

Monthly Fact Sheet 29 February 2016

Launch Date	4th December 2006
Fund Size	£416.8m
Historic Yield (%)*	4.79

Share Price (as at 29.02.16)

<i>Shares</i>	<i>Income</i>	<i>Accumulation</i>
B Shares	106.41p	181.45p



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

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

After the dramatic fall in markets at the start of the year, the last month saw a reverse of the key contributory factors with a rising oil price and more resilient global growth indicators. As Sterling fell against the US Dollar, the domestic market was led on an upward path by recovery in the prices of energy, materials and industrial stocks. At home, recent guidance suggests that the prospects of a domestic interest rate rise have moved further to the right and all eyes are on the imminent budget. The 'elephant in the room' at the moment is the vote in June with respect to Brexit and we do ask all companies that we see about the implications of an 'out' vote on their business. Many point out that little should ultimately change as a good deal of their European business is conducted through 'European' companies based in 'Europe' staffed by 'Europeans' and governed by 'European' legislation. Despite this the reality is that we are in for an increasingly fractious battle in the press between the 'in's' and 'out's' which will lead to a period of heightened volatility. Whilst there will be times when the 'bears' will hold sway it is worth remembering that from a 'bottom up' perspective that trading at the stocks that we are invested in is generally robust.

As investors continue to worry about the level of dividend to be generated by UK PLC this year, it is interesting to look at the anecdotal evidence from the thirty or so companies in our portfolio that have reported so far. Pleasingly, the overall message is that income generation is, so far, slightly better than our own expectation. This covers a wide range of outcomes from Ashmore and Brammer, where trading is under pressure. Both maintained payouts through a whole host of single digit increases including IMI, 2%, Low&Bonar, 3%, Informa, 4%, Interserve, 6%, and up to Headlam with an 18% increase in the underlying dividend accompanied by a special dividend paid out of excess free cash flow. The housebuilders and Lloyds vehicles also continued their recent trend of strong payouts, a result of their underlying capital disciplines. We expect income generation to remain a positive factor throughout the rest of the reporting season. In terms of performance, there was a recovery in the prices of our capital goods stocks exposed to the oil and mining sectors, namely, Brammer, Fenner and IMI. Premier Farnell and Electrocomponents bounced as fears over economic growth reduced and Fidessa responded well to results. On the downside, WS Atkins and Interserve fell as a result of increased fears over prospects in the Middle East. We sold our remaining shares in W H Smith reduced Pennon and added to Victrex, TT Electronics and Cape.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs	7 yrs
Fund (%)	0.76	-6.29	-8.25	-0.37	36.32	81.83	266.51
Sector Rank	50/82	38/82	78/82	5/81	4/75	1/66	2/58
Quartile Ranking	3rd	2nd	4th	1st	1st	1st	1st
IA UK Equity Income (%)	1.02	-3.81	-3.34	-3.70	21.45	42.70	129.23

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 29.02.2016

Discrete Annual Performance

	27.02.15 29.02.16	28.02.14 27.02.15	28.02.13 28.02.14	29.02.12 28.02.13	28.02.11 29.02.12
Fund (%)	-0.37	3.04	32.79	30.08	2.54

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 29.02.2016

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

Dealing Line 0345 305 4217

Dealing Fax 0845 280 0188

FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

Tel +44 (0)20 3195 0076

Email chelverton@springcapitalpartners.com

Visit springcapitalpartners.com

springcapital

PFS Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Phoenix Group	Investment Companies	2.04
2. Galliford Try	Construction & Building Materials	2.02
3. Ashmore	Investment Companies	1.79
4. RWS Holdings	Support Services	1.55
5. Dairy Crest Group	Consumer Goods	1.54
6. Go-Ahead Group	Transport	1.48
7. Marston's	Leisure, Entertainment & Hotels	1.43
8. Greene King	Beverages	1.41
9. Brown (N) Group	General Retailers	1.40
10. Fidessa Group	Software & Computer Services	1.40
11. Informa	Media & Photography	1.40
12. Kcom Group	Telecommunications Services	1.39
13. National Express	Transport	1.36
14. Halfords	Engineering & Machinery	1.35
15. Kier Group	Construction & Building Materials	1.35
16. Connect Group	Industrials	1.33
17. Hill & Smith Holdings	Construction & Building Materials	1.33
18. Segro	Real Estate	1.33
19. Headlam	Construction & Building Materials	1.29
20. Brewin Dolphin Holdings	Speciality & Other Finance	1.29

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	35.32	30
£500m - £1bn	18.89	17
£250m - £500m	19.80	19
£100m - £250m	20.90	23
Below £100m	3.10	7
Cash and Income	1.99	-
Total	100.00	96

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.