

SVM

UK Emerging Fund plc

Figures as at 30 June 2019

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.

July 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 2.1% versus returns of 3.8% in its benchmark, the IA UK All Companies Sector average, and 3.3% in the FTSE All-Share Index. This took the Fund's 6 month performance to 16.5% versus benchmark and FTSE All-Share Index returns of 13.1% and 13.0%, respectively (to 30 June 2019). Over five years to 30 June 2019 the Fund has returned 73.5% versus benchmark and FTSE All-Share Index returns of 36.5% and 35.8%, respectively. (NAV total return, Lipper data).

Data suggests that the UK economy has slowed rapidly in the second quarter, but services remain stronger than manufacturing. The weakness of Sterling will assist exporters and groups with overseas earnings. UK real wage growth is positive, assisting a number of portfolio companies, particularly in discretionary consumer services.

The businesses that handle Brexit and trade frictions best are likely to be those already winning against tough global competition. A number of mid-cap companies stand out, with high value-added in supplying major global customers. AB Dynamics, for example, designs and supplies advanced testing products for the automotive industry, with a number of major manufacturers as clients. These close relationships with auto groups

should represent an entry barrier. The UK has many listed businesses with global strengths in industrial technologies. Those focusing on B2B strategies and high value-added services, may be less exposed to trade friction than direct-to-consumer businesses.

Over the quarter, there were positive contributions to performance from AB Dynamics, Learning Technologies, Abcam, Keystone Law and Essensys Group. Fevertree, Hutchison China Meditech, Euromoney and Quixant fell. New investments were made in AJ Bell, Experian and new issue, Trainline. Trainline has moved in recent years from a purely UK ticketing platform to expand operations into Europe and the US. To fund these, sales were made of Hargreaves Lansdown, Tui Travel, UDG Healthcare, ITV and ASOS.

The UK stockmarket is still pricing in a lot of pessimism, as is the Pound. The Fund remains fully invested with some additional gearing, but has low exposure to some more economically-sensitive sectors such as mining and banking.

Fund and index performance source: Lipper

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: £6.8m
Share Price: 93.00p
NAV: 112.38p

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.

HAWK-EYED STOCKPICKERS

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Stock Analysis

Top 10 Holdings	(%)	Sector Analysis	Fund (%)
4imprint Group	4.8	Consumer Services	24.6
Burford Capital	4.4	Financials	23.4
Unite Students	4.1	Industrials	18.9
Fever-Tree	3.8	Technology	12.9
Hilton Food Group	3.1	Consumer Goods	10.7
Workspace Group	3.0	Health Care	8.0
GBG	2.9	Telecommunications	1.4
Kerry Group	2.9		
JD Sports	2.7		
Rentokil Initial	2.6		
Total	34.3		

Portfolio Analysis	Fund (%)
Main Market	50.6
AIM	44.8
PLUS	0.0
Unquoted	0.0
Other	4.5

Fund Performance to 30/06/2019

Percentage growth year on year to 30 June

	2019	2018	2017	2016	2015
SVM UK Emerging NAV	-9.8	23.8	34.9	-4.5	20.5
IA UK All Companies Average*	-4.7	6.6	19.9	-5.8	
FTSE AIM TR				-5.0	-2.5
Performance difference	-5.1	+17.2	+15.1	+0.5	+23.0

Source: SVM/Lipper, as at 30/06/2019, total return, UK net tax.

* The Benchmark changed to the IA UK All Companies Average effective 30/09/13, the figure shown is therefore a blended figure with the FTSE AIM TR used before this date.

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Enquiries

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Calls may be recorded

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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.