

Monthly Fact Sheet 31 August 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 31.08.19)		
	<i>Income</i>	<i>Accumulation</i>
B Shares	95.78p	100.89p

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 in August. The on-off nature of trade talks and the ensuing tariff escalation between US and China dominated market sentiment. Markets remained volatile, but ultimately were down over the month. In this environment, it was again the less economically sensitive areas of the market which held up better, with Consumer Non-Durables, Healthcare and Utility names leading the outperformers, as the market continues to reward security and visibility over cyclicality.

The fund was also weaker over the month. On the positive side, Post NL, the Dutch postal services business was up strongly, as results confirmed its outlook and it also paid an interim dividend which many thought would have been foregone. Bayer also performed well over the month as it announced disposals of two non-core businesses, Animal healthcare and its chemical JV, Currenta. Strong share price performances also followed positive results from Novo Nordisk and Lastminute.com.

On the negative side, TKH, a technology company with products focussed on smart manufacturing, connectivity and vision and security, had lacklustre results which were taken poorly by the market, sending the shares lower. The investment case in TKH remains intact, though there was a degree of travel and arrive as regards the share price performance. Into strong share price appreciation over the preceding months, we had reduced the fund's position in TKH, as the short-term valuation became more stretched. We will add to the position on any further weakness.

Also notably weak over the month was Banco Santander, with Brexit fears being compounded by issues in Latin America. With the company now trading at a significant discount to book value, we believe that the recent weakness is overdone and have added to our position.

The fund made one new purchase over the month. Valmet is a leading supplier of technologies, automation and services to the pulp/paper and energy industries. Following a recent pull-back in the share price, the valuation looks very attractive – a free cashflow yield approaching 8%, a dividend yield of 4% and good growth prospects driven largely by the services business which should be resilient to any general economic weakness. It also has an ungeared balance sheet.

We exited our holding in Bolsas y Mercados over the month. The investment has been disappointing, and although there remains a reasonable case to own the shares from a valuation perspective, prospects for growth appear limited, and it was felt that better opportunities lay elsewhere.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	19.50	-2.17	7.62	10.80	-1.77	-	0.89
Sector Rank	29/103	67/107	41/107	59/103	67/102	-	67/101
Quartile Ranking	2nd	3rd	2nd	3rd	3rd	-	3rd
IA Europe ex UK (%)	16.52	-2.10	6.44	10.53	-0.27	-	4.07

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.08.2019

Discrete Annual Performance

	31.08.18	31.08.17	31.08.16	31.08.15	31.08.14
Fund (%)	31.08.19	31.08.18	31.08.17	31.08.16	31.08.15
Fund (%)	-1.77	-	-	-	-
IA Europe ex UK (%)	-0.27	-	-	-	-

Source: Lipper, NAV to NAV, B Shares Acc, Total Return to 31.08.2019

Sector Breakdown

	% of Portfolio
Industrials	20.7
Healthcare	16.7
Technology	16.6
Financials	15.3
Consumer Goods	11.9
Oil & Gas	8.6
Consumer Services	5.2
Basic Materials	2.5
Cash	2.5

Geographic Breakdown

	% of Portfolio
Netherlands	20.0
France	19.5
Switzerland	15.0
Sweden	10.0
Germany	8.4
Finland	7.5
Norway	5.3
Ireland	4.4
Denmark	2.8
Spain	2.6
Italy	2.0
Cash	2.5

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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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Top 20 Holdings

Holding	Sector	% of Portfolio
1. Novartis	Healthcare	3.3
2. Kaufman & Broad	Consumer Goods	3.3
3. Arcadis	Industrials	3.2
4. Nordea	Financials	3.0
5. Valmet	Industrials	3.0
6. Bayer	Healthcare	3.0
7. Roche	Healthcare	3.0
8. Lastminute.com	Consumer Services	2.9
9. Total	Oil & Gas	2.9
10. Novo Nordisk	Healthcare	2.8
11. BE Semiconductor	Technology	2.8
12. Sanofi	Healthcare	2.6
13. Santander	Financials	2.6
14. Zurich Insurance	Financials	2.6
15. Hexpol	Basic Materials	2.5
16. Siemens	Industrials	2.5
17. CPL Resources	Industrials	2.5
18. UBS	Financials	2.4
19. Unilever	Consumer Goods	2.4
20. RELX	Consumer Services	2.3

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	49.5	20
€2bn - €5bn	16.1	7
Below €2bn	31.9	17
Cash and Income	2.5	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.