

WAVERTON INVESTMENT FUNDS PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 30 April 2014



WAVERTON
INVESTMENT MANAGEMENT

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Table of Contents

Background of the Company	2
Directors' Report	3
Report of the Custodian to the Shareholders	5
Independent Auditor's Report to the Shareholders	6
Investment Objectives, Investment Manager's Reports, Top 5 Investments, Portfolio Analysis and Portfolio Investments	
Waverton Asia Pacific Fund	8
Waverton Global Equity Fund	14
Waverton UK Fund	19
Waverton European Fund	24
Waverton Sterling Bond Fund	28
Waverton Equity Fund	34
Waverton Global Bond Fund	38
Waverton Absolute Fund	44
Waverton Global Equity Wealth Creation Fund	46
Waverton Alternatives Fund	57
Statement of Assets and Liabilities	62
Statements of Operations	66
Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares	70
Notes to the Financial Statements	74
Statements of Changes in Composition of Portfolio	115
Directors and Other Information	138

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Background of the Company

Waverton Investment Funds Plc (the “Company”) is an open-ended investment company with variable capital, incorporated on 25 March 2004 in Ireland as a public limited company pursuant to the Companies Acts, 1963 to 2013 and authorised by Central Bank of Ireland (the “Central Bank”) as an investment company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended (the “Regulations”).

Except where the context otherwise requires, defined terms shall bear the meaning given to them in the prospectus dated 23 December 2013, which may be amended from time to time (the “Prospectus”).

The Company is an umbrella type open-ended investment company with segregated liability between sub-funds. The Company currently has ten sub-funds as follows (individually a “Fund”, collectively the “Funds”):

Sub Fund	Launched Operations
Waverton Asia Pacific Fund (“Asia Pacific Fund”)	1 November 2005
Waverton Global Equity Fund (“Global Equity Fund”)	1 April 2007
Waverton UK Fund (“UK Fund”)	1 April 2007
Waverton European Fund (“European Fund”)	1 April 2007
Waverton Sterling Bond Fund (“Sterling Bond Fund”) *	12 January 2010
Waverton Equity Fund (“Equity Fund”) **	12 January 2010
Waverton Global Bond Fund (“Global Bond Fund”)	12 January 2010
Waverton Absolute Fund (“Absolute Fund”)	1 March 2010
Waverton Global Equity Wealth Creation Fund (“Global Equity Wealth Creation Fund”)	6 March 2014
Waverton Alternatives Fund (“Alternatives Fund”)	9 March 2014

As at 30 April 2014, the following classes of Shares are available in respect of the Funds: Class A Euro, Class A US\$, Class A Stg£, Class B Euro, Class B US\$ and Class B Stg£. Class A US\$ Institutional Shares and Class B US\$ Institutional Shares, Class I US\$ and Class I Stg£ Shares may be issued in respect of Global Bond Fund; and Class P Stg£ Shares in accordance with schedule IV of the prospectus. Further classes of Shares may be issued in accordance with the requirements of the Central Bank.

Citibank Europe plc (the “Administrator”) determines the Net Asset Value per Share of each Class of each Fund on each Dealing Day. The valuation point is 12 noon (Irish time) on each Dealing Day (except for the last Dealing Day of each calendar quarter when assets are valued at the close of the regular trading session of the London Stock Exchange and securities traded on the London Stock Exchange will be valued using post-auction prices, or such other time as the Directors may decide and notify to shareholders).

The most recent Prospectus of the Company is dated 23 December 2013.

Other information

Annual report and audited financial statements and unaudited half-yearly financial statements are available to the public at the registered office of the Company and are sent to Shareholders at their registered addresses by post.

* Formerly JOHIM Sterling Bond Fund

** Formerly JOHIM Equity Fund

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Directors' Report

The Directors submit this report together with the audited financial statements for the year ended 30 April 2014.

DIRECTORS' RESPONSIBILITIES

Irish company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2013 and applicable regulations. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition to the Company law requirements, as an investment company with variable capital, the Company is required to comply with the requirements of the Regulations and related Central Bank's Notices and it is the Directors' responsibility to ensure that these requirements are adhered to by the Company.

BOOKS OF ACCOUNT

The measures taken by the Directors to ensure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of accounts are kept at the offices of the Administrator, Citibank Europe plc, 1 North Wall Quay, Dublin 1, Ireland.

PRINCIPAL ACTIVITIES

The Company is organised as an investment company with variable capital under the laws of Ireland as a public limited company pursuant to the Companies Acts, 1963 to 2013, and the Regulations. The Company is organised in the form of an umbrella fund with segregated liability between sub-funds.

SIGNIFICANT EVENTS DURING THE YEAR

Please see note 16.

SIGNIFICANT EVENTS POST YEAR END

There were no significant post balance sheet events to report.

REVIEW OF THE BUSINESS

The business of the Company is reviewed in detail in the Investment Manager's reports. Details of the principal risks and uncertainties which the Company faces are listed in Note 11 "Financial Instruments, Disclosure".

RESULTS

The results for the year are stated on pages 66 to 69 of the financial statements. Particulars relating to the issue and redemption of units of redeemable Shares are set out on pages 78 to 80 of the financial statements. Distributions are set out in Note 14 "Distributions".

DIRECTORS

The names of the Directors of the Company are set out below (* Independent):

Mr. Hugh Grootenhuis
Mr. John McClintock*
Mr. Eanna McHugh*
Mr. Paul McNaughton*
Mr. Peter Troughton

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Directors' Report (continued)

DIRECTORS' INTERESTS

Details of Directors and related parties which held shares in the Company as at 30 April 2014 and 30 April 2013 are listed in note 15 on page 113 of the financial statements.

AUDITORS

The auditors, Grant Thornton, have indicated their willingness to continue in office in accordance with section 160(2) of the Companies Act, 1963.

IFIA Corporate Governance Code

The Board of Directors has assessed the measures included in the voluntary Corporate Governance Code for Collective Investment Schemes and Management Companies published by the Irish Fund Industry Association in December 2011 (the "Code"). The Code became effective from 1 January 2012 with a twelve month transitional period. The Directors adopted all corporate governance practices and procedures in the Code with effect from 31 December 2012.

Signed on behalf of the Board of Directors:

Director

Director

21 August 2014

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Report of the Custodian to the Shareholders

We have enquired into the conduct of Waverton Investment Funds plc ('the Company') for the year ended 30 April 2014, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Central Bank of Ireland's UCITS Notice 4, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank of Ireland's UCITS Notice 4. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the year, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, ('the Regulations'); and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations. For and on behalf of

Citibank International plc, Ireland branch
1 North Wall Quay
Dublin

21 August 2014

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Independent Auditor's Report to the Shareholders

We have audited the financial statements of Waverton Investment Funds Plc (the "Company") for the year ended 30 April 2014 which comprise the Statements of Assets and Liabilities, Statements of Operations, Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares, Notes to the Financial Statements and Portfolios of Investments. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements giving a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance Irish Law and International Standards on Auditing (UK and Ireland) promulgated by the Auditing Practices Board. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's Shareholders, as a body, in accordance with section 193 of the Companies Act 1990, and the UCITS Notices issued by the Central Bank of Ireland, and for no other purpose. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with generally accepted accounting practice in Ireland, of the state of the Company's affairs at 30 April 2014 and of its results for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2013 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the Company.
- The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Independent Auditor's Report to the Shareholders (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

John Glennon

For and on behalf of Grant Thornton
Chartered Accountants and Registered Auditors
24-26 City Quay
Dublin 2
Ireland

Date: 21 August 2014

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Asia Pacific Fund

The investment objective of the Asia Pacific Fund (the “Fund”) is to achieve capital growth and generate an income through diversified investment in equities of Asian-Pacific Companies (excluding the equities of Japanese Companies).

Investments may be made in ordinary shares (including ADRs, EDRs and GDRs), preferred shares and up to 25% of the total assets of the Fund may be invested in debt securities convertible into shares. Investments will not be concentrated in any one Asian-Pacific country or in any one industrial or economic sector. The securities in which the Fund may invest will be quoted or traded on one of the Regulated Markets set out in Schedule I of the Prospectus. The Fund may not invest more than 10% of its Net Asset Value in collective investment schemes generally, of which up to 5% of its Net Asset Value may be invested in collective investment schemes investing in Asian-Pacific equities. These collective investment schemes will be established as UCITS. The Fund may utilise any of the financial derivative instruments described in the Prospectus for efficient portfolio management purposes. Furthermore, the Fund may hold Ancillary Liquid Assets.

The Base Currency of the Fund is U.S. Dollar.

The performance benchmark against which the Fund’s performance is measured is the FTSE All World Asia Pacific Ex Japan Index (total return).

Class A US\$, Class A Euro and Class A Stg£ Shares, of the Fund launched on 1 November 2005. Class B Euro Shares of the Fund are also available.

Investment Manager’s Report

Performance

The Fund returned -1.54% for the year, underperforming the FTSE All World Asia Pacific Ex-Japan Index (total return)* by 2.75%.

Samsonite (+1.18%) and MediaTek (+1.12%), were the largest contributors to absolute performance, whilst Rexlot (-1.12%) and Labixiaoxin (-1.08%) were the most significant detractors.

From a country perspective, India and Malaysia added the most to performance (+1.07% and +0.9% respectively), whilst Thailand (-2.14%) and The Philippines (-1.42%) were negative contributors.

Review

In our investment review last year, we commented on our concern that markets in ASEAN had moved too far and too fast ahead of earnings and were, therefore, looking expensive. Unfortunately, we did not trim our positions sufficiently to account for this and the ‘taper tantrum’ over the summer made us pay for it. This explains why Thailand and The Philippines were our largest country detractors for the year. We did trim our holdings in Indonesia believing that it was, perhaps, the most overhyped of them all and this helped the Fund’s performance. It also meant that we kept enough powder dry to be able to buy back into the market in September / October, primarily into Jardine Matheson. The same is true of India where we used the summer currency scare to start accumulating shares ahead of the election this year. This action was very rewarding for the Fund. Malaysia was slightly different, we added to positions ahead of the election (in May last year) then sold them pretty quickly as euphoria took over, thus locking in some gains. From a stock perspective, our largest position for most of the year, Samsonite, continued to deliver on almost all metrics and shareholders were reward with a significant re-rating of the stock. We have since trimmed the position after the last set of results. Whilst we are very pleased with the fundamentals of the business (and it is extremely well run), the valuation multiple has gone from 13x to 20x in 18 months and sentiment is very bullish. The same goes for MediaTek, which we have also trimmed from being one of our largest positions to about 2.8%. Our thesis was that it would play a major part in the socialisation of smartphones and tablets in China (i.e. they got cheaper) as it designs cheaper chipsets than their American peers with similar functionality. Volumes and margins have been very strong over the last three or four quarters. The market is now beginning to catch up (and in some places overtake) this view and so we have used the strength of the share price to pare the position right back. MediaTek does not have a strong economic moat: competition will join the party sometime soon and erode its position. We would prefer to be early on the exit rather than late having seen the last 2G cycle fade and cause significant and sharp damage to the share price.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Asia Pacific Fund (continued)

Investment Manager's Report (continued)

Review (continued)

Rexlot and Labixiaoxin are new positions and both have been extremely disappointing. Both look very good value at 7.5 times and 7 times, respectively, however, visibility on their businesses is not fantastic. Rexlot is China's largest integrated lottery company and is growing at a reasonable rate; however, their future is determined by the vagaries of local and state government. We think there is a huge opportunity in the move to online lottery, but the market needs more convincing on exactly how this plays out. Labixiaoxin, a Chinese snack food company, has faced allegations of fraud from a newspaper in China and concerns on food safety. This resulted in a sharp fall in its 2014 share price and subsequent suspension while an independent audit and quality control test is carried out. Frauds are scarily abundant in China, but we took care to spend a lot of time in discussion with management before we made an investment, during which time we were able to prove their cash flows by obtaining copies of their bank statements. We are meeting the company in Hong Kong next week and eagerly anticipate the results of the audits upon which the shares should start trading again. The company issued a statement on 30 April stating that, so far, neither audit had found any material issues.

Outlook

Aggregate valuations in Asia still look cheap, but this is misleading: index heavyweights like Samsung Electronics, Chinese banks, Chinese industrials, and commodity companies have low PE multiples, whilst so-called 'quality' and 'growth' companies trade on above average multiples. The market action in the first few months of this year has demonstrated to us that a switch to a more 'value' orientation is appropriate, continuing from where we left off last year. The trick is trying to buy good quality companies at reasonable valuations because the economic cycle in Asia is by no means certain, making outright cyclicals (which are undeniably cheap) a difficult proposition. Economies are still slowing and earnings growth is falling at a time when global liquidity is gradually tightening. Patient opportunism is likely to win out as the economic and investment cycle enters a more volatile stage. From a country perspective we will seek to have a bias on two areas: 1) where there is a lot of fear, like in China; and 2) where there are really signs of political and economic reform after years of sloppy macro policies from populist governments that created significant distortions. India and Indonesia seem the most likely to benefit from this after their elections, whilst Thailand could also join the party once the high-jinx have stopped and life has returned to normal.

E Stileman / W Hanbury
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark

Asia Pacific Fund Top 5 Investments as at 30 April 2014

<u>Shares/Par</u>	<u>Security Description</u>	<u>Fair Value USD</u>	<u>% Net Assets</u>
1,941,000	Great Eagle Holdings Ltd.	6,922,558	7.52%
5,000	Samsung Electronics Co., Ltd. – Preferred Shares	5,009,658	5.44%
68,000	NetEase, Inc.	4,720,559	5.13%
7,348,000	Pacific Basin Shipping Ltd.	4,274,562	4.64%
2,570,000	Kunlun Energy Co., Ltd.	4,004,479	4.35%
		24,931,816	27.08%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Asia Pacific Fund (continued)

Asia Pacific Fund Portfolio Analysis as at 30 April 2014	Fair Value USD	% Total Assets
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	76,084,185	80.07%
Ancillary Liquid Assets (Deposits)	13,515,097	14.22%
Collective Investment Schemes	1,708,800	1.80%
Other assets	3,716,236	3.91%
Total assets	95,024,318	100.00%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Asia Pacific Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value	
		USD	% Net Assets
Investment Funds			
Equity Fund (2013*: -%, \$-)			
267,000	PXP Vietnam Fund Ltd.	1,708,800	1.86%
	Total Investment Funds (Cost \$1,847,353)	<u>1,708,800</u>	<u>1.86%</u>
Equity Investments			
Banks (2013*: 9.55% \$7,932,556)			
498,000	Bangkok Bank PCL	2,901,802	3.15%
Beverages (2013*: 9.33% \$7,738,169)			
6,300,000	Thai Beverage PCL	2,933,149	3.19%
Coal (2013*: -%, \$-)			
422,618	Coal India Ltd.	2,067,192	2.25%
Computers (2013*: -%, \$-)			
2,800,000	Lenovo Group Ltd.	3,178,240	3.45%
Diversified Financial Services (2013*: 1.05% \$869,542)			
60,000	Bajaj Finance Ltd.	1,855,414	2.01%
Entertainment (2013*: -%, \$-)			
24,525,000	REXLot Holdings Ltd.	2,562,359	2.78%
Food (2013*: 9.92% \$8,225,062)			
3,825,000	Labixiaoxin Snacks Group Ltd.	1,475,192	1.60%
Gas (2013*: 5.47% \$4,535,057)			
1,200,000	Towngas China Co., Ltd.	1,366,746	1.48%
Hand/Machine Tools (2013*: 2.59% \$2,147,605)			
260,000	Techtronic Industries Corp.	825,001	0.90%
Holding Companies-Diversified (2013*: -%, \$-)			
1,700,000	Boustead Singapore Ltd.	2,550,340	2.77%
34,000	Jardine Matheson Holdings Ltd.	2,101,540	2.28%
190,000	Siam Cement PCL	2,537,257	2.76%
		<u>7,189,137</u>	<u>7.81%</u>
Household Products/Wares (2013*: 4.31% \$3,573,943)			
550,000	Samsonite International SA	1,745,194	1.90%
Internet (2013*: -%, \$-)			
68,000	NetEase, Inc.	4,720,559	5.13%
255,000	SouFun Holdings Ltd.	3,167,100	3.44%
		<u>7,887,659</u>	<u>8.57%</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Asia Pacific Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Leisure Time (2013*: -%, \$-)			
60,000	Hero MotoCorp Ltd.	2,203,615	2.39%
Oil & Gas Services (2013*: 4.99% \$4,142,690)			
2,570,000	Kunlun Energy Co., Ltd.	4,004,479	4.35%
Real Estate (2013*: 10.94% \$9,074,717)			
145,000	Cheung Kong Holdings Ltd.	2,465,071	2.68%
1,941,000	Great Eagle Holdings Ltd.	6,922,558	7.52%
740,000	Hang Lung Properties Ltd.	2,195,359	2.38%
		<u>11,582,988</u>	<u>12.58%</u>
Retail (2013*: -%, \$-)			
9,502,000	China Meidong Auto Holdings Ltd.	2,181,629	2.37%
5,254,736	EBT Mobile China Plc	-	0.00%
1,264,550	Robinsons Retail Holdings, Inc.	1,895,297	2.06%
		<u>4,076,926</u>	<u>4.43%</u>
Semiconductors (2013*: 4.62% \$3,828,266)			
160,000	MediaTek, Inc.	2,500,996	2.72%
1,000	Samsung Electronics Co., Ltd.	1,300,091	1.41%
5,000	Samsung Electronics Co., Ltd. – Preferred Shares	5,009,658	5.44%
		<u>8,810,745</u>	<u>9.57%</u>
Telecommunications (2013*: 6.50% \$5,392,437)			
535,000	Asia Satellite Telecommunications Holdings Ltd.	2,125,448	2.31%
24,000	Philippine Long Distance Telephone Corp.	1,534,691	1.67%
		<u>3,660,139</u>	<u>3.98%</u>
Transportation (2013*: 2.12% \$1,761,454)			
7,348,000	Pacific Basin Shipping Ltd.	4,274,562	4.64%
Trucking & Leasing (2013*: -%, \$-)			
780,000	Goodpack Ltd.	1,483,646	1.61%
	Total Equity Investments (Cost \$77,638,696)	<u>76,084,185</u>	<u>82.64%</u>
Time Deposits (2013*: 4.91% \$4,069,480)			
	Bank of Montreal, 0.06%, 01/05/2014	3,000,000	3.26%
	Canadian Imperial Bank of Commerce, 0.06%, 01/05/2014	1,515,097	1.65%
	Nordea Bank, 0.08%, 01/05/2014	3,000,000	3.26%
	Royal Bank of Canada, 0.05%, 01/05/2014	3,000,000	3.26%
	Standard Chartered Bank, 0.05%, 01/05/2014	3,000,000	3.26%
	Total Time Deposits (Cost \$13,515,097)	<u>13,515,097</u>	<u>14.68%</u>
	Total financial assets at fair value through profit or loss (Cost \$93,001,146)	91,308,082	99.18%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Asia Pacific Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Other Assets in Excess of Other Liabilities	751,081	0.82%
Net Assets Attributable to Holders of Redeemable Shares	<u>92,059,163</u>	<u>100.00%</u>

* Comparatives as at 30 April 2013.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Fund

The investment objective of the Global Equity Fund (the “Fund”) is to achieve capital growth through diversified investment in a focussed list of equities on a global basis.

At least two thirds of the total assets of the Fund (without taking into account Ancillary Liquid Assets) is invested in ordinary shares (including ADRs, EDRs and GDRs) and preferred shares worldwide. The Fund may invest up to one third of its total assets (excluding Ancillary Liquid Assets) in debt securities convertible into shares (not exceeding 25% of the total assets of the Fund), and in fixed income securities, such as OECD government or supranational debt securities, corporate bonds, bankers’ acceptances and commercial paper rated investment grade or better or deemed by the Investment Manager to have an equivalent rating. Not more than 20% of the Net Asset Value of the Fund will be invested in securities of issuers established in Emerging Market Countries. The Investment Manager will not concentrate investments in any one country or region or in any one industrial or economic sector. The Fund may utilise any of the financial derivative instruments described in the Prospectus for efficient portfolio management purposes. The securities in which the Fund may invest will be quoted or traded on one of the Regulated Markets set out in Schedule I of the Prospectus. The Fund may not invest more than 10% of its Net Asset Value in collective investment schemes generally of which up to 5% of its Net Asset Value may be invested in collective investment schemes investing in equity markets globally. Those collective investment schemes which invest in equity markets globally will be established as UCITS. Furthermore, the Fund may hold Ancillary Liquid Assets.

The Base Currency of the Fund is Sterling.

The performance benchmark against which the Fund’s performance is measured was the FTSE World Index (total return) up until 31 December 2013 and is the MSCI World Free Net Total Return Index from 1 January 2014.

Class A Stg£, Class A US\$, and Class B US\$ Shares of the Fund launched on 30 March 2007.

Investment Manager’s Report

Performance

The Fund rose 12.5% net of fees over the 12 month period, outperforming the MSCI World Free Net Total Return Index* by 4.4% over the year.

Review

The managers regard the performance over the period as good, in line with what we are seeking to achieve and particularly attractive when considering the returns on a risk adjusted basis. All the returns were generated through stock picking, which is in line with the investment opportunities that the investment process is designed to identify.

The fund benchmark was changed on the 1 January 2014 to the MSCI World Free Net Total Return Index (“MSCI”) from the FTSE World Index (total return). The MSCI is the industry standard in global equity fund benchmarking and is a freefloat adjusted market capitalisation index that is designed to measure global developed market equity performance.

The MSCI in Sterling terms was up 8.1% over the financial year, in comparison with the previously used FTSE World Index (total return) benchmark which was up 6.8%. Analysis using our investment framework suggests that this move is still driven by a decline in the discount rate or the rate of return demanded by investors rather than a significant improvement in underlying corporate performance. This sustained rally remains fuelled by continued monetary easing, with Japan the latest major economy to announce new easing measures. This wall of money enabled the market to shrug off negatives such as the threat from the US “Fiscal Cliff”, tapering by the Federal Reserve and poor economic growth from emerging market countries.

Europe was again the best performing region over the year. The region benefited from increased risk appetite manifested in sharply declining bond yields in the region and a decline implied discount rates for equities. Japan was the worst performing major market, partly due to the weakness in the Yen over the period.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Fund (continued)

Investment Manager's Report (continued)

Review (continued)

From an individual stock perspective, key contributors included Helmerich & Payne (a US oil services company), Aryzta AG (a Swiss domiciled baking business), Cummins Inc (a US listed engine manufacturer) and Parker Hannifin Corp (a US listed industrial company). Of these, Helmerich and Payne rallied 75% over the twelve months, Aryzta rose 38.3% over the twelve months, Cummins increased 33.1% over the twelve months and Parker Hannifin climbed 34.3% over the twelve month period. This company is a product and market leader.

Detractors from performance included Nitto Denko (a Japanese specialty chemicals company), Orkla ASA (a Norwegian conglomerate), Tesco (a UK listed food retail chain) and Bridgestone (a Japanese tyre manufacturer). We made the decision to exit the Nitto Denko position as the milestones in the original investment thesis were not being met. Orkla fell 19% over the holding period until the decision was made to sell and Tesco declined 16.1% over the twelve months. Bridgestone fell 11.1% over the twelve month period in Sterling terms, all of which was due to weakness of the Yen rather than the underperformance of the shares.

Outlook

Despite the strength of markets over the last twelve months we believe that the outlook for equity markets remains relatively attractive for long term investors. This is predominantly because of the low expected returns from other asset classes such as cash and bonds and the ability for select equities to compound real economic returns. The likelihood of low interest rates from central banks for several years in combination with a gradual improvement in global economic growth is supportive of equity markets. Against these positive factors significant risks remain. These include: austerity policies by governments; long term healthcare and social security liabilities in the USA; weak structural growth in Europe; slowdown in Chinese growth; the possible re-emergence of concerns about the Eurozone's integrity; the impacts of radical new economic policies in Japan; and central banks' exit from recent quantitative easing monetary policies.

Given the uncertainty and difficulty in predicting the development of these factors and other macroeconomic themes, we continue to control risk in the portfolio through an element of diversification but predominantly by insisting upon a margin of safety in each individual portfolio holding. This margin of safety is multi-faceted and includes our insistence on having high quality information on a company's economics, good visibility into its future prospects, an appropriately strong balance sheet and a margin of safety in our estimate of the valuation opportunity.

We remain focused on identifying companies that are creating wealth for shareholders, that are attractively valued and where there is a margin of safety in our analysis. It is our belief that successful identification of these businesses will generate above market returns with below market risk over the long term for the Fund.

W Kenney
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Fund (continued)

Global Equity Fund Top 5 Investments as at 30 April 2014

Shares/Par	Security Description	Fair Value GBP	% Net Assets
33,286	Cummins, Inc.	2,985,128	5.83%
96,630	Svenska Handelsbanken AB	2,866,582	5.60%
52,000	Aryzta AG	2,840,520	5.54%
35,230	Berkshire Hathaway, Inc.	2,690,756	5.25%
98,551	Avnet, Inc.	2,509,786	4.90%
		13,892,772	27.12%

Global Equity Fund Portfolio Analysis as at 30 April 2014

	Fair Value GBP	% Total Assets
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	49,693,664	96.73%
Other assets	1,679,972	3.27%
Total assets	51,373,636	100.00%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value GBP	% Net Assets
	Equity Investments		
	Apparel (2013*: -%, £-)		
34,600	VF Corp.	1,261,025	2.46%
	Auto Parts & Equipment (2013*: 3.90% £1,506,644)		
79,000	Bridgestone Corp.	1,675,798	3.27%
	Banks (2013*: 5.25% £2,030,050)		
96,630	Svenska Handelsbanken AB	2,866,582	5.60%
	Building Materials (2013*: 3.28% £1,266,529)		
109,331	CRH Plc	1,881,587	3.67%
	Commercial Services (2013*: 4.87% £1,881,520)		
27,400	WEX, Inc.	1,499,716	2.93%
	Cosmetics/Personal Care (2013*: 3.03% £1,171,904)		
31,900	Colgate-Palmolive Corp.	1,271,902	2.48%
	Diversified Financial Services (2013*: 4.72% £1,823,275)		
38,238	American Express Corp.	1,996,272	3.90%
	Electrical Components & Equipment (2013*: 3.40% £1,311,983)		
57,253	Legrand SA	2,180,762	4.26%
	Electronics (2013*: 4.53% £1,748,832)		
98,551	Avnet, Inc.	2,509,786	4.90%
35,400	Tech Data Corp.	1,306,183	2.55%
		<hr/>	
		3,815,969	7.45%
	Food (2013*: 6.69% £2,586,670)		
52,000	Aryzta AG	2,840,520	5.54%
407,673	Tesco Plc	1,194,278	2.33%
		<hr/>	
		4,034,798	7.87%
	Forest Products & Paper (2013*: -%, £-)		
46,800	International Paper Corp.	1,277,300	2.49%
	Healthcare-Products (2013*: 1.33% £513,177)		
53,800	Nihon Kohden Corp.	1,304,096	2.55%
	Insurance (2013*: 4.19% £1,617,257)		
97,350	Admiral Group Plc	1,355,112	2.65%
35,230	Berkshire Hathaway, Inc.	2,690,756	5.25%
		<hr/>	
		4,045,868	7.90%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value GBP	% Net Assets
Equity Investments (continued)			
Machinery-Diversified (2013*: 5.58% £2,155,942)			
33,286	Cummins, Inc.	2,985,128	5.83%
28,050	Deere & Co	1,563,653	3.05%
		<u>4,548,781</u>	<u>8.88%</u>
Miscellaneous Manufacturing (2013*: 5.10% £1,975,303)			
28,169	Parker Hannifin Corp.	2,108,403	4.12%
Oil & Gas (2013*: 4.29% £1,655,894)			
67,333	Canadian Natural Resources Ltd.	1,641,574	3.20%
30,250	Helmerich & Payne, Inc.	1,938,886	3.79%
24,777	Occidental Petroleum Corp.	1,427,175	2.79%
		<u>5,007,635</u>	<u>9.78%</u>
Oil & Gas Services (2013*: 4.04% £1,561,771)			
27,700	Fugro NV	1,080,036	2.11%
27,900	National Oilwell Varco, Inc.	1,296,104	2.53%
		<u>2,376,140</u>	<u>4.64%</u>
Retail (2013*: –%, £–)			
29,560	MSC Industrial Direct Co., Inc.	1,572,232	3.07%
Software (2013*: 7.41% £2,864,688)			
60,400	Microsoft Corp.	1,454,859	2.84%
53,750	Oracle Corp.	1,282,213	2.50%
		<u>2,737,072</u>	<u>5.34%</u>
Transportation (2013*: 4.71% £1,818,190)			
19,760	Union Pacific Corp.	2,231,726	4.36%
	Total Equity Investments (Cost £40,262,802)	<u>49,693,664</u>	<u>97.02%</u>
	Total financial assets at fair value through profit or loss (Cost £40,262,802)	49,693,664	97.02%
	Other Assets in Excess of Other Liabilities	1,527,243	2.98%
	Net Assets Attributable to Holders of Redeemable Shares	<u>51,220,907</u>	<u>100.00%</u>

* Comparatives as at 30 April 2013.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

UK Fund

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

Not less than two thirds of the total assets of the Fund (without taking into account Ancillary Liquid Assets) will be invested in securities of issuers domiciled in the UK and which are quoted on markets established in the UK. Up to one third of the total assets of the Fund (without taking into account Ancillary Liquid Assets) may be invested in securities of issuers carrying out business in the UK or which are quoted on other markets. The Investment Manager will not concentrate investments in any one industrial or economic sector or companies of a particular market capitalisation. The Fund may not invest more than 10% of its Net Asset Value in collective investment schemes generally, of which up to 5% of its Net Asset Value may be invested in collective investment schemes investing in UK equities. Those collective investment schemes which invest in UK equities will be established as UCITS. The Fund may utilise any of the financial derivative instruments described in the Prospectus for efficient portfolio management purposes. Furthermore, the Fund may hold Ancillary Liquid Assets.

The Base Currency of the Fund is Sterling.

The Performance Benchmark against which the Fund’s performance is measured is the FTSE All Share Index (total return).

Class A Stg£ and Class B Stg£ Shares of the Fund launched on 30 March 2007.

Investment Manager’s Report

Performance

The Fund rose 15.05% over the year. During the same period the FTSE All-Share Index (total return)* rose by 10.44%.

Review

The period was characterised on the one hand by increasing evidence of improved economic fundamentals but on the other hand by the threat resulting from this in the US in the form of a scaling back, or “tapering” of asset purchases by the Federal Reserve (i.e. the beginning of the end for Quantitative Easing or “QE”). The most unwelcome feature of the markets has been the reappearance of political risk in the form of arguments between US politicians over the Federal budget, the “debt ceiling” and the extraordinary attack by Ed Miliband in the UK on regulated utilities and the corporate sector in general. In our view, equity markets have always been especially poor at pricing in political risk, so the sooner a long term solution is agreed in the US, in particular, the better. Geopolitical risk has also been present with the US at one stage being on the verge of launching missile strikes against Syria. We are now seeing huge unrest in the Ukraine following the annexation of the Crimea by Russia which threatens to destabilise the European recovery. As this unpredictable situation highlights, one can rarely foresee the next crisis.

On a positive front, the better economic data coming from the US, UK and Europe should, in time, have a positive effect on corporate earnings in those sectors that are more sensitive to GDP growth. Within the portfolio we have been looking to take profits in those sectors that have performed well and where valuations now look expensive, for example, consumer staples, beverages and tobacco, as we do not believe that these sectors are going to lead the markets on the next leg of their journey. Instead, we have been looking to deploy cash into more economically sensitive sectors where the recovery is at an earlier stage.

We are also encouraged to see, for the first time in years, evidence of large scale corporate activity in the form of mergers and acquisitions (“M&A”). The long anticipated agreement between Vodafone and Verizon Wireless in the US is hopefully just one of many deals that make sense in financial terms for all parties. At the time of writing, a mega-deal between Astrazeneca and Pfizer of the US is being negotiated and there are plenty of other examples of deals being made.

The flotation of the Royal Mail, which was hugely oversubscribed, is also a sign of market health. The first quarter of 2014 has been characterised by a proliferation of companies coming to market. Many of these companies, we are assured, offer new paradigms and vast potential, but all seem to share one similarity: eye-watering valuations.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

UK Fund (continued)

Investment Manager's Report (continued)

Review (continued)

One recent example is Just Eat, a business with revenues of £96m valued at £1.45bn. For this reason we have not been prepared to participate in flotations such as this (or indeed the highly-rated biotech and internet stocks).

Based on the above, our preference for quality remains undiminished (despite having been out of favour for much of the past year). Defining "quality" is a subjective matter, but for us, it revolves around a number of key attributes: businesses with strong management; market leading positions; organic revenue growth; sustainable balance sheets; and a record of dividend growth.

Outlook

The current environment continues to provide a challenge for investment managers as none of the major asset classes appears to offer standout value. We are, however, encouraged that, despite equity markets being near all-time highs, Western economies continue to recover, positive sentiment remains muted and enthusiasm for equities in particular is far from euphoric. For equity markets to make substantial upward progress from here, our view is, that we need to see companies starting to spend the cash that they have built up in the past five years and investing in plant, people and equipment. We believe this should lead to a virtuous circle of higher employment and profitability, as well as higher tax revenues for cash-strapped governments.

C Macfadyen
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

UK Fund Top 5 Investments as at 30 April 2014

Shares/Par	Security Description	Fair Value GBP	% Net Assets
75,000	WPP Plc	946,499	3.44%
400,000	Vodafone Group Plc	893,599	3.24%
140,000	HSBC Holdings Plc	848,960	3.08%
296,153	Melrose Industries Plc	847,294	3.08%
160,000	Aviva Plc	828,000	3.00%
		4,364,352	15.84%

UK Fund Portfolio Analysis as at 30 April 2014

	Fair Value GBP	% Total Assets
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	27,458,907	98.68%
Other assets	368,093	1.32%
Total assets	27,827,000	100.00%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

UK Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value GBP	% Net Assets
Equity Investments			
Advertising (2013*: -%, £-)			
75,000	WPP Plc	946,499	3.44%
Aerospace/Defence (2013*: -%, £-)			
40,000	Ultra Electronics Holdings Plc	687,200	2.49%
Airlines (2013*: 4.44% £1,553,650)			
140,000	International Consolidated Airlines Group SA	558,320	2.03%
Apparel (2013*: -%, £-)			
50,000	Burberry Group Plc	736,500	2.67%
Auto Parts & Equipment (2013*: 2.96% £1,038,920)			
167,440	GKN Plc	640,458	2.32%
Banks (2013*: 14.97% £5,248,515)			
140,000	HSBC Holdings Plc	848,960	3.08%
1,100,000	Lloyds Banking Group Plc	825,990	3.00%
50,000	Standard Chartered Plc	646,250	2.35%
		<hr/>	
		2,321,200	8.43%
Beverages (2013*: 3.46% £1,212,410)			
30,000	Diageo Plc	547,050	1.99%
490,000	Marston's Plc	716,870	2.60%
20,000	SABMiller Plc	642,200	2.33%
		<hr/>	
		1,906,120	6.92%
Chemicals (2013*: -%, £-)			
20,000	Johnson Matthey Plc	652,000	2.37%
Commercial Services (2013*: -%, £-)			
60,000	Babcock International Group Plc	715,800	2.60%
23,076	Babcock International Group Plc – Right Shares	92,881	0.34%
500,000	Hays Plc	744,500	2.70%
		<hr/>	
		1,553,181	5.64%
Distribution/Wholesale (2013*: 3.20% £1,122,100)			
17,500	DCC Plc	533,400	1.94%
100,000	Inchcape Plc	637,500	2.31%
		<hr/>	
		1,170,900	4.25%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

UK Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value GBP	% Net Assets
	Equity Investments (continued)		
	Diversified Financial Services (2013*: -% £-)		
116,000	IG Group Holdings Plc	734,860	2.67%
	Food Service (2013*: -% £-)		
75,000	Compass Group Plc	703,875	2.55%
	Forest Products & Paper (2013*: -% £-)		
200,000	DS Smith Plc	630,000	2.29%
	Gas (2013*: -% £-)		
125,000	Centrica Plc	411,750	1.49%
	Household Products/Wares (2013*: -% £-)		
16,000	Reckitt Benckiser Group Plc	764,800	2.78%
	Insurance (2013*: 2.12% £742,820)		
160,000	Aviva Plc	828,000	3.00%
60,000	Prudential Plc	806,400	2.93%
		<u>1,634,400</u>	<u>5.93%</u>
	Internet (2013*: -% £-)		
885,000	Monitise Plc	568,613	2.06%
	Leisure Time (2013*: -% £-)		
35,000	Carnival Plc	822,850	2.99%
	Mining (2013*: 6.25% £2,190,150)		
36,400	BHP Billiton Plc	697,788	2.53%
21,000	Rio Tinto Plc	676,830	2.46%
		<u>1,374,618</u>	<u>4.99%</u>
	Miscellaneous Manufacturing (2013*: -% £-)		
296,153	Melrose Industries Plc	847,294	3.08%
	Oil & Gas (2013*: 17.65% £6,185,918)		
50,960	BG Group Plc	610,756	2.22%
120,000	BP Plc	605,520	2.20%
30,000	Royal Dutch Shell Plc	763,350	2.77%
		<u>1,979,626</u>	<u>7.19%</u>
	Pharmaceuticals (2013*: 8.38% £2,940,850)		
109,000	BTG Plc	581,515	2.11%
50,000	GlaxoSmithKline Plc	818,000	2.97%
		<u>1,399,515</u>	<u>5.08%</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

UK Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value GBP	% Net Assets
Equity Investments (continued)			
Real Estate Investment Trust (2013*: 1.62% £567,775)			
100,000	British Land Co Plc	691,500	2.51%
500,000	Londonmetric Property Plc	701,000	2.54%
		<u>1,392,500</u>	<u>5.05%</u>
Retail (2013*: -%, £-)			
100,000	Sports Direct International Plc	783,000	2.84%
Telecommunications (2013*: 14.22% £4,982,049)			
200,000	BT Group Plc	734,200	2.67%
84,630	Inmarsat Plc	611,029	2.22%
400,000	Vodafone Group Plc	893,599	3.24%
		<u>2,238,828</u>	<u>8.13%</u>
	Total Equity Investments (Cost £24,319,697)	<u>27,458,907</u>	<u>99.68%</u>
	Total financial assets at fair value through profit or loss (Cost £24,319,697)	27,458,907	99.68%
	Other Assets in Excess of Other Liabilities	89,049	0.32%
	Net Assets Attributable to Holders of Redeemable Shares	<u>27,547,956</u>	<u>100.00%</u>

* Comparatives as at 30 April 2013.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

European Fund

The investment objective of the European Fund (the “Fund”) is to generate long term capital growth through investing in equities of Pan European companies in developed Pan European equity markets, primarily amongst larger capitalised companies.

Investments may be made in ordinary shares (including ADRs, EDRs and GDRs) and preferred shares of Pan European Companies. At least two thirds of the total assets of Waverton European Fund (excluding Ancillary Liquid Assets) will be invested in shares in Pan European Companies. Up to one third of the total assets of the Fund may be held in Ancillary Liquid Assets. Investments will not be concentrated in any one Pan European country or in any one industrial or economic sector. The securities in which the Fund may invest, will be quoted or traded on one of the Regulated Markets set out in Schedule I of the Prospectus. The Fund aims to generate substantial absolute returns over the course of an investment cycle. The Fund will invest primarily in large and mid-capitalisation companies in Europe, including the U.K. The Fund is managed along a best ideas principle, meaning that it will invest in a relatively concentrated number of holdings. The Fund will seek to invest in companies which are perceived to generate high returns and where management is perceived as having reinvestment opportunities in order to sustain such returns and the Fund may also invest in issuers with restructuring potential where the returns in the past have been low. The Fund may not invest more than 10% of its Net Asset Value in collective investment schemes generally, of which up to 5% of its Net Asset Value may be invested collective investment schemes investing in Pan European Companies. Those collective investment schemes which invest in Pan European Companies will be established as UCITS. The Fund may utilise any of the financial derivative instruments described in the Prospectus for efficient portfolio management purposes. Notwithstanding the asset allocation limits outlined above, the Fund may hold Ancillary Liquid Assets where, in view of market circumstances, the Investment Manager believes that it would not be in the interests of Shareholders for the Fund to be fully invested or where the Fund needs to maintain liquidity to meet repurchase requests.

The Base Currency of the Fund is Euro.

The Performance Benchmark against which the Fund’s performance is measured is the FTSE World Europe Index (total return).

Class A Euro, Class A Stg£ and Class B Euro Shares of the Fund launched on 30 March 2007.

Investment Manager’s Report

Performance

Overall the FTSE World Europe Index (total return)* rose 16.48% over the 12 months in euro terms. The Fund substantially outperformed, rising 54.01% in euro terms.

Review

European equity markets performed strongly over the last 12 months as improved peripheral sovereign debt markets and signs of a stabilisation in European economies saw investors return to the region. The second half of the period in particular saw a noticeable return of flows back into European equities.

The strong performance of the Fund over the period came from a broad number of holdings and sectors. In particular, we saw gains in Alcatel-Lucent, the French telecom equipment company, Pandora, the charm bracelet maker, Mediaset, the Italian FTA TV operator, Bankinter, the niche Spanish bank, Intesa Sanpaolo, the leading Italian bank, Lloyds Banking Group, the leading UK retail bank, and EDF, the French electricity incumbent. Alcatel-Lucent rose sharply as the management executed on their new “Shift plan” and a rights issue materially improved the financial structure of the group. Pandora saw customers flock back to their bracelets after the company returned the product positioning back to its target market. Bankinter and Intesa moved sharply higher as European sovereign risks abated. Lloyds continued to deleverage on a capital accretive manner and faster than many investors expected. Finally, EDF rose as the French government’s regulatory approach became easier for the company. In addition to the strong performance of many of our stocks, we were fortunate to have no material detractors from performance.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

European Fund (continued)

Investment Manager's Report (continued)

Outlook

Looking forward, over the last 6-9 months we have reduced our exposure to Southern Europe and financials, however, we remain excited by the positions in the portfolio and the quality of the new ideas we are finding. The end markets of our businesses are still largely focused on domestic Europe and the US, partly as we still see some risk in emerging market economies. We believe that if the European and US economic backdrop continues to gradually improve there should be substantial upside to our current positions.

O Kelton
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

European Fund Top 5 Investments as at 30 April 2014

<u>Shares/Par</u>	<u>Security Description</u>	<u>Fair Value EUR</u>	<u>% Net Assets</u>
2,531,214	Danske Bank A/S	51,795,933	5.90%
53,902,869	Lloyds Banking Group Plc	49,215,938	5.61%
1,486,543	Carrefour SA	41,771,858	4.76%
673,442	Adecco SA	40,561,418	4.62%
2,901,617	E.ON SE	39,897,234	4.55%
		223,242,381	25.44%

European Fund Portfolio Analysis as at 30 April 2014

	<u>Fair Value EUR</u>	<u>% Total Assets</u>
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	853,922,157	93.13%
Ancillary Liquid Assets (Deposits)	7,556,095	0.83%
Other assets	55,411,792	6.04%
Total assets	916,890,044	100.00%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

European Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value EUR	% Net Assets
	Equity Investments		
	Aerospace/Defence (2013*: -%, €-)		
984,657	Saab AB	21,677,740	2.47%
	Airlines (2013*: 11.02% €5,092,251)		
7,977,748	International Consolidated Airlines Group SA	38,685,414	4.41%
	Apparel (2013*: -%, €-)		
439,280	Gerry Weber International AG	16,802,460	1.91%
	Banks (2013*: 21.70% €10,037,859)		
2,531,214	Danske Bank A/S	51,795,933	5.90%
15,858,052	Intesa Sanpaolo SpA	39,264,537	4.47%
53,902,869	Lloyds Banking Group Plc	49,215,938	5.61%
3,445,350	Mediobanca SpA	27,269,945	3.11%
		<hr/>	
		167,546,353	19.09%
	Chemicals (2013*: -%, €-)		
516,446	Lonza Group AG	38,580,196	4.40%
	Commercial Services (2013*: 2.43% €1,122,779)		
673,442	Adecco SA	40,561,418	4.62%
1,411,774	Atlantia SpA	26,541,351	3.02%
2,990,517	Securitas AB	25,847,188	2.95%
		<hr/>	
		92,949,957	10.59%
	Computers (2013*: 3.04% €1,405,362)		
769,110	Cap Gemini SA	39,270,757	4.47%
	Electric (2013*: 4.69% €2,170,315)		
2,901,617	E.ON SE	39,897,234	4.55%
862,999	Electricite de France SA	23,732,473	2.70%
1,010,379	RWE AG	27,770,267	3.16%
		<hr/>	
		91,399,974	10.41%
	Engineering & Construction (2013*: -%, €-)		
640,058	Vinci SA	34,767,951	3.96%
	Food (2013*: 8.75% €4,044,724)		
1,486,543	Carrefour SA	41,771,858	4.76%
	Household Products/Wares (2013*: -%, €-)		
5,818,686	Husqvarna AB	34,607,270	3.94%
	Insurance (2013*: 5.02% €2,317,523)		
129,578	Swiss Life Holding AG	22,887,486	2.61%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

European Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value EUR	% Net Assets
	Equity Investments (continued)		
	Iron/Steel (2013*: 3.04% €1,406,384)		
139,869,804	Outokumpu OYJ	29,652,398	3.38%
	Leisure Time (2013*: 2.45% €1,132,459)		
1,082,652	Carnival Plc	30,949,476	3.53%
	Media (2013*: 8.57% €3,960,362)		
1,788,118	Societe Television Francaise 1	21,967,030	2.50%
	Metal Fabricate/Hardware (2013*: -%, €-)		
582,878	Assa Abloy AB	22,059,844	2.51%
	Mining (2013*: -%, €-)		
3,696,092	Norsk Hydro ASA	14,199,373	1.62%
	Telecommunications (2013*: 4.43% €2,049,743)		
11,169,237	Alcatel-Lucent	31,765,310	3.62%
1,411,772	SES SA	38,202,550	4.35%
		<u>69,967,860</u>	<u>7.97%</u>
	Transportation (2013*: -%, €-)		
3,780,389	Royal Mail Plc	24,178,760	2.76%
	Total Equity Investments (Cost €787,331,381)	<u>853,922,157</u>	<u>97.29%</u>
	Time Deposits		
	(2013*: -%, €-)		
	BNP Paribas, 0.10%, 01/05/2014	3,556,095	0.40%
	Royal Bank of Scotland, 0.10%, 01/05/2014	4,000,000	0.46%
	Total Time Deposits (Cost €7,556,095)	<u>7,556,095</u>	<u>0.86%</u>
	Total financial assets at fair value through profit or loss (Cost €794,887,476)	861,478,252	98.15%
	Other Assets in Excess of Other Liabilities	16,217,441	1.85%
	Net Assets Attributable to Holders of Redeemable Shares	<u>877,695,693</u>	<u>100.00%</u>

* Comparatives as at 30 April 2013.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Sterling Bond Fund

The investment objective of the Sterling Bond Fund (the “Fund”) is to achieve capital growth and income through investment in fixed and/or floating rate UK and international government and corporate bonds.

The corporate bonds in which the Fund invests shall not be from any particular industry sector. The bonds shall be predominantly investment grade rated by an agency such as Moody’s or Standard & Poor’s. The bonds may be denominated in any currency but the Fund will have a minimum exposure of 80% to Sterling at all times. The Fund may utilise any of the financial derivative instruments described in the Prospectus for efficient portfolio management and investment purposes to make a positive return for the Fund. The securities in which the Fund may invest will be quoted or traded on one of the Regulated Markets set out in Schedule I of the Prospectus. The Fund may not invest more than 10 % of its Net Asset Value in collective investment schemes generally which have similar investment objectives and policies to the Fund or which invest in fixed income or money market instruments, of which up to 5% of its Net Asset Value may be invested in collective investment schemes investing in bond markets globally. Those collective investment schemes which invest in bond markets globally will be established as UCITS or UCITS Equivalent Schemes. The Fund may hold Ancillary Liquid Assets where in view of market circumstances the Investment Manager believes that it would not be in the interests of Shareholders for the Fund to be fully invested or where the Fund needs to maintain liquidity to meet redemption requests.

The Base Currency of the Fund is Sterling.

Class A Stg£ and Class B Stg£ Shares of the Fund launched on 12 January 2010. Class P Stg£ Shares of the Fund launched on 8 January 2014.

Investment Manager’s Report

Performance

The Waverton Sterling Bond Fund returned 2.4% for the 12 month period, outperforming the 3.0% loss for the FTSE Actuaries UK Gilts Index series – Gilts (All) (total return)* and outperforming the average fund which lost 0.2% (according to Morningstar).

Review

UK economic growth expectations improved significantly during 2013, causing a sharp rise in Gilt yields, leading to losses for the Gilt index. The Fund provided a significant level of outperformance primarily due to the short duration stance adopted giving a much lower level of sensitivity to these yield shifts. The Fund also benefited from its large exposure to credit, particularly in the bank sector where balance sheets continued to strengthen and default risk fell. Government bonds rallied in the first quarter of 2014, largely due to the bad weather experienced in the US which slowed the economic recovery but also due to the geopolitical tensions in Ukraine. In our view, fear of the US recovery being derailed seems to be overstated, especially with the latest data appearing to show a return to the levels of momentum seen before the sharp weather affected slowdown. The latest non-farm payroll figures were a strong beat of consensus expectations and the unemployment rate fell materially to 6.3% albeit with the help of a volatile participation rate. Meanwhile, data in the UK looks like a robust, broad-based recovery is gathering pace there, while the Eurozone is making encouraging progress and China shows signs of stabilising.

With this strengthening backdrop for improving global growth, we are still mostly concerned by the potential for yields to rise sharply, perhaps past the highs seen in the sell-off during the end of last year. Consequently, the Fund continues operate with very low duration exposure and a strong bias to corporate bonds with an attractive risk to return profile. Corporate default risk perception remains low and credit spreads have been resilient in the recent bout of risk aversion with demand for new issues still strong even though valuations have not been that compelling outside select retail and subordinated financial bonds. Notwithstanding our negative stance on duration, the Fund has established a position in 30 year Gilts on the basis that they provide some insurance in the portfolio in case our assessment is wrong, whilst offering a reasonable level of compensation over inflation compared with the rest of the Government curve.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Sterling Bond Fund (continued)

Investment Manager's Report (continued)

Review (continued)

Sterling has been one of the strongest currencies in the world over the last year and as such our currency diversification strategies have detracted from performance. However, from the current rather elevated level, we find it relatively easy to identify currencies with superior fundamentals which we think offer good prospects to add value over time. At present the Fund has approximately 13% invested away from Sterling.

Outlook

So far in 2014, the Fund's performance has lagged returns offered by UK Government bonds and longer dated Corporate Bonds which make up the portfolios of our peer group. We think that duration will prove to be a significantly negative factor in the belly of the yield curve over the remainder of the year and that our peers, who have benefitted from the recent tailwind, will suffer accordingly. Our strategy has become increasingly selective and differentiated from our peers, evidenced by recent weak relative returns during this 'risk-off' period, but our priority is to seek to deliver more of an absolute return-biased profile of returns than can be provided by passive investment in bond indices.

C Lee / J Keen
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

Sterling Bond Fund Top 5 Investments by issuer as at 30 April 2014

Shares/Par	Security Description	Fair Value GBP	% Net Assets
23,000,000	United Kingdom Gilt	22,632,950	17.67%
9,750,000	Barclays Bank Plc	8,773,731	6.85%
	Cooperatieve Centrale Raiffeisen-Boerenleenbank		
5,900,000	BA/Netherlands	4,452,609	3.48%
800,000	Mexican Bonos	3,785,135	2.95%
5,000,000	UBS AG/Jersey	3,276,288	2.56%
		42,920,713	33.51%

Sterling Bond Fund Portfolio Analysis as at 30 April 2014

	Fair Value GBP	% Total Assets
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	116,933,714	89.83%
Ancillary Liquid Assets (Deposits)	6,417,496	4.93%
Financial derivative instruments dealt in on a regulated market	(117,960)	(0.09)%
OTC financial derivative instruments	23,804	0.02%
Other assets	6,658,044	5.11%
Total assets (net of derivative liabilities in portfolio)	129,915,098	99.80%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Sterling Bond Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value GBP	% Net Assets
Corporate Bonds			
Auto Manufacturers (2013*: -%, £-)			
2,750,000	Jaguar Land Rover Automotive Plc, 5.00%, due 15/02/22	2,805,770	2.19%
Auto Parts & Equipment (2013*: 2.25%, £2,567,549)			
2,176,000	GKN Holdings Plc, 6.75%, due 28/10/19	2,531,537	1.98%
Banks (2013*: 18.89%, £21,508,943)			
4,200,000	Banco Bilbao Vizcaya Argentaria SA, 9.00%, due 05/09/18	2,756,578	2.15%
3,800,000	Barclays Bank Plc, 4.75%, due 29/03/49	2,907,209	2.27%
5,950,000	Barclays Bank Plc, 6.00%, due 29/06/49	5,866,522	4.58%
1,500,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank 8.38%, due 26/07/16	983,350	0.77%
4,400,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank 11.00%, due 30/06/19	3,469,259	2.71%
1,700,000	Goldman Sachs Group, Inc., 5.50%, due 10/12/21	1,847,815	1.44%
700,000	HSBC Capital Funding LP/Jersey, 8.21%, due 30/06/15	749,259	0.58%
4,000,000	Lloyds Banking Group Plc, 6.66%, due 29/01/49	2,516,236	1.96%
2,500,000	Royal Bank of Scotland Group Plc, 5.50%, due 29/11/49	1,863,910	1.45%
450,000	Santander UK Plc, 7.04%, due 14/02/26	481,167	0.38%
3,000,000	Standard Chartered Bank, 9.50%, due 24/12/14	1,864,946	1.46%
600,000	Standard Chartered Plc, 6.41%, due 29/01/49	383,302	0.30%
5,000,000	UBS AG/Jersey, 7.25%, due 22/02/22	3,276,288	2.56%
		<hr/>	
		28,965,841	22.61%
Commercial Services (2013*: 4.75%, £5,409,359)			
1,100,000	A2D Funding Plc, 4.75%, due 18/10/22	1,164,933	0.91%
Diversified Financial Services (2013*: 8.27%, £9,415,226)			
1,750,000	Cabot Financial Luxembourg SA, 6.50%, due 04/01/21	1,744,925	1.36%
1,300,000	ICAP Plc, 5.50%, due 31/07/18	1,389,830	1.08%
1,009,000	International Personal Finance Plc, 6.13%, due 05/08/20	1,024,135	0.80%
1,500,000	London Stock Exchange Group Plc, 4.75%, due 11/02/21	1,635,360	1.28%
500,000	Morgan Stanley & Co International Plc, 0.00%, due 17/06/16	533,125	0.42%
1,000,000	Paragon Group of Cos Plc, 6.13%, due 30/01/22	1,034,290	0.81%
1,000,000	Provident Financial Plc, 7.00%, due 10/04/17	1,079,480	0.84%
800,000	Provident Financial Plc, 8.00%, due 23/10/19	901,496	0.70%
1,242,000	Tesco Personal Finance Plc, 5.00%, due 21/11/20	1,327,276	1.04%
		<hr/>	
		10,669,917	8.33%
Food (2013*: 2.22%, £2,524,215)			
2,500,000	Premier Foods Finance Plc, 6.50%, due 15/03/21	2,559,125	2.00%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Sterling Bond Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value GBP	% Net Assets
Corporate Bonds (continued)			
Insurance (2013*: 2.92%, £3,325,130)			
4,000,000	Aquarius + Investments Plc for Swiss Reinsurance Co., Ltd., 8.25%, due 09/01/18	2,667,610	2.08%
600,000	Aviva Plc, 6.13%, due 29/09/49	632,244	0.49%
1,260,000	Scottish Widows Plc, 5.13%, due 29/09/49	1,280,551	1.00%
		<u>4,580,405</u>	<u>3.57%</u>
Leisure Time (2013*: -%, £-)			
1,250,000	Soho House Bond Ltd., 9.13%, due 10/01/18	1,364,063	1.06%
Oil & Gas (2013*: 3.59%, £4,090,642)			
750,000	EnQuest Plc, 5.50%, due 15/02/22	750,000	0.59%
800,000	EnQuest Plc, 7.00%, due 15/04/22	484,120	0.38%
1,100,000	Petrobras International Finance Corp., 5.38%, due 27/01/21, 6.25%, due 14/12/26	1,101,364	0.86%
1,350,000	Petroleos Mexicanos, 8.25%, due 06/02/22	1,700,676	1.33%
1,500,000	Premier Oil Plc, 5.00%, due 12/11/20	1,542,990	1.20%
		<u>5,579,150</u>	<u>4.36%</u>
Real Estate (2013*: 2.90%, £3,297,512)			
500,000	Bruntwood Ltd., 6.00%, due 24/07/20	528,325	0.41%
1,500,000	CLS Holdings Plc, 5.50%, due 31/12/19	1,561,500	1.22%
2,500,000	Grainger Plc, 5.00%, due 16/12/20	2,607,800	2.04%
500,000	Helical Bar Plc, 6.00%, due 24/06/20	526,470	0.41%
2,150,000	Places for People Capital Markets Plc, 5.00%, due 27/12/16	2,274,270	1.78%
1,750,000	QED Finance Plc, 6.50%, due 29/07/20	1,873,568	1.46%
		<u>9,371,933</u>	<u>7.32%</u>
REITS (2013*: 1.95%, £2,216,816)			
1,144,000	Primary Health Properties Plc, 5.38%, due 23/07/19	1,213,440	0.95%
1,000,000	Workspace Group Plc, 6.00%, due 10/09/19	1,054,280	0.82%
		<u>2,267,720</u>	<u>1.77%</u>
Retail (2013*: 5.48%, £6,239,736)			
2,250,000	Kingfisher Plc, 5.63%, due 15/12/14	2,307,375	1.80%
1,300,000	Marks & Spencer Plc, 6.13%, due 12/02/19	1,466,725	1.14%
		<u>3,774,100</u>	<u>2.94%</u>
Savings & Loans (2013*: -%, £-)			
3,000,000	Nationwide Building Society, 6.88%, due 03/11/49	3,061,920	2.39%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Sterling Bond Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value GBP	% Net Assets
Corporate Bonds (continued)			
Telecommunications (2013*: 6.02%, £6,849,344)			
2,000,000	Everything Everywhere Finance Plc, 4.38%, due 28/03/19	2,091,680	1.63%
2,915,000	Nokia OYJ, 5.38%, due 15/05/19	1,844,438	1.44%
1,400,000	Telefonica Emisiones SAU, 5.38%, due 02/02/18	1,531,152	1.20%
		5,467,270	4.27%
	Total Corporate Bonds (Cost £81,438,866)	84,163,684	65.70%
Government Obligations (2013*: 20.48%, £23,319,205)			
Government Bonds (2013*: 7.08%, £8,062,705)			
	Brazil Notas do Tesouro Nacional Serie F, 10.00%, due		
800,000	01/01/23	1,932,182	1.51%
800,000	Mexican Bonos, 6.50%, due 06/10/21	3,785,135	2.95%
12,500,000	Poland Government Bond, 2.50%, due 25/07/18	2,357,303	1.84%
	Sweden Government International Bond, 9.75%, due		
2,000,000	15/09/14	2,062,460	1.61%
		10,137,080	7.91%
Sovereign (2013*: 13.40%, £15,256,500)			
10,000,000	United Kingdom Gilt, 2.75%, due 22/01/15	10,170,500	7.94%
13,000,000	United Kingdom Gilt, 3.25%, due 22/01/44	12,462,450	9.73%
		22,632,950	17.67%
	Total Government Obligations (Cost £33,412,153)	32,770,030	25.58%
Time Deposits			
(2013*: 2.49% £2,830,779)			
	BNP Paribas, 0.30%, 01/05/2014	2,000,000	1.56%
	Deutsche Bank, 0.35%, 01/05/2014	2,000,000	1.56%
	Royal Bank of Scotland, 0.20%, 01/05/2014	2,417,496	1.89%
	Total Time Deposits (Cost £6,417,496)	6,417,496	5.01%
	Total financial assets at fair value through profit or loss (Cost £121,268,515)	123,351,210	96.29%

Unrealised Appreciation on Forward Currency Contracts (2013*: 0.26%, £304,575)

Currency Purchased	Principal Amount	Currency Sold	Current Fair Value	Principal Amount	Settlement Date	Unrealised Appreciation GBP	% Net Assets
GBP	4,783,956	EUR	5,812,099	5,800,000	11/07/14	12,099	0.01%
GBP	23,307,376	USD	39,099,222	39,000,000	11/07/14	99,222	0.08%
USD	4,207,348	GBP	2,503,706	2,500,000	11/07/14	3,706	0.00%
	Total Unrealised Appreciation on Forward Currency Contracts					115,027	0.09%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Sterling Bond Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Unrealised Appreciation on Futures Contract (2013*: (- %), (£-))

Contract Size	Security Description	Expiry Date	Unrealised Gain GBP	% Net Assets
(200)	US 10 Year Note Future	19/06/14	46,464	0.04%
	Total Unrealised Appreciation on Futures Contracts		46,464	0.04%

Unrealised Depreciation on Forward Currency Contracts (2013*: (0.10%), (£124,216))

Currency Purchased	Principal Amount	Currency Sold	Current Fair Value	Principal Amount	Settlement Date	Unrealised Depreciation GBP	% Net Assets
AUD	2,160,000	GBP	1,184,550	1,200,000	11/07/14	(15,450)	(0.01%)
GBP	475,422	USD	799,359	800,000	11/07/14	(641)	0.00%
MYR	10,906,000	GBP	1,979,703	2,000,000	11/07/14	(20,297)	(0.02%)
NOK	20,043,600	GBP	1,991,648	2,000,000	11/07/14	(8,352)	(0.01%)
SEK	13,051,080	GBP	1,182,501	1,200,000	11/07/14	(17,499)	(0.01%)
SGD	4,189,600	GBP	1,984,277	2,000,000	11/07/14	(15,723)	(0.01%)
TWD	50,020,000	GBP	986,739	1,000,000	11/07/14	(13,261)	(0.01%)
	Total Unrealised Depreciation on Forward Currency Contracts					(91,223)	(0.07%)

Unrealised Depreciation on Futures Contracts (2013*: (0.13%), (£153,450))

Contract Size	Security Description	Expiry Date	Unrealised Loss GBP	% Net Assets
(15)	Japan 10 Year Bond (TSE) Future	11/06/14	(10,264)	(0.01%)
(200)	Long Gilt Future	26/06/14	(116,000)	(0.09%)
(40)	Euro Bund Future	06/06/14	(38,160)	(0.03%)
	Total Unrealised Loss on Futures Contracts		(164,424)	(0.13%)
	Other Assets in Excess of Other Liabilities		4,843,681	3.78%
	Net Assets Attributable to Holders of Redeemable Shares		128,100,735	100.00%

* Comparatives as at 30 April 2013.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Equity Fund

The investment objective of the Equity Fund (the “Fund”) is to achieve capital growth and income through investment of up to 100% of its Net Asset Value in international equities either by way of direct investment or through the use of collective investment schemes to provide exposure to the underlying asset class. Depending on market circumstances the Fund may also invest directly in structured products which are listed, traded or dealt in on a Regulated Market to enhance upside potential. The Fund’s investment strategy shall not be specific to any particular industry sector or geographic region. The equity securities in which the Fund may invest include ordinary shares or common stock, preference shares, American depository receipts, European depository receipts and global depository receipts which are listed, traded or dealt in on a Regulated Market. The Fund may not invest more than 10% of its Net Asset Value in any one collective investment scheme. The collective investment schemes in which the Fund invests will be established as UCITS under the Directive in any EU Member State or UCITS Equivalent Schemes. Investment in UCITS Equivalent Schemes shall be subject to an aggregate limit of 30% of the Fund’s Net Asset Value. Investment in structured products shall be subject to an aggregate limit of 20% of the Fund’s Net Asset Value. The structured products shall comprise securities in which the issuer undertakes to provide a return to investors based on the performance of a reference asset such as an equity, bond, financial derivative instrument, index or collective investment scheme. The securities in which the Fund may invest will be quoted or traded on one of the Regulated Markets set out in Schedule I of the Prospectus. The Fund may utilise any of the financial derivative instruments described in the Prospectus for efficient portfolio management purposes. The Fund may acquire Shares in another sub-fund of the Company by investing up to 10% of its Net Asset Value in that other sub-fund. However, the Fund may not invest in a sub-fund which itself holds Shares in other sub-funds of the Company or another Fund managed or advised by the Investment Manager. Where the Fund invests in another sub-fund, it may not charge an annual management and/or investment management fee in respect of the portion of its assets invested in the other sub-fund/fund. The Fund may invest up to 10% of its assets in transferable securities that are not listed, traded or dealt in on Regulated Markets. These transferable securities may include equities, units of collective investment schemes (including exchange traded Funds) which are not UCITS, or any other transferable security which is a permitted investment under the Regulations. The Fund may hold Ancillary Liquid Assets where in view of market circumstances the Investment Manager believes that it would not be in the interests of Shareholders in the Fund to be fully invested where the Fund needs to maintain liquidity to meet repurchase requests.

The Base Currency of the Fund is Sterling.

Class A Stg£ and Class B Stg£ Shares of the Fund launched on 12 January 2010. Class P Stg£ Shares of the Fund launched on 8 January 2014.

Investment Manager’s Report

Performance

Over the period the Fund increased in value by 5.1% versus its benchmark the FTSE All-World Index (total return)* return of 5.95%. This puts the Fund just outside the second quartile (51st percentile) for the year. It remains in the second quartile since inception (33rd percentile).

Review

During the period developed markets have had to come to terms with the idea of ‘tapering’ – i.e., the gradual tightening of monetary policy by winding down quantitative easing – and to have taken in their stride the somewhat mixed corporate earnings picture. Whilst profit margins generally are near their highs and are not immediately threatened by rising raw material prices or pressure on labour costs, certain sectors have suffered the ill effects of deriving a significant proportion of their revenues from Asia and Emerging Markets. Not only have important economies like China and Brazil seen a material slowdown, but their currencies have fallen. As a consequence, the market has been very aware that companies like Diageo, Unilever and Colgate-Palmolive, that some Funds have favoured, have had to contend with a nasty headwind.

Outlook

We continue to believe that the outlook for equities is reasonably positive particularly in relation to the other traditional asset classes. Economic momentum is gathering pace in developed markets and, whilst not as cheap as they were, we still find value. However, we are wary that the rise in equity markets has, thus far, simply been PE expansion and there has been no corresponding increase in corporate earnings – the traditional and fundamental driver behind rising share prices.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Equity Fund (continued)

Investment Manager's Report (continued)

Outlook (continued)

If we are to see equities to continue increasing in value, we believe we will have to see an improvement in corporate earnings over the coming months. If that is not the case markets will be vulnerable to setbacks.

J Bellamy
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

Equity Fund Top 5 Investments as at 30 April 2014

<u>Shares/Par</u>	<u>Security Description</u>	<u>Fair Value GBP</u>	<u>% Net Assets</u>
857,253	HSBC S&P 500 UCITS ETF	9,615,672	9.46%
56,510	Odey Investments Plc - Odey Allegra Developed Markets Fund	6,235,879	6.13%
114,173	Allianz UK & European Investment Funds - Allianz UK Growth Fund	5,015,140	4.93%
391,613	Guinness Asset Management Funds Plc - Global Equity Income Fund	4,971,488	4.90%
477,394	HSBC MSCI World UCITS ETF	4,769,965	4.69%
		30,608,144	30.11%

Equity Fund Portfolio Analysis as at 30 April 2014

	<u>Fair Value GBP</u>	<u>% Total Assets</u>
Collective Investment Schemes	82,546,630	80.77%
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	17,376,352	17.00%
Other assets	2,275,780	2.23%
Total assets	102,198,762	100.00%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Equity Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value GBP	% Net Assets
Equity Investments			
Equity Funds (2013*: 80.81% £59,867,391)			
	Allianz UK & European Investment Funds - Allianz UK		
114,173	Growth Fund	5,015,140	4.93%
2,868,603	CF Odey Investment Funds - Continental European Fund	3,682,426	3.62%
	Edinburgh Partners Opportunities Fund Plc - European		
1,847,880	Opportunities Fund Plc	3,736,413	3.67%
2,922,911	FP Argonaut Funds - FP Argonaut European Alpha Fund	4,049,936	3.98%
	Guinness Asset Management Funds Plc - Global Equity		
391,613	Income Fund	4,971,488	4.90%
3,056,786	Hermes Asia Ex-Japan Equity Fund	3,910,883	3.84%
477,394	HSBC MSCI World UCITS ETF	4,769,965	4.69%
857,253	HSBC S&P 500 UCITS ETF	9,615,672	9.46%
3,117,559	Martin Currie - Japan Alpha Fund	4,679,456	4.60%
	Montanaro European Small Co Plc - Continental		
2,168,257	European Smaller Companies Fund	2,736,340	2.69%
47,845	Nordea 1 SICAV - North American All Cap Fund	4,622,282	4.54%
	Odey Investments Plc - Odey Allegra Developed Markets		
56,510	Fund	6,235,879	6.13%
303,265	Polar Capital Funds Plc - Japan Fund	4,679,379	4.60%
428,136	Polar Capital North American Fund	3,977,383	3.91%
35,121	Prusik Asian Equity Income Fund	2,780,571	2.73%
	RAM Lux Systematic Funds - Emerging Markets Equities		
20,499	Fund	1,926,521	1.89%
1,647,066	Somerset Emerging Markets Dividend Growth Fund	1,976,808	1.94%
21,853	SouthernSun US Small Cap Fund	1,407,175	1.38%
	Standard Life Investments Global SICAV - Global		
279,121	Emerging Market Equity Unconstrained Fund	2,026,690	1.99%
	Waverton Investment Funds Plc - Global Equity Wealth		
181,000	Creation Fund	1,072,178	1.05%
	Wells Fargo Lux Worldwide Fund - U.S. Premier Growth		
57,897	Fund	4,674,045	4.59%
		<u>82,546,630</u>	<u>81.13%</u>
	Total Equity Investments (Cost £78,506,626)	<u>82,546,630</u>	<u>81.13%</u>
Equity Structured Notes			
Banks (2013*: 12.58%, £9,325,386)			
	Canadian Imperial Bank of Commerce, 0.00%, due		
4,743,000	11/05/18**	4,550,434	4.47%
4,306,000	Citigroup, Inc., 0.00%, due 15/02/17***	4,497,447	4.43%
4,400,000	Credit Suisse International, 0.00%, due 19/04/17****	4,137,267	4.07%
6,467,000	Morgan Stanley, 0.00%, due 11/02/18*****	4,191,204	4.12%
		<u>17,376,352</u>	<u>17.09%</u>
	Total Equity Structured Notes (cost £15,187,006)	<u>17,376,352</u>	<u>17.09%</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Equity Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value	
		GBP	% Net Assets
	Total financial assets at fair value through profit or loss (Cost £93,693,632)	99,922,982	98.22%
	Other Assets in Excess of Other Liabilities	1,807,417	1.78%
	Net Assets Attributable to Holders of Redeemable Shares	<u>101,730,399</u>	<u>100.00%</u>

* Comparatives as at 30 April 2013.

** The Canadian Imperial Bank of Commerce note is a structured product based on the capital return of the FTSE 100 index.

*** The Citigroup note is a structured product based on the Eurostoxx 50 index.

**** The Credit Suisse note is a structured product based on a basket of 10 stocks that are related to the shale gas industry.

***** The Morgan Stanley note is a structured product based on the S&P500 index.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Bond Fund

The investment objective of the Global Bond Fund (the “Fund”) is to achieve capital growth and income through investment in fixed and/or floating rate global government and corporate bonds.

The corporate bonds in which the Fund invests shall not be from any particular industry sector. The bonds shall be rated at least investment grade by a rating agency such as Moody’s or Standard & Poor’s or shall be deemed by the Investment Manager to be of an equivalent rating at the time of acquisition. If the rating of a bond falls below investment grade subsequent to its acquisition the Investment manager shall not be obliged to dispose of such bond but may choose to do so. The bonds may be denominated in any currency. The securities in which the Fund may invest will be quoted or traded on one of the Regulated Markets set out in Schedule I of the Prospectus. The Fund may not invest more than 10% of its Net Asset Value in collective investment schemes generally which have similar investment objectives and policies to the Fund or which invest in fixed income or money market instruments, of which up to 5% of its Net Asset Value may be invested in collective investment schemes investing in bond markets globally. Those collective investment schemes which invest in bond markets globally will be established as UCITS or UCITS Equivalent Schemes. Furthermore, the Fund may hold Ancillary Liquid Assets where in view of market circumstances the Investment Manager believes that it would not be in the interests of Shareholders for the Fund to be fully invested or where the Fund needs to maintain liquidity to meet repurchase requests. The Fund may utilise any of the financial derivative instruments described in the Prospectus for efficient portfolio management and investment purposes.

The Base Currency of the Fund is U.S. Dollar.

The performance benchmark against which the Fund’s performance is measured is the US Cash Indices LIBOR Total Return 1 month.

Class A Stg£ and Class A US\$ Shares of the Fund launched on 12 January 2010. Class I US\$ Shares launched on 17 September 2012, and Class B US\$ launched on 23 December 2013. Class I Stg£ shares are also available.

Investment Manager’s Report

Performance

The Waverton Global Bond Fund returned 0.7% for the 12 month period, outperforming the 0.2% accrued by the US Cash Indices LIBOR* but gaining less than Citigroup World Government Bond index which rose 1.4%.

Review

Following an aggressive sell-off in the second half of 2013, core Government bonds regained support in the first quarter as extreme weather in the US slowed growth and eroded confidence in the pace and sustainability of the economic recovery. The annexation of Crimea by Russia compounded the mood of uncertainty and created demand for safe haven instruments. In our view, fear of the US recovery being derailed seems to be overstated, especially with the latest data appearing to show a return to the levels of momentum seen before the sharp weather affected slowdown. The latest non-farm payroll figures were a strong beat of consensus expectations and the unemployment rate fell materially to 6.3% albeit with the help of a volatile participation rate. Meanwhile, data in the UK looks like a robust, broad-based recovery is gathering pace there while the Eurozone is making encouraging progress and China shows signs of stabilising.

With this strengthening backdrop for improving global growth, we are still mostly concerned by the potential for yields to rise sharply, perhaps past the highs seen in the sell-off during the end of last year. Consequently, the Fund continues to operate with very low duration exposure and a strong bias to corporate bonds with an attractive risk to return profile. Corporate default risk perception remains low and credit spreads have been resilient in the recent bout of risk aversion with demand for new issues still strong even though valuations have not been that compelling outside select retail and subordinated financial bonds. Notwithstanding our negative stance on duration, the Fund has established a position in 30 year Treasuries on the basis that they provide some insurance in the portfolio in case our assessment is wrong, whilst offering a reasonable level of compensation over inflation compared with the rest of the Government curve.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Bond Fund (continued)

Investment Manager's Report (continued)

Review (continued)

At present the Fund is about 40% invested away from the US Dollar. We expanded our diversification of currencies as many reached attractive valuations following the sell-off initiated by US tapering talk last year. This includes a position in a small basket of high carry, emerging market currencies which we think became oversold and which provide an attractive level of yield.

Outlook

So far in 2014, the Fund's performance has lagged returns offered by government bonds and longer dated corporate bonds which make up the portfolios of our peer group. We think that duration will prove to be a significantly negative factor in the belly of the yield curve over the remainder of the year and that our peers, who have benefitted from the recent tailwind, will suffer accordingly. Our strategy has become increasingly selective and differentiated from our peers, evidenced by recent weak relative returns during this 'risk-off' period, but our priority is to seek to deliver more of an absolute return-biased profile of returns than can be provided by passive investment in bond indices.

C Lee / J Keen
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

Global Bond Fund Top 5 Investments by issuer as at 30 April 2014

Shares/Par	Security Description	Fair Value USD	% Net Assets
15,000,000	United States Treasury Note/Bond	15,207,344	17.28%
1,000,000	Mexican Bonos	7,955,407	9.04%
4,850,000	Barclays Bank Plc	7,186,051	8.17%
16,420,000	Sweden Government International Bond	4,957,904	5.63%
3,500,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/Netherlands	4,438,941	5.04%
		<u>39,745,647</u>	<u>45.16%</u>

Global Bond Fund Portfolio Analysis as at 30 April 2014

	Fair Value USD	% Total Assets
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	82,990,139	92.59%
Ancillary Liquid Assets (Deposits)	2,701,099	3.01%
Financial derivative instruments dealt in on a regulated market	(90,110)	(0.10)%
OTC financial derivative instruments	(186,329)	(0.21)%
Other assets	3,833,068	4.28%
Total assets (net of derivative liabilities in portfolio)	<u>89,247,867</u>	<u>99.57%</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Bond Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value USD	% Net Assets
Corporate Bonds			
Banks (2013*: 22.50%, \$23,901,089)			
620,000	Bank of Scotland Plc, 9.38%, due 15/05/21	1,342,511	1.53%
2,300,000	Barclays Bank Plc, 4.75%, due 29/03/49	2,958,636	3.36%
2,550,000	Barclays Bank Plc, 6.00%, due 29/06/49	4,227,415	4.80%
900,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/Netherlands, 8.38%, due 26/07/16	992,043	1.13%
2,600,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/Netherlands, 11.00%, due 30/06/19	3,446,898	3.92%
1,514,000	Goldman Sachs Group, Inc., 5.50%, due 10/12/21	2,766,983	3.14%
1,000,000	Lloyds TSB Bank Plc, 7.63%, due 22/04/25	2,069,770	2.35%
3,000,000	Standard Chartered Bank, 9.50%, due 24/12/14	3,135,720	3.56%
3,000,000	UBS AG, 7.25%, due 22/02/22	3,305,250	3.76%
		24,245,226	27.55%
Commercial Services (2013*: 4.68%, \$4,972,594)			
600,000	A2D Funding Plc, 4.75%, due 18/10/22	1,068,392	1.21%
Diversified Financial Services (2013*: 8.66%, \$9,206,116)			
1,000,000	London Stock Exchange Group Plc, 4.75%, due 11/02/21	1,833,130	2.08%
1,000,000	Provident Financial Plc, 7.00%, due 10/04/17	1,815,038	2.06%
1,304,600	Tesco Personal Finance Plc, 5.00%, due 21/11/20	2,344,164	2.67%
		5,992,332	6.81%
Food (2013*: 2.45%, \$2,593,880)			
1,000,000	ConAgra Foods, Inc., 7.00%, due 15/04/19	1,199,120	1.36%
Insurance (2013*: 3.39%, \$3,602,405)			
2,000,000	Aquarius + Investments Plc for Swiss Reinsurance Co., Ltd., 8.25%, due 09/01/18	2,242,660	2.55%
2,000,000	Prudential Plc, 11.75%, due 23/12/14	2,121,500	2.41%
		4,364,160	4.96%
Oil & Gas (2013*: 3.08%, \$3,273,386)			
750,000	Petrobras International Finance Corp., 5.38%, due 27/01/21	764,153	0.87%
750,000	Petroleos Mexicanos, 6.00%, due 03/05/20	844,980	0.96%
600,000	Petroleos Mexicanos, 8.25%, due 06/02/22	1,270,896	1.44%
		2,880,029	3.27%
Real Estate (2013*: 1.49%, \$1,581,760)			
1,175,000	Places for People Capital Markets Plc, 5.00%, due 27/12/16	2,089,837	2.37%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Bond Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Corporate Bonds (continued)			
Retail (2013*: 6.43%, \$6,832,174)			
1,414,000	Kingfisher Plc, 5.63%, due 15/12/14	2,438,126	2.77%
500,000	Marks & Spencer Plc, 6.25%, due 12/01/17	561,325	0.64%
750,000	Marks & Spencer Plc, 6.13%, due 12/02/19	1,422,780	1.62%
		<u>4,422,231</u>	<u>5.03%</u>
Telecommunications (2013*: 5.23%, \$5,558,972)			
1,400,000	Everything Everywhere Finance Plc, 4.38%, due 28/03/19	2,461,866	2.80%
800,000	Telefonica Emisiones SAU, 5.38%, due 02/02/18	1,471,131	1.67%
500,000	Verizon Communications, Inc., 4.50%, due 15/09/20	542,830	0.62%
		<u>4,475,827</u>	<u>5.09%</u>
Toys/Games/Hobbies (2013*: 0.50%, \$530,686)			
455,000	Hasbro, Inc., 6.30%, due 15/09/17	516,420	0.59%
	Total Corporate Bonds (Cost \$47,187,971)	<u>51,253,574</u>	<u>58.24%</u>
Government Obligations (2013*: 24.14%, \$25,645,204)			
Government Bonds			
500,000	Brazil Notas do Tesouro Nacional Serie F, 100.00%, due 01/01/23	2,030,482	2.31%
1,000,000	Mexican Bonos, 6.50%, due 06/10/21	7,955,407	9.04%
5,000,000	Poland Government Bond, 2.50%, due 25/07/18	1,585,428	1.80%
15,000,000	Sweden Government Bond, 3.75%, due 08/12/17	2,495,752	2.84%
1,420,000	Sweden Government International Bond, 9.75%, due 15/09/14	2,462,152	2.80%
2,500,000	United States Treasury Note/Bond, 0.25%, due 30/09/14	2,501,953	2.84%
3,000,000	United States Treasury Note/Bond, 0.25%, due 31/01/15	3,003,516	3.41%
9,500,000	United States Treasury Note/Bond, 3.63%, due 15/02/44	9,701,875	11.02%
		<u>31,736,565</u>	<u>36.06%</u>
	Total Government Obligations (Cost \$31,901,991)	<u>31,736,565</u>	<u>36.06%</u>
Time Deposits			
(2013*: 5.07% \$5,384,693)			
	Bank of Montreal, 0.06%, 01/05/2014	2,701,099	3.07%
	Total Time Deposits (Cost \$2,701,099)	<u>2,701,099</u>	<u>3.07%</u>
	Total financial assets at fair value through profit or loss (Cost \$81,791,061)	<u>85,691,238</u>	<u>97.37%</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Bond Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Unrealised Appreciation on Forward Currency Contracts (2013*: 0.12%, \$118,658)

Currency Purchased	Principal Amount	Currency Sold	Principal Amount	Current Fair Value	Settlement Date	Unrealised Appreciation USD	% Net Assets
GBP	1,088,476	USD	1,829,992	1,821,542	12/05/14	8,450	0.01%
THB	81,512,499	USD	2,511,971	2,500,000	10/07/14	11,971	0.01%
MYR	13,138,000	USD	4,007,642	4,000,000	11/07/14	7,642	0.01%
NOK	29,947,000	USD	5,000,520	5,000,000	11/07/14	520	0.00%
RUB	9,252,300	USD	253,818	250,000	11/07/14	3,818	0.01%
RUB	9,409,750	USD	258,138	250,000	11/07/14	8,138	0.01%
USD	2,019,527	GBP	1,202,991	1,200,000	11/07/14	2,991	0.00%
USD	2,842,363	NOK	17,003,731	17,000,000	11/07/14	3,731	0.00%
ZAR	2,739,500	USD	256,790	250,000	11/07/14	6,790	0.01%
Total Unrealised Appreciation on Forward Currency Contracts						54,051	0.06%

Unrealised Appreciation on Futures Contract (2013*: (- %), (\$-))

Contract Size	Security Description	Expiry Date	Unrealised Loss USD	% Net Assets
(140)	US 10 Year Note Future	19/06/14	50,313	0.06%
Total Unrealised Appreciation on Futures Contract			50,313	0.06%

Unrealised Depreciation on Forward Currency Contracts (2013*: (0.50%) (\$512,784))

Currency Purchased	Principal Amount	Currency Sold	Principal Amount	Current Fair Value	Settlement Date	Unrealised Depreciation USD	% Net Assets
AUD	4,302,695	USD	3,965,200	4,000,000	11/07/14	(34,800)	(0.04%)
CAD	4,381,280	USD	3,989,523	4,000,000	11/07/14	(10,477)	(0.01%)
SEK	32,485,000	USD	4,946,101	5,000,000	11/07/14	(53,899)	(0.06%)
SGD	3,132,250	USD	2,492,936	2,500,000	11/07/14	(7,064)	(0.01%)
USD	3,035,758	EUR	2,194,125	2,200,000	11/07/14	(5,875)	(0.01%)
USD	2,072,949	EUR	1,499,109	1,500,000	11/07/14	(891)	0.00%
USD	2,071,062	EUR	1,497,222	1,500,000	11/07/14	(2,778)	0.00%
USD	30,123,540	GBP	17,875,404	18,000,000	11/07/14	(124,596)	(0.14%)
Total Unrealised Depreciation on Forward Currency Contracts						(240,380)	(0.27%)

Unrealised Depreciation on Futures Contract (2013*: (0.13%), (\$142,608))

Contract Size	Security Description	Expiry Date	Unrealised Loss USD	% Net Assets
(6)	Japan 10 Year Bond (TSE) Future	11/06/14	(7,995)	(0.01%)
(70)	Long Gilt Future	26/06/14	(68,266)	(0.08%)
(40)	Euro Bond Future	06/06/14	(64,162)	(0.07%)
Total Unrealised Loss on Futures Contracts			(140,423)	(0.16%)

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Bond Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Other Assets in Excess of Other Liabilities	2,591,447	2.94%
Net Assets Attributable to Holders of Redeemable Shares	<u>88,006,246</u>	<u>100.00%</u>

* Comparatives as at 30 April 2013.

Waverton Investment Funds Plc

Half-Yearly Financial Statements (Unaudited)

Absolute Fund

The investment objective of the Absolute Fund (the “Fund”) is to achieve long-term capital growth and income through diversified investment in predominantly UK equities and the use of an option overlay strategy. The option overlay strategy will involve the writing of covered call options over the underlying equities in the portfolio in order to provide market protection and to generate positive cash flow from premium receipts.

The Fund may use any cash flow generated from such premium receipts to purchase FTSE 100 listed put options so as to provide further market protection. Each covered call option will typically be of a short duration of up to three months in order to maintain liquidity and flexibility. The option overlay strategy will apply to 100% of the value of the underlying equities at the time of writing in order to provide a high level of market protection. Not less than two thirds of the total assets (without taking into account Ancillary Liquid Assets) will be invested in equities and financial derivative instruments of issuers domiciled in the UK and which are quoted on markets established in the UK. Up to one third of the total assets of the Fund (without taking into account Ancillary Liquid Assets) may be invested in equities and financial derivative instruments of issuers carrying on business in the U.K. or which are quoted on other markets. The Investment Manager will not concentrate investments in any one industrial or economic sector but will seek to concentrate investments in companies which are constituents of the FTSE 100 Index or which the Investment Manager believes are likely to become constituents of the FTSE 100 Index in view of their growth potential. The securities in which the Fund may invest will be quoted or traded on one of the Regulated Markets set out in Schedule I of the Prospectus. The Fund may not invest more than 10% of its Net Asset Value in collective investment schemes generally which have similar investment objectives and policies to the Fund or which invest in fixed income or money market instruments, of which up to 5% of its Net Asset Value may be invested in collective investment schemes investing in UK equities. Those collective investment schemes which invest in UK equities will be established as UCITS under the Directive in any EU member state. Furthermore, the Fund may hold Ancillary Liquid Assets where in view of market circumstances the Investment Manager believes that it would not be in the interests of Shareholders for the Fund to be fully invested or where the Fund needs to maintain liquidity to meet repurchase requests.

The Base Currency of the Fund is Sterling.

The Performance Benchmark against which Fund’s performance is measured is UK Cash Indices LIBOR (total 3 month return).

On 5 November 2013, Shareholders in the Absolute Fund were notified of the compulsory repurchase of all Shares in the Fund which took place on 29 November 2013.

Investment Manager’s Report

Performance

The NAV of the Fund increased by 2.82% as the benchmark* index UK Cash Indices LIBOR Total Return 3 month rose 0.26% during the 6 month period to 31 October 2013.

Review

This period was characterised on the one hand by increasing evidence of improved economic fundamentals but on the other hand by the threat resulting from this in the US in the form of a scaling back, or “tapering” of asset purchases by the Federal Reserve (i.e. the beginning of the end for quantitative easing or (“QE”). The other main point to note was the strength of Sterling over the period and the impact this has had on companies with significant US\$ or emerging markets revenues in particular.

An unwelcome feature of the markets in recent months has been the reappearance of political risk in the form of arguments between US politicians over the Federal budget and the “debt ceiling”, in the Eurozone by Italian political squabbles and the extraordinary attack by Ed Miliband in the UK on the regulated utilities and the corporate sector in general. In our view, Equity markets have always been especially poor at pricing in political risk and the sooner a long term solution is agreed in the US in particular the better. Geopolitical risk has also been present, with the US on the verge of launching missile strikes against Syria, although the furore has died down in recent weeks with an agreement in place for the Syrian regime to dismantle its chemical weapons stockpile.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Absolute Fund (continued)

Investment Manager's Report (continued)

Review (continued)

On a positive front the better economic data coming from the US, UK and Europe should, in time, have a positive effect on corporate earnings in those sectors that are more sensitive to GDP growth. For some time within portfolios we have been looking to take profits in those sectors that have performed well and where valuations now look expensive, for example, consumer staples, beverages and tobacco, as we do not believe that these sectors are going to lead the markets on the next leg of their journey. Instead, we have been looking to deploy cash into more economically sensitive sectors.

We are also encouraged to see for the first time in years evidence of large scale corporate activity in the form of mergers and acquisitions ("M&A"). The long anticipated agreement between Vodafone and Verizon Wireless in the US is hopefully just one of many deals that make sense in financial terms for all parties. The floatation of the Royal Mail, which was hugely oversubscribed, and its subsequent share price performance is also a sign of market health.

Over the period the Fund adopted a conservative approach, but benefited particularly from the exposure to Kingfisher (long call), Vodafone, International Consolidated Airlines, and BT. The portfolio remained biased to large caps which we saw as offering attractive cheap valuations and strong underlying fundamentals.

C R Macfadyen
November 2013

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund

The investment objective of Waverton Global Equity Wealth Creation Fund (the “Fund”) is to achieve capital growth through investment in a diversified portfolio of equities on a global basis.

At least two thirds of the total assets of the Fund (excluding Ancillary Liquid Assets) shall be invested in ordinary shares (including ADRs, EDRs and GDRs) and preferred shares worldwide. The Fund may invest up to one third of its total assets (excluding Ancillary Liquid Assets) in debt securities convertible into shares (not exceeding 25% of the total assets of the Fund) and in fixed income securities, such as OECD government or supranational debt securities, corporate bonds, bankers’ acceptances and commercial paper rated investment grade or better or deemed by the Investment Manager to have an equivalent rating. Not more than 20% of the Net Asset Value of the Fund will be invested in securities of issuers established in Emerging Market Countries. The Fund’s investment strategy shall not be specific to any particular industry or economic sector or geographic region. The Fund aims to generate returns by investing in a diversified portfolio of companies which the Investment Manager believes create wealth at a corporate level by allocating capital efficiently. Following this wealth creation assessment, analysis is undertaken to ascertain which companies are also fundamentally undervalued. It is intended that the Fund will normally hold between 150-250 positions in companies with any market capitalisation worldwide, with the number varying from time to time. The Fund may utilise any of the financial derivative instruments described in the Prospectus for efficient portfolio management purposes. The securities in which the Fund may invest will be quoted or traded on one of the Regulated Markets set out in Schedule I of the Prospectus. The Fund may not invest more than 10% of its Net Asset Value in collective investment schemes generally, of which up to 5% of its Net Asset Value may be invested in collective investment schemes investing in equity markets globally. Those collective investment schemes which invest in equity markets globally will be established as UCITS under the Directive in any EU Member State. The Fund may invest up to 10% of its assets in transferable securities that are not listed, traded or dealt in on Regulated Markets. These transferable securities may include equities, units of collective investment schemes (including exchange traded funds) which are not UCITS, or any other transferable security which is a permitted investment under the Regulations. Furthermore, the Fund may hold Ancillary Liquid Assets.

The Base Currency of the Fund is U.S. Dollar.

The performance benchmark against which the Fund’s performance is measured is the MSCI World Free Net Total Return Index.

Class A US\$ Institutional and Class B US\$ Institutional Shares of the Fund launched on 6 March 2014.

Investment Manager’s Report

Performance

The Fund was authorised on 23 December 2013. The Fund rose by 0.43% from launch on 6 March 2014, marginally underperforming the MSCI World Free Net Total Return Index* over the period. The NAV is struck on the fund at noon London time whilst the returns on the index are calculated from the end of the day, distorting short term performance comparisons.

Review

The Fund went live on the 6 March 2014 with the performance being measured from the 7 March 2014, from then until the end of the financial year the MSCI World Free Net Total Return Index rose 1.14% in US Dollar terms.

Outlook

Despite the strength of markets over the last twelve months we believe that the outlook for equity markets remains relatively attractive for long term investors. This is predominantly because of the low expected returns from other asset classes such as cash and bonds and the ability for select equities to compound real economic returns. The likelihood of low interest rates from central banks for several years in combination with a gradual improvement in global economic growth is supportive of equity markets. Against these positive factors significant risks remain.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Investment Manager's Report (continued)

Outlook (continued)

These include: austerity policies by governments; long term healthcare and social security liabilities in the USA; weak structural growth in Europe; slowdown in Chinese growth; the possible re-emergence of concerns about the Eurozone's integrity; the impacts of radical new economic policies in Japan; and central banks' exit from recent quantitative easing monetary policies.

Given the uncertainty and difficulty in predicting the development of these factors and other macroeconomic themes, we continue to control risk in the portfolio through diversification across the investment universe.

We remain focused on identifying companies that are creating wealth for shareholders with an attractive investment payoff. It is our belief that successful identification of these businesses will generate above market returns with below market risk over the long term for the Fund.

W Kenney
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

Global Equity Wealth Creation Fund Top 5 Investments as at 30 April 2014

Shares/Par	Security Description	Fair Value USD	% Net Assets
2,980	Exxon Mobil Corp.	302,292	3.92%
2,940	Microsoft Corp.	119,071	1.54%
1,400	Nestle SA	107,393	1.39%
2,120	Wells Fargo & Corp.	104,855	1.36%
170	Apple, Inc.	100,691	1.31%
		734,302	9.52%

Global Equity Wealth Creation Fund Portfolio Analysis as at 30 April 2014

	Fair Value USD	% Total Assets
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	7,692,350	99.43%
Other assets	43,957	0.57%
Total assets	7,736,307	100.00%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments			
Advertising			
340	Omnicom Group, Inc.	22,675	0.29%
Aerospace/Defence			
480	B/E Aerospace, Inc.	41,146	0.53%
360	Raytheon Corp.	34,520	0.45%
1,480	Ultra Electronics Holdings Plc	42,752	0.55%
300	United Technologies Corp.	35,268	0.46%
		<hr/>	
		153,686	1.99%
Agriculture			
900	British American Tobacco Plc	51,708	0.67%
Apparel			
100	Ralph Lauren Corp.	15,231	0.20%
710	VF Corp.	43,509	0.56%
		<hr/>	
		58,740	0.76%
Auto Manufacturers			
330	Bayerische Motoren Werke AG	41,087	0.53%
1,200	Daihatsu Motor Co., Ltd.	19,762	0.26%
1,680	Ford Motor Corp.	27,065	0.35%
900	Honda Motor Co., Ltd.	29,652	0.38%
500	Toyota Motor Corp.	26,877	0.35%
		<hr/>	
		144,443	1.87%
Auto Parts & Equipment			
270	BorgWarner, Inc.	16,508	0.22%
700	Bridgestone Corp.	24,967	0.32%
130	Continental AG	30,308	0.39%
500	Nokian Renkaat OYJ	19,380	0.25%
		<hr/>	
		91,163	1.18%
Banks			
3,370	Banco Santander SA	33,305	0.43%
1,320	Bank of America Corp.	20,104	0.26%
790	BB&T Corp.	29,404	0.38%
950	Credit Agricole SA	15,002	0.20%
960	Credit Suisse Group AG	30,578	0.40%
2,000	DBS Group Holdings Ltd.	26,964	0.35%
210	Goldman Sachs Group, Inc./The	33,216	0.43%
6,440	HSBC Holdings Plc	65,662	0.85%
6,050	Intesa Sanpaolo SpA	20,714	0.27%
1,700	JPMorgan Chase & Corp.	95,353	1.24%
240	KBC Groep NV	14,561	0.19%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Banks (continued)			
27,100	Lloyds Banking Group Plc	34,215	0.44%
730	National Australia Bank Ltd.	23,870	0.31%
290	Societe Generale SA	17,951	0.23%
380	State Street Corp.	24,449	0.32%
1,000	Sumitomo Mitsui Financial Group, Inc.	39,294	0.51%
1,000	Suruga Bank Ltd.	17,073	0.22%
780	Svenska Handelsbanken AB	38,906	0.51%
1,630	Toronto-Dominion Bank/The	77,448	1.00%
2,120	Wells Fargo & Corp.	104,855	1.36%
1,900	Westpac Banking Corp.	61,775	0.80%
		<hr/>	
		824,699	10.70%
Beverages			
1,490	Diageo Plc	45,684	0.59%
310	Heineken NV	21,416	0.28%
		<hr/>	
		67,100	0.87%
Biotechnology			
250	Amgen, Inc.	27,973	0.36%
190	Celgene Corp.	27,873	0.36%
650	Gilead Sciences, Inc.	49,556	0.65%
160	Illumina, Inc.	21,459	0.28%
		<hr/>	
		126,861	1.65%
Building Materials			
1,120	CRH Plc	32,409	0.42%
200	Rinnai Corp.	16,556	0.22%
		<hr/>	
		48,965	0.64%
Chemicals			
590	BASF SE	67,789	0.88%
470	EI du Pont de Nemours & Co	31,565	0.41%
2,000	Kansai Paint Co., Ltd.	27,886	0.36%
500	Nitto Denko Corp.	21,490	0.28%
650	Potash Corp. of Saskatchewan, Inc.	23,212	0.30%
60	Syngenta AG	23,635	0.31%
		<hr/>	
		195,577	2.54%
Commercial Services			
300	Automatic Data Processing, Inc.	23,085	0.30%
390	Bright Horizons Family Solutions, Inc.	15,639	0.20%
180	FleetCor Technologies, Inc.	20,144	0.26%
290	McGraw Hill Financial, Inc.	21,466	0.28%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Commercial Services (continued)			
1,900	Park24 Co., Ltd.	34,551	0.45%
310	Sodexo	33,102	0.43%
230	WEX, Inc.	21,167	0.27%
		169,154	2.19%
Computers			
170	Apple, Inc.	100,691	1.31%
250	Gemalto NV	27,943	0.36%
120	International Business Machines Corp.	23,413	0.30%
200	Otsuka Corp.	23,518	0.31%
230	Western Digital Corp.	20,109	0.26%
		195,674	2.54%
Cosmetics/Personal Care			
1,190	Colgate-Palmolive Corp.	79,778	1.04%
330	L'Oreal SA	56,402	0.73%
		136,180	1.77%
Distribution/Wholesale			
290	Fossil Group, Inc.	30,972	0.40%
1,700	ITOCHU Corp.	18,946	0.25%
1,110	LKQ Corp.	32,812	0.43%
480	Pool Corp.	27,854	0.36%
		110,584	1.44%
Diversified Financial Services			
150	Affiliated Managers Group, Inc.	29,267	0.38%
620	American Express Corp.	54,424	0.71%
540	Franklin Resources, Inc.	27,842	0.36%
860	London Stock Exchange Group Plc	26,115	0.34%
480	TD Ameritrade Holding Corp.	15,326	0.20%
		152,974	1.99%
Electric			
820	AES Corp.	11,742	0.15%
1,640	E.ON SE	31,182	0.40%
640	Edison International	36,275	0.47%
290	Entergy Corp.	21,135	0.27%
1,330	Fortum OYJ	29,720	0.39%
640	Public Service Enterprise Group, Inc.	25,875	0.34%
		155,929	2.02%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Electrical Component & Equipments			
520	AMETEK, Inc.	27,170	0.35%
690	Legrand SA	44,191	0.57%
2,300	Ushio, Inc.	29,916	0.39%
		<u>101,277</u>	<u>1.31%</u>
Electronics			
920	Avnet, Inc.	39,394	0.51%
400	Omron Corp.	14,041	0.18%
330	Tech Data Corp.	20,473	0.27%
		<u>73,908</u>	<u>0.96%</u>
Engineering & Construction			
540	Jacobs Engineering Group, Inc.	30,812	0.40%
Food			
550	Aryzta AG	50,516	0.66%
440	Colruyt SA	24,681	0.32%
1,270	Flowers Foods, Inc.	25,591	0.33%
1,400	Nestle SA	107,393	1.39%
7,810	Tesco Plc	38,469	0.50%
570	Tyson Foods, Inc.	23,820	0.31%
		<u>270,470</u>	<u>3.51%</u>
Forest Products & Paper			
400	International Paper Corp.	18,356	0.24%
Gas			
920	CenterPoint Energy, Inc.	22,623	0.29%
5,410	Centrica Plc	29,963	0.39%
970	Questar Corp.	22,688	0.29%
2,000	Tokyo Gas Co., Ltd.	10,413	0.14%
		<u>85,687</u>	<u>1.11%</u>
Hand/Machine Tools			
2,500	Sandvik AB	35,005	0.45%
Healthcare-Products			
480	Baxter International, Inc.	35,011	0.45%
200	Henry Schein, Inc.	22,752	0.30%
800	Nihon Kohden Corp.	32,605	0.42%
630	St Jude Medical, Inc.	39,936	0.52%
400	Sysmex Corp.	12,578	0.16%
		<u>142,882</u>	<u>1.85%</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Healthcare-Services			
240	Fresenius SE & Co KGaA	36,373	0.47%
400	Miraca Holdings, Inc.	17,258	0.22%
370	UnitedHealth Group, Inc.	27,820	0.36%
		<u>81,451</u>	<u>1.05%</u>
Home Builders			
340	Berkeley Group Holdings Plc	13,034	0.17%
Household Products/Wares			
830	Church & Dwight Co., Inc.	57,303	0.74%
400	Henkel AG & Co KGaA	44,100	0.57%
590	Reckitt Benckiser Group Plc	47,419	0.62%
		<u>148,822</u>	<u>1.93%</u>
Insurance			
300	ACE Ltd.	30,771	0.40%
1,210	Admiral Group Plc	28,320	0.37%
6,000	AIA Group Ltd.	29,099	0.38%
1,430	AXA SA	37,482	0.49%
580	Berkshire Hathaway, Inc.	74,484	0.97%
790	Great-West Lifeco, Inc.	21,834	0.28%
490	Industrial Alliance Insurance & Financial Services, Inc.	20,068	0.26%
500	Marsh & McLennan Co., Inc.	24,685	0.32%
560	MetLife, Inc.	29,030	0.38%
800	MS&AD Insurance Group Holdings	17,839	0.23%
270	Swiss Re AG	23,589	0.31%
120	Zurich Insurance Group AG	34,208	0.44%
		<u>371,409</u>	<u>4.83%</u>
Internet			
140	Amazon.com, Inc.	42,031	0.55%
530	eBay, Inc.	28,901	0.37%
180	Google, Inc.	95,763	1.25%
70	LinkedIn Corp.	10,732	0.14%
800	M3, Inc.	10,928	0.14%
13	Priceline Group, Inc./The	15,013	0.19%
		<u>203,368</u>	<u>2.64%</u>
Iron/Steel			
1,400	Steel Dynamics, Inc.	25,424	0.33%
Leisure Time			
90	Polaris Industries, Inc.	11,963	0.16%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Lodging			
990	Crown Resorts Ltd.	14,663	0.19%
80	Wynn Resorts Ltd.	16,289	0.21%
		<u>30,952</u>	<u>0.40%</u>
Machinery-Diversified			
530	Andritz AG	32,489	0.42%
210	Cummins, Inc.	31,666	0.41%
400	Deere & Co	37,492	0.49%
200	Roper Industries, Inc.	27,610	0.36%
		<u>129,257</u>	<u>1.68%</u>
Media			
970	Comcast Corp.	49,994	0.65%
520	DIRECTV	39,822	0.52%
200	Discovery Communications, Inc.	15,140	0.20%
		<u>104,956</u>	<u>1.37%</u>
Metal Fabricate/Hardware			
700	MISUMI Group, Inc.	16,968	0.22%
Mining			
2,930	BHP Billiton Plc	94,441	1.22%
810	First Quantum Minerals Ltd.	16,100	0.21%
920	GoldCorp., Inc.	22,784	0.30%
820	Orica Ltd.	16,513	0.21%
		<u>149,838</u>	<u>1.94%</u>
Miscellaneous Manufacturing			
270	3M Co	37,139	0.48%
2,360	General Electric Corp.	63,106	0.82%
4,360	Orkla ASA	35,801	0.46%
370	Parker Hannifin Corp.	46,565	0.60%
390	Pentair Ltd.	28,700	0.37%
		<u>211,311</u>	<u>2.73%</u>
Office/Business Equipments			
800	Canon, Inc.	25,055	0.32%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Oil & Gas			
1,040	Canadian Natural Resources Ltd.	42,632	0.55%
300	Continental Resources, Inc.	40,929	0.53%
2,980	Exxon Mobil Corp.	302,292	3.92%
230	Helmerich & Payne, Inc.	24,787	0.32%
490	HollyFrontier Corp.	25,701	0.33%
510	Noble Energy, Inc.	37,250	0.48%
520	Occidental Petroleum Corp.	50,362	0.65%
920	Suncor Energy, Inc.	35,741	0.46%
590	Valero Energy Corp.	33,524	0.43%
620	Woodside Petroleum Ltd.	23,420	0.30%
		<hr/>	
		616,638	7.97%
Oil & Gas Services			
460	Fugro NV	30,157	0.39%
880	Halliburton Corp.	55,440	0.72%
470	National Oilwell Varco, Inc.	36,712	0.48%
		<hr/>	
		122,309	1.59%
Pharmaceuticals			
210	Allergan, Inc.	34,757	0.45%
740	AstraZeneca Plc	57,957	0.75%
630	Bayer AG	87,055	1.13%
430	Express Scripts Holding Corp.	30,534	0.40%
310	Grifols SA	16,469	0.21%
910	Johnson & Johnson	91,919	1.19%
860	Novartis AG	74,405	0.97%
1,080	Novo Nordisk A/S	48,992	0.64%
290	Roche Holding AG	85,037	1.10%
590	Shire Plc	32,717	0.42%
		<hr/>	
		559,842	7.26%
Pipelines			
380	Enbridge, Inc.	18,260	0.24%
Real Estate			
570	Brookfield Asset Management, Inc.	23,709	0.31%
200	Daito Trust Construction Co., Ltd.	20,242	0.26%
9,000	Hang Lung Properties Ltd.	26,700	0.35%
900	Hulic Co., Ltd.	10,767	0.14%
160	Jones Lang LaSalle, Inc.	19,024	0.25%
		<hr/>	
		100,442	1.31%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Real Estate			
310	American Tower Corp.	25,730	0.33%
9,160	GPT Group	33,091	0.43%
920	Land Securities Group Plc	16,412	0.21%
490	Regency Centers Corp.	25,730	0.33%
520	Weyerhaeuser Corp.	15,558	0.20%
		<hr/>	
		116,521	1.50%
Retail			
70	AutoZone, Inc.	37,089	0.48%
40	Chipotle Mexican Grill, Inc.	19,651	0.25%
320	Costco Wholesale Corp.	36,925	0.48%
170	Inditex SA	25,388	0.33%
510	Kohl's Corp.	28,223	0.37%
490	MSC Industrial Direct Co, Inc.	43,821	0.57%
190	PriceSmart, Inc.	18,155	0.24%
510	TJX Cos, Inc./The	29,810	0.39%
150	Ulta Salon Cosmetics & Fragrance, Inc.	12,900	0.17%
		<hr/>	
		251,962	3.28%
Savings & Loans			
1,500	New York Community BanCorp., Inc.	23,460	0.30%
Semiconductors			
450	Analog Devices, Inc.	23,036	0.30%
1,610	ARM Holdings Plc	24,242	0.31%
1,250	NVIDIA Corp.	23,350	0.30%
420	Skyworks Solutions, Inc.	17,224	0.22%
430	Xilinx, Inc.	20,232	0.26%
		<hr/>	
		108,084	1.39%
Software			
330	Intuit, Inc.	24,882	0.32%
2,940	Microsoft Corp.	119,071	1.54%
530	Open Text Corp.	25,980	0.34%
1,940	Oracle Corp.	77,813	1.01%
		<hr/>	
		247,746	3.21%
Telecommunications			
570	CenturyLink, Inc.	19,830	0.26%
1,850	Cisco Systems, Inc.	42,828	0.56%
1,680	Deutsche Telekom AG	27,715	0.36%
380	Rogers Communications, Inc.	14,891	0.19%
7,000	Singapore Telecommunications Ltd.	21,281	0.28%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Global Equity Wealth Creation Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value USD	% Net Assets
Equity Investments (continued)			
Telecommunications (continued)			
500	SoftBank Corp.	37,003	0.48%
7,340	Telecom Corp. of New Zealand Ltd.	17,225	0.22%
2,330	Telefonaktiebolaget LM Ericsson	27,883	0.36%
1,740	Telefonica SA	29,089	0.38%
1,630	Verizon Communications, Inc.	76,203	0.99%
1,080	Vivendi SA	28,920	0.38%
		<u>342,868</u>	<u>4.46%</u>
Toys/Games/Hobbies			
800	Mattel, Inc.	30,880	0.40%
700	Namco Bandai Holdings, Inc.	15,036	0.20%
		<u>45,916</u>	<u>0.60%</u>
Transportation			
300	Central Japan Railway Corp.	36,637	0.48%
780	Expeditors International of Washington, Inc.	31,691	0.41%
430	Union Pacific Corp.	81,657	1.06%
		<u>149,985</u>	<u>1.95%</u>
	Total Equity Investments (Cost \$7,701,954)	<u>7,692,350</u>	<u>99.77%</u>
	Total financial assets at fair value through profit or loss (Cost \$7,701,954)	<u>7,692,350</u>	<u>99.77%</u>
	Other Assets in Excess of Other Liabilities	17,607	0.23%
	Net Assets Attributable to Holders of Redeemable Shares	<u>7,709,957</u>	<u>100.00%</u>

* No prior year Comparatives due to the Fund launching in March 2014.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Alternatives Fund

The investment objective of Waverton Alternatives Fund (the “Fund”) is to achieve long-term capital growth through investment of up to 100% of its Net Asset Value in a diversified portfolio of equities, structured products, deposits, cash, money market instruments and collective investment schemes, which may themselves invest in equities and alternative asset classes such as hedge funds, real estate, private equity funds and commodities to the extent that these are permitted under the Regulations.

Not more than 20% of the Net Asset Value of the Fund will be invested in securities of issuers established in Emerging Market Countries. The Fund’s investment strategy shall not be specific to any particular industry sector or geographic region. The Fund seeks to invest in asset classes that demonstrate little or no correlation with traditional fixed income or equity markets. The Investment Manager seeks to identify investments that have the potential to produce positive real returns regardless of the direction of the bond and equity markets. The Investment Manager employs quantitative screens to analyse an underlying collective investment schemes or other issuer's nominal returns, volatility of returns and the correlation of the returns with traditional asset classes. A qualitative approach is then used when interviewing prospective managers of underlying collective investment schemes or issuers in order to gain a thorough understanding of how past performance has been achieved, the investment process and to ascertain whether that process is repeatable.

The Fund may invest in equity securities issued by companies with any market capitalisation which may include ordinary shares or common stock, preference shares, American depository receipts, European depository receipts and global depository receipts which are listed, traded or dealt in on a Regulated Market. The Fund may invest up to 20% of its Net Asset Value in debt securities convertible into shares. The Fund may not invest more than 20% of its Net Asset Value in any one collective investment scheme. The collective investment schemes in which the Fund invests will be established as UCITS under the Directive in any EU Member State and/or UCITS Equivalent Schemes. Investment in UCITS Equivalent Schemes shall be subject to an aggregate limit of 30% of the Fund’s Net Asset Value. The underlying collective investment schemes in which the Fund may invest will provide exposure to one or more of the asset classes which form part of the Fund’s investment policy. Investment in structured products shall be subject to an aggregate limit of 20% of the Fund’s Net Asset Value. The structured products shall comprise securities in which the issuer undertakes to provide a return to investors based on the performance of a reference asset such as an equity, bond, financial derivative instrument, index or collective investment scheme. Examples of such structured products include: (i) notes which give exposure to a basket of equity securities of companies from a particular industry sector over a specified term; or (ii) certificates which give a structured return based on the performance of a reference index over a specified term. Issuers of structured products are typically banks, investment firms, brokers or other institutions. The structured products may employ leverage. Please see the section in the Prospectus entitled “Leverage” for a discussion of the potential leverage level of the Fund. Waverton Alternatives Fund may utilise any of the financial derivative instruments in the Prospectus for efficient portfolio management and/or investment purposes. The Fund may acquire Shares in another sub-fund of the Company by investing up to 20% of its Net Asset Value in that other sub-fund. However, the Fund may not invest in a sub-fund of the Company which itself holds Shares in other sub-funds of the Company. Where the Fund invests in another sub-fund of the Company or any other fund managed or advised by the Investment Manager, it may not charge an annual management and/or investment management fee in respect of the portion of its assets invested in the other sub-fund/fund. The Fund may invest up to 10% of its assets in transferable securities that are not listed, traded or dealt in on Regulated Markets. These transferable securities may include equities, units of collective investment schemes (including exchange traded funds) which are not UCITS, or any other transferable security which is a permitted investment under the Regulations. Furthermore, the Fund may hold Ancillary Liquid Assets where in view of market circumstances the Investment Manager believes that it would not be in the interests of Shareholders for the Fund to be fully invested or where the Fund needs to maintain liquidity to meet repurchase requests.

The Base Currency of the Fund is Sterling.

The performance benchmark against which the Fund’s performance is measured is the BBA LIBOR 3 Month GBP.

Class A Stg£ and Class P Stg£ Shares of the Fund launched on 2 March 2014. Class B Stg£ Shares of the Fund are also available.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Alternatives Fund (continued)

Investment Manager's Report

Performance

In the two months since inception to 30 April 2014 the Fund fell in value by 0.14%. It is measured against the BBA Libor 3 month GBP*.

Review

The Waverton Alternatives Fund was authorised on 23 December 2013 and was launched on 9 March 2014.

Outlook

We believe the very low levels of volatility that markets are currently experiencing reflects a heightened sense of complacency and against this background the risk/return profile of Alternatives appears relatively attractive in comparison to bonds and equities and should provide more stable returns in the event of macro or geo-political shocks. Looking further ahead and with the end of QE approaching we expect markets to be driven less by macro concerns and more by fundamental issues which should provide an attractive environment for our long/short and market neutral managers.

J Bellamy
May 2014

* References to benchmarks are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Alternatives Fund (continued)

Alternatives Fund Top 5 Investments as at 30 April 2014

Shares/Par	Security Description	Fair Value GBP	% Net Assets
41,600	GAM Star Fund Plc - Cat Bond Fund	502,620	5.41%
170,000	CF Odey Absolute Return Fund	484,177	5.21%
185,600	Doric Nimrod Air Two Ltd.	443,584	4.78%
864,106	Jupiter Absolute Return Fund	428,510	4.61%
430	Barclays Quantitative Merger Arbitrage US Fund	426,074	4.59%
		2,284,965	24.60%

Alternatives Fund Portfolio Analysis as at 30 April 2014

	Fair Value GBP	% Total Assets
Transferable securities and money market instruments admitted to official stock exchanges or traded on a regulated market	765,824	8.20%
Ancillary Liquid Assets (Deposits)	1,109,257	11.88%
Collective Investment Schemes	6,169,396	66.10%
Other assets	1,289,334	13.81%
Total assets	9,333,811	100.00%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Alternatives Fund (continued)

Portfolio Investments as at 30 April 2014

Shares/Par	Security description	Fair Value GBP	% Net Assets
Equity Investments			
Diversified Financial Services			
185,600	Doric Nimrod Air Two Ltd.	443,584	4.78%
REITS			
304,000	GCP Student Living Plc	322,240	3.47%
	Total Equity Investments (Cost £750,679)	765,824	8.25%
Investment Funds			
Alternative Investment			
365	JL Equity Market Neutral	402,953	4.34%
4,413	MontLake UCITS Platform Plc - Dunn WMA UCITS Fund	418,770	4.51%
260	Tiburon Funds Plc - Tiburon Taurus Fund	251,256	2.70%
		1,072,979	11.55%
Asset Allocation Fund			
170,000	CF Odey Absolute Return Fund	484,177	5.22%
4,683	JPMorgan Funds - Systematic Alpha	423,531	4.56%
864,106	Jupiter Absolute Return Fund	428,510	4.61%
	Morgan Stanley Investment Funds - Diversified Alpha Plus Fund	119,334	1.29%
3,575		119,334	1.29%
2,970	Odey Investments Plc - Odey Odyssey Fund	407,781	4.39%
	Standard Life Investments Global SICAV - Global Focused Strategies Fund	369,666	3.98%
36,950		2,232,999	24.05%
Closed-end Funds			
27,250	3i Infrastructure Plc	36,406	0.39%
33,600	GCP Infrastructure Investments Ltd.	37,800	0.41%
26,800	HICL Infrastructure Co., Ltd. Fund	36,636	0.39%
28,300	International Public Partnerships Ltd.	36,167	0.39%
		147,009	1.58%
Debt Fund			
41,600	GAM Star Fund Plc - Cat Bond Fund	502,620	5.41%
Equity Fund			
	BlackRock Strategic Funds - Emerging Markets Absolute Return Fund	405,076	4.36%
6,440		405,076	4.36%
245,947	FP Argonaut European Absolute Return Fund	425,368	4.58%
3,920	Phileas Long-Short Europe	423,634	4.56%
1,700	Verrazzano Sicav - European Long-Short	168,590	1.82%
		1,422,668	15.32%
Property Funds			
430	Barclays Quantitative Merger Arbitrage US Fund	426,073	4.59%
366,000	IFSL North Row Liquid Property Fund	365,048	3.93%
		791,121	8.52%

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Alternatives Fund (continued)

Portfolio Investments as at 30 April 2014 (continued)

Shares/Par	Security description	Fair Value GBP	% Net Assets
Investment Funds (continued)			
	Total Investment Funds (Cost £6,227,247)	6,169,396	66.43%
Time Deposits			
	BNP Paribas, 0.30%, 01/05/2014	1,109,257	11.95%
	Total Time Deposits (Cost £1,109,257)	1,109,257	11.95%
	Total financial assets at fair value through profit or loss (Cost £8,087,183)	8,044,477	86.63%
	Other Assets in Excess of Other Liabilities	1,241,585	13.37%
	Net Assets Attributable to Holders of Redeemable Shares	9,286,062	100.00%

* No prior year Comparatives due to the Fund launching in March 2014.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF ASSETS & LIABILITIES

As at 30 April 2014

	Notes	Asia Pacific Fund		Global Equity Fund		UK Fund	
		30 April 2014 USD	30 April 2013 USD	30 April 2014 GBP	30 April 2013 GBP	30 April 2014 GBP	30 April 2013 GBP
Current Assets:							
Financial assets at fair value through profit or loss, at cost		93,001,146	70,557,372	40,262,802	31,725,816	24,319,697	27,114,614
Financial assets at fair value through profit or loss, at fair value	1	91,308,082	80,337,612	49,693,664	37,884,922	27,458,907	33,741,477
Cash	8	2,868,074	3,044,252	1,513,618	802,720	236,151	1,363,755
Dividends and interest receivable		241,849	457,953	146,304	117,237	131,942	145,404
Receivable from investments sold		605,912	–	–	–	–	201,016
Unrealised gain on futures contracts		–	–	–	–	–	–
Unrealised appreciation on forward currency contracts	1	–	–	–	–	–	–
Receivable from subscriptions due		–	18,079	19,488	24,482	–	–
Receivable from Investment Manager	3	337	337	–	–	–	–
Other Assets		64	–	562	–	–	–
Total Assets:		95,024,318	83,858,233	51,373,636	38,829,361	27,827,000	35,451,652
Liabilities (amounts falling due within one year):							
Financial liabilities at fair value through profit or loss, at cost		–	–	–	–	–	–
Financial liabilities at fair value through profit or loss, at fair value	1	–	–	–	–	–	–
Distributions payable		77,563	42,433	84,186	36,583	215,294	321,044
Payable for investments purchased		2,725,938	706,488	–	–	–	–
Unrealised loss on futures contracts		–	–	–	–	–	–
Unrealised depreciation on forward currency contracts		–	–	–	–	–	–
Payable for redemptions due		2,711	–	–	87,026	10,755	7,989
Accrued expenses:							
Investment management fee	3	75,415	71,786	40,915	34,510	22,378	32,048
Performance fee	3	–	–	–	–	–	–
Administration fee	3	7,001	4,438	3,265	1,745	2,166	3,828
Custodian and trustee fees	3	16,329	20,409	3,235	4,717	4,873	9,981
Transfer agency fee	3	2,774	4,874	–	3,214	1,916	2,898
Directors fees	4	1,549	2,199	659	3,272	481	2,897
Audit fee		10,609	10,139	6,399	6,608	6,398	6,598
Other expenses		45,266	48,736	14,070	13,418	14,783	12,526
Total Liabilities (excluding net assets attributable to holders of redeemable units)		2,965,155	911,502	152,729	191,093	279,044	399,809
Net Assets attributable to holders of redeemable units		92,059,163	82,946,731	51,220,907	38,638,268	27,547,956	35,051,843

The Statement of Assets and Liabilities are continued on pages 63, 64 and 65.
The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF ASSETS & LIABILITIES (continued)

As at 30 April 2014

	Notes	European Fund		Sterling Bond Fund		Equity Fund	
		30 April 2014 EUR	30 April 2013 EUR	30 April 2014 GBP	30 April 2013 GBP	30 April 2014 GBP	30 April 2013 GBP
Current Assets:							
Financial assets at fair value through profit or loss, at cost							
Financial assets at fair value through profit or loss, at fair value	1	861,478,252	46,094,925	123,351,210	110,949,921	99,922,982	72,591,666
Cash	8	9,617,464	329,000	4,207,592	3,405,836	851,917	1,598,229
Dividends and interest receivable		614,019	46,716	2,045,765	1,778,162	21,607	–
Receivable from investments sold		–	238,083	–	–	1,034,013	–
Unrealised gain on futures contracts		–	–	46,464	–	–	–
Unrealised appreciation on forward currency contracts	1	–	–	115,027	304,575	–	–
Receivable from subscriptions due		45,174,511	13,093	399,293	86,731	360,162	141,677
Receivable from Investment Manager	3	1,492	1,492	5,394	5,394	8,081	8,080
Other Assets	3	4,306	249	–	–	–	–
Total Assets:		916,890,044	46,723,558	130,170,745	116,530,619	102,198,762	74,339,652
Liabilities (amounts falling due within one year):							
Financial liabilities at fair value through profit or loss, at cost							
Financial liabilities at fair value through profit or loss, at fair value	1	–	–	–	–	–	–
Distributions payable		2,627,453	73,332	1,565,032	1,430,432	1,989	–
Payable for investments purchased		34,053,887	328,046	–	759,000	–	–
Unrealised loss on futures contracts		–	–	164,424	153,450	–	–
Unrealised depreciation on forward currency contracts		–	–	91,223	124,216	–	–
Payable for redemptions due		1,673,541	13,093	81,833	88,328	313,746	134,858
Accrued expenses:							
Investment management fee	3	679,016	41,626	82,416	82,560	91,641	74,531
Performance fee	3	–	–	–	–	–	–
Administration fee	3	20,741	2,430	27,135	4,903	19,417	3,316
Custodian and trustee fees	3	32,650	7,299	3,921	12,205	5,510	4,124
Transfer agency fee	3	5,560	3,381	19,227	5,676	15,601	2,595
Directors fees	4	4,868	3,609	693	10,756	326	6,964
Audit fee		6,864	6,747	4,117	5,755	4,109	5,755
Other expenses		89,771	13,708	29,989	22,475	16,024	16,344
Total Liabilities (excluding net assets attributable to holders of redeemable units)		39,194,351	493,271	2,070,010	2,699,756	468,363	248,487
Net Assets attributable to holders of redeemable units		877,695,693	46,230,287	128,100,735	113,830,863	101,730,399	74,091,165

The Statement of Assets and Liabilities are continued on page 64 and 65.
The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF ASSETS & LIABILITIES (continued)

As at 30 April 2014

	Notes	Global Bond Fund		Absolute Fund		* Global Equity Wealth Creation Fund
		30 April 2014	30 April 2013	30 April 2014	30 April 2013	30 April 2014
		USD	USD	GBP	GBP	USD
Current Assets:						
Financial assets at fair value through profit or loss, at cost						
Financial assets at fair value through profit or loss, at fair value	1	85,691,238	103,046,791	–	15,559,857	7,692,350
Cash	8	2,281,500	3,367,302	9,318	2,280,284	23,880
Dividends and interest receivable		1,481,231	1,645,475	–	–	13,910
Receivable from investments sold		–	–	–	–	–
Unrealised gain on futures contracts	1	50,313	–	–	–	–
Unrealised appreciation on forward currency contracts	1	54,051	118,658	–	–	–
Receivable from subscriptions due		59,432	–	–	–	–
Receivable from Investment Manager	3	10,905	10,905	5,876	5,876	–
Other Assets		–	–	3,909	–	6,167
Total Assets:		89,628,670	108,189,131	19,103	17,846,017	7,736,307
Liabilities (amounts falling due within one year):						
Financial liabilities at fair value through profit or loss, at cost						
Financial liabilities at fair value through profit or loss, at fair value	1	–	–	–	242,866	–
Distributions payable		1,003,227	1,096,916	–	341,452	10,199
Payable for investments purchased		–	–	–	–	–
Unrealised loss on futures contracts		140,423	142,608	–	–	–
Unrealised depreciation on forward currency contracts	1	240,380	512,784	–	–	–
Payable for redemptions due	1	96,170	–	–	–	–
Accrued expenses:						
Investment management fee	3	49,977	62,497	3,371	14,940	–
Performance fee	3	37,228	91,589	–	30,213	–
Administration fee	3	8,576	5,417	–	1,606	150
Custodian and trustee fees	3	9,895	12,755	–	3,438	4,736
Transfer agency fee	3	5,906	4,693	–	1,493	976
Directors fees	4	960	9,053	–	1,450	–
Audit fee	5	9,125	8,826	7,070	5,755	10,289
Other expenses		20,557	18,726	8,662	7,650	–
Total Liabilities (excluding net assets attributable to holders of redeemable units)		1,622,424	1,965,864	19,103	407,997	26,350
Net Assets attributable to holders of redeemable units		88,006,246	106,223,267	–	17,438,020	7,709,957

* This Fund launched in March 2014, so has no prior year comparative figures.

The Statement of Assets and Liabilities are continued on page 65.

The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF ASSETS & LIABILITIES (continued)

As at 30 April 2014

	Notes	* Alternatives Fund 30 April 2014 GBP	Total Company 30 April 2014 EUR	30 April 2013 EUR
Current Assets:				
Financial assets at fair value through profit or loss, at cost		8,087,183	1,276,604,607	453,817,132
Financial assets at fair value through profit or loss, at fair value	1	8,044,477	1,370,124,008	507,026,628
Cash	8	1,013,615	22,882,244	16,427,135
Dividends and interest receivable		1,509	4,724,122	4,072,859
Receivable from investments sold		–	1,695,475	476,170
Unrealised gain on futures contracts	1	–	92,882	–
Unrealised appreciation on forward currency contracts	1	–	178,954	451,759
Receivable from subscriptions due		270,452	46,493,490	326,450
Receivable from Investment Manager	3	–	33,152	33,009
Other Assets		3,758	18,817	–
Total Assets:		9,333,811	1,446,243,144	528,814,010
Liabilities (amounts falling due within one year):				
Financial liabilities at fair value through profit or loss, at cost		–	–	287,655
Financial liabilities at fair value through profit or loss, at fair value	1	–	–	404,421
Distributions payable		–	5,685,975	3,062,668
Payable for investments purchased		–	36,025,205	1,767,435
Unrealised loss on futures contracts		–	301,480	290,834
Unrealised depreciation on forward currency contracts	1	–	284,758	539,368
Payable for redemptions due	1	35,622	2,282,441	389,977
Accrued expenses:				
Investment management fee	3	3,011	1,066,059	426,933
Performance fee	3	–	26,922	105,844
Administration fee	3	89	95,430	28,206
Custodian and trustee fees	3	703	77,220	73,488
Transfer agency fee	3	3,369	61,318	29,503
Directors fees	4	54	9,373	42,228
Audit fee	5	4,901	68,695	57,344
Other expenses		–	238,937	151,079
Total Liabilities (excluding net assets attributable to holders of redeemable units)		47,749	46,223,813	7,369,328
Net Assets attributable to holders of redeemable units		9,286,062	1,400,019,331	521,444,682

Approved by the Board of Directors:

Director

Director

21 August 2014

* This Fund launched in March 2014, so has no prior year comparative figures.
The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF OPERATIONS

For the year end 30 April 2014

	Note	Asia Pacific Fund		Global Equity Fund		UK Fund	
		for the year ended 30 April 2014 USD	for the year ended 30 April 2013 USD	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP
Investment Income:							
Dividend income	1	1,727,028	1,819,141	876,788	629,705	918,296	1,747,742
Withholding tax	1	(151,251)	(88,979)	(193,189)	(106,874)	853	(3,774)
Interest income	1	(2,025)	1,039	471	1,465	681	2,832
Other income		(656)	(320)	259	(1,220)	466	(1,144)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	1	(1,677,549)	10,088,407	5,364,165	4,473,016	3,715,756	2,646,044
Total Income		(104,453)	11,819,288	6,048,494	4,996,092	4,636,052	4,391,700
Expenses:							
Investment management fee	3	903,820	733,447	458,376	319,676	290,233	470,175
Performance fee	3	–	–	–	–	–	–
Administration fee	3	82,436	63,878	39,999	30,210	24,713	42,744
Custodian & trustee fee	3	98,585	74,387	20,021	20,948	8,428	26,130
Transfer agency fee	3	68,339	74,815	34,613	49,512	26,447	36,728
Directors fee	4	12,687	17,639	3,863	7,254	2,611	12,496
Audit fee		13,702	11,658	8,184	7,561	8,193	7,550
Legal fees		37,456	42,691	17,184	18,766	28,924	30,489
Transaction costs	1	664,534	705,536	52,019	141,437	196,499	153,702
Other expenses		50,174	90,692	18,549	33,553	(1,068)	28,904
Total expenses before voluntary waivers		1,931,733	1,814,743	652,808	628,917	584,980	808,918
Expenses voluntarily refunded by Investment Manager	3	–	(74)	–	–	–	–
Total Expenses		1,931,733	1,814,669	652,808	628,917	584,980	808,918
Net Investment (Loss)/Gain		(2,036,186)	10,004,619	5,395,686	4,367,175	4,051,072	3,582,782
Finance Costs:							
Dividends to holders of redeemable shares	14	(335,386)	(623,564)	(84,187)	(36,583)	(531,812)	(1,090,435)
Net (Decrease)/Increase in Net Assets Attributable to Holders of Redeemable Shares Resulting from Operations		(2,371,572)	9,381,055	5,311,499	4,330,592	3,519,260	2,492,347

Gains and losses arise solely from continuing operations. There were no gains or losses other than those reflected above.

The Statement of Operations are continued on pages 67, 68 and 69.

The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF OPERATIONS (continued)

For the year end 30 April 2014

	Note	European Fund		Sterling Bond Fund		Equity Fund	
		for the year ended 30 April 2014 EUR	for the year ended 30 April 2013 EUR	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP
Investment Income:							
Dividend income	1	9,113,447	1,004,883	–	–	–	21,743
Withholding tax	1	(2,274,465)	(156,668)	–	–	–	(6,428)
Interest income	1	(1,917)	(420)	5,628,394	5,446,661	546	1,880
Other income		20,233	(221)	2,425	185	–	12,757
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	1	100,172,087	8,829,966	(1,534,563)	5,241,224	4,831,616	12,337,963
Total Income		107,029,385	9,677,540	4,096,256	10,688,070	4,832,162	12,367,915
Expenses:							
Investment management fee	3	3,508,908	373,983	888,231	801,073	857,763	648,138
Performance fee	3	–	–	–	–	–	–
Administration fee	3	179,973	32,342	86,096	75,881	61,998	48,907
Custodian & trustee fee	3	168,806	33,970	64,134	55,595	35,485	34,869
Transfer agency fee	3	65,436	39,389	56,542	57,433	38,344	31,782
Directors fee	4	28,577	9,112	7,677	26,495	5,088	15,092
Audit fee		8,587	7,792	5,672	6,585	5,665	6,539
Legal fees		92,101	21,320	48,115	63,105	29,910	37,479
Transaction costs	1	2,420,242	400,240	3,217	2,000	104,888	81,950
Other expenses		74,187	26,994	27,808	48,244	16,878	35,862
Total expenses before voluntary waivers		6,546,817	945,142	1,187,492	1,136,411	1,156,019	940,618
Expenses voluntarily refunded by Investment Manager	3	–	–	–	–	–	–
Total Expenses		6,546,817	945,142	1,187,492	1,136,411	1,156,019	940,618
Net Investment Gain/(Loss)		100,482,568	8,732,398	2,908,764	9,551,659	3,676,143	11,427,297
Finance Costs:							
Dividends to holders of redeemable shares	14	(2,730,724)	(304,037)	(5,750,006)	(5,512,429)	(1,988)	(66,501)
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares Resulting from Operations		97,751,844	8,428,361	(2,841,242)	4,039,230	3,674,155	11,360,796

Gains and losses arise solely from continuing operations. There were no gains or losses other than those reflected above.

The Statement of Operations are continued on pages 68 and 69.

The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF OPERATIONS (continued)

For the year end 30 April 2014

		Global Bond Fund		Absolute Fund		* Global Equity Wealth Creation Fund
	Note	for the year ended 30 April USD	for the year ended 30 April USD	for the year ended 30 April GBP	for the year ended 30 April GBP	for the period ended 30 April 2014 USD
Investment Income:						
Dividend income	1	–	–	83,264	268,626	38,423
Withholding tax	1	–	–	(169)	(702)	(7,102)
Interest income	1	4,264,079	4,645,991	15,286	17,065	–
Other income		86	8,658	(210)	92	–
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	1	(2,593,078)	2,889,503	604,234	797,519	(18,151)
Total Income		1,671,087	7,544,152	702,405	1,082,600	13,170
Expenses:						
Investment management fee	3	531,867	529,599	77,457	117,616	–
Performance fee	3	33,849	405,500	81,530	96,563	–
Administration fee	3	90,470	84,242	13,619	24,401	150
Custodian & trustee fee	3	45,308	56,682	1,647	5,735	4,802
Transfer agency fee	3	63,172	58,164	10,277	18,834	3,302
Directors fee	4	7,407	33,015	482	3,989	100
Audit fee		11,852	10,149	8,607	6,585	10,289
Legal fees		41,808	65,655	5,672	9,141	1,589
Transaction costs	1	25,183	2,176	1,536	85,844	6,408
Other expenses		43,807	51,155	8,571	15,805	1,043
Total expenses before voluntary waivers		894,723	1,296,337	209,398	384,513	27,683
Expenses voluntarily refunded by Investment Manager	3	–	–	–	–	–
Total Expenses		894,723	1,296,337	209,398	384,513	27,683
Net Investment Gain/(Loss)		776,364	6,247,815	493,007	698,087	(14,513)
Finance Costs:						
Dividends to holders of redeemable shares	14	(4,025,974)	(4,637,368)	–	(95,085)	(10,199)
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares Resulting from Operations		(3,249,610)	1,610,447	493,007	603,002	(24,712)

* This Fund launched in March 2014, so has no prior year comparative figures.

Gains and losses arise solely from continuing operations. There were no gains or losses other than those reflected above.

The Statement of Operations are continued on page 69.

The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF OPERATIONS (continued)

For the year end 30 April 2014

	Note	* Alternatives Fund for the period ended 30 April 2014 GBP	Total Company for the year ended 30 April 2014 EUR	Total Company for the year ended 30 April 2013 EUR
Investment Income:				
Dividend income	1	9,222	12,668,311	5,680,095
Withholding tax	1	–	(2,620,926)	(369,802)
Interest income	1	–	9,875,363	10,297,796
Other income		–	23,309	19,303
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	1	(40,728)	112,392,108	50,657,922
Total Income		(31,506)	132,338,165	66,285,314
Expenses:				
Investment management fee	3	3,011	7,637,454	4,236,767
Performance fee	3	–	122,111	433,072
Administration fee	3	89	577,804	419,029
Custodian & trustee fee	3	1,191	434,806	310,979
Transfer agency fee	3	3,369	367,182	380,256
Directors fee	4	100	67,133	129,283
Audit fee		4,901	84,210	67,308
Legal fees		944	307,625	299,878
Transaction costs	1	2,170	3,365,043	2,090,047
Other expenses		526	229,429	334,774
Total expenses before voluntary waivers		16,301	13,192,797	8,701,393
Expenses voluntarily reduced by Investment Manager	3	–	–	(58)
Total Expenses		16,301	13,192,797	8,701,335
Net Investment Gain/(Loss)		(47,807)	119,145,368	57,583,979
Finance Costs:				
Dividends to holders of redeemable shares	14	–	(13,549,086)	(12,706,781)
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares Resulting from Operations		(47,807)	105,596,282	44,877,198

* This Fund launched in March 2014, so has no prior year comparative figures.

Gains and losses arise solely from continuing operations. There were no gains or losses other than those reflected above.

Approved by the Board of Directors:

Director

Director

21 August 2014

The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the year end 30 April 2014

	Note	Asia Pacific Fund		Global Equity Fund		UK Fund	
		for the year ended 30 April 2014 USD	for the year ended 30 April 2013 USD	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares Resulting from Operations		(2,371,572)	9,381,055	5,311,499	4,330,592	3,519,260	2,492,347
Capital Share Transactions of Redeemable Shares:							
Proceeds from shares issued	2	35,445,265	9,859,873	12,107,922	10,505,583	3,558,657	2,234,805
Shares issued resulting from dividends reinvested	2	–	–	–	–	–	–
Payments for shares redeemed	2	(23,961,261)	(17,472,356)	(4,836,782)	(4,058,852)	(14,581,804)	(35,167,191)
Net (Decrease)/Increase from Capital Share Transactions of Redeemable Shares		11,484,004	(7,612,483)	7,271,140	6,446,731	(11,023,147)	(32,932,386)
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares		9,112,432	1,768,572	12,582,639	10,777,323	(7,503,887)	(30,440,039)
Net Assets Attributable to Holders of Redeemable Shares:							
At beginning of year		82,946,731	81,178,159	38,638,268	27,860,945	35,051,843	65,491,882
Notional exchange (loss)/gain on aggregation of Fund	1	–	–	–	–	–	–
At end of year		92,059,163	82,946,731	51,220,907	38,638,268	27,547,956	35,051,843

The Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares are continued on pages 71, 72 and 73.

The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (continued)

For the year end 30 April 2014

	Note	European Fund		Sterling Bond Fund		Equity Fund	
		for the year ended 30 April 2014 EUR	for the year ended 30 April 2013 EUR	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares Resulting from Operations		97,751,844	8,428,361	(2,841,242)	4,039,230	3,674,155	11,360,796
Capital Share Transactions of Redeemable Shares:							
Proceeds from shares issued	2	806,171,411	8,331,100	35,871,154	25,390,422	57,286,995	30,136,829
Shares issued resulting from dividends reinvested	2	–	–	–	–	–	–
Payments for shares redeemed	2	(72,457,851)	(11,307,710)	(18,760,040)	(12,881,180)	(33,321,916)	(23,096,678)
Net (Decrease)/Increase from Capital Share Transactions of Redeemable Shares		733,713,560	(2,976,610)	17,111,114	12,509,242	23,965,079	7,040,151
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares		831,465,406	5,451,751	14,269,872	16,548,472	27,639,234	18,400,947
Net Assets Attributable to Holders of Redeemable Shares:							
At beginning of year		46,230,289	40,778,538	113,830,863	97,282,391	74,091,165	55,690,218
Notional exchange (loss)/gain on aggregation of Fund	1	–	–	–	–	–	–
At end of year		877,695,693	46,230,289	128,100,735	113,830,863	101,730,399	74,091,165

The Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares are continued on pages 72 and 73

The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (continued)

For the year end 30 April 2014

	Note	Global Bond Fund		Absolute Fund		* Global Equity Wealth Creation Fund
		for the year ended 30 April 2014 USD	for the year ended 30 April 2013 USD	for the year ended 30 April 2014 GBP	for the year ended 30 April 2013 GBP	for the period ended 30 April 2014 USD
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares Resulting from Operations		(3,249,610)	1,610,447	493,007	603,002	(24,712)
Capital Share Transactions of Redeemable Shares:						
Proceeds from shares issued	2	15,778,957	39,439,869	2,042,425	3,476,141	7,734,669
Shares issued resulting from dividends reinvested	2	–	–	–	–	–
Payments for shares redeemed	2	(30,746,368)	(36,338,241)	(19,973,452)	(765,841)	–
Net Increase/(Decrease) from Capital Share Transactions of Redeemable Shares		(14,967,411)	3,101,628	(17,931,027)	2,710,300	7,734,669
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares		(18,217,021)	4,712,075	(17,438,020)	3,313,302	7,709,957
Net Assets Attributable to Holders of Redeemable Shares:						
At beginning of year		106,223,267	101,511,192	17,438,020	14,124,718	–
Notional exchange (loss)/gain on aggregation of Fund	1	–	–	–	–	–
At end of year		88,006,246	106,223,267	–	17,438,020	7,709,957

* This Fund launched in March 2014, so has no prior year comparative figures.

The Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares are continued on page 73.

The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (continued) For the year end 30 April 2014

	Note	* Alternatives Fund for the period ended 30 April 2014 GBP	Total Company for the year ended 30 April 2014 EUR	Total Company for the year ended 30 April 2013 EUR
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares Resulting from Operations		(47,807)	105,596,282	44,877,198
Capital Share Transactions of Redeemable Shares:				
Proceeds from shares issued	2	9,424,200	993,021,720	134,352,685
Shares issued resulting from dividends reinvested	2	–	–	–
Payments for shares redeemed	2	(90,331)	(221,971,790)	(146,000,699)
Net Increase/(Decrease) from Capital Share Transactions of Redeemable Shares		9,333,869	771,049,930	(11,648,014)
Net Increase/(Decrease) in Net Assets Attributable to Holders of Redeemable Shares		9,286,062	876,646,212	33,229,184
Net Assets Attributable to Holders of Redeemable Shares:				
At beginning of year		–	521,444,682	499,376,529
Notional exchange gain/(loss) on aggregation of Fund	1	–	1,928,437	(11,161,031)
At end of year		9,286,062	1,400,019,331	521,444,682

* This Fund launched in March 2014, so has no prior year comparative figures. The accompanying notes form an integral part of these financial statements.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The significant accounting policies and estimation techniques adopted by the Company are as follows:

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2013 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “Regulations”). Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The format and certain wording of the financial statements has been adapted from those contained in the Companies (Amendment) Act, 1986 and FRS 3, “Reporting Financial Performance” so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company’s business as an investment fund. The Company has availed of the exemption available to open-ended investment funds under FRS1 not to prepare a cash flow statement.

HISTORICAL COST CONVENTION

The financial statements are prepared under the historical cost convention as modified to include investments at fair value through profit or loss.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As required by FRS 26, financial assets at fair value through profit or loss as current assets are stated at the latest bid price in the Statements of Assets & Liabilities. This is not in accordance with the Prospectus where the mid-market price at 12 noon (Irish time) on each Dealing Day except for the last Dealing Day of each calendar quarter. Unrealised gains and losses arising from this valuation are recorded in the Statements of Operations and represent the difference between Fair Value and the cost of the investments. A reconciliation between the Net Asset Value as per the Financial Statements and the published Net Asset Value can be seen in Note 12 “Net Asset Comparison”.

Each security, which is listed or traded on a Regulated Market, is valued on the Regulated Market, which is normally the principal market for such security. For the ongoing valuations (i.e. valuations for the purpose of the calculation of the Net Asset Value of the relevant Fund), the valuation is carried out by reference to the closing mid-market quotation on that Regulated Market. In the event that any investment is not listed or traded on any Regulated Market, such security shall be valued at the probable realisation value determined with care and in good faith by a competent person (which may be the Investment Manager) approved by the Custodian as a competent person for such purpose in consultation with the Investment Manager. Such probable realisation value will be determined: (i) by using the original purchase price; (ii) where there have been subsequent trades with substantial volumes, by using the latest trade price provided that the Administrator, in consultation with the Investment Manager, considers such trades to be at arm’s length; (iii) where the Investment Manager believes the investment has suffered a diminution in value, by using the original purchase price that shall be discounted to reflect such a diminution; or (iv) if the Administrator in consultation with the Investment Manager believes a mid quotation from brokers reliable, by using such mid quotation or, if unavailable, a bid quotation. Alternatively, the Administrator in consultation with the Investment Manager may use such probable realisation value estimated with care and in good faith as may be recommended by a competent professional (which may be the Investment Manager) approved for that purpose by the Custodian in consultation with the Investment Manager. Due to the nature of such unquoted securities and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Investment Manager. Valuations of unquoted securities amounting to USD Nil in Waverton Asia Pacific Fund are included at 30 April 2014 (2013: USD Nil).

Investments in a collective investment scheme are valued on the basis of the latest available net asset value relevant to the collective investment scheme. Certain Funds may invest in one or more collective investment schemes. As a shareholder of another collective investment scheme, a Fund would bear, along with other shareholders, its pro rata portion of the expenses of other collective investment schemes, including management and /or other fees. These fees would be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Exchange-traded derivative instruments, including futures, are valued as at close of the regular trading session of the London Stock Exchange on the Dealing Day at the settlement price for such instruments on the relevant exchange. If the settlement price of an exchange-traded derivative instrument is not available, the value of such instrument shall be the probable realisation value estimated with care and in good faith by a competent professional (which may be the Investment Manager) appointed by the Directors approved for that purpose by the Custodian in consultation with the Investment Manager. No such valuations were required at 30 April 2014 or 30 April 2013. Over-the-counter derivative instruments are valued as at 12.00 noon (Irish Time) of the regular trading session of the London Stock Exchange on the Dealing Day at the settlement price provided by the counterparty to such transaction daily. Details of options and futures held as at 30 April 2014 are included in the Portfolios of Investments.

Forward foreign exchange contracts are valued at the Valuation Point by reference to the prevailing market quotations, namely the price at which a new forward contract of the same size and maturity could be undertaken, or, if unavailable, at the settlement price as provided by the counterparty daily. The valuations of those securities which are valued at settlement price are verified at least weekly by an independent person approved for that purpose by the Custodian, who may be the Investment Manager.

The unrealised gain or loss on open forward foreign exchange contracts is calculated by reference to the difference between the contracted rate and the rate to close out the contract. Realised gains or losses include net gains on contracts, which have been settled or offset by other contracts. As at 30 April 2014 the Company held forward currency contracts on the Sterling Bond Fund and the Global Bond Fund, as at 30 April 2013 the Company held forward currency contracts on the European Fund, Sterling Bond Fund and the Global Bond Fund.

For open futures contracts, changes in the fair value of the contract are recognised as unrealised gains or losses by “marking-to-market” the value of the contract at the Statement of Assets and Liabilities date. When the contract is closed, the difference between the proceeds from (or cost of) the closing transactions and the original transaction is recorded as a realised gain or loss. Futures contracts are held at fair value through profit or loss. Gains and losses arising from changes in the fair value of the futures contracts are included in the Statement of Operations in the period which they arise.

Short-term investments including time deposits are valued at cost, which approximates their fair value. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

MEASUREMENT

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Operations. Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost.

Financial liabilities arising from the redeemable shares issued by the Fund are carried at the redemption amount representing the investors’ right to a residual interest in the Fund’s assets.

RECOGNITION AND DERECOGNITION

The Company recognises financial assets and financial liabilities when all significant rights and access to the benefits from the assets and the exposure to the risks inherent in those benefits are transferred to the Company. A regular way purchase of financial assets is recognised using trade date accounting. The Company derecognises financial assets and financial liabilities when all such benefits and risks are transferred from the Company.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

CASH AND OTHER LIQUID ASSETS

Cash and other liquid assets are valued at their face value with interest accrued (if any) as at the valuation point.

INVESTMENT TRANSACTIONS

Investment transactions are accounted for as of the date they are purchased or sold. During the year ended 30 April 2014 and 30 April 2013 realised gains and losses on the sale of investments are calculated using the weighted average cost method. Realised gains and losses on investment transactions are recorded in the Statements of Operations. Interest income is accrued daily on an effective yield basis.

INVESTMENT INCOME

Dividends are credited to the Statements of Operations on the dates on which the relevant securities are listed as “ex-dividend”. Bank interest income is accounted for on an accrued interest basis. Bond interest income is accrued daily on an effective yield basis. Income is shown gross of non-recoverable withholding tax, which is disclosed separately in the Statements of Operations. The Company may benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreements in operation between Ireland and other countries. Consequently, the Company may be able to reclaim withholding tax suffered by it in particular countries. Withholding tax reclaims are accounted for on a cash receipts basis in the Statements of Operations.

DISTRIBUTION POLICY

Bi-annual distributions will be declared and distributed in respect of each Fund in each year from net income (excluding capital gains) on 30 April and 31 October except for the Sterling Bond Fund and the Global Bond Fund. The Company will declare dividends quarterly in respect of the Global Bond Fund and the Sterling Bond Fund on 31 January, 30 April, 31 July and 31 October in each year. Shareholders should note that, in the case of Funds for which a performance fee may be charged as follows: (1) any performance fee will be charged to capital of the relevant Fund; and (2) for those Classes of Shares identified in the column of the table in Schedule IV of the Prospectus headed “Fees and Expenses to Capital” as “Yes”, 100% of the management fees, Administrator fees, Custodian fees, operational expenses, borrowing expenses, where applicable will be charged to capital of the relevant Fund. The Company has received approval from the HM Revenue & Customs for reporting fund status for certain classes of certain Funds for the year ending 30 April 2014 and application is intended to be made for subsequent years. Details of distributions made are included in Note 14.

FOREIGN EXCHANGE TRANSLATION

Functional and presentation currency

Items included in the Company’s financial statements are measured using the currency of the primary economic environment in which each Fund operates (the “Functional Currency”). The Functional Currency is: Euro (“EUR”) for the European Fund; Sterling (“GBP”) for the Global Equity Fund, the UK Fund, the Sterling Bond Fund, the Equity Fund, the Absolute Fund and the Alternatives Fund; and U.S. Dollar (“USD”) for the Asia Pacific Fund, the Global Bond Fund, the Global Equity and Wealth Creation Fund. The presentation currency for financial statement purposes of each Fund is their functional Currency. The Company has adopted EUR as its Functional Currency for the Company as a whole.

Transactions and balances

Assets and liabilities denominated in foreign currencies are translated into the functional Currency of each Fund at the exchange rates ruling at the Statements of Assets & Liabilities date. Transactions in foreign currencies are translated into the Functional Currency of each Fund at the exchange rates ruling at the dates of the transactions. Gains and losses on foreign exchange transactions are recognised in the Statements of Operations in determining the result for the year. The Company’s results and financial position are translated from the Funds’ Functional Currency to EUR as follows: Assets and Liabilities, including Net Assets Attributable to Holders of Redeemable Shares are translated at the closing rate at each Statements of Assets & Liabilities date.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

FOREIGN EXCHANGE TRANSLATION (continued)

Transactions and balances (continued)

Income and expenses for each Statements of Operations are translated at the average exchange rate for the year. Notional Exchange gains or losses due to the presentation of these financial statements in EUR are included in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares.

TRANSACTION COSTS

Transaction costs are accounted for as of the date securities are purchased or sold and are included in the Statement of Operations as required by FRS26.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative costs.

2. SHARE CAPITAL

AUTHORISED

The Directors are authorised to issue up to 500 billion Shares of no par value.

SUBSCRIBER SHARES

There are currently two Subscriber Shares in issue to the value of EUR 2. The Subscriber Shares do not form part of the Net Asset Value of the Company and are thus disclosed in the Financial Statements by way of this note only.

Each of the Shares entitles the holder to attend and vote at meetings of the Company and of the Fund represented by those Shares. No class of Shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other class of Shares or any voting rights in relation to matters relating solely to any other class of Shares.

Any resolution to alter the class rights of the Shares requires the approval of three quarters of the holders of the Shares represented or present and voting at a general meeting duly convened in accordance with the Articles of Association.

The Articles of Association of the Company empower the Directors to issue fractional Shares in the Company. Fractional Shares may be issued and shall not carry any voting rights at general meetings of the Company or of any Fund or class and the Net Asset Value of any fractional Share shall be the Net Asset Value per Share adjusted in proportion to the fraction.

The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the Company, but do not entitle the holders to participate in the dividends or net assets of any Fund or of the Company.

CAPITAL SHARE TRANSACTIONS OF REDEEMABLE SHARES

The Company issues redeemable shares which can be put back to the Company at any time for cash equal to a proportionate share of the net asset value per share of the relevant Fund. This redeemable share carried at the redemption amount that is payable at the Statement of Assets and Liabilities date if the holder exercises the right to put the share back to the Company at that date.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

2. SHARE CAPITAL (continued)

CAPITAL SHARE TRANSACTIONS OF REDEEMABLE SHARES (continued)

For the year ended 30 April 2014

	Class A US\$ Shares	Class A Euro Shares	Class A Stg£ Shares	Class B US\$ Shares	Class B Stg£ Shares
Asia Pacific Fund					
At beginning of the year	119,866	115,600	2,325,465	15,777	14,919
Issued	920,509	358,963	262,901	13	883
Redeemed	(187,539)	(473,960)	(265,759)	(15,790)	(15,802)
At end of year	<u>852,836</u>	<u>603</u>	<u>2,322,607</u>	<u>–</u>	<u>–</u>

	Class A Stg£ Shares	Class A US\$ Shares	Class B Stg£ Shares	Class B US\$ Shares
Global Equity Fund				
At beginning of the year	3,138,144	52,700	36,338	5,311
Issued	924,313	28,281	–	–
Redeemed	(352,337)	(2,681)	(36,338)	(5,311)
At end of year	<u>3,710,120</u>	<u>78,300</u>	<u>–</u>	<u>–</u>

	Class A Stg£ Shares	Class B Stg£ Shares
UK Fund		
At beginning of the year	3,002,120	77,035
Issued	282,289	634
Redeemed	(1,151,244)	(66,580)
At end of year	<u>2,133,165</u>	<u>11,089</u>

	Class A Euro Shares	Class A Stg£ Shares	Class B Euro Shares
European Fund			
At beginning of the year	655,046	2,421,653	314,927
Issued	27,554,437	19,009,032	1,783,387
Redeemed	(4,879,624)	(664,971)	(244,497)
At end of year	<u>23,329,859</u>	<u>20,765,714</u>	<u>1,853,817</u>

	Class A Stg£ Shares	Class B Stg£ Shares	Class P Stg£ Shares
Sterling Bond Fund			
At beginning of the year	11,036,681	53,170	–
Issued	3,011,145	116,217	414,965
Redeemed	(1,675,315)	(164,453)	(13,741)
At end of year	<u>12,372,511</u>	<u>4,934</u>	<u>401,224</u>

	Class A Stg£ Shares	Class B Stg£ Shares	Class P Stg£ Shares
Equity Fund			
At beginning of the year	5,297,954	518,542	–
Issued	1,652,856	1,573,445	1,453,628
Redeemed	(1,893,501)	(557,787)	(53,293)
At end of year	<u>5,057,309</u>	<u>1,534,200</u>	<u>1,400,335</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements

2. SHARE CAPITAL (continued)

CAPITAL SHARE TRANSACTIONS OF REDEEMABLE SHARES (continued)

	Class A Stg£ Shares	Class A US\$ Shares	Class B Stg£ Shares	Class I US\$ Shares
Global Bond Fund				
At beginning of the year	115,000	9,126,096	327	1,456,722
Issued	–	986,320	7	642,135
Redeemed	–	(2,668,620)	(334)	(528,077)
At end of year	<u>115,000</u>	<u>7,443,796</u>	<u>–</u>	<u>1,570,780</u>

	Class A Stg£ Shares	Class B Stg£ Shares
Absolute Fund		
At beginning of the year	1,623,935	15,192
Issued	188,809	–
Redeemed	(1,812,744)	(15,192)
At end of year	<u>–</u>	<u>–</u>

	Class A US\$ Institutional Shares
Global Equity Wealth Creation Fund	
At beginning of the period	–
Issued	773,484
Redeemed	–
At end of period	<u>773,484</u>

	Class A Stg£ Shares	Class P Stg£ Shares
Alternatives Fund		
At beginning of the period	–	–
Issued	12,120	929,715
Redeemed	–	(9,044)
At end of period	<u>12,120</u>	<u>920,671</u>

For the year ended 30 April 2013

	Class A US\$ Shares	Class A Euro Shares	Class A Stg£ Shares	Class B US\$ Shares	Class B Stg£ Shares
Asia Pacific Fund					
At beginning of the year	142,490	100,598	2,620,047	18,629	17,238
Issued	2,525	249,239	143,020	–	23
Redeemed	(25,149)	(234,237)	(437,602)	(2,852)	(2,342)
At end of year	<u>119,866</u>	<u>115,600</u>	<u>2,325,465</u>	<u>15,777</u>	<u>14,919</u>

	Class A Stg£ Shares	Class A US\$ Shares	Class B Stg£ Shares	Class B US\$ Shares
Global Equity Fund				
At beginning of the year	2,551,276	52,700	41,867	5,311
Issued	948,638	–	408	–
Redeemed	(361,770)	–	(5,937)	–
At end of year	<u>3,138,144</u>	<u>52,700</u>	<u>36,338</u>	<u>5,311</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements

2. SHARE CAPITAL (continued)

CAPITAL SHARE TRANSACTIONS OF REDEEMABLE SHARES (continued)

For the year ended 30 April 2013 (continued)

	Class A Stg£ Shares	Class B Stg£ Shares
UK Fund		
At beginning of the year	6,174,692	95,124
Issued	212,342	1,363
Redeemed	(3,384,914)	(19,452)
At end of year	<u>3,002,120</u>	<u>77,035</u>

	Class A Euro Shares	Class A Stg£ Shares	Class B Euro Shares
European Fund			
At beginning of the year	579,975	2,819,047	324,580
Issued	477,416	278,487	141
Redeemed	(402,345)	(675,881)	(9,794)
At end of year	<u>655,046</u>	<u>2,421,653</u>	<u>314,927</u>

	Class A Stg£ Shares	Class B Stg£ Shares
Sterling Bond Fund		
At beginning of the year	9,717,541	144,049
Issued	2,410,047	83,355
Redeemed	(1,090,907)	(174,234)
At end of year	<u>11,036,681</u>	<u>53,170</u>

	Class A Stg£ Shares	Class B Stg£ Shares
Equity Fund		
At beginning of the year	4,426,476	785,637
Issued	2,259,595	332,696
Redeemed	(1,388,117)	(599,791)
At end of year	<u>5,297,954</u>	<u>518,542</u>

	Class A Stg£ Shares	Class A US\$ Shares	Class B Stg£ Shares	Class I US\$ Shares
Global Bond Fund				
At beginning of the year	116,450	10,307,219	254	–
Issued	–	2,255,091	520	1,736,255
Redeemed	(1,450)	(3,436,214)	(447)	(279,533)
At end of year	<u>115,000</u>	<u>9,126,096</u>	<u>327</u>	<u>1,456,722</u>

	Class A Stg£ Shares	Class B Stg£ Shares
Absolute Fund		
At beginning of the year	1,360,027	15,635
Issued	329,548	8,766
Redeemed	(65,640)	(9,209)
At end of year	<u>1,623,935</u>	<u>15,192</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

3. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS

INVESTMENT MANAGEMENT FEES

The Company has entered into an investment management agreement with Waverton Investment Management Limited (formerly named as J O Hambro Investment Management Limited), (the “Investment Manager”), pursuant to which the Investment Manager manages the Company’s investments on a discretionary basis. The Investment Manager is a company incorporated under the laws of England and Wales and regulated by the Financial Conduct Authority (“FCA”). The Investment Manager is entitled to receive an investment management fee from the Company.

This fee is calculated and accrued on each Dealing Day and paid quarterly in arrears from the Net Asset Value of each Class of the respective Funds at the following rates.

For the year ended 30 April 2014

	Class A	Class B	Class I	Class P
Asia Pacific Fund	1.00%	1.50%	-	-
Global Equity Fund	1.00%	1.50%	-	-
UK Fund	1.00%	1.50%	-	-
European Fund	1.00%	1.50%	-	-
Sterling Bond Fund	0.75%	1.25%	-	0.40%
Equity Fund	1.00%	0.75%	-	0.40%
Global Bond Fund	0.50%	1.00%	0.75%	-
Absolute Fund	0.75%	1.25%	-	0.75%
Global Equity Wealth Creation Fund	-	0.40%	-	-
Alternatives Fund	1.00%	0.75%	-	0.40%

For the year ended 30 April 2013

	Class A	Class B	Class C	Class I
Asia Pacific Fund	1.00%	1.50%	-	-
Global Equity Fund	1.00%	1.50%	-	-
UK Fund	1.00%	1.50%	-	-
European Fund	1.00%	1.50%	-	-
Sterling Bond Fund	0.75%	1.25%	-	-
Equity Fund	1.00%	1.50%	-	-
Global Bond Fund	0.50%	1.00%	0.75%	0.75%
Absolute Fund	0.75%	1.25%	-	-

In addition, the Investment Manager is entitled to be reimbursed its reasonable vouched out-of-pocket expenses. Each Fund bears pro rata its share of such out-of-pocket expenses.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

3. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS (continued)

INVESTMENT MANAGEMENT FEES (continued)

The Investment Manager has undertaken, on a voluntary basis, to ensure that the fees payable by the Funds other than performance fees will not exceed the total expense limit. The effect of this arrangement is that the total fees and expenses payable by each Share Class shall not exceed the percentage limits of the Net Asset Value of the Funds set out below:

For the year ended 30 April 2014	Class A	Class B	Class P	Class I
Asia Pacific Fund	2.00%	2.50%	-	-
Global Equity Fund	2.00%	2.50%	-	-
UK Fund	2.00%	2.50%	-	-
European Fund	2.00%	2.50%	-	-
Sterling Bond Fund	1.75%	2.25%	-	1.40%
Equity Fund	2.00%	1.75%	-	1.40%
Global Bond Fund	1.50%	2.00%	1.75%	-
Absolute Fund	1.75%	2.25%	-	1.75%
Global Equity Wealth Creation Fund	-	1.40%	-	-
Alternatives Fund	2.00%	1.75%	-	1.40%

For the year ended 30 April 2013	Class A	Class B	Class C	Class I
Asia Pacific Fund	2.00%	2.50%	-	-
Global Equity Fund	2.00%	2.50%	-	-
UK Fund	2.00%	2.50%	-	-
European Fund	2.00%	2.50%	-	-
Sterling Bond Fund	1.75%	2.25%	-	-
Equity Fund	2.00%	2.50%	-	-
Global Bond Fund	1.50%	2.00%	1.75%	0.75%
Absolute Fund	1.75%	2.25%	-	-

Details of fees waived by the Investment Manager during the years ended 30 April 2014 and 30 April 2013 are included in the Statements of Operations.

PERFORMANCE FEE

The Investment Manager may receive a performance fee based on its investment management performance during a performance period ("Performance Period"). A Performance Period shall: (i) in the case of the first Performance Period, commence upon the close of the Initial Offer Period and end on the next succeeding Quarter Day (as hereinafter defined); and (ii) thereafter shall commence on the day immediately following such Quarter Day and shall end on the next succeeding Quarter Day. A Quarter Day shall be 31 March, 30 June, 30 September or 31 December in any year.

In the case of the Class A Stg£ and Class B Stg£ Shares in Waverton Absolute Fund and the Class A Stg£, Class A US\$ and Class B US\$ in Waverton Global Bond Fund, a performance fee shall be payable to the Investment Manager when: (i) the increase in the Net Asset Value per Share of the relevant Class of a Fund (as denominated in the Base Currency of the Fund to which the Class relates) over a Performance Period is greater than the increase in the Benchmark for that Fund over the same Performance Period; or (ii) when the decrease in the Net Asset Value per Share of the relevant Class of a Fund (as denominated in the Base Currency of the Fund to which the Class relates) over a Performance Period is less than the decrease in the Benchmark for that Fund over the same Performance Period. The performance fee shall be 15% in respect of Waverton Absolute Fund and 10% in respect of Waverton Global Bond Fund of the amount by which the Net Asset Value per Share before the deduction of performance fees exceeds the Benchmark as aforesaid as at the end of a Performance Period, multiplied by the number of Shares in issue in that Class at the end of the period.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

3. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS (continued)

PERFORMANCE FEE (continued)

The performance fee shall always be calculated by measuring the increase or decrease of the Net Asset Value per Share as denominated in the Base Currency of the relevant Fund against the performance of the relevant Benchmark. The Benchmark shall always be denominated in the Base Currency of the relevant Fund. Because the Sterling denominated Class A of the Waverton Global Bond Fund is intended to be fully hedged, the performance fee for this Class will be calculated using the Net Asset Value per Share in Sterling.

The performance fee shall be calculated and accrued on each Dealing Day and paid quarterly in arrears at the end of a Performance Period. When calculating the performance fee payable, the Net Asset Value will be adjusted, as appropriate, for subscriptions, redemptions, dividends paid and any accruals of performance fee and by the amount, if any, by which the Net Asset Value underperformed the Benchmark in any preceding Performance Period. Any dividends which are to be added back in order to determine the performance fee will be added back as a per Share amount based on the number of Shares in issue when the dividends were paid.

Where a performance fee is payable it will be based on the Net Asset Value of a Class as at the end of each Performance Period. As a result a performance fee may be paid in respect of unrealised gains, which may subsequently never be realised. Furthermore, because the performance fee is payable on the performance of a Fund relative to a Benchmark (outperformance), a performance fee may be payable in circumstances where the Net Asset Value of a Fund has declined. On the other hand a prior relative under performance must be recouped before a performance fee shall again be payable.

The performance fee calculation will be verified by the Custodian and by the auditors of the Company as part of the annual audit of the Company. Performance fee worked examples are available from the Administrator and the Investment Manager upon request.

ADMINISTRATOR FEES

The Company pays the Administrator an administration and fund accounting service fee of up to 0.10 per cent. per annum of the Net Asset Value of each of the Funds during the year, subject to a minimum annual fee per Fund of €28,750 per annum with an additional Share Class fee of €1,300 per annum. The Administrator receives a transfer agency fee of up to EUR 20,000 for each Fund per annum with a Share Class fee of EUR 8,850 per Fund (applicable only to Funds that have in excess of 2 share classes).

The fees are calculated and accrued on each Dealing Day and payable monthly in arrears. The Administrator is also entitled to be reimbursed its reasonable vouched out-of-pocket expenses, transaction and account fees. Administration and fund accounting services fees payable to the Administrator as at 30 April 2014 and 30 April 2013 and expenses incurred during the years ended 30 April 2014 and 30 April 2013 are shown on the Statements of Assets & Liabilities and Statements of Operations, respectively.

CUSTODIAN FEES

Each Fund pays the current Custodian a custody fee which will not exceed in aggregate 0.75% of the Net Asset Value of the Fund. The Custodian is also entitled to a trustee fee of up to 0.02% per annum of the Net Asset Value of each of the Funds. The Custodian fee is calculated and accrued on each Dealing Day and payable monthly in arrears.

In addition, the Custodian is entitled to receive transaction charges and to be reimbursed its reasonable vouched out-of-pocket expenses, and the fees and expenses of any sub-custodian appointed by the Custodian (which shall be at normal commercial rates). Custodian fees payable to the Custodian as at 30 April 2014 and 30 April 2013, and expenses incurred during the years ended 30 April 2014 and 30 April 2013 are shown on the Statements of Assets & Liabilities and Statements of Operations, respectively.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

4. DIRECTORS REMUNERATION

The total Director Remuneration in any one year shall not exceed EUR 135,000. In addition all of the Directors are entitled to be reimbursed by the Company for reasonable out of pocket expenses. Fees payable to the Directors as at 30 April 2014 and 30 April 2013, and fees charged during the years ended 30 April 2014 and 30 April 2013 are shown on the Statements of Assets & Liabilities and Statements of Operations, respectively.

5. AUDITORS' REMUNERATION

Fees and expenses paid to our statutory auditors, Grant Thornton, in respect of the financial year are as follows:

30 April 2014

Statutory audit fee:	€84,029
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30 April 2013

Statutory audit fee:	€67,308
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6. TAXATION

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (as amended). It is not chargeable to Irish tax on its income and gains.

Tax may arise on the happening of a chargeable event. A chargeable event includes any payments of distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares arising as a result of holding Shares for a period of eight years or more. No tax will arise on the Company in respect of chargeable events in respect of:

- (i) a shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company; and
- (ii) certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations.

Dividend income, interest and capital gains received by the Company may be subject to non-recoverable withholding tax in the countries of origin.

7. SOFT COMMISSION ARRANGEMENTS

The Investment Manager may effect transactions with or through the agency of another person with whom the Investment Manager or an entity affiliated to the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Investment Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software.

No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assists in the provision of investment services to the Company.

During the years ended 30 April 2014 and 30 April 2013 there were no soft commission transactions.

8. CASH

All cash balances (excluding time deposits) are held with Citibank N.A. in the name of Citibank International plc, Ireland Branch, as custodian. Collateral has been provided for the open futures contracts and is held with Merrill Lynch.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

9. EXCHANGE RATES

The functional Currency of the European Fund is EUR. The Functional Currency of the Global Equity Fund, the UK Fund, the Sterling Bond Fund, the Equity Fund, the Absolute Fund and the Alternatives Fund is GBP. The Functional Currency of the Asia Pacific Fund, the Global Bond Fund and the Global Equity Wealth Creation Fund is the USD.

The following exchange rates at 30 April 2014 have been used to translate assets and liabilities in currencies other than EUR, GBP and USD:

	AUD	CAD	CHF	CNY	DKK	EUR	GBP	HKD	INR	JPY
USD:	1.0796	0.9122	1.1340	-	5.3965	0.7232	0.5947	7.7527	60.310	1.0256
EUR:	-	-	1.2195	-	7.4623	1.0000	1.2159	-	-	-
GBP:	0.5509	1.8433	1.4828	10.5244	-	1.2159	1.0000	-	-	172.443

	KRW	MXN	MYR	NOK	PHP	SEK	SGD	THB	TWD	USD
USD:	1,033.00	13.094	3.264	5.9710	44.5692	6.5598	1.2565	32.3499	30.196	1.0000
EUR:	-	-	-	8.2567	-	9.0709	-	-	-	-
GBP:	-	22.0170	5.4890	10.0398	-	11.0300	2.1130	-	50.7721	1.6814

The following exchange rates at 30 April 2013 have been used to translate assets and liabilities in currencies other than EUR, GBP and USD:

	AUD	CAD	CHF	CNY	EUR	GBP	HKD	IDR	INR	JPY
USD:	1.0343	0.9890	1.0688	-	0.7649	0.6458	7.7612	9,720.06	53.8706	-
EUR:	-	-	1.2231	-	1.0000	1.1844	-	-	-	-
GBP:	-	1.5656	1.4487	9.5459	1.1844	1.0000	12.0174	-	-	151.062

	KRW	MXN	MYR	NOK	PHP	SEK	SGD	THB	TWD	USD
USD:	1,101.20	-	3.0415	-	41.1506	6.5402	1.2337	29.3401	29.5090	1.0000
EUR:	-	-	-	-	-	8.5500	-	-	-	1.3073
GBP:	1,705.09	18.8885	4.7095	9.0181	-	10.1268	1.9103	45.4303	45.6917	1.5484

A Fund may employ financial derivative instruments for protection against exchange risks (including foreign exchange transactions which alter the currency characteristics of transferable securities held by the relevant Fund) and to alter the currency exposure characteristics of transferable securities in accordance with the conditions and limits set down by the Central Bank. Forward currency contracts may, at the Company's sole discretion, be used to hedge some or all of the exchange risk/currency exposure arising as a result of the fluctuation between the currency in which the Net Asset Value per Share is computed, and the currencies in which a Fund's investments are denominated.

In addition, each Fund may also purchase foreign currency forwards or other contracts in order to switch the underlying currency exposure of assets within the Fund's portfolio into alternative currencies, whereby the characteristics of the assets are tailored to seek to provide the desired balance between risk and return in keeping with the strategy pursued by the relevant Fund. Accordingly, the Fund may take material positions in currencies other than currencies of denomination of the underlying assets of the Fund.

Details of open forward currency contracts as at 30 April 2014 are shown in the Portfolios of Investments.

Notional Exchange gains or losses due to the presentation of these financial statements in EUR are included in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

10. FINANCIAL DERIVATIVE INSTRUMENTS AND EFFICIENT PORTFOLIO MANAGEMENT

Subject to the conditions and within the limits from time to time laid down by the Central Bank, and except as otherwise stated in the investment objective and policies of a Fund, the Investment Manager may employ, for certain Funds, investment techniques and instruments such as futures, options, forward foreign currency contracts and other derivatives for investment and/or efficient portfolio management (“EPM”) purposes. Furthermore, new techniques and instruments may be developed which may be suitable for use by a Fund in the future, and a Fund may employ such techniques and instruments subject to the prior approval of, and any restrictions imposed by, the Central Bank.

For UCITS which have invested in financial derivative instruments (“FDI”) and/or engaged in efficient portfolio management techniques, new disclosures are required under UCITS Notice 8.4. The Investment Manager of the Funds has identified all financial derivative instruments which are forward currency contracts and futures, all for which the counterparty is Merrill Lynch International, and are detailed further in the accounting policies note 1.

During the year, futures and forward foreign currency transactions were entered into for the purpose of efficient portfolio management in order to hedge currency and market exposure and/or for investment purposes. The notional amounts are detailed in the Schedule of Investments. The realised and unrealised gains or losses arising from the use of futures and forward foreign currency transactions are discussed in Note 1.

The relevant Funds may have entered into currency forwards and other foreign currency derivative transactions for the purposes of limiting the foreign currency exposure arising out of the non-base currency denomination of the investments of the Fund or the currency exposure arising between the Functional Currency and the currency of denomination of each class of shares. In addition, certain Funds may also have purchased foreign currency forwards or other contracts in order to switch the underlying currency exposure of assets within the relevant Fund’s portfolio into alternative currencies, whereby the characteristics of the assets are tailored to seek to provide the desired balance between risk and return in keeping with the strategy pursued by the relevant Fund.

The relevant Funds may have entered into futures contracts to take long or short positions in, or to increase or reduce the relevant Fund’s exposure to, an underlying security, currency, market or index. For example, purchased futures may serve as a long hedge of the investments of the relevant Funds and sold futures may have served as a limited short hedge of the investments of the relevant Funds. Futures may also be used, for example, to equities cash balances, both pending investment of a cash flow and with respect to fixed cash targets.

The relevant Funds may have purchased and sold put and call options. Call options may be purchased by certain Funds: (i) to provide exposure to increases in the market (e.g., with respect to temporary cash positions); and (ii) to hedge against an increase in the price of securities or other investments that a Fund intends to purchase. Put options may have been purchased by the relevant Funds to (i) hedge against a decrease in the market generally; and (ii) hedge against the price of securities or other investments held by certain Funds. The purpose behind a Fund writing covered call options is typically to seek enhanced returns and when in the opinion of the Investment Manager the exercise price together with the option premium received (unless the written calls are repurchased) would represent an acceptable sale price for some or all of the holding. Put options, covered by cash, may be written when in the opinion of the Investment Manager the exercise price less the option premium received (unless the written puts are repurchased) would represent an acceptable purchase price for a holding.

The Funds did not engage in the efficient portfolio management techniques of repurchase, reverse repurchase and stock lending arrangements.

Details of all open transactions at the year end are disclosed in the Portfolio Investments.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS DISCLOSURE

In accordance with FRS 29 (“Financial Instruments: Disclosure”), this note details the way in which the Company identifies and manages risks associated with the use of financial instruments.

The Company’s activities involve identification, analysis, evaluation and acceptance of risk or a combination of risks. The most significant types of risk to the Funds are market risk, currency risk, credit risk and liquidity risk. The Company’s risk management policies are designed to identify and analyse these risks, set risk limits and controls and to monitor these continuously by means of a reliable and up to date risk monitoring system.

Based on the nature and magnitude of the risks that are being entered into, rules are established for the type and frequency of ongoing risk monitoring. Monitoring of the ex-ante risk of a Fund is conducted in accordance to the Fund’s risk assessment which details the Fund’s strategy and objectives.

Market Risk

FRS 29 identifies that this risk comprises of three types of risk; market price risk, currency risk and interest rate risk. The risk monitoring system and stress testing are used to monitor these risks.

The Investment Manager is responsible on a day-to-day basis for measuring and monitoring market risk arising from all sources, including derivatives, counterparties, and general market movements. This control is documented in a daily VaR and commitment report which is distributed to the Fund Manager and the Compliance team of the Investment Manager. The Investment Manager is responsible for managing that risk.

Market Price Risk

This is the potential for change in the market value of instruments due to adverse movements in equity, bond, commodity, currency and other market prices, indices or rates or changes in the anticipated or calculated volatility of these movements. Also pricing/valuation risk has been identified as the risk that the valuation/price of a specific transaction may not be accurate. The majority of the Funds’ financial assets at fair value through profit and loss consist of listed investments.

Each portfolio manager of a Fund is responsible for the investment decisions relating to his Fund and uses appropriate investment experience, research and the daily VaR report to assist in the decision making process. The composition of each Fund is reviewed by the Board of Directors on a quarterly basis. The Equity Fund does not utilise a risk model as the Fund only invests in collective investment vehicles which are traded daily and are generally always redeemable with the underlying collective investment vehicle, iShares which trade intra-day and are liquid and structured notes which trade intra-day and are redeemable with the issuer.

By way of a weekly clinic, the Head of Funds at the Investment Manager, plus two Fund managers review the underlying investments of a specific Fund. Each Fund is reviewed by this weekly clinic at least once every five weeks. The Risk and Compliance Committee of the Investment Manager, which comprises a senior member of each department of the Investment Manager reviews each Fund and its risk using the VaR analysis at monthly meetings.

The Funds apply a VaR methodology to assess the market risk positions held and to estimate the potential economic loss based upon a number of parameters and assumptions for various changes in market conditions. VaR is a method used in measuring financial risk by estimating the potential negative change in a Fund not to be exceeded given a certain confidence level and over a specified time horizon.

The Funds uses a Monte Carlo simulation to calculate VaR and uses a “Full Valuation Methodology” to theoretically value every security that forms part of a Fund. Each security is broken down and tested against three broad risk factors and a variance-covariance matrix is constructed to carry out the simulations. These risk factors are Interest Rates, Market Indices and Exchange Rates. A figure is calculated based on both a one day and two week movement. The two week movement is used to assess potential losses in periods of sustained downside volatility.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Market Price Risk (continued)

Objectives and limitations of the VaR Methodology

The Funds use simulation models to assess possible changes in the market value of each Fund based on historical data from the past 74 days (RiskMetrics methodology). The VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will follow a lognormal distribution. The distribution is calculated by using exponentially weighted historical data. The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution.

Due to the fact that VaR relies significantly on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption. VaR may also be under or overestimated due to assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of a Fund at the close of each business day and it does not account for any losses that may occur beyond the 99% confidence level.

In practice, the actual trading results will differ from the VaR calculation and, in particular the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. Stress tests are carried out on a number of predefined scenarios that form part of a separate calculation. To determine the reliability of the VaR model, actual outcomes are monitored regularly to test validity of the assumptions and the parameters used in the VaR calculation.

The table below sets out the Funds' sensitivity to extreme market conditions and tracks the movement were such market conditions to be encountered.

As at 30 April 2014

Fund	Confidence level	Currency	1 Day VaR%	Min	Average	Max	Average level of leverage
Asia Pacific Fund	99%	USD	1.91%	1.90%	2.36%	2.98%	- *
Global Equity Fund	99%	GBP	1.67%	1.67%	2.26%	2.81%	- *
UK Fund	99%	GBP	2.11%	2.11%	2.83%	4.09%	1.06
European Fund	99%	EUR	2.85%	2.85%	3.90%	5.24%	- *
Sterling Bond	99%	GBP	0.54%	0.38%	0.47%	0.60%	1.46
Equity Fund	99%	GBP	1.27%	1.27%	1.55%	2.08%	- *
Global Bond Fund	99%	USD	1.13%	0.86%	1.06%	1.35%	1.81
Global Equity Wealth							
Creation Fund	99%	USD	1.80%	1.59%	1.82%	1.97%	- *
Alternatives Fund	99%	GBP	0.38%	0.37%	0.46%	0.59%	- *

Average level of leverage is calculated as the sum of the notionals of the derivatives used.

* No leverage was used in these funds during the year.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Objectives and limitations of the VaR Methodology (continued)

As at 30 April 2013

Fund	Confidence level	Currency	1 Day VaR%	Min	Average	Max	Average level of leverage
Asia Pacific Fund	99%	USD	2.59%	2.57%	2.90%	3.21%	1.00
Global Equity Fund	99%	GBP	2.65%	2.65%	2.84%	2.97%	1.00
UK Fund	99%	GBP	3.55%	3.29%	3.60%	3.89%	1.12
European Fund	99%	EUR	4.96%	2.11%	4.31%	5.41%	1.00
Sterling Bond	99%	GBP	0.73%	0.43%	0.57%	0.69%	1.18
Equity Fund	99%	GBP	2.04%	2.05%	2.35%	2.45%	1.00
Global Bond Fund	99%	USD	1.00%	0.96%	1.52%	1.71%	1.60
Absolute Fund	99%	GBP	0.50%	0.56%	1.50%	2.05%	1.14

VaR Assumptions

The VaR that the Funds measure is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day and two weeks. The use of a 99% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur on average, not more than once every hundred days.

Other Price Risk

Other price risk is managed by monitoring the schedule of investments and the Investment Manager's legal and compliance team monitoring program which incorporates a review of the investment restrictions.

Currency Risk

Currency risk is defined by FRS 29 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a currency other than the Functional Currency in which they are measured. The Funds have exposures to currencies other than their Functional Currency and their main investment area. This risk is considered to be normal market exposure and consistent with the benchmark which is set for each Fund.

The Investment Manager has the ability within their investment powers to hedge any significant exposure to one particular currency that may result from the bottom-up stock selection process. This was exercised on the Asia Pacific Fund, European Fund, Sterling Bond Fund and the Global Bond Fund during the year ended 30 April 2014.

The Global Bond Fund also utilises share class hedging to reduce the exposure of the GBP share class to fluctuations in the Functional Currency of the Fund which is USD. Forward currency contracts held as at 30 April 2014 are included in the Portfolios of Investments.

The ongoing risk relating to FX rate fluctuations is reviewed by the Investment Manager's Legal and Compliance Committee, in line with the underlying investments.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Currency Risk (continued)

The following table sets out the total exposure to foreign currency risk for each Fund, possible currency movement and the impact on the Net Assets Attributable to Holders of Redeemable Shares of each Fund of these possible currency movements. This exposure can result in an equal increase or decrease in Net Assets.

As at 30 April 2014

Asia Pacific Fund

Currency	Assets/(Liabilities) in USD	Hedging in USD	Total Exposure in USD	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund USD
HKD	34,676,357	794,063	35,470,420	38.53%	5%	1,773,521
INR	6,128,040	-	6,128,040	6.66%	5%	306,402
KRW	6,315,074	-	6,315,074	6.86%	5%	315,754
PHP	2,812,081	-	2,812,081	3.05%	5%	140,604
SGD	6,389,183	600,354	6,989,537	7.59%	5%	349,477
THB	5,560,556	-	5,560,556	6.04%	5%	278,028
TWD	3,285,957	-	3,285,957	3.57%	5%	164,298
Total	65,167,248	1,394,417	66,561,665	72.30%		3,328,084

Global Equity Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
CAD	1,642,487	-	1,642,487	3.21%	5%	82,124
CHF	2,841,397	-	2,841,397	5.55%	5%	142,070
EUR	3,298,163	-	3,298,163	6.44%	5%	164,908
JPY	2,987,550	-	2,987,550	5.83%	5%	149,378
SEK	2,867,021	-	2,867,021	5.60%	5%	143,351
USD	31,689,798	-	31,689,798	61.87%	5%	1,584,490
Total	45,326,416	-	45,326,416	88.50%		2,266,321

UK Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
USD	35,090	-	35,090	0.13%	5%	1,755
Total	35,090	-	35,090	0.13%		1,755

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Currency Risk (continued)

As at 30 April 2014 (continued)

European Fund

Currency	Assets/(Liabilities) in EUR	Hedging in EUR	Total Exposure in EUR	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund EUR
CHF	99,413,041	4,300,640	103,713,681	11.82%	5%	5,185,684
DKK	49,603,132	2,209,806	51,812,938	5.90%	5%	2,590,647
GBP	137,018,077	6,065,683	143,083,760	16.30%	5%	7,154,188
NOK	14,208,557	-	14,208,557	1.62%	5%	710,428
SEK	102,207,354	2,034,296	104,241,650	11.88%	5%	5,212,083
Total	402,450,161	14,610,425	417,060,586	47.52%		20,853,030

Sterling Bond Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
AUD	-	1,184,550	1,184,550	0.92%	5%	59,228
BRL	1,864,709	(4,810,017)	1,864,709	1.46%	5%	93,235
EUR	4,921,471	-	111,454	0.09%	5%	5,573
JPY	38,313	(10,264)	28,049	0.02%	5%	1,402
MXN	3,789,695	-	3,789,695	2.96%	5%	189,485
MYR	-	1,979,703	1,979,703	1.55%	5%	98,985
NOK	-	1,991,648	1,991,648	1.55%	5%	99,582
PLN	2,358,406	-	2,358,406	1.84%	5%	117,920
SEK	-	1,182,501	1,182,501	0.92%	5%	59,125
SGD	-	1,984,277	1,984,277	1.55%	5%	99,214
TWD	-	986,739	986,739	0.77%	5%	49,337
USD	20,534,603	(21,134,046)	(599,443)	(0.47%)	5%	(29,972)
Total	33,507,197	(16,644,909)	16,862,288	13.16%		843,114

Equity Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
EUR	4,515,154	-	4,515,154	4.44%	5%	225,758
USD	45,218,856	-	45,218,856	44.45%	5%	2,260,943
Total	49,734,010	-	49,734,010	48.89%		2,486,701

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Currency Risk (continued)

As at 30 April 2014 (continued)

Global Bond Fund

Currency	Assets/(Liabilities) in USD	Hedging in USD	Total Exposure in USD	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund USD
AUD	-	3,965,200	3,965,200	4.51%	5%	198,260
BRL	1,959,576	-	1,959,576	2.23%	5%	97,979
CAD	-	3,989,523	3,989,523	4.53%	5%	199,476
EUR	3,105,482	(7,253,476)	(4,147,994)	(4.71%)	5%	(207,400)
GBP	31,555,917	(30,502,943)	1,052,974	1.20%	5%	52,649
JPY	39,377	(7,995)	31,382	0.04%	5%	1,569
MXN	7,964,991	-	7,964,991	9.05%	5%	398,250
MYR	-	4,007,642	4,007,642	4.55%	5%	200,382
NOK	-	2,161,888	2,161,888	2.46%	5%	108,094
PLN	1,586,169	-	1,586,169	1.80%	5%	79,308
RUB	-	511,956	511,956	0.58%	5%	25,598
SEK	2,496,381	4,946,101	7,442,482	8.46%	5%	372,124
SGD	-	2,492,936	2,492,936	2.83%	5%	124,647
THB	-	2,511,971	2,511,971	2.85%	5%	125,599
TWD	-	-	-	0.00%	5%	-
ZAR	-	256,790	256,790	0.29%	5%	-
Total	48,707,893	(12,920,407)	35,787,486	40.67%		1,776,535

Global Equity Wealth Creation Fund

Currency	Assets/(Liabilities) in USD	Hedging in USD	Total Exposure in USD	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund USD
AUD	173,675	-	173,675	2.25%	5%	8,684
CAD	343,753	-	343,753	4.46%	5%	17,188
CHF	429,553	-	429,553	5.57%	5%	21,478
DKK	49,012	-	49,012	0.64%	5%	2,451
EUR	927,950	-	927,950	12.04%	5%	46,398
GBP	687,441	-	687,441	8.92%	5%	34,372
HKD	56,579	-	56,579	0.73%	5%	2,829
JPY	612,552	-	612,552	7.94%	5%	30,628
NOK	35,820	-	35,820	0.46%	5%	1,791
NZD	17,306	-	17,306	0.22%	5%	865
SEK	101,828	-	101,828	1.32%	5%	5,091
SGD	48,281	-	48,281	0.63%	5%	2,414
Total	3,483,750	-	3,483,750	45.18%		174,189

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Currency Risk (continued)

As at 30 April 2014 (continued)

Alternatives Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
USD	405,076	-	405,076	4.36%	5%	20,254
Total	405,076	-	405,076	4.36%		20,254

As at 30 April 2013

Asia Pacific Fund

Currency	Assets/(Liabilities) in USD	Hedging in USD	Total Exposure in USD	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund USD
HKD	24,462,927	-	24,462,927	29.49%	5%	1,223,146
IDR	2,335,376	-	2,335,376	2.82%	5%	116,769
INR	3,598,636	-	3,598,636	4.34%	5%	179,932
KRW	1,449,804	-	1,449,804	1.74%	5%	72,490
MYR	10,938,069	-	10,938,069	13.19%	5%	546,903
PHP	6,889,266	-	6,889,266	8.31%	5%	344,463
SGD	10,315,461	-	10,315,461	12.44%	5%	515,773
THB	11,854,545	-	11,854,545	14.29%	5%	592,727
TWD	2,067,332	-	2,067,332	2.49%	5%	103,367
Total	73,911,416	-	73,911,416	89.11%		3,695,570

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Currency Risk (continued)

As at 30 April 2013 (continued)

Global Equity Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
CAD	637,971	-	637,971	1.65%	5%	31,899
CHF	1,634,416	-	1,634,416	4.23%	5%	81,721
EUR	2,372,059	-	2,372,059	6.14%	5%	118,603
HKD	1,362,636	-	1,362,636	3.53%	5%	68,132
JPY	4,670,503	-	4,670,503	12.08%	5%	233,525
NOK	798,648	-	798,648	2.07%	5%	39,932
SEK	2,030,051	-	2,030,051	5.25%	5%	101,503
USD	21,614,622	-	21,614,622	55.92%	5%	1,080,731
Total	35,120,906	-	35,120,906	90.87%		1,756,046

UK Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
USD	63,427	-	63,427	0.18%	5%	3,171
Total	63,427	-	63,427	0.18%		3,171

European Fund

Currency	Assets/(Liabilities) in EUR	Hedging in EUR	Total Exposure in EUR	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund EUR
CHF	4,681,685	-	4,681,685	10.12%	5%	234,084
DKK	2,921,314	-	2,921,314	6.31%	5%	146,066
GBP	8,380,378	(238,079)	8,142,299	17.60%	5%	407,115
SEK	1,165,479	226,762	1,392,241	3.01%	5%	69,612
USD	2,029,862	-	2,029,862	4.39%	5%	101,493
Total	19,178,718	(11,317)	19,167,401	41.43%		958,370

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Currency Risk (continued)

As at 30 April 2013 (continued)

Sterling Bond Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
CAD	-	992,543	992,543	0.87%	5%	49,627
EUR	5,166,621	(4,943,813)	222,808	0.20%	5%	11,140
KRW	-	1,020,202	1,020,202	0.89%	5%	51,010
MXN	3,622,578	-	3,622,578	3.17%	5%	181,129
MYR	-	985,439	985,439	0.86%	5%	49,272
NOK	-	1,953,658	1,953,658	1.71%	5%	97,683
SEK	2,201,285	-	2,201,285	1.93%	5%	110,064
SGD	-	1,984,361	1,984,361	1.74%	5%	99,218
THB	-	975,698	975,698	0.85%	5%	48,785
TWD	-	1,004,244	1,004,244	0.88%	5%	50,212
USD	19,534,356	(18,753,831)	780,525	0.68%	5%	39,026
Total	30,524,840	(14,781,499)	15,743,341	13.78%		787,166

Equity Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
EUR	3,007,178	-	3,007,178	4.06%	5%	150,359
USD	26,511,231	-	26,511,231	35.76%	5%	1,325,562
Total	29,518,409	-	29,518,409	39.82%		1,475,921

Absolute Fund

Currency	Assets/(Liabilities) in GBP	Hedging in GBP	Total Exposure in GBP	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund GBP
EUR	458,708	-	458,708	2.63%	5%	22,935
USD	412,271	-	412,271	2.36%	5%	20,614
Total	870,979	-	870,979	4.99%		43,549

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Currency Risk (continued)

As at 30 April 2013 (continued)

Global Bond Fund

Currency	Assets/(Liabilities) in USD	Hedging in USD	Total Exposure in USD	Currency Exposure as a % Net Assets	Reasonable % movement in Currency	Impact on Net Assets of the Fund USD
CAD	-	5,018,842	5,018,843	4.71%	5%	250,942
CHF	-	1,992,630	1,992,630	1.87%	5%	99,632
EUR	4,384,022	(4,316,177)	67,845	0.06%	5%	3,392
GBP	42,495,674	(41,266,969)	1,228,705	1.15%	5%	61,435
HKD	-	4,999,908	4,999,908	4.70%	5%	249,995
MXN	5,609,200	-	5,609,201	5.27%	5%	280,460
MYR	-	3,993,755	3,993,755	3.75%	5%	199,688
NOK	386,783	2,467,745	2,854,528	2.68%	5%	142,726
SEK	2,556,352	-	2,556,352	2.40%	5%	127,818
SGD	-	2,005,375	2,005,375	1.88%	5%	100,269
TWD	-	4,069,163	4,069,163	3.82%	5%	203,458
Total	55,432,031	(21,035,728)	34,396,305	32.29%		1,719,815

Limitations of sensitivity analysis on foreign currency risk

The above analysis is included for the purposes of FRS 29 only and is not used by management in managing risk. This currency risk sensitivity analysis is based on an estimate of the impact on the Net Assets Attributable to Holders of Redeemable Shares of each Fund, assuming a hypothetical 5% movement in exchange rates. Actual trading results could differ from the above sensitivity analysis, and the difference could be material.

Interest Rate Risk

This risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The value of investments in interest bearing securities may be subject to price volatility due to changes in interest rates. An increase in interest rates will generally reduce the value of debt securities that are issued and outstanding, while a decline in interest rates will generally increase the value of debt securities that are issued and outstanding.

The magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer. Changes in the value of securities held by a Fund due to interest rates change may cause the Net Asset Value per Share of the Fund to go up or down because of the effect of changing interest rates on the value of the Fund's portfolio of debt securities.

The majority of the financial assets of the Company are equity shares and other investments which neither pay interest nor have a maturity date. The Company held overnight time deposits as at 30 April 2014 as detailed on the Portfolios of Investments, however the interest rate exposure is considered immaterial due to the short maturity profile of the deposits. For the two bond Funds, the Sterling Bond Fund and the Global Bond Fund, the table below shows the Funds' sensitivity to interest rate risk as of 30 April 2014.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Interest Rate Risk (continued)

Fund	30 April 2014 Duration	30 April 2013 Duration
Sterling Bond Fund	2.3 years	2.8 years
Global Bond Fund	1.3 years	2.4 years

Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates and is expressed in years. Funds with higher duration have a greater interest rate risk. Generally, the value of debt securities will tend to decrease in value when interest rates rise and vice versa. Shorter term securities are less sensitive to interest rate changes than longer term securities, but they also usually offer lower yield.

The interest rate profile of the Funds' financial assets as of 30 April 2014 is as follows:

As of 30 April 2014		Floating rate financial assets	Fixed rate financial assets	Financial assets on which no interest is paid	Total
Sterling Bond Fund	GBP	32,896,441	83,504,148	533,125	116,933,714
Global Bond Fund	USD	22,430,122	60,560,017	-	82,990,139

The interest rate profile of the Funds' financial assets as of 30 April 2013 is as follows:

As of 30 April 2013		Floating rate financial assets	Fixed rate financial assets	Financial assets on which no interest is paid	Total
Sterling Bond Fund	GBP	16,496,467	87,974,062	3,648,615	108,119,144
Global Bond Fund	USD	16,418,663	77,871,360	3,372,075	97,662,098

Credit Risk

This is the risk of loss arising if a counterparty fails to perform its obligations subsequent to the provision of credit facilities (either on or off balance sheet). The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. The Company seeks to minimise concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges. The Investment Manager monitors the credit risk of the issuing of shares in the Funds. All brokers used are approved for trading purposes by the Investment Manager's Legal and Compliance Committee.

The Sterling Bond Fund and the Global Bond Fund hold a number of futures which are held with Merrill Lynch. The counterparty is approved for trading purposes by the Investment Manager's Legal and Compliance Committee.

Cash Management

The cash balance of all the Funds of the Company are managed by the Custodian and swept into either a bank account with the Custodian itself, or another bank on a list prepared by the Custodian and approved by the Investment Manager. The risk of repayment for all deposits held with the bank, including insolvency or sovereign risk, is solely for the account of the client. As at 30 April 2014 the Company held time deposits with Standard Chartered Bank 2014: A1* (2013: -), Canadian Imperial Bank of Commerce 2014: Aa3* (2013: -), Bank of Montreal 2014: Aa3* (2013: -), Nordea Bank AB 2014: Aa3* (2013: -), Barclays Bank Plc 2014: A2* (2013: A2), BNP Paribas Paris 2014: A1* (2013: A2), Royal Bank of Canada 2014: Aa3* (2013: Aa3), Deutsche Bank AG 2014: A2* (2013: A2), and Royal Bank Scotland Plc 2014: Baa1* (2013: A3). Details of these are listed in the Portfolios of Investments. * Credit ratings from Moody's

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Credit Risk (continued)

The tables below detail the Funds' exposure to credit risk. Cash amounts are held with the Custodian Citibank International plc (Ireland Branch) which has a credit rating of A2 (Moody's).

	30 April 2014	30 April 2013
	USD	USD
Asia Pacific Fund		
Time deposits	13,515,097	4,069,480
Cash	2,868,074	3,044,252
Receivable from investments sold	605,912	-
Other receivables	242,250	476,369
Total	<u>17,231,333</u>	<u>7,590,101</u>
	30 April 2014	30 April 2013
	GBP	GBP
Global Equity Fund		
Time deposits	-	-
Cash	1,513,618	802,720
Receivable from investments sold	-	-
Other receivables	166,354	141,719
Total	<u>1,679,972</u>	<u>944,439</u>
	30 April 2014	30 April 2013
	GBP	GBP
UK Fund		
Time deposits	-	-
Cash	236,151	1,363,755
Receivable from investments sold	-	201,016
Other receivables	131,942	145,404
Total	<u>368,093</u>	<u>1,710,175</u>
	30 April 2014	30 April 2013
	EUR	EUR
European Fund		
Time deposits	7,556,095	-
Cash	9,617,464	329,000
Receivable from investments sold	-	238,083
Other receivables	45,790,022	61,301
Total	<u>62,963,581</u>	<u>628,384</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Credit Risk (continued)

	30 April 2014 GBP	30 April 2013 GBP
Sterling Bond Fund		
Time deposits	6,417,496	2,830,779
Cash	4,207,592	3,405,836
Receivable from investments sold	–	–
Other receivables	2,450,452	1,870,287
Total	<u>13,075,540</u>	<u>8,106,902</u>

	30 April 2014 GBP	30 April 2013 GBP
Equity Fund		
Time deposits	–	–
Cash	851,917	1,598,229
Receivable from investments sold	1,034,013	–
Other receivables	389,850	149,757
Total	<u>2,275,780</u>	<u>1,747,986</u>

	30 April 2014 USD	30 April 2013 USD
Global Bond Fund		
Time deposits	2,701,099	5,384,693
Cash	2,281,500	3,367,302
Receivable from investments sold	–	–
Other receivables	1,551,568	1,656,380
Total	<u>6,534,167</u>	<u>10,408,375</u>

	30 April 2014 GBP	30 April 2013 GBP
Absolute Fund		
Time deposits	–	8,398,934
Cash	9,318	2,280,284
Receivable from investments sold	–	–
Other receivables	9,785	5,876
Total	<u>19,103</u>	<u>10,685,094</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Credit Risk (continued)

	30 April 2014	30 April 2013
	USD	USD
Global Equity Wealth Creation Fund		
Time deposits	–	–
Cash	23,880	–
Receivable from investments sold	–	–
Other receivables	20,077	–
Total	43,957	–
	30 April 2014	30 April 2013
	GBP	GBP
Alternatives Fund		
Time deposits	1,109,257	–
Cash	1,013,615	–
Receivable from investments sold	–	–
Other receivables	275,719	–
Total	2,398,591	–

Included in the cash balances are the following amounts which are held with Merrill Lynch International and represent the collateral for open futures contracts:

		30 April 2014	30 April 2013
UK Fund	GBP	–	232,500
Sterling Bond Fund	GBP	710,213	138,027
Global Bond Fund	USD	591,288	62,827
Absolute Fund	GBP	–	579,638

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Credit Risk (continued)

The credit rating profile of the Sterling Bond Fund and Global Bond Fund (which are the only two Funds that hold bonds) financial assets, with reference to S&P or Moody as of 30 April 2014 are as follows:

Sterling Bond Fund

As of 30 April 2014

Credit Rating	GBP
AAA	2,062,460
AA	22,632,950
A	15,386,274
BBB	30,945,340
BB	15,387,173
B	7,996,672
Non-Rated Securities	22,522,845
Total	116,933,714

Global Bond Fund

As of 30 April 2014

Credit Rating	USD
AAA	4,957,904
A	22,167,920
BBB	32,194,674
Non-Rated Securities	23,669,641
Total	82,990,139

The credit rating profile of the Sterling Bond Fund and Global Bond Fund (which are the only two Funds that hold bonds) financial assets, with reference to S&P or Moody as of 30 April 2013 are as follows:

Sterling Bond Fund

As of 30 April 2013

Credit Rating	GBP
AAA	4,443,478
A	31,340,179
BBB	48,456,361
BB	10,708,024
Non-Rated Securities	13,171,102
Total	108,119,144

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Credit Risk (continued)

Global Bond Fund

As of 30 April 2013

Credit Rating	USD
AAA	5,021,271
AA	1,696,898
A	18,277,430
BBB	48,999,506
Non-Rated Securities	23,666,993
Total	97,662,098

Liquidity Risk

The assets of the Funds comprise of mainly readily realisable securities, which can generally be sold within 1 week. Liquidity is assessed by taking the average number of trading days of each position in each Fund, assuming that each position accounts for at least 25% of the daily trading volume. The main liability of the Funds tends to be outstanding payables on the purchase of investments and the redemption of any Shares that investors wish to sell. All financial liabilities are due to mature within one year. The Investment Manager monitors the volume and turnover of the portfolio for liquidity purposes.

The table below analyses the liquidity of the Funds' liabilities as at 30 April 2014 and 30 April 2013:

	30 April 2014		30 April 2013	
	Less than 1 month USD	Total USD	Less than 1 month USD	Total USD
Asia Pacific Fund				
Liabilities				
Financial derivative position	–	–	–	–
Other liabilities	2,965,155	2,965,155	911,502	911,502
Net assets attributable to holders of redeemable shares	92,059,163	92,059,163	82,946,731	82,946,731
Total Liabilities	95,024,318	95,024,318	83,858,233	83,858,233
	30 April 2014		30 April 2013	
	Less than 1 month GBP	Total GBP	Less than 1 month GBP	Total GBP
Global Equity Fund				
Liabilities				
Other liabilities	152,729	152,729	191,093	191,093
Net assets attributable to holders of redeemable shares	51,220,907	51,220,907	38,638,268	38,638,268
Total Liabilities	51,373,636	51,373,636	38,829,361	38,829,361

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Liquidity Risk (continued)

	30 April 2014		30 April 2013	
	Less than 1 month GBP	Total GBP	Less than 1 month GBP	Total GBP
UK Fund				
Liabilities				
Other liabilities	279,044	279,044	399,809	399,809
Net assets attributable to holders of redeemable shares	27,547,956	27,547,956	35,051,843	35,051,843
Total Liabilities	27,827,000	27,827,000	35,451,652	35,451,652

	30 April 2014		30 April 2013	
	Less than 1 month EUR	Total EUR	Less than 1 month EUR	Total EUR
European Fund				
Liabilities				
Financial derivative position	–	–	–	–
Other liabilities	39,194,351	39,194,351	493,271	493,271
Net assets attributable to holders of redeemable shares	877,695,693	877,695,693	46,230,287	46,230,287
Total Liabilities	916,890,044	916,890,044	46,723,558	46,723,558

	30 April 2014		30 April 2013	
	Less than 1 month GBP	Total GBP	Less than 1 month GBP	Total GBP
Sterling Bond Fund				
Liabilities				
Financial derivative position	255,647	255,647	277,666	277,666
Other liabilities	1,814,363	1,814,363	2,699,756	2,699,756
Net assets attributable to holders of redeemable shares	128,100,735	128,100,735	113,830,864	113,830,864
Total Liabilities	130,170,745	130,170,745	116,808,286	116,808,286

	30 April 2014		30 April 2013	
	Less than 1 month GBP	Total GBP	Less than 1 month GBP	Total GBP
Equity Fund				
Liabilities				
Other liabilities	468,363	468,363	248,487	248,487
Net assets attributable to holders of redeemable shares	101,730,399	101,730,399	74,091,165	74,091,165
Total Liabilities	102,198,762	102,198,762	74,339,652	74,339,652

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

Liquidity Risk (continued)

	30 April 2014		30 April 2013	
	Less than 1 month USD	Total USD	Less than 1 month USD	Total USD
Global Bond Fund				
Liabilities				
Financial derivative position	380,803	380,803	655,392	655,392
Other liabilities	1,241,621	1,241,621	1,310,472	1,310,472
Net assets attributable to holders of redeemable shares	88,006,246	88,006,246	106,223,267	106,223,267
Total Liabilities	89,628,670	89,628,670	108,189,131	108,189,131

	30 April 2014		30 April 2013	
	Less than 1 month GBP	Total GBP	Less than 1 month GBP	Total GBP
Absolute Fund				
Liabilities				
Other liabilities	19,103	19,103	407,997	407,997
Net assets attributable to holders of redeemable shares	–	–	17,438,020	17,438,020
Total Liabilities	19,103	19,103	17,846,017	17,846,017

	30 April 2014		30 April 2013	
	Less than 1 month USD	Total USD	Less than 1 month USD	Total USD
Global Equity Wealth Creation Fund				
Liabilities				
Other liabilities	26,350	26,350	–	–
Net assets attributable to holders of redeemable shares	7,709,957	7,709,957	–	–
Total Liabilities	7,736,307	7,736,307	–	–

	30 April 2014		30 April 2013	
	Less than 1 month GBP	Total GBP	Less than 1 month GBP	Total GBP
Alternatives Fund				
Liabilities				
Other liabilities	47,749	47,749	–	–
Net assets attributable to holders of redeemable shares	9,286,062	9,286,062	–	–
Total Liabilities	9,333,811	9,333,811	–	–

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

ASSOCIATED RISK FOR DERIVATIVE INSTRUMENTS

The Company may use derivative instruments traded on an organised exchange and/or on over-the-counter markets for investment purposes and/or efficient portfolio management in accordance with the investment objective and the policy of the Fund. The use of these strategies involves certain special risks, including but not limited to: (i) dependence on the ability to predict movements in the prices of securities being hedged and movement in interest rates; (ii) imperfect correlation between the hedging instruments and the securities or market sectors being hedged; (iii) the possible absence of a liquid market for any particular instrument; (iv) possible impediments to effective portfolio management or the ability to meet repurchase requests or other short-term obligations because of the percentage of a Fund's assets segregated to cover its obligations; (v) the risk of counterparty default delaying or impeding the recovery of a Fund's assets; (vi) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities; and (vii) the potential loss arising from the use of FDI or EPM may not be predictable and may even exceed the margin or other collateral paid. A Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations and these strategies may be used only in accordance with the investment objectives of the Fund.

Derivative instruments are only utilised within the Company for the purposes of reducing risk either by hedging exposure or reducing volatility. Derivative exposures are monitored on a daily basis by the Investment Manager's Legal and Compliance Committee. Details of derivative contracts held by the Company as at 30 April 2014 are included in the Portfolio of Investments.

FAIR VALUE MEASUREMENT

The Company adopted an amendment to FRS 29 a three-tier hierarchy to prioritise the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarised in the three broad levels listed below.

- Level 1 – Quoted prices in active markets for identical investments
- Level 2 – Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the year), unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

FAIR VALUE MEASUREMENT (continued)

At 30 April 2014 the inputs used in valuing the Funds' investments, which are carried at value, were as follows:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total
Asia Pacific Fund	USD	USD	USD	USD
Investments in Securities	91,308,082	-	-	91,308,082
Other Financial Instruments	-	-	-	-
Total Investments	91,308,082	-	-	91,308,082
Global Equity Fund	GBP	GBP	GBP	GBP
Investments in Securities	49,693,664	-	-	49,693,664
Total Investments	49,693,664	-	-	49,693,664
UK Fund	GBP	GBP	GBP	GBP
Investments in Securities	27,458,907	-	-	27,458,907
Total Investments	27,458,907	-	-	27,458,907
European Fund	EUR	EUR	EUR	EUR
Investments in Securities	861,478,252	-	-	861,478,252
Other Financial Instruments	-	-	-	-
Total Investments	861,478,252	-	-	861,478,252
Sterling Bond Fund	GBP	GBP	GBP	GBP
Investments in Securities	39,187,526	84,163,684	-	123,351,210
Other Financial Instruments	(117,960)	23,804	-	(94,156)
Total Investments	39,069,566	84,187,488	-	123,257,054
Equity Fund	GBP	GBP	GBP	GBP
Investments in Securities	82,546,630	17,376,352	-	99,922,982
Total Investments	82,546,630	17,376,352	-	99,922,982
Global Bond Fund	USD	USD	USD	USD
Investments in Securities	34,437,664	51,253,574	-	85,691,238
Other Financial Instruments	(90,110)	(186,329)	-	(276,439)
Total Investments	34,347,554	51,067,245	-	85,414,799
Alternatives Fund	GBP	GBP	GBP	GBP
Investments in Securities	8,044,477	-	-	8,044,477
Total Investments	8,044,477	-	-	8,044,477
Global Equity Wealth Creation Fund	USD	USD	USD	USD
Investments in Securities	7,692,350	-	-	7,692,350
Total Investments	7,692,350	-	-	7,692,350

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

FAIR VALUE MEASUREMENT (continued)

There were no transfers between Level 1 and Level 2 during the year ended 30 April 2014.

Other financial instruments are futures options and forwards contracts which are valued at the unrealised appreciation / (depreciation) at measurement date.

At 30 April 2013 the inputs used in valuing the Funds' investments, which are carried at value, were as follows:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total
Asia Pacific Fund	USD	USD	USD	USD
Investments in Securities	80,337,612	-	-	80,337,612
Total Investments	80,337,612	-	-	80,337,612
Global Equity Fund	GBP	GBP	GBP	GBP
Investments in Securities	37,884,922	-	-	37,884,922
Total Investments	37,884,922	-	-	37,884,922
UK Fund	GBP	GBP	GBP	GBP
Investments in Securities	32,686,727	-	-	32,686,727
Other Financial Instruments	-	1,054,750	-	1,054,750
Total Investments	32,686,727	1,054,750	-	33,741,477
European Fund	EUR	EUR	EUR	EUR
Investments in Securities	46,094,925	-	-	46,094,925
Total Investments	46,094,925	-	-	46,094,925
Sterling Bond Fund	GBP	GBP	GBP	GBP
Investments in Securities	26,149,984	84,799,937	-	110,949,921
Other Financial Instruments	-	26,909	-	26,909
Total Investments	26,149,984	84,826,846	-	110,976,830
Equity Fund	GBP	GBP	GBP	GBP
Investments in Securities	59,867,391	12,724,275	-	72,591,666
Total Investments	59,867,391	12,724,275	-	72,591,666
Global Bond Fund	USD	USD	USD	USD
Investments in Securities	31,029,897	72,016,894	-	103,046,791
Other Financial Instruments	-	(536,734)	-	(536,734)
Total Investments	31,029,897	71,480,160	-	102,510,057
Absolute Fund	GBP	GBP	GBP	GBP
Investments in Securities	15,417,356	-	-	15,417,356
Other Financial Instruments	-	(198,951)	-	(198,951)
Total Investments	15,417,356	(198,951)	-	15,218,405

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

11. FINANCIAL INSTRUMENTS, DISCLOSURE (continued)

FAIR VALUE MEASUREMENT (continued)

There were no transfers between Level 1 and Level 2 during the year ended 30 April 2013

Other financial instruments are futures options and forwards contracts which are valued at the unrealised appreciation / (depreciation) at measurement date.

12. NET ASSET COMPARISON

In accordance with the provisions of the Prospectus, financial assets at fair value through profit or loss are valued at the latest mid-market quotation on its Regulated Market as at the Valuation Point for the purpose of calculating the Net Asset Value. Financial assets at fair value through profit or loss for financial statement purposes have been valued based on the latest bid prices. The difference between the valuation methodology of the financial statements, as required by FRS 26, and the policy in the Prospectus, results in there being differences which are detailed in the table below.

As at 30 April 2014

	Asia Pacific Fund USD	Global Equity Fund GBP	UK Fund GBP	European Fund EUR
Net Assets Attributable to Holders of Redeemable Shares				
Valuation in accordance with Prospectus (mid market price)	92,320,867	51,230,773	27,561,580	878,092,231
Adjustment to the value at latest bid price	(261,704)	(9,866)	(13,624)	(396,538)
Valuation in accordance with FRS 26	<u>92,059,163</u>	<u>51,220,907</u>	<u>27,547,956</u>	<u>877,695,693</u>

	Sterling Bond Fund GBP	Equity Fund GBP	Global Bond Fund USD
Net Assets Attributable to Holders of Redeemable Shares			
Valuation in accordance with Prospectus (mid market price)	128,364,938	101,792,834	88,116,920
Adjustment to the value at latest bid price	(264,203)	(62,435)	(110,674)
Valuation in accordance with FRS 26	<u>128,100,735</u>	<u>101,730,399</u>	<u>88,006,246</u>

	Global Equity Wealth Creation Fund USD	Alternatives Fund GBP
Net Assets Attributable to Holders of Redeemable Shares		
Valuation in accordance with Prospectus (mid market price)	7,712,700	9,291,855
Adjustment to the value at latest bid price	(2,743)	(5,793)
Valuation in accordance with FRS 26	<u>7,709,957</u>	<u>9,286,062</u>

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

12. NET ASSET COMPARISON (continued)

As at 30 April 2013

	Asia Pacific Fund USD	Global Equity Fund GBP	UK Fund GBP	European Fund EUR
Net Assets Attributable to Holders of Redeemable Shares				
Valuation in accordance with Prospectus (mid market price)	83,165,337	38,651,657	35,061,286	46,271,236
Adjustment to the value at latest bid price	(218,606)	(13,389)	(9,443)	(40,949)
Valuation in accordance with FRS 26	<u>82,946,731</u>	<u>38,638,268</u>	<u>35,051,843</u>	<u>46,230,287</u>

	Sterling Bond Fund GBP	Equity Fund GBP	Global Bond Fund USD	Absolute Fund GBP
Net Assets Attributable to Holders of Redeemable Shares				
Valuation in accordance with Prospectus (mid market price)	114,137,037	74,130,797	106,473,683	17,440,575
Adjustment to the value at latest bid price	(306,174)	(39,632)	(250,416)	(2,555)
Valuation in accordance with FRS 26	<u>113,830,863</u>	<u>74,091,165</u>	<u>106,223,267</u>	<u>17,438,020</u>

For the purpose of disclosure of the Net Assets and the Net Asset Value per Share, these financial statements disclose the dealing Net Assets and Net Asset Value per Share at which Shareholders of redeemable participating Shares can subscribe and redeem. This is based on the valuations per the Prospectus.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

12. NET ASSET COMPARISON (continued)

Published	30 April 2014		30 April 2013		30 April 2012	
	Net Assets	NAV Per Share	Net Assets	NAV Per Share	Net Assets	NAV Per Share
Asia Pacific Fund						
Class A US\$	16,731,760	19.62	2,396,961	20.00	2,490,901	17.48
Class A Euro	14,377	17.25	2,806,035	18.57	2,074,634	15.60
Class A Stg£	75,574,807	19.35	77,158,096	21.43	75,979,957	17.84
Class B US\$	–	–	315,924	20.02	326,919	17.55
Class B Stg£	–	–	488,321	21.14	493,972	17.63
Global Equity Fund						
Class A US\$	1,066,859	22.91	639,327	18.78	563,339	17.38
Class A Stg£	50,163,948	13.52	37,756,976	12.03	27,050,173	10.60
Class B US\$	–	–	32,533	9.48	28,784	8.81
Class B Stg£	–	–	222,821	6.13	227,130	5.43
UK Fund						
Class A Stg£	27,418,944	12.85	34,181,387	11.39	64,519,457	10.45
Class B Stg£	142,636	12.86	879,899	11.42	991,367	10.42
European Fund						
Class A Euro	371,855,269	15.94	6,809,001	10.39	4,811,105	8.30
Class A Stg£	476,958,760	18.89	36,209,295	12.62	33,351,228	9.62
Class B Euro	29,278,202	15.79	3,252,941	10.33	2,650,136	8.16
Sterling Bond Fund						
Class A Stg£	124,297,616	10.05	113,596,811	10.29	96,252,569	9.91
Class B Stg£	48,683	9.87	540,226	10.16	1,415,512	9.83
Class P Stg£	4,018,639	10.02	–	–	–	–
Equity Fund						
Class A Stg£	67,810,102	13.41	67,595,661	12.76	47,386,355	10.71
Class B Stg£	20,220,194	13.18	6,535,136	12.60	8,336,603	10.61
Class P Stg£	13,762,538	9.83	–	–	–	–
Global Bond Fund						
Class A US\$	70,791,483	9.51	89,958,904	9.86	100,064,542	9.71
Class A Stg£	1,813,873	9.38	1,728,684	9.71	1,812,805	9.58
Class B Stg£	–	–	4,797	9.48	3,861	9.37
Class I US\$ Distribution . .	15,511,564	9.88	14,781,299	10.15	–	–
Absolute Fund						
Class A Stg£	–	–	17,283,351	10.64	13,972,025	10.27
Class B Stg£	–	–	157,222	10.35	156,348	10.00
Global Equity Wealth Creation Fund						
Class A US\$ Institutional . .	7,712,700	9.97	–	–	–	–
Alternatives Fund						
Class A Stg£	120,577	9.95	–	–	–	–
Class P Stg£	9,171,278	9.96	–	–	–	–

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

13. UMBRELLA STRUCTURE OF THE COMPANY AND CROSS-LIABILITY RISK

Each Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. The Company is an umbrella fund with segregated liability between Funds. The adoption of segregated liability ensures that the liabilities incurred on behalf of a Fund will generally be discharged solely out of the assets of that Fund and there can generally be no recourse to the other Funds to satisfy those liabilities, notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction that the segregated nature of the Funds would necessarily be upheld.

14. DISTRIBUTIONS

The following distributions were made during the year ended 30 April 2014:

	Asia Pacific Fund USD	Global Equity Fund GBP	UK Fund GBP	European Fund EUR	Sterling Bond Fund GBP
Dividends to holders of redeemable shares					
Class A Euro	3,200	–	–	1,300,430	–
Class A Stg£	273,281	81,890	524,468	1,356,821	5,660,277
Class A US\$	58,500	2,297	–	–	–
Class B Euro	–	–	–	73,473	–
Class B Stg£	167	–	7,344	–	–
Class B US\$	238	–	–	–	23,329
Class P Stg£	–	–	–	–	66,400
	335,386	84,187	531,812	2,730,724	5,750,006

	Equity Fund GBP	Global Bond Fund USD	Absolute Fund GBP	Global Equity Wealth Creation Fund USD	Alternatives Fund GBP
Dividends to holders of redeemable shares					
Class A Stg£	–	75,312	–	–	–
Class A US\$	–	3,484,851	–	10,199	–
Class B Stg£	–	101	–	–	–
Class I US\$ distribution	–	465,710	–	–	–
Class P Stg£	1,988	–	–	–	–
	1,988	4,025,974	–	10,199	–

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

14. DISTRIBUTIONS (continued)

The following distributions were made during the year ended 30 April 2013:

	Asia Pacific Fund USD	Global Equity Fund GBP	UK Fund GBP	European Fund EUR
Dividends to holders of redeemable shares				
Class A Euro	9,192	–	–	28,299
Class A Stg£	590,676	36,033	1,075,425	267,082
Class A US\$	19,339	550	–	–
Class B Euro	–	–	–	8,656
Class B Stg£	2,562	–	15,010	–
Class B US\$	1,795	–	–	–
	623,564	36,583	1,090,435	304,037

	Sterling Bond Fund GBP	Equity Fund GBP	Global Bond Fund USD	Absolute Fund GBP
Dividends to holders of redeemable shares				
Class A Stg£	5,463,720	66,501	79,789	94,306
Class A US\$	–	–	4,227,522	–
Class B Stg£	48,709	–	255	779
Class I US\$ distribution	–	–	329,802	–
	5,512,429	66,501	4,637,368	95,085

15. DIRECTORS' & RELATED PARTIES INTERESTS

In the opinion of the Directors, the Investment Manager is a related party under FRS 8 “Related Party Transactions”. Fees payable to the Investment Manager as at 30 April 2014 and 30 April 2013 and expenses incurred during the year ended 30 April 2014 and 30 April 2013 are shown on the Statements of Assets & Liabilities and Statements of Operations, respectively. All transactions with related parties, Directors or any party in which they have a material interest are entered into in the ordinary course of business on normal commercial terms.

The Board of Directors is satisfied that: (i) there are arrangements (evidenced by written procedures) in place to ensure that the obligations set out in paragraph 1 of the Central Bank’s UCITS Notice 14 are applied to all transactions with connected parties; and (ii) transactions with connected parties entered into during the period complied with the obligations set out in paragraph 1 of UCITS Notice 14.

Amounts receivable from the Investment Manager, are detailed in the Statement of Assets and Liabilities on pages 62 to 65, and the Expenses voluntarily reduced by Investment Manager are details in the Statement of Operations on pages 66 to 69.

Directors fees paid during the year are detailed in the Statement of Operations on pages 66 to 69.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

15. DIRECTORS' & RELATED PARTIES INTERESTS (continued)

The following Directors and related parties held shares in the Company as at 30 April 2014 and 30 April 2013:

	Class	30 April 2014 Shares	30 April 2013 Shares
Asia Pacific Fund			
Hugh Grootenhuis	A Stg£	1,828	1,828
Global Equity Fund			
Hugh Grootenhuis	A Stg£	3,159	3,159
UK Fund			
Hugh Grootenhuis	A Stg£	2,766	3,744
European Fund			
Hugh Grootenhuis	A Stg£	1,412	2,358
Hugh Grootenhuis	A Euro	7,038	-
Sterling Bond Fund			
Hugh Grootenhuis	A Inc £	6,577	5,377
Alternatives Fund			
Hugh Grootenhuis	A Inc £	130,000	-

16. SIGNIFICANT EVENTS DURING THE YEAR

A revised prospectus of the Company was filed with the Central Bank for noting on 7 May 2013 to:

- include additional disclosure on the ability of the Funds to enter into futures contracts to take long or short positions in, or to increase the Funds' exposure to, an underlying security, currency or market; and
- include changes required by the ESMA Guidelines on ETFs and other UCITS issues and the related revisions to the Central Bank's UCITS Notices and Guidance Notes.

A revised prospectus of the Company was filed with the Central Bank for notification on 4 June 2013 to include amendments to the investment policy of the UK Fund and to provide that the Investment Manager will not concentrate investments for that Fund in any one industrial or economic sector or companies of a particular market capitalisation.

On 2 August 2013 the Investment Manager, Waverton Investment Management Limited (formerly named as J O Hambro Investment Management Limited), previously a wholly owned subsidiary of Credit Suisse, was acquired by Bermuda National Limited (BNL) which has subsequently changed its name to Somers Limited. Somers Limited is a listed company in Bermuda and acquired 62.5% of the equity of the Investment Manager with the remainder acquired by the existing management team of the Investment Manager.

A revised memorandum and articles of association of the Company was approved by the Shareholders of the Company at the annual general meeting on 25 October 2013.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Notes to the Financial Statements (continued)

16. SIGNIFICANT EVENTS DURING THE YEAR (continued)

On 29 October 2013, the relevant Shareholders were notified of the compulsory repurchase of certain Classes of Shares which took effect on 21 November 2013. The affected Classes of Shares are:

- Class B Stg£ shares in Global Equity Fund, Asia Pacific Fund, European Fund and Global Bond Fund;
- Class B US\$ in the Asia Pacific Fund; and
- Class C US\$ and Class C Stg£ in the Global Bond Fund.

On 5 November 2013, Shareholders in the Absolute Fund were notified of the compulsory repurchase of all Shares in the Fund which took place on 29 November 2013.

A revised prospectus of the Company was filed with the Central Bank for notify on 23 December 2013 to reflect:

- the creation of the Alternatives Fund and the Global Equity Wealth Creation Fund;
- the change of name of JOHIM Sterling Bond Fund to Waverton Sterling Bond Fund and JOHIM Equity Fund to Waverton Equity Fund;
- the creation of a new class P Stg£ in the Sterling Bond Fund and Equity Fund;
- the removal of certain Classes of Shares identified in Note 16 Significant Events During the Year which were compulsorily redeemed on 29 November 2013;
- a decrease to the Investment Management fee for the Class B Stg£ Shares of the Equity Fund; and
- a new performance benchmark for Global Equity Fund, namely MSCI World Free Net Total Return Index with effect from 1 January 2014

Global Equity Wealth Creation Fund commenced operations on 6 March 2014 and Alternatives Fund commenced operations on 9 March 2014.

17. SIGNIFICANT EVENTS POST YEAR END

There were no significant post balance sheet events to report.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 21 August 2014.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited)

Asia Pacific Fund

Major Purchases for year ended 30 April 2014	Shares or Principal Amount	Cost USD
Great Eagle Holdings Ltd.	1,950,000	6,715,360
NetEase, Inc.	78,000	5,561,808
Kunlun Energy Co., Ltd.	2,770,000	4,711,636
Samsung Electronics Co., Ltd.	5,000	4,659,746
SouFun Holdings Ltd.	75,000	4,558,786
Lenovo Group Ltd.	4,450,000	4,461,886
REXLot Holdings Ltd.	29,000,000	4,275,936
Thai Beverage PCL	9,050,000	3,856,005
Pacific Basin Shipping Ltd.	5,797,000	3,620,842
Coal India Ltd.	850,000	3,608,969
Gamuda Bhd	2,200,000	3,528,051
Labixiaoxin Snacks Group Ltd.	5,325,000	3,423,338
Hero MotoCorp Ltd.	98,000	3,164,499
Newcrest Mining Ltd.	340,000	3,092,740
Jardine Matheson Holdings Ltd.	48,000	2,678,975
51Job Inc	35,000	2,519,862
Asia Satellite Telecommunications Holdings Ltd.	535,000	2,306,522
Cheung Kong Holdings Ltd.	145,000	2,287,989
Boustead Singapore Ltd.	1,700,000	2,278,401
China Meidong Auto Holdings Ltd.	9,502,000	2,231,283
Ctrip.com International Ltd.	37,000	2,126,239
Petrochina Co Ltd.	1,800,000	2,115,934
Bangkok Bank PCL	330,000	2,029,241
Hang Lung Properties Ltd.	610,000	1,967,928
Robinsons Retail Holdings, Inc.	1,264,550	1,928,843
L'Occitane International SA	700,000	1,911,951
Amara Raja Batteries Ltd.	340,000	1,902,631
PXP Vietnam Fund Ltd.	267,000	1,847,353
Airgas Inc	12,500	1,747,803
China Overseas Land & Investment Ltd.	500,000	1,600,222
Towngas China Co., Ltd.	1,500,000	1,581,093
Samsonite International SA	601,100	1,549,881
Soho China Ltd.	1,750,000	1,490,163
MediaTek, Inc.	115,000	1,434,738
Malayan Banking Bhd	440,000	1,430,364
Goodpack Ltd.	780,000	1,411,858
United Spirits Ltd.	30,000	1,310,484
Xinyi Glass Holding Ltd.	1,400,000	1,286,835
Taiwan Semiconductor	75,000	1,281,591
Naver Corp	5,000	1,273,323

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Asia Pacific Fund

Major Sales for year ended 30 April 2014	Shares or Principal Amount	Proceeds USD
Thai Beverage PCL	12,750,000	6,172,063
Sapurakencana Petroleum Bhd	4,500,000	5,931,001
Samsonite International SA	1,511,000	4,363,305
AIA Group Ltd.	927,800	4,285,880
Malayan Banking Bhd	1,390,000	4,241,563
United Spirits Ltd.	100,000	4,081,086
Towngas China Co., Ltd.	3,300,000	3,854,760
Newcrest Mining Ltd.	340,000	3,512,325
First Pacific Co	2,811,000	3,126,421
Gamuda Bhd	2,200,000	2,937,896
51Job Inc	35,000	2,716,258
Techtronic Industries Corp.	940,000	2,642,783
Hang Lung Properties Ltd.	770,000	2,567,870
Indofood Cbp Sukses Makmur	2,000,000	2,551,405
Advanced Info Service	340,000	2,458,793
CapitaMall Trust	1,475,000	2,316,087
UEM Sunrise Bhd	3,300,000	2,212,653
MediaTek, Inc.	150,000	2,176,181
Digital China Holdings Ltd.	1,930,000	2,142,436
SouFun Holdings Ltd.	24,000	2,131,561
Amara Raja Batteries Ltd.	340,000	2,113,179
Land and Houses	6,000,000	2,105,411
Naver Corp	3,425	2,045,289
Airgas Inc	12,500	2,032,497
Petrochina Co Ltd.	1,800,000	1,988,074
Coal India Ltd.	427,382	1,877,404
SP Setia Bhd	1,500,000	1,852,583
Raffles Medical Group Ltd.	750,000	1,850,543
Lenovo Group Ltd.	1,650,000	1,811,925
Philippine Long Distance Telephone Corp.	28,000	1,761,135
Ctrip.com International Ltd.	37,000	1,758,286
SM Prime Holdings Inc	5,440,000	1,748,477
Bangkok Bank PCL	272,000	1,716,762
Dairy Farm International Holdings Ltd.	160,000	1,580,721
L'Occitane International SA	700,000	1,511,010
Hong Kong & China Gas Co Ltd.	595,000	1,501,462
Soho China Ltd.	1,750,000	1,480,966
China Overseas Land & Investment Ltd.	500,000	1,442,263
Bank Of Philippine Islands	755,000	1,422,345
Hero MotoCorp Ltd.	38,000	1,355,264
Taiwan Semiconductor	75,000	1,315,154
Dyna-Mac Holdings Ltd.	3,700,000	1,270,322
Xinyi Glass Holdings Ltd.	1,400,000	1,246,322
Siam Cement PCL	86,000	1,229,243

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Asia Pacific Fund

Additional Portfolio Information (unaudited)

The following table summarises the fees paid by the underlying investment fund held by the Asia Pacific Fund during the year as stated in the prospectus or applicable information held by the relevant fund.

Names	Manager	Domicile	Management fee %	Performance fee %	Subscription fee %	Redemption fee %
PXP Vietnam Fund Ltd.	Kevin Snowball	Cayman	2.00%	0.00%	0.00%	0.00%

- The boards of directors of the above mentioned underlying fund may elect to reduce, increase, waive or calculate differently these fees with respect to certain shareholders.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Global Equity Fund

Major Purchases for year ended 30 April 2014	Shares or Principal Amount	Cost GBP
Tech Data Corp.	63,400	2,166,965
Helmerich & Payne, Inc.	38,950	1,644,682
MSC Industrial Direct Co., Inc.	29,560	1,498,750
Deere & Co	28,050	1,466,394
Hargreaves Lansdown Plc	97,350	1,424,033
Nitto Denko Corp.	35,300	1,311,282
International Paper Co	46,800	1,278,170
VF Corp.	8,650	1,085,295
Cummins, Inc.	13,500	1,027,243
National Oilwell Varco, Inc.	18,400	909,977
Berkshire Hathaway, Inc.	11,730	850,928
Canadian Natural Resources Ltd.	40,920	821,552
Nihon Kohden Corp.	33,100	816,898
Aryzta AG	19,700	760,242
Avnet, Inc.	31,750	748,164
Svenska Handelsbanken AB	26,800	742,251
Occidental Petroleum Corp.	9,400	542,983
TESCO Plc	148,200	531,099
Legrand SA	13,350	474,045
Parker Hannifin Corp.	7,100	473,301
American Tower Corp.	8,200	416,271
Bridgestone Corp.	16,900	399,131
Orkla ASA	74,200	357,623
Oracle Corp.	12,750	292,257
B/E Aerospace, Inc.	6,300	291,512
CRH Plc	18,800	290,835
Microsoft Corp.	12,200	289,647
WEX, Inc.	4,400	242,494

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Global Equity Fund

Major Sales for year ended 30 April 2014	Shares or Principal Amount	Proceeds GBP
B/E Aerospace, Inc.	36,399	1,807,815
FleetCor Technologies, Inc.	19,350	1,382,916
American Tower Corp.	27,671	1,338,760
Canon, Inc.	55,600	1,091,484
Microsoft Corp.	47,300	1,036,614
Orkla ASA	209,200	965,044
Nitto Denko Corp.	35,300	877,652
Tech Data Corp.	28,000	865,141
Hang Lung Properties Ltd.	358,000	788,874
Fanuc Corp.	7,300	741,695
British American Tobacco Plc	18,670	685,515
Qualcomm Inc	17,021	675,160
Apple, Inc.	2,500	668,531
Google, Inc.	1,831	639,313
Kurita Water Industries Ltd.	48,500	623,171
Google, Inc.	1,681	527,909
Aryzta AG	8,700	458,937
Avnet, Inc.	17,900	453,299
Helmerich & Payne, Inc.	8,700	430,787
Digital China Holdings Ltd.	550,000	401,758
American Express Corp.	7,200	389,531

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

UK Fund

Major Purchases for year ended 30 April 2014	Shares or Principal Amount	Cost GBP
Melrose Industries Plc	370,700	1,027,465
Babcock International Group Plc	82,430	1,003,235
WPP Plc	75,000	1,000,500
Sports Direct International Plc	164,000	985,457
Aberdeen Asset Mgmt Plc	225,000	904,987
Carnival Plc	35,000	891,921
Lloyds Banking Group Plc	1,100,000	815,055
Burberry Group Plc	50,000	789,246
Marston's Plc	527,800	759,740
Ultra Electronics Holdings Plc	43,150	744,250
IG Group Holdings Plc	120,500	732,238
Hays Plc	500,000	700,880
Reckitt Benckiser Group Plc	16,000	695,402
Compass Group Plc	75,000	682,557
Rio Tinto Plc	21,000	677,991
SABMiller Plc	20,000	662,021
Johnson Matthey Plc	20,000	648,326
Centrica Plc	175,000	636,152
Londonmetric Property Plc	500,000	608,313
Inchcape Plc	105,040	596,028
Inmarsat Plc	93,000	594,045
DCC Plc	17,500	592,826
Pennon Group Plc	88,000	586,555
Croda International Plc	22,500	585,023
British Land Co Plc	100,000	581,549
Taylor Woodrow Plc	500,000	572,637
DS Smith Plc	211,520	534,602
Monitise Plc	935,000	515,947
Prudential Plc	34,520	436,306
BTG Plc	116,200	433,821
Vodafone Group Plc	138,182	343,633
Aviva Plc	76,280	334,409
Standard Chartered Plc	18,696	273,841

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

UK Fund

Major Sales for year ended 30 April 2014	Shares or Principal Amount	Proceeds GBP
Royal Dutch Shell Plc	118,000	2,586,819
BT Group Plc	675,000	2,083,500
HSBC Holdings Plc	270,000	1,844,481
Vodafone Group Plc	820,000	1,681,510
ITV Plc	900,000	1,513,220
International Consolidated Airlines Group SA	435,000	1,348,510
British American Tobacco Plc	40,000	1,342,855
Glencore Plc	400,000	1,282,349
Barclays Plc	457,500	1,281,217
AstraZeneca Plc	38,000	1,204,520
BP Plc	255,000	1,199,550
Wolseley Plc	35,000	1,106,327
Aberdeen Asset Mgmt Plc	225,000	992,691
Utd Utilities Group Plc	120,000	874,964
GlaxoSmithKline Plc	50,000	830,958
Unilever Plc	30,000	726,015
Pennon Group Plc	88,000	657,857
GKN Plc	212,560	635,204
Imperial Tobacco Group Plc	27,000	633,040
Diageo Plc	32,000	612,940
Taylor Wimpey Plc	500,000	608,779
Land Securities Group Plc	65,000	596,212
BG Group Plc	49,040	588,488
Croda International Plc	22,500	561,567
Royal Bank of Scotland Group Plc	160,000	559,619
Sports Direct International Plc	64,000	506,672
Verizon Communications, Inc.	12,624	348,406
Babcock International Group Plc	22,430	304,655

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

European Fund

Major Purchases for year ended 30 April 2014	Shares or Principal Amount	Cost EUR
Lloyds Banking Group Plc	56,463,425	51,673,783
Danske Bank A/S	2,541,322	45,139,491
E.ON SE	2,939,844	39,867,520
Carrefour SA	1,441,383	38,598,276
Cap Gemini SA	771,537	38,411,797
Carnival Plc	1,311,067	38,242,842
Adecco SA	676,823	38,133,561
Intesa Sanpaolo SpA	19,798,399	36,921,098
Lonza Group AG	518,076	36,802,757
SES SA	1,416,019	35,948,615
Alcatel-Lucent	13,585,962	35,885,474
International Consolidated Airlines Group SA	7,086,064	32,943,004
Electricite de France SA	1,249,871	31,565,233
Vinci SA	644,060	31,072,072
RWE AG	1,012,736	29,212,318
Husqvarna AB	5,837,860	27,143,757
A2A SpA	32,059,810	26,028,962
Royal Mail Plc	3,792,318	25,020,009
Securitas AB	3,002,869	24,069,636
Societe Television Francaise 1	1,797,689	23,339,455
BNP Paribas	426,210	23,183,386
Mediobanca SpA	3,456,222	22,826,266
Assa Abloy AB	584,717	22,575,687
Atlantia SpA	1,337,795	22,197,601
Gas Natural SDG SA	1,187,133	21,062,470
Saab AB	987,945	19,892,072
Swiss Life Holding AG	119,137	18,544,150
Marine Harvest Asa	20,856,874	18,296,997
Aviva Plc	3,353,051	18,045,785
Outokumpu OYJ	92,399,894	17,271,510
Bankinter SA	3,603,018	16,237,691
Pandora A/S	465,524	15,626,216
Gerry Weber International AG	440,747	15,249,719
Renault SA	235,803	14,768,943

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

European Fund

Major Sales for year ended 30 April 2014	Shares or Principal Amount	Proceeds EUR
A2A SpA	32,059,810	27,656,449
BNP Paribas	471,277	26,191,591
Pandora A/S	591,340	25,785,454
Bankinter SA	4,493,996	25,686,013
Gas Natural SDG SA	1,187,133	23,658,982
Aviva Plc	3,353,051	19,176,061
Marine Harvest Asa	6,720,384	18,096,571
Renault SA	277,170	16,609,029
Electricite de France SA	515,293	14,073,287
Intesa Sanpaolo SpA	5,236,156	12,627,776
Alcatel-Lucent	3,739,654	11,579,283
Indra Sistemas SA	738,425	8,676,579
UBS AG	554,249	7,784,232
Carnival Plc	269,345	7,713,560
Mediaset SpA	2,379,430	7,156,857
Lloyds Banking Group Plc	7,504,585	7,062,249
Ryanair Holdings Plc	107,027	4,124,732
Autogrill SpA	335,006	4,102,713
HeidelbergCement AG	71,697	3,934,249
CNP Assurances	214,691	2,865,994

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Sterling Bond Fund

Major Purchases for the year ended 30 April 2014	Shares or Principal Amount	Cost GBP
United Kingdom Gilt, 2.75%, due 22/01/15	21,000,000	21,790,464
United Kingdom Gilt, 3.25%, due 22/01/44	13,000,000	12,438,216
Barclays Bank Plc, 6.00%, due 29/06/49	5,950,000	5,975,717
Mexican Bonos, 6.50%, due 10/06/21	800,000	4,127,945
Nationwide Building Society, 6.88%, due 11/03/49	3,000,000	3,052,500
Aquarius + Investments Plc for Swiss Reinsurance Co., Ltd., 8.25%, due 01/09/18	4,000,000	2,766,192
Jaguar Land Rover Automotive Plc, 5.00%, due 15/02/22	2,750,000	2,754,167
Banco Bilbao Vizcaya Argentaria SA, 9.00%, due 09/05/18	4,200,000	2,737,959
Grainger Plc, 5.00%, due 16/12/20	2,500,000	2,605,903
Premier Foods Finance Plc, 6.50%, due 15/03/21	2,500,000	2,549,653
LBG Capital No.1 Plc, 8.00%, due 15/06/20	3,500,000	2,409,528
Lloyds Banking Group Plc, 6.66%, due 29/01/49	4,000,000	2,391,883
Poland Government Bond, 2.50%, due 25/07/18	12,500,000	2,366,473
Brazil Notas do Tesouro Nacional Serie F, 10.00%, due 01/01/23	800,000	2,102,292
Royal Bank of Scotland Group Plc, 5.50%, due 29/11/49	2,500,000	1,899,964
QED Finance Plc, 6.50%, due 29/07/20	1,750,000	1,818,398
Cabot Financial Luxembourg SA, 6.50%, due 01/04/21	1,750,000	1,758,348
HSBC Capital Funding, 5.37%, due 29/10/49	1,925,000	1,681,934
Premier Oil Plc, 5.00%, due 11/12/20	1,500,000	1,500,000
Soho House Bond Ltd., 9.13%, due 01/10/18	1,250,000	1,294,339
A2D Funding Plc, 4.75%, due 18/10/22	1,100,000	1,100,000
Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/Netherlands, 8.38%, due 26/07/16	1,500,000	1,060,622
UBS AG/Jersey, 7.25%, due 22/02/22	1,500,000	1,048,186
Mexican Bonos, 6.50%, due 10/06/21	20,000,000	1,015,754
Paragon Group of Cos Plc, 6.13%, due 30/01/22	1,000,000	1,000,000

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Sterling Bond Fund

Major Sales for the year ended 30 April 2014	Shares or Principal Amount	Proceeds GBP
United Kingdom Gilt, 2.25%, due 07/03/14	15,000,000	15,030,809
United Kingdom Gilt, 2.75%, due 22/01/15	11,000,000	11,260,429
Mexican Bonos, 6.50%, due 10/06/21	80,000,000	4,127,945
LBG Capital No.1 Plc, 8.00%, due 15/06/20	2,800,000	3,354,120
Lorillard Tobacco Co, 8.13%, due 23/06/19	3,950,000	3,131,565
G4S Plc, 7.75%, due 13/05/19	2,230,000	2,822,844
WPP Plc, 6.00%, due 04/04/17	2,200,000	2,540,008
Ahold Finance USA LLC, 6.50%, due 14/03/17	2,149,000	2,538,205
British Airways Plc, 8.75%, due 23/08/16	2,162,000	2,469,855
LBG Capital No.1 Plc, 8.00%, due 15/06/20	3,500,000	2,314,616
Barclays Bank Plc, 0.00%, due 30/03/22	7,500,000	2,292,569
HeidelbergCement Finance Luxembourg SA, 8.50%, due 31/10/19	2,000,000	2,196,025
HSBC Capital Funding, 5.37%, due 24/03/14	2,525,000	2,165,049
Sweden Government Bond, 3.75%, due 12/08/17	20,000,000	2,063,057
Deutsche Bank AG, 1.41%, due 15/12/15	1,848,000	1,834,080
Reed Elsevier Investments Plc, 5.63%, due 20/10/16	1,550,000	1,808,170
Carlsberg Breweries A/S, 7.25%, due 28/11/16	1,400,000	1,717,580
British Telecommunications Plc, 8.63%, due 26/03/20	1,000,000	1,386,177
Prudential Plc, 11.75%, due 23/12/14	2,000,000	1,326,321
Motability Operations Group Plc, 6.63%, due 10/12/19	1,000,000	1,314,943
Next Plc, 5.88%, due 12/10/16	1,000,000	1,170,147
Next Plc, 5.38%, due 26/10/21	1,025,000	1,166,769
GE Capital UK Funding, 4.38%, due 31/07/19	1,000,000	1,154,120
Imperial Tobacco Finance Plc, 5.50%, due 22/11/16	900,000	1,041,527

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Equity Fund

Major Purchases for year ended 30 April 2014	Shares or Principal Amount	Cost GBP
HSBC S&P 500 UCITS ETF	857,253	9,538,028
Allianz UK & European Investment Funds - Allianz UK Growth Fund	137,713	5,998,131
Odey Investments Plc - Odey Allegra Developed Markets Fund	56,510	5,916,818
HSBC MSCI WORLD UCITS ETF	477,394	4,731,364
Canadian Imperial Bank of Commerce	4,743,000	4,700,759
Nordea Investment North American All Cap Fund	47,845	4,419,747
Wells Fargo Lux Worldwide Fund - U.S. Premier Growth Fund	57,897	4,406,830
FP Argonaut Funds - FP Argonaut European Alpha Fund	2,922,911	4,130,950
Morgan Stanley	6,467,000	4,000,866
Hermes Asia Ex-Japan Equity Fund	3,056,786	3,948,503
CF Odey Investment Funds - Continental European Fund	2,868,603	3,676,975
Edinburgh Partners Opportunities Fund Plc - European Opportunities Fund Plc	1,847,880	3,388,103
iShares S&P 500 UCITS ETF Inc	302,890	3,271,951
Nordea Investment North American Value	123,505	3,015,532
Southernsun US Small Cap Fund	40,711	2,468,588
Martin Currie - Japan Alpha Fund	1,509,644	2,440,549
Guinness Asset Management Funds Plc - Global Equity Income Fund	169,405	2,144,284
Standard Life Investments Global SICAV - Global Emerging Market Equity Unconstrained Fund	279,121	2,044,216
Polar Capital Funds Plc - Japan Fund	121,853	2,041,489
RAM Lux Systematic Funds - Emerging Markets Equities Fund	20,499	1,941,421
Waverton Investment Funds Plc - Global Equity Wealth Creation Fund	181,000	1,082,277

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Equity Fund

Major Sales for year ended 30 April 2014	Shares or Principal Amount	Proceeds GBP
iShares S&P 500 UCITS ETF Inc	642,687	6,926,269
Findlay Park American Fund	127,417	5,426,849
Schroder UK Opportunities Fund	1,112,120	4,765,804
BlackRock European Dynamic Fund	1,154,939	4,028,265
The Royal Bank of Scotland Plc	27,176	3,774,746
Artemis European Opportunities	5,203,563	3,683,313
Cullen Fund Plc - North American High Dividend Value Equity Fund	369,711	3,366,346
Fundsmith Equity Fund Plc	2,095,649	3,283,254
Morgan Stanley	2,905,867	3,114,585
CF Lindsell Train UK Equity Fund	1,777,910	3,057,116
Nordea Investment North American Value	123,505	3,020,809
Aberdeen UK ICVC - Aberdeen Asia Pacific Equity Fund	1,337,248	2,679,444
Coupland Cardiff Funds plc - CC Asia Alpha Fund	283,817	2,422,245
Coupland Cardiff Funds plc - CC Asian Evolution Fund	261,572	2,387,612
First State Investments ICVC - Global Emerging Markets Leaders Fund	482,917	2,047,858
Martin Currie - Japan Alpha Fund	789,450	1,300,760
SouthernSun US Small Cap Fund	18,858	1,223,361
Allianz UK & European Investment Funds - Allianz UK Growth Fund	23,540	1,034,013
Polar Capital Funds Plc - Japan Fund	49,002	826,706
iShares MSCI World UCITS ETF Inc	36,200	752,034

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Equity Fund

Additional Portfolio Information (unaudited)

The following table summarises the fees paid by the underlying investment funds held by the Equity Fund during the year as stated in the prospectus or applicable information held by the relevant fund.

Names	Manager	Domicile	Management fee %	Performance fee %	Subscription fee %	Redemption fee %
Allianz UK & European Investment Funds –Allianz UK Growth Fund	Matthew Tillett	England	1.25%	0.00%	4.00%	0.00%
CF Odey Investment Funds - Continental European Fund	Feras Al-Chalabi	England	1.00%	0.00%	4.00%	0.00%
Edinburgh Partners Opportunities Fund Plc – European Opportunities Fund Plc	Dale Robertson	Ireland	0.75%	0.00%	1.50%	0.00%
FP Argonaut Funds - FP Argonaut European Alpha Fund	Barry Norris	England	0.75%	0.00%	0.00%	0.00%
Guinness Asset Management Funds Plc - Global Equity Income Fund	Matthew Page	Ireland	0.25%	0.00%	0.00%	2.00%
Hermes Asia Ex-Japan Equity Fund	Jonathan Dan Pines	Ireland	0.75%	0.00%	0.00%	0.00%
HSBC MSCI World UCITS ETF		Ireland	0.35%	0.00%	0.00%	0.00%
HSBC S&P 500 UCITS ETF		Ireland	0.09%	0.00%	0.00%	0.00%
Martin Currie - Japan Alpha Fund	John-Paul Temperley	England	0.80%	0.00%	5.00%	0.00%
Montanaro European Small Co Plc - Continental European Smaller Companies Fund	David Lindley	Ireland	0.75%	20.00%	0.00%	0.00%
Nordea 1 SICAV - North American All Cap Fund		Luxembourg	0.85 %	0.00%	5.00%	0.00%
Odey Investments Plc - Odey Allegra Developed Markets Fund		Ireland	0.70%	20.00%	0.00%	0.00%
Polar Capital Funds Plc - Japan Fund	James Salter	Ireland	1.00%	10.00%	0.00%	0.00%
Polar Capital North American Fund	Andrew Holliman	Ireland	0.60%	10.00%	0.00%	0.00%
Prusik Asian Equity Income Fund	Tom Naughton	Ireland	1.00%	10.00%	0.00%	0.00%
RAM Lux Systematic Funds - Emerging Markets Equities Fund	Maxime Botti	Luxembourg	1.00 %	15.00%	0.00%	0.00%
Somerset Emerging Markets Dividend Growth Fund	Edward Lam	England	1.00%	0.00%	5.00%	1.00%
Southernsun US Small Cap Fund		Ireland	0.00%	0.00%	0.00%	0.00%
Standard Life Investments Global SICAV - Global Emerging Market Equity Unconstrained Fund	Ross Teverson	Luxembourg	0.90 %	0.00%	0.00%	0.00%
Waverton Investment Funds Plc - Global Equity Wealth Creation Fund		Ireland	0.00%	0.00%	0.00%	0.00%
Wells Fargo Lux Worldwide Fund - U.S. Premier Growth Fund	Wells Fargo	Luxembourg	1.50%	0.00%	5%	0.00%

- The boards of directors of the above mentioned underlying funds may elect to reduce, increase, waive or calculate differently these fees with respect to certain shareholders.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Global Bond Fund

Major Purchases for the year ended 30 April 2014	Shares or Principal Amount	Cost USD
United States Treasury Note/Bond, 0.25%, due 31/01/14	15,000,000	15,028,358
United States Treasury Note/Bond, 0.25%, due 31/01/15	15,000,000	15,017,407
United States Treasury Note/Bond, 0.25%, due 30/11/13	11,000,000	11,022,448
United States Treasury Note/Bond, 0.25%, due 30/09/14	11,000,000	11,015,223
United States Treasury Note/Bond, 3.63%, due 15/02/44	9,500,000	9,523,996
Mexican Bonos, 6.50%, due 10/06/21	1,000,000	8,126,698
Barclays Bank Plc, 6.00%, due 29/06/49	2,550,000	4,219,556
Aquarius + Investments Plc for Swiss Reinsurance Co., Ltd., 8.25%, due 01/09/18	2,000,000	2,311,292
Brazil Notas do Tesouro Nacional Serie F, 10.00%, due 01/01/23	500,000	2,102,680
ITV Plc, 7.38%, due 05/01/17	1,000,000	1,780,590
HSBC Capital Funding, 5.37%, due 29/10/49	1,200,000	1,612,558
Poland Government Bond, 2.50%, due 25/07/18	5,000,000	1,572,474
Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/Netherlands, 11.00%, due 30/06/19	1,100,000	1,534,439
Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/Netherlands, 8.38%, due 26/07/16	900,000	984,350
A2D Funding Plc, 4.75%, due 18/10/22	600,000	972,660
Verizon Communications, Inc., 4.50%, due 15/09/20	500,000	499,350
Places for People Capital Markets Plc, 5.00%, due 27/12/16	225,000	360,736

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Global Bond Fund

Major Sales for the year ended 30 April 2014	Shares or Principal Amount	Proceeds USD
United States Treasury Note/Bond, 0.25%, due 31/01/14	15,000,000	15,000,000
United States Treasury Note/Bond, 1.13%, due 16/06/13	15,000,000	15,000,000
United States Treasury Note/Bond, 0.25%, due 31/01/15	12,000,000	12,015,831
United States Treasury Note/Bond, 0.25%, due 30/11/13	11,000,000	11,000,000
United States Treasury Note/Bond, 0.25%, due 30/09/14	8,500,000	8,511,692
Mexican Bonos, 6.50%, due 10/06/21	60,000,000	4,995,061
Lorillard Tobacco Co, 8.13%, due 23/06/19	2,350,000	2,905,948
G4S Plc, 7.75%, due 13/05/19	1,420,000	2,745,870
Barclays Bank Plc, 0.00%, 30/03/22	5,250,000	2,693,975
HSBC Capital Funding, 5.37%, due 24/03/14	1,800,000	2,482,920
WPP Group Plc, 6.00%, due 04/04/17	1,200,000	2,166,720
Reed Elsevier Investments Plc, 5.63%, due 20/10/16	1,200,000	2,128,088
British Telecommunications Plc, 8.63%, due 26/03/20	900,000	1,897,538
ITV Plc, 7.38%, due 05/01/17	1,000,000	1,849,168
Cooperatieve Centrale Raiffeisen-Boerenleenbank, 7.00%, due 29/06/49	1,500,000	1,552,500
Next Plc, 5.38%, due 26/10/21	750,000	1,394,403
Aviva Plc, 5.25%, due 02/10/13	1,000,000	1,354,400
GE Capital UK Funding, 4.38%, due 31/07/19	750,000	1,315,870
Next Plc, 5.88%, due 12/10/16	700,000	1,249,214
Deutsche Bank AG, 1.41%, due 15/12/15	750,000	1,192,301
Adobe Systems Inc., 4.75%, due 01/02/20	1,000,000	1,113,742
Provident Financial Plc, 8.00%, due 23/10/19	600,000	1,084,314
Ahold Finance USA LLC, 6.50%, due 14/03/17	600,000	1,077,881
Man Group Plc, 5.00%, due 09/08/17	1,000,000	1,062,361
Anglo American Cap, 9.38%, due 08/04/14	1,000,000	1,041,169

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Absolute Fund

Major Purchases for year ended 30 April 2014	Shares or Principal Amount	Cost GBP
Lloyds Banking Group Plc	1,000,000	766,134
Air France-KLM	100,000	565,289
HSBC Holdings Plc	80,000	564,764
Glencore Xstrata Plc	180,000	494,715
Vodafone Group Plc	255,750	462,653
Aberdeen Asset Mgmt Plc	95,000	382,106
Royal Dutch Shell Plc	10,000	221,599
Utd Utilities Group Plc	9,000	61,507

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Absolute Fund

Major Sales for year ended 30 April 2014	Shares or Principal Amount	Proceeds GBP
BT Group Plc	500,000	1,499,998
Royal Dutch Shell Plc	65,000	1,429,324
Vodafone Group Plc	555,750	1,187,856
International Consolidated Airlines Group SA	300,000	855,598
Lloyds Banking Group Plc	1,000,000	763,217
Utd Utilities Group Plc	92,000	648,191
SSE Plc	40,000	643,909
Glencore Xstrata Plc	180,000	597,326
HSBC Holdings Plc	80,000	548,189
Air France-KLM	100,000	489,915
BHP Billiton Plc	25,000	477,499
Severn Trent Plc	25,000	451,596
Electricite de France SA	30,000	408,729
Aberdeen Asset Mgmt Plc	95,000	378,575
Microsoft Corp.	16,000	312,736
GlaxoSmithKline Plc	5,000	74,998

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Global Equity Wealth Creation Fund

Major Purchases for period ended 30 April 2014	Shares or Principal Amount	Cost USD
Exxon Mobil Corp	2,980	279,459
Microsoft Corp	2,940	111,918
Google, Inc.	90	110,247
Nestle SA	1,400	105,932
Wells Fargo & Co	2,120	100,527
JPMorgan Chase & Co	1,700	100,009
BHP Billiton PLC	2,930	92,940
Apple Inc	170	90,488
Bayer AG	630	86,794
Roche Holding AG	290	85,720
Johnson & Johnson	910	84,948
Union Pacific Corp	430	80,093
Verizon Communications Inc	1,630	77,390
Oracle Corp	1,940	76,903
Colgate-Palmolive Co	1,190	74,872
Toronto-Dominion Bank	1,630	74,325
Novartis AG	860	72,360
Berkshire Hathaway Inc	580	69,827
HSBC Holdings PLC	6,440	67,765
BASF SE	590	66,127

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Global Equity Wealth Creation Fund

Major Sales for period ended 30 April 2014	Shares or Principal Amount	Proceeds USD
Wynn Resorts Ltd	40	8,844
Crown Resorts Ltd	440	6,714

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Alternatives Fund

Major Purchases for period ended 30 April 2014	Shares or Principal Amount	Cost GBP
CF Odey Absolute Return Fund	170,000	502,775
GAM Star Fund Plc - Cat Bond Fund	41,600	501,971
FP Argonaut European Absolute Return Fund	245,947	442,619
Barclays Quantitative Merger Arbitrage US Fund	430	430,973
Phileas Long/Short Europe	3,920	428,521
Jupiter Absolute Return Fund	864,106	428,159
Odey Investments Plc - Odey Odyssey Fund	2,970	424,924
Doric Nimrod Air Two Ltd	185,600	423,007
JPMorgan Funds - Systematic Alpha	4,683	421,482
BlackRock Strategic Funds - Emerging Markets Absolute Return Fund	6,440	404,038
JL Equity Market Neutral	365	399,561
Standard Life Investments Global SICAV - Global Focused Strategies Fund	36,950	372,338
IFSL North Row Liquid Property Fund	366,000	363,490
GCP Student Living Plc	304,000	327,671
MontLake UCITS Platform Plc - Dunn WMA UCITS Fund	3,362	314,000
Verrazzano SICAV - European Long-Short	2,950	296,180
Tiburon Funds Plc - Tiburon Taurus Fund	260	254,435
Morgan Stanley Investment Funds - Diversified Alpha Plus Fund	3,575	119,941
GCP Infrastructure Investments Ltd.	33,600	36,951
International Public Partnerships Ltd.	28,300	36,723

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Alternatives Fund

Major Sales for period ended 30 April 2014	Shares or Principal Amount	Proceeds GBP
Verrazzano Sicav - European Long-Short	1,250	125,953

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Statements of Changes in Composition of Portfolio (unaudited) (continued)

Alternatives Fund

Additional Portfolio Information (unaudited)

The following table summarises the fees paid by the underlying investment funds held by the Alternatives Fund during the year as stated in the prospectus or applicable information held by the relevant fund.

Names	Manager	Domicile	Management fee %	Performance fee %	Subscription fee %	Redemption fee %
3i Infrastructure Plc	Peter Sedgwick	England	1.50%	0.00%	4.00%	0.00%
Barclays Quantitative Merger Arbitrage US Fund	Amundi Investment Solutions	Ireland	0.50%	0.00%	0.00%	0.00%
BlackRock Strategic Funds - Emerging Markets Absolute Return Fund	Henry Wigan	Luxembourg	1.00%	0.00%	5.00%	0.00%
CF Odey Absolute Return Fund	Odey Asset Management Llp	England	1.25%	0.00%	4.00%	0.00%
FP Argonaut European Absolute Return Fund	Argonaut Capital Partners LLP	England	1.50%	0.00%	5.25%	0.00%
GAM Star Fund Plc - Cat Bond Fund	GAM Fund Management Limited	Ireland	1.90%	0.00%	5.00%	0.00%
GCP Infrastructure Investments Ltd.	Gravis Capital Partners LLP	England	0.00%	0.00%	0.00%	0.00%
HICL Infrastructure Co., Ltd. Fund	InfraRed Capital Partners Investment Fund Services Limited	Guernsey	0.00%	0.00%	0.00%	0.00%
IFSL North Row Liquid Property Fund	Limited	England	0.85%	0.00%	0.00%	0.00%
International Public Partnerships Ltd.	Rupert Dorey	England	1.20%	0.00%	0.00%	0.00%
JL Equity Market Neutral	Sebastien Valeyre	France	1.00%	0.00%	4.00%	0.00%
JPM Funds - Systematic Alpha	JPMorgan Asset Mgmt (Europe) S.a.r.l.	Luxembourg	0.75%	0.00%	0.00%	0.00%
Jupiter Absolute Return Fund/United Kingdom	Jupiter Unit Trust Managers Ltd.	England	1.25%	0.00%	5.25%	0.00%
MontLake UCITS Platform Plc - Dunn WMA UCITS Fund	William Dunn	Ireland	0.20%	0.00%	0.00%	0.00%
Morgan Stanley Investment Funds - Diversified Alpha Plus Fund	Morgan Stanley Investment Management (ACD) Limited	Luxembourg	0.80%	0.00%	0.00%	0.00%
Odey Investments Plc - Odey Odyssey Fund	Odey Asset Management LLP	Ireland	1.25%	20.00%	5.00%	0.00%
Phileas Long Short Europe Fund	Cyril Bertrand/ Ludovic Labal	France	1.20%	0.00%	5.00%	0.00%
Standard Life Investments Global SICAV - Global Focused Strategies Fund	Standard Life Investments (Mutual Funds) Limited	Luxembourg	1.20%	0.00%	0.00%	0.00%
Tiburon Funds Plc - Tiburon Taurus Fund	Stewart Paterson	Ireland	1.50%	0.00%	0.00%	0.00%
Verrazzano Sicav - European Long-Short Fund		Luxembourg	1.25%	0.00%	0.00%	0.00%

- The boards of directors of the above mentioned underlying funds may elect to reduce, increase, waive or calculate differently these fees with respect to certain shareholders.

Waverton Investment Funds Plc

Annual Report and Audited Financial Statements

Directors and Other Information

BOARD OF DIRECTORS

Mr. Hugh Grootenhuis (British)
Mr. John McClintock* (Irish)
Mr. Eanna McHugh* (Irish)
Mr. Paul McNaughton* (Irish)
Mr. Peter Troughton (British)

*Independent

REGISTERED OFFICE

1 North Wall Quay
Dublin 1
Ireland

INVESTMENT MANAGER, DISTRIBUTOR AND PROMOTER

Waverton Investment Management Limited*
21 St. James's Square
London SW1Y 4HB
England

COMPANY SECRETARY

Bradwell Limited
Arthur Cox Building
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

LEGAL ADVISERS IN ENGLAND

Berwin Leighton Paisner
Adelaide House
London Bridge
London EC4R 9HA
England

ADMINISTRATOR AND SHAREHOLDER SERVICING AGENT

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

LEGAL ADVISERS IN IRELAND

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

INDEPENDENT AUDITORS

Grant Thornton
Chartered Accountants & Registered Auditors
24-26 City Quay
Dublin 2
Ireland

CUSTODIAN

Citibank International plc, Ireland Branch
1 North Wall Quay
Dublin 1
Ireland

* On 13 January 2014, J O Hambro Investment Management Limited changed its name to Waverton Investment Management Limited.

