

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 may invest in other permitted securities.



April 2021 | Share Class B

Factsheet as at 31 March 2021



Monthly Fund Commentary

Equities made further progress over the month despite mixed Covid news. Tensions over vaccines remain and many parts of Europe are entering further lockdowns. Further wrangling over the safety profile of the Astra/Oxford vaccine risks undermining vaccination efforts in Europe and elsewhere. Infection rates also continue to rise in places such as India and Brazil where it had been thought there was a reasonable element of herd immunity. In spite of such concerns, investors continued to focus on the bigger picture: the vaccine roll-out is ongoing and recent economic data has highlighted the scope for a significant acceleration in economic activity. The fund gained +4.3% versus +4.0% for the MSCI UK Index.

Economic activity continued to rebound across the globe. Hiring is picking up aggressively and there is little evidence that either business or consumers have been significantly scarred by the pandemic. House prices in the US and elsewhere are rising at the fastest rate since the global financial crisis. President Biden's stimulus was passed by US lawmakers and Europe is moving ahead with its recovery fund despite an attempted intervention by the German constitutional court. With monetary policy also extremely supportive, economic and profit forecasts for the next twelve to eighteen months look unduly conservative.

The fund's consumer cyclical stocks performed well as investors looked forward to the reopening of the economy. Many of them were buoyed by strong updates. Bathroom and kitchen supplier, Norcros, even managed to release two positive trading updates in just one month. These resulted in the house broker raising forecasts for over 30% for the current year to the end of April and over 20% for the following year. Importantly, the impressive profit performance has been mirrored by the group's cash generation and the business will be in a net cash position at year-end, providing significant scope for further acquisitions.

Norcros has successfully acquired and integrated a number of smaller suppliers over the last couple of years and these acquisitions have generated material revenue synergies. As long-term shareholders, we look forward to the benefits of further acquisitions. Despite the management's impressive track record the shares continue to languish at a material discount to both the sector and the market.

Vistry delivered full-year results that confirmed the strength of the ongoing recovery in the housebuilding division and strength in the partnerships business. In the twelve months since it acquired Linden Homes and the Partnerships & Regeneration business from Galliford Try, the group has made excellent progress in integrating the businesses and reducing debt. Management's confidence in the outlook for the business was evidenced by significant share purchases by the CEO, Greg Fitzgerald.

Volusion rose post impressive full-year results. Revenue grew at high-single digits in constant currency and adjusted profits grew in excess of 20%. Despite the sharp move in the share price over the last six months we believe there is further upside. Ventilation and air handling are of increasing importance in both new build and refurbished properties and look set to deliver robust growth for many years.

The fund's energy holdings were generally weaker as the oil price retreated. Jadestone Energy fell as investors continued to digest the implications of the recent update. While some short-term disappointment is understandable, the resilience of the group's financial and operating performance is underappreciated. Jersey Oil & Gas declined as the company raised additional equity.

New positions were initiated in 888 Holdings and ActiveOps. The fund added to its holding in Jadestone. DCC was top-sliced.

Fund and index performance source: Lipper

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: £174.0m

Fund Managers:

Neil Veitch (Fund Manager)
Appointed: 23/01/2006
Years at SVM: 14 Industry Experience: 24
Craig Jeruzal (Deputy Fund Manager)
Appointed: 01/01/2014
Years at SVM: 14 Industry Experience: 15

Fund Charges (OCF*):

Share Class A 1.74%
Share Class B 0.99%

*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:



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

This Fund has been classed as 6 because its volatility has been measured as high.

The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.

The risk category shown is not guaranteed and may change over time.

The lowest risk number does not mean risk free.

As at 01/01/2021



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.

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	36.5	
Consumer Cyclical	26.4	
Unstable Financial	12.8	
Technology	12.7	
Defensive	10.2	
Oil & Gas	9.2	
Stable Financial	0.0	
Mining	0.0	

Top 5 long holdings

Group totals net %.

Cyclical	36.5%
Synthomer	5.7
CRH	4.3
Smurfit Kappa Group	3.3
RWS Holdings	3.3
Balfour Beatty	2.6

Consumer Cyclical	26.4%
Entain	6.5
Norcros	4.9
Ryanair	3.1
Tesco	2.7
Vistry Group	2.1

Unstable Financial	12.8%
Prudential	4.5
Lloyds Banking Group	3.4
Legal & General	3.1
OSB Group	1.8
Arden Partners	0.1

Technology	12.7%
Micron Technology	5.1
Creo Medical Group	2.7
Team17	1.7
Koninklijke Philips	1.5
ActiveOps	1.0

Defensive	10.2%
National Grid	3.7
DCC	2.5
Roche Holdings	2.0
GlaxoSmithKline	2.0

Oil & Gas	9.2%
Jadestone Energy	3.3
Energean	1.9
Pantheon Resources	1.7
Savannah Energy	0.7
Jersey Oil & Gas	0.5

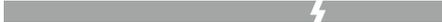
Stable Financial	0.0%
-------------------------	-------------

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.

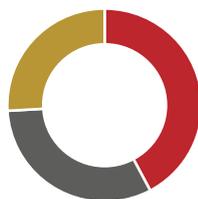
Top 10 Long Holdings (Net %)

Entain	6.5	
Synthomer	5.7	
Micron Technology	5.1	
Norcros	4.9	
Prudential	4.5	
CRH	4.3	
National Grid	3.7	
Lloyds Banking Group	3.4	
Smurfit Kappa Group	3.3	
Jadestone Energy	3.3	
Rest of Portfolio	55.2	

Size Analysis* (Net %)

 Large Cap	42.2
 Med/Mid 250	31.8
 Small/Small Cap	25.9

*Long only positions and excludes Cash



Sector Breakdown (%)

Industrials	26.8	
Consumer Discretionary	16.4	
Materials	15.5	
Financials	12.8	
Energy	9.2	
Health Care	8.9	
Information Technology	4.8	
Consumer Staples	4.3	
Real Estate	3.9	
Utilities	3.7	
Communication Services	1.6	

This Month's Featured Stock

National Grid

National Grid is an owner and operator of electricity & gas transmission and distribution networks in the UK and US. The company also has investments in LNG and interconnector operations.

During March, National Grid announced it was acquiring Western Power Distribution (WPD), the UK's largest electricity distribution network, for an enterprise value of £14.2bn. At the same time, the company announced that it was disposing of its regulated Rhode Island business for £3.7bn and launched a sales process for a majority of its stake in its UK Gas Transmission business. The latter is expected to complete in 2022 and analysts estimate an enterprise value of c.£4bn for a disposal of 51%.

While the scale of the transactions were surprising, they make strategic sense for the business. Following completion, electricity will now account for 70% (from 60% previously) of National Grid's total asset base. This pivots National Grid towards faster-growth markets that will benefit from the ongoing green-energy transition. In the UK, electricity demand has the potential to double by 2050 as electrified transport, building electricity consumption, and hydrogen production all grow. This should help underpin National Grid's longer-term strategic ambition to grow group assets at an annual rate of 5-7%. Following these deals the group will remain geographically balanced, with US regulatory assets still accounting for c.40% of total assets.

National Grid currently trades on an estimated March 2022 PE of c.15x and a yield of 5.6%. Although never likely to be viewed as the most exciting of companies, we believe that the current valuation fails to reflect National Grid's exposure to what are likely to be some of the most prevailing trends of the next few decades.

Enquiries

www.svmonline.co.uk
Calls may be recorded

Investor Services and Dealing:

Dealing, account enquiries and valuations
Phone: 0345 066 1110
Fax: 0330 123 3755
International phone: +44 (0)1268 447 417
International fax: +44 (0)1268 457 731

General Enquiries

Head office and fund enquiries
Phone: +44 (0)131 226 6699
Email: info@svmonline.co.uk
Helpline: 0800 0199 110
Literature Request: 0800 0199 440

ISIN:

Share Class A GB0032064304
Share Class B GB0032084815

MEX:

Share Class A SXUOR
Share Class B SXUOI

SEDOL:

Sedol GBP 3206430
Sedol GBP 3208481

Registered Office:

SVM Asset Management Limited
7 Castle Street
Edinburgh
EH2 3AH
Registered No. 125817

Issued by SVM Asset Management Limited who is authorised and regulated by the Financial Conduct Authority:
12 Endeavour Square
London E20 1JN

© SVM Asset Management Limited.

INDEPENDENT THINKING

Fund Performance

to 31/03/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund B	4.3	12.6	65.5	24.0	53.5	718.2
MSCI United Kingdom IMI Index	4.0	5.4	24.4	6.9	32.4	137.5
IA UK All Companies Sector	3.8	5.8	38.8	15.7	40.7	215.3

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

Percentage growth year on year to 31 March

	2021	2020	2019	2018	2017
SVM UK Opportunities Fund B	65.5	-24.8	-0.4	8.0	14.7
MSCI United Kingdom IMI Index	24.4	-19.3	6.5	1.2	22.3
Performance Difference	+41.1	-5.5	-6.9	+6.8	-7.6

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM UK Opportunities Fund B ■ MSCI United Kingdom IMI Index

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Copyright 2021 © Lipper, a Thomson Reuters company. All rights reserved. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

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 medium to long term 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.