



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON GLOBAL STRATEGIC BOND FUND A USD

FUND FACTSHEET - AS AT 31 DECEMBER 2018

## OBJECTIVES

### FUND AIM

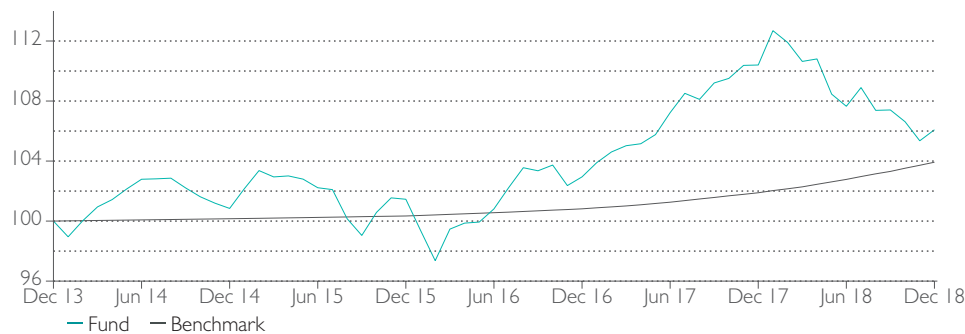
To achieve capital growth and income through investment in UK and international government and corporate bonds. The Fund's performance benchmark is US Cash Indices LIBOR Total Return 1 month.

### 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	1 Year	3 Years	5 Years	Inception Jan 10
Portfolio (%)	0.7	-1.2	-3.9	4.6	6.1	19.5
Benchmark (%)	0.2	0.6	2.0	3.6	3.9	4.9
Peer Group (%)	1.1	-0.9	-4.5	5.3	-3.5	6.8
Quartile	3	3	2	3	1	1

### DISCRETE CALENDAR YEAR PERFORMANCE

Period	2018	2017	2016	2015	2014
Fund (%)	-3.9	7.2	1.5	0.6	0.8
Benchmark (%)	2.0	1.1	0.5	0.2	0.2

### STANDARDISED PERFORMANCE

Period 1 year to	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Fund (%)	-3.9	7.2	1.5	0.6	0.8

## PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	4.2%	Financial	59.1%	US Dollar	70.3%	Mexican Government	5.4%
AA	7.5%	Government	9.2%	Euro	9.1%	Lloyds Bank	5.3%
A	11.8%	Energy	7.3%	Mexican Peso	6.1%	Barclays Bank	4.3%
BBB	29.2%	Utilities	4.7%	Swedish Krona	4.9%	Royal Bank of Canada	3.8%
BB	17.0%	Consumer, Non-cyclical	3.7%	Norwegian Krone	4.8%	Phoenix Group	3.1%
B	4.9%	Consumer, Cyclical	2.9%	Indian Rupee	3.2%	Pershing Square	3.0%
CCC	0.0%	Communications	2.6%	Indonesian Rupiah	0.9%	Royal Bank of Scotland	2.8%
NR	18.2%	Industrial	2.5%	British Pound	0.7%	HSBC	2.6%
Cash	7.2%	Basic Materials	0.8%	<b>Total</b>	<b>100.0%</b>	American International	2.4%
<b>Total</b>	<b>100.0%</b>	Cash	7.2%			Investment Corporation	1.9%
		<b>Total</b>	<b>100.0%</b>			<b>Total</b>	<b>34.6%</b>

## COMMENTARY

During December the fund (Class A USD) rose 0.70% while the benchmark (JPM 1 month USD Cash) rose 0.20% and the JPM Broad Global Bond Index rose 2.43%.

It has been a disappointing year for the fund, with our first negative annual return since 2011. However, relative to the peer groups we outperformed slightly in what was a negative year for almost all bond sub-asset classes. Even the JPM Broad Global Bond Index produced a negative return of -0.7% for the year, despite the strong performance in December.

The fund has been positioned for much more constructive scenarios but we did benefit from owning some call options on the US long bond, which was up over 4% over the month. Call options offer a convex profile of returns and have limited downside contribution so are very suitable as a way to hedge the credit risk in our portfolio in adverse market environments.

We have not suffered from much in the way of negative fundamental newsflow in any of our credits but there was a general widening of spreads during the final quarter which caused prices to weaken. From the current high yield for the fund (5.7% gross), which is the highest for the fund since inception, we see the potential for good returns.

### FUND MANAGER



Jeff Keen

### ANALYST



Jeff Keen

## FUND DETAILS

### FUND FACTS

Launch Date	11th January 2010
Morningstar Category	Global Flexible Bond
Benchmark	JPM Cash 1 Month
Fund Size	\$103.7m
No. of Holdings	70
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 (%)	3.8
Duration	3.4
Sharpe Ratio 3Y	0.1
Running Yield (%)	5.0
Yield to Maturity (%)	5.6

### FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A USD *	IE00B4T09128	2,500 USD	0.50%	INC	7.94	5.12%	0.71%
A GBP *	IE00B4V37489	1,500 GBP	0.50%	INC	7.58	5.18%	0.71%
I USD	IE00B6Y98M27	2,500 USD	0.75%	INC	8.61	5.10%	0.96%
I EUR ACC	IE00BQ1KPV61	1,500 EUR	0.75%	ACC	9.64	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

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### ADMINISTRATOR

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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. \*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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