



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON CAUTIOUS INCOME FUND P GBP

FUND FACTSHEET - AS AT 31 JULY 2018



OBJECTIVES

FUND AIM

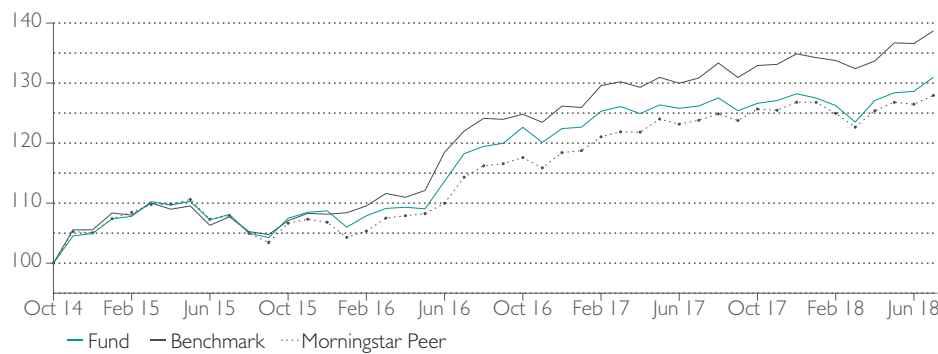
The investment objective of the Waverton Cautious Income Fund is to provide holders with a reasonable level of income and maintain the real value of the capital over the medium to long term. The yield of the Fund may alter as interest rate and market conditions change.

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 (%)	1.8	3.1	2.2	3.8	21.2	31.0
Benchmark (%)	1.5	3.8	2.8	6.0	28.8	38.7
Average Peer Group (%)	1.2	2.0	0.9	3.3	18.7	28.1
Quartile	1	1	1	2	2	2

DISCRETE CALENDAR YEAR PERFORMANCE

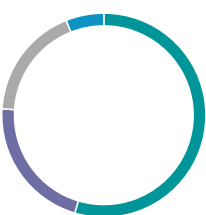
Period	2017	2016	2015
Fund (%)	4.7	12.6	3.6
Benchmark (%)	6.9	16.7	2.5

STANDARDISED PERFORMANCE

Period 1 year to	31/07/2018	31/07/2017	31/07/2016
Fund (%)	3.8	6.7	9.4

PORTFOLIO SUMMARY

ASSET ALLOCATION



Asset	%	Projected Yield (%)
Equities	54.6%	1.6%
Alternatives	21.4%	1.0%
Fixed Income	18.0%	0.8%
Cash	6.0%	0.0%
Total	100.0%	3.4%

TOP 10 HOLDINGS

iShares MSCI World UCITS ETF	8.0%
Waverton Sterling Bond Fund 'A' Inc £	6.7%
Morant Wright Nippon Yield Fund 'B' £ Inc	3.8%
Channel Islands Property	3.5%
RWC Global Emerging Markets B £	3.2%
iShares S&P 500 UCITS ETF	3.0%
Helical Bar 4% Convertible Bond 17/06/2019	3.0%
JP Morgan Accrual Note W/OF FTSE100 / EUROSTOXX50	2.6%
Royal Dutch Shell Plc 'B' €0.07 (UK list)	2.5%
Twelve Capital Fund SICAV Twelve Insurance Best Ideas	2.3%
Total	38.6%

COMMENTARY

The Fund was up 1.84% in July, with positive contributions from Equities, Bonds and Alternative allocations. Equity markets were up for the period, thus our overweight to the asset class benefitted performance. By sector, our position in US tech was the strongest contributor (with Apple generating about half of the total Tech return), followed by industrials. Regionally, both North America and Europe were strong positive contributors, while the UK and Asia Pacific ex Japan were moderately weak. Within Alternatives, 3i Infrastructure and BioPharma Credit Plc were our strongest contributors; gold was a detractor as the dollar continued to strengthen (the negative correlation between the two has reappeared and intensified somewhat).

Dollar-denominated positions generated the majority of the portfolio's returns and we remain broadly unhedged, therefore taking the dollar strength (sterling weakness) risk. "Broadly" unhedged because we initiated a call option position on sterling (versus the dollar) mid-month to reflect our view that the Brexit risk looks increasingly binary.

To explain the Brexit point: as at the end of the month, the Fund's investments were 43% sterling-denominated with the remainder in foreign currencies. In periods of sterling weakness, the portfolio will do well, as foreign currency-denominated assets increase in value in sterling terms. Therefore, in the event of a hard Brexit where sterling would be expected to weaken, the portfolio would likely perform well. However, should we have a soft Brexit (or no Brexit, which is also a possibility) then the Pavlovian response of the market would likely be for the currency to strengthen, which would, by extension, be a headwind for the Fund. We decided to hedge against this risk by buying a call option on sterling which we expect would be a significant positive contributor to the portfolio in a soft-or-no Brexit eventuality, partly because of the move in the currency rate itself and partly due to a rise in the volatility of the price. We spent just over 0.1% of the portfolio to hedge a notional portfolio value of £2.1m.

We sold our position in BCAI following the company's decision to wind the company up, which in turn came after a lengthy period of consultation with management, the board and other shareholders. The orderly wind-up was the best outcome for shareholders as unfortunately the vehicle's size meant that it was no longer viable as a going concern. We benefitted from an appreciation in the price towards NAV as the holding got closer to the de-listing date and decided to exit ahead of this, enabling us to allocate the capital to areas we believe have a higher risk-adjusted return opportunity.

FUND DETAILS

FUND FACTS

Launch Date	16th October 2014
Morningstar Sector	GBP Moderate Allocation
Benchmark	Waverton Cautious Index*
Fund Size	£43.0m
No. of Holdings	58
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

*Waverton Cautious Index: 45% MSCI AC World Index, 17.5% Iboxx Sterling Gilts Index, 17.5% Iboxx Sterling Corporate Index, 20% GBP LIBOR 1 Month

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
B GBP	IE00BQ1KPP02	1,500 GBP	0.75%	INC	10.97	4.00%	1.57%
P GBP	IE00BQ1KPQ19	1,500 GBP	0.40%	INC	11.18	4.00%	1.22%

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

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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FUND MANAGER



James Mee

FUND MANAGER



Luke Hyde-Smith

RISK PROFILE

