



Chelverton

ASSET MANAGEMENT LTD

Monthly Fact Sheet 31 January 2011

Launch Date	4th December 2006
Fund Size	£28.9m
Yield (%)*	5.54

Share Price (as at 31.01.11)

Shares	Income	Accumulation
Retail	70.03p	87.91p
Institutional	71.14p	92.70p

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.

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

Whilst domestic macro conditions were deemed to be relatively benign at the end of last year the start of the new calendar year has had commentators highlighting the ever growing list of headwinds that appear to be facing the domestic economy. The increase in VAT, rising inflation, especially food and oil prices and lower than expected GDP growth have all combined to produce a heightened sense of gloom. Indeed fears of a 'double dip' recession have started to grab the headlines for the first time since the middle of last year. Our view essentially remains the same in that whilst we do not subscribe to the double dip theory we do think that for a range of UK facing companies 2011 rather than 2010 will prove to be the trough year for earnings. This will almost certainly be the case for a number of domestic orientated contractors and we have already seen statements to this effect from T.Clarke and Severfield-Rowen. We expect continued economic uncertainty to be reflected in market volatility over the next few months.

Our strategy for the fund is to continue to run last years' 'winners', some of the cyclicals and overseas earners through the first quarter and to gradually recycle monies from some of these lower yielding stocks into higher yielding domestic situations when the improving earnings outlook in 2012 becomes more relevant to pricing. At the same we expect to be able to invest in a number of new stocks that disappoint on the earnings front and fall into our investible universe as a result of an adverse overreaction in price. Importantly we expect that the two thirds of our fund invested in long term 'core' holdings will continue to deliver on both the cash generation and dividend fronts and provide a solid basis for performance through the year.

Cumulative Performance

	1m	3 m	6 m	YTD	1 yr	3 yrs
Fund (%)	-0.03	5.86	19.22	-0.03	34.85	19.11
Sector Rank	31/103	15/103	3/102	31/103	2/101	13/87
Quartile Ranking	2nd	1st	1st	2nd	1st	1st
IMA UK Equity Income (%)	-0.69	3.40	11.53	-0.69	16.25	10.27
FTSE All Share (%)	-0.53	4.17	13.54	-0.53	18.13	13.71

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.01.2011

Discrete Annual Performance

	29.01.10 31.01.11	30.01.09 29.01.10	31.01.08 30.01.09	31.01.07 31.01.08	31.01.06 31.01.07
Fund (%)	34.85	49.72	-41.00	-24.84	-

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.01.2011

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



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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. Chesnara	Life Insurance	2.40
2. BBA Aviation	Industrial Transportation	2.27
3. Fiberweb	Support Services	2.12
4. Moneysupermarket	Media	2.09
5. Beazley	Nonlife Insurance	2.08
6. Elementis	Chemicals	2.01
7. Consort Medical	Health Care Equipment & Services	1.99
8. Melrose	Industrial Engineering	1.92
9. RPC	General Industrials	1.89
10. N Brown	General Retailers	1.83
11. Hill and Smith	Industrial Engineering	1.79
12. Hansard Global	Life Insurance	1.78
13. WH Smith	General Retailers	1.75
14. Chaucer Holdings	Nonlife Insurance	1.67
15. Brewin Dolphin	General Financial	1.67
16. Morson	Support Services	1.66
17. Smiths News	Support Services	1.66
18. Keller	Construction & Materials	1.62
19. Interserve	Support Services	1.60
20. John Menzies	Support Services	1.58

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No of Stocks
£1bn - £2bn	4.51	3
£500m - £1bn	19.25	13
£250m - £500m	23.61	16
£100m - £250m	23.49	18
Below £100m	21.69	25
Cash & Income	7.45	-
Total	100.00	74

Source: Chelverton Asset Management Limited

FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

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London • Singapore

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.