

## Monthly Fact Sheet 31 July 2015

**Launch Date** 20th October 2014

**Share Price** (as at 31.07.15)

Shares	Income	Accumulation
B Shares	123.71P	123.71P

**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 Asset Management in January 2006 and has co-managed the 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 31/07/2012 - 31/07/2015.

# 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 last month was dominated by macro news. There was no GREXIT 'relief bounce' at home as the Greek situation was resolved, as an acceptable outcome had already been priced into the market. The Chancellors budget was largely 'more of the same' although the introduction of the new living wage did have analysts focusing on the increased cost implications for a wide range of domestic earners. It was also noticeable that the noise coming from the Bank of England Governor was becoming more hawkish, although we continue to believe that a rate rise is a story for next year rather than this one. The improving trend in corporate upgrades was negatively impacted by sterling strength as a wide range of overseas earners were downgraded on currency grounds. On the other hand the domestic economy, particularly the service sector, continues to perform well and consumer confidence remains high supported by evidence of real wage growth.

The Fund returned 4.79% last month, comfortably ahead of the market and its IA benchmark. Our best performing share was Alent, after receiving a recommended bid. Other strong performers were Quartix (commercial vehicle telematics), Clipper Logistics and Accesso Technology on winning a multi-year contract to manage all Merlin Entertainment's online ticket sales. We also started a holding in Optimal Payments (online payment processing) at an opportune time, the shares had sold off after a fund raising for a material acquisition, but have rallied over 25% since our purchase. The worst performers were LSL Property Services and Fidessa with negative returns of around 10% on the back of marginally disappointing results statements.

The Industrials sector presents quite an interesting conundrum at the moment. Earnings and share prices have come under pressure, where companies have exposure to Natural Resources end markets, offsetting this there's been a noticeable uptick in corporate activity (with takeover bids for quality businesses like Alent, Hellerman Tyton and Domino Printing). So whilst we were reducing our Industrials weighting recently, the speed of the de-rating for example in Senior, where only a small portion of sales relate to the petrochemical market, has given us an opportunity to buy back into the shares at what we feel is an attractive valuation and gives the fund exposure to the long-term growth trends in its core civil aerospace market. We have also started a holding in Morgan Advanced Materials (high margin industrial consumables).

## Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	Since Launch
Fund (%)	18.41	4.79	8.53	16.88	-	23.71
Sector Rank	2/260	2/263	3/263	3/262	-	18/260
Quartile Ranking	1st	1st	1st	1st	-	1st
IA UK All Companies (%)	7.10	1.13	-0.41	4.24	-	15.10

Source: Lipper, NAV to NAV, B Shares Inc, Total Return to 31.07.2015

## Discrete Annual Performance

	31.07.14	31.07.13	31.07.12	29.07.11	30.07.10
Fund (%)	N/A	-	-	-	-

Source: Lipper, NAV to NAV, B Shares Inc, Total Return to 31.07.2015

## 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

One theme that attracts us is the growing empowerment of consumers of financial products, as we move away from defined benefit pensions and annuities to SIPPS, and tax efficient savings products like ISAs. To take advantage of this trend we own independent fund managers **Liontrust** and **River & Mercantile**, two wealth management businesses namely **Brooks Macdonald** and **Mattioli Woods**, service providers to advisers such as **Curtis Banks** (SIPP Administration) and **Mortgage Advice Bureau** (compliance services for independent mortgage brokers) and finally **Personal Group** and **Park Group** who operate in the blue collar end of the savings and employee benefits market. We expect all these companies to benefit from the structural change in the market, they screen well and are all high margin, capital light, cash generative businesses.

## Monthly Fact Sheet 31 July 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

**Dealing Line** 0845 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 Growth Fund

## Top 20 Holdings

Holding	Sector	% of Portfolio
1. Alent	Industrials	2.5
2. Liontrust Asset Management	Financials	2.1
3. Tarsus	Media	2.1
4. Halfords	Consumer	1.9
5. Servelec	Technology	1.9
6. FDM Group	Technology	1.9
7. Clinigen	Healthcare	1.9
8. Ultra Electronics	Industrials	1.8
9. Hill & Smith	Industrials	1.8
10. HSS Hire	Support Services	1.8
11. Accesso Technology	Technology	1.8
12. Mattioli Woods	Financials	1.8
13. Renew Holdings	Construction	1.7
14. Focusrite	Industrials	1.7
15. River & Mercantile Group	Financials	1.7
16. Quartix	Technology	1.7
17. Quixant	Technology	1.7
18. LSL Property Services	Property	1.6
19. Topps Tiles	Consumer	1.6
20. Victrex	Industrials	1.6

Source: Chelverton Asset Management Limited

## Sector Breakdown

	% of Portfolio
Technology	23.5
Industrials	22.1
Financials	15.8
Construction	8.3
Healthcare	7.4
Support Services	7.0
Media	5.9
Consumer	4.8
Property	1.6
Resources	0.9
Cash	2.7

## Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	13.9	9
£500m-£1bn	10.4	7
£250m-£500m	14.3	10
£100m-£250m	42.5	29
Below £100m	16.2	12
Cash and Income	2.7	N/A
Total	100.00	67

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.