

Monthly Factsheet
31 December 2023

Inception	14 October 2014
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$13 million
Number of Stocks	25

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 performed strongly in December as markets continued to anticipate not just the end of interest rate increases but also the prospect of interest rate cuts during 2024, driven by generally better than expected inflation figures in most major economies.

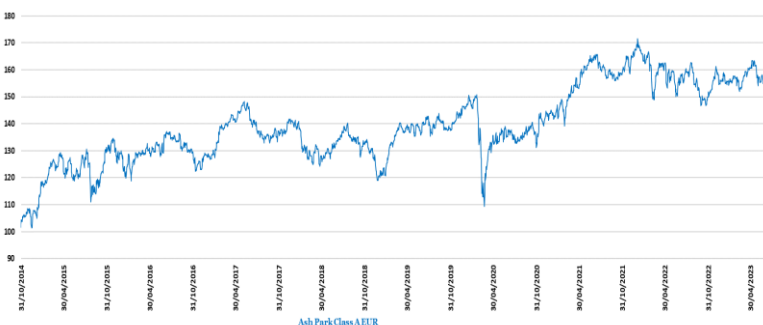
The most notable feature of the month was a strong performance from the majority of our Asian beauty holdings, as investors started to anticipate improving trends for travel and associated duty free sales in the region, as well as the on-going domestic recovery in both Japan and South Korea. In particular, it was very encouraging to see our biggest holding, L'Occitane, rise almost 20% after a strangely adverse reaction to its excellent interim results in late November. Group sales were up by over 20%, well on their way to reaching the Group target of 50% growth in the next 3 years. Its Chinese business grew by over 20%, in stark contrast to most businesses in the region, as it starts to see the early benefits of a significant increase in its advertising spend in that market. In total, our Asian beauty holdings contributed around half of the fund's return in the month, highlighting the significant opportunity for the fund as improved trading conditions combine with attractive valuations

Despite the weakness in many of the larger spirits companies recently, we had a positive contribution in the month from Becele, owner of the Jose Cuervo tequila brand. Although its growth has slowed from the past few years, tequila remains one of the best categories in US spirits and should soon start to benefit from significant falls in agave costs, the key raw material for tequila. Gross and operating margins have been depressed by rising costs for a few years, as the company invested to drive growth, and we hope to see the benefits of both lower costs and improving sales over the next 2-3 years.

One of the main detractors in the month was Glanbia, a company we recently invested in having following it for over 5 years. We had a number of meetings with the company towards the end of last year and it's clear that, after a protracted period of restructuring and disposals, the business is now performing well and could be debt free by the end of this year. Its key brand, Optimum Nutrition, operates in the highly attractive protein supplement industry and is one of the leading brands globally. We see significant scope for both growth and consolidation in this fragmented industry, and expect Glanbia to play a central role. It has the added attraction of trading at around half of the valuation of BellRing Brands, a fact not lost on either management or (mostly US) investors.

The top three contributors in the month were L'Occitane, Heineken and Becele (Jose Cuervo). The top 3 detractors were P&G, Glanbia and Brown Forman.

Fund Performance since Inception (EUR)



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

Source: Northern Trust and Chelverton 31 December 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.

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Chelverton Global Consumer Franchise Fund

GBP Class A: launched 14 October 2014

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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%	0.77%	4.72%	-6.86%

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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%	1.85%	4.16%	-4.65%

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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%	5.13%	5.45%	-1.30%

Source: Northern Trust & Chelverton 31 December 2023

Market Cap Breakdown

	No of Stocks	% of Portfolio
Above £30bn	8	34%
£10bn to £30bn	4	13%
Below £10bn	13	51%
Cash		2%
Total	25	100%

Source: Northern Trust & Chelverton 31 December 2023

Regional Exposure by Listing

	% of Portfolio
Europe	41%
Asia	32%
North America	25%
Cash	2%
Total	100%

Source: Northern Trust & Chelverton 31 December 2023

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