



Chelverton

ASSET MANAGEMENT LTD

Monthly Fact Sheet 31 May 2012

Launch Date	4th December 2006
Fund Size	£34.6m
Historic Yield (%)*	6.73

Share Price (as at 31.05.12)

Shares	Income	Accumulation
Retail	64.49p	87.38p
Institutional	66.15p	92.95p

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 age old stock exchange adage 'sell in May and go away' was particularly prescient last month as equity investors switched back into 'risk off' mode and stock markets fell around the world. At home it was a relatively quiet month for 'bottom up' corporate results and so there was little to provide investors with relief as the 'top down' macro news was unremittingly gloomy. At the heart of it all, unsurprisingly, was the deteriorating outlook in the Eurozone, now set to be in recession in the second quarter, and more worryingly the heightened problems in Greece and the fears, now realised, of growing problems in the Spanish banking sector. It is worth noting that the domestic equity market has fallen back to levels of valuation that provided support in the macro driven sell off of last autumn.

One interesting difference between the market falls in May and those of last Autumn is that there was little difference between the performance of small caps, mid caps and the top one hundred whereas last time small caps substantially underperformed. Whilst the recent macro news may have moved prospects of earnings upgrades to the right in terms of timing, current estimates do not look overly optimistic and this has helped to support valuations at the smaller end of the market. The absolute level of dividend income and the prospect of growing payouts remains, in our opinion, the major positive influence on the equity market particularly as the pressure on global interest rates remains downwards. We added two new stocks to the portfolio in the last month. We purchased Intermediate Capital on a 7% yield after a reassuring set of results and a 5% dividend increase and Numis, a stockbroker with substantial cash reserves on its balance sheet on a near 9% yield. We also realised cash from Diploma, Hiscox, BBA Aviation and UBM and reinvested in higher yielding stocks such as Dairycrest and Talk Talk and in Electrocomponents, a cyclical that had fallen as the market turned more cautious.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs
Fund (%)	-4.64	-2.68	6.89	-4.45	68.00	-15.65
Sector Rank	34/104	7/104	2/104	33/99	2/90	61/79
Quartile Ranking	2nd	1st	1st	2nd	1st	4th
IMA UK Equity Income (%)	-5.10	-5.75	0.64	-6.05	35.36	-8.22

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.05.2012

Discrete Annual Performance

	31.05.11	31.05.10	29.05.09	30.05.08	31.05.07
Fund (%)	-4.45	27.38	38.02	-30.29	-27.97

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.05.2012

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				0.67p

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. Moneysupermarket.com	Speciality & Other Finance	2.38
2. Melrose	Industrial Engineering	2.24
3. Micro Focus International	Software & Computer Services	2.20
4. RPC Group	Packaging	2.17
5. Mecom Group	Investment Companies	2.14
6. Menzies (John)	Support Services	2.12
7. Cineworld Group	Leisure, Entertainment & Hotels	2.08
8. TalkTalk	Telecommunications Services	1.99
9. Tui Travel	Leisure, Entertainment & Hotels	1.97
10. Beazley	Insurance	1.96
11. Hilton Food Group	Food Producers & Processors	1.95
12. 4imprint	Media & Photography	1.94
13. Interserve	Support Services	1.84
14. Brown (N) Group	General Retailers	1.84
15. Novae Group	Insurance	1.82
16. Keller Group	Engineering & Machinery	1.81
17. Smiths News	Industrials	1.80
18. Office2Office	Support Services	1.77
19. RWS Holdings	Support Services	1.77
20. Brewin Dolphin Holdings	Speciality & Other Finance	1.75

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No of Stocks
Above £1bn	10.40	6
£500m - £1bn	21.97	13
£250m - £500m	21.56	13
£100m - £250m	24.13	17
Below £100m	18.33	22
Cash & Income	3.60	-
Total	100.00	71

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.