

Monthly Fact Sheet 31 January 2020

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 31.01.20)		
	<i>Income</i>	<i>Accumulation</i>
B Shares	101.57p	107.14p

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.

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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 volatile during January. Starting the year on a positive note, markets rallied ahead of the first phase of trade deals being signed by the US and China. However, the general optimism quickly vanished as the Coronavirus began spreading in China. At present, it is obviously too early to know what effects the virus will have on global growth, but markets have sold off since the middle of the month. Economically sensitive sectors have performed poorly, while more generally defensive areas of the market, especially Utilities, held up best.

The fund was lower over the month. The fund currently has no holdings in sectors such as Utilities and Telecoms, where we are uncomfortable with either high debt levels, long term structural issues, or simply overvalued cashflows. This can lead to poor performance when there is a defensive flight in markets such as occurred in January. However, we are committed to retaining our valuation discipline, looking for undervalued cashflows, plus our aversion to highly financially leveraged businesses.

In terms of positive contributors, CPL Resources, a Dublin based recruitment business reported very strong results, good cash generation, and the shares reacted positively. Swedish Match, the Scandinavian tobacco company specialising in smoke-free tobaccos, and tobacco-free nicotine pouches also performed well. The fund's semiconductor holdings – ASMI, BE Semiconductor and ST Microelectronics all enjoyed a good month in terms of share price performance. Both ASMI and ST Microelectronics produced results which were ahead of market expectations.

On the negative side, holdings in Oil and Oil Services were weak, including Saras, TGS Nopec, Total and Subsea 7, led by sharp falls in the oil price due to the likely demand effects of the Coronavirus. We continue to see good value in these areas. Group SEB, a cookware and kitchen appliance business was also weak largely due to its exposure to the Chinese domestic market. Post NL, the Dutch postal services company was also weak over the month as enthusiasm for the Sandd acquisition gave way to short term concerns on the cost base effects of legislation on its parcels business.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	-2.49	-2.49	3.73	3.89	20.55	-	7.14
Sector Rank	99/122	99/122	35/122	9/121	21/117	-	57/116
Quartile Ranking	4th	4th	2nd	1st	1st	-	2nd
IA Europe ex UK (%)	-1.54	-1.54	2.30	-0.62	14.19	-	6.02

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.01.2020

Discrete Annual Performance

	31.01.19	31.01.18	31.01.17	31.01.16	31.01.15
	31.01.20	31.01.19	31.01.18	31.01.17	31.01.16
Fund (%)	20.55	-	-	-	-
IA Europe ex UK (%)	14.19	-	-	-	-

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.01.2020

Sector Breakdown

	% of Portfolio
Industrials	17.1
Consumer Goods	16.3
Financials	15.0
Technology	13.9
Health Care	10.9
Oil & Gas	7.6
Consumer Services	7.1
Basic Materials	4.8
Cash	7.3

Geographic Breakdown

	% of Portfolio
Netherlands	19.0
France	16.7
Switzerland	13.5
Norway	8.7
Finland	7.1
Germany	6.1
Sweden	6.0
Ireland	5.0
Belgium	4.5
Spain	2.3
Denmark	2.0
Italy	1.8
Cash	7.3

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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. Infotel	Technology	3.1
2. CPL Resources	Industrials	3.0
3. Arcadis	Industrials	3.0
4. Kaufman & Broad	Consumer Goods	2.9
5. Novartis	Healthcare	2.5
6. RELX	Consumer Services	2.5
7. UBS	Financials	2.4
8. Bayer	Healthcare	2.3
9. ING Groep	Financials	2.3
10. Lastminute.com	Consumer Services	2.3
11. Heidelberg	Industrials	2.3
12. D'Ieteren	Consumer Services	2.3
13. Santander	Financials	2.3
14. Roche	Healthcare	2.2
15. Recticel	Basic Materials	2.2
16. Total	Oil & Gas	2.1
17. Siili	Technology	2.1
18. SEB	Consumer Goods	2.1
19. Unilever	Consumer Goods	2.1
20. ASM International	Technology	2.1

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	45.7	22
€2bn - €5bn	14.4	9
Below €2bn	32.6	16
Cash and Income	7.3	N/A
Total	100.0	47

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.