

SVM

UK Opportunities Fund

The Fund's aim is to achieve medium to long-term capital growth by investing principally in UK Companies listed on the London Stock Exchange and other permitted securities.

August 2020 | Share Class B

Figures as at 31 July 2020



Fund Managers



Neil Veitch
Fund Manager

Industry Experience: 24

Years at SVM: 14

Appointed: 23/01/2006



Craig Jeruzal
Deputy Fund Manager

Industry Experience: 15

Years at SVM: 14

Appointed: 01/01/2014

Monthly Fund Commentary

Markets remained volatile during July. Economic data was mixed during the month as was progress in combating COVID. Second quarter GDP figures for all major economies were unsurprisingly weak, showing year-on-year declines that would have been almost unimaginable at the start of the year. Your fund returned -3.1% during the month versus the FTSE All-Share which returned -3.6%.

Towards the end of the month an increasing number of COVID cases in many European countries has led to fears that we may be entering a 'second wave' of the pandemic. Such concerns may be premature. While it is right that governments continue to act with heightened vigilance, we are in a far better place to deal with any future spikes than was the case earlier in the year. Improved test and trace capabilities, a better understanding of how to manage the disease therapeutically, and the shielding of those at highest risk should all help mitigate any flare-up of the disease. Localised restrictions, like those seen in Leicester and the Greater Manchester area, are more likely than any renewed national lockdown. Progress in developing a vaccine continues at a remarkable pace, with positive news released from a number of clinical studies during the month.

Parsing the effect of COVID on the UK economy is fraught with difficulty. By the end of the month news stories about impending job cuts were depressingly familiar. Lloyds Banking Group, in their interim results presentation, had a downside scenario which envisioned peak UK unemployment of 12.5% in Q2 2021. Yet for many across the country, lockdown has had a net positive impact on their finances. Recent updates from many retailers and housebuilders points towards a strong rebound in demand across many sectors of the economy. While a certain

proportion of this will be 'catch-up' spending, it does appear that consumer activity is proving resilient.

Pantheon Resources was the single largest contributor to the fund's performance. Pantheon is an independent oil and gas E&P company with primary assets in Alaska. Although there was no official news released during the month, the company is seeking farm-out partners for its Greater Alkaid project where oil has been discovered and successful flow-testing carried out. An independent experts report commissioned earlier in the year suggested that the field could deliver 30k barrels of oil per day at peak flow rate. Team17, the producer and publisher of computer games, rose as it announced the signing of a publishing agreement with Tencent Games' Next Studios. While unlikely to have any short-term impact on the group's performance, this highlights the attractiveness of Team17 as a partner for video game developers and should also strengthen the group's position in the important Chinese market.

Forterra, the brick manufacturer, was the largest negative contributor to performance as it announced a capital raise to maintain balance sheet strength as it completes the build of its Desford brick facility. Although the group, like many businesses, is facing short-term difficulties as a consequence of the pandemic, the UK brick industry retains many attractive long-term characteristics. Informa, the exhibitions and publishing business, declined over fears physical events will take longer to return than originally anticipated.

A new position was taken in Philips during the month.

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: £115.9m

Fund Charges:
OCF*
Share Class A 1.80%
Share Class B 1.05%

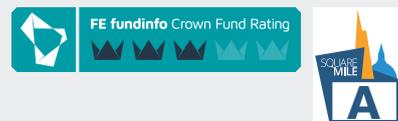
*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

Minimum Investment:

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

**Discounted to £1,000 for Professional Advisers

Ratings:



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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 10/07/2020

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

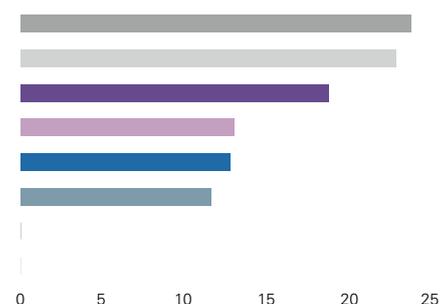
Portfolio Analysis

Risk Baskets

To help understand the overall balance of the portfolio, stocks are allocated to one of eight risk groups: defensive, cyclical, stable financial, unstable financial, consumer cyclical, oil & gas, mining and finally technology. Most of these groups are self explanatory but financials deserve some clarity. All financials are inherently unstable, but in the main, Lloyd's underwriters and General Insurers take less balance sheet risk, so are relatively more stable than Banks or Life Assurers.

Seeing the portfolio broken down into these categories allows an understanding of how aggressive or defensive the overall portfolio is, and where risk is being taken.

	(Net %)
Defensive	23.7
Cyclical	22.8
Consumer Cyclical	18.7
Oil & Gas	13.0
Unstable Financial	12.7
Technology	11.6
Stable Financial	0.0
Mining	0.0



Top 5 long holdings

Defensive: 23.7%

	(%)
DCC	5.9
Unilever	4.0
National Grid	3.9
GlaxoSmithKline	3.6
Roche Holdings	3.4

Cyclical: 22.8%

	(%)
CRH	3.8
Synthomer	3.8
Smurfit Kappa Group	3.5
Balfour Beatty	3.2
Alpha FMC	2.4

Consumer Cyclical: 18.7%

	(%)
Tesco	5.3
Norcros	3.9
Ryanair	3.2
GVC Holdings	3.2
Associated British Foods	2.1

Oil & Gas: 13.0%

	(%)
Jadestone Energy	5.3
Energean	1.9
Pantheon Resources	1.8
BP	1.6
Jersey Oil & Gas	0.9

Unstable Financial: 12.7%

	(%)
Prudential	4.7
RSA Insurance Group	2.2
Legal & General	1.7
Onesavings Bank	1.6
M&G	1.2

Technology: 11.6%

	(%)
Micron Technology	3.6
Creo Medical Group	2.9
SDL	2.7
Team17	2.0
Koninklijke Philips	1.7

Stable Financial: 0.0%

Mining: 0.0%

Group totals net %.

This Month's Featured Stock

William Hill

William Hill is one of the UK's leading bookmakers. The group also has an online and retail presence across Europe and has been active in the US market since 2012.

In recent years, William Hill's operational performance frequently disappointed. Poorly managed technology upgrades had seen the group's customer platform fall behind those of peers and this was reflected in weak revenue performance in the important UK online market. The appointment of Ulrik Bengston, firstly as Chief Digital Officer in 2018 and then as CEO in 2019, appears to have heralded a change. William Hill has successfully rolled-out new gaming and sports front-ends (what

the customer sees) and has seen revenue performance improve. While COVID has distorted betting patterns in recent months, the first two months of 2020 had seen online net revenue increase by 16%. In an environment where gambling advertising is going to face ever greater restrictions, having a strong brand like William Hill is more important than ever.

While the focus in the UK is regaining lost share, it is the US market which offers the potential for significant upside. William Hill has an exclusive partnership with El Dorado Resorts, who are in the process of merging with Caesars Entertainment. States across the

US are opening up to online gaming, creating a multi-billion dollar market opportunity. The combination of William Hill's US tech platform and Caesars/El Dorado's customer reach should help it gain significant market share.

Currently trading on an estimated 2021 PE of 12x, William Hill's share price fails to reflect either improvements made in its core UK market or its US potential. If this mismatch continues, the group may consider spinning-out its US business on the US market, which ascribes far higher valuations to online gaming companies.

Stock Analysis

Top 10 Long Holdings	(Net %)
DCC	5.9
Tesco	5.3
Jadestone Energy	5.3
Prudential	4.7
Unilever	4.0
Norcros	3.9
National Grid	3.9
CRH	3.8
Synthomer	3.8
Micron Technology	3.6
Total	44.2

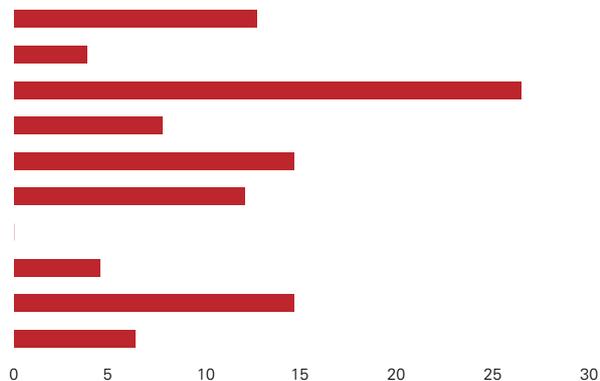
Size Analysis*	(Net %)
Large Cap	51.6
Med/Mid 250	20.8
Small/Small Cap	27.5

*Long only positions and excludes Cash

Sector Analysis

Sector Breakdown (%)

Oil & Gas	12.7
Basic Materials	3.8
Industrials	26.4
Consumer Goods	7.7
Health Care	14.6
Consumer Services	12.0
Telecommunications	0.0
Utilities	4.5
Financials	14.6
Technology	6.3



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Share Class B GB0032084815

MEX:

Share Class A SXUOR
Share Class B SXUOI

SEDOL:

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Fund Performance to 31/07/2020

Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund B	-3.1	-27.1	-12.6	-11.8	11.4	476.2
FTSE All-Share Index	-3.6	-20.5	-17.8	-9.1	8.5	108.7
IA UK All Companies Sector	-2.3	-19.7	-14.5	-7.7	9.5	151.7

Source: Lipper, as at 31/07/2020, 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 30 June

	2020	2019	2018	2017	2016
SVM UK Opportunities Fund B	-11.1	-8.2	14.7	24.3	-0.6
FTSE All-Share Index	-13.0	0.6	9.0	18.1	2.2
Performance Difference	+1.9	-8.8	+5.7	+6.2	-2.8

Source: Lipper, as at 30/06/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 31/07/2020, 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.