

Monthly Factsheet
29 February 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

February was a good month for equity markets, despite fading expectations for aggressive interest rate reductions this year, as this was offset by hopes for an economic soft landing and the potential productivity benefits from Artificial Intelligence.

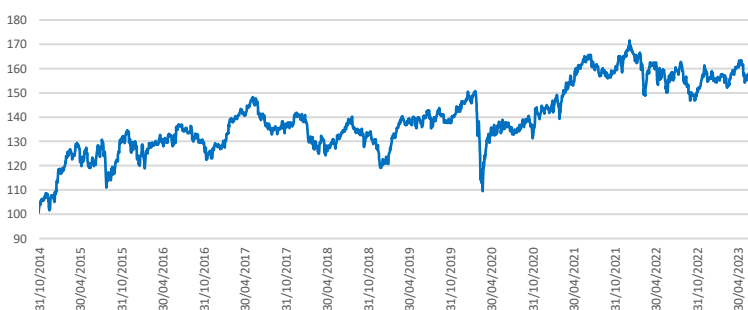
The main feature of the month for the portfolio was the full-year reporting period, which contained a number of encouraging results and outlook statements, as well some expected weakness in Japan. Whilst the positive impact of pricing on sales growth will slow this year, marketing spend is being increased and companies expect volume growth to accelerate. Whilst the industry may lack the shorter-term excitement driven by the benefits of AI, we believe its ability to compound growth through periods of both high and lower inflation will continue to produce attractive returns over the longer-term. Cash flows have remained strong, such that over 60% of the current portfolio will be buying back stock this year, in addition to the ongoing benefit of healthy dividends.

Our biggest holding, L'Occitane, had another very strong month, and was the biggest contributor to performance for the 3rd month in a row. The shares are now over 60% above their lows of just 3 months ago, and yet still trade on a free cash flow yield of 7%; we have reduced the weighting from a risk management perspective in the last few weeks, although it remains the fund's largest position. The performance in February was driven by early reports of good trading through the Chinese new year period (mid-Feb), as well as the on-going recovery in travel across Asia. Our Japanese holdings fared less well, with weak trading in China at the end of 2023 leading to forecast reductions for this year and next. However, gross margins remain healthy and, as sales grow, should give the leverage to see a marked improvement in operating margins from the current depressed levels. We have always admired companies who take the (often difficult) decision to invest in the business through periods of pressure on trading, as we believe that investment will drive faster growth and margin recovery in the medium-term. The Japanese Beauty industry is an excellent example of that at the moment and we see significant upside ahead.

Elsewhere, despite the on-going weakness of the US spirits industry, we saw strong contributions from both Fever-Tree and Beclé (owner of the Jose Cuervo tequila brand). Both companies are outperforming the industry, and are also likely to see significant tailwinds over the next 12-24 months from lower input costs, boosting margins that have fallen sharply over the last 2-3 years. Beclé will see a considerable benefit from lower agave costs (the plant that provides the tequila), whilst Fever-Tree is starting to see the benefits of local production in the US, reducing the need for costly exports from the UK.

The top 3 contributors in the month were L'Occitane, Beclé and Fever-Tree. The top 3 detractors were Kose, Reckitt and Heineken.

Fund Performance since Inception (EUR)



Class A—Net of fees / expenses. Fund launched on 14 October 2014 (=100)
 Source: Northern Trust and Chelverton 29 February 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%	2.66%											1.41%

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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%
2024	0.35%	2.36%											2.71%

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%	5.13%	5.45%	-1.30%
2024	-1.33%	1.98%											0.62%

Source: Northern Trust & Chelverton 29 February 2024



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 29 February 2024

Regional Exposure by Listing

	% of Portfolio
Europe	42%
Asia	31%
North America	25%
Cash	2%
Total	100%

Source: Northern Trust & Chelverton 29 February 2024

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