



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON GLOBAL STRATEGIC BOND FUND A USD

FUND FACTSHEET - AS AT 30 SEPTEMBER 2017

OBJECTIVES

FUND AIM

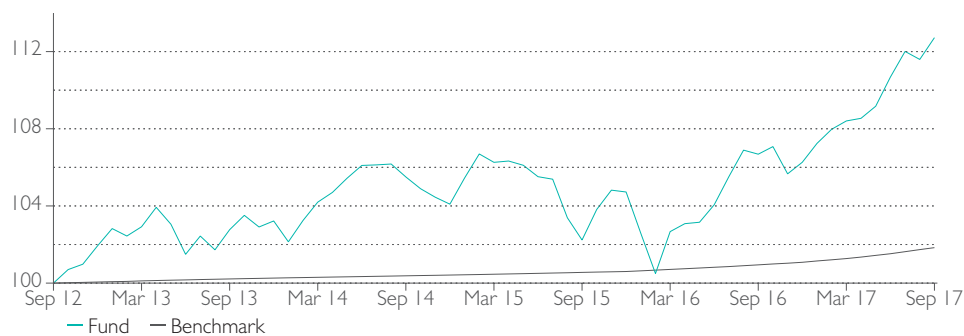
To achieve capital growth and income through investment in UK and international government and corporate bonds. The Fund's performance benchmark is US Cash Indices LIBOR Total Return 1 month.

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 (%)	1.0	1.8	6.1	5.7	6.8	12.7	23.0
Benchmark (%)	0.1	0.3	0.8	0.9	1.5	1.8	2.5
Peer Group (%)	-0.4	2.3	8.4	2.1	-0.1	0.5	9.4
Quartile	1	3	3	1	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	30/09/2017	30/09/2016	30/09/2015	30/09/2014	30/09/2013
Fund (%)	5.7	4.4	-3.1	2.7	2.8

PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	3.9%	Financial	59.3%	US Dollar	81.1%	Mexican Government	6.2%
AA	2.7%	Government	16.0%	Mexican Peso	7.1%	Lloyds Bank	6.2%
A	13.0%	Consumer, Non-cyclical	5.1%	Australian Dollar	6.4%	Rabobank	5.0%
BBB	31.6%	Communications	5.1%	Swedish Krona	5.6%	Barclays Bank	4.3%
BB	20.7%	Energy	4.3%	Norwegian Krone	5.1%	International Finance	3.9%
B	3.2%	Consumer, Cyclical	1.4%	Indian Rupee	2.7%	HSBC	3.6%
NR	18.9%	Utilities	1.1%	Brazilian Real	2.4%	Pershing Square	3.3%
Cash	6.0%	Basic Materials	1.0%	Japanese Yen	0.4%	Phoenix Group	3.1%
Total	100.0%	Industrial	0.7%	British Pound	-2.4%	Royal Bank of Scotland	2.9%
		Cash	6.0%	Euro	-8.4%	Bank Of Nova Scotia	2.7%
		Total	100.0%	Total	100.0%	Total	41.2%

COMMENTARY

During September the fund rose 1.0% while the benchmark (1 month US LIBOR) rose 0.1% and the Citigroup World Government Bond Index (WGBI) fell 1.2%.

As we have commented previously, the weakness of the US dollar this year has been the main contributor to returns in global government bond markets. In fact, of the 6.6% return of the WGBI to end September, around 5% came from currencies. The slight recovery of the US dollar in September, following the comments by Janet Yellen at the Federal Reserve, explain why the index performance was negative over the month. Yields also rose across all markets as investors became more positive on economic growth and started to price in some inflation risk premium.

On the US dollar we think interest rate differentials will dictate the direction of FX markets and at the moment US interest rate expectations are rising relative to those in Europe or Japan, so we think the recent bounce could be the start of a more significant recovery. However, we remain watchful for any change in data which could shift those rate expectations.

On duration we continue to think that a tapering of purchases of government bonds by Central Banks will give rise to a significant increase in net supply and this could lead to much higher yields in the near future, particularly if the global economy remains robust and if we start to see low unemployment feed through to stronger wages. For that reason we have reinstated the negative duration stance of the fund. This means the fund can benefit from a general rise in the yield of government bonds.

Our focus remains on generating decent returns with low risk. The fund has a pro-forma distribution yield of close to 5% and a yield to maturity of 4.2%. If the fund can pay that level of income and preserve capital, we think it will represent not just a decent absolute return but a very strong relative performance compared to indices and those peer funds which tends to track indices.

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	\$102.0m
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 (%)	3.6
Duration	-1.2
Sharpe Ratio 3Y	0.8
Running Yield (%)	4.9
Yield to Maturity (%)	4.2

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A USD *	IE00B4T09128	2,500 USD	0.50%	INC	8.685	4.79%	0.71%
A GBP *	IE00B4V37489	1,500 GBP	0.50%	INC	8.469	4.82%	0.71%
I USD	IE00B6Y98M27	2,500 USD	0.75%	INC	9.319	3.79%	0.96%
I EUR ACC	IE00BQ1KPV61	1,500 EUR	0.75%	ACC	10.305	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. *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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