

WAVERTON  
INVESTMENT MANAGEMENT

# WAVERTON REAL ASSETS FUND

FUND FACTSHEET - AS AT 31ST MARCH 2019

## OBJECTIVES

### FUND AIM

The investment objective of Waverton Real Assets Fund is to generate a positive real return through a combination of capital growth and income via investment of up to 100 per cent. of its assets in a diversified portfolio giving exposure to real assets. Real assets include, but are not limited to, real estate, infrastructure, commodities, asset financing, and specialist lending.

### INVESTMENT STYLE

The Fund's exposure to Real Assets may be obtained via direct and indirect investments in equities, government and corporate debt securities, structured products, asset-backed securities, deposits, cash, money market instruments, ETFs, exchange traded notes and collective investment schemes.

## WHAT ARE REAL ASSETS

"Real Assets" are predominately businesses backed by **physical or tangible assets**, often with inflation linked cash flow streams, designed to provide a real total return over the medium to long term

*Within an investment environment characterised by accommodative monetary policy, moderate global growth and uncertain inflationary outlook, an allocation to real assets appears an attractive proposition for investors*

### We believe that the Waverton Real Assets Fund will:

- Provide **diversification** to traditional asset classes
- Access a **differentiated** risk premia
- Generate a **positive** real return
- Provide both **capital growth** and income

### Key Characteristics

Long Term Objective

CPI+4%

Projected Yield

3.8%

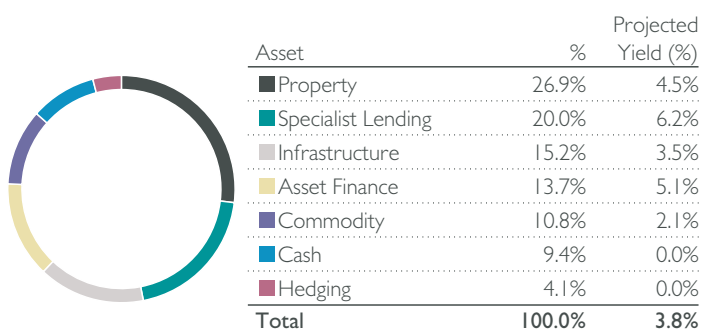
Expected Volatility

10-12%

CPI - UK Consumer Price Index

## PORTFOLIO SUMMARY

### ASSET ALLOCATION



### TOP 10 HOLDINGS

Atlas Global Infrastructure £ Hedged	4.6%
Channel Islands Property	4.2%
GCP Student Living Plc Ord 1p	4.0%
GMO Climate Change Investment A GBP Acc	3.9%
Twelve Capital Cat Bond GBP Hgd Dist	3.6%
Invesco Physical Gold ETC	3.4%
Semper Total Return I GBP Hedged Inc	3.4%
The Renewables Infrastructure Group	3.0%
Kempen (Lux) Global Property Fund J GBP Dis	2.9%
Pimco Global Advisors MLP Energy Infrastructure £ H Inc	2.8%
<b>Total</b>	<b>35.9%</b>

## PORTFOLIO HOLDINGS

Security	Classification	Currency	% Total	Yield*
<b>Infrastructure</b>				
Sequoia Economic Infrastructure Debt	Economic	GBP	1.0%	5.3%
3i Infrastructure	Economic	GBP	2.1%	3.1%
Atlas Global Infrastructure £ Hedged	Listed Infrastructure Equity	GBP	4.6%	1.4%
NextEnergy Solar Fund	Renewable	GBP	1.3%	5.5%
The Renewables Infrastructure Group	Renewable	GBP	3.0%	5.5%
Greencoat UK Wind Ord Ip	Renewable	GBP	1.3%	4.9%
SDCL Energy Efficiency Income Trust Plc Ord Ip	Social	GBP	1.9%	3.0%
<b>Total Infrastructure</b>			<b>15.2%</b>	<b>3.5%</b>
<b>Commodity</b>				
GMO Climate Change Investment A GBP Acc	Climate Change	GBP	3.9%	0.0%
UBS ETF CMCI Composite SF GBP A Acc	Diversified Commodity	GBP	0.9%	0.0%
Pimco Global Advisors MLP Energy Infrastructure £ H Inc	Energy	GBP	2.8%	5.3%
BP Plc Ord US\$0.25	Energy	GBP	1.3%	5.6%
Ishares V Plc Producers Gold UCITS ETF	Gold	GBP	1.8%	0.0%
<b>Total Commodity</b>			<b>10.8%</b>	<b>2.1%</b>
<b>Property</b>				
Ediston Property Investment Co Plc Ord Ip	Commercial	GBP	1.8%	5.5%
Channel Islands Property	Commercial	GBP	4.2%	5.9%
Target Healthcare Reit Ltd	Healthcare	GBP	1.9%	5.7%
Kempen (Lux) Global Property Fund J GBP Dis	Listed Real Estate Equity	GBP	2.9%	0.0%
LXI REIT Ord	Long Lease	GBP	1.7%	4.3%
Secure Income Reit Plc Ord I0p	Long Lease	GBP	2.4%	3.8%
Supermarket Inc Reit Plc Ord GBP 0.01	Long Lease	GBP	2.3%	5.5%
PRS REIT Ord	Residential	GBP	2.6%	5.0%
Triple Point Social Housing REIT Ord	Social Housing	GBP	1.7%	5.0%
Stenprop Limited	Special Situations	GBP	1.3%	6.1%
GCP Student Living Plc Ord Ip	Student	GBP	4.0%	3.9%
<b>Total Property</b>			<b>26.9%</b>	<b>4.5%</b>
<b>Asset Finance</b>				
Amedeo Air Four Plus Limited (DNA4)	Aircraft	GBP	2.3%	9.0%
GCP Asset Backed Income Ords	Diversified Assets	GBP	1.8%	5.6%
SQN Asset Finance Income Fund Ltd Ord	Diversified Assets	GBP	1.6%	7.8%
Syncona Ltd	Life Science	GBP	1.7%	0.8%
Burford Capital Ltd	Litigation Finance	GBP	2.0%	0.5%
Hipgnosis Songs Fund Ltd	Music Royalties	GBP	1.5%	3.3%
Tufton Oceanic Assets Ltd	Shipping	USD	2.8%	6.7%
<b>Total Asset Finance</b>			<b>13.7%</b>	<b>5.1%</b>
<b>Specialist Lending</b>				
Twelve Capital Cat Bond GBP Hgd Dist	Catastrophe Insurance	GBP	3.6%	3.0%
Semper Total Return I GBP Hedged Inc	Debt Asset Backed	GBP	3.4%	3.0%
TwentyFour Income Fund £ Inc	Debt Asset Backed	GBP	2.8%	6.2%
Fair Oaks Income Ltd.	Debt CLO	USD	1.8%	13.2%
BioPharma	Debt Healthcare	USD	1.5%	6.6%
Starwood European Real Estate Finance Limited	Debt Real Estate	GBP	2.4%	6.1%
Real Estate Credit Investments Ltd	Debt Real Estate	GBP	1.6%	7.1%
VPC Speciality Lending Investments Plc Ord Ip	Special Situations	GBP	1.6%	11.1%
P2P Global Investments Plc	Special Situations	GBP	1.2%	5.9%
<b>Total Specialist Lending</b>			<b>20.0%</b>	<b>6.2%</b>
<b>Hedging</b>				
Invesco Physical Gold ETC	Gold	USD	3.4%	0.0%
Waverton Protection Strategy	WPS	GBP	0.7%	0.0%
<b>Total Hedging</b>			<b>4.1%</b>	<b>0.0%</b>

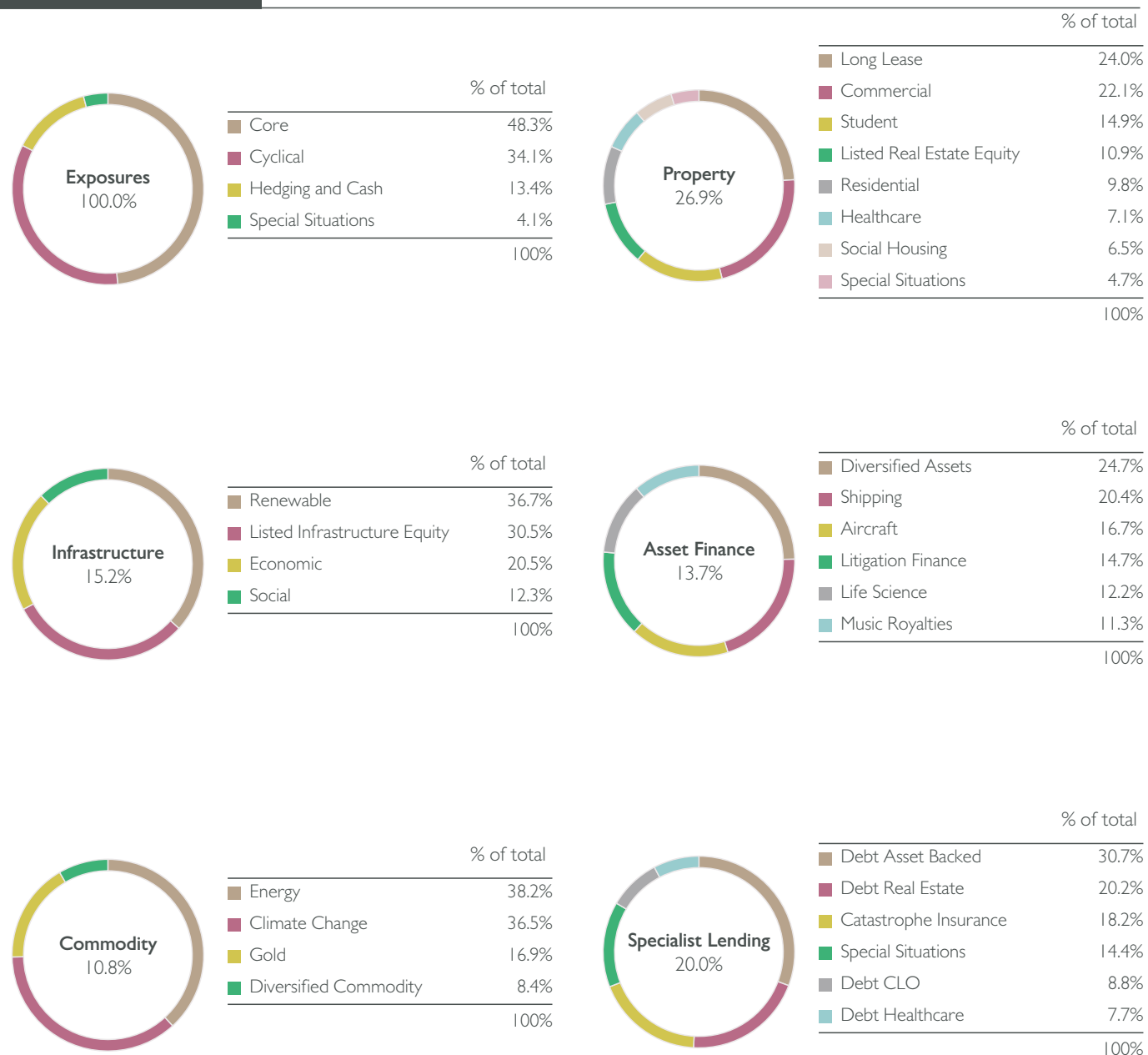
## PORTFOLIO HOLDINGS - CONTINUED

Security	Classification	Currency	% Total	Yield*
Cash				
Total Cash			9.4%	0.0%
<b>TOTAL PORTFOLIO</b>			<b>100.0%</b>	<b>3.8%</b>

\*Figures represent the projected yield of underlying holdings which may rise or fall.

Where currency is referenced as "Other", underlying holdings have multiple currency exposures in the respective region.

## ASSET ALLOCATION



## QUARTERLY COMMENTARY

The first full quarter for the Waverton Real Asset fund was a positive period for equity markets as global stocks rallied 9.6% following the volatility of 2018. While bonds rallied as yields fell, global bonds in GBP terms fell 0.1% as Sterling strengthened versus the US dollar despite ongoing stalemate in the BREXIT negotiations. Within this environment, the Waverton Real Asset fund rose 1.6%, climbing above the launch price following a volatile first month in December 2018.

One reason for the strong equity market performance over the first quarter was the US Federal Reserve 'Volte Face' in response to the weaker than expected US and global economic data. The reduction in market expectations for interest rate rises led the UK 10 year gilt yield to fall from 1.3% to 1.0% and the US 10 year treasury yield to fall from 2.7% to 2.4%. The current 3.8% portfolio yield compares favourably with these low yields on core government bonds.

It was an extremely busy quarter on the fund as we saw significant inflow over the period. The fund grew from £25m at the end of December to £69m by quarter end. This allowed us to increase our investment in the existing holdings and add a number of new investments over the quarter. We took part in the placing program for the Greencoat UK Wind, accessing the attractive total return and inflation linked dividend stream available from a portfolio of operating UK wind assets. We also initiated a position in the Kempen Global Property fund, providing access to the global REIT universe via a market leading, data driven, investment approach.

Elsewhere we added P2PGI as a special situation within the specialist lending real asset class. The company trades at a large discount and we believe the changes undertaken by the new manager Pollen Street capital remain underappreciated by the market. The company has an attractive yield and any resultant discount narrowing provides capital growth potential. Finally, we introduced a small position in a broad UBS commodity ETF. The asset class is unloved, as reflected in the long-term low level in the ratio of the performance of the S&P GS Commodity Index to the equity market. In our view, this provides an interesting entry point into an undoubtedly cyclical Real Asset.

Our approach to constructing a diversified real assets solution seeks to balance the benefits of inflation protection, capital appreciation and current income. We continue to hold and research a large number of interesting investment opportunities across our five core real asset classes and believe the current portfolio provides a compelling proposition relative to many traditional asset classes. For example, over two thirds of the current fund have 50% or higher of their underlying cash flows directly linked to UK inflation. We would be delighted to answer any questions you have on the fund or portfolio holdings and look forward to updating on progress over the remainder of 2019..

## FUND DETAILS

### FUND FACTS

Launch Date	30th November 2018
Morningstar Sector	GBP Moderate Allocation
Benchmark	CPI + 4%*
Fund Size	£69.0m
No. of Holdings	41
Domicile	Ireland
Sedol	BF5KV17
Bloomberg Code	WAVRPGI
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	Jan 31st, Apr 30th, Jul 31st and Oct 31st

\*UK Consumer Price Index plus 4 per cent

### FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
B GBP	IE00BF5KV063	1,500 GBP	0.75%	INC	10.04	N/A	1.28%
P GBP	IE00BF5KV170	1,500 GBP	0.40%	INC	10.05	N/A	0.93%

Note: The Waverton Real Assets Fund P share class is only available through Financial Advisers

## CONTACT DETAILS

### MARKETING CONTACT

**Mark Barrington**  
mbarrington@waverton.co.uk  
+44 (0) 20 7484 2058  
www.waverton.co.uk

### ADMINISTRATOR

**RBC Investor Services**  
Dublin\_TA\_Customer\_Support@rbc.com

**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.

Issued by Waverton Investment Management Limited. Registered in England No 2042285. Registered Office: 16 Babmaes Street, London, SW1Y 6AH. Authorised and Regulated by the Financial Conduct Authority.

### FUND MANAGER



James Mee - CFA

### FUND MANAGER



Luke Hyde-Smith - CFA