

Reporting date: 29 June 2018

## Investment objective and policy

The objective of the investment fund is to provide consistent long term capital and income growth. The investment policy for achieving the objective is for the Manager to invest primarily in equity securities. There is no restriction to economic securities or geographical areas, but the manager considers the objective can be achieved from investing predominantly in UK equities and seeking undervalued overseas opportunities.

## Managers' commentary

### Portfolio re-positioning

- The portfolio has been significantly re-positioned over March and the beginning of April with a view to improve the performance of the Unit Trust. The dividend yield has been rebased to a more sustainable level and it is now our intention to grow the income consistently from here along with capital appreciation over the long-term.
- The Unit Trust has moved from a concentrated portfolio of 23 large capitalisation investments solely listed in the UK to 48 companies offering a more diverse global exposure. The Unit Trust will invest in between 45-55 companies, primarily across UK listed equities in order to maintain close dialogue with company management teams. However up to 25% of the portfolio can be listed overseas as we believe some of the best opportunities can surface globally at different times and in different industries. Currently the portfolio has 15% invested overseas. We look to invest in companies for the long-term meaning the portfolio will have a very low turnover.
- We are bottom up investors believing some of the best opportunities lie in under-covered companies and so we will invest right across the market capitalisation spectrum.
- We aim to find high quality companies trading at appealing valuations. Intrinsically we have a value bias often looking for opportunistic and contrarian investments but also strive to find growth at a reasonable price.
- We employ a concise, simple and transparent strategy that we believe can outperform over the longterm; seeking to find companies with strong balance sheets, with little to no debt, consistent, defensive earnings streams, healthy cash generation, growing dividends and stable market positions. We maintain close dialogue with company management teams and where possible will often spend time at their facilities, meeting employees and continuing to develop our understanding of each business.

### Market and Portfolio commentary

Consistent Opportunities Unit Trust outperformed in June, rising 1.2% TR compared to a 0.2% TR fall in the FTSE All Share Index. The month has seen the return of volatility back to the market fuelled by America's introduction of tariffs against \$34bn of Chinese goods and concerns that the recovery markets have enjoyed since 2008 is faltering. We however remain optimistic as global growth is picking up and the most recent set of corporate earnings have been robust. As long-term investors we feel that this volatility unearths further opportunities which we can make use of.

Turning back to the portfolio, the biggest detractor in the month was Kion Group as the shares have sold-off following concerns around protectionist policy implemented by President Trump. We believe this is an over-reaction as only 2% of their forklifts are sold to the US, and only a fraction of these are manufactured in China. The company has new US models coming out this year and should tariffs come into force, they will move production to local facilities situated in America.

Other notable moves were seen across Quiz Group (+25%) and CVS Group (+17%), with the veterinary group starting to recover following Mars' acquisition of a European competitor at a significant premium. We also attended a Capital Markets Day for Quiz Group in the month which was well received and highlighted the efficiency of their supply chain and the significant potential to expand internationally. The company is backed by a strong balance sheet and we believe has invested in the necessary infrastructure to capitalise on these opportunities.

A new investment was initiated at IPO in the specialist credit hire and legal services group Anexo. The Group has two divisions, Credit Hire and Legal Services. The specialist credit hire and initial claims management business provides cars and motorcycles from a fleet of approximately 1,500 vehicles with the Legal Services division providing customers the professional capacity to principally recover hire charges and repair costs. We met with the management team twice on their IPO roadshow and the majority of the funds raised will be used to expand their legal capabilities.

## Performance data\*

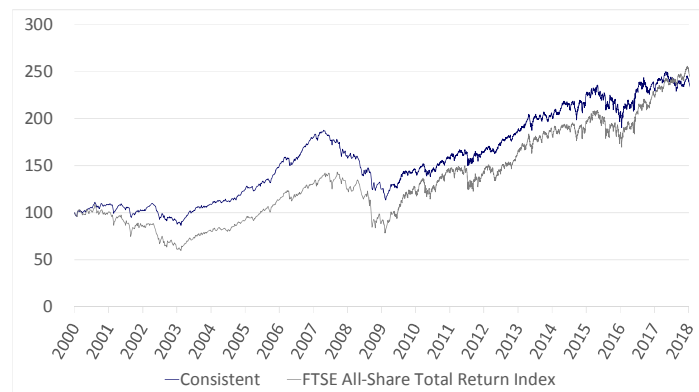
Performance	3 Months	6 Months	1 Year	3 Years	5 Years
Income	8.6%	-1.0%	-1.0%	8.1%	24.7%
Accumulation	8.6%	-1.0%	-1.0%	8.1%	24.7%
FTSE All-Share TR	9.2%	1.6%	9.0%	31.6%	52.7%

Annual performance**	2017	2016	2015	2014
Income	4.1%	2.7%	5.6%	4.2%
Accumulation	4.2%	2.8%	5.6%	4.3%
FTSE All-Share TR	14.9%	3.8%	5.4%	5.6%

\*Source: Published prices.

\*\*Annual performance on a rolling 12 month calendar period.

## Relative performance 31 January 2000 to 30 June 2018



The above graph shows the performance of Consistent Unit Trust Income Units with net income reinvested and the FTSE All-Share TR Index. The price of the units and index have been re-based to 100 as at 31 January 2000.

Source: all data sourced from Yealand Administration Limited at the reporting date, unless otherwise stated.

## Market capitalisation exposure (%)

	%
£7.5bn +	5.4
£2.5bn to £7.5bn	3.2
£750m to £2.5bn	40.2
£250m to £750m	27.9
< £250m	19.8
Cash	3.5

Source: Bloomberg - Based on current market capitalisation

## Top ten holdings

	% of Fund Size
1 Zotefoams	3.06
2 Macfarlane Group	2.92
3 Focusrite	2.83
4 Anexo Group	2.55
5 Discoverie Group	2.53
6 Quiz	2.49
7 Electrocomponents	2.39
8 Avon Rubber	2.38
9 CVS Group	2.34
10 Clinigen Group	2.32
<b>Total</b>	<b>25.81</b>

The above past performance data is no guide to future performance, the value of units and the income from them may fall as well as rise and is not guaranteed. Returns are shown net of annual management charge, other expenses and net income reinvested.

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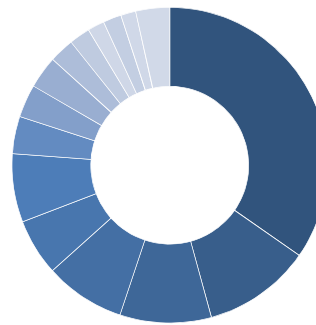
## Key Information

Authorised Fund Manager Consistent Unit Trust Management Company Limited

Valuation point	29 June 2018 12:00	
Fund size	£10.2m	
No. of holdings	48	
<i>Unit class</i>	<i>Income</i>	<i>Accumulation</i>
Fund size split	£7.5m	£2.7m
Bid price	54.13p	139.6p
Offer price	55.02p	141.9p
Net yield	2.40%	2.40%
Ongoing charges*		
AFM	1.00%	1.00%
Other expenses	0.27%	0.27%
ISIN	GB0002164092	GB0002177581
Bloomberg ticker	CONUNTI LN	CONUNTA LN
KIID risk rating	5	5
Launch date	22 January 1988	
Legal status	UCITS	
Category	Unit Trust	
Domicile	United Kingdom	
Period end dates	Interim 31 January, Final 31 July	
Distribution dates	Interim 31 March, Final 30 September	
Minimum investment	£1,000	
Regular savings	£50	

\*The OCF (Ongoing Charges Figure) is the total expenses paid by the fund (excluding bank overdraft interest), annualised, against its average net asset value. The OCF will fluctuate as the average net assets and costs change. The OCF is updated following the publication of accounts for the periods ending 31 January and 31 July.

## Sector classification of investments



■ Industrial Goods & Services	34.68%
■ Construction & Materials	11.07%
■ Personal & Household Goods	9.35%
■ Retail	8.26%
■ Health Care	5.80%
■ Chemicals	7.00%
■ Financial Service	3.84%
■ Banks	3.38%
■ Technology	3.32%
■ Consumer Services	2.55%
■ Media	2.16%
■ Real Estate	1.70%
■ Travel & Leisure	1.89%
■ Telecommunications	1.54%
■ Net Other Assets	3.46%

## How to buy units in the Fund

The Fund is available through a number of distributors including:

Charles Stanley Direct  
Cofunds  
Fidelity Funds Network  
Funds Direct  
Hargreaves Lansdown  
Novia Financial

## Other investment information

Recommended minimum investment horizon:



Risk and reward profile



## Contacts

### Authorised Fund Manager

Consistent Unit Trust Management Company Limited  
Fair Lorna House  
Buckingham Road  
Singleborough  
Milton Keynes MK17 0RB  
Phone: 01296 711598  
Website: www.consistentunittrust.co.uk

### Administrators & Registrars

Yealand Administration Limited  
Stuart House  
St. John's Street  
Peterborough PE1 5DD  
Phone: 0345 850 8818  
Fax: 01733 286870  
E-mail: consistent@yealand.com

## Risk Warning Disclaimer and Authorisation

The value of investments, and the income from them, may fall as well as rise, and is not guaranteed. Consequently an investor may not receive back the amount originally invested. Past performance is not a guide to future performance. Investments denominated in foreign currencies may be impacted by movements in the exchange rates and investments with fixed or floating interest rates by changes in prevailing rates or expectation of future rates.

Whilst every effort has been made to ensure that the information contained in this document is correct, the directors of Consistent Unit Trust Management Company Limited can take no responsibility for any action taken (or not taken) as a result of the matters considered within it. These views are provided for information purposes only and should neither be construed as constituting investment advice nor be relied on in making an investment decision. The expressions, opinions and recommendations are based on our present understanding of requirements and the current products available in the market place. Any recommendations or illustrations contained herein may be subject to change without notice.

Further information regarding the Fund is available in the full Prospectus, Key Investor Information document and annual/interim report and accounts.

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