



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 31 OCTOBER 2017

## OBJECTIVES

### FUND AIM

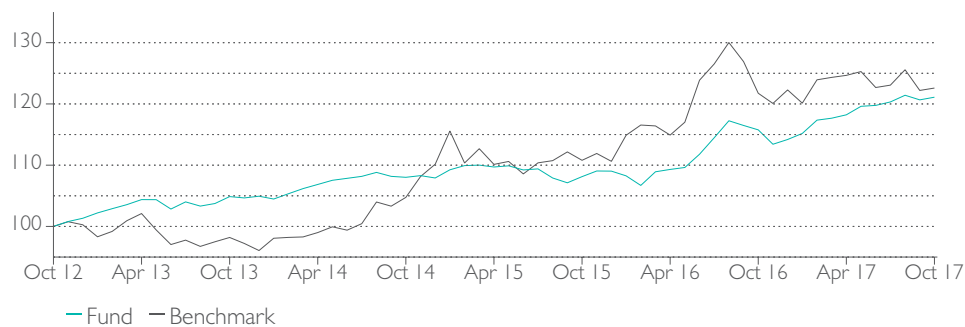
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

### 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	0.6	6.0	4.6	12.1	21.1	39.2
Benchmark (%)	0.3	-0.4	0.3	0.7	17.0	22.6	57.5
Peer Group (%)	0.5	0.0	2.8	3.2	16.0	27.0	60.2
Quartile	3	1	1	2	4	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	31/10/2017	31/10/2016	31/10/2015	31/10/2014	31/10/2013
Fund (%)	4.6	7.1	0.1	3.0	4.9

## PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	9.6%	Financial	60.0%	British Pound	92.9%	UK Gilts	12.1%
AA	15.0%	Government	26.5%	Mexican Peso	3.8%	US Treasury Inflation	5.2%
A	12.8%	Communications	1.7%	US Dollar	2.1%	Barclays Bank	4.8%
BBB	36.3%	Consumer, Cyclical	1.3%	Indian Rupee	1.1%	US Treasury	4.4%
BB	9.2%	Energy	1.2%	Euro	0.1%	Phoenix Group	4.2%
B	0.2%	Utilities	1.1%	<b>Total</b>	<b>100.0%</b>	Pershing Square	4.0%
NR	9.1%	Consumer, Non-cyclical	0.4%			HSBC	3.6%
Cash	7.8%	Cash	7.8%			Aqua + Inv (Swiss Re)	3.1%
<b>Total</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>			Mexican Government	3.1%
						Standard Chartered	2.9%
						<b>Total</b>	<b>47.4%</b>

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

The October ECB meeting was the main event of the month. Mr. Draghi will be pleased he managed to announce the first phase of tapering of asset purchases without upsetting the stability in the bond markets. The Euro also weakened slightly, probably reflecting the fact that asset purchases remain open ended. Money markets expect no rise in Euro interest rates until 2019 at the earliest. As a result Bund yields have drifted back from their recent highs but the ongoing surprising strength of the European economy including cycle low unemployment and PMIs at their highs, suggest to us that risks to bond prices remain on the downside. Interestingly the events in Catalonia have had very little effect on the bond markets.

The global financial markets continue in a 'risk-on' mood with economic sentiment riding high, equity markets at all-time highs and volatility at all-time lows. But policy makers continue to be extremely cautious in their moves towards tighter policy. The latest example of this was in the UK where rates were increased for the first time in 10 years on 2nd November but with a message designed to keep interest rate jitters under wraps. Meanwhile UK CPI is at 3.0%, above the 2% target, and unemployment is at a 40 year low of 4.3%.

Whilst a patient approach to monetary tightening probably makes sense, the degree to which policy makers are prepared to err on the upside (on inflation) means that bond investors should be building in an inflation risk premium. With real yields in negative territory in most developed markets we see very little evidence of that and so remain cautious on duration risk within the fund.

## 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	£140.7m
No. of Holdings	53
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	5.9
Sharpe Ratio 3Y	0.9
Running Yield (%)	4.4
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	9.55	4.61%	0.94%
B GBP	IE00B5BD4N33	1,500 GBP	1.00%	INC	9.24	4.61%	1.19%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.62	4.59%	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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