

Monthly Fact Sheet

30 November 2020

Launch Date	4 December 2006
Fund Size	£441m
Historic Yield*	3.69%

Share Price (as at 30.11.20)

Shares	Income	Accumulation
B Shares	101.38p	213.13p

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 boost given to 'value' stocks by the announcements of viable Covid vaccines continued through the month and importantly it was across all market cap bands because for the bounce to be sustained, fund flows need to be directed to large cap 'value' as well as small and mid-caps. Looking at the valuations of companies within the portfolio, we believe there are a number of bottom-up factors that should help a relative re-rating of the types of stocks that we invest in. A gradual improvement in underlying trading and increased corporate confidence should lead to more earnings guidance and encourage a shift from short term momentum driven share price moves to a more tangible basis of valuation. As visibility over cash flows gradually improves more Boards should feel more able to start paying dividends again. Around the Board table there will be a lot of discussion about the timing of the resumption of payments and the level at which to resume payments. Inevitably there will be some surprises, both positive and negative, and as income managers we obviously anticipate an increased level of engagement with company Directors with respect to these payments.

In the last month at the stock level there was no discernible theme to either our best or worst performers. Elementis responded strongly to a takeover approach from Mineral Technologies who have subsequently come back with indications of a higher offer which has been deemed inadequate by the Board. Headlam released a positive trading update leading to analyst upgrades, Wood Group was buoyed by the increase in the oil price and Epwin by the improving domestic building and RMI markets. On the other hand, the relatively poor performers over the month included Signature Aviation after a trading statement, XPS Pensions, Personal Group and Moneysupermarket. In terms of trading, we have used recent share price strength to reduce exposure to stocks that we believe are some way away from returning to previous levels of dividend such as Senior, Halfords and Crest Nicholson and reinvested for an income uplift into companies such as Devro, Smart Metering Systems and Telecom Plus. Needless to say, this income management is very much an ongoing process and will be helped as the capital values of some of our more oversold stocks rebound.

Cumulative Performance

	1 m	3 m	1 yr	3 yrs	5 yrs	10 yrs
Fund (%)	16.24	13.23	-13.67	-10.82	15.13	147.94
Rank in sector	33/86	12/86	61/85	57/82	30/75	1/60
Quartile	2nd	1st	3rd	3rd	2nd	1st
IA UK Equity Income (%)	15.71	8.93	-10.70	-5.40	11.64	80.80

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.11.2020

Calendar Year Performance (%)

	YTD	2019	2018	2017	2016	2015
Fund	-18.89	24.59	-14.20	24.27	4.56	16.85
IA Sector (%)	-14.07	20.12	-10.53	11.50	8.89	6.12

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.11.2020

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	0.97p		

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	2.47
2. Sabre Insurance	Nonlife Insurance	2.07
3. Contourglobal	Utilities	2.06
4. Redde Northgate	Support Services	2.01
5. Bloomsbury	Media	1.98
6. Chesnara	Life Insurance	1.93
7. Ashmore	Financial Services	1.93
8. FDM	Software & Computer Services	1.88
9. Close Brothers Group	Banks	1.79
10. Polar Capital Holdings	Financial Services	1.79
11. Strix	Electronic & Electrical Equipment	1.78
12. Synthomer	Chemicals	1.71
13. Mortgage Advice Bureau	Financial Services	1.67
14. Halfords	General Retailers	1.65
15. Devro	Food Producers	1.58
16. Phoenix Group	Life Insurance	1.54
17. Tate & Lyle	Food Producers	1.53
18. Headlam	Household Goods & Home Construction	1.49
19. Tyman	Construction & Materials	1.46
20. STV Group	Media	1.42

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	31.40	24
£500m - £1bn	23.83	19
£250m - £500m	21.86	19
£100m - £250m	14.96	18
Below £100m	4.20	11
Cash and Income	3.75	-
Total	100.00	91

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.