

## Monthly Fact Sheet 28 February 2015

**Launch Date** 20th October 2014

**Share Price** (as at 28.02.15)

Shares	Income	Accumulation
B Shares	109.58p	109.57p

**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 28/02/2012 - 28/02/2015.

## 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

A feature of last month has been the rebound in share prices across a wide range of value stocks, as they put out trading updates broadly in line with expectations. The fact that the rate of downgrades has slowed and profits forecasts now seem more soundly based has provided a short-term catalyst for a re-rating of these shares from quite depressed levels, against the more expensive large cap 'bond proxy' shares. Growth stocks progress was more muted over the period. Whilst the domestic UK macro outlook is generally helpful for UK mid and small-cap equities and valuations remain generally attractive, uncertainty about the outcome of forthcoming General Election is likely to cause volatility and may well provide a headwind to further progress.

Over the period our best performing stocks were Iomart (+19%) and Skyepharma (+15%), which both rebounded from over-reactions to marginally disappointing earlier trading updates, and Quantum Pharma (+17%) a recent IPO, which after a quiet debut rallied strongly on the back of a strong update. On the negative tack Xchanging (-11%) and Kalibrate (-9%) were our two worst performers. Xchanging produced in line profits for 2014, but cash flow deteriorated to the extent that the company no longer met our screening criteria, so we sold our holding. We were relatively active on the dealing front, selling our two asset intensive businesses Hansteen and Paragon, because they had moved to significant premiums to NAV. We also sold our RWS Holdings on valuation grounds after a strong run. In the media sector we took a profit on UBM and invested in Wilmington. We also started holdings in Spectris (industrial controls), Liontrust (fund management) Ebiquity (media) and Sanderson (technology).

### Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	Since Launch
Fund (%)	4.78	3.43	6.36	-	-	9.47
Sector Rank	238/262	95/263	88/262	-	-	252/262
Quartile Ranking	4th	2nd	2nd	-	-	4th
IA UK All Companies (%)	6.19	3.32	5.79	-	-	14.07

Source: Lipper, NAV to NAV, B Shares Inc, Total Return to 28.02.2015

### Discrete Annual Performance

	28.02.14	28.02.13	29.02.12	28.02.11	26.02.10
Fund (%)	N/A	-	-	-	-

Source: Lipper, NAV to NAV, B Shares Inc, Total Return to 28.02.2015

### 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 we like is investing in companies, which supply components that are key to the performance of their customers' end products, but represent only a fraction of that end products cost. As such they can command high margins and once designed-in these components are unlikely to be replaced. Examples of such investments in the portfolio are **Elementis**, **Porvair** and **XP Power**. **Alent**, our largest holding at the month end, is a prime example. The company is a global market leader in the production of technically demanding conductive solders and electro-plating chemicals used in the electronics industry, where specifications are becoming ever more demanding with on-going miniaturisation. The business manifests all the financial characteristics we like with 24% adjusted EBIT margins and strong cash-flows. Growth should be driven by the proliferation of electronic devices and growing use of electronics in cars and household goods. Having been de-merged from Cookson the shares have yet to attract a wider following, and in our view are attractively priced compared to other speciality chemical and industrial consumables businesses.

Monthly Fact Sheet  
**28 February 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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**springcapital**

## PFS Chelverton UK Equity Growth Fund

### Top 20 Holdings

Holding	Sector	% of Portfolio
1. Alent	Industrials	2.5
2. Personal Group	Financials	2.2
3. Polypipe Group	Construction	2.2
4. River & Mercantile	Financials	2.2
5. Bioventix	Healthcare	2.1
6. Servelec	Technology	2.1
7. Craneware	Technology	2.1
8. Renew	Construction	2.0
9. Topps Tiles	Consumer	1.9
10. Cape	Support Services	1.9
11. XP Power	Industrials	1.9
12. Quantum Pharmaceutical	Healthcare	1.9
13. Plus500	Financials	1.9
14. Clipper Logistics	Support Services	1.9
15. Iomart Group	Technology	1.8
16. Ultra Electronics	Industrials	1.8
17. Wilmington	Media	1.8
18. Clarkson	Industrials	1.8
19. Halfords	Consumer	1.8
20. Porvair	Industrials	1.8

Source: Chelverton Asset Management Limited

### Sector Breakdown

	% of Portfolio
Technology	24.5
Industrials	20.9
Financials	10.9
Healthcare	9.0
Media	7.8
Construction	6.7
Consumer	5.4
Support Services	4.8
Oils	2.3
Property	1.4
Cash	6.2

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	10.5	7
£500m - £1bn	16.0	9
£250m - £500m	13.2	9
£100m - £250m	33.5	19
Below £100m	20.6	15
Cash and Income	6.2	N/A
<b>Total</b>	<b>100.00</b>	<b>60</b>

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.