

Monthly Fact Sheet 30 April 2018

Investment Objective and Policy

The objective of the fund is to deliver long term capital growth to investors by investing in a diversified portfolio of European (ex-UK) companies. The fund has an unconstrained approach investing across the size spectrum down to a minimum market capitalisation of c.€50m.

Investment Approach

The managers believe there are both structural and cyclical inefficiencies in the way equity markets function and seek to apply a 'Modern Value Investing' approach to exploit these inefficiencies. The managers are looking for companies with undervalued cash flows delivered by healthy but overlooked companies.

| | |
|--------------------|-----------------|
| Launch Date | 6th March 2018 |
| IA Sector | IA Europe ex UK |

Share Price (as at 30.04.18)

| | Income | Accumulation |
|----------|--------|--------------|
| B Shares | 99.51p | 100.28p |

Codes (B Shares)

| | Income | Accumulation |
|-------|--------------|--------------|
| Sedol | BFNL2N1 | BFNL2P3 |
| ISIN | GB00BFNL2N15 | GB00BFNL2P39 |

Fund Managers



Dale Robertson

joined Chelverton in 2017. He began his career as a chartered accountant at Arthur Anderson, moving to Edinburgh Fund Managers in 1995. He then managed European funds at SWIP before moving to Edinburgh

Partners where he managed the EP European Opportunities Fund from 2003 – 2016.



Gareth Rudd

joined Chelverton in 2017. He began his career in financial services in 1996 at Edinburgh Fund Managers. He then moved to ABN Amro where he was a long/short investor within Principal

Strategies until 2009. Before joining Chelverton, Gareth was a partner at Willis Welby, a boutique research house.

MI Chelverton *European Select Fund*

Monthly Manager Commentary

European markets appeared to shrug off some of the more macro/geopolitical issues which have affected them in recent times. The results season, in full swing for much of April has generally been supportive, although some areas, such as clothing retail continue to suffer poor newsflow and results. We remain cautious on a number of these traditional value areas of the market, where we feel that valuations do not adequately reflect the structural disruptions being faced by these businesses.

Recently reported results led to strong performances from holdings such as Hexpol, Capgemini and Dometic, and improving sentiment towards oil service companies led to strong rebounds in the prices of Subsea7, Saras and Tenaris. Our worst performer was IFG, the financial services company which announced that it would not be selling its Saunderson House business, despite receiving a number of offers. This was taken badly by the market, despite the company providing a positive underlying trading update. We believe that IFG continues to offer good value, and have topped up our position into weakness.

Prior to launch, our research indicated that there was good value to be had from the Salmon farming industry. We purchased two holdings, Norway Royal Salmon and Grieg. With Norway Salmon subsequently rising over 35% since purchase, our analysis suggested that the margin of safety was no longer attractive, so we sold the holding, switching into Post NL, where the price now appears to have stabilised following recent weakness. With a free cashflow yield approaching 9%, a dividend yield of over 7% and an ungeared balance sheet, we calculated a significant margin of safety, and have initiated with a 1.5% weighting, looking to add on any further weakness. We are retaining our exposure to this area via our continued holding of Grieg.

Elsewhere, we purchased a small position in Ringmetall, a world-leader in the niche market of closure systems for transportation of chemicals, pharmaceuticals and food products. In keeping with the characteristics of our holdings within what we term our "sell-side vacuum" cluster, management hold a significant stake in the business and have recently participated in equity fund raisings.

Top 20 Holdings

| Holding | Sector | % of Portfolio |
|---------------------|-----------------|----------------|
| 1. UBS | Financials | 3.0 |
| 2. Sanofi | Health Care | 2.9 |
| 3. Nilorngruppen | Consumer Goods | 2.7 |
| 4. Roche | Health Care | 2.7 |
| 5. Zurich Insurance | Financials | 2.6 |
| 6. Subsea 7 | Oil & Gas | 2.6 |
| 7. Ageas | Financials | 2.6 |
| 8. TKH | Industrials | 2.6 |
| 9. ING Groep | Financials | 2.5 |
| 10. Tenaris | Basic Materials | 2.4 |
| 11. Leonardo | Industrials | 2.3 |
| 12. Unilever | Consumer Goods | 2.3 |
| 13. IFG Group | Financials | 2.2 |
| 14. Capgemini | Technology | 2.2 |
| 15. CRH | Industrials | 2.2 |
| 16. Fresenius | Health Care | 2.2 |
| 17. Siemens | Industrials | 2.2 |
| 18. Dormakaba | Industrials | 2.1 |
| 19. BB Biotech | Health Care | 2.1 |
| 20. Dometic | Consumer Goods | 2.1 |

Source: Chelverton Asset Management Limited

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ACD
Maitland Institutional Services Limited

Investment Advisor
Chelverton Asset Management Limited

Administrator
Maitland Institutional Services Limited

| | |
|--------------------|----------------------|
| Income Paid | Biannually |
| XD Dates | 30 June, 31 December |
| Valuation | 12 Noon |

Annual Management Fee (%)

B Shares 0.75

Minimum Investment

B Shares £1,000

Ongoing Charge (%)

B Shares 1.00

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FURTHER INFORMATION

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MI Chelverton *European Select Fund*

Sector Breakdown

| | % of Portfolio | |
|-------------------|----------------|--|
| Industrials | 26.9 | |
| Financials | 19.7 | |
| Consumer Goods | 14.5 | |
| Health Care | 12.0 | |
| Oil & Gas | 6.3 | |
| Technology | 5.4 | |
| Basic Materials | 4.5 | |
| Consumer Services | 3.2 | |
| Cash | 7.5 | |

Geographic Breakdown

| | % of Portfolio | |
|-------------|----------------|--|
| Sweden | 14.4 | |
| Switzerland | 13.5 | |
| Netherlands | 12.0 | |
| Germany | 10.0 | |
| Italy | 8.8 | |
| France | 8.5 | |
| Ireland | 7.8 | |
| Norway | 7.0 | |
| Belgium | 4.1 | |
| Denmark | 3.4 | |
| Finland | 1.7 | |
| Spain | 1.3 | |
| Cash | 7.5 | |

Market Cap Breakdown

| | % of Portfolio | No. of Stocks |
|-----------------|----------------|---------------|
| Above €5bn | 49.8 | 23 |
| €2bn - €5bn | 17.7 | 9 |
| Below €2bn | 25.0 | 15 |
| Cash and Income | 7.5 | N/A |
| Total | 100.0 | 47 |

Disclaimer: The value of any investment, and any income from it, can rise and fall with movements in stockmarkets, currencies and interest rates. These can move irrationally and can be affected unpredictably by diverse factors, including political and economic events. This could mean that you won't get back the amount you originally invested. This fund can invest 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. 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 Conduct 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. Maitland Institutional Services Limited are the Authorised Corporate Director of this fund and prospectuses for the fund are obtainable directly from them. Please email Chelverton@maitlandgroup.co.uk or call +44 (0) 1245 459 962.