



Chelverton

ASSET MANAGEMENT LTD

Monthly Fact Sheet 31 January 2013

Launch Date	4th December 2006
Fund Size	£62.0m
Historic Yield (%)*	5.35

Share Price (as at 31.01.13)

Shares	Income	Accumulation
Retail	78.20p	111.31p
Institutional	80.49p	118.84p

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 UK equity market has enjoyed its best start to the year for nearly twenty five years as investors have been attracted by a combination of improving prospects for the global economy and the relatively stretched valuations of other asset classes. Our fund lagged the overall market as monies have flowed into the large liquid mega caps as the initial response to a positive shift in asset allocation towards equities. The good news however is that this will ultimately move into both small and mid caps as confidence improves. An integral component of increasing confidence is companies being able to beat earnings estimates and in the last month whilst downgrades still outnumbered upgrades there was a noticeable improvement in the ratio and for the mid 250 upgrades were in the majority. We believe that despite the anticipated improvement in earnings the reality is that the underlying balance sheet strength and yield of our portfolio underpins valuations even after the recent strong run.

In a relatively quiet month for corporate news flow the more positive investor sentiment helped a number of our holdings to perform particularly well including, Hill and Smith, St Ives, Polar Capital, Interserve, Tarsus and Hilton Foods. A healthy dose of reality keeps things in perspective however and both Severfield-Rowen and office2office released disappointing trading updates, the latter in particular reminding us that the economy is yet to share in the renewed optimism of equity investors. We continue to benefit from strong funds flow and have invested in a wide range of our existing holdings including Abbey Protection, Chesnara, Braemar and Numis. We added a number of new stocks to the fund including Low & Bonar a global business supplying yarns, fibres and fabrics and Greggs the bakery retailer. At the same time we raised funds from the sale of Severfield-Rowen and Cranswick and reduced our holding in Greencore. As the divergence between the performance of the economy and the rating of equities grows, the discipline inherent in our investment process of requiring at least a four percent yield before investment provides an important tangible measure of valuation in our portfolio decisions.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs
Fund (%)	5.21	9.40	5.21	27.71	70.66	49.94
Sector Rank	63/100	9/99	63/100	2/99	2/89	7/75
Quartile Ranking	3rd	1st	3rd	1st	1st	1st
IMA UK Equity Income (%)	5.57	7.58	5.57	17.29	37.38	30.59

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.01.2013

Discreet Annual Performance

	31.01.12 31.01.13	31.01.11 31.01.12	29.01.10 31.01.11	30.01.09 29.01.10	31.01.08 30.01.09
Fund (%)	27.71	-0.91	34.85	48.93	-41.00

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.01.2013

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	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. Smiths News	Industrials	1.99
2. Galliford Try	Construction & Building Materials	1.93
3. Chesnara	Insurance	1.89
4. Keller Group	Engineering & Machinery	1.81
5. Close Brothers Group	Speciality & Other Finance	1.77
6. Beazley	Insurance	1.77
7. Phoenix IT Group	Software & Computer Services	1.75
8. Tui Travel	Leisure, Entertainment & Hotels	1.75
9. Fidessa Group	Software & Computer Services	1.72
10. Hansard Global	Insurance	1.71
11. 4imprint	Media & Photography	1.70
12. Premier Farnell	Electronic & Electrical Equipment	1.70
13. GVC Holdings	Software & Computer Services	1.62
14. TalkTalk	Telecommunications Services	1.62
15. Brown (N) Group	General Retailers	1.59
16. Micro Focus International	Software & Computer Services	1.55
17. St.Ives	Support Services	1.55
18. Interserve	Support Services	1.54
19. Brewin Dolphin Holdings	Speciality & Other Finance	1.51
20. Hilton Food Group	Food Producers & Processors	1.51

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	19.06	13
£500m - £1bn	24.61	18
£250m - £500m	19.81	15
£100m - £250m	21.91	18
Below £100m	12.26	16
Cash and Income	2.35	-
Total	100.00	80

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.