

Monthly Factsheet  
31 October 2023

Inception	14 October 2014
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$12 million
Number of Stocks	21
Share Class	A Class
Currency	EUR / CHF / USD / GBP
Management Fee	1.00%
ISIN Codes	EUR: IE00BQQFW266 USD: IE00BQQFW480 CHF: IE00BQQFW597 GBP: IE00BQQFW373

Fund Managers



**Mark Purdy** has a degree in Economics from Cambridge University and leads the Chelverton Global Consumer Franchise Fund's coverage of Beverages & Food. Mark began his career in fund management at Legal & General in 1985 and then worked at Gartmore (1988-1998), responsible for managing pension scheme equity portfolios. He then moved into investment banking with Dresdner Kleinwort (1998-2001), before joining Deutsche Bank in 2001, where he played a pivotal role in the creation and organisation of its annual Global Consumer Conference in Paris, the largest of its kind. Mark's analysis of consumer franchises started in 1987, and his favourite portfolio product at the moment is Lindt's 70% cocoa Dark Chocolate Bar.



**Harold Thompson** has a degree in Economics from University College London and leads Chelverton Global Consumer Franchise Fund's coverage on the Household and Personal Care sector, globally. Harold began his career as a retail and luxury goods research analyst at Deutsche Bank in 2001, before focusing on the Household and Personal Care industry from 2004. As Harold's expertise developed in his field of research, he picked up numerous awards for providing valuable insights and was regularly called upon to present to the board and executive teams of his coverage companies. Harold's analysis of consumer franchises started in 2001, and his favourite portfolio product at the moment (a functional one) is Reckitt Benckiser's Finish dishwasher tablets.

# Chelverton Global Consumer Franchise Fund

Fund Overview

The Chelverton Global Consumer Fund is managed by a London-based team with extensive experience covering consumer companies. The fund pursues a long-only, 'Buy-and-Hold' strategy focused solely on global food, beverages and household and personal care companies (the 'Consumer Staples' sector). These companies have historically produced higher long-term returns than the market, and with lower volatility, the sector tends to combine attractive income generation with inflation protection and growth, supported by brands and franchises which have often been built over decades, even centuries.

The fund does not measure itself against any benchmark but has the objective of beating inflation consistently, with low risk and low volatility, through the ownership of high-quality Consumer Staples stocks that the team believe are capable of growing their earnings and cash flows at attractive rates almost indefinitely. The fund seeks to balance its desire to own the best quality stocks with a need to diversify its portfolio risk – it will be a concentrated portfolio (20-25 stocks), with low turnover.

Monthly Manager Commentary

The fund declined in October, primarily due to weakness in many of our Asian holdings as the sluggish recovery of the Chinese economy offset the encouraging growth we have been seeing in Japan. This was exacerbated by short-term pressure on Japanese brands in China as consumers reacted to the release of waste water from the Fukushima power plant. Although profit forecasts were reduced, we believe this has only delayed the inevitable recovery in profit margins by up to 12 months.

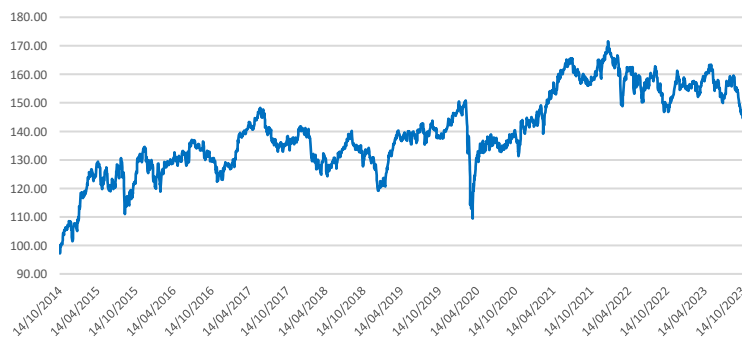
The most notable feature of the month for the wider Consumer Staples sector was the publicity around various weight-loss drugs (generally known as GLP-1's), following comments from the WalMart CFO on its earnings call that they had seen some change in shopping habits for those that were using those drugs. The portfolio has limited exposure to the US food and drink companies that are deemed to be most at risk of reduced calorie consumption (ie. lower demand), but the news was enough to wipe \$20-30bn off the market value of Coca-Cola and PepsiCo. Whilst we think the initial adverse reaction is overdone, usage of these drugs looks set to increase for the foreseeable future and we will be monitoring their impact carefully.

One side effect has been speculation as to how this may impact the level and nature of alcohol consumption, causing some short-term share price weakness. Our 3 holdings (Beck's, Campari and Fever-Tree) have all continued to outperform the industry, but all 3 share prices were lower over the month. However, this general weakness did mean we were able to buy back into Brown Forman (the maker of Jack Daniels), at a price over 20% lower than when we sold it 2 years ago. More importantly, having sold it when weak sales and gross margins were putting pressure on the level of advertising spend, all 3 of these key metrics are now pointing firmly in the right direction. We now see scope for above average sales and earnings growth in the years ahead.

More broadly, the Q3 trading updates have generally been upbeat, with most companies able to confirm guidance for the balance of the year. BellRing Brands performed strongly in response to robust growth in external sales data, as recent capacity increases are able to meet significant pent-up demand for its Premier Protein drinks. Beiersdorf also performed well, with its Q3 sales update showing strong share gains in most of its key markets. Imperial Brands had a strong month following a confident trading update, confirming plans to continue aggressively returning surplus capital to investors.

The top three contributors in the month were Beiersdorf, BellRing Brands and Imperial Brands. The top 3 detractors were L'Occitane, Beck's and Fever-Tree.

Fund Performance since Inception (EUR)



Class A—Net of fees / expenses. Fund launched on 14 October 2014 (=100)

Source: Northern Trust and Chelverton 31 October 2023

The monthly performance figures quoted above and overleaf represent the performance of the Chelverton Global Consumer Franchise Fund in the relevant currency class. Euro is the base currency of the fund and is the best indication of fund performance. These performance figures refer to past performance and are not a reliable guide to future performance.

This is a marketing communication

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# Chelverton Global Consumer Franchise Fund

GBP Class A: launched 14 October 2014

## Investor Contact

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	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2014	-	-	-	-	-	-	-	-	-	-2.78%	5.62%	3.71%	4.53%
2015	6.21%	1.72%	-0.42%	-1.12%	1.56%	-5.59%	5.90%	-4.92%	2.87%	5.57%	1.05%	1.58%	14.48%
2016	3.04%	1.02%	3.14%	-1.16%	0.32%	11.44%	0.48%	0.23%	0.79%	1.68%	-9.04%	2.81%	14.48%
2017	0.43%	7.80%	1.97%	-1.63%	8.00%	-2.82%	-1.68%	1.89%	-4.69%	1.16%	0.43%	3.53%	14.45%
2018	-3.40%	-5.49%	-0.38%	-0.96%	0.79%	3.32%	4.32%	-1.03%	-0.72%	-1.99%	-1.35%	-6.63%	-13.19%
2019	0.62%	3.51%	7.09%	-0.66%	-0.19%	1.90%	3.87%	0.31%	-1.84%	-5.06%	3.46%	0.58%	13.88%
2020	-0.69%	-7.11%	-3.48%	6.50%	4.50%	1.05%	-3.00%	0.29%	4.13%	-5.47%	5.44%	4.09%	5.24%
2021	-3.23%	-3.78%	6.65%	4.25%	2.33%	2.16%	-2.93%	-0.56%	-1.04%	-0.50%	1.31%	4.60%	9.00%
2022	-3.27%	-1.08%	-1.33%	2.23%	-0.59%	-2.09%	0.35%	0.64%	-3.99%	-0.15%	6.60%	0.83%	-2.25%
2023	-0.15%	-1.06%	1.43%	1.87%	-6.06%	-1.25%	2.95%	1.37%	-5.21%	-5.78%			-11.74%

## Management Company

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EUR Class A: launched 17 April 2015

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2015	-	-	-	-	-	-	-	-	-	-	-0.36%	-3.30%	-3.64%
2016	-0.44%	-1.16%	1.42%	0.22%	2.55%	2.56%	-0.86%	-0.73%	-0.93%	-2.22%	-3.63%	2.26%	-1.15%
2017	-0.20%	8.44%	1.80%	-0.04%	4.36%	-3.59%	-3.47%	-1.24%	-0.20%	1.61%	0.02%	2.73%	10.05%
2018	-2.11%	-6.47%	0.59%	-1.01%	0.79%	2.49%	3.43%	-1.39%	-0.22%	-1.56%	-1.43%	-7.69%	-14.14%
2019	3.53%	5.46%	6.39%	-0.43%	-2.95%	0.69%	2.22%	0.87%	0.33%	-2.58%	4.64%	1.19%	20.63%
2020	0.09%	-9.19%	-6.20%	8.53%	0.85%	0.03%	-2.14%	1.24%	2.46%	-4.82%	6.02%	4.19%	-0.38%
2021	-2.09%	-1.95%	8.69%	2.13%	3.56%	2.24%	-2.29%	-1.12%	-1.25%	1.30%	0.53%	5.99%	16.21%
2022	-2.80%	-1.27%	-2.26%	2.82%	-1.73%	-3.33%	3.09%	-2.42%	-5.46%	2.09%	5.83%	-1.75%	-7.50%
2023	0.42%	-0.36%	1.12%	1.90%	-4.07%	-1.02%	3.10%	1.41%	-6.40%	-6.17%			-10.11%

## Investment Manager

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USD Class A: launched 19 February 2016

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2016	-	-1.21%	6.37%	0.73%	-0.32%	2.35%	-0.21%	-1.13%	-0.03%	-4.90%	-6.46%	1.68%	-3.66%
2017	2.26%	6.63%	2.47%	1.77%	7.76%	-2.22%	-0.21%	-0.41%	-0.76%	0.13%	2.37%	3.46%	25.30%
2018	1.55%	-8.42%	1.43%	-2.75%	-2.62%	2.52%	3.65%	-1.94%	-0.39%	-3.97%	-1.50%	-6.80%	-18.27%
2019	3.92%	4.66%	4.91%	-0.62%	-3.50%	2.90%	-0.06%	-0.23%	-0.68%	-0.30%	3.42%	3.01%	18.45%
2020	-1.19%	-9.99%	-6.30%	8.34%	2.42%	1.00%	3.03%	1.87%	0.98%	-5.45%	8.87%	6.57%	8.59%
2021	-2.79%	-2.04%	5.24%	4.61%	4.80%	-0.46%	-2.30%	-1.57%	-3.05%	1.16%	-2.22%	7.08%	8.01%
2022	-4.19%	-1.07%	-3.17%	-2.51%	-0.21%	-5.66%	0.55%	-3.77%	-7.89%	3.68%	9.56%	1.84%	-13.19%
2023	2.19%	-2.71%	3.59%	3.56%	-7.37%	1.30%	4.19%	-0.17%	-8.70%	-6.33%			-10.97%

Source: Northern Trust & Chelverton 31 October 2023

## Market Cap Breakdown

	No of Stocks	% of Portfolio
Above £30bn	7	31%
£10bn to £30bn	5	19%
Below £10bn	13	48%
Cash		2%
<b>Total</b>	<b>25</b>	<b>100%</b>

Source: Northern Trust & Chelverton 31 October 2023

## Regional Exposure by Listing

	% of Portfolio
Europe	49%
Asia	29%
North America	20%
Cash	2%
<b>Total</b>	<b>100%</b>

Source: Northern Trust & Chelverton 31 October 2023

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