



PHOENIX
Fund Services

PFS Chelverton UK Equity Fund

Interim Report 30 June 2015

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Authorised Corporate Director (ACD) & Registrar

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Website: www.phoenixfundservices.com
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Directors of the Authorised Corporate Director

P.J. Foley-Brickley
D. Jones
R.W. Leedham
D.W. Munting
D.C. Tibble (retired 24 July 2015)

Investment Adviser

Chelverton Asset Management Limited
12b George Street, Bath, BA1 2EH
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Fund Managers

James Baker
David Horner
David Taylor

Depositary

National Westminster Bank Plc
Trustee & Depositary Services
135 Bishopsgate, London EC2M 3UR
(Authorised and regulated by the Financial Conduct Authority)

Auditor

KPMG Audit Plc
Chartered Accountants & Registered Auditors
15 Canada Square, Canary Wharf, London E14 5GL

Investment Objective and Policy

The objective of the Sub-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 Sub-fund will invest primarily in UK companies which aim to provide a high initial dividend; progressive dividend payments, and long-term capital appreciation. The asset classes in which the Sub-fund is permitted to invest includes transferable securities, money market instruments, cash and near cash and deposits as permitted for UCITS schemes under COLL and in accordance with the Sub-fund's investment powers as summarised in the Prospectus.

Investment Adviser's Report

for the period ended 30 June 2015

In the last six months the Sub-fund produced a total return of 12.25% compared to an average of 5.32% for the IA UK Equity Income sector as a whole.

(Source: Lipper. NAV to NAV A Shares Income).

The key influence over the performance of the Sub-fund in the last six months was unsurprisingly the General Election. As investors were reassured by 'more of the same' macro policies the Sub-fund responded well to the result which was seen as the most 'business friendly' of all outcomes and our UK small and mid-cap mandate was a distinct positive as equity risk premiums fell. The real issue now is whether this was just a 'relief' bounce in small and mid cap prices as a major uncertainty has been removed or the start of a more sustainable trend. Current consensus estimates suggest that the economic environment should be supportive of relatively good domestic small and mid cap performance, although it should be noted that this was also the case ahead of the election. Indeed for the past twelve months or so there has been a substantial disconnect between the strong 'top down' performance of the economy and the rather more pedestrian 'bottom up' growth experience of the stocks that we invest in. Investors are now less nervous and are prepared therefore to afford increasingly higher ratings to the earnings of stocks within our universe but ultimately it is important that these earnings are seen to grow.

The major contributors to performance in the period included house builders, Berkeley, Galliford Try, Epwin which is geared to housing repair, maintenance and improvement and Foxtons the estate agent. Domino Printing Sciences added value as it was the subject of an agreed cash offer and Acal and 4Imprint responded well to positive trading updates. On the downside Soco International was affected by the decline in the oil price and by a downgrade in reserves, UTV Media fell as losses in the new TV business exceeded expectations and Shoe Zone had a weather related profit warning. We sold eight holdings in the period including Balfour Beatty, Ladbrokes, Hansteen and Cineworld. We also added eight new stocks to the portfolio including Mortgage Advice Bureau, Bovis Homes, Cape and Brammer which interestingly we had sold a year ago on a yield of just over two percent and have bought back on a prospective yield of four percent. Within our Sub-fund recent trading statements have largely been in line with, or slightly better than, expectations which is an improvement from the end of last year. The increased investor confidence that we have seen in the last few months will remain fragile however until there is more tangible evidence of a pick up in earnings growth across our investment universe.

Portfolio Statement

as at 30 June 2015

Holding	Security	Market value £	% of total net assets 2015
	OIL & GAS 1.77% (1.24%)		
	Oil & Gas Producers 0.62% (1.24%)		
1,425,000	Soco International	2,504,438	0.62
	Oil Equipment & Services 1.15% (0.00%)		
1,838,100	Cape	4,641,203	1.15
	INDUSTRIALS 33.87% (30.36%)		
	Construction & Materials 7.94% (8.57%)		
626,000	Alumasc	1,020,380	0.25
3,500,000	Epwin	4,515,000	1.12
475,000	Galliford Try	8,250,750	2.05
411,428	Kier	5,854,620	1.45
8,000,000	Low & Bonar	5,560,000	1.38
1,250,000	Marshalls	3,900,000	0.97
350,167	Morgan Sindall	2,888,878	0.72
		31,989,628	7.94
	Aerospace & Defence 1.18% (1.28%)		
1,800,000	Cobham	4,734,000	1.18
	General Industrials 2.13% (1.66%)		
533,333	RPC	3,557,331	0.88
1,300,000	Smith (DS)	5,015,400	1.25
		8,572,731	2.13
	Electronic & Electrical Equipment 1.50% (1.70%)		
1,341,948	TT Electronics	1,949,179	0.48
260,732	XP Power	4,090,885	1.02
		6,040,064	1.50
	Industrial Engineering 2.47% (1.17%)		
2,195,000	Fenner	4,538,163	1.13
800,000	Hill & Smith	5,392,000	1.34
		9,930,163	2.47

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2015
Industrial Transportation 3.47% (3.25%)			
930,409	Braemar Shipping Services	4,400,835	1.09
2,200,000	Clipper logistics	4,840,000	1.20
5,525,000	DX	4,751,500	1.18
		<hr/>	
		13,992,335	3.47
Support Services 15.18% (12.73%)			
1,427,634	Acal	4,436,373	1.10
350,000	Atkins (WS)	5,302,500	1.32
1,305,000	Brammer	4,029,188	1.00
3,550,000	Connect	4,996,625	1.24
2,000,000	Electrocomponents	4,234,000	1.05
3,950,000	Harvey Nash	4,029,000	1.00
3,005,000	Hogg Robinson	1,833,050	0.46
800,000	Interserve	5,284,000	1.31
676,500	Menzies (John)	3,313,159	0.82
2,500,000	Premier Farnell	4,310,000	1.07
1,975,000	RPS	4,448,688	1.10
3,150,000	RWS	3,780,000	0.94
2,658,593	St. Ives	4,785,467	1.19
1,000,265	Sthree	3,640,965	0.90
351,000	VP	2,737,800	0.68
		<hr/>	
		61,160,815	15.18
CONSUMER GOODS 7.82% (6.00%)			
Food Producers 2.88% (2.64%)			
1,202,075	Dairy Crest	6,389,029	1.59
1,116,259	Hilton Food	5,201,767	1.29
		<hr/>	
		11,590,796	2.88
Household Goods & Home Construction 3.75% (2.52%)			
200,000	Berkeley	6,692,000	1.66
300,000	Bovis Homes	3,336,000	0.83
1,100,000	Headlam	5,082,000	1.26
		<hr/>	
		15,110,000	3.75

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2015
	Leisure Goods 1.19% (0.84%)		
950,000	Games Workshop	4,807,000	1.19
	CONSUMER SERVICES 20.09% (24.92%)		
	General Retailers 6.96% (7.86%)		
1,600,000	Brown (N)	5,475,200	1.36
6,250,000	Debenhams	5,578,125	1.38
1,325,000	Majestic Wine	5,147,625	1.28
3,425,000	Moss Bros	3,356,500	0.83
1,793,750	Shoe Zone	3,139,063	0.78
350,000	WH Smith	5,348,000	1.33
		<hr/>	
		28,044,513	6.96
	Media 6.83% (8.37%)		
467,500	4Imprint	5,011,600	1.25
2,500,000	Bloomsbury Publishing	4,125,000	1.03
5,140,000	Centaur Media	3,880,700	0.96
850,000	Informa	4,641,000	1.15
1,650,000	Tarsus	3,502,125	0.87
1,800,000	UTV Media	2,511,000	0.62
1,500,000	Wilmington	3,825,000	0.95
		<hr/>	
		27,496,425	6.83
	Travel & Leisure 6.30% (8.69%)		
200,000	Go-Ahead	5,268,000	1.31
625,000	Greene King	5,278,125	1.31
953,500	GVC	4,290,750	1.07
3,500,000	Marston's	5,617,500	1.39
1,600,000	National Express	4,915,200	1.22
		<hr/>	
		25,369,575	6.30
	TELECOMMUNICATIONS 2.45% (2.05%)		
	Fixed Line Telecommunications 2.45% (2.05%)		
5,250,000	Kcom	4,908,750	1.22
1,300,000	TalkTalk Telecom	4,972,500	1.23
		<hr/>	
		9,881,250	2.45

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2015
	UTILITIES 1.80% (1.76%)		
	Gas, Water & Multiutilities 1.80% (1.76%)		
129,500	Dee Valley	1,787,100	0.44
675,000	Pennon	5,470,875	1.36
		<hr/>	
		7,257,975	1.80
	<hr/>		
	FINANCIALS 23.15% (24.04%)		
	Non-Life Insurance 4.73% (6.68%)		
750,000	Amlin	3,570,000	0.89
1,000,000	Beazley	2,958,000	0.73
325,000	Hiscox	2,725,125	0.68
300,000	Lancashire	1,849,500	0.46
495,000	Novae	3,514,500	0.87
850,000	Personal	4,420,000	1.10
		<hr/>	
		19,037,125	4.73
	<hr/>		
	Life Insurance 3.31% (3.61%)		
1,050,000	Chesnara	3,412,500	0.85
1,800,000	Hansard Global	1,728,000	0.43
1,000,000	Phoenix	8,195,000	2.03
		<hr/>	
		13,335,500	3.31
	<hr/>		
	Real Estate Investment & Services 2.44% (0.80%)		
850,000	Countrywide	4,823,750	1.20
2,120,000	Foxtons	5,022,280	1.24
		<hr/>	
		9,846,030	2.44
	<hr/>		
	Real Estate Investment Trusts 2.14% (3.14%)		
665,000	Mucklow (A&J)	3,145,450	0.78
1,350,000	Segro	5,476,950	1.36
		<hr/>	
		8,622,400	2.14
	<hr/>		

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2015
Financial Services 10.09% (9.25%)			
2,700,000	Ashmore	7,805,700	1.94
1,750,000	Brewin Dolphin	5,108,250	1.27
10,960,800	Charlemagne Capital	1,370,100	0.34
270,000	Close Brothers	4,125,600	1.02
750,000	Intermediate Capital	4,113,750	1.02
900,000	Jupiter Fund Management	4,008,600	1.00
1,500,000	Mortgage Advice Bureau	3,697,500	0.92
1,159,363	Numis	2,854,931	0.71
800,000	Polar Capital	3,600,000	0.89
1,912,568	River & Mercantile	3,959,016	0.98
		40,643,447	10.09
Equity Investment Instruments 0.44% (0.56%)			
3,250,000	GLI Finance	1,755,000	0.44
TECHNOLOGY 5.20% (5.43%)			
Software & Computer Services 5.20% (5.43%)			
527,500	Computacenter	4,093,400	1.02
1,375,000	FDM	5,266,250	1.31
228,380	Fidessa	5,181,942	1.29
300,000	Micro Focus	4,083,000	1.01
1,507,500	RM	2,306,475	0.57
		20,931,067	5.20
	Investment assets	387,293,480	96.15
	Net other assets	15,521,475	3.85
	Net assets	402,814,955	100.00

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.12.14

Comparative Tables

Change in net assets per share

	A Income			
	30.06.15 p	31.12.14 p	31.12.13 p	31.12.12 p
Opening net asset value per share	94.84	99.32	73.85	60.50
Return before operating charges [^]	13.55	1.93	31.74	18.81
Operating Charges	-1.70	-1.71	-1.61	-1.28
Return after operating charges [^]	11.85	0.22	30.13	17.53
Distributions on income shares	-1.87	-4.70	-4.66	-4.18
Closing net asset value per share	104.82	94.84	99.32	73.85
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a
[^] After direct transaction costs of	-0.15	-0.38	-0.76	-0.35
Performance				
Return after charges	12.49%	0.22%	40.80%	28.98%
Other Information				
Closing net asset value	19,258,527	19,298,656	30,735,897	5,341,653
Closing number of shares	18,373,584	20,348,720	30,946,552	7,233,398
Operating Charges [†]	1.67%	1.73%	1.81%	1.88%
Direct transaction costs	-0.15%	-0.38%	-0.85%	-0.51%
Highest share price	108.75	103.66	101.67	76.02
Lowest share price	94.08	89.50	75.32	61.14

	A Accumulation			
	30.06.15 p	31.12.14 p	31.12.13 p	31.12.12 p
Opening net asset value per share	148.88	148.61	105.12	81.19
Return before operating charges [^]	21.34	2.87	45.82	25.68
Operating Charges	-2.68	-2.60	-2.33	-1.75
Return after operating charges [^]	18.66	0.27	43.49	23.93
Distributions on income shares	n/a	n/a	n/a	n/a
Closing net asset value per share	167.54	148.88	148.61	105.12
Retained distributions on accumulation shares	2.95	7.15	6.76	5.73
[^] After direct transaction costs of	-0.24	-0.57	-1.10	-0.47
Performance				
Return after charges	12.53%	0.18%	41.37%	29.47%
Other Information				
Closing net asset value	8,759,624	10,072,267	17,769,122	1,537,429
Closing number of shares	5,228,307	6,765,451	11,957,184	1,462,602
Operating Charges [†]	1.67%	1.73%	1.81%	1.88%
Direct transaction costs	-0.15%	-0.38%	-0.85%	-0.51%
Highest share price	171.94	155.48	149.17	105.76
Lowest share price	147.67	137.74	107.20	82.03

[†] The operating charge includes Investment Managers charge of 1.50%

Comparative Tables

continued

Change in net assets per share (continued)

	B Income			
	30.06.15 p	31.12.14 p	31.12.13 p	31.12.12 p
Opening net asset value per share	98.97	102.89	76.00	61.91
Return before operating charges [^]	13.76	1.98	32.68	19.17
Operating Charges	-0.98	-1.01	-0.98	-0.79
Return after operating charges [^]	12.78	0.97	31.70	18.38
Distributions on income shares	-1.87	-4.89	-4.81	-4.29
Closing net asset value per share	109.88	98.97	102.89	76.00
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a
[^] After direct transaction costs of	-0.16	-0.39	-0.78	-0.36
Performance				
Return after charges	12.91%	0.94%	41.71%	29.69%
Other Information				
Closing net asset value	279,881,848	242,225,313	152,032,401	43,426,225
Closing number of shares	254,712,085	244,738,898	147,755,450	57,140,192
Operating Charges [†]	0.92%	0.98%	1.06%	1.13%
Direct transaction costs	-0.15%	-0.38%	-0.85%	-0.51%
Highest share price	113.88	107.50	105.40	78.29
Lowest share price	98.19	93.35	77.48	62.56

	B Accumulation			
	30.06.15 p	31.12.14 p	31.12.13 p	31.12.12 p
Opening net asset value per share	161.12	159.67	112.21	86.19
Return before operating charges [^]	22.48	3.04	48.92	27.14
Operating Charges	-1.61	-1.59	-1.46	-1.12
Return after operating charges [^]	20.87	1.45	47.46	26.02
Distributions on income shares	n/a	n/a	n/a	n/a
Closing net asset value per share	181.99	161.12	159.67	112.21
Retained distributions on accumulation shares	3.06	7.71	7.24	6.11
[^] After direct transaction costs of	-0.26	-0.61	-1.17	-0.51
Performance				
Return after charges	12.95%	0.91%	42.30%	30.19%
Other Information				
Closing net asset value	94,914,956	73,994,458	24,556,825	2,853,051
Closing number of shares	52,154,319	45,925,033	15,380,114	2,542,558
Operating Charges [†]	0.92%	0.98%	1.06%	1.13%
Direct transaction costs	-0.15%	-0.38%	-0.85%	-0.51%
Highest share price	186.66	167.57	160.24	112.89
Lowest share price	159.83	148.83	114.40	87.08

[†] The operating charge includes Investment Managers charge of 0.75%

Comparative Tables

continued

Change in net assets per share (continued)

^ Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

Risk and reward profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked 5 because funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Smaller company shares can be more difficult to buy and sell as they may trade infrequently, in small volumes and their share price may fluctuate more than that of a larger company.
- The level of targeted income is not guaranteed and may not be achieved.
- For further risk information please see the prospectus.

Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

Statement of Total Return

for the period ended 30 June 2015

	30.06.15		30.06.14	
	£	£	£	£
Income				
Net capital gains/(losses)		35,957,238		(1,379,497)
Revenue	8,941,267		6,957,298	
Expenses	(1,790,707)		(1,600,572)	
Finance costs: interest	—		—	
Net revenue before taxation	7,150,560		5,356,726	
Taxation	—		—	
Net revenue after taxation		7,150,560		5,356,726
Total return before distributions		43,107,798		3,977,229
Finance costs: distributions		(6,344,141)		(4,454,973)
Change in net assets attributable to Shareholders from investment activities		36,763,657		(477,744)

Statement of Change in Net Assets Attributable to Shareholders

for the period ended 30 June 2015

	30.06.15		30.06.14	
	£	£	£	£
Opening net assets attributable to Shareholders		345,590,694		225,094,245
Amounts receivable on issue of shares	86,929,085		157,482,303	
Less: Amounts payable on cancellation of shares	(68,096,274)		(48,487,166)	
		18,832,811		108,995,137
Stamp duty reserve tax		—		(108,370)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		36,763,657		(477,744)
Retained distribution on accumulation shares		1,627,793		1,191,167
Unclaimed distributions		—		57
Closing net assets attributable to Shareholders		402,814,955		334,694,492

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Balance Sheet

as at 30 June 2015

	30.06.15		31.12.14	
	£	£	£	£
ASSETS				
Investment assets		387,293,480		331,092,851
Debtors	2,812,896		2,302,786	
Cash and bank balances	17,943,235		18,391,822	
Total other assets		20,756,131		20,694,608
Total assets		408,049,611		351,787,459
LIABILITIES				
Investment liabilities		–		–
Creditors	(2,094,171)		(703,967)	
Distribution payable on income shares	(3,140,485)		(5,492,798)	
Total other liabilities		(5,234,656)		(6,196,765)
Total liabilities		(5,234,656)		(6,196,765)
Net assets attributable to Shareholders		402,814,955		345,590,694

The interim financial statements have been prepared under the historical cost basis, as modified by revaluation of investments and in accordance with the Statement of Recommended Practice (SORP) for the Financial Statements of Authorised Funds issued by the Investment Association (IA) in May 2014.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 December 2014.

The financial statements have been prepared on the going concern basis.

Certification of Accounts by the Authorised Corporate Director

This report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook ("the COLL sourcebook") and the Statement of Recommended Practice issued by the Investment Association.

R.W. Leedham**D.W. Munting**

Directors

Phoenix Fund Services (UK) Ltd

21 August 2015

Distribution Tables

for the period ended 30 June 2015

Income Share Distributions

Share class	Distribution	Shares	Net Revenue p	Equalisation p	Distribution Payable 2015 p	Distribution Paid 2014 p
A	First interim	Group 1	0.7200	–	0.7200	0.7000
		Group 2	0.3016	0.4184	0.7200	0.7000
	Second interim	Group 1	1.1500	–	1.1500	1.0500
		Group 2	–	1.1500	1.1500	1.0500
B	First interim	Group 1	0.7200	–	0.7200	0.7000
		Group 2	0.2656	0.4544	0.7200	0.7000
	Second interim	Group 1	1.1500	–	1.1500	1.0500
		Group 2	–	1.1500	1.1500	1.0500

Accumulation Share Distributions

Share class	Distribution	Shares	Net Revenue p	Equalisation p	Amount reinvested 2015 p	Amount reinvested 2014 p
A	First interim	Group 1	1.1301	–	1.1301	1.0473
		Group 2	0.4253	0.7048	1.1301	1.0473
	Second interim	Group 1	1.8182	–	1.8182	1.5818
		Group 2	–	1.8182	1.8182	1.5818
B	First interim	Group 1	1.1720	–	1.1720	1.0861
		Group 2	0.4098	0.7622	1.1720	1.0861
	Second interim	Group 1	1.8849	–	1.8849	1.6401
		Group 2	0.0756	1.8093	1.8849	1.6401

First interim period: 01.01.15 - 31.03.15

Second interim period: 01.04.15 - 30.06.15

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

Investment Objective and Policy

The objective of the Sub-fund is to achieve long-term capital growth by investing primarily in a portfolio of fully listed and AIM traded UK small and medium sized market capitalised companies equities.

The asset classes in which the Sub-fund is permitted to invest includes transferable securities, money market instruments, warrants, convertibles, cash and near cash and deposits as permitted for UCITS schemes under COLL and in accordance with the Sub-fund's investment powers as summarised in the Prospectus.

Investment Adviser's Report

for the period ended 30 June 2015

In the last six months the Sub-fund produced a total return of 12.99% compared to an average of 5.92% for the IA UK All Companies sector.

(Source: Lipper. NAV to NAV B Shares Accumulation).

The key influence over the performance of our Sub-fund in the last six months was unsurprisingly the General Election. As investors were reassured by 'more of the same' macro policies the Sub-fund responded well to the result, which was seen as the most 'business friendly' of all outcomes, and particularly positive for our UK small and mid-cap exposure, consequently equity risk premiums fell. The real issue now is whether this was just a 'relief 'bounce in small and mid-cap prices' as a major uncertainty has been removed, or the start of a more sustainable trend. The economic environment should be supportive of relatively good domestic small and mid-cap performance. However for the past twelve months or so there has been a noticeable disconnect between the strong 'top down' performance of the economy and the rather more pedestrian 'bottom up' growth experience of the stocks in our investable universe. Post the election investors are less nervous and are prepared therefore to afford increasingly higher ratings to the earnings to these stocks, however we now need to see some earnings momentum for this performance to be sustained.

IPOs were a useful source of performance in the period with three of our top eight contributors, Mortgage Advice Bureau, Sanne and Quantum Pharmaceutical being new issues. There was no particular theme amongst our other main contributors with Craneware (Technology) enjoying a re-rating, Iomart (Technology) rallying strongly from an earlier sell-off, Clinigen (Healthcare) responding to a major acquisition, E2V (Industrials) appreciating following the appointment of a new CEO and OMG (Technology) rising after a business disposal. On the downside Soco International was impacted by the rapid decline in the oil price and a consequent reserves downgrade and HSS Hire issued a profits warning shortly after its IPO.

Market volatility at the beginning of the year enabled us to get exposure to some of our preferred stocks such as Avon Rubber, Spectris and Wilmington at, we believe, reasonably attractive valuations. With the outlook for global GDP remaining subdued we took profits in industrial stocks like Elementis and Senior, where we saw headwinds emerging as a result of the lower oil price. With the rising market pushing up valuations after the election, we added some cyclical growth stocks namely Somero Enterprises, Tribal, Matchtech and LSL Property which were trading on relatively undemanding valuations. Finally we have increased our exposure to financials, which will benefit from the growing consumer empowerment with the increase in pension freedom and the growth of ISAs and SIPPS, initiating holdings in wealth managers, Brooks MacDonald and Mattioli Woods, Liontrust Asset Management the fund manager and Curtis Banks, a SIPP administration service provider.

Portfolio Statement

as at 30 June 2015

Holding	Security	Market value £	% of total net assets 2015
	OIL & GAS 1.92% (3.09%)		
	Oil & Gas Producers 0.43% (3.09%)		
50,000	Amerisur Resources	18,250	0.43
	Oil Equipment, Services & Distribution 1.49% (0.00%)		
25,000	Cape	63,125	1.49
	BASIC MATERIALS 4.74% (3.38%)		
	Chemicals 3.99% (3.38%)		
25,000	Alent	92,225	2.17
4,000	Victrex	77,120	1.82
		169,345	3.99
	Mining 0.75% (0.00%)		
750,000	EMED Mining	31,875	0.75
	INDUSTRIALS 27.25% (31.09%)		
	Construction & Materials 4.06% (4.98%)		
25,000	Polypipe	67,875	1.60
20,000	Tyman	64,050	1.51
27,500	Volution	40,150	0.95
		172,075	4.06
	Aerospace & Defence 3.10% (3.84%)		
7,500	Avon Rubber	60,525	1.43
4,000	Ultra Electronics	70,760	1.67
		131,285	3.10
	Electronic & Electrical Equipment 2.10% (4.19%)		
2,000	Spectris	42,180	0.99
3,000	XP Power	47,070	1.11
		89,250	2.10

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2015
Industrial Engineering 8.88% (6.57%)			
10,000	Hill & Smith	67,400	1.59
5,000	IMI	56,200	1.33
22,500	Melrose Industries	55,688	1.31
20,000	Porvair	62,000	1.46
42,500	Somero Enterprises	61,625	1.45
60,000	Trifast	73,800	1.74
		<hr/>	
		376,713	8.88
Industrial Transportation 2.88% (4.07%)			
2,250	Clarkson	61,493	1.45
27,500	Clipper logistics	60,500	1.43
		<hr/>	
		121,993	2.88
Support Services 6.23% (7.44%)			
50,000	HSS Hire	67,000	1.58
12,500	Matchtech	67,500	1.59
25,000	Renew	74,500	1.76
35,000	Tribal	55,300	1.30
		<hr/>	
		264,300	6.23
CONSUMER GOODS 2.63% (1.66%)			
Household Goods & Home Construction 1.37% (0.00%)			
75,000	Cairn Homes	58,050	1.37
		<hr/>	
Leisure Goods 1.26% (1.66%)			
32,500	Focusrite	53,625	1.26
		<hr/>	
HEALTH CARE 9.03% (7.75%)			
Health Care Equipment & Services 1.63% (1.30%)			
70,000	Tristel	69,300	1.63
		<hr/>	
Pharmaceuticals & Biotechnology 7.40% (6.45%)			
17,500	Anpario	56,875	1.34
7,250	Bioventix	62,713	1.48
15,000	Clinigen	93,525	2.21
35,000	Quantum Pharmaceutical	53,550	1.26
17,500	Skyepharma	47,163	1.11
		<hr/>	
		313,826	7.40
		<hr/>	

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2015
	CONSUMER SERVICES 12.22% (10.60%)		
	General Retailers 3.87% (3.73%)		
17,500	Halfords	92,400	2.18
50,000	Topps Tiles	71,875	1.69
		<hr/>	
		164,275	3.87
	Media 6.91% (6.87%)		
5,000	4Imprint	53,600	1.27
50,000	Ebiquity	65,000	1.53
45,000	Tarsus	95,513	2.25
20,000	UTV Media	27,900	0.66
20,000	Wilmington	51,000	1.20
		<hr/>	
		293,013	6.91
	Travel & Leisure 1.44% (0.00%)		
30,000	Revolution Bars	61,200	1.44
	FINANCIALS 14.54% (12.23%)		
	Non-Life Insurance 1.53% (2.13%)		
12,500	Personal	65,000	1.53
	Real Estate Investment & Services 0.00% (1.40%)		
	Real Estate Investment Trusts 1.91% (1.75%)		
20,800	LSL Property	81,120	1.91
	Financial Services 11.10% (6.95%)		
3,250	Brooks Macdonald	57,200	1.35
30,000	Curtis Banks	66,000	1.56
27,500	Liontrust Asset Management	83,806	1.98
6,121	Mattioli Woods	31,217	0.74
30,000	Mortgage Advice Bureau	73,950	1.74
62,500	Orchard Funding	60,000	1.41
75,000	Park	46,500	1.10
25,000	River & Mercantile	51,750	1.22
		<hr/>	
		470,423	11.10

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2015
TECHNOLOGY 20.86% (22.24%)			
Software & Computer Services 19.67% (21.23%)			
11,250	Accesso Technology	61,313	1.44
7,500	Craneware	48,750	1.15
150,000	dotDigital	50,250	1.18
150,000	Eckoh	59,250	1.40
20,000	FDM	76,600	1.81
2,500	Fidessa	56,725	1.34
10,000	InternetQ	26,075	0.61
22,500	Iomart	54,450	1.28
125,000	OMG	51,250	1.21
55,000	Proactis	40,700	0.96
37,500	Quartix	65,625	1.55
85,000	Sanderson	55,250	1.30
30,000	Servelec	91,125	2.15
7,500	SQS Software Quality Systems	45,750	1.08
12,500	Tracsis	51,250	1.21
		834,363	19.67
Tecnology Hardware & Equipment 1.19% (1.01%)			
32,500	Quixant	50,375	1.19
	Investment assets	3,952,781	93.19
	Net other assets	288,926	6.81
	Net assets	4,241,707	100.00

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.12.14

Comparative Tables

Change in net assets per share

	B Income		B Accumulation	
	30.06.15 p	31.12.14 p	30.06.15 p	31.12.14 p
Opening net asset value per share	103.42	100.00†	103.42	100.00†
Return before operating charges [^]	14.99	4.44	14.97	4.44
Operating Charges	-1.12	-1.02	-1.12	-1.02
Return after operating charges [^]	13.87	3.42	13.85	3.42
Distributions on income shares	0.00	0.00	n/a	n/a
Closing net asset value per share	117.29	103.42	117.27	103.42
Retained distributions on accumulation shares	n/a	n/a	0.00	0.00
[^] After direct transaction costs of	-0.57	-0.57	-0.57	-0.57
Performance				
Return after charges	13.41%	3.42%	13.39%	3.42%
Other Information				
Closing net asset value	1,322,683	972,185	2,919,024	1,183,708
Closing number of shares	1,127,725	940,023	2,489,201	1,144,575
Operating Charges ^{††}	1.00%	1.00%	1.00%	1.00%
Direct transaction costs	-0.51%	-0.55%	-0.51%	-0.55%
Highest share price	120.18	104.49	120.18	104.49
Lowest share price	104.19	99.49	104.19	99.49

† Launch price 20 October 2014

†† The Investment Manager currently rebates the Sub-fund's operating charges in order for them to not exceed 1.00% of the average net asset value of the Sub-fund. The Investment Manager currently waives the Management fee of 0.75%.

[^] Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

Comparative Tables

continued

Risk and reward profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked 5 because funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Smaller company shares can be more difficult to buy and sell as they may trade infrequently, in small volumes and their share price may fluctuate more than that of a larger company.
- The level of targeted income is not guaranteed and may not be achieved.
- For further risk information please see the prospectus.

Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

Statement of Total Return

for the period ended 30 June 2015

	30.06.15 [^]	
	£	£
Income		
Net capital gains		303,057
Revenue	33,960	
Expenses	(14,255)	
Finance costs: interest	—	
Net revenue before taxation	19,705	
Taxation	(107)	
Net revenue after taxation		19,598
Total return before distributions		322,655
Finance costs: distributions		5,830
Change in net assets attributable to Shareholders from investment activities		328,485

Statement of Change in Net Assets Attributable to Shareholders

for the period ended 30 June 2015

	30.06.15 [^]	
	£	£
Opening net assets attributable to Shareholders		2,155,894
Amounts receivable on issue of shares	2,211,090	
Less: Amounts payable on cancellation of shares	(453,762)	
		1,757,328
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		328,485
Closing net assets attributable to Shareholders		4,241,707

[^] The PFS Chelverton UK Equity Growth Sub-fund was launched on 20 October 2014. There are no comparatives as this is the first interim of the Sub-fund.

Balance Sheet

as at 30 June 2015

	30.06.15		31.12.14	
	£	£	£	£
ASSETS				
Investment assets		3,952,781		1,984,370
Debtors	102,918		8,472	
Cash and bank balances	306,883		184,789	
Total other assets		409,801		193,261
Total assets		4,362,582		2,177,631
LIABILITIES				
Investment liabilities		–		–
Creditors	(120,875)		(11,025)	
Bank overdrafts	–		(10,712)	
Total other liabilities		(120,875)		(21,737)
Total liabilities		(120,875)		(21,737)
Net assets attributable to Shareholders		4,241,707		2,155,894

The interim financial statements have been prepared under the historical cost basis, as modified by revaluation of investments and in accordance with the Statement of Recommended Practice (SORP) for the Financial Statements of Authorised Funds issued by the Investment Association (IA) in May 2014.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 December 2014.

The financial statements have been prepared on the going concern basis.

Certification of Accounts by the Authorised Corporate Director

This report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook ("the COLL sourcebook") and the Statement of Recommended Practice issued by the Investment Association.

R.W. Leedham**D.W. Munting**

Directors

Phoenix Fund Services (UK) Ltd

21 August 2015

General Information

Authorised status and structure of the Company

PFS Chelverton UK Equity Fund (the "Company") is structured as an Investment Company with Variable Capital ("ICVC"), under regulation 12 (Authorisation) of the OEIC Regulations (Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)).

The Company does not intend to have an interest in immovable property.

The Company is authorised and regulated in the UK by the Financial Conduct Authority ("FCA") as a UCITS Retail Scheme under the COLL Sourcebook.

The Company was incorporated in England and Wales on 04 April 2006 under registration number IC000431. The Shareholders are not liable for the debts of the Company.

The Company currently has 2 Sub-funds, which are detailed below:

PFS Chelverton UK Equity Income Fund

PFS Chelverton UK Equity Growth Fund

Head Office

Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base Currency

The base currency of the Company is Pounds Sterling.

Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000. Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset value of the Sub-fund.

Classes of Shares

The Instrument of Incorporation allows each Sub-fund to issue different classes of shares in respect of any Sub-fund.

The Company may issue both Income and Accumulation Shares.

Holders of Income shares are entitled to be paid the revenue attributable to such shares in respect of each annual accounting period in the currency of the relevant share class.

Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of Shareholders and is reflected in the price of shares.

General Information

continued

Valuation Point

The scheme property of the Company and each Sub-fund will normally be valued at 12:00 on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

For the purpose of the pricing of units, a business day is defined as a day on which the dealing office of the ACD is open for the buying and selling of shares. The ACD may at any time during a business day carry out an additional valuation of the property of the Sub-fund if the ACD considers it desirable to do so, with the Depository's approval.

Buying and Selling of Shares

The ACD will accept orders for the purchase and sale of shares on normal business days between 8:30am and 4:30pm. Instructions to buy or sell shares may either be in writing to:

Springfield Lodge, Colchester Road, Chelmsford, Essex CM1 9RR

Or by telephone to:

0345 305 4217

The ACD has the right to establish facilities for recording telephone calls made or received on this telephone line.

A contract note giving details of the shares purchased will be issued no later than the next business day after the business day on which an application to purchase shares is received and instrumented by the ACD. Certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the register of shareholders.

Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-fund which represents the Net Asset Value of the Sub-fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Management Association website at www.fundlistings.com and in the Financial Times at www.ft.com. Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office of the Company, of which copies may be obtained free of charge upon application. They are also available from the website of the ACD, the details given in the directory of this report.

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD, or, following that, may make their complaint direct to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

General Information

continued

Risk Warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.



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