

Monthly Fact Sheet 31 August 2018

Launch Date	4th December 2006
Fund Size	£691m
Historic Yield (%)*	4.49

Share Price (as at 31.08.18)

Shares	Income	Accumulation
B Shares	131.84p	250.62p

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.

*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.

MI Chelverton UK Equity Income Fund

Monthly Manager Commentary

The outperformance of small and mid-cap last month was less a result of improved trading or a shift in investor sentiment and more a reflection of the increased pressure on large caps as the trade war fears were set alongside worries over emerging markets as the dollar strengthened. At home, the interest rate rise was already priced in, evidenced by the fact that our housebuilders all returned a small positive contribution. The improved summer weather provided some respite for the UK consumer stocks although it was rather selective as within our own portfolio DFS and N. Brown delivered a positive return and Shoe Zone and Halfords a negative one. On a reassuring note, analyst earnings expectations continue to largely be devoid of hype and hope and appear to be based on a healthy dose of realism. Whilst this may have the effect of dampening short-term optimism, it does engender a more 'rational' bottom up investment environment despite the massive top down uncertainties. It will be interesting to see how the raft of new equity issuance is priced as we get closer to Brexit.

In terms of performance, the last month was the proverbial 'mixed bag' as our best and worst contributors included a balance of both overseas and domestic earners across a wide number of sectors. On the plus side was Games Workshop after strong final results and TT Electronics, Wood Group and Aggreko after solid interims. Tatton Asset Management also performed well as its growing DFM business was more widely appreciated by investors. On the negative side Chesnara sold off as the price gave up last month's gain and Essentra, Hostelworld and XP Power were all weak after releasing interim results. As these last three still look to be attractive investments to us, we added to our holdings at an aggregate yield ahead of that of the underlying portfolio. The desire to gradually enhance underlying income as 'Brexit' related volatility increases also underpinned our continued sale of Electrocomponents and the reinvestment of the monies received from the takeover of Fidessa into existing holdings such as Centaur, Babcock, McColl's and Sabre Insurance. We added one new stock to the portfolio, XPS Pensions, the UK specialist pensions business.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	0.15	-1.02	1.96	8.07	37.68	73.93	184.89
Sector Rank	4/89	39/88	18/87	5/86	5/79	1/77	1/66
Quartile Ranking	1st	2nd	1st	1st	1st	1st	1st
IA UK Equity Income (%)	-1.54	-1.28	0.44	3.66	24.69	41.03	94.98

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.08.2018

Discrete Annual Performance

	31.08.17 31.08.18	31.08.16 31.08.17	31.08.15 31.08.16	31.08.14 31.08.15	31.08.13 31.08.14
Fund (%)	8.07	22.41	4.08	11.18	13.62
IA UK Equity Income (%)	3.66	10.60	9.07	2.54	10.52

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.08.2018

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	1.40p			

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

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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. Phoenix Group	Life Insurance	2.11
2. TT Electronics	Electronic & Electrical Equipment	1.62
3. Wood Group	Oil & Gas	1.59
4. Ultra Electronics	Aerospace & Defence	1.59
5. Games Workshop Group	Leisure Goods	1.59
6. Tate & Lyle	Food Producers	1.58
7. Babcock International	Support Services	1.56
8. BCA Marketplace	Support Services	1.55
9. DMGT	Media	1.52
10. IMI	Industrial Engineering	1.49
11. Mortgage Advice Bureau	Financial Services	1.45
12. Galliford Try	Household Goods & Home Construction	1.42
13. Pennon Group	Utilities	1.39
14. Northgate	Support Services	1.38
15. Chesnara	Life Insurance	1.38
16. Dairy Crest Group	Food Producers	1.37
17. Morgan Advanced Materials	Electronic & Electrical Equipment	1.35
18. Ashmore	Financial Services	1.35
19. XP Power	Electronic & Electrical Equipment	1.34
20. Diversified Gas & Oil	Oil & Gas	1.33

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	33.70	27
£500m - £1bn	25.09	22
£250m - £500m	20.37	21
£100m - £250m	12.92	17
Below £100m	4.06	11
Cash and Income	3.86	-
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.