



# Chelverton

ASSET MANAGEMENT LTD

## Monthly Fact Sheet 28 February 2011

<b>Launch Date</b>	4th December 2006
<b>Fund Size</b>	£29.1m
<b>Yield (%)*</b>	5.56

### Share Price (as at 28.02.11)

Shares	Income	Accumulation
Retail	69.75p	87.56p
Institutional	70.91p	92.39p

## 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.

## CF 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

Risk premiums continued to rise in the last month as the FTSE 100 outperformed mid caps and small caps produced a small negative return. On a relative basis our fund suffered as we have no exposure due to size or yield constraints to the three sectors that contributed most to the FTSE 100 performance, namely Oils, International Miners and Tobacco. In the year to date there have been small net downgrades to earnings expectations for the UK market as a whole driven, in part by banks and retailers, and investors continue to be concerned by poor domestic economic growth forecasts and rising inflation. Continued unrest in the Middle East has driven the oil price higher and the main 'theme' of the results season so far is a focus on rising input costs and the ability of Companies to pass them on. One stock in our portfolio that has been adversely affected by this, rather unfairly in our view, is RPC which we continue to hold although we sold our holding in McBride which is subject to the same concerns.

It is important to stress that despite these heightened macro concerns commentators are still expecting significant earnings growth across the UK equity market in all size bands in both 2011 and 2012 although, interestingly, small caps are the only size band where earnings are forecast to grow at a faster rate in 2012 than 2011. Whilst corporate results have largely met expectations, we continue to see good dividend increases from across our portfolio as evidenced by recent figures from Filtrona, Beazley and Brammer amongst others. In the last month we have added to a dozen of our existing holdings including Charlemagne, Go-Ahead, Cineworld and Wilmington and reduced our exposure to Interserve. Looking forward we expect to see continued short term earnings pressure in some sectors, most notably retailers and domestic contractors although, arguably, the ratings of some of these stocks are now reflecting this. Importantly, despite increased earnings volatility we continue to expect dividends to continue to grow, in aggregate, in our fund, and this remains our key medium term performance metric.

### Cumulative Performance

	1m	3 m	6 m	YTD	1 yr	3 yrs
Fund (%)	-0.40	7.25	18.52	-0.43	31.52	15.35
Sector Rank	102/102	60/102	18/101	93/102	2/100	17/86
Quartile Ranking	4th	3rd	1st	4th	1st	1st
IMA UK Equity Income (%)	1.92	7.30	15.28	1.27	16.71	10.90
FTSE All Share (%)	2.40	9.13	16.52	1.86	17.02	15.55

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 28.02.2011

### Discrete Annual Performance

	26.02.10	27.02.09	29.02.08	28.02.07	28.02.06
	28.02.11	26.02.10	27.02.09	29.02.08	28.02.07
Fund (%)	31.52	57.63	-44.36	-22.07	-

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 28.02.2011

### Dividend History

	Q1	Q2	Q3	Q4	Total
2009	0.50p	0.75p	0.75p	1.49p	3.49p
2010	0.60p	0.80p	0.80p	1.68p	3.88p

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

\*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.



# CF Chelverton UK Equity Income Fund

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**Investment Advisor**  
Chelverton Asset Management Ltd

**Administrator**  
Capita Financial Administrators 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

**Dealing Line** 0845 922 0044

## Top 20 Holdings

Holding	Sector	% of Portfolio
1. Beazley	Nonlife Insurance	2.54
2. Chesnara	Life Insurance	2.40
3. BBA Aviation	Industrial Transportation	2.26
4. Cineworld	Travel & Leisure	2.21
5. Fiberweb	Support Services	2.11
6. Moneysupermarket	Media	2.10
7. Hansard Global	Life Insurance	1.99
8. Consort Medical	Health Care Equipment & Services	1.98
9. Chaucer Holdings	Nonlife Insurance	1.93
10. Elementis	Chemicals	1.91
11. Go Ahead	Travel & Leisure	1.87
12. Melrose	Industrial Engineering	1.82
13. Hill and Smith	Industrial Engineering	1.79
14. Brewin Dolphin	General Financial	1.77
15. N Brown	General Retailers	1.74
16. RPC	General Industrials	1.74
17. WH Smith	General Retailers	1.71
18. Ladbrokes	Travel & Leisure	1.63
19. Morgan Sindall	Construction & Materials	1.62
20. Smiths News	Support Services	1.62

Source: Chelverton Asset Management Limited

## Market Cap Breakdown

	% of Portfolio	No of Stocks
£1bn - £2bn	6.07	4
£500m - £1bn	18.46	12
£250m - £500m	23.79	15
£100m - £250m	25.74	19
Below £100m	21.14	22
Cash & Income	4.78	-
<b>Total</b>	<b>100.00</b>	<b>72</b>

Source: Chelverton Asset Management Limited

### FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

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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. Capita Financial Managers Ltd are the Authorised Corporate Director of this fund and prospectuses for the fund are obtainable directly from them. Please email enquiries@capitafinancial.com or call 0845 922 0044.