



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON GLOBAL STRATEGIC BOND FUND A USD

FUND FACTSHEET - AS AT 31 MAY 2018

OBJECTIVES

FUND AIM

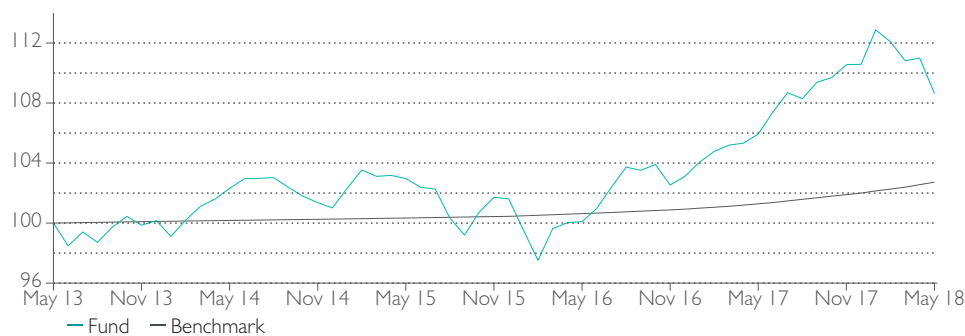
To achieve capital growth and income through investment in UK and international government and corporate bonds. The Fund's performance benchmark is US Cash Indices LIBOR Total Return 1 month.

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	-3.1	-1.8	2.5	5.5	8.6	22.2
Benchmark (%)	0.2	0.5	0.7	1.4	2.4	2.7	3.6
Peer Group (%)	-2.2	-3.1	-2.5	1.2	4.3	0.2	8.3
Quartile	3	3	2	1	2	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	31/05/2018	31/05/2017	31/05/2016	31/05/2015	31/05/2014
Fund (%)	2.5	5.8	-2.8	0.6	2.3

PORTFOLIO SUMMARY

CREDIT QUALITY

AAA	8.5%
AA	4.0%
A	12.4%
BBB	31.3%
BB	15.0%
B	5.9%
CCC	3.4%
NR	15.1%
Cash	4.4%
Total	100.0%

SECTOR

Financial	59.5%
Government	16.5%
Energy	6.7%
Consumer, Non-cyclical	4.0%
Consumer, Cyclical	3.2%
Utilities	2.9%
Communications	2.8%
Cash	4.4%
Total	100.0%

CURRENCY

US Dollar	95.6%
Mexican Peso	6.6%
Indian Rupee	5.3%
Brazilian Real	4.0%
British Pound	-4.4%
Euro	-7.1%
Total	100.0%

TOP 10 ISSUERS

Lloyds Bank	6.0%
Mexican Government	5.9%
Barclays Bank	5.5%
Intl Finance Corp	3.9%
Phoenix Group	3.9%
Pershing Square	3.2%
HSBC	3.0%
Royal Bank of Scotland	3.0%
Bank Of Nova Scotia	3.0%
Burford Capital	2.4%
Total	39.8%

COMMENTARY

During May the fund (Class A USD) fell 2.1% while the benchmark (1 month US LIBOR) rose 0.2% and the Citigroup World Government Bond Index fell 1.2%.

Trends seen during April became stronger as the US Dollar continued to rally versus almost all other currencies. Our short exposure to Euro (-3.2%) and Sterling (-3.4%) were helpful in mitigating losses in Mexican Peso (-6.0%), Brazilian Real (-5.8%) and Indian Rupee (-1.1%). Government bonds rallied at the end of the month as the political situation in Italy started to look more uncertain with populist parties in Italy suggesting that they might push for debt forgiveness from the ECB. However unlikely that prospect may be, it has once again led the markets to questions the solidity of the Euro. President Draghi is yet again in a difficult position.

However, the most significant driver of return in May was credit. Spreads were generally wider but we suffered in particular following the announcement by HSBC to reclassify certain Tier 2 securities, causing prices to fall by around 15% over the month. There was also a knock-on effect to similar issues of other banks, costing the fund around 0.8% of NAV over the month. These bonds have performed well for the fund over the last year or so and our view is that they still offer a compelling risk reward. However this announcement has reversed previous guidance and HSBC may need to answer to the accusation that it misled investors in recent regulatory submissions.

On a positive note, the fund benefited from an investment in a BNP bond which is linked to the spread between senior financials and investment grade CDS; a form of credit hedge. The spread widened mainly due to Italian bank CDS leading to a 14% rally in that bond, adding about 26bp over the month.

We continue to see rising bond yields generally, particularly after a series of strong economic data prints and with the Atlanta Fed's NowCast model pointing to almost 5% US GDP growth in Q2. For that reason, the fund has again moved to a negative duration stance after the recent rally in Government bonds.

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	\$97.4m
No. of Holdings	64
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 (%)	3.9
Duration	0.7
Sharpe Ratio 3Y	0.6
Running Yield (%)	5.1
Yield to Maturity (%)	5.0

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A USD *	IE00B4T09128	2,500 USD	0.50%	INC	8.316	5.26%	0.71%
A GBP *	IE00B4V37489	1,500 GBP	0.50%	INC	8.026	5.24%	0.71%
I USD	IE00B6Y98M27	2,500 USD	0.75%	INC	8.986	4.18%	0.96%
I EUR ACC	IE00BQ1KPV61	1,500 EUR	0.75%	ACC	10.05	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

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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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