

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.

September 2020 | Share Class B

Figures as at 31 August 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

Global equities continued to make new highs led by the relentless upwards march of technology stocks. Abundant liquidity, policy stimulus, and a weakening US dollar have created the fertile conditions necessary for speculative excess. Outside of the technology sector returns were more muted and the bifurcation in returns between the perceived Covid winners and losers remains extreme. The fund returned +4.5% versus the FTSE All-Share that returned +2.4%.

The disease outlook remains the key variable for both economies and markets. The economic data both in the UK and elsewhere remains mixed. Certain segments such as retail sales and housing transactions have recovered strongly while business investment and employment remain depressed. The impending wind down of the government's job retention scheme and support for the self-employed will put further pressure on the economy. September and October are key months for many businesses, particularly those exposed to business investment, and will provide a gauge of the strength of the recovery. Should a vaccine prove effective there is the tantalising prospect of synchronised global recovery sometime in 2021. If this materialises then the current narrow equity market leadership will broaden out significantly.

The Brexit negotiations continue to make little progress. Both sides have adopted the familiar negotiating tactic of promising compromise while labelling the other side as being unrealistic and uncooperative. Breakthroughs in EU negotiations tend to only occur at the eleventh hour and the current impasse is therefore unsurprising, but the clock is ticking.

SDL, a provider of translation software and services, rose as the group announced that it was being acquired by RWS at a significant premium in

an all paper deal. Earlier in the month the group's interim results had demonstrated its financial and operational resilience. Over the last few years the current management team have made numerous improvements to the business which had left it well placed to grow both organically and inorganically. William Hill gained as a strong set of interim results reassured investors and enabled them to focus on the upside from the US opportunity. As we wrote last month the US offers significant potential upside that is not yet reflected in the current share price. GVC also rose as sentiment towards the sector was aided by the announcement that IAC, led by US billionaire Barry Diller, had taken a significant stake in US casino operator, MGM, largely because of the potential upside from online gambling. One Savings Bank rebounded as interim results showed that the business was continuing to grow and that the balance sheet was robust despite higher provisioning. Associated British Foods rose as UK retail sales came in ahead of expectations.

Serco declined as management used the group's in-line interim results to highlight the medium-term uncertainty surrounding the impact of Covid-19. Despite limited changes to analysts' consensus forecasts the shares declined sharply. We would be careful to read too much into managements' caution as Finance Director, Angus Cockburn, relishes his role as a dour Scottish accountant. Norcor declined for no discernible reason.

A new position was initiated in Grafton Group a distributor of construction products. The holding in Serco was increased in response to the share price fall.

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: £122.3m

Fund Charges:
OCF*
Share Class A 1.74%
Share Class B 0.99%

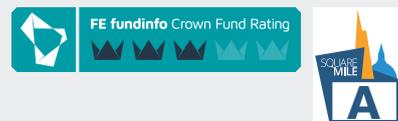
*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

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

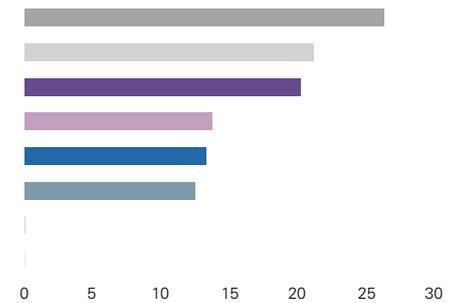
Portfolio Analysis

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 %)
Cyclical	26.2
Defensive	21.1
Consumer Cyclical	20.1
Technology	13.7
Unstable Financial	13.2
Oil & Gas	12.4
Stable Financial	0.0
Mining	0.0



Top 5 long holdings

Cyclical: 26.2%

	(%)
Synthomer	3.9
CRH	3.7
Smurfit Kappa Group	3.5
Balfour Beatty	2.8
Serco Group	2.6

Defensive: 21.1%

	(%)
DCC	4.8
Unilever	3.7
National Grid	3.5
GlaxoSmithKline	3.3
Roche Holdings	3.2

Consumer Cyclical: 20.1%

	(%)
Tesco	5.1
GVC Holdings	4.0
Ryanair	3.6
Norcros	3.3
William Hill	2.9

Technology: 13.7%

	(%)
SDL	4.6
Micron Technology	3.0
Creo Medical Group	2.6
Team17	2.1
Koninklijke Philips	1.5

Unstable Financial: 13.2%

	(%)
Prudential	4.9
RSA Insurance Group	2.2
Onesavings Bank	2.0
Legal & General	1.6
M&G	1.3

Oil & Gas: 12.4%

	(%)
Jadestone Energy	5.1
Pantheon Resources	1.8
Energiean	1.8
BP	1.4
Jersey Oil & Gas	0.6

Stable Financial: 0.0%

Mining: 0.0%

Group totals net %.

This Month's Featured Stock

SDL

SDL is a provider of translation and content management services and software. The company serves over 4,500 enterprise customers around the world, helping them create and maintain multilingual content.

During the month, SDL was the subject of an all-paper bid from RWS, a UK-listed translation services provider. SDL shareholders have been offered 1.22 RWS shares in exchange for each SDL share held. At month-end this valued each SDL share at 741p, a 25% premium to the level the shares were trading at prior to the announcement. RWS specialises in high-end translation, with a focus on the life sciences, technology, and IP services markets. Historically, it has grown revenues faster and delivered higher operating profit margins than SDL and traded

at a significant valuation premium. Some have been surprised, therefore, that they would 'dilute' the quality of their business by taking over SDL.

In our view, this backwards-looking analysis misses many key points. Under its current management team, SDL has accelerated its technology investment and has, we believe, reached an inflection point in its growth profile. Helix, SDL's in-house, cloud-based workflow management system has helped the group improve translator productivity and project management. Over three-quarters of SDL's addressable customers now have almost all their volume managed through the Helix platform. SDL have also launched new customer-facing translation tools in recent months. 'SLATE' is perhaps the most

exciting, offering an online translation on demand platform. This has the potential to open a whole new market for SDL, allowing smaller enterprises easy access to high-quality machine translation with the option of paying more on an ad-hoc basis for expert human assistance. By contrast, RWS has no comparable technology platform or machine translation technology.

Acquiring SDL is a sensible move for RWS. The combined business will be the global leader in translation services. While SDL were only beginning to reap the benefits of their technology investment, being able to process greater volumes of work through the Helix platform will bring productivity improvements and cost benefits.

Stock Analysis

Top 10 Long Holdings	(Net %)
Jadestone Energy	5.1
Tesco	5.1
Prudential	4.9
DCC	4.8
SDL	4.6
GVC Holdings	4.0
Synthomer	3.9
CRH	3.7
Unilever	3.7
Ryanair	3.6
Total	43.4

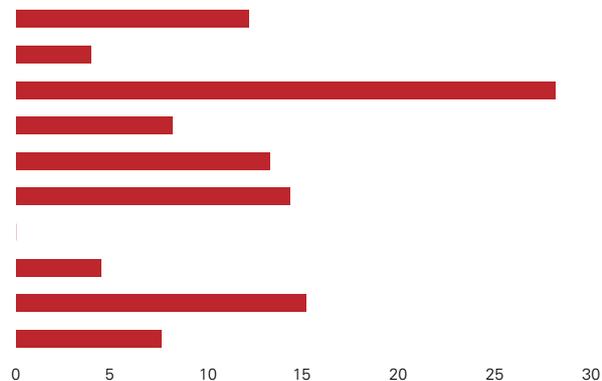
Size Analysis*	(Net %)
Large Cap	50.6
Med/Mid 250	23.1
Small/Small Cap	26.3

*Long only positions and excludes Cash

Sector Analysis

Sector Breakdown (%)

Oil & Gas	12.1
Basic Materials	3.9
Industrials	28.0
Consumer Goods	8.1
Health Care	13.2
Consumer Services	14.3
Telecommunications	0.0
Utilities	4.4
Financials	15.1
Technology	7.6



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12 Endeavour Square
London E20 1JN

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Enquiries

www.svmonline.co.uk
Calls may be recorded

Investor Services and Dealing:

Dealing, account enquiries and valuations
Phone: 0345 066 1110
Fax: 0844 620 0090
International phone: +44 (0)1268 447 417
International fax: +44 (0)1268 447 028

General Enquiries

Head office and fund enquiries
Phone: +44 (0)131 226 6699
Email: info@svmonline.co.uk
Helpline: 0800 0199 110
Literature Request: 0800 0199 440

ISIN:

Share Class A GB0032064304
Share Class B GB0032084815

MEX:

Share Class A SXUOR
Share Class B SXUOI

SEDOL:

Sedol GBP 3206430
Sedol GBP 3208481

Registered Office:

SVM Asset Management Limited
7 Castle Street
Edinburgh
EH2 3AH
Registered No. 125817

Fund Performance to 31/08/2020

Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund B	4.5	-23.8	-5.0	-7.8	19.8	502.3
FTSE All-Share Index	2.4	-18.5	-12.7	-8.2	17.3	113.8
IA UK All Companies Sector	3.1	-17.2	-8.9	-5.2	18.4	159.5

Source: Lipper, as at 31/08/2020, 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 31/08/2020, 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.