

## Monthly Fact Sheet

### 31 October 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 31.10.20)	Income	Accumulation
	B Shares	92.82p

<b>Codes (B Shares)</b>		
	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 equity markets were down significantly over the month. Despite the third quarter reporting season containing generally positive updates, markets became much more focussed on tighter lockdowns across Europe in the face of a rising second wave of Covid infections.

The fund was also down over the month. Despite difficult markets generally, there were a few notable strong performances from holdings following positive results. Knowit (IT services) continues to deliver growth and released a confident statement regarding the ongoing need for digitisation by businesses. Arcadis (environmental consultancy) also delivered another strong quarter with improved cash generation. Nokian Renkaat (specialist tyre manufacturer) also enjoyed a strong share price performance over the month following a well-received trading update.

On the negative side, D'ierin (auto glass repair) was weak, despite no newsflow (reports in early November). Bayer (agrichem and pharma) had a profit warning, sending the shares lower. Barco, which specialises in a range of technologies from home office connectivity to cinema projection also produced disappointing results and was generally cautious on the short-term outlook for its cinema and entertainment businesses. Despite having a significant net cash balance sheet, the shares sold off on the update.

Over the month, we added two new holdings. Zardoya Otis is a Spanish based elevator manufacturer. With 80% of cashflows coming from recurring maintenance contracts, a net-cash balance sheet and strong free cashflows supporting a dividend yield of over 6%, it is attractively valued. Cliq Digital provides aggregated content streaming services. It has an unusual combination of rapid growth prospects, yet valued on a free cashflow yield of 6.4%, has almost no debt and has commenced dividend payments.

We took profits in Reply (Italian IT service business) which had doubled since purchase and no longer had adequate valuation support. We also sold Unilever, again recycling a lower free cashflow yield into more attractive opportunities.

#### Cumulative Performance

	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	-7.00	-2.42	8.28	-4.35	-	-1.21
Rank in sector	88/114	32/114	40/114	63/113	-/-	67/108
Quartile	4th	2nd	2nd	3rd	-	3rd
IA Europe Ex UK (%)	-6.23	-3.54	8.59	-1.95	-	1.62

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.10.2020

#### Calendar Year Performance (%)

	YTD	2019	2018	2017	2016	2015
Fund	-10.09	30.14	-	-	-	-
IA Sector (%)	-5.63	20.38	-	-	-	-

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.10.2020

#### Sector Breakdown

	% of Portfolio
Technology	27.9
Industrials	20.8
Consumer Goods	13.7
Health Care	13.5
Financials	9.6
Consumer Services	7.3
Basic Materials	2.9
Oil & Gas	2.9
Cash	1.4

#### Geographic Breakdown

	% of Portfolio
Netherlands	20.8
France	16.9
Switzerland	11.7
Sweden	10.2
Germany	9.1
Finland	7.2
Belgium	7.0
Ireland	4.5
Norway	2.8
Denmark	2.2
Spain	2.1
Portugal	2.1
Italy	2.0
Cash	1.4

## Monthly Fact Sheet

**31 October 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

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### FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

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# MI Chelverton *European Select Fund*

## Top 20 Holdings

Holding	Sector	% of Portfolio
1. CPL Resources	Industrials	4.5
2. Novartis	Healthcare	4.3
3. Siili	Technology	3.4
4. Arcadis	Industrials	3.3
5. ASM International	Technology	3.1
6. Handelsbanken	Financials	3.1
7. Recticel Common	Basic Materials	2.9
8. Roche	Healthcare	2.9
9. Kaufman & Broad	Consumer Goods	2.9
10. BE Semiconductor Industries	Technology	2.7
11. Sword	Technology	2.7
12. Knowit	Technology	2.7
13. Intofel	Technology	2.6
14. D'Ieteren	Consumer Services	2.6
15. Signify	Industrials	2.5
16. Ahold Delhaize	Consumer Services	2.4
17. Zurich Insurance	Financials	2.3
18. Rjellers	Industrials	2.3
19. Ordina	Technology	2.3
20. Relx	Consumer Services	2.2

Source: Chelverton Asset Management Limited

## Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	40.3	17
€2bn - €5bn	13.8	6
Below €2bn	44.5	19
Cash and Income	1.4	N/A
<b>Total</b>	<b>100.0</b>	<b>42</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.