

Elite Webb Capital Smaller Companies Income & Growth Fund

Fund Fact Sheet

Jan 2019

Issue 074

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 portfolio is actively managed as opposed to any form of indexation and there is a strong focus on stock picking. The managers will not invest in companies capitalised above £1bn at the time of investment.

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

Income	119.04	(0.69%)
Acc	141.81	(0.70%)
Income 'B'	149.11	(0.70%)
Acc 'B'	170.65	(0.70%)

Fund Size (NAV)

£2.21m

Number of holdings

23

Investment Manager

Peter Webb
Peterhouse Capital Asset
Management Limited

ACD

Fund Partners Limited

Depository

Northern Trust Limited

Structure

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

Fees

Annual Management Fee	1.0%
Initial Charge	0.0%

Fund Manager's Commentary

The Fund stood its ground in January and albeit did not participate in the New Year market rally your Manager is content with the positioning of the portfolio.

As explained in previous fact sheets, the Fund is primarily focused on domestic stocks and selection has been value driven rather than growth (where the rally was most pronounced).

Your Manager expects there are many more earnings disappointments to come (across markets and sectors) as global economic growth slows. Vulnerability to share price weakness is greatest in the most highly rated growth stocks and internationals in particular.

UK dependent companies appear too cheap but this may well be due to uncertainty over Brexit. Your Manager would expect there to be M&A activity with share prices of many good domestic companies so low. However, buyers appear to be holding back albeit any kind of deal might well set the ball rolling!

It is almost 33 years since I started my career in Fund Management but companies and advisors still make decisions that leave me bewildered. The recent and heavily discounted Gordon Dadds placing was such an example. Having apparently secured a significant acquisition (Ince & co) and the bank finance to enable it the company announced a substantial fund raising at a significant discount to its then market price (circa. 25%). The net effect of this was to take the share price back to what it was in July 2017 when the company listed. One of the crucial factors in the success of any buy and build story is that the acquirer issues shares at improved prices upon each transaction. This should only change if the relative valuation of acquisitions falls to compensate a fall in the acquirers share price. Time will be the ultimate judge of the sense of this transaction but in the short term initial backers have now lost their entire share price gain.

Elsewhere in markets there are more examples every day of companies promising a better 2H performance and some inventing grand investment plans that are in part an attempt to disguise marked downturns in trading. Investors should also be aware of companies making late cycle acquisitions entirely driven by a wish to meet market numbers (the risk of overpaying are very high!).

During the past month Arena Events Group was sold completely because of evidence of poor stewardship of its UK assets. Our shareholding had been reduced in the past because of issues with the regulator in the US and concerns over the acquisitions made in September last year.

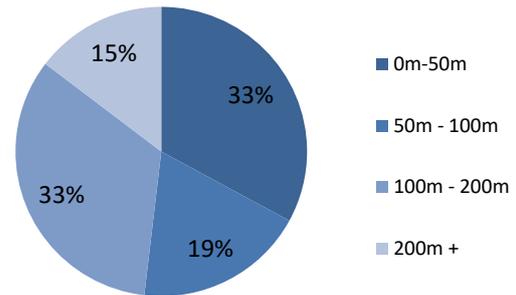
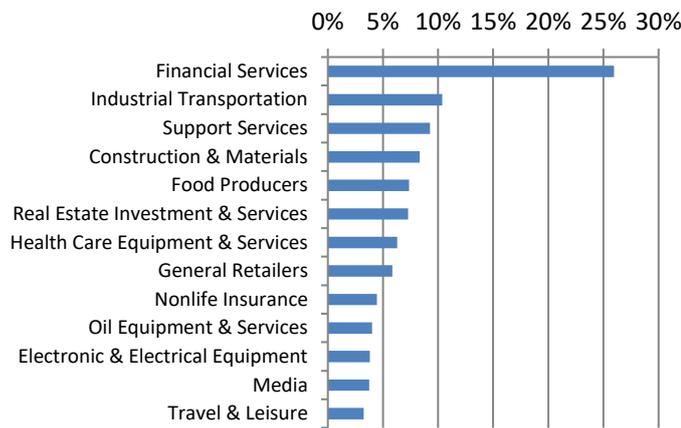
Many of our companies reported satisfactory news on trading and events during the period.

10 largest holdings as at 31 Jan 2019 (Source: Peterhouse Capital)

Stock Name	% Fund	Stock Name	% Fund
HML Holdings Plc	6.77%	Arbuthnot Banking Group Plc	5.73%
AFH Financial Group Plc	6.72%	Marshal Motor Holdings Plc	5.43%
Avation Plc	6.58%	Gordon Dadds Group Plc	5.25%
PCF Group Plc	5.93%	1PM Plc	5.15%
Caretech Holdings Plc	5.85%	T. Clarke Plc	4.52%

Fund sector breakdown as at 31 Jan 2019

Holdings by Market Cap, £ as at 31 Jan 2019

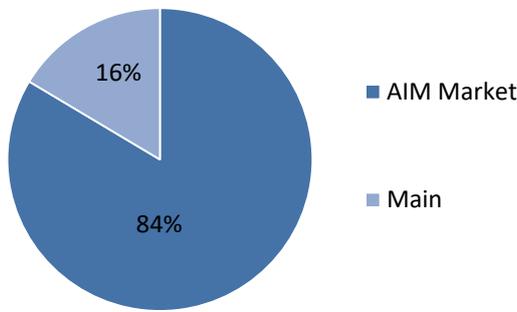


Source: Peterhouse Capital

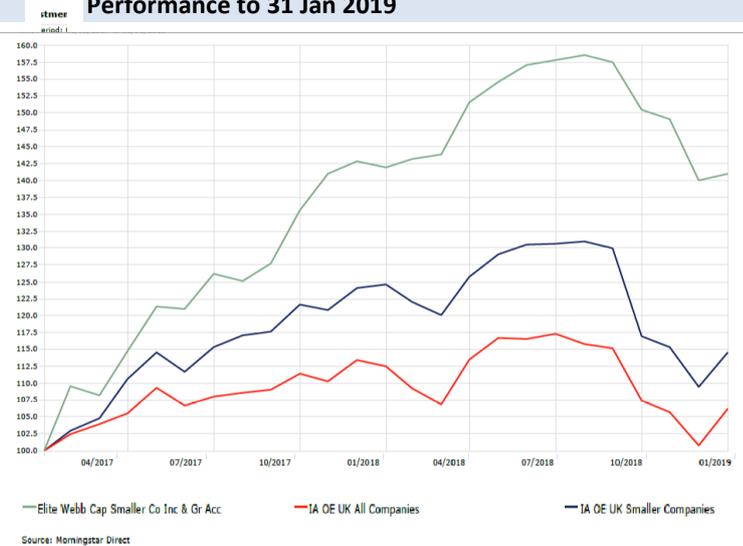
Source: Peterhouse Capital

Fund breakdown by listing as 31 Jan 2019

Performance to 31 Jan 2019



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 Accumulation	GB00B63JD951
SEDOL Accumulation	B63JD95

ISIN Income B	GB00BFRSW948
SEDOL Income B	BFRSW94

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.