

Monthly Fact Sheet

31 May 2020

| | |
|------------------------|-----------------|
| Launch Date | 4 December 2006 |
| Fund Size | £470m |
| Historic Yield* | 5.86% |

Share Price (as at 31.05.20)

| | | |
|---------------|---------------|---------------------|
| <i>Shares</i> | <i>Income</i> | <i>Accumulation</i> |
| B Shares | 88.67p | 183.19p |

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 trough for recent trading for those companies still 'open for business' was last month and May has seen a gradual improvement across the board as lockdown restrictions have been relaxed. Corporate guidance is largely still removed but company statements do generally appear to be better than the most gloomy forecasts initiated at the height of the uncertainty as lockdown began. On a relative basis, the domestic economy appears to be slightly behind the curve with respect to recovery, however, as other countries have relaxed restrictions earlier. The importance of 'consumption' to our economy has led to debate amongst commentators about the sustainability of recovery as fears have increased as to the magnitude of the anticipated rise in unemployment as furlough schemes end. Whilst personal savings appear to have risen through lockdown it remains to be seen whether or not consumer confidence is sufficient to kick start the housing and retail markets, particularly with respect to big ticket items. The 'bottom up' feedback is to expect companies to tread relatively carefully with respect to restarting their businesses and only gradually increase 'capacity' and thereby cost bases as they get tangible evidence of demand improvement. Hence the widespread debate about the shape of the bounce back in economic activity.

At the stock level, the deferral or cancellation of dividends has continued across all market cap bands of the UK equity market. With most domestic companies having December year ends, the annual dividend decision for most Boards occurred in March, the time of most uncertainty with respect to the effects of the virus. Looked at alongside the ability to accept government support, it is unsurprising that a wide range of our investments have felt the need to suspend short term dividend payments. We are currently looking to add stocks that are still paying dividends to our portfolio alongside those that we believe will be in a position to get back on the dividend register earlier than most. This is still very much a work in progress for us. Once again, in a volatile market, there were no real discernible trends to our best and worst performers. Consumer facing stocks Halfords and Marstons were two of our better performers whilst Rank was one of the worst. A couple of our fund managers, Ashmore and Jupiter, performed well and National Express and Go Ahead, two transport stocks, performed relatively poorly. With little 'hard' corporate news we expect increased share price volatility to continue for the foreseeable future as sentiment fluctuates between 'risk on' and 'risk off' on short term Covid related news stories.

Cumulative Performance

| | YTD | 1 m | 3 m | 1 yr | 3 yrs | 5 yrs | 7 yrs |
|-------------------------|--------|-------|--------|--------|--------|-------|-------|
| Fund (%) | -29.85 | 0.61 | -18.44 | -20.62 | -19.02 | -0.87 | 37.27 |
| Rank in sector | 82/86 | 60/87 | 84/87 | 78/86 | 59/81 | 35/74 | 13/73 |
| Quartile | 4th | 3rd | 4th | 4th | 3rd | 2nd | 1st |
| IA UK Equity Income (%) | -21.12 | 1.18 | -10.26 | -12.41 | -13.67 | -1.36 | 22.62 |

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.05.2020

Discrete Annual Performance (%)

| | 31.05.19 | 31.05.18 | 31.05.17 | 31.05.16 | 31.05.15 |
|-------------------------|----------|----------|----------|----------|----------|
| Fund (%) | 31.05.20 | 31.05.19 | 31.05.18 | 31.05.17 | 31.05.16 |
| | -20.62 | -8.30 | 11.25 | 22.34 | 0.05 |
| IA UK Equity Income (%) | -12.41 | -5.12 | 3.88 | 19.19 | -4.14 |

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.05.2020

Dividend History

| | Q1 | Q2 | Q3 | Q4 | Total |
|---------------|-------|-------|-------|-------|-------|
| 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 | 5.79p |
| 2020 B Income | 0.24p | | | | |

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

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31 May 2020

ACD
Maitland Institutional Services Limited

Investment Advisor
Chelverton Asset Management Limited

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

Dealing Line 0345 305 4217

Dealing Fax 0845 280 0188

FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

Tel +44 (0)20 3195 0076

Email chelverton@springcapitalpartners.com

Visit springcapitalpartners.com

springcapital

MI Chelverton UK Equity Income Fund

Top 20 Holdings

| Holding | Sector | % of Portfolio |
|-------------------------------|-------------------------------------|----------------|
| 1. Diversified Gas & Oil | Oil & Gas | 2.30 |
| 2. GVC Holdings | Travel & Leisure | 2.27 |
| 3. Chesnara | Life Insurance | 2.08 |
| 4. XP Power | Electronic & Electrical Equipment | 2.03 |
| 5. FDM | Software & Computer Services | 2.02 |
| 6. Sabre Insurance | Nonlife Insurance | 1.99 |
| 7. Ultra Electronics | Aerospace & Defence | 1.89 |
| 8. Ashmore | Financial Services | 1.84 |
| 9. Redde Northgate | Support Services | 1.82 |
| 10. Halfords | General Retailers | 1.80 |
| 11. Synthomer | Chemicals | 1.78 |
| 12. Strix | Electronic & Electrical Equipment | 1.77 |
| 13. Contourglobal | Utilities | 1.68 |
| 14. Morgan Advanced Materials | Electronic & Electrical Equipment | 1.64 |
| 15. Bloomsbury | Media | 1.62 |
| 16. Mortgage Advice Bureau | Financial Services | 1.57 |
| 17. Tate & Lyle | Food Producers | 1.53 |
| 18. Devro | Food Producers | 1.53 |
| 19. Crest Nicholson | Household Goods & Home Construction | 1.52 |
| 20. Babcock International | Aerospace & Defence | 1.52 |

Source: Chelverton Asset Management Limited

Market Cap Breakdown

| | % of Portfolio | No. of Stocks |
|-----------------|----------------|---------------|
| Above £1bn | 29.72 | 22 |
| £500m - £1bn | 17.92 | 13 |
| £250m - £500m | 28.16 | 23 |
| £100m - £250m | 12.20 | 16 |
| Below £100m | 7.65 | 18 |
| Cash and Income | 4.35 | - |
| Total | 100.00 | 92 |

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.