



Chelverton

ASSET MANAGEMENT LTD

Monthly Fact Sheet 31 August 2011

Launch Date	4th December 2006
Fund Size	£34.7m
Yield (%)*	4.80

Share Price (as at 31.08.11)

Shares	Income	Accumulation
Retail	64.75p	83.02p
Institutional	66.13p	87.97p

Fund Managers



David Horner

qualified as a chartered accountant in 1984 with Touche Ross & Co before joining 3i Corporate Finance Limited in 1986

where he was a manager giving corporate finance advice. In May 1993 he joined Strand Partners Limited, and was appointed a director in January 1994, where he carried out a range of corporate finance assignments identifying, structuring and managing investments in quoted and unquoted companies. In October 1997 he left to set up Chelverton Asset Management Limited and was responsible for setting up, in May 1999, the Small Companies Dividend Trust, which he still manages. He has co-managed the Chelverton UK Equity Income Fund since launch.



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.

*The historic yield reflects distributions over the past 12 months as a percentage of the bid price of the retail share class as at the date shown. It does not include any initial charge and investors may be subject to tax on their distributions.

PFS Chelverton UK Equity Income Fund

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 in UK companies which aim to provide a high initial dividend, progressive dividend payments and longterm capital appreciation.

Monthly Manager Commentary

The sell off in equity markets in August happened against a background of disappointing macro news as analysts reduced their estimates for global GDP growth for both this year and next. Of particular concern for the European markets were the increasing fears over a Greek debt default and the lack of an obvious political solution. On the domestic front rising unemployment and weaker consumer confidence undermined retail sales and the level of market volatility rose significantly. At the corporate level there was an increase in the number of downgrades to earnings estimates across a wide range of Companies and a shift to more defensive stocks by investors. The real question for UK investors now is whether or not these downgrades are already 'priced in' after the recent falls, and we believe that a number of our holdings are now pricing in a recession, which we do not believe will happen.

It is important to note that GDP estimates still indicate positive growth over the next couple of years albeit at a lower rate than was previously anticipated, and that in aggregate corporate earnings are still expected to move ahead. Also, from a cash flow perspective UK plc generally still remains in good health. Our performance has been hit recently by weakness in a number of holdings with high operational gearing such as Premier Farnell, Electrocomponents and SThree, but they will all recover strongly when risk premiums begin to fall again. In these volatile markets we continue to feel that it is appropriate to retain our balanced portfolio across both sectors and styles. Whilst most commentators have focussed on the slowdown in earnings it is reassuring to note that dividend payments continue to exceed expectations. More and more Directors that we meet appear to appreciate the value of the dividend to investors, and the positive message that a growing payout gives about their Company.

Cumulative Performance

	1m	3 m	6 m	YTD	1 yr	3 yrs
Fund (%)	-8.31	-9.23	-5.21	-5.62	12.35	28.17
Sector Rank	71/104	44/102	25/100	41/99	7/99	3/83
Quartile Ranking	3rd	2nd	1st	2nd	1st	1st
IMA UK Equity Income (%)	-7.42	-9.67	-7.19	-6.00	7.01	7.83
FTSE All Share (%)	-6.89	-9.35	-7.95	-6.24	7.26	8.87

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.08.2011

Discrete Annual Performance

	31.08.10	31.08.09	29.08.08	31.08.07	31.08.06
	31.08.11	31.08.10	31.08.09	29.08.08	31.08.07
Fund (%)	12.35	20.4	-5.25	-31.55	-

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.08.2011

Dividend History

	Q1	Q2	Q3	Q4	Total
2010	0.60p	0.80p	0.80p	1.68p	3.88p
2011	0.63p	0.85p			1.48p

History of dividends declared per retail share. Source: Chelverton Asset Management Limited



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ACD
Phoenix Fund Services Ltd

Investment Advisor
Chelverton Asset Management Ltd

Administrator
Phoenix Fund Services Ltd

Income Paid Quarterly

XD Dates 31st March, 30th June,
30th September, 31st December

Valuation 12 Noon, Daily

SEDOL Codes

	Income	Accumulation
Retail	B1FD624	B1Y9J46
Institutional	B1FD646	B1Y9J57

Initial Charge (%)

Retail	5.0
Institutional	0.0

Annual Management Fee (%)

Retail	1.5
Institutional	0.75

Minimum Investment

Retail	£1,000
Institutional	£100,000

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FURTHER INFORMATION

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PFS Chelverton UK Equity Income Fund

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Cineworld	Travel & Leisure	2.38
2. Moneysupermarket	Media	2.37
3. N Brown	Industrial Engineering	2.33
4. Diploma	Support Services	2.29
5. RPC	Industrial Engineering	2.19
6. Office2Office	Support Services	2.15
7. First Group	Industrial Transportation	2.07
8. Braemar Seascope	General Financials	2.04
9. Hilton Foods	Food Producers	2.00
10. Hansard Global	Life Insurance	1.99
11. Chesnara	Life Insurance	1.97
12. Melrose	Industrial Engineering	1.92
13. BBA Aviation	Industrial Transportation	1.88
14. Go Ahead	Industrial Transportation	1.76
15. Menzies	Support Services	1.69
16. UBM	Media	1.68
17. Beazley	Life Insurance	1.66
18. Consort Medical	Pharmaceuticals & Biotechnology	1.66
19. 4Imprint	Media	1.57
20. Britvic	General Retailers	1.54

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No of Stocks
£1bn - £2bn	8.38	5
£500m - £1bn	21.70	14
£250m - £500m	16.43	12
£100m - £250m	24.81	19
Below £100m	22.97	26
Cash & Income	5.71	-
Total	100.00	76

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 Services 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.