

Monthly Fact Sheet

30 June 2020

Launch Date	4 December 2006
Fund Size	£457m
Historic Yield*	4.83%

Share Price (as at 30.06.20)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	88.60p	183.06p

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 fiscal stimulus continues with the 'plan for jobs' which, whilst welcome, largely comprised of a set of measures that had already been well flagged in the press and are mostly short term in nature. Obviously, the preservation and creation of 'good jobs' is a key factor in determining the shape of recovery, but in an economy with a heavy bias towards domestic consumption it is important that those earning actually go out and spend. The recent re-opening of a lot of the 'consumer' economy will give us a much better insight into the nation's propensity to spend rather than save over the next few months. From a stock perspective, the crisis has highlighted the need for a lot of our consumer-facing companies to move away from excessive fixed costs to a much more variable cost base; witness the current debate about rents, for example. We are obviously disappointed with current levels of dividend income from a lot of our investee stocks but understand that a lot of dividend decisions were taken at the height of the crisis, when economic uncertainty was at its height and that taking government support essentially precludes dividend payments in the short term. This is reflected in the most recent quarter-end dividend declaration. We will have a clearer picture as to the extent and timing of the resumption of dividend payments as furlough ends and the economy starts to recover. Our 'work in progress', applying our long-standing investment process to find new investments to improve our income account, continues.

After a strong start to the month driven by an easing of lockdowns globally and a 'roadmap' domestically, the early gains were lost as the month progressed and sentiment turned against 'value' stocks. As a generalisation these companies tend to be more economically sensitive than tech stocks, for example, and suffer accordingly as economic uncertainty rises. Unfortunately for us, the valuation gap between growth and value has continued to increase. At the stock level, once again there was little commonality in the stocks that performed relatively well for us, such as XP Power, a power supply designer and manufacturer, Polar Capital, a fund management company and SThree, an economically sensitive recruitment business. The same was true with our poorer performers, including Crest Nicholson, a house builder, Babcock, a defence contractor, and Halfords, the retailer. We are still in an environment where companies are giving little or no earnings guidance to analysts and this has led to, we believe, increased 'inefficiencies' in valuations within our investible universe. Historically one way this has been corrected is through investment from the deep pockets of private equity, but they have been notable by their absence since lockdown began. It will be interesting to see as 'face to face' meetings are back on the agenda and as earnings momentum starts to turn whether this will continue to be the case.

Cumulative Performance

	YTD	1 m	3 m	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-30.33	-0.68	13.40	-20.19	-17.50	0.37	38.11
Rank in sector	86/86	82/87	10/87	77/86	67/82	48/74	24/73
Quartile	4th	4th	1st	4th	4th	3rd	2nd
IA UK Equity Income (%)	-20.37	0.95	10.96	-13.73	-10.74	4.75	28.12

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.06.2020

Discrete Annual Performance (%)

	30.06.19 30.06.20	30.06.18 30.06.19	30.06.17 30.06.18	30.06.16 30.06.17	30.06.15 30.06.16
Fund (%)	-20.19	-9.20	13.84	35.31	-10.09
IA UK Equity Income (%)	-13.73	-2.52	6.15	19.37	-1.70

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.06.2020

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	0.55p			

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 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

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FURTHER INFORMATION

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MI Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. FDM	Software & Computer Services	2.21
2. GVC Holdings	Travel & Leisure	2.18
3. Diversified Gas & Oil	Oil & Gas	2.09
4. Sabre Insurance	Nonlife Insurance	2.09
5. Ultra Electronics	Aerospace & Defence	1.95
6. Contourglobal	Utilities	1.94
7. Chesnara	Life Insurance	1.91
8. XP Power	Electronic & Electrical Equipment	1.90
9. Ashmore	Financial Services	1.82
10. Strix	Electronic & Electrical Equipment	1.65
11. Redde Northgate	Support Services	1.63
12. Synthomer	Chemicals	1.58
13. Mortgage Advice Bureau	Financial Services	1.56
14. Bloomsbury	Media	1.55
15. Tate & Lyle	Food Producers	1.55
16. Halfords	General Retailers	1.53
17. TT Electronics	Electronic & Electrical Equipment	1.50
18. Tyman	Construction & Materials	1.49
19. Devro	Food Producers	1.47
20. SThree	Support Services	1.47

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	32.73	24
£500m - £1bn	14.15	11
£250m - £500m	27.75	24
£100m - £250m	13.43	18
Below £100m	7.50	16
Cash and Income	4.44	-
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.