

Monthly Fact Sheet 30 November 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 30.11.19)		
	<i>Income</i>	<i>Accumulation</i>
B Shares	100.91p	106.29p

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 moderately higher over the month. With company results season largely over, focus again returned to macroeconomic issues. The mood was slightly more optimistic regarding a potential US-China trade deal, lifting markets generally. There were also some tentative signs that data at the macro level was becoming less bearish, although these signs were tentative rather than conclusive. Despite these signs, the rotation from growth/quality into cyclical and value-type companies, seen in recent months, appeared to stall during November.

Fund performance was also positive over the month. Positive results from Bouvet, a Scandinavian IT consultant helped boost the shares. Greig Seafood, one of the fund's salmon farming holdings was also strongly up on good results. The fund's oil service holdings – Subsea 7 and TGS-NOPEC - also performed strongly over the month, recovering from recent lacklustre performance, particularly at Subsea 7 as mentioned last month.

On the negative side, GAM Holding, the Swiss asset management group was off sharply, following the announcement that one of its investment teams had resigned. We continue to believe that GAM remains significantly undervalued. Saras, a leading European crude oil refiner, was also weak, following short term pressure on margins from increases in Asian competing supplies.

The fund purchased Group SEB during the month. SEB is one of the worlds leading cooking utensil and food preparation companies. With a strong position in China and emerging markets generally, growth should be high single digit, with an attractive free cashflow yield of around 6%. Both of these measures are significantly above the overall market levels of both sales growth (3.3%) and free cashflow yield (4.3%). This places SEB firmly in our "sweet spot", combining good growth prospects with cheaply valued cashflows.

We are firmly of the belief that our investments do not need excessive levels of financial leverage in order to deliver good returns. Capgemini, the French IT services company appears to offer good value at current levels. However, it is undertaking a significant acquisition, which will likely push its net debt to EBITDA ratio to elevated levels. This, combined with concerns about the operating performance of the target, led us to exit the holding. The current net debt to EBITDA ratio of the portfolio is less than one third that of the European market (0.5x versus 1.6x).

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	25.89	2.91	5.35	13.38	15.03	-	6.29
Sector Rank	12/118	29/123	11/122	3/122	34/118	-	61/117
Quartile Ranking	1st	1st	1st	1st	2nd	-	3rd
IA Europe ex UK (%)	18.57	2.34	1.42	8.02	12.20	-	6.06

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.11.2019

Discrete Annual Performance

	30.11.18	30.11.17	30.11.16	30.11.15	30.11.14
	30.11.19	30.11.18	30.11.17	30.11.16	30.11.15
Fund (%)	15.03	-	-	-	-
IA Europe ex UK (%)	12.20	-	-	-	-

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.11.2019

Sector Breakdown

	% of Portfolio
Industrials	16.6
Financials	15.3
Consumer Goods	15.2
Healthcare	14.7
Technology	14.1
Oil & Gas	9.6
Consumer Services	6.6
Basic Materials	4.2
Cash	3.7

Geographic Breakdown

	% of Portfolio
Netherlands	17.9
France	15.8
Switzerland	13.8
Norway	9.9
Germany	8.5
Sweden	7.7
Finland	7.0
Ireland	4.7
Belgium	4.4
Spain	2.6
Denmark	2.1
Belgium	1.9
Cash	3.7

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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. Kaufman & Broad	Consumer Goods	3.0
2. Nordea	Financials	3.0
3. Arcadis	Industrials	2.9
4. CPL Resources	Industrials	2.9
5. Novartis	Healthcare	2.9
6. Subsea 7	Oil & Gas	2.9
7. Infotel	Technology	2.7
8. Santander	Financials	2.6
9. Bayer	Healthcare	2.6
10. Total	Oil & Gas	2.6
11. Lastminute.com	Consumer Services	2.5
12. Fresenius	Healthcare	2.5
13. Heidelberg	Industrials	2.5
14. UBS	Financials	2.4
15. Swedish Match	Consumer Goods	2.4
16. Recticel	Basic Materials	2.4
17. Roche	Healthcare	2.4
18. Valmet	Industrials	2.3
19. BE Semiconductor	Technology	2.3
20. Zurich Insurance	Financials	2.2

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	47.3	21
€2bn - €5bn	19.4	10
Below €2bn	29.6	14
Cash and Income	3.7	N/A
Total	100.0	45

Source: Chelverton Asset Management Limited

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.