

Reporting date: 28 February 2019

## 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 Unit Trust in April 2018 was repositioned from a concentrated portfolio of 23 high yielding large capitalisation investments solely listed in the UK to 46 companies offering a more diverse global exposure. The Fund will invest in no more than 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 9.5% invested overseas. We look to invest in companies for the long-term meaning the portfolio will have a 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 currently with an emphasis on small capitalisation companies.

• We aim to find high quality companies trading at appealing valuations. Intrinsicly 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 rose 1.9% in the month of February against the FTSE All Share rise of 2.3%. Markets have continued to recover this year after a volatile fourth Quarter and the Fund has risen 6.63% in 2019.

Turning back to the portfolio, trading conditions at Victoria, the manufacturer of carpets and underlay in the UK and Australia, remains tough and flagged ongoing cost inflation meaning that EBITDA forecasts have been reduced by approximately 10%. However by next year, the European Ceramic division that was purchased recently will account for a substantial amount of group EBITDA and this will lead to a higher group margin. Whilst there remains uncertainty going forward, particularly with their debt position higher than we would like, we do believe there remains significant value in the company with the shares trading at a suppressed earnings multiple with a 8% FCF yield.

The positive contributors in the month were RPS Group (+30%), Clinigen (20%), Codemasters (+20%) and Pets at Home (+17%). We had upbeat meetings in the month with Clinigen which announced an earnings enhancing acquisition, Macfarlane Group, Hill & Smith, RPS Group, Bodycote, TT Electronics, Ricardo and Flowtech Fluidpower. We also had separate meetings with the management of Superdry and the founder Julian Dunkerton who has requested an EGM to return back to the board along with Peter Williams who is currently Chairman of Boohoo.

We secured the healthy gain in Cisco Systems on valuation grounds with a view to deploy the strong USD proceeds back into unloved GBP assets. Using the proceeds, we topped up Clinigen, TT Electronics and Clipper Logistics after a site visit to Sheffield to their very impressive facility for Pretty Little Things, which is owned by Boohoo. Modest reductions were made in Focusrite and Greggs the Bakers, selling into very strong share prices.

Finally, we continue to invest in the Fund on a personal level and remain committed to the longterm investment strategy. The market remains volatile but the Fund is well positioned, invested across companies with strong management teams and resilient balance sheets.

## Performance data\*

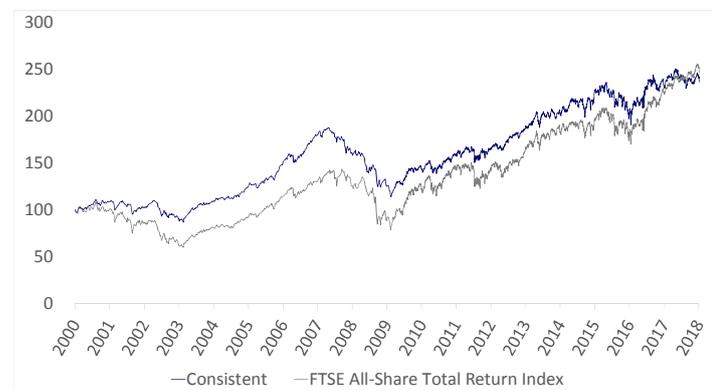
As at 28 February	3 Months	6 Months	1 Year	3 Years	5 Years
Income	-0.6%	-12.3%	-9.3%	0.2%	-0.9%
Accumulation	-0.7%	-12.4%	-9.3%	0.1%	-1.1%
FTSE All-Share TR	2.5%	-3.6%	1.7%	30.3%	27.5%

Annual**	2018	2017	2016	2015	2014
Income	-0.5%	4.1%	2.7%	5.6%	4.2%
Accumulation	-0.5%	4.2%	2.8%	5.6%	4.3%
FTSE All-Share TR	9.1%	14.9%	3.8%	5.4%	5.6%

\*Source: Published prices.

\*\*Annual performance as per published Report and Accounts 31 July.

## Relative performance 31 January 2000 to 28 February 2019



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.

## Market capitalisation exposure (%)

	%
£7.5bn +	4.1
£2.5bn to £7.5bn	3.2
£750m to £2.5bn	37.8
£250m to £750m	34.0
< £250m	21.0
Cash	-0.1

Based on current market capitalisation

## Top ten holdings

	% of Fund Size
1 Anexo Group	3.24
2 Clinigen Group	3.17
3 Discoverie Group	3.11
4 Zotefoams	3.10
5 Macfarlane Group	3.03
6 TT Electronics	2.85
7 RPC Group	2.82
8 Kin & Carta	2.78
9 Codemasters Group	2.74
10 Focusrite	2.69
<b>Total</b>	<b>29.53</b>

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

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.

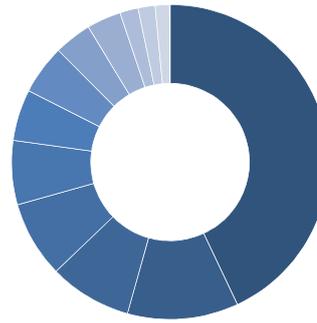
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## Key Information

Authorised Fund Manager	Consistent Unit Trust Management Company Limited	
Valuation point	28 February 2019	
Fund size	£9.3m	
No. of holdings	46	
Unit class	<i>Income</i>	<i>Accumulation</i>
Fund size split	£6.3m	£3.0m
Bid price	46.06p	120.8p
Offer price	47.1p	123.6p
Net yield	3.05%	3.05%
Ongoing charges*		
AFM	1.00%	1.00%
Other expenses	0.31%	0.31%
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 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	43.07%
■ Construction & Materials	11.33%
■ Retail	8.44%
■ Personal & Household Goods	7.85%
■ Chemicals	6.59%
■ Health Care	5.28%
■ Technology	5.09%
■ Financial Service	3.85%
■ Banks	3.47%
■ Logistics Services	1.89%
■ Media	1.72%
■ Telecommunications	1.47%
■ Net Other Assets	-0.05%

## How to buy units in the Fund

The Fund is available through a number of distributors including:

AJ Bell  
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

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### Administrators & Registrars

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## Risk Warning

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.

## Disclaimer and Authorisation

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.

This document is issued and approved by Consistent Unit Trust Management Company Limited, which is authorised and regulated by the Financial Conduct Authority (FCA) a member of the Investment Association.