

Monthly Fact Sheet 31 July 2016

Launch Date	4th December 2006
Fund Size	£430.2m
Historic Yield (%)*	5.04

Share Price (as at 31.07.16)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	102.75p	178.61p



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 31/07/2013 - 31/07/2016.

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

In the past month the UK equity market has proved to be remarkably resilient in the face of the shock of the referendum result. Whilst a significant number of large caps have been buoyed by currency driven earnings upgrades the pleasing aspect of the last month for us has been the increase in the prices of small and mid caps. It is still the case however that a number of our 'Brexit' sensitive stocks, predominately housebuilders, estate agents and retailers are still trading at levels substantially below those immediately prior to the vote. This reflects fears that the general macro uncertainty will reduce the volume of housing transactions and retailers may have to absorb some of the inevitable price inflation on imported goods if consumer confidence remains fragile. It is interesting to note that six weeks after the vote commentators now appear to be discussing the extent to which domestic GDP forecasts will have to be reduced rather than how deep the recession will be. As we are meeting company directors over the interim results season it is too early to relate any feedback on the 'real' effects of 'Brexit', no one currently knows. What is important to the corporate sector however, is that there is no liquidity crisis, balance sheets are generally strong and there is a period of two years after Article 50 is invoked that should at least provide some sort of status quo.

The uplift in the price of the fund was driven by a number of factors. As the worst fears of investors with respect to the consequences of the vote subsided there was an inevitable bounce in the price of some of our worst hit 'Brexit' stocks such as housebuilders and retailers and we expect these stocks to remain relatively volatile in the short term. We also had a number of stocks that performed well after releasing positive results including RM Group, FDM and Fidessa. McColls also contributed strongly as it purchased 288 stores from the Co Op, and we added to our holding as they issued stock to raise money as part of the purchase price. There was no real 'theme' to the underperformers which included Centaur Media, Epwin and Go Ahead. We added to a number of existing holdings after the sell off. We bought DFS and Restaurant Group on the basis of very attractive cash flow yields and added to Greene King and Marston's which had performed poorly but which we believe have extremely resilient 'low ticket' business models. After the fall in the previous month we are looking to rebuild the capital value in the portfolio as quickly as is practically possible. An important source of reassurance in the last month has been the number of companies reporting robust results but the key for us remains domestic earners closing the relatively wide valuation gap with the recently upgraded overseas earners.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	8.92	-2.90	-5.59	-3.19	25.90	86.27	216.68
Sector Rank	1/80	79/80	74/80	67/78	11/74	1/65	1/60
Quartile Ranking	1st	4th	4th	4th	1st	1st	1st
IA UK Equity Income (%)	5.60	4.13	2.64	1.56	18.74	52.12	107.32

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.07.2016

Discrete Annual Performance

	31.07.15 31.07.16	31.07.14 31.07.15	31.07.13 31.07.14	31.07.12 31.07.13	31.07.11 31.07.12
Fund (%)	-3.19	14.37	13.70	45.90	1.41

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.07.2016

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	2.08	5.10p
2016	B Inc	0.75p	1.20p			1.95p

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	2.50
2. Phoenix Group	Investment Companies	2.04
3. Dairy Crest Group	Consumer Goods	1.76
4. RWS Holdings	Support Services	1.66
5. Cobham	Aerospace & Defence	1.55
6. Hill & Smith Holdings	Construction & Building Materials	1.49
7. Galliford Try	Construction & Building Materials	1.48
8. Fidessa Group	Software & Computer Services	1.48
9. Northgate	Industrials	1.43
10. FDM	Software & Computer Services	1.43
11. Connect Group	Industrials	1.43
12. Marston's	Leisure, Entertainment & Hotels	1.38
13. Beazley	Insurance	1.38
14. Segro	Real Estate	1.37
15. Hilton Food Group	Food Producers & Processors	1.37
16. McColl's Retail Group	General Retailers	1.37
17. Greene King	Beverages	1.36
18. Restaurant Group	Restaurants, Pubs & Breweries	1.34
19. National Express	Transport	1.32
20. Atkins (WS)	Engineering & Machinery	1.30

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	29.49	24
£500m - £1bn	20.76	17
£250m - £500m	19.09	19
£100m - £250m	19.83	22
Below £100m	4.86	10
Cash and Income	5.96	-
Total	100.00	92

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.