

**SHINING A LIGHT ON THE.....
LF Gresham House UK Micro-Cap Fund**

AT A GLANCE

Investment Objective
The objective of the Company is to achieve long term capital growth through investment primarily in equities of UK companies. Investment in the main will be in an actively managed portfolio of equities of smaller UK companies traded on AIM and other UK markets which are considered to have potential for capital growth. The Company may also invest directly in gilts, money market instruments, deposits, warrants, international equities, bonds, collective investment schemes and other assets permitted by the FCA Handbook.

Inception Date	19 May 2009
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F000005HDR

Management	
Manager Name	Start Date
Ken Wotton	19 May 2009
Brendan Gulston	2 June 2015

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	0.00%
Large	0.00%
Medium	0.00%
Small	5.11%
Micro	94.89%

Top 10 Holdings		
Total number of holdings	45	
Assets in Top 10 Holdings	39.62%	
Name	Sector	% of Assets
Filta Group Holdings PLC	Industrials	5.23%
Mattioli Woods PLC	Financial Services	5.00%
Knights Group Holdings PLC	Industrials	5.00%
Inspired Energy PLC	Industrials	4.57%
Impax Asset Management Group PLC	Financial Services	3.73%
S4 Capital PLC	Consumer Cyclical	3.36%
Ergomed PLC	Healthcare	3.27%
IG Design Group PLC	Consumer Cyclical	3.20%
City Pub Group (The) PLC	Consumer Cyclical	3.13%
Restore PLC	Industrials	3.13%

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Volatility Measurements	
3-Yr Std Dev (volatility)	10.88%
3-Yr Mean Return (average)	15.54%

FUND PERFORMANCE

Performance from 1 January 2013 to 30 April 2019:

	2013	2014	2015	2016	2017	2018	2019
LF Gresham House UK Micro-cap Fund	54.96%	9.48%	19.35%	5.82%	27.95%	2.12%	8.42%
FTSE All Share	20.81%	1.18%	0.98%	16.75%	13.10%	-9.47%	12.35%

Performance over 12 months, 3 years, 5 years and since launch.

	1 year	3 years	5 years	Since launch
LF Gresham House UK Micro-Cap Fund	5.89%	51.59%	75.52%	362.78%
FTSE All Share	2.62%	33.33%	35.16%	127.31%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

Gresham House are specialists investing in the small and mid-cap space. They have a specialist team who have been actively involved in working with and building entrepreneurial businesses through a private equity business. It is this experience that is behind the micro-cap fund and although they use the process built from the private equity mindset, they do not have active involvement with the businesses in the same way.

This approach they believe is unique in an under researched market. They can do proper due diligence on this part of the marketplace to reduce the risk normally associated with investing in the micro-cap space. Using the private equity background that many of the team have they lean on this network to generate ideas. They also look at the different sectors and will meet 400 to 500 companies a year to develop a portfolio of around 40 to 50 companies.

They tend to avoid sectors like resources, real estate, heavy manufacturing and real estate. They do like those businesses which invest in the consumer. An example of this would be ecommerce. But they must be profitable and at a sensible valuation. They avoid early stage risk, so for example biotech or technology at early development stages.

Typically, holdings are for four years plus and turnover is very low. They believe that by ruling out certain sectors and focusing on specific characteristics reduces the risk and volatility for the strategy. The active engagement with the management of companies is also an integral part of this process.

In terms of selling a holding an immediate trigger for a review is where a stock falls more than 25%; this will lead to a review of the holding, and potential sell if the case for it has changed.

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Some of the holdings include Filta Group who are an environmental kitchen solutions business, Knights Group who provide Legal Services and Impax who are a specialist asset manager. Business services makes up 35% of the portfolio, financials 22%, TNT 18% and consumer 15%.

In summary, this is a well-managed fund with an investment team who specialises in the micro-cap space. Although they aim to reduce the risk of investing in this part of the market, investors need to be aware that there will always be more risk in investing in these types of companies and therefore this may not appeal to all investors. Their main competitors for this fund come from Miton, Unicorn and Marlborough.

The source of information in this note has been provided by Gresham and is correct as at April 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.