

Elite Webb Capital Smaller Companies Income & Growth Fund

Fund Manager's Commentary

Fund Fact Sheet

Sep 2018
Issue 070

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. The managers will not invest in companies capitalised above £1bn at the time of investment.

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

Income	132.98	(-1.36%)
Acc	158.43	(-0.66%)
Income 'B'	166.57	(-1.36%)
Acc 'B'	190.65	(-0.66%)

Fund Size (NAV)

£3.16m

Number of holdings

25

Investment Manager

Peter Webb
Peterhouse Capital Asset
Management Ltd

ACD

Way Fund Managers 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%

The unit price of the Fund fell slightly in September and reflected a generally cautious market tone. The income units went ex-dividend.

Investors are right to be cautious. The long-standing bull market in equities looks to be ending as the potential for governments to pump capital into economies and sustain growth has been stretched to its limits.

Businesses are putting on a brave face but the number of recent trading announcements confirming sales increases with lesser margins, mentioning component shortages and an inability to pass on increased raw material costs, is worrying. There are also far too many companies coming out with statements such as "full year profitability is expected to have a 2H bias" for my comfort. Brexit and Trade Wars add to the general unease amongst investors.

It was some time ago that your Manager began the process of locking in share price gains in highly rated overseas earners and focusing on less expensive domestic companies. There is not a definitive right or wrong way to go about protecting investors from a slowdown in growth. However, more highly rated growth stocks do tend to exhibit the greatest potential for share price losses when they disappoint (or investors become more risk adverse) because their ratings have further to fall. More traditional valuation methods tend to come to the fore in difficult times.

The Fund's portfolio consists of just 25 hand-picked companies. It is quite possible that the number will be reduced as Harvey Nash is subject to a bid and there are few companies screaming out to be purchased right now.

Recent news from our companies has been in line with our expectations. Slightly concerning was the news from Xpediator, the logistics company that the acquisition of Benfleet Freight Forwarding (made late last year) had not met expectations. Also, the significant founder sale of shares in Bilby Plc unnerved private investors who had until that point been keen supporters of the company.

Your Manager is cautious as to immediate prospects for growth in UK equity markets and will maintain a cash balance until such times as the outlook improves.

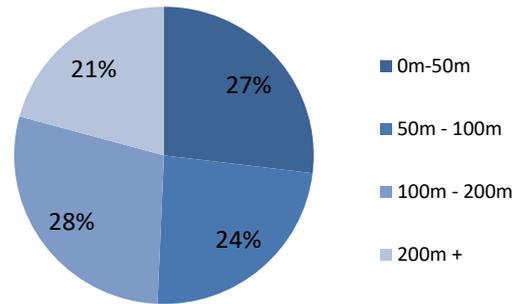
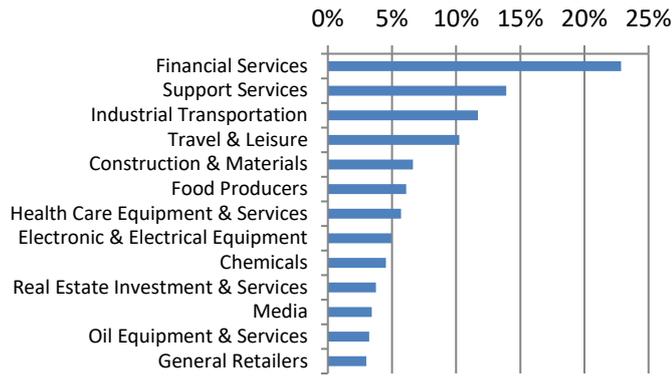
Brexit uncertainty might be put forward by many commentators as a reason for lower economic growth. However, that argument looks to be masking an underlying cyclical downturn in the UK economy that together with concerns over the sustainability of growth overseas warrants a cautious approach to equity markets.

10 largest holdings as at 30 Sep 2018 (Source: Peterhouse Capital)

Stock Name	% Fund	Stock Name	% Fund
Avation Plc	5.93%	Private & Commercial Finance Group Plc	5.06%
Arena Events Group Plc	5.85%	1PM Plc	5.03%
AFH Financial Group Plc	5.68%	XPEDIATOR Plc	4.98%
Caretech Holdings Plc	5.32%	Oxford Instruments Plc	4.62%
Arbuthnot Banking Group Plc	5.13%	Gordon Dadds Group Plc	4.59%

Fund sector breakdown as at 30 Sep 2018

Holdings by Market Cap, £ as at 30 Sep 2018

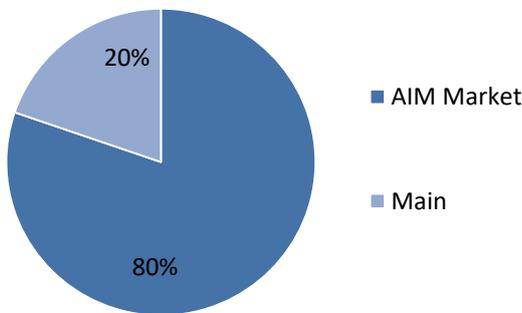


Source: Peterhouse Capital

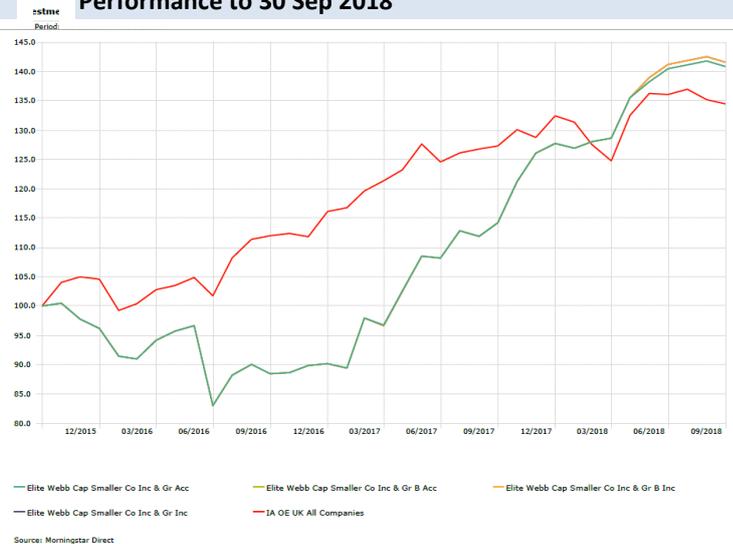
Source: Peterhouse Capital

Fund breakdown by listing as 30 Sep 2018

Performance to 30 Sep 2018



Source: Peterhouse Capital



Sources: 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.