

Monthly Fact Sheet 31 January 2018

Launch Date	4th December 2006
Fund Size	£595.4m
Historic Yield (%)*	4.44 (e)

Share Price (as at 31.01.18)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	129.85p	242.70p



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

At the time of writing, investors' attention is on falling stock markets globally. Better than expected economic growth against a background of a rising trend in bond yields has led to expectations of rate rises and a sell-off in equity markets. At home, this has combined with rising sterling to undermine the prices of the large bond proxies but it is still too early to see a marked pick up in cyclical or value stocks within our small and mid-cap investment universe. The domestic economy continues to benefit from the positive momentum in the manufacturing sector and business sentiment remains resilient, but on the downside the consumer still appears to be cautious. The recent stock market fluctuations have been largely driven by 'top down' macro factors and we believe that 'bottom up' UK corporate earnings remain resilient and broadly supportive of current valuations. On a positive note for our portfolio, dividend growth looks set to remain strong.

As a small and midcap fund we have an inherently high relative exposure to domestic cyclicals compared to the income sector as a whole, so our attention at the start of the year is partly focussed on trading over the Christmas period. As a generalisation, this year it was disappointing for us and the prices of Debenhams, Moss Bros and N. Brown were amongst our worst performers.

Interestingly, however, there is a growing body of opinion that real wages in the domestic economy will start to grow this year which would hopefully provide some much needed respite to the high street. Connect Group performed badly after a profit warning and our largest holding, Games Workshop, gave up some of last month's gains. On the plus side, Ultra Electronics, Fenner, Ashmore and Tatton Asset Management all contributed strongly to performance. We added to over a dozen holdings including recent purchases Babcock and Sabre, domestic earners Crest Nicholson, Shoe Zone and DFS as well as stocks with good overseas exposure, De La Rue, Tate & Lyle and DMGT. We continue to seek to retain a balanced sector approach within our portfolio construction process through what we believe will be a period of heightened share price volatility in the short term. This should also, however, bring a number of new opportunities into our investible universe as prices fall and dividend yields rise. We trimmed holdings on yield grounds in Fenner and RWS as they performed well, and River and Mercantile as we look to reduce our overweight exposure to the fund management industry.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-1.26	0.26	-1.26	20.84	47.20	104.22	161.81
Sector Rank	54/87	50/87	54/87	2/84	1/79	1/73	1/61
Quartile Ranking	3rd	3rd	3rd	1st	1st	1st	1st
IA UK Equity Income (%)	-1.07	0.32	-1.07	9.78	21.50	54.31	82.45

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.01.2018

Discrete Annual Performance

	31.01.17	31.01.16	31.01.15	31.01.14	31.01.13
	31.01.18	31.01.17	31.01.16	31.01.15	31.01.14
Fund (%)	20.84	11.57	9.18	2.50	35.36

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.01.2018

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

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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	2.06
2. McColl's Retail Group	Food & Drug Retailers	1.82
3. Ashmore	Financial Services	1.80
4. DiscoverIE Group	Electronic & Electrical Equipment	1.74
5. Phoenix Group	Life Insurance	1.67
6. Intermediate Capital Group	Financial Services	1.65
7. XP Power	Electronic & Electrical Equipment	1.57
8. Hilton Food Group	Food Producers	1.50
9. Ultra Electronics	Aerospace & Defence	1.50
10. Mortgage Advice Bureau	Financial Services	1.49
11. Morgan Advanced Materials	Electronic & Electrical Equipment	1.47
12. Galliford Try	Household Goods & Home Construction	1.40
13. IMI plc	Industrial Engineering	1.40
14. Crest Nicholson	Household Goods & Home Construction	1.38
15. Dairy Crest Group	Food Producers	1.37
16. Northgate	Support Services	1.37
17. Computacenter	Software & Computer Services	1.34
18. TT Electronics	Electronic & Electrical Equipment	1.34
19. Essentra	Support Services	1.33
20. Close Brothers Group	Financial Services	1.32

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	32.08	27
£500m - £1bn	26.33	22
£250m - £500m	20.24	20
£100m - £250m	12.31	16
Below £100m	5.20	10
Cash and Income	3.84	-
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.