

Monthly Fact Sheet 31 December 2015

Launch Date 20th October 2014
Fund Size £15.2m

Share Price (as at 31.12.15)
Shares Income Accumulation
B Shares 132.35p 132.35p

Codes (B Shares)
Income Accumulation
Sedol BP85595 BP855B7
ISIN GB00BP855954 GB00BP855B75

Annual Management Fee (%)
B Shares 0.75

Minimum Investment
B Shares £1,000

Fund Managers



James Baker

a history graduate from Cambridge University, has over 30 years of equity market experience on both buy and sell sides, specialising for all of his career in UK Small and Mid caps stock selection. He has

worked for several organisations over the years, but most notably spent 11 years from 1999 to 2011 as part of the ABN Amro, Small Mid cap sales team, which was consistently top ranked by Extel. Prior to joining Chelverton he worked as the Assistant fund manager on the Rathbone UK Recovery Fund.



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 UK Equity Income Fund since launch.

Source & Copyright: CITYWIRE. David Taylor is AAA rated by Citywire for his 3 year risk adjusted performance for the period 31/12/2012 - 31/12/2015.



PFS Chelverton UK Equity Growth Fund

Investment Objective and Policy

The objective of the fund is to achieve long-term capital growth by investing primarily in a portfolio of fully listed and AIM traded UK equities.

Monthly Manager Commentary

The strong relative performance over the month was, in part, driven by the same themes that have been relevant since May. Our limited exposure to oil & gas, basic materials and banks, coupled with our size bias, has been highly beneficial over the past year as small and midcaps have outperformed strongly since the election, helped by the tailwind of a strong domestic economy. At the same time, macro indicators were indicating an improving Eurozone. Since the turn of the year, however, those investors expecting a January bounce in risk asset prices have, to put it mildly, come in for a nasty shock. Worries with respect to the Chinese economy and falling commodity prices have had analysts leapfrogging each other to see who can revise down their growth expectations furthest. The subsequent sell off in Global markets has taken indices down to the levels seen in September, from which they subsequently bounced. At home, this recent volatility should at least serve to move the timing of the first interest rate rise further to the right. Whilst we have been reassured by the majority of recent trading statements from our investee companies perhaps the aggregate strength of their balance sheets is more salient in the current environment.

At the stock level our best performing company was Skyepharma, the healthcare business, which rose on the back of positive news flow. Other notable performers were three of our technology stocks namely dotDigital, Tracsis and finally Centralnic, a new holding whose business is the sale and management of internet domain names for customers, a rapidly expanding area given the recent expansion in the number of top level domain names available. Our worst performing stocks were Park Group, which gave up some of its recent strong outperformance, when the founders stake was placed and IQE, the technology hardware business, which was weak despite a reassuring trading update. We took advantage of this underperformance to add to both holdings.

The month saw heavy inflows into the Fund. So, in addition to Centralnic, we started holdings in Alliance Pharma, the niche pharmaceutical business, Eco Animal Health, an animal antibiotics business, which plays to the dual themes of animal health and the increasing demand for a higher protein diet in developing economies, and Headlam, the European floorcoverings distributor. We exited one holding, Brooks MacDonald, on valuation grounds.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	Since Launch
Fund (%)	26.67	2.09	8.13	12.11	26.67	32.35
Sector Rank	1/259	12/265	7/264	2/263	1/259	5/259
Quartile Ranking	1st	1st	1st	1st	1st	1st
IA UK All Companies (%)	4.68	-0.47	4.50	-1.27	4.68	12.55

Source: Lipper, NAV to NAV, B Shares Inc, Total Return to 31.12.2015

Discrete Annual Performance

	31.12.14	31.12.13	31.12.12	30.12.11	31.12.10
Fund (%)	26.67	-	-	-	-

Source: Lipper, NAV to NAV, B Shares Inc, Total Return to 31.12.2015

Investment Approach

The fund managers are looking for companies that can both grow faster than the market and are highly cash generative enabling them to fund their own growth. Typically these companies will have some form of sustainable competitive advantage, such as a unique product, or a dominant position in a particular market, leading to high margins and the ability to generate surplus cash.

Stocks and Themes in the Portfolio

A major issue facing developed economies is the ever rising cost of healthcare, a consequence of ageing populations, at a time of budgetary constraint. One area that attracts us as a result of this problem is healthcare software providers whose products help improve efficiency and reduce costs in the health service. At the outset of the Fund we invested in Advanced Computer Software, a provider of hospital patient management systems and workforce optimisation solutions for NHS care workers, and Craneware, a UK based provider of US hospital billing software, replacing more labour intensive internal systems and reducing errors, which can result in Federal fines and late payment by insurers. Advanced Computer Software was taken over shortly after our investment, but we have since bought Servelec, a leading provider of community and mental health hospital systems, and EMIS the market leading provider of GP software with a strong presence in pharmacy as well as hospital systems. All of these companies play to the theme of improving efficiency in the health service and meet our criteria for top-line growth, cash generation and have high levels of recurring revenue.

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31 December 2015

ACD
Phoenix Fund Services (UK) Ltd

Investment Advisor
Chelverton Asset Management Ltd

Administrator
Phoenix Fund Services (UK) Ltd

Income Paid Annually

XD Dates 31 December

Valuation 12 Noon

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FURTHER INFORMATION

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PFS Chelverton UK Equity Growth Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Hill & Smith	Industrials	2.0
2. Polypipe	Construction	1.9
3. Victrex	Industrials	1.8
4. Safestyle UK	Construction	1.8
5. UBM	Media	1.8
6. IMImobile	Technology	1.7
7. Matchtech	Support Services	1.7
8. Servelec	Technology	1.7
9. Tyman	Construction	1.7
10. Avon Rubber	Industrials	1.7
11. Centaur Media	Media	1.7
12. Atkins (WS)	Support Services	1.6
13. Dotdigital	Technology	1.6
14. SQS Software Quality Systems	Technology	1.6
15. Topps Tiles	Consumer	1.6
16. Liontrust Asset Management	Financials	1.6
17. EMIS	Technology	1.5
18. NCC	Technology	1.5
19. Spectris	Industrials	1.5
20. IQE	Technology	1.5

Source: Chelverton Asset Management Limited

Sector Breakdown

	% of Portfolio
Technology	23.3
Industrials	17.0
Financials	10.0
Construction	9.9
Consumer	8.3
Media	8.1
Healthcare	6.6
Support Services	4.7
Property	3.4
Telecoms	0.3
Cash	8.4

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	10.7	8
£500m-£1bn	13.3	9
£250m-£500m	15.7	13
£100m-£250m	35.7	28
Below £100m	16.2	15
Cash & Income	8.4	N/A
Total	100.0	73

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.