

# SVM UK Emerging Fund plc

The investment objective of the Fund is long-term (5 years or more) capital growth from investments in smaller and medium sized UK companies. Its aim is to outperform the IA UK All Companies Sector Average Index on a total return basis.



July 2021

Figures as at 30 June 2021



## Monthly Fund Commentary

Over the quarter, the Fund returned 8.7% (NAV) and 3.0% (share price) versus returns of 5.6% in the IA UK All Companies Sector average, and 5.5% in the MSCI UK Investable Market Index. This took the Fund's 12 month performance to 36.5% (NAV) and 44.3% (share price), versus IA UK All Companies Sector average and MSCI UK IMI returns of 27.8% and 20.3%, respectively (to 30 June 2021). Over five years to 30 June 2021 the Fund has returned 82.4% (NAV) and 75.2% (share price) versus IA UK All Companies Sector average and MSCI UK IMI returns of 51.3% and 32.7%, respectively. (total return, Lipper data, average and index returns for comparison purposes).

UK economic growth appears to be running at around 7% this year, helped by stimulation and a successful vaccination programme. Yet, the UK equity market is still below its 20 year average rating. Even adjusted for the sector biases in UK listings, the UK market still lags the US and Europe in valuation.

If there is a clear indicator of the underlying dynamism of the UK economy, it is surely the level of IPOs and the window this offers into value creation in emerging disruptive business models. Many of these enter the stockmarket as small or mid cap, but are destined to be much bigger businesses. Those new business models and technologies are likely to undermine value within some of today's goliaths, particularly in banking and consumer sectors.

The quarter saw good performance in a number of the portfolio's growth businesses. Dechra Pharmaceuticals, Kin & Carta, Watches of Switzerland, IMPAX and Alpha FX all made good contribution to performance. Laggards included Ceres Power, Renishaw and Flutter Entertainment.

Over the quarter, additional investment was made in Entain, Kooth, DX Group and Redde Northgate. The Fund participated in IPOs of Brickability Group and Dianomi. To fund these, part sales were made of Ocado and Insig AI (formerly Catena), and full sales of Just Eat Takeaway, and Premier Foods.

Your Fund remains fully invested with some additional gearing, focused on resilient growing businesses.

## Fund Facts

**Launch Date:** 18 October 2000

**Benchmark Index:**  
IA UK All Companies Sector Average

**Fund type:** Investment Trust

**Registered No:** SC211841

### Fund Managers:

**Margaret Lawson** (Fund Manager)  
Appointed: 01/10/2012  
Years at SVM: 30 Industry Experience: 40

**Colin McLean** (Deputy Fund Manager)  
Appointed: 18/10/2000  
Years at SVM: 30 Industry Experience: 46

### Listed:

London Stock Exchange

Investments: £8.2m  
Share Price: 102.50p  
NAV: 136.02p

**The month end published NAV is calculated on a bid price basis.**

### Corporate Calendar

Year End: 31 March  
Half Year: 30 September

### Codes:

RIC: SVME  
ISIN: GB0000684174

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 Structure

Top 10 Long Holdings	(Net %)	Sector Breakdown	(%)
Alpha FX Group	3.8	Industrials	25.3
Ceres Power	3.4	Consumer Discretionary	19.1
Dechra Pharmaceuticals	3.2	Information Technology	17.1
4imprint Group	3.1	Communication Services	14.5
Watches of Switzerland	2.9	Financials	8.2
XP Power	2.7	Health Care	7.8
Unite Students	2.6	Consumer Staples	4.1
Gamma Communications	2.6	Real Estate	3.2
Drape Esprit	2.4	Materials	0.8
Essensys Group	2.2	Energy	0.0
		Utilities	0.0
		Portfolio Analysis	(%)
		Large Cap	18.9
		Mid Cap	30.5
		Small Cap	5.1
		AIM	45.5

## Enquiries

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Calls may be recorded

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## Fund Performance

to 30/06/2021

### Percentage growth year on year to 30 June

	2021	2020	2019	2018	2017
SVM UK Emerging NAV	36.5	-11.4	-9.8	23.8	34.9
IA UK All Companies Average	25.6	-13.6	-4.7	6.6	19.9
Performance difference	+11.0	+2.3	-5.1	+17.2	+15.1

Source: SVM/Lipper, as at 30/06/2021, total return, UK net tax.

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The Fund was launched on 18 October 2000.

### Past performance is not a guide to future performance.

The value of your investments and the income from them can go down as well as up and you may not get back the amount originally invested.

The Fund is to be considered a long term investment option.

### The Fund incurs the following key risks:

If an Investor redeems the investment shortly after investing, they may not get back the original amount due to market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. The Fund is exposed to credit and settlement risk in its dealings with Counter Parties in day to day business. This may result in a loss to the Fund if a Counter Party business fails. 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. A Fund with a concentrated portfolio carries a greater risk to that of a Fund with a larger spread of investments. Investment trusts can borrow money to make investments; this can lead to greater losses if markets fall. The Fund uses Contracts for Difference (CFDs) as part of the investment strategy; this can increase the risk profile and volatility of the Fund. Some unquoted investments may become difficult to realise as prices may not be readily available or a reliable indicator of value.