

Monthly Fact Sheet 30 June 2016

Launch Date	4th December 2006
Fund Size	£392.8m
Historic Yield (%)*	5.42

Share Price (as at 30.06.16)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	95.48p	163.99p



Fund Managers



David Horner

qualified as a chartered accountant in 1984 with Touche Ross & Co before joining 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.

Source & Copyright: CITYWIRE. David Horner & David Taylor are A rated by Citywire for their 3 year risk adjusted performance for the period 30/06/2013 - 30/06/2016.

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

Last month was all about the vote and the ramifications for both the economic and political landscape as a result of the 'leave' majority. As managers we have traded through times of great change before, and although 'Brexit' is by definition a 'one off', our response has remained consistent with those at other times of heightened market uncertainty. In the first instance we raised our cash position, selling Premier Farnell, Wireless Group, both after bids, and Kcom to take our cash weighting from three per cent to just over five to cover any immediate fund outflows. With severe downward pressure on the prices of domestic earners and a massive tailwind behind foreign earners short term price moves were exaggerated and we waited for a period of relative calm, evidenced by cash flow yields finally supporting the prices of some of the 'fallers'. This was helped greatly by a quicker end to the political 'vacuum' than had been anticipated. We are now in the third phase of our post 'Brexit' process where we are looking to sell down some of our stocks that we believe have held up relatively too well and are reinvesting in some of the fallers and new ideas. Significantly for us whilst this will probably give us a small yield pick up we are primarily looking to rebuild capital, whilst remaining within the parameters of our investment process.

In terms of portfolio positioning we did not try to 'call' the outcome but we went into the vote with a relatively balanced portfolio. This meant that as a UK small and mid cap fund we were inevitably 'UK centric' with respect to the underlying turnover of our investee companies, and it was the most domestic of these that were sold off most heavily after the vote. Housebuilders such as Galliford Try and Bovis, Estate Agents such as Foxtons, Recruitment stocks such as Matchtech, and retailers such as DFS all fell dramatically as they were easy targets for the short side of 'Brexit' basket trades. In addition there was a profit warning from Brammer which highlighted a slowdown in the domestic economy. We do expect this to be a theme for a couple of months as UK economic activity had definitely slowed ahead of the vote and this will have continued. Commentators are currently busy doing their sums with respect to the outlook for GDP growth but we believe that there are just too many 'unknowns' for us to be able to get a real handle on this for some time, although it is wholly reasonable that expectations have been revised down. With the fall in sterling providing respite to the market overall the question for us is how attractive currently are small and mid cap relative valuations. Ultimately, as an investor looking for an 'entry point' you cannot argue with cash flow yields and there now appear to be a number of 'oversold' opportunities that we can take advantage of.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-11.85	-12.30	-13.32	-10.09	23.72	70.97	192.68
Sector Rank	81/81	81/81	80/81	73/79	23/75	2/66	2/61
Quartile Ranking	4th	4th	4th	4th	2nd	1st	1st
IA UK Equity Income (%)	-2.71	-1.42	-2.86	-2.24	19.30	42.15	107.37

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.06.2016

Discrete Annual Performance

	30.06.15	30.06.14	30.06.13	30.06.12	30.06.11
Fund (%)	-10.09	11.53	23.38	40.21	-1.44

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.06.2016

Dividend History

		Q1	Q2	Q3	Q4	Total
2013	B Inc	0.69p	1.00p	1.00p	2.12p	4.81p
2014	B Inc	0.70p	1.05p	1.05p	2.09p	4.89p
2015	B Inc	0.72p	1.15p	1.15p	2.08p	5.10p
2016	B Inc	0.75p	1.20p			

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 Ltd

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

* 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. Ashmore	Investment Companies	2.34
2. Phoenix Group	Investment Companies	1.95
3. Dairy Crest Group	Consumer Goods	1.66
4. RWS Holdings	Support Services	1.62
5. Cobham	Aerospace & Defence	1.58
6. Pennon Group	Water	1.53
7. Connect Group	Industrials	1.49
8. Galliford Try	Construction & Building Materials	1.44
9. Segro	Real Estate	1.40
10. Beazley	Insurance	1.39
11. Marston's	Leisure, Entertainment & Hotels	1.37
12. Hilton Food Group	Food Producers & Processors	1.35
13. DS Smith	Packaging	1.35
14. Victrex	Chemicals	1.34
15. Atkins (WS)	Engineering & Machinery	1.32
16. Hill & Smith Holdings	Construction & Building Materials	1.30
17. Fidessa Group	Software & Computer Services	1.30
18. Greene King	Beverages	1.29
19. National Express	Transport	1.26
20. UBM	Media & Photography	1.26

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	27.0	21
£500m - £1bn	16.9	15
£250m - £500m	24.2	23
£100m - £250m	18.4	20
Below £100m	6.2	12
Cash and Income	7.3	-
Total	100.0	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. 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 pfsenquiries@phoenixfundservices.com or call +44 (0) 1245 459 962.