



WAVERTON

INVESTMENT MANAGEMENT

WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 30 NOVEMBER 2017

OBJECTIVES

FUND AIM

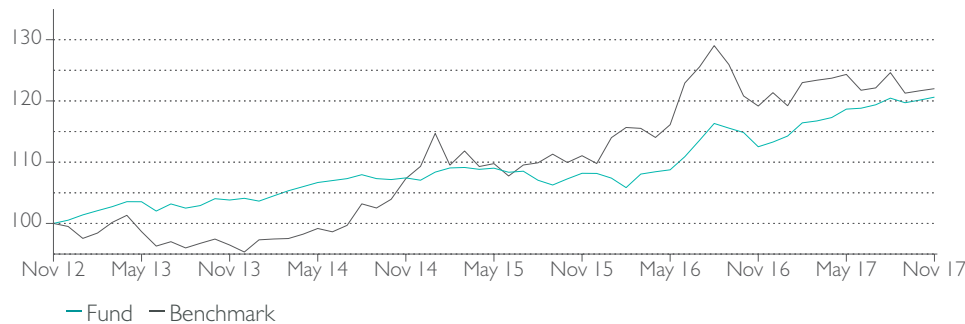
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

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. The below calendar year performance table will only display performance from the first 12 month complete performance period.

Period	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Inception Jan 10
Portfolio (%)	0.4	0.1	6.5	7.2	12.3	20.6	39.8
Benchmark (%)	0.3	-2.1	0.5	2.4	13.7	22.0	57.9
Peer Group (%)	0.0	-1.0	2.9	4.5	13.7	26.1	60.5
Quartile	1	1	1	1	3	3	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	30/11/2017	30/11/2016	30/11/2015	30/11/2014	30/11/2013
Fund (%)	7.2	4.0	0.7	3.5	3.8

PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	9.1%	Financial	53.4%	British Pound	94.1%	UK Gilts	16.0%
AA	16.0%	Government	30.5%	Mexican Peso	3.6%	US Treasury Inflation	5.0%
A	11.9%	Energy	3.3%	Indian Rupee	2.0%	Barclays Bank	4.5%
BBB	35.9%	Communications	1.5%	US Dollar	0.2%	US Treasury	4.1%
BB	8.6%	Consumer, Cyclical	1.2%	Euro	0.1%	Phoenix Group	3.9%
B	0.1%	Consumer, Non-cyclical	1.2%	Total	100.0%	Pershing Square	3.6%
NR	10.6%	Utilities	1.1%			HSBC	3.5%
Cash	7.8%	Cash	7.8%			Petroleos Mexicanos	3.1%
Total	100.0%	Total	100.0%			Aqua + Inv (Swiss Re)	2.9%
						Mexican Government	2.9%
						Total	49.5%

COMMENTARY

During November the Waverton Sterling Bond Fund returned 0.4%, compared with 0.3% for the Markit iBoxx Sterling Gilt Index.

The returns in November were almost exactly the same as the previous month and whilst a 0.3% return for the Gilt index may seem modest it is worth remembering that an index with an aggregate yield to maturity of around 1.6% is projected to give a monthly return of just 0.13%. We are now in a low returning world. Only if we enter a more difficult economic environment with downward pressure on inflation and perhaps ever greater stimulus from the Bank of England in the form of Quantitative Easing, can we expect any additional return. Indeed our main concern is that the downside risks for UK bonds are much greater than the upside risks. With the global economy showing synchronised growth for the first time in many years and with labour markets tightening, even with Brexit uncertainty, we see upside risk to inflation. And even if Central Banks achieve inflation in line with targets (mostly 2%) we think Government bond markets will re-price – a headwind for total returns from Gilts.

Consequently our policy is to run with duration risk of around half of the Gilt index whilst earning a much higher yield from our high conviction credit ideas. Alongside that about 30% of the portfolio is invested in Government bonds, including long dated US Treasury bonds (both conventional and inflation linked) to ensure that the fund's overall return does not become negatively correlated with its benchmark. However, from our observations of the peer group, we remain more actively invested away from the index than most other sterling bond funds. We fear that most other investors are either complacent or not active enough to achieve reasonable returns in this asset class in the medium term.

FUND MANAGER



Jeff Keen

ASSISTANT FUND MANAGER



Josh Oakley

FUND DETAILS

FUND FACTS

Launch Date	11th January 2010
Morningstar Category	Global Flexible Bond - GBP Hedged
Benchmark	Markit iBoxx GBP Gilts TR
Fund Size	£150.9m
No. of Holdings	56
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 (%)	4.2
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	9.59	4.59%	0.94%
B GBP	IE00B5BD4N33	1,500 GBP	1.00%	INC	9.28	4.59%	1.19%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.66	4.57%	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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