



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON GLOBAL EQUITY A GBP

FUND FACTSHEET - AS AT 31 DECEMBER 2017

OBJECTIVES

FUND AIM

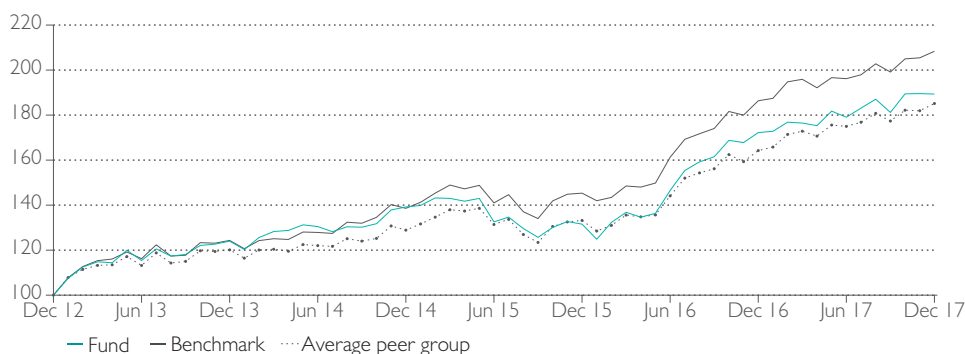
The investment objective of the Fund is to achieve returns in excess of the MSCI World NR through investment in a focused selection of equities on a global basis.

INVESTMENT STYLE

The Fund seeks to acquire, at a reasonable valuation, the highest quality companies in whatever sector and part of the world we find them. The investment process is driven by a bottom up and fundamental analysis approach with a top down and macro overlay assisting in regional and sector allocation tilts. The Fund will be populated by a concentrated list of high conviction global best ideas.

PERFORMANCE

ROLLING PERFORMANCE



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.

Period	1 Month	3 Months	1 Year	3 Years	5 Years	Inception Mar 99
Portfolio (%)	-0.1	4.5	9.9	36.0	89.3	323.3
Benchmark (%)	1.4	4.6	11.8	50.4	108.4	211.6
Morningstar Peer Group (%)	1.6	4.2	12.6	43.6	84.7	96.0
Quartile	4	2	4	4	2	1

DISCRETE CALENDAR YEAR PERFORMANCE

Period	2017	2016	2015	2014	2013
Fund (%)	9.9	30.9	-5.5	12.3	24.0
Benchmark (%)	11.8	28.2	4.9	11.5	24.3

STANDARDISED PERFORMANCE

Period 1 year to	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Fund (%)	9.9	30.9	-5.5	12.3	24.0

PORTFOLIO SUMMARY

COUNTRY

North America	44.2%
Continental Europe	17.7%
Asia Pacific (ex Japan)	13.6%
Japan	13.4%
United Kingdom	8.4%
Cash	2.7%
Total	100.0%

SECTOR

Information Technology	22.9%
Health Care	19.8%
Financials	14.5%
Industrials	14.0%
Consumer Discretionary	8.0%
Consumer Staples	7.4%
Materials	5.0%
Energy	3.2%
Telecommunication Services	2.5%
Cash	2.7%
Total	100.0%

TOP 10 HOLDINGS

Novo Nordisk	3.5%
Honeywell	3.4%
Alphabet	3.4%
Amazon	3.3%
Apple	3.2%
Eog Resources	3.2%
Baidu	3.2%
Biogen	3.1%
Admiral	3.1%
Microsoft	3.1%
Total	32.4%

COMMENTARY

December was a difficult month for the fund with the benchmark performance ahead by almost 1.5%. Whilst part of this was due to a rotation into the deeper value stocks that we don't own we also had some bad news flow on certain stocks, particularly in Japan.

KDDI is the number 2 player in the largely rational Japanese mobile telecoms market and fell on the announcement from technology group Rakuten that they are going to invest significantly in becoming a mobile carrier. As the 8 year forecast investment is only roughly what KDDI invests every single year it is unlikely that this will make a real difference in terms of coverage. The share price move therefore feels like an over reaction. However, Mikitani-san, the CEO of Rakuten, is well known for irrationally over spending hence the market's difficulty judging what effect the move will have in terms of pricing, market share and margins. The prospect of a loss of rational market dynamics is certainly incrementally negative news but so was the significant expansion of the market share held by MVNOs over the past few years which the company saw off whilst expanding earnings. KDDI trades at a discount to its (arguably inferior) peers and the dividend, which has been growing at 20%, is now yielding more than 3.2%. As a result we are loathe to get rid of the stock until we know more. Alps Electric is an important supplier to Apple and through their competitive advantage of innovation and automation do best when Apple is releasing a blockbuster model. Recent rumours have suggested that consumers might be baulking at the £1,000 price tag for the iPhone X which would be negative for the supply chain. We don't believe that a blockbuster handset was baked into the valuation of Alps so don't think that the recent weakness was warranted. Other stocks that were weak include Owens-Illinois (which is a turnaround so expected to be volatile on a month by month basis), Becton, Dickinson and Company (which has been a very strong performer of late) and the fairly new position in Ain Holdings. Recovery bounces in stocks that had previously been weak – including CyberAgent, British American Tobacco and Pandora – were not quite sufficient to keep the fund in line with the benchmark for the month.

It has become one of the identifying features of the most recent phase of this equity bull market that bad news, a negative rumour or a results miss gets punished very harshly by the market. This probably signifies the length of the bull run, the above average multiples and the expectations for earnings growth that currently exist but it also demonstrates a nervousness in the market. Bull markets end when everybody has finished their buying; there is an argument to be made that the current market is made up nervous holders and potential sellers. If there is a recession in 2018 then these characteristics suggest that we can expect a violent correction. If the synchronised global growth continues then the nervousness is actually supportive of a gradual rise in market levels. Whichever one, we believe that it will pay off to focus on winning business models, sustainability of competitive advantages and attractive valuations.

FUND DETAILS

FUND FACTS

Launch Date	16th March 1999
Morningstar Category	Global Large Cap Blend Equity
Benchmark	MSCI World Net Return Index
Fund Size	£90.2m
No. of Holdings	36
Domicile	Ireland
Sedol	BIRMYD6
Bloomberg Code	WAVGEAG ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	USD
Ex Dividend Dates	30th April and 31st October

RISK STATISTICS

3Y Annualised	
Fund Volatility (%)	10.8
Index Volatility (%)	9.5
Sharpe Ratio	1.0
Information Ratio	-0.7
Tracking Error	5.1
Alpha (%)	-5.2
Beta	1.0
Active Share (% - Current)	90.7

FUND MANAGER



Katrina Norris

FUND MANAGER



George Palmer

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00BIRMYD64	1,500 GBP	1.00%	INC	19.62	0.24%	1.20%
A USD	IE00BIRMYC57	2,500 USD	1.00%	INC	26.76	0.22%	1.20%

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. 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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