



# Waverton Alternatives Fund II A GBP

## Fund Benchmark

BBA Libor 3 Month

### Investment Objective

The investment objective of the Fund is to provide long term capital appreciation through a diversified portfolio of equities, structured products, collective investment schemes, deposits, cash and/or near cash and quoted investment trusts, which may themselves invest in equities and alternative asset classes such as hedge funds, property, private equity funds and commodities, to the extent that these are allowed by the COLL Sourcebook. There will be no particular emphasis on any geographic region or industry sector in the world.

### Investment Style

The Fund will actively allocate between various alternative asset classes and seeks consistent returns with lower volatility than equity based investments.

### Commentary

The Alternatives Fund experienced another lacklustre quarter and reflects the difficulty that absolute return type strategies in general are currently experiencing in gaining momentum. The UCITS Alternatives Index has only managed to return 0.36% over the first half of the year. There are a few obvious reasons for this.

Fixed interest, equity and commodity markets themselves have traded within fairly narrow ranges and experienced very low levels of volatility which presents macro managers and systematic trend following strategies with challenges. Meanwhile equities remain highly correlated and this has continued to make life difficult for long/short and market neutral managers. Market neutral managers, which hold significant amounts of cash, also face a headwind in a low interest rate environment.

Similar to the first quarter of the year, the majority of the Fund's holdings were flat to marginally positive. However, three of our long/short funds suffered material negative returns. The Odey Absolute Return Fund is a high conviction, concentrated fund with big positions in mid and small cap technology and media stocks such as Sky Deutschland, Ocado and AO world which experienced sell offs during the quarter. The Argonaut Absolute Return Fund was adversely affected by a marked rotation out of small and mid- cap growth into large cap value and Tiburon Taurus is net short in the Asia Pacific region which rose 3.6% during the quarter. Nevertheless, we remain happy with all our Managers and there was no activity during the quarter.

As long as the current benign markets conditions persist, it is difficult to see alternative strategies making significant headway. However, we are mindful that the very low levels of market volatility reflect a heightened sense of complacency and against this background the risk/return profile of Alternatives still looks relatively attractive in the months ahead.

### Trailing Returns (net of fees) 30 Jun 2014

	Return %	Idx	+/-Idx
1 Month	-0.16	0.04	-0.20
3 Months	-0.21	0.13	-0.34
6 Months	-0.63	0.26	-0.89
YTD	-0.63	0.26	-0.89
1 Year	2.00	0.52	1.47
3 Years	2.98	2.19	0.78
5 Years	18.26	3.80	14.45
10 Years	-	-	-
Since Inception Annualised	0.13	1.42	-1.29

### Performance (net of fees)

	2009	2010	2011	2012	2013	06/14
Fund	11.32	7.15	-5.30	3.94	3.96	-0.63
Index	1.78	0.67	0.80	0.99	0.52	0.26
+/- Index	9.54	6.48	-6.11	2.95	3.44	-0.89

### Standardised Performance (%)

1 Yr to 30 Jun 10	1 Yr to 30 Jun 11	1 Yr to 30 Jun 12	1 Yr to 30 Jun 13	1 Yr to 30 Jun 14
10.16	4.24	-1.87	2.89	2.00

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

### Portfolio 30 Jun 2014

Top 10 Holdings	% Port.	Asset Allocation	% Port	Investment Vehicles	% Port
Doric Nimrod Air Two Ord	6.99	Hedge Funds	68.82	Active Funds	90.92
GAM Star Cat Bond GBP Acc	6.67	Commodities	7.00	Passive Funds	5.99
CF Odey Absolute Return I GBP	6.00	Corporate Bond Funds	6.66	Structured Products	0.00
Odey Odyssey I GBP Inc	5.63	Infrastructure	6.11	Cash	3.09
BSF Emerging Markets Absolute Ret D2 \$	5.39	Alternative Investment Funds	4.97	Source: Waverton	
JL Equity Market Neutral A	5.36	Cash	3.09		
Jupiter Absolute Return I Acc	5.14	Traded Life Policies	2.26		
FP Argonaut Absolute Return I GBP Acc	5.14	Property	1.09		
Standard Life Global Focs Str DH GBP Acc	5.03	Source: Waverton			
IFSL North Row Liquid Property A Inc	4.99				

Note: 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 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**

Tomi Satchell  
24 Jun 2008



Tomi graduated from Durham University with a degree in Economic History. He joined Kleinwort Benson Investment Management Ltd in 1986 and after many years in the asset management arena, joined Credit Suisse in 1999 and transferred to this company in 2007. He has a Securities Industry Diploma and a Director. He is a member of the Asset Allocation Committee.

Steven Iffland  
24 Jun 2008



Steven graduated from the University of The Free State in South Africa in 2000 with an honours degree in Business Management and Marketing. Shortly afterwards he joined JOHIM and has gained significant experience over the past 8 years in both senior and quantitative risk management roles. Steven has worked on JOHIM's UK Equity desk and in 2005 took over managing the JOHIM Funds Service portfolios for JOHIM's private clients. He has a Securities Institute Diploma and is a Member of the Securities Institute.

John Bellamy  
24 Jun 2008



John joined Buckmaster and Moore in 1982 which was acquired by Credit Suisse in 1987. Since then, he has carried out a variety of roles at Credit Suisse. John's role is as a Private Client Portfolio Manager and has over 15 years of experience with Private Clients, Trusts and Charities. John transferred from Credit Suisse here in 2007. He has a Securities Industry Diploma.

**Contact**

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**Operations**

Inception Date	24 Jun 2008	Structure	OEIC
NAV (30 Jun 2014)	100.31 GBX	Minimum Initial Purchase	25,000 GBP
Fund Size (mil)	67.03 GBP	Minimum Additional Purchase	-
Domicile	United Kingdom	AMC	1.00%
UCITS	No	Dividend Yield (30 Jun 2014)	0.39
Inc/Acc	Inc		
ISIN	GB00B2QN8B32		
Currency	GBP		
SEDOL	B2QN8B3		
Bloomberg Code	CF JOHBI LN		
Fund Benchmark	BBA Libor 3 Month GBP		

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 the Authorised Corporate Director, Capita Financial). Sources: Waverton Investment Management, Morningstar.

Note: 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 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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