

Quilter Investors Precious Metals Equity Fund

Launch date	30 April 2013
IA Sector	Specialist
Investment Adviser	BlackRock Investment Management (UK) Limited
Net asset value	£257,265,188

Objective

The sub-fund aims to achieve capital growth, over rolling five-year periods.

Policy

The sub-fund invests at least 80% of the value of its property in shares of companies located in developed and emerging markets anywhere in the world, that are engaged in precious metals, and commodities related businesses. Investment may be direct or indirect (e.g. through collective investment schemes or derivatives), however the ACD expects that the sub-fund will typically hold investments directly.

The sub-fund may invest in companies of any size, including smaller companies. The sub-fund may at times be concentrated in terms of the number of investments it holds (i.e. have less than 50 holdings).

The sub-fund may also invest in other transferable securities, collective investment schemes, warrants, money market instruments, deposits and cash.

Any investment in collective investment schemes may include those managed or operated by the ACD or an associate of the ACD.

The sub-fund may only use derivatives for the purpose of Efficient Portfolio Management. The use of derivatives for this purpose is not likely to affect the risk profile of the sub-fund.

Investment Adviser's review

Market review

The gold price returned +8.9% over the quarter, ending at ~\$1,976/oz, as a weakening US dollar and falling interest rate expectations were tailwinds. For reference, the DXY, a US Dollar Index fell -1.0% to 102.5. Equity stock markets continued to recover in the first quarter of 2023, with the MSCI All Country World Index rising +6.8%. Despite interest rate hikes, global growth surprised positively. However, the end of quarter was characterised by increased volatility, banking sector stocks declined sharply following the collapse of two US banks, Silicon Valley Bank and Signature Bank. Meanwhile, issues emerged in Europe around Credit Suisse's financial position and the investment bank was bought by UBS in an emergency deal. Gold reaffirmed its status as a 'safe-haven' asset amidst uncertainty in the banking sector and increased volatility in broader equity markets. Gold performed strongly despite physically backed gold ETFs recording outflows, with total holdings down to ~2,852 tonnes from ~2,926 tonnes at the end of December. Performance of the non-gold precious metals was mixed. The silver price rose +1.7% however, the palladium and platinum price declined -16.1% and -4.8% respectively. In company news, major gold producer, Newmont, launched a \$16.9 billion bid for Australian gold producer, Newcrest, which was subsequently rejected. This had a mixed impact on relative performance with our underweight position in Newmont a positive contributor but our underweight position in Newcrest the largest individual detractor. We expect to see further deals in the gold equity space this year as producers seek to overcome challenges such as low reserve lives and declining ore grades.

The gold price fell -3.1% during the second quarter of 2023, ending at ~\$1,927/oz, on expectations that the Fed would keep rates higher for longer, given the resistant US core inflation data. The DXY remained flat ending the period at 102.9. Gold equities delivered a beta to the downside move in the gold price. However, some of the inflationary pressures gold mining companies have faced in the last year have started to moderate as energy related costs come down. Equity markets posted positive returns during the second quarter of 2023 driven by resilient economic data despite the aggressive monetary policy tightening. Positive sentiment around the opportunity in artificial intelligence has also supported returns. For reference, the MSCI All Country World Index returning +5.6%. Physically backed gold ETFs recorded inflows, with total holdings up to ~2,889 tonnes from ~2,852 tonnes at the end of March. Performance of the non-gold precious metals was weak. The silver price fell -5.8%, the palladium and platinum price declined -15.8% and -8.6% respectively. In company news, Pan American Silver completed its previously announced acquisition of Yamana Gold, following the sale of Yamana Gold's Canadian's assets and other subsidiaries to Agnico Eagle, which was also completed during the month. Newmont's entered into a definitive agreement to acquire Newcrest; the latter received a final offer of new share ratio of 0.4 Newmont shares plus a dividend to Newcrest shareholders.

Performance review

In the first quarter, the sub-fund's underweight positions in the larger cap gold companies, Newmont, Agnico Eagle and Barrick, were among the largest positive contributors to relative performance. These are underweight positions, but we have been decreasing our exposure to these names, particularly Newmont, which has proved beneficial for relative returns. On the negative side, the sub-fund's off-benchmark positions in silver miners, MAG Silver and Fresnillo were among the largest detractors. The sub-fund's off-benchmark position in the high quality royalty company, Wheaton Precious Metals, was a notable contributor to returns.

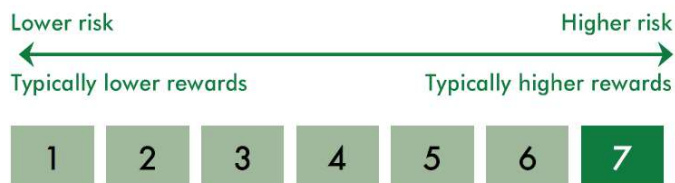
During the first quarter, we sold out of the sub-fund's exposure to a physical gold ETC and added to a physical silver ETC. We also sought to increase the sub-fund's beta through increasing our position in a Canadian senior gold producer. We reduced our exposure to companies subject to operational risks and cost inflation.

In the second quarter, the sub-fund's underweight position in the senior gold producer, Agnico Eagle, was a notable detractor. The company announced strong first quarter results, beating consensus production estimates and maintained their full year guidance. The sub-fund retains an underweight position in the company due to operational and cost inflation concerns. The sub-fund's underweight position in Gold Fields, detracted from relative performance. The company displayed resilient relative performance; we have been reducing this underweight position in the sub-fund. The sub-fund's overweight position in West African mid-tier gold producer, Endeavour, was a notable contributor to returns. The company announced another quarter of strong results. The sub-fund's off-benchmark silver positions, Pan American Silver, MAG Silver and Fresnillo, detracted from relative performance on the back of weakness in the silver price relative to the gold price. Lastly, the sub-fund's overweight position in some of our favoured mid-cap gold companies performed well. Alamos and Lundin contributed positively to relative performance.

We reduced the sub-fund's positions in companies which have seen recent operational challenges and companies, we believe, are relatively expensive in terms of valuations. We took profits in a Canadian royalty company. The team attended the Bank of America Global Metals, Mining & Steel Conference on the 15th and 16th of May where they met with global metals and mining companies.

Quilter Investors Precious Metals Equity Fund

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-funds in category 7 have in the past shown very high volatility. With a sub-fund of category 7, you have a very high risk of losing money but your chance for gains is also very high.

Investment risk - there is no guarantee that the sub-fund will achieve its objective. A capital loss of some or all of the amount invested may occur.

Sector concentration risk - the sub-fund's investments are concentrated in natural resources companies, and may be subject to a greater degree of risk and volatility than a sub-fund following a more diversified strategy.

Company shares (i.e. equities) risk - the value of company shares may rise and fall due to the performance of individual companies or because of general market and economic conditions.

Concentration risk (number of investments) - the sub-fund may at times hold a smaller number of investments, and therefore a fall in the value of a single investment may have a greater impact on the sub-fund's value than if it held a larger number of investments.

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

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 (EUR share class) - the sub-fund is denominated in British Pounds but holds assets denominated in other currencies. This share class is denominated in Euro. The value of your shares may rise and fall as a result of exchange rate movements.

Currency risk (GBP share class) - the sub-fund is denominated in British Pounds but holds assets denominated in other currencies. The value of your shares may rise and fall as a result of exchange rate movements.

Derivative risk - the sub-fund may use derivatives for Efficient Portfolio Management (EPM). Derivatives involve a level of risk, however, for EPM they should not increase the overall riskiness of the sub-fund. 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 income of the sub-fund in the first instance. The impact of sub-fund charges may be material on the value of any income you receive from your investment. There is potential for capital erosion if insufficient income is generated by the sub-fund to cover these charges. Capital erosion may have the effect of reducing the level of income generated.

For full details of the sub-fund's risks, please see the section in the Prospectus headed "Risks".

Performance records

Comparative Tables

Accumulation 'A'	1 January 2023 to 30 June 2023 p/share	1 January 2022 to 31 December 2022 p/share	1 January 2021 to 31 December 2021 p/share
Change in net assets per share			
Opening net asset value per share	117.08	122.68	138.59
Return before operating charges*	(0.03)	(3.32)	(13.45)
Operating charges**	(1.20)	(2.28)	(2.46)
Return after operating charges*	(1.23)	(5.60)	(15.91)
Distributions	-	(0.02)	(0.10)
Retained distributions on accumulation shares	-	0.02	0.10
Closing net asset value per share	115.85	117.08	122.68
* after direct transaction costs of***	0.04	0.08	0.09
Performance			
Return after charges	(1.05)%	(4.56)%	(11.48)%
Other information			
Closing net asset value (£)	16,750,870	18,547,896	22,111,449
Closing number of shares	14,459,711	15,842,057	18,023,071
Operating charges****	1.95%	1.95%	1.95%
Direct transaction costs***	0.07%	0.07%	0.07%
Prices			
	pence per share	pence per share	pence per share
Highest share price	139.3	144.9	148.4
Lowest share price	110.9	99.07	111.5

Accumulation 'A' EUR	1 January 2023 to 30 June 2023 p/share	1 January 2022 to 31 December 2022 p/share	1 January 2021 to 31 December 2021 p/share
Change in net assets per share			
Opening net asset value per share	111.84	117.17	132.36
Return before operating charges*	(0.03)	(3.23)	(12.84)
Operating charges**	(1.15)	(2.10)	(2.35)
Return after operating charges*	(1.18)	(5.33)	(15.19)
Distributions	-	(0.06)	(0.11)
Retained distributions on accumulation shares	-	0.06	0.11
Closing net asset value per share	110.66	111.84	117.17
* after direct transaction costs of***	0.04	0.08	0.08
Performance			
Return after charges	(1.06)%	(4.55)%	(11.48)%
Other information			
Closing net asset value (£)	110,620	110,379	27,873
Closing number of shares	99,968	98,697	23,788
Operating charges****	1.95%	1.95%	1.95%
Direct transaction costs***	0.07%	0.07%	0.07%
Prices			
	cents per share	cents per share	cents per share
Highest share price	150.6	167.0	156.8
Lowest share price	120.0	107.4	123.6

Performance records (continued)

Comparative Tables (continued)

Accumulation 'A' USD†	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	p/share	p/share
Change in net assets per share		
Opening net asset value per share	144.73	163.50
Return before operating charges*	(4.99)	(15.87)
Operating charges**	(1.34)	(2.90)
Return after operating charges*	(6.33)	(18.77)
Distributions	-	(0.14)
Retained distributions on accumulation shares	-	0.14
Redemption value	(138.40)	-
Closing net asset value per share	-	144.73
* after direct transaction costs of***	0.11	0.10
Performance		
Return after charges	(4.37)%	(11.48)%
Other information		
Closing net asset value (£)	-	3,382,087
Closing number of shares	-	2,336,803
Operating charges****	1.95%	1.95%
Direct transaction costs***	0.07%	0.07%
Prices		
	cents per share	cents per share
Highest share price	222.7	238.0
Lowest share price	168.8	176.7

Accumulation 'U2'	1 January 2023 to 30 June 2023	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	p/share	p/share	p/share
Change in net assets per share			
Opening net asset value per share	150.04	155.54	173.87
Return before operating charges*	(0.10)	(4.21)	(16.90)
Operating charges**	(0.67)	(1.29)	(1.43)
Return after operating charges*	(0.77)	(5.50)	(18.33)
Distributions	-	(1.65)	(1.81)
Retained distributions on accumulation shares	-	1.65	1.81
Closing net asset value per share	149.27	150.04	155.54
* after direct transaction costs of***	0.06	0.11	0.11
Performance			
Return after charges	(0.51)%	(3.54)%	(10.54)%
Other information			
Closing net asset value (£)	240,403,698	235,900,750	257,725,883
Closing number of shares	161,057,414	157,230,425	165,700,100
Operating charges****	0.85%	0.87%	0.90%
Direct transaction costs***	0.07%	0.07%	0.07%
Prices			
	pence per share	pence per share	pence per share
Highest share price	179.1	184.3	186.2
Lowest share price	142.4	126.5	141.0

† The share class closed on 15 June 2022.

** The operating charges include all costs borne by the sub-fund, except for direct transaction costs.

*** 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.

Performance

	6 months to 30 June 2023	1 year to 30 June 2023	3 years to 30 June 2023	5 years to 30 June 2023
Quilter Investors Precious Metals Equity Fund*	(1.98)%	5.46%	(19.02)%	36.71%
Performance Comparator**	(0.41)%	3.84%	(23.09)%	43.23%

* Accumulation 'U2' shares

** Prior to 29/06/2023: FTSE Gold Mines Index, from 29/06/2023 to present: MSCI ACWI Select Gold Miners IMI Index

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

Portfolio allocation	Percentage of total net assets	Major holdings	Percentage of total net assets	
North America	72.23	Barrick Gold	6.51	
Asia Pacific (excluding Japan)	11.08	Newmont	6.50	
United Kingdom	9.17	Endeavour Mining	6.28	
Africa	6.75	Wheaton Precious Metals	5.99	
Europe	0.44	B2Gold	5.32	
		Franco-Nevada	5.26	
Net other assets	0.33	Agnico Eagle Mines	4.59	
		Alamos Gold (CAD Regd)	4.57	
Total	100.00	Northern Star Resources	3.85	
		Newcrest Mining	3.71	
Asset allocation		Number of holdings	46	
Equities	96.78	Total Purchases and Sales for the period		
Money Market Funds	2.13		2023	2022
Alternative Investment Instruments	0.76		£'000	£'000
Net other assets	0.33	Total purchases for the 6 month period to 30 June	110,507	87,213
		Total sales for the 6 month period to 30 June	107,995	105,862
Total	100.00			

Portfolio statement

as at 30 June 2023

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 9.17% (31 December 2022 10.12%)		
	Liquidity Funds 2.13% (31 December 2022 2.29%)		
5,487,245	BlackRock Institutional Cash Series Sterling Liquidity Fund - Income	5,487	2.13
		<u>5,487</u>	<u>2.13</u>
	United Kingdom Equities 6.28% (31 December 2022 6.59%)		
858,573	Endeavour Mining	16,157	6.28
		<u>16,157</u>	<u>6.28</u>
	United Kingdom Alternative Investment Instruments 0.76% (31 December 2022 1.24%)		
1,398	Invesco Physical Gold ETC	204	0.08
117,244	Royal Mint Physical Gold ETC	1,756	0.68
		<u>1,960</u>	<u>0.76</u>
	Overseas 90.50% (31 December 2022 89.57%)		
	Africa 6.75% (31 December 2022 5.12%)		
	South Africa Equities 6.75% (31 December 2022 5.12%)		
253,009	AngloGold Ashanti ADR	4,201	1.63
835,451	Gold Fields	9,145	3.56
168,410	Gold Fields ADR	1,833	0.71
212,958	Impala Platinum	1,116	0.43
203,380	Northam Platinum	1,068	0.42
		<u>17,363</u>	<u>6.75</u>
	Asia Pacific (excluding Japan) 11.08% (31 December 2022 13.77%)		
	Australia Equities 11.08% (31 December 2022 13.77%)		
7,802,385	BelleVue Gold	5,177	2.01
8,158,860	Challenger Gold	428	0.17
2,102,122	Emerald Resources	2,238	0.87
689,159	Newcrest Mining	9,543	3.71
1,565,022	Northern Star Resources	9,917	3.85
14,261,593	Predictive Discovery ††	1,197	0.47
		<u>28,500</u>	<u>11.08</u>
	Europe 0.44% (31 December 2022 0.57%)		
	Cyprus Equities 0.44% (31 December 2022 0.57%)		
599,569	Polymetal International	1,127	0.44
		<u>1,127</u>	<u>0.44</u>
	Russia Equities 0.00% (31 December 2022 0.00%)		
190,951	Polyus GDR*‡	-	-
		<u>-</u>	<u>-</u>
	North America 72.23% (31 December 2022 70.11%)		
	North America Equities 72.23% (31 December 2022 70.11%)		
	Canada Equities 59.46% (31 December 2022 57.68%)		
301,335	Agnico Eagle Mines	11,823	4.59
1,258,000	Alamos Gold (CAD Regd)	11,762	4.57

Portfolio statement (continued)

as at 30 June 2023

Holding	Investment	Market Value £'000	Percentage of total net assets %
Canada Equities (continued)			
636,403	Artemis Gold	1,744	0.68
4,886,949	B2Gold	13,681	5.32
4,739	Banro* ‡‡	-	-
1,258,122	Barrick Gold	16,762	6.51
1,506,269	Centerra Gold	7,073	2.75
802,541	Dundee Precious Metals	4,131	1.61
234,109	Eldorado Gold	1,862	0.72
121,731	Franco-Nevada	13,524	5.26
2,106,894	Kinross Gold	7,889	3.07
183,552	Kinross Gold (Rights)*	-	-
789,388	Lundin Gold	7,399	2.88
459,282	MAG Silver (CAD listing)	4,018	1.56
118,528	MAG Silver (USD listing)	1,040	0.40
2,258,950	Marathon Gold	1,074	0.42
452,838	Osisko Gold Royalties	5,454	2.12
2,565,360	Osisko Mining	4,879	1.90
547,124	Pan American Silver	6,281	2.44
567,107	Rupert Resources	1,406	0.55
649,348	Skeena Resources	2,462	0.96
1,229,129	Sprott Physical Silver Trust	7,549	2.93
513,452	Torex Gold Resources	5,738	2.23
453,589	Wheaton Precious Metals	15,416	5.99
		152,967	59.46
Mexico Equities 0.71% (31 December 2022 1.48%)			
300,798	Fresnillo	1,835	0.71
		1,835	0.71
United States Equities 12.06% (31 December 2022 10.95%)			
168,650	Freeport-McMoRan	5,311	2.06
497,642	Newmont	16,712	6.50
362,393	SSR Mining (CAD listing)	4,004	1.56
447,396	SSR Mining (USD listing)	4,995	1.94
		31,022	12.06
	Investment assets	256,418	99.67
	Net other assets	847	0.33
	Total net assets	257,265	100.00

* Market value less than £500.

† Delisted security in liquidation.

‡ Suspended security due to the Russian invasion of Ukraine.

‡‡ Fair Value Price approved by the ACD.

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.

All investments are in ordinary shares unless otherwise stated.

Portfolio statement (continued)

as at 30 June 2023

Analysis of investments by asset class

	Market Value £'000	Percentage of total net assets %
Equities	250,931	97.54
Collective Investment Schemes	5,487	2.13
Portfolio of investments	256,418	99.67
Net other assets	847	0.33
Total net assets	257,265	100.00

Statement of total return

for the period from 1 January 2023 to 30 June 2023

	Note	01.01.23 to 30.06.23 £'000	01.01.23 to 30.06.23 £'000	01.01.22 to 30.06.22 £'000	01.01.22 to 30.06.22 £'000
Income					
Net capital losses			(671)		(23,322)
Revenue		2,889		2,475	
Expenses		(1,260)		(1,342)	
Net revenue before taxation		1,629		1,133	
Taxation		(297)		(309)	
Net revenue after taxation			1,332		824
Total return before distributions			661		(22,498)
Distributions	2		20		44
Change in net assets attributable to shareholders from investment activities			681		(22,454)

Statement of change in net assets attributable to shareholders

for the period from 1 January 2023 to 30 June 2023

	01.01.23 to 30.06.23 £'000	01.01.23 to 30.06.23 £'000	01.01.22 to 30.06.22 £'000	01.01.22 to 30.06.22 £'000
Opening net assets attributable to shareholders		254,559*		283,247
Amounts received on issue of shares	25,654		20,968	
Amounts paid on cancellation of shares	(23,766)		(41,272)	
		1,888		(20,304)
Dilution adjustment		137		272
Change in net assets attributable to shareholders from investment activities		681		(22,454)
Closing net assets attributable to shareholders		257,265		240,761*

* Section 3.30 of the SORP requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 30 June 2023

	30,06,23 £'000	31,12,22 £'000
Assets		
Fixed assets		
Investments	256,418	253,781
Current assets		
Debtors	1,254	744
Cash and bank balances	758	256
Total assets	<u>258,430</u>	<u>254,781</u>
Liabilities		
Creditors		
Bank overdrafts	-	(29)
Other creditors	(1,165)	(193)
Total liabilities	<u>(1,165)</u>	<u>(222)</u>
Net assets attributable to shareholders	<u>257,265</u>	<u>254,559</u>

Notes to the financial statements

for the period from 1 January 2023 to 30 June 2023

1 Accounting policies

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the Investment Association (formerly the Investment Management Association) in May 2014 and as amended in June 2017.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 December 2022.

2 Distributions

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

	01.01.23 to 30.06.23 £'000	01.01.22 to 30.06.22 £'000
Revenue deducted on cancellation of shares	76	11
Revenue received on issue of shares	(96)	(55)
Distributions	(20)	(44)
Reconciliation of distributions:		
Net revenue after taxation	1,332	824
Undistributed net revenue carried forward	(1,352)	(868)
Distributions	(20)	(44)