

Monthly Fact Sheet 31 July 2018

Launch Date	4th December 2006
Fund Size	£674m
Historic Yield (%)*	4.50

Share Price (as at 31.07.18)

Shares	Income	Accumulation
B Shares	131.64p	250.24p

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

The last month proved relatively difficult for us as the likelihood of a 'Hard' Brexit appeared to increase as the month wore on. This was after a pronouncement from Chequers earlier in the month that the government was agreed upon a way forwards in negotiating which most commentators deemed to be extremely 'Soft' and which led to two high profile resignations from the Cabinet. Ultimately this shift in perception from one extreme to the other in such a short space of time influenced investor sentiment and we have seen this reflected in the prices of domestic facing small and mid caps. Volatility has picked up as trading volumes have fallen, as ever, over the summer months and underlying fund liquidity has deteriorated as an inevitable consequence of the sheer numbers of corporate fund raisings within our universe. This is obviously something that we are used to dealing with and, on the positive side, it does tend to generate a raft of new investment opportunities, and we have added a new holding in Devro to the portfolio on an initial dividend yield of just over four percent.

From a wider stock perspective, recent results and trading statements suggest that, on average, analyst expectations are reasonable with respect to earnings estimates as we suspect that there is generally a healthy dose of Brexit caution in numbers. Certainly, the companies themselves continue to take a pragmatic view in their public pronouncements. Stocks that do disappoint, however, are sold off severely, with our holding in McColl's, the convenience retailer, being a case in point even though we believe that the management did an admirable job in the face of a perfect storm of supplier and weather issues. Other stocks to detract from performance included Wilmington, after a trading update, and Babcock. On the positive side, IMI, Chesnara and Aggreko all performed well. Amongst the companies we added to were Morgan Advanced Materials, RPS and SThree, which all have a good proportion of overseas earnings which we were able to access at very attractive earnings multiples, and Rank and Severfield, which are predominantly domestic plays.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-0.93	1.91	1.81	9.15	35.64	76.39	160.97
Sector Rank	82/89	55/87	49/87	9/86	3/79	1/77	1/66
Quartile Ranking	4th	3rd	3rd	1st	1st	1st	1st
IA UK Equity Income (%)	0.52	2.36	2.02	5.92	21.33	41.75	83.27

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.07.2018

Discrete Annual Performance

	31.07.17 31.07.18	31.07.16 31.07.17	31.07.15 31.07.16	31.07.14 31.07.15	31.07.13 31.07.14
Fund (%)	9.15	28.36	-3.19	14.37	13.70
IA UK Equity Income (%)	5.92	13.09	1.55	9.11	7.25

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.07.2018

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

*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 July 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. Phoenix Group	Life Insurance	2.09
2. Ultra Electronics	Aerospace & Defence	1.62
3. BCA Marketplace	Support Services	1.59
4. IMI	Industrial Engineering	1.58
5. XP Power	Electronic & Electrical Equipment	1.56
6. Games Workshop Group	Leisure Goods	1.56
7. DMGT	Media	1.55
8. Fidessa Group	Software & Computer Services	1.52
9. Tate & Lyle	Food Producers	1.51
10. Northgate	Support Services	1.50
11. Chesnara	Life Insurance	1.49
12. Mortgage Advice Bureau	Financial Services	1.49
13. Wood Group	Oil & Gas	1.47
14. Dairy Crest Group	Food Producers	1.45
15. Morgan Advanced Materials	Electronic & Electrical Equipment	1.45
16. Diversified Gas & Oil	Oil & Gas	1.44
17. Babcock International	Support Services	1.44
18. TT Electronics	Electronic & Electrical Equipment	1.42
19. Ashmore	Financial Services	1.42
20. GVC Holdings	Travel & Leisure	1.39

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	34.08	27
£500m - £1bn	26.73	23
£250m - £500m	20.83	21
£100m - £250m	11.61	16
Below £100m	4.00	11
Cash and Income	2.75	-
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.