

Quilter Investors Trust

Annual Report and Financial Statements
For the year ended 30 September 2018

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Trust Information

Manager

Quilter Investors Limited (formerly Old Mutual Investment Management Limited)
Millennium Bridge House
2 Lambeth Hill
London
EC4V 4AJ

Authorised and regulated by the Financial Conduct Authority.

Directors of the Manager

M Dean
P Simpson
J Brescia (resigned 29 June 2018)
J Little (appointed 14 February 2018) – Non-Executive Director
C Turner (appointed 14 February 2018) – Non-Executive Director

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

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

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

DST Financial Services International Ltd
DST House
Saint Nicholas Lane
Basildon
Essex
SS15 5FS

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

Trust Information (continued)

Investment Adviser

Old Mutual UK Alpha Fund:

Merian Global Investors (UK) Limited
Millennium Bridge House
2 Lambeth Hill
London
EC4P 4WR

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors Asia Pacific Fund:

Merian Global Investors (UK) Limited
Millennium Bridge House
2 Lambeth Hill
London
EC4P 4WR

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors Equity 1 Fund:

Merian Global Investors (UK) Limited
Millennium Bridge House
2 Lambeth Hill
London
EC4P 4WR

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors Equity 2 Fund:

Investec Asset Management Limited
2 Gresham Street
London
EC2V 7QA

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors Ethical Equity Fund:

Quilter Cheviot Limited
One Kingsway
London
WC2B 6AN

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors North American Equity Fund:

Merian Global Investors (UK) Limited
Millennium Bridge House
2 Lambeth Hill
London
EC4P 4WR

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors UK Equity Fund:

Merian Global Investors (UK) Limited
Millennium Bridge House
2 Lambeth Hill
London
EC4P 4WR

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors UK Equity Growth Fund:

Newton Investment Management Limited (sub-adviser)
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors UK Equity Income Fund:

Merian Global Investors (UK) Limited
Millennium Bridge House
2 Lambeth Hill
London
EC4P 4WR

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors UK Equity Income II Fund:

Woodford Investment Management Limited
9400 Garsington Road
Oxford Business Park
Oxford
OX4 2HN

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors UK Equity Index Fund:

BlackRock Advisors (UK) Limited
12 Throgmorton Avenue
London
EC2N 2DL

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors UK Equity Large-Cap Income Fund:

Artemis Investment Management LLP
Cassini House
57 St James's Street
London
SW1A 1LD

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors UK Equity Large-Cap Value Fund:

Newton Investment Management Limited (sub-adviser)
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Authorised and regulated by the Financial Conduct Authority.

Quilter Investors UK Equity Opportunities Fund:

Artemis Investment Management LLP
Cassini House
57 St James's Street
London
SW1A 1LD

Authorised and regulated by the Financial Conduct Authority.

Report of the Manager

Manager's report

The Directors present the report and financial statements for the Quilter Investors Trust (the "Trust") for the year from 1 October 2017 to 30 September 2018.

Authorised status

The Trust is an authorised unit trust scheme ("AUT") under section 243 of the Financial Services and Markets Act 2000 (Authorisation orders) and is constituted by a Trust Deed between Quilter Investors Limited (the "Manager") and Citibank Europe plc (the "Trustee"), authorised and regulated by the Financial Conduct Authority. It is a "UCITS Scheme" for the purpose of the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the "COLL Sourcebook").

Liability

The sub-funds represent segregated portfolios 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 (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

Old Mutual reorganisation

On 19 December 2017, Quilter plc (previously Old Mutual Wealth Management Limited) announced it had agreed to sell its single strategy asset management business to the single strategy management team and funds managed by TA Associates, the global growth private equity firm. The transaction completed on 29 June 2018, and the business was formally renamed Merian Global Investors on 28 September 2018.

On 25 April 2018, Old Mutual Investment Management Limited ceased to be part of the Old Mutual Global Investors Group and became a direct subsidiary of Quilter plc.

On 27 April 2018, as part of its role as authorised fund manager, Old Mutual Investment Management Limited (OMIML) took over as investment manager of the Trust.

On 29 June 2018, Old Mutual Investment Management Limited changed its name to Quilter Investors Limited.

Fund Launch

The Trust launched the following sub-funds

Sub-fund name	Unit class	Launch date
Quilter Investors Asia Pacific Fund	Accumulation U2 GBP	31 May 2018
Quilter Investors North American Equity Fund	Accumulation U2 GBP	31 May 2018
Quilter Investors UK Equity Fund	Accumulation U2 GBP	31 May 2018
Quilter Investors UK Equity Income Fund	Accumulation U2 GBP	31 May 2018

Additional information

On 29 June 2018, the Trust changed its name from Old Mutual MultiManager Trust to Quilter Investors Trust.

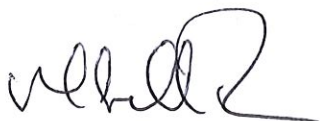
The Trust is an umbrella scheme which complies with the COLL Sourcebook and has fourteen sub-funds (listed below). Additional sub-funds may be launched in the future:

New Sub-fund name	Old Sub-fund name	Launch date
Old Mutual UK Alpha Fund*	Old Mutual UK Alpha Fund	31 January 2003
Quilter Investors Asia Pacific Fund	N/A	31 May 2018
Quilter Investors Equity 1 Fund	Old Mutual Equity 1 Fund	19 October 2004
Quilter Investors Equity 2 Fund	Old Mutual Equity 2 Fund	13 December 2002
Quilter Investors Ethical Equity Fund	Old Mutual Ethical Fund	23 September 2005
Quilter Investors North American Equity Fund	N/A	31 May 2018
Quilter Investors UK Equity Fund	N/A	31 May 2018
Quilter Investors UK Equity Growth Fund	Old Mutual Newton UK Opportunities Fund	27 March 2013
Quilter Investors UK Equity Income Fund	N/A	31 May 2018
Quilter Investors UK Equity Income II Fund	Old Mutual Woodford Equity Income Fund	9 October 2014
Quilter Investors UK Equity Index Fund	Old Mutual UK Index Fund	13 December 2002
Quilter Investors UK Equity Large-Cap Income Fund	Old Mutual Artemis Income Fund	27 March 2013
Quilter Investors UK Equity Large-Cap Value Fund	Old Mutual Newton UK Income Fund	12 April 2013
Quilter Investors UK Equity Opportunities Fund	Old Mutual Artemis UK Special Situations Fund	12 April 2013

*The Old Mutual UK Alpha Fund closed on 15th June 2018

Report of the Manager (continued)

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



M Dean
For and on behalf of Quilter Investors Limited
Director

13 December 2018



P Simpson
For and on behalf of Quilter Investors Limited
Director

13 December 2018

Manager's report

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

Net asset value of sub-funds

	30 September 2018			30 September 2017		
	Net asset value of sub-fund	Units in issue	Net asset value per unit	Net asset value of sub-fund	Units in issue	Net asset value per unit
Old Mutual UK Alpha Fund						
- Accumulation 'A'	-	-	-	£83,510,426	63,674,436	131.15p
- Income 'A'	-	-	-	£5,220,449	4,410,009	118.38p
- Accumulation 'R'	-	-	-	£436,604,231	279,941,044	155.96p
- Income 'R'	-	-	-	£24,612,558	20,048,841	122.76p
- Accumulation 'U1'	-	-	-	£600,709,980	433,915,116	138.44p
- Income 'U1'	-	-	-	£398,631,340	331,915,755	120.10p
- Accumulation 'U2'	-	-	-	£242,453,465	183,128,422	132.40p
- Income 'U2'	-	-	-	£540,781,687	464,229,317	116.49p
- Accumulation 'X'	-	-	-	£13,856,106	11,193,586	123.79p
- Accumulation 'W'	-	-	-	-	-	-
Quilter Investors Asia Pacific Fund						
- Accumulation 'U2'	£74,731,721	75,757,634	98.65p	-	-	-
Quilter Investors Equity 1 Fund						
- Accumulation 'A'	£121,793,198	69,737,177	174.65p	£128,857,435	77,715,088	165.81p
Quilter Investors Equity 2 Fund						
- Accumulation 'A'	£175,337,742	111,325,742	157.50p	£116,547,636	74,274,796	156.91p
Quilter Investors Ethical Equity Fund						
- Accumulation 'A'	£69,182,664	57,809,080	119.67p	£73,182,949	63,104,434	115.97p
- Accumulation 'R'	£61,532,182	49,659,869	123.91p	£53,572,768	44,953,045	119.17p
Quilter Investors North American Equity Fund						
- Accumulation 'U2'	£266,688,184	222,259,170	119.99p	-	-	-
Quilter Investors UK Equity Fund						
- Accumulation 'U2'	£117,334,959	110,750,055	105.95p	-	-	-
Quilter Investors UK Equity Growth Fund						
- Accumulation 'A'	£39,229,044	28,392,093	138.17p	£42,748,374	31,938,163	133.85p
- Accumulation 'U2'	£116,260,645	91,625,127	126.89p	£96,552,404	79,262,701	121.81p
- Income 'U2'	£2,650	2,029	130.63p	£2,032	1,581	128.52p
Quilter Investors UK Equity Income Fund						
- Accumulation 'U2'	£111,204,027	106,965,459	103.96p	-	-	-
Quilter Investors UK Equity Income II Fund						
- Accumulation 'A'	£16,259,480	15,703,594	103.54p	£35,920,622	28,687,844	125.21p
- Accumulation 'U2'	£1,199,934	1,115,506	107.57p	£51,041,261	39,613,542	128.85p
- Income 'U2'	£133,872,061	140,306,442	95.41p	£125,384,350	106,874,132	117.32p
Quilter Investors UK Equity Index Fund						
- Accumulation 'A'	£25,814,983	15,588,273	165.61p	£168,860,714	107,134,646	157.62p
- Accumulation 'R'	£1,851,125	1,126,727	164.29p	£2,853,566	1,828,939	156.02p
- Accumulation 'U2'	£193,711,530	144,820,755	133.76p	£45,140,099	35,591,403	126.83p

Manager's report (continued)

Net asset value of sub-funds (continued)

	30 September 2018			30 September 2017		
	Net asset value of sub-fund	Units in issue	Net asset value per unit	Net asset value of sub-fund	Units in issue	Net asset value per unit
Quilter Investors UK Equity Large-Cap Income Fund						
- Income 'A'	£59,064,375	49,404,018	119.55p	£66,195,389	54,975,540	120.41p
- Accumulation 'U2'	£162,427,634	120,210,176	135.12p	£122,864,822	94,845,806	129.54p
- Income 'U2'	£126,514	109,643	115.39p	£138,884	120,537	115.22p
Quilter Investors UK Equity Large-Cap Value Fund						
- Income 'A'	£23,631,817	20,280,252	116.53p	£25,737,725	22,191,158	115.98p
- Accumulation 'U2'	£89,704	64,125	139.89p	£46,027	34,729	132.53p
- Income 'U2'	-	-	-	£49	43	115.06p
Quilter Investors UK Equity Opportunities Fund						
- Accumulation 'A'	£16,880,762	12,087,726	139.65p	£21,034,142	15,111,747	139.19p
- Accumulation 'U2'	£108,810,860	92,147,048	118.08p	£75,023,132	64,317,067	116.65p

Cross Holdings

There were no cross holdings held by the sub-funds throughout the year to 30 September 2018.

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 Manager's responsibilities

The COLL Sourcebook published by the FCA, requires the Manager to prepare financial statements for each 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 apply 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;
- 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-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or its sub-funds or to cease operations, or have no realistic alternative but to do so (as explained in note (a) of the accounting policies, the directors do not believe that it is appropriate to prepare the financial statements of the Old Mutual UK Alpha Fund on a going concern basis);
- 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; 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 Rules.

Remuneration Policy

Remuneration Disclosure Annual Report and Accounts

Remuneration Policy

Funds under the Quilter Investors Trust umbrella are managed by Quilter Investors Limited, a wholly owned subsidiary of Quilter plc.

The board of Quilter Investors Limited has established a Remuneration Policy encompassing the specific requirements of the UCITS Directive. This policy applies to Quilter Investors Limited and the sub-funds it manages.

Remuneration philosophy and alignment with risk management

Our 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 Quilter Investors Limited's strategy and align the interests of executives, shareholders and customers.

Remuneration is comprised of fixed pay, variable pay (cash bonus with deferral and LTIP), 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. The deferral rates applied increase in line with the amount of the annual bonus and are applied on a tax table basis. For Quilter Investors Limited 'Identified Staff', where variable remuneration amounts to more than £500,000 (or local currency equivalent) a deferral rate of 60% is applied.

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 our 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.

An LTIP is offered in the form of a Joint Share Ownership Plan which is 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 3 years. At vesting, the participant's interest is exchanged for Quilter plc shares of equal value, of which 50% of the net amount are subject to a 12 month restricted period.

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 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 Investors Limited 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 Investors Limited 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 without prior consent from Compliance.

Employee remuneration disclosure

The table below provides an overview of the following:

- Aggregate total remuneration of Quilter Investors Limited entire staff; and
- Aggregate total remuneration of Quilter Investors Limited 'Identified Staff'

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

Amounts shown reflect payments made during the financial reporting period of Quilter Investors Limited.

Remuneration Policy (continued)

Quilter Investors Trust Funds

	Headcount	Total Remuneration	Proportion ³
Quilter Investors Limited Staff¹	338	16,514,242	2,245,869
of which			
Fixed remuneration		6,012,464	817,670
Variable remuneration		10,501,778	1,428,199
Carried interest		Nil	Nil
Quilter Investors Limited 'Identified Staff'²	5	1,052,466	143,131
of which			
Senior Management	4	989,487	134,566
Other Identified Staff	1	62,979	8,565

1 OMIML was a part of Old Mutual Global Investors Group (OMGI) as at 31 December 2017.

2 Total remuneration costs represent an apportioned amount of OMGI's total remuneration costs for fixed and variable pay, apportioned to OMIML based on average time allocation, and to sub-fund activity on an AUM basis (as at 31 December 2017). The 'Headcount' figure provided represents an apportioned amount of the OMGI's total FTE headcount as at 31 December 2017, apportioned to OMIML on the basis of average time allocation.

3 The Identified Staff disclosure represents total compensation of OMIML Code Staff, apportioned to the estimated time relevant to the activity. Across the Identified Staff, the average time allocation per individual based on work undertaken for OMIML was 20%.

4 This figure represents an apportioned amount of the total remuneration attributable to the sub-fund allocated on an AUM basis (as at 31 December 2017).

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Quilter Investors Trust

for the year from 1 October 2017 to 30 September 2018

The Trustee is responsible for the safekeeping of all 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's 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
13 December 2018

Independent Auditor's Report to the Unitholders of Quilter Investors Trust (the "Trust")

Opinion

We have audited the financial statements of the Trust for the year ended 30 September 2018 which comprise the *Statements of Total Return, the Statements of Change in Net Assets Attributable to Unitholders, the Balance Sheets, the Related Notes and Distribution Tables* for each of the Trust's sub-funds listed on pages 2 to 4 and the accounting policies set out on pages 273 to 274.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of each of the sub-funds as at 30 September 2018 and of the net expense/net revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Emphasis of matter – non-going concern basis of preparation

In respect of Old Mutual UK Alpha Fund we draw attention to the disclosure made in accounting policy (a) "Basis of accounting" to the financial statements which explains that the financial statements of the sub-fund have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in their statement set out on page 11, the Manager is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Trust and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or its sub-funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

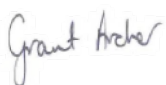
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Unitholders of Quilter Investors Trust (the "Trust") (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

13 December 2018

Old Mutual UK Alpha Fund

Launch date	31 January 2003
IA Sector	UK All Companies
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	-

The Old Mutual UK Alpha Fund closed on 15th June 2018.

Objective

To maximise capital growth through investment in a portfolio of predominantly UK equities.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

For efficient portfolio management purposes only, investment may also be made into derivatives or forward transactions. The Manager considers that the use of derivatives for this purpose is not likely to affect the volatility or risk profile of the sub-fund.

Investment Manager's review

The sub-fund ceased trading on the 15 June 2018.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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.

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 may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 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 Records

Comparative Tables

Accumulation 'A'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	131.15	113.95	102.77
Return before operating charges*	12.47	19.19	12.88
Operating charges**	(1.52)	(1.99)	(1.70)
Return after operating charges*	10.95	17.20	11.18
Distributions	3.61	(4.01)	(3.86)
Retained distributions	(3.61)	4.01	3.86
Closing net asset value per unit	142.10	131.15	113.95
* after direct transaction costs of***	0.02	0.11	0.09
Performance			
Return after charges	8.35%	15.09%	10.88%
Other information			
Closing net asset value (£)	-	83,510,426	91,558,014
Closing number of units	-	63,674,436	80,346,803
Operating charges****	1.60%	1.60%	1.60%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	143.7	132.4	116.3
Lowest unit price	126.5	112.9	93.88

Income 'A'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	118.38	106.13	99.15
Return before operating charges*	11.08	17.80	12.30
Operating charges**	(1.37)	(1.84)	(1.63)
Return after operating charges*	9.71	15.96	10.67
Distributions	(3.24)	(3.71)	(3.69)
Retained distributions	-	-	-
Closing net asset value per unit	124.85	118.38	106.13
* after direct transaction costs of***	0.02	0.10	0.09
Performance			
Return after charges	8.20%	15.04%	10.76%
Other information			
Closing net asset value (£)	-	5,220,449	5,556,826
Closing number of units	-	4,410,009	5,235,725
Operating charges****	1.60%	1.60%	1.60%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	127.8	121.6	110.5
Lowest unit price	112.4	105.1	90.56

Comparative Tables (continued)

Accumulation 'R'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	155.96	134.50	120.38
Return before operating charges*	14.89	22.71	15.18
Operating charges**	(0.96)	(1.25)	(1.06)
Return after operating charges*	13.93	21.46	14.12
Distributions	4.31	(4.75)	(4.54)
Retained distributions	(4.31)	4.75	4.54
Closing net asset value per unit	169.89	155.96	134.50
* after direct transaction costs of***	0.03	0.13	0.11
Performance			
Return after charges	8.93%	15.96%	11.73%
Other information			
Closing net asset value (£)	-	436,604,231	450,791,186
Closing number of units	-	279,941,044	335,160,960
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	171.7	157.2	137.3
Lowest unit price	150.9	133.3	110.3
Income 'R'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	122.76	109.24	101.29
Return before operating charges*	11.53	18.36	12.62
Operating charges**	(0.75)	(1.01)	(0.89)
Return after operating charges*	10.78	17.35	11.73
Distributions	(3.37)	(3.83)	(3.78)
Retained distributions	-	-	-
Closing net asset value per unit	130.17	122.76	109.24
* after direct transaction costs of***	0.02	0.10	0.09
Performance			
Return after charges	8.78%	15.88%	11.58%
Other information			
Closing net asset value (£)	-	24,612,558	26,514,160
Closing number of units	-	20,048,841	24,271,004
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	133.2	126.0	113.7
Lowest unit price	117.1	108.3	92.78

Comparative Tables (continued)

Accumulation 'U1'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	138.44	119.30	106.69
Return before operating charges*	13.22	20.16	13.48
Operating charges**	(0.78)	(1.02)	(0.87)
Return after operating charges*	12.44	19.14	12.61
Distributions	3.82	(4.22)	(4.02)
Retained distributions	(3.82)	4.22	4.02
Closing net asset value per unit	150.88	138.44	119.30
* after direct transaction costs of***	0.03	0.12	0.09
Performance			
Return after charges	8.99%	16.04%	11.82%
Other information			
Closing net asset value (£)	-	600,709,980	572,622,275
Closing number of units	-	433,915,116	479,987,018
Operating charges****	0.78%	0.78%	0.78%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	152.5	139.5	121.8
Lowest unit price	134.0	118.2	97.75
Income 'U1'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	120.10	106.79	98.96
Return before operating charges*	11.27	17.96	12.33
Operating charges**	(0.67)	(0.90)	(0.80)
Return after operating charges*	10.60	17.06	11.53
Distributions	(3.29)	(3.75)	(3.70)
Retained distributions	-	-	-
Closing net asset value per unit	127.41	120.10	106.79
* after direct transaction costs of***	0.02	0.10	0.09
Performance			
Return after charges	8.83%	15.98%	11.65%
Other information			
Closing net asset value (£)	-	398,631,340	371,631,553
Closing number of units	-	331,915,755	347,990,189
Operating charges****	0.78%	0.78%	0.78%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	130.3	123.3	111.2
Lowest unit price	114.6	105.8	90.65

Comparative Tables (continued)

Accumulation 'U2'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	132.40	114.01	101.89
Return before operating charges*	12.66	19.27	12.86
Operating charges**	(0.67)	(0.88)	(0.74)
Return after operating charges*	11.99	18.39	12.12
Distributions	3.66	(4.03)	(3.84)
Retained distributions	(3.66)	4.03	3.84
Closing net asset value per unit	144.39	132.40	114.01
* after direct transaction costs of***	0.02	0.11	0.09
Performance			
Return after charges	9.06%	16.13%	11.90%
Other information			
Closing net asset value (£)	-	242,453,465	166,061,088
Closing number of units	-	183,128,422	145,658,629
Operating charges****	0.70%	0.70%	0.70%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	145.9	133.4	116.4
Lowest unit price	128.2	113.0	93.37
Income 'U2'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	116.49	103.50	95.79
Return before operating charges*	10.95	17.41	11.98
Operating charges**	(0.59)	(0.79)	(0.69)
Return after operating charges*	10.36	16.62	11.29
Distributions	(3.20)	(3.63)	(3.58)
Retained distributions	-	-	-
Closing net asset value per unit	123.65	116.49	103.50
* after direct transaction costs of***	0.02	0.10	0.08
Performance			
Return after charges	8.89%	16.06%	11.79%
Other information			
Closing net asset value (£)	-	540,781,687	420,315,575
Closing number of units	-	464,229,317	406,085,820
Operating charges****	0.70%	0.70%	0.70%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	126.5	119.6	107.8
Lowest unit price	111.2	102.6	87.82

Comparative Tables (continued)

Accumulation 'X'††	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	123.79	105.96	94.11
Return before operating charges*	(1.79)	17.95	11.95
Operating charges**	(0.06)	(0.12)	(0.10)
Return after operating charges*	(1.85)	17.83	11.85
Distributions	1.79	(3.76)	(3.56)
Retained distributions	(1.79)	3.76	3.56
Closing net asset value per unit	121.94	123.79	105.96
* after direct transaction costs of***	0.01	0.10	0.08
Performance			
Return after charges	(1.49)%	16.83%	12.59%
Other information			
Closing net asset value (£)	-	13,856,106	12,613,305
Closing number of units	-	11,193,586	11,904,391
Operating charges****	0.10%	0.10%	0.10%
Direct transaction costs***	0.02%	0.09%	0.08%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	132.4	124.7	108.1
Lowest unit price	120.6	105.1	86.44

Accumulation 'W'†††	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	10 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	100.00	-	-
Return before operating charges*	7.76	-	-
Operating charges**	(0.10)	-	-
Return after operating charges*	7.66	-	-
Distributions	-	-	-
Retained distributions	-	-	-
Closing net asset value per unit	107.66	-	-
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	7.66%	-	-
Other information			
Closing net asset value (£)	-	-	-
Closing number of units	-	-	-
Operating charges****	0.70%	-	-
Direct transaction costs***	0.02%	-	-
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	110.0	-	-
Lowest unit price	100.3	-	-

† Closed on 15 June 2018.

†† Closed on 3 April 2018.

††† From 10 April 2018 and closed on 31 May 2018.

** 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

As the sub-fund closed on the 15 June 2018 there are no performance figures presented for the period under review.

Portfolio statement

as at 30 September 2018

The sub-fund closed to investors on 15 June 2018. There were no investments held at period end.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital gains	2		148,068		273,007
Revenue	3	63,003		74,908	
Expenses	4	(12,895)		(17,865)	
Interest payable and similar charges	5	(4)		(3)	
Net revenue before taxation		50,104		57,040	
Taxation	6	(206)		(475)	
Net revenue after taxation			49,898		56,565
Total return before distributions			197,966		329,572
Distributions	7		(60,732)		(72,194)
Change in net assets attributable to unitholders from investment activities			137,234		257,378

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		2,346,380		2,117,664
In-specie transfer from Quilter Investors Foundation 4	29,930		-	
In-specie transfer to Merian UK Alpha Fund	(2,188,828)		-	
In-specie transfer to Quilter Investors UK Equity Fund	(130,760)		-	
Amounts received on issue of units	118,247		322,842	
Amounts paid on cancellation of units	(345,117)		(394,471)	
		(2,516,528)		(71,629)
Dilution adjustment		196		445
Change in net assets attributable to unitholders from investment activities		137,234		257,378
Retained distribution on accumulation units		32,718		42,522
Closing net assets attributable to unitholders		-		2,346,380

The notes on pages 27 to 34 form an integral part of these financial statements.
The sub-fund closed to investors on 15 June 2018.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		-	2,359,579
Current assets			
Debtors	8	-	5,748
Cash and bank balances	9	-	11,879
Total assets		-	2,377,206
Liabilities			
Creditors			
Distribution payable		-	(17,679)
Other creditors	10	-	(13,147)
Total liabilities		-	(30,826)
Net assets attributable to unitholders		-	2,346,380

The notes on pages 27 to 34 form an integral part of these financial statements.
The sub-fund closed to investors on 15 June 2018.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Old Mutual UK Alpha Fund are included on pages 273 to 274.

2 Net capital gains

The net capital gains on investments comprise:

Gains on non-derivative securities

(Losses)/gains on currency contracts

Handling charges

Net capital gains on investments

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
148,106	272,856
(34)	155
(4)	(4)
148,068	273,007

3 Revenue

Bank interest

Non-taxable overseas dividends

UK dividends

Total revenue

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
13	12
4,414	5,054
58,576	69,842
63,003	74,908

4 Expenses

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

Fixed Ongoing Charge*

Manager's periodic charge**

Fixed expenses**

Total expenses

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
5,191	-
6,732	15,630
972	2,235
12,895	17,865

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £5,000 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Interest payable and similar charges

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Bank overdraft interest	4	3
Total interest payable and similar charges	4	3

6 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	206	475
Total current tax charge for the year	206	475
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	206	475

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	50,104	57,040
Corporation tax at 20% (30 September 2017: 20%)	10,021	11,408
Effects of:		
Excess management expenses for which no relief taken	2,577	3,571
Revenue not subject to taxation – UK	(11,715)	(13,968)
Non-taxable overseas dividends	(883)	(1,011)
Overseas tax suffered	206	475
Total tax charge for the year (see note 6(a))	206	475

Authorised Unit Trusts are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £96,375,079 (30 September 2017: £83,489,029), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

7 Distributions

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Interim – Accumulation units (31 March)	18,171	17,847
Interim – Income units (31 March)	13,687	11,860
Final – Accumulation units (15 June)	14,547	-
Final – Income units (15 June)	12,127	-
Final – Accumulation units (30 September)	-	24,675
Final – Income units (30 September)	-	17,679
	58,532	72,061
Revenue deducted on cancellation of units	3,280	3,125
Revenue received on issue of units	(1,080)	(2,992)
Distributions	60,732	72,194
Reconciliation of distributions:		
Net revenue after taxation	49,898	56,565
Capitalised fees	11,262	15,630
Equalisation on conversion	(392)	(1)
Undistributed revenue brought forward	1	1
Undistributed revenue carried forward	-	(1)
Revenue deficit transferred to capital	(37)	-
Distributions	60,732	72,194

Details of the interim and final distributions per unit are set out in the tables on pages 35 to 36.

8 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued revenue	-	3,920
Amounts receivable for issue of units	-	1,828
Total debtors	-	5,748

9 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	-	11,879
Total cash and bank balances	-	11,879

10 Other creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	2,685
Accrued expenses	-	388
Amounts payable for cancellation of units	-	10,074
Total other creditors	-	13,147

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

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 each 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 25. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 8 and 10. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 10.

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures* 30.09.18 £'000	Non-monetary exposures 30.09.18 £'000	Total 30.09.18 £'000	Monetary exposures* 30.09.17 £'000	Non-monetary exposures 30.09.17 £'000	Total 30.09.17 £'000
Euro	-	-	-	831	-	831
Total	-	-	-	831	-	831

* 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 30 September 2018 by Nil or Nil% (30 September 2017: £41,560 or 0.00%). A 5% decrease would have an equal and opposite effect.

c) 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 30 September 2018 was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	-	-	-	-
Sterling	-	-	-	-
Total	-	-	-	-

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Euro	479	-	352	831
Sterling	11,400	-	2,364,975	2,376,375
Total	11,879	-	2,365,327	2,377,206

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	-	-
Total	-	-	-

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Sterling	-	(30,826)	(30,826)
Total	-	(30,826)	(30,826)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

f) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 Nil or Nil % (30 September 2017: £117,978,963 or 5.03%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

h) Fair value of financial assets and liabilities

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

Valuation Technique	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	-	-	2,359,579	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	-	-	2,359,579	-

i) Global exposure

As the fund is closed no sensitivity analysis has been included.

13 Contingent liabilities

The sub-fund had no contingent liabilities at the balance sheet date (30 September 2017: £Nil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

In specie transactions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
142,333	22	0.02%	218	0.15%
30,077	-	-	-	-
172,410	22		218	
172,650				

30.09.17

Equities

Equities

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
254,556	372	0.15%	1,180	0.46%
254,556	372		1,180	
256,108				

Analysis of total sale costs

30.09.18

Equities

In specie transactions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
377,275	182	0.05%	-	-
2,303,243	-	-	-	-
2,680,518	182		-	
2,680,336				

30.09.17

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
289,047	418	0.14%	-	-
5,163	-	-	-	-
294,210	418		-	
293,792				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.01%	0.04%
0.01%	0.05%

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 0.00% (30 September 2017: 0.06%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

15 Unitholders' funds

The sub-fund currently has ten unit classes; Accumulation 'A', Income 'A', Accumulation 'R', Income 'R', Accumulation 'U1', Income 'U1', Accumulation 'U2', Income 'U2', Accumulation 'W' and Accumulation 'X'. The net asset value of each unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit class currently in issue and the Fixed Ongoing Charge of each unit class are shown below. The comparative figure at the 30 September 2017, was the Manager's fee, which is now included within the Fixed Ongoing Charge.

	30.09.18	30.09.17
- Accumulation 'A'†	1.60%	1.50%
- Income 'A'†	1.60%	1.50%
- Accumulation 'R'†	0.85%	0.75%
- Income 'R'†	0.85%	0.75%
- Accumulation 'U1'†	0.775%	0.675%
- Income 'U1'†	0.775%	0.675%
- Accumulation 'U2'†	0.70%	0.60%
- Income 'U2'†	0.70%	0.60%
- Accumulation 'W'††	0.70%	-
- Accumulation 'X'†††	0.10%	0.00%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'†	63,674,436	684,845	(59,586,718)	(4,772,563)	-
- Income 'A'†	4,410,009	341,234	(4,748,730)	(2,513)	-
- Accumulation 'R'†	279,941,044	4,117,882	(287,670,262)	3,611,336	-
- Income 'R'†	20,048,841	1,684,062	(21,256,483)	(476,420)	-
- Accumulation 'U1'†	433,915,116	5,383,313	(439,727,918)	429,489	-
- Income 'U1'†	331,915,755	3,504,383	(335,935,296)	515,158	-
- Accumulation 'U2'†	183,128,422	61,834,984	(155,856,726)	(89,106,680)	-
- Income 'U2'†	464,229,317	33,653,371	(497,871,334)	(11,354)	-
- Accumulation 'W'††	-	4,192,895	(122,341,145)	118,148,250	-
- Accumulation 'X'†††	11,193,586	-	(11,193,586)	-	-

† Closed on 15 June 2018.

†† From 10 April 2018 and closed on 31 May 2018.

††† Closed on 3 April 2018.

16 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2018
 Group 2: Units purchased from 1 April 2018 to 15 June 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 15.08.18 pence per unit	Distribution paid 30.11.17 pence per unit
Accumulation 'A' Units†				
Group 1	1.7242	-	1.7242	2.3555
Group 2	0.6755	1.0487	1.7242	2.3555
Income 'A' Units†				
Group 1	1.5332	-	1.5332	2.1643
Group 2	0.7263	0.8069	1.5332	2.1643
Accumulation 'R' Units†				
Group 1	2.0591	-	2.0591	2.7946
Group 2	0.9276	1.1315	2.0591	2.7946
Income 'R' Units†				
Group 1	1.5971	-	1.5971	2.2399
Group 2	0.6544	0.9427	1.5971	2.2399
Accumulation 'U1' Units†				
Group 1	1.8285	-	1.8285	2.4801
Group 2	0.8326	0.9959	1.8285	2.4801
Income 'U1' Units†				
Group 1	1.5630	-	1.5630	2.1908
Group 2	0.6717	0.8913	1.5630	2.1908
Accumulation 'U2' Units†				
Group 1	1.7495	-	1.7495	2.3714
Group 2	1.4657	0.2838	1.7495	2.3714
Income 'U2' Units†				
Group 1	1.5169	-	1.5169	2.1246
Group 2	0.6578	0.8591	1.5169	2.1246
Accumulation 'X' Units††				
Group 1	0.0000	-	0.0000	2.2132
Group 2	0.0000	0.0000	0.0000	2.2132

Distribution table (continued)

Interim distribution

Group 1: Units purchased prior to 1 October 2017
 Group 2: Units purchased from 1 October 2017 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.18 pence per unit	Distribution paid 31.05.17 pence per unit
Accumulation 'A' Units†				
Group 1	1.8866	-	1.8866	1.6565
Group 2	1.1445	0.7421	1.8866	1.6565
Income 'A' Units†				
Group 1	1.7023	-	1.7023	1.5424
Group 2	0.9943	0.7080	1.7023	1.5424
Accumulation 'R' Units†				
Group 1	2.2476	-	2.2476	1.9589
Group 2	1.2613	0.9863	2.2476	1.9589
Income 'R' Units†				
Group 1	1.7693	-	1.7693	1.5907
Group 2	1.0148	0.7545	1.7693	1.5907
Accumulation 'U1' Units†				
Group 1	1.9953	-	1.9953	1.7379
Group 2	1.1520	0.8433	1.9953	1.7379
Income 'U1' Units†				
Group 1	1.7306	-	1.7306	1.5558
Group 2	1.0216	0.7090	1.7306	1.5558
Accumulation 'U2' Units†				
Group 1	1.9088	-	1.9088	1.6611
Group 2	0.6117	1.2971	1.9088	1.6611
Income 'U2' Units†				
Group 1	1.6797	-	1.6797	1.5082
Group 2	0.8873	0.7924	1.6797	1.5082
Accumulation 'X' Units††				
Group 1	1.7880	-	1.7880	1.5465
Group 2	1.7880	0.0000	1.7880	1.5465

* 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.

† Closed on 15 June 2018.

†† Closed on 3 April 2018.

Quilter Investors Asia Pacific Fund

Launch date	31 May 2018
IA Sector	Asia Pacific Excluding Japan
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£74,731,721

Objective

The sub-fund invests at least 85% of its assets in the Merian Asia Pacific Fund (the Master sub-fund). The sub-fund may hold up to a maximum of 15% of its assets in money market instruments, deposits and cash.

The Master sub-fund aims to achieve capital growth.

Policy

The Master sub-fund principally has exposure to shares listed on Asian and Australasian stock markets.

The Master sub-fund may also invest in transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits and derivatives.

The Master sub-fund may only use derivatives for efficient portfolio management purposes. The Master sub-fund may use derivatives for purposes other than efficient portfolio management, provided it has given unitholders 60 days' notice of such change.

Investment Manager's review

The sub-fund was launched on 31 May 2018, and this review covers the period 1 June 2018 to 30 September 2018.

Market Review

The period served as a reminder of the ongoing dislocations currently prevalent throughout the investment universe. Nowhere was this more evident than through the continued pre-eminence of the US equity market, relative to both history and the rest of the world. The spread between the performance of US equities and MSCI World ex-USA continued to widen, reaching levels not experienced since 1970. Meanwhile Asian equity valuations were trading at more than a 40 per cent discount to the US market in price/earnings ratio terms.

Fund Activity

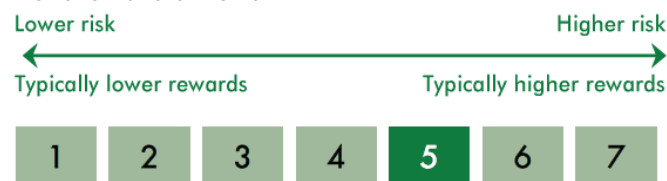
Throughout the period markets were characterised by a continual cycle of impactful style and sector rotations over increasingly short term intervals; such effects were most acutely experienced during the months of July and September. Coinciding with this recent softer performance at the sub-fund level, global geopolitical uncertainty has had a disproportionate impact on asset pricing at the market level.

While this period of sub-fund performance remains out of character with the medium and long term track record of the strategy on which the sub-fund is based, it nonetheless falls squarely within the expectation and tolerance of the return structure of the strategy. Moreover, we have consistently emphasised how the investment process may become challenged during episodes when investor risk appetite switches rapidly between risk on and risk off. While these instances of market structure are infrequent in occurrence, they can nevertheless be variable in duration.

Outlook

Our established investment process has reflected the increasingly depressed levels of investor risk appetite by adopting a more defensive profile generally with a tilt towards more high quality stocks. In addition the portfolio has continued to squeeze out stock level momentum positions as the volatility profile of all underlying regions has continued to remain more elevated over this time period. In addition the constant churn in leadership between industries and sectors, at the market level, has resulted in the portfolio adopting less pronounced industry and sector positions; which is consistent with the behaviour of the strategy during previous similar market environments.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the Asia Pacific markets may have a significant impact on the value of the sub-fund because it primarily invests in these markets.

Emerging markets risk - less developed countries may face more political, economic or structural challenges than developed countries.

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 holds assets denominated in other currencies. The value of your units may rise and fall as a result of exchange rate movements between these currencies.

Derivative risk - the Master sub-fund may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'U2'†		31 May 2018 to 30 September 2018
		p/unit
Change in net assets per unit		
Opening net asset value per unit		105.60
Return before operating charges*		(6.66)
Operating charges**		(0.29)
Return after operating charges*		(6.95)
Distributions		-
Retained distributions		-
Closing net asset value per unit		98.65
* after direct transaction costs of***		-
Performance		
Return after charges		(6.58)%
Other information		
Closing net asset value (£)		74,731,721
Closing number of units		75,757,634
Operating charges****		0.85%
Direct transaction costs***		-
Prices		pence per unit
Highest unit price		
Lowest unit price		107.4
		94.90

† From 31 May 2018.

** 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. If the unit class launched during the period the operating charges figures are annualised.

Performance

31 May 2018 to
30 September 2018
(6.64)%

Quilter Investors Asia Pacific Fund*

* Accumulation 'U2' 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	99.61%	Merian Asia Pacific Fund-U2 Accumulation	99.61%
Net other assets	0.39%	Number of holdings	1
Total	100.00%		
Asset allocation			
Collective Investment Schemes	99.61%		
Net other assets	0.39%		
Total	100.00%		

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 99.61%		
	Collective Investment Schemes 99.61%		
37,961,223	Merian Asia Pacific Fund-U2 Accumulation	74,442	99.61
		74,442	99.61
	Investment assets	74,442	99.61
	Net other assets	290	0.39
	Total net assets	74,732	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.

Statement of total return

for the period from 31 May 2018 to 30 September 2018

		31.05.18 to 30.09.18 £'000	31.05.18 to 30.09.18 £'000
	Note		
Income			
Net capital losses	2		(4,647)
Revenue	3	115	
Expenses	4	(118)	
Net expenses before taxation		(3)	
Taxation	5	-	
Net expenses after taxation			(3)
Total return before distributions			(4,650)
Distributions	6		-
Change in net assets attributable to unitholders from investment activities			(4,650)

Statement of change in net assets attributable to unitholders

for the period from 31 May 2018 to 30 September 2018

	31.05.18 to 30.09.18 £'000	31.05.18 to 30.09.18 £'000
Opening net assets attributable to unitholders		-
Amounts received on issue of units	10,812	
Amounts transferred from Merian Asia Pacific Equity Fund	72,913	
Amounts paid on cancellation of units	(4,345)	
		79,380
Dilution adjustment		2
Change in net assets attributable to unitholders from investment activities		(4,650)
Closing net assets attributable to unitholders		74,732

The notes on pages 43 to 48 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000
Assets		
Fixed assets		
Investments		74,442
Current assets		
Debtors	7	239
Cash and bank balances	8	160
Total assets		74,841
Liabilities		
Creditors		
Other creditors	9	(109)
Total liabilities		(109)
Net assets attributable to unitholders		74,732

The notes on pages 43 to 48 form an integral part of these financial statements.

Notes to the financial statements

for the period from 31 May 2018 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors Asia Pacific Fund are included on pages 273 to 274

2 Net capital losses

The net capital losses on investments comprise:

Losses on non-derivative securities

Net capital losses on investments

31.05.18 to

30.09.18

£'000

(4,647)

(4,647)

3 Revenue

Authorised Corporate Director's fee rebate

Total revenue

31.05.18 to

30.09.18

£'000

115

115

4 Expenses

Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Fixed Ongoing Charge*

Total expenses

31.05.18 to

30.09.18

£'000

118

118

* This figure represent the Fixed Ongoing Charge which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £4,800.

5 Taxation

a) Analysis of tax charge in the period

Overseas tax suffered

Total current tax charge for the period

Deferred tax charge for the period (see note 6(c))

Total taxation for the period (see note 6(b))

31.05.18 to

30.09.18

£'000

-

-

-

-

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

5 Taxation (continued)

b) Factors affecting current tax charge for the period

The taxation assessed for the year 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 expense before taxation

Corporation tax at 20%

Effects of:

Excess management expense for which no relief taken

Total tax charge for the period (see note 6(a))

31.05.18 to
30.09.18
£'000

(3)

(1)

1

-

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

Deferred tax liability at the start of the period

Deferred tax charge for the period (see note 6(a))

Deferred tax liability at the end of the period

31.05.18 to
30.09.18
£'000

-

-

-

At 30 September 2018 the sub-fund had surplus management expenses of £3,373 which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

6 Distributions

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

Final – Accumulation units (30 September)

Revenue deducted on cancellation of units

Revenue received on issue of units

Distributions

Reconciliation of distributions:

Net expense after taxation

Revenue deficit transferred to capital

Distributions

31.05.18 to
30.09.18
£'000

-

-

-

-

(3)

3

-

Details of the final distributions per unit are set out in the table on page 49.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

7 Debtors

	30.09.18 £'000
Amounts receivable for issue of units	89
Accrued Authorised Corporate Director's fee rebates	115
Prepaid expenses	35
Total debtors	239

8 Cash and bank balances

	30.09.18 £'000
Cash and bank balances	160
Total cash and bank balances	160

9 Other creditors

	30.09.18 £'000
Amounts payable for the cancellation of units	13
Purchases awaiting settlement	96
Total other creditors	109

10 Related party transactions

Quilter Investors Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each 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 41. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts paid to the Manager are disclosed in note 4.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

11 Derivatives and other financial instruments (continued)

b) Foreign currency risk

The sub-fund had no exposure to foreign currency at the Balance sheet date.

c) 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 30 September 2018 was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Sterling	160	-	74,681	74,841
Total	160	-	74,681	74,841

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(109)	(109)
Total	-	(109)	(109)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

e) 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.

f) Liquidity risk

Each 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 £3,722,098 or 4.98%.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

11 Derivatives and other financial instruments (continued)

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18	
	Assets £'000	Liabilities £'000
Level 1: Quoted prices	-	-
Level 2: Observable market data	74,442	-
Level 3: Unobservable data	-	-
Total	74,442	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors Asia Pacific Fund, 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.

12 Contingent liabilities

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

13 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Collective Investment Schemes

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
83,044	-	-	-	-
83,044	-		-	
83,044				

Analysis of total sale costs

30.09.18

Collective Investment Schemes

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
3,955	-	-	-	-
3,955	-		-	
3,955				

Transaction costs as a percentage of average Net Assets

30.09.18

Commissions:

0.00%

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 0.00%.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

14 Unitholders' funds

The sub-fund currently has one unit class; Accumulation 'U2'. The net asset value of the unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit classes currently in issue and the Fixed Ongoing Charge of each unit class are shown below.

					30.09.18
- Accumulation 'U2'†					0.85%
Unit class movement reconciliation	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'U2'†	-	79,858,783	(4,101,149)	-	75,757,634

† From 31 May 2018.

15 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 31 May 2018
Group 2: Units purchased from 31 May 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit
Accumulation 'U2' Units†			
Group 1	0.0000	-	0.0000
Group 2	0.0000	0.0000	0.0000

† Fund launched on 31 May 2018.

* 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.

Quilter Investors Equity 1 Fund

Launch date	19 October 2004
IA Sector	UK All Companies
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£121,793,198

Objective

To maximise capital growth through investment in a focused portfolio of predominantly UK equities.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

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

Investment Manager's Review

This review covers the 12 month period to 30 September 2018.

Market Review

UK equity markets made positive if somewhat volatile progress over the review period. In aggregate we saw good levels of global GDP growth, seemingly contained inflationary forces (outside of the US at least) and pleasing corporate news flow which served as tailwinds. That said the prospect of growing US inflationary pressures and policymakers there tightening monetary policy faster and more rapidly than had previously been expected gave rise to episodes of risk aversion. The volatile US Presidency, increasing tension between the US and North Korea, developing trade wars between the US and China as well as a lack of clarity around the likely ultimate denouement of the Brexit negotiations also added to the uncertainty.

Fund Activity

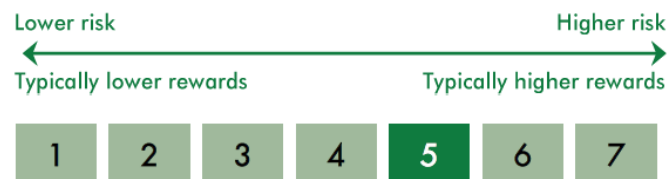
Against this backdrop, the Quilter Investors Equity 1 Fund modestly outperformed the benchmark FTSE 250 ex Investment Trusts Index and performed broadly in line with the wider FTSE All Share Index. At a stock level, the sub-fund positions in Fever-Tree, boohoo, Blue Prism, Burford Capital and Ashtead performed strongly, adding good value, whilst positions in Micro Focus, Superdry and Indivior were disappointing and detracted. In terms of notable activity, positions in GVC and Plus 500 were added, whilst Paysa (acquired by a private equity consortium) and Weir Group were exited.

Outlook

Leading economic indicators are supportive of continued steady global growth, albeit more recent signs suggest a gradual de-synchronisation of the picture relative to that which prevailed at the turn of the year. The US economy is growing robustly whilst activity in the EU and Emerging Markets has slowed. In the UK, we have the added complexity of ongoing Brexit negotiations which are likely to continue to constrain growth relative to other western economies – the apparent unity evident in the immediate aftermath of the 'Chequers agreement' has quickly given way to resignations and it remains far from clear as to how the withdrawal process proceeds from here, with a wide range of outcomes still possible.

The stock market is increasingly grappling with the prospect of a potential slowing in economic activity in the US and elsewhere in 2019 and beyond in the face of a Federal Reserve that is tightening interest rates and signalling a more aggressive stance. As a result, bond yields have risen, which has caused a significant rotation away from long duration assets such as highly rated, growth stocks. It is not unreasonable, at this stage of the economic cycle, to expect volatility to rise from here.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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 - 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 may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Record

Comparative Tables

Accumulation 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	165.81	128.58	114.46
Return before operating charges*	10.72	38.83	15.40
Operating charges**	(1.88)	(1.60)	(1.28)
Return after operating charges*	8.84	37.23	14.12
Distributions	(2.21)	(1.45)	(1.18)
Retained distributions	2.21	1.45	1.18
Closing net asset value per unit	174.65	165.81	128.58
* after direct transaction costs of***	0.12	0.31	0.20
Performance			
Return after charges	5.33%	28.95%	12.34%
Other information			
Closing net asset value (£)	121,793,198	128,857,435	123,044,964
Closing number of units	69,737,177	77,715,088	95,697,248
Operating charges****	1.09%	1.09%	1.09%
Direct transaction costs***	0.07%	0.21%	0.17%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	184.7	169.6	130.1
Lowest unit price	159.6	126.4	104.2

** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors Equity 1 Fund*	7.78%	5.37%	52.67%	110.32%
FTSE 250 ex-IT (benchmark)	5.34%	4.16%	29.17%	53.35%
IA UK All Companies (sector average)	7.79%	5.64%	34.49%	45.91%
Quartile ranking	2	3	1	1

* Accumulation 'A' units

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

Asset allocation		Major holdings	Percentage of portfolio
United Kingdom Equities	99.26%	boohoo.com	8.60%
Middle East Equities	1.89%	SSP	6.21%
		Ascential	5.62%
Net other liabilities	(1.15)%	FeverTree Drinks	5.60%
		Blue Prism	3.97%
Total	100.00%	Ashtead	3.91%
		Burford Capital	3.86%
Portfolio allocation		GVC	3.68%
		Workspace	3.48%
United Kingdom:		HomeServe	3.17%
Support Services	15.50%	Number of holdings	39
Financial Services	13.12%		
General Retailers	11.72%		
Travel & Leisure	9.89%		
Media	7.81%		
Real Estate Investment Trusts	7.34%		
Beverages	5.60%		
Household Goods & Home Construction	4.87%		
Software & Computer Services	3.97%		
Real Estate Investment & Services	3.55%		
Industrial Engineering	3.15%		
Construction & Materials	3.11%		
Chemicals	2.38%		
Personal Goods	2.16%		
Pharmaceuticals & Biotechnology	2.13%		
Life Insurance	1.94%		
Food & Drug Retailers	1.02%		
Overseas:			
Israel	1.89%		
Net other liabilities	(1.15)%		
Total	100.00%		

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 99.26% (30 September 2017 99.32%)		
	United Kingdom Equities 99.26% (30 September 2017 99.32%)		
	Beverages 5.60% (30 September 2017 3.84%)		
185,777	Fevertree Drinks	6,818	5.60
		6,818	5.60
	Chemicals 2.38% (30 September 2017 2.21%)		
533,558	Synthomer	2,892	2.38
		2,892	2.38
	Construction & Materials 3.11% (30 September 2017 2.29%)		
1,971,839	Breedon	1,439	1.18
1,164,000	Melrose Industries	2,351	1.93
		3,790	3.11
	Financial Services 13.12% (30 September 2017 12.44%)		
364,223	3i	3,446	2.83
242,920	Burford Capital	4,703	3.86
850,000	Charter Court Financial Services	2,888	2.37
409,360	Funding Circle	1,801	1.48
778,836	OneSavings Bank	3,142	2.58
		15,980	13.12
	Food & Drug Retailers 1.02% (30 September 2017 0.00%)		
136,000	Ocado	1,237	1.02
		1,237	1.02
	General Industrials 0.00% (30 September 2017 1.38%)		
	General Retailers 11.72% (30 September 2017 13.63%)		
4,627,000	boohoo.com	10,476	8.60
608,953	JD Sports Fashion	2,819	2.31
812,178	Pets at Home	980	0.81
		14,275	11.72
	Household Goods & Home Construction 4.87% (30 September 2017 4.84%)		
284,000	Barratt Developments	1,598	1.31
1,554,896	Taylor Wimpey	2,672	2.19
237,994	Victoria	1,666	1.37
		5,936	4.87
	Industrial Engineering 3.15% (30 September 2017 4.57%)		
423,573	Bodycote	3,842	3.15
		3,842	3.15

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
208,000	Life Insurance 1.94% (30 September 2017 2.52%) St James's Place	2,363	1.94
		<u>2,363</u>	<u>1.94</u>
1,630,990	Media 7.81% (30 September 2017 7.39%) Ascential	6,847	5.62
592,066	Auto Trader	2,664	2.19
		<u>9,511</u>	<u>7.81</u>
242,348	Personal Goods 2.16% (30 September 2017 2.89%) Superdry	2,632	2.16
		<u>2,632</u>	<u>2.16</u>
1,418,731	Pharmaceuticals & Biotechnology 2.13% (30 September 2017 2.40%) Indivior	2,588	2.13
		<u>2,588</u>	<u>2.13</u>
603,987	Real Estate Investment & Services 3.55% (30 September 2017 4.98%) Capital & Counties Properties	1,598	1.31
661,526	Purplebricks	1,574	1.29
148,619	Savills	1,148	0.95
		<u>4,320</u>	<u>3.55</u>
294,426	Real Estate Investment Trusts 7.34% (30 September 2017 6.23%) Big Yellow	2,716	2.23
226,000	Unite	1,990	1.63
429,931	Workspace	4,231	3.48
		<u>8,937</u>	<u>7.34</u>
205,895	Software & Computer Services 3.97% (30 September 2017 5.16%) Blue Prism	4,839	3.97
		<u>4,839</u>	<u>3.97</u>
194,639	Support Services 15.50% (30 September 2017 17.86%) Ashtead	4,765	3.91
378,683	Electrocomponents	2,718	2.23
927,909	Hays	1,891	1.55
374,000	HomeServe	3,863	3.17
344,000	Pagegroup	1,961	1.61
801,000	Rentokil Initial	2,542	2.09
185,910	Smart Metering Systems	1,143	0.94
		<u>18,883</u>	<u>15.50</u>
476,928	Travel & Leisure 9.89% (30 September 2017 4.69%) GVC	4,478	3.68
1,037,419	SSP	7,571	6.21
		<u>12,049</u>	<u>9.89</u>

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Overseas 1.89% (30 September 2017 1.57%)		
	Europe 0.00% (30 September 2017 1.57%)		
	Ireland Equities 0.00% (30 September 2017 1.57%)		
	Middle East 1.89% (30 September 2017 0.00%)		
171,845	Israel Equities 1.89% (30 September 2017 0.00%) Plus500	2,301	1.89
		2,301	1.89
	Investment assets	123,193	101.15
	Net other liabilities	(1,400)	(1.15)
	Total net assets	121,793	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.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital gains	2		4,853		31,442
Revenue	3	2,973		2,656	
Expenses	4	(1,375)		(1,395)	
Interest payable and similar charges	5	(7)		(8)	
Net revenue before taxation		1,591		1,253	
Taxation	6	-		-	
Net revenue after taxation			1,591		1,253
Total return before distributions			6,444		32,695
Distributions	7		(1,591)		(1,253)
Change in net assets attributable to unitholders from investment activities			4,853		31,442

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		128,857		123,045
Amounts received on issue of units	7,988		5,528	
Amounts paid on cancellation of units	(21,472)		(32,354)	
		(13,484)		(26,826)
Dilution adjustment		22		49
Change in net assets attributable to unitholders from investment activities		4,853		31,442
Retained distribution on accumulation units		1,545		1,147
Closing net assets attributable to unitholders		121,793		128,857

The notes on pages 58 to 64 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		123,193	130,006
Current assets			
Debtors	8	214	133
Cash and bank balances	9	383	1
Total assets		123,790	130,140
Liabilities			
Creditors			
Bank overdrafts	10	-	(1,006)
Other creditors	11	(1,997)	(277)
Total liabilities		(1,997)	(1,283)
Net assets attributable to unitholders		121,793	128,857

The notes on pages 58 to 64 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors Equity 1 Fund are included on pages 273 to 274.

2 Net capital gains

The net capital gains on investments comprise:

Gains on non-derivative securities

Handling charges

Net capital gains on investments

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
4,858	31,447
(5)	(5)
4,853	31,442

3 Revenue

Bank interest

Non-taxable overseas dividends

UK dividends

UK REIT dividends

Total revenue

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
1	-
197	34
2,514	2,422
261	200
2,973	2,656

4 Expenses

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

Fixed ongoing Charge*

Manager's periodic charge**

Fixed expenses**

Total expenses

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
803	-
532	1,291
40	104
1,375	1,395

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Interest payable and similar charges

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Bank overdraft interest	7	8
Total interest payable and similar charges	7	8

6 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	-	-
Total current tax charge for the year	-	-
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	-	-

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	1,591	1,253
Corporation tax at 20% (30 September 2017: 20%)	318	251
Effects of:		
Excess management expenses for which no relief taken	224	240
Revenue not subject to taxation – UK	(503)	(484)
Non-taxable overseas dividends	(39)	(7)
Total tax charge for the year (see note 6(a))	-	-

Authorised Unit Trusts are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £18,125,116 (30 September 2017: £17,005,535), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

7 Distributions

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Interim – Accumulation units (31 March)	270	194
Final – Accumulation units (30 September)	1,275	953
	1,545	1,147
Revenue deducted on cancellation of units	93	119
Revenue received on issue of units	(47)	(13)
Distributions	1,591	1,253

Details of the interim and final distributions per unit are set out in the tables on page 65.

8 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued revenue	209	95
Amounts receivable for issue of units	5	38
Total debtors	214	133

9 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	383	1
Total cash and bank balances	383	1

10 Bank overdrafts

	30.09.18 £'000	30.09.17 £'000
Cash and bank overdrafts	-	1,006
Total overdrafts	-	1,006

11 Other creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	215
Accrued expenses	105	18
Amounts payable for cancellation of units	89	42
Purchases awaiting settlement	1,803	2
Total other creditors	1,997	277

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Related party transactions

Quilter Investors Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each 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 56. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 8 and 11. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 11.

13 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

The majority 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures* 30.09.18 £'000	Non-monetary exposures 30.09.18 £'000	Total 30.09.18 £'000	Monetary exposures* 30.09.17 £'000	Non-monetary exposures 30.09.17 £'000	Total 30.09.17 £'000
US Dollar	5	-	5	-	-	-
Total	5	-	5	-	-	-

* 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 30 September 2018 by £251 or 0.00% (30 September 2017: £Nil). A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

13 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Sterling	383	-	123,402	123,785
US Dollar	-	-	5	5
Total	383	-	123,407	123,790

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Sterling	-	-	130,140	130,140
Total	-	-	130,140	130,140

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(1,997)	(1,997)
Total	-	(1,997)	(1,997)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Sterling	(1,006)	(277)	(1,283)
Total	(1,006)	(277)	(1,283)

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have maturity dates.

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

13 Derivatives and other financial instruments (continued)

e) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

f) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 £6,159,647 or 5.06% (30 September 2017: £6,500,324 or 5.04%).

h) Fair value of financial assets and financial liabilities

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

Basis of valuation	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	123,193	-	130,006	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	123,193	-	130,006	-

i) Global exposure

The Investment Adviser assesses the market risk of the Quilter Investors Equity 1 Fund, 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.

14 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (30 September 2017: £Nil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

15 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
28,251	11	0.04%	55	0.19%
28,251	11		55	
28,317				

30.09.17

Equities

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
43,607	32	0.07%	192	0.44%
1,176	-	-	-	-
44,783	32		192	
45,007				

Analysis of total sale costs

30.09.18

Equities

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
40,009	21	0.05%	-	-
40,009	21		-	
39,988				

30.09.17

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
65,576	49	0.08%	-	-
4,440	-	-	-	-
70,016	49		-	
69,967				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.03%	0.06%
0.04%	0.15%

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 0.13% (30 September 2017: 0.13%).

16 Unitholders' funds

The sub-fund currently has one unit class; Accumulation 'A'. The net asset value of the unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit class currently in issue and the Fixed Ongoing Charge of each unit class are shown below. The comparative figure at the 30 September 2017, was the Manager's periodic charge, which is now included within the Fixed Ongoing Charge.

	30.09.18	30.09.17
- Accumulation 'A'	1.09%	1.00%

Unit class movement reconciliation

- Accumulation 'A'

Opening	Issued	Redeemed	Converted	Closing
77,715,088	4,586,887	(12,564,798)	-	69,737,177

17 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2018
Group 2: Units purchased from 1 April 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Accumulation 'A' Units				
Group 1	1.8282	-	1.8282	1.2263
Group 2	0.5055	1.3227	1.8282	1.2263

Interim distribution

Group 1: Units purchased prior to 1 October 2017
Group 2: Units purchased from 1 October 2017 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.18 pence per unit	Distribution paid 31.05.17 pence per unit
Accumulation 'A' Units				
Group 1	0.3786	-	0.3786	0.2248
Group 2	0.1521	0.2265	0.3786	0.2248

* 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.

Quilter Investors Equity 2 Fund

Launch date	13 December 2002
IA Sector	Unclassified
Investment adviser	Investec Asset Management Limited
Net asset value	£175,337,742

Objective

To provide long term total return from capital growth and income in a portfolio of predominantly UK equities.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

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

Investment Manager's review

Activity

The period under review presented a challenging period for the sub-fund, resulting in mixed performance primarily due to stock specific issues.

In the final three months of 2017, we added to the portfolio's position in property company Helical, as it was trading at a significant discount to its net asset value which, given the company's excellent historic performance and entrepreneurial management, we thought was unwarranted. We then sold this position in June, after a strong run of performance, as we were becoming more concerned about the level of gearing and short lease expirations, making it a stock we wouldn't want to hold in a bear market/recession.

At the start of 2018 we initiated a position in Capita, very shortly before the profit warning and consequent share price plunge. This made us look and feel foolish and a period of reflection followed.

When we started buying shares, Capita had already fallen by around 75% from its 2015 peak and was trading at a low multiple of our estimate of normalised profitability and offered significant upside to our appraisal of fair value. For us, the cheap valuation and adverse sentiment boxes were very much ticked and, given the same set of circumstances, we would have done the same again. Our investment process is based on the observation that investors recurrently, indeed habitually, overreact to bad news. These overreactions often provide us with buying opportunities and we believe what happened with Capita was an exceptionally large overreaction.

Unusually for us, we took part in an IPO to purchase shares in Hipgnosis Songs in July. This is an investment company that has been set up to acquire and exploit the composition rights to songs. The expectation is that the position of rights holders will improve in time, causing the value of their rights to increase. We believe this is an interesting opportunity to access cheap assets and to benefit from potential efficiency improvements and a bigger overall industry pie with composition rights holders taking a greater share.

We also participated in the capital raising by UK estate agency group Countrywide in August, which was a successful issue, with the company raising more than expected. We continue to believe that beneath what was (but is no longer) an inappropriate capital structure there is a perfectly decent business and the new management team are making progress. The housing market cycle will eventually turn, and we believe the structural threat posed by online estate agents is overplayed.

Continuing on this theme, over the second half of the period we gradually topped up our holding in Travis Perkins as the shares continued to move lower after it reported first-half numbers that were 'broadly' in line with expectations but saw them lower expectations for the rest of the year. We believe there is little wrong with the underlying operations that a closer eye on costs wouldn't fix and the valuation takes no account of any upside here or of the longer-term prospect of a healthier housing market.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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 - 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 reduce costs and/or the overall risk of the sub-fund (i.e. 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 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 Records

Comparative Tables

Accumulation 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	156.91	134.14	120.44
Return before operating charges*	2.30	24.39	15.06
Operating charges**	(1.71)	(1.62)	(1.36)
Return after operating charges*	0.59	22.77	13.70
Distributions	(4.74)	(4.47)	(4.26)
Retained distributions	4.74	4.47	4.26
Closing net asset value per unit	157.50	156.91	134.14
* after direct transaction costs of***	0.51	0.33	0.33
Performance			
Return after charges	0.38%	16.97%	11.37%
Other information			
Closing net asset value (£)	175,337,742	116,547,636	92,618,108
Closing number of units	111,325,742	74,274,796	69,044,814
Operating charges****	1.09%	1.09%	1.09%
Direct transaction costs****	0.33%	0.22%	0.26%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	163.5	156.8	137.5
Lowest unit price	144.3	134.1	111.9

** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors Equity 2 Fund*	8.13%	0.96%	30.61%	32.47%
FTSE All Share (benchmark)	8.31%	5.87%	38.45%	43.50%

* Accumulation 'A' units

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

Asset allocation

		Overseas:	
United Kingdom Equities	73.94%	Ireland	5.58%
European Equities	10.96%	Netherlands	5.38%
North American Equities	4.06%	United States	3.28%
United Kingdom Government Bonds	3.68%	Canada	0.78%
African Equities	0.73%	South Africa	0.73%
South American Equities	0.28%	Peru	0.28%
United Kingdom Corporate Bonds	0.15%		
		Net other assets	6.20%
Net other assets	6.20%		
		Total	100.00%
Total	100.00%		

Portfolio allocation

United Kingdom:

Support Services	16.48%
Banks	14.99%
General Retailers	7.34%
Pharmaceuticals & Biotechnology	7.25%
Food & Drug Retailers	6.87%
Oil & Gas Producers	4.53%
Government Bonds	3.68%
Household Goods & Home Construction	2.36%
Gas, Water & Multiutilities	2.06%
Travel & Leisure	1.93%
Fixed Line Telecommunications	1.76%
Electricity	1.59%
Real Estate Investment Trusts	1.47%
Construction & Materials	1.44%
Real Estate Investment & Services	1.42%
Aerospace & Defence	0.99%
Equity Investment Instruments	0.56%
Personal Goods	0.55%
Media	0.34%
Corporate Bonds	0.15%
Leisure Goods	0.01%

Major holdings

GlaxoSmithKline	7.25%
Capita	5.99%
Royal Dutch Shell 'B'	5.38%
Tesco	4.63%
BP	4.53%
Barclays	4.39%
Royal Bank of Scotland	4.20%
Travis Perkins	4.06%
Grafton	3.81%
United Kingdom Gilt 2% 22/07/2020	3.68%

Number of holdings

48

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 77.77% (30 September 2017 73.22%)		
	United Kingdom Debt Securities 3.83% (30 September 2017 4.76%)		
	Sterling Denominated Fixed Rate Corporate Bonds 0.15% (30 September 2017 0.23%)		
£245,000	Aviva 5.9021% Perpetual	253	0.15
		253	0.15
	Sterling Denominated Fixed Rate Government Bonds 3.68% (30 September 2017 4.53%)		
£6,308,502	United Kingdom Gilt 2% 22/07/2020	6,442	3.68
		6,442	3.68
	United Kingdom Equities 73.94% (30 September 2017 68.46%)		
	Aerospace & Defence 0.99% (30 September 2017 1.06%)		
320,211	Chemring	696	0.40
363,609	QinetiQ	1,044	0.59
		1,740	0.99
	Banks 14.99% (30 September 2017 21.14%)		
4,470,616	Barclays	7,704	4.39
758,756	HSBC (UK Listing)	5,088	2.90
6,171,089	Lloyds Banking	3,664	2.09
2,977,163	Royal Bank of Scotland	7,368	4.20
639,490	Virgin Money	2,462	1.41
		26,286	14.99
	Construction & Materials 1.44% (30 September 2017 0.73%)		
973,444	Forterra	2,531	1.44
		2,531	1.44
	Electricity 1.59% (30 September 2017 1.28%)		
722,002	Drax	2,793	1.59
		2,793	1.59
	Equity Investment Instruments 0.56% (30 September 2017 0.00%)		
916,739	Hipgnosis Songs	981	0.56
		981	0.56
	Financial Services 0.00% (30 September 2017 0.58%)		
	Fixed Line Telecommunications 1.76% (30 September 2017 0.82%)		
1,356,912	BT	3,078	1.76
		3,078	1.76
	Food & Drug Retailers 6.87% (30 September 2017 5.80%)		
3,377,791	Tesco	8,107	4.63
1,519,493	WM Morrison Supermarkets	3,932	2.24
		12,039	6.87
	Gas, Water & Multiutilities 2.06% (30 September 2017 1.81%)		
2,331,406	Centrica	3,609	2.06
		3,609	2.06

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom Equities (continued)		
	General Retailers 7.34% (30 September 2017 7.73%)		
4,906,308	Carpetright	1,060	0.60
1,059,740	Kingfisher	2,786	1.59
1,670,978	Marks & Spencer	4,809	2.74
416,487	N Brown	567	0.32
54,029	Next	2,919	1.67
1,161,824	Topps Tiles	734	0.42
		12,875	7.34
	Household Goods & Home Construction 2.36% (30 September 2017 0.32%)		
258,051	Headlam	1,222	0.70
2,122,202	McCarthy & Stone	2,918	1.66
		4,140	2.36
	Industrial Transportation 0.00% (30 September 2017 0.07%)		
	Leisure Goods 0.01% (30 September 2017 0.01%)		
70,239	Hornby	24	0.01
		24	0.01
	Media 0.34% (30 September 2017 0.31%)		
273,780	Bloomsbury Publishing	602	0.34
		602	0.34
	Oil & Gas Producers 4.53% (30 September 2017 4.06%)		
1,341,155	BP	7,936	4.53
		7,936	4.53
	Personal Goods 0.55% (30 September 2017 0.29%)		
575,742	Avon Products	971	0.55
		971	0.55
	Pharmaceuticals & Biotechnology 7.25% (30 September 2017 6.36%)		
823,803	GlaxoSmithKline	12,715	7.25
		12,715	7.25
	Real Estate Investment & Services 1.42% (30 September 2017 1.95%)		
15,349,148	Countrywide	1,808	1.03
255,604	LSL Property Services	682	0.39
		2,490	1.42
	Real Estate Investment Trusts 1.47% (30 September 2017 1.98%)		
291,497	Land Securities	2,579	1.47
		2,579	1.47
	Software & Computer Services 0.00% (30 September 2017 1.41%)		
	Support Services 16.48% (30 September 2017 7.91%)		
515,905	Aggreko	4,438	2.53
7,436,471	Capita	10,497	5.99
1,006,423	Serco	1,012	0.58
4,618,083	SIG	5,823	3.32
660,460	Travis Perkins	7,120	4.06
		28,890	16.48

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom Equities (continued)		
	Travel & Leisure 1.93% (30 September 2017 2.84%)		
158,902	easyJet	2,058	1.17
83,802	Go-Ahead	1,325	0.76
		3,383	1.93
	Overseas 16.03% (30 September 2017 23.10%)		
	Africa 0.73% (30 September 2017 0.17%)		
	South Africa Equities 0.73% (30 September 2017 0.17%)		
891,270	Impala Platinum	1,285	0.73
		1,285	0.73
	Europe 10.96% (30 September 2017 13.82%)		
	Ireland Equities 5.58% (30 September 2017 7.06%)		
122,712	CRH (UK Listing)	3,100	1.77
886,170	Grafton	6,682	3.81
		9,782	5.58
	Netherlands Equities 5.38% (30 September 2017 6.76%)		
353,683	Royal Dutch Shell 'B'	9,427	5.38
		9,427	5.38
	North America 4.06% (30 September 2017 8.78%)		
	Canada Equities 0.78% (30 September 2017 1.03%)		
60,958	Pan American Silver	671	0.38
105,954	SSR Mining	696	0.40
		1,367	0.78
	Mexico Equities 0.00% (30 September 2017 0.26%)		
	United States Equities 3.28% (30 September 2017 7.49%)		
94,594	Citi	5,291	3.02
116,890	Coeur Mining	467	0.26
		5,758	3.28
	South America 0.28% (30 September 2017 0.33%)		
	Peru Equities 0.28% (30 September 2017 0.33%)		
309,542	Hochschild Mining	489	0.28
		489	0.28
	Investment assets	164,465	93.80
	Net other assets	10,873	6.20
	Total net assets	175,338	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. All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital (losses)/gains	2		(2,879)		14,163
Revenue	3	4,267		3,246	
Expenses	4	(1,452)		(1,136)	
Interest payable and similar charges	5	(2)		(1)	
Net revenue before taxation		2,813		2,109	
Taxation	6	(13)		(11)	
Net revenue after taxation			2,800		2,098
Total return before distributions			(79)		16,261
Distributions	7		(4,127)		(3,147)
Change in net assets attributable to unitholders from investment activities			(4,206)		13,114

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		116,548		92,618
Amounts received on issue of units	60,475		21,542	
Amounts paid on cancellation of units	(2,416)		(14,014)	
		58,059		7,528
Dilution adjustment		390		135
Change in net assets attributable to unitholders from investment activities		(4,206)		13,114
Retained distribution on accumulation units		4,547		3,153
Closing net assets attributable to unitholders		175,338		116,548

The notes on pages 74 to 81 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		164,465	112,261
Current assets			
Debtors	8	505	541
Cash and bank balances	9	10,543	3,963
Total assets		175,513	116,765
Liabilities			
Creditors			
Other creditors	10	(175)	(217)
Total liabilities		(175)	(217)
Net assets attributable to unitholders		175,338	116,548

The notes on pages 74 to 81 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors Equity 2 Fund are included on pages 273 to 274.

2 Net capital (losses)/gains

The net capital (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities
(Losses)/gains on forward currency contracts
(Losses)/gains on currency contracts
Handling charges
Net capital (losses)/gains on investments

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
(2,862)	14,147
(6)	2
(8)	17
(3)	(3)
(2,879)	14,163

3 Revenue

Bank interest
Interest on debt securities
Non-taxable overseas dividends
UK dividends
UK REIT dividends
Total revenue

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
4	2
30	21
292	258
3,836	2,897
105	68
4,267	3,246

4 Expenses

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

Fixed Ongoing Charge*
Manager's periodic charge**
Fixed expenses**
Total expenses

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
934	-
480	1,050
38	86
1,452	1,136

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Interest payable and similar charges

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Bank overdraft interest	2	1
Total interest payable and similar charges	2	1

6 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	13	11
Total current tax charge for the year	13	11
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	13	11

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	2,813	2,109
Corporation tax at 20% (30 September 2017: 20%)	563	422
Effects of:		
Excess management expenses for which no relief taken	263	209
Revenue not subject to taxation – UK	(767)	(579)
Non-taxable overseas dividends	(59)	(52)
Overseas tax suffered	13	11
Total tax charge for the year (see note 6(a))	13	11

Authorised Unit Trusts are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £33,681,920 (30 September 2017: £32,367,914), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

7 Distributions

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Interim – Accumulation units (31 March)	1,438	1,318
Final – Accumulation units (30 September)	3,109	1,835
	4,547	3,153
Revenue deducted on cancellation of units	21	124
Revenue received on issue of units	(441)	(130)
Distributions	4,127	3,147
Reconciliation of distributions:		
Net revenue after taxation	2,800	2,098
Capitalised fees	1,329	1,050
Tax relief on capitalised fees	(2)	(1)
Distributions	4,127	3,147

Details of the interim and final distributions per unit are set out in the tables on page 82.

8 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued revenue	454	334
Amounts receivable for issue of units	11	-
Sales awaiting settlement	40	207
Total debtors	505	541

9 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	10,543	3,963
Total cash and bank balances	10,543	3,963

10 Other creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	189
Accrued expenses	147	16
Amounts payable for cancellation of units	28	12
Total other creditors	175	217

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

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 each 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 72. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 8 and 10. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 10.

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

Fixed income securities and variable rate securities.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures* 30.09.18 £'000	Non-monetary exposures 30.09.18 £'000	Total 30.09.18 £'000	Monetary exposures* 30.09.17 £'000	Non-monetary exposures 30.09.17 £'000	Total 30.09.17 £'000
Canadian Dollar	1	-	1	4	491	495
Euro	22	-	22	14	-	14
South Africa Rand	-	1,285	1,285	-	-	-
US Dollar	64	8,096	8,160	2	9,977	9,979
Total	87	9,381	9,468	20	10,468	10,488

* 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 30 September 2018 by £473,372 or 0.27% (30 September 2017: £524,385 or 0.45%). A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Canadian Dollar	1	-	-	1
Euro	22	-	-	22
South Africa Rand	-	-	1,285	1,285
Sterling	10,456	6,695	148,894	166,045
US Dollar	64	-	8,096	8,160
Total	10,543	6,695	158,275	175,513

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Canadian Dollar	4	-	491	495
Euro	-	-	14	14
Sterling	3,957	5,551	96,769	106,277
US Dollar	2	-	9,977	9,979
Total	3,963	5,551	107,251	116,765

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(175)	(175)
Total	-	(175)	(175)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Sterling	-	(217)	(217)
Total	-	(217)	(217)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

e) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

f) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 £8,223,267 or 4.69% (30 September 2017: £5,613,056 or 4.82%).

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	164,212	-	111,995	-
Level 2: Observable market data	253	-	266	-
Level 3: Unobservable data	-	-	-	-
Total	164,465	-	112,261	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors Equity 2 Fund, 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 (30 September 2017: £Nil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Bonds

Equities

Corporate actions

Total

Total purchases including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
7,418	-	-	-	-
82,911	41	0.05%	377	0.45%
2,802	-	-	-	-
93,131	41		377	
93,549				

30.09.17

Bonds

Equities

Total

Total purchases including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
6,256	-	-	-	-
40,839	25	0.06%	184	0.45%
47,095	25		184	
47,304				

Analysis of total sale costs

30.09.18

Bonds

Equities

Total

Total sales including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
6,201	-	-	-	-
32,240	17	0.05%	-	-
38,441	17		-	
38,424				

30.09.17

Bonds

Equities

Corporate actions

Total

Total sales including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
5,513	-	-	-	-
31,809	22	0.07%	-	-
123	-		-	
37,445	22		-	
37,423				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.04%	0.04%
0.28%	0.17%

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 0.13% (30 September 2017: 0.14%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

15 Unitholders' funds

The sub-fund currently has one unit class: Accumulation 'A'. The net asset value of the unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit class currently in issue and the Fixed Ongoing Charge of each unit class are shown below. The comparative figure at the 30 September 2017, was the Manager's periodic charge, which is now included within the Fixed Ongoing Charge.

	30.09.18	30.09.17
- Accumulation 'A'	1.10%	1.00%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	74,274,796	38,607,692	(1,556,746)	-	111,325,742

16 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2018
Group 2: Units purchased from 1 April 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Accumulation 'A' Units				
Group 1	2.7923	-	2.7923	2.4710
Group 2	1.6440	1.1483	2.7923	2.4710

Interim distribution

Group 1: Units purchased prior to 1 October 2017
Group 2: Units purchased from 1 October 2017 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.18 pence per unit	Distribution paid 31.05.17 pence per unit
Accumulation 'A' Units				
Group 1	1.9450	-	1.9450	2.0002
Group 2	1.2697	0.6753	1.9450	2.0002

* 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.

Quilter Investors Ethical Equity Fund

Launch date	23 September 2005
IA Sector	Global
Investment adviser	Quilter Cheviot Limited
Net asset value	£130,714,846

Objective

To achieve long term capital growth and income through investment in a well-diversified portfolio of international securities issued by companies that demonstrate sound ethical practice.

Policy

Investment will be in a well-diversified portfolio, predominantly of equities, which are held either directly or through collective investment schemes. Investment may also be in fixed interest securities.

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

Securities are screened against ethical investment criteria, with the aim of ensuring that only companies with sound ethical practice are included in the portfolio. Further information about these criteria is available to unitholders or prospective unitholders on request.

Investment Manager's review

Activity

During the period good stock selection in the US continued to benefit the sub-fund's performance, however a structural sector underweight to healthcare, financials and technology as well as an underweight to the US relative to the benchmark have been detractors to overall performance.

In the final months of 2017, North America was the largest contributor to overall performance, followed by Europe, driven by robust corporate earnings in the US and the ongoing economic recovery in the eurozone. Meanwhile, emerging markets hindered relative performance through currency effects and an underweight allocation to the asset class.

The low carbon energy bucket performed well, thanks to being underpinned by robotics and energy efficiency-related companies. Industry 4.0, the so-called fourth industrial revolution driven by robotics and automation, is particularly beneficial for many of the companies in our investment universe.

The start of 2018, however, was underpinned by market volatility and an environment with very little room for disappointments, leading the sub-fund to lag behind the benchmark in the first three months of the year. While all asset classes were negative contributors to returns during the first three months of the year, North American equities were the largest detractor to the sub-fund's performance, driven by soft company results and currency effects.

After a sharp sell-off at the start of the year, technology has been a main driver of the strong market rally seen in the middle of the period, which along with energy sectors that also performed well, acted as a structural headwind to the sub-fund's performance.

This year so far, we have seen a divergence in growth between advanced and emerging economies, clearly illustrated by the regional contributions to the sub-fund's performance. The US has been the largest contributor to overall performance, with Asia-Pacific a distant second. Conversely, the UK was a marginally negative contributor to performance towards the end of the period. In general, European equities had experienced the most elevated negative market reactions when companies missed quarterly targets, even if by small margins. This highlights investors' overall negative sentiment around the European economy. In particular, stock selection in Europe has been poor as many of the sub-fund's holdings in the region have missed earning numbers for two or three consecutive quarters, thus they have been harshly penalised and we have seen the re-rating of those stocks. As a result, for some, valuation now looks more attractive; particularly if in the coming quarters the management teams resolve the short-term issues and deliver on earnings targets.

Outlook

The current year is shaping up to be another good year for corporate profitability, and prospects for 2019 are also looking strong. Cuts in corporation tax and changes to regulation have provided a multi-year boost to US equities but the performance differential against other markets will likely narrow from here. However, we remain extremely mindful of short-term risks, namely an escalation of the trade tariffs dispute, further pressure on emerging markets and ongoing political risk regarding Brexit uncertainty. International markets appear to offer better range and depth of investment opportunities for sterling based investors, which sits well with the sub-fund's investment strategy, which is naturally overweight in international equities.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Strategy risk - the sub-fund invests in sectors and companies using an ethical investment strategy. This means the range of the sub-fund's investments may be more restrictive, and consequently the sub-fund may be less diversified than other investment sub-funds.

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.

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 may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	115.97	105.54	76.58
Return before operating charges*	5.65	12.28	30.46
Operating charges**	(1.95)	(1.85)	(1.50)
Return after operating charges*	3.70	10.43	28.96
Distributions	(0.01)	(0.08)	(0.08)
Retained distributions	0.01	0.08	0.08
Closing net asset value per unit	119.67	115.97	105.54
* after direct transaction costs of***	-	0.06	0.13
Performance			
Return after charges	3.19%	9.88%	37.82%
Other information			
Closing net asset value (£)	69,182,664	73,182,949	72,616,877
Closing number of units	57,809,080	63,104,434	68,803,052
Operating charges****	1.65%	1.65%	1.68%
Direct transaction costs***	-	0.06%	0.14%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	124.2	118.9	106.9
Lowest unit price	109.9	102.7	77.53

Accumulation 'R'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	119.17	107.66	77.57
Return before operating charges*	5.84	12.55	30.99
Operating charges**	(1.10)	(1.04)	(0.90)
Return after operating charges*	4.74	11.51	30.09
Distributions	(0.93)	(0.96)	(0.76)
Retained distributions	0.93	0.96	0.76
Closing net asset value per unit	123.91	119.17	107.66
* after direct transaction costs of***	-	0.06	0.13
Performance			
Return after charges	3.98%	10.69%	38.79%
Other information			
Closing net asset value (£)	61,532,182	53,572,768	32,898,422
Closing number of units	49,659,869	44,953,045	30,558,342
Operating charges****	0.90%	0.90%	0.97%
Direct transaction costs***	-	0.06%	0.14%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	127.9	121.9	109.0
Lowest unit price	113.4	104.9	78.72

** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors Ethical Equity Fund*	7.18%	3.68%	59.13%	61.33%
FTSE World TR (benchmark)	13.80%	14.16%	76.87%	87.90%
IA Global (sector average)	11.95%	11.70%	62.62%	73.11%
Quartile ranking	4	4	3	4

* Accumulation 'R' units

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

Asset allocation		Major holdings	Percentage of portfolio
North America Equities	49.32%	Xylem	3.80%
Europe Equities	21.82%	Union Pacific	3.58%
Japan Equities	12.59%	Waters	3.35%
United Kingdom Equities	11.92%	AptarGroup	3.31%
South America Equities	1.27%	Emerson Electric	3.18%
Asia Pacific (excluding Japan) Equities	1.18%	Sonoco Products	3.01%
		DS Smith	3.00%
Net other assets	1.90%	Republic Services	2.87%
		Waste Management	2.85%
Total	100.00%	Kingspan (Irish Listing)	2.64%

Portfolio allocation	Number of holdings	49
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United Kingdom:

General Industrials	3.00%
Electronic & Electrical Equipment	1.93%
Industrial Engineering	1.77%
Travel & Leisure	1.33%
Support Services	1.23%
Gas, Water & Multiutilities	1.11%
Automobiles & Parts	0.90%
Software & Computer Services	0.65%

Overseas:

United States	49.32%
Japan	12.59%
Germany	5.54%
France	5.42%
Switzerland	4.91%
Ireland	4.40%
Netherlands	1.55%
Brazil	1.27%
Taiwan	1.18%

Net other assets	1.90%
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Total	100.00%
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Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 11.92% (30 September 2017 14.31%)		
	United Kingdom Equities 11.92% (30 September 2017 14.31%)		
	Automobiles & Parts 0.90% (30 September 2017 2.05%)		
47,852	Delphi Technologies	1,173	0.90
		1,173	0.90
	Electronic & Electrical Equipment 1.93% (30 September 2017 2.63%)		
75,014	Halma	1,088	0.83
69,300	nVent Electric	1,434	1.10
		2,522	1.93
	Gas, Water & Multiutilities 1.11% (30 September 2017 2.31%)		
79,108	Severn Trent	1,452	1.11
		1,452	1.11
	General Industrials 3.00% (30 September 2017 2.55%)		
830,415	DS Smith	3,927	3.00
		3,927	3.00
	Industrial Engineering 1.77% (30 September 2017 2.74%)		
69,300	Pentair	2,311	1.77
		2,311	1.77
	Software & Computer Services 0.65% (30 September 2017 0.75%)		
174,922	Sophos	851	0.65
		851	0.65
	Support Services 1.23% (30 September 2017 0.00%)		
81,000	Experian ADR	1,609	1.23
		1,609	1.23
	Travel & Leisure 1.33% (30 September 2017 1.28%)		
102,265	Compass	1,744	1.33
		1,744	1.33
	Overseas 86.18% (30 September 2017 82.48%)		
	Africa 0.00% (30 September 2017 1.71%)		
	South Africa Equities 0.00% (30 September 2017 1.71%)		
	Asia Pacific (excluding Japan) 1.18% (30 September 2017 1.42%)		
	Taiwan Equities 1.18% (30 September 2017 1.42%)		
469,972	Delta Electronics	1,540	1.18
		1,540	1.18

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Europe 21.82% (30 September 2017 22.33%)		
	France Equities 5.42% (30 September 2017 7.53%)		
203,625	Rexel	2,334	1.79
239,519	Suez	2,592	1.98
142,355	Veolia Environnement	2,161	1.65
		7,087	5.42
	Germany Equities 5.54% (30 September 2017 5.72%)		
95,326	GEA	2,644	2.02
148,000	Infineon Technologies	2,583	1.98
42,624	KION	2,018	1.54
		7,245	5.54
	Ireland Equities 4.40% (30 September 2017 2.89%)		
35,621	Aptiv	2,298	1.76
96,603	Kingspan (Irish Listing)	3,456	2.64
		5,754	4.40
	Netherlands Equities 1.55% (30 September 2017 1.65%)		
83,787	Boskalis Westminster	2,019	1.55
		2,019	1.55
	Switzerland Equities 4.91% (30 September 2017 4.54%)		
47,329	Ferguson	3,076	2.35
9,388	Geberit	3,340	2.56
		6,416	4.91
	Japan 12.59% (30 September 2017 12.55%)		
	Japan Equities 12.59% (30 September 2017 12.55%)		
139,414	Daiseki	2,955	2.26
40,300	East Japan Railway	2,874	2.20
20,700	FANUC	2,997	2.29
72,000	Horiba	2,925	2.24
180,000	Kubota	2,349	1.80
19,000	Shimano	2,352	1.80
		16,452	12.59
	North America 49.32% (30 September 2017 42.33%)		
	United States Equities 49.32% (30 September 2017 42.33%)		
22,679	Acuity Brands	2,757	2.11
45,875	American Water Works	3,058	2.34
67,478	AO Smith	2,799	2.14
52,151	AptarGroup	4,333	3.31
78,780	BorgWarner	2,584	1.98
70,604	Emerson Electric	4,157	3.18
29,578	Hubbell	3,029	2.32
79,854	LKQ	1,942	1.49
35,400	Micron Technology	1,221	0.93
295,673	Mueller Water Products	2,605	1.99
49,600	Regal-Beloit	3,151	2.41

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United States Equities (continued)		
67,255	Republic Services	3,746	2.87
92,329	Sonoco Products	3,931	3.01
37,678	Stericycle	1,687	1.29
26,764	Toro	1,244	0.95
37,253	Union Pacific	4,679	3.58
11,705	United Rentals	1,518	1.16
54,167	Waste Management	3,732	2.85
29,186	Waters	4,372	3.35
46,590	Watts Water Technologies	2,955	2.26
80,775	Xylem	4,973	3.80
		64,473	49.32
	South America 1.27% (30 September 2017 2.14%)		
	Brazil Equities 1.27% (30 September 2017 2.14%)		
354,300	Cia deneamento Basico do Estado deo Paulo ADR	1,655	1.27
		1,655	1.27
	Investment assets	128,230	98.10
	Net other assets	2,485	1.90
	Total net assets	130,715	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.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital gains	2		4,225		10,780
Revenue	3	2,352		2,224	
Expenses	4	(1,694)		(1,600)	
Interest payable and similar charges	5	(1)		(1)	
Net revenue before taxation		657		623	
Taxation	6	(195)		(197)	
Net revenue after taxation			462		426
Total return before distributions			4,687		11,206
Distributions	7		(462)		(426)
Change in net assets attributable to unitholders from investment activities			4,225		10,780

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		126,756		105,515
Amounts received on issue of units	20,248		25,652	
Amounts paid on cancellation of units	(20,983)		(15,681)	
Dilution adjustment		(735)		9,971
Change in net assets attributable to unitholders from investment activities		4,225		10,780
Retained distribution on accumulation units		469		470
Closing net assets attributable to unitholders		130,715		126,756

The notes on pages 91 to 98 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		128,230	122,682
Current assets			
Debtors	8	288	217
Cash and bank balances	9	2,510	4,492
Total assets		131,028	127,391
Liabilities			
Creditors			
Other creditors	10	(313)	(635)
Total liabilities		(313)	(635)
Net assets attributable to unitholders		130,715	126,756

The notes on pages 91 to 98 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors Ethical Equity Fund are included on pages 273 to 274.

2 Net capital gains

The net capital gains on investments comprise:

Gains on non-derivative securities

Losses on currency contracts

Handling charges

Net capital gains on investments

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
4,254	10,874
(27)	(92)
(2)	(2)
4,225	10,780

3 Revenue

Bank interest

Non-taxable overseas dividends

Taxable overseas dividends

UK dividends

Total revenue

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
3	2
1,965	1,787
70	98
314	337
2,352	2,224

4 Expenses

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

Fixed Ongoing Charge*

Manager's periodic charge**

Fixed expenses**

Total expenses

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
979	-
636	1,426
79	174
1,694	1,600

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

5 Interest payable and similar charges

Bank overdraft interest

Total interest payable and similar charges

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
1	1
1	1

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

6 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	195	197
Total current tax charge for the year	195	197
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	195	197

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year is higher 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	657	623
Corporation tax at 20% (30 September 2017: 20%)	131	125
Effects of:		
Excess management expenses for which no relief taken	327	304
Revenue not subject to taxation – UK	(63)	(67)
Non-taxable overseas dividends	(393)	(358)
Overseas tax expensed	(2)	(4)
Overseas tax suffered	195	197
Total tax charge for the year (see note 6(a))	195	197

Authorised Unit Trusts are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.15 to 30.09.16 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £15,213,363 (30 September 2017: £13,580,996), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

7 Distributions

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Interim – Accumulation units (31 March)	93	51
Final – Accumulation units (30 September)	376	419
	469	470
Revenue deducted on cancellation of units	18	11
Revenue received on issue of units	(25)	(55)
Distributions	462	426

Details of the interim and final distributions per unit are set out in the tables on page 99.

8 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued revenue	95	86
Amounts receivable for issue of units	159	112
Overseas tax recoverable	34	19
Total debtors	288	217

9 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	2,510	4,492
Total cash and bank balances	2,510	4,492

10 Other creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	243
Accrued expenses	131	30
Amounts payable for cancellation of units	182	362
Total other creditors	313	635

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 each 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 89. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 8 and 10. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 10.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares, equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adheres to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

The majority 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	30.09.18 £'000	30.09.18 £'000	30.09.18 £'000	30.09.17 £'000	30.09.17 £'000	30.09.17 £'000
Euro	156	19,807	19,963	151	22,536	22,687
Japanese Yen	71	16,452	16,523	59	15,907	15,966
Swiss Franc	40	3,340	3,380	24	3,309	3,333
Taiwan Dollar	-	1,540	1,540	-	1,801	1,801
US Dollar	133	74,953	75,086	107	62,446	62,553
Total	400	116,092	116,492	341	105,999	106,340

* 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 30 September 2018 by £5,824,598 or 4.46% (30 September 2017: £5,317,032 or 4.19%). A 5% decrease would have an equal and opposite effect.

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	141	-	19,822	19,963
Japanese Yen	-	-	16,523	16,523
Sterling	2,239	-	12,297	14,536
Swiss Franc	10	-	3,370	3,380
Taiwan Dollar	-	-	1,540	1,540
US Dollar	120	-	74,966	75,086
Total	2,510	-	128,518	131,028

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Euro	136	-	22,551	22,687
Japanese Yen	-	-	15,966	15,966
Sterling	4,255	-	16,796	21,051
Swiss Franc	9	-	3,324	3,333
Taiwan Dollar	-	-	1,801	1,801
US Dollar	92	-	62,461	62,553
Total	4,492	-	122,899	127,391

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(313)	(313)
Total	-	(313)	(313)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Sterling	-	(635)	(635)
Total	-	(635)	(635)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

f) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

g) Market risk

Market 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

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 £6,411,507 or 4.90% (30 September 2017: £6,134,098 or 4.84%).

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	128,230	-	122,682	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	128,230	-	122,682	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors Ethical Fund, 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 (30 September 2017: ENil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
8,286	4	0.05%	-	-
623	-	-	-	-
8,909	4		-	
8,913				

30.09.17

Equities

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
27,215	29	0.10%	30	0.11%
-	-	-	-	-
27,215	29		30	
27,274				

Analysis of total sale costs

30.09.18

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
7,449	1	0.01%	-	-
150	-	-	-	-
7,599	1		-	
7,598				

30.09.17

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
18,272	7	0.04%	-	-
-	-	-	-	-
18,272	7		-	
18,265				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.00%	0.03%
0.00%	0.03%

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 0.08% (30 September 2017: 0.06%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

15 Unitholders' funds

The sub-fund currently has two unit classes; Accumulation 'A' and Accumulation 'R'. The net asset value of each unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit classes currently in issue and the Fixed Ongoing Charge of each unit class are shown below. The comparative figure at the 30 September 2017, was the Manager's periodic charge, which is now included within the Fixed Ongoing Charge.

	30.09.18	30.09.17
- Accumulation 'A'	1.65%	1.50%
- Accumulation 'R'	0.90%	0.75%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	63,104,434	9,227,929	(14,518,968)	(4,315)	57,809,080
- Accumulation 'R'	44,953,045	7,798,897	(3,096,266)	4,193	49,659,869

16 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2018
Group 2: Units purchased from 1 April 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Accumulation 'A' Units				
Group 1	0.0124	-	0.0124	0.0779
Group 2	0.0000	0.0124	0.0124	0.0779
Accumulation 'R' Units				
Group 1	0.7431	-	0.7431	0.8222
Group 2	0.2321	0.5110	0.7431	0.8222

Interim distribution

Group 1: Units purchased prior to 1 October 2017
Group 2: Units purchased from 1 October 2017 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.18 pence per unit	Distribution paid 31.05.17 pence per unit
Accumulation 'A' Units**				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000
Accumulation 'R' Units				
Group 1	0.1917	-	0.1917	0.1343
Group 2	0.1020	0.0897	0.1917	0.1343

* 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.

** For the period under review, the expenses exceed revenue and therefore there was no revenue available to accumulate.

Quilter Investors North American Equity Fund

Launch date	31 May 2018
IA Sector	North America
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£266,688,184

Objective

The sub-fund invests at least 85% of its assets in the Merian Investors North American Equity sub-fund (the Master Fund). The sub-fund may hold up to a maximum of 15% of its assets in money market instruments, deposits and cash.

The Master sub-fund aims to achieve capital growth.

Policy

The Master sub-fund primarily invests in shares listed on North American stock markets.

The Master sub-fund may also invest in transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits and derivatives.

The Master sub-fund may only use derivatives for efficient portfolio management purposes. The Master sub-fund may use derivatives for purposes other than efficient portfolio management, provided it has given unitholders 60 days' notice of such change.

Investment Manager's review

The sub-fund was launched on 31 May 2018, and this review covers the period 1 June 2018 to 30 September 2018.

Market Review

Despite ongoing bouts of trade tension between the US and China, to say nothing of the US Federal Reserve's decision to raise interest rates for the third time this year, US equity markets posted meaningful positive returns over the period to 30 September 2018. In September, both the S&P 500 and the Dow Jones Industrial Average simultaneously closed at record highs for the first time since the equity rally in January 2018. The Nasdaq Composite and small-cap focused Russell 2000 had reached new historic highs earlier in August.

However, our market sentiment indicators showed that September was characterised by further linear oscillation. By month end North America had moved away from the optimistic border firmly into moderate states of market sentiment.

Fund Activity

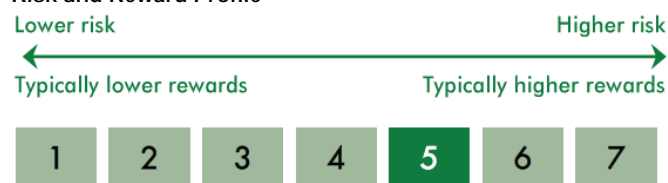
Throughout the period markets were characterised by a continual cycle of impactful style and sector rotations over increasingly short-term intervals; such effects were most acutely experienced during the months of July and September. Coinciding with this recent softer performance at the sub-fund level, global geopolitical uncertainty has had a disproportionate impact on asset pricing at the market level.

Performance was mixed across most stock selection criteria throughout the period. While this period of recent sub-fund performance remains out of character with the medium- and long-term track record of the strategy on which the sub-fund is based, it nonetheless falls squarely within the expectation and tolerance of the return structure of the strategy on which the sub-fund is based. Moreover, we have consistently emphasised how the investment process may become challenged during episodes when investor risk appetite switches rapidly between risk on and risk off. While these instances of market structure are infrequent in occurrence, they can nevertheless be variable in duration.

Outlook

Our established investment process has reflected the increasingly depressed levels of investor risk appetite by adopting a more defensive profile generally with a tilt towards more high quality stocks. In addition the portfolio has continued to squeeze out stock level momentum positions as the volatility profile of all underlying regions has continued to remain more elevated over this time period. In addition the constant churn in leadership between industries and sectors, at the market level, has resulted in the portfolio adopting less pronounced industry and sector positions; which is consistent with the behaviour of the strategy during previous similar market environments.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the US and Canadian markets may have a significant impact on the value of the sub-fund because it primarily invests in these markets.

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

Derivative risk - the Master sub-fund may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'U2'†		31 May 2018 to 30 September 2018
		p/unit
Change in net assets per unit		
Opening net asset value per unit		112.30
Return before operating charges*		8.00
Operating charges**		(0.31)
Return after operating charges*		7.69
Distributions		-
Retained distributions		-
Closing net asset value per unit		119.99
* after direct transaction costs of**		-
Performance		
Return after charges		6.85%
Other information		
Closing net asset value (£)		266,688,184
Closing number of units		222,259,170
Operating charges****		0.80%
Direct transaction costs***		0.00%
Prices		pence per unit
Highest unit price		122.4
Lowest unit price		112.0

† From 31 May 2018.

** 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. If the unit class launched during the period the operating charges figures are annualised. This includes a synthetic element of 0.30% to incorporate the OCF of the underlying sub-funds.

Performance

31 May 2018 to
30 September 2018
6.78%

Quilter Investors North American Equity Fund*

* Accumulation 'U2' 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	99.61%	Merian North American Equity Fund- U2 Accumulation	99.61%
Net other assets	0.39%	Number of holdings	1
Total	100.00%		
Asset allocation			
Collective Investment Schemes	99.61%		
Net other assets	0.39%		
Total	100.00%		

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 99.61%		
	Collective Investment Schemes 99.61%		
113,520,310	Merian North American Equity Fund- U2 Accumulation	265,638	99.61
	Investment assets	265,638	99.61
	Net other assets	1,050	0.39
	Total net assets	266,688	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.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the period from 31 May 2018 to 30 September 2018

		31.05.18 to 30.09.18 £'000	31.05.18 to 30.09.18 £'000
	Note		
Income			
Net capital gains	2		17,626
Revenue	3	436	
Expenses	4	(447)	
Interest payable and similar charges	5	(1)	
Net expense before taxation		(12)	
Taxation	6	-	
Net expense after taxation			(12)
Total return before distributions			17,614
Distributions	7		-
Change in net assets attributable to unitholders from investment activities			17,614

Statement of change in net assets attributable to unitholders

for the period from 31 May 2018 to 30 September 2018

	31.05.18 to 30.09.18 £'000	31.05.18 to 30.09.18 £'000
Opening net assets attributable to unitholders		-
Amounts received on issue of units	51,538	
Amounts transferred from Merian North American Equity Fund	226,925	
Amounts paid on cancellation of units	(29,396)	
		249,067
Dilution adjustment		7
Change in net assets attributable to unitholders from investment activities		17,614
Retained distribution on accumulation units		
Closing net assets attributable to unitholders		266,688

The notes on pages 106 to 112 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000
Assets		
Fixed assets		
Investments		265,638
Current assets		
Debtors	8	914
Cash and bank balances	9	510
Total assets		267,062
Liabilities		
Creditors		
Other creditors	10	(374)
Total liabilities		(374)
Net assets attributable to unitholders		266,688

The notes on pages 106 to 112 form an integral part of these financial statements.

Notes to the financial statements

for the period from 31 May 2018 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors North American Equity Fund are included on pages 273 to 274.

2 Net capital gains

The net capital gains on investments comprise:

Gains on non-derivative securities

Net capital gains on investments

31.05.18 to

30.09.18

£'000

17,626

17,626

3 Revenue

Authorised Corporate Director's fee rebates

Total revenue

31.05.18 to

30.09.18

£'000

436

436

4 Expenses

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

Fixed Ongoing Charges*

Total expenses

31.05.18 to

30.09.18

£'000

447

447

* This figure represent the Fixed Ongoing Charge which covers all fees payable to the Trustee (including associates etc.), and other expenses. The Audit fee for the year, excluding VAT, was £4,800.

5 Interest payable and similar charges

Bank overdraft interest

Total interest payable and similar charges

31.05.18 to

30.09.18

£'000

1

1

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

6 Taxation

a) Analysis of tax charge in the period

	31.05.18 to 30.09.18 £'000
Overseas tax suffered	-
Total current tax charge for the period	-
Deferred tax charge for the period (see note 6(c))	-
Total taxation for the period (see note 6(b))	-

b) Factors affecting current tax charge for the period

	31.05.18 to 30.09.18 £'000
The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:	
Net expense before taxation	(12)
Corporation tax at 20%	(2)
Effects of:	
Excess management expense for which no relief taken	2
Total tax charge for the period (see note 6(a))	-

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	31.05.18 to 30.09.18 £'000
Deferred tax liability at the start of the period	-
Deferred tax charge for the period (see note 6(a))	-
Deferred tax liability at the end of the period	-

At 30 September 2018 the sub-fund had surplus management expenses of £12,122 which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

7 Distributions

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

	31.05.18 to 30.09.18 £'000
Final – Accumulation units (31 September)	-
Revenue deducted on cancellation of units	-
Revenue received on issue of units	-
Distributions	-
Reconciliation of distributions:	
Net expense after taxation	(12)
Revenue deficit transferred to capital	12
Distributions	-

Details of the final distributions per unit are set out in the table on page 113.

8 Debtors

	30.09.18 £'000
Amounts receivable for issue of units	379
Accrued Authorised Corporate Director's fee rebates	435
Prepaid expenses	100
Total debtors	914

9 Cash and bank balances

	30.09.18 £'000
Cash and bank balances	510
Total cash and bank balances	510

10 Other creditors

	30.09.18 £'000
Amount payable on cancellation of units	38
Purchases awaiting settlement	336
Total other creditors	374

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

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 each 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 104. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 8 and 10. Amounts paid to the Manager in respect of expenses are disclosed in note 4.

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

The sub-fund had no exposure to foreign currency at the Balance sheet date.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

12 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Sterling	510	-	266,552	267,062
Total	510	-	266,552	267,062

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(374)	(374)
Total	-	(374)	(374)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

e) 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.

f) Liquidity risk

Each 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

12 Derivatives and other financial instruments (continued)

g) Market risk

Market 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

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 £13,281,876 or 4.98%.

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18	
	Assets £'000	Liabilities £'000
Level 1: Quoted prices	-	-
Level 2: Observable market data	265,638	-
Level 3: Unobservable data	-	-
Total	265,638	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors North American Equity Fund, 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.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

14 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Collective Investment Schemes

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
499,054	-	-	-	-
499,054	-	-	-	-
499,054	-	-	-	-

Analysis of total sale costs

30.09.18

Collective Investment Schemes

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
251,043	-	-	-	-
251,043	-	-	-	-
251,043	-	-	-	-

Transaction costs as a percentage of average Net Assets

30.09.18

Commissions:

0.00%

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 0.00%.

15 Unitholders' funds

The sub-fund currently has one unit class; Accumulation 'U2'. The net asset value of the unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit class currently in issue and the Fixed Ongoing Charge of the unit class is shown below:

- Accumulation 'U2'†

30.09.18
0.80%

Unit class movement reconciliation

- Accumulation 'U2'†

Opening	Issued	Redeemed	Converted	Closing
-	247,253,508	(24,994,338)	-	222,259,170

† From 31 May 2018.

16 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 31 May 2018
 Group 2: Units purchased from 31 May 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit
Accumulation 'U2' Units**			
Group 1	0.0000	-	0.0000
Group 2	0.0000	0.0000	0.0000

* 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.

** Fund launched on 31 May 2018.

Quilter Investors UK Equity Fund

Launch date	31 May 2018
IA Sector	UK All Companies
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£117,334,959

Objective

The sub-fund aims to achieve capital growth.

Policy

The sub-fund primarily invests, directly and indirectly, in shares of UK companies. UK companies are those that are incorporated under the laws of, and have their registered office in, the UK, or that derive the majority of their economic activity from the UK, even if listed elsewhere. The sub-fund may at times be concentrated in terms of the number of investments it holds.

The sub-fund may also invest in other transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits, cash and derivatives.

The sub-fund may initially only use derivatives for efficient portfolio management purposes. The sub-fund may use derivatives for purposes other than efficient portfolio management, provided it has given unitholders 60 days' notice of such change.

The sub-fund is managed by an investment adviser selected by the Manager for their expected ability to manage the sub-fund according to the investment objective and policy. The Manager continuously monitors and may periodically make changes to this appointment.

Investment Manager's review

The sub-fund was launched on 31 May 2018, and this review covers the period 1 June 2018 to 30 September 2018.

Market Review

The UK equity market fell by 1.4% over the period. In the UK a government White Paper that proposed an essentially "soft" Brexit led to the resignations of foreign secretary Boris Johnson and Brexit secretary David Davis with pressure further piled on the prime minister when the proposals were rejected by the EU. The Trump administration escalated the trade war with China by targeting a further US\$200bn of imports with tariffs, but in contrast finalised trade deals with Mexico and Canada and agreed to work on opening up trade with the EU. Generally, data suggested a slightly slower pace of global economic growth but in spite of this the US Federal Reserve and Bank of England both raised interest rates.

Fund Activity

Payment processor Worldpay, caterer SSP and power generator Drax all benefited from positive trading statements and headed the list of positive contributors to performance. Whitbread also performed strongly following the sale of its Costa Coffee division at a price well above market expectations. On the negative tack TP ICAP fell on the back of a profit warning and the departure of the chief executive as did software group Sage.

The managers sold out of Shire following the Takeda takeover and took some profits in International Consolidated Airlines. They added to their position in Whitbread.

Outlook

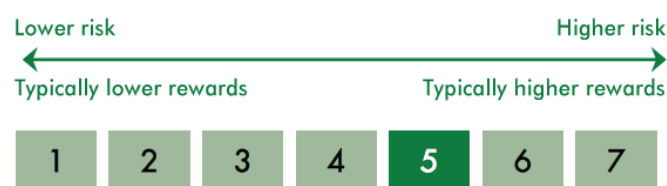
Growth is not synchronous, with the US very strong, the UK modest, Europe softer than previously, China distinctly weaker and several emerging economies suffering from a strong dollar and higher US interest rates. The yield curve had been narrowing towards inversion, a notorious predictor of an economic downturn two years or so later. But recently it has steepened again, and bond yields are on the cusp of breaking through a downtrend that has been in place for over 30 years.

It seems that real interest rates are rising, possibly as China's current account surplus has started to dwindle. The bond markets may be demanding higher yields as fiscal deficits expand, notably in the US. The Federal Reserve is selling more of its bond holdings so the liquidity boost from QE is reversing.

This will increase volatility in all asset classes, in our view. One can argue that the equity leadership has narrowed to US equities (and a handful of tech companies) and the market is due a meaningful setback after a 10-year bull market. Rising rates and bond yields could precipitate such a 'risk off' environment but the economic recovery is broadly intact. Labour markets are strong and companies continue to invest. A correction could affect both but the data keeps us constructive on the outlook for profits growth and equities.

A Brexit agreement is scheduled for this quarter but we suspect that may slip into next year. Our central scenario remains that a deal is reached rather than the prospect of a 'no deal' exit. We believe it's not in anyone's interest to vote the agreement down or have another election but sterling will be the judge and we will monitor implications for the portfolio.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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.

Currency risk - the sub-fund is denominated in British Pounds but holds assets denominated in 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 may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 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 Records

Comparative Tables

		31 May 2018 to 30 September 2018
Accumulation 'U2'†		p/unit
Change in net assets per unit		
Opening net asset value per unit		107.70
Return before operating charges*		(1.50)
Operating charges**		(0.25)
Return after operating charges*		(1.75)
Distributions		(1.12)
Retained distributions		1.12
Closing net asset value per unit		105.95
* after direct transaction costs of***		0.01
Performance		
Return after charges		(1.62)%
Other information		
Closing net asset value (£)		117,334,959
Closing number of units		110,750,055
Operating charges****		0.70%
Direct transaction costs***		0.03%
Prices		pence per unit
Highest unit price		110.2
Lowest unit price		103.8

† From 31 May 2018.

** 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. If the unit class launched during the period the operating charges figures are annualised.

Performance

31 May 2018 to
30 September 2018
(0.89)%

Quilter Investors UK Equity Fund*

* Accumulation 'U2' units

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

Asset allocation		Major holdings	Percentage of portfolio
UK Equities	83.65%		
European Equities	10.12%	BP	5.16%
North American Equities	3.68%	HSBC (UK Listing)	4.34%
		SSP	4.19%
Net other assets	2.55%	GlaxoSmithKline	4.06%
		Glencore	3.96%
		Royal Dutch Shell 'B'	3.90%
Total	100.00%	Worldpay	3.68%
Portfolio allocation		Whitbread	3.67%
United Kingdom:		Lloyds Banking	3.61%
		Rio Tinto (UK Listing)	3.47%
Travel & Leisure	15.72%	Number of holdings	34
Banks	11.05%		
Life Insurance	9.57%		
Pharmaceuticals & Biotechnology	7.17%		
Oil & Gas Producers	5.16%		
Software & Computer Services	4.59%		
Mining	3.47%		
General Retailers	3.47%		
Food & Drug Retailers	3.30%		
Support Services	2.73%		
Mobile Telecommunications	2.70%		
Health Care Equipment & Services	2.64%		
Construction & Materials	2.59%		
Electricity	2.51%		
General Industrials	2.29%		
Personal Goods	1.87%		
Food Producers	1.70%		
Financial Services	1.12%		
Overseas:			
Switzerland	3.96%		
Netherlands	3.90%		
United States	3.68%		
Ireland	2.26%		
Net other assets	2.55%		
Total	100.00%		

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 83.65%		
	United Kingdom Equities 83.65%		
	Banks 11.05%		
2,111,727	Barclays	3,639	3.10
759,532	HSBC (UK Listing)	5,093	4.34
7,142,858	Lloyds Banking	4,241	3.61
		<u>12,973</u>	<u>11.05</u>
	Construction & Materials 2.59%		
1,503,026	Melrose Industries	3,036	2.59
		<u>3,036</u>	<u>2.59</u>
	Electricity 2.51%		
760,801	Drax	2,943	2.51
		<u>2,943</u>	<u>2.51</u>
	Financial Services 1.12%		
490,232	TP ICAP	1,319	1.12
		<u>1,319</u>	<u>1.12</u>
	Food & Drug Retailers 3.30%		
1,615,598	Tesco	3,877	3.30
		<u>3,877</u>	<u>3.30</u>
	Food Producers 1.70%		
289,694	Tate & Lyle	1,996	1.70
		<u>1,996</u>	<u>1.70</u>
	General Industrials 2.29%		
567,553	DS Smith	2,684	2.29
		<u>2,684</u>	<u>2.29</u>
	General Retailers 3.47%		
46,466	Next	2,510	2.14
1,290,071	Pets at Home	1,556	1.33
		<u>4,066</u>	<u>3.47</u>
	Health Care Equipment & Services 2.64%		
220,665	Smith & Nephew	3,095	2.64
		<u>3,095</u>	<u>2.64</u>
	Life Insurance 9.57%		
762,626	Aviva	3,716	3.17
224,819	Prudential	3,964	3.38
312,275	St James's Place	3,547	3.02
		<u>11,227</u>	<u>9.57</u>

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Mining 3.47%		
105,358	Rio Tinto (UK Listing)	4,072	3.47
		4,072	3.47
	Mobile Telecommunications 2.70%		
1,914,509	Vodafone	3,166	2.70
		3,166	2.70
	Oil & Gas Producers 5.16%		
1,022,519	BP	6,050	5.16
		6,050	5.16
	Personal Goods 1.87%		
109,132	Burberry	2,198	1.87
		2,198	1.87
	Pharmaceuticals & Biotechnology 7.17%		
61,069	AstraZeneca (UK Listing)	3,646	3.11
308,953	GlaxoSmithKline	4,768	4.06
		8,414	7.17
	Software & Computer Services 4.59%		
94,039	Micro Focus International	1,328	1.13
690,979	Sage	4,055	3.46
		5,383	4.59
	Support Services 2.73%		
162,332	Experian	3,207	2.73
		3,207	2.73
	Travel & Leisure 15.72%		
373,214	GVC	3,505	2.99
2,687,125	GVC CVR	-	-
408,039	International Consolidated Airlines (UK Listing)	2,693	2.29
762,998	Merlin Entertainments	3,030	2.58
673,363	SSP	4,914	4.19
91,495	Whitbread	4,304	3.67
		18,446	15.72
	Overseas 13.80%		
	Europe 10.12%		
	Ireland Equities 2.26%		
105,021	CRH (UK Listing)	2,653	2.26
		2,653	2.26
	Netherlands Equities 3.90%		
171,673	Royal Dutch Shell 'B'	4,576	3.90
		4,576	3.90

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
1,414,627	Switzerland Equities 3.96%		
	Glencore	4,649	3.96
		4,649	3.96
	North America 3.68%		
56,251	United States Equities 3.68%		
	Worldpay	4,313	3.68
		4,313	3.68
	Investment assets	114,343	97.45
	Net other assets	2,992	2.55
	Total net assets	117,335	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.

All investments are in ordinary shares unless otherwise stated

Statement of total return

for the period from 31 May 2018 to 30 September 2018

		31.05.18 to 30.09.18 £'000	31.05.18 to 30.09.18 £'000
	Note		
Income			
Net capital losses	2		(2,989)
Revenue	3	1,539	
Expenses	4	(273)	
Net revenue before taxation		1,266	
Taxation	5	(1)	
Net revenue after taxation			1,265
Total return before distributions			(1,724)
Distributions	6		(1,265)
Change in net assets attributable to unitholders from investment activities			(2,989)

Statement of change in net assets attributable to unitholders

for the period from 31 May 2018 to 30 September 2018

	31.05.18 to 30.09.18 £'000	31.05.18 to 30.09.18 £'000
Opening net assets attributable to unitholders		-
Amounts transferred from Old Mutual UK Alpha Fund	131,708	
Amounts received on issue of units	8,835	
Amounts paid on cancellation of units	(21,526)	
		119,017
Dilution adjustment		65
Change in net assets attributable to unitholders from investment activities		(2,989)
Retained distribution on accumulation units		1,242
Closing net assets attributable to unitholders		117,335

The notes on pages 122 to 128 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Notes	30.09.18 £'000
Assets		
Fixed assets		
Investments		114,343
Current assets		
Debtors	7	307
Cash and bank balances	8	2,794
Total assets		117,444
Liabilities		
Creditors		
Other creditors	9	(109)
Total liabilities		(109)
Net assets attributable to unitholders		117,335

The notes on pages 122 to 128 form an integral part of these financial statements.

Notes to the financial statements

for the period from 31 May 2018 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors UK Equity Fund are included on pages 273 to 274.

2 Net capital losses

The net capital losses on investments comprise:

Losses on non-derivative securities

Gains on currency contracts

Net capital losses on investments

31.05.18 to

30.09.18

£'000

(2,991)

2

(2,989)

3 Revenue

UK dividends

Non-taxable overseas dividends

Total revenue

31.05.18 to

30.09.18

£'000

1,249

290

1,539

4 Expenses

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

Fixed Ongoing Charge*

Total expenses

31.05.18 to

30.09.18

£'000

273

273

* This figure represents the Fixed Ongoing Charge, which covers all fees payable by the sub-fund to the Authorised Corporate Director, Investment adviser, Trustee (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £5,800.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

5 Taxation

a) Analysis of tax charge in the period

	31.05.18 to 30.09.18 £'000
Overseas tax suffered	1
Total current tax charge for the period	1
Deferred tax charge for the period (see note 5(c))	-
Total taxation for the period (see note 5(b))	1

b) Factors affecting current tax charge for the period

	31.05.18 to 30.09.18 £'000
The taxation assessed for the year 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	1,266
Corporation tax at 20%	253
Effects of:	
Excess management expense for which no relief taken	55
Revenue not subject to taxation – UK	(250)
Non-taxable overseas dividends	(58)
Overseas tax suffered	1
Total tax charge for the period (see note 5(a))	1

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation

c) Movement in deferred tax liability

	31.05.18 to 30.09.18 £'000
Deferred tax liability at the start of the period	-
Deferred tax charge for the period (see note 5(a))	-
Deferred tax liability at the end of the period	-

At 30 September 2018 the sub-fund had surplus management expenses of £272,927 which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

6 Distributions

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

	31.05.18 to 30.09.18 £'000
Final – Accumulation units (30 September)	1,242
Revenue deducted on cancellation of units	59
Revenue received on issue of units	(36)
Distributions	1,265

Details of the final distributions per unit are set out in the table on page 129.

7 Debtors

	30.09.18 £'000
Amounts receivable for issue of units	111
Accrued revenue	185
Overseas tax recoverable	11
Total debtors	307

8 Cash and bank balances

	30.09.18 £'000
Cash and bank balances	2,794
Total cash and bank balances	2,794

9 Other creditors

	30.09.18 £'000
Amounts payable for cancellation of units	46
Accrued expenses	63
Total other creditors	109

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

10 Related party transactions

Quilter Investors Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each 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 120. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Amounts paid to the Manager in respect of expenses are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

A significant 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 direct foreign currency exposure of the sub-fund as at 30 September 2018 was as follows:

Currency	Net foreign currency assets/(liabilities)		
	Monetary exposures*	Non-monetary exposures	Total
	30.09.18 £'000	30.09.18 £'000	30.09.18 £'000
Euro	79	-	79
US Dollar	58	-	58
Total	137	-	137

* 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 30 September 2018 by £6,883 or 0.01%. A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

11 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	68	-	11	79
Sterling	2,668	-	114,639	117,307
US Dollar	58	-	-	58
Total	2,794	-	114,650	117,444

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(109)	(109)
Total	-	(109)	(109)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

e) 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.

f) Liquidity risk

Each 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

11 Derivatives and other financial instruments (continued)

g) Market risk

Market 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

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 £5,717,155 or 4.87%.

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18	
	Assets £'000	Liabilities £'000
Level 1: Quoted prices	114,343	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
Total	114,343	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors UK Equity Fund, 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.

12 Contingent liabilities

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

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

13 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

In specie transactions

Corporate actions

Total

Total purchases including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
6,849	2	0.03%	32	0.46%
130,521	-		-	
426	-		-	
137,796	2		32	
137,830				

Analysis of total sale costs

30.09.18

Equities

Total

Total sales including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
20,498	5	0.02%	-	
20,498	5		-	
20,493				

Transaction costs as a percentage of average Net Assets

30.09.18

Commissions:

0.01%

Other costs:

0.03%

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 0.05%.

14 Unitholders' funds

The sub-fund currently has one unit class; Accumulation 'U2'. The net asset value of the unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit class currently in issue and the Fixed Ongoing Charge of the unit class is shown below:

- Accumulation 'U2'†	30.09.18
	0.70%

Unit class movement reconciliation

- Accumulation 'U2'†

Opening	Issued	Redeemed	Converted	Closing
-	130,699,814	(19,949,759)	-	110,750,055

† From 31 May 2018

15 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 31 May 2018
Group 2: Units purchased from 31 May 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit
Accumulation 'U2' Units†			
Group 1	1.1211	-	1.1211
Group 2	1.0702	0.0509	1.1211

* 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.

† Fund launched on 31 May 2018.

Quilter Investors UK Equity Growth Fund

Launch date	27 March 2013
IA Sector	UK All Companies
	BNY Mellon Investment Management EMEA Limited who has delegated to
Investment adviser	Newton Investment Management Limited
Net asset value	£155,492,339

Objective

The sub-fund aims to achieve capital growth.

Policy

The sub-fund primarily invests, directly or indirectly, in shares of UK companies. UK companies are those that are domiciled, incorporated or have a significant portion of their business in the UK, even if listed elsewhere.

The investment adviser typically has a preference to invest in shares of companies they believe to have the potential for growth. The sub-fund may at times be concentrated in terms of the number of investments it holds.

The sub-fund may also invest in other transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits and derivatives.

The sub-fund may only use derivatives for efficient portfolio management purposes.

The sub-fund is managed by an investment adviser selected by the Manager for their expected ability to manage the sub-fund according to the investment objective and policy. The Manager continuously monitors and may periodically make changes to this appointment.

Investment Manager's review

Market Review

The sub-fund produced a mixed performance in the period, as positive performance at the start and end of the period was offset by a slightly disappointing middle, as equity markets delivered something of a rollercoaster ride across the 12 months.

At the start of 2018 as the UK market endured a tumultuous period and recorded its worst quarter in more than six years, which was quickly followed by the best quarterly performance of the FTSE All Share index in more than three years, led by FTSE 100 stocks, many of which have large overseas earnings. Towards the end of the period, the UK market experienced a mixture of further Brexit news flow, trade tensions and currency movements, while the US market reached another all-time high, shrugging off any political or economic concerns around President Trump, while the Brent oil price reached \$84 per barrel, its highest level since November 2014.

Activity

The sub-fund's industrial holdings made the biggest positive contribution to relative returns in the first three months of 2018, as paper-based packaging business Smurfit Kappa received a bid approach from US peer International Paper. Meanwhile, the miner Anglo American was a strong contributor, as rising commodity prices led to a jump in profits and the halving of the company's debt, while we also benefited from not owning its peer Glencore Xstrata, which is facing a US government investigation into alleged corruption and money laundering. Meanwhile an underweight positioning in tobacco names benefited performance in the middle of the period, as the arrival of next-generation products is rapidly changing industry dynamics.

Towards the end of the period Dutch publisher Wolters Kluwer was a top contributor, with investors increasingly appreciative of its stable, compounding earnings-growth business model and good quality balance sheet. Software and service provider SAP also did well, with investment in cloud products beginning to bear fruit through improved organic growth and future margins. Elsewhere, a strong construction market in the US helped building materials company Ferguson shares.

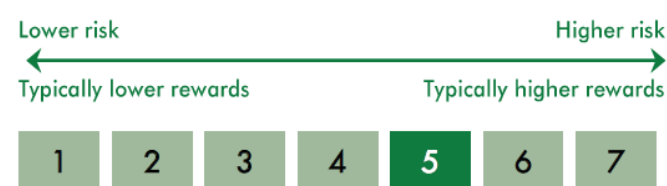
Overseas technology holdings were among the largest detractors over the period, particularly in the three months to 30 June, as semiconductor companies Applied Materials and Infineon Technologies underperformed, following strong performance in 2017 and the start of 2018, owing to fears of a cyclical slowdown and Trump tariff concerns. Accounting software company Sage also declined as it reduced profit expectations.

Industrial business Smiths Group detracted towards the end of the period as setbacks in its medical division undermined performance in other areas. Shares in brick-maker Ibstock, which we added at the end of 2017, declined after demand for bricks was affected by cold weather earlier in the year and a decision to increase maintenance capital expenditure was a surprise to the market. Elsewhere, not holding AstraZeneca, which we sold earlier in the period, and Reckitt Benckiser also detracted from relative performance, as the market sought defensive, overseas-earning stocks to hedge against increasing fears of a 'hard' Brexit outcome.

Outlook

While there are a number of disruptive and structural changes occurring in the global economy, largely driven by new and improved technologies, the outlook for global growth rates, relative currency valuations and returns from financial markets is increasingly dependent on how countries interact and trade with each other. In the short term, the outcome of the Brexit negotiations and resolution of the US-China trade dispute are likely to be key drivers of market confidence and returns.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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.

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 may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	133.85	119.23	106.64
Return before operating charges*	6.58	16.74	14.39
Operating charges**	(2.26)	(2.12)	(1.80)
Return after operating charges*	4.32	14.62	12.59
Distributions	(2.10)	(1.65)	(1.46)
Retained distributions	2.10	1.65	1.46
Closing net asset value per unit	138.17	133.85	119.23
* after direct transaction costs of***	0.27	1.46	0.23
Performance			
Return after charges	3.23%	12.26%	11.81%
Other information			
Closing net asset value (£)	39,229,044	42,748,374	44,687,737
Closing number of units	28,392,093	31,938,163	37,480,580
Operating charges****	1.65%	1.65%	1.65%
Direct transaction costs***	0.19%	1.14%	0.21%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	144.6	138.8	120.3
Lowest unit price	129.1	115.6	96.27

Accumulation 'U2'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	121.81	108.96	96.79
Return before operating charges*	6.02	13.76	12.91
Operating charges**	(0.94)	(0.91)	(0.74)
Return after operating charges*	5.08	12.85	12.17
Distributions	(3.05)	(2.43)	(2.18)
Retained distributions	3.05	2.43	2.18
Closing net asset value per unit	126.89	121.81	108.96
* after direct transaction costs of***	0.24	1.38	0.20
Performance			
Return after charges	4.17%	11.79%	12.57%
Other information			
Closing net asset value (£)	116,260,645	96,552,404	42,326
Closing number of units	91,625,127	79,262,701	38,844
Operating charges****	0.75%	0.75%	0.75%
Direct transaction costs***	0.19%	1.14%	0.21%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	132.4	126.0	108.5
Lowest unit price	117.9	104.4	86.37

Comparative Tables (continued)

Income 'U2'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	128.52	115.81	104.89
Return before operating charges*	6.28	16.35	14.10
Operating charges**	(0.99)	(0.94)	(0.81)
Return after operating charges*	5.29	15.41	13.29
Distributions	(3.18)	(2.70)	(2.37)
Retained distributions	-	-	-
Closing net asset value per unit	130.63	128.52	115.81
* after direct transaction costs of***	0.26	1.43	0.22
Performance			
Return after charges	4.12%	13.31%	12.67%
Other information			
Closing net asset value (£)	2,650	2,032	4,339
Closing number of units	2,029	1,581	3,747
Operating charges****	0.75%	0.75%	0.75%
Direct transaction costs***	0.19%	1.14%	0.21%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	138.4	134.5	118.1
Lowest unit price	123.9	112.4	94.99

** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors UK Equity Growth Fund*	5.99%	4.17%	33.27%	38.18%
FTSE All Share (benchmark)	8.31%	5.87%	34.58%	46.01%
IA UK All Companies (sector average)	7.79%	5.64%	34.49%	45.91%
Quartile ranking	4	3	3	3

* Accumulation 'U2' units

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

Asset allocation		Major holdings	Percentage of portfolio
UK Equities	73.49%	Royal Dutch Shell 'B'	8.04%
European Equities	21.52%	Diageo	6.81%
North America Equities	1.87%	BP	5.14%
		RELX (UK Listing)	4.88%
Net other assets	3.12%	Prudential	4.77%
		Smith & Nephew	4.27%
Total	100.00%	Anglo American	4.24%
		SAP	3.81%
Portfolio allocation		Smiths	3.34%
		National Express	3.34%
United Kingdom:		Number of holdings	33
Life Insurance	7.83%		
Beverages	6.81%		
Support Services	6.07%		
Travel & Leisure	5.95%		
Banks	5.15%		
Oil & Gas Producers	5.14%		
Media	4.88%		
Health Care Equipment & Services	4.27%		
Mining	4.24%		
General Industrials	3.34%		
Personal Goods	3.11%		
Aerospace & Defence	2.87%		
Financial Services	2.70%		
Mobile Telecommunications	2.39%		
Software & Computer Services	1.98%		
Tobacco	1.94%		
Real Estate Investment Trusts	1.62%		
Industrial Transportation	1.45%		
Construction & Materials	1.31%		
Pharmaceuticals & Biotechnology	0.44%		
Overseas:			
Netherlands	10.57%		
Germany	5.88%		
Switzerland	2.98%		
Ireland	2.09%		
United States	1.87%		
Net other assets	3.12%		
Total	100.00%		

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 73.49% (30 September 2017 73.74%)		
	United Kingdom Equities 73.49% (30 September 2017 73.74%)		
	Aerospace & Defence 2.87% (30 September 2017 5.44%)		
388,500	BAE Systems	2,441	1.57
1,729,038	Cobham	2,029	1.30
		4,470	2.87
	Banks 5.15% (30 September 2017 4.47%)		
6,319,304	Lloyds Banking	3,752	2.41
1,718,875	Royal Bank of Scotland	4,254	2.74
		8,006	5.15
	Beverages 6.81% (30 September 2017 6.22%)		
388,252	Diageo	10,591	6.81
		10,591	6.81
	Construction & Materials 1.31% (30 September 2017 0.00%)		
869,123	lstock	2,034	1.31
		2,034	1.31
	Financial Services 2.70% (30 September 2017 0.00%)		
91,417	London Stock Exchange	4,191	2.70
		4,191	2.70
	General Industrials 3.34% (30 September 2017 3.55%)		
345,020	Smiths	5,193	3.34
		5,193	3.34
	Health Care Equipment & Services 4.27% (30 September 2017 4.95%)		
473,076	Smith & Nephew	6,635	4.27
		6,635	4.27
	Household Goods & Home Construction 0.00% (30 September 2017 2.36%)		
	Industrial Transportation 1.45% (30 September 2017 0.00%)		
761,074	BBA Aviation	2,257	1.45
		2,257	1.45
	Life Insurance 7.83% (30 September 2017 7.43%)		
975,035	Aviva	4,750	3.06
421,083	Prudential	7,424	4.77
		12,174	7.83
	Media 4.88% (30 September 2017 6.15%)		
474,825	RELX (UK Listing)	7,595	4.88
		7,595	4.88
	Mining 4.24% (30 September 2017 2.78%)		
383,193	Anglo American	6,586	4.24
		6,586	4.24

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
2,251,295	Mobile Telecommunications 2.39% (30 September 2017 3.24%) Vodafone	3,723	2.39
		3,723	2.39
1,351,698	Oil & Gas Producers 5.14% (30 September 2017 0.00%) BP	7,998	5.14
		7,998	5.14
114,725	Personal Goods 3.11% (30 September 2017 3.21%) Unilever	4,837	3.11
		4,837	3.11
31,760	Pharmaceuticals & Biotechnology 0.44% (30 September 2017 1.36%) Dechra Pharmaceuticals	691	0.44
		691	0.44
88,625	Real Estate Investment Trusts 1.62% (30 September 2017 1.60%) Derwent London	2,526	1.62
		2,526	1.62
525,785	Software & Computer Services 1.98% (30 September 2017 2.32%) Sage	3,085	1.98
		3,085	1.98
100,843	Support Services 6.07% (30 September 2017 8.77%) Bunzl	2,432	1.56
1,562,231	Hays	3,184	2.05
76,153	Intertek	3,818	2.46
		9,434	6.07
83,233	Tobacco 1.94% (30 September 2017 4.07%) British American Tobacco	3,013	1.94
		3,013	1.94
238,201	Travel & Leisure 5.95% (30 September 2017 5.82%) Compass	4,063	2.61
1,332,861	National Express	5,190	3.34
		9,253	5.95
	Overseas 23.39% (30 September 2017 19.96%)		
	Europe 21.52% (30 September 2017 17.52%)		
184,416	Germany Equities 5.88% (30 September 2017 6.58%) Infineon Technologies	3,218	2.07
62,350	SAP	5,917	3.81
		9,135	5.88
108,095	Ireland Equities 2.09% (30 September 2017 3.53%) Smurfit Kappa (UK Listing)	3,247	2.09
		3,247	2.09

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Netherlands Equities 10.57% (30 September 2017 7.41%)		
468,845	Royal Dutch Shell 'B'	12,497	8.04
82,658	Wolters Kluwer	3,935	2.53
		16,432	10.57
	Switzerland Equities 2.98% (30 September 2017 0.00%)		
71,173	Ferguson	4,626	2.98
		4,626	2.98
	North America 1.87% (30 September 2017 2.44%)		
	United States Equities 1.87% (30 September 2017 2.44%)		
98,883	Applied Materials	2,908	1.87
		2,908	1.87
	Investment assets	150,640	96.88
	Net other assets	4,852	3.12
	Total net assets	155,492	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.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital gains	2		2,822		3,338
Revenue	3	4,980		1,774	
Expenses	4	(1,509)		(875)	
Net revenue before taxation		3,471		899	
Taxation	5	(26)		(9)	
Net revenue after taxation			3,445		890
Total return before distributions			6,267		4,228
Distributions	6		(3,445)		(890)
Change in net assets attributable to unitholders from investment activities			2,822		3,338

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		139,303		44,734
Amounts received on issue of units	34,145		97,161	
Amounts paid on cancellation of units	(24,350)		(8,046)	
		9,795		89,115
Dilution adjustment		134		459
Change in net assets attributable to unitholders from investment activities		2,822		3,338
Retained distribution on accumulation units		3,438		1,657
Closing net assets attributable to unitholders		155,492		139,303

The notes on pages 139 to 146 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		150,640	130,530
Current assets			
Debtors	7	410	918
Cash and bank balances	8	4,601	8,081
Total assets		155,651	139,529
Liabilities			
Creditors			
Other creditors	9	(159)	(226)
Total liabilities		(159)	(226)
Net assets attributable to unitholders		155,492	139,303

The notes on pages 139 to 146 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors UK Equity Growth Fund are included on pages 273 to 274.

2 Net capital gains

The net capital gains on investments comprise:

Gains on non-derivative securities

Losses on currency contracts

Handling charges

Net capital gains on investments

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
2,842	3,382
(5)	(29)
(15)	(15)
2,822	3,338

3 Revenue

Bank interest

Non-taxable overseas dividends

UK dividends

UK REIT dividends

Unfranked distributions on Collective Investment Schemes

Total revenue

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
3	1
461	99
4,466	1,644
50	29
-	1
4,980	1,774

4 Expenses

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

Fixed Ongoing Charge*

Manager's periodic charge**

Fixed expenses**

Total expenses

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
902	-
529	791
78	84
1,509	875

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

**These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	26	9
Total current tax charge for the year	26	9
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year (see note 5(b))	26	9

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	3,471	899
Corporation tax at 20% (30 September 2017: 20%)	694	180
Effects of:		
Excess management expenses for which no relief taken	291	169
Revenue not subject to taxation – UK	(893)	(329)
Non-taxable overseas dividends	(92)	(20)
Overseas taxes suffered	26	9
Total tax charge for the year (see note 5(a))	26	9

Authorised Unit Trusts are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £5,529,440 (30 September 2017: £4,074,143), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

6 Distributions

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Interim – Accumulation units (31 March)	1,198	232
Final – Accumulation units (30 September)	2,240	1,425
	3,438	1,657
Revenue deducted on cancellation of units	223	22
Revenue received on issue of units	(216)	(789)
Distributions	3,445	890

Details of the interim and final distributions per unit are set out in the tables on page 147.

7 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued revenue	257	166
Amounts receivable for issue of units	138	749
Overseas tax recoverable	15	3
Total debtors	410	918

8 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	4,601	8,081
Total cash and bank balances	4,601	8,081

9 Other creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	184
Accrued expenses	116	30
Amounts payable for cancellation of units	43	12
Total other creditors	159	226

10 Related party transactions

Quilter Investors Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each 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 137. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

Fixed income securities and variable rate securities.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	30.09.18 £'000	30.09.18 £'000	30.09.18 £'000	30.09.17 £'000	30.09.17 £'000	30.09.17 £'000
Euro	40	13,070	13,110	20	14,836	14,856
US Dollar	23	2,908	2,931	-	3,404	3,404
Total	63	15,978	16,041	20	18,240	18,260

* 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 30 September 2018 by £802,054 or 0.52% (30 September 2017: £742,785 or 0.53%). A 5% decrease would have an equal and opposite effect.

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	-	-	13,110	13,110
Sterling	4,601	-	135,009	139,610
US Dollar	-	-	2,931	2,931
Total	4,601	-	151,050	155,651

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

11 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Euro	-	-	14,856	14,856
Sterling	8,081	-	113,188	121,269
US Dollar	-	-	3,404	3,404
Total	8,081	-	131,448	139,529

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(159)	(159)
Total	-	(159)	(159)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Sterling	-	(226)	(226)
Total	-	(226)	(226)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

f) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 £7,531,991 or 4.84% (30 September 2017: £6,526,483 or 4.69%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

11 Derivatives and other financial instruments (continued)

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	150,640	-	130,530	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	150,640	-	130,530	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors UK Equity Growth Fund, 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.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the balance sheet date (30 September 2017: £Nil)

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

13 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
58,889	19	0.03%	263	0.45%
58,889	19		263	
59,171				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
148,169	94	0.06%	611	0.41%
3,439	-	-	-	-
99	-	-	-	-
151,707	94		611	
152,412				

Analysis of total sale costs

30.09.18

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
41,698	16	0.04%	-	-
221	-	-	-	-
41,919	16		-	
41,903				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
64,220	44	0.07%	-	-
4,441	-	-	-	-
1,502	-	-	-	-
70,163	44		-	
70,119				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.02%	0.21%
0.17%	0.93%

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 0.05% (30 September 2017: 0.06%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Unitholders' funds

The sub-fund currently has three unit classes; Accumulation 'A', Accumulation 'U2' and Income 'U2'. The net asset value of each unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit classes currently in issue and the Fixed Ongoing Charge of each unit class are shown below. The comparative figure at the 30 September 2017, was the Manager's periodic charge, which is now included within the Fixed Ongoing Charge.

	30.09.18	30.09.17
- Accumulation 'A'	1.65%	1.50%
- Accumulation 'U2'	0.75%	0.60%
- Income 'U2'	0.75%	0.60%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	31,938,163	318,419	(3,864,489)	-	28,392,093
- Accumulation 'U2'	79,262,701	27,230,164	(14,867,738)	-	91,625,127
- Income 'U2'	1,581	744	(296)	-	2,029

15 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2018
Group 2: Units purchased from 1 April 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Accumulation 'A' Units				
Group 1	1.5258	-	1.5258	0.9850
Group 2	0.7258	0.8000	1.5258	0.9850
Accumulation 'U2' Units				
Group 1	1.9722	-	1.9722	1.4013
Group 2	0.7973	1.1749	1.9722	1.4013
Income 'U2' Units				
Group 1	2.0573	-	2.0573	1.5342
Group 2	1.7412	0.3161	2.0573	1.5342

Interim distribution

Group 1: Units purchased prior to 1 October 2017
Group 2: Units purchased from 1 October 2017 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.18 pence per unit	Distribution paid 31.05.17 pence per unit
Accumulation 'A' Units				
Group 1	0.5723	-	0.5723	0.6657
Group 2	0.2907	0.2816	0.5723	0.6657
Accumulation 'U2' Units				
Group 1	1.0741	-	1.0741	1.0295
Group 2	0.5079	0.5662	1.0741	1.0295
Income 'U2' Units				
Group 1	1.1272	-	1.1272	1.1617
Group 2	0.4901	0.6371	1.1272	1.1617

* 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.

Quilter Investors UK Equity Income Fund

Launch date	31 May 2018
IA Sector	UK Equity Income
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£111,204,027

Objective

The sub-fund aims to achieve a combination of income and capital growth.

Policy

The sub-fund primarily invests, directly or indirectly, in shares of UK companies. UK companies are those that are domiciled, incorporated or have a significant portion of their business in the UK, even if listed elsewhere. The investment adviser typically has a preference to invest in shares of companies they believe are likely to provide dividend payments. The sub-fund may at times be concentrated in terms of the number of investments it holds.

The sub-fund may also invest in other transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits, cash and derivatives.

The sub-fund may use derivatives and forward transactions for the purposes of meeting the investment objective or efficient portfolio management.

The sub-fund is managed by an investment adviser selected by the Manager for their expected ability to manage the sub-fund according to the investment objective and policy. The Manager continuously monitors and may periodically make changes to this appointment.

Investment Manager's review

This review covers the period from 1 June 2018 to 30 September 2018.

Fund Activity

Since the sub-fund's launch, it has marginally underperformed the benchmark. The sub-fund's decision to not buy shares in Reckitt Benckiser contributed to about one third of the underperformance. Other sectoral underperformance came from the overweight in financials. Positive contributions include power generator Drax, helped by a strong rise in global gas prices on the back of previously unanticipated Chinese demand growth. Software group Micro Focus also boosted performance as the company continued to recover from a profit warning back in January.

Outlook

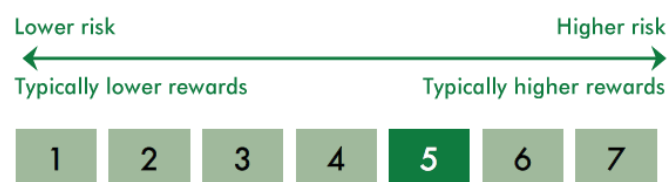
The early stage of central banks withdrawing liquidity from the financial system appears to be increasing volatility in a wide variety of assets globally. Developed market equities, with the exception of the US, are also starting to be impacted.

The latest quarterly data does strongly suggest that global economic activity is indeed slowing and issues such as the escalating trade dispute between the US and China are likely to accelerate the slowdown. Other political 'flash points' such as Italian budget proposals and the culmination (or not) of Brexit negotiations have the capacity to cause significant risk aversion in markets at any time.

Against this backdrop, we believe complacency remains high and signs of exuberance are evident in record levels of M&A activity, corporate share buybacks and high levels of initial public offerings.

Whilst we remain concerned by valuations in some parts of the stock market, we still continue to see pockets of good value. Dispersion of valuation is currently as extended as we can recall and the cost of equity discounted by Brexit-affected sectors in particular seems excessive. The financial sector is a case in point where we believe the dividend paying capacity of these companies will become more visible over 2019 and share prices will reflect this in due course. In addition, as the market grapples with Brexit risk we see the underperformance of UK domestic exposure as offering some valuation opportunities not seen for many years.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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.

Currency risk - the sub-fund is denominated in British Pounds but holds 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 may use derivatives to generate returns as well as to reduce costs and/or 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 Records

Comparative Tables

		31 May 2018 to 30 September 2018
Accumulation 'U2'†		p/unit
Change in net assets per unit		
Opening net asset value per unit		106.36
Return before operating charges*		(2.14)
Operating charges**		(0.26)
Return after operating charges*		(2.40)
Distributions		(1.63)
Retained distributions		1.63
Closing net asset value per unit		103.96
* after direct transaction costs of***		0.02
Performance		
Return after charges		(2.26)%
Other information		
Closing net asset value (£)		111,204,027
Closing number of units		106,965,459
Operating charges****		0.75%
Direct transaction costs***		0.06%
Prices		pence per unit
Highest unit price		108.3
Lowest unit price		102.1

† From 31 May 2018.

** 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. If the unit class launched during the period the operating charges figures are annualised.

Performance

31 May 2018 to
30 September 2018
(1.65)%

Quilter Investors UK Equity Income Fund*

* Accumulation 'U2' units

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

Asset allocation

UK Equities	85.75%
Europe Equities	9.93%
North America Equities	1.57%
Africa Equities	0.35%
Net other assets	2.40%
Total	100.00%

Overseas:

Netherlands Equities	4.30%
Switzerland Equities	3.07%
Ireland Equities	2.56%
United States Equities	1.57%
Mauritius Equities	0.35%
Net other assets	2.40%
Total	100.00%

Portfolio allocation

United Kingdom:

Banks	11.68%
Travel & Leisure	8.76%
Life Insurance	7.86%
Tobacco	6.44%
Pharmaceuticals & Biotechnology	6.36%
General Retailers	5.25%
Software & Computer Services	4.28%
Mining	4.21%
Oil & Gas Producers	3.85%
Food & Drug Retailers	3.53%
Electricity	3.05%
General Industrials	2.75%
Mobile Telecommunications	2.67%
Nonlife Insurance	2.46%
Industrial Engineering	2.19%
Financial Services	1.95%
Health Care Equipment & Services	1.48%
Construction & Materials	1.05%
Real Estate Investment Trusts	1.03%
Personal Goods	1.03%
Food Producers	1.00%
Support Services	0.93%
Household Goods & Home Construction	0.71%
Gas, Water & Multiutilities	0.69%
Oil Equipment, Services & Distribution	0.54%

Major holdings

HSBC (UK Listing)	4.72%
Royal Dutch Shell 'B'	4.30%
GlaxoSmithKline	4.22%
Rio Tinto (UK Listing)	4.21%
BP	3.85%
Aviva	3.77%
Barclays	3.58%
Tesco	3.53%
Lloyds Banking	3.38%
GVC	3.32%

Number of holdings **50**

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 85.75%		
	United Kingdom Equities 85.75%		
	Banks 11.68%		
2,306,386	Barclays	3,974	3.58
782,718	HSBC (UK Listing)	5,249	4.72
6,333,024	Lloyds Banking	3,761	3.38
		<u>12,984</u>	<u>11.68</u>
	Construction & Materials 1.05%		
126,459	Kier	1,165	1.05
		<u>1,165</u>	<u>1.05</u>
	Electricity 3.05%		
605,955	Drax	2,344	2.11
91,431	SSE	1,050	0.94
		<u>3,394</u>	<u>3.05</u>
	Financial Services 1.95%		
316,125	OneSavings Bank	1,275	1.15
332,517	TP ICAP	894	0.80
		<u>2,169</u>	<u>1.95</u>
	Food & Drug Retailers 3.53%		
1,635,013	Tesco	3,924	3.53
		<u>3,924</u>	<u>3.53</u>
	Food Producers 1.00%		
162,159	Tate & Lyle	1,117	1.00
		<u>1,117</u>	<u>1.00</u>
	Gas, Water & Multiutilities 0.69%		
110,005	Pennon	767	0.69
		<u>767</u>	<u>0.69</u>
	General Industrials 2.75%		
645,743	DS Smith	3,054	2.75
		<u>3,054</u>	<u>2.75</u>
	General Retailers 5.25%		
334,999	Dunelm	1,827	1.64
82,216	Inchcape	550	0.50
1,262,185	Pets at Home	1,522	1.37
1,480,438	Saga	1,935	1.74
		<u>5,834</u>	<u>5.25</u>
	Health Care Equipment & Services 1.48%		
117,544	Smith & Nephew	1,649	1.48
		<u>1,649</u>	<u>1.48</u>
	Household Goods & Home Construction 0.71%		
459,067	Taylor Wimpey	789	0.71
		<u>789</u>	<u>0.71</u>

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Industrial Engineering 2.19%		
105,803	IMI	1,157	1.04
72,647	Weir	1,279	1.15
		<u>2,436</u>	<u>2.19</u>
	Life Insurance 7.86%		
860,704	Aviva	4,193	3.77
206,220	Phoenix	1,394	1.26
178,732	Prudential	3,151	2.83
		<u>8,738</u>	<u>7.86</u>
	Mining 4.21%		
121,112	Rio Tinto (UK Listing)	4,681	4.21
		<u>4,681</u>	<u>4.21</u>
	Mobile Telecommunications 2.67%		
1,797,515	Vodafone	2,972	2.67
		<u>2,972</u>	<u>2.67</u>
	Nonlife Insurance 2.46%		
189,388	RSA Insurance	1,104	0.99
619,371	Sabre Insurance	1,635	1.47
		<u>2,739</u>	<u>2.46</u>
	Oil & Gas Producers 3.85%		
723,832	BP	4,283	3.85
		<u>4,283</u>	<u>3.85</u>
	Oil Equipment, Services & Distribution 0.54%		
78,068	John Wood	598	0.54
		<u>598</u>	<u>0.54</u>
	Personal Goods 1.03%		
105,145	Superdry	1,142	1.03
		<u>1,142</u>	<u>1.03</u>
	Pharmaceuticals & Biotechnology 6.36%		
39,770	AstraZeneca (UK Listing)	2,375	2.14
304,419	GlaxoSmithKline	4,698	4.22
		<u>7,073</u>	<u>6.36</u>
	Real Estate Investment Trusts 1.03%		
124,648	Big Yellow	1,150	1.03
		<u>1,150</u>	<u>1.03</u>
	Software & Computer Services 4.28%		
166,737	Micro Focus International	2,354	2.12
409,662	Sage	2,404	2.16
		<u>4,758</u>	<u>4.28</u>
	Support Services 0.93%		
414,138	Biffa	1,033	0.93
		<u>1,033</u>	<u>0.93</u>

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Tobacco 6.44%		
97,766	British American Tobacco	3,539	3.18
134,468	Imperial Brands	3,629	3.26
		7,168	6.44
	Travel & Leisure 8.76%		
392,641	GVC	3,687	3.32
1,001,475	GVC CVR	-	-
375,146	Merlin Entertainments	1,490	1.34
298,058	National Express	1,161	1.04
217,306	SSP	1,586	1.43
38,530	Whitbread	1,812	1.63
		9,736	8.76
	Overseas 11.85%		
	Africa 0.35%		
	Mauritius Equities 0.35%		
354,251	Grit Real Estate Income	394	0.35
		394	0.35
	Europe 9.93%		
	Ireland Equities 2.56%		
80,705	CRH (UK Listing)	2,039	1.83
888,367	Greencoat Renewables	805	0.73
		2,844	2.56
	Netherlands Equities 4.30%		
179,541	Royal Dutch Shell 'B'	4,786	4.30
		4,786	4.30
	Switzerland Equities 3.07%		
1,040,194	Glencore	3,419	3.07
		3,419	3.07
	North America 1.57%		
	United States Equities 1.57%		
1,440,529	Diversified Gas & Oil	1,743	1.57
		1,743	1.57
	Investment assets	108,539	97.60
	Net other assets	2,665	2.40
	Total net assets	111,204	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.

All investments are in ordinary shares unless otherwise stated

Statement of total return

for the period from 31 May 2018 to 30 September 2018

		31.05.18 to 30.09.18 £'000	31.05.18 to 30.09.18 £'000
	Note		
Income			
Net capital losses	2		(3,264)
Revenue	3	1,340	
Expenses	4	(220)	
Net revenue before taxation		1,120	
Taxation	5	(1)	
Net revenue after taxation			1,119
Total return before distributions			(2,145)
Distributions	6		(1,337)
Change in net assets attributable to unitholders from investment activities			(3,482)

Statement of change in net assets attributable to unitholders

for the period from 31 May 2018 to 30 September 2018

	31.05.18 to 30.09.18 £'000	31.05.18 to 30.09.18 £'000
Opening net assets attributable to unitholders		-
Amounts transferred from Quilter Foundation 4 Fund	35,015	
Amounts transferred from Merian UK Equity Income Fund	84,508	
Amounts received on issue of units	5,496	
Amounts paid on cancellation of units	(11,999)	
		113,020
Dilution adjustment		30
Change in net assets attributable to unitholders from investment activities		(3,482)
Retained distribution on accumulation units		1,636
Closing net assets attributable to unitholders		111,204

The notes on pages 156 to 162 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000
Assets		
Fixed assets		
Investments		108,539
Current assets		
Debtors	7	345
Cash and bank balances	8	2,545
Total assets		111,429
Liabilities		
Creditors		
Other creditors	9	(225)
Total liabilities		(225)
Net assets attributable to unitholders		111,204

The notes on pages 156 to 162 form an integral part of these financial statements.

Notes to the financial statements

for the period from 31 May 2018 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors UK Equity Income Fund are included on pages 273 to 274.

2 Net capital losses

The net capital losses on investments comprise:

Losses on non-derivative securities

Gains on currency contracts

Net capital losses on investments

31.05.18 to

30.09.18

£'000

(3,267)

3

(3,264)

3 Revenue

UK dividends

UK REIT dividends

Non-taxable overseas dividends

Total revenue

31.05.18 to

30.09.18

£'000

1,115

11

214

1,340

4 Expenses

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

Fixed Ongoing Charge*

Total expenses

31.05.18 to

30.09.18

£'000

220

220

* This figure represents the Fixed Ongoing Charge which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £5,800.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

5 Taxation

a) Analysis of tax charge in the period

	31.05.18 to 30.09.18 £'000
Overseas tax suffered	1
Total current tax charge for the period	1
Deferred tax charge for the period (see note 5(c))	-
Total taxation for the period (see note 5(b))	1

b) Factors affecting current tax charge for the period

	31.05.18 to 30.09.18 £'000
The taxation assessed for the year 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	1,120
Corporation tax at 20%	224
Effects of:	
Excess management expense for which no relief taken	42
Revenue not subject to taxation – UK	(223)
Non-taxable overseas dividends	(43)
Overseas tax suffered	1
Total tax charge for the period (see note 5(a))	1

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	31.05.18 to 30.09.18 £'000
Deferred tax liability at the start of the period	-
Deferred tax charge for the period (see note 5(a))	-
Deferred tax liability at the end of the period	-

At 30 September 2018 the sub-fund had surplus management expenses of £209,875 which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

6 Distributions

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

	31.05.18 to 30.09.18 £'000
Third Interim – Accumulation units (30 June)	227
Final – Accumulation units (30 September)	1,409
	1,636
Revenue deducted on cancellation of units	38
Revenue received on issue of units	(337)
Distributions	1,337
Reconciliation of distributions:	
Net revenue after taxation	1,119
Capitalised fees	220
Tax relief on capitalised fees	(2)
Distributions	1,337

Details of the final distributions per unit are set out in the table on page 163.

7 Debtors

	30.09.18 £'000
Accrued revenue	258
Amounts receivable for issue of units	87
Total debtors	345

8 Cash and bank balances

	30.09.18 £'000
Cash and bank balances	2,545
Total cash and bank balances	2,545

9 Other creditors

	30.09.18 £'000
Accrued expenses	63
Amounts payable for cancellation of units	15
Purchases awaiting settlement	147
Total other creditors	225

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

10 Related party transactions

Quilter Investors Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each 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 154. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts paid to the Manager in respect of expenses are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

A significant 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 direct foreign currency exposure of the sub-fund as at 30 September 2018 was as follows:

Currency

	Net foreign currency assets		
	Monetary exposures*	Non-monetary exposures	Total
	30.09.18 £'000	30.09.18 £'000	30.09.18 £'000
Euro	26	805	831
US Dollar	51	394	445
Total	77	1,199	1,276

* 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 30 September 2018 by £3,866 or 0.00%. A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

11 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	26	-	805	831
Sterling	2,472	-	107,681	110,153
US Dollar	47	-	398	445
Total	2,545	-	108,884	111,429

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(225)	(225)
Total	-	(225)	(225)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

e) 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 Depositary to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

Each 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 unit. 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

11 Derivatives and other financial instruments (continued)

g) Market risk

Market 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

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 £5,426,960 or 4.88%.

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18	
	Assets £'000	Liabilities £'000
Level 1: Quoted prices	108,539	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
Total	108,539	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors UK Equity Income Fund, 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.

12 Contingent liabilities

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

Notes to the financial statements (continued)

for the period from 31 May 2018 to 30 September 2018

13 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

In specie transactions

Corporate actions

Total

Total purchases including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
10,969	4	0.03%	45	0.41%
118,705	-	-	-	-
306	-	-	-	-
129,980	4		45	
130,029				

Analysis of total sale costs

30.09.18

Equities

Total

Total sales including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
18,227	5	0.03%	-	-
18,227	5		-	
18,222				

Transaction costs as a percentage of average Net Assets

30.09.18

Commissions:

0.01%

Other costs:

0.05%

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 0.12%.

14 Unitholders' funds

The sub-fund currently has one unit class; Accumulation 'U2'. The net asset value of the unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit class currently in issue and the Fixed Ongoing Charge of the unit class is shown below:

- Accumulation 'U2'†	30.09.18
	0.75%

Unit class movement reconciliation

- Accumulation 'U2'†

Opening	Issued	Redeemed	Converted	Closing
-	118,268,008	(11,302,549)	-	106,965,459

† From 31 May 2018

15 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 July 2018
Group 2: Units purchased from 1 July 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit
Accumulation 'U2' Units†			
Group 1	1.3178	-	1.3178
Group 2	0.4357	0.8821	1.3178

Third Interim distribution

Group 1: Units purchased prior to 31 May 2018
Group 2: Units purchased from 31 May 2018 to 30 June 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.08.18 pence per unit
Accumulation 'U2' Units†			
Group 1	0.3169	-	0.3169
Group 2	0.3112	0.0057	0.3169

* 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.

† Fund launched on 31 May 2018

Quilter Investors UK Equity Income II Fund

Launch date	9 October 2014
IA Sector	UK Equity Income
Investment adviser	Woodford Investment Management Limited
Net asset value	£151,331,475

Objective

The sub-fund aims to achieve a combination of income and capital growth.

Policy

The sub-fund primarily invests, directly or indirectly, in shares of UK companies. UK companies are those that are domiciled, incorporated or have a significant portion of their business in the UK, even if listed elsewhere.

The investment adviser typically has a preference to invest in shares of companies they believe likely to provide dividend payments. The sub-fund may at times be concentrated in terms of the number of investments it holds.

The sub-fund may also invest in other transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits and derivatives.

The sub-fund may use derivatives (i.e. financial contracts whose value is linked to the expected price movements of an underlying investment), with the aim of generating returns and reducing the overall costs and/or risks of the sub-fund.

The sub-fund is managed by an investment adviser selected by the Manager for their expected ability to manage the sub-fund according to the investment objective and policy. The Manager continuously monitors and may periodically make changes to this appointment.

Investment Manager's review

Market Review

The year under review represented a challenging period for the sub-fund, with a continuation of the momentum-driven conditions - buying assets when they have risen in price, and selling when the price has fallen, with little or no regard paid to the fundamental value - that have characterised global stock markets for the last two years. In the UK, the market has been narrowly fixated on resource-related companies and other large Asian-exposed businesses, despite increasing evidence of problems in many emerging market economies, most prominently, China. The sub-fund has very little exposure to these parts of the market because of macroeconomic concerns and on valuation grounds.

Activity

Against this backdrop, the sub-fund delivered a negative return, trailing its benchmark which delivered a positive return. This under-performance can in part be explained by the market's momentum fixation, but it is also the result of some specific share price movements.

Prothena was a notable underperformer. The company announced in April the failure of the Pronto clinical trial. This was an extremely disappointing and surprising outcome, and its shares fell heavily on the announcement. This indicated that the market attributed no value to the company's earlier stage pipeline, but we believe this is the wrong conclusion. The share price remains substantially below what we consider to be the long-term intrinsic value of this business.

Thin Film Electronics also performed poorly. Its half-year results, announced in August, highlighted a couple of short-term setbacks - a delay in the establishment of a new production facility and slower-than-expected adoption of the company's near-field communication (NFC) technology. The latter issue was resolved in September, however, bringing Thin Film's commercialisation back on track.

Also among the main detractors over the year were a number of predominantly UK-focused businesses, including the disruptive estate agency Purplebricks, real estate business NewRiver REIT and the portfolio's exposure to selected housebuilders. In most instances, there was nothing fundamental to justify this share price weakness.

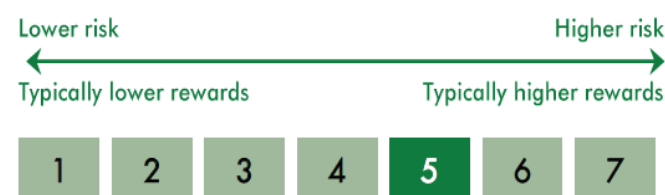
More positively, litigation finance specialist Burford Capital performed well for the portfolio. Burford has consistently demonstrated excellent operational progress in its niche market and we continue to see great prospects for the business. Fingerprint-technology specialist IDEX performed well too, as towards the end of the period it received its first production order for biometric fingerprint sensors from a major strategic partner.

We have continued to build the portfolio's exposure to domestically-focused businesses, which have fallen heavily out of favour with investors, and consequently look profoundly undervalued. New holdings include construction company Kier, broadcaster ITV and Crest Nicholson, the housebuilder. British American Tobacco was also reintroduced to the portfolio. To sub-fund these new additions, we sold the portfolio's holdings in healthcare company AstraZeneca, life insurer Legal & General and Lloyds Banking, among others.

Outlook

The momentum of this late-stage bull market has caused an uncomfortable period of performance for the sub-fund. But it is during such periods that a disciplined investment approach is paramount. The over-arching investment strategy will remain focused on capturing the most attractive long-term investment opportunities that we can find, whilst avoiding the parts of the market that look most vulnerable in a global economy facing growing headwinds.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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 - 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 may use derivatives to generate returns as well as to reduce costs and/or 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

Accumulation 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	125.21	125.81	112.21
Return before operating charges*	(19.86)	1.37	15.43
Operating charges**	(1.81)	(1.97)	(1.83)
Return after operating charges*	(21.67)	(0.60)	13.60
Distributions	(2.77)	(3.69)	(3.49)
Retained distributions	2.77	3.69	3.49
Closing net asset value per unit	103.54	125.21	125.81
* after direct transaction costs of***	0.18	0.18	0.44
Performance			
Return after charges	(17.31%)	(0.48%)	12.12%
Other information			
Closing net asset value (£)	16,259,480	35,920,622	44,926,221
Closing number of units	15,703,594	28,687,844	35,710,812
Operating charges****	1.61%	1.56%	1.56%
Direct transaction costs***	0.16%	0.15%	0.38%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	128.4	135.0	130.4
Lowest unit price	101.1	118.6	107.1
Accumulation 'U2'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	128.85	128.27	113.36
Return before operating charges*	(20.43)	1.42	15.69
Operating charges**	(0.85)	(0.84)	(0.78)
Return after operating charges*	(21.28)	0.58	14.91
Distributions	(2.86)	(3.78)	(3.54)
Retained distributions	2.86	3.78	3.54
Closing net asset value per unit	107.57	128.85	128.27
* after direct transaction costs of***	0.20	0.19	0.45
Performance			
Return after charges	(16.52%)	0.45%	13.15%
Other information			
Closing net asset value (£)	1,199,934	51,041,261	80,870,778
Closing number of units	1,115,506	39,613,542	63,049,125
Operating charges****	0.68%	0.65%	0.65%
Direct transaction costs***	0.16%	0.15%	0.38%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	132.2	138.6	132.9
Lowest unit price	104.9	121.1	108.5

Comparative Tables (continued)

Income 'U2'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	117.32	120.26	109.47
Return before operating charges*	(18.59)	1.35	14.90
Operating charges**	(0.73)	(0.78)	(0.74)
Return after operating charges*	(19.32)	0.57	14.16
Distributions	(2.59)	(3.51)	(3.37)
Retained distributions	-	-	-
Closing net asset value per unit	95.41	117.32	120.26
* after direct transaction costs of***	0.17	0.18	0.43
Performance			
Return after charges	(16.47%)	0.47%	12.94%
Other information			
Closing net asset value (£)	133,872,061	125,384,350	142,597,682
Closing number of units	140,306,442	106,874,132	118,572,273
Operating charges****	0.71%	0.65%	0.65%
Direct transaction costs***	0.16%	0.15%	0.38%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	120.3	127.7	125.3
Lowest unit price	93.43	113.6	104.2

** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors UK Equity Income II Fund*	0.75%	(17.56)%	(6.11)%	-
FTSE All Share (benchmark)	8.31%	5.87%	38.45%	43.50%
IA UK Equity Income (sector average)	6.90%	3.47%	27.92%	43.89%
Quartile ranking	4	4	4	-

* Accumulation 'U2' units

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

Asset allocation		Major holdings	Percentage of portfolio
United Kingdom Equities	79.78%	Imperial Brands	7.35%
Europe Equities	12.58%	Theravance Biopharma	6.62%
North America Equities	7.91%	Burford Capital	5.70%
		IDEX Asa	5.05%
		British American Tobacco	4.72%
Net other liabilities	(0.27)%	Provident Financial	4.48%
		Barratt Developments	3.91%
Total	100.00%	Countryside Properties	3.91%
		Taylor Wimpey	3.19%
		IP	3.12%
Portfolio allocation		Number of holdings	
United Kingdom:		52	
Financial Services	21.75%		
Household Goods & Home Construction	13.04%		
Tobacco	12.07%		
Pharmaceuticals & Biotechnology	11.95%		
Support Services	7.18%		
Construction & Materials	3.98%		
Real Estate Investment & Services	2.66%		
Real Estate Investment Trusts	2.14%		
Media	1.92%		
Industrial Transportation	1.40%		
Health Care Equipment & Services	0.68%		
Non-equity Investment Instruments	0.60%		
Industrial Engineering	0.41%		
Overseas:			
Norway Equities	7.13%		
Cayman Islands Equities	6.62%		
Ireland Equities	3.75%		
Germany Equities	1.51%		
United States Equities	1.29%		
Luxembourg Equities	0.19%		
Net other liabilities	(0.27)%		
Total	100.00%		

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 79.78% (30 September 2017 79.88%)		
	United Kingdom Equities 79.78% (30 September 2017 79.88%)		
	Banks 0.00% (30 September 2017 5.52%)		
	Construction & Materials 3.98% (30 September 2017 3.09%)		
520,000	Eurocell	1,248	0.82
1,003,000	Forterra	2,608	1.72
236,000	Kier	2,174	1.44
		<u>6,030</u>	<u>3.98</u>
	Equity Investment Instruments 0.00% (30 September 2017 0.87%)		
	Financial Services 21.75% (30 September 2017 10.54%)		
1,383,671	Allied Minds	1,052	0.70
963,000	Amigo	2,294	1.52
1,501,838	Arix Bioscience	2,598	1.72
445,907	Burford Capital	8,633	5.70
3,729,552	IP	4,729	3.12
3,822,805	Non-Standard Finance	2,187	1.44
1,123,507	Provident Financial	6,779	4.48
2,401,325	Redde	4,644	3.07
		<u>32,916</u>	<u>21.75</u>
	General Industrials 0.00% (30 September 2017 0.06%)		
	General Retailers 0.00% (30 September 2017 2.14%)		
	Health Care Equipment & Services 0.68% (30 September 2017 1.60%)		
3,303,333	NetScientific	1,024	0.68
		<u>1,024</u>	<u>0.68</u>
	Household Goods & Home Construction 13.04% (30 September 2017 5.78%)		
1,051,000	Barratt Developments	5,913	3.91
1,717,184	Countryside Properties	5,911	3.91
674,498	Crest Nicholson	2,362	1.56
3,939,101	Eve Sleep	709	0.47
2,814,000	Taylor Wimpey	4,836	3.19
		<u>19,731</u>	<u>13.04</u>
	Industrial Engineering 0.41% (30 September 2017 1.16%)		
996,252	Xeros Technology	623	0.41
		<u>623</u>	<u>0.41</u>
	Industrial Transportation 1.40% (30 September 2017 2.73%)		
1,854,588	Eddie Stobart Logistics	2,114	1.40
		<u>2,114</u>	<u>1.40</u>
	Life Insurance 0.00% (30 September 2017 4.85%)		
	Media 1.92% (30 September 2017 0.00%)		
1,856,000	ITV	2,904	1.92
		<u>2,904</u>	<u>1.92</u>

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
Non-equity Investment Instruments 0.60% (30 September 2017 0.00%)			
60,162,514	Abaco Capital	902	0.60
		902	0.60
Pharmaceuticals & Biotechnology 11.95% (30 September 2017 16.94%)			
943,012	4d pharma	1,514	1.00
107,654	Autolus Therapeutics	2,394	1.58
709,834	BTG	3,947	2.61
1,918,398	Circassia Pharmaceuticals	1,427	0.94
1,004,686	e-Therapeutics	70	0.05
1,293,945	Horizon Discovery	2,808	1.86
1,070,770	Mereo Biopharma	2,463	1.63
244,672	ReNeuron	161	0.11
2,186,651	Synairgen	361	0.24
25,550,000	Tissue Regenix	2,172	1.43
12,511,985	Vernalis	763	0.50
		18,080	11.95
Real Estate Investment & Services 2.66% (30 September 2017 5.95%)			
1,692,763	Purplebricks	4,029	2.66
		4,029	2.66
Real Estate Investment Trusts 2.14% (30 September 2017 2.24%)			
1,250,079	NewRiver REIT	3,238	2.14
		3,238	2.14
Support Services 7.18% (30 September 2017 10.70%)			
1,443,927	AA	1,409	0.93
428,756	Babcock International	3,107	2.05
1,570,694	BCA Marketplace	3,157	2.09
2,265,255	Capita	3,197	2.11
		10,870	7.18
Tobacco 12.07% (30 September 2017 5.71%)			
197,385	British American Tobacco	7,144	4.72
412,056	Imperial Brands	11,121	7.35
		18,265	12.07
Overseas 26.19% (30 September 2017 20.95%)			
Europe Equities 12.58% (30 September 2017 15.56%)			
Germany Equities 1.51% (30 September 2017 0.00%)			
105,000	Instone Real Estate	2,285	1.51
		2,285	1.51
Ireland Equities 3.75% (30 September 2017 10.18%)			
606,396	Hostelworld	1,343	0.89
350,940	Malin	1,496	0.99
281,342	Prothena	2,839	1.87
		5,678	3.75

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
44,607,259	Luxembourg Equities 0.19% (30 September 2017 0.00%)		
	RM2 International	290	0.19
		290	0.19
11,097,372 30,618,759	Norway Equities 7.13% (30 September 2017 5.38%)		
	IDEX Asa	7,645	5.05
	Thin Film Electronics	3,145	2.08
		10,790	7.13
419,041	North America 7.91% (30 September 2017 5.39%)		
	Cayman Islands Equities 6.62% (30 September 2017 5.37%)		
	Theravance Biopharma	10,016	6.62
		10,016	6.62
212,766 212,766 397,907 877,000	United States Equities 1.29% (30 September 2017 0.02%)		
	Evoform Biosciences	690	0.46
	Evoform Biosciences (Warrants)	-	-
	Northwest Biotherapeutics	58	0.04
	Verseon	1,201	0.79
		1,949	1.29
	Investment assets	151,734	100.27
	Net other liabilities	(403)	(0.27)
	Total net assets	151,331	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.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital losses	2		(34,934)		(2,256)
Revenue	3	4,277		7,895	
Expenses	4	(1,412)		(2,088)	
Interest payable and similar charges	5	(10)		(7)	
Net revenue before taxation		2,855		5,800	
Taxation	6	-		(45)	
Net revenue after taxation			2,855		5,755
Total return before distributions			(32,079)		3,499
Distributions	7		(4,215)		(7,792)
Change in net assets attributable to unitholders from investment activities			(36,294)		(4,293)

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		212,346		268,395
Amounts received on issue of units	52,421		53,940	
Amounts paid on cancellation of units	(77,811)		(109,546)	
		(25,390)		(55,606)
Dilution adjustment		61		455
Change in net assets attributable to unitholders from investment activities		(36,294)		(4,293)
Retained distribution on accumulation units		608		3,395
Closing net assets attributable to unitholders		151,331		212,346

The notes on pages 173 to 180 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		151,734	214,100
Current assets			
Debtors	8	381	790
Cash and bank balances	9	120	397
Total assets		152,235	215,287
Liabilities			
Creditors			
Distribution payable		(504)	(706)
Other creditors	10	(400)	(2,235)
Total liabilities		(904)	(2,941)
Net assets attributable to unitholders		151,331	212,346

The notes on pages 173 to 180 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors UK Equity Income II Fund are included on pages 273 to 274.

2 Net capital losses

The net capital losses on investments comprise:

Losses on non-derivative securities

Gains on currency contracts

Net capital losses on investments

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
(34,954)	(2,266)
20	10
(34,934)	(2,256)

3 Revenue

Non-taxable overseas dividends

UK dividends

UK REIT dividends

Total revenue

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
138	906
3,869	6,726
270	263
4,277	7,895

4 Expenses

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

Fixed Ongoing Charge*

Manager's periodic charge**

Fixed expenses**

Fixed expense rebate**

Total expenses

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
789	-
582	1,953
117	394
(76)	(259)
1,412	2,088

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Depositary (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Interest payable and similar charges

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Bank overdraft interest	10	7
Total interest payable and similar charges	10	7

6 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	-	45
Total current tax charge for the year	-	45
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	-	45

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	2,855	5,800
Corporation tax at 20% (30 September 2017: 20%)	571	1,160
Effects of:		
Excess management expenses for which no relief taken	230	366
Revenue not subject to taxation – UK	(774)	(1,345)
Non-taxable overseas dividends	(27)	(181)
Overseas tax suffered	-	45
Total tax charge for the year (see note 6(a))	-	45

Authorised Unit Trusts are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £5,050,090 (30 September 2017: £3,899,071), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

7 Distributions

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
First Interim – Accumulation units (31 December)	176	789
First Interim – Income units (31 December)	838	877
Second Interim – Accumulation units (31 March)	104	1,019
Second Interim – Income units (31 March)	578	1,024
Third Interim – Accumulation units (30 June)	263	1,100
Third Interim – Income units (30 June)	1,587	1,340
Final – Accumulation units (30 September)	65	487
Final – Income units (30 September)	504	706
	4,115	7,342
Revenue deducted on cancellation of units	307	626
Revenue received on issue of units	(207)	(176)
Distributions	4,215	7,792
Reconciliation of distributions:		
Net revenue after taxation	2,855	5,755
Capitalised fees	1,412	2,088
Tax relief on capitalised fees	(52)	(51)
Distributions	4,215	7,792

Details of the interim and final distributions per unit are set out in the tables on pages 181 and 182.

8 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued revenue	285	253
Amounts receivable for issue of units	15	457
Overseas tax recoverable	81	80
Total debtors	381	790

9 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	120	397
Total cash and bank balances	120	397

10 Other Creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	282
Accrued expenses	97	19
Amounts payable for cancellation of units	303	1,783
Purchases awaiting settlement	-	151
Total other creditors	400	2,235

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

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 each 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 171. Any amounts due to or from Quilter Investors Limited at the end of the accounting period in respect of transactions of units in each sub-fund are disclosed in notes 8 and 10. Other amounts paid to the Manager 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 sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures*	exposures		exposures*	exposures	
	30.09.18	30.09.18	30.09.18	30.09.17	30.09.17	30.09.17
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	-	3,782	3,782	-	3,500	3,500
Norwegian Krone	-	10,791	10,791	-	11,417	11,417
Swiss Franc	81	-	81	80	-	80
US Dollar	-	15,997	15,997	-	26,046	26,046
Total	81	30,570	30,651	80	40,963	41,043

* 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 30 September 2018 by £1,532,517 or 1.01% (30 September 2017: 2,052,155 or 0.97%). A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	-	-	3,782	3,782
Norwegian Krone	-	-	10,791	10,791
Sterling	120	-	121,464	121,584
Swiss Franc	-	-	81	81
US Dollar	-	-	15,997	15,997
Total	120	-	152,115	152,235

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Euro	-	-	3,500	3,500
Norwegian Krone	-	-	11,417	11,417
Sterling	397	-	173,847	174,244
Swiss Franc	-	-	80	80
US Dollar	-	-	26,046	26,046
Total	397	-	214,890	215,287

Currency	Variable rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18				
Sterling	-	-	(904)	(904)
Total	-	-	(904)	(904)

Currency	Variable rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17				
Sterling	-	-	(2,941)	(2,941)
Total	-	-	(2,941)	(2,941)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

e) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

f) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 £ 7,586,713 or 5.01% (30 September 2017: £ 10,705,014 or 5.04%).

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	150,832	-	214,100	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data*	902	-	-	-
Total	151,734	-	214,100	-

* This figure is made up of 1 security valued at £902,438 (2017: £Nil). The valuation technique applied has been reviewed by the Manager taking into account, where appropriate, latest dealing prices, broker statements, valuations from reliable sources, models using underlying investee financial performance information and other relevant factors.

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors UK Equity Income II Fund, 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 (30 September 2017: £Nil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

Corporate actions

Total

Total purchases including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
64,374	32	0.05%	193	0.30%
2,505	-	-	-	-
66,879	32		193	
67,104				

30.09.17

Bonds

Equities

Collective Investment Schemes

Corporate actions

Total

Total purchases including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
2,900	-	-	-	-
112,848	54	0.05%	274	0.24%
1,287	-	-	-	-
577	-	-	-	-
117,612	54		274	
117,940				

Analysis of total sale costs

30.09.18

Equities

Collective Investment Schemes

Total

Total sales including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
92,737	48	0.05%	-	-
1,827	-	-	-	-
94,564	48		-	
94,516				

30.09.17

Equities

Corporate actions

Total

Total sales including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
169,840	56	0.03%	1	-
34	-	-	-	-
169,874	56		1	
169,817				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.05%	0.04%
0.11%	0.11%

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 0.93% (30 September 2017: 0.84%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

15 Unitholders' funds

The sub-fund currently has three unit classes; Accumulation 'A', Accumulation 'U2' and Income 'U2'. The net asset value of each unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit classes currently in issue and the Fixed Ongoing Charge of each unit class are shown below. The comparative figure at the 30 September 2017, was the Manager's periodic charge, which is now included within the Fixed Ongoing Charge.

	30.09.18	30.09.17
- Accumulation 'A'	1.65%	1.50%
- Accumulation 'U2'	0.75%	0.60%
- Income 'U2'	0.75%	0.60%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	28,687,844	551,977	(13,536,227)	-	15,703,594
- Accumulation 'U2'	39,613,542	2,711,398	(41,209,434)	-	1,115,506
- Income 'U2'	106,874,132	45,363,522	(11,931,212)	-	140,306,442

16 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 July 2018
Group 2: Units purchased from 1 July 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Accumulation 'A' Units				
Group 1	0.3883	-	0.3883	0.7016
Group 2	0.1434	0.2449	0.3883	0.7016
Accumulation 'U2' Units				
Group 1	0.4031	-	0.4031	0.7211
Group 2	0.3471	0.0560	0.4031	0.7211
Income 'U2' Units				
Group 1	0.3590	-	0.3590	0.6603
Group 2	0.2093	0.1497	0.3590	0.6603

Third Interim distribution

Group 1: Units purchased prior to 1 April 2018
Group 2: Units purchased from 1 April 2018 to 30 June 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.08.18 pence per unit	Distribution paid 31.08.17 pence per unit
Accumulation 'A' Units				
Group 1	1.2537	-	1.2537	1.3117
Group 2	0.3897	0.8640	1.2537	1.3117
Accumulation 'U2' Units				
Group 1	1.2976	-	1.2976	1.3450
Group 2	0.8944	0.4032	1.2976	1.3450
Income 'U2' Units				
Group 1	1.1691	-	1.1691	1.2441
Group 2	0.2451	0.9240	1.1691	1.2441

Distribution table (continued)

Second Interim distribution

Group 1: Units purchased prior to 1 January 2018
Group 2: Units purchased from 1 January 2018 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.18 pence per unit	Distribution paid 31.05.17 pence per unit
Accumulation 'A' Units				
Group 1	0.4548	-	0.4548	0.9007
Group 2	0.2630	0.1918	0.4548	0.9007
Accumulation 'U2' Units				
Group 1	0.4689	-	0.4689	0.9362
Group 2	0.0925	0.3764	0.4689	0.9362
Income 'U2' Units				
Group 1	0.4259	-	0.4259	0.8761
Group 2	0.2162	0.2097	0.4259	0.8761

First Interim distribution

Group 1: Units purchased prior to 1 October 2017
Group 2: Units purchased from 1 October 2017 to 31 December 2017

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 28.02.18 pence per unit	Distribution paid 28.02.17 pence per unit
Accumulation 'A' Units				
Group 1	0.6749	-	0.6749	0.7764
Group 2	0.3679	0.3070	0.6749	0.7764
Accumulation 'U2' Units				
Group 1	0.6944	-	0.6944	0.7729
Group 2	0.3397	0.3547	0.6944	0.7729
Income 'U2' Units				
Group 1	0.6329	-	0.6329	0.7258
Group 2	0.1473	0.4856	0.6329	0.7258

* 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.

Quilter Investors UK Equity Index Fund

Launch date	13 December 2002
IA Sector	UK All Companies
Investment adviser	BlackRock Advisors (UK) Limited
Net asset value	£221,377,638

Objective

The sub-fund aims to achieve capital growth through a portfolio of investments aimed at tracking the performance of the FTSE All-Share Index.

Policy

The sub-fund may invest in transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits and derivatives.

The sub-fund may only use derivatives for efficient portfolio management purposes.

The sub-fund is managed by an investment adviser selected by the Manager for their expected ability to manage the sub-fund according to the investment objective and policy. The Manager continuously monitors and may periodically make changes to the appointment.

Investment Manager's review

Against a mixed economic backdrop, the sub-fund outperformed its benchmark index the FTSE All-Share over the period.

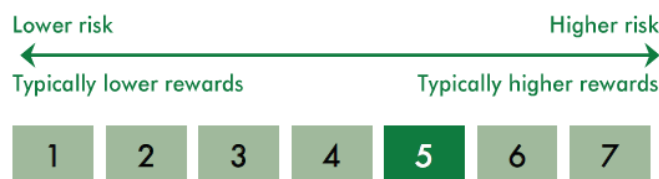
Equities in the UK enjoyed a positive end to 2017. Both the FTSE 100 and mid-cap FTSE 250 indices reached new highs as investors were encouraged by a long-awaited breakthrough in the Brexit negotiations between the UK and the European Union. Inflation rose to 3.1%, the highest level in six years and far exceeding the Bank of England's (BoE) target level of 2.0%. Much of this, however, was attributable to the relative value of the pound.

For the first time since the global financial crisis, the BoE voted to increase the cost of borrowing, raising the benchmark lending rate to 0.5% in November 2017. Citing the combination of low unemployment and high inflation, BoE Governor Mark Carney signalled that rates would rise only gradually as the inflation rate starts to move lower towards the 2% target. A second rate hike to 0.75%, however, was introduced in August 2018, owing to improving economic fundamentals and as inflation remained consistently above the 2% target.

The global sell-off in February, and the announcement of trade tariffs by the US in March, kept markets down at the start of 2018, before things improved towards the middle of the period. UK equities performed well, with the benchmark FTSE 100 index reaching a record closing high in May, after an improvement in trade relations between the US and China led to a surge in the US dollar, helping those companies that generate most of their revenues in dollars. Brexit talks continued throughout the period, with the likelihood of single-market access for both UK financial firms as well as export goods becoming increasingly unlikely, unless some advancement is made on the more complicated aspects of the talks, specifically the Irish border.

Towards the end of the period, UK equity markets struggled, although the FTSE 100 index moved higher in mid-August after export-oriented companies were given a boost by the pound plunging to a one-year low. Thereafter, stocks were dragged on a downward trend by uncertainty around Brexit, US-China trade tensions and concerns over the Turkish currency crisis. A modest recovery in sterling was a further headwind for large-caps. A rally in the second half of September helped the index to recover some losses. Brexit developments continued: Prime Minister Theresa May gained Cabinet approval for her Brexit withdrawal plan at the Chequers summit in July, but several high-profile ministers quit in response. Moreover, in August, European Union leaders deemed that the plan was not viable, heightening fears of a 'no deal' outcome. Economic figures released towards the end of the period suggested that the UK economy was witnessing a slight pickup in activity. Although the final reading for second-quarter GDP growth came in below the previous estimates, unemployment figures were upbeat, with the jobless rate falling to 4% in the three months to June – a 43-year low – and remaining there.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Index-tracking risk - the performance of the sub-fund will depend on the performance of the relevant index and the success of the sub-fund in tracking that index.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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 reduce costs and/or the overall risk of the sub-fund (i.e. 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 a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	157.62	140.67	121.37
Return before operating charges*	8.88	17.78	20.00
Operating charges**	(0.89)	(0.83)	(0.70)
Return after operating charges*	7.99	16.95	19.30
Distributions	(5.26)	(4.96)	(4.42)
Retained distributions	5.26	4.96	4.42
Closing net asset value per unit	165.61	157.62	140.67
* after direct transaction costs of***	0.03	0.03	0.04
Performance			
Return after charges	5.07%	12.05%	15.90%
Other information			
Closing net asset value (£)	25,814,983	168,860,714	169,139,232
Closing number of units	15,588,273	107,134,646	120,236,935
Operating charges****	0.55%	0.55%	0.55%
Direct transaction costs***	0.02%	0.02%	0.03%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	171.6	159.6	142.2
Lowest unit price	150.5	137.6	112.6
Accumulation 'R'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	156.02	139.11	119.92
Return before operating charges*	8.99	17.59	19.76
Operating charges**	(0.72)	(0.68)	(0.57)
Return after operating charges*	8.27	16.91	19.19
Distributions	(5.39)	(5.06)	(4.50)
Retained distributions	5.39	5.06	4.50
Closing net asset value per unit	164.29	156.02	139.11
* after direct transaction costs of***	0.03	0.03	0.04
Performance			
Return after charges	5.30%	12.16%	16.00%
Other information			
Closing net asset value (£)	1,851,125	2,853,566	2,165,603
Closing number of units	1,126,727	1,828,939	1,556,702
Operating charges****	0.45%	0.45%	0.45%
Direct transaction costs***	0.02%	0.02%	0.03%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	170.2	157.9	140.6
Lowest unit price	149.3	136.1	111.3

Comparative Tables (continued)

Accumulation 'U2'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	126.83	112.92	97.19
Return before operating charges*	7.32	14.28	16.04
Operating charges**	(0.39)	(0.37)	(0.31)
Return after operating charges*	6.93	13.91	15.73
Distributions	(4.58)	(4.29)	(3.80)
Retained distributions	4.58	4.29	3.80
Closing net asset value per unit	133.76	126.83	112.92
* after direct transaction costs of***	0.02	0.03	0.03
Performance			
Return after charges	5.46%	12.32%	16.18%
Other information			
Closing net asset value (£)	193,711,530	45,140,099	37,502,996
Closing number of units	144,820,755	35,591,403	33,211,000
Operating charges****	0.30%	0.30%	0.30%
Direct transaction costs***	0.02%	0.02%	0.03%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	138.5	128.3	114.2
Lowest unit price	121.4	110.5	90.24

** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors UK Equity Index Fund*	8.40%	5.83%	36.79%	39.32%
FTSE All Share (benchmark)	8.31%	5.87%	38.45%	43.50%
IA UK All Companies (sector average)	7.79%	5.64%	34.49%	45.91%
Quartile ranking	2	2	2	3

* Accumulation 'R' units

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

Asset allocation

United Kingdom Equities	78.89%	Electronic & Electrical Equipment	0.49%
Europe Equities	13.87%	Industrial Transportation	0.38%
North America Equities	2.33%	Real Estate Investment & Services	0.36%
Asia Pacific (excluding Japan) Equities	1.42%	Oil Equipment, Services & Distribution	0.32%
Middle East Equities	0.29%	Forestry & Paper	0.31%
Africa Equities	0.23%	Leisure Goods	0.05%
South America Equities	0.13%	Technology Hardware & Equipment	0.04%
Derivatives	0.05%	Automobiles & Parts	0.02%

Net other assets 2.79%

Total	100.00%	Overseas:	
		Netherlands	8.80%
		Switzerland	2.50%
		United States	2.00%

Portfolio allocation

United Kingdom:

Banks	9.75%	Australia	1.38%
Pharmaceuticals & Biotechnology	6.36%	Germany	0.28%
Oil & Gas Producers	4.91%	South Africa	0.23%
Equity Investment Instruments	4.59%	Russia	0.19%
Tobacco	4.33%	Bermuda	0.18%
Media	3.94%	Luxembourg	0.16%
Support Services	3.79%	United Arab Emirates	0.13%
Life Insurance	3.66%	Chile	0.11%
Travel & Leisure	3.65%	Jordan	0.11%
Household Goods & Home Construction	3.15%	Georgia	0.07%
Financial Services	2.88%	Mexico	0.06%
Mining	2.76%	Canada	0.05%
Beverages	2.76%	Israel	0.05%
Personal Goods	2.27%	Austria	0.04%
Aerospace & Defence	1.95%	Cayman Islands	0.04%
Real Estate Investment Trusts	1.94%	Gibraltar	0.02%
Gas, Water & Multiutilities	1.88%	Singapore	0.02%
Mobile Telecommunications	1.86%	Peru	0.02%
Food & Drug Retailers	1.57%	Malaysia	0.02%
General Retailers	1.50%		
Nonlife Insurance	0.93%	Derivatives	0.05%
Fixed Line Telecommunications	0.84%		
Software & Computer Services	0.82%	Net other assets	2.79%
Chemicals	0.81%		
Industrial Engineering	0.76%	Total	100.00%
Construction & Materials	0.73%		
General Industrials	0.72%		
Health Care Equipment & Services	0.67%		
Food Producers	0.60%		
Electricity	0.54%		

Major holdings	Percentage of portfolio
HSBC (UK Listing)	5.39%
Royal Dutch Shell 'A' (GBP Listing)	4.80%
BP	4.62%
Royal Dutch Shell 'B'	3.99%
British American Tobacco	3.30%
AstraZeneca (UK Listing)	3.02%
GlaxoSmithKline	3.00%
Diageo	2.63%
Unilever	1.88%
Prudential	1.82%
Number of holdings	633

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 78.94% (30 September 2017 81.33%)		
	United Kingdom Equities 78.89% (30 September 2017 81.32%)		
	Aerospace & Defence 1.95% (30 September 2017 1.93%)		
2,496	Avon Rubber	32	0.01
282,313	BAE Systems	1,774	0.80
24,052	Chemring	52	0.02
214,800	Cobham	252	0.11
68,332	Meggitt	389	0.18
50,215	QinetiQ	144	0.07
146,804	Rolls-Royce	1,460	0.66
34,136	Senior	107	0.05
6,312	Ultra Electronics	101	0.05
		4,311	1.95
	Automobiles & Parts 0.02% (30 September 2017 0.25%)		
15,384	TI Fluid Systems	38	0.02
		38	0.02
	Banks 9.75% (30 September 2017 10.95%)		
1,508,495	Barclays	2,599	1.17
12,672	Close Brothers	201	0.09
76,709	CYBG	248	0.11
1,777,638	HSBC (UK Listing)	11,921	5.39
6,351,408	Lloyds Banking	3,771	1.70
7,985	Metro Bank	234	0.11
402,857	Royal Bank of Scotland	997	0.45
239,193	Standard Chartered (UK Listing)	1,517	0.69
22,704	Virgin Money	87	0.04
		21,575	9.75
	Beverages 2.76% (30 September 2017 2.64%)		
8,137	A.G. BARR	59	0.03
23,812	Britvic	188	0.08
213,629	Diageo	5,828	2.63
19,186	Stock Spirits	38	0.02
		6,113	2.76
	Chemicals 0.81% (30 September 2017 0.69%)		
11,238	Croda International	580	0.26
37,942	Elementis	101	0.04
16,799	Johnson Matthey	594	0.27
394,182	Sirius Minerals	111	0.05
23,673	Synthomer	128	0.06
4,921	Trealt	24	0.01
7,356	Victrex	245	0.11
3,453	Zotefoams	18	0.01
		1,801	0.81
	Construction & Materials 0.73% (30 September 2017 0.51%)		
59,190	Balfour Beatty	163	0.07
6,941	Costain	29	0.01
14,141	Forterra	37	0.02
9,722	Henry Boot	28	0.01
32,526	Ibstock	76	0.03

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Construction & Materials (continued)		
6,088	Keller	62	0.03
8,496	Kier	78	0.04
18,305	Marshalls	76	0.03
419,790	Melrose Industries	848	0.38
3,831	Morgan Sindall	52	0.02
8,043	Norcros	17	0.01
16,388	Polypipe	58	0.03
16,024	Tyman	57	0.03
18,798	Volution	36	0.02
		1,617	0.73
	Electricity 0.54% (30 September 2017 0.63%)		
15,110	ContourGlobal	31	0.01
36,659	Drax	142	0.07
89,391	SSE	1,027	0.46
		1,200	0.54
	Electronic & Electrical Equipment 0.49% (30 September 2017 0.47%)		
2,917	Dialight	13	0.01
5,129	DiscoverIE	19	0.01
33,683	Halma	488	0.22
26,655	Morgan Advanced Materials	89	0.04
4,752	Oxford Instruments	47	0.02
2,847	Renishaw	133	0.06
10,547	Spectris	249	0.11
13,643	TT electronics	35	0.02
7,225	Xaar	12	-
		1,085	0.49
	Equity Investment Instruments 4.59% (30 September 2017 4.21%)		
48,366	3i Infrastructure	118	0.05
19,891	Aberdeen Asian Income Fund	40	0.02
2,544	Aberdeen Asian Smaller Companies Investment Trust	26	0.01
31,024	Aberdeen Diversified Income and Growth Trust	38	0.02
9,600	Aberdeen New Dawn Investment Trust	21	0.01
4,741	Aberdeen New India Investment Trust	20	0.01
16,304	Aberdeen Standard European Logistics Income	18	0.01
8,806	Aberforth Smaller Companies Trust	117	0.05
29,715	Alliance Trust	229	0.10
3,343	Allianz Technology Trust	53	0.02
27,898	Apax Global Alpha	38	0.02
2,851	Artemis Alpha Trust	9	-
6,910	Baillie Gifford Japan Trust	59	0.03
17,440	Baillie Gifford Shin Nippon	36	0.02
10,682	Baillie Gifford UK Growth Fund	19	0.01
17,365	Baillie Gifford US Growth Trust	23	0.01
11,038	Bankers Investment Trust	99	0.04
18,634	BB Healthcare Trust	27	0.01
1,324	BH Global	20	0.01
1,373	BH Macro	30	0.01
5,706	Biotech Growth Trust	47	0.02
13,828	BlackRock Frontiers Investment Trust	19	0.01
7,490	BlackRock Greater Europe Investment Trust	27	0.01

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Equity Investment Instruments (continued)		
3,118	BlackRock Latin American Investment Trust	13	0.01
26,048	BlackRock New Energy Investment Trust*	-	-
9,844	BlackRock North American Income Trust	17	0.01
3,941	BlackRock Smaller Companies Trust	57	0.03
7,359	BlackRock Throgmorton Trust	41	0.02
18,781	BlackRock World Mining Trust	68	0.03
26,573	Bluefield Solar Income Fund	32	0.01
10,519	British Empire Trust	80	0.04
2,544	Brunner Investment Trust	20	0.01
3,050	Caledonia Investments	85	0.04
190	Capital Gearing Trust	8	-
7,826	City Merchants High Yield Trust	15	0.01
28,647	City of London Investment Trust	121	0.05
43,916	CQS New City High Yield Fund	27	0.01
29,462	CVC Credit Partners European Opportunities	34	0.02
9,820	Dexion Absolute*	-	-
29,055	Diverse Income Trust	30	0.01
14,126	Dunedin Income Growth Investment Trust	36	0.02
2,249	Dunedin Smaller Companies Investment Trust	7	-
15,302	Ecofin Global Utilities and Infrastructure Trust	19	0.01
19,959	Edinburgh Dragon Trust	72	0.03
17,975	Edinburgh Investment Trust	121	0.05
5,711	Edinburgh Worldwide Investment Trust	56	0.03
2,540	Electra Private Equity	22	0.01
11,295	Electric and General Investment Trust*	-	-
4,172	EP Global Opportunities Trust	13	0.01
4,940	European Investment Trust	44	0.02
8,635	F&C Capital & Income Investment Trust	28	0.01
5,387	F&C Global Smaller Companies	79	0.04
7,739	F&C Private Equity Trust	27	0.01
4,686	Fidelity Asian Values	19	0.01
30,906	Fidelity China Special Situations	66	0.03
40,110	Fidelity European Values	93	0.04
11,989	Fidelity Japan Trust	20	0.01
17,375	Fidelity Special Values	48	0.02
14,422	Finsbury Growth & Income Trust	118	0.05
46,306	Foreign & Colonial Investment Trust	334	0.15
29,633	Foresight Solar Fund	33	0.01
19,403	Funding Circle SME Income Fund	20	0.01
2,683	Fundsmith Emerging Equities Trust	32	0.01
21,262	GCP Asset Backed Income Fund	23	0.01
72,328	GCP Infrastructure Investments	90	0.04
12,514	Genesis Emerging Markets Fund	83	0.04
86,076	Greencoat UK Wind	111	0.05
1,045	Hansa Trust	11	0.01
7,588	HarbourVest Global Private Equity	109	0.05
2,423	Henderson Alternative Strategies Trust	7	-
21,809	Henderson Diversified Income Trust	18	0.01
1,459	Henderson European Focus Trust	18	0.01
2,773	Henderson EuroTrust	31	0.01
10,831	Henderson Far East Income	39	0.02
14,285	Henderson High Income Trust	25	0.01
16,737	Henderson International Income Trust	28	0.01

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Equity Investment Instruments (continued)		
7,832	Henderson Smaller Companies Investment Trust	72	0.03
5,974	Herald Investment Trust	79	0.04
2,831	HgCapital Trust	56	0.03
156,688	HICL Infrastructure	239	0.11
12,513	Highbridge Multi-Strategy Fund	28	0.01
6,916	ICG Enterprise Trust	59	0.03
10,130	ICG-Longbow Senior Secured UK Property Debt Investments	11	-
15,575	Impax Environmental Markets	44	0.02
2,754	Independent Investment Trust	18	0.01
4,614	International Biotechnology Trust	31	0.01
124,119	International Public Partnerships	188	0.08
6,927	Invesco Asia Trust	19	0.01
7,620	Invesco Income Growth Trust	21	0.01
5,353	Invesco Perpetual UK Smaller Companies Investment Trust	28	0.01
31,615	John Laing Environmental Assets	33	0.01
85,040	John Laing Infrastructure Fund	121	0.05
19,003	JPMorgan American Investment Trust	89	0.04
10,980	JPMorgan Asian Investment Trust	37	0.02
9,349	JPMorgan Chinese Investment Trust	24	0.01
4,348	JPMorgan Claverhouse Investment Trust	33	0.01
10,654	JPMorgan Emerging Markets Investment Trust	91	0.04
8,000	JPMorgan European Investment Trust - Growth shares	23	0.01
3,263	JPMorgan European Investment Trust - Income shares	5	-
14,920	JPMorgan European Smaller Companies Trust	60	0.03
24,058	JPMorgan Global Convertibles Income Fund	22	0.01
23,872	JPMorgan Global Emerging Markets Income Trust	29	0.01
11,138	JPMorgan Indian Investment Trust	70	0.03
4,760	JPMorgan Japan Smaller Companies Trust	21	0.01
12,999	JPMorgan Japanese Investment Trust	60	0.03
1,901	JPMorgan Mid Cap Investment Trust	22	0.01
9,800	JPMorgan Overseas Investment Trust	32	0.01
4,946	JPMorgan Russian Securities	25	0.01
2,449	JPMorgan Smaller Companies Investment Trust	29	0.01
5,539	JPMorgan US Smaller Companies Investment Trust	19	0.01
9,303	Jupiter European Opportunities Trust	80	0.04
2,140	Jupiter US Smaller Companies	23	0.01
1,533	Keystone Investment Trust	26	0.01
10,424	Law Debenture	64	0.03
16	Lindsell Train Investment Trust	19	0.01
2,487	Lowland Investment Company	37	0.02
6,312	Majedie Investments	17	0.01
3,831	Martin Currie Asia Unconstrained Trust	14	0.01
10,269	Martin Currie Global Portfolio Trust	27	0.01
77,160	Mercantile Investment Trust	163	0.07
10,169	Merchants Trust	51	0.02
3,355	Mid Wynd International Investment Trust	18	0.01
7,204	Middlefield Canadian Income	7	-
17,903	Monks Investment Trust	150	0.07
2,060	Montanaro European Smaller Companies Trust	20	0.01
12,205	Montanaro UK Smaller Companies Investment Trust	15	0.01
6,582	Murray Income Trust	50	0.02
11,796	Murray International Trust	134	0.06
85,450	NB Global Floating Rate Income Fund	79	0.04

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Equity Investment Instruments (continued)		
4,687	NB Private Equity Partners	53	0.02
41,374	NextEnergy Solar Fund	46	0.02
2,225	North American Income Trust	31	0.01
1,027	North Atlantic Smaller Companies Investment Trust	31	0.01
7,843	P2P Global Investments	61	0.03
13,458	Pacific Assets Trust	36	0.02
4,039	Pacific Horizon Investment Trust	13	0.01
4,785	Pantheon International	103	0.05
23,465	Perpetual Income and Growth Investment Trust	82	0.04
18,660	Pershing Square Holdings	217	0.10
185	Personal Assets Trust	74	0.03
14,462	Polar Capital Global Financials Trust	20	0.01
7,274	Polar Capital Global Healthcare Trust	16	0.01
12,202	Polar Capital Technology Trust	162	0.07
4,633	Princess Private Equity	42	0.02
88,579	Renewables Infrastructure	100	0.05
11,594	RIT Capital Partners	237	0.11
5,132	Riverstone Energy	66	0.03
16,431	Ruffer Investment Company	38	0.02
6,404	Schroder Asian Total Return Investment Trust	22	0.01
16,397	Schroder AsiaPacific Fund	71	0.03
8,010	Schroder Income Growth Fund	23	0.01
13,005	Schroder Japan Growth Fund	28	0.01
18,746	Schroder Oriental Income Fund	47	0.02
3,802	Schroder UK Mid Cap Fund	20	0.01
11,497	Scottish American Investment	44	0.02
7,477	Scottish Investment Trust	65	0.03
123,436	Scottish Mortgage Investment Trust	666	0.30
3,297	Scottish Oriental Smaller Companies Trust	31	0.01
8,641	Securities Trust of Scotland	15	0.01
72,583	Sequoia Economic Infrastructure Income Fund	80	0.04
13,196	Sequoia Economic Infrastructure Income Fund (Rights)	1	-
23,769	SQN Asset Finance Income Fund	23	0.01
3,168	Standard Life Equity Income Trust	15	0.01
4,921	Standard Life Private Equity Trust	17	0.01
4,848	Standard Life UK Smaller Companies Trust	25	0.01
23,004	Starwood European Real Estate Finance	25	0.01
5,933	Strategic Equity Capital	13	0.01
32,154	Syncona	91	0.04
6,099	Temple Bar Investment Trust	77	0.03
25,236	Templeton Emerging Markets Investment Trust	179	0.08
4,921	TR European Growth Trust	49	0.02
30,864	TR Property Investment Trust	126	0.06
22,586	Troy Income & Growth Trust	17	0.01
30,313	TwentyFour Income Fund	36	0.02
17,783	TwentyFour Select Monthly Income Fund	17	0.01
20,869	Utilico Emerging Markets Trust	41	0.02
2,935	Value and Income Trust	8	-
16,552	VinaCapital Vietnam Opportunity Fund	57	0.03
15,981	Witan Investment Trust	176	0.08
8,868	Witan Pacific Investment Trust	28	0.01
73,868	Woodford Patient Capital Trust	64	0.03
4,577	Worldwide Healthcare Trust	132	0.06
		10,170	4.59

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
Financial Services 2.88% (30 September 2017 2.66%)			
83,767	3i	792	0.36
21,982	Allied Minds	17	0.01
15,713	Arrow Global	37	0.02
36,951	Ashmore	133	0.06
23,966	Brewin Dolphin	82	0.04
13,610	Charter Court Financial Services	46	0.02
2,544	City of London Investment	10	-
10,712	CMC Markets	15	0.01
23,141	Hargreaves Lansdown	513	0.23
32,229	IG	205	0.09
14,442	IntegraFin	51	0.02
24,924	Intermediate Capital	269	0.12
23,491	International Personal Finance	54	0.02
80,887	IP	103	0.05
1	Janus Henderson*	-	-
45,066	John Laing	140	0.06
5,352	JTC	21	0.01
36,746	Jupiter Fund Management	148	0.07
4,246	Liontrust Asset Management	27	0.01
27,580	London Stock Exchange	1,264	0.57
144,446	Man	251	0.11
27,078	NEX	270	0.12
20,979	OneSavings Bank	85	0.04
24,061	Paragon Banking	114	0.05
23,744	Provident Financial	143	0.06
154,219	Quilter	210	0.10
4,551	Rathbone Brothers	110	0.05
12,192	Real Estate Credit Investments	21	0.01
130	S&U	3	-
9,584	Schroders	293	0.13
256,323	Standard Life Aberdeen	785	0.36
48,700	TP ICAP	131	0.06
28,946	VPC Specialty Lending Investments Fund	23	0.01
12,024	XPS Pensions	20	0.01
		6,386	2.88
Fixed Line Telecommunications 0.84% (30 September 2017 1.08%)			
737,840	BT	1,674	0.76
46,496	Kcom	44	0.02
62,578	TalkTalk Telecom	77	0.03
6,270	Telecom Plus	67	0.03
		1,862	0.84
Food & Drug Retailers 1.57% (30 September 2017 1.25%)			
8,310	Greggs	88	0.04
144,875	J Sainsbury	467	0.21
9,886	McColl's Retail	14	0.01
39,912	Ocado	363	0.16
854,792	Tesco	2,052	0.93
193,299	WM Morrison Supermarkets	500	0.22
		3,484	1.57

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Food Producers 0.60% (30 September 2017 0.73%)		
30,824	Associated British Foods	705	0.32
12,633	Bakkavor	21	0.01
5,630	Carr's	8	-
4,295	Cranswick	145	0.07
11,844	Dairy Crest	54	0.02
13,822	Devro	29	0.01
5,558	Hilton Food	54	0.02
83,778	Premier Foods	36	0.02
41,459	Tate & Lyle	286	0.13
		1,338	0.60
	Forestry & Paper 0.31% (30 September 2017 0.31%)		
32,610	Mondi	683	0.31
		683	0.31
	Gas, Water & Multiutilities 1.88% (30 September 2017 2.33%)		
498,140	Centrica	771	0.35
296,697	National Grid	2,327	1.05
37,272	Pennon	260	0.12
21,237	Severn Trent	390	0.18
59,094	United Utilities	409	0.18
		4,157	1.88
	General Industrials 0.72% (30 September 2017 0.72%)		
119,457	Coats	99	0.04
111,447	DS Smith	527	0.24
31,863	Low & Bonar	13	0.01
16,855	Macfarlane	17	0.01
36,625	RPC (UK Listing)	293	0.13
35,343	Smiths	532	0.24
18,731	Vesuvius	119	0.05
		1,600	0.72
	General Retailers 1.50% (30 September 2017 1.79%)		
17,909	AO World	25	0.01
29,919	Card Factory	59	0.03
19,677	Carpetright	4	-
111,181	Debenhams	11	0.01
14,017	DFS Furniture	30	0.01
4,228	Dignity	43	0.02
90,875	Dixons Carphone	155	0.07
8,197	Dunelm	45	0.02
9,277	Findel	26	0.01
18,117	Halfords	57	0.03
35,699	Inchcape	239	0.11
33,985	JD Sports Fashion	157	0.07
50,645	Just Eat	342	0.15
187,804	Kingfisher	494	0.22
29,181	Lookers	31	0.01
140,477	Marks & Spencer	404	0.18
13,397	N Brown	18	0.01
11,867	Next	641	0.29

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	General Retailers (continued)		
153,721	Pendragon	41	0.02
32,905	Pets at Home	40	0.02
104,837	Saga	137	0.06
18,525	Sports Direct	64	0.03
18,411	Topps Tiles	12	0.01
31,668	Vivo Energy	40	0.02
9,664	WH Smith	199	0.09
		3,314	1.50
	Health Care Equipment & Services 0.67% (30 September 2017 0.69%)		
7,929	Cambian	16	0.01
4,727	Consort Medical	53	0.02
127,397	ConvaTec	298	0.13
77,108	Smith & Nephew	1,081	0.49
27,245	Spire Healthcare	39	0.02
		1,487	0.67
	Household Goods & Home Construction 3.15% (30 September 2017 3.32%)		
90,066	Barratt Developments	507	0.23
11,031	Bellway	333	0.15
10,855	Berkeley	401	0.18
11,974	Bovis Homes	129	0.06
36,446	Countryside Properties	125	0.06
23,324	Crest Nicholson	82	0.04
9,874	Galliford Try	100	0.05
9,725	Headlam	46	0.02
19,054	McBride	27	0.01
50,460	McCarthy & Stone	69	0.03
3,596	MJ Gleeson	27	0.01
27,460	Persimmon	651	0.29
55,365	Reckitt Benckiser	3,863	1.74
21,108	Redrow	124	0.06
281,275	Taylor Wimpey	483	0.22
		6,967	3.15
	Industrial Engineering 0.76% (30 September 2017 0.74%)		
15,704	Bodycote	142	0.06
6,504	Hill & Smith	64	0.03
22,797	IMI	249	0.11
3,805	Porvair	18	0.01
78,230	Rotork	259	0.12
12,607	Severfield	10	-
6,585	Spirax-Sarco Engineering	481	0.22
12,402	Trifast	28	0.01
4,358	Vitec Group	62	0.03
20,968	Weir	369	0.17
		1,682	0.76

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Industrial Transportation 0.38% (30 September 2017 0.37%)		
88,758	BBA Aviation	263	0.12
2,208	Clarkson	59	0.02
3,556	James Fisher & Sons	67	0.03
78,670	Royal Mail	372	0.17
27,274	Stobart	67	0.03
7,977	Wincanton	18	0.01
		846	0.38
	Leisure Goods 0.05% (30 September 2017 0.03%)		
2,639	Games Workshop	99	0.04
16,699	Photo-Me International	21	0.01
		120	0.05
	Life Insurance 3.66% (30 September 2017 4.20%)		
350,180	Aviva	1,706	0.77
14,063	Chesnara	51	0.02
76,282	Just Group	66	0.03
525,363	Legal & General	1,368	0.62
51,758	Phoenix	350	0.16
229,207	Prudential	4,041	1.82
46,583	St James's Place	529	0.24
		8,111	3.66
	Media 3.94% (30 September 2017 3.18%)		
2,039	4imprint	40	0.02
37,185	Ascential	156	0.07
80,333	Auto Trader	362	0.16
4,499	Bloomsbury Publishing	10	-
4,656	Euromoney Institutional Investor	63	0.03
29,158	Gocompare.com	29	0.01
32,014	Huntsworth	36	0.02
109,184	Informa	827	0.37
60,013	ITE	45	0.02
332,911	ITV	521	0.23
46,767	Moneysupermarket.com	131	0.06
67,942	Pearson	611	0.28
22,156	Reach	14	0.01
167,855	RELX (UK Listing)	2,685	1.21
80,120	Rightmove	380	0.17
91,809	Sky	1,586	0.72
3,570	STV	14	0.01
108,996	WPP	1,221	0.55
		8,731	3.94
	Mining 2.76% (30 September 2017 2.75%)		
12,872	Acacia Mining	16	0.01
87,667	Anglo American	1,507	0.68
96,727	Centamin	100	0.04
8,881	Gem Diamonds	10	-
19,507	KAZ Minerals	105	0.05
8,266	Randgold Resources	442	0.20
101,875	Rio Tinto (UK Listing)	3,937	1.78
		6,117	2.76

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Mobile Telecommunications 1.86% (30 September 2017 2.41%)		
40,672	Inmarsat	204	0.09
2,361,307	Vodafone	3,905	1.77
		4,109	1.86
	Nonlife Insurance 0.93% (30 September 2017 0.94%)		
18,078	Admiral	371	0.17
46,454	Beazley	266	0.12
119,201	Direct Line Insurance	385	0.17
29,158	esure	81	0.04
22,983	Hastings	59	0.02
11,777	Jardine Lloyd Thompson	223	0.10
18,722	Lancashire	114	0.05
91,002	RSA Insurance	531	0.24
14,061	Sabre Insurance	37	0.02
		2,067	0.93
	Oil & Gas Producers 4.91% (30 September 2017 4.02%)		
1,727,739	BP	10,223	4.62
52,150	Cairn Energy	119	0.05
7,085	Energean Oil & Gas	42	0.02
95,463	EnQuest	39	0.02
60,619	Ophir Energy	23	0.01
65,613	Premier Oil	89	0.04
19,966	Soco International	18	0.01
123,038	Tullow Oil	318	0.14
		10,871	4.91
	Oil Equipment, Services & Distribution 0.32% (30 September 2017 0.27%)		
11,888	Hunting	94	0.04
59,700	John Wood	458	0.21
24,214	Petrofac	158	0.07
		710	0.32
	Personal Goods 2.27% (30 September 2017 2.52%)		
36,742	Burberry	740	0.33
15,576	PZ Cussons	37	0.02
4,577	Superdry	50	0.02
2,291	Ted Baker	53	0.02
98,451	Unilever	4,151	1.88
		5,031	2.27
	Pharmaceuticals & Biotechnology 6.36% (30 September 2017 5.95%)		
112,110	AstraZeneca (UK Listing)	6,694	3.02
34,391	BTG	191	0.09
16,061	Circassia Pharmaceuticals	12	0.01
8,762	Dechra Pharmaceuticals	191	0.09
5,506	Genus	131	0.06
431,069	GlaxoSmithKline	6,653	3.00
61,785	Indivior	113	0.05
4,722	Oxford Biomedica	43	0.02
66,379	Vectura	53	0.02
		14,081	6.36

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Real Estate Investment & Services 0.36% (30 September 2017 0.40%)		
67,539	Capital & Counties Properties	179	0.08
17,980	CLS	40	0.02
32,144	Countrywide	4	-
382	Daejan	22	0.01
49,314	F&C Commercial Property Trust	69	0.03
24,798	Foxtons	13	0.01
38,654	Grainger	116	0.05
9,111	Helical Bar	30	0.01
6,246	LSL Property Services	17	0.01
3,303	Macau Property Opportunities Fund	6	-
4,985	Palace Capital	15	0.01
6,316	Phoenix Spree Deutschland	23	0.01
59,839	Picton Property Income	53	0.02
26,327	Raven Property	10	0.01
12,976	Savills	100	0.05
17,490	ST Modwen Properties	67	0.03
10,198	U & I	23	0.01
		787	0.36
	Real Estate Investment Trusts 1.94% (30 September 2017 1.99%)		
194,945	Assura	105	0.05
14,017	Big Yellow	129	0.06
85,233	British Land	525	0.24
52,041	Capital & Regional	22	0.01
20,640	Civitas Social Housing	23	0.01
33,179	Custodian REIT	40	0.02
8,991	Derwent London	256	0.12
19,696	Edison Property Investment	21	0.01
45,403	Empiric Student Property	44	0.02
21,470	F&C UK Real Estate Investment	20	0.01
31,851	GCP Student Living	47	0.02
23,321	Great Portland Estates	157	0.07
71,139	Hammerson	328	0.15
34,350	Hansteen	33	0.01
79,048	Intu Properties	123	0.06
63,615	Land Securities	563	0.25
52,997	Londonmetric Property	94	0.04
19,803	LXI REIT	23	0.01
4,471	LXI REIT (placing)	-	-
34,309	Medicx Fund	28	0.01
23,809	NewRiver REIT	62	0.03
65,764	Primary Health Properties PHP LN	75	0.03
103,097	RDI REIT	34	0.01
23,353	Regional REIT	23	0.01
16,734	Safestore	88	0.04
57,864	Schroder Real Estate Investment Trust	34	0.01
89,535	Segro	569	0.26
20,341	Shaftesbury	183	0.08
37,835	Standard Life Investment Property Income Trust	34	0.01
18,880	Target Healthcare REIT	21	0.01
5,628	Town Centre Securities	15	0.01
20,173	Triple Point Social Housing REIT	21	0.01
6,724	Triple Point Social Housing REIT (Sub Shares claims Purps)	-	-

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Real Estate Investment Trusts (continued)		
131,812	Tritax Big Box REIT	194	0.09
65,414	UK Commercial Property REIT	57	0.03
23,221	Unite	204	0.09
11,220	Workspace	110	0.05
		4,305	1.94
	Software & Computer Services 0.82% (30 September 2017 1.06%)		
8,900	Alfa Financial Software	13	0.01
14,814	Avast	43	0.02
5,318	AVEVA	156	0.07
6,043	Computacenter	77	0.03
7,798	FDM	77	0.03
7,963	Kainos	33	0.01
38,103	Micro Focus International	538	0.24
5,356	Microgen	22	0.01
24,459	NCC	49	0.02
96,422	Sage	566	0.26
7,677	SDL	36	0.02
9,832	Softcat	78	0.04
27,429	Sophos	133	0.06
		1,821	0.82
	Support Services 3.79% (30 September 2017 4.15%)		
55,770	AA	54	0.02
21,312	Aggreko	183	0.08
43,034	Ashtead	1,053	0.48
43,375	Babcock International	314	0.14
63,811	BCA Marketplace	128	0.06
16,644	Biffa	42	0.02
29,829	Bunzl	719	0.33
144,802	Capita	204	0.09
41,873	Carillion*	-	-
3,354	Charles Taylor	9	-
6,079	Clipper Logistics	18	0.01
27,422	Connect	9	-
9,202	De La Rue	45	0.02
10,368	Diploma	145	0.07
39,377	Electrocomponents	283	0.13
29,186	Equiniti	77	0.03
24,785	Essentra	100	0.05
81,143	Experian	1,603	0.72
137,596	G4S	333	0.15
121,028	Hays	247	0.11
23,643	HomeServe	244	0.11
50,560	Howden Joinery	239	0.11
14,108	Interserve	8	-
14,455	Intertek	725	0.33
6,162	John Menzies	34	0.02
9,273	Mears	34	0.02
33,808	Mitie	50	0.02
11,374	Northgate	47	0.02
25,676	Pagegroup	146	0.07
5,064	PayPoint	47	0.02

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Support Services (continued)		
48,295	Renewi	28	0.01
164,402	Rentokil Initial	522	0.24
4,433	Ricardo	37	0.02
4,931	Robert Walters	33	0.01
19,555	RPS	43	0.02
11,639	Sanne	73	0.03
106,892	Serco	108	0.05
51,780	SIG	65	0.03
49,742	Speedy Hire	32	0.01
10,728	SThree	40	0.02
22,539	Travis Perkins	243	0.11
1,693	VP	18	0.01
		8,382	3.79
	Technology Hardware & Equipment 0.04% (30 September 2017 0.07%)		
18,266	Nanoco	6	-
53,383	Spirent Communications	73	0.04
		79	0.04
	Tobacco 4.33% (30 September 2017 5.67%)		
201,889	British American Tobacco	7,307	3.30
83,996	Imperial Brands	2,267	1.03
		9,574	4.33
	Travel & Leisure 3.65% (30 September 2017 3.44%)		
88,160	Cineworld	276	0.12
139,928	Compass	2,386	1.08
45,594	Domino's Pizza (UK Listing)	128	0.06
21,318	easyJet	276	0.12
45,047	EI	75	0.03
110,549	Firstgroup	101	0.05
3,370	Fuller Smith & Turner	32	0.01
3,803	Go-Ahead	60	0.03
27,445	Greene King	135	0.06
48,542	GVC	456	0.21
152,224	GVC CVR*	-	-
10,437	Gym Group	33	0.01
12,233	Hollywood Bowl	28	0.01
16,796	InterContinental Hotels	801	0.36
144,870	International Consolidated Airlines (UK Listing)	956	0.43
5,470	J D Wetherspoon	71	0.03
5,330	JPJ	40	0.02
52,746	Marston's	53	0.02
64,375	Merlin Entertainments	256	0.12
11,019	Millennium & Copthorne Hotels	57	0.03
21,797	Mitchells & Butlers	57	0.03
38,191	National Express	149	0.07
9,799	On the Beach	48	0.02
25,101	Playtech	122	0.05
19,430	Rank	33	0.01
18,592	Restaurant	56	0.03
41,280	SSP	301	0.14
42,572	Stagecoach	66	0.03

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Travel & Leisure (continued)		
122,392	Thomas Cook	72	0.03
16,309	Whitbread	767	0.35
78,537	William Hill	199	0.09
		8,090	3.65
	United Kingdom Derivatives 0.05% (30 September 2017 0.01%)		
	Sterling Denominated Futures Contracts 0.05% (30 September 2017 0.01%)		
82	FTSE 100 Index Futures December 2018	115	0.05
9	FTSE 250 Index Futures December 2018	(3)	-
		112	0.05
	Overseas 18.14% (30 September 2017 16.77%)		
	Africa 0.23% (30 September 2017 0.27%)		
	South Africa Equities 0.23% (30 September 2017 0.27%)		
57,736	Investec	311	0.14
23,269	Lonmin	10	0.01
35,642	Mediclinic International	151	0.07
70,013	Petra Diamonds	27	0.01
		499	0.23
	Asia Pacific (excluding Japan) 1.42% (30 September 2017 1.20%)		
	Australia Equities 1.38% (30 September 2017 1.13%)		
183,923	BHP Billiton (UK Listing)	3,049	1.38
		3,049	1.38
	India Equities 0.00% (30 September 2017 0.03%)		
	Malaysia Equities 0.02% (30 September 2017 0.02%)		
8,938	PureCircle	34	0.02
		34	0.02
	Singapore Equities 0.02% (30 September 2017 0.02%)		
1,450	XP Power (UK Listing)	42	0.02
		42	0.02
	Europe 13.87% (30 September 2017 12.90%)		
	Austria Equities 0.04% (30 September 2017 0.00%)		
2,091	Rhi Magnesita	99	0.04
		99	0.04
	France Equities 0.00% (30 September 2017 0.05%)		
	Georgia Equities 0.07% (30 September 2017 0.07%)		
3,341	Bank of Georgia	57	0.03
3,341	Georgia Capital	37	0.02
3,058	TBC Bank	50	0.02
		144	0.07

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Germany Equities 0.28% (30 September 2017 0.25%)		
86,193	Sirius Real Estate	53	0.02
38,742	TUI	568	0.26
		621	0.28
	Gibraltar Equities 0.02% (30 September 2017 0.01%)		
22,646	888 Holdings	45	0.02
		45	0.02
	Ireland Equities 1.81% (30 September 2017 1.95%)		
74,511	CRH (UK Listing)	1,882	0.85
7,947	DCC	551	0.25
19,670	Grafton	148	0.07
57,111	Greencore	106	0.05
11,353	Hostelworld	25	0.01
8,114	Kenmare Resources	20	0.01
7,362	Paddy Power Belfair	488	0.22
21,095	Smurfit Kappa (UK Listing)	634	0.29
20,793	UDG Healthcare	142	0.06
		3,996	1.81
	Luxembourg Equities 0.16% (30 September 2017 0.14%)		
73,920	B&M European Value Retail	286	0.13
44,389	BBGI SICAV Fund	65	0.03
		351	0.16
	Netherlands Equities 8.80% (30 September 2017 7.73%)		
6,798	Nostrum Oil & Gas	17	0.01
406,935	Royal Dutch Shell 'A' (GBP Listing)	10,629	4.80
331,389	Royal Dutch Shell 'B'	8,833	3.99
		19,479	8.80
	Russia Equities 0.19% (30 September 2017 0.17%)		
47,715	Evraz	270	0.12
250,000	Petropavlovsk	16	0.01
23,486	Polymetal International	145	0.06
		431	0.19
	Switzerland Equities 2.50% (30 September 2017 2.53%)		
17,507	Coca-Cola HBC	458	0.21
20,858	Ferguson	1,356	0.61
19,767	Ferrexpo	39	0.02
1,032,850	Glencore	3,394	1.53
60,875	IWG	149	0.07
4,971	Wizz Air	142	0.06
		5,538	2.50
	Middle East 0.29% (30 September 2017 0.17%)		
	Israel Equities 0.05% (30 September 2017 0.00%)		
8,366	Plus500	112	0.05
		112	0.05
	Jordan Equities 0.11% (30 September 2017 0.07%)		
12,686	Hikma Pharmaceuticals	237	0.11
		237	0.11

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Arab Emirates Equities 0.13% (30 September 2017 0.10%)		
11,667	Gulf Marine Services	6	-
23,841	Lamprell	15	0.01
7,542	NMC Health	256	0.12
		277	0.13
	North America 2.33% (30 September 2017 2.07%)		
	Bermuda Equities 0.18% (30 September 2017 0.15%)		
24,818	Hiscox	407	0.18
		407	0.18
	Canada Equities 0.05% (30 September 2017 0.03%)		
28,264	Entertainment One	117	0.05
		117	0.05
	Cayman Islands Equities 0.04% (30 September 2017 0.04%)		
16,266	Vietnam Enterprise Investments	77	0.04
		77	0.04
	Mexico Equities 0.06% (30 September 2017 0.10%)		
15,366	Fresnillo	123	0.06
		123	0.06
	United States Equities 2.00% (30 September 2017 1.75%)		
15,187	Carnival	722	0.33
12,458	Puretech Health	20	0.01
79,292	Shire (UK Listing)	3,680	1.66
		4,422	2.00
	South America 0.13% (30 September 2017 0.16%)		
	Chile Equities 0.11% (30 September 2017 0.14%)		
29,638	Antofagasta	252	0.11
		252	0.11
	Peru Equities 0.02% (30 September 2017 0.02%)		
22,578	Hochschild Mining	36	0.02
		36	0.02
	Investment assets**	215,202	97.21
	Net other assets	6,176	2.79
	Total net assets	221,378	100.00

* Unlisted security

** Including investment liabilities.

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.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Notes	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital gains	2		4,410		17,771
Revenue	3	8,384		8,306	
Expenses	4	(766)		(1,069)	
Net revenue before taxation		7,618		7,237	
Taxation	5	(55)		(12)	
Net revenue after taxation			7,563		7,225
Total return before distributions			11,973		24,996
Distributions	6		(7,612)		(7,225)
Change in net assets attributable to unitholders from investment activities			4,361		17,771

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		216,854		208,808
Amounts received on issue of units	46,027		47,642	
Amounts paid on cancellation of units	(53,483)		(64,484)	
		(7,456)		(16,842)
Dilution adjustment		36		19
Change in net assets attributable to unitholders from investment activities		4,361		17,771
Retained distribution on accumulation units		7,583		7,098
Closing net assets attributable to unitholders		221,378		216,854

The notes on pages 206 to 214 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Notes	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		215,205	212,737
Current assets			
Debtors	7	2,299	2,071
Cash and bank balances	8	4,011	2,367
Total assets		221,515	217,175
Liabilities			
Investment liabilities		(3)	-
Creditors			
Bank overdrafts	9	-	(46)
Other creditors	10	(134)	(275)
Total liabilities		(137)	(321)
Net assets attributable to unitholders		221,378	216,854

The notes on pages 206 to 214 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors UK Equity Index Fund are included on pages 273 to 274.

2 Net capital gains

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The net capital gains on investments comprise:		
Gains on non-derivative securities	3,883	17,067
Gains on derivative contracts	531	694
Gains on currency contracts	7	21
Handling charges	(11)	(11)
Net capital gains	4,410	17,771

3 Revenue

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Bank interest	3	1
Non-taxable overseas dividends	612	470
Taxable distributions on Offshore Funds	1	1
UK dividends	7,625	7,720
UK REIT dividends	143	114
Total revenue	8,384	8,306

4 Expenses

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Fixed Ongoing Charge*	424	-
Manager's periodic charge**	246	777
Fixed expenses**	125	313
Fixed expense rebate*	(29)	(21)
Total expenses	766	1,069

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	55	12
Total current tax charge for the year	55	12
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year (see note 5(b))	55	12

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	7,618	7,237
Corporation tax at 20% (30 September 2017: 20%)	1,524	1,447
Effects of:		
Excess management expenses for which no relief taken	124	191
Revenue not subject to taxation – UK	(1,525)	(1,544)
Non-taxable overseas dividends	(123)	(94)
Overseas tax suffered	55	12
Total tax charge for the year (see note 5(a))	55	12

Authorised Unit Trusts are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £37,383,779 (30 September 2017: £36,765,203), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

6 Distributions

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Interim – Accumulation units (31 March)	3,231	3,108
Final – Accumulation units (30 September)	4,352	3,990
	7,583	7,098
Revenue deducted on cancellation of units	523	528
Revenue received on issue of units	(494)	(401)
Distributions	7,612	7,225
Reconciliation of distributions:		
Net revenue after taxation	7,563	7,225
Equalisation on conversion	49	-
Distributions	7,612	7,225

Details of the interim and final distributions per unit are set out in the tables on page 215.

7 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued revenue	390	412
Amounts receivable for issue of units	1,883	1,612
Overseas tax recoverable	26	6
Sales awaiting settlement	-	41
Total debtors	2,299	2,071

8 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Amounts held at futures clearing houses and brokers	155	199
Cash and bank balances	3,856	2,168
Total cash and bank balances	4,011	2,367

9 Bank overdrafts

	30.09.18 £'000	30.09.17 £'000
Cash and bank overdrafts	-	46
Total overdrafts	-	46

10 Other creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	127
Accrued expenses	55	49
Amounts payable for cancellation of units	79	99
Total other creditors	134	275

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

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 each 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 204. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 10. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 10.

Shares	Security Name	Market Value £'000	Gross Income Earned £'000
-	Old Mutual	-	15
154,219	Quilter	210	-

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets/(liabilities)		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	30.09.18 £'000	30.09.18 £'000	30.09.18 £'000	30.09.17 £'000	30.09.17 £'000	30.09.17 £'000
Euro	11	-	11	30	121	151
US Dollar	257	-	257	(27)	-	(27)
Total	268	-	268	3	121	124

* 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 30 September 2018 by £13,389 or 0.01% (30 September 2017: £6,178 or 0.00%). A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	-	-	11	11
Sterling	3,806	-	217,441	221,247
US Dollar	205	-	52	257
Total	4,011	-	217,504	221,515

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Euro	-	-	151	151
Sterling	2,367	-	214,638	217,005
US Dollar	-	-	19	19
Total	2,367	-	214,808	217,175

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(137)	(137)
Total	-	(137)	(137)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Sterling	-	(275)	(275)
US Dollar	(46)	-	(46)
Total	(46)	(275)	(321)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

e) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

Exposure Table 30.09.18	Credit default swaps exposure	Interest rate swaps exposure	Futures and options exposure	Forward foreign exchange contracts exposure	Collateral held
Counterparty	£'000	£'000	£'000	£'000	£'000
Barclays	-	-	112	-	-

Exposure Table 30.09.17	£'000	£'000	£'000	£'000	£'000
Counterparty					
Barclays	-	-	18	-	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

For futures contracts, variation margin in the form of cash is pledged by the counterparty to mitigate the credit risk arising from positive balances. Where the sub-fund is in a liability position, the sub-fund pledges variation margin in the form of cash.

f) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 £10,760,094 or 4.86% (30 September 2017: £10,636,859 or 4.91%).

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	215,205	(3)	212,720	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data*	-	-	17	-
Total	215,205	(3)	212,737	-

* This figure is made up of 6 securities valued at £Nil (2017: 4). The valuation technique applied has been reviewed by the Manager taking into account, where appropriate, latest dealing prices, broker statements, valuations from reliable sources, models using underlying investee financial performance information and other relevant factors.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

i) Global exposure

The Investment Adviser assesses the market risk of the Quilter Investors UK Equity Index Fund, 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 (30 September 2017: £Nil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

Collective Investment Schemes

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
8,638	2	0.02%	36	0.42%
541	-	0.02%	1	0.27%
466	-	-	-	-
9,645	2		37	
9,684				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
10,560	2	0.01%	45	0.42%
486	-	0.02%	-	0.07%
465	-	-	-	-
11,511	2		45	
11,558				

Analysis of total sale costs

30.09.18

Equities

Collective Investment Schemes

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
9,849	2	0.02%	-	-
360	-	0.03%	-	-
1,073	-	-	-	-
11,282	2		-	
11,280				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
11,801	2	0.02%	-	-
493	-	0.01%	-	-
4,958	-	-	-	-
17,252	2		-	
17,250				

Transaction costs as a percentage of average Net Assets*

Commissions:

Other costs:

30.09.18	30.09.17
0.00%	0.00%
0.02%	0.02%

* Includes commission on derivative transactions of £2,098 (30 September 2017: £2,321). There were no taxes on derivative transactions (30 September 2017: £Nil).

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 0.09% (30 September 2017: 0.09%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

15 Unitholders' funds

The sub-fund currently has three unit classes: Accumulation 'A', Accumulation 'R' and Accumulation 'U2'. The net asset value of each unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit class currently in issue and the Fixed Ongoing Charge of each unit class are shown below. The comparative figure at the 30 September 2017, was the Manager's periodic charge, which is now included within the Fixed Ongoing Charge.

	30.09.18	30.09.17
- Accumulation 'A'	0.55%	0.40%
- Accumulation 'R'	0.45%	0.30%
- Accumulation 'U2'	0.30%	0.20%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	107,134,646	1,264,446	(5,325,929)	(87,484,890)	15,588,273
- Accumulation 'R'	1,828,939	608,994	(1,311,206)	-	1,126,727
- Accumulation 'U2'	35,591,403	32,916,273	(32,425,940)	108,739,019	144,820,755

16 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2018
Group 2: Units purchased from 1 April 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Accumulation 'A' Units				
Group 1	3.0650	-	3.0650	2.8581
Group 2	2.4288	0.6362	3.0650	2.8581
Accumulation 'R' Units				
Group 1	3.1345	-	3.1345	2.9060
Group 2	1.7014	1.4331	3.1345	2.9060
Accumulation 'U2' Units				
Group 1	2.6510	-	2.6510	2.4554
Group 2	0.9712	1.6798	2.6510	2.4554

Interim distribution

Group 1: Units purchased prior to 1 October 2017
Group 2: Units purchased from 1 October 2017 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.18 pence per unit	Distribution paid 31.05.17 pence per unit
Accumulation 'A' Units				
Group 1	2.1967	-	2.1967	2.1053
Group 2	1.8893	0.3074	2.1967	2.1053
Accumulation 'R' Units				
Group 1	2.2528	-	2.2528	2.1550
Group 2	0.9657	1.2871	2.2528	2.1550
Accumulation 'U2' Units				
Group 1	1.9279	-	1.9279	1.8376
Group 2	1.0268	0.9011	1.9279	1.8376

* 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.

Quilter Investors UK Equity Large-Cap Income Fund

Launch date	27 March 2013
IA Sector	UK Equity Income
Investment adviser	Artemis Investment Management LLP
Net asset value	£221,618,523

Objective

The sub-fund aims to achieve a combination of income and capital growth.

Policy

The sub-fund primarily invests, directly or indirectly, in shares of UK companies. UK companies are those that are domiciled, incorporated or have a significant portion of their business in the UK, even if listed elsewhere.

The sub-fund invests a minimum of 60% of scheme property in large-cap companies.

The investment adviser typically has a preference to invest in shares of companies they believe likely to provide dividend payments. The sub-fund may at times be concentrated in terms of the number of investments it holds.

The sub-fund may also invest in other transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits and derivatives.

The sub-fund may only use derivatives for efficient portfolio management purposes.

The sub-fund is managed by an investment adviser selected by the Manager for their expected ability to manage the sub-fund according to the investment objective and policy. The Manager continuously monitors and may periodically make changes to this appointment.

Investment Manager's review

Market Review

In the context of the uncertainty of Brexit and Trump's trade wars, the rise in the UK market represented a resilient performance. This positive return had little to do with international investors abandoning their longstanding antipathy towards the politics of the UK. Instead, it owed more to our equity market being the home of oil and mining stocks, which performed well as commodity prices rose.

The heavy weighting of oil companies in the UK index means such periods of outperformance by them presents challenges to the sub-fund's relative performance. We continue to resist increasing the weighting in oil to match that of the market (14.2%) as at this level it would represent more than 20% of the fund's dividends.

Activity

On a stock level, the single largest negative for performance was the impact of potentially costly litigation on Bayer following its recent acquisition of Monsanto. A US court ordered Monsanto to pay \$289m in damages after a jury ruled that Roundup, a weedkiller, caused cancer. Even though we had sold around 60% of the holding in the months prior to this, the fall in value of our residual holding was sufficient to register. Indivior also fell. The roll out of its treatment for opioid addiction was slower than expected.

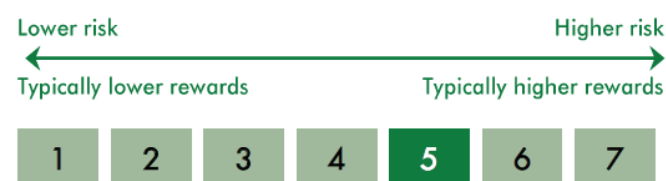
Among the positives, property company Segro demonstrated the value of its active approach. It has moved from its stagnating legacy business to a portfolio that is benefiting from the growing need for companies to provide 'last-mile' delivery to consumers. The portfolio's relative performance was also helped by bids for two of its holdings: Laird and NEX.

In addition to sales of Laird and NEX, we made significant sales of Bayer, IG Group and Melrose prior to each experiencing falls in their share prices so at these levels no further action is being contemplated. One purchase of note was ITV where we see the value of the audience it offers to advertisers as under-appreciated.

Outlook

The UK market faces the dual challenges of the domestic uncertainty of Brexit and the wider worries shared by global investors. These include trade wars and the Italian government adopting a fiscal stance tailor-made to provoke Brussels. In its favour is the fact that the UK has underperformed other global equity markets since the Brexit vote even as the corporate sector has continued to grow. So the UK market faces these uncertainties with a relatively low valuation and with most investors having decided that they can ignore it. Consensus is not hopeful of a Brexit settlement. So were there to be a Brino ('Brexit in name only') of sorts, the potential would be there for UK equities to recover.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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.

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.

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 may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 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 Records

Comparative Tables

Income 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	120.41	112.94	107.36
Return before operating charges*	5.99	13.99	11.79
Operating charges**	(1.97)	(1.82)	(1.69)
Return after operating charges*	4.02	12.17	10.10
Distributions	(4.88)	(4.70)	(4.52)
Retained distributions	-	-	-
Closing net asset value per unit	119.55	120.41	112.94
* after direct transaction costs of***	0.22	0.20	0.24
Performance			
Return after charges	3.34%	10.78%	9.41%
Other information			
Closing net asset value (£)	59,064,375	66,195,389	72,037,989
Closing number of units	49,404,018	54,975,540	63,785,959
Operating charges****	1.60%	1.54%	1.54%
Direct transaction costs***	0.18%	0.17%	0.21%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	129.8	125.5	118.2
Lowest unit price	116.4	110.2	100.1
Accumulation 'U2'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	129.54	115.89	104.90
Return before operating charges*	6.59	14.50	11.74
Operating charges**	(1.01)	(0.85)	(0.75)
Return after operating charges*	5.58	13.65	10.99
Distributions	(5.33)	(4.89)	(4.49)
Retained distributions	5.33	4.89	4.49
Closing net asset value per unit	135.12	129.54	115.89
* after direct transaction costs of***	0.24	0.21	0.23
Performance			
Return after charges	4.31%	11.78%	10.48%
Other information			
Closing net asset value (£)	162,427,634	122,864,822	126,698,844
Closing number of units	120,210,176	94,845,806	109,331,501
Operating charges****	0.75%	0.69%	0.69%
Direct transaction costs***	0.18%	0.17%	0.21%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	142.5	131.8	118.5
Lowest unit price	125.8	113.2	98.13

Comparative Tables (continued)

Income 'U2'	1 October 2017 to 30 September 2018	1 October 2016 to 30 September 2017	1 October 2015 to 30 September 2016
	p/unit	p/unit	p/unit
Change in net assets per unit			
Opening net asset value per unit	115.22	107.15	100.97
Return before operating charges*	5.75	13.34	11.17
Operating charges**	(0.89)	(0.78)	(0.72)
Return after operating charges*	4.86	12.56	10.45
Distributions	(4.69)	(4.49)	(4.27)
Retained distributions	-	-	-
Closing net asset value per unit	115.39	115.22	107.15
* after direct transaction costs of***	0.21	0.19	0.22
Performance			
Return after charges	4.22%	11.72%	10.35%
Other information			
Closing net asset value (£)	126,514	138,884	138,844
Closing number of units	109,643	120,537	129,582
Operating charges****	0.75%	0.69%	0.69%
Direct transaction costs***	0.18%	0.17%	0.21%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	124.8	119.9	112.1
Lowest unit price	111.9	104.7	94.47

** The operating charges include all costs borne by the sub-fund, except for direct transaction costs. Since the sub-fund invests less than 10% of net assets in underlying sub-funds there is no inclusion of a synthetic element for underlying sub-funds OCF.

*** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors UK Equity Large-Cap Income Fund*	5.11%	4.30%	28.60%	44.61%
FTSE All Share (benchmark)	8.31%	5.87%	38.45%	43.50%
IA UK Equity Income (sector average)	6.90%	3.47%	27.92%	43.89%
Quartile ranking	4	2	2	2

* Accumulation 'U2' units

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

Asset allocation

		Overseas:	
UK Equities	84.23%	Netherlands	6.85%
European Equities	12.99%	Germany	3.50%
Derivatives	0.05%	Sweden	1.28%
		Ireland	0.58%
Net other assets	2.73%	France	0.50%
		Spain	0.28%
Total	100.00%		
		Net other assets	2.73%

Portfolio allocation

			Percentage of portfolio
United Kingdom:		Major holdings	
Financial Services	8.56%	BP	5.35%
Media	8.46%	3i	4.37%
Life Insurance	7.70%	Royal Dutch Shell 'B'	4.02%
Banks	7.03%	GlaxoSmithKline	3.90%
Pharmaceuticals & Biotechnology	6.35%	Aviva	3.45%
Real Estate Investment Trusts	6.03%	Informa	3.28%
Oil & Gas Producers	5.35%	RELX (UK Listing)	3.07%
Mining	4.13%	Lloyds Banking	2.90%
Tobacco	4.01%	Rio Tinto (UK Listing)	2.83%
Mobile Telecommunications	3.57%	Segro	2.68%
Nonlife Insurance	3.54%		
Travel & Leisure	2.95%		
Food & Drug Retailers	2.67%		
Industrial Transportation	2.25%	Number of holdings	58
Investment Funds	1.93%		
Support Services	1.80%		
General Industrials	1.58%		
Fixed Line Telecommunications	1.41%		
Aerospace & Defence	0.77%		
Software & Computer Services	0.76%		
Construction & Materials	0.75%		
Equity Investment Instruments	0.74%		
Electricity	0.68%		
General Retailers	0.62%		
Household Goods & Home Construction	0.59%		
UK Derivatives	0.05%		

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 84.28% (30 September 2017 81.95%)		
	United Kingdom Equities 84.23% (30 September 2017 82.01%)		
	Aerospace & Defence 0.77% (30 September 2017 1.48%)		
1,459,983	Cobham	1,713	0.77
		1,713	0.77
	Banks 7.03% (30 September 2017 7.52%)		
2,160,264	Barclays	3,723	1.68
810,135	HSBC (UK Listing)	5,433	2.45
10,832,221	Lloyds Banking	6,432	2.90
		15,588	7.03
	Construction & Materials 0.75% (30 September 2017 1.50%)		
817,199	Melrose Industries	1,651	0.75
		1,651	0.75
	Electricity 0.68% (30 September 2017 0.54%)		
387,343	Drax	1,498	0.68
		1,498	0.68
	Equity Investment Instruments 0.74% (30 September 2017 0.78%)		
1,476,120	NextEnergy Solar Fund	1,638	0.74
		1,638	0.74
	Financial Services 8.56% (30 September 2017 7.63%)		
1,024,499	3i	9,692	4.37
282,715	IG	1,798	0.81
86,840	London Stock Exchange	3,981	1.80
1,144,736	Standard Life Aberdeen	3,507	1.58
		18,978	8.56
	Fixed Line Telecommunications 1.41% (30 September 2017 1.66%)		
1,376,650	BT	3,123	1.41
		3,123	1.41
	Food & Drug Retailers 2.67% (30 September 2017 1.56%)		
2,464,482	Tesco	5,915	2.67
		5,915	2.67
	Gas, Water & Multiutilities 0.00% (30 September 2017 0.72%)		
	General Industrials 1.58% (30 September 2017 0.00%)		
232,361	Smiths	3,497	1.58
		3,497	1.58
	General Retailers 0.62% (30 September 2017 2.67%)		
695,824	Card Factory	1,368	0.62
		1,368	0.62

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Household Goods & Home Construction 0.59% (30 September 2017 0.91%)		
35,685	Berkeley	1,317	0.59
		<u>1,317</u>	<u>0.59</u>
	Industrial Transportation 2.25% (30 September 2017 1.65%)		
718,199	BBA Aviation	2,130	0.96
602,286	Royal Mail	2,848	1.29
		<u>4,978</u>	<u>2.25</u>
	Investment Funds 1.93% (30 September 2017 0.93%)		
2,958,344	Artemis Global Income Fund - I Accumulation	4,267	1.93
		<u>4,267</u>	<u>1.93</u>
	Life Insurance 7.70% (30 September 2017 7.77%)		
1,568,479	Aviva	7,642	3.45
1,940,896	Legal & General	5,052	2.28
648,147	Phoenix	4,381	1.97
		<u>17,075</u>	<u>7.70</u>
	Media 8.46% (30 September 2017 7.05%)		
168,662	Daily Mail & General Trust	1,182	0.53
957,780	Informa	7,258	3.28
1,539,879	ITV	2,409	1.09
425,947	RELX (UK Listing)	6,813	3.07
68,665	RELX (Dutch Listing)	1,097	0.49
		<u>18,759</u>	<u>8.46</u>
	Mining 4.13% (30 September 2017 2.88%)		
167,725	Anglo American	2,883	1.30
162,463	Rio Tinto (UK Listing)	6,279	2.83
		<u>9,162</u>	<u>4.13</u>
	Mobile Telecommunications 3.57% (30 September 2017 3.77%)		
595,137	Inmarsat	2,986	1.35
2,973,021	Vodafone	4,916	2.22
		<u>7,902</u>	<u>3.57</u>
	Nonlife Insurance 3.54% (30 September 2017 4.09%)		
1,466,261	Direct Line Insurance	4,739	2.14
532,469	RSA Insurance	3,105	1.40
		<u>7,844</u>	<u>3.54</u>
	Oil & Gas Producers 5.35% (30 September 2017 4.47%)		
2,005,025	BP	11,864	5.35
		<u>11,864</u>	<u>5.35</u>
	Pharmaceuticals & Biotechnology 6.35% (30 September 2017 6.81%)		
70,222	AstraZeneca (UK Listing)	4,193	1.89
558,867	GlaxoSmithKline	8,626	3.90
681,189	Indivior	1,243	0.56
		<u>14,062</u>	<u>6.35</u>

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Real Estate Investment Trusts 6.03% (30 September 2017 5.80%)		
4,301,717	Assura	2,323	1.05
1,286,370	Secure Income REIT	5,094	2.30
935,617	Segro	5,943	2.68
		13,360	6.03
	Software & Computer Services 0.76% (30 September 2017 0.00%)		
286,216	Sage	1,680	0.76
		1,680	0.76
	Support Services 1.80% (30 September 2017 1.97%)		
1,259,935	Rentokil Initial	3,999	1.80
		3,999	1.80
	Technology Hardware & Equipment 0.00% (30 September 2017 1.12%)		
	Tobacco 4.01% (30 September 2017 4.64%)		
85,388	British American Tobacco	3,091	1.40
214,453	Imperial Brands	5,788	2.61
		8,879	4.01
	Travel & Leisure 2.95% (30 September 2017 2.09%)		
75,908	Greene King	374	0.17
554,696	SSP	4,048	1.82
838,337	William Hill	2,122	0.96
		6,544	2.95
	United Kingdom Derivatives 0.05% (30 September 2017 (0.06)%)		
	Sterling Denominated Forward Exchange Contracts 0.05% (30 September 2017 (0.06)%)		
£14,334,176	Sterling v Euro Forward Exchange Contract	112	0.05
£2,577,698	Sterling Denominated Forward Exchange Contract v Swedish Krona	8	0.00
		120	0.05
	Overseas 12.99% (30 September 2017 13.92%)		
	Europe 12.99% (30 September 2017 13.38%)		
	France Equities 0.50% (30 September 2017 0.36%)		
56,529	Vivendi	1,111	0.50
		1,111	0.50
	Germany Equities 3.50% (30 September 2017 4.63%)		
22,117	Delivery Hero	815	0.37
27,273	Bayer	1,863	0.84
26,677	SAP	2,532	1.14
173,493	TUI	2,543	1.15
		7,753	3.50
	Ireland Equities 0.58% (30 September 2017 0.00%)		
254,228	Origin Enterprises	1,285	0.58
		1,285	0.58

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Netherlands Equities 6.85% (30 September 2017 5.23%)		
53,370	Corbion	1,329	0.60
103,984	Wolters Kluwer	4,950	2.23
333,846	Royal Dutch Shell 'B'	8,899	4.02
		15,178	6.85
	Spain Equities 0.28% (30 September 2017 0.57%)		
37,692	Ebro Foods	630	0.28
		630	0.28
	Sweden Equities 1.28% (30 September 2017 1.75%)		
342,675	Nordea Bank	2,834	1.28
		2,834	1.28
	Switzerland Equities 0.00% (30 September 2017 0.84%)		
	North America 0.00% (30 September 2017 0.54%)		
	United States Equities 0.00% (30 September 2017 0.54%)		
	Investment assets	215,572	97.27
	Net other assets	6,047	2.73
	Net assets	221,619	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.
All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital gains	2		2,459		17,613
Revenue	3	9,278		8,173	
Expenses	4	(2,207)		(1,955)	
Interest payable and similar charges	5	-		(1)	
Net revenue before taxation		7,071		6,217	
Taxation	6	(56)		(69)	
Net revenue after taxation			7,015		6,148
Total return before distributions			9,474		23,761
Distributions	7		(8,962)		(7,986)
Change in net assets attributable to unitholders from investment activities			512		15,775

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		189,199		198,876
Amounts received on issue of units	62,867		65,479	
Amounts paid on cancellation of units	(37,733)		(96,369)	
		25,134		(30,890)
Dilution adjustment		251		318
Change in net assets attributable to unitholders from investment activities		512		15,775
Retained distribution on accumulation units		6,523		5,120
Closing net assets attributable to unitholders		221,619		189,199

The notes on pages 226 to 234 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		215,572	181,512
Current assets			
Debtors	8	915	1,488
Cash and bank balances	9	7,114	8,245
Total assets		223,601	191,245
Liabilities			
Investment liabilities		-	(118)
Creditors			
Distribution payable		(1,522)	(1,525)
Other creditors	10	(460)	(403)
Total liabilities		(1,982)	(2,046)
Net assets attributable to unitholders		221,619	189,199

The notes on pages 226 to 234 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors UK Equity Large-Cap Income Fund are included on pages 273 to 274.

2 Net capital gains

The net capital gains on investments comprise:

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Gains on non-derivative securities	2,244	17,864
Gains/(losses) on forward currency contracts	269	(88)
Losses on currency contracts	(44)	(153)
Handling charges	(10)	(10)
Net capital gains on investments	2,459	17,613

3 Revenue

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Authorised Corporate Director's capitalised fee rebate	26	13
Bank interest	6	2
Interest on debt securities	-	8
Non-taxable overseas dividends	1,040	998
UK dividends	7,891	6,905
UK REIT dividends	315	230
Underwriting commission	-	17
Total revenue	9,278	8,173

4 Expenses

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Fixed Ongoing Charge*	1,386	-
Manager's periodic charge**	796	1,889
Fixed expenses**	120	270
Fixed expense rebate**	(95)	(204)
Total expenses	2,207	1,955

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Interest payable and similar charges

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Bank overdraft interest	-	1
Total interest payable and similar charges	-	1

6 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	56	69
Total current tax charge for the year	56	69
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	56	69

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	7,071	6,217
Corporation tax at 20% (30 September 2017: 20%)	1,414	1,243
Effects of:		
Excess management expenses for which no relief taken	372	338
Revenue not subject to taxation – UK	(1,578)	(1,381)
Non-taxable overseas dividends	(208)	(200)
Overseas tax suffered	56	69
Total tax charge for the year (see note 6(a))	56	69

Authorised Unit Trusts are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £9,056,374 (30 September 2017: £7,196,030), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

7 Distributions

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
First Interim – Accumulation units (31 March)	2,462	2,371
First Interim – Income units (31 March)	942	1,136
Final – Accumulation units (30 September)	4,061	2,749
Final – Income units (30 September)	1,522	1,525
	8,987	7,781
Revenue deducted on cancellation of units	512	876
Revenue received on issue of units	(537)	(671)
Distributions	8,962	7,986
Reconciliation of distributions:		
Net revenue after taxation	7,015	6,148
Equalisation on Collective Investment Schemes	11	-
Authorised Corporate Director's capitalised fee rebate	(26)	(13)
Capitalised fees	1,981	1,889
Tax relief on capitalised fees	(19)	(38)
Distributions	8,962	7,986

Details of the interim and final distributions per unit are set out in the tables on page 235

8 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued Authorised Corporate Director's fee rebates	8	3
Accrued revenue	510	464
Amounts receivable for issue of units	220	881
Overseas tax recoverable	86	94
Sales awaiting settlement	91	46
Total debtors	915	1,488

9 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	7,114	8,245
Total cash and bank balances	7,114	8,245

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

10 Other creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	296
Accrued expenses	177	12
Amounts payable for cancellation of units	100	95
Purchases awaiting settlement	183	-
Total other creditors	460	403

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 each 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 224. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 8 and 11. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 11.

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

Fixed income securities and variable rate securities.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

b) 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures* 30.09.18 £'000	Non-monetary exposures 30.09.18 £'000	Total 30.09.18 £'000	Monetary exposures* 30.09.17 £'000	Non-monetary exposures 30.09.17 £'000	Total 30.09.17 £'000
Euro	114	1,389	1,503	195	1,065	1,260
Norwegian Krone	3	-	3	4	-	4
Swedish Krona	-	265	265	-	487	487
Swiss Franc	26	-	26	13	148	161
US Dollar	121	-	121	73	575	648
Total	264	1,654	1,918	285	2,275	2,560

* 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 30 September 2018 by £95,858 or 0.04% (30 September 2017: £128,007 or 0.07%). A 5% decrease would have an equal and opposite effect.

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	-	-	15,725	15,725
Norwegian Krone	-	-	3	3
Sterling	7,052	-	214,631	221,683
Swedish Krona	-	-	2,834	2,834
Swiss Franc	-	-	26	26
US Dollar	62	-	59	121
Total	7,114	-	233,278	240,392

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Euro	71	-	13,061	13,132
Norwegian Krone	-	-	4	4
Sterling	8,174	-	180,394	188,568
Swedish Krona	-	-	3,319	3,319
Swiss Franc	-	-	1,601	1,601
US Dollar	-	-	1,100	1,100
Total	8,245	-	199,479	207,724

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

d) Interest rate risk (continued)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Euro	-	(14,222)	(14,222)
Sterling	-	(1,982)	(1,982)
Swedish Krona	-	(2,569)	(2,569)
Total	-	(18,773)	(18,773)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Euro	-	(11,872)	(11,872)
Sterling	-	(1,929)	(1,929)
Swedish Krona	-	(2,832)	(2,832)
Swiss Franc	-	(1,440)	(1,440)
US Dollar	-	(452)	(452)
Total	-	(18,525)	(18,525)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

e) 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 Regulations 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 Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

12 Derivatives and other financial instruments (continued)

f) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

Exposure Table 30.09.18	Credit default swaps exposure	Interest rate swaps exposure	Futures and options exposure	Forward foreign exchange contracts exposure	Collateral pledged
Counterparty	£'000	£'000	£'000	£'000	£'000
UBS	-	-	-	120	-

Exposure Table 30.09.17	£'000	£'000	£'000	£'000	£'000
Counterparty					
UBS	-	-	-	-	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

g) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

h) Market risk

Market 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

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 £10,778,576 or 4.86% (30 September 2017: £9,069,725 or 4.79%).

i) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	211,185	-	179,744	-
Level 2: Observable market data	4,387	-	1,768	(118)
Level 3: Unobservable data	-	-	-	-
Total	215,572	-	181,512	(118)

j) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors UK Equity Large-Cap Income Fund, 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 (30 September 2017: £Nil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

Collective Investment Schemes

Corporate actions

Total

Total purchases including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
81,523	28	0.03%	342	0.42%
2,542	-	-	-	-
1,381	-	-	-	-
85,446	28		342	
85,816				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total purchases including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
56,660	60	0.11%	218	0.38%
381	-	-	-	-
3,351	-	-	-	-
60,392	60		218	
60,670				

Analysis of total sale costs

30.09.18

Equities

Collective Investment Schemes

Corporate actions

Total

Total sales including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
50,883	24	0.05%	-	-
133	-	-	-	-
3,238	-	-	-	-
54,254	24		-	
54,230			-	

30.09.17

Bonds

Equities

Collective Investment Schemes

Total

Total sales including transaction costs

Value	Commissions		Other costs	
£'000	£'000	%	£'000	%
399	-	-	-	-
81,189	60	0.07%	-	-
645	-	0.01%	-	-
82,233	60		-	
82,173				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.02%	0.06%
0.15%	0.11%

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 0.08% (30 September 2017: 0.09%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

15 Unitholders' funds

The sub-fund currently has three unit classes; Income 'A', Accumulation 'U2' and Income 'U2'. The net asset value of each unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit classes currently in issue and the Fixed Ongoing Charge of each unit class are shown below. The comparative figure at the 30, September 2017, was the Manager's periodic charge which is now included within the Fixed Ongoing charge.

	30.09.18	30.09.17
- Income 'A'	1.65%	1.50%
- Accumulation 'U2'	0.80%	0.65%
- Income 'U2'	0.80%	0.65%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Income 'A'	54,975,540	2,481,442	(8,052,964)	-	49,404,018
- Accumulation 'U2'	94,845,806	45,757,028	(20,392,658)	-	120,210,176
- Income 'U2'	120,537	1,745	(12,639)	-	109,643

16 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group1: Units purchased prior to 1 April 2018
Group2: Units purchased from 1 April 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Income 'A' Units				
Group 1	3.0740	-	3.0740	2.7674
Group 2	1.5568	1.5172	3.0740	2.7674
Accumulation 'U2' Units				
Group 1	3.3786	-	3.3786	2.8987
Group 2	1.4761	1.9025	3.3786	2.8987
Income 'U2' Units				
Group 1	2.9601	-	2.9601	2.6455
Group 2	1.4961	1.4640	2.9601	2.6455

Interim distribution

Group 1: Units purchased prior to 1 October 2017
Group 2: Units purchased from 1 October 2017 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 31.05.17 pence per unit
Income 'A' Units				
Group 1	1.8057	-	1.8057	1.9366
Group 2	1.0462	0.7595	1.8057	1.9366
Accumulation 'U2' Units				
Group 1	1.9478	-	1.9478	1.9922
Group 2	1.1191	0.8287	1.9478	1.9922
Income 'U2' Units				
Group 1	1.7330	-	1.7330	1.8401
Group 2	1.1383	0.5947	1.7330	1.8401

* 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.

Quilter Investors UK Equity Large-Cap Value Fund

Launch date	12 April 2013
IA Sector	UK Equity Income
Investment adviser	BNY Mellon Investment Management EMEA Limited who has delegated to Newton Investment Management Limited
Net asset value	£23,721,521

Objective

To sub-fund aims to achieve a combination of income and capital growth.

Policy

The sub-fund primarily invests, directly or indirectly, in shares of UK companies. UK companies are those that are domiciled, incorporated or have a significant portion of their business in the UK, even if listed elsewhere.

The sub-fund invests a minimum of 60% scheme property in large-cap companies.

The investment adviser typically has a preference to invest in shares of companies they believe to be undervalued. The sub-fund may at times be concentrated in terms of the number of investments it holds.

The sub-fund may also invest in other transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits and derivatives.

The sub-fund may only use derivatives for efficient portfolio management purposes.

The sub-fund is managed by an investment adviser selected by the Manager for their expected ability to manage the sub-fund according to investment objective and policy. The Manager continuously monitors and may periodically make changes to this appointment.

Investment Manager's review

Market Overview

The sub-fund produced a mixed performance in the period, as positive performance at the start and end of the period was offset by a slightly disappointing middle, as equity markets delivered something of a rollercoaster ride across the 12 months.

At the start of 2018 as the UK market endured a tumultuous period and recorded its worst quarter in more than six years, which was quickly followed by the best quarterly performance of the FTSE All Share index in more than three years, led by FTSE 100 stocks, many of which have large overseas earnings. Towards the end of the period, the UK market experienced a mixture of further Brexit news flow, trade tensions and currency movements, while the US market reached another all-time high, shrugging off any political or economic concerns around President Trump, while the Brent oil price reached \$84 per barrel, its highest level since November 2014.

Activity

Towards the end of 2017, the sub-fund benefited from having moved to a neutral position in energy which underperformed. However, by the middle of the period the sub-fund's performance was held back primarily by its underweight in energy and basic materials and its overweight in health care. Poor performance within the industrial sector was also a drag. This was somewhat compensated for by good stock selection in consumer goods and an underweight in financials. In the final months of the period the sub-fund benefited from positioning in the consumer services, technology and basic materials sectors, with the largest contribution deriving from overseas stocks.

In particular, at both the start and end of the period Microsoft was a strong contributor to performance, while Swiss pharmaceutical company Roche also reported a strong set of results for the first half, reflecting solid performance from its new products at a time when it is starting to experience more biosimilar competition in Europe. Dutch publisher Wolters Kluwer was a further top contributor, with the company reporting a strong set of results for the first half, raising its share buyback plan in the process. Deutsche Post, which we added in the middle of the year, also performed well.

Performance within the financials sector was mixed, housing one of the biggest detractors, interdealer broker TP ICAP, which saw some issues towards the end of the period as it fired its CEO, warned that profit for the year would be below the bottom range of market expectations, and added that 2019 costs would be higher than previously forecast. Some industrial names also suffered, with Smiths Group

weakening as setbacks in its medical division undermined performance in other areas. Not holding takeover targets Shire and Sky was also detrimental.

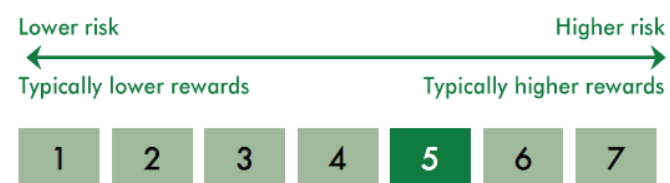
Towards the end of the period we made some changes within the insurance sector as we switched the holding in Hiscox into Zurich Insurance after a period of strong performance had lifted the valuation to levels we believed were less appealing. We also reduced the position in Aviva.

We used share-price weakness to establish a position in aviation-services company BBA Aviation, while another new addition was Swiss pharmaceutical business Novartis. Share-price weakness gave us the opportunity to slightly increase the position in HSBC, while maintaining lower exposure than the index. While shares continue to look expensive relative to peers, and risks of a credit cycle in China remain, we recognise the new management has the potential to improve growth.

Outlook

While there are a number of disruptive and structural changes occurring in the global economy, largely driven by new and improved technologies, the outlook for global growth rates, relative currency valuations and returns from financial markets is increasingly dependent on how countries interact and trade with each other. In the short term, the outcome of the Brexit negotiations and resolution of the US-China trade dispute are likely to be key drivers of market confidence and returns.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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 - 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 may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 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 records

Comparative Tables

Income 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	115.98	119.41	102.83
Return before operating charges*	7.25	3.10	23.15
Operating charges**	(1.92)	(1.88)	(1.78)
Return after operating charges*	5.33	1.22	21.37
Distributions	(4.78)	(4.65)	(4.79)
Retained distributions	-	-	-
Closing net asset value per unit	116.53	115.98	119.41
* after direct transaction costs of***	0.19	0.38	0.37
Performance			
Return after charges	4.60%	1.02%	20.78%
Other information			
Closing net asset value (£)	23,631,817	25,737,725	30,122,092
Closing number of units	20,280,252	22,191,158	25,225,213
Operating charges****	1.63%	1.61%	1.61%
Direct transaction costs***	0.16%	0.33%	0.33%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	122.2	123.5	122.1
Lowest unit price	110.5	108.0	101.4
Accumulation 'U2'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	132.53	129.96	106.34
Return before operating charges*	8.36	3.50	24.44
Operating charges**	(1.00)	(0.93)	(0.82)
Return after operating charges*	7.36	2.57	23.62
Distributions	(5.57)	(5.16)	(5.06)
Retained distributions	5.57	5.16	5.06
Closing net asset value per unit	139.89	132.53	129.96
* after direct transaction costs of***	0.22	0.43	0.39
Performance			
Return after charges	5.55%	1.98%	22.21%
Other information			
Closing net asset value (£)	89,704	46,027	23,538
Closing number of units	64,125	34,729	18,111
Operating charges****	0.73%	0.71%	0.71%
Direct transaction costs***	0.16%	0.33%	0.33%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	143.9	137.4	131.8
Lowest unit price	127.9	117.7	105.9

Comparative Tables (continued)

Income 'U2'†	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	115.06	117.80	95.08
Return before operating charges*	2.94	2.68	28.02
Operating charges**	(0.14)	(0.81)	(0.79)
Return after operating charges*	2.80	1.87	27.23
Distributions	-	(4.61)	(4.51)
Retained distributions	-	-	-
Closing net asset value per unit	117.86	115.06	117.80
* after direct transaction costs of***	0.03	0.37	0.37
Performance			
Return after charges	2.43%	1.59%	28.64%
Other information			
Closing net asset value (£)	-	49	130
Closing number of units	-	43	110
Operating charges****	0.71%	0.71%	0.71%
Direct transaction costs***	0.16%	0.33%	0.33%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	119.3	122.4	120.1
Lowest unit price	115.6	106.7	99.43

† To 29 November 2017

** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors UK Equity Large-Cap Value Fund*	7.29%	5.51%	31.51%	48.79%
FTSE All Share (benchmark)	8.31%	5.87%	38.45%	43.50%
IA UK Equity Income (sector average)	6.90%	3.47%	27.92%	43.89%
Quartile ranking	2	1	2	1

* Accumulation 'U2' units

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

Asset allocation

		Overseas:	
United Kingdom Equities	75.59%		
European Equities	20.72%	Netherlands	8.02%
North American Equities	2.97%	Switzerland	7.91%
		United States	2.97%
Net other assets	0.72%	Ireland	2.79%
		Germany	2.00%
Total	100.00%	Net other assets	0.72%

Portfolio allocation

United Kingdom:	Total	100.00%
------------------------	--------------	----------------

		Major holdings	Percentage of portfolio
Media	7.98%		
Life Insurance	7.32%		
Tobacco	7.31%		
Beverages	6.58%		
Travel & Leisure	6.32%	Royal Dutch Shell 'B'	7.02%
Banks	4.96%	Diageo	6.58%
Oil & Gas Producers	4.51%	RELX (UK Listing)	5.58%
Pharmaceuticals & Biotechnology	4.19%	BP	4.51%
Aerospace & Defence	3.96%	British American Tobacco	4.29%
General Industrials	3.35%	Prudential	3.86%
Mining	2.79%	Smiths	3.35%
Health Care Equipment & Services	2.64%	Compass	3.29%
Mobile Telecommunications	2.61%	GlaxoSmithKline	3.12%
Personal Goods	2.18%	National Express	3.03%
Fixed Line Telecommunications	1.78%		
Support Services	1.51%		
Software & Computer Services	1.19%		
Nonlife Insurance	1.16%		
Industrial Transportation	1.12%		
Gas, Water & Multiutilities	1.10%		
Financial Services	1.03%		
		Number of holdings	42

Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 75.59% (30 September 2017 74.07%)		
	United Kingdom Equities 75.59% (30 September 2017 74.07%)		
	Aerospace & Defence 3.96% (30 September 2017 3.26%)		
107,014	BAE Systems	672	2.83
93,488	QinetiQ	268	1.13
		940	3.96
	Banks 4.96% (30 September 2017 3.04%)		
23,921	HSBC (UK Listing)	160	0.68
1,119,621	Lloyds Banking	665	2.80
141,706	Royal Bank of Scotland	351	1.48
		1,176	4.96
	Beverages 6.58% (30 September 2017 6.41%)		
57,247	Diageo	1,562	6.58
		1,562	6.58
	Equity Investment Instruments 0.00% (30 September 2017 1.25%)		
	Financial Services 1.03% (30 September 2017 1.89%)		
90,630	TP ICAP	244	1.03
		244	1.03
	Fixed Line Telecommunications 1.78% (30 September 2017 0.51%)		
186,620	BT	423	1.78
		423	1.78
	Gas, Water & Multiutilities 1.10% (30 September 2017 4.08%)		
33,344	National Grid	262	1.10
		262	1.10
	General Industrials 3.35% (30 September 2017 3.26%)		
52,728	Smiths	794	3.35
		794	3.35
	Health Care Equipment & Services 2.64% (30 September 2017 3.47%)		
44,740	Smith & Nephew	627	2.64
		627	2.64
	Industrial Transportation 1.12% (30 September 2017 0.00%)		
89,741	BBA Aviation	266	1.12
		266	1.12
	Life Insurance 7.32% (30 September 2017 9.61%)		
88,703	Aviva	432	1.82
150,003	Legal & General	390	1.64
51,887	Prudential	915	3.86
		1,737	7.32

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Media 7.98% (30 September 2017 6.81%)		
43,158	Informa	327	1.38
86,588	Moneysupermarket.com	242	1.02
82,802	RELX (UK Listing)	1,324	5.58
		1,893	7.98
	Mining 2.79% (30 September 2017 2.38%)		
38,443	Anglo American	661	2.79
		661	2.79
	Mobile Telecommunications 2.61% (30 September 2017 3.60%)		
374,109	Vodafone	619	2.61
		619	2.61
	Nonlife Insurance 1.16% (30 September 2017 0.27%)		
13,381	Admiral	275	1.16
		275	1.16
	Oil & Gas Producers 4.51% (30 September 2017 3.72%)		
180,927	BP	1,070	4.51
		1,070	4.51
	Personal Goods 2.18% (30 September 2017 2.64%)		
12,241	Unilever	516	2.18
		516	2.18
	Pharmaceuticals & Biotechnology 4.19% (30 September 2017 3.60%)		
4,243	AstraZeneca (UK Listing)	253	1.07
47,998	GlaxoSmithKline	741	3.12
		994	4.19
	Software & Computer Services 1.19% (30 September 2017 1.44%)		
48,107	Sage	282	1.19
		282	1.19
	Support Services 1.51% (30 September 2017 1.45%)		
176,285	Hays	359	1.51
		359	1.51
	Tobacco 7.31% (30 September 2017 5.60%)		
28,088	British American Tobacco	1,017	4.29
26,542	Imperial Brands	716	3.02
		1,733	7.31
	Travel & Leisure 6.32% (30 September 2017 5.78%)		
45,655	Compass	779	3.29
184,596	National Express	719	3.03
		1,498	6.32

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Overseas 23.69% (30 September 2017 18.64%)		
	Europe 20.72% (30 September 2017 13.90%)		
	Germany Equities 2.00% (30 September 2017 0.00%)		
17,287	Deutsche Post	475	2.00
		475	2.00
	Ireland Equities 2.79% (30 September 2017 2.61%)		
57,171	AIB	226	0.95
14,500	Smurfit Kappa (UK Listing)	436	1.84
		662	2.79
	Luxembourg Equities 0.00% (30 September 2017 0.78%)		
	Netherlands Equities 8.02% (30 September 2017 8.67%)		
62,436	Royal Dutch Shell 'B'	1,664	7.02
4,991	Wolters Kluwer	238	1.00
		1,902	8.02
	Norway Equities 0.00% (30 September 2017 1.84%)		
	Switzerland Equities 7.91% (30 September 2017 0.00%)		
6,009	Ferguson	391	1.65
7,286	Novartis	484	2.04
2,630	Roche	491	2.07
2,107	Zurich Insurance	510	2.15
		1,876	7.91
	North America 2.97% (30 September 2017 4.74%)		
	Bermuda Equities 0.00% (30 September 2017 1.74%)		
	United States Equities 2.97% (30 September 2017 3.00%)		
9,972	Eversource Energy	463	1.95
2,761	Microsoft	242	1.02
		705	2.97
	Investment assets	23,551	99.28
	Net other assets	171	0.72
	Total net assets	23,722	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.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital gains/(losses)	2		526		(463)
Revenue	3	1,013		1,093	
Expenses	4	(404)		(437)	
Net revenue before taxation		609		656	
Taxation	5	(8)		(18)	
Net revenue after taxation			601		638
Total return before distributions			1,127		175
Distributions	6		(1,005)		(1,075)
Change in net assets attributable to unitholders from investment activities			122		(900)

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		25,784		30,146
Amounts received on issue of units	1,117		1,128	
Amounts paid on cancellation of units	(3,305)		(4,593)	
		(2,188)		(3,465)
Dilution adjustment		1		1
Change in net assets attributable to unitholders from investment activities		122		(900)
Retained distribution on accumulation units		3		2
Closing net assets attributable to unitholders		23,722		25,784

The notes on pages 245 to 252 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Notes	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		23,551	23,905
Current assets			
Debtors	7	647	137
Cash and bank balances	8	307	2,127
Total assets		24,505	26,169
Liabilities			
Creditors			
Distribution payable		(218)	(238)
Other creditors	9	(565)	(147)
Total liabilities		(783)	(385)
Net assets attributable to unitholders		23,722	25,784

The notes on pages 245 to 252 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investor UK Equity Large-Cap Value Fund are included on pages 273 to 274.

2 Net capital gains/(losses)

The net capital gains/(losses) on investments comprise:

Gains/(losses) on non-derivative securities

Losses on currency contracts

Net capital gains/(losses)

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
530	(458)
(4)	(5)
526	(463)

3 Revenue

Non-taxable overseas dividends

UK dividends

Total revenue

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
121	182
892	911
1,013	1,093

4 Expenses

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

Fixed Ongoing Charge*

Manager's periodic charge**

Fixed expenses**

Fixed expense rebate**

Total expenses

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
232	-
160	407
16	41
(4)	(11)
404	437

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Fixed expense rebate related to a percentage of the fixed expenses refunded back to the sub-fund by the Manager to reduce the overall fees being charged. This is currently 0.04% on all unit classes. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, the expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	8	18
Total current tax charge for the year	8	18
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year (see note 5(b))	8	18

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	609	656
Corporation tax at 20% (30 September 2016: 20%)	122	131
Effects of:		
Excess management expenses for which no relief taken	81	87
Revenue not subject to taxation – UK	(179)	(182)
Non-taxable overseas dividends	(24)	(36)
Overseas tax suffered	8	18
Total tax charge for the year (see note 5(a))	8	18

Authorised Unit Trusts are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £2,637,866 (30 September 2017: £2,234,158), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

6 Distributions

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

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
First Interim – Accumulation units (31 December)	-	-
First Interim – Income units (31 December)	200	189
Second Interim – Accumulation units (31 March)	1	-
Second Interim – Income units (31 March)	201	234
Third Interim – Accumulation units (30 June)	1	1
Third Interim – Income units (30 June)	376	399
Final – Accumulation units (30 September)	1	1
Final – Income units (30 September)	218	238
	<hr/>	<hr/>
Revenue deducted on cancellation of units	998	1,062
Revenue received on issue of units	16	22
	<hr/>	<hr/>
Distributions	(9)	(9)
	<hr/>	<hr/>
	1,005	1,075
	<hr/>	<hr/>
Reconciliation of distributions:		
Net revenue after taxation	601	638
Capitalised fees	404	437
	<hr/>	<hr/>
Distributions	1,005	1,075
	<hr/>	<hr/>

Details of the interim and final distributions per unit are set out in the tables on pages 253 and 254.

7 Debtors

	30.09.18 £'000	30.09.17 £'000
Amount receivable on issue of units	2	-
Accrued revenue	50	62
Overseas tax recoverable	18	11
Sales awaiting settlement	577	64
	<hr/>	<hr/>
Total debtors	647	137
	<hr/>	<hr/>

8 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	307	2,127
	<hr/>	<hr/>
Total cash and bank balances	307	2,127
	<hr/>	<hr/>

9 Other Creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	64
Accrued expenses	30	5
Amounts payable for cancellation of units	44	62
Purchases awaiting settlement	491	16
	<hr/>	<hr/>
Total other creditors	565	147
	<hr/>	<hr/>

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

10 Related party transactions

Quilter Investors Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each 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 243. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

Fixed income securities and variable rate securities.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures* 30.09.18 £'000	Non-monetary exposures 30.09.18 £'000	Total 30.09.18 £'000	Monetary exposures* 30.09.17 £'000	Non-monetary exposures 30.09.17 £'000	Total 30.09.17 £'000
Euro	3	939	942	5	806	811
Norwegian Krone	3	-	3	2	475	477
Swiss Franc	(467)	1,485	1,018	8	-	8
US Dollar	281	705	986	-	773	773
Total	(180)	3,129	2,949	15	2,054	2,069

* 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 30 September 2018 by £147,452 or 0.62% (30 September 2017: £103,419 or 0.40%). A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

11 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Euro	-	-	942	942
Norwegian Krone	-	-	3	3
Sterling	302	-	20,772	21,074
Swiss Franc	-	-	1,500	1,500
US Dollar	5	-	981	986
Total	307	-	24,198	24,505

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Euro	-	-	811	811
Norwegian Krone	-	-	477	477
Sterling	2,127	-	21,973	24,100
Swiss Franc	-	-	8	8
US Dollar	-	-	773	773
Total	2,127	-	24,042	26,169

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(301)	(301)
Swiss Franc	-	(482)	(482)
Total	-	(783)	(783)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Sterling	-	(385)	(385)
Total	-	(385)	(385)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

11 Derivatives and other financial instruments (continued)

d) 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 Regulations 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 Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that a 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-funds 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.

f) Liquidity risk

Each 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 from unitholders to meet any cancellation of units. Assets from a 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 £1,177,573 or 4.96% (30 September 2017: £1,195,267 or 4.64%).

h) Fair value of financial assets and liabilities

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

Valuation Technique	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	23,551	-	23,905	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	23,551	-	23,905	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors Newton UK Income Fund, 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.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the balance sheet date (30 September 2017: £Nil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

13 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
9,652	4	0.04%	31	0.32%
9,652	4		31	
9,687				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
15,070	10	0.07%	65	0.43%
-	-	-	-	-
27	-	-	-	-
15,097	10		65	
15,172				

Analysis of total sale costs

30.09.18

Equities

Collective Investment Schemes

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
10,059	4	0.04%	-	-
503	-	0.05%	-	-
13	-	-	-	-
10,575	4		-	
10,571				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
20,035	12	0.06%	1	-
917	1	0.06%	-	-
235	-	-	-	-
21,187	13		1	
21,173				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.03%	0.08%
0.12%	0.24%

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 0.04% (30 September 2017: 0.07%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Unitholders' funds

The sub-fund currently has three unit classes; Income 'A', and Accumulation 'U2' and Income U2. The net asset value of each unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit classes currently in issue and the Manager's periodic charge fee of each unit class are shown below.

	30.09.18	30.09.17
- Income 'A'	1.65%	1.50%
- Accumulation 'U2'	0.75%	0.60%
- Income 'U2'	0.75%	0.60%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Income 'A'	22,191,158	923,300	(2,834,206)	-	20,280,252
- Accumulation 'U2'	34,729	29,965	(569)	-	64,125
- Income 'U2'	43	-	(43)	-	-

15 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 July 2018
Group 2: Units purchased from 1 July 2018 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Income 'A' Units				
Group 1	1.0742	-	1.0742	1.0728
Group 2	0.1079	0.9663	1.0742	1.0728
Accumulation 'U2' Units				
Group 1	1.2755	-	1.2755	1.2412
Group 2	0.1195	1.1560	1.2755	1.2412
Income 'U2' Units†				
Group 1	-	-	-	1.0804
Group 2	-	-	-	1.0804

Third Interim distribution

Group 1: Units purchased prior to 1 April 2018
Group 2: Units purchased from 1 April 2018 to 30 June 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.08.18 pence per unit	Distribution paid 31.08.17 pence per unit
Income 'A' Units				
Group 1	1.8255	-	1.8255	1.7719
Group 2	0.5251	1.3004	1.8255	1.7719
Accumulation 'U2' Units				
Group 1	2.1315	-	2.1315	1.9466
Group 2	0.1804	1.9511	2.1315	1.9466
Income 'U2' Units†				
Group 1	-	-	-	1.7320
Group 2	-	-	-	1.7320

Distribution table (continued)

Second Interim distribution

Group 1: Units purchased prior to 1 January 2018
Group 2: Units purchased from 1 January 2018 to 31 March 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.18 pence per unit	Distribution paid 31.05.17 pence per unit
Income 'A' Units				
Group 1	0.9529	-	0.9529	1.0190
Group 2	0.3128	0.6401	0.9529	1.0190
Accumulation 'U2' Units				
Group 1	1.1014	-	1.1014	1.1196
Group 2	1.0499	0.0515	1.1014	1.1196
Income 'U2' Units†				
Group 1	-	-	-	1.0225
Group 2	-	-	-	1.0225

First Interim distribution

Group 1: Units purchased prior to 1 October 2017
Group 2: Units purchased from 1 October 2017 to 31 December 2017

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 28.02.18 pence per unit	Distribution paid 28.02.17 pence per unit
Income 'A' Units				
Group 1	0.9241	-	0.9241	0.7856
Group 2	0.1760	0.7481	0.9241	0.7856
Accumulation 'U2' Units				
Group 1	1.0568	-	1.0568	0.8559
Group 2	0.4324	0.6244	1.0568	0.8559
Income 'U2' Units†				
Group 1	-	-	-	0.7788
Group 2	-	-	-	0.7788

† Unit class closed on 29 November 2017.

* 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.

Quilter Investors UK Equity Opportunities Fund

Launch date	12 April 2013
IA Sector	UK All Companies
Investment adviser	Artemis Investment Management LLP
Net asset value	£125,691,622

Objective

The sub-fund aims to achieve capital growth.

Policy

The sub-fund primarily invests, directly or indirectly, in shares of UK companies. UK companies are those that are domiciled, incorporated or have a significant portion of their business in the UK, even if listed elsewhere.

The investment adviser typically seeks to invest in shares of companies whose potential is not recognised by the market. The sub-fund may at times be concentrated in terms of the number of investments it holds.

The sub-fund may also invest in other transferable securities, collective investment schemes (including those managed or operated by the Manager), warrants, money market instruments, deposits and derivatives.

The sub-fund may only use derivatives for efficient portfolio management purposes.

The sub-fund is managed by an investment adviser selected by the Manager for their expected ability to manage the sub-fund according to the investment objective and policy. The Manager continuously monitors and may periodically make changes to this appointment.

Investment Manager's review

Market Review

One of the catalysts for the rise in the UK market over the year was sterling's weakness, as increased political concerns and poor GDP data put renewed pressure on the currency. This helped the large, overseas earners that are so prominent in the FTSE 100. The market was also boosted by the continued rise in the oil price, which further supported index heavyweights BP and Shell.

That the sub-fund underperformed was due to a combination of a lack of momentum in our holdings, some mixed trading updates and unhelpful positioning by sector – particularly an underweight in energy stocks.

The single largest negative on a stock level was Capita. In January, the company announced it would suspend its dividend, raise £700m through a rights issue and make further disposals. Since then, the shares have bounced back strongly. We have always believed that there are some attractive software assets hidden beneath all the other businesses in Capita. If the management can focus on these assets then there is potential for continued recovery from here.

There were some positives over the year too. These included Computacenter, whose trading performance improved and which returned £100m of capital to shareholders. Tesco also performed well. The Booker deal has completed and it has made further progress towards hitting its targets for margins.

Activity

We bought into British American Tobacco, whose valuation had fallen from a high-teens price-to-earnings multiple to around 12.5x. We do not believe we are buying a growth stock but do feel the valuation now adequately reflects the dynamics in the industry. The company's positioning in new-generation products is sufficiently wide to offer exposure to the winning products – whatever they happen to be.

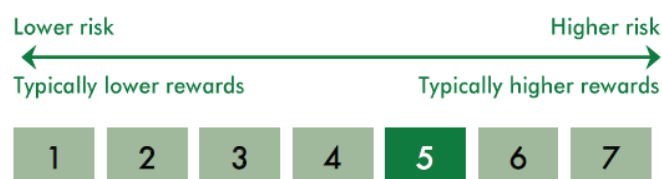
We also established a new position in Britvic. The three-year, £240m 'business capability' programme it announced in 2015 is nearing completion. The next couple of years should see this delivering benefits to the bottom line.

Outlook

The UK is mired in endless deliberations over Brexit, which is not overly helpful to companies attempting to make decisions for the long term. Amid this, the two positives for the UK equity market are its high weighting to overseas earnings – and

the fact that most investors have already given up on the UK. Many domestically focused stocks are now priced for a very bad outcome. And as the example of post-war Italy shows, companies can carry on trading and economies continue to function even after years of political uncertainty. So the crumb of comfort that we can offer you is the assurance that we find some stock-specific instances of value within a modestly valued market.

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 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately 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.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

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 - 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 may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. 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 a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	139.19	130.82	117.53
Return before operating charges*	2.73	10.48	15.21
Operating charges**	(2.27)	(2.11)	(1.92)
Return after operating charges*	0.46	8.37	13.29
Distributions	(2.38)	(1.93)	(2.11)
Retained distributions	2.38	1.93	2.11
Closing net asset value per unit	139.65	139.19	130.82
* after direct transaction costs of***	0.61	0.67	0.63
Performance			
Return after charges	0.33%	6.40%	11.31%
Other information			
Closing net asset value (£)	16,880,762	21,034,142	24,534,763
Closing number of units	12,087,726	15,111,747	18,755,005
Operating charges****	1.61%	1.56%	1.56%
Direct transaction costs***	0.43%	0.49%	0.51%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	149.7	143.8	134.6
Lowest unit price	132.9	126.9	112.5
Accumulation 'U2'	1 October 2017 to 30 September 2018 p/unit	1 October 2016 to 30 September 2017 p/unit	1 October 2015 to 30 September 2016 p/unit
Change in net assets per unit			
Opening net asset value per unit	116.65	108.65	96.74
Return before operating charges*	2.28	8.75	12.59
Operating charges**	(0.85)	(0.75)	(0.68)
Return after operating charges*	1.43	8.00	11.91
Distributions	(3.07)	(2.62)	(2.66)
Retained distributions	3.07	2.62	2.66
Closing net asset value per unit	118.08	116.65	108.65
* after direct transaction costs of***	0.51	0.56	0.52
Performance			
Return after charges	1.23%	7.36%	12.31%
Other information			
Closing net asset value (£)	108,810,860	75,023,132	65,493,956
Closing number of units	92,147,048	64,317,067	60,280,618
Operating charges****	0.71%	0.66%	0.66%
Direct transaction costs***	0.43%	0.49%	0.51%
Prices	pence per unit	pence per unit	pence per unit
Highest unit price	126.2	120.2	111.8
Lowest unit price	111.9	105.5	92.93

** 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 September 2018	1 year to 30 September 2018	3 years to 30 September 2018	5 years to 30 September 2018
Quilter Investors UK Equity Opportunities Fund*	5.12%	1.28%	21.80%	31.64%
FTSE All Share (benchmark)	8.31%	5.87%	38.45%	43.50%
IA UK All Companies (sector average)	7.79%	5.64%	34.49%	45.91%
Quartile ranking	4	4	4	4

* Accumulation 'U2' units

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

Asset allocation

			Percentage of portfolio
UK Equities	92.65%		
European Equities	3.77%	Major holdings	
Net other assets	3.58%	BP	5.10%
		Tesco	5.02%
		Prudential	4.78%
		GlaxoSmithKline	4.22%
		International Consolidated Airlines (UK Listing)	3.67%
		Balfour Beatty	3.16%
		Capita	2.99%
		BT	2.94%
		Lloyds Banking	2.80%
		Vodafone	2.77%
		Number of holdings	50
Total	100.00%		

Portfolio allocation

United Kingdom:

Support Services	14.48%
Travel & Leisure	9.18%
Life Insurance	6.83%
Software & Computer Services	5.69%
Oil & Gas Producers	5.10%
Food & Drug Retailers	5.02%
Banks	5.01%
Pharmaceuticals & Biotechnology	4.22%
Construction & Materials	4.18%
Financial Services	3.92%
Fixed Line Telecommunications	2.94%
Industrial Engineering	2.89%
Electronic & Electrical Equipment	2.87%
Mobile Telecommunications	2.77%
Technology Hardware & Equipment	2.70%
Tobacco	2.53%
Beverages	2.29%
Chemicals	2.23%
Personal Goods	1.94%
Media	1.85%
Nonlife Insurance	1.14%
Health Care Equipment & Services	1.05%
Aerospace & Defence	0.88%
Equity Investment Instruments	0.84%
General Retailers	0.10%

Overseas:

Netherlands	1.83%
Ireland	0.91%
Gibraltar	0.52%
Switzerland	0.51%

Net other assets	3.58%
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Total	100.00%
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Portfolio statement

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 92.65% (30 September 2017 91.57%)		
	United Kingdom Equities 92.65% (30 September 2017 91.57%)		
	Aerospace & Defence 0.88% (30 September 2017 1.58%)		
943,093	Cobham	1,107	0.88
		<u>1,107</u>	<u>0.88</u>
	Banks 5.01% (30 September 2017 5.68%)		
1,610,287	Barclays	2,775	2.21
5,933,241	Lloyds Banking	3,523	2.80
		<u>6,298</u>	<u>5.01</u>
	Beverages 2.29% (30 September 2017 0.00%)		
364,679	Britvic	2,883	2.29
		<u>2,883</u>	<u>2.29</u>
	Chemicals 2.23% (30 September 2017 5.49%)		
517,140	Synthomer	2,803	2.23
		<u>2,803</u>	<u>2.23</u>
	Construction & Materials 4.18% (30 September 2017 4.23%)		
1,444,175	Balfour Beatty	3,976	3.16
77,394	Keller	788	0.63
239,379	Melrose Industries	484	0.39
		<u>5,248</u>	<u>4.18</u>
	Electronic & Electrical Equipment 2.87% (30 September 2017 1.78%)		
126,050	Oxford Instruments	1,254	1.00
84,466	Spectris	1,994	1.58
227,459	Xaar	362	0.29
		<u>3,610</u>	<u>2.87</u>
	Equity Investment Instruments 0.84% (30 September 2017 0.93%)		
1,418,293	Sherborne Investors	1,057	0.84
		<u>1,057</u>	<u>0.84</u>
	Financial Services 3.92% (30 September 2017 3.21%)		
295,042	IG	1,876	1.49
32,730	London Stock Exchange	1,500	1.19
1,142,598	Quilter	1,554	1.24
		<u>4,930</u>	<u>3.92</u>
	Fixed Line Telecommunications 2.94% (30 September 2017 2.48%)		
1,626,773	BT	3,690	2.94
		<u>3,690</u>	<u>2.94</u>
	Food & Drug Retailers 5.02% (30 September 2017 4.93%)		
2,629,690	Tesco	6,311	5.02
		<u>6,311</u>	<u>5.02</u>

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	General Industrials 0.00% (30 September 2017 1.19%)		
	General Retailers 0.10% (30 September 2017 2.06%)		
434,378	Footasylum	126	0.10
		126	0.10
	Health Care Equipment & Services 1.05% (30 September 2017 1.60%)		
94,364	Smith & Nephew	1,323	1.05
		1,323	1.05
	Household Goods & Home Construction 0.00% (30 September 2017 1.42%)		
	Industrial Engineering 2.89% (30 September 2017 1.30%)		
243,096	Bodycote	2,205	1.75
81,087	Weir	1,427	1.14
		3,632	2.89
	Life Insurance 6.83% (30 September 2017 5.71%)		
528,080	Aviva	2,573	2.05
340,965	Prudential	6,011	4.78
		8,584	6.83
	Media 1.85% (30 September 2017 5.30%)		
1,031,652	ITV	1,614	1.28
79,125	Pearson	711	0.57
		2,325	1.85
	Mobile Telecommunications 2.77% (30 September 2017 0.00%)		
2,101,855	Vodafone	3,476	2.77
		3,476	2.77
	Nonlife Insurance 1.14% (30 September 2017 2.47%)		
246,637	RSA Insurance	1,438	1.14
		1,438	1.14
	Oil & Gas Producers 5.10% (30 September 2017 4.78%)		
1,083,480	BP	6,411	5.10
		6,411	5.10
	Oil Equipment, Services & Distribution 0.00% (30 September 2017 2.16%)		
	Personal Goods 1.94% (30 September 2017 0.00%)		
224,138	Superdry	2,434	1.94
		2,434	1.94
	Pharmaceuticals & Biotechnology 4.22% (30 September 2017 3.77%)		
344,019	GlaxoSmithKline	5,310	4.22
		5,310	4.22

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Software & Computer Services 5.69% (30 September 2017 9.09%)		
138,622	Computacenter	1,777	1.41
1,034,242	NCC	2,091	1.66
700,926	SDL	3,287	2.62
		7,155	5.69
	Support Services 14.48% (30 September 2017 11.06%)		
2,661,451	Capita	3,757	2.99
765,375	Essentra	3,095	2.46
638,929	Howden Joinery	3,018	2.40
633,849	Northgate	2,630	2.09
2,718,677	SIG	3,428	2.73
3,543,799	Speedy Hire	2,268	1.81
		18,196	14.48
	Technology Hardware & Equipment 2.70% (30 September 2017 1.81%)		
2,494,720	Spirent Communications	3,393	2.70
		3,393	2.70
	Tobacco 2.53% (30 September 2017 0.00%)		
87,691	British American Tobacco	3,174	2.53
		3,174	2.53
	Travel & Leisure 9.18% (30 September 2017 7.54%)		
93,268	easyJet	1,208	0.96
697,800	International Consolidated Airlines (UK Listing)	4,606	3.67
860,905	Rank	1,476	1.18
1,069,244	Restaurant	3,223	2.56
403,820	William Hill	1,022	0.81
		11,535	9.18
	Overseas 3.77% (30 September 2017 2.54%)		
	Europe 3.77% (30 September 2017 2.54%)		
	Gibraltar Equities 0.52% (30 September 2017 0.75%)		
327,455	888 Holdings	657	0.52
		657	0.52
	Ireland Equities 0.91% (30 September 2017 0.00%)		
17,305	Paddy Power Betfair	1,147	0.91
		1,147	0.91
	Netherlands Equities 1.83% (30 September 2017 1.79%)		
86,328	Royal Dutch Shell 'B'	2,301	1.83
		2,301	1.83

Portfolio statement (continued)

as at 30 September 2018

Holding	Investment	Market Value £'000	Percentage of total net assets %
259,504	Switzerland Equities 0.51% (30 September 2017 0.00%) IWG	635	0.51
		635	0.51
	Investment assets	121,189	96.42
	Net other assets	4,503	3.58
	Total net assets	125,692	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.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2017 to 30 September 2018

	Note	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Income					
Net capital (losses)/gains	2		(1,133)		4,703
Revenue	3	4,178		2,787	
Expenses	4	(1,041)		(797)	
Net revenue before taxation		3,137		1,990	
Taxation	5	(23)		(6)	
Net revenue after taxation			3,114		1,984
Total return before distributions			1,981		6,687
Distributions	6		(3,114)		(1,984)
Change in net assets attributable to unitholders from investment activities			(1,133)		4,703

Statement of change in net assets attributable to unitholders

for the year from 1 October 2017 to 30 September 2018

	01.10.17 to 30.09.18 £'000	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000	01.10.16 to 30.09.17 £'000
Opening net assets attributable to unitholders		96,057		90,029
Amounts received on issue of units	50,617		34,172	
Amounts paid on cancellation of units	(23,293)		(35,045)	
		27,324		(873)
Dilution adjustment		323		219
Change in net assets attributable to unitholders from investment activities		(1,133)		4,703
Retained distribution on accumulation units		3,121		1,979
Closing net assets attributable to unitholders		125,692		96,057

The notes on pages 264 to 271 form an integral part of these financial statements.

Balance sheet

as at 30 September 2018

	Note	30.09.18 £'000	30.09.17 £'000
Assets			
Fixed assets			
Investments		121,189	90,395
Current assets			
Debtors	7	1,530	881
Cash and bank balances	8	3,350	6,235
Total assets		126,069	97,511
Liabilities			
Creditors			
Other creditors	9	(377)	(1,454)
Total liabilities		(377)	(1,454)
Net assets attributable to unitholders		125,692	96,057

The notes on pages 264 to 271 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2017 to 30 September 2018

1 Accounting policies

The applicable accounting policies adopted by the Quilter Investors UK Equity Opportunities Fund are included on pages 273 to 274.

2 Net capital (losses)/gains

The net capital (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

Gains on currency contracts

Handling charges

Net capital (losses)/gains on investments

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
(1,130)	4,704
2	5
(5)	(6)
(1,133)	4,703

3 Revenue

Bank interest

Non-taxable overseas dividends

UK dividends

Total revenue

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
4	2
172	88
4,002	2,697
4,178	2,787

4 Expenses

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

Fixed Ongoing Charge*

Manager's periodic charge**

Fixed expenses**

Fixed expense rebate**

Total expenses

01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
666	-
353	749
64	130
(42)	(82)
1,041	797

* This figure represents the Fixed Ongoing Charge that was introduced from 1 March 2018, which covers all fees payable by the sub-fund to the Manager, Investment adviser, Trustee (including associates etc.) and other expenses.

** These figures represent the charges to 28 February 2018, which have now been replaced by the Fixed Ongoing Charge. The Audit fee for the year, excluding VAT, was £7,300 (30 September 2017: £7,150). As a result of the change to a Fixed Ongoing Charge basis, this expense is split between fixed expenses and Fixed Ongoing Charge.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

5 Taxation

a) Analysis of tax charge in the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Overseas tax suffered	23	6
Total current tax charge for the year	23	6
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year (see note 5(b))	23	6

b) Factors affecting current tax charge for the year

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
The taxation assessed for the year 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	3,137	1,990
Corporation tax at 20% (30 September 2017: 20%)	627	398
Effects of:		
Excess management expenses for which no relief taken	207	159
Revenue not subject to taxation – UK	(800)	(539)
Non-taxable overseas dividends	(34)	(18)
Overseas tax suffered	23	6
Total tax charge for the year (see note 5(a))	23	6

Authorised Unit Trusts are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax liability at the end of the year	-	-

At 30 September 2018 the sub-fund had surplus management expenses of £3,921,344 (30 September 2017 £2,884,390), which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

6 Distributions

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.17 to 30.09.18 £'000	01.10.16 to 30.09.17 £'000
Final – Accumulation units (30 September)	3,121	1,979
	3,121	1,979
Revenue deducted on cancellation of units	373	432
Revenue received on issue of units	(380)	(427)
Distributions	3,114	1,984

Details of the final distributions per unit are set out in the table on page 272.

7 Debtors

	30.09.18 £'000	30.09.17 £'000
Accrued revenue	406	345
Amounts receivable for issue of units	131	440
Overseas tax recoverable	-	7
Sales awaiting settlement	993	89
Total debtors	1,530	881

8 Cash and bank balances

	30.09.18 £'000	30.09.17 £'000
Cash and bank balances	3,350	6,235
Total cash and bank balances	3,350	6,235

9 Other creditors

	30.09.18 £'000	30.09.17 £'000
Accrued Manager's periodic charge	-	122
Accrued expenses	84	9
Amounts payable for cancellation of units	64	70
Purchases awaiting settlement	229	1,253
Total other creditors	377	1,454

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

10 Related party transactions

Quilter Investors Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each 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 262. Any amounts due to or from Quilter Investors Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts paid to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

Shares	Security Name	Market Value £'000	Gross Income Earned £'000
1,142,598	Quilter	1,554	-

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

Fixed income securities and variable rate securities.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

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 Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations 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 Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) 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 Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2018 (30 September 2017) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	30.09.18 £'000	30.09.18 £'000	30.09.18 £'000	30.09.17 £'000	30.09.17 £'000	30.09.17 £'000
Euro	-	-	-	7	-	7
US Dollar	-	-	-	22	-	22
Total	-	-	-	29	-	29

* 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 30 September 2018 by £Nil or 0.00% (30 September 2017: £1,484 or 0.00%). A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

11 Derivatives and other financial instruments (continued)

c) 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 30 September 2018 (30 September 2017) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.18				
Sterling	3,350	-	122,719	126,069
Total	3,350	-	122,719	126,069

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.17				
Euro	-	-	7	7
Sterling	6,213	-	91,269	97,482
US Dollar	22	-	-	22
Total	6,235	-	91,276	97,511

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.18			
Sterling	-	(377)	(377)
Total	-	(377)	(377)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.17			
Sterling	-	(1,454)	(1,454)
Total	-	(1,454)	(1,454)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) 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 Regulations 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 Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

11 Derivatives and other financial instruments (continued)

e) Counter party risk

Certain transactions in financial instruments that a 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-funds 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.

f) 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 from 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 each sub-fund (cash and underlying securities) to ensure any redemptions 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 Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market 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

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 £6,059,460 or 4.82% (30 September 2017: £4,519,761 or 4.71%).

h) Fair value of financial assets and liabilities

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

Basis of valuation	30.09.18		30.09.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	121,189	-	90,395	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	121,189	-	90,395	-

i) Global exposure

The Investment Adviser assesses the market risk of Quilter Investors UK Equity Opportunities Fund, 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.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (30 September 2017: £Nil).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

13 Portfolio transaction costs

Analysis of total purchase costs

30.09.18

Equities

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
96,582	40	0.04%	461	0.48%
584	-	-	-	-
97,166	40		461	
97,667				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
75,307	52	0.07%	345	0.46%
844	1	0.07%	4	0.50%
1,156	-	-	-	-
77,307	53		349	
77,709				

Analysis of total sale costs

30.09.18

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
65,680	26	0.04%	1	-
89	-	-	-	-
65,769	26		1	
65,742				

30.09.17

Equities

Collective Investment Schemes

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
70,234	45	0.06%	1	-
882	-	-	-	-
4,587	-	-	-	-
75,703	45		1	
75,657				

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

30.09.18	30.09.17
0.05%	0.11%
0.38%	0.38%

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 0.21% (30 September 2017: 0.21%).

Notes to the financial statements (continued)

for the year from 1 October 2017 to 30 September 2018

14 Unitholders' funds

The sub-fund currently has two unit classes; Accumulation 'A' and Accumulation 'U2'. The net asset value of each unit class, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The unit classes currently in issue and the Fixed Ongoing Charge of each unit class shown below. The comparative figure at 30 September 2017, was the Manager's periodic charge, which is now included within the Fixed Ongoing Charge.

	30.09.18	30.09.17
- Accumulation 'A'	1.65%	1.50%
- Accumulation 'U2'	0.75%	0.60%

Unit class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	15,111,747	17,500	(3,041,521)	-	12,087,726
- Accumulation 'U2'	64,317,067	43,448,557	(15,618,576)	-	92,147,048

15 Post balance sheet date events

There are no post balance sheet events requiring disclosure.

Distribution table

Final distribution

Group1: Units purchased prior to 1 October 2017
Group2: Units purchased from 1 October 2017 to 30 September 2018

	Revenue pence per unit	Equalisation pence per unit*	Distribution paid 30.11.18 pence per unit	Distribution paid 30.11.17 pence per unit
Accumulation 'A' Units				
Group 1	2.3810	-	2.3810	1.9315
Group 2	1.1440	1.2370	2.3810	1.9315
Accumulation 'U2' Units				
Group 1	3.0743	-	3.0743	2.6230
Group 2	2.0734	1.0009	3.0743	2.6230

* 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 accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments in accordance with applicable United Kingdom accounting principles, and in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds', issued by the Investment Management Association in May 2014. All of the sub-funds are presented on a going concern basis with the exception of the Old Mutual UK Alpha Fund which the Authorised Corporate Director intends to terminate once all its residual assets and liabilities are settled (see Going Concern sub-heading below for details).

Going Concern

Old Mutual UK Alpha Fund closed on 15 June 2018. It is the intention of the ACD to terminate this sub-fund at a later date once the residual assets and liabilities are settled. As a result the financial statements of this sub-fund has been prepared on a basis other than going concern. In applying this basis of preparation, the assets and liabilities continue to be stated at their fair values which materially equate to their residual values. No further adjustments were necessary in the terminating sub-fund's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities. No liabilities have been recorded for costs of the termination of the sub-fund as the intention is that the ACD will bear any such costs which may arise.

The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies to reflect the presentation of the terminating sub-fund's financial statements as at 30 September 2018 on a basis other than going concern.

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. 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 Trust. Revenue arising on debt securities that are issued 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. Revenue arising on fixed income securities has been accounted for on an 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. 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 and the Manager has elected to distribute these amounts.

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.

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 ACD charge in the underlying investment.

i) Taxation and deferred taxation

Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset in respect of excess management expenses is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset.

j) Distribution policy

All of the net revenue available for distribution at the end of interim (where applicable) and final distribution periods will be distributed to unitholders or accumulated by the unit class. Any unit class in deficit of revenue will be made-up from the capital attributable to that unit class. All the sub-funds distribute revenue on debt securities on an effective yield basis. Equalisation received on collective investment scheme distributions will be distributed.

For all sub-funds, some or all of any charges and expenses may be treated as a capital expense for distribution in accordance with the Sourcebook, which may have the effect of constraining capital growth, as the Trust may treat the generation of income as a higher priority than capital growth or (as the case may be) place equal emphasis on the generation of income and on capital growth.

The policy of the Manager is to allocate the charges and expenses to income with the following exceptions. The charges relating to transaction costs are treated as a capital expense for all sub-funds. In respect of the Quilter Investors UK Equity Large Cap Income Fund, Quilter Investors Equity 2 Fund, and the Old Mutual UK Alpha Fund, the Manager's policy up to the 1st March 2018 was to charge the periodic charge to capital (in addition to transaction charges) and from the 1st March 2018 was to charge a percentage of the Fixed Ongoing Charge to capital. In respect of Quilter Investors UK Equity Income II, the policy is to charge all the expenses to capital.

Accounting policies (continued)

k) Basis of valuation of investments

The investments of the Trust 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 Investors Trust differs dependant on the type of instruments held within the Portfolio, their economic exposure and the materiality of any fair value adjustment. The fair value pricing policy is regularly reviewed by the Trustee of the Funds to ensure adherence to the COLL Sourcebook.

Authorised unit trusts and collective investment schemes operated by Quilter Investors Limited have been valued at cancellation price, for all other such funds they have been valued at bid price. Single priced authorised unit trusts and collective investment schemes have been valued at the dealing price and open-ended investment companies 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, 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, the gains and losses derived therefrom 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.

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.