SVM UK Opportunities Fund

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

January 2022 | Share Class B

Factsheet as at 31 December 2021

SVM INDEPENDENT THINKING

Monthly Fund Commentary

Financial markets have spent the last eighteen months looking over their shoulder for new and potentially more dangerous Covid variants. The arrival of the more transmissible Omicron in late November initially looked like it may herald what many had feared. Governments responded by putting restrictions in-place and activity sagged. Yet despite soaring infection rates and a pick-up in hospitalisations, deaths have remained low. Investors interpreted this as the 'market clearing event' that facilitates the transition to a more normalised environment. Equity markets rebounded and the FTSE All-Share reached its highest level since before the pandemic. The fund returned 5.0% in the month versus the MSCI UK that returned 4.7%

The minutes of the December Federal Reserve Board showed participants believed that higher inflation and a tight labour market could necessitate lifting short-term rates "sooner or at a faster pace than participants had earlier anticipated." Officials also now expect to end the expansion of the Fed's balance sheet in March. The practical impact of these moves is limited but the 'signalling' effect is more significant and has driven a sharp rotation out of 'growth' stocks into 'value'. Despite the initial intra market volatility, monetary conditions are not about to dramatically tighten. Investors will, however, need to navigate the transition from a liquidity driven bull market to one driven by earnings. Volatility has increased and the recent sector rotation will likely continue. But with a strong underlying global economy and significantly negative real interest rates the equity bull market is intact.

The emerging consensus that Omicron, while more transmissible, is considerably less virulent positively impacted numerous sectors. Increased confidence in the economic outlook drove a recovery in cyclicals. Travel related stocks bounced strongly as confidence grew that the worst of any Covid disruption was behind us. Ryanair, Easyjet and Menzies all rose. Jadestone Energy jumped as the company announced it had achieved its year-end production target. Sentiment towards the shares was boosted further by the passing of legislation in New Zealand that will likely facilitate the completion of the much-delayed acquisition of assets from OMV. Pantheon moved higher as it successfully completed an oversubscribed financing that will enable to complete its very promising drilling campaign.

Savannah Energy gained as the shares restarted trading post the announcement that it was acquiring a package of upstream and midstream assets in Chad and Cameroon from Exxon and Petronas. The transaction more than doubles the group's reserves and generates significant cashflow at prevailing energy prices, enabling a quick paydown of the associated debt. The tail-risks of operating in Africa are material but the upside is significant, and the deal highlights the opportunities for smaller energy companies as the 'majors' navigate the energy transition. Energy demand will continue to grow and barring the emergence of a new scalable resource such as nuclear fusion, hydrocarbons will remain an integral part of the solution for the foreseeable future. Micron climbed after results came in ahead of expectations and management expressed confidence in the outlook for memory pricing.

Synthomer was the largest detractor from performance. The shares slumped as brokers raised concerns over the outlook for the synthetic rubber glove market. We believe a more regular market is already factored into market expectations but unfortunately this will only become apparent with time. Even if conditions prove to be weaker than anticipated the company is more diversified than it has been in the past and the valuation attractive.

Fund and index performance source: FE fundinfo

SQUARE MILE A

Square Mile ratings are sourced from Square Mile.

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.

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI United Kingdom IMI Index

IA Sector: UK All Companies

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

Fund Size: £202.7m

Fund Managers:

Neil Veitch (Fund Manager)
Appointed: 23/01/2006
Years at SVM: 15 Industry Experience: 24

Craig Jeruzal (Deputy Fund Manager)
Appointed: 01/01/2014
Years at SVM: 14 Industry Experience: 16

Fund Charges (OCF*):

Share Class A	1.71%
Share Class B	0.96%

*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:

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

1	2	3	4	5	6	7

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

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.

Cyclical	30.7
Consumer Cyclical	26.5
Oil & Gas	12.3
Technology	12.1
Defensive	10.4
Unstable Financial	10.2
Stable Financial	0.0
Mining	0.0

Top 5 long holdings

Group totals net %.

Cyclical	30.7%
Smurfit Kappa Group	5.0
Synthomer	4.8
Alpha FMC	4.4
CRH	4.2
IMI	2.9

Consumer Cyclical	26.5%
Norcros	5.0
Entain	4.6
Tesco	3.6
Marks & Spencer	3.3
Ryanair	2.4

Oil & Gas	12.3%
Jadestone Energy	4.6
Pantheon Resources	2.2
Energean	1.7
Longboat Energy	1.3
Savannah Energy	1.2

Technology	12.1%
Micron Technology	4.7
Creo Medical Group	3.0
Team17	1.5
ActiveOps	1.3
Diurnal Group	0.9

Defensive	10.4%
DCC	3.2
GlaxoSmithKline	2.9
Drax Group	2.2
Smith & Nephew	1.9

Unstable Financial	10.2%
Lloyds Banking Group	3.9
Prudential	3.2
OSB Group	2.0
CMC Markets	1.2

Stable Financial	0.0%

Mining	0.0%

Portfolio Structure

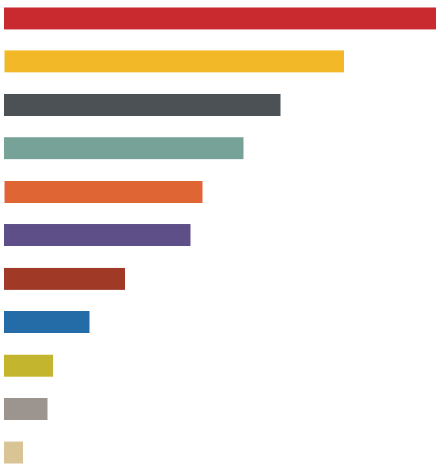
As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation or sector. As a consequence the SVM UK Opportunities Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Long Holdings	(Net %)
Smurfit Kappa Group	5.0
Norcros	5.0
Synthomer	4.8
Micron Technology	4.7
Jadestone Energy	4.6
Entain	4.6
Alpha FMC	4.4
CRH	4.2
Lloyds Banking Group	3.9
Tesco	3.6
Rest of Porfolio	**55.2**

Size Analysis*	(Net %)
Large Cap	41.0
Med/Mid 250	24.5
Small/Small Cap	34.5

*Long only positions and excludes Cash

Sector Breakdown	(%)
Industrials	22.2
Materials	17.5
Consumer Discretionary	14.2
Energy	12.3
Financials	10.2
Health Care	9.6
Consumer Staples	6.2
Information Technology	4.4
Communication Services	2.5
Utilities	2.2
Real Estate	1.0



This Month's Featured Stock

Synthomer

Synthomer is a diversified chemicals company. The group manufactures speciality polymers for a wide range of industries.

As mentioned in the fund commentary, Synthomer was impacted during the month by a broker note raising concerns about the outlook for the synthetic rubber glove market. Synthomer is a global leader in the manufacture of nitrile butadiene reflex (NBR), the key raw material used in the production of nitrile rubber gloves. This industry has been in structural growth for many years, driven by increasing global hygiene standards and the substitution of traditional rubber gloves, which are not suitable for those with latex allergies. A Covid-induced spike in demand led to surge in unit margins, helping Synthomer achieve super-normal margins over the past 18 months. This will inevitably normalise over the upcoming year, an outcome that is widely anticipated, but we believe that the longer-term growth characteristics of the industry remain unchanged.

These Covid-related benefits have distorted Synthomer's earnings profile. Consensus analyst estimates now expect operating profits in 2022 to be c.25% below those achieved in 2021. Lazier investors who rely heavily on earnings momentum as a screen will take a negative view on the stock. In our opinion, this is a mistake. The additional cash generated over the past 18 months has allowed management to accelerate the group's M&A strategy. November's acquisition of Eastman's Adhesive Resins helps diversify Synthomer from both a geographic and end-market perspective.

Trading on an estimated 2022 PE of c.8x, we believe Synthomer is significantly undervalued. The business has been transformed in recent years to become a truly global chemicals company exposed to a range of industries with attractive demand profiles. Having attracted private equity interest in the past, it would be no surprise if it is in the crosshairs again as public markets fail to appreciate the business' intrinsic value.

Fund Performance

to 31/12/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund B	5.0	24.3	24.3	50.2	51.9	803.5
MSCI United Kingdom IMI Index	4.7	18.7	18.7	24.2	26.8	182.8
IA UK All Companies Sector**	4.5	17.3	17.3	34.8	36.4	178.4

Source: FE fundinfo, as at 31/12/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.
*The Fund was launched on 20 March 2000

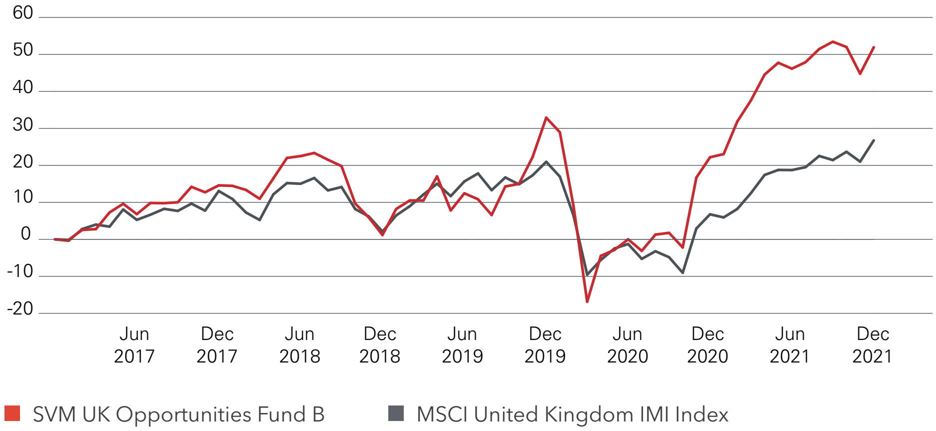
**IA is provided as a comparator

Percentage growth year on year to 31 December

	2021	2020	2019	2018	2017
SVM UK Opportunities Fund B	24.3	-8.1	31.4	-11.7	14.6
MSCI United Kingdom IMI Index	18.7	-11.7	18.5	-9.7	13.1
Performance Difference	+5.6	+3.6	+12.9	-2.0	+1.5

Source: FE fundinfo, as at 31/12/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: FE fundinfo, as at 31/12/2021, 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.

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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 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 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.

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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Share Class B	GB0032084815

MEX:

Share Class A	SXUOR
Share Class B	SXUOI

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INDEPENDENT THINKING