



WAVERTON
INVESTMENT MANAGEMENT

WAVERTON GLOBAL EQUITY A GBP

FUND FACTSHEET - AS AT 31 JULY 2017

OBJECTIVES

FUND AIM

The investment objective of the fund is to achieve returns in excess of the MSCI World NR through investment in a focused selection of equities on a global basis.

INVESTMENT STYLE

The Fund seeks to acquire, at a reasonable valuation, the highest quality companies in whatever sector and part of the world we find them. The investment process is driven by a bottom up and fundamental analysis approach with a top down and macro overlay assisting in regional and sector allocation tilts. The Fund will be populated by a concentrated list of high conviction global best ideas.

PERFORMANCE

ROLLING PERFORMANCE



Risk Warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not get back their initial investment. Important information: Performance displayed is for the A Share Class. Performance is calculated on a NAV to NAV basis and does not take into account any initial fees. Performance is displayed net of fees and assumes income is reinvested.

Period	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Inception Mar 99
Portfolio (%)	2.3	4.4	6.3	17.8	42.8	82.7	309.3
Benchmark (%)	0.9	3.0	6.2	16.9	55.3	106.0	196.0
Morningstar Peer Group (%)	1.1	3.8	7.8	16.6	44.6	84.2	90.9
Quartile	1	2	3	2	3	3	1

DISCRETE CALENDAR YEAR PERFORMANCE

Period	2016	2015	2014	2013	2012
Fund (%)	30.9	-5.5	12.3	24.0	7.6
Benchmark (%)	28.2	4.9	11.5	24.3	10.7

STANDARDISED PERFORMANCE

Period 1 year to	31/07/2017	31/07/2016	31/07/2015	31/07/2014	31/07/2013
Fund (%)	17.8	15.4	5.1	6.3	20.3

PORTFOLIO SUMMARY

COUNTRY		SECTOR		TOP 10 HOLDINGS	
United States	42.8%	Information Technology	22.4%	Baidu, Inc. Sponsored ADR Class A	3.4%
Japan	12.0%	Industrials	17.5%	Royal Philips NV	3.3%
Denmark	9.1%	Health Care	17.2%	Biogen Inc.	3.2%
United Kingdom	8.5%	Financials	16.6%	Danske Bank A/S	3.2%
Hong Kong	6.5%	Consumer Discretionary	7.4%	Apple Inc.	3.1%
Germany	6.0%	Consumer Staples	7.3%	S&P Global, Inc.	3.1%
China	3.5%	Telecommunication Services	3.0%	Amazon.Com, Inc.	3.1%
Netherlands	3.3%	Materials	2.8%	Novo Nordisk A/S Class B	3.1%
Thailand	2.8%	Energy	2.5%	Visa Inc. Class A	3.0%
France	2.1%	Cash	3.3%	Bayer Ag	3.0%
Cash	3.4%	Total	100.0%	Total	31.6%
Total	100.0%				

COMMENTARY

The fund was up 2.3% over July whilst the benchmark returned 0.9%. Whilst Basic Materials, a sector that the fund is underweight, led over the month several of our companies generated double digit returns. In China, its dominant search engine (Baidu) and its largest airport (Beijing Capital) were very strong. Pandora was weak in the first half of the year and, still convinced of its fundamentals, we added to the position as it got cheaper. It was therefore gratifying to see it as the second best performer, returning over 20% in the month.

Adding to Pandora as it fell reflects a core part of our strategy; we want to buy excellent business franchises with competitive advantages that can grow better than their peers when they are attractively valued. The latter part of this can require a certain level of contrarianism. Pandora fell so far that it was trading at less than 10x next year's earnings which we saw as very attractive as we believe that it can double earnings over the next 4-5 years. However with both the buy and sell side focused on some weak short term sell-through numbers the stock was quickly and almost universally castigated as a busted flush.

In full knowledge that cheap stocks can get a lot cheaper, adding to the position felt difficult and lonely, but it was helped by a clear philosophy and being both long term and bottom up stock pickers. Whilst much less extreme, KDDI and Alps Electric are both stocks that took quite significant steps down this month. We have added to both as we see no change to the fundamentals and therefore a 10% lower share price makes it 10% more attractive as an investment.

We sold the position in Old Dominion Freight Line. It is a great business and we like the fundamentals for the future but the stock was trading around its all-time high multiple of future earnings, 24x. We saw this as far too optimistic considering its cyclical and unremarkable data coming out of the US.

We put some of the capital to work by initiating a position in Zhejiang Expressway who own concessions on various underutilised toll roads in the prosperous Zhejiang province in China. The stock price represents the net present value of the unexpired life of those licenses assuming no improvement in utilisation and no new contract wins. We think that both of these are likely over the next 5-10 years. They also have 46% of the largest asset management and brokerage business in the province which on its own should represent almost three quarters of the parent's market cap; when you strip that out then we're buying the toll road business on a low single digit earnings multiple. That seems very attractive to us and we will happily take the 4.5% dividend yield (growing 5-10% per annum) until the market appreciates the mispricing.

FUND MANAGER



Katrina Norris

FUND MANAGER



George Palmer

FUND DETAILS

FUND FACTS

Launch Date	16th March 1999
Morningstar Category	Global Large Cap Blend Equity
Benchmark	MSCI World Net Return Index
Fund Size	£82.4m
No. of Holdings	36
Domicile	Ireland
Sedol	BIRMYD6
Bloomberg Code	WAVGEAG ID
Fund Type	OEIC
Base Currency	GBP
Other Currencies	USD
Ex Dividend Dates	30th April and 31st October

RISK STATISTICS

3Y Annualised	
Fund Volatility (%)	10.5
Index Volatility (%)	9.7
Sharpe Ratio	1.1
Information Ratio	-0.6
Tracking Error	5.2
Alpha (%)	-4.9
Beta	0.9
Active Share (% - Current)	89.8

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
A GBP	IE00BIRMYD64	1,500 GBP	1.00%	INC	19.02	0.17%	1.20%
A USD	IE00BIRMYC57	2,500 USD	1.00%	INC	25.16	0.16%	1.20%

CONTACT DETAILS

MARKETING CONTACT

Jonno Ross
jross@waverton.co.uk
+44 (0)20 7484 7491
www.waverton.co.uk

ADMINISTRATOR

RBC Investor Services
Dublin_TA_Customer_Support@rbc.com

Risk Warning: past performance is no guide to future performance. The value of holdings may fall as well as rise. All financial investments involve an element of risk. The level of income from the investment may fluctuate in value. Currency movements may also affect the value of the investment. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. The Fund may invest assets in Emerging Market Countries. The risks involved in investments in Emerging Market Countries are likely to exceed the risks of investment in more mature markets. 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