



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON UK FUND A GBP

FUND FACTSHEET - AS AT 30 SEPTEMBER 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	YTD	1 Year	3 Years	5 Years	Inception Mar 07
Portfolio (%)	-0.8	-2.8	-3.8	-0.9	11.8	19.9	67.1
Benchmark (%)	0.8	-0.8	0.9	5.9	38.8	42.0	85.5
Morningstar Peer Group (%)	-0.1	-1.1	1.2	5.1	33.4	40.2	85.7
Quartile	4	4	4	4	4	4	4

DISCRETE CALENDAR YEAR PERFORMANCE

Period	2017	2016	2015	2014	2013
Fund (%)	3.3	6.3	6.0	0.9	27.6
Benchmark (%)	13.1	16.8	1.0	1.2	20.2

STANDARDISED PERFORMANCE

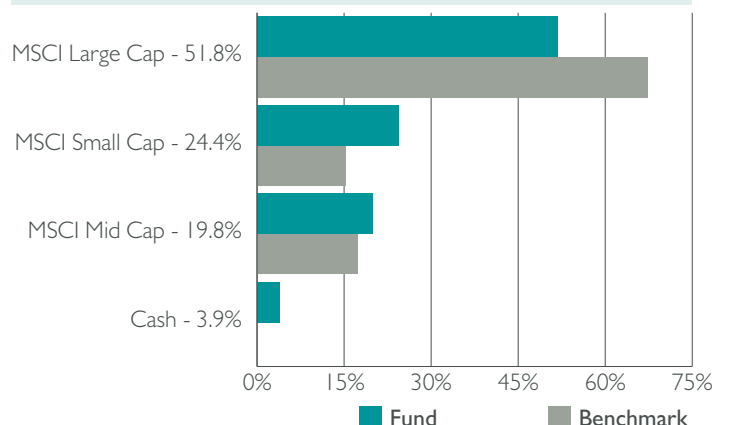
Period 1 year to	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
Fund (%)	-0.9	0.7	12.0	5.3	1.9

PORTFOLIO SUMMARY

TOP 10 HOLDINGS

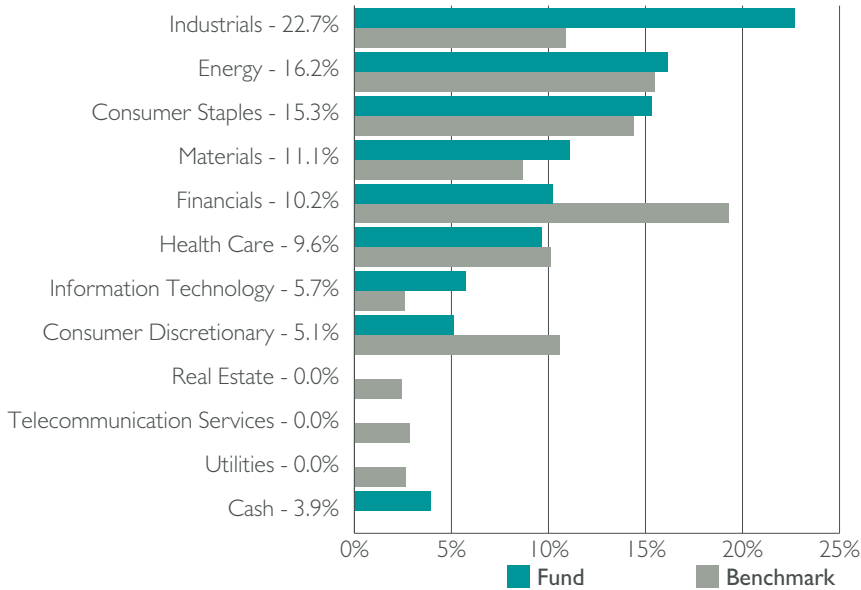
Royal Dutch Shell	9.1%
BP	7.0%
Diageo	5.4%
GlaxoSmithKline	5.3%
British American Tobacco	4.8%
Ferguson	4.3%
Shire	4.3%
Halma	4.0%
Melrose	3.7%
Bunzl	3.5%
Total	51.5%

MARKET CAP



PORTFOLIO SUMMARY - CONTINUED

SECTOR



PORTFOLIO ACTIVITY

Purchase

BHP Billiton
BP
Bunzl
Ferguson
LSE

Month

Jul - Sep 2018

Sale

British Land
CRH
HSBC
Inmarsat
Vodafone

MARKET REVIEW

During the third quarter of 2018, UK equities were down -0.8%, one of the worst performing equity markets globally. The news coverage of the twists and turns in the Brexit negotiations led to a pick up in the day to day volatility of sterling. In aggregate, trade-weighted sterling fell just 0.2% over the three months. It fell against the dollar and euro, but rose against the yen and a lot of emerging market currencies. The Bank of England raised interest rates in August, as expected. The best performing sectors were Telecommunications, Healthcare and Energy. The worst performance came from Materials, Utilities and Consumer Discretionary.

PERFORMANCE REVIEW

The fund underperformed the market during the quarter. A significant positive contribution came from the newly added Ferguson, as growth in their US plumbing and heating business continued to be strong. Our sales of HSBC and Vodafone during the quarter added relative outperformance, as both were weak. Other strong performers were Halma, Admiral and Shire and newly added BP and Bunzl. A significant negative contribution came from Sophos as it reported slowing growth. Weir issued underwhelming results with expectations for a potential margin pick up pushed further out. Not owning AstraZeneca and Reckitt Benckiser weighed on relative performance as both performed well. Other weak performers include British Land, Rio Tinto and Tesco.

Activity during the quarter was focused on increasing the fund's exposure to profitable free cash flow growth. In this context we sold British Land, CRH, HSBC, Inmarsat, Kier, Standard Chartered, Vodafone and Weir. We bought BHP Billiton, BP, Bunzl, Compass, EntertainmentOne, Ferguson, LSE, Mondi, Rotork and Senior.

STOCK EXAMPLE

Diageo is a leading global spirits and beer company. It derives its sustainable competitive advantage from having the broadest portfolio, premium number 1 or 2 global and local brands and scale in marketing, manufacturing and distribution. Future cash flow growth comes from spirits gaining share over other alcoholic beverages, premiumisation (buying more expensive whiskeys or cognacs, as part of the trend of drinking less but 'better') and rising discretionary incomes, particularly in developing economies.

We believe Diageo's current market growth based on its product range and geographical presence, is around 5%-5.5%. Management is likely to continue adding value by on-going cost efficiencies thus eeking up margins, bolt-on acquisitions, share buy-back and dividend growth. We believe current valuation is attractive as it is in line with long term average, for above average growth.

OUTLOOK

We expect sterling to continue being volatile but it is unlikely to have a clear direction until the Brexit negotiations conclude. We believe the tax revenue impact from the new US tariffs on China (0.1% of the US economy) are not big enough to disrupt the global economy. Despite the risks, we continue to find good investment ideas in companies fitting four key attributes: sustainable competitive advantage, opportunity to grow future cashflow, value enhancing management strategy and attractive valuations.

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	£15.0m
No. of Holdings	30
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 (%)	10.8	9.0
Index Volatility (%)	8.7	-
Sharpe Ratio	0.3	1.1
Information Ratio	-1.1	-0.3
Tracking Error	7.3	4.5
Alpha (%)	-8.8	-0.1
Beta	0.9	0.9
Active Share (% - Current)	66.0	-

FUND INFORMATION

Share class	ISIN	Minimum	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00BIRMZK07	1,500 GBP	1.00%	INC	13.48	2.06%	1.31%

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).

Sources: Waverton, Morningstar.

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