

Monthly Fact Sheet 29 February 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 28.02.20)		
	<i>Income</i>	<i>Accumulation</i>
B Shares	94.86p	100.06p
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 and the fund were sharply lower in February, driven by increasing unease concerning the potential spread of Coronavirus. Markets had been fairly sanguine about the spread of the virus, but towards the end of the month, there were some signs that markets were getting more concerned about the virus spreading through Europe and the US, in the wake of Italy quarantining northern areas of the country.

We have no great insight into the duration or severity of the economic or corporate impact. However, we think it is appropriate to assume a base case of one to two quarters of severe impact on economies and our holdings. To this end, we are stress testing our holdings to ascertain possible areas of balance sheet stress in the event of prolonged disruption. Whilst the portfolio will certainly not be immune to these issues, we draw some comfort from the fact that net debt as a percentage of EBITDA is much lower generally for our companies than the market, which should give them some financial breathing space in the event of business disruption. Net debt as a percentage of EBITDA at the portfolio level is 0.3x, compared to the market at 1.6x. We feel that balance sheet strength will be a key issue for markets as the full effect of the virus becomes more apparent.

Market dislocations can provide opportunities to improve the quality and long-term growth prospects of the portfolio, by adding companies which hitherto have been just out of reach on valuation grounds. To this end, we have initiated a holding in Moncler, the Italian luxury goods company. It is our first purchase in the luxury space – strong long-term demand driven by aspirational consumption. A small company in a consolidating sector, with a net cash balance sheet, significant long-term growth prospects and a free cashflow yield which we see as attractive following the inevitable recent share price fall. We have also been topping up a number of our holdings where we see the growth prospects combined with cheap cashflows and robust balance sheets are increasingly more attractive.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	-8.93	-6.60	-5.86	-0.82	9.89	-	0.06
Sector Rank	99/122	75/123	53/122	17/121	23/117	-	59/117
Quartile Ranking	4th	3rd	2nd	1st	1st	-	2nd
IA Europe ex UK (%)	-7.60	-6.15	-6.19	-4.85	5.26	-	-0.51

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 29.02.2020

Discrete Annual Performance

	01.03.19 29.02.20	28.02.18 28.02.19	28.02.17 28.02.18	28.02.16 28.02.17	01.03.15 29.02.16
Fund (%)	9.89	-	-	-	-
IA Europe ex UK (%)	5.26	-	-	-	-

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 29.02.2020

Sector Breakdown

	% of Portfolio
Consumer Goods	18.3
Technology	18.0
Industrials	16.5
Financials	14.6
Healthcare	10.9
Oil & Gas	7.1
Consumer Services	6.3
Basic Materials	4.3
Cash	4.0

Geographic Breakdown

	% of Portfolio
Netherlands	19.6
France	18.7
Switzerland	13.2
Norway	8.8
Finland	7.3
Sweden	6.5
Germany	5.4
Ireland	4.3
Italy	4.1
Belgium	4.1
Spain	2.1
Denmark	1.9
Cash	4.0

Monthly Fact Sheet
29 February 2020

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

springcapital

MI Chelverton *European Select Fund*

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Novartis	Healthcare	3.0
2. Arcadis	Industrials	3.0
3. Kaufman & Broad	Consumer Goods	2.9
4. Infotel	Technology	2.7
5. Moncler	Consumer Goods	2.5
6. SEB	Consumer Goods	2.5
7. ING Groep	Financials	2.4
8. CPL Resources	Industrials	2.4
9. ASM International	Technology	2.4
10. Signify	Industrials	2.4
11. Knowit	Technology	2.4
12. Danone	Consumer Goods	2.3
13. RELX	Consumer Services	2.3
14. Sword	Technology	2.2
15. Siili	Technology	2.2
16. Roche	Healthcare	2.2
17. UBS	Financials	2.2
18. Santander	Financials	2.1
19. D'Ieteren	Consumer Services	2.1
20. GAM	Financials	2.1

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	43.1	21
€2bn - €5bn	18.7	11
Below €2bn	34.2	18
Cash and Income	4.0	N/A
Total	100.0	50

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.