

SVM World Equity Fund

The objective of the Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI ACWI IMI. The Fund will identify investment opportunities in companies globally whose future growth is not reflected in current market expectations. The Fund will invest at least 80% in global equities and other equity related instruments. The Fund may invest in other permitted securities.



July 2022 | Share Class B

Factsheet as at 30 June 2022



Monthly Fund Commentary

The market's collective psychology dramatically shifted in June. Previously investors were uncertain as to whether the global economy would tip into recession. The Federal Reserve's decision to raise rates by 75bps at its June meeting and to signal that the path of interest rate tightening would be front-end loaded has convinced investors that the economy is facing a significant downturn. Credit spreads blew out and economically sensitive stocks sold off. Investors fear central banks are on autopilot and will only stop tightening when inflation has been wrung out of the system, even if this causes a deep recession. The fund returned -10.7% versus the MSCI World that returned -5.2%.

Until June the moves in economically sensitive sectors had largely been driven by idiosyncratic factors, often related to their pandemic performance. As investors moved to price in a recession, however, the sell-off in cyclical stocks was indiscriminate. Small and mid-cap stocks, which are more heavily exposed to the domestic economy and therefore more vulnerable to an economic slowdown, were particularly hard hit. Whether now is the time to buy or not likely depends on an investor's time horizon. In the short-term there is likely to be little respite. The terminal interest rate remains uncertain, central bankers are continuing to ratchet up the rhetoric, and stocks need to navigate through an interim results season where earnings are likely to be revised downwards. Market structure and liquidity played a role to the upside and are having a similar effect on the way down. Taking a longer-term view, however, the upside could be significant. The strong probability is that this is a cyclical, not structural, bear market. Should inflation cool

and nominal incomes hold up, the economy could recover sharply. Would this lead to 'growth' stocks reasserting themselves? Perhaps in the early stages but the next decade is likely to be characterised by higher inflation and higher discount rates. Investors need to adjust their playbook accordingly.

Many portfolio holdings endured a difficult month as risk aversion rose. Magnachip Semiconductor was the largest negative contributor as concerns over the economic outlook led to speculation that the mooted takeover of the business may fail to materialise. Jadestone Energy fell as the company announced that its Montara field had suffered a very small oil leak during the transfer of oil between two storage tanks. The spill was quickly controlled and had fully dispersed by the following day. The company halted production as a precautionary measure and notified the regulator. Post month-end Jadestone announced that following repairs, production has resumed. As a consequence of this hiatus, however, production will now be at the lower end of previous expectations. Once the initial noise subsides we expect the shares to quickly recover. Synthomer fell as the market shied away from cyclical businesses with financial leverage. The company operates mainly in relatively specialist niches which will prove to be more resilient than the share price currently suggests. Until there is more clarity on the economic outlook, though, the shares are unlikely to recover. There were very few stocks in positive territory.

A new unit was taken in Roche.

Fund and index performance source: FE fundinfo

Fund Facts

Launch Date: 1 December 2010

Benchmark Index:
MSCI ACWI IMI Index

IA Sector: Global

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

Fund Size: £18.3m

Fund Manager:

Neil Veitch (Fund Manager)
Appointed: 01/12/2010
Years at SVM: 15 Industry Experience: 24

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:



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

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.

Technology	27.8	
Cyclical	25.4	
Consumer Cyclical	14.7	
Oil & Gas	11.1	
Defensive	9.2	
Unstable Financial	7.3	
Stable Financial	0.0	
Mining	0.0	
Cash	4.4	

Technology

27.8%

Alphabet	8.5
MagnaChip Semiconductor	4.8
Micron Technology	4.4

Cyclical

25.4%

Alpha FMC	5.0
Hitachi	4.7
IMI	3.2

Consumer Cyclical

14.7%

Entain	5.1
Norcros	3.2
Ryanair	2.4

Oil & Gas

11.1%

Jadestone Energy	3.7
Energean	3.2
Savannah Energy	2.6

Defensive

9.2%

Uniphar	3.9
Roche Holdings	3.3
Smith & Nephew	2.0

Unstable Financial

7.3%

U.S. Bancorp	4.1
Prudential	3.2

Stable Financial

0.0%

Mining

0.0%

This Month's Featured Stock

Alpha Financial Markets Consulting

Alpha Financial Markets Consulting ('Alpha') provides a wide range of consulting services to the asset management, wealth management and insurance industries. The company serves over 700 clients and has operations across Europe, North America and Asia.

Alpha's recently released results for the year to March 2022 continued the group's impressive track record of strong operational and financial performance. Organic net fee income increased by over 30%, with impressive growth across all regions. Utilisation of Alpha's 700+ consultants remains high with fee-rates continuing to make progress. Demand for Alpha's services are driven by a combination of increasing regulation,

technological changes, and the requirement to manage cost pressures. These should provide a solid platform for longer-term growth.

Having already built an impressive reputation in the asset management industry, where it works with 90% of the world's top 20 asset managers, Alpha has been broadening its footprint both organically and via M&A activity. The acquisition of Lionpoint in May 2021, a US-based consultancy to the Alternative Investment Industry, has given the group increased scale in North America and broadened the company's client base. In less than a year of full ownership, it has increased its client base from 164 to 228. Alpha's healthy balance sheet, with net cash of

over £60m at year-end, should allow the group to conduct more returns-enhancing deals.

Alpha currently trades on an estimated March 2023 PE of c.19x, a valuation that does not appear stretched when set against its medium-term goal of doubling the business. With the ability to complement impressive organic growth with M&A, we expect the stock to outperform.

Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, country or sector. As a consequence The SVM World Equity Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Holdings

	(%)	
Alphabet	8.5	
Entain	5.1	
Alpha FMC	5.0	
MagnaChip Semiconductor	4.8	
Hitachi	4.7	
Micron Technology	4.4	
U.S. Bancorp	4.1	
SK Hynix	3.9	
Uniphar	3.9	
Jadestone Energy	3.7	
Rest of Portfolio	51.6	

Geographic Stock Analysis (%)

United Kingdom	47.7	
North America	24.5	
Europe (excluding UK)	12.2	
Japan	6.4	
Asia Pacific (excluding Japan)	4.7	
Latin America	0.0	
Other	0.0	

Sector Breakdown

	(%)	
Industrials	22.5	
Information Technology	16.7	
Health Care	11.8	
Energy	11.1	
Communication Services	8.5	
Consumer Discretionary	8.1	
Financials	7.3	
Materials	7.3	
Consumer Staples	2.2	
Utilities	0.0	
Real Estate	0.0	



Size Analysis

	(%)
Mega Cap (>£50bn)	18.6
Large Cap (<£50bn)	20.7
Mid Cap (<£10bn)	22.2
Small Cap (<£1bn)	34.1



Net Currency Exposure

	(%)
Euro	8.9
Sterling	48.2
Europe non-Euro	3.3
US Dollar	28.4
Japanese Yen	6.4
Others	4.7

Fund Performance

to 30/06/2022

Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM World Equity Fund B	-10.7	-18.3	-13.5	28.8	43.5	202.3
MSCI ACWI IMI Index	-5.2	-11.3	-5.0	24.7	48.0	203.6

Source: FE fundinfo, as at 30/06/2022, 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

	2022	2021	2020	2019	2018
SVM World Equity Fund B	-13.5	41.8	4.9	3.1	8.1
MSCI ACWI IMI Index	-5.0	26.1	4.2	8.5	9.4
Performance Difference	-8.5	+15.7	+0.7	-5.4	-1.3

Source: FE fundinfo, as at 30/06/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)

■ SVM World Equity Fund B ■ MSCI ACWI IMI Index



Source: FE fundinfo, as at 30/06/2022, 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 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.

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.

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