



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 30 JUNE 2018

OBJECTIVES

FUND AIM

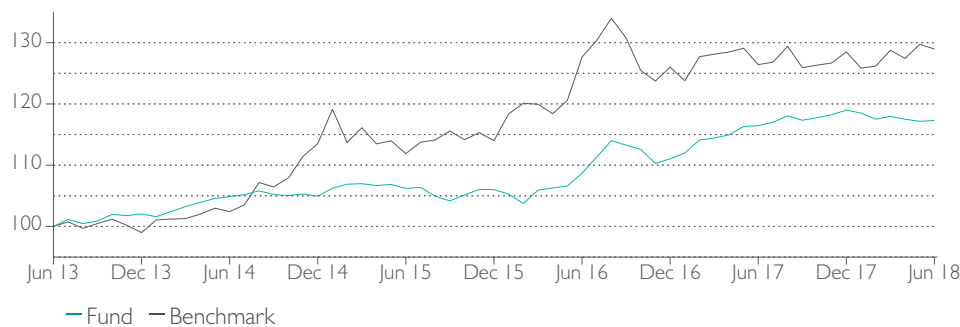
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

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	-0.6	-1.4	0.7	10.4	17.3	38.7
Benchmark (%)	-0.6	0.1	0.4	2.0	15.3	29.0	60.8
Peer Group (%)	-0.2	-0.2	-1.1	0.7	13.3	27.3	60.9
Quartile	1	3	3	2	4	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	30/06/2018	30/06/2017	30/06/2016	30/06/2015	30/06/2014
Fund (%)	0.7	7.1	2.3	1.3	4.9

PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	17.2%	Financial	50.1%	British Pound	87.1%	UK Gilts	18.2%
AA	20.8%	Government	39.1%	US Dollar	5.3%	US Treasury Long Dated	10.5%
A	10.3%	Energy	3.2%	Indian Rupee	3.3%	Lloyds Bank	5.7%
BBB	31.0%	Utilities	2.1%	Mexican Peso	2.9%	Barclays Bank	5.1%
BB	7.2%	Consumer, Cyclical	1.1%	Brazilian Real	1.2%	US Treasury Inflation	4.7%
B	1.0%	Consumer, Non-cyclical	0.7%	Euro	0.2%	Phoenix Group	3.6%
NR	9.3%	Communications	0.5%	Total	100.0%	Pershing Square	3.2%
Cash	3.2%	Cash	3.2%			Swiss Reinsurance	2.9%
Total	100.0%	Total	100.0%			HSBC	2.8%
						Petroleos Mexicanos	2.8%
						Total	59.5%

COMMENTARY

During June the Waverton Sterling Bond Fund rose 0.1%, compared with a fall of 0.6% for the Markit iBoxx Sterling Gilt Index.

The Gilt market again rallied in the second half of the month (just as it did in May) but on this occasion not recovering back to its starting level. With the level of income from Gilts so low, a very large driver of performance is the volatility in the level of yield, which has been considerable with ongoing Brexit uncertainty. With the chances of a hike in the Base rate in August now increasing to 80% this is also putting upward pressure on yields – something we expect to continue, albeit at gradual pace.

Credit spreads continue to widen slightly in corporate bonds leading to negative returns in credit as well as Gilts. Bond funds appear to be suffering outflows leading to some indigestion with new issues. Issuers are still finding current yield levels attractive and the refinancing cycle carries on regardless.

Within the fund, financials have been a negative in 2018 but retail bonds have continued to perform well with exceptionally low volatility.

We also invest in non-Sterling issues on an unhedged basis to add to diversification (up to a limit of 20%). The 5% exposure to US Dollars has been beneficial. However, emerging market currencies have been weak, enabling us to add to our exposure to high quality names in the Indian Rupee, where yields are at attractive levels (over 8%). The Mexican Peso also suffered in early June but recovered strongly after the presidential election. Overall, the exposure to EM is now 7.5%, yielding 8.5%, a useful additional yield over the benchmark.

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	£168.6m
No. of Holdings	70
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	6.9
Sharpe Ratio 3Y	0.8
Running Yield (%)	4.2
Yield to Maturity (%)	3.4

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B5BD4F58	1,500 GBP	0.75%	INC	9.33	4.27%	0.94%
B GBP	IE00B5BD4N33	1,500 GBP	1.00%	INC	9.01	4.28%	1.19%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.42	4.26%	0.59%

CONTACT DETAILS

MARKETING CONTACT

Jonno Ross
jross@waverton.co.uk
+44 (0)20 7484 7491
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. 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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