



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON PORTFOLIO FUND A GBP

FUND FACTSHEET - AS AT 30 SEPTEMBER 2018

OBJECTIVES

FUND AIM

The investment objective of the Waverton Portfolio Fund is to provide long term capital growth. The strategy is to invest in a range of global equities, fixed income securities, alternative asset classes and mutual funds on a global basis but with a bias towards the UK market.

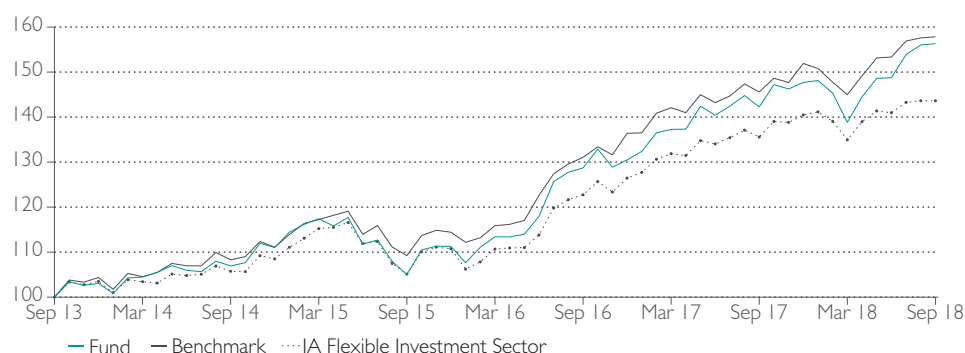
INVESTMENT STYLE

The Fund will maintain a relatively concentrated list of 30-50 holdings of leading global companies and funds.

We have a bottom up stock driven approach to identifying attractive investment opportunities. The Fund's asset allocation is driven by stock specific opportunities rather than the primary benchmark.

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 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 Mar 07
Portfolio (%)	0.2	5.1	5.8	9.9	48.9	56.3	128.1
Benchmark (%)	0.1	2.9	3.9	8.4	44.5	57.8	110.9
IA Flexible Investment (%)	-0.4	1.5	1.8	5.4	37.6	45.2	92.7
Quartile	I	I	I	I	I	I	I

DISCRETE CALENDAR YEAR PERFORMANCE

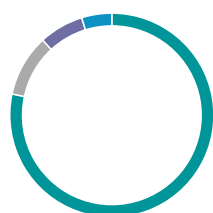
Period	2017	2016	2015	2014	2013
Fund (%)	13.2	17.3	0.2	7.8	13.6
Benchmark (%)	11.4	19.2	3.0	6.5	17.0

STANDARDISED PERFORMANCE

Period 1 year to	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
Fund (%)	9.9	10.5	22.6	-1.8	6.9

PORTFOLIO HOLDINGS

ASSET ALLOCATION



Asset	% of total
Equities	78.4%
Fixed Income	9.8%
Alternatives	7.1%
Cash	4.8%
Total	100.0%

TOP 10 HOLDINGS

Waverton Sterling Bond Fund	3.4%
Amazon.com	3.2%
Apple	2.8%
Waverton European Dividend Growth Fund	2.6%
KDDI Corporation	2.5%
Biogen	2.5%
Waverton European Capital Growth Fund	2.5%
Royal Philips	2.4%
Visa	2.4%
Syncona	2.4%
Total	26.7%

COMMENTARY

The fund returned 5.1% over the quarter which compares to a benchmark return of 2.9%. The standout region over the quarter was, once again, the US. Technology in particular was very strong and our top performers included Apple (up 23.5%), Amazon (up 19.3%), Salesforce (up 18.0%) and Microsoft (up 17.4%). Apple announced a good set of figures in August which showed that the company still has pricing power despite higher average selling prices for their iPhones; they also showed that their services businesses (e.g. the App store) are providing very stable revenue growth. Apple's shares are on just 17 times prospective earnings, which is not expensive given the strength of the company's franchise and the growth rate. Amazon, on the other hand, does look expensive on a traditional price / earnings basis: the shares are currently on 85 times prospective EPS. However, this is much lower than the 170 x the shares were on at the beginning of 2018. It may sound extraordinary, but the fact is Amazon's shares have got much cheaper in the last nine months despite the share price going up nearly 75%. The reason for this is that not only are earnings growing very strongly, but the company is taking steps to grow its addressable market exponentially into sectors such as healthcare. Although we are marginally overweight the technology sector, we are very focused on a few companies on which we have conviction.

We added a number of new holdings over the quarter. The first of these was Intuit, the accounting / tax software company, which is now expanding internationally on the back of its leading cloud computing offering. We bought a holding in Diageo, the global beverage company, which is benefitting from strong market share positions in well established brands such as Johnnie Walker, Smirnoff and Guinness, as well as growing new products, in particular the Tequila brand Casamigos. Finally we bought a holding in the Japanese chemicals company, Showa Denko. This company produces ultra-high performance graphite electrodes which are essential for electric steel production. We believe that the market is overlooking the fact that a shortage of supply in the sector and an increased demand for this type of steel production should lead to strong pricing power. We also added to an existing holding in Novo Nordisk, which has long had an unrivalled franchise in diabetes treatment. In June they presented the results of their Oral Semaglutide trial, which confirmed strong efficacy with low side effects – apart from significant weight loss. The company is now trying to develop Semaglutide into an anti-obesity drug. If successful, it could be the biggest pharmaceutical product in the world.

To fund these purchases we made a number of sales. Firstly we took profits in Lockheed Martin, the investment case for which we believe has largely 'played out'. We have sold a position in Alps Electric, the Japanese components manufacturer. We have become concerned about their overexposure to Apple, which is increasingly focused on margins rather than volumes which is negative for a components supplier. We also sold Husqvarna which suffered earlier in the year from extreme weather conditions and rising input costs. Overall we think there are better opportunities elsewhere. Finally we have sold our holding in the Morant Wright Japan Fund. Whilst the fund has performed well, we recently hired a new Japan analyst to our team. Stefan Rheinwald brings many years of experience and we intend to invest directly in his stock ideas.

The third quarter had many similarities with the second quarter as investors continued to shrug off the headlines around trade wars and remained focused on underlying fundamentals which are still constructive for corporate earnings and therefore for equity prices. We therefore continue to run our overweight position in equities.

FUND DETAILS

FUND FACTS

Launch Date	30th March 2007
Manager Start Date	30th November 2009
IA Sector	Flexible Investment
Benchmark	FTSE WMA Stock Market Growth TR GBP
Fund Size	£216.7m
No. of Holdings	50
Domicile	United Kingdom
Sedol	BIRDGN3
Bloomberg Code	JOEQAAC
Fund Type	UCITS
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	28th February and 31st August

RISK STATISTICS

3Y Annualised

Fund Volatility (%)	8.2
Index Volatility (%)	6.4
Sharpe Ratio	1.7
Information Ratio	0.3
Tracking Error	4.1
Alpha (%)	1.9
Beta	1.1

FUND MANAGER



Algernon Percy

FUND MANAGER



Alexandra Buchan

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	GB000BIRDGN32	50,000 GBP	1.00%	INC	1.99	0.70%	1.22%

Any Waverton managed funds held within the Waverton Portfolio Fund are exempt from the Fund's specific management fee so as to avoid double charging.

CONTACT DETAILS

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AUTHORISED CORPORATE DIRECTOR

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Risk Warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not back their initial investment. 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 and the KIID. A copy of the Prospectus or the KIID is available from Waverton Investment Management or the Authorised Corporate Director, Capita Financial.

Sources: Waverton Investment Management, Morningstar.