

Monthly Fact Sheet

31 October 2023

Launch Date	4 December 2006
Fund Size	£284m
Historic Yield	6.53% (e)

The historic yield reflects distributions over the past 12 months as a percentage of the 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.

Share Price (as at 31.10.23)

Shares	Income	Accumulation
B Shares	89.34p	218.06p

SEDOL Codes

	Income	Accumulation
Sedol	B1FD646	B1Y9J57
ISIN	GB00B1FD6467	GB00B1Y9J570

Income Paid	Quarterly
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XD Dates	31 March, 30 June, 30 September, 31 December
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Valuation	12 Noon, Daily
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Initial Charge (%)	5.0*
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Annual Management Fee (%)	0.75
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Minimum Investment	£1,000
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Ongoing Charge (%)	0.90
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Charges are for B share class.

*or any such lower amount agreed with the ACD

ACD

Apex Fundrock Ltd

Investment Advisor

Chelverton Asset Management Limited

Administrator

Apex Fundrock Ltd

Dealing Details

Dealing Line	0345 305 4217
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Dealing Fax	0845 280 0188
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MI Chelverton UK Equity Income Fund

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.

Monthly Manager Commentary

Sentiment in equity markets continues to be driven by macro newsflow, with particularly strong September US non-farm payroll data contributing to US long bond yields, a key foundation for valuing assets across the world, moving to their highest levels in 15 years. This, combined with the outbreak of conflict in the Middle-East has further reduced investor appetite for risk assets, resulting in a difficult month for mid and smallcap equities. While UK equities remain out of favour and redemptions across the market continue to put pressure on valuations, there are an increasing number of data points which suggest the UK economy is proving to be more resilient than forecasters initially feared. For the first time in recent history, UK household balance sheets are in a net cash position, with savers benefitting from the higher interest rate environment. This, combined with a return to real wage growth gives some comfort that consumer spending can be maintained. Since Q2 2022, UK GDP data has consistently come in in-line or ahead of analyst expectations, with the recent Q3'23 data being no exception. The impact of the BoE's rapid interest rate hikes are still feeding their way into the economy, so we are not out of the woods yet, however any improvement in sentiment towards the UK and subsequent improvement in flows into UK equities would help lift valuations from their current lows.

At the portfolio level, the majority of company updates continue to be in-line. XPS Pensions released a positive trading update with demand for pension services continuing to grow and the business benefitting from inflation linkage in its contracts. MoneySupermarket was also strong, led by high levels of switching in both car and home insurance, while Telecom Plus and Smiths News both delivered reassuring updates. On the downside, XP Power was weak in the month as weaker end markets have resulted in some customers deferring orders into 2024. Lower profitability, combined with higher than expected working capital and capex requirements resulted in the group requiring a share placing at the beginning of November, although encouragingly, this was achieved at a small premium to the market price at the time. Bid activity across the market remains high, usually a tell-tale sign that valuations are low. Within the period we saw a recommended cash offer for Restaurant Group at 65p from private equity firm Apollo. Interestingly the shares continue to trade higher than the 65p offer price as investors price in the potential for a competing offer. From a trading perspective we continue to top slice holdings where recent good performance means we can rotate into higher yielding opportunities. In the month we reduced our holdings in Morgan Sindall, Sabre Insurance and Wilmington and added to Paragon and Mattioli Woods.

Cumulative Performance

	1 m	3 m	1 yr	3 yrs	5 yrs	10 yrs
Fund (%)	-5.64	-9.11	-0.31	18.93	-4.68	40.49
Rank in sector	60/70	69/70	64/70	59/67	63/66	42/57
Quartile	4th	4th	4th	4th	4th	3rd
IA UK Equity Income (%)	-4.40	-4.77	4.57	35.90	14.21	48.25

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.10.2023

Calendar Year Performance (%)

	YTD	2022	2021	2020	2019	2018
Fund	-9.98	-12.16	22.68	-14.45	24.59	-14.20
IA Sector (%)	-2.11	-2.18	18.30	-10.91	20.12	-10.53

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.10.2023

Dividend History

		Q1	Q2	Q3	Q4	Total
2019	B Income	0.80p	1.50p	1.50p	1.99p	5.79p
2020	B Income	0.24p	0.55p	0.97p	0.70p	2.46p
2021	B Income	0.65p	1.64p	1.56p	0.95p	4.80p
2022	B Income	0.79p	2.30p	1.55p	1.07p	5.71p
2023	B Income	0.94p	2.08p	1.75p (e)		

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

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31 October 2023

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.



Oliver Knott joined Chelverton Asset Management in January 2020 as an Assistant Fund Manager. He has extensive experience in UK small and mid cap equities having joined Brewin Dolphin as a generalist salesman after

graduating from the University of Essex with a 1st class honours degree in Politics, Philosophy and Economics. Prior to joining Chelverton, he worked as an equity analyst for N+1 Singer, in their highly respected technology research franchise. Oliver is a CFA Charterholder.

FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

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MI Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Redde Northgate	Industrial Transportation	3.47
2. Chesnara	Life Insurance	3.18
3. XPS Pensions Group	Investment Banking & Brokerage Services	2.87
4. Telecom Plus	Telecommunications Service Providers	2.69
5. Keller Group	Construction & Materials	2.57
6. Moneysupermarket.com	Software & Computer Services	2.28
7. Vesuvius	Industrial Engineering	2.20
8. Diversified Energy	Oil, Gas & Coal	2.03
9. Severfield	Construction & Materials	2.00
10. Bakkavor Group	Food Producers	1.93
11. PayPoint	Industrial Support Services	1.90
12. Polar Capital Holdings	Investment Banking & Brokerage Services	1.78
13. Dunelm	Retailers	1.73
14. Rathbones	Investment Banking & Brokerage Services	1.71
15. Morgan Sindall	Construction & Materials	1.65
16. Wilmington	Media	1.63
17. Sabre Insurance Group	Non-life Insurance	1.60
18. Close Brothers	Banks	1.58
19. ICG	Investment Banking & Brokerage Services	1.51
20. FDM	Industrial Support Services	1.48

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	29.85	22
£500m - £1bn	19.98	14
£250m - £500m	27.06	20
£100m - £250m	12.23	17
Below £100m	7.50	13
Cash and Income	3.38	-
Total	100.00	86

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. Fund performance figures are net of the ongoing charges and portfolio transaction costs unless otherwise stated. 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. Apex Fundrock Ltd 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. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.