

Monthly Fact Sheet 30 September 2017

Launch Date	4th December 2006
Fund Size	£536.4m
Historic Yield (%)*	4.02

Share Price (as at 30.09.17)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	129.49p	235.25p



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

As the headlines continue to be dominated by fears of a slowing economy and the uncertainty surrounding the Brexit negotiations, the reassuring news is that the companies that we invest in generally continue to meet, or beat, expectations. After the busy results season it appears that earnings upgrades continue to marginally outnumber downgrades and sensibly, 'top down' caution prevents analysts getting too bullish. Despite the subdued macro environment, the good news for UK small and mid caps is that investor sentiment remains broadly positive. From a valuation perspective we believe that current profit and cash flow estimates are supportive of share prices. Our investment process requires a prospective dividend yield of at least four per cent before purchasing a new stock and at the moment the domestic cyclicals continue to provide a disproportionate number of these opportunities. Although this is arguably where the 'value' lies within our universe, with little sign of a catalyst to start to realise this value, we will continue to maintain a balanced approach to portfolio construction.

There were no discernible trends or themes behind the performance last month and whilst UK consumer spending has supposedly been under pressure, related stocks such as DFS, Restaurant Group and Greene King did perform poorly. However at the same time N.Brown, Debenhams and Halfords performed positively. Top contributors to performance were BCA, Games Workshop, Morgan Sindall and IMI. We added one new stock to the portfolio, STV, the Scottish broadcaster and digital media company and topped up positions in Crest Nicholson, Close Bros, Pennon, Marston's and Tatton Asset Management, amongst others. We raised cash by taking some profit in Watkin Jones, Low & Bonar and FDM after periods of strong performance. The IPO market looks set for an active final quarter and we expect this to be a useful source of potential new investments. Crucially, however, the most significant factor in broadening our investment universe remains the better than expected dividend growth amongst UK small and mid caps.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	1.44	6.02	18.93	24.04	46.72	124.54	182.01
Sector Rank	9/87	1/87	2/85	2/84	1/79	1/74	1/62
Quartile Ranking	1st	1st	1st	1st	1st	1st	1st
IA UK Equity Income (%)	0.20	1.05	7.71	10.37	25.94	64.82	89.03

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.09.2017

Discrete Annual Performance

	30.09.16	30.09.15	30.09.14	30.09.13	30.09.12
	30.09.17	30.09.16	30.09.15	30.09.14	30.09.13
Fund (%)	24.04	4.91	12.75	7.74	42.04

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.09.2017

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	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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30 September 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	2.37
2. McColl's Retail Group	Food & Drug Retailers	2.07
3. Phoenix Group	Life Insurance	1.68
4. FDM	Software & Computer Services	1.66
5. TT Electronics	Electronic & Electrical Equipment	1.66
6. Brown (N) Group	General Retailers	1.65
7. XP Power	Electronic & Electrical Equipment	1.59
8. Galliford Try	Household Goods & Home Construction	1.58
9. Acal	Support Services	1.53
10. Ashmore	Financial Services	1.52
11. Computacenter	Software & Computer Services	1.45
12. Intermediate Capital Group	Financial Services	1.45
13. IMI plc	Industrial Engineering	1.44
14. BCA Marketplace	Support Services	1.43
15. Mortgage Advice Bureau	Financial Services	1.42
16. Hilton Food Group	Food Producers	1.40
17. Polypipe Group	Construction & Materials	1.38
18. Marston's	Travel & Leisure	1.36
19. Northgate	Support Services	1.35
20. Victrex	Chemicals	1.32

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	29.66	23
£500m - £1bn	27.93	23
£250m - £500m	21.10	19
£100m - £250m	9.97	13
Below £100m	6.53	11
Cash and Income	4.81	-
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.