

SVM UK Growth 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 that can grow faster than the wider markets and are capable of sustained growth. The Fund will invest at least 80% in equities and equity related instruments in UK companies. The Fund may invest in other permitted securities.



June 2022 | Share Class B

Factsheet as at 31 May 2022



Monthly Fund Commentary

Is there value in growth investing?

Many investors now fear there is no value in growth investing. Rotation seems driven more by sentiment than reality. Is the style only suited to economic certainty, calm markets and lower interest rates? This year almost all growth company shares have been sold-off, with a collapse in investor confidence. While value investing covers a wide range of approaches, growth investors tend to be more focused, leaving a lack of hiding places. This has been a painful period for growth investors, and particularly advisers and clients who have allocated to the style.

Studies have shown that in times of market turmoil investors tend to focus more on macroeconomic news and headlines, rather than company results. Yet in the recent reporting season many growth companies reported good growth and gave a lot of information on current trading and prospects. This was not so much trying to predict the unknowns of inflation, central bank policy and geopolitical stress, but explaining how each challenge might impact their activities and profit, and how they planned to respond. Meetings with company managements are the key to understanding real business risks, and how well a company is in control of its own destiny. Amidst the sell-off, much useful information from well managed resilient businesses has not been fully absorbed by the market.

History points to the periods after market down years usually delivering good returns. Human nature when fear prevails, means this pattern is easily overlooked. Amidst the panic of the financial crisis or at the start of the pandemic, investors found it difficult to look longer term. It seemed hard to envisage a market rebound or even a return to a 'normal' economy. Yet there are always growth sectors in the economy and business that prosper amidst economic downturns. These businesses will grow, generate cash, and some may even be bid for. The need for resilience, shorter supply chains, digital transformation and software automation, is

driving strong growth in businesses with those specialist services. Labour market tightness works in favour of some B2B services that improve efficiency, as well as those that can help to manage talent and retain it. Stressed budgets within government and households do not stop an economy from being dynamic, creating winners and losers.

Even amidst a squeeze on incomes, consumers change tastes and behaviour. Hybrid working is now cementing some of those new patterns, disrupting city centre spending and travel. The pandemic has also left in its wake a continuing demand for companies that support health, vaccines and pets. Share prices for growth businesses have been reset, offering value to investors with a horizon beyond this year.

Performance

SVM UK Growth Fund returned -3.0% (B shares) compared with the return of 0.9% for the MSCI UK IMI TR Index and 0.1% for the average fund in the IA UK All Companies sector. For the 5 years to 31 May, the Fund returned 6.2% (B shares), compared to a return of 20.9% for the MSCI UK IMI TR Index and 16.9% for the average fund in the IA UK All Companies sector.

Trading and results

Over the month, there were positive contributions to performance from Ideagen, Flutter Entertainment, K3 Capital, Beazley and Marlowe. Negatives in the month were Croda, Segro, AB Dynamics and Kingspan. Segro is one of the UK's largest property groups with warehouses used in retail supply chains. Online retail demand has softened. Insurer Beazley, has made a good start to the year in terms of premium rates, growth and profitability. It is benefiting from its cyber insurance offering.

Your Fund remains fully invested, including likely recovery beneficiaries and well-funded resilient growth businesses.

Fund and index performance source: FE fundinfo

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: £159.3m

Fund Managers:

Margaret Lawson (Co Fund Manager)
Appointed: 31/10/2005
Years at SVM: 30 Industry Experience: 40

Colin McLean (Co Fund Manager)
Appointed: 29/02/2008
Years at SVM: 30 Industry Experience: 46

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:



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

Strategies

The SVM UK Growth fund aims to identify best in class companies that can grow faster than the wider market over the long term (5 years or more). Portfolio businesses are drawn from those that are dominant in their sector, usurpers that will come to own their space and hero franchises utilising fast growing channels.

We aim to identify those opportunities earlier than our peers, not at the pioneering stage but when the model is accelerating.

This leads to a flexible diversified portfolio blending a core of sustainable growth stocks, tactical mid-term cyclical holdings and innovative business models focussing on future trends.

Industrials 31.9%

Keystone Law	4.0
Experian	2.5
Diploma	2.5
Rentokil Initial	2.0
Kingspan Group	1.7

Consumer Discretionary 15.6%

Entain	3.4
JD Sports Fashion	2.7
Flutter Entertainment	2.1
Games Workshop	1.6
AB Dynamics	1.1

Information Technology 14.5%

Kainos	2.9
Oxford Instruments	1.7
Softcat	1.3
AVEVA	1.3
Ideagen	1.1

Financials 9.5%

JTC	2.1
Beazley	1.5
London Stock Exchange	1.4
Impax Asset Management	1.4
Intermediate Capital	1.4

Real Estate 8.3%

Unite Group	2.7
Segro	2.2
Watkin Jones	1.8
Londonmetric Property	1.4
Industrials REIT	0.2

Health Care 6.7%

Dechra Pharmaceuticals	3.6
Indivior	0.8
Kooth	0.8
Genus	0.6
Instem	0.5

Communication Services 6.2%

Gamma Communications	2.5
Future	1.3
Team17	1.3
Dianomi	0.8
4imprint Group	0.3

Materials 6.0%

Croda	3.8
CRH	1.1
Smurfit Kappa Group	1.0

Consumer Staples 4.8%

Cranswick	2.2
Hilton Food Group	1.7
Marks & Spencer	0.5
Revolution Beauty	0.3

Utilities 0.0%

Energy 0.0%

Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, though there will be an emphasis on large cap holdings, or sector. As a consequence The SVM UK Growth Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Long Holdings (Gross %)

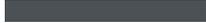
Keystone Law	4.0	
Croda	3.8	
Dechra Pharmaceuticals	3.6	
Entain	3.4	
Kainos	2.9	
Unite Group	2.7	
JD Sports Fashion	2.7	
Experian	2.5	
Diploma	2.5	
Gamma Communications	2.5	
Rest of Portfolio	69.4	

Size Analysis (Gross %)

 Large Cap	32.4
 Med/Mid 250	48.1
 Small/Small Cap	22.8



Sector Breakdown (%)

Industrials	31.9	
Consumer Discretionary	15.6	
Information Technology	14.5	
Financials	9.5	
Real Estate	8.3	
Health Care	6.7	
Communication Services	6.2	
Materials	6.0	
Consumer Staples	4.8	
Energy	0.0	
Utilities	0.0	

This Month's Featured Stock

Kainos Group

Kainos provides IT services, consulting and software solutions. It has gained from the drive to cloud and resilience. It is well positioned in the public sector, and healthcare in particular, supporting digital transformation. Kainos is now capitalised at £1.6bn and has been showing strong growth in sales and profits. Recent results showed 26% organic revenue growth with bookings up 35%. The shares have bounced on the results, suggesting a beat on expectations and that the derating this year may have gone too far. Growth has been a combination of organic development and selective acquisition.

Kainos' digital service segment supports customised online digital solutions for the UK Government and private sector organisations. The UK Government has steadily increased spending on digital transformation in recent years and is one of the leading implementers of electronic government to assist delivery of public services and enhance citizen interactions. Kainos should participate in this. For the economy as a whole, productivity is an important driver of GDP per capita growth, and a key enabler for this is software and digital services.

With a continued drive to cloud-based solutions by businesses and enhancing resilience, Kainos is likely to remain an essential partner for major transformations, such as NHS in the UK. It is one of 12 suppliers on the £800m Digital Capability for Health Framework. There is strong potential in the US where Kainos currently has a small existing presence. Kainos should expand internationally from its existing base of staff in 13 European countries. The group provides software services in Human Capital Management via its Workday practice, and this market is forecast to grow at 10% p.a.

Kainos has a strong balance sheet, good cash conversion, robust pipeline and significant backlog of contracted revenues. The management team has an excellent track record and is still founder-led. It is currently mid cap, dominant in some of the segments it services, but has potential to grow to be a large cap business.

Fund Performance

to 31/05/2022

Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	-3.0	-26.8	-20.6	0.2	6.2	260.2
MSCI United Kingdom IMI Index	0.9	3.1	10.0	17.0	20.9	191.6
IA UK All Companies Sector**	0.1	-5.9	-1.5	15.0	16.9	162.1

Source: FE fundinfo, as at 31/05/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

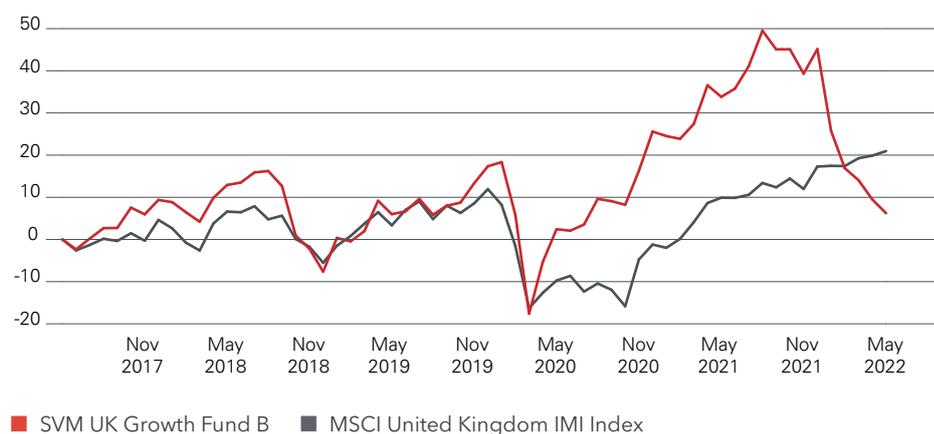
**IA is provided as a comparator

Percentage growth year on year to 31 March

	2022	2021	2020	2019	2018
SVM UK Growth Fund B	-10.5	54.6	-19.2	-2.2	12.3
MSCI United Kingdom IMI Index	14.6	24.4	-19.3	6.5	1.2
Performance Difference	-25.1	+30.2	+0.1	-8.7	+11.1

Source: FE fundinfo, as at 31/03/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: FE fundinfo, as at 31/05/2022, 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 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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INDEPENDENT THINKING