

Monthly Factsheet
31 January 2024

Inception	14 October 2014
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$12 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

January was a mixed month for equity markets, with periods of strength as economies fared better than expected offset by concerns that this would delay the pace of interest rate cuts, even as inflation falls back towards its target range in most countries.

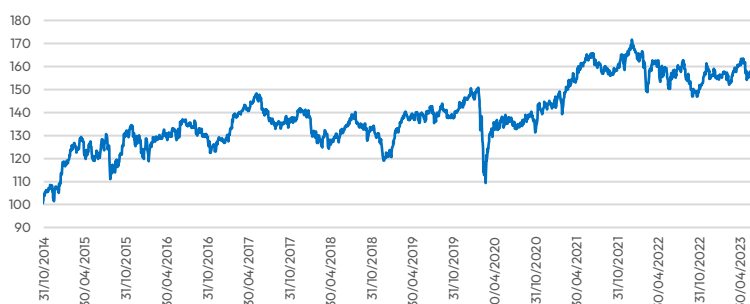
It was certainly a very mixed month in Asia, with strong gains in Japan offset by losses in both China and Hong Kong. However, our own Asian Beauty holdings performed in a mirror-image of the market returns, with the biggest gain coming in the weakest market. It was very encouraging to see our largest holding, (HK listed) L'Occitane continue its recovery on the back of strong Q3 sales growth (organic growth of 25%) and raised full-year guidance. The core L'Occitane en Provence brand is making steady progress, and the overall performance is being driven by very strong growth from two recent acquisitions, Elemis and Sol de Janeiro. The shares are now up almost 40% from the lows of 2 months ago, and yet still trade on a free cash flow yield of over 8%. It was the biggest contributor to performance for the 2nd successive month. However, those businesses with more exposure to the informal duty-free channels in Asia (& China more generally) continued to suffer. Our analysis suggests this should be the last period of such weakness, and growth in most domestic Asian markets remains strong (notably Japan).

It has been the start of the company reporting season and, whilst we've only had a few updates so far, the early results are certainly encouraging. Two of the strongest performers over the month were Lindt and P&G, both on the back of robust FY results and guidance. For Lindt, despite a myriad of concerns around the growth of the chocolate category more broadly (especially in the US, given the possible impact of weight-loss drugs), it's clear that a business that invests in products and marketing can continue to grow both sales and market share. P&G's performance was driven more by margin gains than strong growth, but it does help to highlight a trend we are likely to see across the industry in the next 12-24 months, as (some) input costs fall and inflation moderates.

Elsewhere, there were strong gains in two of the smaller companies in the portfolio, Glanbia and Nomad Foods. Glanbia's Optimum Nutrition brand is benefitting from increased marketing investment and looks well placed to benefit from potential industry consolidation. Nomad Foods is also showing the benefits of a recent increase in marketing spend, gaining share in European frozen food after a period of more difficult trading. It also announced it will pay its first ever dividend when it reports its results next month.

The top three contributors in the month were L'Occitane, Lindt and Nomad Foods. The top three detractors were Estee Lauder, Kose and LG H&H.

Fund Performance since Inception (EUR)



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

Source: Northern Trust and Chelverton 31 January 2024

The monthly performance figures quoted above and overlaid 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

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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%
2024	-1.22%												-1.22%

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%
2024	0.35%												0.35%

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%	-4.66%	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%
2024	-1.33%												-1.33%

Source: Northern Trust & Chelverton 31 January 2024

Market Cap Breakdown

	No of Stocks	% of Portfolio
Above £30bn	8	36%
£10bn to £30bn	4	14%
Below £10bn	13	49%
Cash		1%
Total	25	100%

Source: Northern Trust & Chelverton 31 January 2024

Regional Exposure by Listing

	% of Portfolio
Europe	44%
Asia	31%
North America	24%
Cash	1%
Total	100%

Source: Northern Trust & Chelverton 31 January 2024

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