



STIRLING HOUSE
FINANCIAL SERVICES

Quarterly Update

HC Stirling House Monthly Income Fund

31st December 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

Global equities plummeted in Q4, with the MSCI All countries World Index down 12.8% over the period. The US Fed drained liquidity in a period when risk appetite had been high, then spooked markets by issuing poor forward guidance. This was significant as US equities had been the main driver of returns. Weaker Chinese growth and a decline in business confidence also provided headwinds. Government bonds had a better quarter as investors looked to reduce risk given. Within fixed income, corporate bond credit spreads generally widened.

Positive contributors to the fund were CME, as volumes increased through a volatile quarter, and ENEL, after

the Italian regulator provided reassurance that regulated Utility profits will be honoured in future in spite of political uncertainties.

Detractors included Associated British Foods (ABF) amid concerns over its sugar business and Royal Dutch Shell following pressure on the oil price.

Transactions of note included increasing the position in ABF following the reported recovery in margins at Primark, share price weakness and 10% increase in dividend.

Source: Sarasin & Partners LLP, 31 December 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	UK Cash 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 207 people and manages approximately £12.4 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, 31 December 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

Given the denouement of QE, we expect volatility to continue. The stimulus from US tax cuts and increased public spending is likely to evaporate and the outcome of US/China trade tensions could be a help or hindrance.

The Q4 rally in core government bonds demonstrates that they still have a role in limiting volatility. Nevertheless, bonds are likely to be an impediment to long-term returns whilst income is insufficient to compensate for capital loss.

Equities drive long-term returns and we believe the outlook remains fair for good quality companies operating in the right areas of the global economy. Our analysts are finding many genuine thematic growth opportunities that stand out

in a slower growth world. Many of the disruptive growth companies held in the portfolio that suffered in the market sell off are now available at valuations close to many older economy investments.

Although the US Federal Reserve has persisted in tightening monetary policy, we believe it can now be patient with inflation relatively quiescent. However, we remain wary of US wage growth running ahead of expectations. We maintain our investment strategy of being underweight bonds and neutral global equities but there will be refinements, periodically holding cash to exploit the investment opportunities that come with greater market volatility.



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, 31 December 2018

Geographic Equity Allocation

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



- North America 29.34%
- Europe Ex-UK 27.38%
- UK 30.02%
- Japan 3.55%
- Emerging Markets 3.95%
- Pacific Basin ex Japan 5.76%

Asset Allocation

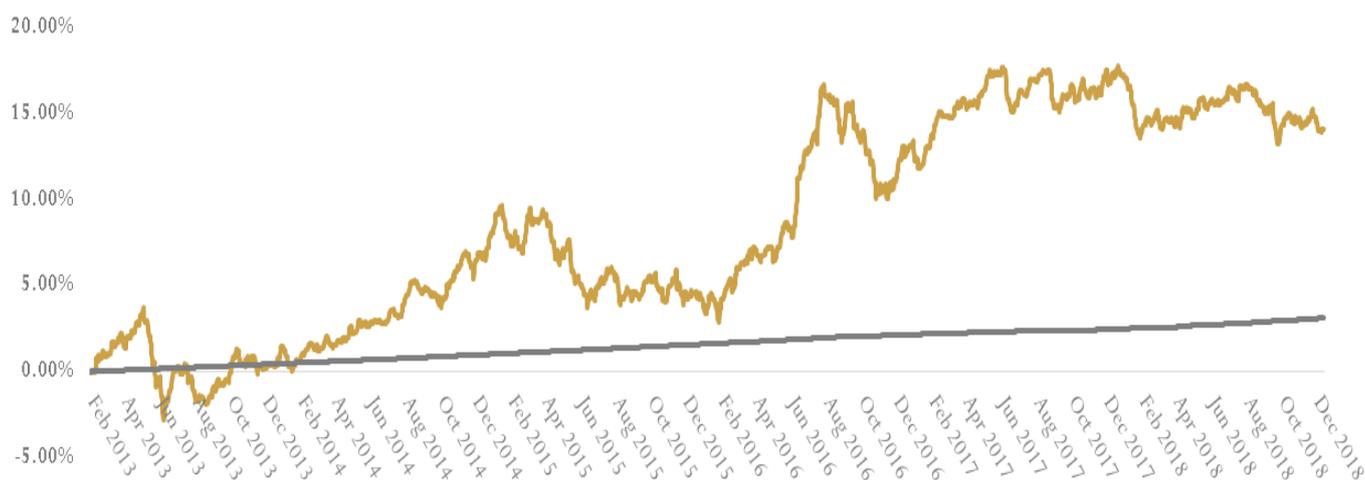
The following chart shows how the investments in the fund are proportioned over various asset classes:



- Government 34.21%
- Corporation 36.11%
- Total Equity 18.38%
- Total Alternatives 4.31%
- Cash 6.99%

Source: Sarasin & Partners LLP, 31 December 2018

HC Stirling House Monthly Income Fund



— HC Stirling Monthly Income — UK Cash LIBOR 3 Month* Data from 18 Feb 2013 to 31 December 2018

Performance	01/01/2014 to 31/12/2014	01/01/2015 to 31/12/2015	01/01/2016 to 31/12/2016	01/01/2017 to 31/12/2017	01/01/2018 to 31/12/2018	19/02/2013 to 31/12/2018
HC Stirling House Monthly Inc.	6.11%	-1.91%	8.16%	3.79%	-2.79%	12.69%
UK Cash LIBOR 3 Month*	0.54%	0.58%	0.56%	0.32%	0.64%	3.13%

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

Source: Morningstar,
31 December 2018

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

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 Court
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

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 31 December 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.