

Monthly Fact Sheet 31 December 2019

Launch Date	4th December 2006
Fund Size	£737m
Historic Yield (%)*	4.47 (e)

Share Price (as at 31.12.19)

Shares	Income	Accumulation
B Shares	129.55p	262.75p

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

Domestic earners bounced strongly in reaction to the initial market euphoria over the election result but this was quickly tempered by a healthy dose of realism as the prospect of a 'no deal' exit, albeit in a different guise to before, was back on the table. Despite this there has been a notable pick up in business confidence that should translate into increased capital spending and an improved outlook for corporate UK. Whilst we await the details of the first budget for over a year, the backdrop of increased Government spending and rising real wages should add to the attraction of the UK economy and UK companies as a place to invest. Although there has been increased flows into UK equity funds recently, consensus estimates suggest that investors are still underweight the UK overall. We expect that continuing fears over global trade tariffs and rising tensions in the Middle East will continue to affect equity risk premiums.

In the last month we continued to invest our takeover proceeds whilst retaining a slightly higher than average cash weighting ahead of the election. We added to companies geared to the UK economy such as Bellway, Restaurant Group and N.Brown, overseas earners such as Vesuvius, Devro and Vitec and added one new holding, Keller. Looking forward we expect a volatile first quarter for company earnings and share prices as they reflect the slowdown in economic activity in the last few months of last year, and we have already seen this in the trading statements of some of the retailers and industrials. As we move through the first half, we will hopefully see an upward trend in earnings estimates amongst a meaningful cross section of domestic earners. If this is the case and fears over the progress of Brexit trade negotiations prove to hold back valuations then we fully expect private equity to continue to take a longer term view and continue on the acquisition trail for UK assets.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	6.43	12.37	24.59	24.59	32.83	62.29	132.74
Sector Rank	7/86	10/86	16/85	16/85	7/78	2/72	1/70
Quartile Ranking	1st	1st	1st	1st	1st	1st	1st
IA UK Equity Income (%)	3.92	7.18	20.12	20.12	19.82	38.46	78.88

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.12.2019

Discrete Annual Performance

	31.12.18 31.12.19	31.12.17 31.12.18	31.12.16 31.12.17	31.12.15 31.12.16	31.12.14 31.12.15
Fund (%)	24.59	-14.20	24.27	4.56	16.85
IA UK Equity Income (%)	20.12	-10.53	11.50	8.89	6.12

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.12.2019

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	1.99p (e)	5.79p (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

Rank	Holding	Sector	% of Portfolio
1.	Rank Group	Travel & Leisure	2.03
2.	XP Power	Electronic & Electrical Equipment	1.87
3.	Bellway	Household Goods & Home Construction	1.66
4.	Morgan Advanced Materials	Electronic & Electrical Equipment	1.61
5.	Elementis	Chemicals	1.58
6.	Babcock International	Support Services	1.57
7.	DFS Furniture	General Retailers	1.57
8.	FDM	Software & Computer Services	1.55
9.	Crest Nicholson	Household Goods & Home Construction	1.54
10.	Pennon Group	Utilities	1.53
11.	IMI	Industrial Engineering	1.51
12.	TT Electronics	Electronic & Electrical Equipment	1.48
13.	Hays	Support Services	1.48
14.	Marston's	Travel & Leisure	1.48
15.	Ultra Electronics	Aerospace & Defence	1.47
16.	National Express	Travel & Leisure	1.46
17.	Sabre Insurance Group	Nonlife Insurance	1.46
18.	Wincanton	Industrial Engineering	1.44
19.	Ashmore	Financial Services	1.41
20.	Synthomer	Chemicals	1.40

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	35.85	28
£500m - £1bn	20.46	18
£250m - £500m	21.91	19
£100m - £250m	11.57	16
Below £100m	3.66	12
Cash and Income	6.55	-
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.