

IN TODAY'S INVESTMENT CLIMATE, THERE ARE A NUMBER OF PRESSING CONCERNS FACING THOSE OF YOUR CLIENTS WHO ARE SEEKING INCOME: HISTORICALLY LOW DIVIDEND YIELDS, LOWEST EVER INTEREST RATES, FALLING REAL ESTATE YIELDS AND UNCERTAIN BOND MARKETS.

In response to these concerns, in 2011 Rudolf Wolff launched the Income Fund (the "Fund"), targeting 5-7% Income per annum.

**FUND AIMS**

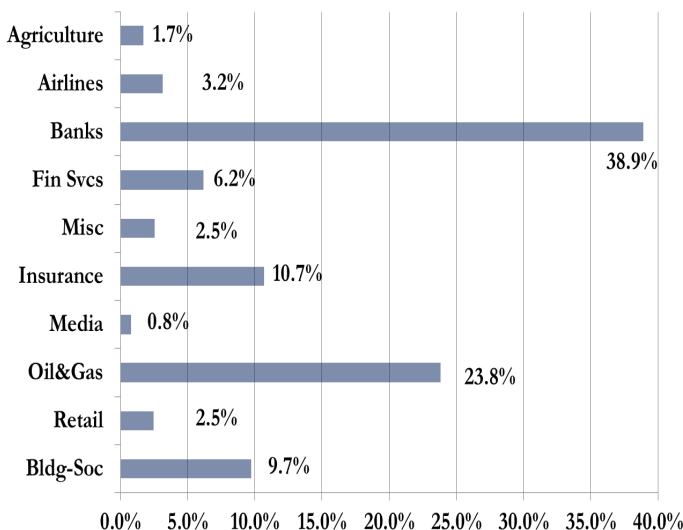
The Fund invests in a weighted portfolio of income bearing financial instruments, preference shares and debt instruments issued by bank's, building societies and insurance/assurance groups, as well as general corporate debt.

The Fund is designed to produce an attractive rate of income whilst maintaining the underlying asset value of investment. It may possibly suit those of your clients who are looking for higher returns than currently being offered by standard bank or building society deposit accounts.

The income is distributed bi-annually, at the end of March and September. Investors may elect to have the income reinvested.

The Fund does not at present utilise any leverage but may use limited leverage in the future. Currently approximately 69% of the funds bond portfolio is in GBP issues, 28% in USD, and 3% in SEK. The breakdown by industries is shown in the chart below.

**PORTFOLIO COMPOSITION**



**AVERAGE ANNUALISED RETURN** +11.74%

**AVERAGE ANNUALISED VOLATILITY** 5.56%

**SHARPE RATIO** 2.11

**FUND RISKS**

Unlike deposit accounts, investment in the Fund is not guaranteed, and therefore carries a greater degree of risk.

Despite many of the underlying assets being listed on an Exchange, they are traded over-the-counter and are not deemed to be as liquid as equivalent exchange-traded instruments. The issuers of the underlying assets may default or require them to suspend or cancel income payments. In extreme situations, this could impact on the ability of the Fund to meet its stated liquidity requirements, however we are confident of meeting all redemptions in any market conditions envisaged.

These risks are mitigated by holding a diversified portfolio of instruments in the Fund and actively managing the portfolio composition.

The portfolio constituents are relatively high yield and thus the portfolio as a whole is much less sensitive to changes in the yield curve than a low yield bond fund.

**PORTFOLIO ASSET TYPES**

**Vanilla** A straight forward bond with no call features, but pays interest and repays at par value at maturity. They must pay their

**Perpetual** Perpetual Bonds, must pay coupons but have no maturity date.

**Perp/Call** Perpetual bonds with call or conversion provisions.

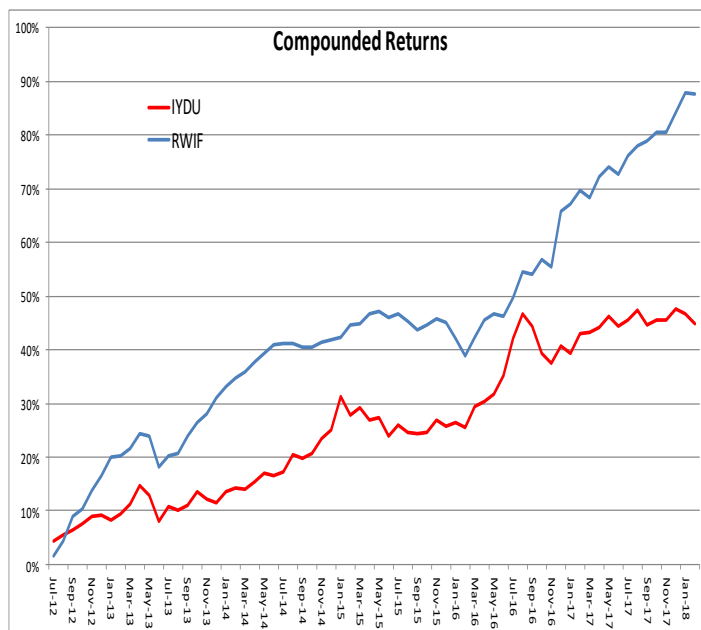
**PIBS** "Permanent Interest Bearing Shares", issued by Building Societies to raise core Capital and can be required to cancel interest payments if Core Capital ratios fall below a threshold.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2012</b>							1.53%	2.82%	4.44%	1.22%	3.18%	2.42%	<b>16.63%</b>
<b>2013</b>	2.98%	0.19%	1.07%	2.28%	-0.34%	-4.62%	1.73%	0.41%	2.56%	2.14%	1.14%	2.50%	<b>12.46%</b>
<b>2014</b>	1.49%	1.24%	0.85%	1.24%	1.19%	1.28%	0.01%	0.16%	-0.63%	0.04%	0.63%	0.37%	<b>8.14%</b>
<b>2015</b>	0.26%	1.72%	0.13%	1.27%	0.35%	-0.79%	0.40%	-0.83%	-1.21%	0.75%	0.79%	-0.56%	<b>2.26%</b>
<b>2016</b>	-1.98%	-2.34%	2.55%	2.18%	0.90%	-0.40%	2.31%	3.25%	-0.31%	1.80%	-0.83%	6.72%	<b>14.37%</b>
<b>2017</b>	0.82%	1.45%	-0.75%	2.22%	1.15%	-0.81%	2.01%	0.99%	0.51%	0.90%	0.08%	2.05%	<b>11.09%</b>
<b>2018</b>	1.96%	-0.20%											<b>1.76%</b>

Monthly returns of the original USD Class 1 "B" shares after all fees and assuming income reinvested.

**PERFORMANCE VS. BENCHMARK.** The graph to the right illustrates the Fund's (RWIF) outperformance versus the Markit iBoxx GBP Corporates Total Return Index (IYDU). Since inception the Fund has generated 87.55% total compounded net return versus the index's 44.91%.

**PERFORMANCE UPDATE, FEBRUARY 2018.** The portfolio weathered February's volatility and c3-4% equity selloff well, ending up posting a small loss for the month and remaining ahead of budget for the year. We took advantage of the overall weakness to top up some existing positions and took profit in, notably, Provident Financial and Santander UK in the last week of the month.



STRUCTURE				TERMS:	
<b>Legal Name:</b>	Rudolf Wolff Income Fund Limited			<b>Target Return:</b>	5-7% Income Per Annum (Bi-Annual)
<b>Legal Structure:</b>	Bermuda Limited Liability Company			<b>Dealing:</b>	Monthly
<b>Fund Regulator:</b>	Bermudan Monetary Authority			<b>Management Fee:</b>	1.5% per annum, paid monthly
<b>Fund Sponsor:</b>	Rudolf Wolff Limited			<b>Performance Fee:</b>	15% (paid annually) subject to high water mark and a hurdle of 8%
<b>Auditors:</b>	Arthur Morris & Co, Bermuda			<b>Minimum Investment:</b>	GBP/USD/EUR 10,000/JPY 1 Million
<b>Administrator:</b>	Altree Fund Services Limited			<b>Redemption penalty:</b>	No redemption fee after 5 years
<b>Custodian:</b>	KAS Bank NV				
	<b>Currency</b>	<b>Class 2 NAV</b>	<b>Class 2 ISIN</b>	<b>Original Class 1 NAV</b>	<b>Series 1 shares closed to new investors on 31st March 2014.</b> <b>Series 2 shares began on 1st April 2014 as 2 "A" Income . Class 2 "C" accumulation shares began on 1st August 2014.</b> <b>As before this date the interest/ dividends, were reinvested to buy further shares.</b>
<b>Income Class :- 2 "A" Shares</b>	GBP	<b>1,025.17</b>	BMG9727M1495	<b>1,085.51</b>	
	USD	<b>1,025.71</b>	BMG9727M1560	<b>1,097.58</b>	
	JPY	<b>104,737.26</b>	BMG9727M1982	<b>N/A</b>	
	EUR	<b>997.40</b>	BMG9727M2063	<b>N/A</b>	
<b>Accumulation Class:- 2 "C" Shares</b>	GBP	<b>1,327.06</b>	BMG9727M1644	<b>1,251.26</b>	
	USD	<b>1,326.08</b>	BMG9727M1727	<b>1,260.49</b>	
	JPY	<b>122,554</b>	BMG9727M1800	<b>N/A</b>	
	EUR	<b>1,213.18</b>	BMG9727M2147	<b>N/A</b>	

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