



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 30 APRIL 2018

## OBJECTIVES

### FUND AIM

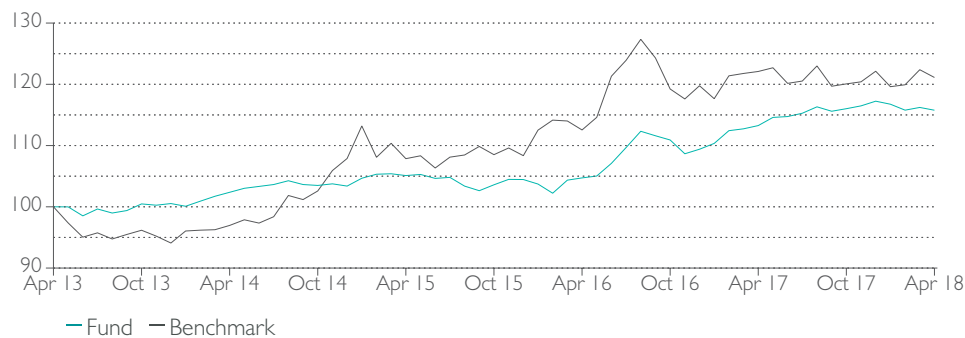
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

### INVESTMENT STYLE

The Fund uses some degree of flexibility in its allocation to duration, credit and currency in order to achieve its investment objectives. 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.

Period	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Inception Jan 10
Portfolio (%)	-0.4	-0.8	-1.3	2.2	10.2	15.8	38.9
Benchmark (%)	-1.0	1.3	-0.8	-0.8	12.3	21.1	58.9
Peer Group (%)	-0.3	-0.5	-1.2	0.6	10.9	21.3	60.4
Quartile	3	3	3	1	3	3	4

### DISCRETE CALENDAR YEAR PERFORMANCE

Period	2017	2016	2015	2014	2013
Fund (%)	7.2	4.7	1.0	2.8	3.6
Benchmark (%)	2.0	10.1	0.6	13.9	-3.9

### STANDARDISED PERFORMANCE

Period 1 year to	30/04/2018	30/04/2017	30/04/2016	30/04/2015	30/04/2014
Fund (%)	2.2	8.2	-0.4	2.7	2.4

## PORTFOLIO SUMMARY

### CREDIT QUALITY

AAA	15.1%
AA	18.5%
A	11.7%
BBB	31.2%
BB	6.2%
B	0.6%
NR	9.4%
Cash	7.3%
<b>Total</b>	<b>100.0%</b>

### SECTOR

Financial	51.1%
Government	34.6%
Energy	3.2%
Utilities	1.7%
Consumer, Cyclical	1.2%
Communications	0.6%
Consumer, Non-cyclical	0.3%
Cash	7.3%
<b>Total</b>	<b>100.0%</b>

### CURRENCY

British Pound	87.9%
US Dollar	5.7%
Mexican Peso	3.4%
Indian Rupee	1.8%
Brazilian Real	0.8%
Euro	0.4%
<b>Total</b>	<b>100.0%</b>

### TOP 10 ISSUERS

UK Gilts	15.8%
US Treasury Long Bond	8.5%
Lloyds Bank	6.3%
US Treasury Inflation	4.9%
Barclays Bank	4.3%
Phoenix Group	4.1%
HSBC	3.4%
Pershing Square	3.3%
Petroleos Mexicanos	3.2%
Aqua + Inv (Swiss Re)	3.0%
<b>Total</b>	<b>56.8%</b>

## COMMENTARY

During April the Waverton Sterling Bond Fund was down 0.4%, compared with a fall of 1.0% for the Markit iBoxx Sterling Gilt Index.

Government bonds were generally weak during the month, led by the US Treasury market where the 10 year benchmark briefly went through the psychologically important 3% level. European Government bonds were weak in sympathy but not down materially. In the UK, the fear of Brexit still hangs over the UK economy and may have started to weaken activity, and in Europe, the effects of a much stronger Euro appears to be slowing activity there too.

The 10 year Gilt ended April 4.2% below the high point in August 2016 on a total return basis. More importantly, the drawdown from that peak has now extended to 466 business days which is the longest period of drawdown since December 1979, which is as far back as Thomson Datastream provides the data.

Unless yields fall from the end April level of 1.45%, it will take almost 3 years to accumulate enough return to get back to the 2016 peak. This perfectly describes the low yield and high duration of the Gilt market and explains why we have been urging caution for some time. This is no longer a 'safe' asset class.

In May we will hear whether the Bank of England will decide to raise interest rates. Based on recent comments from Mark Carney it would appear that his enthusiasm for tighter policy is waning. We think this explains the recent weakness of Sterling and with political risks in the background, we remain of the view that the currency has more downside risk from here. For that reason we have recently used some of our flexibility to under-hedge our US Dollar bonds held in the portfolio, giving rise to a net 5.6% exposure. Dollar bonds yield a useful premium to Sterling bonds if held without a currency hedge.

## FUND MANAGER



Jeff Keen

## FUND DETAILS

### FUND FACTS

Launch Date	11th January 2010
Morningstar Category	Global Flexible Bond - GBP Hedged
Benchmark	Markit iBoxx GBP Gilts TR
Fund Size	£152.5m
No. of Holdings	61
Domicile	Ireland
Sedol	B5BD4F5
Bloomberg Code	JOHBACC ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	Jan 31st, Apr 30th, Jul 31st and Oct 31st

### RISK STATISTICS

Fund Volatility 3Y (%)	3.7
Duration	6.0
Sharpe Ratio 3Y	0.8
Running Yield (%)	4.1
Yield to Maturity (%)	3.1

## FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B5BD4F58	1,500 GBP	0.75%	INC	9.35	4.26%	0.94%
B GBP	IE00B5BD4N33	1,500 GBP	1.00%	INC	9.03	4.27%	1.19%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.43	4.26%	0.59%

## 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. 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: GBP Government / Flexible / Diversified / Corporate / Global Flexible - GBP Hedged Bonds. Sources: Waverton, Morningstar, Bloomberg Composite Ratings.

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