

Monthly Fact Sheet

31 July 2020

Launch Date	4 December 2006
Fund Size	£419m
Historic Yield*	4.94%

Share Price (as at 31.07.20)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	86.53p	179.90p

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 last month saw a number of companies start to make dividend decisions on a more 'informed' basis with respect to their business prospects. Since the start of the crisis, many Boards have understandably assumed the worst and, at the time of most uncertainty, made decisions based on extremely bearish 'what if' scenarios. The old stock market adage of 'under promise and over deliver' was never more prevalent, as economically sensitive 'value' stocks removed earnings guidance 'en masse' and analysts 'low-balled' estimates. As economies have opened up and trading has resumed, a number of management teams have had the confidence to reinstate profit guidance. We believe that the gradual reintroduction of guidance will highlight a wide range of attractive valuations in our investible universe and will play a key part in addressing the recent performance imbalance between 'value' and 'growth' stocks. We recognise however that it will still be some time before a lot of domestic cyclical can do this. Whilst interim dividends for December year end companies are still thin on the ground, an increasing number of stocks have indicated that they will look to pay a final next year if there is no further deterioration in outlook. The question then is at what level dividends will resume and this is something that we are currently focussed upon.

Pleasingly, a number of stocks have just announced 'catch up' dividends that were not generally expected. Severfield had deferred their final dividend in mid-June but reinstated it at the end of July as confidence in their outlook had improved sufficiently to do so. IMI also paid a deferred final dividend alongside their interim dividend at the same time as reinstating earnings guidance and was amongst our best performers in the month. Other strong performers were Ultra Electronics, that did the same, XP Power, who also returned to the dividend list, and Strix. Bloomsbury announced a good set of results and a scrip rather than cash dividend. There was no discernible trend amongst our poorer performers which included Go Ahead, Senior and Morgan Advanced Materials. We sold our holding in Weir into share price strength and started a holding in another industrial, Bodycote, that had announced a 'catch up' dividend. Another new addition to the portfolio was Paypoint and we continue to look for new investments that can immediately add to our income account, whilst having attractive capital upside.

Cumulative Performance

	YTD	1 m	3 m	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-31.53	-1.73	-1.80	-21.42	-21.53	-2.48	26.81
Rank in sector	81/86	18/87	57/87	62/86	69/82	39/74	23/73
Quartile	4th	1st	3rd	3rd	4th	3rd	2nd
IA UK Equity Income (%)	-22.76	-3.00	-0.93	-17.37	-13.78	-0.13	17.05

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.07.2020

Discrete Annual Performance (%)

	31.07.19	31.07.18	31.07.17	31.07.16	31.07.15
	31.07.20	31.07.19	31.07.18	31.07.17	31.07.16
Fund (%)	-21.42	-8.51	9.15	28.37	-3.19
IA UK Equity Income (%)	-17.37	-1.82	6.28	13.40	2.14

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.07.2020

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

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

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MI Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Ultra Electronics	Aerospace & Defence	2.50
2. Sabre Insurance	Nonlife Insurance	2.48
3. FDM	Software & Computer Services	2.39
4. Diversified Gas & Oil	Oil & Gas	2.32
5. XP Power	Electronic & Electrical Equipment	2.26
6. Contourglobal	Utilities	2.26
7. Chesnara	Life Insurance	2.06
8. Strix	Electronic & Electrical Equipment	1.97
9. Ashmore	Financial Services	1.89
10. Synthomer	Chemicals	1.74
11. Bloomsbury	Media	1.72
12. Mortgage Advice Bureau	Financial Services	1.72
13. Tate & Lyle	Food Producers	1.66
14. Devro	Food Producers	1.62
15. Redde Northgate	Support Services	1.52
16. IMI	Industrial Engineering	1.50
17. TT Electronics	Electronic & Electrical Equipment	1.47
18. Polar Capital Holdings	Financial Services	1.46
19. Close Brothers Group	Banks	1.46
20. Phoenix Group	Life Insurance	1.45

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	32.40	25
£500m - £1bn	12.45	8
£250m - £500m	29.84	27
£100m - £250m	14.48	18
Below £100m	7.40	17
Cash and Income	3.43	-
Total	100.00	95

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.