

Monthly Fact Sheet 31 January 2016

Launch Date	4th December 2006
Fund Size	£410.9m
Historic Yield (%)*	4.83

Share Price (as at 31.01.16)		
	<i>Income</i>	<i>Accumulation</i>
B Shares	105.58p	180.02p



Fund Managers



David Horner qualified as a chartered accountant in 1984 with Touche Ross & Co before joining 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.

Source & Copyright: CITYWIRE. David Horner & David Taylor are AAA rated by Citywire for their 3 year risk adjusted performance for the period 31/01/2013 - 31/01/2016.

PFS 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 equity markets had their worst start to the year since 2009 markets appear, at least in the short term, to be driven by movements in the oil price and look set to remain very volatile. At home the retailers released a rather mixed bag of weather affected Christmas trading statements but pleasingly a number of our holdings surprised on the upside including Debenhams, Halfords, N.Brown and WH Smiths. It does appear from consumer confidence indicators that the domestic consumer remains relatively resilient. At the same time the housing sector appears robust as mortgage approvals have picked up and it is fair to say that the limited number of results and trading statements from our investee companies to date have generally been at least in line with expectations. There have however been few positive earnings revisions although it is understandable that the confidence of company directors may be undermined by all of the negative global economic headlines. An increase in corporate activity is, we believe, the key to reversing this in the short term.

In the face of increasing investor nervousness we have, at the margin, taken some profit in some of our lower yielding holdings and topped up stocks that in aggregate will provide a small yield pickup to the underlying portfolio. To this end we have reduced our exposure to Clipper, RPC and WH Smith and sold Micro Focus and VP in their entirety, all after periods of good performance and on dividend yields of less than two and a half per cent. Funds raised have been recycled into DFS, Interserve, Shoezone, Close Bros and Bloomsbury amongst others, with an average yield of over four per cent. Whilst this may not appear that dramatic in itself it is a good example of our investment process 'at work' and ensures that over the long term the fund can sustain an appropriate level of dividend for its shareholders. This is particularly relevant at the moment with fears about the overall level of dividend in the UK market as a whole for this year, albeit the worries appear to be centred around the large caps. Our experience so far is better than expected with 'specials' from both Shoezone and Beazley. Heightened share price volatility does present us with new investment opportunities and we have just bought a position in Northgate, a van hire business based in the UK and Spain, on a four and a half per cent yield.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	-4.84	-2.78	-4.84	9.18	51.48	94.20	292.29
Sector Rank	48/83	24/82	48/83	3/82	3/76	1/65	2/55
Quartile Ranking	3rd	2nd	3rd	1st	1st	1st	1st
IA UK Equity Income (%)	-4.36	-3.73	-4.36	-2.18	23.19	43.88	114.77

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.01.2016

Discrete Annual Performance

	30.01.15	31.01.14	31.01.13	31.01.12	31.01.11
Fund (%)	9.18	2.50	35.36	28.43	-0.18

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.01.2016

Dividend History

		Q1	Q2	Q3	Q4	Total
2012	B Inc	0.67p	0.90p	0.90p	1.83p	4.30p
2013	B Inc	0.69p	1.00p	1.00p	2.12p	4.81p
2014	B Inc	0.70p	1.05p	1.05p	2.09p	4.89p
2015	B Inc	0.72p	1.15p	1.15p	2.08 (e)	5.10p

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

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ACD
Phoenix Fund Services Ltd

Investment Advisor
Chelverton Asset Management Ltd

Administrator
Phoenix Fund Services Ltd

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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PFS Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Phoenix Group	Investment Companies	2.08
2. Galliford Try	Construction & Building Materials	2.06
3. Ashmore	Investment Companies	1.71
4. Dairy Crest Group	Consumer Goods	1.71
5. RWS Holdings	Support Services	1.52
6. Kcom Group	Telecommunications Services	1.48
7. Marston's	Leisure, Entertainment & Hotels	1.43
8. Segro	Real Estate	1.42
9. Brewin Dolphin Holdings	Speciality & Other Finance	1.42
10. Greene King	Beverages	1.38
11. Headlam	Construction & Building Materials	1.34
12. Kier Group	Construction & Building Materials	1.32
13. Connect Group	Industrials	1.31
14. Brown (N) Group	General Retailers	1.31
15. Intermediate Capital Group	Financials	1.30
16. Informa	Media & Photography	1.29
17. Pennon Group	Water	1.29
18. Halfords	Engineering & Machinery	1.28
19. Hilton Food Group	Food Producers & Processors	1.28
20. Hill & Smith Holdings	Construction & Building Materials	1.28

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	32.82	28
£500m - £1bn	18.85	16
£250m - £500m	20.26	20
£100m - £250m	21.81	23
Below £100m	3.13	7
Cash and Income	3.12	-
Total	100.00	94

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. Phoenix Fund Services (UK) Ltd are the Authorised Corporate Director of this fund and prospectuses for the fund are obtainable directly from them. Please email pfsinfo@phoenixfundservices.com or call +44 (0) 1245 398 950.