

Monthly Fact Sheet

31 March 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 31.03.20)	
<i>Income</i>	<i>Accumulation</i>
B Shares	78.88p 83.20p

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 fell heavily over the course of the month as markets grappled with Covid19 and the resultant collapse in economic activity.

The fund was down in both absolute and relative terms. Growth had its biggest relative monthly outperformance over Value in history, therefore having a valuation discipline, over this short period, did not help our performance. Further, our small and mid-cap bias also meant that many of our holdings didn't fully participate in the first wave of markets rebounding. Given our unchanged conviction in these names we fully expect to recoup this performance and have been adding to many of them. Our small cap names in particular have investment cases which include net cash balance sheets, big management stakes and possibility of corporate action. Of course, these features don't necessarily help on a very short time frame.

Stocks which outperformed over the month consisted mainly of our staple-like holdings and pharma stocks.

Two particular segments were noteworthy detractors from performance. Firstly, a combination of exposure to 2 oil service companies and 3 other Norwegian stocks (Bouvet, IT Services, and 2 Salmon farmers). Secondly, there was fairly indiscriminate selling among our IT services holdings. These companies remain well capitalised businesses with net cash balance sheets in almost all cases. Flexible cost bases and adaptability to work from home are also attractive features.

In terms of activity, we have again improved the long-term growth profile of the portfolio on very reasonable free cash flow valuation metrics. This month, we added Adidas, Barco (display technology) and Reply (IT Services). All have net cash balance sheets and we expect them to be market share gainers over the crisis. We also topped up or 'promoted' a number of our small and mid-cap holdings. On the sell side we took out an oil service stock and a bank (Subsea7 and Santander) as we judged the balance of opportunity better elsewhere. We also reduced some of the staples and pharma stocks which have performed so strongly. In short, we have followed our process.

The elevated cash level at month-end reflects an inflow on the last day of the month.

We are well positioned for cyclical and structural change. A recession typically signals the end, not the beginning of a bear market and is usually associated with a change in leadership. Many of the structural narratives of the last decade will change - monetary policy dominating fiscal policy, the bond bull market, investors love affair with quality and growth at any price.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	-24.28	-16.85	-24.28	-19.54	-9.62	-	-16.806
Sector Rank	107/123	107/124	107/123	92/122	66/121	-	84/117
Quartile Ranking	4th	4th	4th	4th	3rd	-	3rd
IA Europe ex UK (%)	-18.89	-12.22	-18.89	-16.83	-9.23	-	-12.66

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.03.2020

Discrete Annual Performance

	31.03.19	31.03.18	31.03.17	31.03.16	31.03.15
Fund (%)	31.03.20	31.03.19	31.03.18	31.03.17	31.03.16
Fund (%)	-9.62	-4.49	-	-	-
IA Europe ex UK (%)	-9.23	-1.24	-	-	-

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.03.2020

Sector Breakdown

	% of Portfolio
Technology	23.2
Consumer Goods	19.8
Industrials	16.0
Healthcare	11.5
Financials	11.0
Consumer Services	5.9
Oil & Gas	5.1
Basic Materials	3.7
Cash	3.8

Geographic Breakdown

	% of Portfolio
Netherlands	21.4
France	20.0
Switzerland	12.3
Finland	8.1
Germany	7.9
Italy	5.4
Norway	5.3
Sweden	5.1
Belgium	4.7
Ireland	3.7
Denmark	2.3
Cash	3.8

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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. ASM International	Technology	3.5
2. Kaufman & Broad	Consumer Goods	3.3
3. Infotel	Technology	3.1
4. Novartis	Healthcare	2.9
5. Moncler	Consumer Goods	2.9
6. Arcadis	Industrials	2.9
7. RELX	Consumer Services	2.8
8. Danone	Consumer Goods	2.7
9. Knowit	Technology	2.6
10. Sword	Technology	2.6
11. Total	Oil & Gas	2.6
12. Valmet	Industrials	2.5
13. Unilever	Consumer Goods	2.5
14. BE Semiconductor	Technology	2.4
15. Novo Nordisk	Healthcare	2.3
16. Bayer	Healthcare	2.3
17. Adidas	Consumer Goods	2.3
18. Signify	Industrials	2.3
19. UBS	Financials	2.2
20. Siili	Technology	2.1

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	41.9	19
€2bn - €5bn	16.3	8
Below €2bn	38.0	21
Cash and Income	3.8	N/A
Total	100.0	48

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.