



# Chelverton

ASSET MANAGEMENT LTD

## Monthly Fact Sheet 31 July 2012

<b>Launch Date</b>	4th December 2006
<b>Fund Size</b>	£36.5m
<b>Historic Yield (%)*</b>	6.60

### Share Price (as at 31.07.12)

Shares	Income	Accumulation
Retail	66.48p	91.33p
Institutional	68.27p	97.24p

## 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

More of the same was the overriding message of the last month as the macro indicators continued to suggest that the timing of an economic recovery was moving further to the right and the problems in the Euro zone dominated headlines. In the UK the last quarter GDP numbers were significantly worse than expectations with some commentators even calling into question their authenticity. Against such a macro environment it was no real surprise to see the ratio of earnings upgrades to downgrades deteriorate, led by the economically sensitive resources and financial sectors. Our fund has little exposure to resources, no exposure to banks and a proportion of our financials weighting is in the insurance sector, in stocks such as Beazley, where results have been improving as underlying rates have been rising. One other catalyst for earnings downgrades for stocks with European exposure was the recent strength of sterling relative to the euro which whilst being unhelpful is not at the stage yet where it will affect dividend decisions in our investee companies.

Importantly for our fund, whilst the earnings outlook has continued to remain volatile dividend payments have proved to be much more resilient and remain on an upward path. Company boards tend to look to the longer term cash flow strengths of their business's rather than short term earnings profile when deciding their dividend policies and this is reflected in continued increases which they are still happy to recommend despite earnings being somewhat 'becalmed'. In the last month we have raised funds by reducing our holding in Talk Talk and have sold our nil paid rights in Melrose whilst retaining our original holding. We have purchased two new stocks, Greene King, a pub retailer and brewer and DS Smith the second largest corrugated producer in Europe and have added to holdings in Greencore, Premier Farnell and St Ives. As the macro environment remains uncertain the income and 'value' characteristics of our portfolio should continue to provide support to valuations.

## Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs
Fund (%)	2.80	-0.34	11.71	0.88	69.25	-5.97
Sector Rank	40/102	79/102	3/102	70/99	2/91	60/77
Quartile Ranking	2nd	4th	1st	3rd	1st	4th
IMA UK Equity Income (%)	2.62	1.08	7.21	2.51	38.90	4.13

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.07.2012

## Discrete Annual Performance

	29.07.11	30.07.10	31.07.09	31.07.08	31.07.07
Fund (%)	0.88	22.76	36.68	-13.13	-36.05

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.07.2012

## 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	2.57
2. Moneysupermarket	Speciality & Other Finance	2.32
3. RPC	Packaging	2.19
4. Beazley	Insurance	2.19
5. Tui	Leisure, Entertainment & Hotels	2.12
6. Menzies	Support Services	2.07
7. N Brown	General Retailers	2.05
8. Cineworld	Leisure, Entertainment & Hotels	2.03
9. Smiths News	Support Services	2.02
10. Keller	Engineering & Machinery	1.97
11. Talk Talk	Telecommunications Services	1.91
12. Interserve	Support Services	1.89
13. Office2Office	Support Services	1.83
14. Hilton Foods	Food Producers & Processors	1.82
15. 4Imprint	Media & Photography	1.78
16. Vp	Engineering & Machinery	1.76
17. Galliford Try	Construction & Building Materials	1.74
18. Brewin Dolphin	Speciality & Other Finance	1.73
19. W S Atkins	Engineering & Machinery	1.73
20. Premier Farnell	Electronic & Electrical Equipment	1.71

Source: Chelverton Asset Management Limited

## Market Cap Breakdown

	% of Portfolio	No of Stocks
Above £1bn	11.46	7
£500m - £1bn	22.19	13
£250m - £500m	24.32	15
£100m - £250m	21.99	17
Below £100m	16.07	19
Cash & Income	3.97	-
Total	100.00	69

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.