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Monthly Fact Sheet

28 February 2025

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 €7m

Share Price (as at 28.02.25)

Shares Accumulation
A EUR Shares 106.73p

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

Markets were mixed in February, with concerns over the impact of tariffs and a slowing US economy balanced by a possible end to the conflict between Russia and Ukraine and the benefit of lower oil prices. Against the background of concerns over the US economy in the latter part of the month, there were signs of consumer staples benefitting from their traditional safe haven status.

February is often the busiest month of the year due to the majority of portfolio companies (and peers) reporting full-year results, but this year was considerably busier than usual. Aside from the results, the two most notable events for our portfolio companies were the surprise change of CEO at Unilever and the news that Shiseido had attracted a new shareholder that "may make important proposals" to the Board. Whilst the news that Fernando Fernandez had been promoted from CFO to CEO came as a surprise, it is a change that we view very favourably. He has a clear view of what makes a great consumer staples business, and understands the importance of steady but sustainable (real) growth in volumes and mix, over time. With the right incentive structure, Unilever has one of the very best Emerging Market footprints that should enable it to deliver the necessary growth. Previous management teams at Unilever lost sight of the need to do simple things right, on a consistent basis, and were frequently chasing new areas of growth. A failure to focus on a company's core brands is one of the surest routes to value destruction in consumer staples. Unilever is one of the biggest positions in the portfolio, and we believe it has a very bright future under its new CEO.

News that Independent Franchise Partners had taken a 5% stake in Shiseido and that it "may make proposals" provided a welcome boost to the share price. Although only modestly higher during the month, the share price did end more than 15% above its lows, and yet it still trades at a derisory 1x sales. This is despite earning a slightly higher gross margin than L'Oreal (both are very attractive at over 70%), and yet L'Oreal trades at 4x the sales valuation of Shiseido. We would expect any proposals made to get a reasonable reception from the Board, given the steps it has already made in restructuring the business. It is also worth noting that new management incentives have just been introduced, which include Total Shareholder Return for the first time, so there should be a high degree of alignment with any options to improve the profitability of the business. We also note that this is part of a broader exercise in Japan to improve corporate governance standards, with a particular focus on the profitability and shareholder policies of companies. Both the Tokyo Stock Exchange and the Trade Ministry are encouraging these reforms, and to show there is substance behind these demands, over 20% of the companies on the broad Topix exchange were delisted in January for failing to make sufficient progress. Not surprisingly, all of our Japanese holding benefitted from the interest in Shiseido.

The biggest annual consumer conference (CAGNY) took place in Orlando, Florida in February, an event where over 30 of the world's leading consumer companies present their strategies for the medium and longer-term. One of the most interesting presentations this year came from Diageo, as it highlighted its own analysis of the US spirits market and why it believes the current slowdown is cyclical, not structural. In contrast to observers who have been suggesting that Gen-Z consumers are drinking less alcohol, Diageo was able to show that Household Penetration (a key measure) for this group was higher than its pre-Covid levels, for both spirits and total alcohol. It went on to highlight the cumulative impact of inflation on the average grocery basket, where it said costs are over 30% higher than 4 years ago. Within that, the amount spent on alcohol has remained largely stable at around 2% of total spend. Diageo also believe that, in addition to the headwinds from grocery inflation, consumer habits are still returning to a normal level of demand following an initial boost during Covid lockdowns. Whilst we don't own Diageo, we do agree with their industry analysis and have added to our positions in other stocks (notably Brown Forman).

The February reporting period has been notable for the share price performance of some of last year's laggards. Both Heineken and Nestle in particular reported results in line with expectations, but in both cases investors had feared much worse. That was enough for both share prices to rally strongly - they are now up almost 20% this year, and yet still trade on attractive valuations. Reflecting many of these attractive valuations, well over half of our portfolio announced share buy-backs for this year, in some cases quite sizeable ones.

During the month we added to our positions in Brown Forman, Estee Lauder and Unilever, taking profits in BellRing Brands and Interparfums. The top 3 contributors in the month were Heineken, Nestle and Lindt. The bottom 3 were Fever-Tree, Estee Lauder and Pola Orbis.

Cumulative Performance

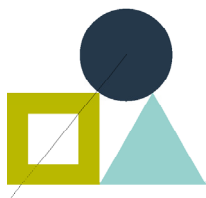
	1 m	3 m	1 yr	3 yrs	5 yrs	Since Launch
A EUR Acc (%)	-1.21	-0.74	-6.58	-	-	-

Source: Morningstar, NAV to NAV, A Shares Acc, Total Return to 28.02.2025

Calendar Year Performance (%)

	YTD	2024	2023	2022	2021	2020
A EUR Acc (%)	0.81	-4.82	-	-	-	-

Source: Morningstar, NAV to NAV, A Shares Acc, Total Return to 28.02.2025



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Valuation	10am CET
Domicile	Ireland
Base Currency	EUR

	EUR A Shares
Initial Charge (%)	Up to 5%
Annual Management Fee (%)	0.75%
Minimum Investment	£100
Ongoing Charge (%)	0.99%

Share Class	ISIN
EUR A shares	IE00BQQFW266
GBP A shares	IE00BQQFW373
CHF A shares	IE00BQQFW597
USD A shares	IE00BQQFW480

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Chelverton Select Consumer Staples Fund

Top 10 Holdings

Holding	Sector	% of Portfolio
1. Reckitt	Household Goods	8.0
2. Unilever	Personal Care	8.0
3. Beiersdorf	Personal Care	7.8
4. Estée Lauder	Personal Care	6.0
5. Heineken	Beverages	5.5
6. Lindt	Food	4.6
7. Fever-Tree	Beverages	4.5
8. Nestlé	Food	4.4
9. KOSÉ	Personal Care	4.2
10. Procter & Gamble	Household Goods	4.2

Geographic Breakdown

	% of Portfolio
Europe	25.7
US	22.8
UK	15.6
Japan	14.0
Switzerland	9.0
South Korea	7.2
Canada	2.5
Mexico	1.8
Cash	1.6
Cash	1.6

Sector Breakdown

	% of Portfolio
Personal Care	51.4
Beverages	18.7
Household Goods	15.0
Food	13.5
Cash	1.6

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above €30bn	43.7	8
€10bn - €30bn	12.5	3
Below €10bn	42.2	14
Cash	1.6	N/A
Total	100.0	25

Source: Chelverton Asset Management Limited

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