

Monthly Fact Sheet 31 May 2018

Launch Date	20th October 2014
Fund Size	£240m
Historic Yield (%)*	0.94

Share Price (as at 31.05.18)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	214.30p	221.18p

Investment Objective and Policy

The objective of the Fund is to achieve long-term capital growth by investing primarily in a portfolio of fully listed and AIM traded UK equities.

Fund Managers



James Baker

a history graduate from Cambridge University, has over 30 years of equity market experience on both buy and sell sides, specialising for all of his career in UK Small and Mid caps stock selection. He has

worked for several organisations over the years, but most notably spent 11 years from 1999 to 2011 as part of the ABN Amro, Small Mid cap sales team, which was consistently top ranked by Extel. Prior to joining Chelverton he worked as the Assistant fund manager on the Rathbone UK Recovery Fund.



Edward Booth

graduated from the London School of Economics with a degree in Economics with Economic History, and qualified as a Chartered Accountant at Deloitte, where he focused on

the Insurance sector. Prior to joining Chelverton, he worked as a Business Analyst for Barclays, focusing on a number of areas including Investment Bank Revenue and Group Capital performance.

MI Chelverton UK Equity Growth Fund

Investment Approach

The Fund Managers are looking for companies that can both grow faster than the market and are highly cash generative enabling them to fund their own growth. Typically these companies will have some form of sustainable competitive advantage, such as a unique product, or a dominant position in a particular market, leading to high margins and the ability to generate surplus cash.

Monthly Manager Commentary

The Fund returned 2.15% in May, modestly underperforming its IA UK All Companies sector. Negative newsflow from a number of portfolio companies put a drag on performance. Photo-Me International was the main detractor after it warned of the effect that over-capacity in the Japanese photo booth market was having on profitability. Frontier Smart Technologies, where the Fund only had a small position, fell back sharply as it warned of lower digital radio sales and a slow take up in its smart audio technology by speaker manufacturers. Stride Gaming sold off as it warned of the impact of tightening regulation on the profitability of its online UK bingo operations. Finally Faron Pharmaceuticals, where the Fund again only had a small position, was severely impacted when its main drug for Acute Respiratory Syndrome failed in its Phase 3 trials. On a positive note Elektron Technology and Integrafin moved ahead strongly after reporting solid results. Our best contributor was JTC, a recent IPO, which after a relatively quiet start to its quoted life enjoyed a significant rise as its shares were re-rated.

On the trading front, we sold our Faron Pharmaceuticals holding after the failed Phase 3 trial, which in our view was a binary event. Stride Gaming's warning prompted us to exit our position in Jackpotjoy, the UK's leading online bingo operator (crystallising a substantial gain), as we felt it would be impacted by the same regulatory headwinds. We bought a small position in Motif Bio by participating in a fund raising to help finance the commercialisation of its antibiotic Iclaprim after a successful Phase 3 trial. We topped up a wide number of existing holdings, including Frontier Smart where we feel the shares have become oversold after its warning, given its dominant market position in digital radio and voice enabled technology, which we expect to gain traction in time.

Looking forwards whilst global GDP growth, led by the US economy powering ahead, remains strong there are a number of issues to be borne in mind with US rates forecast to see progressive rises from here and the onset of trade wars clouding the outlook for growth. At home, whilst it is not entirely clear to what extent the first quarter slowdown was due to poor weather, anecdotal evidence from management teams suggests they've seen a pick-up since April. This Q1 slowdown did, however, prompt interest rate rises to be put on hold. Coupled with heightened tensions over BREXIT negotiations, this has led to renewed weakness in Sterling. Whilst this makes our overseas exposure look attractive for the moment, if trade wars turn out to be more than a storm in a teacup and start to weigh on global growth, we may decide to tilt the portfolio more towards less correlated stocks and more structural growth as well as possibly upping the Fund's exposure to oversold lowly rated domestic cyclicals as they begin to lap weak comparable trading periods.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	5.19	2.15	2.75	8.36	18.60	86.60	121.18
Sector Rank	25/256	199/258	248/257	24/256	2/253	1/239	1/235
Quartile Ranking	1st	4th	4th	1st	1st	1st	1st
IA UK All Companies (%)	2.68	2.80	6.72	5.56	6.27	21.81	46.10

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.05.2018

Discrete Annual Performance

	31.05.17	31.05.16	31.05.15	31.05.14	31.05.13
	31.05.18	31.05.17	31.05.16	31.05.15	31.05.14
Fund (%)	18.60	37.09	14.77	-	-
IA UK All Companies (%)	6.27	21.30	-5.51	-	-

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.05.2018

*The historic yield reflects distributions over the past 12 months as a percentage of the bid price of the B share class as at the date shown. It does not include any initial charge and investors may be subject to tax on their distributions.

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31 May 2018

ACD
Maitland Institutional Services Limited

Investment Advisor
Chelverton Asset Management Ltd

Administrator
Maitland Institutional Services Limited

Income Paid Anually
XD Dates 31 December
Valuation 12 Noon

Codes (B Shares)

	Income	Accumulation
Sedol	BP85595	BP855B7
ISIN	GB00BP855954	GB00BP855B75

Annual Management Fee (%)

B Shares 0.75

Minimum Investment

B Shares £1,000

Ongoing Charge (%)

B Shares 1.00

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FURTHER INFORMATION

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MI Chelverton UK Equity Growth Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Polypipe Group	Construction	1.9
2. Renew Holdings	Support Services	1.9
3. Strix	Industrials	1.8
4. Quixant	Technology	1.8
5. Equiniti Group	Support Services	1.8
6. Coats Group	Industrials	1.6
7. Liontrust Asset Management	Financials	1.6
8. Brooks MacDonald	Financials	1.6
9. Tyman	Construction	1.6
10. JTC	Financials	1.6
11. TT Electronics	Industrials	1.5
12. Elektron Technology	Industrials	1.5
13. B&M	Consumer	1.5
14. IMI	Industrials	1.4
15. Clinigen	Healthcare	1.4
16. Synthomer	Industrials	1.4
17. Morgan Advanced Materials	Industrials	1.4
18. Bodycote	Industrials	1.4
19. Tarsus Group	Media	1.4
20. Eco Animal Health Group	Healthcare	1.4

Source: Chelverton Asset Management Limited

Sector Breakdown

	% of Portfolio
Industrials	22.8
Technology	20.9
Financials	11.4
Consumer	11.1
Support Services	7.9
Healthcare	6.8
Construction	5.9
Media	4.1
Resources	1.0
Cash	8.1

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	15.6	13
£500m - £1bn	15.1	14
£250m - £500m	28.2	24
£100m - £250m	21.9	24
Below £100m	11.1	18
Cash and Income	8.1	N/A
Total	100.0	93

Source: Chelverton Asset Management Limited

Disclaimer: This fund invests in smaller companies and carries a higher degree of risk than funds investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. The fund can also invest in smaller companies listed on the Alternative Investment Market (AIM) which also carry the risks described above. This document is provided for information purposes only and should not be interpreted as investment advice. If you have any doubts as to the suitability of an investment, please consult your financial adviser. The information contained in this document has been obtained from sources that Chelverton Asset Management Limited ("CAM") considers to be reliable. However, CAM cannot guarantee the accuracy or completeness of the information provided, and therefore no investment decision should be based solely on this data. Past performance is not a guide to future performance. This document is issued by CAM, Authorised and regulated by the Financial Conduct Authority. This document does not represent a recommendation by CAM to purchase shares in this Fund. We recommend private investors seek the services of a Financial Adviser. Maitland Institutional Services Limited are the Authorised Corporate Director of this fund and prospectuses for the fund are obtainable directly from them. Please email Chelverton@maitlandgroup.co.uk or call +44 (0) 1245 459 962.