

Monthly Fact Sheet 31 May 2017

Launch Date	4th December 2006
Fund Size	£517.1m
Historic Yield (%)*	4.04

Share Price (as at 31.05.17)

Shares	Income	Accumulation
B Shares	126.57p	227.60p



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

Interestingly, the rather muted market reaction to the wholly unexpected election result underlined a rather weary 'we have been here before' feeling amongst investors and was helped by the realisation that a 'soft Brexit', whatever that may entail, was now the more likely outcome of the discussions with our European partners. A coalition government requiring compromise from the larger party and an environment of sustained macro uncertainty really are nothing new and recent history and the latest company results season suggest that 'corporate UK' has the resilience to continue to move forward. We expect business leaders and commentators to publicly voice concern about this uncertainty but as long as the economy continues to grow, and the signs globally are supportive of this, we expect that the companies we invest in will continue to move in the right direction from a dividend and profit perspective. The one variable that is harder to call is the rating afforded to those dividends and profits but on the face of it there appears little reason for this to change substantially. Balance sheets are strong by historic standards and a focus on cash flow accompanied by reluctance to gear up and make marginal acquisitions for 'growth' suggest a healthy dose of corporate caution. A sustained downturn in domestic activity is the one macro factor that would cause us some concern but it is not obvious that the election result makes this more or less likely.

After a strong April, the fund essentially trod water in May as there was little corporate news to capture the attention of investors who were growing increasingly nervous about the election as opinion polls started to suggest a closer outcome than had been anticipated. N Brown, Hostelworld and Moss Bros all performed well and two of our top contributors in the month, Intermediate Capital Group and Electrocomponents, released good figures. Galliford Try performed poorly after announcing problems with some legacy contracts in their construction division. On the trading front, we reduced our exposure to housebuilders by top slicing Bovis and Crest Nicholson and sold Interserve in its entirety due to dividend concerns. We added to a number of holdings including Bloomsbury, Hogg Robinson and Marstons and we made a new investment in BCA Marketplace. One constant in our commentaries in the years since the financial crisis has been that, despite the many and varied short term concerns about ever changing 'top down' influences, from the banking system to the Greek crisis to Chinese growth to many varied elections and referendums, 'bottom up' the companies that we invest in have just 'got on with it'. We see no reason for this to change.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	2.00	11.06	15.07	22.35	37.70	144.86	201.98
Sector Rank	77/86	4/85	4/85	13/84	1/76	1/72	1/61
Quartile Ranking	4th	1st	1st	1st	1st	1st	1st
IA UK Equity Income (%)	3.47	6.27	9.08	18.31	24.77	84.81	107.33

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.05.2017

Discrete Annual Performance

	31.05.16	31.05.15	31.05.14	31.05.13	31.05.12
Fund (%)	22.35	0.05	12.49	23.10	44.45

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.05.2017

Dividend History

		Q1	Q2	Q3	Q4	Total
2014	B Income	0.70p	1.05p	1.05p	2.09p	4.89p
2015	B Income	0.72p	1.15p	1.15p	2.07p	5.09p
2016	B Income	0.75p	1.20p	1.20p	1.93p	5.08p
2017	B Income	0.78p				

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. Games Workshop Group	Leisure Goods	1.83
2. Atkins (WS)	Support Services	1.81
3. Phoenix Group	Life Insurance	1.76
4. FDM	Software & Computer Services	1.62
5. Hostelworld Group	Travel & Leisure	1.59
6. XP Power	Electronic & Electrical Equipment	1.59
7. Ashmore	Financial Services	1.57
8. McColl's Retail Group	Food & Drug Retailers	1.57
9. Galliford Try	Household Goods & Home Construction	1.56
10. Low and Bonar	Construction & Materials	1.55
11. Intermediate Capital Group	Financial Services	1.53
12. Watkin Jones Group	Household Goods & Home Construction	1.51
13. Brown (N) Group	General Retailers	1.51
14. TT Electronics	Electronic & Electrical Equipment	1.50
15. Hilton Food Group	Food Producers	1.49
16. Essentra	Support Services	1.47
17. IMI plc	Industrial Engineering	1.46
18. Acal	Support Services	1.44
19. Crest Nicholson	Household Goods & Home Construction	1.42
20. Dairy Crest Group	Food Producers	1.42

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	32.50	26
£500m - £1bn	27.78	22
£250m - £500m	19.69	18
£100m - £250m	12.98	14
Below £100m	4.76	9
Cash and Income	2.29	-
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 Chelverton@maitlandgroup.co.uk or call +44 (0) 1245 459 962.