

# SVM Continental Europe 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 Europe ex UK Index. The Fund will identify investment opportunities in undervalued companies in European equity markets which will not necessarily be prominent in mainstream indices. The Fund will invest at least 80% in equities and equity related instruments dealt in or traded on European Eligible Securities Markets. The Fund may invest in other permitted securities.



October 2021 | Share Class B

Factsheet as at 30 September 2021



## Monthly Fund Commentary

Equity markets lost some of their momentum in September 2021 as a host of pressures threatened the strong run we have witnessed since the start of the year and longer. Much of the concern centred around themes we were already aware of but, in aggregate, were enough to paint a gloomier scenario than we have been accustomed to in recent months. China continued with its crackdown on private industry with the list now extending from healthcare to education and most recently cryptocurrencies. Such state meddling came at an inopportune time as the country's growth appears to be faltering, stifled by these crackdowns as well as a precarious real estate market and worrying energy situation. The latter was also clearly evident in other markets where soaring gas and electricity prices are adding to the pressure on pricing overall, already impacted by shortages of other commodities and components. Both the ECB and the US Federal Reserve held meetings which focussed on this dynamic but in both cases the carefully crafted words managed to avoid further market tension. In the case of the ECB both inflation and GDP growth forecasts were increased, including the attainment of pre-pandemic levels of GDP by year end, but the accompanying commentary suggested a continuation of the moderation they have applied to asset purchases and eventual interest rate increases. The Federal Reserve were more hawkish but did suggest the trajectory could and would change should the economic conditions dictate. In Germany the country went to the polls and, as is so often the case in European elections, the result was not conclusive. It may well take several months

before the government's final composition is known but what is clear is that the far left did not do as well as some had expected meaning the final outcome should be business and market friendly.

The MSCI Europe ex UK Index ended the month down by 3.5% while the fund fell by 2.2%. The best performing stock was Aker Carbon Capture which rose by more than 20%. The company's technology can play a key role in tackling global warming and a capital markets day held during September re-iterated their target to capture 10 million tonnes of CO<sub>2</sub> by 2025. With COP26 on the horizon such ambitions become increasingly likely to succeed. A number of financials performed well including Banca Mediolanum, Mediobanca and Axa all posting positive returns despite a falling market. This sector has come back into favour of late as inflation spikes and bond yields increase. After years of low to negative rates in Europe many banks and financials present compelling value as this situation transpires. Four stocks declined by more than 10% and for three, JDE Peet's, Jost Werke and Wienerberger, the inflation threat was the most likely reason for the fall as they have a strong materials component in their product offering. The worst performer was classified ads play Adevinta of Norway where no noticeable news-flow drove the move. There were no outright buys or sells over the course of the month.

Fund and index performance source: FE fundinfo

## Fund Facts

**Launch Date:** 20 March 2000

**Benchmark Index:**  
MSCI Europe ex UK Index

**IA Sector:** Europe ex UK

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

**Fund Size:** £29.3m

### Fund Manager:

**Hugh Cuthbert** (Fund Manager)  
Appointed: 23/01/2006  
Years at SVM: 15 Industry Experience: 26

### 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 02/07/2021

**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.

Consumer Cyclical	18.2	
Defensive	17.6	
Technology	17.5	
Cyclical	15.2	
Unstable Financial	13.2	
Stable Financial	10.5	
Oil & Gas	1.2	
Mining	0.0	
Cash	6.5	

#### Consumer Cyclical

18.2%

Ipsos	2.9
Aluflexpack	2.6
Verallia	2.5
Schibsted	2.4
Jost Werke	2.3

#### Defensive

17.6%

Energiekontor	3.4
Veolia	2.8
Thales Group	2.7
PNE	2.2
Apontis Pharma	2.1

#### Technology

17.5%

SESA	3.4
Crayon	3.1
Aker Carbon Capture	2.8
United Internet	2.8
Hexatronic Group	2.3

#### Cyclical

15.2%

Capgemini	3.6
H+H International	3.3
Dustin	3.2
Rexel	2.7
Wienerberger	2.5

#### Unstable Financial

13.2%

Mediobanca	4.3
Banca Mediolanum	3.3
AXA	3.1
Allianz	2.5

#### Stable Financial

10.5%

Ringkøbing Landbobank	3.4
Patrizia	2.2
Partners Group Holding	1.9
S IMMO	1.5
LEG Immobilien	1.5

#### Oil & Gas

1.2%

TotalEnergies	1.2
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#### Mining

0.0%

## This Month's Featured Stock

### Axa

We have been in contact with Axa in September regarding the issue of claims data. What for some may appear as rather a dry subject, has recently become more relevant for the industry, particularly Axa, as clients have complained of mistreatment regarding claims for business interruption during the pandemic. We believe this is a great example of responsible investment being intertwined with financial sustainability and accordingly share price performance. Axa has been forced by the French courts (and others) into pay-outs for business interruption which

they had originally declined, meaning there was no positive benefit financially from their actions while at the same time customer goodwill has been eroded. All this of course is backward looking and as a responsible investor we require a method to gauge the possibility of such events re-occurring and claims data disclosure is one way of achieving this. The request is based upon the best in class reporting we see among other players in the field who give a detailed breakdown by categories such as socio-economic grouping, frequency of pay-outs, percentage of

successful against non-successful claims, etc.

Our interest has been noted by the company and we look forward to further dialog in the coming months. In the meantime, we look forward to Axa's results on the 4<sup>th</sup> of November when claims will once again take centre stage. This time the issue will be the damage caused by Hurricane Ida where substantial pay-outs to policyholders are expected, hopefully this time further furore in the courts will be avoided.

## 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 Continental Europe Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

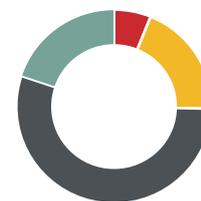
Top 10 Holdings	(%)	
Mediobanca	4.3	
Capgemini	3.6	
Ringkøbing Landbobank	3.4	
SESA	3.4	
Energiekontor	3.4	
H+H International	3.3	
Banca Mediolanum	3.3	
Dustin	3.2	
AXA	3.1	
Crayon	3.1	
<b>Rest of Portfolio</b>	<b>66.0</b>	

### Country Breakdown

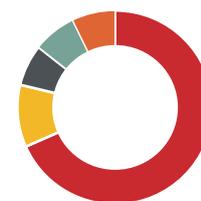
	No. of Stocks	(%)	
France	9	22.7	
Germany	10	22.6	
Italy	4	12.4	
Norway	4	9.7	
Sweden	3	6.7	
Denmark	2	6.7	
Switzerland	3	6.4	
Austria	2	4.0	
Netherlands	1	1.2	
Belgium	1	1.0	

### Sector Breakdown

	(%)	
Financials	18.5	
Industrials	18.3	
Information Technology	14.7	
Materials	10.8	
Communication Services	10.7	
Health Care	5.3	
Real Estate	5.2	
Consumer Discretionary	4.6	
Utilities	2.8	
Consumer Staples	1.2	
Energy	1.2	



Size Analysis	(%)
Mega Cap (>€50bn)	5.7
Large Cap (<€50bn)	18.0
Mid Cap (<€10bn)	51.2
Small Cap (<€1bn)	18.6



Currency Exposure	(%)
Euro	63.9
Norwegian Krone	9.7
Swiss Franc	6.4
Danish Krone	6.7
Swedish Krona	6.7

## Enquiries

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Calls may be recorded

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Share Class B GB0032094954

### MEX:

Share Class A SXCER  
Share Class B SXCEI

### SEDOL:

Sedol GBP 3206441  
Sedol GBP 3209495

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**INDEPENDENT THINKING**

## Fund Performance

to 30/09/2021

### Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	-2.2	16.1	36.0	69.4	111.9	556.9
MSCI Europe ex UK Index	-3.5	11.7	21.8	30.3	63.0	238.6
IA Europe ex UK Sector**	-3.4	11.5	22.4	28.9	60.1	200.6

Source: FE fundinfo, as at 30/09/2021, 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 30 September

	2021	2020	2019	2018	2017
SVM Continental Europe Fund B	36.0	21.3	2.7	0.6	24.4
MSCI Europe ex UK Index	21.8	0.2	6.8	2.2	22.4
Performance Difference	+14.2	+21.1	-4.1	-1.6	+2.0

Source: FE fundinfo, as at 30/09/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

### Five Year Performance (%)



### ■ SVM Continental Europe Fund B

Source: FE fundinfo, as at 30/09/2021, 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.

**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. 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.