



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON GLOBAL EQUITY A GBP

FUND FACTSHEET - AS AT 30 SEPTEMBER 2018

OBJECTIVES

FUND AIM

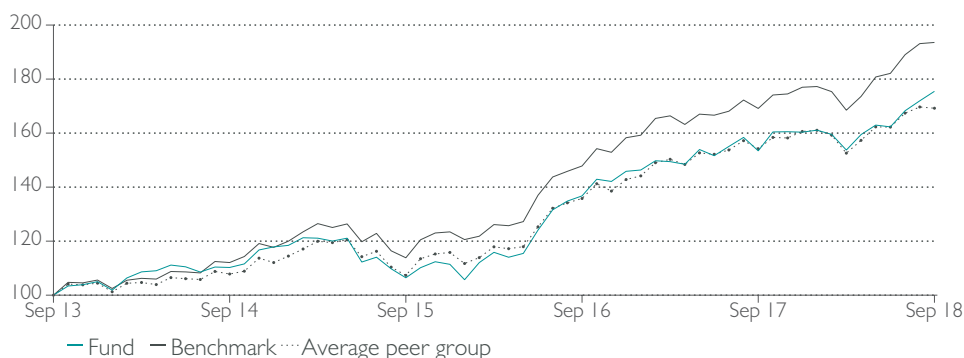
The investment objective of the Fund is to achieve returns in excess of the MSCI World NR through investment in a focused selection of equities on a global basis.

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	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Inception Mar 99
Portfolio (%)	8.1	14.1	14.4	64.8	75.5	156.0	363.2
Benchmark (%)	6.3	14.9	14.4	70.0	93.6	210.7	240.8
Morningstar Peer Group (%)	4.2	10.8	9.6	58.0	68.7	151.1	185.5
Quartile	1	1	1	2	2	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

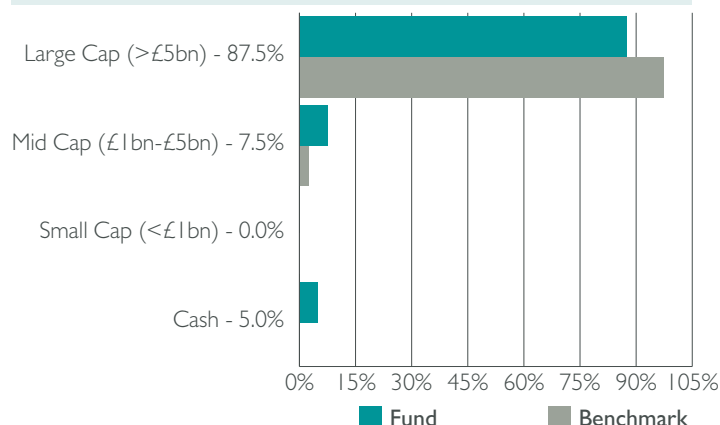
Period 1 year to	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
Fund (%)	14.4	12.2	28.5	-3.5	10.3

PORTFOLIO SUMMARY

TOP 10 HOLDINGS

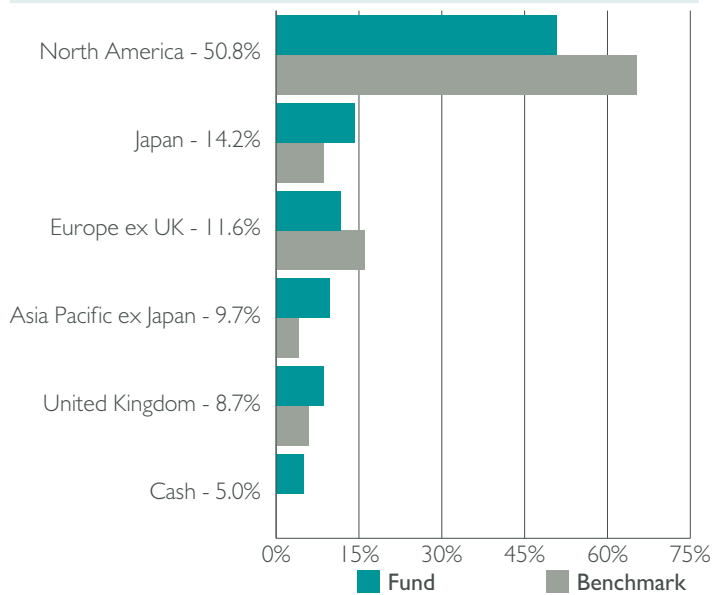
Amazon	4.2%
Microsoft	3.6%
Honeywell International	3.5%
KDDI Corporation	3.4%
Becton Dickinson	3.4%
Showa Denko	3.3%
Royal Dutch Shell	3.3%
EOG Resources	3.2%
Visa	3.2%
Salesforce.com	3.1%
Total	34.3%

MARKET CAP

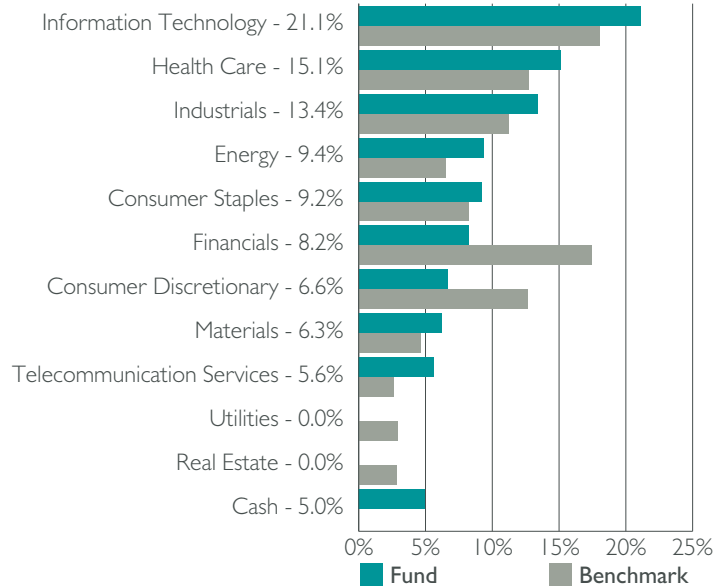


PORTFOLIO SUMMARY - CONTINUED

COUNTRY



SECTOR



SIGNIFICANT PORTFOLIO ACTIVITY

Purchase

Diageo
East Japan Railway
Home Depot
Intuit
Showa Denko
Union Pacific

Month

Jul - Sep 2018

Sale

Admiral
Alps Electrical
Bayer
CK Hutchison
Cyberagent
Danske Bank
Pandora

MARKET REVIEW

Global equity markets continued to perform strongly over the three months to the end of September with the MSCI AC World Index rising 5.6% in sterling terms. The US was once again the stand out performer, rising 9.0%, with Japan also performing strongly, up 4.5%. The US, in particular, continued to display considerable strength with annualised GDP growth of 4.2% in the second quarter, as well as record highs in small business confidence and 20-year highs in consumer confidence. The worst performance came from the UK, -0.8%, and Asia Pacific-ex-Japan, -0.2%. Surprisingly given the bear market in China, crisis in Turkey and major problems in Latin America, Emerging Markets were flat.

Performance at the sector level was similarly polarised, with Health Care, Technology and Industrials all leading the market rally. On the other hand, Materials, Utilities and Energy were broadly flat.

PERFORMANCE REVIEW

The Fund outperformed the market, benefitting from both good stock selection and its exposure to growth stocks particularly within Technology and Health Care. Overall, our stocks benefitting from rising consensus earnings through the quarter, supporting their share prices.

The strongest performing holdings over the quarter included the biotechnology company, Biogen, the internet giant, Amazon, and the mobile devices company Apple. Biogen re-rated strongly following positive phase 2 data on their Alzheimer's drug, BAN2401. While the shares remain attractive on a FCF yield of 6.4%, we trimmed

the position into the share price strength. It remains a 3% holding. Shares in Amazon rallied strongly following the announcement of Q2 earnings that continued to demonstrate phenomenal operational growth (net sales +39% YoY, operating cash flow +22.4% YoY). This remains one of our highest conviction positions, but on valuation grounds is becoming incrementally less attractive. Apple announced a good set of figures in August which demonstrated the company still has pricing power as demonstrated in the higher average selling prices for their iPhones. They also showed that their services businesses (e.g. the App store) are providing very stable revenue growth.

We continued to broaden the sector exposure of the Fund during the quarter, reflecting the relatively high valuation of some growth stocks. New positions were established in the Japanese speciality chemical company, Showa Denko, the premium spirits producer, Diageo, the largest home improvements retailer, Home Depot, and the leading accountancy and tax software provider, Intuit. We sold the holding of the Japanese media and internet company, CyberAgent, after a significant re-rating of the shares on valuation grounds as well as holdings in the Japanese electronic component manufacturer, Alps Electric and UK insurer, Admiral Group.

STOCK EXAMPLE

We established a new position in Showa Denko, a Japanese speciality chemical material company focusing on high-purity gases, inorganic chemicals such as graphite electrodes and SiC epiwafers for power devices. There are high barriers to entry in almost all the fields in which it operates and it commands leadership positions (number 1-3) in 90% of its businesses worldwide. The market is underestimating the changing dynamics of the graphite electrodes industry, which is structurally under-supplied. Following the acquisition of SGL Carbon's graphite electrode business in 2017, Showa Denko is the leader in the industry with the best technology and most efficient production. Graphite electrodes are essential for melting scrap metal to produce steel in Electric Arc Furnaces (EAFs). Steel production from EAFs is growing because of its efficiency and environmentally friendliness compared to traditional blast furnaces. There are no substitutes for graphite electrodes due to the intense temperatures required to melt scrap metal and with long lead times and high costs to bring new capacity on-stream, capacity growth is limited and highly visible. Graphite electrode prices have started to rise sharply and should remain well supported due to these dynamics. Cash flows from the graphite electrode business will be used to further strengthen the group's business portfolio and maximise shareholder value. The stock's valuation is undemanding on less than 6x 2018 earnings, falling to 4x by end 2019 with an expected ROE of about 30% in 2019 compared with a 2018 P/B of 1.7x.

OUTLOOK

Equity markets have corrected since the end of September on the back of rising bond yields. These are an undoubted headwind and have come to the fore of investors' minds as the US 10-year yield has reached 3.2%. We do not believe that a recession is imminent and while bond yields have increased, we believe equities are still attractively valued relative to bonds. We are entering the 3rd quarter results season, which will provide more visibility into corporate earnings and whether companies have the ability to pass on rising costs (in particular from wages, energy and raw materials). With this in mind, we believe it is important to remain disciplined in stock selection and continue to seek companies fitting our four key attributes: sustainable competitive advantage, opportunity to grow future cashflow, value enhancing management strategy and attractive valuations.

BIOGRAPHIES

Katrina Norris

Katrina has managed the Waverton Global Equity Fund since January 2017. Katrina joined Waverton in 2006 to manage specialist European and international portfolios. She chairs the Stock Selection Committee, is a member of the Charity Investment Committee and manages a number of global and multi-asset class Charity and Private Client portfolios. Katrina was previously a Managing Director at Deutsche Asset Management, responsible for managing two pan-European hedge funds, having joined the Group in 1993. During this time she was also responsible for managing the European assets of UK pension funds and charities, working in both London and Frankfurt. Katrina graduated from Exeter University in 1993 and is a Chartered Member of the Chartered Institute for Securities & Investment (CISI).

FUND MANAGER



Katrina Norris

FUND DETAILS

FUND FACTS

Launch Date	16th March 1999
Morningstar Category	Global Large Cap Blend Equity
Benchmark	MSCI World Net Return Index
Fund Size	£109.0m
No. of Holdings	42
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	AVERAGE PEER GROUP
Fund Volatility (%)	9.6	9.4
Index Volatility (%)	8.4	-
Sharpe Ratio	1.8	1.7
Information Ratio	-0.2	-0.7
Tracking Error	4.9	4.4
Alpha (%)	-1.3	-1.9
Beta	1.0	1.0
Active Share (% - Current)	85.4	-

FUND INFORMATION

Share class	ISIN	Minimum	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B1RMYD64	1,500 GBP	1.00%	INC	21.47	0.22%	1.20%
A USD	IE00B1RMYC57	2,500 USD	1.00%	INC	28.23	0.22%	1.20%

CONTACT DETAILS

MARKETING CONTACT

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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.

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 ACD, Casa4 Funds.

Sources: Waverton, Morningstar.

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