



**WAVERTON**  
INVESTMENT MANAGEMENT

# WAVERTON TACTICAL EQUITY FUND A GBP

FUND FACTSHEET - AS AT 30 JUNE 2018

## OBJECTIVES

### FUND AIM

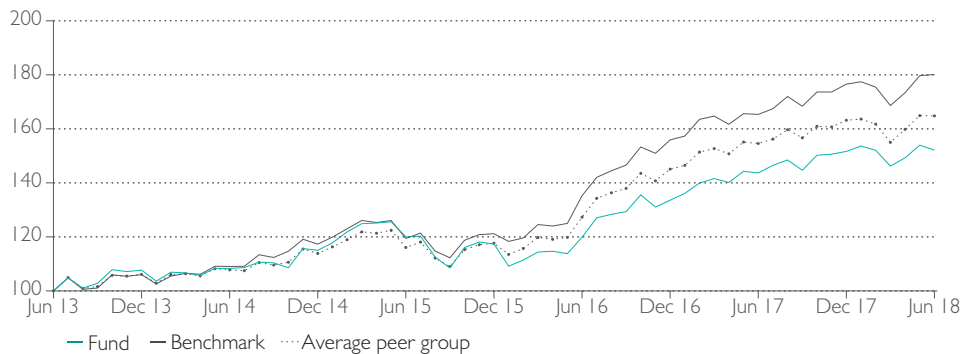
The Fund aims to achieve growth on your investment and income. The Fund may invest up to 100% of its assets indirectly in shares of companies worldwide, through investment in other funds (including, for example, exchange traded funds).

### INVESTMENT STYLE

The Fund provides a diversified interest in global equity markets with a high degree of flexibility around the benchmark. It will maintain a relatively concentrated list of holdings with the focus on identifying and blending funds and vehicles which we believe can provide the best risk adjusted returns in each region.

## 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	4.1	0.3	5.9	26.8	52.1	93.7
Benchmark (%)	0.2	6.8	2.0	8.9	50.8	80.1	138.8
Average Peer Group (%)	0.0	6.3	0.9	6.6	42.2	64.0	101.3
Quartile	4	4	3	3	4	4	3

### DISCRETE CALENDAR YEAR PERFORMANCE

Period	2017	2016	2015	2014	2013
Fund (%)	13.5	13.8	2.0	6.8	21.1
Benchmark (%)	13.8	29.6	4.0	11.3	21.0

### STANDARDISED PERFORMANCE

Period 1 year to	30/06/2018	30/06/2017	30/06/2016	30/06/2015	30/06/2014
Fund (%)	5.9	19.8	-0.1	10.8	8.3

## PORTFOLIO SUMMARY

### INVESTMENT VEHICLE

Active Funds	89.3%
Passive Vehicles	5.4%
Structured Products	4.7%
Cash	0.6%
<b>Total</b>	<b>100.0%</b>

### EQUITIES BY REGION

Global Equities	28.6%
Asia Pacific (ex Japan)	19.0%
Japan	11.9%
Emerging Markets	11.0%
Continental Europe	9.4%
United Kingdom	7.7%
North America	7.1%
Hedging	4.7%
Cash	0.6%
<b>Total</b>	<b>100.0%</b>

### TOP 10 HOLDINGS

Hermes Asia Ex Japan Equity Fund	12.7%
Lindsell Train Japanese Equity Fund	8.0%
RWC Global Emerging Markets Fund	7.9%
T Bailey Aptus Global Financials Fund	7.9%
Driehaus US Micro Cap Equity Fund	7.1%
Smith & Williamson AI Fund	5.7%
Waverton Protection Strategy	4.7%
MI Metropolis Valuefund	4.7%
BNY Mellon Japan Small Cap Equity	4.0%
Magallanes European Equity Fund	3.9%
<b>Total</b>	<b>66.6%</b>

## COMMENTARY

The Tactical equity fund underperformed the MSCI All Country world index over the quarter. This was primarily due to the strong performance of the US equity market, which outperformed over the quarter, where the fund is significantly underweight, while Asia and Emerging markets underperformed, where the fund is significantly overweight.

Early in the quarter we purchased the SPDR MSCI European Energy ETF given we believe energy equities appear attractively valued at this juncture following the rise in oil price, which, as yet, has not been materially reflected in energy equities market performance. Given the US tax cuts and expectant positive impact on US corporate earnings, we increased allocation to US equities over the quarter through the purchase of the Smith and Williamson Artificial Intelligence fund. This fund provides exposure to the structural growth story in Artificial Intelligence (AI). Arguably one of the strongest trends underway globally across all industries, the adoption of AI provides an extremely compelling investment opportunity for those firms directly enabling AI progress or those adopting AI into their business models, both of whom should enjoy a sustained period of growth, which this fund aims to capture. In order to fund this purchase we reduced our exposure to emerging markets through the outright sale of the Somerset Emerging markets dividend growth fund. We remain constructive on the long term opportunity within the developing world, but aware that risks have risen for the asset class, given the strength in the USD and simmering trade tensions reducing investor sentiment to the region. There are risks which could make things difficult if they deteriorate. The US has introduced tariffs on steel and aluminium, and on \$34 billion of Chinese goods as of July 6th. There have been reciprocal actions from Europe and Canada, as well as from China. For now, investors seem willing to see the effect of these tariffs to be a minor irritant in an \$80 trillion global economy but the trade situation remains a potential serious headwind. We remain of the view that an all-out trade war between China and US is highly unlikely given that for China in particular it would be a major disruption to its economy. Other risks include Italy where bond yields rose significantly in May as the Italian general election threatened to produce a government with policies that put it on a collision course with the euro area. That fear has dissipated somewhat but Italian bond yields remain elevated, the second highest in the Eurozone after Greece.

Despite the risks, we remain broadly optimistic and continue to find good investment ideas.

### FUND MANAGER



John Bellamy

### FUND MANAGER



Luke Hyde-Smith

### FUND MANAGER



Steve Iffland

## FUND DETAILS

### FUND FACTS

Launch Date	11th January 2010
Morningstar Sector	Global Large-Cap Blend Equity
Benchmark	FTSE All World TR
Fund Size	£81.0m
No. of Holdings	22
Domicile	Ireland
Sedol	B5BCBB7
Bloomberg Code	JOEQAAC ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	30th April and 31st October

### RISK STATISTICS

#### 3Y Annualised

Fund Volatility (%)	10.7
Index Volatility (%)	9.6
Sharpe Ratio	0.7
Information Ratio	-1.5
Tracking Error	4.3
Alpha (%)	-6.1
Beta	1.0

### FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00B5BCBB77	1,500 GBP	1.00%	INC	19.19	0.00%	1.91%
B GBP	IE00B5BCBD91	1,500 GBP	0.75%	INC	19.03	0.00%	1.66%
P GBP	IE00BGQYPS02	1,500 GBP	0.40%	INC	14.26	0.16%	1.32%

## CONTACT DETAILS

### MARKETING DIRECTOR

Mark Barrington  
mbarrington@waverton.co.uk  
+44 (0) 20 7484 2058  
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).

Sources: Waverton, Morningstar.

Issued by Waverton Investment Management Limited. Registered in England No 2042285. Registered Office: 16 Babmaes Street, London, SW1Y 6AH. Authorised and Regulated by the Financial Conduct Authority.