



WAVERTON
INVESTMENT MANAGEMENT

EUROPEAN DIVIDEND GROWTH FUND A GBP

FUND FACTSHEET - AS AT 31 JANUARY 2018

OBJECTIVES

FUND AIM

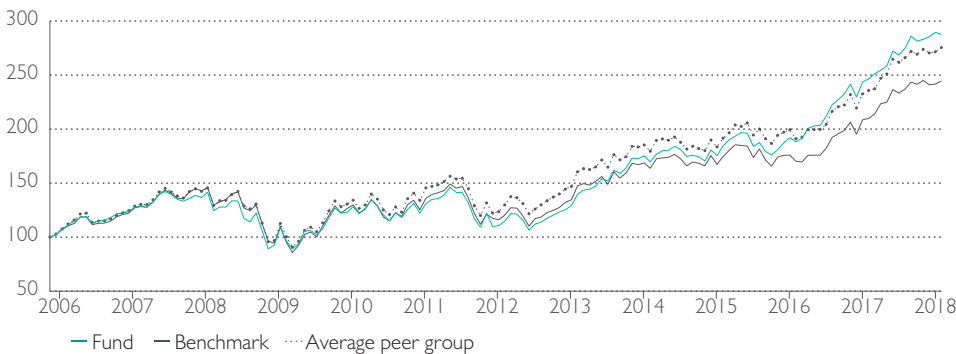
The investment objective is to generate income and capital growth by investing in a concentrated portfolio of equities selected from European markets. Overwhelmingly, but not exclusively, the managers invest in companies that are at the larger end of the capitalisation scale.

INVESTMENT STYLE

The Fund invests in wealth creating companies at attractive valuations. Building concentrated portfolios from the bottom up, unconstrained by the composition of the Fund's benchmark index, the managers seek to make a small number of long-term investments, primarily in growing companies, with strong management and operating in favourable business environments.

PERFORMANCE

PERFORMANCE SINCE INCEPTION



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 Retail 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.

Period	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Inception Nov 05
Portfolio (%)	-0.7	1.6	-0.7	16.7	56.0	105.8	187.6
Benchmark (%)	1.1	-0.2	1.1	16.5	40.0	65.8	144.5
Morningstar Peer Group (%)	1.4	0.6	1.4	16.9	43.8	72.3	184.0
Quartile	4	1	4	2	1	1	2

DISCRETE CALENDAR YEAR PERFORMANCE

Period	2017	2016	2015	2014	2013
Fund (%)	18.9	26.8	9.4	0.2	35.4
Benchmark (%)	15.8	18.6	5.1	-0.7	25.3

STANDARDISED PERFORMANCE

Period 1 year to	31/01/2018	31/01/2017	31/01/2016	31/01/2015	31/01/2014
Fund (%)	16.7	30.9	2.1	8.6	21.5

PORTFOLIO SUMMARY

COUNTRY		SECTOR		TOP 10 HOLDINGS	
Sweden	17.4%	Industrials	23.2%	Novartis AG CHF0.50 (Regd)	5.0%
France	12.1%	Health Care	17.5%	Linde AG NPV (ASD 24/10/2017)	3.4%
Germany	11.5%	Consumer Staples	16.2%	Svenska Handelsbanken Series 'A'	3.3%
Switzerland	10.9%	Materials	14.0%	Deutsche Telekom AG (Regd)	3.3%
Spain	8.3%	Energy	7.0%	Swedish Match AB SEK1.2	3.2%
Portugal	7.8%	Telecommunication Services	6.3%	LafargeHolcim Ltd CHF2 (Regd)	3.1%
Finland	7.3%	Financials	5.2%	Kongsberg Gruppen ASA NOK 1.25	3.0%
Other	7.2%	Consumer Discretionary	4.7%	Orange €4	3.0%
Norway	6.8%	Utilities	3.5%	Eramet €3.05	3.0%
United Kingdom	5.7%	Cash	2.4%	Loomis AB Series 'B'	3.0%
Italy	5.0%	Total	100.0%	Total	33.3%
Total	100.0%				

Sources: Waverton Investment Management, Morningstar.

COMMENTARY

The Fund fell 0.7% in January underperforming the index which rose 1.1%. The market was strong in Euros, countered by a rising pound with financials leading the way where we are underweight. Eramet and GTT did well. Unfortunately at month end one of our larger holdings Loomis reported disappointing 4Q results, mainly due to France, and the shares fell 9%. The shares are now on a P/E discount to the market for a company that we feel has excellent long term growth prospects so we remain excited by the position.

Recently investors have begun to wonder if we are exiting the 10 year paradise of "growth without inflation". In the last macroeconomic projections, the ECB said that headline inflation would be 1.5% in 2017 and only 1.2% in 2018. Certainly there is no inflation in Europe, helped by the strong euro.

Even in the US despite rising yields, bond investors don't seem too fearful of accelerating inflation as indicated by Bloomberg estimates for US rate expectations. These are about 0.25% below Fed guidance (i.e. 3% by 2020 from 1.5% now). In Europe, despite metal prices rallying, the internet continues to help deflation. This is particularly apparent in the food retail sector. By the end of spring 2018, privately owned French retailer Leclerc will launch a home delivery service in Paris. The group currently has just one store in Paris and its home delivery service basket "Leclerc chez moi" will be priced 15% to 20% below competitors. Michel Edouard at Leclerc has stated that he will "take on the Amazon challenge in the most expensive French city". Currently Leclerc has very limited share in Paris, which is dominated by Casino (c40% share) and Carrefour (c30%). We are keen to avoid industries whose companies that find it difficult to differentiate their offering. In Europe we see the post month end fall as a normal stock market markdown after a very strong 2017.

In conclusion we see this post month end fall as a normal stock market markdown post a very strong 2017. The key is to buy into companies that meet our five wealth creating criteria, of which there are many, and try to ignore much of the background 'noise'

FUND MANAGER



Charles Glasse

FUND MANAGER



Chris Garsten

ANALYST



John Buckland

FUND DETAILS

FUND FACTS

Launch Date	14th November 2005
Morningstar Category	Europe Ex-UK Large Cap Equity
Benchmark	MSCI Europe ex UK TR
Fund Size	£37.9m
No. of Holdings	38
Domicile	Luxembourg
Sedol	BD5NVQ7
Bloomberg Code	ZENEINR:LX
Fund Type	SICAV
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	20-Feb 2017 (1.02p), 19-Jul 2017 (3.75p)

RISK STATISTICS

3Y Annualised

Fund Volatility (%)	9.7
Index Volatility (%)	10.8
Sharpe Ratio	1.5
Information Ratio	0.9
Tracking Error	4.8
Alpha (%)	0.7
Beta	0.8
Active Share (% - Current)	87.2

FUND INFORMATION

Share class	ISIN	Minimum	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	LU0968447606	1,000,000 GBP	0.75%	INC	1.97	3.05%	1.45%
L GBP	LU0968447515	500,000 GBP	1.00%	INC	1.86	3.02%	1.41%

CONTACT DETAILS

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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 ACD, Casa4 Funds. Sources: Waverton, Morningstar.

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