



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON STERLING BOND FUND A GBP

FUND FACTSHEET - AS AT 30 SEPTEMBER 2018

## OBJECTIVES

### FUND AIM

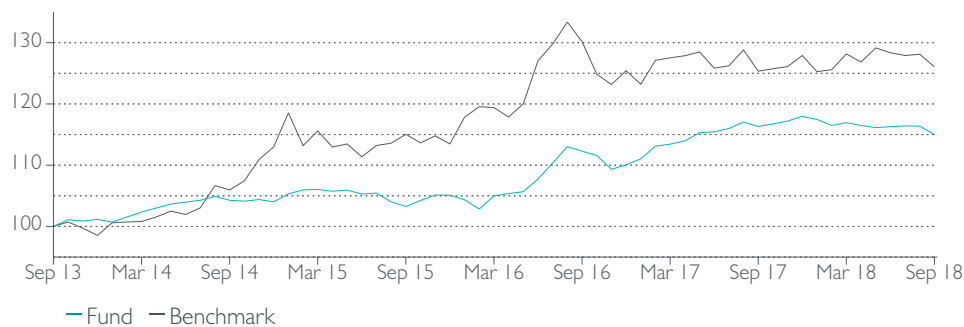
The investment objective of the Waverton Sterling Bond Fund is to achieve capital growth and income through investment in UK and international government and corporate bonds.

### 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 (%)	-1.2	-1.1	-2.5	-1.1	11.4	15.0	37.2
Benchmark (%)	-1.6	-1.8	-1.4	0.6	9.6	26.1	57.9
Peer Group (%)	-0.7	-0.5	-1.6	0.0	11.7	24.3	59.7
Quartile	4	3	4	4	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	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
Fund (%)	-1.1	3.6	8.7	-1.0	4.3

## PORTFOLIO SUMMARY

CREDIT QUALITY		SECTOR		CURRENCY		TOP 10 ISSUERS	
AAA	18.8%	Financial	47.1%	British Pound	88.2%	UK Gilts	17.2%
AA	21.3%	Government	39.7%	US Dollar	5.2%	US Treasury	12.6%
A	9.9%	Energy	2.3%	Mexican Peso	3.0%	Lloyds Bank	5.3%
BBB	25.9%	Utilities	1.9%	Indian Rupee	2.9%	Barclays Bank	4.8%
BB	7.2%	Consumer, Non-cyclical	1.6%	Brazilian Real	0.6%	US Treasury Inflation	4.3%
B	0.5%	Consumer, Cyclical	0.5%	Euro	0.1%	Phoenix Group	3.3%
NR	10.0%	Communications	0.5%	<b>Total</b>	<b>100.0%</b>	Pershing Square	3.0%
Cash	6.4%	Cash	6.4%			Royal Bank of Canada	2.9%
<b>Total</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>			HSBC	2.7%
						Mexican Government	2.5%
						<b>Total</b>	<b>58.6%</b>

During September the Waverton Sterling Bond Fund fell 1.2%, compared with a fall of 1.6% for the Markit iBoxx Sterling Gilt Index.

As we discussed last month, duration (the effect of yield movements on price) is the bond investor's enemy at the moment. During September the Gilt index yield rose from 1.60% to 1.75%, contributing 1.8% of negative return, only partially offset by accrued income, resulting in a 1.6% loss. We expect this to be a running theme over time as yields return to a more 'normal' level. The extent and pace of that move will depend on the sustainability of this economic cycle and whether we experience any macro events or shocks. These shocks could be a known unknown such as a hard Brexit or something from left of field which is harder to predict.

In the fund we have adopted a shorter duration stance than the index but this comprises a barbell strategy which combines our best ideas in credit with some long duration exposure to UK Gilts and US Treasuries. Some of this latter exposure is in the form of options which have limited downside effect if yields should rise from here. Furthermore, our credit exposure is now as low as it has been since we launched the fund in 2010 at 54%. We are not outright negative on credit (if we were our exposure would be a lot lower) but we see limited value in investment grade and have limited appetite in this fund for the risk that comes from a higher allocation to higher yielding bonds.

## 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	£180.3m
No. of Holdings	72
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	7.1
Sharpe Ratio 3Y	0.9
Running Yield (%)	4.0
Yield to Maturity (%)	3.5

## FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B5BD4F58	1,500 GBP	0.75%	INC	9.13	4.28%	0.94%
B GBP	IE00B5BD4N33	1,500 GBP	1.00%	INC	8.81	4.29%	1.19%
P GBP	IE00BGQYPR94	1,500 GBP	0.40%	INC	9.22	4.27%	0.59%

## CONTACT DETAILS

## MARKETING CONTACT

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## ADMINISTRATOR

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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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