

Monthly Fact Sheet 31 March 2019

Launch Date	4th December 2006
Fund Size	£657m
Historic Yield (%)*	5.06

Share Price (as at 31.03.19)

Shares	Income	Accumulation
B Shares	116.33p	228.32p

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 good news since the turn of the year is that the UK equity market has started to recover despite the outcome of Brexit still being unclear, although the balance of probability is now for a 'softer' outcome. The domestic economy has remained resilient as real wages rise and household spending holds up well, but it is fair to note that company investment has been adversely impacted by the prolonged political uncertainty. More importantly for us, corporate earnings have remained robust throughout the busy first quarter reporting season and this has helped to focus investors' attention on the value inherent in some UK centric equities. Global asset allocators, however, still appear to continue to lack enthusiasm for our market and we believe that we need a combination of 'top down' calm and 'bottom up' earnings growth for a more sustained rally in share prices.

Interestingly, two of our top contributors in the first quarter were Dairy Crest and Manx Telecom, which were both the subject of agreed cash offers suggesting that corporate activity may be about to pick up. Other top performers included DFS, Bellway, Greene King and Go Ahead which are all predominantly domestic earners and RPS, Ultra Electronics, XP Power and Devro which are all substantial overseas earners. The one common theme, as they are all very different businesses, is that they were hugely oversold ahead of reassuring figures, a recurring small and mid cap problem in 'risk off' markets. On the downside, the fund suffered from a profit warning from Redde as a major client failed to renew and, latterly, a warning from Saga. Other fallers included Restaurant Group and Kier, which continued to fall after recent fund raisings, and BCA and XPS Pensions.

Overall in Q1 2019, small caps have underperformed both mid caps and FTSE 100 companies. Within our universe we have continued to add to both domestic and overseas earners as we see value in both at current levels. We have also continued to build up our holdings in the 'growth' stocks that we were able to purchase on 4% yields at the end of last year and reduced some of our lower yielders as, with an historic dividend yield on the fund of around five percent, we focus in the shorter term on rebuilding capital in the fund that we lost at the end of last year.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	1.10	8.26	8.26	-0.99	22.10	39.61	132.93
Sector Rank	59/88	54/88	54/88	76/85	22/78	5/74	1/68
Quartile Ranking	3rd	3rd	3rd	4th	2nd	1st	1st
IA UK Equity Income (%)	1.65	8.60	8.60	2.86	18.03	25.61	71.25

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.03.2019

Discrete Annual Performance

	31.03.18	31.03.17	31.03.16	31.03.15	31.03.14
Fund (%)	-0.99	10.40	11.71	9.71	4.23
IA UK Equity Income (%)	2.86	0.05	14.63	-1.45	8.29

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.03.2019

Dividend History

	Q1	Q2	Q3	Q4	Total
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	5.88p
2019 B Income	0.80p				

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. Ultra Electronics	Aerospace & Defence	1.86
2. Phoenix Group	Life Insurance	1.75
3. XP Power	Electronic & Electrical Equipment	1.70
4. Go-Ahead Group	Travel & Leisure	1.66
5. Ashmore	Financial Services	1.61
6. Diversified Gas & Oil	Oil & Gas	1.59
7. RPS Group	Support Services	1.51
8. DFS Furniture	General Retailers	1.50
9. Tate & Lyle	Food Producers	1.49
10. TT Electronics	Electronic & Electrical Equipment	1.45
11. Chesnara	Life Insurance	1.43
12. Essentra	Support Services	1.41
13. Crest Nicholson	Household Goods & Home Construction	1.38
14. DMGT	Media	1.37
15. Polypipe Group	Construction & Materials	1.37
16. IMI	Industrial Engineering	1.36
17. Inchcape	General Retailers	1.35
18. Northgate	Support Services	1.33
19. Senior	Aerospace & Defence	1.31
20. BCA Marketplace	Support Services	1.31

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	30.44	24
£500m - £1bn	26.82	23
£250m - £500m	22.17	22
£100m - £250m	13.04	18
Below £100m	3.38	11
Cash and Income	4.15	-
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.