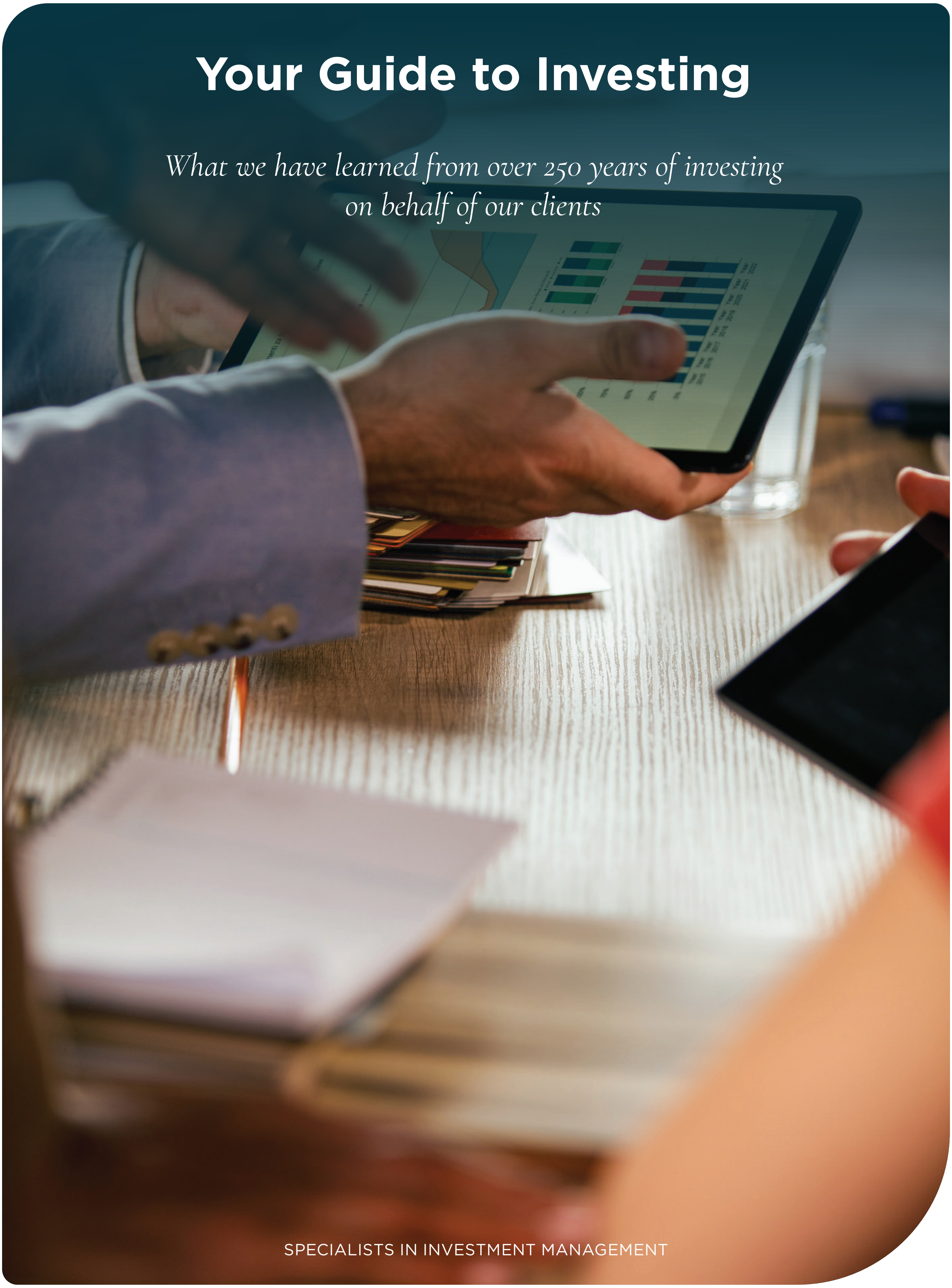
QUILTER CHEVIOT

Your Guide to Investing

What we have learned from over 250 years of investing on behalf of our clients



SPECIALISTS IN INVESTMENT MANAGEMENT

Approver: Quilter Cheviot Europe, 27 March 2025

QUILTER CHEVIOT

Foreword

Investing is all about planning for your future. In an increasingly complex and uncertain world it can seem daunting to think about where you will be in five years' time, let alone in 30 or 40, but the need to build a secure financial future for you and your family is stronger than ever.

Quilter Cheviot has been managing money for generations of clients since 1771. More than 250 years of investing for individuals, families and charities have made us experts in how markets work. We use the lessons of the past and the experience of our investment managers as a foundation for our approach; combining this with the forward-looking investment expertise provided by our in-house research team, who carry out more than 37,000 hours of research annually, ensures our clients are prepared for whatever the future brings.

People can be uncertain about investing because they feel that it's something they do not fully understand. The good news is that the basic principles of investment are actually quite easy to understand when set out clearly and with a minimum of jargon. This guide brings together six key lessons from our extensive experience and explains them in a straightforward manner, with the aim of giving you the confidence to take steps towards a better financial future for you and your loved ones.

Andrew Fahy
Chief Executive Officer

Lesson one:
Start investing in your future today

The future may seem a long way off, but the benefits of long term financial planning cannot be overstated: when it comes to investing, time is quite literally money.

Life expectancy is increasing

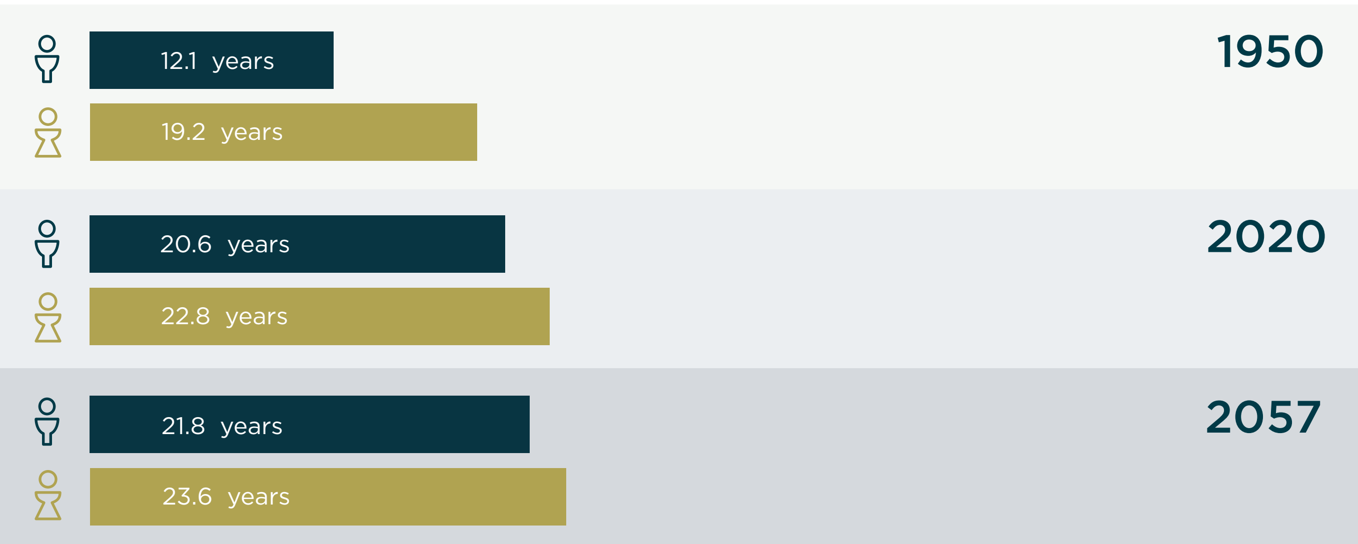
Changes to workplace pensions are reducing their value

Many people are underprepared financially for retirement

Thanks to medical and social advances, life expectancy in Ireland has been growing steadily longer over the past 50 years. As of 2020, the average life expectancy for a 40-year-old man in Ireland is 82.81 years, while for a woman it increases to 86.1 years[1].

Yet average figures tell only part of the story: you may be surprised to learn that, according to the Central Statistics Office (CSO), 1 in 5 women aged 55 today will live to celebrate their 100th birthday[1].

Average life expectancy for male at retirement age (66) and female at retirement age (66)



[1] https://www.macrotrends.net/global-metrics/countries/IRL/ireland/life-expectancy

However, there is a downside to this. The ageing population is putting increasing pressure on pension funds, with the result that employers are putting an end to the final salary pension schemes our parents' generation enjoyed, in favour of defined contribution (DC) schemes, which, as the name suggests, pay out on the basis of what was paid in. The consequence of this change is that your annual income may be lower than the salary you received while working, and the lifestyle you are able to enjoy may be affected as a result.

This is not surprising when you reflect on the fact that we can now expect to spend almost a quarter of our lives in retirement. Yet according to the Central Statistics Office (CSO), almost half of households (46.2%) reported having at least some difficulty in making ends meet in 2024[2], and 2 in 5 (43%) of non-retired adults feeling financially unprepared for retirement[3].

The lesson is clear: to enjoy later life without financial pressures impacting your standard of living, you should consider investing now.

> *“According to the Central Statistics Office (CSO), almost half of households (46.2%) reported having at least some difficulty in making ends meet in 2024.”*

[2] https://www.cso.ie/en/releasesandpublications/ep/p-silced/surveyonincomeandlivingconditionssilcenforceddeprivation2024/abilitytomakeendsmeetandmaintainthesamestandardofliving/

[3] https://www.standardlife.ie/about-us/media-hub/2-in-5-feel-financially-unprepared-for-retirement

Lesson two:
Recognise the cost of cash

In the past, cash savings were seen as a 'safe haven', but over the long term, equities and other investments offer significant growth opportunities compared to cash.

Inflation means that cash can actually lose value over time

Cash deposited in a bank could be working harder for you in the markets

You may have heard the expression 'cash is king'. The term expresses the idea that cash in the form of money or savings is more valuable than any other investment asset.

In certain historical market conditions this idea made some sense: when the price of riskier assets such as shares was judged too high or prices became too volatile, investors could remove their money from the market and save it until prices became cheaper or settled down.

In uncertain times, depositing cash in a savings account can appear to be the safest option for your money. However, over time, where interest earned on cash is less than inflation, the purchasing power of your money can gradually start to erode.

At the same time, inflation gradually eats away at the real value of your cash. The result is that even with relatively low levels of inflation, money held in cash or deposited in a savings account is likely to be worth less as the months and years pass.

Comparison of performance of €100 invested in global equities and cash, 2000-2024 taking inflation into account

Past performance is not a guarantee of future returns. Source: Refinitiv Datastream

Over the past three years, the official European Central Bank (ECB) base rate has varied between 2.75% and 4.5%[4], while the official measure of inflation in Ireland has risen from 1.4% to 1.9% (as of February 2025[5]).

Instead of lying idle and losing its real value over time, your money could be put to work by being invested in assets such as company equities (shares) or fixed income products such as government or corporate bonds.

Depending on your investment aims, you may still choose to hold a certain amount of your capital as cash, since this can be a way of diversifying and managing risk (see Lesson 6), but for the most part cash should be your servant and not your ruler. Your Investment Manager will able to advise you on the right approach for you.

> *“Instead of lying idle and losing its real value over time, your money could be put to work by being invested in assets”*

[4] https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html
[5] https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexjanuary2025/

Lesson three:
Master the magic of dividends and compounding

The power of compounding cannot be underestimated – by regularly adding capital to your portfolio and reinvesting investment gains you can dramatically boost your returns over the long term.

The effect of compounding is exponential over time

Investing more money sooner has the greatest long-term benefit

Reinvesting your dividends will boost compounding significantly

Imagine two people. One starts saving regularly at the age of 21 and saves for 9 years, then stops at the age of 30, but leaves their money invested. The other starts investing at the age of 30 and continues to put money aside for the next 40 years. If both retire at 70, who would be better off in retirement?

The surprising answer is that it is quite likely to be the first person: the reason is the power of compound interest. The principle behind compounding is that each year you earn interest not only on the original amount invested but on the interest from previous years as well.

The power of compounding is often held up as something which is almost 'miraculous'; while no miracles are involved, the potentially exponential growth encouraged by compounding over time can be quite remarkable.

> *"The power of compounding is often held up as something which is almost 'miraculous'"*

The graph below provides a simplified illustration of how compounding works and the importance of time for it to show its full impact.

How compounding works over time where returns are fixed at 5%

	Age Invested				
Time invested	**25**	**35**	**45**	**55**	**65**
Initial investment	€ 10,000				
After 10 years	€ 16,470	€ 10,000			
After 20 years	€ 27,126	€ 16,470	€ 10,000		
After 30 years	€ 44,677	€ 27,126	€ 16,470	€ 10,000	
Maturity	€ 73,584	€ 44,677	€ 27,126	€ 16,470	€ 10,000

Source: Quilter Cheviot. Past performance is not a guarantee of future returns.

Imagine you have €10,000 to invest, you would like to retire at 65 and investment returns are fixed at 5%. As you can see, if you start investing at age 55 you would see your initial capital grow to the relatively modest sum of €16,470. If, however, you started at age 25, your money would be worth over seven times your original investment.

Some investors are nervous about putting their money into 'risk assets' such as equities (company shares), but historical data shows that over the long term, so-called 'riskier' asset classes consistently deliver better average annual returns than cash savings or bonds; the effect of compounding on these better returns means that, assuming the price of the asset grows in a reasonably consistent way, the difference becomes exponentially more important the longer you stay invested.

Furthermore, for equities, as well as the rise in value of the stock itself, the effect of compounding can be boosted by reinvesting any dividends paid out to you as a shareholder.

The conclusion is simple: invest early, add to your investment pot regularly and give serious consideration to investing in riskier assets to make the magical effect of compounding work its hardest for you. Your investment manager can help you further understand the process, to ensure your experience investing with Quilter Cheviot is seamless.

Lesson four:
Volatility is not your enemy

Nothing strikes fear into the heart of most investors like volatility – but sudden changes are a normal part of market activity and represent an opportunity for those who understand their causes.

Short-term movements up and down are a normal part of market behaviour

Over time, the effects of short- term volatility will tend to be ‘smoothed out’

Experienced investors exploit volatility to ‘buy low’ and ‘sell high’

Of all the concepts involved in investing, volatility is perhaps the most misunderstood. This is unsurprising given the connotations of the word in other contexts – a ‘volatile person’ is not someone you would be keen to spend a lot of time around; a ‘volatile chemical’ is one that needs careful storage. However, market volatility is a natural aspect of market behaviour and is actually useful to investors.

Put simply, volatility describes how much and how often the price of an investment changes over time. If you think about that for a moment, you will realise that without volatility the potential profits from investing would be significantly lower – without price changes your returns would be limited to dividends alone, removing the significant gains that are the bedrock of a strong portfolio.

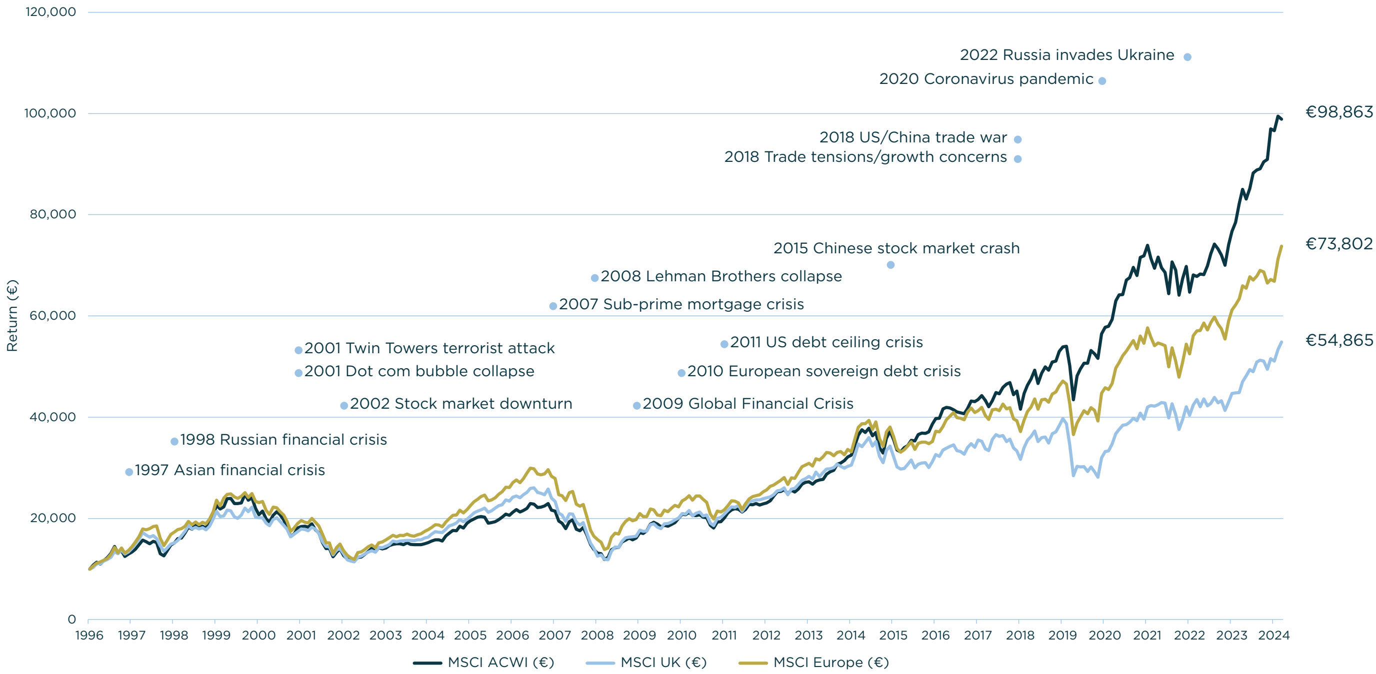
Volatility is often treated as an indicator of risk, because without it there is lower risk of both failure and of success. It can be disconcerting to watch the value of your investments vary over the short term, but the good news is that for the long-term investor, volatility is not a threat. While every year can have rough patches, and market cycles can lead to whole years in which returns are negative, history shows that the overwhelming trend is for the value of investments to increase over the long term.

> *“Market volatility is a natural aspect of market behaviour and is actually useful to investors”*

The importance of investing for the long term

The chart below shows that over the long term, there is an upward trend of returns from equities, despite the short-term volatility caused by major events.

Value of MSCI ACWI, MSCI Europe and MSCI UK Indices 1996 - 2024



Past performance is not a guarantee of future returns.

As you can see, the graph is quite jagged, especially when looking close up at particular sections: this is volatility. However, taken as a whole, the movement is clearly an upward sweep, so that any ten-year period selected at random shows a positive increase.

At Quilter Cheviot, our extensive research team work constantly to ensure our Investment Managers have the most up-to-date market and company data. This enables them to exploit market inefficiencies, which can be manifested as volatility, to make active, shorter-term, tactical asset allocation decisions, as well as to purchase long-term, more strategic assets at the best price.

The lesson for you is that while volatility can be disconcerting, it is beneficial to the investment process. If you have any concerns about sudden market movements, please get in touch with your Investment Manager.

Lesson five:
Keep your emotions in check

The impulse to chase the market is part of human nature, but studies have repeatedly shown that staying invested is a far more effective approach in the long term.

Setting aside your emotions is essential for effective investing

'Timing' the market is risky, especially if you lack knowledge of underlying causes

In the long-term, a 'buy and hold' strategy tends to provide the most reliable returns

One of the basic principles of classical economics is that people behave rationally and therefore maximise their economic potential. However, more recently a field called behavioural economics has opened up, which recognises that people are not always rational and applies psychological insights into human behaviour to explain economic decision making.

When given a 'hot tip' or confronted by a sudden drop in the value of an asset we are invested in, most of us will be tempted to act. This is entirely natural, but unless we have clear insight into the underlying causes, it is rarely a sensible approach.

> *"When given a 'hot tip' or confronted by a sudden drop in the value of an asset we are invested in, most of us will be tempted to act."*

Behavioural Biases

Anchoring Bias	Using an arbitrary price level (€100 for example) as a trigger to buy or sell assets
Confirmation Bias	Focusing on information which supports our opinions while ignoring information which contradicts them
Disposition Effect Bias	Categorising investments as either 'winners' or 'losers' and acting accordingly
Familiarity Bias	The tendency to prefer investments you are familiar with, such as well-known companies or bonds issued by your own government
Hindsight Bias	Attributing inevitability to an event after the fact when in reality it was unpredictable
Loss Aversion Bias	The tendency to avoid the pain of loss by avoiding decisions which may lead to a negative consequence
Self-attribution Bias	Attributing success to your own actions and/or failure to external factors
Trend-chasing Bias	Taking past performance alone as an indicator of future performance
Worry	Allowing anxiety to affect your perception of risk

There are a whole series of behavioural biases which can influence decision making, some of which are set out in the table above.

This in itself is a good reason to make use of discretionary investment management – by putting the day-to-day management of your investment in the hands of an experienced professional, you remove the temptation to react to sudden market fluctuations, 'hot tips' or short-term changes in the value of a particular asset.

There is a well-known saying among investment professionals: 'Time in the market is more important than timing the market'. What this means is that most people will do better by staying invested through the ups and downs of the markets rather than trying to chase performance and 'time' their investment decisions based on short-term market movements. This is partly because, apart from the potential to 'make the wrong call', such a short-term approach can upset your asset allocation and damage your overall strategy.

In conclusion, investment managers have the experience, skill and above all objectivity to make the most appropriate decisions, making trades only when there is reason to do so, with a view to maximising returns, while minimising the chance of loss.

Lesson six: Diversification, diversification, diversification

Balancing risk and reward should be central to your investment strategy – diversification is the best way of positioning yourself to benefit from market gains while minimising your overall risk.

The range of assets available to investors is wider than ever

Markets are more susceptible than ever to geopolitical events

Diversification minimises risk while maximising potential exposure to gains

Uncertainty has become a feature of the complex world we live in. In an increasingly globalised, interconnected world, a whole range of geopolitical events can have an economic impact on you as an individual. As a result, making sure that your investments deliver the future you want has become more of a challenge.

It may be a truism, but the expression 'don't put all your eggs in one basket' is fundamental to a successful investment strategy, whatever your goals.

Many people are drawn to property as an investment. However, 'safe as houses' rings slightly less true, as anyone who found themselves needing to sell property in the slump of the early 90s, or during the financial crisis of 2008, can attest. Simply put, if you invest in a single type of asset, you are concentrating risk.

Making sure you have exposure to multiple asset types is therefore essential to reduce risk in your portfolio while maximising your potential returns.

In a diversified portfolio a range of different asset types are combined. Assets are deliberately selected whose performance tends to be affected by different factors and which, as a result, tend to behave differently (we say their behaviour is 'uncorrelated').

> *"It may be a truism, but the expression 'don't put all your eggs in one basket' is fundamental to a successful investment strategy, whatever your goals."*

Your investments can be diversified in three main ways:

Asset classes
e.g. company shares (equities), government or corporate bonds, property, cash

Geography
(e.g. UK, US, or Emerging Markets)

Sectors
(e.g. technology, energy).

Research has shown that a properly diversified portfolio consistently smooths the peaks and troughs of individual asset classes to deliver the most consistent returns over time.

Asset Class Performance Over Time

Percentage Change

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
US equity 29.3	UK REITs 20.3	Japan equity 15.9	EM equity 32.6	AsPac equity 29.5	Global Bond 5.7	UK REITs 32.6	AsPac equity 21.2	Commodity 40.1	Commodity 39.7	US equity 19.4
Euro equity 25.3	US equity 19.7	UK REITs 12.0	US equity 32.3	EM equity 25.4	Gold 5.2	US equity 25.8	Gold 20.8	UK REITs 29.2	Gold 13.1	Euro equity 14.8
Japan equity 24.8	Gilts 14.7	US equity 6.5	Commodity 31.1	Euro equity 15.8	US equity 0.9	Euro equity 20.0	US equity 17.0	US equity 27.6	Cash 2.1	Japan equity 13.5
UK REITs 23.7	AsPac equity 11.3	Euro equity 5.1	Gold 29.0	UK REITs 13.3	Cash 0.7	UK equity 18.4	EM equity 14.7	UK equity 18.7	UK equity 1.6	UK REITs 11.6
UK equity 20.5	Gold 6.4	Global Bond 3.1	AsPac equity 25.8	Japan equity 13.3	Gilts 0.6	Japan equity 15.0	Japan equity 11.0	Euro equity 16.7	Japan equity -6.1	Gold 8.1
AsPac equity 1.2	Global Bond 5.6	Cash 0.6	Japan equity 22.1	UK equity 13.0	Japan equity -7.5	EM equity 13.9	Gilts 8.8	Japan equity 2.7	Global Bond -7.3	UK equity 8.0
Cash 0.5	EM equity 3.9	Gilts 0.4	Global Bond 21.2	US equity 10.7	Commodity -9.0	Gold 13.9	Euro equity 7.5	Cash 0.1	Euro equity -7.6	Cash 5.2
Commodity -3.9	Japan equity 2.0	UK equity 0.0	Euro equity 18.6	Gold 2.9	AsPac equity -9.1	AsPac equity 13.6	Global Bond 5.1	EM equity -1.6	AsPac equity -9.6	Gilts 3.6
Gilts -4.2	Cash 0.6	AsPac equity -3.9	UK equity 17.4	Gilts 2.0	EM equity -9.3	Commodity 11.6	Cash 0.3	Gold -3.5	US equity -9.8	EM equity 3.6
EM equity -4.4	UK equity 0.5	Gold -7.0	Gilts 10.5	Cash 0.4	UK equity -9.8	Gilts 7.1	UK equity -11.8	AsPac equity -3.8	EM equity -10.0	AsPac equity 0.0
Global Bond -7.2	Euro equity -0.7	EM equity -10.0	Cash 0.5	Global Bond -3.1	Euro equity -9.9	Global Bond 1.6	UK REITs -16.6	Gilts -5.2	Gilts -25.0	Global Bond -1.6
Gold -28.7	Commodity -29.5	Commodity -29.6	UK REITs -10.2	Commodity -4.6	UK REITs -15.0	Cash 0.8	Commodity -26.6	Global Bond -6.0	UK REITs -31.9	Commodity -10.7

Conclusion

As we hope these lessons show, 250 years can teach you a lot about how investing works. We have been investing for generations; our aim is to continue to do so for generations to come.

Our investment process employs a mix of investment styles adapted to the market cycle giving due emphasis to future trends, so that your portfolio is structured to build and preserve your wealth over the long term. Based on your goals and the length of time you want to stay invested (known as your 'investment horizon'), your Investment Manager will be able to recommend the best approach to meet your needs.

Our history

Throughout Quilter Cheviot's history our values have remained constant: impartiality, high standards of personal service, a drive to build and preserve the wealth of our clients and a strong belief in the importance of a robust investment process.

Our origins

1771	The earliest incarnation of Quilter Cheviot – William Morris and Sons – is formed as a partnership of 150 stockbrokers at Jonathan's Coffee House.
1981	After merging with many smaller partnerships the firm becomes Quilter Goodison & Co.
1986	Sir Nicholas Goodison is made senior partner and Chairman of The London Stock Exchange.
1988	Quilter Goodison & Co is acquired by Commercial Union.
2000	Quilter is acquired by Morgan Stanley.
2003	Quilter Cheviot opens the Dublin office.
2006	Citibank acquires Quilter. Cheviot Asset Management launches, with the recruitment of 92 investment professionals from UBS.
2012	Private equity firm Bridgepoint acquires Quilter.
2013	Quilter and Cheviot Asset Management merge.
2015	Old Mutual Wealth acquires Quilter Cheviot Investment Management from Bridgepoint.
2018	Following a managed separation from Old Mutual Plc, Old Mutual Wealth confirms that its group company name has changed from Old Mutual Wealth Management to Quilter plc ('Quilter').
2019	Quilter Cheviot Europe established and authorised.

Steps to becoming a client

At Quilter Cheviot, we appreciate that you and your circumstances are unique – that's why we need to get to know you.

To trust us with something as important as your investments, you need to know us. We'll arrange an initial meeting to discuss your situation, objectives, and risk tolerance, our investment solutions, fees and charges associated with managing your portfolio, and any other issues or goals you might have. Deciding what to do with your money is one of the most important decisions you'll make, so we encourage you to carefully consider our recommendations before proceeding. If you decide to invest with us, simply let us know, and we'll assist you in completing the application form.

To find out more about Quilter Cheviot and how we can help you, visit **www.quiltercheviot.com**, email **enquiries@quiltercheviot.com**, telephone **+(353) 1799 6900** or speak to your financial adviser.

The relationship and service you can expect

Quilter Cheviot offers a relationship, service and continuity that you and your family can depend on today and in the years ahead.

Throughout our history, our standards and values have remained consistent. Our impartial approach, high standards of personal service, drive to build and preserve the wealth of our clients and a belief in the importance of a robust yet innovative investment process have remained unchanged.

When you invest with Quilter Cheviot:

You will have your own dedicated discretionary Investment Manager

Every Quilter Cheviot client is assigned an Investment Manager, who will be available to you from the outset and will remain your primary point of contact. Our Investment Managers have on average over 19 years' investment experience and an average of 16 years at Quilter Cheviot, so you can be sure of continuity of service.

We will keep you well informed

We will send you regular reports to let you know how your portfolio is performing. This includes portfolio valuations, performance reports, transaction schedules, capital and income statements, a tax year-end pack, and commentary on market conditions. We will gladly provide interim reports at your request. You can also view your portfolio online whenever you wish.

Safekeeping of your investments

Your investments will be registered in Quilter Cheviot's nominee name, safeguarding and administering your investments, cutting down on the paperwork normally associated with market transactions.

Fees explained

There are a number of different costs associated with running an investment portfolio. You may be quoted a single management fee, however this figure in isolation does not give you a true view of all costs involved in managing your portfolio or what you receive for the charge.

To ensure complete transparency, the total account cost (TAC) is a way of illustrating the key components of your fee. The TAC is usually made up of three components:

1

One-off costs

These may include account set-up costs or initial charges, if these are required.

2

Ongoing costs

These may include an annual management charge (this is usually the main part of the fee paid and varies depending on investment amount) and any transaction charges.

3

Incidental costs

These may include adviser charges, custodian fees or foreign exchange transaction charges.

Before you decide to invest, ensure that you understand the fees associated with the running of your portfolio and the service you are going to use. Do not be afraid to ask questions or to request a detailed breakdown of what is included in your charges.

Our Offices

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2 Birmingham
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11 London
12 Manchester
13 Salisbury
14 Dubai

Speak to our helpful team today

Our expert team are here to help you.

Contact us today to find out how we can support you and your clients.

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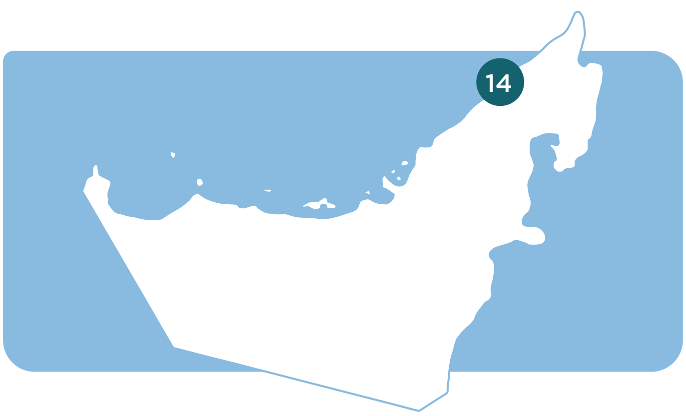

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