

## Monthly Fact Sheet

**31 May 2022**

**Launch Date** 4 December 2006

**Fund Size** £439m

**Historic Yield** 4.31%

The historic yield reflects distributions over the past 12 months as a percentage of the 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.

**Share Price** (as at 31.05.22)

Shares	Income	Accumulation
B Shares	114.58p	253.73p

**SEDOL Codes**

	Income	Accumulation
Sedol	B1FD646	B1Y9J57
ISIN	GBooB1FD6467	GBooB1Y9J570

**Income Paid** Quarterly

**XD Dates** 31 March, 30 June,  
30 September, 31 December

**Valuation** 12 Noon, Daily

**Initial Charge (%)** 5.0\*

**Annual Management Fee (%)** 0.75

**Minimum Investment** £1,000

**Ongoing Charge (%)** 0.87

Charges are for B share class.

\*or any such lower amount agreed with the ACD

**ACD**

Maitland Institutional Services Limited

**Investment Advisor**

Chelverton Asset Management Limited

**Administrator**

Maitland Administration Services Ltd

## Dealing Details

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**Dealing Fax** 0845 280 0188

# 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

Rising inflation and the cost of living crisis continue to dominate the headlines on the domestic front as commentators look through to the negative implications for consumer spending. Although wages are rising and employment levels are high, a further slow down seems inevitable. On a wider basis rising US interest rates and a widespread flight to safety has led to a strengthening of the US dollar against sterling. This provides a headwind for UK small and mid cap investors with a relatively low exposure to US dollar earnings compared to the FTSE 100. Recent disappointing GDP numbers have also served to reopen the debate about how quickly UK interest rates can rise, leading to more uncertainty. On a more positive note the strength of corporate balance sheets should help to underpin the outlook for dividends and can be evidenced in the increased number of stocks buying their shares back. It is also interesting to note that on our estimates aggregate dividend cover in our portfolio is currently around ten per cent higher than pre pandemic levels.

Homeserve and Contour Global were two of our top performing stocks in the month as both were subject to recommended offers from private equity. We have commented before that we expect to see an increase in corporate activity given the current cash flow valuations of a number of stocks in our portfolio and we believe that this is a trend that has further to go. History suggests that as investors shift to a risk off approach and macro uncertainty increases cash flows tend to get undervalued within our investment universe leading to heightened levels of bid activity. This seems to be the case at the moment. Ultimately however risk appetite will start to increase and the 'cheap' deals will dry up as investors become increasingly reticent to sell. Two of our fund management holdings, Ashmore and Polar Capital were positive contributors to performance as was Diversified Energy which is a beneficiary of US dollar strength. On the downside Drax fell after a negative brokers note and Keller, STV and Dunelm all detracted from performance. We sold down Homeserve and Contour Global after the price moves and also reduced our holdings in Bloomsbury and Essentra on yield grounds. We topped up our investments in Smiths News and Virgin Money.

## Cumulative Performance

	1 m	3 m	1 yr	3 yrs	5 yrs	10 yrs
Fund (%)	-0.33	1.14	-3.79	9.28	11.48	172.97
Rank in sector	68/82	70/81	73/80	65/78	46/73	2/62
Quartile	4th	4th	4th	4th	3rd	1st
IA UK Equity Income (%)	0.96	3.07	5.46	17.64	15.95	114.94

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.05.2022

## Calendar Year Performance (%)

	YTD	2021	2020	2019	2018	2017
Fund	-7.99	22.68	-14.45	24.59	-14.20	24.27
IA Sector (%)	0.47	18.35	-10.91	20.12	-10.53	11.50

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.05.2022

## Dividend History

	Q1	Q2	Q3	Q4	Total
2018 B Income	0.79p	1.40p	1.40p	2.29p	5.88p
2019 B Income	0.80p	1.50p	1.50p	1.99p	5.79p
2020 B Income	0.24p	0.55p	0.97p	0.70p	2.46p
2021 B Income	0.65p	1.64p	1.56p	0.95p	4.80p
2022 B Income	0.79p				

History of dividends declared per share. Source: Chelverton Asset Management Limited

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### 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.



**Oliver Knott**

joined Chelverton Asset Management in January 2020 as an Assistant Fund Manager. He has extensive experience in UK small and mid cap equities having joined Brewin Dolphin as a generalist salesman after

graduating from the University of Essex with a 1st class honours degree in Politics, Philosophy and Economics. Prior to joining Chelverton, he worked as an equity analyst for N+1 Singer, in their highly respected technology research franchise. Oliver is a CFA Charterholder.

### FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

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# MI Chelverton UK Equity Income Fund

### Top 20 Holdings

Holding	Sector	% of Portfolio
1. Redde Northgate	Industrial Transportation	2.62
2. Diversified Energy	Oil, Gas & Coal	2.54
3. Telecom Plus	Telecommunications Service Providers	2.50
4. Chesnara	Life Insurance	2.37
5. Devro	Food Producers	2.13
6. Contourglobal	Electricity	2.02
7. Sabre Insurance	Non-life Insurance	2.02
8. Bloomsbury	Media	1.97
9. Direct Line	Non-life Insurance	1.77
10. FDM	Industrial Support Services	1.68
11. Mortgage Advice Bureau	Finance & Credit Services	1.65
12. Morgan Sindall Group	Construction & Materials	1.64
13. Polar Capital Holdings	Investment Banking & Brokerage Services	1.62
14. XPS Pensions Group	Investment Banking & Brokerage Services	1.58
15. Keller Group	Construction & Materials	1.58
16. Close Brothers Group	Banks	1.57
17. Rathbones	Investment Banking & Brokerage Services	1.55
18. STV Group	Media	1.50
19. Synthomer	Chemicals	1.49
20. Supermarket Income REIT	Real Estate Investment Trusts	1.48

Source: Chelverton Asset Management Limited

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	33.28	27
£500m - £1bn	27.37	23
£250m - £500m	22.71	22
£100m - £250m	10.95	13
Below £100m	1.82	6
Cash and Income	3.87	-
Total	100.00	91

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. Fund performance figures are net of the ongoing charges and portfolio transaction costs unless otherwise stated. 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. The contents of this document are intended for Professional Investors and Eligible Counterparties only. 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)345 305 4217.