



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON GLOBAL STRATEGIC BOND FUND A USD

FUND FACTSHEET - AS AT 30 NOVEMBER 2017

## OBJECTIVES

### FUND AIM

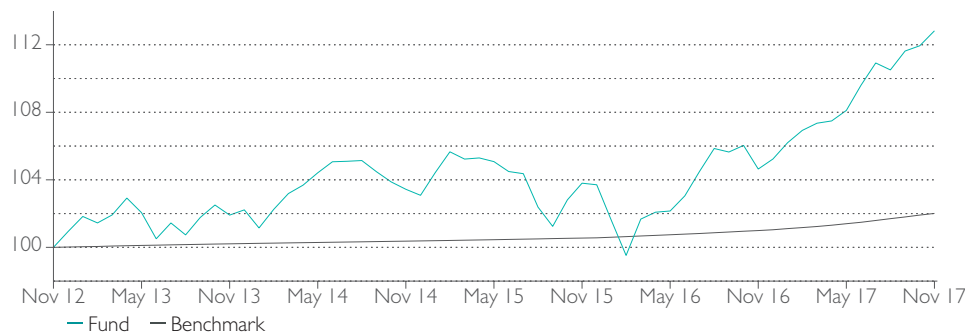
To achieve capital growth and income through investment in UK and international government and corporate bonds. The Fund's performance benchmark is US Cash Indices LIBOR Total Return 1 month.

### 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. The below calendar year performance table will only display performance from the first 12 month complete performance period.

### ROLLING PERFORMANCE

Period	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Inception Jan 10
Portfolio (%)	0.8	2.1	7.2	7.8	9.1	12.8	24.3
Benchmark (%)	0.1	0.3	1.0	1.0	1.6	2.0	2.8
Peer Group (%)	1.3	0.1	9.0	8.9	0.9	0.1	10.0
Quartile	3	1	3	3	1	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	30/11/2017	30/11/2016	30/11/2015	30/11/2014	30/11/2013
Fund (%)	7.8	0.8	0.3	1.5	1.9

## PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	5.9%	Financial	57.7%	US Dollar	95.1%	Lloyds Bank	6.2%
AA	0.0%	Government	15.8%	Mexican Peso	6.8%	Mexican Government	6.0%
A	11.1%	Energy	6.3%	Indian Rupee	5.5%	Intl Finance Corp	5.8%
BBB	30.9%	Communications	4.9%	Brazilian Real	2.3%	Rabobank	5.0%
BB	20.9%	Consumer, Non-cyclical	3.9%	Japanese Yen	0.4%	Barclays Bank	4.3%
B	3.0%	Consumer, Cyclical	2.4%	British Pound	-0.2%	HSBC	3.8%
CCC	1.5%	Utilities	1.1%	Euro	-9.9%	Pershing Square	3.2%
NR	18.8%	Cash	7.9%	<b>Total</b>	<b>100.0%</b>	Phoenix Group	3.2%
Cash	7.9%	<b>Total</b>	<b>100.0%</b>			Nat West Bank	3.0%
<b>Total</b>	<b>100.0%</b>					Bank Of Nova Scotia	2.8%
						<b>Total</b>	<b>43.3%</b>

## COMMENTARY

During November the fund rose 0.8% while the benchmark (1 month US LIBOR) rose 0.1% and the Citigroup World Government Bond Index (WGBI) rose 1.4%.

In the US we seem to be moving slowly towards a package of tax cuts. It is debatable how much of that is priced into economic growth expectations but short rates continue to edge higher and the Oil price (as one barometer of robust economic strength) continues to move up, reaching a new high as I write. Business and consumer surveys continue to look strong. Therefore we fully expect the Federal Reserve to continue along the path for rates which it has forecast over the course of 2018 which should take the US Fed Funds interest rate back towards 2%. This is not priced into money markets or bond markets in our view and so will create some re-pricing as the markets adjust. This implies investors need to be careful about the effects of duration in bonds, particularly those with a longer term to maturity. With the global economy showing synchronised growth for the first time in many years and with labour markets tightening we see upside risk to inflation. And even if Central Banks achieve inflation in line with targets (mostly 2%) we think Government bond markets will re-price – a headwind for total returns from Gilts.

In the fund we are running a negative duration to take advantage of the increase in yields and to protect the fund from the duration effect in our portfolio. We also see the US Dollar supported by these developments and so retain an overall currency exposure which is close to our base currency, including a modest short Euro position.

### FUND MANAGER



Jeff Keen

### ASSISTANT FUND MANAGER



Josh Oakley

## FUND DETAILS

### FUND FACTS

Launch Date	11th January 2010
Morningstar Category	Global Flexible Bond - USD Hedged
Benchmark	BBA Libor 1 month
Fund Size	\$103.4m
No. of Holdings	60
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 (%)	3.5
Duration	-1.9
Sharpe Ratio 3Y	0.7
Running Yield (%)	4.7
Yield to Maturity (%)	4.1

### FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A USD *	IE00B4T09128	2,500 USD	0.50%	INC	8.67	4.97%	0.71%
A GBP *	IE00B4V37489	1,500 GBP	0.50%	INC	8.44	4.93%	0.71%
I USD	IE00B6Y98M27	2,500 USD	0.75%	INC	9.331	3.96%	0.96%
I EUR ACC	IE00BQ1KPV61	1,500 EUR	0.75%	ACC	10.384	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. \*Performance fee for A Classes only. 10% on outperformance of benchmark with high watermark. Any underperformance carried forward. 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 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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