Waverton European Fund B EUR



Fund Benchmark

FTSE World Europe TR

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.

Morningstar Rating™

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Commentary

European equity markets pushed steadily higher during May. However, this overall strength again masked a considerable change in shape of sector performance that has taken place over the last couple of months that has likely been driven by a renewed drop in most long government bond yields. The fund slightly underperformed, hurt by this rotation and also some individual stock weakness towards the end of the month in Royal Mail and EDF.

Generally, with the exception of Royal Mail, we continued to have encouraging earnings reports from our companies. In addition, we had notable strength in Outokumpu, the Finnish stainless steel company, E.ON and RWE, the German utilities, Lonza, the Swiss chemicals company, and Hugo Boss, the clothing company. At Outokumpu, stainless steel prices started to rise on improved demand in Europe and as the Indonesian nickel ban started to impact Chinese prices. E.ON and RWE moved higher as earnings reports revealed no new major concerns and as speculation mounted over the potential for a nuclear decommissioning "bad bank" as an elegant solution to the current litigation against the German government for the nuclear fuel tax and early closure of nuclear generation capacity. Lonza improved as they raised their mid -term guidance, providing more confidence to the equity case. Finally, Hugo Boss, a new position, rose despite a placing from the main private equity shareholder, Permira, as their women's wear business is finally showing tangible signs of realising its opportunity.

On the negative side, EDF, the French electricity company, weakened on both heightened regulatory risk and mounting speculation of a placing from the French state. Royal Mail, the UK postal operator fell on the back of disappointing parcel volume growth.

Overall, on a relative basis, the renewed drop in government bond yields has been a challenge for the Fund since mid-March, as many of the defensive and higher yielding large caps where we are unrepresented have pushed higher again. However, on an absolute level we remain excited by our current holdings and the new ideas we are finding, and indeed on a relative level we are pleased with how little we have underperformed.

Trailing Returns (net of fees) 31 May 2014					
		Return %	ldx	+/-ldx	
1 N	Month	2.22	2.79	-0.57	
3 N	Months	3.85	4.11	-0.25	
6 N	Months	12.76	8.01	4.75	
ΥT	D	11.28	7.13	4.15	
1 \	/ear	47.67	17.18	30.49	
3١	/ears	104.08	33.87	70.20	
5١	/ears	174.09	92.48	81.61	
10	Years	174.90	100.36	74.53	
Sir	nce Inception Annualised	11.70	4.25	7.44	

Performance (net of fees)							
		2009	2010	2011	2012	2013	05/14
Fund		29.45	13.85	-3.01	17.55	60.22	11.28
Index		33.15	11.70	-8.50	18.77	19.99	7.13
+/- Index		-3.70	2.15	5.49	-1.23	40.23	4.15
Standardised Performance (%)							
1 Yr to 31 May 10	1 Yr to 31 May 11		1 Yr to 31 May 12	1 Yr t 31 M	o ay 13	1 Yr to 31 May 14	4
16.71	15.08		-2.77	42.13	}	47.67	
12 Months Total Return	12 Months Total Return (bid to bid). Source: Morningstar, net income reinvested.						

Portfolio 31 May 2014	
Top 10 Holdings	% Port.
Danske Bank AS	5.65
Lloyds Banking Group PLC	5.61
E On SE	4.95
Capgemini	4.52
Adecco SA	4.51
Lonza Group AG	4.43
Carrefour	4.36
International Consolidated Airlines Group SA	4.22
SES SA DR	4.12
Norsk Hydro ASA	4.10
Total Stock Holdings	29
Total Bond Holdings	0
Assets in Top 10 Holdings %	46.48

Sector Breakdown	% Equity	Country Breakdown	% Equity
Industrials	20.01	France	24.33
Consumer Services	18.60	United Kingdom	15.41
Financials	18.02	Germany	12.88
Utilities	11.39	Switzerland	11.48
Technology	8.40	Sweden	10.40
Consumer Goods	7.52	Italy	6.85
Basic Materials	7.41	Denmark	5.66
Health Care	4.46	Norway	4.14
Telecommunications	2.72	Luxembourg	4.12
Cash	1.46	Finland	3.27
Source: Waverton		Cash	1.46
		Source: Waverton	
		Market Capitalisation	% Port
		Large	74.03
		Medium	25.97

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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	PLC
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Operations			
Inception Date	1 Mar 1999	Structure	OEIC
NAV (30 May 2014)	16.14 EUR	Minimum Initial Purchase	1,500 EUR
Fund Size (mil)	1171.38 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 May 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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