

Monthly Fact Sheet 31 December 2018

Launch Date	4th December 2006
Fund Size	£606m
Historic Yield (%)*	5.36 (e)

Share Price (as at 31.12.18)

Shares	Income	Accumulation
B Shares	109.75p	210.90p

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

Whilst we believed the negative sentiment towards UK companies was largely priced into UK stocks a few months ago, the severe sell off over the past month has been accentuated by trade wars and a slowdown in global earnings expectations, leaving fewer and fewer marginal buyers of UK small and mid caps. At the same time, we have seen the traditional round of earnings warnings from December year-end companies and what appears to be an increasing reluctance on the part of investors to buy indebted companies, although there appears to be no change in lending patterns from the banks. Sentiment has penalised bad news severely and failed to reward good news and with political confusion at its height, it appeared an easy call to bet against UK exposure.

We have suffered as a UK small and mid cap from this 'top down' anti-UK sentiment and from several 'bottom up' company issues. Specifically, there were profit warnings from McColl's and Low & Bonar. Interestingly the feedback from the companies that we invest in has, in aggregate, remained 'cautiously optimistic' and whilst all have thought about the ramifications of all Brexit scenarios in some detail, the consensus is that whatever happens there will be some degree of additional short-term administration or inventory cost. Obviously, no one is currently in a position to make any longer term assessment.

Our reaction to the recent drawdown is the same as it has been in previous periods like this in that we look to improve the underlying quality of the earnings in the portfolio and rebuild capital. To this end we have just invested in Senior, Elementis and Convatec, the latter two being stocks that we also hold in our Growth fund. The ability to buy 'growth' companies in our income fund at times like this is one that has proved to add relative value over the long term.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-5.62	-14.55	-14.20	-14.20	11.48	31.66	143.03
Sector Rank	82/89	83/88	73/86	73/86	19/80	3/76	1/68
Quartile Ranking	4th	4th	4th	4th	1st	1st	1st
IA UK Equity Income (%)	-4.40	-11.01	-10.90	-10.90	7.30	16.51	69.19

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.12.2018

Discrete Annual Performance

	31.12.17 31.12.18	31.12.16 31.12.17	31.12.15 31.12.16	31.12.14 31.12.15	31.12.13 31.12.14
Fund (%)	-14.20	24.27	4.56	16.85	1.07
IA UK Equity Income (%)	-10.90	11.12	8.56	5.93	2.96

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.12.2018

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	2.29p (e)	5.88p (e)

History of dividends declared per share. Source: Chelverton Asset Management Limited (e) is estimated

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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. BCA Marketplace	Support Services	1.63
2. Ashmore	Financial Services	1.62
3. Ultra Electronics	Aerospace & Defence	1.58
4. Phoenix Group	Life Insurance	1.58
5. Diversified Gas & Oil	Oil & Gas	1.51
6. Tate & Lyle	Food Producers	1.50
7. IMI	Industrial Engineering	1.49
8. Northgate	Support Services	1.45
9. Bellway	Household Goods & Home Construction	1.45
10. Chesnara	Life Insurance	1.45
11. Go-Ahead Group	Travel & Leisure	1.42
12. Dairy Crest Group	Food Producers	1.41
13. Morgan Advanced Materials	Electronic & Electrical Equipment	1.39
14. Inchcape	General Retailers	1.35
15. TT Electronics	Electronic & Electrical Equipment	1.35
16. DMGT	Media	1.34
17. Aggreko	Support Services	1.33
18. Brewin Dolphin Holdings	Financial Services	1.33
19. Babcock International	Support Services	1.31
20. Close Brothers Group	Financial Services	1.31

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	26.10	21
£500m - £1bn	27.99	24
£250m - £500m	21.69	22
£100m - £250m	12.93	18
Below £100m	4.52	13
Cash and Income	6.77	-
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.