

# SVM

## UK Emerging Fund plc

The investment objective of the Fund is long-term capital growth from investments in smaller and medium sized UK companies. Its aim is to outperform the IA UK All Companies Sector Average Index on a total return basis.

January 2020

Figures as at 31 December 2019



## Fund News



**Margaret Lawson**  
Fund Manager

Industry Experience: 39

Years at SVM: 29

Appointed: 01/10/2012



**Colin McLean**  
Deputy Fund Manager

Industry Experience: 45

Years at SVM: 29

Appointed: 18/10/2000

## Monthly Fund Commentary

Over the quarter, the Fund returned 14.0% versus returns of 7.1% in its benchmark, the IA UK All Companies Sector average, and 4.2% in the FTSE All-Share Index. This took the Fund's 12 month performance to 31.7% versus benchmark and FTSE All-Share Index returns of 22.6% and 19.2%, respectively (to 31 December 2019). Over five years to 31 December 2019 the Fund has returned 86.7% versus benchmark and FTSE All-Share Index returns of 46.7% and 43.8%, respectively. (NAV total return, Lipper data).

Easing of fears on the UK has been replaced by new investor concern on global risks. Unfortunately, the news we consume often has a disproportionate impact on risk appetite and investment decisions. Sensational coverage easily distracts from background information, such as whether the economy is sound, or if central bank policies support stockmarkets. Underlying data does not demand the column inches that are filled with shocks and Tweets.

The problem with news is not just the focus on alarm: much of the mainstream comment and analysis is consensus-driven. Genuinely-concerning trends are slow to make the front pages. The run-up to the financial crisis showed this clearly. A few observers did spot the signals, but little of that got attention in

conventional media. Investors need to manage their news intake; limiting reaction to headlines and incorporating some original, less conventional sources.

During the quarter, there were good contributions to performance from GB Group, Learning Technologies, 4Imprint, Discoverie Capital and Unite. The election triggered a good recovery in domestically-oriented mid-cap stocks. But UK small-cap ended the year as one of the poorest performing asset classes in major equity markets, showing greater focus by investors on liquidity. The quarter saw price weakness in Burford, Aquis Exchange and Fevertree Drinks. Additional investments were made in WH Smith, Dart Group, Boohoo Group, IWG and advertising services business, Pebble Group. Sales were made of 3i, Melrose and Fevertree Drinks.

The UK stockmarket has been de-rated during the Brexit process, and the economy may rebound if clarity emerges on Britain's future. Your Fund remains fully invested, with some additional gearing.

## Fund Facts

**Launch Date:** 18 October 2000

**Benchmark Index:**  
IA UK All Companies Sector Average

**Fund Type:** Investment Trust

**Registered No:** SC211841

**Listed:**  
London Stock Exchange  
Total  
Investments: £7.7m  
Share Price: 103.0p  
NAV: 126.98p

**The month end published NAV is calculated on a bid price basis.**

Year End: 31 March  
Half Year: 30 September  
RIC: SVME  
ISIN: GB0000684174

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

**ACTIVE STOCKPICKERS**

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## Stock Analysis

Top 10 Holdings	(%)	Sector Analysis	Fund (%)
4Imprint Group	5.5	Consumer Services	30.2
Unite Group	5.2	Financials	20.8
Learning Technologies	4.1	Industrials	18.3
GB Group	3.6	Technology	13.5
Workspace Group	3.6	Consumer Goods	8.3
JD Sports Fashion	3.5	Health Care	7.4
Hilton Food Group	3.2	Telecommunications	1.5
Discoverie Group	3.1		
GVC Holdings	3.1		
Johnson Service Group	2.9		
<b>Total</b>	<b>37.8</b>		

  

Portfolio Analysis	Fund (%)
Main Market	57.7
AIM	38.8
PLUS	0.0
Unquoted	0.0
Other	3.6

## Fund Performance to 31/12/2019

### Percentage growth year on year to 31 December

	2019	2018	2017	2016	2015
SVM UK Emerging NAV	31.7	-16.9	34.2	-2.6	30.5
IA UK All Companies Average	19.1	-13.2	11.4	8.7	
FTSE AIM TR				16.1	6.6
Performance difference	+12.6	-3.6	+22.8	-18.7	+23.9

Source: SVM/Lipper, as at 31/12/2019, total return, UK net tax.

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The Fund was launched on 18 October 2000.

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

## Enquiries

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**Calls may be recorded**

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**Phone:** 0870 707 1328

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Registered No: 125817

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

### The Fund incurs the following key risks:

If an Investor redeems the investment shortly after investing, they may not get back the original amount due to market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. The Fund is exposed to credit and settlement risk in its dealings with Counter Parties in day to day business. This may result in a loss to the Fund if a Counter Party business fails. 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. A Fund with a concentrated portfolio carries a greater risk to that of a Fund with a larger spread of investments. Investment trusts can borrow money to make investments; this can lead to greater losses if markets fall. The Fund uses Contracts for Difference (CFDs) as part of the investment strategy; this can increase the risk profile and volatility of the Fund. Some unquoted investments may become difficult to realise as prices may not be readily available or a reliable indicator of value.