



Chelverton

ASSET MANAGEMENT LTD

Monthly Fact Sheet 31 October 2012

Launch Date	4th December 2006
Fund Size	£43.4m
Historic Yield (%)*	6.07

Share Price (as at 31.10.12)

Shares	Income	Accumulation
Retail	73.11p	101.72p
Institutional	75.23p	108.47p

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 good relative performance of the fund over the last month was driven by a combination of falling equity risk premiums and a more optimistic outlook for the UK, both of which helped domestic small and mid caps outperform. The irony is that just as we have had the first pick up in the top down macro indicators both here and in the US for a number of months so investors worries have switched to the relatively disappointing corporate earnings news. It is important to stress here that the message to us from our investee companies has remained consistent throughout i.e. life is not easy but we continue to generate cash and pay growing dividends. As ever the 'disappointment' has arisen from 'market' expectations running ahead of themselves. This happened at the same time last year and precipitated a sell off in risk assets but this time it appears that another year on from the depths of the financial crisis investors are more inclined to be looking at downgrades as an opportunity to buy rather than a signal to sell. Indeed for a number of our holdings analysts have noted that whilst it is too early to upgrade the 'risk' to forecasts is now on the upside.

The fund benefited in the last month from its exposure to the support services sector and the travel and leisure sectors which both performed well. At the stock level there were positive contributions from three of our holdings that released figures, namely, Smiths News, N Brown and St Ives all of which have subsequently held on to the gains they made. This is potentially significant as over the past couple of years as well as our stocks have performed over results periods, when they are able to highlight their attractions to the investment community, they have all tended to drift off as investor sentiment has proved to be volatile. It will be interesting to see how sustained the reaction to good bottom up news turns out to be as we move into the New Year. We have added two new Companies to the fund in the last month, both of which we have held before. TT Electronics supplies components to the defence, aerospace, medical, and industrial markets worldwide and Go Ahead is a UK train and bus operator where the medium term dividend prospects now seem secure. We also added a dozen existing holdings, funded from fund inflows and the proceeds of the takeover of Psion and the partial sale of our holding in Moneysupermarket.

Cumulative Performance

	1 m	3 m	YTD	1 yr	3 yrs	5 yrs
Fund (%)	3.46	11.37	24.41	20.80	58.85	8.86
Sector Rank	2/101	1/101	2/101	2/101	2/91	27/77
Quartile Ranking	1st	1st	1st	1st	1st	2nd
IMA UK Equity Income (%)	0.97	4.35	11.93	10.18	29.83	4.70

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.10.2012

Discreet Annual Performance

	31.10.11 31.10.12	29.10.10 31.10.11	30.10.09 29.10.10	31.10.08 30.10.09	31.10.07 31.10.08
Fund (%)	20.80	1.38	29.70	33.52	-48.68

Source: Lipper, NAV to NAV, Retail Inc shares, Total Return to 31.10.2012

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	0.90p		2.47p

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 31 March, 30 June
30 September, 31 December

Valuation 12 Noon, Daily

SEDOL Codes

	Income	Accumulation
Retail	B1FD624	B1FD646
Institutional	B1Y9J46	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	2.30
2. Keller Group	Engineering & Machinery	2.22
3. Tui Travel	Leisure, Entertainment & Hotels	2.19
4. Brown (N) Group	General Retailers	2.12
5. Micro Focus International	Software & Computer Services	2.11
6. Greencore Group	Food Producers & Processors	2.10
7. Beazley	Insurance	2.04
8. Galliford Try	Construction & Building Materials	1.97
9. 4imprint	Media & Photography	1.96
10. Interserve	Support Services	1.93
11. St.Ives	Support Services	1.91
12. Cineworld Group	Leisure, Entertainment & Hotels	1.89
13. TalkTalk	Telecommunications Services	1.87
14. DS Smith	Packaging	1.83
15. Brewin Dolphin Holdings	Speciality & Other Finance	1.80
16. Hilton Food Group	Food Producers & Processors	1.76
17. Kcom Group	Telecommunications Services	1.70
18. Menzies (John)	Support Services	1.69
19. Close Brothers Group	Speciality & Other Finance	1.68
20. RWS Holdings	Support Services	1.67

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No of stocks
Above £1bn	12.39	7
£500m - £1bn	21.72	16
£250m - £500m	26.70	16
£100m - £250m	21.71	18
Below £100m	14.08	16
Cash and Income	3.41	-
Total	100.00	73

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.