

## Monthly Fact Sheet

31 August 2024

The Chelverton Select Consumer Staples 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.

\*market is MSCI World; note the fund has no formal benchmark

**Launch Date** 1 January 2024  
**Fund Size** € 10.1m

**Share Price** (as at 31.08.24)  
GBP A shares 158.98p

## 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 Select Consumer Staples Fund

## Monthly Manager Commentary

August was an exceptionally volatile month, with the Japanese market falling by over 10% in one day being the most extreme move. Rising rates in Japan, together with fears of an economic slowdown in the US were the key driving factors behind the sell-off. As investors moved on to focus more on the scope for subsequent cuts to US interest rates, so markets were able to rally in the latter part of the month.

In Consumer Staples the month was dominated by reporting, with 2 industries being a particular focus for our portfolio - Beauty and Spirits. Although it was a very disappointing period for share prices in the Beauty sector, the underlying results were largely as expected and most forecasts have been stable for the last 6 months. The main weakness has been in China, as well as the informal duty free channels in Asia more generally. We don't attempt to make investment decisions based on shorter-term economic factors, so we don't have a strong view on when the consumer weakness in China will turn. However, we see a very considerable longer-term opportunity in China as consumption remains very low compared to similar markets (around 10% of the per cap consumption seen in South Korea, for example). At some point this will drive significant growth and we continue to prefer those businesses with an above-average exposure to China, despite its shorter-term problems. During the month there was notable weakness in Shiseido, Amorepacific and Kose, although Pola Orbis and LG H&H both rose. Estee Lauder was also weak, although we have taken advantage by doubling our previously small position at what we believe will prove to be very attractive levels.

In contrast, whilst results from the Spirits industry were disappointing, with on-going weakness in the key US market leading to further downgrades from most companies. However, share prices generally took this in their stride as investors have understood that growth in the US market is slowly reverting to trend after a much stronger performance during and just after the COVID years. Beclé, Brown Formand and Campari all closed up on the month and all 3 are in a position to see a significant boost from falling raw material costs over the next few years - notably from agave, the key input for tequila.

There were healthy returns in the month from many of the larger companies in the portfolio as attention returned to the strength and reliability of their cash flows. Then likes of P&G, Colgate, Haleon and Unilever all performed well. However, the most interesting performance from this group came from Nestlé, as it reacted to a run of disappointing results by announcing a (very surprising) change of CEO. Out-going CEO Mark Schneider had (we believe) wanted to address recent underperformance with a more aggressive M&A programme, an approach that rarely works well in the short and medium-term. The Board (we believe) took a different view and decided to appoint Nestlé-lifer Laurent Freixe as its new CEO. We agree with the Board's approach, and welcome a return to the 'Nestlé-model', with a focus on innovation and share gains to drive sustainable real growth over the medium and longer-term. This may require a shorter-term period of pain as it re-invests in marketing to drive that growth but, as is often the case in consumer staples, we believe the valuation already reflects this necessary change. In a world of falling interest rates, we see considerable attractions in Nestlé's free cash flow yield of 5%.

It has been encouraging to see Reckitt near the top of the performance tables for the month. Whilst a resolution to the problems in its Infant Nutrition business may be some way off, it continues to buy-back stock to take advantage of its depressed valuation, and we expect that process to accelerate in the months ahead as it sells some of its non-core brands. Our position size has more than doubled this year as we expect the focus on its core brands to lead to an improved operating performance, and the free cash flow yield of over 7% is highly attractive given the dividends and share buy-backs it can fund.

The top 3 contributors were Reckitt, BellRing and Haleon. The bottom 3 were Shiseido, Amorepacific and Kose.

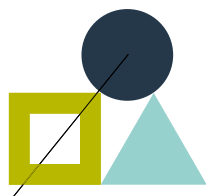
## Performance Since Launch (%)

Performance is not shown on this factsheet as the fund has changed manager. Platform providers have historical data.

## Top 10 Holdings

Rank	Holding	Sector	% of Portfolio
1.	Beiersdorf	Personal Care	6.96
2.	Unilever	Personal Care	6.76
3.	Reckitt	Household Goods	6.63
4.	KOSÉ	Personal Care	4.98
5.	Shiseido	Personal Care	4.74
6.	Amorepacific	Personal Care	4.63
7.	Heineken	Beverages	4.43
8.	Lindt	Food	4.22
9.	Nestlé	Food	4.16
10.	Nomad Foods	Food	4.96

Source: Chelverton Asset Management Limited as at 31 August 2024



## Monthly Fact Sheet 31 August 2024

<b>Valuation</b>	10am CET
<b>Domicile</b>	Ireland
<b>Base Currency</b>	EUR

	GBP A Shares
<b>Initial Charge (%)</b>	Up to 5%
<b>Annual Management Fee (%)</b>	0.75%
<b>Minimum Investment</b>	£100
<b>Ongoing Charge (%)</b>	0.99%

<b>Share Class</b>	<b>ISIN</b>
GBP A shares	IE00BQQFW373
CHF A shares	IE00BQQFW597
EUR A shares	IE00BQQFW480
USD A shares	IE00BQQFW373

<b>Dealing Line</b>	+353 1 434 5178
<b>Dealing Fax</b>	+353 1 531 8504

**Management Company**  
 Waystone Management Company (IE) Ltd  
 4th Floor, 35 Shelbourne Road  
 Ballsbridge, Dublin, Ireland  
 T: +353 1533 7020  
 E: investorrelations@waystone.com

**Investment Manager**  
 Chelverton Asset Management Limited  
 Basildon House  
 7 Moorgate  
 London EC2R 6AF

**Investor Contact**  
 Waystone Capital Solutions (UK) Ltd  
 2nd Floor, 20-22 Bedford Row  
 Holborn, London  
 T: +44 20 7290 9493  
 E: investorrelations@waystone.com



### FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

<b>Tel</b>	+44 (0)20 3307 8086
<b>Email</b>	chelverton@springcapitalpartners.com
<b>Visit</b>	springcapitalpartners.com

### Geographic Breakdown

	% of Portfolio
Europe ex-UK	23.7
US	21.6
Japan	14.4
UK	13.6
Switzerland	9.1
South Korea	7.2
Mexico	2.7
Canada	2.5
Cash	5.4

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €30bn	42.0	9
€10bn - €30bn	9.3	3
Below €10bn	43.4	13
Cash	5.4	N/A
<b>Total</b>	<b>100.0</b>	<b>25</b>

### Sector Breakdown

	% of Portfolio
Personal Care	45.9
Beverages	19.1
Food	15.8
Household Goods	13.8
Cash	5.4

Source: Chelverton Asset Management Limited as at 31 August 2024

**DISCLAIMER RISK WARNING:** Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk. Changes in exchange rates may have an adverse effect on the value price or income of the product. The Chelverton Select Consumer Staples Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation and this notice shall not be construed as an offer of sale in any other fund managed or advised by Chelverton Asset Management Limited or Waystone Management Company (IE) Limited ("Waystone"). The Investment Manager expects that a typical investor will be seeking capital appreciation over the medium to long term (3-5 years) and is willing to accept a medium level of volatility. Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Document which together with the Montlake UCITS Platform ICAV Prospectus may be downloaded from the Waystone website (waystone.com) Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither Waystone nor Chelverton Asset Management Limited accepts liability for the accuracy of the contents. Waystone does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is Waystone Management Company (IE) Ltd, a company regulated by the Central Bank of Ireland. The Investment Manager for the fund, Chelverton Asset Management Limited is authorised and regulated by the Financial Conduct Authority. The state of the origin of the fund is Ireland. This document may only be distributed in Switzerland to qualified investors within the meaning of art. 10 para. 3, 3bis and 3ter CISA. The Representative in Switzerland is Waystone Fund Services (Switzerland) SA, Avenue Villamont 17, 1005 Lausanne, Switzerland, whilst the paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. The Montlake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. This notice shall not be construed as an offer of sale in the Fund. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Authorised and Regulated by the Central Bank of Ireland. The Management Company may decide to terminate the arrangements made for the marketing of the Fund in accordance with Article 93a of Directive 2009/65/EC. To view the Summary of Investor Rights, please visit the following [www.Montlakeucits.com](http://www.Montlakeucits.com). This is a marketing communication.