

Monthly Fact Sheet 30 November 2018

Launch Date	4th December 2006
Fund Size	£639m
Historic Yield (%)*	5.22

Share Price (as at 30.11.18)

Shares	Income	Accumulation
B Shares	116.28p	223.46p

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

A brief respite followed by an escalation in 'tariff wars' have continued to dominate analysts' thoughts and have undermined global equity markets. Beneath the headlines however, the real issue is that yield curves have been flattening for some months now which is generally taken as tangible evidence by investors that the global economy is slowing, with some commentators now predicting yield curves inverting as an inevitable precursor to a widespread recession. In our own portfolio, we have seen the valuations of the industrial stocks that we own, which tend to have strong overseas exposure, suffer accordingly. At the same time a wide range of our domestic earners that are more consumer related have fallen in response to the looming 'Brexit' vote and increased fears over a potential change in government. If we add into the mix very low trading volumes which tend to accentuate short term price movements and an increased number of year end trading updates that have understandably introduced a note of caution into outlook statements, then arguably, as a UK small and mid cap fund, we have just encountered our 'perfect storm'. Importantly however, there currently appears to be a disconnect between a largely resilient corporate sector, albeit consensus earnings are under pressure and the 'gloom' reflected in a whole host of recent share price moves.

Like most small and midcap funds, we tend to suffer in the short term when equity risk premiums change as dramatically as they have done recently. We are also obviously vulnerable when individual stocks 'disappoint' the market as we were last month as Kier and Restaurant Group announced rights issues and KCOM's earnings were downgraded substantially after a trading statement. As an income fund however, with an investment process that incorporates dividend yield and corporate cash flows, history has shown that after relatively large drawdowns in periods of uncertainty such as after the Referendum and the last General Election investors are attracted in the first instance to 'get back to basics', and there is no more basic attraction than strong cash flows. There was no real discernible theme to our better performers last month, which included Tate and Lyle, Greene King, Ashmore and Go-Ahead. Whilst it is understandable that markets have sold off as growth rates have been downgraded, we continue to believe that based on corporate cash flows there has been an overreaction with respect to UK centric stocks due to the particular short term political issues in the domestic market.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-2.32	-10.84	-9.09	-6.49	20.72	42.26	158.66
Sector Rank	62/89	87/88	66/86	64/86	9/80	2/76	1/67
Quartile Ranking	3rd	4th	4th	3rd	1st	1st	1st
IA UK Equity Income (%)	-1.50	-7.27	-6.82	-4.55	11.66	24.19	79.91

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.11.2018

Discrete Annual Performance

	30.11.17 30.11.18	30.11.16 30.11.17	30.11.15 30.11.16	30.11.14 30.11.15	30.11.13 30.11.14
Fund (%)	-6.49	26.14	2.34	15.81	1.76
IA UK Equity Income (%)	-4.55	12.41	4.24	5.91	5.43

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.11.2018

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
30 November 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

Dealing Line 0345 305 4217

Dealing Fax 0845 280 0188

FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

Tel +44 (0)20 3195 0076

Email chelverton@springcapitalpartners.com

Visit springcapitalpartners.com

springcapital

MI Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Ultra Electronics	Aerospace & Defence	1.67
2. Phoenix Group	Life Insurance	1.59
3. Tate & Lyle	Food Producers	1.55
4. Ashmore	Financial Services	1.53
5. BCA Marketplace	Support Services	1.51
6. Go-Ahead Group	Travel & Leisure	1.48
7. IMI	Industrial Engineering	1.44
8. Babcock International	Support Services	1.44
9. Dairy Crest Group	Food Producers	1.43
10. Bellway	Household Goods & Home Construction	1.40
11. DMGT	Media	1.39
12. Northgate	Support Services	1.39
13. Morgan Advanced Materials	Electronic & Electrical Equipment	1.38
14. Chesnara	Life Insurance	1.37
15. TT Electronics	Electronic & Electrical Equipment	1.37
16. Inchcape	General Retailers	1.35
17. Essentra	Support Services	1.35
18. DFS Furniture	General Retailers	1.34
19. Diversified Gas & Oil	Oil & Gas	1.33
20. Marston's	Travel & Leisure	1.32

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	28.51	22
£500m - £1bn	26.29	24
£250m - £500m	19.43	20
£100m - £250m	14.79	19
Below £100m	4.47	13
Cash and Income	6.51	-
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.