

Monthly Fact Sheet

31 August 2020

Launch Date	4 December 2006
Fund Size	£429m
Historic Yield*	4.72%

Share Price (as at 31.08.20)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	90.53p	188.22p

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

Our short term performance continues to be driven by 'growth' versus 'value' sentiment in the market and, as more companies appear to be trading better than the most bearish 'guesstimates', we are starting to see a bit more commentary on the valuation gap between the two. Uncertainty persists for a lot of companies however as to how much of the trading pick up in the last couple of months is 'catch up' and how much is sustainable. We believe that investors will stop paying higher and higher multiples for certainty of growth when there is increasing evidence of a more broadly based upturn. One particularly interesting aspect of recovery is the scope for productivity improvements as business levels 'normalise', which in some instances is considerable, and we are looking for companies that will emerge from the crisis in improved competitive positions. On the dividend front there were no real surprises in the last month, good or bad. One thing we have noted in a couple of instances is a slight shift in the boardroom dynamic towards the Finance Director with respect to dividend discussions, who necessarily tends to be more cautious. We expect this to unwind as trading gradually improves and Boards have a better feeling for ongoing levels of business activity.

There was no real discernible trend amongst our best and worst performers last month. Two of our contracting companies, Morgan Sindall and Keller, were strong but the former is essentially a UK focussed business and the latter is a global business. XP Power captured some of the 'tech' euphoria whilst Marstons and Restaurant Group, two domestic cyclical, performed well. Wood Group benefitted as it beat "worst case" scenarios and Provident Financial found buyers as belief grew that the company would come out of the crisis as a stronger business as competitors withdraw from its marketplace. On the downside, STV performed poorly over fears about advertising revenues which now seem overdone and RM fell as uncertainties over school openings continued. One of our holdings, Saga, announced a fund raising at a premium to the market price, partly underwritten by a former owner of the business. Interestingly, the board also announced that they had turned down an indicative offer for the group from private equity. We have stated previously that we believe that the reintroduction of company guidance will help our underlying share prices, but it is currently a slow process. A couple more hostile takeover approaches would act as a catalyst to bring the whole process forward.

Cumulative Performance

	YTD	1 m	3 m	1 yr	3 yrs	5 yrs	10 yrs
Fund (%)	-28.36	4.63	2.12	-16.13	-18.84	3.40	142.46
Rank in sector	78/86	2/87	15/87	63/86	65/82	41/74	2/60
Quartile	4th	1st	1st	3rd	4th	3rd	1st
IA UK Equity Income (%)	-21.11	2.13	0.01	-12.58	-12.46	6.46	78.32

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.08.2020

Discrete Annual Performance (%)

	31.08.19	31.08.18	31.08.17	31.08.16	31.08.15
	31.08.20	31.08.19	31.08.18	31.08.17	31.08.16
Fund (%)	-16.13	-10.46	8.07	22.41	4.08
IA UK Equity Income (%)	-12.58	-3.76	4.05	10.97	9.59

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.08.2020

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 0.89

*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. Diversified Gas & Oil	Oil & Gas	2.56
2. FDM	Software & Computer Services	2.29
3. Contourglobal	Utilities	2.24
4. Sabre Insurance	Nonlife Insurance	2.19
5. Chesnara	Life Insurance	2.13
6. Ultra Electronics	Aerospace & Defence	2.12
7. Strix	Electronic & Electrical Equipment	2.07
8. Ashmore	Financial Services	1.96
9. Mortgage Advice Bureau	Financial Services	1.86
10. Devro	Food Producers	1.78
11. Bloomsbury	Media	1.75
12. Redde Northgate	Support Services	1.71
13. Tate & Lyle	Food Producers	1.67
14. Synthomer	Chemicals	1.63
15. XP Power	Electronic & Electrical Equipment	1.61
16. Polar Capital Holdings	Financial Services	1.57
17. TT Electronics	Electronic & Electrical Equipment	1.49
18. Halfords	General Retailers	1.49
19. Phoenix Group	Life Insurance	1.46
20. Close Brothers Group	Banks	1.43

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	31.97	25
£500m - £1bn	15.68	12
£250m - £500m	28.32	23
£100m - £250m	14.36	18
Below £100m	6.46	17
Cash and Income	3.21	-
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.