

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

A multi-cap income fund with a bias towards small and mid-cap companies. With its dedicated focus on smaller companies and fundamentals-based stock picking it aims to deliver risk-adjusted returns with low correlation to its peer group.



Ken Wotton, Lead Fund Manager has managed the LF Gresham House UK Multi Cap Income Fund since launch in 2017. Ken also manages the LF Gresham House UK Micro Cap Fund that launched in 2009. Having worked at previous investment manager, Livingbridge, since 2007, Ken transferred to Gresham House in November 2018 as part of the sale of the fund and investment management business of Livingbridge VC. Ken graduated from Oxford before qualifying as a Chartered Accountant with KPMG. Ken then moved into equity research with Commerzbank and then Evolution Securities where he built sector expertise in telecoms and technology, knowledge of large and small listed companies and corporate transactions. Ken is Alpha Rated Fund Manager with FE Trustnet¹.



Brendan Gulston, Co-Fund Manager co-manages the LF Gresham House UK Multi Cap Income Fund and the LF Gresham House UK Micro Cap Fund with Ken. They have worked together for over three years, at the previous investment manager, Livingbridge, before transferring over to Gresham House in November 2018 as part of the sale of the fund and investment management business of Livingbridge VC. Brendan studied Commerce with a focus on Finance at Melbourne University and subsequently spent four and half years in technology investment banking at Canaccord Genuity.

For Professional Investors only.
Not to be distributed to Retail Investors.

WHY UK SMALL AND MID-CAP EQUITY INCOME?

- **Diversification:** With 55% of dividends coming from 10 companies in the FTSE 100², we believe that our small and mid-cap bias offers diversification and results in low correlation with the majority of income funds
- **Under-researched:** As smaller companies are less researched, less well known and with a perception of higher risk³, they offer income and growth opportunities for those who know where to look. We have a deliberate bias to target over 70% in small and mid-cap stocks, with the remainder of the portfolio held in large cap and cash
- **Growth drivers:** We focus on the sectors we believe drive the UK economy and its future growth potential, in particular: the consumer market; technology, media and telecoms; business services; and healthcare & education, which together account for c.75%⁴ of the UK's GDP
- **Resilience and strength:** We avoid stocks prone to the effects of cyclical risk or large external factors and focus on profitable, cash-generative businesses with the potential to grow profits, cash flows and dividends over the longer term

KEY FUND FACTS

Objective: The fund aims to deliver a return of income with a potential for capital growth. The fund will be invested primarily in small and mid-sized companies and the fund will also hold larger capitalised companies. Investment will predominantly be in the shares of UK listed companies.

Lead manager: Ken Wotton

Co-manager: Brendan Gulston

Launch date: 30 June 2017

Fund sector: IA UK Equity Income

Number of holdings: 40-70

Fund type: OEIC

Base currency: GBP

Pricing: 12.00 noon GMT

ISIN: GB00BYXVGS75

SEDOL: BYXVGS7

MEX ID: CGAFC

AMC: 0.75%

OCF: 0.89%

Minimum investment: £10,000

Risks:

Investing in smaller companies, including AIM companies, can carry greater risks than those usually associated with larger companies and investors' capital is at risk.

Ratings:



Past performance is not necessarily a guide to future performance.

All details correspond to the C Accumulation Share Class.

¹ FE Alpha Manager ratings do not constitute investment advice offered by FE and should not be used as the sole basis for making any investment decision. All rights reserved. Rating as at 31 October 2018. ² Source: AJ Bell, Dividend Dashboard. Forecast percentage contribution to FTSE 100 cash dividend payments in 2018, as at 11 December 2017. ³ Source: NSCI 2017 Annual Review, Evans/Marsh. ⁴ Source: Office of National Statistics Economy GDP analysis as at 31st December 2017 <https://www.ons.gov.uk/economy/grossdomesticproductgdp>. ⁵ As at 30 November 2018. Elite Fund ratings are based on FundCalibre's research methodology and are the opinion of FundCalibre's research team only. FundCalibre is an authorised representative of Chelsea Financial Services. © FundCalibre Limited 2017.



Gresham House

Specialist asset management

WHO IS GRESHAM HOUSE?

Gresham House is a London Stock Exchange quoted specialist alternative asset manager offering funds, direct investment and tailored investment solutions, including co-investment, across five highly differentiated alternative investment strategies.

Incorporated in 1857, Gresham House is one of the oldest companies in London still operating today and assets under management currently exceed £3.3 billion*.



Smaller companies:

This genuine smaller company focus generates low correlation with competitors.



Disciplined process:

Leveraging the fundamentals-driven attributes of private equity helps deliver strong, risk-adjusted returns.



Long term:

We invest with a long-term investment horizon rather than short-term trades on momentum stocks.

HIGH-CONVICTION GROWTH POTENTIAL

As a smaller companies specialist, we are bottom-up stock pickers first and foremost. We build conviction in the growth potential of our investments in a number of ways.

Every stock is thoroughly interrogated utilising proprietary research to evaluate the case for investment. A **Conviction Score** is awarded to each potential stock based on six key fundamental components:

- 1 **Management and shareholder structure:** We place a significant focus on entrepreneurial and high-quality management teams as a key driver of business growth and shareholder value creation. We also analyse shareholder structure, management ownership and incentives, and alignment of interest with our objectives as investors.
- 2 **Strategy:** We assess the company's strategic positioning and how management are looking to enhance strategic value. We assess the clarity, simplicity and deliverability of the business strategy and how it links to long-term value creation.
- 3 **Market opportunity:** We seek to understand the size of the company's realistic addressable market and the trends and sector dynamics likely to affect this over the life of our investment. We also look for a company's management to be able to clearly define their opportunity, including ways to expand their addressable market through international expansion, new product development and/or acquisition.
- 4 **Market position and business model:** We seek to assess the market position of the company, its customer value proposition and its sustainable competitive advantages. We also evaluate the key levers of the business model and how the company generates its returns.
- 5 **Financials:** Our evaluation focuses on operational and financial performance, considering the profit and cash flow growth potential over the anticipated life of the investment. We also consider visibility of revenues and earnings, concentration risks, vulnerability to external shocks outside the control of management as well as the key value drivers of the business.
- 6 **Valuation and liquidity:** We use an earnings-based approach to valuation analysis with each investment assessed based on absolute and relative metrics applicable to the individual characteristics of the company. Valuations are benchmarked against selected listed peers, long-term average sector multiples, appropriate situational comparators, and public and private company M&A multiples.

The Conviction Score acts as a quantitative output, providing a way of rating the investment sponsor's level of conviction in the stock as well as ranking it against other potential stocks. Higher conviction scores command a higher weighting within the portfolio subject to investment strategy and risk parameters.

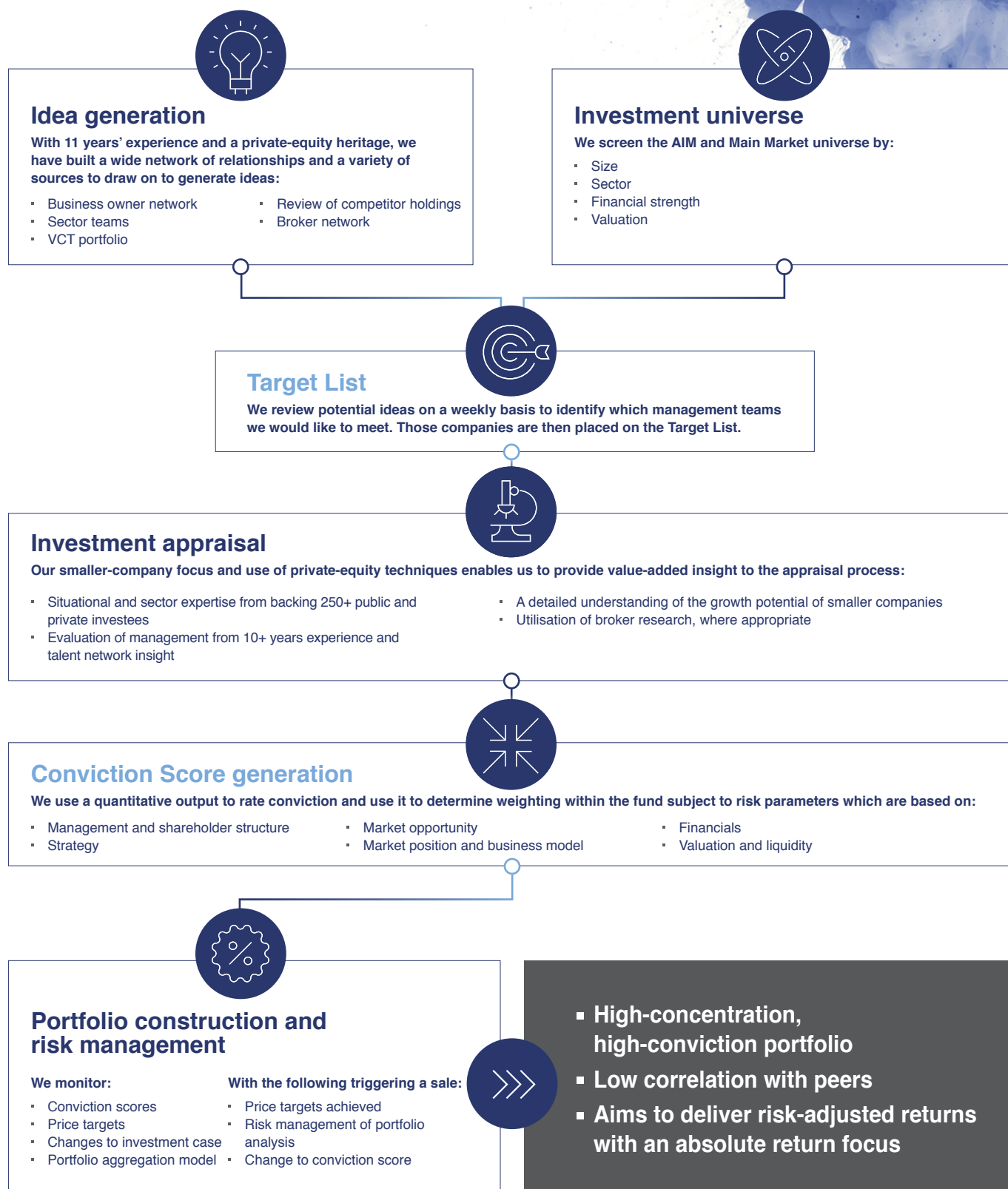
AN UNWAVERING FOCUS ON MANAGING ABSOLUTE RISK

Our investment process seeks to screen out a substantial proportion of the investment universe that carries binary investment risk. The combination of focusing on four key sectors (business services, consumer, technology, media & telecommunications and healthcare & education) and filtering possible opportunities by underlying profitability, helps to provide mitigation to some of the inherent risks of investing in smaller companies. Through this approach and an unwavering focus on absolute risk we aim to reduce volatility and enhance risk-adjusted returns for our investors over the longer term.

*As at 31 December 2018.

PROCESS IN ACTION

Our process draws upon a qualified network of experts combined with bottom-up fundamental analysis and insight.



Past performance is not necessarily a guide to future performance.
Portfolio investments in smaller companies typically involve a higher degree of risk.

INVESTOR SUITABILITY

The fund may appeal to investors who:

- Want income through exposure to a long-term investment opportunity in small and mid-cap companies in the UK
- Wish to add an element of diversification to their portfolio via low correlation while still having exposure to opportunities in UK Equity
- Want to hold the investment as part of a balanced portfolio

This fund is not suitable for investors who:

- Are unable to accept the risk associated with investing in smaller capitalisation companies
- Have a short-term investment horizon
- Have no experience of investing in UK equities
- Do not understand the risks of a concentrated portfolio

HOW TO INVEST

Shares may be bought directly from Link Fund Solutions Limited (Link Fund Solutions) or through a professional adviser or other intermediary. Application forms may be obtained from Link Fund Solutions.

The Link Fund Solutions office is normally open from 8.30 a.m. to 5.30 p.m. (London time) on each Dealing Day to receive requests for the purchase, sale or conversion of Shares. Shares may be bought directly from Link Fund Solutions Limited or through a professional adviser or other intermediary and application forms may be obtained from Link Fund Solutions. Valid applications to purchase shares received before the Valuation Point on a Business Day will be processed at the Share price calculated at that Valuation Point. Settlement is due within four business days of the Valuation Point. The initial purchase must, at the discretion of Link Fund Solutions, be accompanied by an application form. The current Valuation Point is 12.00 noon London time on each Dealing Day.

Postal application

Link Fund Solutions Limited, 2 The Boulevard, City West One Office Park, Geldard Road, Leeds, LS12 6NT

Telephone 0845 922 0044 | **Fax** 0113 224 6001 | **Email** investorservices@linkgroup.co.uk

This document is provided for the purpose of information only and before investing you should read the Prospectus and the key investor information document (KIID) as they contain important information regarding the fund, including charges, tax and fund specific risk warnings and will form the basis of any investment. The prospectus, KIID and application forms are available from Link Fund Solutions, the Authorised Corporate Director of the Fund (Tel. No. 0845 922 0044).

PLATFORM AVAILABILITY



Contact

For more information please visit ghcf.greshamhouse.com or do contact the team:

Mike Woolley - m.woolley@greshamhouse.com D: 020 3903 0561 M: 07849088037

Andy Gibb - a.gibb@greshamhouse.com D: 020 3372 2808 M: 07849088033

Important information

This document is for Professional Investors only and should not be distributed to Retail Investors. Past performance is not a reliable indicator of future performance. The value of the Fund and the income from it is not guaranteed and may fall as well as rise. As your capital is at risk you may get back less than you originally invested. Portfolio investments in smaller companies typically involves a higher degree of risk.

Important Information: This document is a financial promotion issued by Gresham House Asset Management Limited ("Gresham House") under Section 21 of the Financial Services and Markets Act 2000. Gresham House is registered in England and Wales (Co. no. 09447087) having its registered office at 5 New Street Square, London, EC4A 3TW and is authorised and regulated by the Financial Conduct Authority with reference number 682776. The information in this document should not be construed as an invitation, offer or recommendation to buy or sell investments, shares or securities or an invitation to apply for securities in any jurisdiction where such an offer or invitation is unlawful, or in which the person making such an offer is not qualified to do so. Whilst the information in this document has been published in good faith, Gresham House provides no guarantees, representations or warranties (express or implied) regarding the accuracy or completeness of this information. To the fullest extent allowed by law and the rules and regulations of the Financial Conduct Authority, Gresham House, its affiliates and each of its directors, members and employees expressly disclaims liability in respect of errors or omissions and shall have no liability to you or any third party for any loss or damage arising out of the use or reliance on the information provided in this document including, without limitation, any loss of profit or any other loss, damage, cost or expense of any nature including any consequential, indirect or unforeseeable losses. Tax treatment depends on the individual circumstances of each investor and may be subject to change. This document is provided for the purpose of information only and before investing you should read the Prospectus and the key investor information document (KID) as they contain important information regarding the funds, including charges, tax and fund specific risk warnings. Before entering into an investment agreement in respect of an investment referred to in this document you should consult your own professional and / or investment adviser. Third party trademarks are used with the permission of their respective owners. This report is an independent publication and is not affiliated with, nor has it been authorised, sponsored or otherwise approved by the third party trademark owners.