

## Monthly Fact Sheet

**30 June 2020**

### About the Fund

The objective of the fund is to deliver long term capital growth to investors by investing in a diversified portfolio of European (ex-UK) companies. The fund has an unconstrained approach investing across the size spectrum down to a minimum market capitalisation of c.€50m.

Using cashflow analysis, the strong valuation discipline will always deliver a material premium to the market in terms of free cashflow yield, and will always have a risk constraint of having lower net debt to EBITDA than the market at the portfolio level. These two commitments will be delivered whilst being invested in companies which have good long-term growth prospects.

|                    |                 |
|--------------------|-----------------|
| <b>Launch Date</b> | 6 March 2018    |
| <b>IA Sector</b>   | IA Europe ex UK |

|                                     |               |                     |
|-------------------------------------|---------------|---------------------|
| <b>Share Price</b> (as at 30.06.20) | <i>Income</i> | <i>Accumulation</i> |
|                                     | B Shares      | 96.74p              |

|                         |               |                     |
|-------------------------|---------------|---------------------|
| <b>Codes (B Shares)</b> | <i>Income</i> | <i>Accumulation</i> |
|                         | Sedol         | BFNL2N1             |
| 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 made further gains in June. The rotation into more value-oriented companies continued to drive performance in the early part of the month, but there was a less obvious stylistic bias during the latter half of the month's gains. The market appeared to be undaunted by issues such as the re-escalation of coronavirus in a number of countries, nor the US/China trade war rhetoric which has also begun to resurface.

The fund enjoyed another month of strong gains, both relative and absolute. The forthcoming reporting season should give further indications of how well companies have fared during the covid-induced slowdown.

Noteworthy performance came from our semiconductor holdings, ASMI and BESI, following several positive market updates from companies operating in this area. Signify, the former Philips lighting business also continued to recover strongly, regaining further ground after the unwarranted sharp sell off earlier in the year. Proact, one of our IT service companies specialising in data storage, had a positive market update, confirming that trading had been strong, and guiding forecasts upwards, leading to a strong share price reaction. Bayer also announced a settlement of its Roundup weedkiller lawsuits, removing much of the uncertainty which has hung over the stock for the last year or so.

There were only a handful of companies which were down in absolute terms over the month, and none were down significantly. Reply (IT services) was weaker following a small placement of founder shares, and D'ierin, which specialises in auto windshield replacement, was down a little over the month, giving back some of its recent gains.

The fund purchased Rejlers during the month. Rejlers is a Nordic-based technical consultant with strong market positions especially in the area of energy transmission. The company has a rich history, but in recent years, progress has stalled. A new management team was recently put in place, making positive changes. The new CEO comes with a strong industry pedigree, has invested significant amounts of his personal wealth in Rejlers shares, and the prospects for the company are potentially very exciting. The valuation is firmly in our sweet spot with a free cashflow yield exceeding 6% and excellent long term growth prospects.

We continued to consolidate our financial holdings, exiting Nordea. We also consolidated our Norwegian salmon farmers, exiting Salmar, following a strong run in the share price and topping up Grieg Seafood, where we see better value.

## Cumulative Performance

|                     | YTD    | 1 m    | 3 m    | 6 m    | 1 yr   | 3 yrs | Since Launch |
|---------------------|--------|--------|--------|--------|--------|-------|--------------|
| Fund (%)            | -7.13  | 5.40   | 22.65  | -7.13  | 1.44   | -     | 2.04         |
| Rank in sector      | 98/120 | 24/121 | 23/121 | 98/120 | 52/119 | -/-   | 74/115       |
| Quartile            | 4th    | 1st    | 1st    | 4th    | 2nd    | -     | 3rd          |
| IA Europe Ex UK (%) | -2.05  | 4.36   | 20.76  | -2.05  | 0.97   | -     | 5.47         |

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.06.2020

## Discrete Annual Performance (%)

|                     | 30.06.19 | 30.06.18 | 30.06.17 | 30.06.16 | 30.06.15 |
|---------------------|----------|----------|----------|----------|----------|
|                     | 30.06.20 | 30.06.19 | 30.06.18 | 30.06.17 | 30.06.16 |
| Fund (%)            | 1.44     | -0.14    | -        | -        | -        |
| IA Europe Ex UK (%) | 0.97     | 3.33     | -        | -        | -        |

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.06.2020

## Sector Breakdown

|                   | % of Portfolio |
|-------------------|----------------|
| Technology        | 28.2           |
| Industrials       | 15.6           |
| Consumer Goods    | 14.3           |
| Health Care       | 14.2           |
| Financials        | 8.0            |
| Consumer Services | 6.8            |
| Basic Materials   | 3.4            |
| Oil & Gas         | 3.0            |
| Cash              | 6.5            |

## Geographic Breakdown

|             | % of Portfolio |
|-------------|----------------|
| Netherlands | 23.9           |
| France      | 18.4           |
| Switzerland | 12.1           |
| Sweden      | 10.1           |
| Germany     | 6.6            |
| Belgium     | 6.1            |
| Finland     | 5.2            |
| Ireland     | 3.2            |
| Italy       | 3.1            |
| Norway      | 2.6            |
| Denmark     | 2.2            |
| Cash        | 6.5            |

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**30 June 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

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### FURTHER INFORMATION

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**springcapital**

# MI Chelverton *European Select Fund*

## Top 20 Holdings

| Holding                        | Sector            | % of Portfolio |
|--------------------------------|-------------------|----------------|
| 1. ASM International           | Technology        | 3.6            |
| 2. Novartis                    | Healthcare        | 3.5            |
| 3. Roche                       | Healthcare        | 3.3            |
| 4. Knowit                      | Technology        | 3.2            |
| 5. CPL Resources               | Industrials       | 3.2            |
| 6. Sword                       | Technology        | 3.0            |
| 7. BE Semiconductor Industries | Technology        | 2.9            |
| 8. Arcadis                     | Industrials       | 2.8            |
| 9. Siili                       | Technology        | 2.7            |
| 10. Sanofi                     | Healthcare        | 2.6            |
| 11. Ahold Delhaize             | Consumer Services | 2.5            |
| 12. Bayer                      | Healthcare        | 2.5            |
| 13. Danone                     | Consumer Goods    | 2.5            |
| 14. Unilever                   | Consumer Goods    | 2.3            |
| 15. Recticel Common            | Basic Materials   | 2.3            |
| 16. Novo Nordisk               | Healthcare        | 2.2            |
| 17. Signify                    | Industrials       | 2.2            |
| 18. Relx                       | Consumer Services | 2.2            |
| 19. Total                      | Oil & Gas         | 2.2            |
| 20. Prosus                     | Technology        | 2.2            |

Source: Chelverton Asset Management Limited

## Market Cap Breakdown

|                 | % of Portfolio | No. of Stocks |
|-----------------|----------------|---------------|
| Above €5bn      | 47.1           | 21            |
| €2bn - €5bn     | 13.5           | 8             |
| Below €2bn      | 32.9           | 16            |
| Cash and Income | 6.5            | N/A           |
| <b>Total</b>    | <b>100.0</b>   | <b>45</b>     |

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](mailto:Chelverton@maitlandgroup.co.uk) or call +44 (0) 1245 459 962.