



STIRLING HOUSE
FINANCIAL SERVICES

Quarterly Update

HC Stirling House Monthly Income Fund

30th September 2018

Investment Objective

To preserve capital and achieve an income return, over the medium term, that is in excess of short term money market interest rates.

Investment Policy

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

Search: HC Stirling House Monthly Income

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 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 30/06/2018 for the A ACC share class and includes the annual management fees and the fund administration charges.

Performance Commentary

The fund's performance was relatively flat for the quarter and marginally behind its benchmark. While we were somewhat wrong-footed by momentum in the US market, we continued to reduce our exposure to US disruptive growth companies, such as Amazon and the games software company Activision Blizzard. Meaningful performance contributions came from core holdings in companies with more defensive franchises; Pfizer had stellar performance— up 22% over the quarter. Within equities, there was negative contributions from companies such as Bridgestone, tyre manufacturer which suffered from rising oil prices and a slowdown in the auto market.

In addition the holding in national Grid detracted from performance with US raising interest rates in September, bond proxies such as real estate and utilities companies tend to underperform.

Over the period we exited our position in Colgate-Palmolive, where gross margins of 60% are now unambiguously under pressure, and reinvested the proceeds into Unilever, where operating margins are more likely to head up rather than down. Holding in German telco Drillisch was also sold as the longer-term outlook for the company has become more challenged.

Source: Sarasin & Partners LLP, 30 September 2018

Fund Facts

Fund Structure	NURS (Non-UCITS Retail Fund)	
Fund Launch Date	18 February 2013	
Fund Currency	GBP	
Registered for Sale	Authorised in the UK by the FCA	
Initial Charges*	5%	
Ongoing Charge**	2.16%	
Fund Dealing	Daily	
Cut-Off Point	12 noon on a Dealing Day	
Pricing Frequency	Daily	
Interim Income Allocation Date	Monthly (last calendar day of each month)	
Income Distribution Date	Last business day of each month (in arrears)	
Target Return Benchmark	3m Libor	
IMA Sector	Unclassified Sector	
	Acc Class	Inc Class
Launch Price	£1.00	£1.00
Minimum Investment	£5,000	£5,000
Annual Management Fee	0.70%	0.70%
Codes	Acc Class	Inc Class
SEDOL	B99R123	B99R134
ISIN	GB00B99R1237	GB00B99R1344

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 206 people and manages approximately £14 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 September 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*

Notwithstanding the protectionist rhetoric coming from the United States, slowing growth in China and markets being rattled by political uncertainty in Europe, the IMF still projects that the world economy will grow by 3.9% this year and next, citing momentum from US tax cuts and global economic activity. Against this backdrop, we still expect to add most value from equity portfolios despite a challenging quarter for developing countries. These countries are anticipated to account for two-thirds of global GDP growth over the next decade as they adopt new technology across multiple industries. Trade disputes outside of China and the USA appear to be easing, but

we remain concerned about the outlook for the global auto sector, given weakening demand in both the US and China, and the impact that this may have on the European industrial sector via Germany.

As we enter an era of tightening global liquidity – the European Central Bank is now scaling back economic stimulus – cash is beginning to look attractive as an asset class and enables one to maintain a cautious approach. We remain vigilant in assessing whether US wage growth and inflation are going to run ahead of expectations, but we still hold the view that the outlook remains fair for good quality companies operating in the right areas of the global economy.



David Palmer
Fund Manager



SARASIN
& PARTNERS



John Godley
Fund Manager

Top 10 Key Holdings

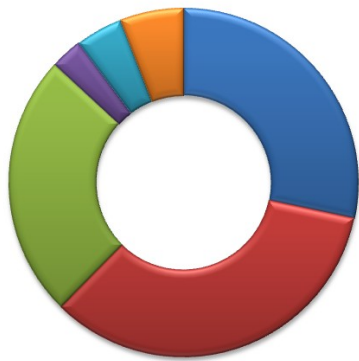
GREENCOAT UK WIND PLC
SARASIN GLOBAL HIGHER DIVIDEND
(STERLING HEDGED)-I INC
CME GROUP INC

UK TSY GILT 4.75% 07/12/30 GBP
UK TSY GILT 4.75% 07/03/20 GBP
UK TSY GILT 5.00% 07/03/25 GBP
UK TSY GILT 4.00% 07/03/22 GBP

UK TSY GILT 4.50% 07/12/42 GBP
UK TSY GILT 4.25% 07/03/36 GBP
SARASIN RESPONSIBLE CORPORATE
BOND-I INC
Source: Sarasin & Partners LLP, 30 September 2018

Geographic Equity Allocation

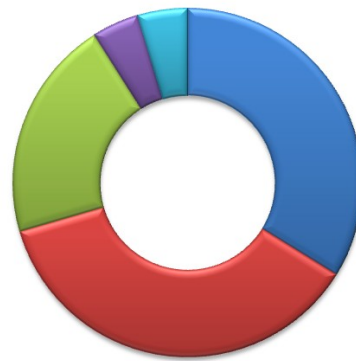
The following chart shows how the investments in the fund are proportioned over various geographic regions:



- North America 28.31%
- Europe Ex-UK 34.07%
- UK 24.41%
- Japan 2.95%
- Emerging Markets 4.36%
- Pacific Basin ex Japan 5.90%

Asset Allocation

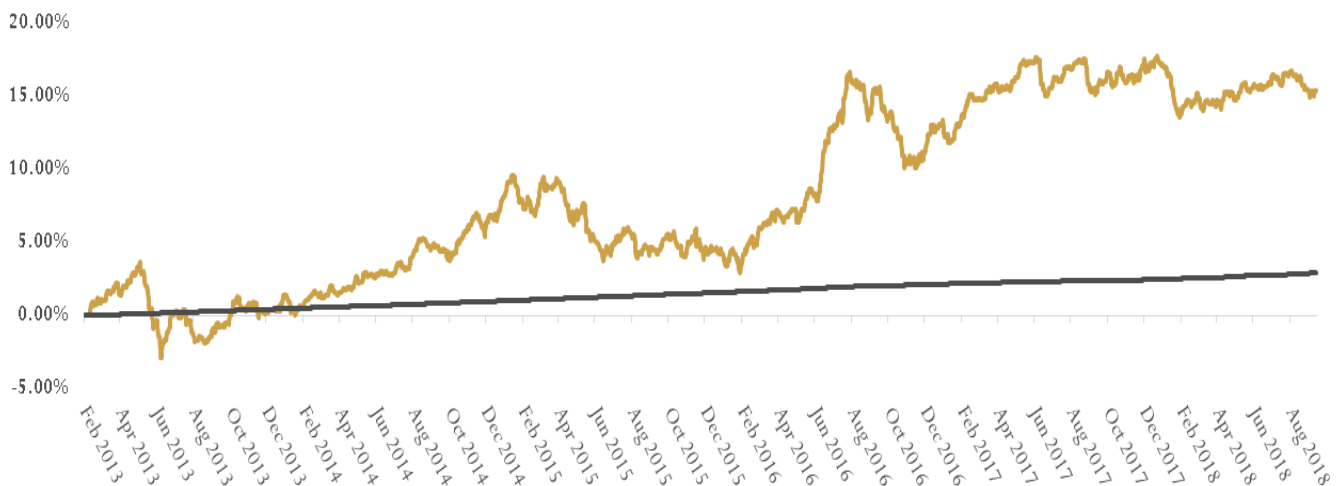
The following chart shows how the investments in the fund are proportioned over various asset classes:



- Government 33.82%
- Corporation 36.68%
- Total Equity 20.53%
- Total Alternatives 4.35%
- Cash 4.62%

Source: Sarasin & Partners LLP, 30 September 2018

HC Stirling House Monthly Income Fund



— HC Stirling Monthly Income — UK Cash LIBOR 3 Month* Data from 18 Feb 2013 to 30 September 2018

Performance	01/10/2013 to 30/09/2014	01/10/2014 to 30/09/2015	01/10/2015 to 30/09/2016	01/10/2016 to 30/09/2017	01/10/2017 to 30/09/2018	19/02/2013 to 30/09/2018
HC Stirling House Monthly Inc.	5.51%	-0.48%	10.72%	-0.04%	0.05%	15.43%
UK Cash LIBOR 3 Month*	0.53%	0.57%	0.61%	0.35%	0.51%	2.93%

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

Source: Morningstar,
30 September 2018

* The price for the LIBOR 3 month is sourced from ICE

Fund Distributor / Sponsor

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Important Information

Past 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 September 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.