

## Monthly Fact Sheet 31 December 2017

<b>Launch Date</b>	4th December 2006
<b>Fund Size</b>	£599.8m
<b>Historic Yield (%)*</b>	4.30 (e)

### Share Price (as at 31.12.17)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	133.99p	245.80p



## 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

The year finished on a positive note as a shift in sentiment towards resource stocks and cyclicals and away from the bond proxies was evident. Positive noises about US corporate tax rates helped to fuel an increasingly bullish outlook for Global growth for 2018 and although the domestic economy is forecast to be slow by international standards, growth is still expected to be 'reasonable' by historic standards. One 'theme' that is of particular interest to us is the potential for a rise in real wage growth as we move through the year, which we believe is a strong possibility. Given the apparently cheap rating of the domestic consumer cyclicals and our exposure to them as a UK small and mid cap fund this could prove to be an area of strong relative performance for the fund if it proves to be a catalyst for multiple expansion. We will not, however, be significantly increasing our exposure in the short term as the history of the fund has shown that a balanced portfolio in terms of sector and style bias serves us best over the medium and long term. One feature of the past year's performance was the contribution from companies who delivered strong performance from 'self-help' i.e. just getting on with doing what is best for the business and stakeholders. With top down political issues causing a policy vacuum in a number of leading economies, perhaps a greater bottom up focus on the corporate sector will prove to be the way forward for an increasing number of investors.

Games Workshop, our largest holding, performed strongly in the month as it made another dividend announcement and now appears to be firing on all cylinders with respect to manufacturing, distribution and both on-line and bricks and mortar retail sales. Intermediate Capital and Hostelworld made solid contributions to performance, as did RM which is ahead of plan with respect to the integration of the recently acquired Connect education business and announced that overall figures would be ahead of expectations. On the downside, there were warnings from Low & Bonar and Saga, and we have been topping up our holding in the latter as the price has fallen. Elsewhere we added to Babcock, Close Bros, Gattaca, Northgate and Essentra, amongst others, and sold Hill & Smith and Lancashire on yield grounds. We also sold DS Smith as they were promoted to the FTSE100. As we enter the New Year investors' appetite for equities seems set to continue, in the short term at least, and underlying corporate earnings appear robust and supportive of current valuations.

## Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	2.85	4.48	24.27	24.27	51.82	117.73	165.33
Sector Rank	27/87	11/87	2/85	2/85	1/79	1/75	1/62
Quartile Ranking	2nd	1st	1st	1st	1st	1st	1st
IA UK Equity Income (%)	2.38	2.89	10.86	10.86	27.08	64.13	82.20

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.12.2017

## Discrete Annual Performance

	31.12.16	31.12.15	31.12.14	31.12.13	31.12.12
	31.12.17	31.12.16	31.12.15	31.12.14	31.12.13
Fund (%)	24.27	4.56	16.85	1.07	41.90

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.12.2017

## 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	2.48p (e)	5.76p (e)

History of dividends declared per share. (e) is estimated. Source: Chelverton Asset Management Limited

Monthly Fact Sheet  
**31 December 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	2.66
2. McColl's Retail Group	Food & Drug Retailers	1.73
3. DiscoverIE Group	Electronic & Electrical Equipment	1.69
4. Ashmore	Financial Services	1.68
5. XP Power	Electronic & Electrical Equipment	1.64
6. Galliford Try	Household Goods & Home Construction	1.62
7. Intermediate Capital Group	Financial Services	1.60
8. Phoenix Group	Life Insurance	1.56
9. Hilton Food Group	Food Producers	1.51
10. Morgan Advanced Materials	Electronic & Electrical Equipment	1.39
11. Mortgage Advice Bureau	Financial Services	1.39
12. IMI plc	Industrial Engineering	1.39
13. TT Electronics	Electronic & Electrical Equipment	1.35
14. Dairy Crest Group	Food Producers	1.34
15. Computacenter	Software & Computer Services	1.34
16. Victrex	Chemicals	1.32
17. Jupiter Fund Management	Financial Services	1.31
18. Brewin Dolphin Holdings	Financial Services	1.30
19. Marston's	Travel & Leisure	1.26
20. FDM	Software & Computer Services	1.25

Source: Chelverton Asset Management Limited

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	31.90	28
£500m - £1bn	26.32	22
£250m - £500m	20.11	20
£100m - £250m	11.20	15
Below £100m	5.06	10
Cash and Income	5.41	-
<b>Total</b>	<b>100.00</b>	<b>95</b>

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.