

Monthly Fact Sheet 30 November 2017

Launch Date	4th December 2006
Fund Size	£569.4m
Historic Yield (%)*	4.00

Share Price (as at 30.11.17)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	130.27p	238.98p



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

Whilst the gloomy UK macro news continues to provide a minor headwind, there does appear to be some slightly better news on the horizon, notwithstanding the recent headline 'agreement' with Europe which has had a very mixed reception. Firstly, the recent strength of Sterling should provide a small boost to the relative attraction of small and mid caps versus their more Global orientated larger counterparts, although thankfully the days of 'knee-jerk' reaction to currency moves appear to be over. Secondly, there is a growing feeling amongst commentators that inflation may have peaked. This is potentially significant for domestic consumer cyclicals such as retailers, restaurant groups and pubcos who have recently suffered from rising costs because, if it helps the prospect of real wage growth, it should be a positive for consumer sentiment. We expect increased share price volatility in these last months of the year as December year-end companies fine tune earnings expectations and we have already been reactive to take advantage of a number of very attractive opportunities.

We highlighted last month that a wide range of share prices were drifting downwards, bringing stocks into our prospective four percent dividend yield investible universe and this was the case with Tate and Lyle, a food ingredients business which we added to the portfolio. Alongside Bakkavor, the leading player in the UK prepared foods market which we supported at IPO, this has increased our exposure to 'defensive growth' stocks. We bought Ultra Electronics, an international group operating in the defence and aerospace and security and cyber markets, after a profit warning and DMGT, a multinational portfolio of media businesses, after earnings were downgraded for next year. We believe both of these to have very attractive medium term prospects. Finally, we added Babcock, the UK's leading engineering support services company, to the fund as it fell out of the FTSE 100. For a fund that has historically only added a dozen or so new names to the portfolio in a year this was a very high level of monthly activity for us. However, we are encouraged that as the UK equity market continues to rise, the excessive reaction to disappointing short term news has meant that we are able to purchase stocks of such sound underlying long term quality in an income fund. At the same time we have raised funds from some of our favourite long term holdings where very positive short term share price momentum has driven down dividend yields. These include Computacenter, XP Power, FDM, Electrocomponents, Hill & Smith and TT Electronics. The net result of all of this activity is, we believe, an immediate yield pick up without a fall in medium term earnings quality, with, perhaps, a slight deferral of short term momentum. This is a process that has served us well over the long term.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-1.28	3.05	20.82	26.14	49.51	119.51	178.01
Sector Rank	66/86	5/86	2/84	2/83	1/78	1/74	1/62
Quartile Ranking	4th	1st	1st	1st	1st	1st	1st
IA UK Equity Income (%)	-0.96	0.66	8.22	12.11	23.55	62.25	88.33

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.11.2017

Discrete Annual Performance

	30.11.16	30.11.15	30.11.14	30.11.13	30.11.12
Fund (%)	30.11.17	30.11.16	30.11.15	30.11.14	30.11.13
Fund (%)	26.14	2.34	15.81	1.76	44.28

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 30.11.2017

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



CHELVERTON
ASSET MANAGEMENT

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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	2.15
2. McColl's Retail Group	Food & Drug Retailers	1.99
3. XP Power	Electronic & Electrical Equipment	1.78
4. Ashmore	Financial Services	1.64
5. Phoenix Group	Life Insurance	1.62
6. Galliford Try	Household Goods & Home Construction	1.58
7. Intermediate Capital Group	Financial Services	1.57
8. Hilton Food Group	Food Producers	1.57
9. DiscoverIE Group	Electronic & Electrical Equipment	1.56
10. TT Electronics	Electronic & Electrical Equipment	1.52
11. Morgan Advanced Materials	Electronic & Electrical Equipment	1.42
12. Mortgage Advice Bureau	Financial Services	1.40
13. IMI plc	Industrial Engineering	1.38
14. Computacenter	Software & Computer Services	1.38
15. Marston's	Travel & Leisure	1.36
16. Pennon Group	Utilities	1.34
17. Dairy Crest Group	Food Producers	1.33
18. FDM	Software & Computer Services	1.32
19. BCA Marketplace	Support Services	1.32
20. Jupiter Fund Management	Financial Services	1.31

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	30.49	27
£500m - £1bn	28.42	23
£250m - £500m	17.61	17
£100m - £250m	14.83	18
Below £100m	5.29	10
Cash and Income	3.36	-
Total	100.00	95

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.