



EUR Class I1 | ISIN: LU0476438642

NAV per Share

EUR Class I1 €111.09

Fund Details

Fund Size	€6.5 m
Base Currency	EUR
Denominations	JPY/USD/GBP/EUR
Fund Structure	SICAV
Domicile	Luxembourg
Listing	-
Launch Date	02 February 2010
Investment Manager	Polar Capital LLP

Fund Managers



Leonard Charlton Fund Manager

Leonard has managed the fund since launch, he joined Polar Capital in 2021 and has 23 years of industry experience.

Fund Profile

Investment Objective

To achieve longer term capital growth, without undue risk through diversified investment in equities of companies, or using derivatives to generate exposure to such equities, which are listed on a stock exchange in the European region or of companies that have their registered office, or carry out a predominant portion of their economic activity in the European region.

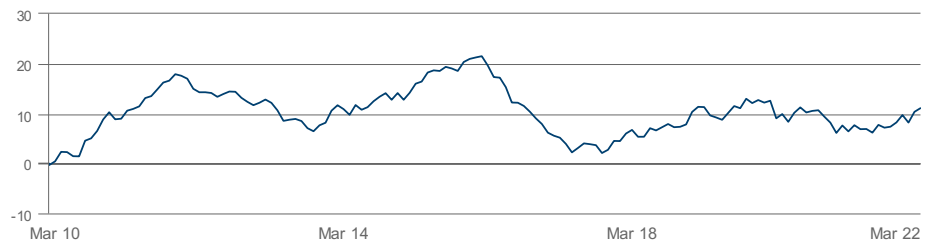
Key Facts

- Established long/short fund with typically 60-70 positions
- Aims to provide positive absolute returns, irrespective of the market environment
- Invests in liquid, listed European equities
- Maintains a low net exposure to equity markets and employs leverage judiciously
- Low correlation to broader equity markets

Share Class Performance

Performance Since Launch (%)

■ EUR Class I1



	1m	3m	YTD	1yr	3yrs	5yrs	10 yrs	Since Launch	
								Cum.	Ann.
EUR Class I1	0.66	1.26	1.26	4.37	-0.19	5.63	-2.78	11.09	0.87

Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Return
2022	-1.37	1.99	0.66	-	-	-	-	-	-	-	-	-	1.26
2021	-1.91	1.40	-1.09	1.16	-0.74	0.03	-0.68	1.46	-0.52	0.18	0.80	1.36	1.40
2020	-0.46	0.34	-3.13	0.78	-1.41	1.67	0.98	-0.91	0.28	0.12	-1.16	-1.09	-4.01
2019	2.32	0.92	-0.04	-1.50	-0.38	-0.43	1.27	1.25	-0.39	1.70	-0.77	0.54	4.53
2018	-0.03	1.45	0.68	-1.29	0.01	1.62	-0.42	0.60	0.60	-0.59	0.07	0.44	3.16
2017	-1.61	-0.57	-0.38	-1.18	-1.63	0.86	0.89	-0.15	-0.20	-1.51	0.63	1.73	-3.14
2016	0.24	0.21	-1.54	-1.93	-0.10	-1.63	-2.66	-0.03	-0.58	-1.03	-1.20	-1.04	-10.77
2015	-1.17	1.23	1.60	0.37	1.55	0.37	-0.10	0.69	-0.27	-0.42	1.51	0.51	5.99
2014	2.23	0.98	-0.70	-1.03	1.78	-0.85	0.47	1.07	0.80	0.63	-1.16	1.19	5.49
2013	0.44	0.57	-0.59	-1.34	-1.90	0.22	0.14	-0.39	-1.31	-0.58	1.12	0.48	-3.14
2012	-0.50	-1.72	-0.61	0.00	-0.13	-0.67	0.50	0.43	-0.04	-1.05	-0.71	-0.60	-5.01
2011	-1.28	0.11	1.47	0.32	0.45	1.49	0.34	1.17	1.20	0.33	1.11	-0.27	6.62
2010	-	-0.31	0.75	1.90	-0.05	-0.80	-0.03	3.09	0.45	1.40	2.16	1.33	10.27

Performance relates to past returns and is not a reliable indicator of future returns.

Performance for the EUR Class I1. The class launched on 2 February 2010. Performance data is shown in EUR. Source: Edmond de Rothschild Asset Management (Luxembourg)

Performance data takes account of fees paid by the fund but does not take account of any commissions or costs you may pay when subscribing for or redeeming shares or any taxes or securities account charges that you may pay on your investment in the fund. Such charges will reduce the performance of your investment.

Portfolio Exposure & Attribution

As at 31 March 2022

Top 10 Long Positions (%)

Fluidra SA	3.1
Scout24 SE	3.1
Vivendi SA	3.0
Laboratorios Farmaceuticos Rovi	2.5
Howden Joinery Group	2.4
Robertet SA	2.3
Ferguson	2.3
ASML Holding NV	2.3
FinecoBank Banca Fineco SpA	2.2
ASR Nederland NV	2.1

Total 25.2

Total Number of Positions

Long	45
Short	14

Market Capitalisation Exposure (%)

Large (>€5 bn)	45.2
Medium (€1 bn to €5 bn)	50.4
Small (<€1 bn)	4.4

Composition (%)

Largest single equity long	3.1
No. of long positions	45.0
Largest single equity short	-3.7
No. of short positions	14.0
Futures & Options (%)	-56.4

Risk / Return Since Inception

Best Month (%)	3.09
Worst Month (%)	-3.13
Positive Months (%)	52.74
Volatility of Returns (%)	3.82
Sharpe Ratio	0.25

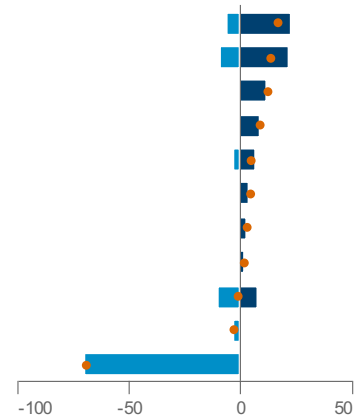
Performance Attribution - 1 Month (%)

Long Positions	-0.09
Short Positions	0.75

Performance attribution is calculated in EUR on a relative basis over the month.

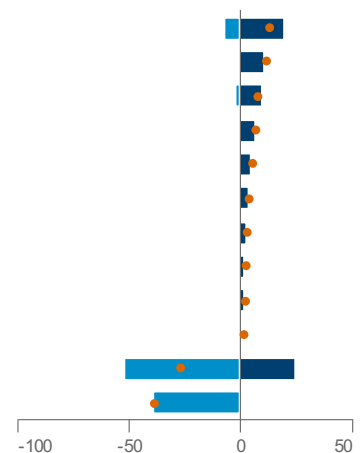
Sector Exposure (%)

	Long	Short	Net
Consumer Discretionary	22.6	-5.9	16.7
Industrials	22.4	-8.9	13.4
Financials	12.1	0.0	12.1
Consumer Staples	8.6	0.0	8.6
Health Care	7.1	-2.5	4.6
Real Estate	4.4	0.0	4.4
Basic Materials	2.8	0.0	2.8
Utilities	1.5	0.0	1.5
Technology	8.3	-9.6	-1.3
Energy	0.0	-3.1	-3.1
Futures & Options	0.0	-69.5	-69.5



Geographic Exposure - Top Long & Short (%)

	Long	Short	Net
United Kingdom	19.7	-6.8	12.9
Spain	11.5	0.0	11.5
France	9.6	-1.9	7.6
Netherlands	6.7	0.0	6.7
Finland	5.3	0.0	5.3
Ireland	3.7	0.0	3.7
Luxembourg	2.8	0.0	2.8
Austria	2.3	0.0	2.3
Portugal	2.1	0.0	2.1
Jersey	1.4	0.0	1.4
Other	24.9	-52.0	-27.1
European Futures	0.0	-38.9	-38.9



Note: Totals may not sum due to rounding. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Share Class Information

Share Class	Bloomberg	ISIN	SEDOL	Minimum Investment	OCF [†]	Ann. Fee	Perf. Fee ^{**}
EUR I1	MELEUB1 LX	LU0476438642	B5WG7J8	USD 10,000	1.81%	1.50%	20%
EUR L1		LU2085695208		USD 250,000	1.36%	1.00%	20%
USD I2 Hdg	MELEUB2 LX	LU0476438725	B5W21X8	USD 10,000	1.81%	1.50%	20%
GBP I7 Hdg	MELEURD LX	LU0476439020	B5VK9P1	USD 10,000	1.82%	1.50%	20%
GBP H Hdg	MELEURH LX	LU0572597879	B592F62	USD 5,000	2.06%	1.75%	20%
GBP C Hdg	MELEURC LX	LU0476438998		USD 10,000	2.30%	2.00%	20%
JPY I3 Hdg	MELEB3H LX	LU0706247375	B72W4Q6	USD 10,000	1.64%	1.50%	20%

[†]Ongoing Charges Figure (OCF) is the latest available, as per the date of this factsheet

^{**}Performance Fee 20% of return in excess of 1 month €STR. Half of the performance fee is deferred and retained in the fund for a period of two years.

Fund Manager's Comments

Investment background

March and the first quarter in general were dramatic periods in both world and stock market history. Following Russia's invasion of Ukraine, the potential for conflict to escalate into WW III caused an explosion in volatility and the market to collapse in early March such that several European indices ended up in correction territory having dropped over 15% from their recent peak.

Unusually, but understandably, notable macroeconomic developments took a secondary focus: accelerating inflation, the start of a hiking cycle from the Federal Reserve and momentary inversion of the 2-year/10-year US yield curve. Historically, the latter has had a very strong track record of preceding (predicting) a recession. Nevertheless, equities recovered impressively after their initial losses and delivered a positive return in March, with the MSCI Europe up 42 bps and Stoxx 600 up 61 bps for the month.

Commodity prices continued to surge in the wake of the invasion as global supply-chain disruption worsened with yet another severe blow. Energy, metals and agricultural commodities all experienced significant rallies, with crude oil breaking past the \$120 per barrel mark before falling back later in the month. With inflation already at 40-year highs (7.9% in the US in February; 5.9% in the Eurozone, the highest since the single currency formation), these price spikes have only complicated the challenges facing central banks. Coming into 2022, the FOMC's dot plot of interest rate expectations anticipated three 25bps hikes in the year but after the first 25bps move in March, consensus had shifted to a further six. Since that meeting, however, the market has now priced in a total of nine hikes this year.

In terms of fund strategies, typical 60-40 equity/bond asset allocation strategies suffered over the first quarter as bonds derated. This should have implications for future asset allocation and should be supportive of the demand for alternatives, in our view.

Strategy highlights

The Fund returned 0.7% in the month versus 0.8% for MSCI Europe, in euro terms. The long book underperformed, returning -0.09%, while the short book outperformed with a 0.75% return. After the substantial recovery in markets from the trough, we continue to be cautious on the year ahead for the equity market and expect continuing volatility.

The largest positive contributor on the long side was SBanken (47 bps) as its takeover by DNB was cleared by the Norwegian Competition Tribunal in the month, thus successfully overturning the initial regulatory rejection of the deal in late 2021. The second largest contribution was made by ASR Nederland (23 bps) which reversed its late February losses as the market began to give it credit for its strong FY21 results. These seemed to have been initially neglected as they coincided with the morning of the Russian invasion of Ukraine. The broader sector also likely buoyed the stock, with the SXIP up 4.8% in March.

Another strong contribution was made by Befesa (20 bps) as the stock benefited from sell-side buy initiations as well as the prospect of metal commodities inflation providing a top-line tailwind to offset energy and other key input cost inflation headwinds.

The largest detractor on the long side was Renishaw (-22 bps) as investor concern grew over industrials in the automotive supply chain with the conflict in Ukraine further adding to key component shortages for the sector and delaying production. Another large detractor was Vonovia (-21 bps) as the stock underperformed despite reporting robust earnings with cash flow ahead of expectations and

lower vacancy rates as the increasingly hawkish rates environment outweighed the strong results. Howden Joinery (-20 bps) was another significant detractor as the stock reversed its sharp outperformance in the final days of February on the back of strong full-year results. The deteriorating backdrop with declining consumer confidence and household expenditure inflation were also likely to have held back the share price somewhat.

The largest positive contribution on the short side was made by our position in a household appliances manufacturer (+27 bps) as the stock came under pressure in the wake of declining consumer confidence, weakening appliance demand and rising input cost concerns. The second largest contribution was made by our position in an e-learning and HR solutions provider (+18 bps) as the stock gyrated along with the broader market movements thus reversing some of its gains from the previous month. Another significant contribution was made by our position in a small domestic appliances manufacturer (+10 bps) which, apart from being impacted by broader market movements, was adversely impacted by a cut to its guidance for FY22 when it reported its full-year results earlier in the month.

The largest detractor on the short side was our position in a provider of legal and other corporate services (-10 bps) as the launch of an official offer ended the uncertainty around the bid for the company. The second largest detractor was our position in a rail OEM (-5 bps) as investor relief on the company reporting better than guided for free cash flow (a key concern on the stock) outweighed the miss on both earnings and guidance for FY22 when the company reported its full-year results earlier in March. A similar negative contribution was made by our position in an engineering and construction company (-5 bps) which benefited somewhat from positive news flow related to orders.

Leonard Charlton

6 April 2022

Risks

- Capital is at risk and there is no guarantee the Fund will achieve its objective. Investors should make sure their attitude towards risk is aligned with the risk profile of the Fund.
- Past performance is not a reliable guide to future performance. The value of investments may go down as well as up and you might get back less than you originally invested.
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Please see the Fund's Prospectus for details of all risks.
- The Fund may enter into a derivative contract. The Fund's use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as failure amongst market participants.
- The use of derivatives will result in the Fund being leveraged (where market exposure and the potential for loss exceeds the amount the Fund has invested) and in these market conditions the effect of leverage will magnify losses. The Fund makes extensive use of derivatives.
- If the currency of the share class is different from the local currency in the country in which you reside, the figures shown in this document may increase or decrease if converted into your local currency.

Important Information

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A decision may be taken at any time to terminate the marketing of the Fund in any EEA Member State in which it is currently marketed. Shareholders in the affected EEA Member State will be given notification of any decision and provided the opportunity to redeem their interests in the Fund, free of any charges or deductions, for at least 30 working days from the date of the notification.

Further information and any associated risks can be found in the Fund's Key Investor Information Document ("KIID"), the Prospectus, the Articles of Association and the annual and semi-annual reports. These documents are available free of charge at Melchior Selected Trust, 4, rue Robert Stumper L-2557 Luxembourg, via email by contacting Investor-Relations@polarcapitalfunds.com

com or at www.polarcapital.co.uk. The KIID is available in English, German, Finnish, French, Italian, Norwegian, Spanish and Swedish; the Prospectus is available in English.

A summary of investor rights associated with investment in the Fund is available online at the above website, or by contacting the above email address.

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Administrator Details

Edmond de Rothschild Asset Management (Luxembourg)

Telephone	+352 2488 2250
Fax	+(352) 4767 5999
Dealing	Daily
Cut-off time	14:00 Luxembourg

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Switzerland The principal fund documents (the prospectus, KIIDs, memorandum and articles of association, annual report and semi-annual report) of the Fund may be obtained free of charge from the Swiss Representative. In respect of the shares distributed in Switzerland, the place of performance and the place of jurisdiction is at the registered office of the Swiss Representative. The Fund is domiciled in Luxembourg. The Swiss representative is Edmond de Rothschild (Suisse) S.A., 18, Rue de Hesse, 1204 Genève, Switzerland.

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