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Chelverton
UK OPPORTUNITIES FUND

MI Chelverton UK Opportunities Fund

Monthly Fact Sheet

31 January 2025

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	£36m
Historic Yield*	0.32% (e)

Share Price (as at 31.01.25)

Shares	**Accumulation**
B Shares	106.18p

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.

*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

Monthly Manager Commentary

The UK equity market had a good start to the year rising 5.43% in January. Who knew the UK could outperform Wall Street....?

Dispersion of returns was high with large cap stocks +6.13% outperforming mid-cap stocks +1.59%. The fund price rose 5.04% (accumulation units) over the month, placing us in the second quartile of the competitor peer group as measured by Morningstar. Our current size exposure is ~60% large cap, 37% mid-cap and 3% small cap. The UK gilt market was becalmed over the month. The banks sector led the market higher +11.8% (with Lloyds and Close Brothers the strongest performers following reports that the Chancellor is looking to limit motor finance liability). Most industrial cyclical sectors outperformed the market whilst more domestically oriented consumer cyclicals lagged, however housebuilders have shown encouraging signs of share price recovery, helped by comments from Persimmon of only low single digit cost growth, a solid trading update from Taylor Wimpey and suggestions that in a belated effort to boost growth the government may ease regulation around First Time Buyer borrowing. Value defensive sectors underperformed the market and stock specific factors drove mixed returns for the growth defensive sectors.

Turning to the portfolio the strongest contributors to return came from Spectris +58bps, Barclays +42bps, Hikma +41bps, Aviva +39bps and 4Imprint +39bps. The key detractors from performance were Brooks MacDonald -17bps, B&M European Value Retail -15bps, Inchcape -15bps, FDM -15bps and Whitbread -14bps.

We commented last month that UK inflation data might begin to surprise on the downside though we did not expect it to do so this quickly! A good inflation report mid-month reversed a sluggish start to the year for the UK market as it augurs well for future interest rate cuts with the market now expecting two 25bps cuts this year with one possibly as early as the next BOE meeting on February 6th; monetary policy is unhelpfully restrictive at the current rate of 4.75%. The headline consumer price index (CPI) rose by 2.5% in December – a smidge less than in November – but services prices moderated sharply to 4.4% in December from 5% in November.

We tilted the portfolio style weightings more pro-cyclical over the month with purchases funded by increasing the underweight to growth defensives where we exited our holding in Convatec, which now trades on a full valuation and took profits in Hikma and Genus which both performed strongly over the month following good trading updates. Within industrial cyclical names we took profits in Hunting and Spectris, following strong share price performance recycling proceeds into Bodycote and DiscoverIE and we bought a new holding in Oxford Instruments. Within consumer cyclicals we took profits in Luceco after good results produced a strong share price move and we initiated positions in Easyjet and Genuit.

At the time of writing the market is choppy with TTT (Trump Tariff Tantrums), the subsequent deal row backs and China's gutsy response – why would it be otherwise? But behind the headlines the January US ISM Manufacturing PMI rose to 50.9 after 26 consecutive months of contraction – its longest period below 50 on record. New orders were strong, production increased, employment expanded and inventories fell further. A recovery in the manufacturing sector, which has been in recession for the last 3 years would boost US growth and benefit the considerable overseas earnings power of many UK companies. Evidence from SLOOS (Senior Loan Officer Opinion Survey) suggests that this recovery might have legs, showing banks are responding to demand for commercial and industrial loans with cheaper borrowing costs; Vesuvius' management remark to us at our last meeting – that tractor financing at 10% was inimical to activity – might be easing! We will keep an eye on manufacturing price pressures – which intensified – but the US core PCE price index has been steady at 2.8% for the last 3 months with declines in rental costs yet to have a positive impact so there may be some headroom. The US bond market is, so far, unruffled by TTT with US 10 year yields below 4.5%.

Performance Since Launch (%)

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

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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.	Barclays	Financials	4.9
2.	Standard Chartered	Financials	4.8
3.	Rio Tinto	Materials	3.9
4.	Aviva	Financials	3.8
5.	BP	Energy	3.8
6.	Barratt Redrow	Consumer Discretionary	3.3
7.	GSK	Healthcare	3.2
8.	Reckitt	Consumer Staples	3.1
9.	Taylor Wimpey	Consumer Discretionary	2.9
10.	Prudential	Financials	2.8
11.	Schroders	Financials	2.7
12.	Rentokil Initial	Industrials	2.6
13.	Hikma	Healthcare	2.6
14.	Whitbread	Consumer Discretionary	2.6
15.	Diageo	Consumer Staples	2.4
16.	Man Group	Financials	2.0
17.	Rightmove	Communication Services	2.0
18.	Spectris	Information Technology	1.9
19.	easyJet	Industrials	1.9
20.	Telecom Plus	Utilities	1.9

Source: Chelverton Asset Management Limited

Sector Breakdown

Financials	26.7
Industrials	13.2
Consumer Discretionary	13.2
Healthcare	10.9
Materials	8.0
Consumer Staples	7.8
Communication Services	7.3
Energy	5.4
Information Technology	4.4
Utilities	1.9
Cash	1.2

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £3.5bn	57.7	20
£300m - £3.5bn	37.2	31
Below £300m	3.9	4
Cash and Income	1.2	N/A
Total	100.0	55

FURTHER INFORMATION

Please contact Spring Capital Partners, in the first instance.

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