	9.7	3.3	-3.9	3.3	3.1	-
Monthly Income and Growth	**-0.3**	**-0.3**	**2.7**	**9.6**	**-**	**16.7**	**2.7**	**-1.3**	**8.1**	**0.4**	**-**
IA Mixed 40-85% Shares	-0.1	-0.1	4.4	8.2	-	19.0	4.4	-2.5	6.2	5.5	-

Source: Quilter Investors as at 31 January 2024. Total return, percentage growth, net of fees, rounded to one decimal place of the U1 (GBP) accumulation shares. The Monthly Income Portfolios launched on 26 June 2019.

Portfolio activity

Activity focused on the fixed-income segments of the portfolios. We maintained our overall bond exposure but continued to reduce both our relative **underweight** to UK bonds and our **overweight** to US bonds. Elsewhere, we took advantage of recent strong share price performance and trimmed our position in the Fair Oaks Income trust, which is held in the Monthly Income Portfolio.

Investment outlook

Coming into the year, global equity markets were back up at all-time-highs while US Treasury yields were at 4% having nose-dived in just two months from their 5% peak, last seen before the Global Financial Crisis (meaning their prices rose significantly). It was harder going for both equity and **bond** markets in January, but the continued strength of the US economy helped spur global equities to modest gains. Despite this, it remains to be seen if we're out of the woods yet, or if one of the most predicted recessions in recent history is just late on arrival.

1. Inflation spike is over

We believe the forces that drove double-digit **inflation** in the US, Europe and UK are now behind us and that we won't see a return to those lofty heights. Despite a change in tone from the **US Federal Reserve**, it may still be some months before central banks gain the confidence to reduce interest rates, but the day is coming. For the US at least, this helps reduce the risk of a deeper recession where interest rates are held too high for too long.

2. Diversification in the face of divergence

The combination of lower **inflation** and moderate growth while **interest rates** fall is typically a positive one for markets. However, given their recent strong run we find it difficult to get too excited as to the prospect for broad market returns as much of the gains from expected interest-rate cuts came at the end of 2023. Instead, we expect to see fortunes diverging as the delayed impact of higher interest rates affects each economy, and each market sector, differently.

3. What if we are wrong?

The biggest risk to our **soft-landing** view is that it develops into a 'harder' landing, especially in Europe and the UK, where central banks appear more reluctant to reduce interest rates. This scenario would be tough for equity markets but provided we don't move into a period of stagflation, where weak or negative growth is accompanied by another surge in inflation, then bonds should perform well if economic growth disappoints.

Thank you for investing with us

Keep an eye out for your next Monthly Income Portfolios monthly commentary available in March.

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 speak to one of our investment directors on +44 (0)207 167 3600, email us at ***enquiries@quilter.com***, 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 and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. Exchange rate changes may cause the value of overseas investments to rise or fall.

This communication is issued by Quilter Investors Limited ("Quilter Investors"), Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB. Quilter Investors is registered in England and Wales (number: 04227837) and is authorised and regulated by the Financial Conduct Authority (FRN: 208543).

Quilter Investors Monthly Income Portfolio and Quilter Investors Monthly Income and Growth Portfolio (the "Funds") are sub-funds of Quilter Investors Multi-Asset OEIC, an investment company with variable capital incorporated in England and Wales.

Quilter Investors Multi-Asset OEIC is authorised by the Financial Conduct Authority as a non-UCITS retail scheme and can be distributed to the public in the United Kingdom.

Quilter Investors 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. You should not rely on the information in this communication in making investment decisions. Nothing in this communication constitutes advice or personal recommendation. An investor should read the Key Investor Information Document(s) ("KIID") before investing in any sub-fund of Quilter Investors Multi-Asset OEIC. The KIID and the prospectus can be obtained from www.quilter.com in English.

The Funds invest principally in other collective investment schemes. Your attention is drawn to the stated investment policy which is set out in the prospectus.

Data from third parties ("Third-Party Data") may be included in this communication and those third parties do not accept any liability for errors and omissions. Therefore, you should make sure you understand certain important information, which can be found at www.quilter.com/third-party-data/. Where this communication contains Third-Party Data, Quilter Investors cannot guarantee the accuracy, reliability or completeness of such Third-Party Data and accepts no responsibility or liability whatsoever in respect of such Third-Party Data.

QI 26557/29/6156/February 2024/SK19958