

Monthly Fact Sheet 30 September 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 30.09.19)

	Income	Accumulation
B Shares	98.16p	103.40p

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 were stronger in September. Macro news was again in focus, with positive noises being made by both the US and China regarding potential trade talks. Also, the ECB announced a restart to its bond-buying programme, and there were a number of comments regarding the potential for fiscal stimulus to be increased in a number of countries across Europe. Sentiment towards more economically sensitive sectors such as financials and industrials improved as a result of these themes.

The fund enjoyed a positive performance over the month. Lastminute.com, the online travel business with a dynamic packaging software product, advanced strongly and we continue to see the valuation as attractive, with a prospective free cashflow yield of over 12% and a net cash balance sheet. CPL Resources, a Dublin based recruitment business also performed strongly, following positive results. It too has a high free cashflow yield, approaching double-digit, and is strongly cash generative, with net cash on the balance sheet of around twenty percent of the current market capitalisation. As mentioned above, a number of our financial holdings enjoyed a strong month, including Nordea and ING.

On the negative side, Infotel, a French IT services company was weaker following results. Upon review, we felt that the market had been unduly harsh in its reaction, given the short-term nature of labour shortages attributed to the modest results. The prospects for its aviation document management product are very good, and organic growth generally is strong in the business. In light of this, we have added to our position.

Elsewhere, a number of our more defensive holdings, particularly healthcare, were weaker, driven by the modest sector rotation alluded to above.

The fund made three new purchases over the month. Bank of Ireland is trading at less than half of its book value, and looks very over-sold given its capitalisation and return potential. Salmar is a Norwegian salmon farmer. We took advantage of recent share price weakness to initiate a holding. Salmar offers attractive structural growth prospects at an attractive free cashflow yield, with very low levels of debt. D'Ieteren is a Belgian holding company with a majority stake in businesses which serve the auto glass repair and replacement market. The prospects for this business are very attractive, with opportunities to diversify the offering to sensors and bodywork repair. The Group has no debt, and a double-digit free cashflow yield.

We exited our holding in Akka Technologies over the month. Although we like the prospects for this engineering consultancy, we are cautious about the high level of invoice factoring undertaken by the business, combined with our opinion that it is now more likely to make further acquisitions, rather than paying down debt as had previously been hoped.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	22.47	2.49	2.80	12.32	2.22	-	3.40
Sector Rank	12/120	12/123	6/123	11/121	67/120	-	76/118
Quartile Ranking	1st	1st	1st	1st	3rd	-	3rd
IA Europe ex UK (%)	17.39	0.42	0.52	9.13	2.23	-	5.00

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.09.2019

Discrete Annual Performance

	30.09.18	30.09.17	30.09.16	30.09.15	30.09.14
	30.09.19	30.09.18	30.09.17	30.09.16	30.09.15
Fund (%)	2.22	-	-	-	-
IA Europe ex UK (%)	2.23	-	-	-	-

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.09.2019

Sector Breakdown

	% of Portfolio
Industrials	18.6
Healthcare	16.2
Technology	15.6
Financials	15.4
Consumer Goods	12.9
Oil & Gas	9.2
Consumer Services	7.6
Basic Materials	2.5
Cash	2.0

Geographic Breakdown

	% of Portfolio
Netherlands	18.4
France	17.5
Switzerland	15.3
Sweden	9.8
Germany	8.0
Finland	7.8
Norway	7.3
Ireland	4.1
Spain	3.0
Denmark	2.7
Italy	2.1
Belgium	2.0
Cash	2.0

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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. Lastminute.com	Consumer Services	3.5
2. Nordea	Financials	3.3
3. Kaufman & Broad	Consumer Goods	3.2
4. Valmet	Industrials	3.1
5. Arcadis	Industrials	3.1
6. Santander	Financials	3.0
7. Roche	Healthcare	3.0
8. Novartis	Healthcare	3.0
9. Total	Oil & Gas	2.8
10. Bayer	Healthcare	2.7
11. Novo Nordisk	Healthcare	2.7
12. CPL Resources	Industrials	2.7
13. UBS	Financials	2.5
14. Hexpol	Basic Materials	2.5
15. Infotel	Technology	2.4
16. Zurich Insurance	Financials	2.4
17. Sanofi	Healthcare	2.4
18. Fresenius	Healthcare	2.4
19. Swedish Match	Consumer Goods	2.3
20. Unilever	Consumer Goods	2.2

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	47.7	20
€2bn - €5bn	20.2	10
Below €2bn	30.1	15
Cash and Income	2.0	N/A
Total	100.0	45

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. The contents of this document are intended for Professional Investors and Eligible Counterparties only. 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.