

Monthly Fact Sheet 31 October 2015

Launch Date 20th October 2014

Share Price (as at 31.10.15)

Shares	Income	Accumulation
B Shares	125.23p	125.23p

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 31/10/2012 - 31/10/2015.

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 market enjoyed a much needed rally in October, led by FTSE100 overweight sectors such as fixed-line telecoms, oil and gas, life insurers, miners, tobacco and beverages. Consequently, whilst the Fund generated a positive return over the month, it gave up some of its recent relative outperformance against its benchmark as a result of its small and mid-cap focus. Our only overweight sector, which enjoyed significant outperformance, was Technology. Here Proactis (up over 40%) and dotDigital (up 14%) were two of the best performers, rising on the back of strong results. Tristel, the hospital hygiene business (up 22%), also responded well to strong figures. The Fund's industrial exposure put a drag on performance, as anecdotal evidence from China pointed to a more severe slowdown than we'd previously envisaged, with capital spend also showing signs of slowing in the US. Analysts downgraded several industrial stocks causing components manufacture, Senior, to fall 12%, whilst XP Power warned of more sluggish trading, leading to a similar share price decline.

More surprisingly, given the strength of the domestic economy, UK residential construction RMI spend has remained subdued causing stocks like Tyman and Polypipe (both down 6%) to underperform. Our worst performing stock though, was a small position in InternetQ (down 23%). The market has struggled to fathom the quality of its earnings from online digital advertising, an area where the rapid evolution of the way business is transacted has resulted in a number of corporate casualties.

During the month we added a new stock, Greencore, the UK's leading own label sandwich maker with a growing US food-to-go presence to the portfolio. We have bought back into Foxton's the London estate agency, taking advantage of weakness in its share price as housing transactions have been slow to pick up in the aftermath of the election, but more from a lack of supply than demand, something we expect to rectify going forwards into 2016. We also started a position in Safestyle, a low-cost manufacturer and installer of replacement residential windows, which is successfully expanding as it grows out from its Northern base. We exited our holding in Morgan Advanced Materials as we became more concerned about its short to medium term trading prospects, and also sold out of Avon Rubber and FDM after a strong run in both their shares.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	Since Launch
Fund (%)	19.86	2.31	1.23	9.86	23.55	25.23
Sector Rank	2/258	227/261	7/261	7/261	6/258	10/258
Quartile Ranking	1st	4th	1st	1st	1st	1st
IA UK All Companies (%)	4.14	4.04	-2.85	-3.18	6.75	11.98

Source: Lipper, NAV to NAV, B Shares Inc, Total Return to 31.10.2015

Discrete Annual Performance

	31.10.14	31.10.13	31.10.12	31.10.11	29.10.10
Fund (%)	23.55	-	-	-	-

Source: Lipper, NAV to NAV, B Shares Inc, Total Return to 31.10.2015

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 conundrum for us at the moment is our industrials exposure. Many stocks in the sector manifest qualities that we are fundamentally attracted to, being cash generative businesses supplying high margin, performance critical materials and components to their end customers. However they are currently facing top-line headwinds from rapidly declining natural resource sectors together with the slowdown in Chinese and US capital goods markets. The strategy we've adopted is to focus on companies not too heavily exposed to oil and gas markets, with strong market positions and the prospect of a reasonably timely return to top line growth. An example is Victrex, whose lightweight, hard-wearing advanced polymer solutions are gradually replacing traditional metal components across a multiplicity of industries. Also Senior, with its exposure to the buoyant civil aerospace new build market.

The back-drop of a strengthening US dollar is likely to make some of these high quality businesses with global market positions more attractive to US predators as their valuations retrench. We saw this with the bid for Alent (in the portfolio) and the recent take-overs of Domino Printing and Hellerman Tyton, which we did not own.

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31 October 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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PFS Chelverton UK Equity Growth Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Senior	Industrials	2.2
2. Dotdigital Group	Technology	2.1
3. Matchtech	Support Services	2.1
4. Polypipe Group	Construction	2.0
5. Tyman	Construction	2.0
6. Halfords	consumer	2.0
7. Victrex	Industrials	1.8
8. Foxtons	Property	1.8
9. Servelec	Technology	1.8
10. Safestyle UK	Construction	1.8
11. EMIS	Technology	1.7
12. Melrose Industries	Industrials	1.7
13. Liontrust Asset Management	Financials	1.7
14. Brooks MacDonald	Financials	1.6
15. UBM	Media	1.6
16. Mortgage Advice Bureau	Financials	1.6
17. Alent	Industrials	1.6
18. Craneware	Technology	1.6
19. Sanne Group	Financials	1.6
20. Topps Tiles	Consumer	1.6

Source: Chelverton Asset Management Limited

Sector Breakdown

	% of Portfolio
Technology	23.4
Industrials	17.3
Financials	14.6
Construction	11.2
consumer	7.8
Media	6.5
Support Services	5.3
Healthcare	5.2
Property	3.3
Telecoms	0.8
Cash	4.6

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	14.2	11
£500m-£1bn	12.8	8
£250m-£500m	15.0	11
£100m-£250m	33.6	23
Below £100m	19.9	16
Cash and Income	4.6	N/A
Total	100.0	69

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.