



Chelverton

ASSET MANAGEMENT LTD

Monthly Fact Sheet 30 September 2011

Launch Date	4th December 2006
Fund Size	£34.2m
Yield (%)*	6.39

Share Price (as at 30.09.11)

Shares	Income	Accumulation
Retail	62.75p	80.45p
Institutional	64.12p	85.29p

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

In the last month large cap outperformed small and mid cap again as investors continued to adopt a 'risk off' approach. The underlying yield of our portfolio afforded us some protection against falling markets as we outperformed the general UK market indices but our size bias meant that we marginally lagged the income sector as a whole. The macro data remained unremittingly gloomy and the sell off in equity markets spread to emerging markets. In the UK, the relative value of equities against bonds fell to almost a fifty year low, and the absolute rating on individual stocks are at levels typically seen in periods of recession. We continue to hold a relatively balanced portfolio and have suffered in the last few months as our most economically sensitive, and late cycle stocks have been sold off. At current levels of valuation however we believe that these will rebound strongly with just a small positive shift in investor sentiment.

We have recently seen a noticeable pick up in the number of analyst downgrades that have not been Company led but have been a reaction to increased macro pessimism. We believe that as long as there is no marked downturn in GDP forecasts, ie another recession, we are now reaching the point where Company earnings will once again start to beat consensus estimates. Reassuringly for us, dividend payments have remained robust throughout the recent downgrade cycle. In our portfolio we have seen a warning from Braemar in response to the problems in the global shipping industry and we have had a positive update from Diploma. Hilton foods and S&U both released good interim figures accompanied by double digit dividend increases.

Cumulative Performance

	1m	3 m	6 m	YTD	1 yr	3 yrs
Fund (%)	-3.09	-11.29	-8.82	-8.53	1.38	40.68
Sector Rank	68/105	64/105	46/103	50/100	18/100	2/84
Quartile Ranking	3rd	3rd	2nd	2nd	1st	1st
IMA UK Equity Income (%)	-2.55	-10.74	-9.13	-8.38	-2.21	18.99
FTSE All-Share (%)	-5.01	-13.50	-11.84	-10.93	-4.36	19.19

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 30.09.2011

Discrete Annual Performance

	30.09.10	30.09.09	30.09.08	28.09.07	29.09.06
	30.09.11	30.09.10	30.09.09	30.09.08	28.09.07
Fund (%)	1.38	23.74	12.14	-38.35	-

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 30.09.2011

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

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FURTHER INFORMATION

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Top 20 Holdings

Holding	Sector	% of Portfolio
1. N Brown	General Retailers	2.49
2. RPC	Industrial Engineering	2.40
3. Diploma	Industrial Transportation	2.33
4. Moneysupermarket	General Financials	2.29
5. Cineworld	Travel & Leisure	2.27
6. Hilton Foods	Food Producers	2.13
7. Office2Office	Support Services	2.00
8. BBA Aviation	Industrial Engineering	1.94
9. Hansard Global	Life Insurance	1.92
10. Chesnara	Life Insurance	1.88
11. First Group	Industrial Transportation	1.87
12. Melrose	Industrial Engineering	1.84
13. Menzies	Support Services	1.72
14. Beazley	Life Insurance	1.71
15. Consort Medical	Pharmaceuticals & Biotechnology	1.69
16. UBM	Media	1.67
17. Britvic	Food Producers	1.57
18. Go Ahead	Industrial Transportation	1.56
19. LSL Property Services	Real Estate	1.53
20. RWS	Support Services	1.51

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No of Stocks
£1bn - £2bn	8.04	5
£500m - £1bn	21.66	14
£250m - £500m	14.84	11
£100m - £250m	26.21	20
Below £100m	21.80	26
Cash & Income	7.45	-
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.