



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 31 AUGUST 2019

## OBJECTIVES

### FUND AIM

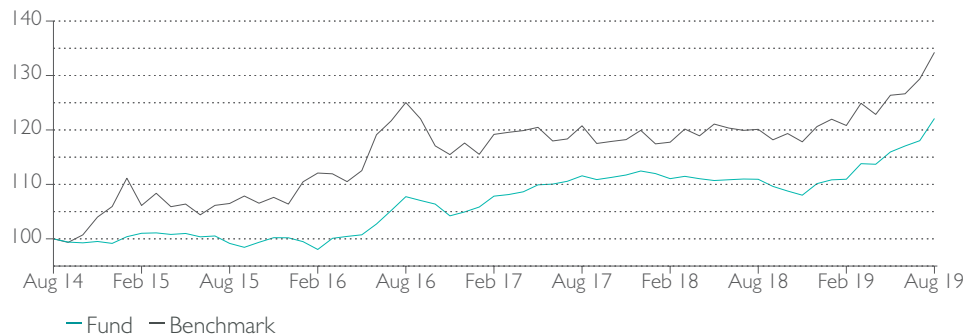
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

### 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 (%)	3.5	5.3	10.9	10.1	13.3	22.1	52.8
Benchmark (%)	3.8	6.2	11.3	11.8	7.4	34.3	79.3
Peer Group (%)	2.0	4.6	9.6	8.4	8.1	26.9	76.7
Quartile	1	2	2	2	1	3	4

### DISCRETE CALENDAR YEAR PERFORMANCE

Period	2018	2017	2016	2015	2014
Fund (%)	-2.1	7.2	4.7	1.0	2.8
Benchmark (%)	0.6	2.0	10.1	0.6	13.9

### STANDARDISED PERFORMANCE

Period 1 year to	31/08/2019	31/08/2018	31/08/2017	31/08/2016	31/08/2015
Fund (%)	10.1	-0.6	3.6	8.7	-0.8

## PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	19.8%	Government	45.4%	British Pound	87.9%	UK Gilts	21.6%
AA	25.2%	Financial	37.6%	US Dollar	5.3%	US Treasuries	14.4%
A	8.0%	Utilities	2.0%	Indian Rupee	2.8%	US Treasury Inflation	4.5%
BBB	28.6%	Energy	1.5%	Mexican Peso	2.6%	Barclays Bank	3.7%
BB	3.2%	Communications	1.4%	Indonesian Rupiah	0.7%	Lloyds Bank	3.5%
B	0.5%	Consumer, Non-cyclical	1.3%	Euro	0.7%	Royal Bank of Canada	2.9%
NR	6.4%	Industrial	0.9%	Brazilian Real	0.1%	Phoenix Group	2.8%
Cash	8.3%	Other	0.9%	<b>Total</b>	<b>100.1%</b>	HSBC	2.3%
<b>Total</b>	<b>100.0%</b>	Consumer, Cyclical	0.7%			Mexican Government	2.1%
		Cash	8.3%			Pershing Square	2.0%
		<b>Total</b>	<b>100.0%</b>			<b>Total</b>	<b>59.8%</b>

## COMMENTARY

During August the Waverton Sterling Bond Fund provided a return of 3.5%, compared with 3.8% for the Markit iBoxx Sterling Gilt Index.

Global bond markets moved to ever higher levels during the month with yields falling below zero in 7 of the 27 countries that make up the JP Morgan Global Bond index. The Gilt index yield fell to 0.84%, below the previous low in August 2016, following the EU referendum. So far in 2019, Gilts returned 11.3%, of which 10.3% came from the duration effect. A movement of just 0.08% in yield is enough to move the price by 1%. Gilts have never been so sensitive to yields and therefore potentially a very risky asset. The short term volatility of the index has risen to 10%.

The macro backdrop has undoubtedly softened over the course of recent weeks. We see almost universal weakness in manufacturing survey data and industrial production, due to the uncertainty surrounding the US-China trade talks. There is a growing fear that this weakness will spread into the consumer sectors and labour markets. There are a number of recession indicators which appear to be worsening, though we think that yield curve inversion needs to be regarded with some caution due to the distortion created by extraordinary monetary policy.

With risks becoming more elevated, but credit spreads quite tight, we took the opportunity during the month to add some credit insurance within the fund. The nature of this insurance is to protect the fund against a large downward move in credit and is relatively low cost. We also continue to own long dated Treasuries and call options as a barbell strategy against our largely short duration credit. This has added over 2.1% to performance during 2019 to date.

### FUND MANAGER



Jeff Keen

### ANALYST



James Carter

## FUND DETAILS

### FUND FACTS

Launch Date	11th January 2010
Morningstar Category	Global Flexible Bond - GBP Hedged
Benchmark	Markit iBoxx GBP Gilts TR
Fund Size	£216.9m
No. of Holdings	78
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 (%)	3.8
Duration	8.9
Sharpe Ratio 3Y	1.0
Running Yield (%)	3.3
Yield to Maturity (%)	2.8

### FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B5BD4F58	1,500 GBP	0.75%	INC	9.76	3.89%	0.91%
B GBP	IE00B5BD4N33	1,500 GBP	0.75%	INC	9.54	2.65%	1.12%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.96	3.18%	0.57%

## 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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