



PHOENIX
Fund Services

PFS Chelverton UK Equity Income Fund

Short Report 30 June 2015

Directory

Authorised Corporate Director (ACD) & Registrar

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Customer Service Centre

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Directors of the Authorised Corporate Director

P.J. Foley-Brickley
D. Jones
R.W. Leedham
D.W. Munting
D.C. Tibble (retired 24 July 2015)

Investment Adviser

Chelverton Asset Management Limited
12b George Street, Bath, BA1 2EH
(Authorised and regulated by the Financial Conduct Authority)

Fund Managers

David Horner
David Taylor

Depositary

National Westminster Bank Plc
Trustee & Depositary Services
135 Bishopsgate, London EC2M 3UR
(Authorised and regulated by the Financial Conduct Authority)

Auditor

KPMG Audit Plc
Chartered Accountants & Registered Auditors
15 Canada Square, Canary Wharf, London E14 5GL

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 primarily in UK companies which aim to provide a high initial dividend; progressive dividend payments, and long-term capital appreciation. The asset classes in which the Fund is permitted to invest includes transferable securities, money market instruments, cash and near cash and deposits as permitted for UCITS schemes under COLL and in accordance with the Fund's investment powers as summarised in the Prospectus.

Investment Adviser's Report

for the period ended 30 June 2015

In the last six months the Fund produced a total return of 12.25% compared to an average of 5.32% for the IA UK Equity Income sector as a whole.

(Source: Lipper. NAV to NAV A Shares Income).

The key influence over the performance of the Fund in the last six months was unsurprisingly the General Election. As investors were reassured by 'more of the same' macro policies the Fund responded well to the result which was seen as the most 'business friendly' of all outcomes and our UK small and mid-cap mandate was a distinct positive as equity risk premiums fell. The real issue now is whether this was just a 'relief' bounce in small and mid cap prices as a major uncertainty has been removed or the start of a more sustainable trend. Current consensus estimates suggest that the economic environment should be supportive of relatively good domestic small and mid cap performance, although it should be noted that this was also the case ahead of the election. Indeed for the past twelve months or so there has been a substantial disconnect between the strong 'top down' performance of the economy and the rather more pedestrian 'bottom up' growth experience of the stocks that we invest in. Investors are now less nervous and are prepared therefore to afford increasingly higher ratings to the earnings of stocks within our universe but ultimately it is important that these earnings are seen to grow.

The major contributors to performance in the period included house builders, Berkeley, Galliford Try, Epwin which is geared to housing repair, maintenance and improvement and Foxtons the estate agent. Domino Printing Sciences added value as it was the subject of an agreed cash offer and Acal and 4Imprint responded well to positive trading updates. On the downside Soco International was affected by the decline in the oil price and by a downgrade in reserves, UTV Media fell as losses in the new TV business exceeded expectations and Shoe Zone had a weather related profit warning. We sold eight holdings in the period including Balfour Beatty, Ladbrokes, Hansteen and Cineworld. We also added eight new stocks to the portfolio including Mortgage Advice Bureau, Bovis Homes, Cape and Brammer which interestingly we had sold a year ago on a yield of just over two percent and have bought back on a prospective yield of four percent. Within our Fund recent trading statements have largely been in line with, or slightly better than, expectations which is an improvement from the end of last year. The increased investor confidence that we have seen in the last few months will remain fragile however until there is more tangible evidence of a pick up in earnings growth across our investment universe.

Comparative Tables

Accounting and distribution dates

	Accounting	Distribution
First Interim	–	31 May
Second Interim	30 June	31 August
Third Interim	–	30 November
Final	31 December	28 February

Change in net assets per share

	A Income			
	30.06.15 p	31.12.14 p	31.12.13 p	31.12.12 p
Opening net asset value per share	94.84	99.32	73.85	60.50
Return before operating charges [^]	13.55	1.93	31.74	18.81
Operating Charges	-1.70	-1.71	-1.61	-1.28
Return after operating charges [^]	11.85	0.22	30.13	17.53
Distributions on income shares	-1.87	-4.70	-4.66	-4.18
Closing net asset value per share	104.82	94.84	99.32	73.85
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a
[^] After direct transaction costs of	-0.15	-0.38	-0.76	-0.35
Performance				
Return after charges	12.49%	0.22%	40.80%	28.98%
Other Information				
Closing net asset value	19,258,527	19,298,656	30,735,897	5,341,653
Closing number of shares	18,373,584	20,348,720	30,946,552	7,233,398
Operating Charges [†]	1.67%	1.73%	1.81%	1.88%
Direct transaction costs	-0.15%	-0.38%	-0.85%	-0.51%
Highest share price	108.75	103.66	101.67	76.02
Lowest share price	94.08	89.50	75.32	61.14

[†] The operating charge includes Investment Managers charge of 1.50%

Comparative Tables

continued

Change in net assets per share (continued)

	A Accumulation			
	30.06.15 p	31.12.14 p	31.12.13 p	31.12.12 p
Opening net asset value per share	148.88	148.61	105.12	81.19
Return before operating charges [^]	21.34	2.87	45.82	25.68
Operating Charges	-2.68	-2.60	-2.33	-1.75
Return after operating charges [^]	18.66	0.27	43.49	23.93
Distributions on income shares	n/a	n/a	n/a	n/a
Closing net asset value per share	167.54	148.88	148.61	105.12
Retained distributions on accumulation shares	2.95	7.15	6.76	5.73
[^] After direct transaction costs of	-0.24	-0.57	-1.10	-0.47
Performance				
Return after charges	12.53%	0.18%	41.37%	29.47%
Other Information				
Closing net asset value	8,759,624	10,072,267	17,769,122	1,537,429
Closing number of shares	5,228,307	6,765,451	11,957,184	1,462,602
Operating Charges [†]	1.67%	1.73%	1.81%	1.88%
Direct transaction costs	-0.15%	-0.38%	-0.85%	-0.51%
Highest share price	171.94	155.48	149.17	105.76
Lowest share price	147.67	137.74	107.20	82.03

[†] The operating charge includes Investment Managers charge of 1.50%

	B Income			
	30.06.15 p	31.12.14 p	31.12.13 p	31.12.12 p
Opening net asset value per share	98.97	102.89	76.00	61.91
Return before operating charges [^]	13.76	1.98	32.68	19.17
Operating Charges	-0.98	-1.01	-0.98	-0.79
Return after operating charges [^]	12.78	0.97	31.70	18.38
Distributions on income shares	-1.87	-4.89	-4.81	-4.29
Closing net asset value per share	109.88	98.97	102.89	76.00
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a
[^] After direct transaction costs of	-0.16	-0.39	-0.78	-0.36
Performance				
Return after charges	12.91%	0.94%	41.71%	29.69%
Other Information				
Closing net asset value	279,881,848	242,225,313	152,032,401	43,426,225
Closing number of shares	254,712,085	244,738,898	147,755,450	57,140,192
Operating Charges [†]	0.92%	0.98%	1.06%	1.13%
Direct transaction costs	-0.15%	-0.38%	-0.85%	-0.51%
Highest share price	113.88	107.50	105.40	78.29
Lowest share price	98.19	93.35	77.48	62.56

[†] The operating charge includes Investment Managers charge of 0.75%

Comparative Tables

continued

Change in net assets per share (continued)

	B Accumulation			
	30.06.15 p	31.12.14 p	31.12.13 p	31.12.12 p
Opening net asset value per share	161.12	159.67	112.21	86.19
Return before operating charges [^]	22.48	3.04	48.92	27.14
Operating Charges	-1.61	-1.59	-1.46	-1.12
Return after operating charges [^]	20.87	1.45	47.46	26.02
Distributions on income shares	n/a	n/a	n/a	n/a
Closing net asset value per share	181.99	161.12	159.67	112.21
Retained distributions on accumulation shares	3.06	7.71	7.24	6.11
[^] After direct transaction costs of	-0.26	-0.61	-1.17	-0.51
Performance				
Return after charges	12.95%	0.91%	42.30%	30.19%
Other Information				
Closing net asset value	94,914,956	73,994,458	24,556,825	2,853,051
Closing number of shares	52,154,319	45,925,033	15,380,114	2,542,558
Operating Charges [†]	0.92%	0.98%	1.06%	1.13%
Direct transaction costs	-0.15%	-0.38%	-0.85%	-0.51%
Highest share price	186.66	167.57	160.24	112.89
Lowest share price	159.83	148.83	114.40	87.08

[†] The operating charge includes Investment Managers charge of 0.75%

[^] Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

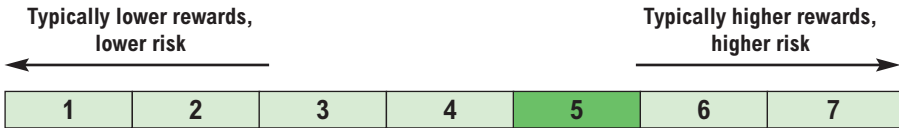
Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

Comparative Tables

continued

Risk and reward profile

The risk and reward indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.



The Fund is ranked 5 because funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Fund:

- Smaller company shares can be more difficult to buy and sell as they may trade infrequently, in small volumes and their share price may fluctuate more than that of a larger company.
- The level of targeted income is not guaranteed and may not be achieved.
- For further risk information please see the prospectus.

Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

Sector spread of investments

All sectors in percentage order are shown below

Sector	% of Fund as at 30.06.15
Industrials	33.87
Financials	23.15
Consumer Services	20.09
Consumer Goods	7.82
Technology	5.20
Telecommunications	2.45
Utilities	1.80
Oil & Gas	1.77
Net other assets	3.85

Sector	% of Fund as at 31.12.14
Industrials	30.36
Financials	24.04
Consumer Services	24.92
Consumer Goods	6.00
Technology	5.43
Telecommunications	2.05
Utilities	1.76
Oil & Gas	1.24
Net other assets	4.20

Major holdings

The top ten holdings at the end of each period are shown below

Holding	% of Fund as at 30.06.15
Galliford Try	2.05
Phoenix	2.03
Ashmore	1.94
Berkeley	1.66
Dairy Crest	1.59
Kier	1.45
Marston's	1.39
Debenhams	1.38
Low & Bonar	1.38
Segro	1.36

Holding	% of Fund as at 31.12.14
WH Smith	2.06
Galliford Try	1.95
Phoenix	1.95
Dairy Crest	1.73
Cineworld	1.68
Connect	1.61
Intermediate Capital	1.53
Brown (N)	1.50
Kier	1.46
Micro Focus	1.44

General Information

Authorised status

PFS Chelverton UK Equity Fund (the "Company") is structured as an Investment Company with Variable Capital ("ICVC"), under regulation 12 (Authorisation) of the OEIC Regulations (Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)).

The Company does not intend to have an interest in immovable property.

The Company is authorised by the FCA as a UCITS Scheme under the COLL Sourcebook. The effective date of the authorisation order made by the FCA was 4 April 2006.

The Company was incorporated in England and Wales on 04 April 2006 under registration number IC000431. The Shareholders are not liable for the debts of the Company.

The base currency of the fund is sterling. All shares issued are denominated in pence sterling.

Buying and selling shares

The ACD will accept orders for the purchase and sale of units on normal business days between 8.30am and 4.30pm. Instructions to buy or sell units may either be in writing to: Phoenix Fund Services (UK) Ltd, Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW or by telephone on 0345 305 4217.

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Report and accounts

This document is a short report of PFS Chelverton UK Equity Income Fund for the period ended 30 June 2015. The full Report and Accounts for the Fund is available upon written request to Phoenix Fund Services (UK) Ltd, Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.



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