

## **ADV Part II**

### **Waverton Investment Management Limited**

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**31<sup>st</sup> December 2023**

*This Brochure provides information about the qualification and business practices of Waverton Investment Management Limited (“Waverton”, “the firm”, “we”). If you have any questions about the contents of this Brochure, please contact Harish Shah on +44 (0)20 7484 7496 or [hshah@waverton.co.uk](mailto:hshah@waverton.co.uk). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Waverton is registered as an investment adviser with the SEC.*

*Additional information about Waverton is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*





## Item 2: Material Changes

This section only covers material changes since the filing of the last Form of ADV Part II (commonly known as “the Brochure”) since the last annual update of the Brochure dated 31 December 2022.

Waverton remains under the ultimate control of Somers Limited (previously Bermuda National Limited), an investment holding company specializing in the financial services sector. The following are the material changes since the last update of the Brochure:

- Following communication with clients in the first half of 2023, the custody of client assets is now being arranged for clients with SEI Investments (Europe) Limited or SEI Investments Guernsey Limited. Each client now has a direct custody relationship with either of these parties, depending on whether their assets are held in the United Kingdom or outside of the United Kingdom. Refer to Item 15 for further information.
- SEI Investments (Europe) Limited will also be utilised by Waverton to perform outsourced operational processing, such as, but not limited to, settlement of trading, processing cash movements, processing income entitlements, reconciliation of client accounts. Waverton will remain responsible to clients for the performance of SEI.
- Whilst Waverton remain responsible for the execution of client orders and transactions, brokerage services have been outsourced to Northern Trust Securities LLP. Refer to Item 12 for further information.
- Waverton have reduced the interest fee applied to client cash balances from 1% to 0.5%. Therefore, where the custodian is arranged for the client with either SEI Investments (Europe) Limited or SEI Investments Guernsey Limited, Waverton will retain the applied interest on cash balances of 0.5%. Refer to Item 5 for further information.



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## Item 4: Advisory Business

### A. General Description of Waverton Investment Management Limited

Waverton Investment Management Limited (“Waverton”) is an investment adviser registered with the SEC under the Investment Advisers Act 1940 with its principal place of business in London, UK. We are also regulated and registered with the Financial Conduct Authority in the UK. Waverton was incorporated on 30<sup>th</sup> July 1986 and is a wholly owned subsidiary of Waverton Investment Management Group Limited, an unregulated holding company in the UK. Waverton Investment Management Group Limited is 61.37% owned by Somers Limited, 34.72% by employee shareholders, where no individual owns more than 10%, and 3.91% owned by staff through an Employee Benefit Trust as at 31 December 2023.

### B. Description of Advisory Services

Waverton provides discretionary investment management services to clients including private individuals, companies, charities, trusts and collective investment schemes (funds). Client portfolios will be managed under a mandate selected by the client, which Waverton will review to ensure it aligns to the needs, characteristics and objectives of the client. In addition, we have an obligation to ensure that the investment decisions we make are suitable and aligned to the specific investment objective(s) and risk profile of each client.

Each investment mandate is designed to achieve its investment strategy and constructed using the main asset classes (equities, bonds & cash and alternatives such as funds, hedge funds, property and commodities). Waverton also operate a selection of collective investment schemes (funds), and one or more of these may also be used as part of the overall asset allocation of a portfolio. In doing so, Waverton will comply with the internal Conflicts of Interest Policy and regulatory requirements to ensure that investment of all or part of a client’s portfolio into a Waverton fund is in the best interests of the client. Waverton are cognisant of the investment restrictions applying to US portfolios, including the taxation rules around Passive Foreign Investment Companies.

The investment mandates are:

**Equity** – Investment in global equities designed for clients with an extended time horizon who can tolerate periods of significant volatility, and whose objective is to maximise the value of their capital by participating in the growth of the world economy.

**Growth** – Investment primarily in global equities. However, there will be a greater degree of allocation to other asset classes than in a pure equity mandate.

**Balanced** – For those who are comfortable with equities representing the core of the portfolio, but are seeking diversification across asset classes. Often appropriate for clients requiring a combination of income and growth.

**Cautious** – A medium risk mandate for clients who wish to participate in long term growth from equities, but prefer a more cautious stance than the typical “Balanced” investor. Likely to have an increased allocation to alternative asset class.

**Defensive** – A modest equity allocation for more risk averse investors. Will have a higher weighting in other asset classes, including alternatives.



**Conservative** – The lowest risk mandate containing an equity allocation. A larger weight is assigned to fixed income and alternative asset classes.

**Bonds** – A fixed interest mandate for those who require low risk to capital in nominal terms. May include index-linked and cash equivalent instruments if deemed appropriate.

Each client will have an individual portfolio tailored to meet their investment objectives. Clients may impose reasonable restrictions on investing in certain securities, geographical regions or sectors. Investors in collective investment schemes (funds) will participate in each fund's investment performance, together with all other investors.

### **C. Description of Advisory Services**

As at 31st December 2023, Waverton's discretionary assets under management totalled £10.2bn (\$12.9bn). Other assets which Waverton holds for clients either on a non-discretionary basis or execution-only assets total £0.8bn (\$1.0bn).



## Item 5: Fees and Compensation

### A. Fees and Compensation

Investment management fees are charged on the Net Asset Value of the portfolio for clients at the end of each calendar quarter. Fees are negotiated individually with clients but a typical fee scale for US clients is 1%. If a new portfolio is established during a quarter, the investment management fee will be pro-rated accordingly. If a portfolio is closed during a quarter, the investment management fee is calculated based on the Net Asset Value of the portfolio on the closure date and is pro-rated accordingly. Clients are charged quarterly in arrears and unless agreed with the client otherwise, fees are debited from the underlying portfolio directly.

Waverton may waive fees with respect to its employees and their related persons.

Brokerage charges, payable to broker-dealers used by Waverton to execute client orders, incurred in buying or selling of securities are passed on to clients at cost and are reflected in the overall cost of the trade in addition to all market-based fees for executing trades. Waverton endeavours to achieve best execution for clients at all times. Waverton does not generally pay compensation to third parties but in the event that it does, any such fees would be disclosed to the client. Where a client's portfolio is invested in securities denominated in a currency other than a client's core/base, Waverton will use all endeavours to obtain the best spot foreign exchange (FX) rate for each such transaction. In such instances, Waverton applies a foreign exchange fee of 0.1% to the FX rate applied to the trade.

Waverton charges an interest fee whereby a fee of 0.5% is deducted from the interest rate earned on client cash held by the appointed custodians, SEI Investments (Europe) Limited or SEI Investments Guernsey Limited. Where the interest rate applied on client cash is below 0.5%, all interest earned is retained by Waverton. Where the interest rate applied by the custodian is above 0.5%, the interest earned over and above 0.5% is allocated to client portfolios. Note, where the base interest rate applied by banks is negative, the cost of this is passed onto the client and no additional Waverton charge will apply.

All fees and costs are applicable whether the client makes or loses money on investments. Fees and costs will reduce any amount of money and investment return made in the portfolio over time. Clients should ensure they understand the fees and costs being applied.

### B. Conflict of Interest

Waverton is authorised and regulated by the Financial Conduct Authority ("FCA"), and must therefore adhere to the FCA's Rules and Principles for Business, including in relation to managing and mitigating conflicts of interest as they arise.

A conflict of interest may occur where Waverton or one of its staff members has an interest (personal or professional) that conflicts with the interests of any of Waverton's clients.

Waverton has established, implemented and maintains a Conflicts of Interest Policy and keeps a record of any circumstances in which a conflict of interest may arise or has arisen as a result of the firm's activities. This Conflicts of Interest Policy is available on the Waverton website, <https://www.waverton.co.uk/legal-and-regulatory>, and upon request.



Waverton undertakes to identify, manage and monitor any conflicts or potential conflicts that may arise. When making investment decisions for clients, Waverton's staff members must act in clients' best interests and put clients' interests ahead of their own.

### **C. Client Nominated Brokers or Agents**

Waverton only provide a discretionary investment management service, therefore clients do not have the option to nominate a specific broker or agent.

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## Item 6: Performance-Based Fees and Side by Side Management

Waverton manages a range of open-ended collective investment schemes (funds), a small subset of which have performance fees paid to Waverton in the event the performance of the fund exceeds a stated benchmark.

Investment managers may manage both performance fee funds and non-performance fee portfolios at the same time, but conflicts of interest are managed carefully. All investment trades by a single investment manager, particularly in relation to performance fee-paying funds, are monitored closely to ensure one group of funds or clients, with the same investment mandates, are treated fairly and equally. Waverton has a strict policy regarding Initial Public Offerings to ensure no clients are advantaged over others. A copy of Waverton's full Conflicts of Interest Policy is available on request or on our website, [www.waverton.co.uk/legal-and-regulatory](http://www.waverton.co.uk/legal-and-regulatory).

For the avoidance of doubt, Waverton does not charge performance-based fees on US client portfolios. These US clients will not be invested in any fund due to the restrictions regarding investing into Passive Foreign Investment Companies.





## Item 7: Types of Clients

### A. Client Types

Waverton provides discretionary investment management services to the following clients, both US and non-US domiciled:

- Individuals
- Family offices
- Trusts & estates
- Charitable organizations
- Corporations
- Collective investment schemes (funds)

Clients are introduced to Waverton by a variety of sources, including personal recommendation, from client advisors (lawyers, accountants, trust companies etc), existing clients and through industry recognition. Our minimum investment threshold for a direct Waverton US client is \$1m, although this can be lowered in certain cases.

### B. Client Take-On Process

Typically, potential clients are met by the respective portfolio manager prior to agreeing to take on a client and an appropriate investment objective is agreed. A prospective US client will be provided with the following forms in relation to their relationship with Waverton:

- Terms & Conditions
- Firm Brochure Form ADV II
- Brochure Supplements for the Primary and Secondary Portfolio Managers
- Relationship Summary, Form ADV III
- Waverton Client Questionnaire

The client will be required to read the relevant Terms & Conditions provided, which sets out the principal terms of the arrangement, and complete and sign the Waverton Client Questionnaire. All clients will also be asked to provide appropriate documentation to support Know Your Customer ("KYC") and Anti Money Laundering ("AML") obligations, and Waverton will only accept money to manage on the successful completion of this process.

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## Item 8: Method of Analysis, Investment Strategies and Risk of Loss

### A. Investment Strategies

Waverton operates a formal portfolio construction process, for the construction of each of its investment mandates. The key parts of the process are:

#### i. Asset Allocation

An in-house Asset Allocation Committee is responsible for setting target weightings for each major asset class (equities, bonds, alternatives and cash) and their sub asset classes under each investment mandate. There are appropriate internal controls in place to check for adherence to these target weightings, against which the Portfolio Managers will be measured for their dispersion. The assessment of Portfolio Managers is done at the primary asset classes level, not at the sub asset class level. For example the Asset Allocation Committee may provide a target weighting for Gold within the Alternatives asset class, but it is up to Portfolio Managers to decide whether they want to take these positions (on investment grounds) or if it is appropriate for the client.

#### ii. Stock Selection

The global equity team is split between five regional teams (UK, US, Europe, Japan and Developed & Emerging Asia). Each regional team adopts a fundamental approach to identifying potential investment opportunities, utilising the significant breadth and depth of experience at Waverton. The majority of the investment team sits in one office (including the Fixed Income, Funds & Alternatives teams), engendering a collegiate atmosphere that results in regular discussion and sharing of ideas between colleagues, a long-standing characteristic of the firm. Three of our Asian team are based in Asia.

The regional teams meet regularly with company management across all sectors (approximately 1,000 meetings per year). This provides information from the ground level that enhances our in-house research, and often gives better insights into the health of the broader economy. These meetings in themselves often generate investment ideas worthy of further analysis. We also engage in regular dialogue with other industry contacts and sector specialists to enhance our knowledge and understanding.

Each regional team maintains an active Regional Stock List that represents a focused list of preferred stock recommendations. It is the responsibility of the Stock Selection Committee, consisting of members from the global research teams, to construct the Global Recommended List which represents Waverton's most compelling investment ideas globally and is populated entirely from the Regional Stock Lists. The Committee meets weekly with ad-hoc meetings when required. In addition to the research undertaken by the regional teams, the Stock Selection Committee will occasionally suggest sector or thematic research at the global level. The co-ordination of this work is the responsibility of the Head of Equity Research.

Investment decisions are based on a thorough analysis of the company's financial and business prospects. The main sources of information taken into account include management meetings, annual reports and company press releases.

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Waverton aims to invest in companies that can sustainably create wealth for shareholders. We are increasingly aware of the impact of human activity on the environment, and therefore determine that assessing the Environmental, Social and Governance (ESG) data of a company is important. To do this, we partner with a global, award-winning ESG research company for the provision of related data. This information is considered by the regional teams to create the Regional Stock Lists.

## **B. Method of Analysis**

Waverton operates a formal portfolio review process, assessing each portfolio and the Portfolio Managers accordingly. The key parts of the process are:

i. **Portfolio Risk Review Committee**

This in-house Committee reviews the risk of in-house funds and model portfolios, reviewing aspects including performance, volatility and liquidity.

ii. **Portfolio Dispersions Review Committee**

This in-house Committee reviews any dispersion between the broad asset allocation in client portfolios to the targets set by the Asset Allocation Committee. It assess risks from a range breach (i.e. whereby portfolios could be outside of the asset allocation ranges a client agrees to) and from a score breach (i.e. whereby portfolios could be outside of not only asset class ranges but sub-asset classes, such as geographical positioning)

iii. **Performance Review Committee**

This in-house Committee reviews the performance across all areas of the business including model portfolios and funds. Each Portfolio Manager is assessed, and the performance of their client portfolios are assessed against other internal portfolios and the benchmarks against which they are to be compared. Material issues arising out of the Portfolio Risk Review Committee and the Portfolio Dispersions Review Committee above are escalated here to this Committee.

iv. **Formal peer reviews**

This is a review carried out annually on each portfolio by a peer in the same department. The role of the reviewer, independent of the Portfolio Manager, is critical in highlighting where portfolio construction may not be optimal for a particular client's needs or where a portfolio is invested away from the house targets. Where any deviation exists, the Portfolio Manager is required to provide commentary and explain why that asset allocation meets with the investors' objectives and risk profile. The completion and response to these peer reviews is assessed at the Portfolio Dispersions Review Committee above.

All performance is monitored by an independent in-house Performance & Risk team. Quarterly performance reports are prepared for all portfolios and risk statistics are collated across similar mandates. Where any unusual performance or risk characteristics occur, these are escalated to senior management. On a quarterly basis, all clients receive valuation booklets outlining their portfolio value, assets, performance and the mandate characteristics the client has chosen.

## C. Risk of Loss

All forms of investment which may be undertaken by Waverton involve risk. Waverton's Portfolio Managers seek to manage accounts so that risks are appropriate to the investment strategy and client risk profile. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients should understand that the value of investments and the income derived from them can fall as well as rise and that they can lose some or all of their capital. Clients should be prepared to bear the risk of such potential losses. The information included in this Brochure does not include every potential risk associated with each investment strategy or particular client account. Clients are required to read the Waverton Guide to Investment Mandates before selecting an appropriate mandate and are urged to ask questions about risks and risk factors associated with the selected investment mandate to determine whether the chosen investment mandate is suitable for their risk profile, investment objective and financial position.

Waverton also assess the suitability of the client's chosen investment mandate to the client's disclosed circumstances, including time horizon and investment objectives, attitude to risk, financial objectives and investment knowledge and experience.

## D. Risk Categories

Each mandate has an associated risk category, which are shown below, together with asset class ranges set by the Asset Allocation Committee:

Mandate	Risk Description	Time Horizon	Indicative Volatility of Returns		Indicative Long Term Return
			Historic	Band	
Equity	High volatility	8 years	16	8 – 23	CPI + 4.5%
Growth	High / medium volatility	7 years	12	6 – 16	CPI + 3.5%
Balanced	Medium volatility	6 years	10	5 – 14	CPI + 3.0%
Cautious	Medium / low volatility	5 years	8	4 – 12	CPI + 2.5%
Defensive	Low volatility	4 years	6	3 – 10	CPI + 2.0%
Conservative	Low volatility	3 years	5	3 – 10	CPI + 1.5%
Bonds	Low volatility	3 years	7	3 – 10	CPI + 0.5%

Investors should understand the risks associated to each mandate type:



RISK DESCRIPTION	EXPLANATION
High volatility	A high risk of significant drawdowns in the short to medium term
High/medium volatility	A high risk of drawdowns in the short to medium term
Medium volatility	A significant risk of some drawdowns over the short to medium term, moderated through asset class diversification
Medium/low volatility	Risk of meaningful drawdowns is moderated through a high degree of diversification across asset classes
Low volatility	Risk of modest drawdowns, the impact of which will be limited by a high degree of asset class diversification. Bond only mandates are vulnerable to changes in interest rates and inflation

## E. Other Important Risk Factors

The attention of the Customer is drawn to the following types of transactions and the risks associated with such transactions.

### i. Investment Denominated in Foreign Currencies

If a liability of the Customer in one currency is to be matched by an asset in a different currency, or if Waverton provides services under this Agreement relating to an investment denominated in a foreign currency, a movement in exchange rates may have an effect which may be either favorable or unfavorable on the investment, which may be separate from that experienced on such investment.

### ii. Derivatives Risk Warning Notice

Although derivative instruments can be utilized for the management of investment risk, some of these products are unsuitable for many investors. As a result, Waverton does not invest in financial derivative instruments for US clients.



## Item 9: Disciplinary Information

There are currently no disciplinary or legal/regulatory proceedings or investigations with either customers or our supervisory authorities outstanding.

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## Item 10: Other Financial Industry Activities or Affiliations

### **A. Broker-Dealer, Futures Commissions Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status**

Waverton is not registered as a securities broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor nor is it an associated person of any of these entities. Refer to our Relationship Summary (Form ADV III) for further information.

### **B. Relationships Material to Waverton Investment Management Limited**

Waverton is under the ultimate control of Somers Limited (“Somers”). Somers is an investment holding company specializing in the financial services sector with investments in the banking and asset financing sectors. Somers’ primary investment is a 100% interest in Bermuda Commercial Bank Limited, one of Bermuda’s four licensed banks which focus on corporate and private wealth.

However, Waverton does not have registered broker-dealers which are affiliates of Somers who are approved brokers for its US clients and therefore no affiliates of Somers act as broker or agent in effecting securities transactions for Waverton’s US clients. Waverton has no other arrangements that are material to its advisory business or its clients with any other Related Person.

### **C. Related Persons & Material Conflicts of Interest with Clients**

Waverton’s immediate parent company, Waverton Investment Management Group Limited, owns another wholly owned subsidiary, Waverton Wealth Planning LLP (“Waverton Wealth”), which is set up to provide investment advisory and financial planning services to clients, predominantly based in the UK. Whilst there may be clients being advised to Waverton, there are controls in place to ensure these are in the client’s best interest. Each entity, Waverton and Waverton Wealth, actively manage these conflicts.

Waverton is also a discretionary investment manager for a range of open-ended collective investment schemes (funds) into which some Waverton clients are invested. To manage the conflicts, Waverton does not charge a fee for any client portfolio invested into these funds. Further, controls are in place to prevent the purchase of these funds for a US client.

Waverton may have relationships with the Related Persons referred to below; however this is in the natural course of business dealings and as such conflicts will not arise.

- Broker-dealer, municipal securities dealer, or government securities dealer or broker
- Other investment adviser or financial planner
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Pension consultant



## Item 11: Codes of Ethics, Participation or Interest in Client Transactions and Personal Trading

### A. Code of Ethics

Waverton recognises that, as a fiduciary to its clients, it owes a duty to all of its clients to avoid conflicts of interest and to act in the best interests of its clients. Accordingly, each employee of Waverton is required to comply with firm-wide policies and procedures on personal trading (see below). Further, no employee of Waverton may disclose to any person any confidential information regarding transactions in any investment or security whatsoever being purchased or sold by a client of Waverton, or being considered for such purchase or sale. This prohibition does not apply to disclosures necessary between employees solely in connection with their performance of duties for a client of Waverton.

### B. Personal Trading

All employees are required to comply with the Personal Account Dealing Policy (personal trading) in order to ensure that their interests do not conflict with the interests of clients. There are strict controls in place at Waverton to mitigate the risk to clients and prioritise the interests of clients. All employees must:

- Report their personal securities holdings and transactions on a periodic basis to the Compliance Department
- Obtain pre-approval for transactions in certain in-scope investments in line with the Personal Account Dealing Policy
- Deal subject to a minimum holding periods
- Avoid trading and utilising inside information in their personal trading

### C. Securities in which Adviser or a Related Person have a Material Financial Interest

Waverton, does not, as principal buy securities for itself from, nor sell securities it owns to its clients. It is possible that, on rare occasions in order to ensure a client does not go overdrawn or to correct a trading error, Waverton may on its own account trade or sell securities it owns or buy securities from clients. Such transactions will always be in accordance with Waverton's general obligation as a fiduciary to act in the best interests of its clients and to obtain the best price and execution for its clients.

Waverton does not complete security transactions for commission, nor does it execute any securities transactions on behalf of its US clients through US registered affiliated brokers. Waverton does not execute transactions for non-clients in which client securities are sold to or bought from a brokerage customer. Further, Waverton does not have US registered broker-dealers which are affiliates of Somers who are approved brokers for its American clients and therefore no affiliates of Somers act as broker or agent in effecting securities transactions for both Waverton's US clients and the person on the other side of the transaction. Waverton may engage in cross-agency transactions for clients subject to the rules of best execution, suitability and acting in the client's best interest.





Waverton may trade on behalf of US clients in securities issued by a company in which an affiliate of Waverton has a financial interest or position. For example, Waverton may purchase on behalf of clients shares in Waverton Funds (discretionary managed funds). Waverton may also recommend products in which Somers companies and/or affiliates have a financial interest. Related persons of Waverton, including Somers, engage in various types of investment banking activities with issuers of securities which may be recommended by, or purchased on behalf of, its clients. Waverton will not generally have access to detailed information concerning the securities positions of its affiliates. Accordingly, while Waverton may, in the ordinary course of business make purchases/sales for clients in securities in which affiliates may have a financial interest or position, such actions will be made without regard to such positions. Sometimes, however, Waverton may have access to confidential information or be otherwise restricted from dealing in certain securities. As a result Waverton may not initiate a transaction it may otherwise have done.

Except in exceptional circumstances, as referred to above, Waverton does not buy or sell securities for itself. Employees of Waverton may from time to time buy or sell securities for their personal accounts in situations where Waverton intends to buy or sell the same securities for, or recommend the purchase or sale of the same securities to its US clients. Waverton and its employees must comply with all applicable financial services laws in offering such investment opportunities to Waverton's US clients. Waverton may manage a portfolio for knowledgeable employees in a fashion that is similar to the portfolios managed for Waverton's clients. Transactions in securities to be made for the personal interest of an employee of Waverton are subject to Waverton's procedures for personal account dealing. Accordingly, employee trades are subject to pre-clearance requirements, as well as trading prohibitions designed to avoid conflicts of interest with clients.

A copy of Waverton's Code of Ethics is available to any client or prospective client on request. Waverton's Conflict of Interest Policy is available on the website at:  
<https://www.waverton.co.uk/legal-and-regulatory>.



## Item 12: Brokerage Practices

Waverton has an obligation to comply with best execution and will only deal with brokers who are able to similarly comply. As a result, Waverton have outsourced the execution of client orders to Northern Trust Securities LLP. Waverton is responsible for overseeing the performance of Northern Trust Securities LLP and both parties will take all reasonable steps to obtain the best possible result taking into account the criteria and factors set out below, subject to any instruction given by our client (detailed further below).

The brokers we use are contractually obliged to provide best execution and our internal Dealing team routinely monitor the bid/offer spread, commission paid, and prices achieved. As we are a smaller-sized firm, market impact costs are typically low and accordingly, are only relevant in a small proportion of cases.

### **Best execution factors**

Waverton uses the factors set out below when executing Client Orders:

- Price
- Costs
- Speed of execution
- Likelihood of execution
- Speed of settlement
- Likelihood of settlement
- Size of the order
- Nature of the order
- Any other consideration relevant to the execution of the order

Waverton as a firm does not enter in any soft dollar arrangements.

Waverton's Best Execution policy is available on our website [www.waverton.co.uk/legal-and-regulatory](http://www.waverton.co.uk/legal-and-regulatory).



## Item 13: Review of Accounts

Those portfolios that have had investment restrictions imposed on them by the client are reviewed on a trade-by-trade basis by the Portfolio Manager and the Compliance department.

Each portfolio is assigned a Secondary Portfolio Manager, who has the responsibility of conducting an annual review of the relevant portfolio to ensure it is being managed in compliance with the client's objective and risk profile, and with Waverton's investment policy. This includes adherence to internal stock recommendations, asset allocation thresholds and any client-driven investment restrictions.

On a quarterly basis, the Performance and Risk Department analysts prepare consolidated performance reports on each Portfolio Managers' portfolios and strategy groups, detailing relative performance figures, risk characteristics and dispersion of returns. Where a portfolio deviates outside the agreed risk tolerances of the client's mandate, the portfolio is reviewed by internal committees as disclosed in Item 8 to determine the root cause and whether any remedial action is required.



## Item 14: Client Referrals and Other Compensation

Not applicable.



## Item 15: Custody

Waverton does not have physical custody of client assets, and has arranged for custody of client assets to be provided to our clients by:

- SEI Investments (Europe) Limited for clients that need their assets to be held in the United Kingdom; or
- SEI Investments Guernsey Limited for clients that need their assets to be held outside of the United Kingdom.

Clients are also able to appoint their own custodian.

The above custodians are required to report separately on a quarterly basis for US clients.

Waverton also will report quarterly, providing clients with a full investment report and valuation of the portfolio. Waverton does not have sight of the custodian reports but will ensure that to the best of our ability all reports are reconciled on a regular basis between Waverton and our custodians.



## Item 16: Investment Discretion

Waverton will have absolute discretion in the selection of investments and management of the client portfolio but will exclude the purchase of securities on which the client has specifically placed restrictions. Waverton will receive discretionary investment management authority prior to account set up, to act in the capacity of discretionary investment manager, as agreed in the Terms & Conditions.

Where necessary, Waverton will take instructions from individuals acting on the clients' behalf in accordance with a Power of Attorney.

Where Waverton has entered into a discretionary agreement with a client, it has discretion to decide which securities, and the amount thereof, are bought and sold, and which dealer or broker is to be used. In making these decisions Waverton must act within its investment mandate selected by the client, any sector, geographical or other restrictions imposed by the client and in accordance with FCA, SEC rules and regulations and the Terms & Conditions.

Certain investments may be appropriate for more than one client. Investment decisions for clients will be made after consideration of factors such as their current holdings, availability of cash for investment and the size of their investments, investment objectives and risk profile. In some cases, a particular investment may be bought or sold for one or more clients. Similarly, a particular investment may be bought for one or more clients when one or more other clients are selling the investment. In addition, purchases or sales of the same investment may be made for two or more clients on the same day. In such event, such transactions will be allocated among clients in a fair and reasonable manner. Such allocation is firstly the responsibility of each Portfolio Manager and then by the Dealing team as part of their aggregation process before execution in the market.

It is possible that Waverton may inadvertently receive material, non-public information relating to publicly traded securities. In the event of such an occurrence Waverton employees will follow internal processes and cease trading for any client in such securities during the period when such information remains outside the public domain and could give advantage.

Where it is appropriate, and within the client's mandate and risk criteria, Waverton may from time to time acquire on behalf of client's securities issued in initial public offerings.

If Waverton decides to purchase or sell the same securities for several clients at approximately the same time it may, subject to compliance with requirements under applicable financial services law, aggregate such orders. Transactions will be averaged as to price and transaction costs and allocated among the relevant clients. An order for a client may only be aggregated with other client orders where it is unlikely that this will work to the disadvantage of other clients. Whenever it is believed that the aggregation of an order from a client with other orders would be disadvantageous to that client then that client order is executed on its own and before any other orders received subsequent to that client order.



## Item 17: Voting Client Securities

Waverton acts as discretionary manager and will therefore be entitled, at its discretion and without notice to the client, to procure or to refrain from procuring the exercise of voting and other rights and privileges attaching to the investments comprised in the portfolio, and to accede or refrain from acceding to any compromise or arrangement in relation to any scheme of arrangement or scheme for reconstruction or amalgamation involving any such investment.

To assist with voting processes, Waverton has engaged with an outsourced service provider to assist with the provision of proxy voting. Waverton's approach is to vote in a manner that we believe is aligned with the protection and creation of shareholder value, which may not always support the Board of investee companies. Given the nature of our business and the relatively small size of our shareholdings in relation to the market capitalisation of investee companies, we have decided to vote on the direct equity holdings held within internally managed funds. Combined, these account for approximately 80% of total assets under management. Further details on Waverton's voting process is available within the Engagement Policy and the Engagement Report, both of which are available on the website, [www.waverton.co.uk/legal-and-regulatory](http://www.waverton.co.uk/legal-and-regulatory).



## Item 18: Financial Information

Waverton does not directly hold client assets as custody. All client assets are either arranged for as per Item 15 above or arranged by clients directly. Client cash is never held with any affiliate company to Waverton.

All client fees are payable in arrears on a quarterly basis.





## Item 19: Requirements for State Registered Advisers

Not applicable.