

Monthly Fact Sheet 31 October 2016

Launch Date	20th October 2014
Fund Size	£36.1m

Share Price (as at 31.10.16)

Shares	Income	Accumulation
B Shares	145.41p	146.76p

Codes (B Shares)

	Income	Accumulation
Sedol	BP85595	BP855B7
ISIN	GB00BP855954	GB00BP855B75

Annual Management Fee (%)

B Shares	0.75
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Minimum Investment

B Shares	£1,000
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Fund Managers



James Baker

a history graduate from Cambridge University, has over 30 years of equity market experience on both buy and sell sides, specialising for all of his career in UK Small and Mid caps stock selection. He has

worked for several organisations over the years, but most notably spent 11 years from 1999 to 2011 as part of the ABN Amro, Small Mid cap sales team, which was consistently top ranked by Extel. Prior to joining Chelverton he worked as the Assistant fund manager on the Rathbone UK Recovery Fund.



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.

MI Chelverton UK Equity Growth Fund

Investment Objective and Policy

The objective of the fund is to achieve long-term capital growth by investing primarily in a portfolio of fully listed and AIM traded UK equities.

Investment Approach

The fund managers are looking for companies that can both grow faster than the market and are highly cash generative enabling them to fund their own growth. Typically these companies will have some form of sustainable competitive advantage, such as a unique product, or a dominant position in a particular market, leading to high margins and the ability to generate surplus cash.

Monthly Manager Commentary

As anticipated after a very strong 3rd quarter, which saw a rebound from the BREXIT sell-off, October was a relatively poor month for the Fund as investors post the Tory party conference worried about the economic implications of a hard BREXIT, with renewed weakness in sterling once again driving the relative outperformance of foreign currency earning large caps over their more domestically focused small and mid cap peers. Banks and miners, where the Fund has no exposure, were particularly strong. Notwithstanding this, October marked the second anniversary of the Fund and the 46.8% return since launch serves as a useful reminder of the benefits from investing in high margin cash generative businesses that can grow faster than the market at large over the medium to long term.

At the individual stock level, Topps Tiles was one of our worst performers, with the market already concerned about the outlook for domestic consumer spending, the shares reacted poorly to news that its sales growth had slowed post BREXIT. Elsewhere, Senior warned of technical and pricing issues supplying into new aircraft programmes on top of ongoing weak trading in its non-aerospace engineering activities. GB Group also fell sharply on the back of slow progress on a major government ID verification project. On a positive note Bioventix, Games Workshop, Revolution Bars and Trifast all performed strongly after positive trading updates or results. During the month we sold our holdings in Safestyle, the replacement window business, reducing our exposure to high ticket domestic consumer spend and in Cairn Homes, the nascent Irish housebuilder. We added Convatec (a high margin global medical consumables business) to the portfolio at IPO.

The endless debate about BREXIT and the lack of clear understanding of its ramifications has created a high level of uncertainty, which markets don't like, so despite the domestic economy so far proving to be more resilient than many commentators had expected, we have seen an ongoing flight to liquidity and safe haven assets to the detriment of UK Small and Mid caps. However, the recent surprise US election result and the prospect, from early policy indications, of fiscal stimulation, with attendant higher inflation and rates in the world's largest economy, should cause asset allocators to question the merits of owning bonds and safe haven stocks and review their attitude to risk assets. Up next is the autumn statement with the strong possibility of the new chancellor joining the fiscal stimulation bandwagon, all at a time when the Fund's Small and Mid cap universe is in our view looking increasingly attractive on valuation.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	Since Launch
Fund (%)	10.89	-1.03	8.48	8.59	17.19	46.76
Sector Rank	87/267	218/269	11/269	143/268	9/266	2/256
Quartile Ranking	2nd	4th	1st	3rd	1st	1st
IA UK All Companies (%)	7.19	0.35	3.74	8.34	7.71	20.62

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.10.2016

Discrete Annual Performance

	31.10.15	31.10.14	31.10.13	31.10.12	31.10.11
Fund (%)	17.19	23.55	-	-	-

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.10.2016

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31 October 2016

ACD
Maitland Institutional Services Ltd

Investment Advisor
Chelverton Asset Management Ltd

Administrator
Maitland Institutional Services Ltd

Income Paid Annually

XD Dates 31 December

Valuation 12 Noon

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FURTHER INFORMATION

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MI Chelverton UK Equity Growth Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Brooks MacDonald	Financials	2.2
2. Tyman	Construction	2.2
3. IMImobile	Technology	2.2
4. dotDigital	Technology	2.2
5. Quixant	Technology	2.1
6. Clinigen Group	Healthcare	2.0
7. Photo-Me International	Consumer	1.9
8. Games Workshop Group	Consumer	1.9
9. Hollywood Bowl	Consumer	1.8
10. Iomart	Technology	1.8
11. Liontrust Asset Management	Financials	1.8
12. GB Group	Technology	1.7
13. Revolution Bars Group	Consumer	1.7
14. Proactis	Technology	1.7
15. Bodycote	Industrials	1.7
16. SQS Software Quality Systems	Technology	1.6
17. Stride Gaming	Consumer	1.6
18. Rank Group	Consumer	1.6
19. Avon Rubber	Industrials	1.6
20. Polypipe	Construction	1.6

Source: Chelverton Asset Management Limited

Sector Breakdown

	% of Portfolio
Technology	25.5
Consumer	14.9
Industrials	14.2
Healthcare	9.3
Construction	8.7
Financials	8.4
Support Services	7.0
Media	5.0
Property	1.2
Cash	5.8

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	9.6	8
£500m-£1bn	9.5	7
£250m-£500m	19.7	15
£100m-£250m	31.4	23
Below £100m	24.0	20
Cash & Income	5.8	N/A
Total	100.0	73

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.