



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON CAUTIOUS INCOME FUND P GBP

FUND FACTSHEET - AS AT 28 FEBRUARY 2018



OBJECTIVES

FUND AIM

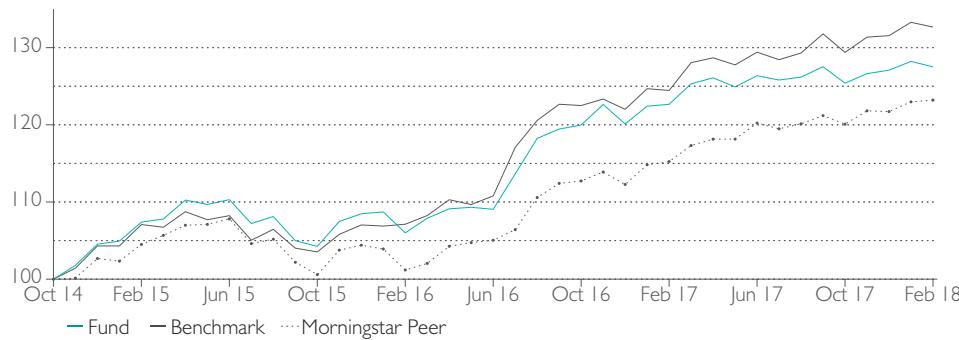
The investment objective of the Waverton Cautious Income Fund is to provide holders with a reasonable level of income and maintain the real value of the capital over the medium to long term. The yield of the Fund may alter as interest rate and market conditions change.

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 (%)	-1.0	-0.7	-1.5	0.7	17.1	26.2
Benchmark (%)	-0.4	0.5	-0.8	3.2	23.9	33.8
Average Peer Group (%)	-1.5	-0.4	-1.5	3.2	15.2	25.0
Quartile	1	3	3	4	2	2

DISCRETE CALENDAR YEAR PERFORMANCE

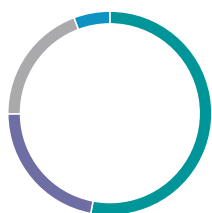
Period	2017	2016	2015
Fund (%)	4.7	12.6	3.6
Benchmark (%)	6.9	16.7	2.5

STANDARDISED PERFORMANCE

Period 1 year to	28/02/2018	28/02/2017	29/02/2016
Fund (%)	0.7	16.1	0.1

PORTFOLIO SUMMARY

ASSET ALLOCATION



Asset	%	Projected Yield (%)
Equities	53.0%	1.5%
Alternatives	21.9%	1.0%
Fixed Interest	19.4%	0.8%
Cash	5.7%	0.0%
Total	100.0%	3.3%

TOP 10 HOLDINGS

Waverton Sterling Bond Fund 'A' Inc £	6.5%
T.Bailey Fund SVS APTUS Global Fins B Inc	6.2%
Morant Wright Nippon Yield Fund 'B' £ Inc	5.8%
Schroder European Alpha Income Z Inc	5.3%
iShares MSCI Far East ex Japan Fund £ UCITS ETF	4.8%
3i Infrastructure Ord	4.2%
GCP Student Living Plc Ord 1p	4.2%
Channel Islands Property	3.8%
RWC Global Emerging Markets S £ Inc	3.8%
Somerset Emerging Markets Dividend Growth A Fund Inc	3.8%
Total	48.4%

COMMENTARY

February was a volatile month for risk assets, but a strong month for the Fund which again fulfilled one of its 3 key investment criteria and protected investors in periods of risk asset weakness. From the beginning of the month to the nadir of the drawdown (8th of Feb), the MSCI AC World lost just over 6% and finished the month down just over 1%. Over the same time period, the drawdown for the Fund was just 2.33% (Factset numbers in GBP). Importantly, we picked up some of the positive movement in equity markets in the latter stages of the month and finished just ahead of equity markets overall.

Unsurprisingly, the general mood of markets during February was that of caution. During the drawdown, the best performing asset in the fund was our holding in the Waverton Protection Strategy (WPS), which was up just under 7%, contributing positively to overall performance. In the latter stage of the month, our overweights in financials and tech generated strong absolute and relative performance, and our preference for EM and Asia benefitted the Fund.

During the month we increased our weight to EM and Asia slightly by adding to RWC Global Emerging Markets. We also added to our energy position by buying a basket of global integrated oil companies. These are cash flow-covered dividend payers with a renewed focus on capital discipline exposed to a market that could be coming into a period of undersupply following under-investment in all areas outside shale. The global energy index has underperformed the main market thus far in 2018, while the oil price remains elevated and earnings expectations for oil continue to rise.

We remain believers in the reflation trade and expect the global economy to continue to grow well into 2018, and as such remain invested in a pro-cyclical manner within equities in particular. However, we also believe that 2018 will bring volatility in asset markets, and as such we hold just over 8% cash in the fund on a lookthrough basis, as well as the WPS, gold, Treasuries & Gilts and JPY & USD. The fund's current positioning ought to provide capital growth to investors as markets strengthen while offering protection should we see a renewed bout of market weakness.

Finally, 3i Infrastructure (3IN) has announced its intention to pay a 21% special dividend in March. This will be included as income in the Cautious Income Fund's Q2 dividend distribution. As such, the Q2 distribution will be boosted by 0.8-0.9% (that is, holders of the fund will receive an additional 0.8-0.9% income to that which is ordinarily paid on a quarterly basis). The ex-dividend date for the fund will be the end of April.

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	£39.2m
No. of Holdings	43
Domicile	Ireland
Sedol	BQ1KQP1
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

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	10.83	3.50%	1.61%
P GBP	IE00BQ1KQP19	1,500 GBP	0.40%	INC	11.03	3.49%	1.27%

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

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. 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.

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