

Monthly Fact Sheet

30 April 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	6 March 2018
IA Sector	IA Europe ex UK

Share Price (as at 30.04.20)

	Income	Accumulation
B Shares	86.50p	91.24p

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 rebounded strongly during April. The April reporting season has been generally supportive for stocks. Markets tend to cope better when furnished with information, and although Covid 19 is having a dramatic short term effect on almost all businesses, investors were generally encouraged by companies reporting strong measures being taken to alleviate financial strain, and reassuring messages that business models are robust enough to withstand any short-term dramatic downturn.

The fund enjoyed a strong month, both in absolute and relative terms. Our holdings which produced results over the month generally enjoyed strong rebounds in share price, as investors were reassured that the long-term prospects for these companies remained good. We have generally been impressed by how efficiently many of our holdings have adapted to the current climate.

BE Semiconductor Industries, a Dutch-based semiconductor equipment manufacturer produced strong results, sending the shares significantly higher. Recticel, which specialises in foams for various applications including insulation, announced the disposal of non-core businesses, and the shares rallied strongly as a result. Proact IT, which specialises in cloud-based data storage solutions also produced very reassuring results. As with our other IT service holdings, these business models are able to function almost completely on a work-from-home basis. Further, clients are generally continuing to invest in areas such as business digitisation, as these types of projects are not deemed “discretionary”, but rather business critical.

On the negative side, Total was weak, as the oil price continued to fall. Nokian Renkaat, a manufacturer of speciality tyres was also weak. It is due to report in early May, and perhaps suffered from lack of newsflow.

We sold a small position in one of our IT service companies, Bouvet, which had recovered sharply, and had run out of valuation support. In its place, we purchased Ordina, a Benelux IT services business we have been monitoring for some time. It has a net cash balance sheet, and double-digit free cashflow yield, in growth markets. We exited our holding in Lastminute.com, the online travel company. This is one of the very few companies in the portfolio where Covid19 has caused the investment case to change structurally and we feel that there are better rebound candidates elsewhere. We also sold our holding in GAM, where recent results showed no stabilisation in AUM, combined with poor investment performance, two of the cornerstones of the investment case.

The coming months will be difficult for almost all businesses. We remain confident that our aversion to financial leverage, combined with our holdings having strong business models capable of generating high levels of free cashflow will deliver good returns, and that these businesses will emerge from the crisis in a strong relative position.

Cumulative Performance

	YTD	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	-16.96	9.67	-14.84	-11.66	-7.23	-	-8.76
Rank in sector	97/121	7/122	97/122	84/121	61/119	-/-	73/115
Quartile	4th	1st	4th	3rd	3rd	-	3rd
IA Europe Ex UK (%)	-13.09	7.15	-11.73	-9.70	-7.24	-	-6.42

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.04.2020

Discrete Annual Performance (%)

	30.04.19	30.04.18	30.04.17	30.04.16	30.04.15
	30.04.20	30.04.19	30.04.18	30.04.17	30.04.16
Fund (%)	-7.23	-1.92	-	-	-
IA Europe Ex UK (%)	-7.24	-0.31	-	-	-

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.04.2020

Sector Breakdown

	% of Portfolio
Technology	23.8
Industrials	17.6
Consumer Goods	17.1
Health Care	12.7
Financials	11.2
Basic Materials	4.9
Oil & Gas	3.1
Consumer Services	3.0
Cash	6.6

Geographic Breakdown

	% of Portfolio
Netherlands	23.7
France	18.7
Switzerland	10.2
Germany	9.2
Sweden	7.4
Finland	6.9
Ireland	4.4
Belgium	4.2
Norway	3.6
Italy	3.2
Denmark	1.9
Cash	6.6

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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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springcapital

MI Chelverton *European Select Fund*

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Roche	Healthcare	3.2
2. Arcadis	Industrials	3.2
3. CPL Resources	Industrials	3.0
4. Signify	Industrials	3.0
5. BE Semiconductor Industries	Technology	2.9
6. Novartis	Healthcare	2.9
7. Sword	Technology	2.8
8. Danone	Consumer Goods	2.7
9. Bayer	Healthcare	2.6
10. ASM International	Technology	2.5
11. Prosus	Technology	2.5
12. Unilever	Consumer Goods	2.4
13. Siili	Technology	2.3
14. Heidelberg Cement	Industrials	2.3
15. Moncler	Consumer Goods	2.3
16. Knowit	Technology	2.2
17. Sanofi	Healthcare	2.2
18. Ringmetall	Industrials	2.2
19. Randstadt	Industrials	2.2
20. Adidas	Consumer Goods	2.2

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	48.5	22
€2bn - €5bn	15.1	9
Below €2bn	29.8	15
Cash and Income	6.6	N/A
Total	100.0	46

Source: Chelverton Asset Management Limited

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