



Chelverton

ASSET MANAGEMENT LTD

Monthly Fact Sheet 31 January 2012

Launch Date	4th December 2006
Fund Size	£35.2m
Yield (%)*	6.62

Share Price (as at 31.01.12)

Shares	Income	Accumulation
Retail	64.93p	87.12p
Institutional	66.48p	92.53p

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 fund has had a strong start to the new year as small and mid caps outperformed and we saw a reversal of the trend in the latter part of last year towards large cap defensives. The increase in global risk appetite has been driven by improving economic data from the US and hopes of a soft landing in China, although the Eurozone still remains a cause for concern. At home falling inflation has led to expectations of further quantitative easing and there is a growing feeling that we may be past the worst point for the public finances. Our short term fear is that this shift in sentiment translates into unrealistic profit forecasts as we move through the upcoming Corporate results season, and we look for a healthy dose of realism to hold back some of the more optimistic expectations. As earnings forecasts are set to remain volatile the income in our fund remains a constant and, we believe, by delivering a 6% yield it underpins valuations at current levels.

In the last month there was a strong contribution to performance by a broad range of our operationally geared companies that had suffered in the 'risk off' environment towards the end of last year including Premier Farnell and SThree. We added four new holdings to the fund at an aggregate yield in excess of the fund average. Galliford Try, a construction company and housebuilder, Close Bros, a financial services business, Amlin an insurance and underwriting group and Phoenix IT which provides managed IT infrastructure support. We sold our holding in WHSmith, Fiberweb after the share price reacted strongly to the sale of a subsidiary and Morson. We also used the market uplift to top slice a number of our larger weightings including Diploma, RPC and Cineworld. Whilst we expect risk appetite to remain volatile in the short term, the medium and long term attractions of our underlying income continues to be rerated by investors.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs
Fund (%)	6.57	3.47	6.57	-0.91	99.01	-11.77
Sector Rank	3/103	4/103	3/103	59/95	2/83	65/76
Quartile Ranking	1st	1st	1st	3rd	1st	4th
IMA UK Equity Income (%)	2.55	0.96	2.55	0.29	48.56	-0.37
FTSE All Share (%)	2.71	3.19	2.71	-0.31	56.90	9.31

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.01.2012

Discrete Annual Performance

	31.01.11 31.01.12	29.01.10 31.01.11	30.01.09 29.01.10	31.01.08 30.01.09	31.01.07 31.01.08
Fund (%)	-0.91	34.85	48.93	-41.00	-24.85

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.01.2012

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



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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. Moneysupermarket	Media	2.47
2. Melrose	Industrial Engineering	2.29
3. Diploma	Support Services	2.26
4. RPC	Packaging	2.12
5. Micro Focus International	Software & Computer Services	2.12
6. BBA Aviation	Transportation	2.11
7. Beazley	Nonlife Insurance	2.00
8. Cineworld	Travel & Leisure	1.98
9. UBM	Media	1.96
10. Menzies	Support Services	1.94
11. Tui	Travel & Leisure	1.89
12. Brewin Dolphin	Asset Management	1.85
13. 4Imprint	Media	1.79
14. Braemar Seascope	Industrial Transportation	1.78
15. First Group	Industrial Transportation	1.77
16. Smiths News	Support Services	1.75
17. Office2Office	Support Services	1.73
18. Mecom Group	Media	1.72
19. Hansard Global	General Financials	1.72
20. N Brown	General Retailers	1.71

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No of Stocks
Above £1bn	10.45	5
£500m - £1bn	25.25	15
£250m - £500m	17.56	12
£100m - £250m	23.29	18
Below £100m	19.89	23
Cash & Income	3.57	-
Total	100.00	74

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.