



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 31 JANUARY 2018

OBJECTIVES

FUND AIM

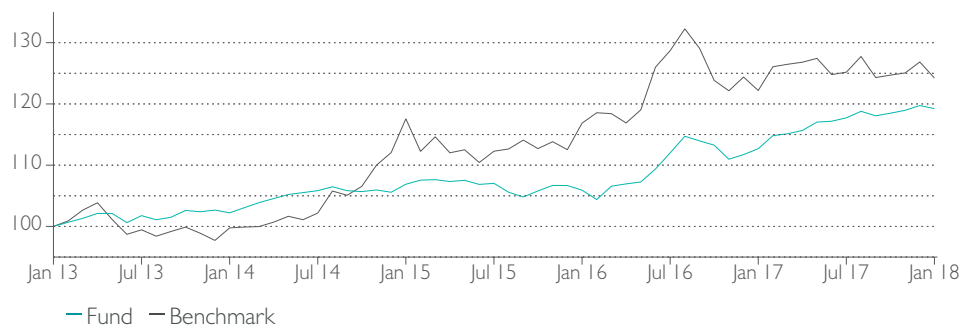
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

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	0.6	-0.4	5.8	11.5	19.2	40.1
Benchmark (%)	-2.1	-0.4	-2.1	1.7	5.7	24.2	56.9
Peer Group (%)	-0.7	0.4	-0.7	4.1	9.3	27.3	60.9
Quartile	2	2	2	1	2	4	4

DISCRETE CALENDAR YEAR PERFORMANCE

Period	2016	2015	2014	2013	2012
Fund (%)	4.7	1.0	2.8	3.6	9.1
Benchmark (%)	10.1	0.6	13.9	-3.9	2.7

STANDARDISED PERFORMANCE

Period 1 year to	31/01/2018	31/01/2017	31/01/2016	31/01/2015	31/01/2014
Fund (%)	5.8	6.4	-0.9	4.6	2.2

PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	9.5%	Financial	54.3%	British Pound	88.1%	UK Gilts	15.3%
AA	17.2%	Government	28.9%	US Dollar	6.7%	Lloyds Bank	6.4%
A	11.3%	Energy	3.2%	Mexican Peso	3.2%	US Long Dated TIP	4.8%
BBB	34.3%	Communications	1.5%	Indian Rupee	1.9%	Barclays Bank	4.2%
BB	7.8%	Consumer, Cyclical	1.2%	Euro	0.1%	US Long Dated Treasury	3.8%
B	0.6%	Utilities	1.0%	Total	100.0%	Phoenix Group	3.7%
NR	9.7%	Consumer, Non-cyclical	0.3%			HSBC	3.4%
Cash	9.6%	Cash	9.6%			Pershing Square	3.3%
Total	100.0%	Total	100.0%			Petroleos Mexicanos	3.2%
						Aqua + Inv (Swiss Re)	2.9%
						Total	51.0%

During January the Waverton Sterling Bond Fund fell 0.4%, compared with a fall of 2.1% for the Markit iBoxx Sterling Gilt Index.

We have often discussed the very high sensitivity of Gilts to changes in yield. January was a very good example of this. The index yield rose from 1.53% to 1.72%. That rise of just 19bp led to a 2.1% fall in the index, wiping out 16 months of prospective return. From here we see potential for higher yields as Central banks adjust monetary policy to fit a global economy which looks stronger and where deflationary worries appear to have been reduced significantly. In normal markets we should expect policy rates to be above the level of inflation. That would imply many more tough months for the Gilt index ahead.

The fund managed to reduce the negative impact by adopting a conservative duration stance and by benefitting from exposure to credit, both through higher yields and tightening spreads. Our key theme of legacy bank capital was again the primary contributor to excess returns from credit including useful gains from HSBC, Standard Chartered and Lloyds Bank. The fund also benefitted from its holding of Helical's 2020 bond, choosing to repay its bonds early at a premium.

Bond yields rose significantly in the US too and the fund has increased its exposure to long dated US Treasuries. We believe this to be the default risk-off asset class and with the yield now offering a positive real return these bonds offer a useful hedge against the credit in the portfolio.

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	£154.9m
No. of Holdings	59
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 (%)	3.6
Duration	6.3
Sharpe Ratio 3Y	0.9
Running Yield (%)	4.1
Yield to Maturity (%)	2.7

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B5BD4F58	1,500 GBP	0.75%	INC	9.51	4.40%	0.94%
B GBP	IE00B5BD4N33	1,500 GBP	1.00%	INC	9.2	4.40%	1.19%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.59	4.40%	0.59%

CONTACT DETAILS

MARKETING CONTACT

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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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