

SVM UK Growth Fund

The objective of this Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI United Kingdom IMI. The Fund will identify investment opportunities in UK companies that can grow faster than the wider markets and are capable of sustained growth. The Fund will invest at least 80% in equities and equity related instruments in UK companies. The Fund may invest in other permitted securities.



March 2022 | Share Class B

Factsheet as at 28 February 2022



Monthly Fund Commentary

Every generation of investors, it seems, must come to terms at some point with a new world order. Often the pivotal event is only recognised in retrospect - or at least its nuances take time to be fully understood. History now recognises the significance of the Suez Canal in 1956 and the end of Bretton Woods in 1973 which combined with the oil crisis. The invasion of Ukraine joins this list of turning points, even though it is an event that already has been running 8 years. This time, the impact on the investment landscape could be rapid.

Oil and gas prices are first to hit the headlines, but other commodities could soon follow. Food and agriculture might be the next to be squeezed. This could start to hit consumer discretionary demand as much as energy costs. And scarce industrial metals such as titanium could also become expensive and hard to source outside Russia. This will start to impact production of a range of manufactures, from aircraft to electric cars. Businesses will work hard to re-source, shorten supply chains and on-shore production. But it questions the risks of manufacturing versus services, and may rebalance prospects between value and growth.

Growth will become scarcer and more highly prized if the world economy slows. The flattening US yield curve points to this, with sanctions by western countries triggering this slowdown. It may mean that pricing power matters again. Businesses providing services to other businesses might be better placed to pass on prices and control input costs than those in the consumer sector. It seems likely that businesses will invest in making supply chains shorter and more resilient, and often this involves technology and specialist services. This contrasts with activities that involve expensive long-distance transportation or are particularly exposed to labour shortage and wage competition.

The decade ahead could see further unwinding of globalisation, and a resurgence of the themes of resilience and sustainability. Investors will need to consider the risk implicit in global business models, and value growth businesses with greater control over their own destiny.

Performance

SVM UK Growth Fund returned -7.0% compared with the return of 0.0% for the MSCI UK IMI TR Index and -2.9% for the average fund in the IA UK All Companies sector. For the 5 years to 31 January, the Fund returned 28.0%, compared to a return of 23.4% for the MSCI UK IMI TR Index and 24.0% for the average fund in the IA UK All Companies sector. Most trading updates from portfolio companies have been positive, typically reporting an exceptional rebound as economies re-open.

Trading and results

Most investments in the Fund have little or no direct connection with Ukraine or Russia. The risk is that shortages of oil, gas and materials add to inflation and may restrict supply of goods and services. However, businesses are working to improve resilience and adapt their business models to deal with the challenges.

Over the month, there were positive contributions to performance from Oxford Instruments, Ceres Power, Wizz Air, Team 17, AB Dynamics and Future. The main negatives in the month were Keystone Law, Entain, ITM Power and Indivior. The market pattern favoured value, but with some recognition that despite the cyclical recovery some value business face supply chain challenges. In February, sales and part sales were made of Intermediate Capital and Molten Ventures. Your Fund remains fully invested, including likely recovery beneficiaries and well-funded resilient growth businesses.

Fund and index performance source: FE fundinfo

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI United Kingdom IMI Index

IA Sector: UK All Companies

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

Fund Size: £170.7m

Fund Managers:

Margaret Lawson (Co Fund Manager)
Appointed: 31/10/2005
Years at SVM: 30 Industry Experience: 40

Colin McLean (Co Fund Manager)
Appointed: 29/02/2008
Years at SVM: 30 Industry Experience: 46

Fund Charges (OCF*):

Share Class A 1.71%
Share Class B 0.96%

*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

Risk and Reward Profile:



The Synthetic Risk & Reward Indicator ('SRRI') may be a guide to the level of risk of the Fund compared with other funds. The SRRI is calculated based on the historical volatility of the fund over the last 5 years and it may not be a reliable indication of the future risk and reward profile of the fund.

- This Fund has been classed as 6 because it has experienced high volatility historically.
- The SRRI category shown is not guaranteed and may change over time.
- The lowest category (1) does not mean risk free and extreme adverse market circumstances can mean you suffer losses in all cases.

As at 31/12/2021

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.

INDEPENDENT THINKING

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 34.0%

Keystone Law	4.0
Experian	2.6
Diploma	2.4
Wizz Air	2.2
Rentokil Initial	1.9

Financials 9.0%

JTC	2.0
Impax Asset Management	1.6
Intermediate Capital	1.4
Beazley	1.3
London Stock Exchange	1.2

Health Care 6.7%

Dechra Pharmaceuticals	3.8
Kooth	0.9
Indivior	0.7
Instem	0.5
Genus	0.5

Utilities 0.0%

Consumer Discretionary 16.6%

Entain	3.6
JD Sports Fashion	3.1
Flutter Entertainment	2.1
Games Workshop	1.6
Next	1.0

Real Estate 7.9%

Segro	2.4
Unite Group	2.4
Watkin Jones	1.7
Londonmetric Property	1.3
Industrials REIT	0.2

Materials 6.1%

Croda	3.9
Smurfit Kappa Group	1.1
CRH	1.1

Energy 0.0%

Information Technology 15.6%

Kainos	3.2
Oxford Instruments	1.9
Softcat	1.4
AVEVA	1.3
Renishaw	1.1

Communication Services 7.3%

Gamma Communications	2.9
Future	1.6
Team17	1.4
Dianomi	1.1
4imprint Group	0.3

Consumer Staples 4.9%

Cranswick	2.4
Hilton Food Group	1.6
Marks & Spencer	0.6
Revolution Beauty	0.3

Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, though there will be an emphasis on large cap holdings, or sector. As a consequence The SVM UK Growth Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Long Holdings (Gross %)

Keystone Law	4.0	
Croda	3.9	
Dechra Pharmaceuticals	3.8	
Entain	3.6	
Kainos	3.2	
JD Sports Fashion	3.1	
Gamma Communications	2.9	
Experian	2.6	
Diploma	2.4	
Segro	2.4	
Rest of Portfolio	68.1	

Size Analysis (Gross %)

 Large Cap	36.8
 Med/Mid 250	44.8
 Small/Small Cap	26.4



Sector Breakdown (%)

Industrials	34.0	
Consumer Discretionary	16.6	
Information Technology	15.6	
Financials	9.0	
Real Estate	7.9	
Communication Services	7.3	
Health Care	6.7	
Materials	6.1	
Consumer Staples	4.9	
Energy	0.0	
Utilities	0.0	

This Month's Featured Stock

Keystone Law Group

Keystone Law is capitalised at £200m and provides legal services. These include services in the fields of commercial work, litigation and property. It serves a range of sectors including aviation, education, healthcare and retail.

Keystone Law is a platform model that is disrupting traditional mid-market partnerships. Senior lawyers joining the group can bring in clients whilst operating in a framework of greater autonomy, flexibility and earnings potential. These principals can recruit juniors and develop the platform. There is also potential for cross-selling of services. Investment in technology and central support, should enable the group to scale and create operating leverage over the longer-term. Cashflow is good, with principals paid only when fees come in. Keystone shows that it is the business model that matters, and not necessarily the industry.

The pandemic accelerated Keystone's growth, as lawyers realised more work can be done from home and can benefit from the legal network that Keystone offers. Keystone adds value by collecting revenue, allowing cash conversion of more than 90%. Its brand is building and its technology can support additional lawyers. It is focused on mid-tier lawyers, and has attracted 300, with a few now joining who are more senior, higher calibre. The group estimates that around 30% of business is cross-referred, something that is facilitated by Keystone's model. Even so, the group estimates it has only approximately 1% of the number of solicitors in the £9bn mid-market segment, and believes it can continue to disrupt. Keystone appears to be successfully recruiting and retaining talent

We believe that Keystone can benefit further from network effects as it grows, with scale helping to attract more lawyers to join and assisting cross-selling. Keystone appears to have a resilient business model that can continue to disrupt the UK legal mid-market sector.

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INDEPENDENT THINKING

Fund Performance

to 28/02/2022

Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	-7.0	-19.5	-5.6	17.4	28.0	296.4
MSCI United Kingdom IMI Index	0.0	0.1	17.3	16.5	23.4	183.1
IA UK All Companies Sector**	-2.9	-6.4	7.6	17.9	24.0	160.6

Source: FE fundinfo, as at 28/02/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

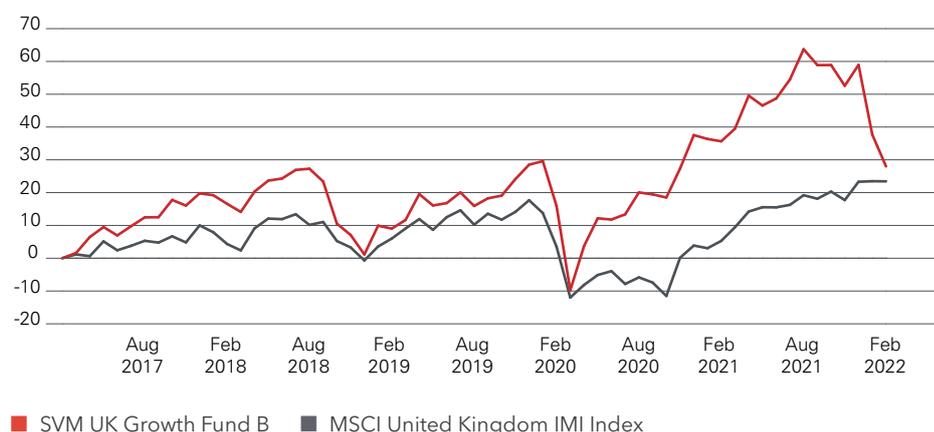
**IA is provided as a comparator

Percentage growth year on year to 31 December

	2021	2020	2019	2018	2017
SVM UK Growth Fund B	15.6	7.0	27.1	-15.5	24.6
MSCI United Kingdom IMI Index	18.7	-11.7	18.5	-9.7	13.1
Performance Difference	-3.1	+18.7	+8.6	-5.8	+11.5

Source: FE fundinfo, as at 31/12/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM UK Growth Fund B ■ MSCI United Kingdom IMI Index

Source: FE fundinfo, as at 28/02/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but it neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

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 long term (5 years or more) 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.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.