



# WAVERTON

INVESTMENT MANAGEMENT

## WAVERTON US CLIENT MODEL PORTFOLIOS (GBP)

### Quarter 3 2018

#### ABOUT WAVERTON

Waverton is an award winning investment management house dedicated to creating high quality investment portfolios for Private Clients, Trusts and Charities. As at 30<sup>th</sup> September 2018, Waverton had approximately £5.9bn of assets under management.

We have looked after US families, family offices and individuals for 20 years, be they resident or non-resident in the USA. We have been registered with the SEC since 2002.

You should ask your UK IFA or International Adviser about accessing Waverton's US client model portfolios and which strategy would be suitable for your personal circumstances.

#### PORTFOLIO OBJECTIVES

Our US client model portfolios are accessed via a UK IFA or International Adviser. We offer 3 investment mandates:

Mandate	Indicative Return	Risk Description	Time Horizon
Growth	CPI+ 3.5%	Volatile	7 years
Balanced	CPI+ 3.0%	Medium Volatility; Diversified	6 years
Cautious	CPI+ 2.5%	Medium Volatility; Highly Diversified	5 years

*CPI: Consumer Price Index*

Volatile	A high risk of losses in the short to medium term
Medium Volatility; Diversified	A significant risk of some loss over the short to medium term, moderated through asset class diversification
Medium Volatility; Highly Diversified	Risk of meaningful losses is moderated through a high degree of diversification across asset classes

#### WAVERTON US CLIENT MODEL PORTFOLIOS - OVERVIEW

The three US Client Model Portfolio Mandates seek to provide a diversified interest in a variety of asset classes. The blend of asset class will vary according to the CPI+ target of the mandate. Each asset class is populated with the same underlying securities, the weightings of which will differ depending on the mandate.

- Easy access to a fully balanced investment portfolio
- Low investment minimum
- Global Investment
- US Reporting
- Attractive Fee
- Available through Financial Advisers worldwide

#### PERFORMANCE TO 30<sup>TH</sup> SEPTEMBER 2018

Mandate	Q3 18	Q2 18	Q1 2018	Q4 2017	1 Year
Growth	+5.18%	+7.31%	-4.76%	+4.63%	+12.54%
CPI+3.5%	+1.56%	+1.60%	+0.79%	+1.64%	+5.89%
Balanced	+4.39%	+6.84%	-4.40%	+3.87%	+10.86%
CPI+3.0%	+1.43%	+1.50%	+0.67%	+1.51%	+5.38%
Cautious	+3.52%	+6.70%	-3.99%	+2.92%	+9.27%
CPI+2.5%	+1.31%	+1.40%	+0.55%	+1.39%	+4.87%

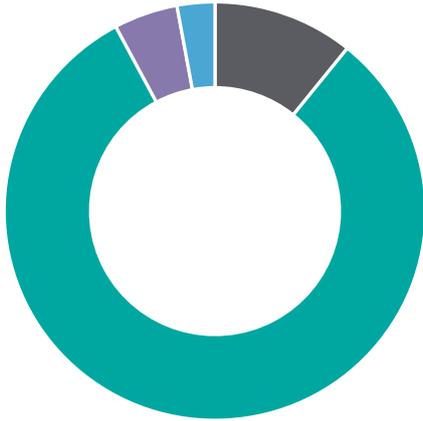
Source: Praemium

Performance figures are calculated on a total return basis, gross of fees. Deduction of fees will impact on the performance shown.

Risk Warning: Past performance is no guarantee of future results and the value of such investments and their strategies may fall as well as rise, you may not get back your initial investment, capital security is not guaranteed. Changes in rates of exchange may have an adverse effect on the value, price or income of an investment.

## ASSET ALLOCATION

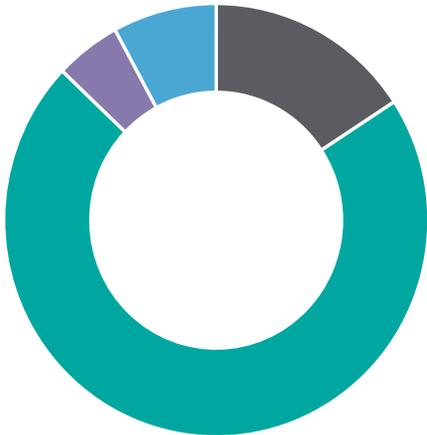
### WAVERTON US CLIENT GROWTH PORTFOLIO



Asset	Long Term Weight	Current Weight
Fixed Income	15%	10.8%
Equities	75%	81.4%
Alternatives	0%	4.9%
Cash	10%	2.9%

Asset Class Ranges	Minimum	Maximum
Cash & Fixed Income	5%	45%
Equities	55%	90%
Alternatives	0%	25%

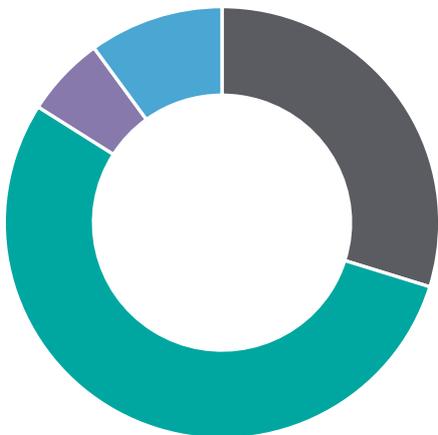
### WAVERTON US CLIENT BALANCED PORTFOLIO



Asset	Long Term Weight	Current Weight
Fixed Income	25%	15.8%
Equities	60%	71.3%
Alternatives	0%	5.0%
Cash	15%	7.9%

Asset Class Ranges	Minimum	Maximum
Cash & Fixed Income	15%	65%
Equities	40%	80%
Alternatives	0%	30%

### WAVERTON US CLIENT CAUTIOUS PORTFOLIO



Asset	Long Term Weight	Current Weight
Fixed Income	35%	29.8%
Equities	45%	54.2%
Alternatives	0%	6.0%
Cash	20%	10.0%

Asset Class Ranges	Minimum	Maximum
Cash & Fixed Income	20%	70%
Equities	30%	60%
Alternatives	0%	35%

The above should be used as a guide only. It is based on our current views of markets as at 30.09.18 and is subject to change.

Below are the details of the underlying securities within each asset class used by Waverton's US Client Model portfolios as at 30.09.18. Each security is chosen from our central 'best ideas list' and is screened to ensure it is US tax compatible.

## FIXED INCOME

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Fixed income is invested directly in individual bonds with a range of maturities  
- UK Government Bonds

## EQUITIES

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Equity positions are invested on a global basis using direct equity holdings and US listed collectives. The table below shows the Top 10 Equity Holdings:

TOP 10 HOLDINGS	REGION
Amazon	US
Microsoft	US
EOG Resources	US
Apple	US
Alphabet	US
Visa	US
Lockheed Martin	US
Becton Dickinson	US
First Trust Chindia Index ETF	US
Wisdom Tree Japan Hedged ETF	Japan

Source: Praemium as at 30.09.18

## ALTERNATIVES

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Following several years of weakness gold is once again attractive as a means of diversifying portfolio exposure in an uncertain geopolitical environment.

- SPDR Gold Trust - Gold ETF

## COMMENTARY

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In the three months to the end of September the MSCI All Country World Index rose 5.6%. The best performing markets were the US, which rose 9.0%, and Japan which rose 4.5%. The worst performance came from the UK, -0.8%, and Asia Pacific-ex-Japan, -0.2% (all figures in sterling, total return terms). The global stock market is now up 7.7% for the year with the US leading the way, +14.7%, and emerging markets lagging, -4.2%.

The third quarter had some similarities with the second quarter as investors continued to shrug off the headlines around trade wars and remained focused on underlying fundamentals which are still constructive for corporate earnings and therefore for equity prices. The US economy in particular continued to display considerable strength with annualised GDP growth of 4.2% in the second quarter being followed up with record highs in small business confidence and 20-year highs in consumer confidence being reported in August.

President Trump expanded his tariffs on imports from China to a total of \$250 billion of goods in September. Other trade news was more constructive with the agreement at the end of September between the US, Mexico and Canada to a reformed North American Free Trade Agreement (NAFTA), now called USMCA.

Here in the UK the news coverage of the twists and turns in the Brexit negotiations has led to a pick up in the day to day volatility of sterling. In aggregate trade-weighted sterling fell just 0.2% over the quarter. It fell against the dollar and euro but rose against the yen and a lot of emerging market currencies. We expect sterling to continue being volatile but it is unlikely to have a clear direction until the Brexit negotiations conclude.

The Bank of England raised interest rates in August, as expected. Gilts declined in value as interest rates rose. The Gilt index fell 1.8% and is now down 1.4% for the year.

Despite the risks outlined above, we remain overweight equities versus our long term targets and underweight bonds where we see little value beyond diversification.

## PORTFOLIO DETAILS

Investment Manager	Waverton Investment Management
Base Currency	Sterling
Launch Date	March 2017
Minimum Investment	£100k
Minimum Withdrawal / Addition	£5k
Portfolio Managers	<a href="#">Richard List</a> & <a href="#">Alexandra Buchan</a>

## WAVERTON CHARGES

WAVERTON PORTFOLIO	WAVERTON AMC*	COST OF UNDERLYING HOLDINGS	TOTAL EXPENSE RATIO
Growth Portfolio	0.50%	0.13%	0.63%
Balanced Portfolio	0.50%	0.11%	0.61%
Cautious Portfolio	0.50%	0.10%	0.60%

As at 30.09.18

\* Annual Management Charge

Financial Adviser and platform charges are not included in the costs above.

## CONTACT DETAILS

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## CUSTODY & REPORTING PROVIDED BY:

The portfolios are custodied with Praemium International Limited (regulated by the Jersey Financial Services Commission, Ref:IB0271), who will also provide US compliant tax reports, for investors.

**præmium**

## RISK WARNING

The value of investments and the income from them can go down as well as up and investors may not recover the amount of their original investment. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down. Past performance is not a guide to future performance. The tax treatment of investments depends on each investor's individual circumstances and is subject to change in tax legislation. Investments may not exactly replicate the relevant portfolio due to the difference in timing of initial investment or rebalancing differences resulting from minimum transaction size limited. The portfolio is not suitable for all types of investor and investor accounts and will only be attached to it upon instruction from your professional adviser.

Waverton Investment Management Ltd has been appointed by your professional adviser to manage the portfolio under the terms of a delegation agreement. Your professional adviser is not responsible for decisions as to which securities and other investment products should be purchased and sold within the portfolio.

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