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Chelverton
UK OPPORTUNITIES FUND

Monthly Fact Sheet

31 March 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	£34m
Historic Yield*	0.34%

Share Price (as at 31.03.25)

Shares	**Income**	**Accumulation**
B Shares	93.51p	99.33p

Codes (B Shares)

	Income	**Accumulation**
ISIN	GB00BLCCHF49	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.

MI Chelverton UK Opportunities Fund

Monthly Manager Commentary

The UK equity market fell 2.75% in March and our fund price declined 4.8% (accumulation units). Stocks fell across the size spectrum this month with large cap stocks down 2.58% and higher beta mid cap stocks down 4.19%. Stock market uncertainty about President Trump's trade policies and his comment that the US economy faces a 'period of transition' saw investors sell equities on both sides of the pond in the scramble to de-risk and price in lower US growth. In the UK gold stocks dominated the leaderboard.

At the stock level the strongest contributors to the fund's return came from Prudential +47bps, Everplay Group +41bps, Bytes Technology +13bps, Warpaint London + 11bps and FDM Group +10 bps. Standard Chartered -49bps and Barclays -45bps gave up some of last month's gains and 4imprint Group cost us 43bps following a cautious outlook statement.

Prudential delivered full year 2024 new business profit up 11% with operating profit growth of 8% beating consensus by 3%. The dividend was increased 13% year-on-year, the ongoing $2billion share buyback is to be accelerated and the company is looking at partially divesting ICICI, its JV in India to unlock value.

Everplay's full year 2024 results delivered 5% revenue growth driven by strong back catalogue sales (87% of group) and improving momentum in newer games. The high IP value in this business continues to build with ten new own IP games due to be released through to 2027.

We had a constructive first meeting with Coats new CEO, David Paja, who joins having previously run GKN's Aerospace division. In a world clouded by tariffs, the company's under-indexation to China is expected to help them win share, whilst the low cost of thread relative to the cost of manufacturing footwear and apparel also provides some insulation from tariff headwinds.

4imprint reported results slightly ahead of expectations, but used the opportunity to lower forecasts for FY25, citing tariff uncertainty. The business model benefits from being able to quickly flex marketing spend in response to demand, which reduces operational gearing should their key US end market slow.

We wrote last month that 'a little cooling is just what the US economy needs right now...US bond markets ended with slightly lower ten year yields...Bessent will be relieved.' Careful what you wish for!

The US administration's desire to lower US government overspend - c.3 million employees working without much scrutiny is understandable but the size of the tariffs announced on Wednesday were a magnitude greater than our and the market's expectations. There seems to be a folk belief that 'real' jobs 'make things in factories'; the US may have trade deficits in goods but the surplus in services is massive. It makes economic and social sense to have your iPhone, designed in California, manufactured cheaply in China, with the sales and marketing - and profit - occurring in California, where the IP and sales skill resides.

Some tariff changes may be re-negotiated but at the time of writing US, UK and European equity markets fear economic growth is going to be hit hard. By contrast US, UK and European bond markets are rallying strongly, with the US 10 year back to October 2024 levels ~ 4%. What is the way through the woods? Current tariffs suggest that the Fed is facing stagflation as 67% tariffs on China feed through to Walmart et al. So markets are now pricing in 3 quarter point rate cuts from the Fed by October. However, UK inflation may be lower than markets currently anticipate as China is likely to redirect exports to us. As a result, the Bank of England may have more room to cut than the ~100bps currently expected. A continuation of the easing cycle which began in September 2024 will help growth and is the silver lining to kick start bank lending and the investment cycle. If this happens how long will it take the private sector take to step-up given the challenges of the new global trade order?

In the UK, the Labour government finds itself in the ideologically awkward position of also having to cut a bloated state rather than raise taxes again. As a result Labour's fiscal policy may prove to be more orthodox than expected - which would also help gilt yields. As we note above, the UK market is pricing in very little for a better domestic growth but UK 100bps of rate cuts are a higher probability this year.

The current global turmoil could become good news for the UK equity market: investors in the US may worry that the impact of falling economic growth on stock prices will be compounded by valuation compression. Current dollar weakness (unusual versus the bond rally) may signal overseas money in the US is exiting? At the UK market index level the forecast rate of UK corporate earnings growth as measured by the MSCI UK is +7.4%, alongside 'crisis-level' valuation levels for many of the stocks we own. Pleasingly, the Fund's forecast earnings growth of 13.4% sits at a material premium to the underling UK equity market whilst the Fund's p/e (12x) is in line.

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

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	5.9
2.	Standard Chartered	Financials	5.2
3.	Rio Tinto	Materials	3.8
4.	Prudential	Financials	3.6
5.	Aviva	Financials	3.5
6.	GSK	Healthcare	3.5
7.	BP	Energy	3.4
8.	Barratt Redrow	Consumer Discretionary	3.2
9.	Taylor Wimpey	Consumer Discretionary	2.6
10.	Rentokil Initial	Industrials	2.5
11.	Whitbread	Consumer Discretionary	2.5
12.	Schroders	Financials	2.5
13.	easyJet	Industrials	2.4
14.	Diageo	Consumer Staples	2.4
15.	Hikma	Healthcare	2.3
16.	Melrose	Industrials	2.2
17.	Victrex	Materials	2.1
18.	Informa	Communication Services	2.0
19.	Lloyds Banking Group	Financials	2.0
20.	Antofagasta	Materials	1.9

Source: Chelverton Asset Management Limited

Sector Breakdown

Financials	28.2
Industrials	16.8
Consumer Discretionary	12.9
Information Technology	8.0
Materials	7.8
Communication Services	6.7
Healthcare	6.5
Energy	5.2
Consumer Staples	3.5
Utilities	1.6
Cash	2.8

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £3.5bn	55.1	18
£300m - £3.5bn	35.8	28
Below £300m	6.3	7
Cash and Income	2.8	N/A
Total	100.0	53

FURTHER INFORMATION

Please contact Spring Capital Partners,
in the first instance.

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