

Monthly Fact Sheet 31 May 2018

Launch Date	4th December 2006
Fund Size	£673m
Historic Yield (%)*	4.29

Share Price (as at 31.05.18)

Shares	Income	Accumulation
B Shares	134.60p	253.20p

Investment Objective and Policy

The objective of the Fund is to provide a progressive income stream and achieve long-term capital growth by investing primarily in a portfolio of fully listed and AIM traded UK equities. The Fund will invest in UK companies which aim to provide a high initial dividend, progressive dividend payments and long term capital appreciation.

Fund Managers



David Horner

Joined 3i Corporate Finance Limited in 1986 where he was a manager giving corporate finance advice. In May 1993 he joined Strand Partners Limited, and was appointed a director in January 1994, where he

carried out a range of corporate finance assignments identifying, structuring and managing investments in quoted and unquoted companies. In October 1997 he left to set up Chelverton Asset Management Limited and was responsible for setting up, in May 1999, the Small Companies Dividend Trust, which he still manages. He has co-managed the Chelverton UK Equity Income Fund since launch.



David Taylor

began his career as an analyst in the research department at Wedd Durlacher and moved into fund management in 1987 with the Merchant Navy Officers Pension Fund. He joined Gartmore Investment Limited in 1991, during this

time, he ran a combination of institutional funds and investment trusts, namely the Clydesdale Investment Trust and London & Strathclyde Trust. In 1995, he moved to LGT to manage small cap retail funds and latterly spent nearly seven years as head of UK smaller companies at HSBC Asset Management. He joined Chelverton Asset Management in January 2006 and has co-managed the Chelverton UK Equity Income Fund since launch.

MI Chelverton UK Equity Income Fund

Monthly Manager Commentary

Talk of impending trade wars and fears over the direction of the coalition government in Italy dominated commentators' thoughts on the International stage in the last month as the US economy powered ahead. In an increasingly uncertain political environment, the reality is that investors are taking their lead from the corporate sector at the moment, which appears to be in robust health. At home, the much anticipated rate rise did not materialise, leading to weaker sterling and creating a small tailwind to a market that was in a buoyant mood. Interestingly, so far this year, whilst fund performance has been a beneficiary of corporate activity, and we expect this to continue, we have not invested in a single IPO as the number of opportunities to invest within our investment remit has dropped considerably compared to last year. In a market searching for income we find this surprising and perhaps we are due a period of catch up in our second half.

At the stock level all of our oil and gas related holdings, John Wood, Diversified Gas and Oil and SOCO, performed well. This sector aside, there were no discernible performance 'themes' and prices reacted to stock specific news. On the positive side, Shoezone and Bloomsbury responded well to result announcements and STV to the result of their strategic review, part of which will lead to enhanced dividend payments going forward. On the downside Crest Nicholson fell as it released a disappointing trading update, highlighting ongoing margin pressure and Dairy Crest fell as it raised funds, which we supported, to increase their cheese making capacity. We invested positive fund flows into a number of existing stocks in the portfolio including Babcock, De La Rue, Marstons, McColls, Personal Group and Saga. As a generalisation, over the past couple of years we have run our 'winners' to capture capital gain and after lengthy periods of strong performance we are now at the point that a number of these holdings are getting close to a two percent yield, the point at which we will sell. Funds raised will be reinvested in stocks yielding more than four percent, and as a result we expect the underlying yield on our portfolio to gently increase over the next few months.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	3.12	6.79	3.01	11.25	36.18	88.58	161.89
Sector Rank	12/87	29/87	24/87	5/85	1/79	1/77	1/65
Quartile Ranking	1st	2nd	2nd	1st	1st	1st	1st
IA UK Equity Income (%)	2.12	5.96	1.78	3.39	16.89	45.24	77.73

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 (%)	11.25	22.35	0.05	12.49	23.10
IA UK Equity Income (%)	3.39	18.45	-4.56	10.69	12.33

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

Dividend History

		Q1	Q2	Q3	Q4	Total
2015	B Income	0.72p	1.15p	1.15p	2.07p	5.09p
2016	B Income	0.75p	1.20p	1.20p	1.93p	5.08p
2017	B Income	0.78p	1.25p	1.25p	2.48p	5.76p
2018	B Income	0.79p				

History of dividends declared per share. Source: Chelverton Asset Management Limited

*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 Quarterly

XD Dates 31 March, 30 June
30 September, 31 December

Valuation 12 Noon, Daily

SEDOL Codes

	Income	Accumulation
B Shares	B1FD646	B1Y9J57

Initial Charge (%)

B Shares 5.0*

Annual Management Fee (%)

B Shares 0.75

Minimum Investment

B Shares £1,000

Ongoing Charge (%)

B Shares 0.86

* or any such lower amount agreed with the ACD

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FURTHER INFORMATION

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MI Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Games Workshop Group	Leisure Goods	2.23
2. Babcock International	Support Services	1.67
3. Phoenix Group	Life Insurance	1.63
4. Ultra Electronics	Aerospace & Defence	1.59
5. McColl's Retail Group	Food & Drug Retailers	1.59
6. TT Electronics	Electronic & Electrical Equipment	1.54
7. Tate & Lyle	Food Producers	1.53
8. Fidessa Group	Software & Computer Services	1.52
9. DiscoverIE Group	Electronic & Electrical Equipment	1.50
10. XP Power	Electronic & Electrical Equipment	1.49
11. Wood Group	Oil & Gas	1.49
12. IMI	Industrial Engineering	1.46
13. Northgate	Support Services	1.44
14. Galliford Try	Household Goods & Home Construction	1.44
15. Intermediate Capital Group	Financial Services	1.43
16. DFS Furniture	General Retailers	1.40
17. DMGT	Media	1.40
18. Restaurant Group	Travel & Leisure	1.39
19. Ashmore	Financial Services	1.38
20. Mortgage Advice Bureau	Financial Services	1.36

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	35.28	30
£500m - £1bn	26.46	23
£250m - £500m	18.52	19
£100m - £250m	11.80	15
Below £100m	4.63	11
Cash and Income	3.31	-
Total	100.00	98

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.