

Monthly Fact Sheet 31 July 2017

Launch Date	4th December 2006
Fund Size	£504.9m
Historic Yield (%)*	4.09

Share Price (as at 31.07.17)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	126.19p	229.27p



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.

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

The pleasing aspect of the relatively strong performance last month was that it came from a wide range of sectors and stocks. In the face of consistently negative commentary on Brexit, the 'bottom up' news remains, we believe, supportive of current small and mid cap valuations as activity levels appear to have picked up and management teams have rightly remained outwardly cautious. Domestic business surveys have rebounded from their immediate post election 'blues' helped by anticipated improvements in manufacturing and investment and levels of employment remain at historical highs. The bulk of analysts' caution remains focused on the UK consumer and the effect of falling real wages, but this has been the case for some time and arguably is already priced into a lot of retail valuations. Given the degree of macro uncertainty, we shall continue to hold a balanced portfolio and will look to increase the underlying yield of the portfolio in periods of market weakness.

Highlighting the short term momentum that earnings upgrades can inspire, three of the top contributors to our performance in the last month all stated that trading was ahead of current market expectations. These were Games Workshop, Fenner and FDM which have no correlation to each other from a business perspective. What is consistent, however, is that management have been successful in keeping a lid on expectations and have ultimately 'under promised' and 'over delivered'. With sixteen stocks showing double digit returns over the month, we feel that across the portfolio current earnings forecasts remain relatively cautious and have room to absorb more indifferent news on the macro front. Cape performed well after it was subject to a recommended cash offer. On the downside both Epwin and Eurocell fell in reaction to a competitor being downgraded, but the latter has since released a reassuring set of results. On the trading front we top sliced some of the recent strong performers including N. Brown and Electrocomponents and topped up a number of holdings including Marston's, Close Brothers, DFS, Northgate and Centaur Media after it announced the sale of its B2C business and a simultaneous acquisition in the digital B2B space. Finally we agreed to invest in Strix at IPO, the global leader in the manufacture of kettle controls.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	3.32	2.75	15.91	28.36	42.13	135.78	196.06
Sector Rank	1/87	12/86	2/85	1/84	1/79	1/74	1/62
Quartile Ranking	1st	1st	1st	1st	1st	1st	1st
IA UK Equity Income (%)	0.27	1.25	6.85	12.90	24.78	69.50	97.82

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.07.2017

Discrete Annual Performance

	31.07.16 31.07.17	31.07.15 31.07.16	31.07.14 31.07.15	31.07.13 31.07.14	31.07.12 31.07.13
Fund (%)	28.36	-3.19	14.37	13.70	45.90

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.07.2017

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

*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.

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31 July 2017

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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springcapital

MI Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Games Workshop Group	Leisure Goods	2.19
2. McColl's Retail Group	Food & Drug Retailers	1.86
3. FDM	Software & Computer Services	1.81
4. Phoenix Group	Life Insurance	1.81
5. Ashmore	Financial Services	1.70
6. TT Electronics	Electronic & Electrical Equipment	1.69
7. Galliford Try	Household Goods & Home Construction	1.68
8. Acal	Support Services	1.65
9. XP Power	Electronic & Electrical Equipment	1.62
10. Brown (N) Group	General Retailers	1.54
11. Jupiter Fund Management	Financial Services	1.52
12. Intermediate Capital Group	Financial Services	1.52
13. Low and Bonar	Construction & Materials	1.52
14. IMI plc	Industrial Engineering	1.44
15. Brewin Dolphin Holdings	Financial Services	1.42
16. Polypipe Group	Construction & Materials	1.39
17. Computacenter	Software & Computer Services	1.39
18. Northgate	Support Services	1.39
19. Marston's	Travel & Leisure	1.38
20. Dairy Crest Group	Food Producers	1.37

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	29.74	23
£500m - £1bn	27.90	22
£250m - £500m	19.87	18
£100m - £250m	11.94	13
Below £100m	7.24	12
Cash and Income	3.31	-
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.