

Monthly Fact Sheet

30 September 2021

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.

Launch Date	6 March 2018
Fund Size	£156m
Historic Yield*	1.43%

Share Price (as at 30.09.21)		
	<i>Income</i>	<i>Accumulation</i>
B Shares	139.92p	151.42p

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.

*The historic yield reflects distributions over the past 12 months as a percentage of the bid price of the B share class as at the date shown. It does not include any initial charge and investors may be subject to tax on their distributions.

MI Chelverton European Select Fund

Monthly Manager Commentary

European markets were weaker during September. The inflation debate once again became a prominent topic. Also, worries concerning financial exposure to Evergrande, a heavily indebted Chinese property developer, dampened sentiment. Further, there are increasing signs of supply-chain disruptions affecting multiple sectors. Faced with these macro concerns, market progress stalled during the month.

The fund was also lower over the month.

Positive contributions came from Zardoya Otis, a Spanish escalator and elevator company which received a bid approach from its parent company, Otis. Banca Ifis (Italian bank) was also stronger on continued optimism surrounding a change to the operating structure of the business. Kinopolis (cinema operator) enjoyed a strong month as studios confirmed a strong line up of new film releases. JDC, a German based Insurance platform business, also contributed positively over the month following the announcement of a strategic stake being taken in the business by a new client.

Detractors from performance came from a varied selection of holdings, but with little significant newsflow to mention. These included Caverion (Scandinavian building services), Tietoevry (IT services), Novartis (pharmaceuticals), and Sword Group (IT services).

We took advantage of weaker share prices to add to a number of our positions. We also took advantage of the pull back in certain high-quality companies which we had admired as businesses but hitherto viewed as being too expensive, to add new positions - Kone (elevators and escalators) and Knorr-Bremse (rail vehicle systems and transport vehicle systems). Both businesses have excellent long-term prospects and have significant repair and maintenance aftersales businesses providing good visibility of profits. After recent share price weakness, both companies have above market free cashflow yields, an attractive entry point to invest.

We exited our holding in Artefact during September, following the takeover of the company by Ardian. We also sold out of ASM International as the stock had run out of valuation support.

Cumulative Performance

	1 m	3 m	6 m	1 yr	3 yrs	Since Launch
Fund (%)	-2.99	4.87	13.66	42.54	49.69	51.42
Rank in sector	36/108	6/108	9/107	3/105	12/99	18/99
Quartile	2nd	1st	1st	1st	1st	1st
IA Europe Ex UK (%)	-3.37	1.62	8.84	22.40	29.14	32.65

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.09.2021

Calendar Year Performance (%)

	YTD	2020	2019	2018	2017	2016
Fund	23.55	11.54	30.14	-	-	-
IA Sector (%)	11.45	10.53	20.38	-	-	-

Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 30.09.2021

Sector Breakdown

	% of Portfolio
Technology	29.4
Industrials	23.0
Consumer Discretionary	13.2
Consumer Staples	13.0
Health Care	9.7
Financials	6.6
Telecommunications	3.0
Cash	2.1

Geographic Breakdown

	% of Portfolio
Netherlands	23.8
Sweden	11.4
Germany	11.1
Belgium	9.5
France	9.0
Finland	8.8
Switzerland	6.0
Italy	5.6
Norway	4.4
Spain	2.9
Austria	1.7
Malta	1.6
Denmark	1.2
Portugal	0.9
Cash	2.1

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ACD

Maitland Institutional Services Limited

Investment Advisor

Chelverton Asset Management Limited

Administrator

Maitland Administration Services Ltd

Income Paid Biannually

XD Dates 30 June, 31 December

Valuation 12 Noon

Initial Charge (%)

B Shares 5.0*

Annual Management Fee (%)

B Shares 0.75

Minimum Investment

B Shares £1,000

Ongoing Charge (%)

B Shares 1

*or any such lower amount agreed with the ACD

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FURTHER INFORMATION

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MI Chelverton *European Select Fund*

Top 20 Holdings

Holding	Sector	% of Portfolio
1. Unilever	Consumer Staples	2.5
2. Intofel	Technology	2.5
3. Novartis	Healthcare	2.5
4. Ahold Delhaize	Consumer Staples	2.5
5. UCB	Healthcare	2.5
6. Recticel Common	Industrials	2.4
7. Sword	Technology	2.3
8. Roche	Healthcare	2.3
9. Acomo	Consumer Staples	2.3
10. Signify	Industrials	2.2
11. Handelsbanken	Financials	2.2
12. Caverion	Industrials	2.2
13. Essity	Consumer Staples	2.1
14. Relx	Consumer Discretionary	2.1
15. KONE	Industrials	2.0
16. Swedish Match	Consumer Staples	2.0
17. Banca IFIS	Financials	2.0
18. Zardoya Otis	Industrials	1.9
19. TietoEVERY	Technology	1.9
20. Knorr-Bremse	Industrials	1.9

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €5bn	35.5	19
€2bn - €5bn	11.6	7
Below €2bn	50.8	35
Cash and Income	2.1	N/A
Total	100.0	61

Source: Chelverton Asset Management Limited

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