



European Wealth Enhanced Cash Fund

Please note that this Fund was formerly the European Wealth Sterling Bond Fund. The name is the only change and the Fund still retains the mandate of a safety first and short duration UCITS IV Fund concentrating on low volatility returns. The name has been changed to reflect its function and positioning as a fund for treasury investments.

Manager Commentary

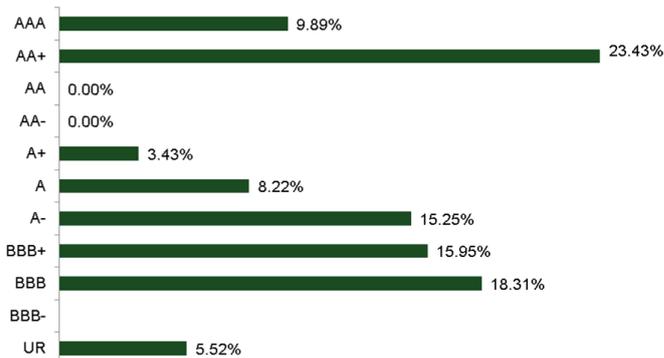
Despite the ongoing volatility and weakness in global equity markets the front end, or very short dated, UK government bond yields surprisingly hardly changed in December although we did see the longer dates rally quite sharply. However, in the US where there has been a big change of interest rate view 2yr yields fell by over 30bp in the same period.

Previous to the recent fall in equity prices the Fed had been expecting to raise rates at least twice in 2019 and again in 2020 and although the market always took a less hawkish view on rates we have seen a strong rally. Even with very strong employment statistics the Fed have now implied that they will be a lot more sensitive as to the timing and speed of future interest rate rises. They have comfort in doing this as inflation, as in the other large economies, has been fairly benign. The market, at the time of writing, has now 'priced in' no further rate rises and a cut in 2020 therefore growing the discrepancy with the expectations with the Fed.

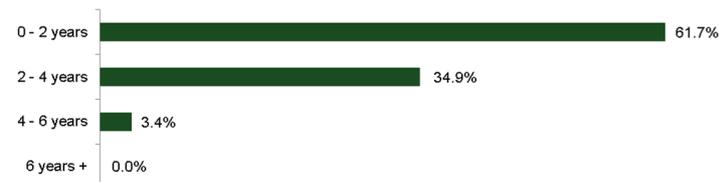
In Europe all eyes have been on the ECB as they have now stopped their quantitative easing programme. Despite this European government bond markets have been very stable over the last quarter of the year. Where weakness has been seen is in credit spreads. Corporate bonds have cheapened up in line with equity markets and this has been very noticeable in bank debt and especially so in junior bank debt where yields have risen appreciably.

Portfolio Analysis

Ratings Breakdown¹



Maturity Breakdown



| Top 10 Holdings (%) ^{2*} | | |
|-----------------------------------|--------------|---------------|
| UKT | 1.75% 07/19 | 6.95% |
| UKT | 4.5% 03/19 | 5.89% |
| UKT | 3.75% 09/19 | 5.38% |
| UKT | 2% 07/20 | 5.08% |
| EIB | 2.25% 03/20 | 4.54% |
| EIB | 1.5% 02/19 | 4.18% |
| SKY | 2.875% 11/20 | 4.09% |
| GS | 5.5% 10/21 | 3.93% |
| VIRGIN MONEY | 2.25% 4/20 | 3.90% |
| REED | 2.75% 8/19 | 3.90% |
| Total | | 47.84% |

Investment Aim

The aim of the Fund is to provide investors with a considerably higher return than the yield available on cash deposits, combined with a cautious approach to volatility of returns.

The investment objective is achieved through a conservatively managed portfolio of government, supra-national and corporate bonds together with liquid money market instruments.

No investments are made in sub investment grade bonds.

Fund Facts

| | |
|--------------|-----------------------|
| Structure: | UCITS IV, OEIC |
| Dealing: | Daily, 12 noon Dublin |
| Launch date: | 12 July 2010 |
| Benchmark: | 3 month £ LIBOR |
| Fund Size: | £17.7m as at 31.12.18 |

Fund Price

| | |
|-----------|--------|
| A Acc GBP | 1.0854 |
| A Inc GBP | 0.8729 |
| B Acc GBP | 1.0738 |
| B Inc GBP | 0.9476 |
| C Acc GBP | 1.0225 |

Yield

| | |
|---------------|-------------|
| GRY: | 1.65% |
| Income Yield: | 2.99% |
| Frequency: | Semi-annual |
| XD Date: | Jan, Jul |
| Dist. Date: | Jan, Jul |

Fund Charges

| | <u>Class A</u> |
|---------------------------|----------------|
| Maximum Initial Charge: | 1.00% |
| Annual Management Charge: | 1.00% |
| Ongoing charge Acc Class: | 1.60% |
| Ongoing charge Inc Class: | 1.60% |

| | <u>Class B</u> |
|---------------------------|----------------|
| Maximum Initial Charge: | 1.00% |
| Annual Management Charge: | 0.25% |
| Ongoing charge Acc Class: | 0.85% |
| Ongoing charge Inc Class: | 0.85% |

| | <u>Class C</u> |
|---------------------------|----------------|
| Maximum Initial Charge: | 0.25% |
| Annual Management Charge: | 0.15% |
| Ongoing charge Acc Class: | 0.75% |

Minimum Investment

| | <u>Initial</u> | <u>Additional</u> |
|---------|----------------|-------------------|
| Class A | £1,000 | £100 |
| Class B | £250,000 | £1,000 |
| Class C | £500,000 | £50,000 |

¹Bonds rated by S&P, Moody's and Fitch
²Top ten holdings based on a total number of holdings of 31
^{*}Minimum 30% of NAV has to be invested in government guaranteed bonds



Nigel Marsh, Fund Manager



Before joining European Wealth in May 2012, Nigel worked at EPIC Asset Management and before that, New Star Asset Management, where he was responsible for managing Institutional fixed interest and liquidity funds. Nigel has gained a wide range of experience and a strong track record for over 10 years in managing both sterling and multi-currency bond mandates from short term cash through to government, index-linked and corporate bonds. Previous to Nigel's experience in fund management he spent over 20 years working with various investment banks specialising in sterling fixed interest and cash products.

Performance

The Fund is positioned to be bearish of bonds by being invested into the very short dated bond market. However the Fund did come under pressure as spreads widened in corporate bonds. The C Class returned -0.1% for December v's the benchmark 0.1%.

The trading activity has been muted on the Fund although some lengthening of duration has been applied selectively into the higher yields offered by corporate bonds.

Cumulative Performance (%)

| | YTD | 1m | 3m | 6m | 1y | 3y | 5y | Since Launch |
|--------------|------|------|------|------|------|-----|-----|----------------------|
| Fund — C Acc | -0.8 | -0.1 | -0.4 | -0.5 | -0.8 | 0.5 | N/A | 2.3% since 26/3/2014 |
| 3m GBP LIBOR | 0.6 | 0.1 | 0.2 | 0.4 | 0.6 | 1.5 | N/A | 2.5% since 26/3/2014 |

Discrete 12 month Performance (%)

| | 30.06.17 to 30.06.18 | 30.06.16 to 30.06.17 | 30.06.15 to 30.06.16 | 30.06.14 to 30.06.15 | 28.06.13 to 30.06.14 | 29.06.12 to 28.06.13 | 30.06.11 to 29.06.12 | 30.06.10 to 30.06.11 |
|--------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Enhanced Cash Fund A Acc Class (launched 12 July 2010) and C Class | -0.6 | 0.7 | 0.8 | 1.2 | 1.7 | 3.9 | 3.0 | N/A |
| 3m GBP LIBOR | 0.4 | 0.4 | 0.6 | 0.6 | 0.5 | 0.6 | 1.0 | N/A |

Performance data is based on the C class from 30th June 2014.

Notes on performance

Source: Bloomberg.

Please note that all performance data is net of the annual management charges with income reinvested gross of UK tax, in GBP. The benchmark of 3m GBP LIBOR is used for illustrative purposes only.

Where performance data is based on A Acc GBP it is provided for indicative purposes. Significantly lower charges for the other share classes would positively impact Fund performance.

Where performance data is based on C Acc GBP it is provided for indicative purposes. Significantly higher charges for the other share classes would negatively impact Fund performance.

All performance shown is total return, mid to mid, excluding the effect of initial charge, income invested gross of UK tax, in GBP. The benchmark is used for illustrative purposes only. Past performance is not a reliable indicator of future performance.

On the 'Discrete 12 month Performance chart' we have used both the A & C Class performance figures. This is because there is insufficient data to report 5 years performance on the C Class. Where this information is unavailable the A Acc has been used instead.

Investment Manager

KW Investment Management Ltd

| | |
|-----------------|---------------|
| Nigel Davies | 020 7293 0736 |
| Nigel Marsh | 020 7293 0737 |
| Emma Butler | 020 7293 0750 |
| Sophie Jones | 020 7293 0755 |
| Philip Clifford | 020 3875 4372 |

Investor Services (Capita)

0035 (0) 1 553
0050

ISIN

| | |
|-------------|--------------|
| A Acc Class | IE00B5ZPWQ49 |
| A Inc Class | IE00B65F6B44 |
| B Acc Class | IE00B6492N14 |
| B Inc Class | IE00B62SSY36 |
| C Acc Class | IE00B970BY60 |

Literature

The Company's constitutional documentation, prospectus, fund supplement and key investor information documents are available in English from the European Wealth website or from the administrator.

Issued by

KW Investment Management Ltd
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www.kw-wealth.com

Tax Reports

The tax reports for the European Wealth Enhanced Cash Fund, published in line with the UK offshore funds reporting regime, can be found www.kpmgreportingfunds.co.uk

You will need to register to view this information, however this service is free to all investors.



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Important Information

The European Wealth Enhanced Cash Fund is a sub-fund of European Wealth Investment Fund plc (the Company) an umbrella fund with segregated liability between sub-funds incorporated under the laws of Ireland and regulated by the Central Bank of Ireland. The Fund's shares are listed on the Irish Stock Exchange, the latest available Net Asset Value per Share prices are published on their website www.ise.ie. Past performance is not a reliable indicator to future performance. The value of investments and income from them, may go down as well as up as a result of market and currency fluctuations so you may get back less than the amount originally invested. Opinions expressed herein represent the views of KW Investment Management Limited at the time of preparation and are subject to change without notice. Any information obtained from external sources is believed to be reliable although we cannot guarantee accuracy or completeness. All data is as at the 31st December 2016 and has been sourced from KW Investment Management Limited and Bloomberg. The on-going charge is based on the last year's expenses for the year ending 2016 and may vary from year to year. It excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another fund). The on-going charge figure is calculated as at 31st December 2017.