

Monthly Fact Sheet 31 December 2016

Launch Date	4th December 2006
Fund Size	£452.0m
Historic Yield (%)*	4.51

Share Price (as at 31.12.16)

Shares	Income	Accumulation
B Shares	112.66p	197.80p



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

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

Share prices rose as The 'Trump Bump' continued and the US reacted positively to the prospects of an increasingly business friendly environment, lower corporate taxes, a reduction in red tape and increased infrastructure spending. After recent events the bulls would suggest that this is not an unrealistic set of outcomes for our domestic market, albeit it is some time away. At the portfolio level the short term relative outperformance of the 'cyclical value' stocks compared to 'quality growth' continued and was a benefit to our fund. This is a reflection of the generally more positive economic outlook as the December PMI Index hit a seventeen month high and the manufacturing PMI Index hit a thirty month high as it benefited from sterling weakness. In the near term we expect that volatility will remain high and the 'currency trades' will dominate, but looking further out we expect that resilient domestic economic growth will lead to a more stable and stronger sterling which should highlight the valuation attractions of our domestic earners.

In the last month a number of stocks performed particularly well. Our best performer Lavendon was the subject of increasing competitive bids, and we expect any continued weakness in sterling to be reflected in a pickup in corporate activity as we move into 2017. Games Workshop released a very upbeat trading statement, RWS produced an excellent set of results, TT Electronics and Northgate bounced strongly and Essentra started to recover from a recent sell off. Interestingly these companies represent a very broad spread of businesses but they all do have reasonable exposure to overseas earnings. On the downside, Novae fell after a profit warning and Braemar Shipping, Hostelworld and Fenner all performed relatively poorly. With a buoyant domestic stock market there is a need for earnings growth to remain positive to underpin the momentum and not just reflect one off currency translation gains. Importantly for our portfolio we do believe that there is scope for multiple expansions as we move through the year across a reasonable number of stocks, particularly those 'UK' centric stocks that have still not recovered to pre 'Brexit' levels of valuation. The prospect of earnings growth, however subdued, accompanied by selective multiple expansion and rising corporate dividends does, we believe, represent a relatively attractive investment proposition for the coming year.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	4.41	4.29	4.56	4.56	23.48	127.93	193.30
Sector Rank	18/81	16/81	63/80	63/80	13/74	1/68	1/59
Quartile Ranking	1st	1st	4th	4th	1st	1st	1st
IA UK Equity Income (%)	3.57	2.30	8.28	8.28	18.24	70.44	88.86

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.12.2016

Discrete Annual Performance

	31.12.15 31.12.16	31.12.14 31.12.15	31.12.13 31.12.14	31.12.12 31.12.13	31.12.11 31.12.12
Fund (%)	4.56	16.85	1.07	41.90	30.09

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.12.2016

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	1.20p	1.93p (e)	5.08p (e)

History of dividends declared per share; (e) estimated. 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. Lavendon Group	Support Services	2.09
2. Galliford Try	Household Goods & Home Construction	1.83
3. Phoenix Group	Life Insurance	1.62
4. Games Workshop Group	Leisure Goods	1.60
5. Dairy Crest Group	Food Producers	1.57
6. RWS Holdings	Support Services	1.55
7. McColl's Retail Group	Food & Drug Retailers	1.54
8. Electrocomponents	Support Services	1.53
9. Victrex	Chemicals	1.49
10. Brewin Dolphin Holdings	Financial Services	1.47
11. Atkins (WS)	Support Services	1.45
12. Ashmore	Financial Services	1.44
13. Go-Ahead Group	Travel & Leisure	1.44
14. Connect Group	Support Services	1.43
15. Northgate	Support Services	1.42
16. Hilton Food Group	Food Producers	1.40
17. Marston's	Travel & Leisure	1.35
18. Chesnara	Life Insurance	1.35
19. Brown (N) Group	General Retailers	1.34
20. Polypipe Group	Construction & Materials	1.32

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	29.17	23
£500m - £1bn	20.79	17
£250m - £500m	23.17	22
£100m - £250m	16.90	18
Below £100m	5.08	9
Cash and Income	4.89	-
Total	100.00	89

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.