

## Monthly Fact Sheet 31 October 2018

<b>Launch Date</b>	4th December 2006
<b>Fund Size</b>	£644m
<b>Historic Yield (%)*</b>	5.10

### Share Price (as at 31.10.18)

Shares	Income	Accumulation
B Shares	119.04p	228.76p

### 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

Fed tightening and trade tariffs have finally convinced investors of a meaningful pick up in corporate earnings risk on the downside and this has been reflected in a high profile sell off of highly rated growth stocks. We have for some time now been selling a number of our most highly rated investments but as is usually the case when there is a sharp macro inspired correction, all small and mid caps suffer as equity risk premiums rise. At the domestic level this has been exacerbated in the last month as the resource sectors proved to be resilient, providing a relative benefit to large cap indices. We have a tried and tested response to rapid drawdowns and once again we raised cash at the margin from stocks that held up well and reinvested in companies that were inevitably oversold. Our investment process requires a four percent dividend yield before we can add a stock to the portfolio and the sell off has noticeably increased our investment universe. We added Hill & Smith and BBA Aviation to the portfolio after share price weakness, both of which we have held before in the fund. The net result of market moves and portfolio activity is that the aggregate yield of the holdings in the portfolio is now almost back to where it was six years ago, at around five percent.

In a poor month, our top contributors were all domestic plays, although from a disparate collection of sectors, Polypipe, Dairy Crest, Pennon, Shoezone and Watkin Jones, the last two of which both had positive trading updates. Interestingly, Shoezone have indicated that they will pay a special dividend with their final payment, something that has largely disappeared from our income account this year. On the downside, RPS issued a profit warning, Restaurant Group responded poorly to the announcement of a potential acquisition and rights issue, and the 'bears' got the upper hand at Babcock and Incheape. Whilst we have believed for some time that the UK-centric stocks in our fund have largely already been de-rated, where stocks have sold off recently the continued gloom over 'Brexit' has led to an inevitable short term buyer's strike, although a shift in sentiment from 'growth' to 'value' should benefit us. Whilst domestic macro indicators remain volatile, the budget was both unexpected in its willingness to spend the recent fiscal windfall and broadly welcomed.

## Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-7.31	-8.58	-6.93	-5.50	23.55	45.56	156.17
Sector Rank	82/88	64/88	64/86	66/86	8/79	2/76	1/67
Quartile Ranking	4th	3rd	3rd	4th	1st	1st	1st
IA UK Equity Income (%)	-5.50	-7.32	-5.40	-4.00	14.44	25.84	76.25

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.10.2018

## Discrete Annual Performance

	31.10.17 31.10.18	31.10.16 31.10.17	31.10.15 31.10.16	31.10.14 31.10.15	31.10.13 31.10.14
Fund (%)	-5.50	28.94	1.40	16.82	0.85
IA UK Equity Income (%)	-4.00	12.40	6.46	7.79	2.16

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.10.2018

## 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	1.40p		

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

Monthly Fact Sheet  
**31 October 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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**springcapital**

## MI Chelverton UK Equity Income Fund

### Top 20 Holdings

Holding	Sector	% of Portfolio
1. Tate & Lyle	Food Producers	1.69
2. Ultra Electronics	Aerospace & Defence	1.64
3. Phoenix Group	Life Insurance	1.59
4. Bellway	Household Goods & Home Construction	1.56
5. Babcock International	Support Services	1.52
6. DMGT	Media	1.50
7. Dairy Crest Group	Food Producers	1.48
8. Ashmore	Financial Services	1.47
9. Diversified Gas & Oil	Oil & Gas	1.44
10. Aggreko	Support Services	1.41
11. Wood Group	Oil & Gas	1.41
12. IMI	Industrial Engineering	1.40
13. BCA Marketplace	Support Services	1.40
14. TT Electronics	Electronic & Electrical Equipment	1.39
15. Northgate	Support Services	1.38
16. Galliford Try	Household Goods & Home Construction	1.37
17. De La Rue	Support Services	1.37
18. Morgan Advanced Materials	Electronic & Electrical Equipment	1.35
19. Chesnara	Life Insurance	1.34
20. Halfords	General Retailers	1.33

Source: Chelverton Asset Management Limited

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	28.41	22
£500m - £1bn	26.22	24
£250m - £500m	22.21	22
£100m - £250m	13.88	19
Below £100m	4.54	12
Cash and Income	4.74	-
Total	100.00	99

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.