



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON GLOBAL STRATEGIC BOND FUND A USD

FUND FACTSHEET - AS AT 30 APRIL 2018

## OBJECTIVES

### FUND AIM

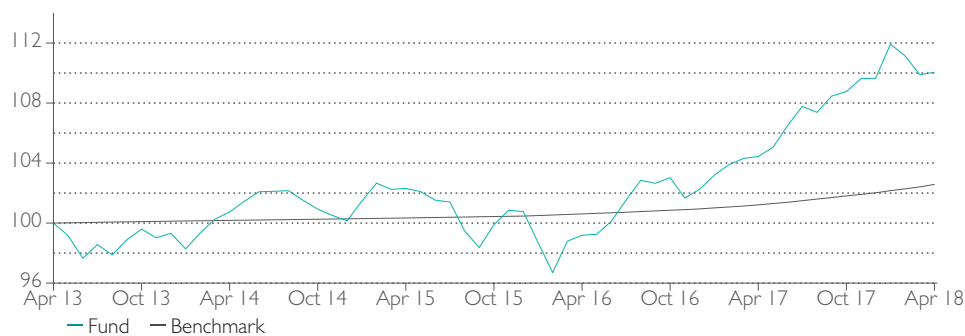
To achieve capital growth and income through investment in UK and international government and corporate bonds. The Fund's performance benchmark is US Cash Indices LIBOR Total Return 1 month.

### INVESTMENT STYLE

The Fund has a highly flexible approach to duration, credit and currency. Fund duration can be reduced to a minimum of -3. In addition the Fund can take short currency positions up to a combined maximum of 20%. Investment decisions are fundamentally driven using a combination of quantitative analysis with qualitative judgement calls. Derivative instruments are also utilised to manage risk.

## 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	YTD	1 Year	3 Years	5 Years	Inception Jan 10
Portfolio (%)	0.2	-1.7	0.4	5.4	7.6	10.1	24.8
Benchmark (%)	0.2	0.4	0.6	1.4	2.2	2.6	3.4
Peer Group (%)	-1.6	-2.7	-0.4	5.6	4.4	-0.6	10.5
Quartile	1	2	1	2	1	1	1

### DISCRETE CALENDAR YEAR PERFORMANCE

Period	2017	2016	2015	2014	2013
Fund (%)	7.2	1.5	0.6	0.8	1.3
Benchmark (%)	1.1	0.5	0.2	0.2	0.2

### STANDARDISED PERFORMANCE

Period 1 year to	30/04/2018	30/04/2017	30/04/2016	30/04/2015	30/04/2014
Fund (%)	5.4	5.3	-3.1	1.6	0.7

## PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	14.1%	Financial	55.9%	US Dollar	101.5%	US Treasury Long Bond	6.5%
AA	3.6%	Government	22.9%	Mexican Peso	6.8%	Mexican Government	6.0%
A	12.9%	Energy	6.5%	Indian Rupee	5.4%	Lloyds Bank	6.0%
BBB	27.7%	Consumer, Non-cyclical	3.9%	Brazilian Real	3.7%	International Finance Corp	5.9%
BB	13.0%	Consumer, Cyclical	3.2%	Japanese Yen	0.1%	Phoenix Group	4.0%
B	4.8%	Communications	2.8%	British Pound	-6.1%	Barclays Bank	3.6%
CCC	3.8%	Utilities	2.5%	Euro	-11.4%	HSBC	3.4%
NR	17.8%	Cash	2.3%	<b>Total</b>	<b>100.0%</b>	Pershing Square	3.1%
Cash	2.3%	<b>Total</b>	<b>100.0%</b>			Royal Bank of Scotland	3.0%
<b>Total</b>	<b>100.0%</b>					Bank of Nova Scotia	3.0%
						<b>Total</b>	<b>44.5%</b>

## COMMENTARY

During April the fund (Class A USD) rose 0.2% (including the end month distribution), the benchmark (1 month US LIBOR) rose 0.2% and the Citigroup World Government Bond Index fell 1.9%.

Performance in global bond markets was adversely affected by two key drivers – rising yields and a stronger US Dollar. We were pleased to have generated a positive return for the month against these strong headwinds, thanks to our hedges on duration and currency. The fund suffered from its exposure to weak EM currencies such as Peso, Rupee and Real but these were almost all offset by our short Euro and Sterling exposure.

Government bonds were generally weak during the month, led by the US Treasury market where the 10 year benchmark briefly went through the psychologically important 3% level. European Government bonds were weak in sympathy but not down materially. In the UK the fear of Brexit still hangs over the economy and may have started to weaken activity, and in Europe, the effects of a much stronger Euro appear to be slowing activity there too.

The 10 year Treasury bond ended April 9.3% below the high point in July 2016 on a total return basis. More importantly, the drawdown from that peak has now extended to 471 business days which is the longest period of drawdown since December 1979, which is as far back as Thomson Datastream provides the data. Unless yields fall from the end April level of 2.94%, it will take 3 years to accumulate enough return to get back to the 2016 peak. We fear this sensitivity and lopsided profile of returns will come as a surprise to those investors thinking they invested in a safe asset class.

The fund has continued to hedge out almost all duration risk of the underlying Government bond markets while looking for compelling credit issues which can pay good income. In April we invested in a Brazilian electric power generation project which is unusually insured by a Swiss state owned insurance company. We are earning a return of 9.5% in BRL or could decide to hedge it back to USD to receive a net 6% - a compelling return for a bond with a S&P rating of AAA.

## FUND MANAGER



Jeff Keen

## FUND DETAILS

### FUND FACTS

Launch Date	11th January 2010
Morningstar Category	Global Flexible Bond - USD Hedged
Benchmark	BBA Libor 1 month
Fund Size	\$102.1m
No. of Holdings	62
Domicile	Ireland
Sedol	B4T0912
Bloomberg Code	WVGBDAU ID
Fund Type	OEIC
Base Currency	USD
Other Currencies	GBP, EUR
Ex Dividend Dates	Jan 31st, Apr 30th, Jul 31st and Oct 31st

### RISK STATISTICS

Fund Volatility 3Y (%)	3.7
Duration	0.4
Sharpe Ratio 3Y	0.6
Running Yield (%)	5.0
Yield to Maturity (%)	4.8

### FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A USD *	IE00B4T09128	2,500 USD	0.50%	INC	8.496	5.15%	0.71%
A GBP *	IE00B4V37489	1,500 GBP	0.50%	INC	8.213	5.12%	0.71%
I USD	IE00B6Y98M27	2,500 USD	0.75%	INC	9.182	3.20%	0.96%
I EUR ACC	IE00BQ1KPV61	1,500 EUR	0.75%	ACC	10.295	0.00%	0.95%

\*Performance fee for A Class only. 10% on outperformance of benchmark with high watermark. Any underperformance is carried forward.

## CONTACT DETAILS

### MARKETING CONTACT

**Jonno Ross**  
jross@waverton.co.uk  
+44 (0)20 7484 7491  
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. 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. \*Performance fee for A Classes only. 10% on outperformance of benchmark with high watermark. Any underperformance carried forward. A copy of the full prospectus and the KIID is available from Waverton Investment Management or Administrator, RBC Investor Services (Ireland).

Peer Group consists of the following Morningstar Categories: Global Bond; Global Bond – USD/CHF/EUR/GBP biased.

Sources: Waverton, Morningstar, Bloomberg Composite Ratings.

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