

Monthly Fact Sheet

31 May 2019

About the Fund

The objective of the Chelverton European Select Fund is to generate long term compounding outperformance of major Continental European indices and peers. The aim is to deliver capital growth to investors over the longer term and achieve this by buying companies with strong free cash flow characteristics that the managers believe are being undervalued by the market.

The fund is a Europe ex-UK equity fund managed within the Investment Association guidelines for its sector. It invests solely in the equity securities of companies listed in Europe, but outside of the UK, across the size spectrum down to a minimum market capitalisation of €50m.

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

Share Price (as at 31.05.19)		
	<i>Income</i>	<i>Accumulation</i>
B Shares	90.99p	93.75p

Codes (B Shares)		
	<i>Income</i>	<i>Accumulation</i>
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 were weaker during May. Focus returned to macro/global issues. The trade war between the US and China escalated.

The fund was also down over the month. The largest detractor was our holding in Post NL, which reacted poorly to news that, although its parcels business was enjoying strong growth, there was a requirement for increased investment in order to meet service levels. We subsequently visited the company and feel that the shares are very unloved at present, and should recover from here. Other poor performers were two of our Semiconductor holdings – BE Semiconductor and ST Microelectronic, which were affected by the general profit taking in the sector in light of the poor sentiment towards trade wars etc. We had also taken some profits in the area last month and will look to add again on further weakness.

On the positive side, a number of our less cyclically exposed companies performed well. Novartis had positive news surrounding a number of trial drugs, recovering from last month's poor performance and vindicating our decision to top up our holding. Holdings such as Unilever and Danone also fared better in the weaker market environment.

The fund purchased two new holdings during the month. Novo Nordisk has a global franchise in diabetes treatment. At the current share price, Novo's free cashflow yield is 4.6% for over 7% revenue growth. We also purchased Saras, an oil refinery and renewables business, set to benefit from legislative changes next year regarding diesel quality. We owned Saras last year, but sold it after a strong share price performance. The shares have fallen over 40% since we sold. The stock currently has a free cashflow yield of 6.9% with accelerating growth.

There have been a number of significant process enhancements over recent months, a natural progression as the fund weathers various market environments whilst still in its infancy. Turnover has been slightly elevated as we reposition towards companies and themes which better fit our enhanced investment criteria of attractive free cashflow yield for a given level of growth, low financial leverage and overlooked by markets. Following recent transactions, including sales of Inwido, Tessenderlo and Renault, this repositioning is now complete and we would expect turnover to return to more stable levels.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	11.04	-4.68	2.95	1.45	-7.84	-	-6.25
Sector Rank	25/104	98/106	66/104	77/104	86/103	-	77/102
Quartile Ranking	1st	4th	3rd	3rd	4th	-	3rd
IA Europe ex UK (%)	9.45	-2.61	3.83	3.53	-3.66	-	-2.26

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.05.2019

Discrete Annual Performance

	31.05.18	31.05.17	31.05.16	31.05.15	31.05.14
	31.05.19	31.05.18	31.05.17	31.05.16	31.05.15
Fund (%)	-7.84	-	-	-	-
IA Europe ex UK (%)	-3.66	-	-	-	-

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.05.2019

Sector Breakdown

	% of Portfolio
Industrials	23.9
Financials	17.8
Healthcare	15.8
Consumer Goods	12.8
Technology	12.1
Oil & Gas	7.7
Consumer Services	2.7
Basic Materials	2.0
Cash	5.2

Geographic Breakdown

	% of Portfolio
Netherlands	21.1
France	17.6
Switzerland	11.6
Sweden	9.7
Germany	8.7
Denmark	4.7
Ireland	4.1
Norway	4.0
Spain	4.0
Italy	3.5
Finland	3.2
Belgium	2.6
Cash	5.2

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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*

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Novartis	Healthcare	3.6
2. Kaufman & Broad	Consumer Goods	3.0
3. Unilever	Consumer Goods	2.9
4. Bayer	Healthcare	2.8
5. Danone	Consumer Goods	2.7
6. RELX	Consumer Services	2.7
7. Roche	Healthcare	2.6
8. Arcadis	Industrials	2.6
9. Ageas	Financials	2.6
10. Dometic	Consumer Goods	2.5
11. PostNL	Industrials	2.5
12. Sanofi	Healthcare	2.5
13. Santander	Financials	2.4
14. ISS	Industrials	2.4
15. BE Semiconductor	Technology	2.4
16. Zurich Insurance	Financials	2.4
17. Akka Technologies	Industrials	2.4
18. Novo Nordisk	Healthcare	2.3
19. UBS	Financials	2.3
20. Siemens	Industrials	2.2

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	49.4	21
€2bn - €5bn	12.8	6
Below €2bn	32.6	17
Cash and Income	5.2	N/A
Total	100.0	44

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.