



# Chelverton

ASSET MANAGEMENT LTD

## Monthly Fact Sheet 31 December 2012

<b>Launch Date</b>	4th December 2006
<b>Fund Size</b>	£54.7m
<b>Historic Yield (%)*</b>	5.64

### Share Price (as at 31.12.12)

Shares	Income	Accumulation
Retail	76.02p	105.75p
Institutional	78.29p	112.89p

### 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 year finished on a high as equities returned a positive month and small and mid-caps outperformed. This was partly driven by falling equity risk premiums as investors continued to question the relative attraction of bonds (both government and corporate) on valuation grounds. At the stock level the higher than average gearing of our portfolio to the domestic economy contributed to the outperformance. Interestingly in the latter part of the month there was a growing body of opinion that next year we may see the same sort of recovery in stocks with Eurozone earnings as we have seen in the latter part of this year with our domestic earners. In our portfolio we added to our holdings in Acal, Electrocomponents and RPC, all of which have substantial exposure to Europe. Overall investors appear to believe that we are over the worst of the economic problems and equity valuations are once again tempting them to invest, although this new found enthusiasm will require a more positive outlook to be sustained.

The rise in markets in the last month occurred in the face of continued earnings downgrades across a broad spectrum of the equity market. We look forward to a period when the macro environment improves and can help to lead the market through a phase of sales led earnings upgrades, but we feel this is still some way away. In the meantime we believe that current valuations are supported by the dividends and cash flows of the companies that we invest in. As economic confidence grows we expect the rate of dividend growth to slow as companies begin to reinvest in growth and even with our income 'hats' on we believe this to be the right thing for corporate UK and shareholder returns over the medium term. With further strong fund flows we added to eighteen existing holdings including Novae, KComm, Chesnara and 4Imprint and made two new purchases, Cobham and Informa.

### Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs
Fund (%)	3.64	7.58	29.36	29.36	64.16	30.55
Sector Rank	2/99	2/99	2/99	2/99	2/89	4/75
Quartile Ranking	1st	1st	1st	1st	1st	1st
IMA UK Equity Income (%)	0.96	2.94	14.04	14.04	27.27	12.04

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.12.2012

### Discreet Annual Performance

	30.12.11	31.12.10	31.12.09	31.12.08	31.12.07
	31.12.12	30.12.11	31.12.10	31.12.09	31.12.08
Fund (%)	29.36	-7.04	36.52	41.21	-43.68

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.12.2012

### Dividend History

		Q1	Q2	Q3	Q4	Total
2010	Institutional Shares	0.60p	0.80p	0.80p	1.67p	3.87p
	Retail Shares	0.60p	0.80p	0.80p	1.64p	3.84p
2011	Institutional Shares	0.63p	0.85p	0.85p	2.02p	4.35p
	Retail Shares	0.63p	0.85p	0.85p	1.97p	4.30p
2012	Institutional Shares	0.67p	0.90p	0.90p	1.83p	4.30p
	Retail Shares	0.67p	0.90p	0.90p	1.72p	4.19p

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



# PFS Chelverton UK Equity Income Fund

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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** 31 March, 30 June  
30 September, 31 December

**Valuation** 12 Noon, Daily

### SEDOL Codes

	Income	Accumulation
Retail	B1FD624	B1FD646
Institutional	B1Y9J46	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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**springcapital**

## Top 20 Holdings

Holding	Sector	% of Portfolio
1. Smiths News	Industrials	2.17
2. Keller	Engineering & Machinery	1.97
3. Tui	Leisure, Entertainment & Hotels	1.94
4. N Brown	General Retailers	1.86
5. Greencore Group	Food Producers & Processors	1.86
6. Talk Talk	Telecommunications Services	1.82
7. Chesnara	Insurance	1.73
8. Micro Focus International	Software & Computer Services	1.68
9. Galliford Try	Construction & Building Materials	1.63
10. Beazley	Insurance	1.61
11. Brewin Dolphin	Speciality & Other Finance	1.60
12. Close Brothers	Speciality & Other Finance	1.58
13. Premier Farnell	Electronic & Electrical Equipment	1.58
14. Dairy Crest	Consumer Goods	1.58
15. 4Imprint	Media & Photography	1.58
16. Cineworld	Leisure, Entertainment & Hotels	1.57
17. RPC	Packaging	1.54
18. St Ives	Support Services	1.54
19. Electrocomponents	Support Services	1.52
20. Kcom	Telecommunications Services	1.52

Source: Chelverton Asset Management Limited

## Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	19.27	13
£500m - £1bn	19.67	15
£250m - £500m	22.23	15
£100m - £250m	17.44	17
Below £100m	12.00	17
Cash and Income	9.40	-
Total	100.00	77

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.