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MI Chelverton UK Opportunities Fund

Monthly Fact Sheet

31 December 2024

Investment Objective and Policy

The objective of the fund is to achieve capital growth by investing in fully listed and AIM listed UK equities across the UK market size spectrum but always with a minimum of 60% of assets in large cap UK equities.

Launch Date	28 October 2024
Fund Size	£31m
Historic Yield*	0.33% (e)

Share Price (as at 31.12.24)

Shares	Accumulation
B Shares	101.09p

Codes (B Shares)

	Accumulation
Sedol	TBC
ISIN	GB00BLCCHD25

Fund Managers



Julie Dean

joined the Chelverton UK team in 2024, bringing with her a wealth of fund management experience and is renowned within the industry for her astute business cycle investing approach. Her career began at GT, managing UK equity funds, after which she moved to HSBC, where she oversaw UK Growth funds and institutional portfolios. In 2002, Julie joined Cazenove and managed the Cazenove/Schroder UK Opportunities Fund. Julie holds a BA (Hons) in Modern History from St Anne's College, Oxford University.



Henry Botting

joined Chelverton Asset Management in 2021 and was appointed co-manager in August 2022. Prior to joining, Henry worked on the Equity Sales team at finnCap, where he specialised in UK small and micro-cap companies. He has a degree in Economic and Social History from the University of Edinburgh and prior investment management experience at Rathbones and OLIM. Henry is a CFA Charterholder.

Monthly Manager Commentary

The UK equity market fell 1.16% in December and your fund price rose 0.16%. All returns are price only. Only two sectors delivered positive returns; Energy (+2.3%) reflecting the rise in the oil price (Brent +2.3%) and Information Technology (+1.5%). The weakest sector returns came from Real Estate (-7.1%), Healthcare (-5.9%) and Utilities (-4.9%). Real Estate and Utility weakness reflected the increase in UK gilt yields over the month.

Turning to your portfolio the strongest contributors to return came from consumer stocks with OnTheBeach adding 59bps, Watches of Switzerland +28bps, B&M European +12bps and Whitbread +10bps. Hikma outperformed a weak healthcare sector adding 10bps. The key detractors from performance were housebuilder Taylor Wimpey -19bps, property company British Land -13bps and Aviva -13bps reflecting the impact of rising gilt yields. Aviva bid for smaller competitor Direct Line - which we think looks to be a sensible deal. Rio and Informa underperformed costing -14bps and 10bps respectively and Wapaint fell costing us -9bps. Corporate news flow was thin on the ground this month.

The Bank of England 6-3 vote to leave interest rates unchanged in December was more divided than the market expected. The doves are concerned at weaker UK economic growth rather than near term inflationary pressure. With UK M4 money supply growth only 3-4% and with the government's increase in business costs making a rise in unemployment likely this could bear down on inflationary pressures faster than expected. The silver lining may be larger reductions in UK interest rates than currently expected. Higher financing costs are already impacting activity and consumer confidence with November data showing a decline in UK mortgage approvals and UK consumer credit growth. The December UK services PMI still showed an expansionary reading at 51.1 but the manufacturing PMI declined to 47 and the CBI measure of business confidence fell sharply. In the US 10-year bond yields also rose in December - but for rather different reasons with bond market vigilantes continuing to signal the cumulative 100bps cut in the Federal Funds since September were not required given strong economic data and rising inflation projections. The manufacturing sector might take issue with their analysis, but at least lower rates seem to be making a positive impact on activity with the US ISM Manufacturing PMI rising in December, showing the strongest jump in new orders for 11 months and the first expansion in production for 6 months. Meanwhile China appears to be reprising Draghi's 'whatever it takes' with a Christmas Eve decision to issue of 3 trillion yuan (\$411 billion) of treasury bonds in 2025; we will await data to see how this stimulus impacts activity.

Consistent with our view that we are in the expansionary phase of the global business cycle we tilted portfolio style weightings as follows. We trimmed interest rate sensitive financials taking profits in Barclays and increased commodities adding to Rio. Within industrial cyclical names we sold Informa and reinvested proceeds into businesses closer to manufacturing activity adding to Bodycote, Spectris, Vesuvius and Hunting. We took profits in consumer cyclicals OnTheBeach and Watches of Switzerland following strong share price performance. In the growth style we took profits in Future, added to Wapaint and purchased new holdings in Team 17 (games developer with strong pipeline) and Genus (agricultural genetics). In growth defensives we started a new position in Diageo (global premium drinks business). We retain a pro-cyclical bias in your fund and see current market volatility as a mid-cycle pause similar to that experienced in 2010. We hope the UK government will become more pro-growth and that the US bond market vigilantes have done their job.

Performance Since Launch (%)

Performance is not shown on this factsheet as the fund is less than 12 months old.

*The historic yield reflects distributions over the past 12 months as a percentage of the bid price of the B share class as at the date shown. It does not include any initial charge and investors may be subject to tax on their distributions.

(e) is estimated

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ACD

Apex Fundrock Ltd

Investment Advisor

Chelverton Asset Management Limited

Administrator

Apex Fundrock Ltd

Income Paid	Biannually
XD Dates	30 June, 31 December
Valuation	12 Noon

Initial Charge (%)	
B Shares	5.0*

Annual Management Fee (%)	
B Shares	0.75

Minimum Investment	
B Shares	£1,000

Ongoing Charge (%)	
B Shares	1.02

*or any such lower amount agreed with the ACD

Dealing Line	0345 305 4217
Dealing Fax	0845 280 0188

Top 20 Holdings

Holding	Sector	% of Portfolio
1. BP	Energy	4.1
2. Aviva	Financials	4.0
3. GSK	Healthcare	4.0
4. Barclays	Financials	3.9
5. Rio Tinto	Materials	3.8
6. Standard Chartered	Financials	3.5
7. Barratt Redrow	Consumer Discretionary	3.3
8. Rightmove	Communication Services	3.2
9. Whitbread	Consumer Discretionary	3.1
10. Taylor Wimpey	Consumer Discretionary	2.9
11. Prudential	Financials	2.9
12. Hikma	Healthcare	2.7
13. Spectris	Information Technology	2.7
14. Reckitt	Consumer Staples	2.7
15. Rentokil Initial	Industrials	2.5
16. Diageo	Consumer Staples	2.4
17. Man Group	Financials	2.3
18. Telecom Plus	Utilities	2.3
19. Schroders	Financials	2.2
20. B&M	Consumer Discretionary	2.1

Source: Chelverton Asset Management Limited

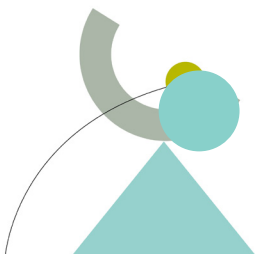
Sector Breakdown

Financials	25.7
Consumer Discretionary	15.0
Healthcare	13.8
Industrials	10.8
Communication Services	7.8
Consumer Staples	7.5
Materials	6.3
Energy	5.9
Information Technology	4.0
Utilities	2.3
Cash	0.9

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £3.5bn	59.9	22
£300m - £3.5bn	35.8	27
Below £300m	3.4	3
Cash and Income	0.9	N/A
Total	100.0	52



FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

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

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