

SVM

UK Growth Fund

The Fund's aim is to achieve medium to long term capital growth from an equity portfolio selected from UK listed stocks and other permitted securities. Its objective is to beat the FTSE All-Share Index.

April 2020 | Share Class B

Figures as at 31 March 2020



Fund Managers



Margaret Lawson
Co Fund Manager

Industry Experience: 40

Years at SVM: 30

Appointed: 31/10/2005



Colin McLean
Co Fund Manager

Industry Experience: 46

Years at SVM: 30

Appointed: 29/02/2008

Monthly Fund Commentary

Stockmarkets move ahead of economic recovery. Economies will resume- but the global economy will change. Some sectors may be unrecognisable. Not just with a legacy of debt but operating with new business models and driven by a changed social agenda. Big companies bailed-out today may be called to account politically for their failure to build-in resilience. Investors may need to focus more on sustainable growth rather than high dividends.

National resilience will demand greater use of tax and legislation to encourage effective business structures. Too many company boards have presided over excessive dividends, share buy-backs, and unreasonable executive rewards – leading to over-borrowed businesses with no buffers for bad times. In contrast, many growth businesses have had to operate with lean capital-lite business models. They may emerge stronger, and even be in a position to acquire weaker rivals.

When the economy re-opens, responsible investing must play a greater role, taking to task boards that incentivise poor short term behaviour. Regrettably, some businesses have been much too quick to put employees onto state support, when other adjustments might have been made.

What are the themes that investors should note apart from debt and share buy-backs? Companies structured to pay little tax will be one area of risk, often combined with an apparent statelessness. Tax havens can be a virtual home for cruise companies, tech businesses and some private

equity, but do not have the resource for bail-outs. A re-set of tax on a global basis seems likely.

Despite all the money being pumped into economies by governments around the world, even lower inflation and interest rates are now likely. This disinflation trend has been in place for more than a decade, but the loss of wealth will cut consumer confidence until that capital safety-net is rebuilt. Low inflation and dividend cuts have a big impact on pension fund liabilities and the balance sheets of many big companies. Younger growth businesses typically suffer less from these legacy problems.

In March, SVM UK Growth Fund returned -22.2%, compared to a return of -15.1% for the FTSE All-Share Index and -18.5% for the average fund in the IA UK All Companies sector. For the twelve months to 31 March, the Fund returned -19.2%, compared to a return of -18.5% for the FTSE All-Share Index and -19.0% for the average fund in the IA UK All Companies sector.

During the month, most stocks fell but there were positive contributions to performance from Ocado, AstraZeneca, Hilton Foods and Cranswick. The month saw sharp falls in travel-related shares and in property, which made less sense. Rising debt makes us cautious on the bank sector.

Your Fund remains fully invested, focused on resilient growing businesses, with low exposure to commodities, oil and banks.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
FTSE All-Share Index

IA Sector: UK All Companies

Type of Shares: Accumulation
XD Date: 31 December
Pay Date: 30 April

Fund Size: £118.4m

Fund Charges:

OCF*
Share Class A 1.78%
Share Class B 1.03%

*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

Minimum Investment:

	Initial	Subsequent
Share Class A	£1,000	£200
Share Class B	£250,000**	£200

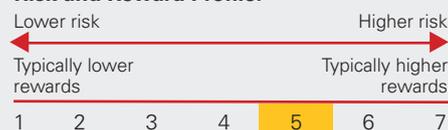
**Discounted to £1,000 for Professional Advisers

Ratings:



FE Crown Fund Ratings do not constitute investment advice offered by FE and should not be used as the sole basis for making any investment decision. All rights reserved.

Risk and Reward Profile:



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

As at 03/01/2020

Past Performance is not a guide to future performance. All financial instruments involve a degree of risk. The value of your investments and any income from them can go down as well as up and you may not get back the amount originally invested.

ACTIVE STOCKPICKERS

Portfolio Analysis

Strategies

The SVM UK Growth fund aims to identify best in class companies that can grow faster than the wider market over the medium term. Portfolio businesses are drawn from those that are dominant in their sector, usurpers

that will come to own their space and hero franchises utilising fast growing channels. We aim to identify those opportunities earlier than our peers, not at the pioneering stage but when the model is accelerating.

This leads to a flexible diversified portfolio blending a core of sustainable growth stocks, tactical mid-term cyclical holdings and innovative business models focussing on future trends.

Industrials: 24.8% (%)

Keystone Law	3.6
Experian	3.5
AB Dynamics	2.7
Rentokil Initial	2.6
Johnson Service Group	2.6

Consumer Services: 22.9% (%)

JD Sports Fashion	3.1
Ocado	3.1
Wizz Air	2.2
Homeserve	2.2
Flutter Entertainment	1.9

Financials: 20.4% (%)

Unite Group	3.8
London Stock Exchange	3.5
Beazley	3.2
Segro	1.9
Intermediate Capital	1.8

Consumer Goods: 12.5% (%)

Kerry Group	3.7
Cranswick	3.6
Hilton Food Group	2.2
Watkin Jones	2.1
Reckitt Benckiser	1.0

Health Care: 7.4% (%)

AstraZeneca	3.2
Dechra Pharmaceuticals	3.0
UDG Healthcare	1.1
Indivior	0.1

Technology: 3.4% (%)

Kainos	2.0
FDM Group	1.0
AVEVA	0.4

Basic Materials: 3.1% (%)

Croda	3.1
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Telecommunications: 2.8% (%)

Gamma Communications	2.8
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Oil & Gas: 0.3% (%)

Ceres Power	0.3
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Utilities: 0.0% (%)

This Month's Featured Stock

Hilton Food Group

Hilton Foods operates meat packing facilities in the UK, and a number of other European countries as well as some in other parts of the world. Each of the plants is operated on a dedicated basis for specific Hilton customers, including Ahold and Tesco. It is also involved in fish processing, and has expanded into Central Europe, Australia and New Zealand. For Tesco, it supplies sandwiches and ready meals. It has been able over time to broaden its offering, focused on its skills, logistics and storage. Margins are typically just 3%, so careful cost control is key.

Driven by a combination of organic growth and acquisition, the group is now capitalised at £800m, with net debt at 11% of this. We expect return on capital employed to grow over the next three years, with an expansion of revenue and profits. The strongest area of growth is in Australia, where it has established a broad relationship with a major retail customer, Woolworth.

The strength of Hilton's operating model is in its close long term relations with major supermarkets and its increasingly broad

international spread. Combined with a conservative management style and cautious financial structure, we believe it is a more resilient business than most. Its operating model has delivered growth over 25 years. Not all growth businesses need be in technology sectors. Hilton demonstrates that sticking to a business model, with some innovation within its space, can deliver sustainable long term growth.

Stock Analysis

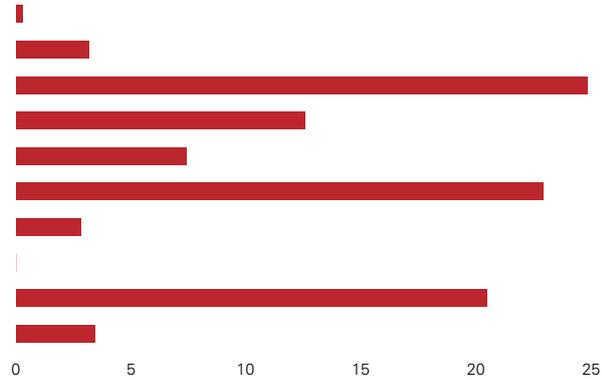
Top 10 Long Holdings	(Gross %)
Unite Group	3.8
Kerry Group	3.7
Cranswick	3.6
Keystone Law	3.6
Experian	3.5
London Stock Exchange	3.5
AstraZeneca	3.2
Beazley	3.2
Croda	3.1
JD Sports Fashion	3.1
Total	34.3

Size Analysis	(Gross %)
Large Cap	32.6
Med/Mid 250	39.3
Small/Small Cap	25.8

Sector Analysis

Sector Breakdown (%)

Oil & Gas	0.3
Basic Materials	3.1
Industrials	24.8
Consumer Goods	12.5
Health Care	7.4
Consumer Services	22.9
Telecommunications	2.8
Utilities	0.0
Financials	20.4
Technology	3.4



Fund Performance to 31/03/2020

Issued by SVM Asset Management Limited who is authorised and regulated by the Financial Conduct Authority:
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Share Class B GB0032084708

MEX:

Share Class A SXSR
Share Class B SXSI

SEDOL:

Share Class A 3206463
Share Class B 3208470

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Registered No. 125817

Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	-22.2	-29.8	-19.2	-11.2	1.3	186.1
FTSE All-Share Index	-15.1	-25.1	-18.5	-12.2	2.9	96.5
IA UK All Companies Sector	-18.5	-27.9	-19.0	-14.0	0.0	125.4

Source: Lipper, as at 31/03/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

Percentage growth year on year to 31 March

	2020	2019	2018	2017	2016
SVM UK Growth Fund B	-19.2	-2.2	12.4	8.9	4.8
FTSE All-Share Index	-18.5	6.4	1.3	22.0	-3.9
Performance Difference	-0.7	-8.6	+11.1	-13.1	+8.7

Source: Lipper, as at 31/03/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 31/03/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

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Past performance is not a guide to future performance.

The value of your investments and any income from them can go down as well as up and you may not get back the amount originally invested.

This material should not be considered as advice or an investment recommendation. Investors should seek advice from an authorised financial adviser prior to making investment decisions.

The Fund is to be considered a medium to long term investment option.

The Fund incurs the following key risks:

In the event a preliminary charge is levied and an Investor then redeems the investment shortly after investing, they may not get back the original amount due to the initial charges; regardless of any market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. Expenses incurred by the Fund that are chargeable can reduce income and restrain the capital growth of the Fund. Currency movements may cause the value of your investment to fall as well as rise. Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio. There can be no guarantee that the investment objective of a Fund will be achieved or provide the returns sought by the Fund. The Fund uses Contracts for Difference (CFDs) for efficient portfolio management (EPM) purposes. This may create gearing and could lead to greater fluctuations in the Net Asset Value of the Fund. Full details on EPM can be found in Appendix A of the Prospectus. The Fund is exposed to credit and settlement risk through its dealings with Counter Parties. If a Counter Party business fails, the Fund may incur losses. Further information about the risk factors relevant to the Fund can be found in the Prospectus and the Key Investor Information Document.

Unless otherwise stated all data is sourced to SVM.