

Monthly Fact Sheet 31 July 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 31.07.19)		
	<i>Income</i>	<i>Accumulation</i>
B Shares	97.91p	103.13p

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.

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Monthly Manager Commentary

European markets recorded modest gains throughout July. The market was predominantly focussed on the company reporting season which got underway during the month. Company results have been mixed, with more economically sensitive/cyclical businesses generally alluding to market conditions becoming tougher.

The fund also recorded modest gains over the month. Amongst the best performers were our holdings in the semiconductor area – ASM International, BE Semiconductor Industries and ST Microelectronics, as the market renewed its optimism that the current downcycle is showing signs of abating. We took advantage of the strong share price performances to take some profits in this area, though retain our enthusiasm for these businesses. Saras, an oil refining play, also rose on positive results and we have been adding to our position. Arcadis, a global engineering consultant also performed well, following strong results, as did our holding in Kaufman and Broad, a French housebuilder.

On the negative side, Ringmetall, a leading container fastenings business, lowered profit forecasts due to the poor economic climate. Knowit, which forms part of our IT services cluster also produced lacklustre results, sending the share price lower.

Two new purchases were made over the month. Swedish Match is a manufacturer of tobacco products, with the majority of its products focussed on smokeless products (snuss, snuff and chewing tobacco). It has developed a range of tobacco-free nicotine pouches which are experiencing very high demand. The business is strongly cash generative, with a higher free cashflow yield than the market plus higher expected revenue growth. The fund also initiated a holding in Infotel, a French IT consultant. Very attractively valued, with a dividend yield of 4%, a free cashflow yield approaching 7% and expected revenue growth of over 7%.

We exited two holdings over the month, selling Leonardo, the Italian aerospace and defence business, following a strong recovery in the share price over the last 6 months. ISS, a contract cleaning company, was also sold over concerns of a recent aggressive use of factoring to flatter cashflows.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	22.15	2.53	4.86	16.05	-0.74	-	3.13
Sector Rank	22/103	43/107	76/105	37/103	68/102	-	68/101
Quartile Ranking	1st	2nd	3rd	2nd	3rd	-	3rd
IA Europe ex UK (%)	18.95	2.19	5.84	14.75	1.31	-	6.20

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.07.2019

Discrete Annual Performance

	31.07.18	31.07.17	31.07.16	31.07.15	31.07.14
	31.07.19	31.07.18	31.07.17	31.07.16	31.07.15
Fund (%)	-0.74	-	-	-	-
IA Europe ex UK (%)	1.31	-	-	-	-

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.07.2019

Sector Breakdown

	% of Portfolio
Industrials	19.8
Technology	16.5
Healthcare	15.9
Financials	15.5
Consumer Goods	12.7
Oil & Gas	7.6
Consumer Services	5.2
Basic Materials	2.0
Cash	4.8

Geographic Breakdown

	% of Portfolio
Netherlands	21.5
France	20.2
Switzerland	14.5
Sweden	9.6
Germany	8.3
Norway	5.5
Ireland	4.5
Spain	3.6
Finland	3.4
Denmark	2.5
Italy	1.6
Cash	4.8

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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

Dealing Line 0345 305 4217

Dealing Fax 0845 280 0188

FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

Tel +44 (0)20 3195 0076

Email chelverton@springcapitalpartners.com

Visit springcapitalpartners.com

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Top 20 Holdings

Holding	Sector	% of Portfolio
1. Kaufman & Broad	Consumer Goods	3.4
2. Arcadis	Industrials	3.4
3. Novartis	Healthcare	3.2
4. Bayer	Healthcare	2.9
5. Roche	Healthcare	2.8
6. BE Semiconductor	Technology	2.8
7. CPL Resources	Industrials	2.7
8. Unilever	Consumer Goods	2.7
9. RELX	Consumer Services	2.6
10. Lastminute.com	Consumer Services	2.6
11. Akka Technologies	Industrials	2.5
12. UBS	Financials	2.5
13. Novo Nordisk	Healthcare	2.5
14. Zurich Insurance	Financials	2.5
15. Sanofi	Healthcare	2.4
16. Danone	Consumer Goods	2.4
17. PostNL	Industrials	2.4
18. Santander	Financials	2.3
19. STMicroelectronics	Technology	2.2
20. Total	Oil & Gas	2.2

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	47.4	20
€2bn - €5bn	14.3	7
Below €2bn	33.5	17
Cash and Income	4.8	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.