



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON CAUTIOUS INCOME FUND P GBP

FUND FACTSHEET - AS AT 30 JUNE 2018



OBJECTIVES

FUND AIM

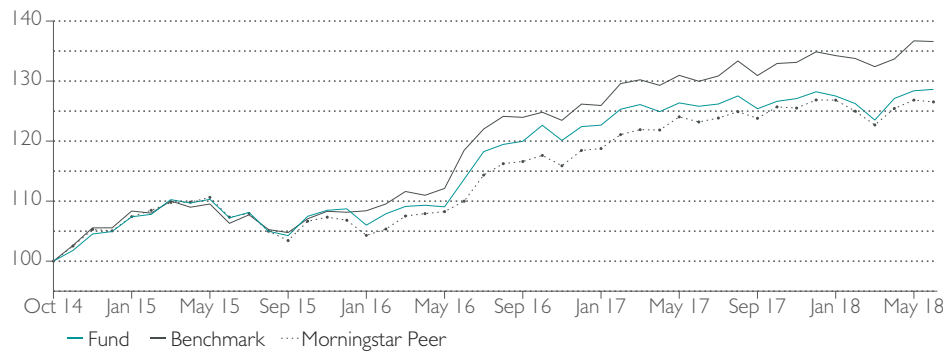
The investment objective of the Waverton Cautious Income Fund is to provide holders with a reasonable level of income and maintain the real value of the capital over the medium to long term. The yield of the Fund may alter as interest rate and market conditions change.

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 (%)	0.2	4.1	0.3	2.2	20.0	28.6
Benchmark (%)	-0.1	3.2	1.3	5.1	28.5	36.6
Average Peer Group (%)	-0.2	3.1	-0.3	2.7	18.0	26.6
Quartile	1	1	2	3	2	2

DISCRETE CALENDAR YEAR PERFORMANCE

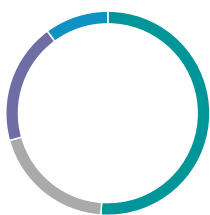
Period	2017	2016	2015
Fund (%)	4.7	12.6	3.6
Benchmark (%)	6.9	16.7	2.5

STANDARDISED PERFORMANCE

Period 1 year to	30/06/2018	30/06/2017	30/06/2016
Fund (%)	2.2	10.7	6.0

PORTFOLIO SUMMARY

ASSET ALLOCATION



Asset	%	Projected Yield (%)
Equities	51.1%	1.5%
Fixed Income	19.6%	0.8%
Alternatives	19.2%	0.9%
Cash	10.1%	0.0%
Total	100.0%	3.2%

TOP 10 HOLDINGS

iShares MSCI World UCITS ETF	8.0%
Waverton Sterling Bond Fund 'A' Inc £	7.0%
Morant Wright Nippon Yield Fund 'B' £ Inc	3.9%
T.Bailey Fund SVS APTUS Global Fins B Inc	3.7%
Channel Islands Property	3.6%
iShares MSCI Far East ex Japan Fund £ UCITS ETF	3.4%
RWC Global Emerging Markets B £	3.4%
Schroder European Alpha Income Z Inc	3.1%
Helical Bar 4% Convertible Bond 17/06/2019	2.9%
JP Morgan Accrual Note W/OF FTSE100 / EUROSTOXX50	2.6%
Total	41.6%

COMMENTARY

June saw continued weakness from Emerging Market and Asia ex Japan assets, while the US showed leadership as concerns around European growth continued. Our Europe-to-US equity allocation shift in May was thus a positive relative contributor in June. Some macro indicators have rolled over slightly on a global basis giving cause for concern that the market has run hot, and thus we have seen classic cyclical sectors trading broadly in-line with defensives in June while some of the inflation market indicators we look at have paused for breath also. The global economic order could soon be under attack if the trade dispute continues unabated, while stronger dollar could add fuel to the fire. The dollar is currently in a holding pattern against a broad basket of currencies, and while we believe that it should be fundamentally weaker we are reticent to bet against it while the US economy is again displaying relative strength, the Fed are consequently raising rates and the currency still serves as a safe-haven asset.

During the month we sold out Swiss Insured Brazilian bond, taking advantage of a strong two days in the BRL. The position breached our -10% stop-loss review level and on review we decided to sell the bond due to a poor technical picture for the currency. The political situation in Brazil is also uncertain, with an election due in Q4 and uncertainty around the fiscal outlook thereafter. The bond has continued to lose money in GBP-terms post the sale. We also reduced our EM and Asia ex Japan equity position within the fund, reflecting a poor technical backdrop courtesy of a strong dollar and fundamental concerns surrounding China's investment cycle.

With the proceeds of both sales we bought P2PGI and AEW UK Reit. These are both Alternatives and names we have held in the past. AEW is a property investment company whose management we know well and which we expect to be active and nimble in its portfolio allocation. P2PGI is a special situation trading at a material discount to NAV where we believe new management (Pollen Street Capital) will serve as a catalyst for share price performance. Specifically, Pollen Street run another vehicle, Honeycomb Investment Trust, which has performed well and is currently trading at a c.11% premium. Our expectation is that Pollen Street will transition the P2PGI portfolio towards a HONY-like portfolio, in turn improving returns and ultimately paving the way for the two investment companies to merge and become a larger, more liquid entity. At the time of writing, P2PGI yields just under 6%.

June was a strong month for the fund, finishing just outside the top-decile with a positive return of 0.18%. The drivers of performance were our bonds and alternatives.

FUND DETAILS

FUND FACTS

Launch Date	16th October 2014
Morningstar Sector	GBP Moderate Allocation
Benchmark	Waverton Cautious Index*
Fund Size	£41.6m
No. of Holdings	43
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	10.87	4.03%	1.57%
P GBP	IE00BQ1KPQ19	1,500 GBP	0.40%	INC	11.08	4.03%	1.22%

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

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.

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FUND MANAGER



James Mee

FUND MANAGER



Luke Hyde-Smith

