

Elite Webb Capital Smaller Companies Income & Growth Fund

Fund Manager's Commentary

Fund Fact Sheet

Oct 2018
Issue 071

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

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

Income	127.03	(-4.47%)
Acc	151.34	(-4.48%)
Income 'B'	159.11	(-4.48%)
Acc 'B'	182.11	(-4.48%)

Fund Size (NAV)

£2.94m

Number of holdings

24

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 in October during a difficult period for equity markets. As predicted earlier this year, the valuations of many high growth companies have been under pressure as investors become more cautious about the sustainability of favourable market conditions. Your Manager has been pursuing a more value-based investment strategy to avoid potential exposure to this trend and provide a defensive position to help mitigate against further market losses. Notwithstanding ongoing challenges, the Fund has performed well when compared to its immediate competitors (see graph overleaf).

Cash balances have been increased to 11% during the past month and may increase further following the agreed takeover of Harvey Nash Group by a Hedge Fund.

Financials took a big knock as investors worried about impairments in a slowing economy. Your Manager believes that the growth potential for many companies operating within the sector remains intact. The Fund is mainly focused on businesses serving the SME and consumer lending markets, where major banks have been less active since the last financial crisis. Competition for business has until very recently been increasing but it is likely that providers will begin to tighten their underwriting criteria in the months ahead and that rates might harden.

The transition of the Fund from international to a more domestically orientated investment focus is complete. This could also be described as a move from growth to value albeit value is often found in companies that still enjoy growth but not at the levels required to enjoy significant share price premiums.

In less growth orientated economic conditions investor returns are likely to diminish and sector and individual stock selection processes are likely to have a deeper impact on performance than in the recent past.

News from our companies continues to meet expectations but October was a month where few companies managed share price gains. Profit taking amongst private investors appeared to be a major factor behind share price declines but there is yet to emerge any sign of larger investors panicking to sell equities. Ownership of the UK equity market represents a relatively modest part of the Nation's wealth nowadays. Quite what it would take for exposure to become less difficult to ascertain.

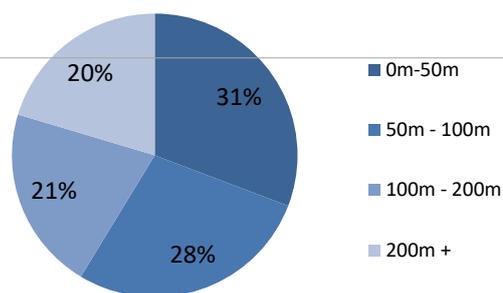
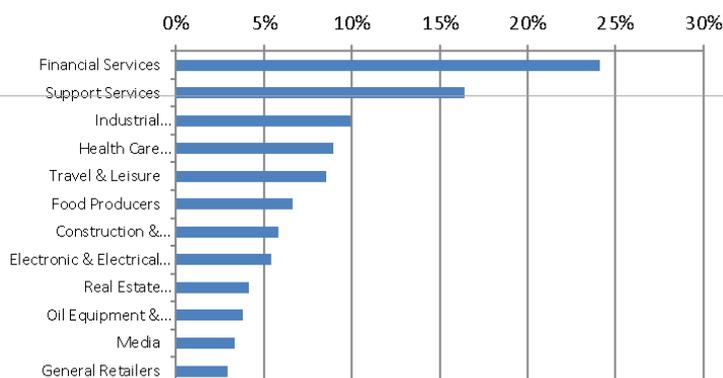
Your Manager believes that a cautious approach to investment and a focus on more traditional value-based judgements is appropriate in today's economic conditions. This strategy provides defence against future market falls and profit warnings but also, should investor confidence return and traditional valuation metrics such as assets, cashflow and dividends come to the fore.

10 largest holdings as at 31 Oct 2018 (Source: Peterhouse Capital)

Stock Name	% Fund	Stock Name	% Fund
Caretech Holdings Plc	7.74%	Gordon Dadds Group Plc	4.94%
Avation Plc	6.51%	Harvey Nash Plc	4.84%
AFH Financial Group Plc	5.80%	Arena Events Group Plc	4.76%
Arbuthnot Banking Group Plc	5.07%	Oxford Instruments Plc	4.69%
PCF Group Plc	4.99%	1PM Plc	4.54%

Fund sector breakdown as at 31 Oct 2018

Holdings by Market Cap, £ as at 31 Oct 2018

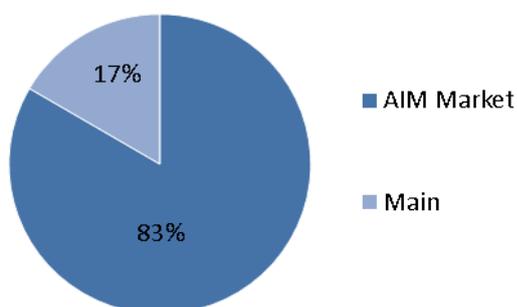


Source: Peterhouse Capital

Source: Peterhouse Capital

Fund breakdown by listing as 31 Oct 2018

Performance to 31 Oct 2018



Source: Peterhouse Capital



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.