



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 30 SEPTEMBER 2017

## OBJECTIVES

### FUND AIM

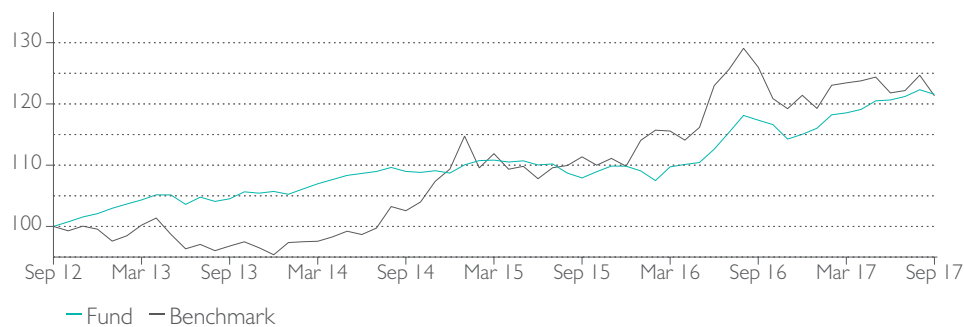
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

### INVESTMENT STYLE

The Fund uses some degree of flexibility in its allocation to duration, credit and currency in order to achieve its investment objectives. Investment decisions are fundamentally driven using a combination of quantitative analysis with qualitative judgement calls. Derivative instruments are also utilised to manage risk.

## PERFORMANCE

### ROLLING PERFORMANCE



**Risk Warning:** Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not get back their initial investment. Important information: Performance displayed is for the A Share Class. Performance is calculated on a NAV to NAV basis and does not take into account any initial fees. Performance is displayed net of fees and assumes income is reinvested. The below calendar year performance table will only display performance from the first 12 month complete performance period.

Period	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Inception Jan 10
Portfolio (%)	-0.6	0.8	5.7	3.6	11.5	21.6	38.7
Benchmark (%)	-2.7	-0.4	-0.1	-3.7	18.3	21.3	57.0
Peer Group (%)	-1.5	0.1	2.3	-0.1	16.5	27.1	59.4
Quartile	1	1	1	1	4	3	4

### DISCRETE CALENDAR YEAR PERFORMANCE

Period	2016	2015	2014	2013	2012
Fund (%)	4.7	1.0	2.8	3.6	9.1
Benchmark (%)	10.1	0.6	13.9	-3.9	2.7

### STANDARDISED PERFORMANCE

Period 1 year to	30/09/2017	30/09/2016	30/09/2015	30/09/2014	30/09/2013
Fund (%)	3.6	8.7	-1.0	4.3	4.5

## PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	9.8%	Financial	61.2%	British Pound	92.7%	Lloyds Bank	7.1%
AA	9.6%	Government	21.5%	Mexican Peso	4.0%	UK Long Gilt	6.7%
A	11.7%	Communications	1.7%	US Dollar	2.2%	US Treasury Inflation	5.3%
BBB	38.9%	Consumer, Cyclical	1.3%	Indian Rupee	1.1%	Barclays Plc	4.8%
BB	9.1%	Energy	1.2%	<b>Total</b>	<b>100.0%</b>	Us Treasury N/B	4.4%
B	0.2%	Utilities	1.1%			Phoenix Group Holdings	4.2%
NR	9.1%	Consumer, Non-cyclical	0.4%			Pershing Square Holdings	4.0%
Cash	11.6%	Cash	11.6%			Hsbc Bank Plc	3.5%
<b>Total</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>			Aqua + Inv(Swiss Re)	3.4%
						Mex Bonos Desarr Fix Rt	3.3%
						<b>Total</b>	<b>46.7%</b>

## COMMENTARY

During September the Waverton Sterling Bond Fund fell 0.6%, compared with a fall of 2.7% for the iBoxx Sterling Gilt Index.

Contrary to most expectations, despite a background of uncertainty regarding the Brexit negotiations, the Bank of England has indicated a stronger possibility that the next change in interest rates will be a rise towards the end of this year. Following the publication of the August CPI at 2.9% which is very close to the 3% threshold at which Mr. Carney will be required to write a letter of explanation to the UK Chancellor, perhaps this is not a surprise. Markets were caught off guard however and so the movement in Gilt yields was quite significant, rising from 1.42% to 1.66% over the month. Short term interest rates rose from 0.29% to 0.53% and the implied probability of a rate rise before year end is now around 80%. The 5 year Gilt yield rose from 0.44% to 0.80%. These shifts in yield are significant especially for shorter dated securities where the prospective return is so small. For example, the 5 year Gilt yielded 0.44% at end August but lost 1.6% in capital over the month – equivalent to almost 4 years' of income. With the 10 year Gilt yield still well below the rate of inflation rate and well below the Bank of England's 2% target, we think there remains upside risk to yields and downside risk to prices. For that reason we retain a conservative duration stance in the fund.

### FUND MANAGER



Jeff Keen

### ASSISTANT FUND MANAGER



Josh Oakley

## FUND DETAILS

### FUND FACTS

Launch Date	11th January 2010
Morningstar Category	Global Flexible Bond - GBP Hedged
Benchmark	Markit iBoxx GBP Gilts TR
Fund Size	£139.8m
No. of Holdings	53
Domicile	Ireland
Sedol	B5BD4F5
Bloomberg Code	JOHBACC ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	Jan 31st, Apr 30th, Jul 31st and Oct 31st

### RISK STATISTICS

Fund Volatility 3Y (%)	3.6
Duration	6.2
Sharpe Ratio 3Y	0.9
Running Yield (%)	4.4
Yield to Maturity (%)	3.0

### FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B5BD4F58	1,500 GBP	0.75%	INC	9.62	4.73%	0.94%
B GBP	IE00B5BD4N33	1,500 GBP	1.00%	INC	9.31	4.74%	1.19%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.69	4.72%	0.59%

## CONTACT DETAILS

### MARKETING CONTACT

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### ADMINISTRATOR

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**Risk Warning:** Past performance is no guide to future performance. The value of holdings may fall as well as rise. All financial investments involve an element of risk. The level of income from the investment may fluctuate in value. Currency movements may also affect the value of the investment. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. For full details of investment risks please refer to the Prospectus. A copy of the full prospectus and the KIID is available from Waverton Investment Management or Administrator, RBC Investor Services (Ireland). Peer Group consists of the following Morningstar Categories: GBP Government / Flexible / Diversified / Corporate / Global Flexible - GBP Hedged Bonds. Sources: Waverton, Morningstar, Bloomberg Composite Ratings.

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