



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 31 JULY 2018

OBJECTIVES

FUND AIM

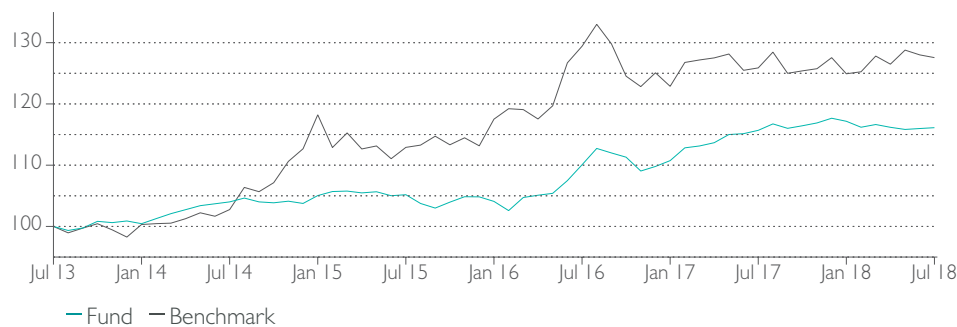
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

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 (%)	0.1	-0.1	-1.3	0.4	10.4	16.1	38.9
Benchmark (%)	-0.3	0.8	0.0	1.3	13.0	27.6	60.2
Peer Group (%)	0.1	0.1	-1.0	0.2	12.1	25.5	61.0
Quartile	2	3	3	2	3	4	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	31/07/2018	31/07/2017	31/07/2016	31/07/2015	31/07/2014
Fund (%)	0.4	5.1	4.6	1.1	4.0

PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	16.7%	Financial	48.5%	British Pound	87.3%	UK treasury	15.9%
AA	18.8%	Government	36.4%	US Dollar	5.0%	US Treasury	10.1%
A	10.4%	Utilities	2.2%	Indian Rupee	3.2%	Lloyds Bank	5.5%
BBB	28.4%	Energy	1.8%	Mexican Peso	3.1%	Barclays Bank	5.0%
BB	7.0%	Consumer, Non-cyclical	0.7%	Brazilian Real	1.3%	US Treasury Inflation	4.5%
B	0.6%	Consumer, Cyclical	0.6%	Euro	0.1%	Phoenix Group	3.5%
NR	8.9%	Communications	0.6%	Total	100.0%	Pershing Square	3.1%
Cash	9.2%	Cash	9.2%			Swiss Reinsurance	2.9%
Total	100.0%	Total	100.0%			HSBC	2.8%
						Mexican Government	2.5%
						Total	55.8%

COMMENTARY

During July the Waverton Sterling Bond Fund rose 0.1%, compared with a fall of 0.3% for the Markit iBoxx Sterling Gilt Index.

The Gilt market was fairly strong during the first half of July with the aggregate yield falling to 1.50% but rising back to 1.60% by the month end, above where it started. Small changes in yield lead to significant changes in price when investing in Gilts because of the long duration and lack of yield, which also makes recovery periods long. We have constructed our portfolio with shorter duration and a higher yield to avoid this sensitivity. The only downside is that higher yield usually comes with higher implied levels of risk as we invest in non-Government bonds. Credit has lagged Government bonds this year but July saw a modest recovery that helped the fund to outperform the Gilt index.

As we write, the Bank of England has decided to raise interest rates but has emphasized that the path of future rate hikes is likely to be very gradual and that Brexit represents a large macro risk to the economic outlook. This explains why the Gilt yield remains at 1.6% while most measures of inflation are well above that. If Sterling was to underperform more (perhaps in a hard Brexit scenario), inflation would likely increase and put the Bank of England in a difficult position where it may need to raise rates despite a weakening economy. This perhaps explains why the Bank has moved now despite its fears of a hard Brexit.

The fund benefited from its exposure to non-Sterling bonds in July, particularly Mexican. The Peso continued to recover in July (+7.4%) and is now one of the strongest currencies in the world year 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	£173.3m
No. of Holdings	67
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	6.1
Sharpe Ratio 3Y	0.8
Running Yield (%)	4.0
Yield to Maturity (%)	3.3

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B5BD4F58	1,500 GBP	0.75%	INC	9.24	4.23%	0.94%
B GBP	IE00B5BD4N33	1,500 GBP	1.00%	INC	8.92	4.24%	1.19%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.33	4.23%	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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