



**CHELVERTON**  
ASSET MANAGEMENT

**Monthly Fact Sheet**  
**31 March 2020**

<b>Launch Date</b>	20th October 2014
<b>Fund Size</b>	£450m
<b>Historic Yield (%)*</b>	1.58

**Share Price** (as at 31.03.20)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	183.17p	193.52p

**Investment Objective and Policy**

The objective of the Fund is to achieve long-term capital growth by investing primarily in a portfolio of fully listed and AIM traded UK equities.

**Fund Managers**



**James Baker**

a history graduate from Cambridge University, has over 30 years of equity market experience on both buy and sell sides, specialising for all of his career in UK Small and Mid caps stock selection. He has

worked for several organisations over the years, but most notably spent 11 years from 1999 to 2011 as part of the ABN Amro, Small Mid cap sales team, which was consistently top ranked by Exel. Prior to joining Chelverton he worked as the Assistant fund manager on the Rathbone UK Recovery Fund.



**Edward Booth**

graduated from the London School of Economics with a degree in Economics with Economic History, and qualified as a Chartered Accountant at Deloitte, where he focused on

the Insurance sector. Prior to joining Chelverton, he worked as a Business Analyst for Barclays, focusing on a number of areas including Investment Bank Revenue and Group Capital performance.

\*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 Growth Fund**

**Monthly Manager Commentary**

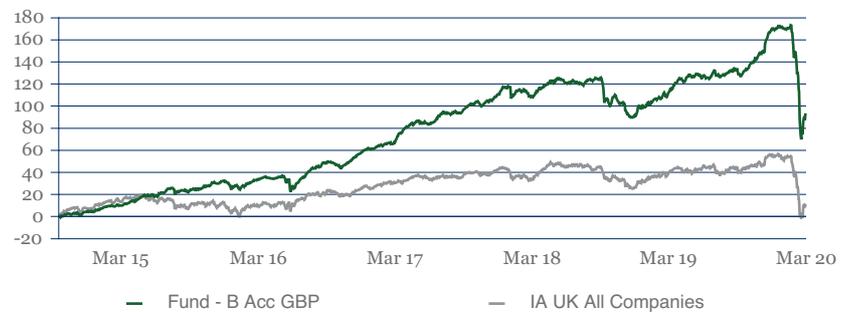
March saw a remorseless sell-off in the first 2 weeks, followed by a sharp bounce as the market took comfort from the scale of economic support from governments and central banks. However, in the last week, markets have resumed the downward trend as economic data starts to show the damage caused by the current societal lockdowns and the news from the US continues to worsen. As the month progressed, we've seen many management teams withdraw previously issued guidance until there is more clarity on the length of the lockdown and how it will affect them. Unlike previous economic downturns, many companies face the prospect of either zero or very limited revenue, meaning normally cash generative businesses with moderate levels of debt will see a rapid escalation in their liabilities as they fund their fixed cost bases. Therefore, we expect to see a high level of fundraisings around the market, as companies seek to re-equip their balance sheets.

Our worst performers in March were consumer stocks relying on customer footfall, like Rank Group and Ten Entertainment, and industrials exposed to global economic activity with relatively high levels of leverage, such as Elementis, Weir and RPS. These industrials all have strong business models and high levels of cash generation in a normal trading environment, but the higher leverage makes them more exposed if trading grinds to a halt over the coming months. However, in most cases, we would expect banks to relax debt covenants, as we've already seen at Elementis, and be accommodative through this difficult period. On an Enterprise value to sales multiple, these companies now look extremely cheap in anything resembling a normal economic environment in our view.

We have been adding to several holdings this month. We increased our Travis Perkins position as we would expect, given its exposure to the construction sector, for a quick rebound once the crisis is contained and the government pulls the fiscal lever to jump-start the economy. Also, we added to our holding in Aptitude, which has good structural growth dynamics as Finance departments need quicker access to better data and to cope with increasingly complex accounting regulations. Finally, we added to a number of our less correlated holdings like Augean and Equiniti, whose revenue should be less impacted by the current shut down.

The month end cash position was exceptionally high, reflecting cash receipts from an earlier takeover bid and some healthy inflows at the end of the month. These inflows coincided with the sharp rally in the market, which we didn't entirely trust, so we only made selective purchases where we could still see relative value. Funds are now being deployed, but we would still expect to maintain higher than normal cash balances. This will allow us to support holdings that need to raise funds to get through the current conditions and be able to take advantage of the eventual return to normal trading, whilst preventing the Fund from being diluted at discounted valuations. Furthermore, the cash position will allow us to take advantage of ongoing volatility in the market. We believe that, whatever the short-term performance is from here, in the long-term this sell-off represents a great opportunity to accumulate quality assets for longer term capital appreciation.

**Performance Since Launch (%)**



Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.03.2020

**Cumulative Performance**

	YTD	1 m	3 m	1 yr	3 yr	5 yrs	Since Launch
Fund (%)	-28.13	-20.64	-28.13	-8.02	15.89	75.86	93.52
Sector Rank	146/252	176/252	146/252	18/249	6/240	1/223	1/219
Quartile Ranking	3rd	3rd	3rd	1st	1st	1st	1st
IA UK All Companies (%)	-27.97	-18.58	-27.97	-19.16	-14.54	-1.54	11.53

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.03.2020

**Discrete Annual Performance**

	31.03.19	31.03.18	31.03.17	31.03.16	31.03.15
	31.03.20	31.03.19	31.03.18	31.03.17	31.03.16
Fund (%)	-8.02	0.70	25.12	25.05	21.34
IA UK All Companies (%)	-19.16	2.83	2.80	18.05	-2.40

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.03.2020

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**ACD**  
Maitland Institutional Services Limited

**Investment Advisor**  
Chelverton Asset Management Ltd

**Administrator**  
Maitland Institutional Services Limited

**Income Paid** Anually

**XD Dates** 31 December

**Valuation** 12 Noon

**Codes (B Shares)**

	Income	Accumulation
Sedol	BP85595	BP855B7
ISIN	GB00BP855954	GB00BP855B75

**Annual Management Fee (%)**

B Shares 0.75

**Minimum Investment**

B Shares £1,000

**Ongoing Charge (%)**

B Shares 0.91

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**FURTHER INFORMATION**

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**springcapital**

## MI Chelverton UK Equity Growth Fund

### Top 20 Holdings

Holding	Sector	% of Portfolio
1. Future plc	Media	2.2
2. dotDigital	Technology	2.1
3. Clinigen	Healthcare	2.0
4. Volution Group	Construction	1.9
5. CentralNic	Technology	1.8
6. Diversified Gas & Oil	Resources	1.8
7. Alliance Pharma	Healthcare	1.7
8. Gamesys Group	Consumer	1.6
9. Synthomer	Industrials	1.5
10. Renew Holdings	Support Services	1.5
11. QinetiQ	Aerospace & Defence	1.5
12. Morgan Advanced Materials	Industrials	1.4
13. Vitec Group	Media	1.4
14. Sthree	Support Services	1.4
15. Chemring	Aerospace & Defence	1.4
16. SDL	Technology	1.4
17. Euromoney Institutional Investor	Media	1.3
18. Liontrust Asset Management	Financials	1.3
19. Restore	Support Services	1.3
20. Codemasters	Consumer	1.3

Source: Chelverton Asset Management Limited

### Sector Breakdown

	% of Portfolio
Technology	19.6
Healthcare	11.3
Industrials	9.2
Consumer	8.7
Financials	8.6
Support Services	8.2
Construction	7.6
Media	7.1
Resources	4.2
Aerospace & Defence	3.5
Cash	12.0

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	8.5	10
£500m - £1bn	14.9	12
£250m - £500m	25.5	23
£100m - £250m	24.7	33
Below £100m	14.4	38
Cash and Income	12.0	N/A
<b>Total</b>	<b>100.0</b>	<b>116</b>

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.