



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON CAUTIOUS INCOME FUND P GBP

FUND FACTSHEET - AS AT 31 MARCH 2018



OBJECTIVES

FUND AIM

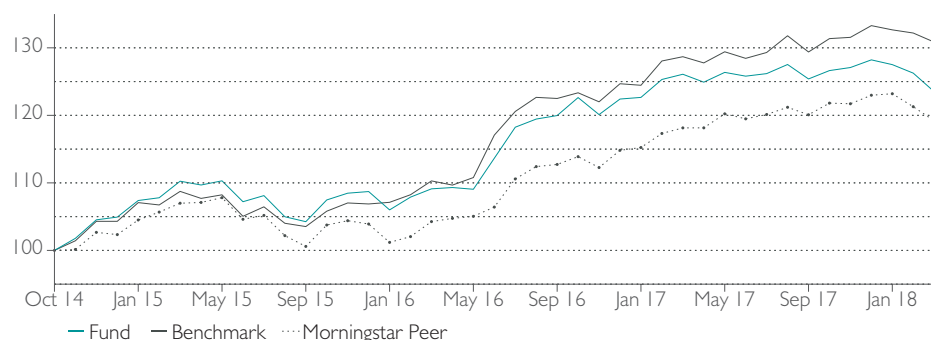
The investment objective of the Waverton Cautious Income Fund is to provide holders with a reasonable level of income and maintain the real value of the capital over the medium to long term. The yield of the Fund may alter as interest rate and market conditions change.

INVESTMENT STYLE

The Fund has a multi-asset structure and invests in a diversified portfolio of equities, government and corporate bonds mainly through third party funds but also with some direct holdings. The Fund will maintain a relatively concentrated portfolio with a high degree of flexibility.

PERFORMANCE

PERFORMANCE SINCE INCEPTION



Risk Warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not get back their initial investment.

Important information: Performance displayed is for the P Share Class. Performance is calculated on a NAV to NAV basis and does not take into account any initial fees. Performance is displayed net of fees and assumes income is reinvested. The Waverton Cautious Index is a composite benchmark of 45% MSCI AC World Index TR, 17.5% Iboxx Sterling Gilts Index, 17.5% Iboxx Sterling Corporates Index, 20% GBP 1 month LIBOR.

Period	1 Month	3 Months	YTD	1 Year	3 Years	Inception Oct 14
Portfolio (%)	-2.2	-3.7	-3.7	-2.0	12.0	23.5
Benchmark (%)	-1.0	-1.8	-1.8	1.7	20.3	32.4
Average Peer Group (%)	-1.8	-3.3	-3.3	0.6	11.8	22.6
Quartile	3	3	3	4	3	2

DISCRETE CALENDAR YEAR PERFORMANCE

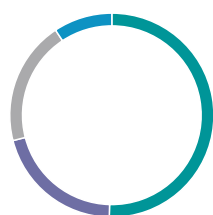
Period	2017	2016	2015
Fund (%)	4.7	12.6	3.6
Benchmark (%)	6.9	16.7	2.5

STANDARDISED PERFORMANCE

Period 1 year to	31/03/2018	31/03/2017	29/02/2016
Fund (%)	4.9	-2.0	15.6

PORTFOLIO SUMMARY

ASSET ALLOCATION



Asset	%	Projected Yield (%)
Equities	50.4%	1.4%
Alternatives	20.6%	1.0%
Fixed Income	19.7%	1.0%
Cash	9.3%	0.0%
Total	100.0%	3.4%

TOP 10 HOLDINGS

Waverton Sterling Bond Fund 'A' Inc £	6.5%
T.Bailey Fund SVS APTUS Global Fins B Inc	5.9%
Schroder European Alpha Income Z Inc	5.1%
iShares MSCI Far East ex Japan Fund £ UCITS ETF	4.7%
GCP Student Living Plc Ord Ip	4.2%
Morant Wright Nippon Yield Fund 'B' £ Inc	4.1%
Channel Islands Property	4.1%
Somerset Emerging Markets Dividend Growth A Fund Inc	3.6%
RWC Global Emerging Markets B £	3.6%
Helical Bar 4% Convertible Bond 17/06/2019	3.2%
Total	45.0%

COMMENTARY

Another volatile month for equity markets in March, as trade tensions mounted, dissipated and mounted again. In local currencies the MSCI AC World was up c.1.7% mid-month before declining to a low of c.-3.9% and finally picking up in the latter stages, finishing the month down c.2.2% (having benefitted from a strong final day). Importantly, any allocation to foreign currencies was penalised: when we look at the world in GBP-terms, equity markets were particularly weak as sterling strengthened throughout the month. Indeed, the MSCI AC World finished down just under 4% in GBP-terms in March (Factset data), versus the fund's performance of -2.18%. This again speaks to the fund's defensive qualities in periods of market stress and indicates a c.50% drawdown capture ratio – in line with the levels we have seen since inception.

Across asset classes, equities were unsurprisingly the main detractor from performance during March, while Alternatives were also weak and bonds did little to help. The best performing position in the fund was the long GBP (vs USD) position, again highlighting the impact of a stronger currency. Cyclical sectors (Industrials, Consumer Discretionary, Financials and Tech) were particularly weak during the month, while traditional defensive sectors outperformed. Interestingly, though, Energy and Materials were also both relative outperformers; I write about why this is interesting in the Quarterly Fact Sheet.

Corporate bonds were a detractor for the fund, while convertibles (Helical 2019s) and bond Investment funds (CVC) were positive contributors. Within Alternatives, 3IN went ex-dividend its 21% special dividend on the 15th, resulting in a c.80bp contribution to the Cautious Income Fund's Q2 dividend payment (bringing the total to c.1.6%; the Fund goes ex dividend at the end of April). Detractors to performance came from the Reinsurance names, principally BCAI. We believe this is tax year-end selling and topped up at the margin.

We come into April with a relatively high cash weight as we look to protect investors from what we still consider a precarious market environment. Progress in either the fundamental outlook or technical picture will result in a change in this cash position.

FUND DETAILS

FUND FACTS

Launch Date	16th October 2014
Morningstar Sector	GBP Moderate Allocation
Benchmark	Waverton Cautious Index*
Fund Size	£39.3m
No. of Holdings	40
Domicile	Ireland
Sedol	BQ1KQP1
Bloomberg Code	WAVCIPG ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	None
Ex Dividend Dates	Jan 31st, Apr 30th, Jul 31st and Oct 31st

*Waverton Cautious Index: 45% MSCI AC World Index, 17.5% Iboxx Sterling Gilts Index, 17.5% Iboxx Sterling Corporate Index, 20% GBP LIBOR 1 Month

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
B GBP	IE00BQ1KPP02	1,500 GBP	0.75%	INC	10.6	3.58%	1.61%
P GBP	IE00BQ1KQP19	1,500 GBP	0.40%	INC	10.79	3.57%	1.27%

Note: The Cautious Income Fund P share class is only available through Financial Advisers

CONTACT DETAILS

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Risk Warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise. All financial investments involve an element of risk. Clients should note that yields on investments may fall or rise dependent on the performance of the underlying investment and more specifically the performance of financial markets. As such, no warranty can be given that the expressed yields will consistently attain such levels over any given period. Currency movements may also affect the value of the investment. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency.

For full details of investment risks please refer to the Prospectus. A copy of the full prospectus and the KIID is available from Waverton Investment Management or Administrator, RBC Investor Services (Ireland).

Sources: Waverton, Morningstar.

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FUND MANAGER



James Mee

FUND MANAGER



Luke Hyde-Smith

RISK PROFILE

