



# Chelverton

ASSET MANAGEMENT LTD

## Monthly Fact Sheet 30 June 2012

<b>Launch Date</b>	4th December 2006
<b>Fund Size</b>	£35.4m
<b>Historic Yield (%)*</b>	6.70

### Share Price (as at 30.06.12)

Shares	Income	Accumulation
Retail	65.56p	88.83p
Institutional	67.27p	94.54p

## 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

UK equities rallied in the month driven by expectations of a short term increase in central bank liquidity, but small caps underperformed as net earnings revisions over the past quarter turned negative across the market. A lot of the most recent analyst downgrades are currency related, especially for stocks with substantial Euro exposure, but it remains the case that from a 'bottom up' perspective the Companies that we speak to are still seeing no signs of a sustainable upturn in prospects. Arguably however this is already priced into historically undemanding earnings and cash flow multiples. Interestingly we have recently seen a noticeable increase in corporate activity in the UK and we have benefitted from a cash bid for our holding in Psion from Motorola. Historically when managing funds of this type we tend to see a pick up in corporate activity later in the macro recovery cycle but recent bids suggest that companies are looking to use their strong balance sheets to acquire 'cheap' earnings in what remains a low growth environment.

There were a number of good results from some of our larger weightings last month. Micro Focus increased its dividend forty four percent as full year results underlined its attractive cash flow characteristics and RPC increased its full year dividend by twenty eight percent and is set to benefit this year from falling oil prices. Domino Printing announced a ten percent increase in the interim dividend and, at the smaller end of the market cap range Castings announced record turnover and a better than expected dividend increase. Two holdings that detracted from our performance were Mecom which issued a warning that advertising revenues from its Dutch newspaper titles were falling at a faster rate than expected, and Melrose who are having a fund raising to make a substantial acquisition and where we remain supportive. Dairy Crest announced the proposed disposal of its St Hubert subsidiary for a sum within the range of analyst expectations. We added to our positions in ACM, Close Bros, Domino Printing and Galliford Try and realised cash from a reduction in our weighting of Moneysupermarket and the sales of UBM and S&U, the latter after the shares had run up as a result of index changes.

## Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs
Fund (%)	1.66	-3.67	8.66	-2.04	66.27	-11.80
Sector Rank	102/103	86/103	5/103	60/100	3/92	63/78
Quartile Ranking	4th	4th	1st	3rd	1st	4th
IMA UK Equity Income (%)	3.81	-2.00	4.46	-1.23	43.50	-1.93

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 29.06.2012

## Discrete Annual Performance

	30.06.11 29.06.12	30.06.10 30.06.11	30.06.09 30.06.10	30.06.08 30.06.09	29.06.07 30.06.08
Fund (%)	-2.04	25.56	35.18	-21.51	-32.42

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 29.06.2012

## 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



# 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** 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	2.60
2. TalkTalk	Telecommunications Services	2.43
3. Moneysupermarket.com	Speciality & Other Finance	2.14
4. RPC Group	Packaging	2.12
5. Menzies (John)	Support Services	2.06
6. Tui Travel	Leisure, Entertainment & Hotels	2.04
7. 4imprint	Media & Photography	1.99
8. Melrose	Industrial Engineering	1.97
9. Beazley	Insurance	1.95
10. Brown (N) Group	General Retailers	1.90
11. Cineworld Group	Leisure, Entertainment & Hotels	1.90
12. Hilton Food Group	Food Producers & Processors	1.88
13. Interserve	Support Services	1.88
14. Office2Office	Support Services	1.83
15. Novae Group	Insurance	1.82
16. Smiths News	Industrials	1.80
17. Galliford Try	Construction & Building Materials	1.80
18. RWS Holdings	Support Services	1.77
19. Close Brothers Group	Speciality & Other Finance	1.69
20. Brewin Dolphin Holdings	Speciality & Other Finance	1.68

Source: Chelverton Asset Management Limited

## Market Cap Breakdown

	% of Portfolio	No of Stocks
Above £1bn	13.01	7
£500m - £1bn	20.54	13
£250m - £500m	18.16	11
£100m - £250m	25.41	19
Below £100m	16.44	19
Cash & Income	6.44	-
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.