



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON GLOBAL STRATEGIC BOND FUND A USD

FUND FACTSHEET - AS AT 31 JANUARY 2018

OBJECTIVES

FUND AIM

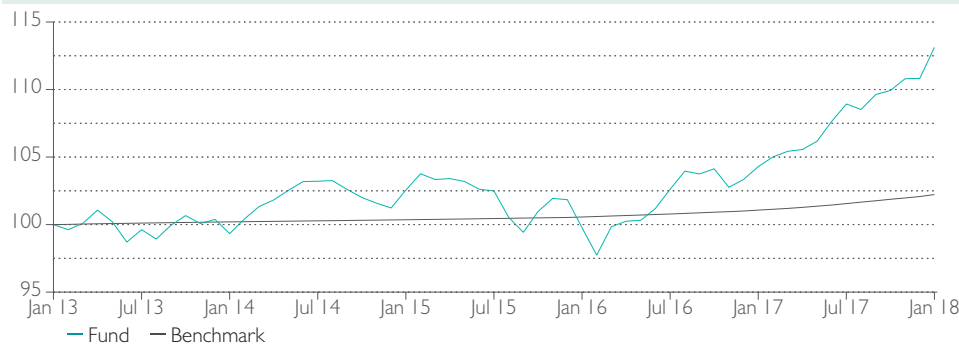
To achieve capital growth and income through investment in UK and international government and corporate bonds. The Fund's performance benchmark is US Cash Indices LIBOR Total Return 1 month.

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 (%)	2.1	2.9	2.1	8.5	10.3	13.1	26.9
Benchmark (%)	0.1	0.3	0.1	1.1	1.9	2.2	3.0
Peer Group (%)	2.4	4.2	2.4	10.4	7.2	2.0	13.2
Quartile	3	3	3	3	2	1	1

DISCRETE CALENDAR YEAR PERFORMANCE

Period	2016	2015	2014	2013	2012
Fund (%)	1.5	0.6	0.8	1.3	7.8
Benchmark (%)	0.5	0.2	0.2	0.2	0.2

STANDARDISED PERFORMANCE

Period 1 year to	31/01/2018	31/01/2017	31/01/2016	31/01/2015	31/01/2014
Fund (%)	8.5	4.5	-2.7	3.2	-0.7

PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	8.7%	Financial	58.4%	US Dollar	103.9%	Lloyds Bank	6.3%
AA	1.9%	Government	18.4%	Mexican Peso	6.5%	Mexican Government	5.8%
A	10.5%	Energy	6.6%	Indian Rupee	5.6%	International Finance Corp	5.8%
BBB	29.3%	Consumer, Non-cyclical	3.9%	Brazilian Real	2.3%	Rabobank	5.0%
BB	18.3%	Consumer, Cyclical	3.7%	Japanese Yen	-2.1%	Barclays Bank	3.7%
B	4.8%	Communications	2.8%	British Pound	-5.0%	HSBC	3.5%
CCC	3.6%	Utilities	1.1%	Euro	-11.2%	Phoenix Group	3.2%
NR	17.8%	Cash	5.1%	Total	100.0%	Pershing Square	3.1%
Cash	5.1%	Total	100.0%			Royal Bank of Scotland	3.1%
Total	100.0%					Bank Of Nova Scotia	2.9%
						Total	42.4%

COMMENTARY

During January the fund rose 2.1% while the benchmark (1 month US LIBOR) rose 0.1% and the Citigroup World Government Bond Index (WGBI) rose 1.6%.

January saw a continuation of the trends that we saw in 2017, namely a weak US Dollar, rising Government bond yields and strong credit. The weakness of the US Dollar has flattered the performance of global bond indices. In the case of the Citigroup Global Bond Index, currency contributed 126% of the index gains over the last 3 months, offsetting losses from duration as yields rose.

The fund has remained close to base currency and increased its short exposure to the Euro in early January to benefit from any reversal. We think the US Dollar is oversold.

Elsewhere, the fund was able to capture some positive contribution from rising yields from its negative duration stance. This was mostly achieved by hedging duration with futures and by investing in Bund puts. The 10 year Bund yield rose by 0.21% leading to a loss of 1.9% over the month. The options held by the fund rose 217% over the month. Options are an attractive way to express our strong view that yields need to rise in Europe – if we are wrong our downside is limited to the option premium spent, just 0.21% of NAV.

Bond yields rose significantly in the US too and the fund has added a position in long dated US Treasuries. We believe this to be the default risk-off asset class and with the yield now offering a positive real return these bonds offer a useful hedge against the credit in the portfolio.

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	\$104.0m
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 (%)	3.6
Duration	-2.4
Sharpe Ratio 3Y	0.5
Running Yield (%)	4.8
Yield to Maturity (%)	4.3

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A USD *	IE00B4T09128	2,500 USD	0.50%	INC	8.74	4.93%	0.71%
A GBP *	IE00B4V37489	1,500 GBP	0.50%	INC	8.485	5.03%	0.71%
I USD	IE00B6Y98M27	2,500 USD	0.75%	INC	9.449	3.90%	0.96%
I EUR ACC	IE00BQ1KPV61	1,500 EUR	0.75%	ACC	10.57	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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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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