Melchior Selected Trust
Melchior European Opportunities Fund

31 March 2022

EUR Class I1 | ISIN: LU0289523259

NAV per Share

EUR Class I1	€350.38

Fund Details

Fund Size	€1,171.8 m
Base Currency	EUR
Denominations	USD/GBP/EUR
Fund Structure	SICAV
Domicile	Luxembourg
Listing	-
Launch Date	04 May 2010
Investment Manager	Polar Capital LLP

Fund Managers

David Robinson
Fund Manager
David has managed the fund since launch. He joined Polar Capital in 2021 and has 16 years of industry experience.

Fund Profile

Investment Objective

The Fund's investment objective is to achieve capital appreciation through selective investment in European equities.

Key Facts

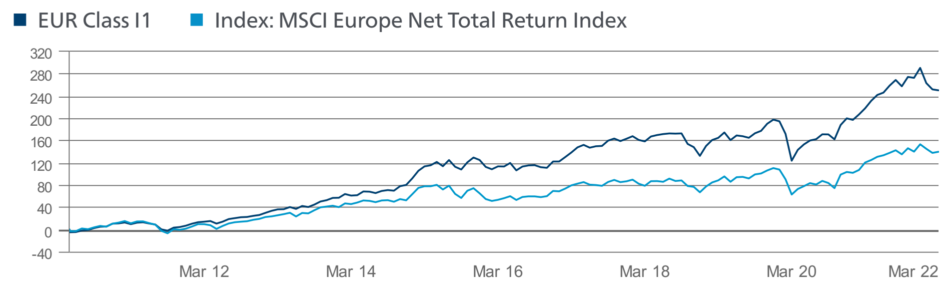
- Benchmark unconstrained, typically contains 50-70 conviction ideas
- Fundamentally-driven analysis and bottom-up stock selection
- Bias towards high quality growth stocks but with a strong valuation discipline
- Invests across all market capitalisations, with a tilt towards mid-small caps
- ESG considerations integrated within the investment process
- Awarded ESG LuxFLAG Label for 2022

Fund Ratings

Ratings are not a recommendation. Please see below for further information.

Share Class Performance

Performance Since Launch (%)



	1m	3m	YTD	1yr	3yrs	5yrs	10 yrs	Since Launch Cum.	Since Launch Ann.
EUR Class I1	-0.49	-10.33	-10.33	10.19	32.25	46.82	206.98	250.38	11.10
Index	0.84	-5.32	-5.32	9.34	27.94	34.33	119.94	141.12	7.67

Discrete Annual Performance (%)

12 months to	31.03.22	31.03.21	31.03.20	29.03.19	29.03.18
EUR Class I1	10.19	42.08	-15.53	2.49	8.32
Index	9.34	35.32	-13.53	5.45	-0.43

Performance relates to past returns and is not a reliable indicator of future returns.
Performance for the EUR Class I1. The class launched on 4 May 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 Positions (%)

Roche	4.7
ASML Holding	3.8
Merck KGaA	3.4
ASR Nederland NV	3.1
Laboratorios Farmaceuticos Rovi	2.9
Nestle	2.9
Kongsberg Gruppen	2.6
Ferguson	2.2
Howden Joinery Group	2.1
Lonza Group	2.1
Total	**29.8**

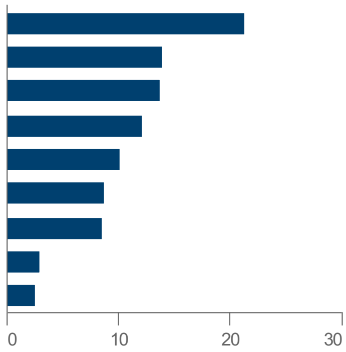
Total Number of Positions 62

Market Capitalisation Exposure (%)

Large (>€10bn)	40.2
Medium (€3 to 10bn)	33.4
Small (<€3bn)	26.4

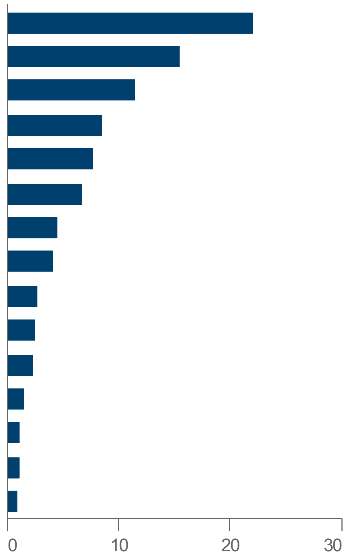
Sector Exposure (%)

Industrials	21.3
Financials	14.0
Healthcare	13.9
Consumer Discretionary	12.1
Information Technology	10.1
Consumer Staples	8.7
Materials	8.6
Communication Services	2.9
Real Estate	2.7



Geographic Exposure (%)

United Kingdom	22.3
Switzerland	15.6
Netherlands	11.6
Spain	8.6
Germany	7.8
France	6.8
Italy	4.7
Sweden	4.2
Belgium	2.8
Norway	2.6
Finland	2.3
Austria	1.5
Ireland	1.3
Portugal	1.1
Denmark	1.1



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 B1	MSEOPB1 LX	LU1231252237	BXC8723	USD 10,000	1.86%	1.65%	N/A
EUR CS1	-	LU2085698996	-	USD 10,000	1.07%	0.85%	N/A
EUR I1	MSOPBEU LX	LU0289523259	B4325G1	USD 10,000	1.06%	0.85%	N/A
USD I2	MSOPBUS LX	LU0289527912	B42L0S6	USD 10,000	1.07%	0.85%	N/A
GBP I7	MSOPDGB LX	LU0289524653	B1Z4RK2	USD 10,000	1.06%	0.85%	N/A
EUR P1	MSEUP1E LX	LU0952580347	BXC8712	USD 250,000	1.02%	0.85%	N/A

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

††**Performance Fee** This Fund does not have a performance fee.

Fund Manager's Comments

Investment background

The month was characterised by significant volatility, a pendulum swing from fear to hope as the war in Ukraine continued. The end result of developed markets being up 2.7% for the month masks a 6% drawdown at the beginning of March as the ramifications of war became clearer. Unprecedented sanctions on Russia continued, including a ban on Russian oil imports into the US and UK by the end of the year. This led to oil breaching $130 intraday, almost double the average oil price of 2021. Within a week, the oil price was below $100 on prospects of OPEC increasing production and possible demand destruction. This level of commodity price volatility extended more broadly with copper and gold at or close to all-time highs at one point. The war is clearly not going to President Putin's plan, with NATO estimating that up to 15,000 soldiers have been killed. Several rounds of peace talks and a sustained Ukrainian stronghold provide hope that an agreement could be reached, although fear of Putin's unpredictability remains.

Surging commodity prices fuelled stagflation concerns. US two-year yields rose by 90bps and the 2-10 year curve briefly inverted for the first time since 2019. Yield curve inversion has been a predictor of recessions in 12-18 months' time. However, short and shallow inversions can often be false positive signals so it is an indicator we will continue to monitor. The Federal Reserve raised its benchmark interest rate by 0.25%, the first increase since 2018, and while the dot plot implied seven 25bps rate hikes this year, in line with market expectations, the underlying tone was more hawkish with a clear message that 50bps rate hikes remain on the table. The ECB's rhetoric was more dovish by comparison with "extra space" needed between the end of bond buying and the first rate hike. This is despite German inflation reaching its highest rate in 40 years, up 7.6% year on year in March with energy prices up 40%.

Supply-chain constraints are something companies have had to get used to during Covid and while there were signs of improvement at the start of the year this has been dashed by the war in Ukraine and resurgence of Covid in China. While PMIs are still solid and services are surprising to the upside in Europe as the economy reopens, China's zero Covid policy and Shanghai lockdown are likely to have renewed impacts on global supply chains. Although most companies are likely to be impacted to some extent, we expect the higher quality companies to navigate this better.

Strategy highlights

March was a challenging month and the Fund fell 0.5% (I1 EUR Share Class) compared with a positive return in MSCI Europe index of 0.8% (in euro terms). The Fund's weighting to small and mid-cap companies was the key driver of underperformance, while stock selection within each size segment was positive.

The full-year earnings reporting period came to a close during the month and our holdings continue to operationally outperform the benchmark, with 50% year on year EPS growth in 2021 on an equal weighted basis, 3% ahead of the benchmark. Overall, the message from our companies has been one of a strong demand environment, record order books and a focus on execution in a continuing challenging supply and inflationary environment.

Ferguson (-23bps) reported a better-than-expected set of quarterly results and a positive outlook that led to a 4% upgrade to full-year consensus earnings. Despite this, the stock came under pressure over concerns of the impact of rising interest rates on its key US housing market that accounts for 55% of revenue. Company internal indicators point to a continued strong residential market and the structural undersupply of housing in the US provides a supportive backdrop. Housing market concerns extended to the UK and put pressure on kitchen supplier Howden Joinery Group (-25bps) and leading European ventilation provider Volution Group (-23bps). Howden Joinery Group has derated by 30% year to date despite continued positive earnings momentum. The home improvement market should continue to be supported by strong UK house price performance; the Nationwide House Price index accelerated in March to 14.3% year on year, the strongest pace of increase since 2004. Volution has derated by 24% year to date despite recent events strengthening the market opportunity for energy-efficient products.

Roche Holding (37bps) outperformed along with the healthcare sector, and it has many pipeline readouts in the months ahead that could be a positive catalyst. Norwegian defence company Kongsberg Gruppen (34bps) continued to perform strongly as commitments to defence spending increase globally and on the prospect of a more coordinated European defence policy. Plans to jointly issue bonds to fund defence and energy objectives would be a significant deepening of EU integration. Dutch insurer ASR Nederland (30bps) benefited from rising interest rate expectations, which support higher organic capital generation as well as solvency levels. It is also relatively insulated from uncertainties arising from the war in Ukraine.

During the month, DNB's acquisition of Sbanken finally completed. In a positive, unexpected turn of events, the Norwegian Competition Tribunal concluded there was no basis for the Norwegian Competition Authority to reject the acquisition and it was therefore approved unconditionally.

The Fund took advantage of market volatility to build a new position in Sto SE, a German building products group that is the global leader in external wall insulation systems (EWIS) and renders, with particularly strong market share in its core markets of Germany, France and the Benelux. Sto is a beneficiary of structural growth in investment in energy efficiency. On top of this, it should benefit from a cyclical recovery in EWIS in its largest market in Germany, which is still more than 10% below its peak in 2012 following a period of lower energy prices and extended delays in agreeing subsidies which led to projects being delayed before certain investments in energy efficiency were made tax deductible in 2020. These headwinds are now reversing, with demand positively correlated with energy prices. On top of this, the pressing need in Germany and other markets to reduce dependence on Russian fossil fuels should further accelerate investment in energy efficiency in buildings. At an enterprise value of only 6.5x forward EBITDA and 9x EBIT, Sto's valuation does not reflect the structural growth or the improving outlook for the company.

The market pullback also presented the opportunity to initiate a position in industrial gas company Linde which has been on our watchlist. Linde is the number one industrial gas company worldwide with 30% market share in a market that has become increasingly consolidated over the past decade. The company has a defensive growth profile and strong pricing power that supports double-digit earnings growth. Going forward there are new growth opportunities, such as in semiconductors, where the significant capex announcements will require high purity industrial gases. Linde also has a key role to play in the energy transition, enabling its customers to reduce their own emissions. It estimates that its operations have helped customers avoid more than twice the level of its own CO_2 emissions. The company's expertise and assets in the hydrogen

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chain leave it well placed to benefit from the increasingly prioritised hydrogen market.

David Robinson

7 April 2022

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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.

Administrator Details

Edmond de Rothschild Asset Management (Luxembourg)

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Dealing	Daily
Cut-off time	14:00 Luxembourg

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 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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Benchmark The Fund is actively managed and uses the MSCI Europe Net Total Return Index as a performance target. The benchmark has been chosen as it is generally considered to be representative of the investment universe in which the Fund invests. The performance of the Fund is likely to differ from the performance of the benchmark as the holdings, weightings and asset allocation will be different. Investors should carefully consider these differences when making comparisons. Further information about the benchmark can be found http://www.msci.com. The benchmark is provided by an administrator on the European Securities and Markets Authority (ESMA) register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

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Spain The Fund is registered in Spain with the Comisión Nacional del Mercado de Valores ("CNMV") under registration number 771.

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.

Austria / Finland / Germany / Ireland / Italy (professional only) / Luxembourg / Norway / Spain / Sweden and the United Kingdom The Fund is registered for sale to all investors in these countries. Investors should make themselves aware of the relevant financial, legal and tax implications if they choose to invest.