

QUILTER INVESTORS CHARITY AUTHORISED INVESTMENT FUNDS

England & Wales · Charity number 1180874

Details

Status Registered

Legal form Trust

Registered 2018-11-28

Register [View on the Charity Commission register](#)

Contact

Address Quilter Investors Limited
Senator House
85 Queen Victoria Street
London
EC4V 4AB

Phone 02073327600

Email UK_DL_QI_Legal@quilterinvestors.com

Website www.quilterinvestors.com

Activities

Objects: THE TRUST IS ESTABLISHED EXCLUSIVELY TO FURTHER THE CHARITABLE PURPOSES OF THE CHARITIES THAT DIRECTLY OR INDIRECTLY HOLD UNITS IN THE TRUST FROM TIME TO TIME, PROVIDED THAT IF AT ANY TIME THERE ARE NO UNITHOLDERS, THE TRUST SHALL HAVE SUCH CHARITABLE PURPOSES AS THE MANAGER AND TRUSTEE (WHICH ARE BOTH THE CHARITY TRUSTEES OF THE TRUST) SHALL DETERMINE FROM TIME TO TIME.

Activities: The charity is a Charity Authorised Investment Fund.

Classification

- **How:** Other Charitable Activities
- **What:** General Charitable Purposes
- **Who:** Other Charities Or Voluntary Bodies

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-10-31	£5,003,000	£5,763,000	-	-
2023-10-31	£4,523,000	£5,218,000	-	-
2022-10-31	£3,787,000	£4,474,000	-	-
2021-10-31	£2,572,000	£3,082,000	-	-
2020-10-31	£787,000	£990,000	-	-

Trustees

Name	Role	Appointed
Citibank UK Limited		2021-11-06
Quilter Investors Limited		2018-11-27

QUILTER INVESTORS CHARITY AUTHORISED INVESTMENT FUNDS

England & Wales - Charity number 1180874

Accounts

Quilter Investors Charity Authorised Investment Funds

Annual Report and Financial Statements
For the period ended 31 October 2020

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Trust Information

Manager

Quilter Investors Limited
Senator House
85 Queen Victoria Street
London
EC4V 4AB

Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Quilter Cheviot Limited
Senator House
85 Queen Victoria Street
London
EC4V 4AB

Authorised and regulated by the Financial Conduct Authority.

Trustee

Citibank Europe plc, UK Branch
Citigroup Centre
Canada Square,
Canary Wharf
London
E14 5LB

Authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority.

Legal Adviser

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

Independent Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Administrator

Citibank Europe plc
1, North Wall Quay
Dublin 1
Ireland

Authorised by the Central Bank of Ireland (Central Bank) under the Investment Intermediaries Act 1995.

Registrar

SS&C Financial Services International Limited & SS&C Financial Services Europe Limited (formerly DST Financial Services International Limited & DST Financial Services Europe Limited respectively)
SS&C House
Saint Nicholas Lane
Basildon
Essex
SS15 5FS

The register of unitholders can be inspected at the above address.

Quilter Investors Limited, a member of the Quilter plc group of companies, is authorised and regulated by the Financial Conduct Authority. FCA Register number 208543.
Registered Office: Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom.
Registered Number: 4227837 England. www.quilterinvestors.com

Directors of the Manager

D Bowden (appointed 9 March 2020)
P Simpson
T Breedon – Non-Executive Director (appointed 1 September 2020)
S Fromson – Non-Executive Director (appointed 1 August 2020)
J Little – Non-Executive Director (resigned 30 September 2020)
R Skelt – Non-Executive Director (appointed 1 March 2020)
C Turner – Non-Executive Director (resigned 14 May 2020)

Advisory Committee Members

Shonaig Macpherson (Chairperson)
Peter Cazalet
Helen Simmons

Manager's Report

Manager's report

The Directors present the report and financial statements for Quilter Investors Charity Authorised Investment Funds (the "Trust") for the period from 8 January 2020 to 31 October 2020.

Authorised status

The Trust is a Charity Authorised Investment Fund structured as an umbrella-type authorised unit trust and is a non-UCITS retail scheme. The Charity Commission has issued an order under section 96 of the Charities Act 2011 in relation to the Trust dated 27 November 2018 and with effect from the date of that order the Trust was established as a common investment fund for the purposes of the Charities Act 2011 and is registered with the Charity Commission with registered charity number 1180874. For the purposes of the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD"), the Trust qualifies as an Alternative Investment Fund. It was authorised by the FCA on 27 November 2018 and is registered with FCA product reference number (PRN) 822209. It is established by way of a Trust Deed dated 27 November 2018.

Liability

The sub-fund represents a segregated portfolio of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Trust and shall not be available for any such purpose.

Director changes.

Richard Skelt appointed as a Non-Executive Director of the Manager effective 1 March 2020.

Dean Bowden appointed as a Director of the Manager effective 9 March 2020.

Catherine Turner resigned as a Non-Executive Director of the Manager effective 14 May 2020.

Sarah Fromson appointed as a Non-Executive Director of the Manager effective 1 August 2020.

Timothy Breedon appointed as a Non-Executive Director of the Manager effective 1 September 2020.

Jonathan Little resigned as a Non-Executive Director of the Manager effective 30 September 2020.

Fund launch

The Trust launched its first sub-fund detailed below.

Sub-fund name	Unit class	Launch date
Quilter Cheviot Global Income and Growth Fund for Charities	Income GBP	8 January 2020

Significant event

The Manager has continually assessed the impact of COVID-19 and the developments of the United Kingdom's departure from the European Union (Brexit) on the sub-fund in the Trust. Whilst these events may have an impact on global supply chains, global market growth and employee availability over the next few years, the Manager has continued to operate as normal and has not noted a detrimental impact on the Trust to date.

The risk remains that the Trust may be adversely impacted by falls in equity market levels and adverse investor sentiment affecting revenue. In addition, there are increased operational risks depending on the extent of employment availability, however, the Manager is not adversely affected by Brexit in terms of its employees' rights to work in the United Kingdom and its employees continue to work at home during the COVID-19 pandemic. The Manager continues to work with its counterparties and advisers to ensure that any operational and legal risks are mitigated. The sub-fund is not registered for sale in Europe and its customer base is, in the main, the United Kingdom.

The outcome of both events continues to be unclear and therefore there is an element of risk, but the Manager does not expect this to materially change the underlying long-term prospects going concern basis of the Trust or its individual sub-fund.

Assessment of value

The COLL Sourcebook requires the Manager to conduct an "assessment of value" at least annually for the sub-fund in the Trust which includes, amongst other things (i) an assessment of whether the payments out of scheme property set out in the prospectus are justified in the context of the overall value delivered to unitholders; (ii) an assessment of the range and quality of services provided to unitholders; (iii) an assessment of performance over an appropriate timescale; and (iv) an assessment of comparable market rates for the services provided by the Manager.

The Manager's assessment of value of the sub-fund in the Trust as at 31 March 2020 has been published and is available on the Manager's website at <https://www.quilterinvestors.com/siteassets/documents/legal/assessment-of-value-report-2020-for-sub-advised-funds-.pdf>.

Manager's Report (continued)

Additional information

The Trust's Registrar, DST, changed its name to SS&C with effect from 31 March 2020, as detailed in the Trust Information section on page 3.

PricewaterhouseCoopers LLP replaced KPMG LLP as Auditor of the Trust with effect from 11 May 2020.


The head office and registered office of the Manager changed to Senator House, 85 Queen Victoria Street, London, EC4V 4AB with effect from 14 September 2020.


These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in May 2014 and as amended in June 2017.

The Trust is an umbrella scheme which complies with the COLL Sourcebook and as at 31 October 2020 had one sub fund (listed below). Additional sub-funds may be launched in the future.

Sub-fund name	Launch date
Quilter Cheviot Global Income and Growth Fund for Charities	8 January 2020

In accordance with the requirements of the Financial Services and Market Act 2000, we hereby certify these financial statements on behalf of the Manager.


P Simpson
For and on behalf of Quilter Investors Limited
Director


D Bowden
For and on behalf of Quilter Investors Limited
Director

16 February 2021

16 February 2021

Manager's Report (continued)

The purpose of this report is to provide details of the progress of the Trust, and the sub-fund contained within. The report provides details of the performance and the portfolio of the sub-fund.

Net asset value

Quilter Cheviot Global Income and Growth Fund for Charities

- Income

31 October 2020		
Net asset value of sub-fund	Units in issue	Net asset value pence per unit
£50,453,931	50,928,604	99.07

Securities Financing Transactions Regulation Disclosure

The Trust does not currently undertake securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or use total return swaps.

Statement of the Manager's Responsibilities

The COLL Sourcebook requires the Manager to prepare financial statements for each annual and semi-annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net gains or losses on the property of the Trust for the period.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 and as amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust and its sub-fund ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to liquidate the Trust or its sub-fund or to cease operations, or has no realistic alternative but to do so;
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL Sourcebook.

Remuneration Policy

Remuneration Disclosure Annual Report and Accounts

Remuneration Policy

Sub-funds under the Quilter Investors Charity Authorised Investment Funds umbrella are managed by Quilter Investors Limited (QIL), a wholly owned subsidiary of Quilter plc.

The board of QIL has established a Remuneration Policy encompassing the specific requirements of the Alternative Investment Fund Managers Directive (AIFMD). This policy applies to QIL and the Alternative Investment Funds (AIFs) it manages.

Remuneration philosophy and alignment with risk management

QIL's remuneration philosophy is focused on pay for performance, where the performance is delivered within the risk appetite of the firm and the funds it manages. Remuneration is structured in a way to attract, motivate and retain the individuals needed to lead and develop the business. Remuneration structures are designed to support the delivery of QIL's strategy and align the interests of executives, shareholders and customers.

Remuneration is comprised of fixed pay, variable pay (cash bonus with deferral and long-term incentive arrangements for eligible senior managers), non-contributory defined contribution pension and other market competitive benefits. A proportion of the annual bonus is deferred into approved funds or Quilter plc shares. QIL has taken a proportionality assessment which takes into account criteria including but not limited to:

- the conservative and low volatility strategies of the funds it manages;
- the low number of remuneration code staff and risk takers in QIL; and
- the low number of investment strategies and styles and restricted portfolio of funds it manages.

The Remuneration Committee monitors the compensation process and ensures that proposals do not reward senior staff for excessive risk-taking.

The deferred element of the annual bonus vests in equal tranches on an annual basis over three years after award. During the deferral period the unvested bonus award remains at risk of forfeiture or reduction. This helps promote sound risk management and discourage risk taking that exceeds the firm's level of tolerated risk or that of QIL's client funds. Through the use of deferral into funds or shares the interests of staff are closely aligned to the long-term interests of investors and shareholders.

Long-term incentive arrangements are provided in the form of either a performance-based share award or an award of Restricted Stock Units (RSUs), which are designed to align senior management reward to the success of the company in achieving its strategic priorities and growing the value of the business. Awards under the plan have a vesting period of three years and are subject to clawback for a further two years.

A copy of the Remuneration Policy is available upon request.

Financial and non-financial criteria

Variable remuneration is based on a rounded assessment of firm and individual performance. The assessment of corporate performance covers both financial and non-financial performance including risk management.

Individual performance is assessed against the individual's objectives and includes an employee's compliance with controls and applicable company standards including the Quilter plc Code of Ethics.

Conflicts of interest

The approach to and management of remuneration contain a number of measures to avoid conflicts of interest.

- Guidance is provided to managers to assist them in determining appropriate remuneration recommendations for their staff. Remuneration proposals are subject to approval by department or functional heads. For senior employees these proposals are subject to moderation as part of a broader Quilter process. No employee may determine their own remuneration.
- Employees engaged in control functions (e.g. Risk, Compliance and Internal Audit) have functional line management structures outside of the business units they oversee to ensure that remuneration decisions are not directly determined by the business units they oversee. Variable remuneration for control function employees is determined on the achievement of meeting their own functional objectives as set in their appraisal.
- The Quilter Remuneration Committee signs off the remuneration of higher paid staff.
- Personal hedging strategies which may undermine the risk alignment of variable remuneration are not permissible (e.g. entering into an arrangement with a third party under which payments will be linked to the person's remuneration or deferred consideration). Personal Account dealing policies are in place, which prohibit dealing on a personal basis or by any connected party, unless it is in compliance with the relevant policy(ies).

Employee remuneration disclosure

The table below provides an overview of the following:

- Aggregate total remuneration of QIL entire staff; and
- Aggregate total remuneration of QIL 'Material Risk Takers (MRTs)'

The MRTs are those employees who are considered could have a material impact on the risk profile of QIL or the funds it manages. This broadly includes senior management, risk takers and control functions. For the purposes of this disclosure, 'MRTs' does not include employees of entities to which activities have been delegated.

Amounts shown reflect payments made during the financial reporting period of QIL.

Remuneration Policy (continued)

Quilter Investors Charity Authorised Investment Funds

	Headcount	Total Remuneration	Proportion ³
QIL Staff¹	82	£13,148,921	-
of which			
Fixed remuneration		£7,109,696	-
Variable remuneration		£6,039,225	-
Carried interest		Nil	-
QIL Material Risk Takers²	9	£5,410,069	-
of which			
Senior Management	7	£4,590,231	-
Other Identified Staff	2	£819,838	-

1 Total remuneration costs represent the total headcount and costs associated for QIL as at the 31 December 2019.

2 The MRTs are those that have been either identified as a Qualitative Risk Taker or Quantitative Risk Taker for the QIL Business as approved by the Remuneration Committee (as at 31 December 2019).

3 The proportion of this remuneration applied to the Quilter Investors Charity Authorised Investment Funds umbrella is nil as its sub-fund did not exist as at 31 December 2019. This figure will be updated in the next annual report and Financial Statements for the year ended 31 October 2021.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of Quilter Investors Charity Authorised Investment Funds (the "Trust")

for the period from 8 January 2020 to 31 October 2020

The Trustee is responsible for the safekeeping of all the property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority' Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc, UK Branch
Trustee
16 February 2021

Statement of the Advisory Committee's Responsibilities

The Trust has an Advisory Committee which is independent from the Manager and Trustee. It has a consultative role and is tasked with representing the interests of Unitholders.

The Advisory Committee meets twice a year to consider and, if necessary, make representations to the Manager, in relation to:

- the investment objective of the Trust and its sub-fund;
- the income distribution policy of the Trust and its sub-fund;
- the appointment of the Manager's and Trustee's key service providers; and
- the fees and charges associated with each class of units within the Trust and its sub-fund.

The Advisory Committee are pleased to report on the discharge of their responsibilities for the period ending 31 October 2020 as set out above.

At our twice-yearly meetings with the Manager, we are able to ask the sort of questions that individual charities would have asked of the management of their assets. We seek reassurance that the sub-fund is managed appropriately and that policies set by the Manager remain suitable and have been complied with.

At both meetings we have reviewed the investment performance of the sub-fund as well as the evolution of the client base since the inception of the Trust in January 2020. We also reviewed the costs associated with managing the sub-fund, including the Manager's remuneration and the Ongoing Charge Figure, which includes the charges for the underlying open-ended funds held and the sub-fund's management fees. We took a critical look at the Investment Objective and Policies of the sub-fund to ensure that they remain appropriate.

We believe that the sub-fund has been well-managed and should be able to meet its objective over the longer-term.

Unitholders can contact the Advisory Committee, care of the Manager, if they have any questions or comments to share.

Shonaig Macpherson
Chair of the Advisory Committee
16 February 2021

Independent auditors' report to the Unitholders of Quilter Investors Charity Authorised Investment Funds

Opinion

In our opinion, Quilter Investors Charity Authorised Investment Funds' financial statements:

- give a true and fair view of the financial position of the Trust as at 31 October 2020 and of the net revenue and the net capital gains on its scheme property for the 10 month period (the "period") then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 October 2020; the Statement of total return and the Statement of change in net assets attributable to unitholders for the period then ended; the distribution tables; the accounting policies and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Manager's Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Manager's Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Independent auditors' report to the Unitholders of Quilter Investors Charity Authorised Investment Funds (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook and Charities Act 2011 exception reporting

Under the Collective Investment Schemes sourcebook and Charities Act 2011 we are required to report to you if, in our opinion:

- sufficient and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

Under the Charities Act 2011 we are also required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from these responsibilities.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

16 February 2021

Quilter Cheviot Global Income and Growth Fund for Charities

Launch date	8 January 2020
IA Sector	Unclassified
Investment Adviser	Quilter Cheviot Limited
Net asset value	£50,453,931

Objective

The sub-fund aims to achieve an annualised total return (net of fees) of 3.5% above the UK Consumer Prices Index over the medium term (i.e. 5 years) through exposure to a diversified range of asset classes. Out of this return, the sub-fund aims to provide a minimum income yield of 3% per annum.

Notwithstanding that the sub-fund aims to achieve a positive return over the medium term, capital is in fact at risk and there is no guarantee that such return (income or capital) will be achieved over that time period or within another time period.

Policy

The sub-fund will invest globally, either directly or through collective investment schemes, in a diversified portfolio focussed on equities. The sub-fund may also invest, either directly or through collective investment schemes, in government bonds, corporate bonds, alternative investments and cash. The sub-fund may also gain exposure through regulated or unregulated collective investment schemes to alternative asset classes including commercial property, infrastructure, renewable energy and private equity.

The sub-fund may use derivatives for efficient portfolio management. The Manager considers that the use of derivatives for this purpose is not likely to affect the risk profile of the sub-fund.

The sub-fund may use derivative instruments for investment purposes on the giving of 60 days' notice to Unitholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

Investment Adviser's review

This sub-fund launched on 8 January 2020 and this is reflected in the commentary.

Market review

On the back of a successful fourth quarter, and 2019 as a whole, global stock markets reached new all-time highs in early February 2020. However, they suffered a sharp and broad-based sell-off once it became clear that the coronavirus had not been contained within China and that, due to the nature of our globalised world, the virus was soon to become a global pandemic.

From April, markets reverted to 'risk-on' mode, however they paused for breath in September after a steady rebound from the 23 March lows. The global economic recovery continues but a second wave of coronavirus in Europe and further regional lockdowns are a timely reminder that the pandemic still has some way to run. Unsurprisingly the pipeline of vaccines has been greeted positively by markets however, the economic consequences remain significant.

Performance review

In the period from 8 January to 31 October 2020, there was a significant divergence in returns between markets. The UK as represented by the FTSE All-Share Index fell 23.1%, conversely the FTSE World ex UK Index (in sterling) rose 0.7%. Over the period the sub-fund returned 1.2% versus its performance comparator, which declined 7.7%.

The sub-fund benefited from incoming cash flows in the first three months of 2020 enabling us to time investment and therefore mitigate to a small degree the impact of the fall in global equity markets for investors in that period.

As markets rebounded in the second quarter of 2020, the sub-fund performed well across the board with underweight positions in government bonds and UK equities paying off. Although, stock selection played a greater role across the portfolio.

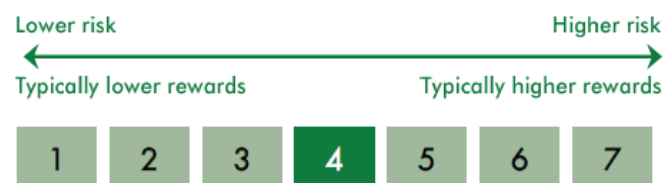
The overall sub-fund positioning remains underweight UK equities and overweight the overseas allocation versus the performance comparator. It is highly likely that this positioning will continue into the medium/long term, given the prospects for the UK versus other markets as we perceive them. In the third quarter of 2020, the sub-fund benefited from this underweight stance in the UK (as well as stock selection), and particularly from the positioning within the US equity element.

At a stock level, examples of companies that performed well included B&M European Value Retail, which traded well throughout the year. The majority of its stores are located in retail parks, which are easier to make covid-safe and, in our view, the company is well placed to continue to capture market share. Apple also contributed strongly; the balance sheet remains rock solid and the growth of software revenues has helped to reduce the reliance on iPhone sales, precipitating a re-rating in the share price. Even so, the iPhone 12 is expected to drive revenues in the period ahead.

The search for income, while maintaining a focus on long-term growth prospects, can be a rather head-scratching endeavour in the current environment and this has added impetus to our plans to introduce non-correlated assets and diversifiers. Market uncertainty remains: our job is to stay focused on the long term and, as ever, to try to navigate through the noise to identify rewarding long-term themes and investments.

(All performance figures rounded to one decimal place)

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-fund in category 4 have in the past shown moderate volatility. With a sub-fund of category 4, you have a moderate risk of losing money but your chance for gains is also moderate.

Investment risk - the performance aim is not a guarantee, may not be achieved and a capital loss may occur. Sub-fund which have a higher performance aim generally take more risk to achieve this and so have a greater potential for the returns to be significantly different than expected.

Strategy risk - as the sub-fund invests in other collective investment schemes, which themselves invest in assets such as bonds, company units, cash and currencies, it will be subject to the collective risks of these other sub-funds. This may include emerging markets risk and sub-investment grade credit risk.

Smaller companies risk - smaller companies are subject to greater risk and reward potential. Investments may be volatile or difficult to buy or sell.

Credit risk - the issuer of a bond or a similar investment within the sub-fund may not pay income or repay capital to the sub-fund when due. Bonds which are rated below investment grade are considered to have a higher risk exposure with respect to meeting their payment obligations.

Interest rate risk - investments in bonds are affected by interest rates and inflation trends which may affect the value of the sub-fund.

Liquidity risk - some investments may become hard to value or sell at a desired time and price. In extreme circumstances this may affect the sub-fund's ability to meet redemption requests upon demand.

Currency risk - the sub-fund is denominated in British Pounds but may hold assets denominated in, or with exposure to, other currencies. The value of your units may rise and fall as a result of exchange rate movements between these currencies.

Derivative risk - the sub-fund uses derivatives to generate returns and/or to reduce costs and the overall risk of the sub-fund. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

Capital erosion risk - the sub-fund takes its charges from the capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges. Capital erosion may have the effect of reducing the level of income generated.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Record

Comparative Tables

	8 January 2020 to 31 October 2020
	p/unit
Income†	
Change in net assets per unit	
Opening net asset value per unit	100.00
Return before operating charges*	1.69
Operating charges**	(0.60)
Return after operating charges*	1.09
Distributions	(2.02)
Retained distributions	-
Closing net asset value per unit	99.07
* after direct transaction costs of**	0.04
Performance	
Return after charges	1.09%
Other information	
Closing net asset value (£)	50,453,931
Closing number of units	50,928,604
Operating charges****	0.75%
Direct transaction costs***	0.05%
Prices	pence per unit
Highest unit price	104.1
Lowest unit price	82.52

† From 8 January 2020.

** The operating charges include all costs borne by the sub-fund, except for direct transaction costs. They include the operating charges of any collective investment schemes in which the sub-fund invests.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. They do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. These costs arise as a result of transactions undertaken both for efficient portfolio management and the meeting of the sub-fund's objectives. These costs exclude any effect of dilution adjustments used to offset the costs.

**** The operating charges percentage is the ratio of the sub-fund's ongoing charges (excluding interest on borrowings) to the average net assets of the sub-fund. If the unit class launched during the period the operating charges figures are annualised. This includes a synthetic element of 0.10% to incorporate the OCF of the underlying sub-funds.

Performance

for the period from
8 January 2020 to
31 October 2020

Quilter Cheviot Global Income and Growth Fund for Charities*	1.32%
UK Consumer Prices Index (CPI) +3.5% (benchmark)	3.62%

* Income Units

Data Source – Factset. Figures are calculated on a total return and single price basis, with net income reinvested into the sub-fund.

Portfolio allocation		Major holdings		Percentage of portfolio
United Kingdom	53.56%	Royal London Sterling Credit Fund - Z Income		3.88%
North America	20.64%	Baillie Gifford Japanese Income Growth Fund - W4 Income		3.65%
Europe	19.17%	PIMCO GIS Global Investment Grade Credit Fund - Institutional Income (GBP) Hedged		2.97%
Asia Pacific (excluding Japan)	2.16%	United Kingdom Gilt 4.5% 07/12/2042		2.21%
Net other assets	4.47%	United Kingdom Gilt Inflation Linked 0.125% 22/11/2036		2.12%
		HICL Infrastructure		1.80%
Total	100.00%	Microsoft		1.67%
		Amazon.com		1.67%
		Apple		1.57%
		Mayfair Capital Property Income Trust for Charities		1.50%
Asset allocation		Number of holdings		95
United Kingdom Equities	35.24%			
Collective Investment Scheme	21.02%			
United States Equities	20.64%			
Sterling Denominated Debt Securities	6.30%			
Ireland Equities	3.84%			
Switzerland Equities	2.00%			
Netherlands Equities	1.60%			
France Equities	1.14%			
China Equities	1.05%			
Taiwan Equities	0.62%			
Germany Equities	0.59%			
Spain Equities	0.58%			
South Korea Equities	0.49%			
Italy Equities	0.42%			
Net other assets	4.47%			
Total	100.00%			

Portfolio statement

as at 31 October 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 53.56%		
	Sterling Denominated Fixed Rate Corporate Bonds 1.02%		
£110,000	A2D Funding II 4.5% 30/09/2026	126	0.25
£100,000	British Telecommunications 5.75% 07/12/2028	130	0.26
£100,000	Motability Operations Group 4.375% 08/02/2027	122	0.24
£100,000	Thames Water Utilities Finance 6.75% 16/11/2028	139	0.27
		517	1.02
	Sterling Denominated Fixed Rate Government Bonds 5.28%		
£406,630	United Kingdom Gilt 1.5% 22/07/2047	478	0.95
£629,070	United Kingdom Gilt 4.5% 07/12/2042	1,115	2.21
£602,961	United Kingdom Gilt Inflation Linked 0.125% 22/11/2036	1,071	2.12
		2,664	5.28
	United Kingdom Equities 35.24%		
450,000	Aberdeen Standard European Logistics Income	461	0.91
640,024	Assura	481	0.95
7,628	AstraZeneca	600	1.19
133,110	B&M European Value Retail	655	1.30
80,116	BlackRock Throgmorton Trust	494	0.98
40,000	Compass	421	0.84
17,426	Diageo	436	0.86
122,800	Doric Nimrod Air Two (Preference shares)	87	0.17
154,608	DS Smith	431	0.85
570,679	Foresight Solar Fund	582	1.15
37,975	GlaxoSmithKline	491	0.97
15,006	Halma	357	0.71
514,618	HICL Infrastructure	906	1.80
425,000	Hipgnosis Songs	499	0.99
36,013	Intermediate Capital	421	0.84
438,571	International Public Partnerships	732	1.45
497,537	JPMorgan Global Core Real Assets	488	0.97
369,525	Legal & General	680	1.35
5,228	London Stock Exchange	435	0.86
478,793	M&G	702	1.39
60,230	National Grid	556	1.10
44,180	NB Private Equity Partners	448	0.89
16,750	Ocado	387	0.77
16,250	Persimmon	379	0.75
45,319	Princess Private Equity	400	0.79
26,000	Prudential	245	0.49
6,283	Reckitt Benckiser	427	0.85
29,000	RELX	439	0.87
463,665	Renewables Infrastructure	626	1.24
11,557	Rio Tinto	498	0.99

Portfolio statement (continued)

as at 31 October 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
United Kingdom Equities (continued)			
40,805	Smiths	542	1.07
295,934	Tesco	601	1.19
13,824	Unilever	608	1.21
36,000	Unite	293	0.58
55,356	United Utilities	476	0.94
482,876	Vodafone	495	0.98
		17,779	35.24
United Kingdom Collective Investment Schemes 12.02%			
572,042	AXA US Short Duration High Yield Fund - ZI Income	517	1.02
1,283,913	Baillie Gifford Japanese Income Growth Fund - W4 Income	1,841	3.65
78,400	BMO Property Growth & Income Fund - I Income	687	1.36
122,425	Fidelity Asia Pacific Opportunities Fund - W Accumulation	305	0.61
924,523	Mayfair Capital Property Income Trust for Charities	757	1.50
1,358,613	Royal London Sterling Credit Fund - Z Income	1,958	3.88
		6,065	12.02
Overseas 41.97%			
Asia Pacific (excluding Japan) 2.16%			
China Equities 1.05%			
1,115	Alibaba ADR	268	0.53
4,450	Tencent	261	0.52
		529	1.05
South Korea Equities 0.49%			
254	Samsung Electronics GDR	247	0.49
		247	0.49
Taiwan Equities 0.62%			
4,776	Taiwan Semiconductor Manufacturing ADR	312	0.62
		312	0.62
Europe 19.17%			
France Equities 1.14%			
1,049	LVMH Moet Hennessy Louis Vuitton	381	0.76
2,750	Sanofi	192	0.38
		573	1.14
Germany Equities 0.59%			
2,179	Allianz	295	0.59
		295	0.59

Portfolio statement (continued)

as at 31 October 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Ireland Equities 3.84%			
5,283	Aptiv	400	0.79
21,955	Experian	623	1.24
5,970	Medtronic	466	0.92
4,400	Trane Technologies	447	0.89
		1,936	3.84
Italy Equities 0.42%			
33,500	Enel	211	0.42
		211	0.42
Netherlands Equities 1.60%			
1,262	ASML	354	0.70
49,373	Royal Dutch Shell 'B'	453	0.90
		807	1.60
Spain Equities 0.58%			
5,943	Cellnex Telecom	293	0.58
		293	0.58
Switzerland Equities 2.00%			
2,621	Nestle	226	0.45
5,607	Novartis	335	0.66
900	Roche	221	0.44
25,547	UBS	228	0.45
		1,010	2.00
Overseas Collective Investment Scheme 9.00%			
294,718	BBGI SICAV Fund	509	1.01
51,925	Matthews Asia ex Japan Dividend Fund - S Income	676	1.34
107,733	PIMCO GIS Global Investment Grade Credit Fund - Institutional Income (GBP) Hedged	1,500	2.97
41,243	Polar Capital Automation & Artificial Intelligence Fund - S Accumulation (GBP)	494	0.98
350	Veritas Asian Fund - D Income	333	0.66
3,440	Vontobel Sustainable Emerging Markets Leaders	375	0.74
7,943	Wells Fargo Emerging Markets Equity Income Fund - Y Income	656	1.30
		4,543	9.00
North America 20.64%			
United States Equities 20.64%			
1,449	Adobe	514	1.02
526	Alphabet 'C'	632	1.25
341	Amazon.com	843	1.67
9,000	Apple	794	1.57
12,474	Ares Management	405	0.80
12,642	Coca-Cola	467	0.93
4,766	Electronic Arts	455	0.90

Portfolio statement (continued)

as at 31 October 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
United States Equities (continued)			
2,470	Facebook	532	1.05
2,476	Intuit	621	1.23
6,050	JPMorgan Chase	453	0.90
10,071	Merck	588	1.17
5,361	Microsoft	844	1.67
1,348	Netflix	523	1.04
4,000	NextEra Energy	228	0.45
16,546	Pfizer	449	0.89
1,925	Rockwell Automation	350	0.69
2,635	Stryker	417	0.83
1,200	Thermo Fisher Scientific	436	0.86
3,284	Visa	468	0.93
5,936	Xylem	397	0.79
		10,416	20.64
Investment assets		48,197	95.53
Net other assets		2,257	4.47
Total net assets		50,454	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

Analysis of investments by asset class

	Market Value £'000	Percentage of total net assets %
Equities	34,917	69.22
Collective Investment Schemes	10,099	20.01
Bonds	3,181	6.30
Portfolio of investments	48,197	95.53
Net other assets	2,257	4.47
Total net assets	50,454	100.00

Summary of material purchases and sales

for the period from 1 November 2019 to 31 October 2020

Purchases	Cost £'000	Sales	Proceeds £'000
Royal London Sterling Credit Fund - Z Income	1,922	iShares UK Property UCITS ETF GBP - Distributing	1,125
Baillie Gifford Japanese Income Growth Fund - W4 Income	1,695	Royal Dutch Shell 'B'	461
PIMCO GIS Global Investment Grade Credit Fund - Institutional Income (GBP Hedged)	1,492	Sands Capital Emerging Markets Growth Fund - A Accumulation	371
Royal Dutch Shell 'B'	1,311	BlackRock Throgmorton Trust	337
iShares UK Property UCITS ETF GBP - Distributing	1,262	Compass	337
United Kingdom Gilt 4.5% 07/12/2042	1,094	United Kingdom Gilt 1.75% 07/09/2037	329
United Kingdom Gilt Inflation Linked 0.125% 22/11/2036	1,022	Halma	318
Compass	963	Apple	316
HICL Infrastructure	873	United Kingdom Gilt Inflation Linked 0.125% 10/08/2028	288
Legal & General	854	Palo Alto Networks	247

Statement of total return

for the period from 8 January 2020 to 31 October 2020

	Note	08.01.20 to 31.10.20 £'000	08.01.20 to 31.10.20 £'000
Income			
Net capital gains	2		1,141
Revenue	3	787	
Expenses	4	(193)	
Interest payable and similar charges	5	(2)	
Net revenue before taxation		592	
Taxation	6	(21)	
Net revenue after taxation			571
Total return before distributions			1,712
Distributions	7		(795)
Change in net assets attributable to unitholders from investment activities			917

Statement of change in net assets attributable to unitholders

for the period from 8 January 2020 to 31 October 2020

	08.01.20 to 31.10.20 £'000	08.01.20 to 31.10.20 £'000
Opening net assets attributable to unitholders		-
Amounts received on issue of units	49,647	
Amounts paid on cancellation of units	(162)	
		49,485
Dilution adjustment		52
Change in net assets attributable to unitholders from investment activities		917
Closing net assets attributable to unitholders		50,454

The notes on pages 24 to 30 form an integral part of these financial statements.

Balance sheet

as at 31 October 2020

		31.10.20
		£'000
Assets		
Fixed assets		
Investments		48,197
Current assets		
Debtors	8	1,566
Cash and bank balances	9	1,226
Total assets		50,989
Liabilities		
Creditors		
Distribution payable		(308)
Other creditors	10	(227)
Total liabilities		(535)
Net assets attributable to unitholders		50,454

The notes on pages 24 to 30 form an integral part of these financial statements.

Notes to the financial statements

for the period from 8 January 2020 to 31 October 2020

1 Accounting policies

The applicable accounting policies adopted by the Quilter Cheviot Global Income and Growth Fund for Charities are included on pages 32 to 33.

2 Net capital gains

The net capital gains on investments comprise:

Gains on non-derivative securities

Gains on forward currency contracts

Losses on currency contracts

Net capital gains on investments

08.01.20 to

31.10.20

£'000

1,162

2

(23)

1,141

Realised losses*

Unrealised gains*

Total realised/unrealised gains

(408)

1,572

1,164

3 Revenue

Franked distributions on Collective Investment Scheme

Unfranked Interest distributions on Collective Investment Schemes

Interest on debt securities

Manager's fee rebate

Non-taxable distributions on Offshore Funds

Non-taxable overseas dividends

Property income distributions

Taxable distributions on Offshore Funds

UK dividends

UK REIT dividends

Total revenue

08.01.20 to

31.10.20

£'000

7

32

12

1

30

237

18

29

417

4

787

4 Expenses

Payable to the Manager, associates of the Manager and agents of either of them:

Annual Management Charge

Fixed expenses*

Total expenses

08.01.20 to

31.10.20

£'000

148

45

193

* This figure represents the fixed expense charge which covers all fees payable by the sub-fund to the to the Trustee (including associates etc.), and other expenses. The Audit fee for the period, excluding VAT, was £16,000.

Notes to the financial statements (continued)

for the period from 8 January 2020 to 31 October 2020

5 Interest payable and similar charges

	08.01.20 to 31.10.20 £'000
Bank overdraft interest	2
Total interest payable and similar charges	2

6 Taxation

a) Analysis of tax charge in the period

	08.01.20 to 31.10.20 £'000
Overseas tax suffered	21
Total current tax charge for the period	21
Deferred tax charge for the period	-
Total taxation for the period (see note 6(b))	21

b) Factors affecting tax charge for the period

As the Trust is a Charity Authorised Investment Fund, it is exempt from United Kingdom tax on capital gains realised on the disposal of investments held within the sub-fund and any UK corporation tax.

The sub-fund is also excluded from the normal tax rules which apply to revenue allocations to units and payments on redemption of units made to unitholders in an authorised unit trust scheme. For the purposes of the sub-fund, revenue of the sub-fund is not considered to be dividends in the hands of the unitholders and therefore no income tax is payable in respect of the revenue allocated to each unit.

In addition, any gains on the redemption of units in the sub-fund are not to be treated as chargeable gains for Capital Gains Tax purposes and therefore no Capital Gains Tax is payable on redemption of units.

	08.01.20 to 31.10.20 £'000
The taxation assessed for the period is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20%. The differences are explained below:	
Net revenue before taxation	592
Corporation tax at 20%	119
Effects of:	
Revenue not taxable due to charitable status	(119)
Overseas tax suffered	21
Total tax charge for the period (see note 6(a))	21

Notes to the financial statements (continued)

for the period from 8 January 2020 to 31 October 2020

7 Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	08.01.20 to 31.10.20 £'000
First Interim – Income units (30 April)	253
Second Interim – Income units (31 July)	346
Final – Income units (31 October)	308
	907
Revenue deducted on cancellation of units	1
Revenue received on issue of units	(113)
Distributions	795
Reconciliation of distributions:	
Net revenue after taxation	571
Capitalised fees	193
Equalisation on Collective Investment Schemes	31
Distributions	795

Details of the interim and final distributions per unit are set out in the tables on page 31.

8 Debtors

	31.10.20 £'000
Accrued revenue	89
Amounts receivable for issue of units	1,475
Overseas tax recoverable	2
Total debtors	1,566

9 Cash and bank balances

	31.10.20 £'000
Cash and bank balances	1,226
Total cash and bank balances	1,226

10 Other creditors

	31.10.20 £'000
Accrued expenses	6
Amounts payable for cancellation of units	100
Amounts payable to Manager	21
Purchases awaiting settlement	100
Total other creditors	227

Notes to the financial statements (continued)

for the period from 8 January 2020 to 31 October 2020

11 Related party transactions

Quilter Investors Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in the sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to unitholders on page 22. Any amounts due to or from the Manager at the end of the accounting period in respect of transactions of units in the sub-fund are disclosed in notes 8 and 10. Amounts paid to the Manager in respect of expenses are disclosed in note 4 and amounts due to it at the period end are disclosed in note 10.

12 Derivatives and other financial instruments

a) Financial instrument risk

The Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment. Each Investment Adviser is responsible for monitoring the portfolio of his/her sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Investment Adviser regularly considers the asset allocation of the portfolio in order to minimise the risk associated with particular market or industry sectors. Stock selection is based on financial, market and sector analysis.

The sub-fund has little direct exposure to credit or cash flow risk. There are no material borrowings or unlisted securities and so little exposure to liquidity risk.

The main risks it faces arising from its financial instruments are (i) interest rate risk, being the risk of movements in the value of financial instruments as a result of fluctuations in interest rates, and (ii) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate movements. In addition, the sub-fund may hold financial instruments such as forward currency contracts, futures or options contracts for the purpose of efficient portfolio management. The sub-fund may use derivative instruments for investment purposes on giving 60 days' notice to unitholders.

These risks are monitored by the Investment Adviser in pursuance of the investment objectives and policy set out in page 14.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the COLL Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

b) Market risk

i) Foreign currency risk

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Adviser does seek to reduce some of this risk by using forward currency contracts.

The foreign currency exposure of the sub-fund as at 31 October 2020 is as follows:

Currency

Euro
Hong Kong dollar
Swiss franc
US dollar

Total

Net foreign currency assets		
Monetary exposures*	Non-monetary exposures	Total
31.10.20	31.10.20	31.10.20
£'000	£'000	£'000
2	2,126	2,128
-	261	261
3	1,010	1,013
5	12,557	12,562
10	15,954	15,964

* For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Currency sensitivity

A 5% increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets as at 31 October 2020 by £798,195 or 1.58%. A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the period from 8 January 2020 to 31 October 2020

12 Derivatives and other financial instruments (continued)

b) Market risk (continued)

ii) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 October 2020 is as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.10.20				
Euro	-	-	2,128	2,128
Hong Kong dollar	-	-	261	261
Sterling	1,225	3,181	30,619	35,025
Swiss franc	-	-	1,013	1,013
US dollar	1	-	12,561	12,562
Total	1,226	3,181	46,582	50,989

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.10.20			
Sterling	-	(535)	(535)
Total	-	(535)	(535)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact on the Statement of Total Return or Net Assets of the sub-fund.

iii) Other price risk

Other price risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

Market price risk sensitivity

Market price risk sensitivity A 5% market movement in the price of investments held by the sub-fund, with all other variables remaining constant, would result in an increase or decrease on net asset value of the sub-fund by approximately £2,409,861 or 4.78%.

c) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. The risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the COLL Sourcebook also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Adviser's review and the Portfolio statement.

d) Counterparty risk

Certain transactions in financial instruments that the sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the Manager and Investment Adviser as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

Notes to the financial statements (continued)

for the period from 8 January 2020 to 31 October 2020

12 Derivatives and other financial instruments (continued)

e) Liquidity risk

The sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation to unitholders to meet any cancellation of units. Assets from the sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on the sub-fund (cash and underlying securities) to ensure any redemption can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the COLL Sourcebook mitigate the risk of excessive exposure to assets which are not readily realisable.

f) Fair value of financial assets and financial liabilities

There is no material difference between the carrying value of the financial assets and financial liabilities, as shown in the balance sheet, and their fair value.

Basis of valuation	31.10.20	
	Assets £'000	Liabilities £'000
Level 1: Quoted prices	37,581	-
Level 2: Observable market data	10,616	-
Level 3: Unobservable data	-	-
Total	48,197	-

g) Global exposure

The Manager assesses the market risk of Quilter Cheviot Global Income and Growth Fund for Charities, including any derivative exposures, using a commitment approach. All exposure arising through the investment in financial derivative instruments will be covered by the underlying assets of the sub-fund. The sub-fund will use the commitment approach methodology to measure, monitor and manage the "leverage" effect produced by the use of financial derivative instruments and for the calculation of global exposure. In using the commitment approach for the calculation of global exposure, the sub-fund will convert each derivative position into the market value of an equivalent position in the underlying asset of that derivative.

13 Contingent liabilities

The sub-fund had no contingent liabilities at the balance sheet date.

14 Portfolio transaction costs

Analysis of total purchase costs

31.10.20	Value	Commissions	Other costs	
	£'000	£'000	%	£'000
Bonds	3,735	-	-	-
Equities	35,373	13	0.04%	-
Collective Investment Schemes	15,413	-	-	-
Corporate actions	44	-	-	-
Total	54,565	13		-
Total purchases including transaction costs	54,578			

Analysis of total sale costs

31.10.20	Value	Commissions	Other costs	
	£'000	£'000	%	£'000
Bonds	618	-	-	-
Equities	4,263	1	0.02%	-
Collective Investment Schemes	2,610	-	-	-
Corporate actions	10	-	-	-
Total	7,501	1		-
Total sales including transaction costs	7,500			

Transaction costs as a percentage of average Net Assets

	31.10.20
Commissions:	0.05%
Other costs:	0.00%

In the case of shares, transaction costs are paid by the sub-fund on each transaction. Commissions relate to those paid to agents, advisers, brokers and dealers in the buying and selling of securities. Other costs include any additional fees that may be paid to agents, advisers, brokers and dealers as well as levies by regulatory agencies and security exchanges and any transfer taxes or duties. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads may vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.38%.

Notes to the financial statements (continued)

for the period from 8 January 2020 to 31 October 2020

15 Unitholders' funds

The sub-fund currently has one unit class; Income Units. The net asset value of the unit class, net asset value per unit and the number of units in are given in the Comparative tables.

The unit class currently in issue and the Annual Management Charge of the unit class is shown below.

- Income Units†	31.10.20
	0.50%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Closing
- Income Units†	-	51,089,973	(161,369)	50,928,604

† From 8 January 2020

16 Post balance sheet date events

The table below shows the net asset values per unit as at the balance sheet date, compared against values as at 10 February 2021 and the percentage movement in that period:

	31.10.20 pence per unit	10.02.21 pence per unit	% Movement
- Income Units	99.07	108.40	9.42%

Distribution tables

Final distribution

Group 1: Units purchased prior to 1 August 2020

Group 2: Units purchased from 1 August to 31 October 2020

Income Units	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.20 pence per unit
Group 1	0.6043	-	0.6043
Group 2	0.2872	0.3171	0.6043

Second interim distribution

Group 1: Units purchased prior to 1 May 2020

Group 2: Units purchased from 1 May 2020 to 31 July 2020

Income Units	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.08.20 pence per unit
Group 1	0.7332	-	0.7332
Group 2	0.5155	0.2177	0.7332

First interim distribution

Group 1: Units purchased prior to 8 January 2020

Group 2: Units purchased from 8 January 2020 to 30 April 2020

Income Units†	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.20 pence per unit
Group 1	0.6847	-	0.6847
Group 2	0.4715	0.2132	0.6847

† From 8 January 2020

* Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Accounting policies

a) Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014 and as amended in June 2017.

The Manager has undertaken a detailed assessment of the sub-fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the sub-fund continues to be open for trading and the Manager is satisfied the sub-fund has adequate financial resources to continue in operation and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

The principal accounting policies, which have been applied consistently throughout the period, are set out below.

b) Recognition of revenue

Dividends on quoted ordinary shares, preference shares and distributions on holdings in Collective Investment Schemes are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.

Dividends from UK REITs are split into PID (Property Income Distributions) and Non-PID components for tax purposes. Revenue arising from UK REITs' tax-exempt rental business is commonly known as PID revenue and is taxable in the hands of the sub-fund. A UK REIT may also carry out activities that give rise to taxable profits and gains, it is from these that the REIT will make a Non-PID distribution, these are treated for tax purposes in the same way as dividends from UK companies and are reflected under UK dividends within the revenue note.

All distributions from accumulation holdings in Collective Investment Schemes are treated as revenue. The equalisation component of Collective Investment Scheme distributions has been recognised as capital.

Nominal interest on interest bearing securities and bank interest are recognised on an accruals basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the sub-fund.

Revenue arising on debt securities that are purchased at a discount/premium to the maturity value is amortised or accumulated over the life of such securities and recognised at a consistent rate over the life of the instrument (effective yield basis). This basis uses the effective interest rate of the security to discount exactly the expected stream of future cash flows to the current net carrying value of the security.

Interest receivable or payable on credit default swaps is accounted for on an accruals basis and classified as revenue or capital based on the motives and circumstances of their use with any interest purchased and sold on the derivatives dealt with as part of the revenue of the sub-fund.

c) Treatment of stock dividends

Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital. The ordinary element of stock dividends is treated as revenue but does not form part of the distribution.

d) Special dividends and share buy-backs

The underlying circumstances behind both special dividends and share buy backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue will form part of the distribution. Any tax treatment will follow the accounting treatment of the principal amount.

e) Underwriting commission

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Trust is required to take up some or all of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

f) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

g) Revenue allocation to unit classes

Revenue is allocated to the unit classes of each sub-fund based on the proportion of assets held within each unit class. As at 31 October 2020 there is a single unit class.

h) Rebate of manager's periodic charge from underlying instruments

The sub-fund may be entitled to a rebate of manager's periodic charge, or is sometimes paid as renewal commission, when it holds underlying investments in Collective Investment Schemes. This is accrued daily and treated as revenue or capital depending on the treatment of the manager charge in the underlying investment.

i) Taxation and deferred taxation

The Trust is a CAIF and has tax-exempt status in the UK as it is a Charity registered with the Charity Commission subject to its being recognised as a charity by HMRC. Each sub-fund will also benefit from tax-exempt status in the UK. As a result the Trust is not subject to UK tax on gains arising on the disposal of investments. As a CAIF, the Trust will benefit from an exemption from UK VAT in respect of investment management fees.

j) Distribution policy

All of the net revenue available for distribution at the end of interim and final distribution periods will be distributed to unitholders. Any unit class in deficit of revenue will be made-up from the capital attributable to that unit class. Should taxation and expenses taken together exceed revenue, there will be no distribution and the shortfall will be met from capital. The sub-fund distributes revenue on debt securities on an effective yield basis. Equalisation received on collective investment scheme distributions will be distributed.

As income may fluctuate from accounting period to accounting period, the Manager may, in consultation with the Trustee, decide to retain up to 15% of income from one accounting period to be held in the Income Reserve Account in order to smooth out future income payments in the following period. The Manager may, in consultation with the Trustee, in any accounting period withdraw any sum standing to the credit of the Income Reserve Account, and such sum shall be treated as income available for allocation or distribution in that accounting period. In the period ended 31 October 2020 this option has not been utilised.

In respect of Quilter Cheviot Global Income and Growth Fund for Charities the policy in accordance with the Prospectus is to charge all expenses to capital. This may have the effect of constraining capital growth.

Accounting policies (continued)

k) Basis of valuation of investments

The investments are valued at 12 noon bid prices on the last business day of the accounting year. Any unquoted or suspended investments are valued at the Manager's valuation taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

The Manager may apply a fair value price determined in accordance with the COLL Sourcebook if it has reasonable grounds for believing that no reliable price exists for a security at a valuation point or the most recent price available does not reflect the Manager's best estimate of the value at the valuation point.

Where a sub-fund invests in securities markets that are closed for trading (including planned stock exchange closures) at the sub-fund's valuation point, there is a risk that the price calculated is not representative of the markets in which it invests due to developments since the market's closure. Potentially this could lead to gains or losses on the sub-fund as it opens a window for investors or market timers to buy or sell at stale prices. An example would be when a sub-fund is priced using end of day prices from a market which closed for trading for a material period prior to the sub-fund's valuation point, for example, a UK Fund which is invested in US stocks, valuing at 12 noon UK time and using US asset prices from the previous day close of the US market within the sub-fund valuation. During this period it may be concluded that prices may change significantly when the market re-opens, based on a global event or on indications from the global futures markets. In this scenario, the Manager has the power to invoke a fair value price to give our best estimate of the value of the market or asset in question using a reliable source. A delegated committee is responsible for the monitoring and approval of any fair value pricing decisions.

The fair value pricing policy for the Trust differs dependent on the type of instruments held within the sub-fund's portfolio, their economic exposure and the materiality of any fair value adjustment. The Manager's fair value pricing policy is regularly reviewed by the Trustee of the sub-fund to ensure adherence to the COLL Sourcebook.

Authorised unit trusts and collective investment schemes operated by the Manager have been valued at cancellation price. Single priced authorised unit trusts, open ended investment companies and collective investment schemes have been valued at the latest available dealing price. Dual priced authorised trusts, open ended investment companies and collective investment schemes have been valued at the latest available bid price.

l) Exchange rates

Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at 12 noon on the last business day of the accounting year. Revenue items in foreign currencies are translated into sterling at the exchange rates ruling when the revenue is received.

m) Financial instruments

Where appropriate, certain permitted financial instruments such as derivatives or forward currency contracts are used for efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, and the circumstances support it, the revenue and expenses derived therefrom are included in "revenue" or "expenses" in the statement of total return. Where such financial instruments are used to protect or enhance capital, and the circumstances support it, the gains and losses derived there from are included in "Net capital gains/(losses)" in the statement of total return. Any positions on such financial instruments open at the year end are reflected in the balance sheet at their market value at the close of business on the last business day of the accounting year. Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at close of business on the last business day of the accounting year.

Returns on option contracts are treated as capital or revenue depending on the motives and characteristics in entering the transaction. For options written for the purposes of capital protection/growth, the premium is treated as capital. For options written for the purposes of income generation, the premium is treated as revenue and forms part of the distributable revenue of the sub-fund. Option premiums are only permitted to be treated as revenue where they are written 'out of the money'.

n) Dilution policy

The Manager has discretion to require a dilution adjustment to the price of a unit on the purchase or redemption of units in the sub-fund. The Manager's policy is to make a dilution adjustment when the Manager believes it is in the interest of the unitholders to do so.