

# SVM

## World Equity Fund

The objective of this Fund is to achieve above average capital growth over the medium to long term (although short-term investment opportunities will also be considered) and it aims to outperform its peers in the IA Global Sector (second quartile and above).

July 2020 | Share Class B

Figures as at 30 June 2020



## Fund Manager



**Neil Veitch**  
Fund Manager

Industry Experience: 24

Years at SVM: 14

Appointed: 01/12/2010

## Monthly Fund Commentary

Equities rose for the third month in a row. Progress in combating COVID remained uneven and the global caseload continued to rise, led by the America's. Both China and Germany suffered significant outbreaks but outside of the US the disease generally appears to be in abeyance. The prospect of a sustained second wave continued to overhang asset markets. Liquidity, however, remains abundant. In its latest action to reassure investors, the Federal Reserve announced during the month that it would now directly purchase corporate bonds in the secondary market and not just via an ETF. The fund returned 2.3% versus the average fund that delivered 2.5%.

The forthcoming US election is beginning to enter investors' consciousness. Recent opinion polls have not been kind to Donald. His approval rating has fell from a high of 47.4% in April to 42.8% currently. An opinion poll in the New York Times placed Biden ahead of the President by 14 points. The release of a book by former White House security advisor, John Bolton, that is highly critical of the President is unlikely to have improved his ratings.

Political developments elsewhere were positive. The trade talks between the UK and the EU appear to be in a much better position than they have been for months. Post a call between Boris Johnson and three of the EU's presidents, both sides appear to be determined to break the current impasse. We continue to believe that the current talks are not analogous to other bilateral trade deals and that a compromise solution is likely.

Economic data continues to positively surprise relative to expectations but remains heavily distorted by COVID. The question for investors is whether economic momentum slows as

pent-up/precautionary demand subsides and the recovery becomes more muted. Critical to the path of economic activity will be the level of new infections in the developed world. The data has been more mixed of late, but we remain cautiously optimistic that a pronounced second wave will be avoided.

Creo Medical was the largest single contributor to performance. The company offers a novel suite of endoscopic surgery tools that have the potential to transform patient outcomes in a variety of therapeutic areas. During the month the tools gained CE certification, a key commercial milestone and a necessary pre-requisite to their launch in the UK and Europe. It also didn't hurt that a high-profile fund management house highlighted the company as one of the most exciting stocks they had seen in the UK market for many years. We expect to see further positive news flow over the rest of the year. US regulatory authorities are likely to follow those in the UK and Europe and approve the group's product suite. This is likely to be followed relatively quickly by a pick-up in activity. The successful deployment of the group's products is likely to be accompanied by greater investor awareness. Prudential gained as the company announced a reinsurance agreement for a portion of its US annuity liabilities alongside an equity investment in its US business. Jadestone Energy rose as full-year results highlighted strong cash generation. Microsoft continued its outperformance as investors continued to seek out perceived beneficiaries of the pandemic. Synthomer was the main detractor after a broker downgraded their recommendation on the stock.

Trading activity was limited.

Fund and index performance source: Lipper

## Fund Facts

**Launch Date:** 1 December 2010

**IA Sector:** Global

**Type of Shares:** Accumulation

**XD Date:** 31 December

**Pay Date:** 30 April

**Fund Size:** £13.0m

**Fund Charges:**

	OCF*
Share Class A	1.98%
Share Class B	1.23%

\*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:**



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 29/05/2020

**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**

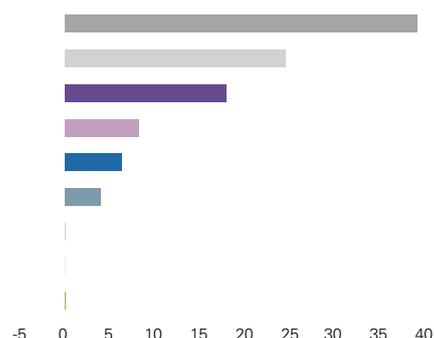
## Portfolio Analysis

### 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 %)
Technology	39.1
Cyclical	24.5
Consumer Cyclical	17.9
Defensive	8.2
Oil & Gas	6.3
Unstable Financial	4.0
Stable Financial	0.0
Mining	0.0
Cash	-0.1



#### Technology: 39.1%

(%)

Microsoft	10.0
Alphabet	9.6
Micron Technology	4.6

#### Cyclical: 24.5%

(%)

CRH	4.1
Hitachi	4.0
Synthomer	3.8

#### Consumer Cyclical: 17.9%

(%)

Visa	8.8
GVC Holdings	4.0
Ryanair	3.4

#### Defensive: 8.2%

(%)

Roche Holdings	4.3
Unipharm	3.9

#### Oil & Gas: 6.3%

(%)

Jadestone Energy	3.6
Energiean	2.1
Savannah Energy	0.6

#### Unstable Financial: 4.0%

(%)

Prudential	4.0
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#### Stable Financial: 0.0%

(%)

#### Mining: 0.0%

(%)

## This Month's Featured Stock

### Jadestone Energy

Jadestone Energy is an oil and gas exploration and production company with assets in the Asia-Pacific region.

Jadestone listed on the London stock market in 2018 when it raised money to purchase Montara, its flagship asset, from the Thai state-owned oil and gas company. The group took 100% ownership of the field and has markedly improved its operational performance. Operating expenditure has reduced from \$27 per barrel of oil produced to \$15 and has increased production by 50%. The group has used cashflow from this asset

to make further acquisitions, most recently onshore gas assets in Indonesia.

Recent volatility in the oil price and the impact of COVID have presented challenges to companies in the oil and gas sector. Jadestone has thus far proven resilient. The company's cash flow breakeven remains below current oil prices, and the group has sufficient liquidity to continue investing in its in-fill drilling and exploration programme. Jadestone is one of the few companies in the oil and gas sector to maintain its dividend.

Currently trading on an estimated 2021 EV/ EBITDA of less than 4x, we believe that Jadestone's current share price fails to reflect its resilience or growth opportunities. Management have demonstrated an ability to turnaround the performance of acquired assets and generate significant value for shareholders. Combined with the upside potential from the development of other assets within its portfolio, there are a number of catalysts that should help the stock to outperform.

## Portfolio Analysis

Top 10 Holdings	(%)
Microsoft	10.0
Alphabet	9.6
Visa	8.8
Micron Technology	4.6
SK Hynix	4.6
Roche Holdings	4.3
CRH	4.1
Creo Medical Group	4.0
Prudential	4.0
GVC Holdings	4.0
<b>Total</b>	<b>58.0</b>

Size Analysis	(%)
Mega Cap (>£50bn)	32.6
Large Cap (<£50bn)	28.2
Mid Cap (<£10bn)	15.1
Small Cap (<£1bn)	24.2

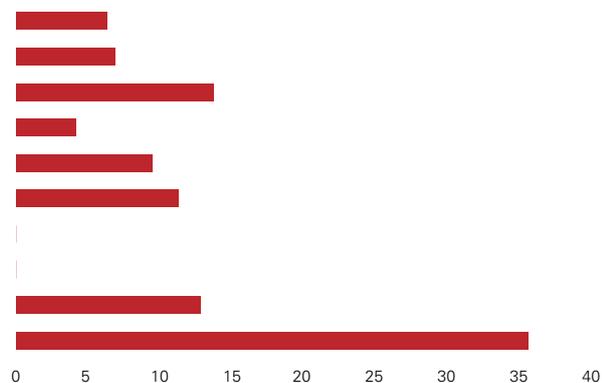
Total Number of Stocks	
Number of Holdings	26

Net Currency Exposure	(%)
Euro	14.9
Sterling	32.7
Europe non-Euro	4.3
US Dollar	43.7
Japanese Yen	7.1
Others	5.7

## Sector Analysis

### Sector Breakdown (%)

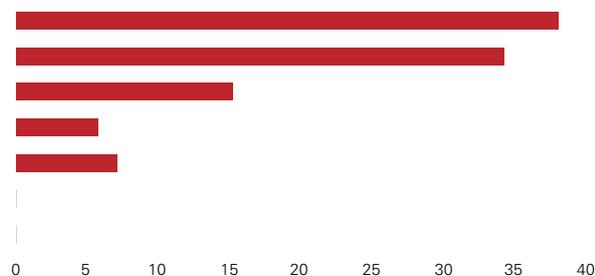
Oil & Gas	6.3
Basic Materials	6.9
Industrials	13.7
Consumer Goods	4.2
Health Care	9.5
Consumer Services	11.3
Telecommunications	0.0
Utilities	0.0
Financials	12.8
Technology	35.5



## Geographic Stock Analysis

### Geographic Stock Analysis (%)

North America	38.0
United Kingdom	34.2
Europe (excluding UK)	15.2
Asia Pacific (excluding Japan)	5.7
Japan	7.1
Latin America	0.0
Other	0.0



Please note that figures may not add up to 100% due to Cash holding.

## Fund Performance to 30/06/2020

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### ISIN:

Share Class A GB00B0KXRB86  
Share Class B GB00B0KXSK43

### MEX:

Share Class A SXUAT  
Share Class B SXUAB

### SEDOL:

Sedol GBP B0KXRB8  
Sedol GBP B0KXSK4

### Registered Office:

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

### Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM World Equity Fund B	2.3	-3.6	4.9	16.9	52.2	146.3
IA Global Sector	2.5	0.9	5.4	24.4	66.4	148.8

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

\*The Fund was launched on 01 December 2010

### Percentage growth year on year to 30 June

	2020	2019	2018	2017	2016
SVM World Equity Fund B	4.9	3.1	8.1	29.3	0.7
IA Global Sector	5.4	8.0	9.8	23.6	9.2
Performance Difference	-0.5	-4.9	-1.7	+5.7	-8.5

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

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**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 may enter into derivative contracts for efficient portfolio management (EPM) purposes. 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. The Fund is exposed to currency risk. The Fund may use currency management techniques, including hedging and entering into derivatives contracts, for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus. 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.