



**Waverton**  
Managed by J O Hambro Investment Management

# Waverton UK Fund

FEBRUARY 2011

## Investment Objective

The Waverton UK Fund seeks to achieve long-term capital growth and income through diversified investment in UK equities - FTSE 100 Index (total return).

## Fund Performance

as at 28th February 2011

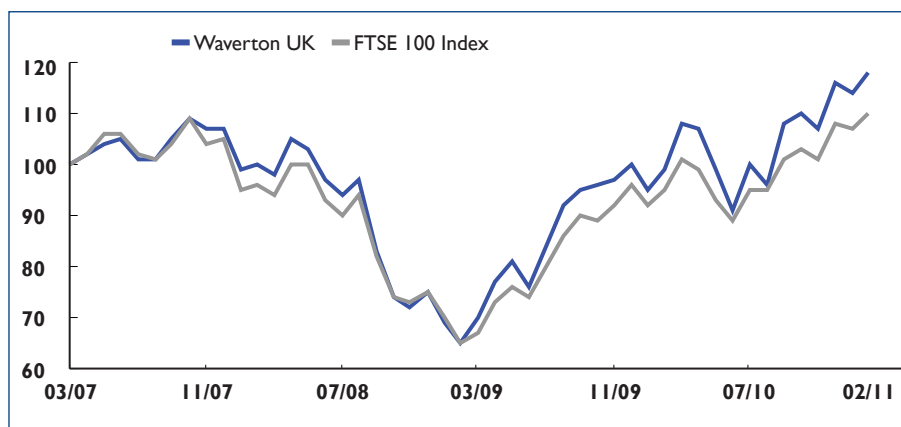
	"A" Shares GBP	FTSE 100 Index	Relative Return
1M	2.96%	2.64%	0.32%
3M	9.66%	9.02%	0.64%
YTD (2011)	1.74%	2.07%	-0.33%
1Y	19.49%	15.51%	3.98%
3Y	18.13%	14.61%	3.52%
5Y	-	-	-
Since Inception*	17.81%	9.85%	7.96%

\* April 2007

	2010	2009	2008	2007	2006
"A" Share GBP	15.49%	33.45%	-30.05%	-	-
FTSE 100	12.62%	27.33%	-28.33%	-	-
Relative	2.87%	6.12%	-1.72%	-	-

### Risk Data

Number of Stock Positions	33
Annualised Volatility of Fund	20.83%
Annualised Volatility of Index	18.08%
Tracking Error	5.80%



Note: Performance is calculated on a NAV to NAV basis and does not take into account any initial fees. These performance figures are intended for existing JOHIM clients and professional investors only. Performance assumes income is reinvested. Risk warning: past performance is no guide to future performance. The value of shares may fall as well as rise.

## Investment Style

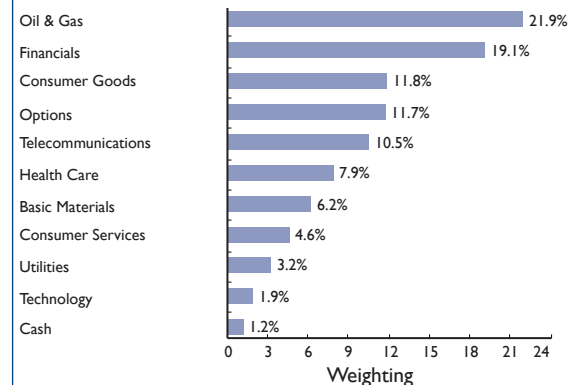
The Fund has a stock driven approach focussed on identifying and investing in leading FTSE 100 companies. In addition, a conservative option overlay strategy (predominantly writing covered call options and stock substitution) is employed to enhance returns.

## Top Ten Holdings 28th February 2011

Vodafone Group	8.57%
Royal Dutch Shell	8.44%
HSBC Holdings	8.01%
BP	7.58%
GlaxoSmithKline	4.35%
BHP Billiton	4.33%
BG Group	3.91%
Barclays	3.85%
WPP	3.54%
GKN	3.51%
<b>TOP TEN TOTAL % of Fund</b>	<b>56.09%</b>

## Portfolio Composition

### Sector Breakdown 28th February 2011



Capitalisation	Weighting
Large Cap	99%
Mid Cap	0%
Small Cap	0%
Cash	1%

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J O Hambro Investment Management is authorised and regulated by the Financial Services Authority.

## Fund Managers' Biographies



**Russell Wallis**

Russell Wallis joined JOHIM as a Director in October 2006 and has been responsible for the Waverton UK Fund since its inception in April 2007. Having graduated in Classics from Oxford in 1981, he started his career in the Private Client department of a merchant bank and in 1985 co-founded a private client investment company, Thornhill Investment Management Limited. As Chief Investment Officer he managed private client portfolios and set up and ran the firm's large cap growth fund Thornhill Capital Trust.

Thornhill was sold to Banca Della Svizzera Italiana in the 1990's. Having repurchased the firm the management ran it independently for a number of years before selling it to a consortium including Old Mutual. In managing large cap equities Russell has made extensive use of derivative overlay strategies of which he has had many years experience.



**Simon Wilson**

Simon Wilson joined JOHIM as a Director in 2008 to work alongside Russell Wallis on managing the Waverton UK Fund. Simon joined Citicorp Scrimgeour Vickers in 1984. Having gained two years experience in the private client and international departments he moved on to the traded options desk. He then joined Merrill Lynch where he was a Director of equity linked products and gained 17 years experience in that area. During this time he held a variety of roles including Head of UK

equity derivative sales and covered UK institutions trading global futures and options. During his time at Merrill Lynch he also gained experience in portfolio trading, exchange for physicals (EFP's) and the block trading of large lines of single stocks. As a result Simon has spent more than 20 years trading large cap stocks and derivatives.

## Fund Facts

Launch date:	1 April 2007
Launch price:	£10
Fund size:	£95.1 million
Structure:	Dublin OEIC UCITS III
Dividends:	30 <sup>th</sup> April, 31 <sup>st</sup> October
Dealing:	Daily at 10:00
Currency:	GBP
Management fee:	A Shares 1.0% B Shares 1.5%
Performance fee:	20% on outperformance of benchmark with high watermark. Any underperformance carried forward.
Subscription:	A Shares £1,500 B Shares £1,500
Ex dividend dates:	30 <sup>th</sup> April, 31 <sup>st</sup> October
Sedol:	BIRMZK0
Bloomberg:	WAVUKAG ID EQUITY
Administrator:	Citi Fund Services (Ireland)

## Fund Manager's Commentary February 2011

The fund outperformed during the month posting a slightly bigger rise than the benchmark index ( FTSE 100 Total return ) which rose by 2.6%.

There was a lot of macro and corporate news during February. Volatility was caused during the month by the troubles in Tunisia, Egypt and latterly in Libya although the resignation of Mubarak caused a temporary rally in equity markets. Economic news included high inflation figures as predicted in the UK. On a similar note Chinese inflation exceeded the government's 2011 target with consumer prices rising 4.9% causing the authorities to continue their tightening program. This, together with the spike in oil prices as a result of the unrest in the middle east, has led to increased volatility in the important resource sectors.

On the corporate front, mirroring the generally positive results season in the United States many UK companies have reported good full year numbers for 2010 including the mining stocks which, as predicted, were excellent across the sector. In response to investor demand Rio Tinto and BHP Billiton have committed to using a part of their excess capital to purchase their own shares instead of making further acquisitions. Elsewhere results from the banks sector were more of a mixed bag with evidence of stronger than expected balance sheets being counterbalanced by the postponement of normalised earnings expectations.

During the month we added to the holding of GKN following weakness in the capital goods sector. We think this is a good example of a company which will be able to pass on a good portion of its input costs to its customers. We also took the opportunity to top up our holdings of Xstrata and Rio Tinto following weakness too in their share prices.

We also took the opportunity to write some short dated covered calls against some selected holdings. Given the current choppy conditions in the markets we will look for further opportunities to write covered call options but only on a selective basis.

## Contact Details

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