



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON CAUTIOUS INCOME FUND P GBP

FUND FACTSHEET - AS AT 31 DECEMBER 2017

OBJECTIVES

FUND AIM

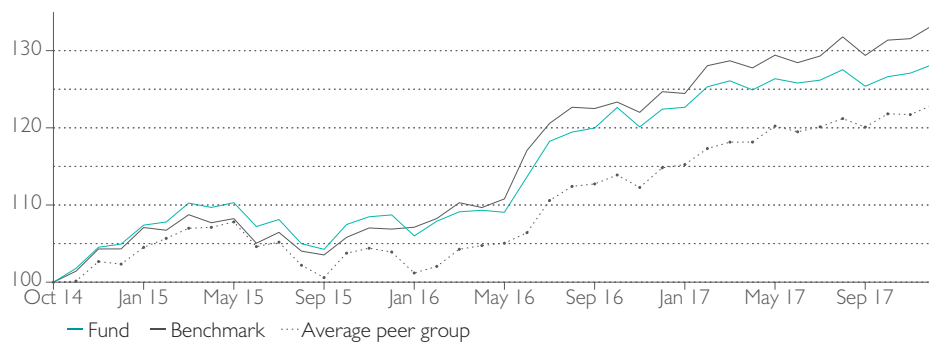
The investment objective of the Waverton Cautious Income Fund is to provide holders with a reasonable level of income and maintain the real value of the capital over the medium to long term. The yield of the Fund may alter as interest rate and market conditions change.

INVESTMENT STYLE

The Fund has a multi-asset structure and invests in a diversified portfolio of equities, government and corporate bonds mainly through third party funds but also with some direct holdings. The Fund will maintain a relatively concentrated portfolio with a high degree of flexibility.

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 P 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 Waverton Cautious Index is a composite benchmark of 45% MSCI AC World Index TR, 17.5% Iboxx Sterling Gilts Index 17.5% Iboxx Sterling Corporates Index, 20% GBP 1 month LIBOR.

Period	1 Month	3 Months	YTD	1 Year	3 Years	Inception Oct 14
Portfolio (%)	0.9	2.3	4.7	4.7	22.2	28.2
Benchmark (%)	1.3	3.0	6.9	6.9	27.8	34.9
Average Peer Group (%)	1.1	2.5	7.1	7.1	20.7	26.8
Quartile	3	3	4	4	2	2

DISCRETE CALENDAR YEAR PERFORMANCE

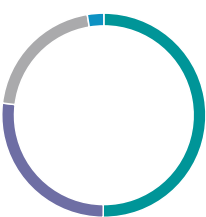
Period	2017	2016	2015
Fund (%)	4.7	12.6	3.6
Benchmark (%)	6.9	16.7	2.5

STANDARDISED PERFORMANCE

Period 1 year to	31/12/2017	31/12/2016
Fund (%)	4.7	12.6

PORTFOLIO SUMMARY

ASSET ALLOCATION



Asset	%	Projected Yield (%)
Equities	50.1%	1.3%
Alternatives	26.8%	1.2%
Fixed Interest	20.5%	0.9%
Cash	2.6%	0.0%
Total	100.0%	3.5%

TOP 10 HOLDINGS

Morant Wright Nippon Yield Fund 'B' £ Inc	8.1%
Waverton Sterling Bond Fund 'A' Inc £	6.9%
Somerset Emerging Markets Dividend Growth A Fund Inc	5.9%
Schroder European Alpha Income Z Inc	5.5%
GCP Student Living Plc Ord 1p	4.4%
3i Infrastructure Ord	4.1%
Channel Islands Property	4.1%
HICL Infrastructure Ord 0.01p	3.6%
Helical Bar 4% Convertible Bond 17/06/2019	3.2%
Guinness Global Equity Income Fund 'Z'	3.1%
Total	48.9%

COMMENTARY

The Fund returned 0.9% in December, bringing the total return for 2017 to 4.74%. Throughout 2017 we remained focused on our three key objectives of maintaining a consistent and sustainable yield, growing the capital in-line with inflation and mitigating against drawdown risk. In retrospect, perhaps we were a little too cautious, which led us to be more focused on drawdown protection than capital growth. That said, investors with us since inception have seen a 28.2% total return in sterling terms on a volatility of 5-6%. Furthermore, in the three years we have been managing the portfolio it has held up well in periods of market stress. A runaway bull market will not be the goldilocks backdrop for the Cautious Income Fund, however we continue to focus on ways to participate, without taking outside risks in order to do so.

During December, Equities contributed positively, Bonds were a marginal detractor and, after a difficult period for the asset class, Alternatives were strong. Within equity, all sectors apart from healthcare produced positive absolute return, as did all regions except North America, which saw healthcare and tech sell-off, not quite made-up by strength in our industrial names. Our key currency exposures are GBP, USD, EUR and JPY; December saw Sterling broadly flat, although it lost some ground to the Euro courtesy of stronger sentiment on the continent leading some to believe that the ECB will either begin tapering sooner than previously thought, or at a faster pace. Our European equity holdings outperformed, and our allocation to the Euro (c.8%, courtesy mainly of our European equity holdings) generated a positive return for the fund also.

Standout performers for the fund in December were British Land, Union Pacific, Royal Dutch Shell and Aptus Global Financials. Within bonds, the UK 10Y strengthened while Helical 2019s and CVC both contributed positively. Finally, within Alternatives 3IN performed well (as our thesis for the sale of two portfolio assets was vindicated, with agreed valuations materially higher than balance sheet holding values), GCP and HICL both recovered some of their 2H lost ground, and Dunn CTA finished well. Detractors were Becton Dickinson, the 10Y US Treasury, BCAI and our hedging position, the Waverton Protection Strategy.

FUND MANAGER



James Mee

FUND MANAGER



John Bellamy

FUND DETAILS

FUND FACTS

Launch Date	16th October 2014
Morningstar Sector	GBP Moderate Allocation
Benchmark	Waverton Cautious Index
Fund Size	£37.9m
No. of Holdings	39
Domicile	Ireland
Sedol	BQ1KPQ1
Bloomberg Code	WAVCIPG ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	Jan 31st, Apr 30th, Jul 31st and Oct 31st

DISTRIBUTION TECHNOLOGY RISK PROFILE



FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
B GBP	IE00BQ1KPP02	1,500 GBP	0.75%	INC	11.11	3.36%	1.61%
P GBP	IE00BQ1KPQ19	1,500 GBP	0.40%	INC	11.31	3.36%	1.27%

Note: The Cautious Income Fund P share class is only available through Financial Advisors

CONTACT DETAILS

MARKETING DIRECTOR

Mark Barrington

mbarrington@waverton.co.uk

+44 (0) 20 7484 2058

www.waverton.co.uk

ADMINISTRATOR

RBC Investor Services

Dublin_TA_Customer_Support@rbc.com

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. Clients should note that yields on investments may fall or rise dependent on the performance of the underlying investment and more specifically the performance of financial markets. As such, no warranty can be given that the expressed yields will consistently attain such levels over any given period. 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). Sources: Waverton, Morningstar.

Issued by Waverton Investment Management Limited. Registered in England No 2042285. Registered Office: 16 Babmaes Street, London, SW1Y 6AH. Authorised and Regulated by the Financial Conduct Authority.