

Monthly Fact Sheet 30 September 2019

Launch Date	4th December 2006
Fund Size	£627m
Historic Yield (%)*	5.21

Share Price (as at 30.09.19)

Shares	Income	Accumulation
B Shares	116.79p	233.83p

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 relative performance of our UK facing investments continues to be largely driven by an almost slavish adherence to Brexit sentiment and short term movements in Sterling. Hopefully, however, the current state of uncertainty will soon be addressed, at which point investors and the companies that we invest in can start to take a longer term view of corporate prospects. However, never has the phrase 'a day is a long time in politics' seemed more apposite. Consensus at the moment seems to be that we will leave with some sort of deal which would be good for Sterling and the UK centric stocks that we invest in and should start a period of capital investment 'catch up'. Whatever the Brexit outcome, Global trade remains a formidable short-term headwind and we expect a raft of earnings downgrades, particularly from industrials, as we get closer to the year end. As ever we expect this to present a number of attractive opportunities to add good quality stocks to our income portfolio.

At the stock level, we top sliced our holding in Ultra Electronics after a period of strong performance which then subsequently sold off. Flowtech, Senior and Hostelworld all detracted from performance in the month. Positive contributions were made by GVC, Rank, Sabre, Ashmore and Saga amongst others. We started to build a position in a new holding for the fund: Biffa, the waste management company. The uptick in corporate activity continued with an agreed cash offer for Low & Bonar. We expect the widely reported increase in overseas and private equity corporate activity to continue as UK companies remain attractive on a cash flow basis. We reiterate our hope that take-over valuations start to increase and ultimately more fully reflect long term prospects rather than short term disinterest.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	4.19	1.94	10.87	-5.26	23.28	45.83	123.18
Sector Rank	25/87	26/87	60/86	75/85	6/78	6/74	1/70
Quartile Ranking	2nd	2nd	3rd	4th	1st	1st	1st
IA UK Equity Income (%)	3.40	1.08	12.07	-0.14	14.52	32.04	71.95

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.09.2019

Discrete Annual Performance

	30.09.18 30.09.19	30.09.17 30.09.18	30.09.16 30.09.17	30.09.15 30.09.16	30.09.14 30.09.15
Fund (%)	-5.26	4.91	24.04	4.90	12.76
IA UK Equity Income (%)	-0.14	3.47	10.84	11.25	3.64

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.09.2019

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	1.50p	1.50p		

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

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30 September 2019

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	1.79
2. XP Power	Electronic & Electrical Equipment	1.77
3. TT Electronics	Electronic & Electrical Equipment	1.77
4. Marston's	Travel & Leisure	1.67
5. Rank Group	Travel & Leisure	1.64
6. Sabre Insurance Group	Nonlife Insurance	1.62
7. Ultra Electronics	Aerospace & Defence	1.61
8. Babcock International	Support Services	1.61
9. Ashmore	Financial Services	1.60
10. National Express	Travel & Leisure	1.59
11. Morgan Advanced Materials	Electronic & Electrical Equipment	1.54
12. Elementis	Chemicals	1.53
13. Crest Nicholson	Household Goods & Home Construction	1.50
14. Aggreko	Support Services	1.46
15. IMI	Industrial Engineering	1.46
16. Go-Ahead Group	Travel & Leisure	1.45
17. Hays	Support Services	1.44
18. Pennon Group	Utilities	1.44
19. DFS Furniture	General Retailers	1.43
20. Northgate	Support Services	1.42

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	28.28	23
£500m - £1bn	25.18	21
£250m - £500m	22.52	18
£100m - £250m	14.61	20
Below £100m	3.59	11
Cash and Income	5.82	-
Total	100.00	93

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. The contents of this document are intended for Professional Investors and Eligible Counterparties only. 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)345 305 4217.