



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON ASIA PACIFIC A USD

FUND FACTSHEET - AS AT 30 SEPTEMBER 2018

OBJECTIVES

FUND AIM

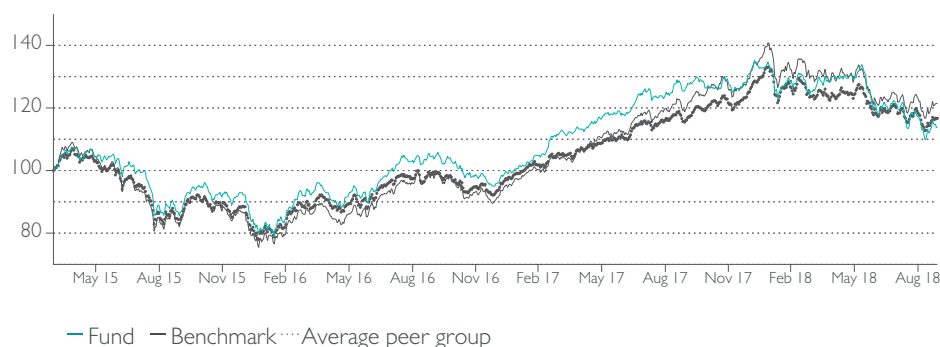
The Waverton Asia Pacific Fund seeks to achieve capital growth and generate an income through diversified investment in equities of Asian-Pacific companies (excluding Japanese equities).

INVESTMENT STYLE

The Fund employs a pragmatic approach to investing in Asia through a combination of active country / sector allocations and disciplined stock selection in a reasonably concentrated portfolio (25-40 holdings).

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 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.

*William Hanbury co-managed the Fund from 1st Jan 2015 and became lead manager on 1st April 2015.

Period	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Inception Oct 05
Portfolio (%)	-2.8	-6.4	-12.9	-9.9	31.4	20.7	145.1
Benchmark (%)	-1.4	-1.6	-6.3	1.5	45.4	36.2	201.3
Morningstar Peer Group (%)	-1.4	-2.3	-5.9	1.6	40.6	30.7	162.4
Quartile	4	4	4	4	4	3	3

DISCRETE CALENDAR YEAR PERFORMANCE

Period	2017	2016	2015	2014	2013
Fund (%)	36.4	4.1	-4.8	-2.1	9.9
Benchmark (%)	41.7	5.4	-9.2	4.5	3.2

STANDARDISED PERFORMANCE

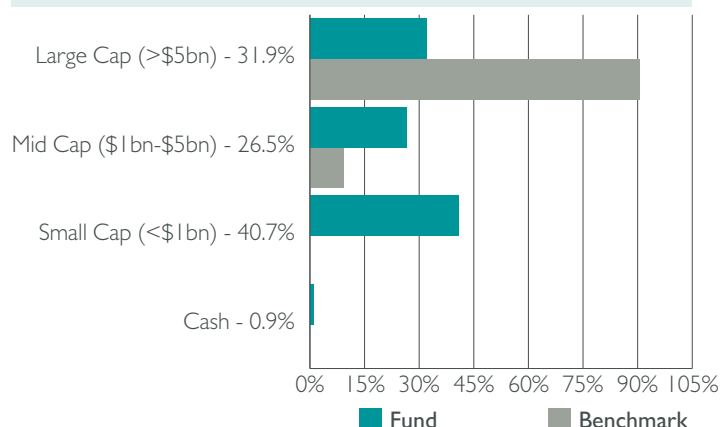
Period 1 year to	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
Fund (%)	-9.9	22.0	19.5	-11.7	4.1

PORTFOLIO SUMMARY

TOP 10 HOLDINGS

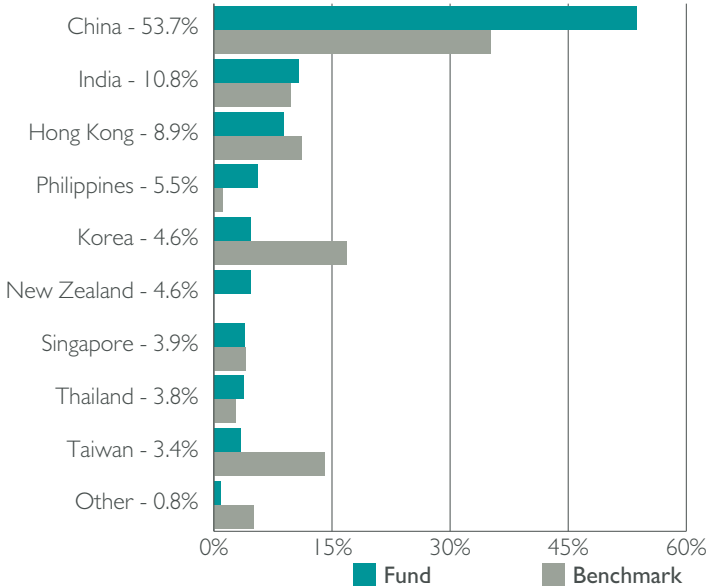
China Meidong HK\$0.1	7.4%
Xingda International Holdings Ltd	6.3%
Zhejiang Expressway Co 'H' CNY1	6.2%
IDFC Ltd.	6.0%
Xinyi Glass Holdings Limited	5.3%
Baidu Inc ADS Each Repr 0.10 Ord Class 'A' Share	4.9%
CK Hutchison Holdings HK\$1	4.8%
Xero Limited	4.6%
Samsung Electronics - Pref	4.4%
Silverlake Axis Ltd	3.9%
Total	53.8%

MARKET CAP

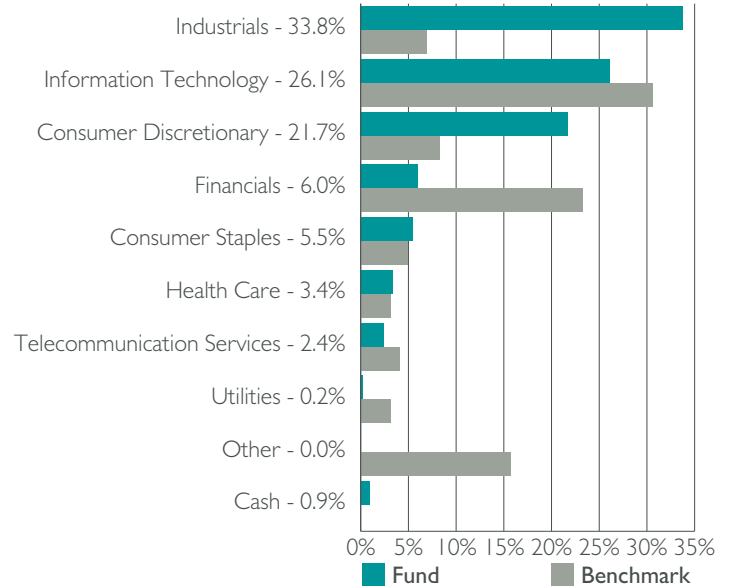


PORTFOLIO SUMMARY - CONTINUED

COUNTRY



SECTOR



PORTFOLIO ACTIVITY

Purchase

Alibaba
A-Living Services
Lonking Holdings
Zhongsheng Group
Kingdee International

Month

Jul - Sep 2018

Sale

KEPCO
Cikarang Listrindo
Kangwon Land
Jasmine Broadband

MARKET REVIEW

With China and India accounting for over half of the world's GD growth, you can understand how wobbles in their prospects can dramatically impact investors' risk appetites. In India, rising oil prices, a weakening rupee and a tightening of regulatory and liquidity environment for banks and non-bank financials combined to result in the Indian index falling over 20% in USD.

In China weak data points on car sales and infrastructure spending worsened the macro picture, and then adverse regulatory announcements hit the gaming and education sectors. To top it off, the trade war between China and the US intensified, with tit for tat retaliatory tariffs being placed on trade between the two countries. The Chinese domestic Shenzhen market fell 13% during the quarter.

PERFORMANCE REVIEW

The fund had a disappointing quarter, under performing by almost 5%. Over half of this came from China Maple Leaf, a major holding which fell 44% in the quarter after the Chinese government announced a draft regulation which has questioned the ability of schools teaching the Chinese national curriculum to be run "for-profit". We have sold a portion of our holding as we do not believe we have any insight into how the regulatory uncertainty will resolve, but we are maintaining a partial holding because the company's current valuation implies no value at

all is assigned to the revenue or assets which are under regulatory review.

The fund's two Indian holdings: Cox and Kings and IDFC also detracted from performance, falling 24% and 17% respectively. The decline in IDFC we see as rational given concerns in India, but Cox and Kings derives over 60% of its revenue from outside India and so we see the sell-off as being more a statement of a broader risk aversion rather than any decline in the intrinsic value of the business.

STOCK EXAMPLE

There was significant turnover of names in the portfolio during the quarter, with all our sales being of companies with earnings outside China and all our purchases being of those with earnings within China. Three of the four names were utility companies (KEPCO, Cikarang Listrindo & Jasmine Broadband) and Kangwon Land is South Korea's only casino.

Unlike any of our sales, our purchases are all companies where management have a significant shareholding in the firm and where their shares have historically delivered significant value to shareholders. Alibaba is one which we have been monitoring for a while but always passed on valuation grounds however, currently investors are getting the core commerce business at 23x earnings (FY'18 numbers), which is compelling for an asset with such a dominant position in e-commerce (70% market share in China) and likely to grow revenue at over 20% for the next five years. A-Living services is a property management company who is the default manager for the property developed by its major shareholders. We like the visibility of earnings this gives and feel confident that it should double its earnings in the next three years, putting it on a valuation of c10x earnings.

Longking and Zhongsheng are both family run businesses which are cyclical in nature, selling luxury cars and forklift trucks in China. After speaking to the firms, we believe the negative sentiment towards China described in the "market review" is the cause of the significant decline in their share prices, rather than a meaningful decline in their long term prospects.

OUTLOOK

Our view is that the current concerns around China will prove to be a "bump in the road". Whilst we are monitoring the situation carefully, we are positioning the fund to benefit from a decline in the negative sentiment that currently exists.

BIOGRAPHIES

WILLIAM HANBURY

William joined Waverton in November 2013 and manages the Waverton Asia Pacific Fund. Prior to joining Waverton he was a director at Active Capital Management, which specialises in quantitative trading. He graduated with a Masters Degree in Economics from Edinburgh University in 2006 and has a broad experience of financial markets having worked in equity analysis, derivative structuring and trading.

FUND MANAGER



William Hanbury

ALENA ISAKOVA

Alena joined Waverton in 2016 as an Equity Analyst and is currently specialising in Asian Equities. Prior to her role at Waverton, Alena was working at EY LLP as an Assistant Tax Advisor within their US-UK Private Client Tax team. Alena graduated from the University of Oxford with a degree in Molecular and Cellular Biochemistry, and has since passed the Investment Management Certificate and CFA Level I.

ANALYST



Alena Isakova

RICHARD HARDING

Richard joined Waverton in September 2018 as Head of Asian Equity Research. He is based in the Bangkok research office and works closely with Brook Tellwright and Will Hanbury on the Southeast Asian and Asia Pacific long only equity investment strategies. Prior to joining Richard was Head Of Asian Equities in Singapore for Maybank Kim Eng (2005-2018), during which time he collaborated strongly with Waverton identifying interesting opportunities across Asia. Richard was Head of Asian Equity Sales for Nomura, HSBC Swiss Bank and Barings Securities between 1989-2005. The first decade of his career was spent as a Global Bond and Equity fund manager for Den Norske Creditbank (1986-1989) and as a Japanese Warrant Trader for Hoare Govett (1981-1985). Richard read Economics at Bath University in 1980, holds four London Stock Exchange exams and has Modules IA and 6A from the Institute of Banking and Finance Singapore.

INVESTMENT TEAM



Richard Harding

FUND DETAILS

FUND FACTS

Launch Date	31st October 2005
Morningstar Category	Asia-Pacific Ex-Japan Equity
Benchmark	MSCI AC Asia Ex Japan Index
Fund Size	\$110.2m
No. of Holdings	28
Domicile	Ireland
Sedol	BONLMSI
Bloomberg Code	WAVAPAU ID
Fund Type	OEIC
Base Currency	USD
Other Currencies	GBP, EUR
Ex Dividend Dates	31st April and 31st October

RISK STATISTICS

3Y Annualised

	FUND	AVERAGE PEER GROUP
Fund Volatility (%)	15.0	13.1
Index Volatility (%)	13.6	0.0
Sharpe Ratio	0.6	0.8
Information Ratio	-0.5	-0.3
Tracking Error	7.1	4.9
Alpha (%)	-2.9	0.0
Beta	1.0	0.9
Active Share (% - Current)	93.8	0.0

FUND INFORMATION

Share class	ISIN	Minimum	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A USD	IE00B0NLMS18	2,500 USD	1.00%	INC	21.06	0.93%	1.25%
A EUR	IE00B0NLMP86	1,500 EUR	1.00%	INC	22.1	0.94%	1.23%
A GBP	IE00B0NLMR01	1,500 GBP	1.00%	INC	26.84	0.87%	1.25%

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. The Fund may invest assets in Emerging Market Countries. The risks involved in investments in Emerging Market Countries are likely to exceed the risks of investment in more mature markets.

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). Sources: Waverton, Morningstar.

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