

Monthly Fact Sheet 30 June 2017

Launch Date	4th December 2006
Fund Size	£492.6m
Historic Yield (%)*	4.18

Share Price (as at 30.06.17)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	123.39p	221.90p



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

A month on from the election and, despite the Tories and the DUP finally reaching some form of agreement, political uncertainty still persists and Brexit looks like becoming a 'legislative battleground'. This all serves to undermine business optimism and consumer confidence in the short term and we have tangible evidence of this with the warning from DFS, the sofa retailer, with respect to current trading. A year after the Brexit result, the 'easy' money has been made on the currency trades and the earnings upgrades in the overseas earners that were driven by falling sterling and are arguably now largely priced in. The outlook for domestic earners remains more complex as the full effect of imported price inflation on both the economy and corporate margins is yet to be fully quantified. Whilst weak sterling has provided a tailwind to the market as a whole as it has benefited the 'mega cap' dollar earners, we now need to see evidence of real turnover growth and productivity gains to drive share prices sustainably higher. In a quiet time for company newsflow, we are going through a period of 'price drift' in the market as there is no discernible sector or style leadership and investors remain relatively cautious, although we believe that current profit estimates are undemanding. Our balanced approach to portfolio construction remains appropriate.

The last month was an active one from a trading perspective. We top sliced a number of our holdings that had performed particularly well including Fenner, Electrocomponents and RWS, and which had reached levels of dividend yield at the lower end of our required range. We also reduced Hostelworld and Games Workshop based on their increased weightings in the portfolio. All of these stocks are notable for their relatively high exposure to overseas earnings and we bought holdings in De La Rue and Morgan Advanced Materials and added to Northgate and BCA, in part, to retain exposure to non-sterling earnings. In aggregate, our portfolio companies currently have approximately sixty percent gearing to the domestic economy at the turnover level which is a degree of exposure that we are comfortable with. As a generalisation so far this year the overseas earners have delivered the share price 'momentum' and the domestic earners is where we can find best 'value'. We need a combination of both to deliver sustainable performance and we look for the current domestic 'value' plays to deliver capital growth when sterling starts to appreciate again. Elsewhere we replaced Segro with another property company, Palace Capital, achieving a good yield pick up, and we added an IPO, Tatton Asset Management, to the fund.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-2.50	6.23	12.18	35.31	35.69	134.72	192.63
Sector Rank	45/85	4/85	4/84	1/83	2/78	1/73	1/61
Quartile Ranking	3rd	1st	1st	1st	1st	1st	1st
IA UK Equity Income (%)	-2.42	2.25	6.51	18.85	24.05	73.16	108.26

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.06.2017

Discrete Annual Performance

	30.06.16	30.06.15	30.06.14	30.06.13	30.06.12
Fund (%)	35.31	-10.09	11.53	23.38	40.21

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.06.2017

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	1.25p			

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	2.02
2. Phoenix Group	Life Insurance	1.89
3. Brown (N) Group	General Retailers	1.73
4. Ashmore	Financial Services	1.67
5. Acal	Support Services	1.65
6. FDM	Software & Computer Services	1.63
7. McColl's Retail Group	Food & Drug Retailers	1.60
8. TT Electronics	Electronic & Electrical Equipment	1.59
9. Low and Bonar	Construction & Materials	1.56
10. XP Power	Electronic & Electrical Equipment	1.53
11. Essentra	Support Services	1.53
12. Galliford Try	Household Goods & Home Construction	1.48
13. Hilton Food Group	Food Producers	1.47
14. Jupiter Fund Management	Financial Services	1.47
15. IMI plc	Industrial Engineering	1.47
16. Dairy Crest Group	Food Producers	1.42
17. Intermediate Capital Group	Financial Services	1.42
18. Watkin Jones Group	Household Goods & Home Construction	1.41
19. Brewin Dolphin Holdings	Financial Services	1.39
20. DS Smith	Industrials	1.36

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	27.28	22
£500m - £1bn	27.97	23
£250m - £500m	21.31	19
£100m - £250m	12.37	13
Below £100m	6.52	11
Cash and Income	4.55	-
Total	100.00	88

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.