



**STIRLING HOUSE**  
FINANCIAL SERVICES

# Quarterly Update

HC Stirling House Balanced Fund

30th June 2018

## Investment Objective

To provide a balance of income and capital growth over the medium to long term.

## Investment Policy

The Fund will seek to achieve its investment objective by gaining exposure generally to money market instruments, fixed interest securities, cash and near cash, with some exposure to global equities.

The Fund may also invest directly or indirectly in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.

The Fund may make use of derivatives for efficient portfolio management.

Fund Performance can also be viewed online at [www.TrustNet.com](http://www.TrustNet.com)

Search: HC Stirling House Balanced

This factsheet has been issued by Stirling House Financial Services Ltd who are authorised and regulated by the Financial Conduct Authority under the firm reference 413234.

### Notes

For further details before making an investment please ask your Financial Adviser for the full Prospectus or KIID, or contact Host Capital Limited directly, or see the Host Capital Limited website.

\* Under normal circumstances this charge will be waived, contact Stirling House Financial Services Ltd for further clarification.

\*\*This figure was calculated as of 31/12/2017 for the A ACC share class and includes the annual management fees and the fund administration charges.

## Performance Commentary

The fund's performance was positive over the quarter, however it is disappointing to report that we have not been able to make back the lost ground caused by the market sell-off in the first quarter of this year.

This quarter was favourable for most asset classes, whereas UK Government gilts were challenged, principally by the US ten year Treasury bond yield twice, breaching 3%, and with the rising trade tensions dominating market sentiment, we continued to hold more sterling cash than usual, which diluted performance. Nevertheless, as we enter this new era of tightening global liquidity, cash is beginning to look attractive as an asset class.

Within our fixed income portfolio, corporate credit spreads remained

generally higher, and in equities higher dividend paying shares have underperformed too. The one exception has been the fund's holding in Simon Property Group – US regional malls - which has shown good value and returned almost 12% over the quarter. Royal Dutch Shell also made a positive contribution, alongside Activision Blizzard, MasterCard with its disruptive qualities and CME, which owns exchanges in traded financial products.

Despite interest rate increases being generally positive for banks, the sector was disappointing with weak performances from Citigroup, JP Morgan and particularly ING Group in Europe, where political tensions have risen and we are unlikely to see rate rises until the second half of 2019.

Source: Sarasin & Partners LLP, 30 June 2018

## Fund Facts

<b>Fund Structure</b>	NURS (Non-UCITS Retail Fund)
<b>Fund Launch Date</b>	18 February 2013
<b>Fund Currency</b>	GBP
<b>Registered for Sale</b>	Authorised in the UK by the FCA
<b>Initial Charges*</b>	5%
<b>Ongoing Charge**</b>	1.82%
<b>Fund Dealing</b>	Daily
<b>Cut-Off Point</b>	12 noon on a Dealing Day
<b>Pricing Frequency</b>	Daily
<b>Target Return Benchmark</b>	RPI +3%
<b>IMA Sector</b>	Unclassified Sector

<b>Launch Price</b>	£1.00
<b>Minimum Investment</b>	£5,000
<b>Annual Management Fee</b>	0.70%

<b>Codes</b>	
<b>SEDOL</b>	B99R167
<b>ISIN</b>	GB00B99R1674

<b>Acc Class</b>	<b>Inc Class</b>
£1.00	£1.00
£5,000	£5,000
0.70%	0.70%
<b>Acc Class</b>	<b>Inc Class</b>
B99R167	B99R178
GB00B99R1674	GB00B99R1781

## Investment Manager

Sarasin & Partners LLP is a London-based asset management group that manages investments on behalf of charities, institutions, intermediaries, pension funds and private clients, from the UK and around the world. The group employs 204 people and manages approximately £13.8 billion\*.

Sarasin & Partners is known both as a market leader in thematic investment and for long-term income and dividend management across multi-asset and equity mandates. Consistent with a longer-term approach is a commitment to “stewardship” principles, embedding environmental, social and governance considerations into the investment process.

Sarasin & Partners is 60% owned by Bank J. Safra Sarasin Ltd and 40% owned by its London-based partners.

J. Safra Sarasin Group is one of the largest private banking groups in Switzerland. As at the end of December 2016 it managed total client assets of approximately CHF 149 billion and employed around 2,140 staff.

\*Source: Sarasin & Partners LLP, 30 June 2018

## Stirling House

Stirling House Financial Services Limited was established in 2003 as an independently owned firm specialising in the provision of face-to-face financial advice.

We have a proven track record in providing investment advice and with our close partnership with Sarasin have the ability to offer bespoke fund management solutions.

Our funds have been specifically designed to be managed within predefined risk constraints whilst giving investors exposure to a range of investments managed globally. This provides you with all the economies of scale and gives you access to professional fund management and expertise, allowing us to offer our Clients the opportunity of aiming to obtain consistent, superior investment performance over the long term.

The Stirling House Funds are collective investment schemes authorised and regulated in the UK by the Financial Conduct Authority. This provides the reassurance that these Funds are being managed to the highest standards as one would expect as a Client of Stirling House.

## Fund Outlook *from Sarasin & Partners*

The combination of a stronger US dollar and higher US yields continues to cause stress on a number of countries such as Argentina, Indonesia and Turkey but the fundamentals for corporate credit remain strong. However, as Central Banks become less accommodative and reduce their holdings of fixed income, we remain alert to this readjustment. We continue to monitor the US yield curve as in the past it has been a reliable indicator of problems ahead, including future economic growth and inflation. Core bond markets – i.e. US Treasuries, German Bunds and UK Gilts rallied towards the end of last quarter, reminding us that bonds as an asset class still have a role to play in order to limit volatility.

We remain extremely vigilant in assessing whether wage growth or consumer price inflation is going to run ahead of expectations, but we still hold our view that the outlook remains fair for good quality companies operating in the right areas of the global economy. We continue with our strategy to hold more cash and short dated government bonds than usual, whilst trying not to pay too much for good companies in volatile equity markets, even though the ongoing trade tensions between US and China are likely to weigh on sentiment.



David Palmer  
Fund Manager



SARASIN  
& PARTNERS

## Top 10 Key Holdings

UK TSY GILT 4.25% 07/03/36 GBP  
 UK TSY GILT 2.75% 07/09/24 GBP  
 UK TSY GILT 4.75% 07/12/30 GBP  
 UK TSY GILT 3.25% 22/01/44 GBP

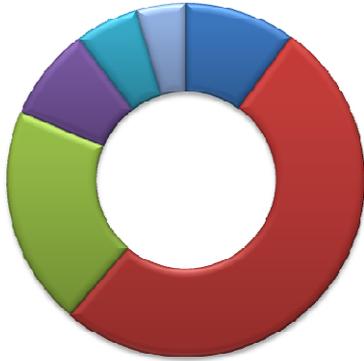
UK TSY GILT 4.75% 07/03/20 GBP  
 UK TSY GILT 4.00% 07/03/22 GBP  
 UK TSY GILT 3.75% 22/07/52 GBP  
 NB UNCORRELATED STRAT-I5GBPA

ROYAL DUTCH SHELL PLC-B SHS  
 SARASIN RESPONSIBLE CORPORATE  
 BOND-I INC

Source: Sarasin & Partners LLP, 30 June 2018

## Geographic Equity Allocation

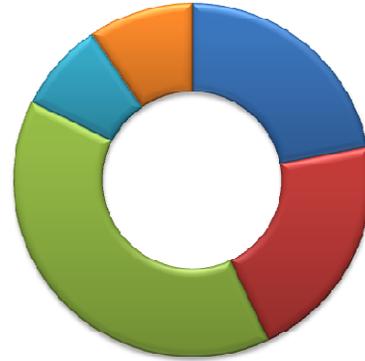
The following chart shows how the investments in the fund are proportioned over various geographic regions:



- UK 10.00%
- North America 51.20%
- Europe ex-UK 20.10%
- Emerging Markets 8.50%
- Japan 5.70%
- Middle East & Africa 0.00%
- Pacific Basin ex-Japan 4.50%

## Asset Allocation

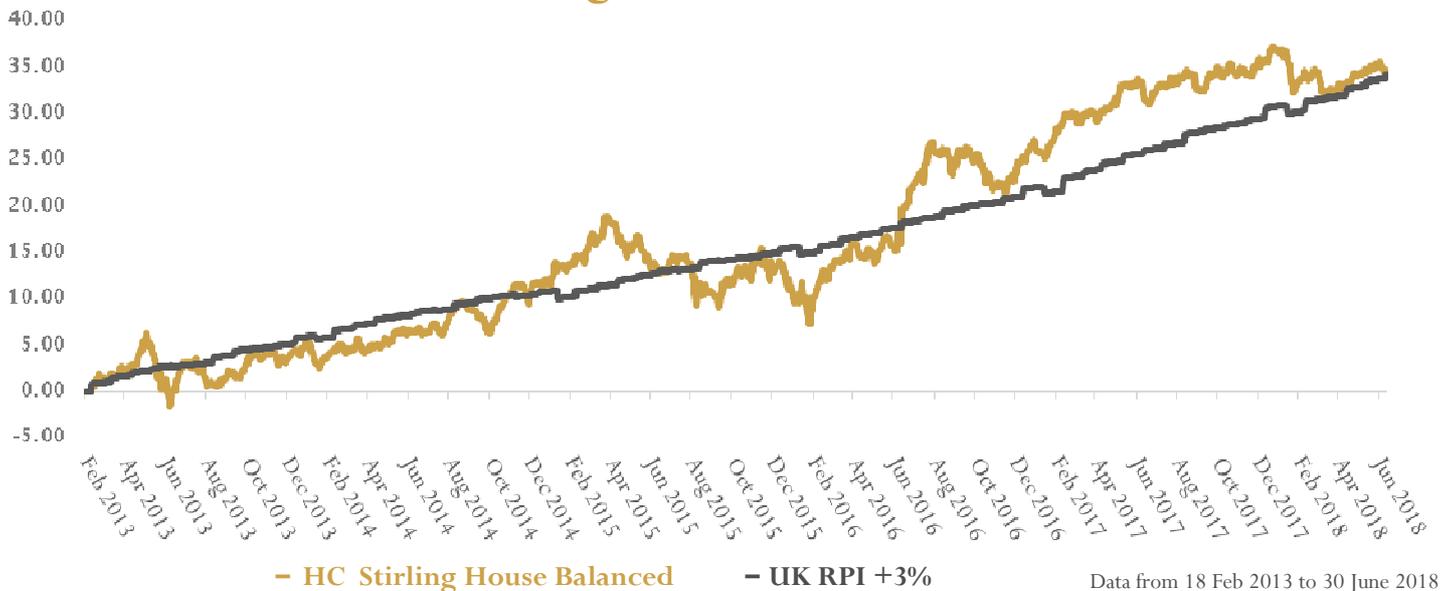
The following chart shows how the investments in the fund are proportioned over various asset classes:



- Government 22.00%
- Corporation 21.00%
- Total Equity 39.30%
- Total Alternatives 8.20%
- Cash 9.50%

Source: Sarasin & Partners LLP, 30 June 2018

## HC Stirling House Balanced Fund



Performance	01/07/2014 to 30/06/2015	01/07/2015 to 30/06/2016	01/07/2016 to 30/06/2017	01/07/2017 to 30/06/2018	19/02/2013 to 30/06/2018
HC Stirling House Balanced	5.81%	4.67%	11.52%	2.36%	34.66%
UK RPI +3.0%	4.04%	4.68%	6.60%	6.48%	34.19%

Source: Morningstar, 30 June 2018

*Please remember that past performance is not a guide to future performance*

### Fund Distributor / Sponsor

Stirling House Financial Services Limited  
Administration Centre  
PO Box 268  
Malvern  
WR14 9DD

### Authorised Corporate Director / AIFMD

Host Capital Limited  
73 New Bond Street  
London  
W1S 1RS

### Investment Manager

Sarasin & Partners LLP  
Juxon House, 100 St Paul's Churchyard  
London  
EC4M 8BU

### Auditor

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

### Administrator

JTC Fund Solutions (Guernsey) Limited  
Ground Floor, Dorey Park  
Admiral Park, St. Peter Port  
Guernsey  
GY1 2HT

### Trustee Depositary

Citibank Europe Plc, UK Branch  
Citigroup Centre, Canada Square, Canary Warf  
London  
E14 5LB

## Stirling House Contact Details

Phone	Post	Email	Web
Tel: 0845 68 68 268	Administration Centre	Enquiries@Stirling-House.com	www.Stirling-House.com
Fax: 0845 68 68 269	PO Box 268 Malvern WR14 9DD		

## Important Information

**P**ast performance should not be seen as a guide to future performance. The value of the investments of the Fund and the income from them can fall as well as rise, it may be affected by exchange rate variations and you may not get back the amount originally invested. All details in this factsheet are provided for information purposes only and should not be misinterpreted as investment advice. This document is not an offer or recommendation to buy or sell shares in the fund. You should not act or rely on this document but should seek independent advice and verification in relation to its contents. Stirling House Financial Services Limited accepts no liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents.

The outlook expressed in this fact sheet represents the views of the Fund Manager at the time of preparation and are subject to change. They are not necessarily the views of Stirling House Financial Services Limited or of Host Capital Limited (FCA N° 429093). The asset allocations detailed within the factsheet are correct as at 30 June 2018 and are subject to change, whilst operating within the objectives of the Fund. The Fund Manager has the power to use derivatives but it is intended that these will only be used for the purpose of efficient portfolio management and not for investment purposes. Quoted yields are indicative, they do not take into account any fees or taxation and cannot be guaranteed.

This document does not explain all the risks involved in investing in the fund and therefore you should ensure that you read the Prospectus and the Key Investor Information Document (KIID) which contains further information including the applicable risk warnings.