

Monthly Fact Sheet

31 December 2020

Launch Date	4 December 2006
Fund Size	£461m
Historic Yield*	2.30% (e)

Share Price (as at 31.12.20)

Shares	Income	Accumulation
B Shares	106.93p	224.79p

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

December was dominated by the ever-changing posturing surrounding a deal or no deal trade agreement with the EU as the timetable was extended. It was ultimately resolved as an agreement was signed just before the year end to the general relief of financial markets. Whilst we view this as good news for sterling and for domestic equities, there will inevitably be scare stories over the coming months as companies adapt to a myriad of new rules and regulations with respect to imports and exports, particularly as UK ports are already under strain from issues relating to the pandemic. In spite of this, the consensus amongst analysts is that stock levels were increased ahead of the trade deal deadline which should help to alleviate any supply shortages in the short term. In the middle of the month, a new more virulent strain of the virus led to the government implementing more restrictive measures culminating in a new national lockdown. Taken in context with the ramp up in the vaccination programme, the net effect on the equity market has been broadly neutral as investors seem to be prepared to look through the immediate problems to a strong economic recovery later this year and into next. One of the key drivers of this for the UK economy is expected to be a reduction in the relatively high savings ratio with the consumer 'bounce' at the end of the first lockdown providing a very relevant comparison.

Whilst we agree with recovery story, we are also cognisant of the fact that some dividends will take slightly longer to get back to previous levels because there will inevitably be a period of catch up as payments mostly reflect historic levels of activity. As income managers, we are actively rebuilding our total dividend and shifting some of our investment away from slow payers into stocks that are able to pay good levels of income early remains part of that process. At the portfolio level, our best performer was Signature Aviation which was the subject of a takeover approach and we do expect to see a pick up in UK focussed corporate activity generally given current levels of valuation and the removal of the Brexit uncertainty. Marstons rose as it announced a deal to operate a chain of pubs in Wales, Redde issued reassuring results and Polar Capital was buoyed by an acquisition. Relatively poor performers included Devro, RPS and Strix. Looking forward as 'value' investors an improving macro environment is a positive for us and at the same time we should benefit as increasing levels of dividend payments by companies are reflected in share prices.

Cumulative Performance

	1 m	3 m	1 yr	3 yrs	5 yrs	10 yrs
Fund (%)	5.47	22.93	-14.45	-8.55	18.82	142.65
Rank in sector	9/86	13/86	67/85	56/82	32/75	2/60
Quartile	1st	1st	4th	3rd	2nd	1st
IA UK Equity Income (%)	3.68	15.62	-10.91	-4.26	16.24	76.86

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.12.2020

Calendar Year Performance (%)

	2020	2019	2018	2017	2016	2015
Fund	-14.45	24.59	-14.20	24.27	4.56	16.85
IA Sector (%)	-10.91	20.12	-10.53	11.50	8.89	6.12

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.12.2020

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	0.70p(e)	2.46(e)

History of dividends declared per share. Source: Chelverton Asset Management Limited (e) is estimated

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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	2.46
2. Bloomsbury	Media	2.18
3. Sabre Insurance	Nonlife Insurance	2.15
4. Contourglobal	Utilities	2.12
5. Redde Northgate	Support Services	2.11
6. Chesnara	Life Insurance	2.04
7. Polar Capital Holdings	Financial Services	2.01
8. FDM	Software & Computer Services	1.96
9. Ashmore	Financial Services	1.88
10. Mortgage Advice Bureau	Financial Services	1.84
11. Close Brothers Group	Banks	1.81
12. Strix	Electronic & Electrical Equipment	1.57
13. Synthomer	Chemicals	1.55
14. Tate & Lyle	Food Producers	1.53
15. Devro	Food Producers	1.52
16. Tyman	Construction & Materials	1.46
17. STV Group	Media	1.46
18. Drax Group	Utilities	1.42
19. Headlam	Household Goods & Home Construction	1.41
20. Jupiter Fund Management	Financial Services	1.39

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	30.82	25
£500m - £1bn	25.76	21
£250m - £500m	20.54	19
£100m - £250m	13.18	14
Below £100m	4.61	12
Cash and Income	5.09	-
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.