

# SVM ALL EUROPE SRI FUND

## Short Report

Period to 30 June 2016



### Key Objectives

The Fund aims to achieve above average capital growth over the medium to long-term (although short-term investment opportunities will also be considered) and it aims to outperform the FTSE World Europe Index. The Fund will invest principally in securities which are dealt in or traded on all European Eligible Securities Markets. The manager is aware of the social and environmental aspects of its investments and adopts a positive screening approach, actively engaging with the management of investee companies.

### Risk Profile

Past performance should not be seen as an indication of future performance. The value of an investment may fall as well as rise and investors may not get back the amount originally invested. Currency movements may cause the value of your investment to fall as well as rise. The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus. Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.

Lower Risk

Higher Risk

Typically lower rewards

Typically higher rewards

1 2 3 4 5 6 7

### Distribution

XD date: 31 December Payment date: 30 April

The following distribution was accumulated over the last accounting period.

	31/12/15 pence per share	31/12/14 pence per share
All Europe SRI A Class	0.2654	Nil
All Europe SRI B Class	2.2053	1.1395

### Ongoing Charges Figure (OCF)

The OCF shows the annualised operating expenses of the Fund.

Fund Ongoing Charges Figure (p.a.)	Class A Shares	Class B Shares
All Europe SRI Fund	2.00%	1.23%

Ongoing Charges Figure = Total Annualised Expenses/Average Net Asset Value over 12 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2016 Report and Accounts. The figures are intended to provide an indication of the Ongoing Charges Figure and will vary from year to year.

## Fund Performance

Percentage growth for each year to last quarter end	30/06/11 30/06/12	30/06/12 30/06/13	30/06/13 30/06/14	30/06/14 30/06/15	30/06/15 30/06/16
All Europe SRI	-10.9	24.1	14.4	7.5	-4.2

Source: Lipper, mid to mid, UK net. Past performance should not be seen as an indication of future performance.

All performance data refers to the A (retail) share class.

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## Comparative Tables

### Net Asset Values

	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 30/06/16			
All Europe SRI A class	1,545	214.7	719,810
All Europe SRI B class	18,533	233.4	7,941,931
As at 31/12/15			
All Europe SRI A class	2,604	232.7	1,119,117
All Europe SRI B class	20,439	250.8	8,151,404

### Share Price Performance

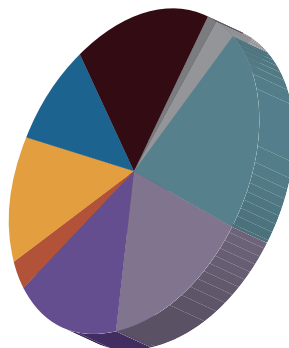
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 30/06/16			
All Europe SRI A class	232.3	206.8	217.4
All Europe SRI B class	249.8	221.9	234.0
During year to 31/12/15			
All Europe SRI A class	235.2	205.0	234.5
All Europe SRI B class	252.2	218.2	251.4

## Top 10 Holdings

30/06/16	%	31/12/15	%
Micro Focus International	6.7	Prudential	5.4
Novartis	6.0	Micro Focus International	5.3
Vonovia	5.4	Novartis	5.1
BT	4.8	BT	4.9
Roche	4.8	HSBC	4.1
RPC	4.7	Legal & General	4.0
AstraZeneca	4.3	AstraZeneca	4.0
Prudential	3.8	Lloyds Banking	3.8
Orange	3.6	Gamma Communications	3.7
Norcros	3.3	Norcros	3.5
<b>Total</b>	<b>47.4</b>	<b>Total</b>	<b>43.8</b>

## Sector Analysis

	30/06/16 %	31/12/15 %
<b>Basic Materials</b>	-	0.6
<b>Consumer Goods</b>	1.5	7.0
<b>Consumer Services</b>	3.2	5.4
<b>Financials</b>	21.1	31.0
<b>Health Care</b>	16.5	12.2
<b>Industrials</b>	15.0	13.8
<b>Oil &amp; Gas</b>	3.3	1.2
<b>Technology</b>	13.0	8.5
<b>Telecommunications</b>	9.4	10.5
<b>Net Current Assets</b>	17.0	9.9



## Fund Managers



**Neil Veitch**



**Hugh Cuthbert**

### Market Review

European markets have seen extreme levels of volatility over the past six months. The outcome of the UK's referendum on membership of the EU was the main influence on stock market performance during the period under review. Following the decision to 'leave' there was a marked bifurcation of returns.

Defensive sectors and US Dollar-earners were particularly strong; while UK domestic cyclicals and financials declined sharply. Your fund underperformed falling 7.3% versus the FTSE World Europe Index that rose 5.3%. The majority of this underperformance arose in the period following the referendum.

Prior to the referendum, it was widely expected by both investors and the betting markets that the UK would vote to remain in the EU. This led to a short-lived rally in Sterling and UK domestic-facing equities, which has since more than reversed. Economic growth in continental Europe remained moribund throughout the period.

### Portfolio Review

The portfolio underperformed the benchmark during the period under review largely due to asset allocation. There were few stock-specific disappointments.

Although the fund has been positioned relatively cautiously with a mixture of domestic and defensive stocks and above average liquidity, our overweight position in the UK has been the main detractor to performance. At a stock-specific level the fund benefited from its holding in Vonovia, the German real estate company, which benefited from a strong German property market. Our oil and gas holdings benefited from a recovery in crude prices, with Ithaca Energy and Faroe Petroleum both outperforming. Legal & General, Lloyds, and Bellway were the main detractors as fears over the UK domestic outlook dominated post-referendum.

### Outlook

The near-term outlook for the UK domestic economy will remain highly uncertain until the terms of exit from the EU become clear. In the long-run, however, the strength of the UK's domestic institutions, intellectual capital, and openness to trade will reassert. The effect of the referendum, both politically and economically, for Europe are uncertain. The UK has been a liberal, pro-market voice within Europe and the diminishment of this role will have negative consequences for the continent. We remain more positive on the long-term outlook of the UK than continental Europe.

With returns scarce, equities remain the most attractive asset class. Ultimately, companies with pricing power and strong management will outperform, regardless of their industry. Our long-term track record demonstrates an ability to identify these companies and add considerable value.

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## **Further Information**

Further information about the share price and activities of the Fund together with related product literature and further information on the Manager can be found on our website at [www.svmonline.co.uk](http://www.svmonline.co.uk). This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Report and Accounts for the period ending 30 June 2016. The Long Form version of the Report and Accounts is available on written request to the Marketing Department, SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH or by email to [info@svmonline.co.uk](mailto:info@svmonline.co.uk).

## **Important changes to SVM Funds ICVC**

There were no important changes during the period to 30 June 2016.

## **Contacts**

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