

SVM

Continental Europe Fund

The aim of the Fund is to achieve medium to long-term capital growth from a tightly controlled list of European stocks and other permitted securities. The Fund aims to outperform the FTSE World Europe ex UK Index.

September 2020 | Share Class B

Figures as at 31 August 2020



Fund Managers



Hugh Cuthbert
Fund Manager

Industry Experience: 25

Years at SVM: 14

Appointed: 23/01/2006



Alasdair Birch
Deputy Fund Manager

Industry Experience: 11

Years at SVM: 7

Appointed: 01/01/2014

Monthly Fund Commentary

Macro-economic data provided continued support for European equity markets in August as Purchasing Manager's Indices across the region indicated a return to economic growth following the initial impact of the global pandemic. Germany in particular appeared to be firmly on the growth path with July industrial orders surging 27.9% over the June level. Such signals of recovery are of course all but mandatory if global markets are to sustain the returns we have witnessed since their sell-off in March 2020. Some level of growth was almost inevitable, but it will be the sustainability and the gradient of the recovery which we will have to focus upon in the coming months for more clarity on the resilience and strength of these initial shoots.

Comments from the Bank of England were hardly encouraging on this point as its Monetary Policy Committee, while keeping rates on hold in its August update, projected a relatively upbeat short-term recovery for the UK but for this to slow dramatically once the third quarter rebound is over and for pre-crisis levels of GDP not to be reached before the end of 2021. Gold's move above \$2,000 per ounce which suggested a similar cautiousness for many investors although heightened political tensions between China and the US may be a better explanation for the commodity's record move. This was spurred by President Trump's banning of US dealings with the owners of Chinese apps TikTok and WeChat. US tech companies with meaningful Chinese presence must have watched nervously as the situation developed. For Europe, the coronavirus development remained gloomy with Spain notably reporting a dramatic increase in the daily number of cases. Also of note was the

strength of the Euro over the US dollar although not a phenomenon confined to the Eurozone as the greenback suffered against most major currencies over the course of the month.

Buoyed by the positive economic news-flow the FTSE World Europe ex UK returned +2.2% over the course of the month. The fund outperformed the index rising by +11.2%. Our best performing stock was Va-q-Tec of Germany which rose by over 50%. This innovative producer of insulated transportation containers helps companies move temperature-controlled goods around the world in an economic and environmentally sensitive manner. The stock has been particularly strong over recent months as it has emerged that the company is likely to be pivotal in the distribution of Covid-19 vaccinations should they become widely available. Also making a strong contribution was our largest holding Allgeier whose second quarter results demonstrated a resilience to today's crisis. Likewise, software supplier Crayon of Norway whose results even showed a benefit from the trend of home working. The worst performing stock was Sedana Medical of Sweden. Despite reporting record breaking results the shares declined 9.5% largely as a result of comments from the CEO that the positive impact of Covid-19 on the company's business may now have peaked. This comes as no surprise to us as we hold the shares for the potential approval of their inhaled anaesthesia product which should prove very valuable if successful. No new positions were bought in August and no complete divestments were made.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
FTSE World Europe ex UK Index

IA Sector: Europe ex UK

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

Fund Size: £20.9m

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 17/07/2020

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

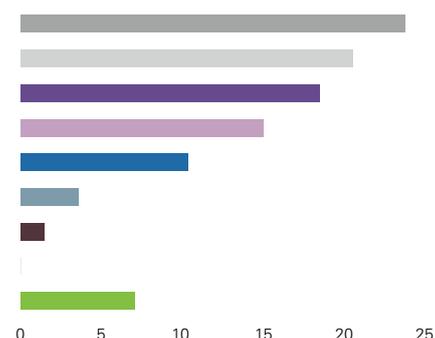
Portfolio Analysis

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 %)
Consumer Cyclical	23.7
Technology	20.5
Defensive	18.5
Stable Financial	15.0
Cyclical	10.3
Unstable Financial	3.6
Oil & Gas	1.4
Mining	0.0
Cash	7.0



Consumer Cyclical: 23.7% (%)

Allgeier	8.6
Schibsted	3.2
Aluflexpack	3.0
JostWerke	2.5
Adevinta	2.2

Technology: 20.5% (%)

SESA	5.9
Crayon	5.3
United Internet	5.0
Lime Technologies	2.9
Barco	1.4

Defensive: 18.5% (%)

Energiekontor	4.5
Roche Holdings	2.6
PNE	2.3
Veolia	2.2
Sedana Medical	1.8

Stable Financial: 15.0% (%)

Hypoport	3.5
Patrizia	3.5
Ringkøbing Landbobank	3.2
LEG Immobilien	2.1
Partners Group Holding	1.7

Cyclical: 10.3% (%)

Capgemini	3.4
H+H International	2.5
Dustin	2.3
va-Q-tec	2.1

Unstable Financial: 3.6% (%)

AXA	2.2
Mediobanca	1.4

Oil & Gas: 1.4% (%)

Total	1.4
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Mining: 0.0% (%)

This Month's Featured Stock

Schibsted

Since the spin-off of part of its international operations into Adevinta, which we also still hold, Schibsted has remained an important long-term holding. It has been an exciting period for the company, as Adevinta announced it was acquiring the classifieds operations of eBay late in July. The market was surprised as Adevinta managed an attractive price in a competitive auction process, helped by both significant synergies and the willingness for eBay to accept shares as currency. Schibsted benefitted through its retained holding in Adevinta, but also picked up eBay's Danish operation as part of the transaction, and earlier

in the month had announced the acquisition of an important rival in Finland. Taken together, we believe these events will be very valuable for Schibsted, creating more market leadership positions and economies of scale in product development.

Although the first half of the year proved difficult from the perspective of GDP declines in many of its markets and thereby earnings, it has also accelerated the digitalisation of its professional customer base, pushing up penetration and creating a healthy outlook for medium term growth. Declines in the

print operations are still challenging, but are becoming immaterial and remain well managed through cost control. Finally, the company released an in-depth report into the "second hand effect," measuring the societal benefits from their marketplace ecosystems. This estimated that consumers using Schibsted and Adevinta's platforms saved the equivalent of 50% of Norway's total greenhouse emissions in 2019, and the equivalent of 1,247 Eiffel Towers of steel.

Stock Analysis

Top 10 Holdings	(%)
Allgeier	8.6
SESA	5.9
Crayon	5.3
United Internet	5.0
Energiekontor	4.5
Hypoport	3.5
Patrizia	3.5
Capgemini	3.4
Schibsted	3.2
Ringkøbing Landbobank	3.2
Total	46.1

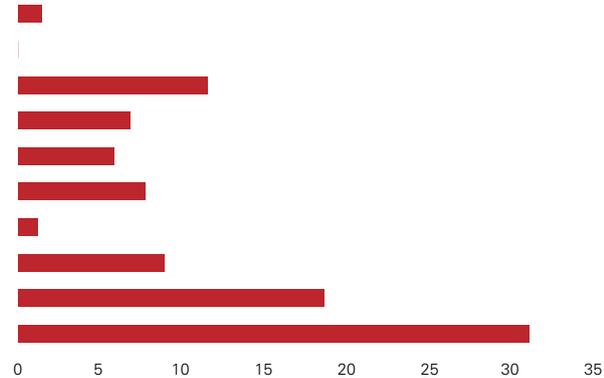
Size Analysis	(%)
Mega Cap (>€50bn)	5.5
Large Cap (<€50bn)	13.6
Mid Cap (<€10bn)	34.4
Small Cap (<€1bn)	39.4

Currency Exposure	(%)
Euro	60.9
Sterling	0.0
Norwegian Krone	10.7
Swiss Franc	8.8
Danish Krone	5.7
Swedish Krona	7.0
Other	0.0

Sector Analysis

Sector Breakdown (%)

Oil & Gas	1.4
Basic Materials	0.0
Industrials	11.5
Consumer Goods	6.8
Health Care	5.8
Consumer Services	7.7
Telecommunications	1.2
Utilities	8.9
Financials	18.6
Technology	31.0



Geographic Analysis

Country Breakdown

	No. of Stocks	(%)
Germany	9	34.0
France	7	13.5
Norway	3	10.7
Italy	4	9.4
Switzerland	4	8.8
Sweden	3	7.0
Denmark	2	5.7
Netherlands	1	1.7
Belgium	1	1.4
Other		0.9



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

Fund Performance to 31/08/2020

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Share Class B GB0032094954

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Share Class B SXCEI

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Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	11.2	15.9	21.1	24.2	72.0	376.3
FTSE World Europe ex UK Index	2.2	-1.2	0.7	7.1	55.6	179.4
IA Europe ex UK Sector	2.6	0.5	3.5	8.0	53.6	189.0

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 Continental Europe Fund B	3.4	2.5	4.0	27.9	6.3
FTSE World Europe ex UK Index	0.6	7.9	2.5	29.1	6.1
Performance Difference	+2.8	-5.4	+1.5	-1.2	+0.2

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 may enter into derivative 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.