

Reporting date: 31 May 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

Consistent Opportunities Unit Trust fell 1.49% in the month of May against the FTSE All Share total return of -3.00%. A risk-off sentiment has returned to global markets with concerns growing again on China-US trade wars. The Fund has risen 15.14% in 2019 against the FTSE All Share returning 8.97%. The portfolio is made up of 45 companies across predominantly UK listed small / mid-capitalisation businesses with just over 5% of the Fund invested overseas.

Turning back to the portfolio, the main underperformance was seen across the shares of German listed Kion Group and Portmeirion Group. Kion announced a set of robust results, increasing the dividend by 21% and reaffirming the medium term target of achieving double digit EBIT margins, however sentiment remains weak across Europe particularly to German industrials and the shares gave back some of their gains after a very strong April.

Portmeirion Group issued a profit warning on the back of difficulties across their South Korean division with the order mix very different to what the company had envisaged. The company are now reconfiguring the factory to facilitate this change and whilst they will pass on some of the cost of this through higher prices there will still be a margin hit. On a more positive note the two largest segments the UK and US both continued to trade strongly and the Wax lyrical Home fragrances division continues to grow. The longterm strategy remains unchanged and they still have many M&A opportunities that they continue to monitor.

The positive contributors in the month were Pets at Home (+21%), Greggs (+21%), Alumasc Group (+21%) and Headlam Group (+10%). These are all very much UK focused businesses and Greggs, Headlam and Pets at Home all delivered positive trading updates beating market expectations.

We had meetings in the month with newly listed Essensys, Electrocomponents, Focusrite, Portmeirion Group, Pets at Home, Sanderson Group and Superdry, whilst also meeting a number of companies not held in the fund currently. Pets at Home saw impressive LFL performance across both the Retail and Vet businesses. Cost reductions should materialise over the next 5 years with over 200 lease events arising and management are currently seeing up to 30% rent reductions across some sites.

Sanderson Group continues to drive its order book and client retention remains very high whilst winning new clients. They continue to spend heavily on R&D whilst making bolt on acquisitions. The founder of Superdry, Julian Dunkerton, visited us last week, following his boardroom battle that saw him narrowly win with the board all subsequently resigning. Whilst there is so much to do, we had a positive meeting and also discussed boardroom composition with Chairman Peter Williams. The shares still trade on a suppressed multiple with a net cash position and we believe Julian can deliver on generating returns again for shareholders over the next few years.

We secured the healthy gain across Greggs the Bakers on valuation grounds after the shares have risen over 70% this year alone. Whilst we admire the business hugely the valuation has got ahead of itself and we feel the proceeds can be put to better use elsewhere. Modest reductions were made in Focusrite and Pets at Home selling into strong share prices. Investments in Coats Group and Portmeirion Group were increased and we took part in a heavily oversubscribed small cap IPO in Essensys PLC, a software business for the flexible workspace industry. Whilst the valuation of the company is high we have made a modest investment as we were impressed with the management team along with the software capabilities and their growth plans for the under penetrated US market. Co-working space makes up under 1% of US office space and industry experts expect this to grow to 30% over the next 10 years. We believe Essensys are very well positioned to be a key beneficiary of a secular trend which continues to gain traction. The shares have got off to a good start rising 16% in their first week of trading.

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 portfolio is well positioned, invested across companies with strong management teams and resilient balance sheets.

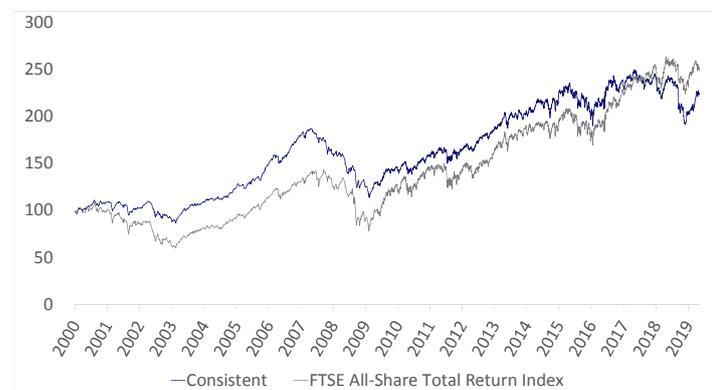
Performance data*

As at 31 May 2019	3 Months	6 Months	1 Year	3 Years	5 Years
Income	7.8%	7.1%	-5.6%	2.8%	2.5%
Accumulation	7.8%	7.1%	-5.6%	2.7%	2.4%
FTSE All-Share TR	2.2%	4.8%	-3.1%	28.4%	29.3%
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 31 May 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 (%)

	%
£2.5bn to £7.5bn	2.9
£750m to £2.5bn	29.2
£250m to £750m	36.6
< £250m	30.8
Cash	0.5

Based on current market capitalisation

Top ten holdings

	% of Fund Size
1 Anexo Group	4.20
2 Discoverie Group	3.70
3 TT Electronics	3.67
4 Clinigen Group	3.15
5 Macfarlane Group	3.11
6 Kin & Carta	3.10
7 Portmeirion Group	2.73
8 Zotefoams	2.72
9 Clipper Logistics	2.70
10 Flowtech Fluidpower	2.64
Total	31.72

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.

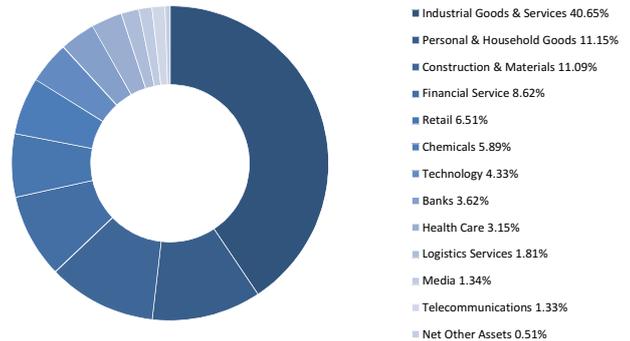
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Key Information

Authorised Fund Manager	Consistent Unit Trust Management Company Limited	
Valuation point	31 May 2019	
Fund size	£9.9m	
No. of holdings	45	
Unit class	<i>Income</i>	<i>Accumulation</i>
Fund size split	£6.7m	£3.2m
Bid price	49.65p	130.2p
Offer price	50.94p	133.7p
Net yield	3.05%	
Ongoing charges*		
AFM	1.00%	1.00%
Other expenses	0.26%	0.26%
ISIN	GB0002164092	GB0002177581
Bloomberg ticker	CONUNTI LN	CONUNTA LN
KIID risk rating	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



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



Contacts

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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.