



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON MULTI-ASSET INCOME FUND P GBP

FUND FACTSHEET - AS AT 31 OCTOBER 2018



OBJECTIVES

FUND AIM

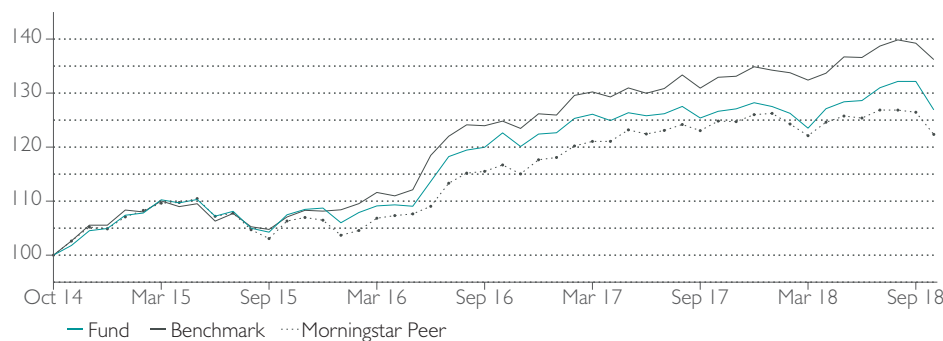
The investment objective of the Waverton Multi-Asset Income Fund is to provide holders with a reasonable level of income and maintain the real value of the capital over the medium to long term. The yield of the Fund may alter as interest rate and market conditions change.

INVESTMENT STYLE

The Fund has a multi-asset structure and invests in a diversified portfolio of equities, government and corporate bonds mainly through third party funds but also with some direct holdings. The Fund will maintain a relatively concentrated portfolio with a high degree of flexibility.

PERFORMANCE

PERFORMANCE SINCE INCEPTION



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 P 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 Waverton Cautious Index is a composite benchmark of 45% MSCI AC World Index TR, 17.5% Iboxx Sterling Gilts Index, 17.5% Iboxx Sterling Corporates Index, 20% GBP 1 month LIBOR.

Period	1 Month	3 Months	YTD	1 Year	3 Years	Inception Oct 14
Portfolio (%)	-4.0	-3.1	-1.0	0.2	18.1	26.9
Benchmark (%)	-2.2	-1.8	1.0	2.5	27.2	36.2
Average Peer Group (%)	-3.1	-3.4	-2.5	-1.7	15.9	23.5
Quartile	4	2	1	1	2	2

DISCRETE CALENDAR YEAR PERFORMANCE

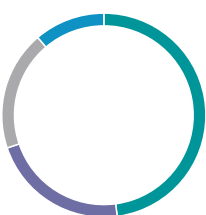
Period	2017	2016	2015
Fund (%)	4.7	12.6	3.6
Benchmark (%)	6.9	16.7	2.5

STANDARDISED PERFORMANCE

Period 1 year to	31/10/2018	31/10/2017	31/10/2016
Fund (%)	0.2	3.3	14.1

PORTFOLIO SUMMARY

ASSET ALLOCATION



Asset	%	Projected Yield (%)
Equities	47.9%	1.6%
Alternatives	21.9%	1.2%
Fixed Income	19.0%	0.8%
Cash	11.2%	0.0%
Total	100.0%	3.6%

TOP 10 HOLDINGS

Waverton Sterling Bond Fund 'A' Inc £	5.6%
iShares MSCI World UCITS ETF	4.8%
Morant Wright Nippon Yield Fund 'B' £ Inc	3.7%
Channel Islands Property	3.4%
iShares S&P 500 UCITS ETF	3.1%
AT&T Inc Com US\$1.00	2.8%
RWC Global Emerging Markets B £	2.8%
Citi Accrual Note W/OF FTSE 100 / EUSTOXX50 6.00%	2.5%
Royal Dutch Shell Plc 'B' €0.07 (UK list)	2.4%
Invesco Physical Markets Secured Gold Linked Notes US\$	2.4%
Total	33.5%

COMMENTARY

October was a nervy, volatile and noteworthy month for investors. Nervy because of the volatility. Noteworthy for a couple of reasons; first, there was apparently no specific catalyst for market weakness – indeed, earnings prints at the time were in strong positive territory in aggregate (as they are today), neither interest rates nor yields spiked and there was no significant macroeconomic or policy news to speak of. Second, while headline indices declined across the board reflecting a general dislike for equity risk, government bond yields did not decline and corporate spreads barely budged. The reversals within equity markets were classic risk-off however, with cyclicals underperforming defensives and anything that had been performing YTD underperforming in the month.

Narratives about October's market volatility abound: "weak" economic growth expectations in 2019/20 as fiscal stimulus fades, Chinese slowdown, trade tariffs, cost and therefore margin pressure, I could go on... To us it looks like a delayed response to the changes in interest rates and expectations thereof, principally in the US but actually globally. The sharp re-pricing explains why levered stocks were weak and growth underperformed value in the sell-off: more of a company's implied value sits in its terminal value in growth companies, which is more negatively affected by a rise in interest rates.

Fundamentally, then, the move makes sense. Indeed, arguably it should have come sooner and been priced more gradually as interest rates rose on a fairly pre-determined path. Part of the reason for the sharpness of the move that we believe is important for market participants to understand is as follows: an increasing proportion of daily traded volume is made up of quantitative processes that generally follow some form of trend following. When markets are rising this is not a problem – in fact, it has a positively compounding effect as buying begets buying – however, when markets weaken the buying turns to selling, which begets selling. Fortunately, market weakness was stemmed and volatility began to subside by the end of the month. Nonetheless, there is a structural weakness to financial markets that we believe needs to be acknowledged. And respected.

The fund had a tough month falling 3.96% in absolute terms. We sold our positions in Amazon and Google on October 4th and thus avoided the 15%+ sell-off in both names later in the month. Our largest detractor during the month (-0.36%) was in fact a sterling hedge position taken in early October reflecting the belief that a lot of bad news was in the price and EU rhetoric towards the UK was softening. Unfortunately no deal was done and sterling continued to weaken, particularly against the dollar which appreciated as markets sold-off (a classic risk-off currency trade). We maintained the position in sterling through the end of the month and have been rewarded for doing so subsequently. But more on this next month...

On balance we believe that the sell-off does not mark the end of the cycle, however we are mindful of the risks to this view (some of them discussed above) and continue to hedge the portfolio against systemic risk.

FUND MANAGER



James Mee

FUND MANAGER



Luke Hyde-Smith

FUND DETAILS

FUND FACTS

Launch Date	16th October 2014
Morningstar Sector	GBP Moderate Allocation
Benchmark	Waverton Cautious Index*
Fund Size	£42.5m
No. of Holdings	57
Domicile	Ireland
Sedol	BQ1KQP1
Bloomberg Code	WAVCIPG ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	Jan 31st, Apr 30th, Jul 31st and Oct 31st

*Waverton Cautious Index: 45% MSCI AC World Index, 17.5% Iboxx Sterling Gilts Index, 17.5% Iboxx Sterling Corporate Index, 20% GBP LIBOR 1 Month

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
B GBP	IE00BQ1KPP02	1,500 GBP	0.75%	INC	10.54	4.17%	1.57%
P GBP	IE00BQ1KQP19	1,500 GBP	0.40%	INC	10.75	4.17%	1.22%

Note: The Multi-Asset Income Fund P share class is only available through Financial Advisors

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. Clients should note that yields on investments may fall or rise dependent on the performance of the underlying investment and more specifically the performance of financial markets. As such, no warranty can be given that the expressed yields will consistently attain such levels over any given period. 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).

Sources: Waverton, Morningstar.

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RISK PROFILE

