

HC Verbatim Portfolio 5 Income Fund

verbatim
Asset Management

Fund Update

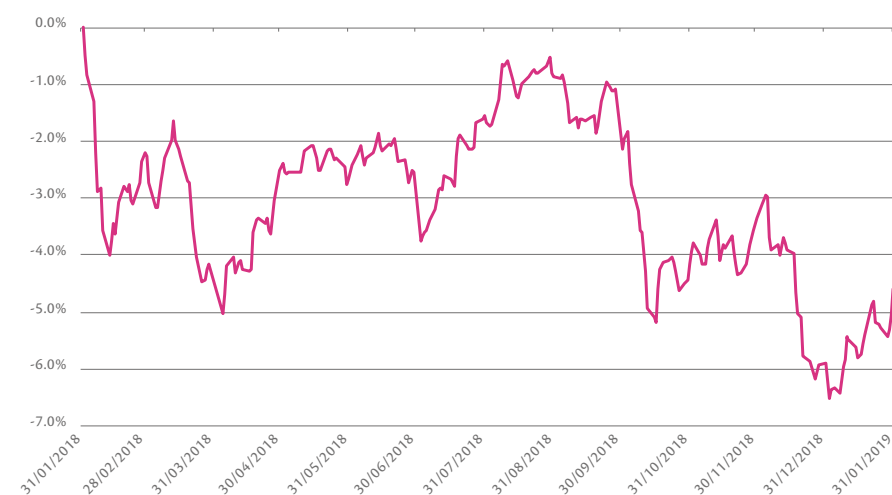
All fund data as at 31st January 2019 unless otherwise stated.

Fund Aim

The Fund will use a broadly cautious balanced investment strategy with the aim of achieving income with some potential for capital growth over the medium to longer term.

1YR CUMULATIVE PERFORMANCE

Performance from 31st January 2018 – 31st January 2019



5YR CUMULATIVE PERFORMANCE

Performance from 31st January 2014 – 31st January 2019



CUMULATIVE PERFORMANCE

Since trading (01/03/10)	29.6%
1 Year to 31/01/2019	-4.6%
5 Year to 31/01/2019	14.0%

Cumulative performance data is net of income distributions.

DISCRETE ANNUAL PERFORMANCE

HC Verbatim Portfolio 5 Income B Inc	Total returns for the periods shown (Sterling)
01/02/2018 - 31/01/2019	-1.13%
01/02/2017 - 31/01/2018	7.88%
01/02/2016 - 31/01/2017	16.36%
01/02/2015 - 31/01/2016	-5.37%
01/02/2014 - 31/01/2015	14.98%

Discrete performance data is gross of income distributions.

CHARGES

Share Class B (£) (Institutional) Annual charge	0.65%
TER (Institutional)	1.12%
TER Date	31/12/17

Source for performance graphs and data: Apex Fund Services (UK) Ltd. Fund data based on B Accumulation shares, percentage growth total return mid to mid in UK Sterling, after all income has been distributed. Past performance is no guarantee of future performance.

STRATEGIC ASSET ALLOCATION

The Strategic Asset Allocation shown is valid as at 31/1/2019



KEY INFORMATION

Fund Managers	David Palmer & John Godley Sarasin & Partners LLP
First dealing date	1 March 2010
Fund size (millions)	£22.03M
Comparative sector	IA Unclassified
Number of holdings	90
Yield	3.53%
Ex-dividend date (first business day of the month)	Jan/Apr/July/Oct
Payment date (last calendar day of the month)	Feb/May/Aug/Nov
Product availability	ISA & OEIC sub-funds
Share type	Income
ISIN number	GB00B3P1DM13
Citicode	Institutional IBF3 Retail IBF2 Institutional B3P1DM1
SEDOL codes	Retail B3MLWT4

HC VERBATIM 5 INCOME YIELD

1YR	3YR	5YR
3.73%	4.14%	3.87%

The yield calculation assumes an investor has held shares for the full period of calculation and receives the full distribution.

TOP FUND HOLDINGS

Sarasin Global Higher Dividend Fund Sterling Hedge	19.29%
Sarasin Global Higher Dividend Fund I Inc	9.36%
Sterling	3.72%
Royal Dutch Shell Plc - B Shs	2.05%
Schroder Oriental Income Fund	1.99%
National Grid Plc	1.62%
INVESTOR AB-B SHS (SS)	1.55%
Swedbank AB	1.45%
UNIBAIL-RODAMCO SE & WFD	1.43%
ENEL SPA	1.36%
SQN ASSET FINANCE INCOME FUN	1.31%
SIMON PROPERTY GROUP INC (US)	1.25%
PFIZER INC	1.22%
Compass Group Plc	1.19%
LLOYDS BANK PLC 7.625 04/22/25 CORP	1.15%

5 LIPPER CONSISTENT RETURN 5 YEAR PERIOD AS AT 31ST JANUARY 2019

The Lipper rating for Consistent Return identifies a fund that has provided relatively superior consistency and risk-adjusted returns when compared to a group of similar funds.

Source: www.lipperleaders.com

LIPPER

Please remember that the value of your investment may fall as well as rise and is not guaranteed. You may not get back your initial investment. Past performance is not an indicator of future performance. For full information concerning the Fund and its risks please read the Simplified Prospectus available on our website. Investment advice should be obtained from an authorised financial adviser.

Issued by Verbatim Portfolio Management which is a limited company registered in England and Wales under registered number 7037051 and is authorised and regulated by the Financial Conduct Authority. Registered office: The John Smith's Stadium, Stadium Way, Huddersfield HD1 6PG. A list of members is open to inspection at the registered office. The authorised corporate director of the HC Verbatim Funds is Host Capital Ltd which is authorised and regulated by the Financial Conduct Authority, Registered Office: 73 New Bond Street, London, W1S 1RS, United Kingdom.

Market Commentary

OVERVIEW

In sharp reversal to the statement that spooked global equity markets in the final quarter of last year, in January, the US Federal Reserve took the prospects for further interest rate rises off the table. The US Labour department reported exceptional jobs growth even though the rate of unemployment rose slightly due to the Federal Government shut-down, which clouded the economic picture. The US Q4 earnings season turned out better than feared, despite concerns about global economic activity. The S&P 500 climbed, finishing c. 4.5% up in Sterling terms for the month and world government bonds were positive.

FUND COMMENTARY

Within equities, Unibail-Rodamco-Westfield (the premier retail asset owner) recovered from its poor performance in December as the market came closer to our valuation of the business. Primark owner AB Foods, which we added to in December - after the reported recovery in margins - was up 17%.

We reduced what had become a relatively large position in CME group, which also had poor month, having last year benefitted from the greater market volatility leading to increased trading of derivatives contracts through exchanges, which it operates. With the proceeds we started a new position in Diageo, a global leader in beverage alcohol, after it announced broad-based volume and organic sales growth across all regions and categories, together with an expansion in operating margins.

The 2018 final quarter rally in core bond markets - i.e. US Treasuries,

German Bunds and UK Gilts - reminded us that bonds as an asset class still have a role to play in portfolios if you want to limit volatility. Against a background of widening credit spreads, we sold TwentyFour Income (a corporate bond fund) and reinvested in European Investment Bank where there is good value for a AAA/A-1 Rated bond with a stable outlook.

OUTLOOK

Given we are almost ten years into the recovery cycle it is reasonable to expect that volatility in markets will continue. The stimulus of US tax cuts and public spending is likely to evaporate and it is difficult to gauge whether the trade tensions between China and the US will intensify or ease. Hitherto developing economies have been particular beneficiaries of free trade and the uncertainties have reduced the pace of investment. All the same, these nations could account for two-thirds of global GDP growth over the next decade, as they adopt new technology across multiple industries.

The US Federal Reserve can now afford to be patient but we remain extremely vigilant in assessing whether US wage growth is going to run ahead of expectations and the impact this will have on company margins. We maintain, therefore, our investment strategy of being neutral in both bonds and global equities but there will have to be refinements, such as periodically holding abnormal levels of cash to exploit the investment opportunities that will arise with greater market volatility as Central Banks continue to withdraw stimulus.



David Palmer
Sarasin & Partners LLP



John Godley
Sarasin & Partners LLP

FUND MANAGERS

David Palmer and John Godley are the joint managers of the HC Verbatim Portfolio 5 Income Fund. With nearly 60 years of combined global equities and fixed income experience, they bring a wealth of investment expertise to the management of the HC Verbatim Portfolio 5 Income Fund. David Palmer has managed the fund since 2014, with John Godley joining in 2017 to co-manage the fund.

John Godley is a partner of Sarasin & Partners, where he is manager of Sarasin's Income Funds. David Palmer is a Fund Manager at Sarasin, where he is responsible for the Sarasin IE GlobalSar Income & Dynamic Funds. Sarasin & Partners LLP are a London based asset management group best known as a market leader in thematic investment strategies and for long-term income and dividend management across multi-asset and equity mandates.