

Elite Webb Capital Smaller Companies Income & Growth Fund

Fund Manager's Commentary

Fund Fact Sheet

May 2018

Issue 066

Fund Objective

The objective of the Fund is to achieve a rising income combined with capital growth from a portfolio made up of investments in UK smaller companies. The managers actively manage the portfolio in order to achieve the objective with exposure to ordinary shares, preference shares and convertible instruments. The managers will not invest in companies capitalised above £1bn at the time of investment.

Unit Price (p) (change m-o-m)

Income	131.45 (2.54%)
Acc	155.50 (2.00%)
Income 'B'	164.63 (2.53%)
Acc 'B'	187.12 (2.00%)

Fund Size (NAV)

£3.68m

Number of holdings

28

Investment Manager

Peterhouse Capital Asset Management

ACD

Fund Partners Limited

Depository

Northern Trust Limited

Structure

Open Ended Investment Company
(OEIC)
Non-UCITS regulated
Eligible for ISA

Regular

Fees

Annual Management Fee	1.0%
Initial Charge	0.0%

The Fund continues to perform well. Your Manager is confident that the underlying strength of investee companies is sufficient to give some comfort that further growth can be achieved. This is despite growth company valuations appearing stretched and a material downturn being seen in more cyclical sectors of the UK economy.

More recently IPO activity had risen significantly and some of the treats on offer appear almost to good to be true! Your Manager has not been tempted to participate in the mania.

At times like this it is company strength that comes to the fore. The Fund needs investments that can buck the trends and to avoid sectors that are experiencing any signs of cyclical pressure on sales and margins. The first profit warning is often the first of many!

Avoiding the noise created by brokers and their analysts is an essential skill that one learns with experience. It is particularly important towards the end of a long bull market when the City has become complacent and growth expectations unsustainable.

Newsflow from our companies has been encouraging. Arbutnot and PCF are challenger banks with real potential. Albert Ellis, CEO of Harvey Nash has done well in improving the focus and profitability of the company these past 2 years. XP Power goes from strength to strength and Xpediator is still riding the crest of a wave created at the IPO late last year (a logistics business executing a buy and build strategy with good effect). Zotefoams raised £20m for working capital and investment in the USA. Just Group reported a strong start to the year as did Cello Group. Michelmersh has performed well since we purchased shares late last year and the acquisition of Carlton Main Brickworks during 2017 has been transformational for the company. Retirement product specialist Just Group has also enjoyed a strong start to the year.

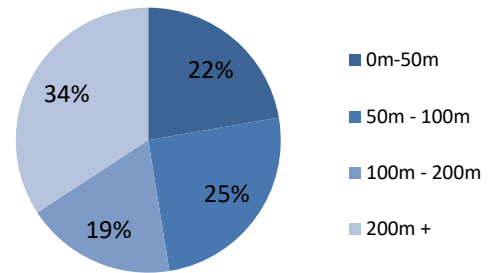
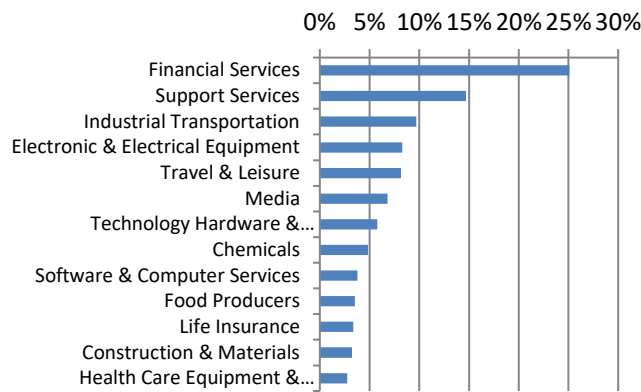
The market adage to sell in May and go away until September seems more pertinent this year than in the recent past. Your Manager will ensure that the Fund has no borrowings during the next few months and keep a careful eye on the UK economy to try and avoid exposure to businesses vulnerable to sales and margin pressure should the current slowdown in housing and motors continue to bite. The impact of Brexit also remains a factor that is unlikely to be positive for the UK economy (in the short term at least).

The Fund consists of an interesting blend of value and growth companies all with the potential for further growth. Your Manager is convinced that corporate activity will become a significant contributor to overall performance during the remainder of the year as many larger companies will seek to acquire to keep their own momentum intact.

Stock Name	% Fund	Stock Name	% Fund
Private & Commercial Finance Group Plc	5.62%	Arbutnot Banking Group Plc	4.53%
Lighthouse Group Plc	5.21%	Avation Plc	4.45%
Xpediator Plc	4.96%	Bilby Plc	4.39%
1PM Plc	4.71%	XP Power Ltd	4.38%
Zotefoams Plc	4.69%	Arena Events Group Plc	4.13%

Fund sector breakdown as at 31 May 2018

Holdings by Market Cap, £ as at 31 May 2018

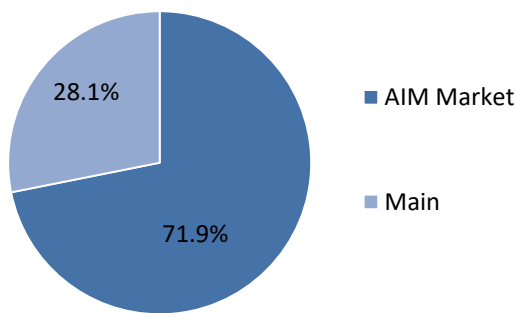


Source: Peterhouse Capital

Source: Peterhouse Capital

Fund breakdown by listing as 31 May 2018

Performance to 31 May 2018



Source: Peterhouse Capital

Source: Morningstar Direct

Dealing details and forms

Launch Date	30/11/2010
Webb Capital Website	www.webbcapital.com
WAY Fund Managers	01202 855 856
Cofunds	0845 644 8001

ISIN Accumulation B	GB00BFRSWB62
SEDOL Accumulation B	BFRSWB6
ISIN Income B	GB00BFRSW948
SEDOL Income B	BFRSW94

ISIN Accumulation	GB00B63JD951
SEDOL Accumulation	B63JD95
ISIN Income	GB00B6253G17
SEDOL Income	B6253G1

RISK WARNING

Please note that past performance and any forecast estimates in this publication are not reliable indicators of future results, and should not be taken as so. Any forward looking statements in this publication are opinions and do not constitute forecasts.

The value of your investment can go down as well as up and you may lose a significant portion of your investment.

Webb Capital is not authorised to give advice. This publication does not constitute investment advice and if you are in any doubt as to the suitability of an investment, you should seek the guidance of an independent financial adviser.