



Chelverton

ASSET MANAGEMENT LTD

Monthly Fact Sheet 31 August 2012

Launch Date	4th December 2006
Fund Size	£39.1m
Historic Yield (%)*	6.32

Share Price (as at 31.08.12)

Shares	Income	Accumulation
Retail	69.47p	95.44p
Institutional	71.38p	101.67p

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 last month saw a continuation of the gradual recovery in the UK equity market since the dramatic sell off in May. Ironically the macro news has got worse over this period, and continued to do so in August, but investors continue to be attracted to equities by their valuation relative to other asset classes and in particular by the dividend yield and the prospects for growth in dividend payouts. Whilst it is now consensus that there will be further earnings downgrades as we move towards the end of this year investors have taken the view that these are already 'priced in' to current valuations and they appear to have largely discounted the raft of recent currency driven downgrades.

We have commented frequently on the ability of our companies to generate cash and estimates suggest that corporate balance sheets are now at their strongest since the late nineties. The average dividend cover in our portfolio of around twice combined with robust balance sheets gives our income prospects a healthy degree of resilience to any further earnings downgrades next year. We are also encouraged as more and more boards appear to be adopting a predictable dividend growth strategy to attract the marginal investor in the face of a volatile earnings environment. In the last month we reduced our positions in both Moneysupermarket.com and RPC, two of our larger weightings and added to a number of positions, including Greencore, Galliford Try, DS Smith, St Ives and Premier Farnell. At the same time, Hill&Smith, Cineworld, Interserve, Novae and Menzies all announced reassuring numbers with dividend increases ahead of inflation.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs
Fund (%)	4.50	9.21	16.73	14.97	54.70	0.32
Sector Rank	2/101	34/101	2/101	31/98	2/90	54/77
Quartile Ranking	1st	2nd	1st	2nd	1st	3rd
IMA UK Equity Income (%)	2.23	8.86	9.56	13.11	31.59	6.76

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.08.2012

Discrete Annual Performance

	31.08.11	31.08.10	31.08.09	29.08.08	31.08.07
	31.08.12	31.08.11	31.08.10	31.08.09	29.08.08
Fund (%)	14.97	12.35	19.76	-5.25	-31.56

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.08.2012

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	1.97p	4.30p
2012	0.67p	0.90p			

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. Micro Focus International	Software & Computer Services	2.44
2. Tui Travel	Leisure, Entertainment & Hotels	2.32
3. Beazley	Insurance	2.16
4. Cineworld Group	Leisure, Entertainment & Hotels	2.07
5. Keller Group	Engineering & Machinery	2.04
6. TalkTalk	Telecommunications Services	2.01
7. Premier Farnell	Electronic & Electrical Equipment	2.00
8. Interserve	Support Services	1.98
9. Menzies (John)	Support Services	1.96
10. Hilton Food Group	Food Producers & Processors	1.95
11. Brown (N) Group	General Retailers	1.93
12. 4imprint	Media & Photography	1.90
13. Smiths News	Industrials	1.90
14. Moneysupermarket.com	Speciality & Other Finance	1.86
15. Galliford Try	Construction & Building Materials	1.85
16. Chesnara	Insurance	1.80
17. Office2Office	Support Services	1.74
18. RPC Group	Packaging	1.73
19. Novae Group	Insurance	1.67
20. RWS Holdings	Support Services	1.67

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No of Stocks
Above £1bn	12.26	7
£500m - £1bn	23.07	13
£250m - £500m	22.41	15
£100m - £250m	20.84	17
Below £100m	16.42	19
Cash & Income	5.00	-
Total	100.00	71

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.