

Waverton European Fund B EUR

Fund Benchmark

FTSE World Europe TR

Morningstar Rating™

★★★★★

Investment Objective

The investment objective of the fund is to generate long term capital growth through investing in equities of European Companies in developed European equity markets, primarily amongst larger capitalised companies.

Investment Style

The Fund aims to deliver substantial 'absolute' style returns over the course of an investment cycle. We focus on investing in companies across all market capitalisations in the west of Europe.

Commentary

European equity markets finished August positively, recovering from a sharp fall at the start of the month that was sparked by escalating tensions in Ukraine, on-going unrest in Iraq, continued lacklustre European macroeconomic data, and the month's traditional low market volumes. The fund, although it ended higher, had a challenging time. It suffered broadly in the down phase and failed to catch up relatively in the rebound. It is hard to categorise this performance beyond highlighting a continued relative outperformance of defensive stocks versus more macro economically sensitive companies. In addition, several of our companies were particularly badly affected by the tensions in Russia.

Swiss Life was the strongest performer, rising sharply after posting another set of encouraging earnings. Individual stock performance from the rest of the portfolio was rather narrow, although some positions including IAG, Infineon, and TF1 bounced after previous weakness. On the negative side Atlantia, Securitas, and Vinci fell slightly. Largely, we were encouraged by the end of the earnings season, including E.ON, and RWE.

We made limited changes to the portfolio, selling Gerry Weber, and adding slightly to several existing positions.

Looking forward, we remain optimistic on the prospects for the portfolio. Although investor sentiment has weakened markedly in recent months as the macroeconomic data has been more muted than we and other investors had hoped for, currently there are few signs of another protracted downturn and our core scenario of a gradual economic recovery remains the most credible. Indeed, positively it has spurred a wider monetary approach from the ECB with new stimulus starting in September and another political change in France, which may open further reform. Beyond this, in hindsight we have been too complacent on the escalating tensions between Russia and the West over Ukraine but we continue to believe that the likely economic impact will be manageable.

Trailing Returns (net of fees) 31 Aug 2014

	Return %	Idx	+/-Idx
1 Month	0.31	2.02	-1.70
3 Months	-1.18	0.05	-1.23
6 Months	2.63	4.16	-1.53
YTD	9.97	7.18	2.79
1 Year	32.64	18.47	14.17
3 Years	121.75	57.84	63.91
5 Years	142.65	68.66	73.99
10 Years	172.76	101.96	70.80
Since Inception Annualised	11.41	4.19	7.23

Performance (net of fees)

	2009	2010	2011	2012	2013	08/14
Fund	29.45	13.85	-3.01	17.55	60.22	9.97
Index	33.15	11.70	-8.50	18.77	19.99	7.18
+/- Index	-3.70	2.15	5.49	-1.23	40.23	2.79

Standardised Performance (%)

1 Yr to 31 Aug 10	1 Yr to 31 Aug 11	1 Yr to 31 Aug 12	1 Yr to 31 Aug 13	1 Yr to 31 Aug 14
8.49	0.87	10.99	50.62	32.64

12 Months Total Return (bid to bid). Source: Morningstar, net income reinvested.

Portfolio 31 Aug 2014

Top 10 Holdings	% Port.	Sector Breakdown	% Equity	Country Breakdown	% Equity
Danske Bank AS	5.96	Industrials	17.26	France	24.42
Lloyds Banking Group PLC	5.70	Financials	16.53	Germany	19.20
Lonza Group AG	5.16	Consumer Services	15.64	Switzerland	12.38
Fresenius Medical Care AG & Co. KGaA	5.14	Utilities	11.53	Sweden	11.14
Carrefour	4.99	Health Care	10.31	United Kingdom	9.67
Norsk Hydro ASA	4.99	Technology	9.77	Denmark	5.93
E On SE	4.87	Basic Materials	7.46	Norway	4.97
Capgemini	4.60	Consumer Goods	6.03	Luxembourg	4.35
SES SA DR	4.32	Telecommunications	4.00	Italy	3.98
Adecco SA	4.28	Cash	1.47	Finland	2.49
Total Stock Holdings	27	Source: Waverton		Cash	1.47
Total Bond Holdings	0			Source: Waverton	
Assets in Top 10 Holdings %	50.00				
				Market Capitalisation	% Port
				Large	79.85
				Medium	20.15
				Small	0.00

Note: Performance displayed is for the B Share Class. Performance is calculated on a NAV to NAV basis and does not take into account any initial fees. Performance assumes income is reinvested. The above calendar year performance table will only display performance from the first complete 12 month performance period. Risk warning: past performance is no guide to future performance. The value of holdings may fall as well as rise.

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Fund Manager Biography

Oliver Kelton

01 Apr 2010



Oliver Kelton is the manager of the Waverton European Fund. Oliver joined the firm in 2001 as a European equity analyst. Since 2003 he has been managing specialist Pan-European equity portfolios and took over running the Waverton European Fund in April 2010. From May 2007 he was also the manager of the Pepin Fund, a plain vanilla long / short European equity Fund which was closed in April 2013. He has a 1st class honours degree in Economics and Politics from Bristol University and is a CFA charterholder.

Contact

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Operations

Inception Date	1 Mar 1999	Structure	OEIC
NAV (29 Aug 2014)	15.95 EUR	Minimum Initial Purchase	1,500 EUR
Fund Size (mil)	1235.18 EUR	Minimum Additional Purchase	-
Domicile	Ireland	AMC	1.50%
UCITS	Yes	Performance Fee*	-
Inc/Acc	Inc	Ongoing Charge (12 Feb 2014)	1.74%
ISIN	IE00B1RMZ119	Dividend Yield (31 Aug 2014)	0.25
Currency	GBP/EUR		
SEDOL	B1RMZ11		
Bloomberg Code	WAVEUBE ID		

Risk warning: past performance is no guide to future performance. The value of holdings may fall as well as rise. All financial investments involve an element of risk. The level of income from the investment may fluctuate in value. Currency movements may also affect the value of the investment. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. For full details of investment risks please refer to the Prospectus. A copy of the full or simplified prospectus is available from Waverton Investment Management or Administrator, Citi Fund Services (Ireland). Sources: Waverton, Morningstar.

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