



# Chelverton

ASSET MANAGEMENT LTD

## Monthly Fact Sheet 31 October 2011

<b>Launch Date</b>	4th December 2006
<b>Fund Size</b>	£35.3m
<b>Yield (%)*</b>	6.19

### Share Price (as at 30.09.11)

Shares	Income	Accumulation
Retail	64.78p	84.19p
Institutional	66.24p	89.30p

## 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

Investors appetite for risk assets returned last month as the FTSE 100 performed strongly led by the mega caps, and the basic materials, financials and oil&gas sectors. Whilst we produced a positive return our size bias counted against us as mid caps, and small caps in particular, lagged somewhat behind their larger counterparts. The improvement in sentiment was driven in the first instance by a broad agreement amongst eurozone countries on a bailout package although since the month end volatility has returned as the focus has shifted to the Italian economy. The second factor underpinning the rise in share prices last month was an improving trend in macro numbers both here and in the US. This is particularly significant for our fund as we remain more geared to the domestic economy than most other income funds.

Looking forward small caps are now trading at the widest earnings discount to the FTSE 100 since mid 2009, although this is perhaps unsurprising as at the stock level approximately two thirds of earnings revisions are currently downgrades. In trying to assess whether or not these are already 'priced in' to valuations, it is interesting to note that at the end of October our fund traded on a weighted average forward earnings multiple to the end of 2012 of just over nine times assuming earnings growth of just over ten percent. We have continued a balanced approach towards portfolio construction and are looking to gradually add to the income paying capacity of our fund by taking advantage of short term price volatility. To this end we have added to our holdings in Keller, St Ives, Kcom and Brewin Dolphin and realised funds from partial sales of Consort Medical and N. Brown.

## Cumulative Performance

	1m	3 m	6 m	YTD	1 yr	3 yrs
Fund (%)	3.24	-8.27	-9.84	-5.57	0.00	73.17
Sector Rank	103/104	101/103	96/101	87/98	75/98	4/82
Quartile Ranking	4th	4th	4th	4th	4th	1st
IMA UK Equity Income (%)	7.63	-2.90	-5.00	-1.38	2.69	46.93
FTSE All-Share (%)	7.89	-4.57	-7.76	-3.91	0.63	45.97

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.10.2011

## Discrete Annual Performance

	29.10.10 31.10.11	30.10.09 29.10.10	31.10.08 30.10.09	31.10.07 31.10.08	31.10.06 31.10.07
Fund (%)	0.00	29.70	33.52	-48.68	-

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.10.2011

## Dividend History

	Q1	Q2	Q3	Q4	Total
2010	0.60p	0.80p	0.80p	1.68p	3.88p
2011	0.63p	0.85p	0.85p		2.33p

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

**Dealing Line** 0845 305 4217

**Dealing Fax** 0845 280 0188

### FURTHER INFORMATION

Please contact Spring Capital Partners,  
in the first instance.

**Tel** +44 (0)20 3195 0076

**Email** chelverton@springcapitalpartners.com

**Visit** springcapitalpartners.com

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# PFS Chelverton UK Equity Income Fund

## Top 20 Holdings

Holding	Sector	% of Portfolio
1. RPC	Industrial Engineering	2.42
2. Diploma	Support Services	2.40
3. Cineworld	Travel & Leisure	2.32
4. Moneysupermarket	Media	2.24
5. Melrose	Industrial Engineering	2.07
6. Hilton Foods	Food Producers	2.06
7. BBA Aviation	Industrial Transportation	2.03
8. N Brown	General Retailers	2.00
9. First Group	Industrial Transportation	1.89
10. Office2Office	Support Services	1.88
11. Hansard Global	Life Insurance	1.88
12. UBM	Media	1.83
13. Chesnara	Life Insurance	1.80
14. Beazley	Life Insurance	1.79
15. Braemar Seascope	Industrial Transportation	1.72
16. Menzies	Support Services	1.66
17. 4Imprint	Media	1.66
18. Britvic	Food Producers	1.61
19. Go Ahead	Industrial Transportation	1.59
20. Brewin Dolphin	Asset Management	1.55

Source: Chelverton Asset Management Limited

## Market Cap Breakdown

	% of Portfolio	No of Stocks
£1bn - £2bn	8.66	5
£500m - £1bn	23.56	15
£250m - £500m	14.35	10
£100m - £250m	23.49	19
Below £100m	23.09	27
Cash & Income	6.85	-
<b>Total</b>	<b>100.00</b>	<b>76</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 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.