



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON UK FUND A GBP

FUND FACTSHEET - AS AT 31 DECEMBER 2018

OBJECTIVES

FUND AIM

The investment objective of the Fund is to achieve long term capital growth and income through diversified investment in UK equities.

INVESTMENT STYLE

The Fund has a stock driven approach focused on identifying and investing in leading UK companies. Through rigorous bottom up stock analysis, the Fund will seek to achieve higher growth and returns by selecting attractively valued UK companies with both global and domestic exposure. The Fund will not concentrate investments in any one industrial or economic sector or companies of a particular market capitalisation.

PERFORMANCE

PERFORMANCE SINCE INCEPTION



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	1 Year	3 Years	5 Years	Inception Mar 07
Portfolio (%)	-5.2	-14.2	-17.5	-9.4	-3.1	43.3
Benchmark (%)	-3.8	-10.6	-9.8	19.7	20.3	65.9
Morningstar Peer Group (%)	-4.3	-11.0	-10.0	13.3	17.5	67.0
Quartile	4	4	4	4	4	4

DISCRETE CALENDAR YEAR PERFORMANCE

Period	2018	2017	2016	2015	2014
Fund (%)	-17.5	3.3	6.3	6.0	0.9
Benchmark (%)	-9.8	13.1	16.8	1.0	1.2

STANDARDISED PERFORMANCE

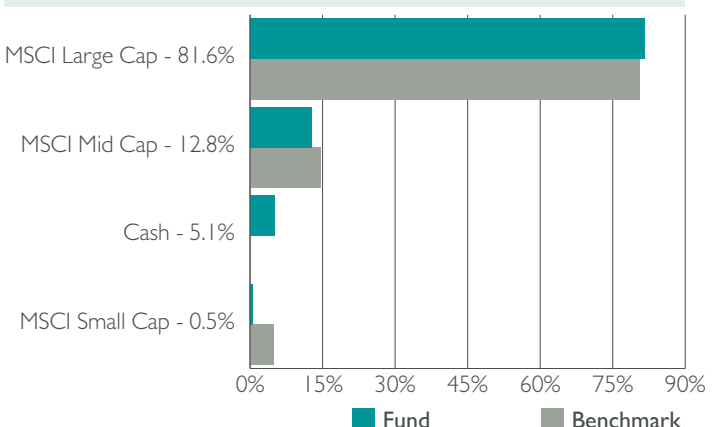
Period 1 year to	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Fund (%)	-17.5	3.3	6.3	6.0	0.9

PORTFOLIO SUMMARY

TOP 10 HOLDINGS

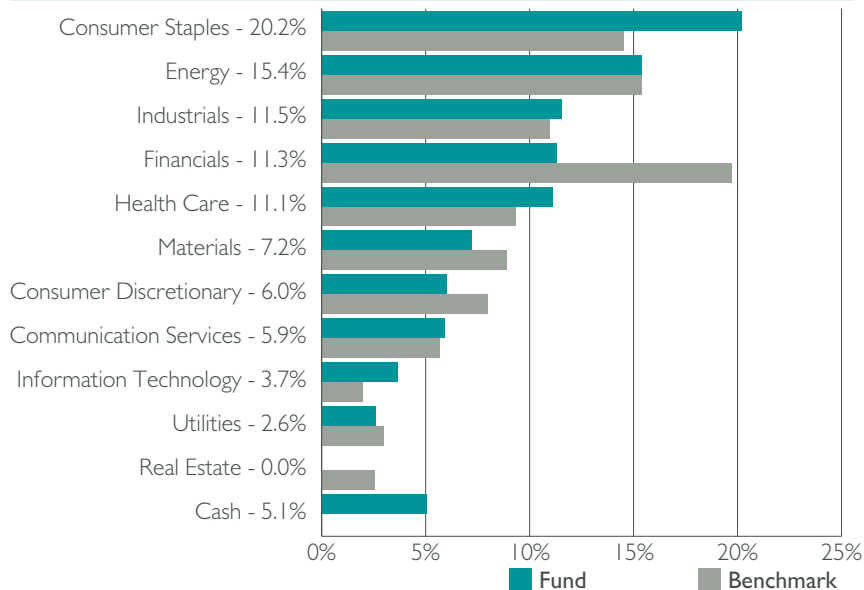
Royal Dutch Shell Plc 'B' 70.07 (UK list)	8.6%
BP p.l.c.	6.8%
Diageo plc	6.4%
GlaxoSmithKline	5.9%
AstraZeneca PLC	4.2%
British American Tobacco p.l.c.	4.0%
Melrose Industries Plc Ord 6.85714p	3.5%
Lloyds Banking	3.3%
London Stock Exchange Ord 6.918604p	3.2%
Unilever	3.1%
Total	49.0%

MARKET CAP



PORTFOLIO SUMMARY - CONTINUED

SECTOR



PORTFOLIO ACTIVITY

Purchase

AstraZeneca
Lloyds
Unilever
BT
United Utilities

Month

Oct - Dec 2018

Sale

Shire
Rotork
Mondi
Ferguson
Beazley

MARKET REVIEW

Global equity markets were very weak during the fourth quarter with Asia and Emerging Markets outperforming developed markets. Global growth concerns mounted, triggered by worrying signals from bond markets (potential inversion of yield curve and increasing corporate yield spreads). The ongoing US/China trade war added further uncertainties. In the UK, political upheaval heightened against the looming Brexit deadline. As a result, the FTSE All Share was down 10.6%, with mid-sized stocks worst hit (FTSE 250 down 13.6%). The FTSE 100 was down 10%. On a sector level defensive sectors outperformed, particularly Utilities, Health Care and Telecommunications, and cyclical sectors underperformed, particularly Consumer Services, Energy and Industrials (Source- Factset).

PERFORMANCE REVIEW

The Fund's overweight in Industrials caused the bulk of underperformance, with big falls in DS Smith, Senior, Ferguson, Melrose, Rotork and Mondi. Given the economic cycle is already extended, we decided to bring our Industrial exposure in line with the market and sold Rotork and Mondi and reduced Ferguson. In addition, on-line fashion retailer ASOS was weak following a profit warning early December. With short interest well above market average, the traditional UK High Street clothing retail sector under tremendous pressure but valuation still high, we decided to sell our holding.

The Fund's void in cyclicals Aviva and Ashtead added relative outperformance. Our voids in BAE and WPP, which both had weak results, were positive. Our overweight positions in defensives Britvic, Diageo, RELX, Bunzl and GlaxoSmithKline aided performance. Finally BHP Billiton held up well during the quarter. We increased our global defensive holdings during the quarter by adding AstraZeneca and Unilever. Believing some domestic UK stocks were starting to get to attractive valuation levels, we added Lloyds, BT and water company United Utilities.

STOCK EXAMPLE

Royal Dutch Shell is a leading global oil & gas exploration and production company. It has a competitive advantage in scale, capital, technology and expertise in the management of very large long-term projects and globally integrated value chains. A strong balance sheet, ongoing cost improvements and controlled capital expenditure are driving future cash flow growth. Current allocation of capital enables a \$23bn share buy-back to 2020 accompanied with a \$15bn annual dividend payment. This means that around 21% of current market capitalisation will be returned to shareholders by December 2020, but the shares are only valued at a December 2019 PE of 10x and a 6.1% dividend yield. This appears attractive to us, whilst we expect the oil price could well continue to be volatile.

OUTLOOK

We believe the recent market sell-off is more like the growth scare in early 2016 than the large, long bear markets of the past. Earnings expectations for 2019 have come down and we believe current valuations look attractive. Signals from the bond markets and coming results season will be keenly observed. The UK equity market looks attractively valued to us, but could well stay cheap whilst Brexit outcomes remain uncertain. The Fund continues to focus on companies with a sustainable competitive advantage that can deliver future cash flow growth at a reasonable price.

BIOGRAPHIES

TINEKE FRIKKEE

Tineke joined Waverton in August 2018 to work on developing our UK Equity research capabilities. Tineke has managed UK equity funds for 16 years. She was at Smith & Williamson for five years (2013-2018) managing the S&W UK Equity Income unit fund and a Global Multi Asset Growth fund. Prior to that she spent 15 years (1998-2013) at Newton Investment Management (a BNY Mellon subsidiary) where she managed the flagship Newton Higher Income Fund from April 2004 to December 2012 as well as 14 other UK equity mandates for charity, pension, fund-of-fund, sovereign wealth and retail investors. During that time she won a number of performance accolades. Tineke is a CFA Charterholder, CISI member and has an MBA from CASS Business School. Tineke grew up in The Netherlands where she completed a Bachelor's degree in Health Sciences.

FUND MANAGER



Tineke Frikkee

ALEXANDRA BUCHAN

Alexandra joined the company in 2013 as a UK equity specialist. She manages portfolios for a wide range of clients with a particular emphasis on offshore assets. She is the co-manager of the Waverton Portfolio Fund and is a member of the International Client Committee. Alexandra came to Waverton after completing a graduate training scheme at Smith & Williamson. Alexandra graduated from the University of Durham with a degree in History and since then has passed the Investment Management Certificate, the CISI Masters in Wealth Management and CFA Level I. In 2018 Alexandra was selected as one of PAM's Top 40 under 40 which recognises, introduces and promotes rising stars of the private client wealth management world.

FUND MANAGER



Alexandra Buchan

FUND DETAILS

FUND FACTS

Launch Date	30th March 2007
Morningstar Category	UK Large Cap Blend Equity
Benchmark	MSCI UK All Cap Index
Fund Size	£12.5m
No. of Holdings	33
Domicile	Ireland
Sedol	BIRMZK0
Bloomberg Code	WAVUKAG ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	30th April and 31st October

RISK STATISTICS

3Y Annualised

	FUND	AVERAGE PEER GROUP
Fund Volatility (%)	11.7	9.8
Index Volatility (%)	9.5	-
Sharpe Ratio	-0.3	0.4
Information Ratio	-1.4	-0.4
Tracking Error	7.1	4.5
Alpha (%)	-10.7	-1.3
Beta	1.0	0.9
Active Share (% - Current)	55.5	-

FUND INFORMATION

Share class	ISIN	Minimum	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00BIRMZK07	1,500 GBP	1.00%	INC	11.48	1.82%	1.31%

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).

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.