

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.



May 2022 | Share Class B

Factsheet as at 30 April 2022



Monthly Fund Commentary

2022 is a year of shocks, many contradicting widely held views. Size is no protection as consumers are squeezed and competition ramps up in areas that no longer have a pandemic boost. Netflix, Amazon and some other major US online consumer businesses have surprised. But despite their apparent invulnerability, many of the disappointments have come from businesses where free cashflows are poor, squeezed by capital expenditure and rising costs. The dangers seem to be being missed by some company managements, only belatedly recognising that their business is not a monopoly and lacks pricing power. It is a crucial time to understand in detail the risks in company business models and take a critical view of management narratives.

The rotation against growth businesses has been severe and prolonged, as markets look for signs of central bank action on inflation, or indications that consumers are tightening their belts. It does look like a liquidity squeeze is underway. Credit is tightening up, challenging loss-making businesses and questionable operating models. And there are some parts of the economy, such as metals exchanges, that are not well structured to handle credit problems. We can expect some surprises from businesses that are not inherently generating free cash flow or where there is too much reliance on funding from suppliers or customers. Investors need to look hard at parts of the investment world where credit is being fudged. The corporate sector and banks may overall be awash with cash but no-one at this stage in the cycle wants to bail out distressed companies.

The sell-off has been indiscriminate; many satisfactory results have been viewed harshly, derating businesses with strong market positions and pricing power. The drive to increase resilience and shorten supply chains is a powerful force for growth in businesses that are well placed for this transition. And there are other growth areas even as economies slow; including energy efficiency, sustainability and online security. Some

disruptive new business models in traditional sectors have a long growth runway and are not highly rated. They are likely to continue to take market share even as the UK economy faces the prospect of recession.

The enemy of genuine growth has been easy money, allowing ailing incumbent businesses to borrow and acquire as they face competition from innovative new entrants. Large multinationals are also the biggest losers from sanctions and an unwinding of globalisation. When the stockmarket seems a sea of red, with little respite, it is easy to lose sight of fundamentals and underlying trading progress. But many companies are coping well with the current challenges of supply disruption, inflation and weaker consumer confidence. Typically these are growth businesses with a competitive edge in business services. Investors should focus on company reporting and maintain a consistent investment approach.

Performance

SVM UK Growth Fund returned -4.0% compared with the return of 0.5% for the MSCI UK IMI TR Index and -1.2% for the average fund in the IA UK All Companies sector. For the 5 years to 30 April, the Fund returned 12.7%, compared to a return of 25.2% for the MSCI UK IMI TR Index and 20.9% for the average fund in the IA UK All Companies sector.

Trading and results

Over the month, there were positive contributions to performance from AB Dynamics, Keystone Law, Oxford Instruments, Jet2 and Diploma. Dechra, Gamma Communications, JD Sports and Entain were negatives in the month. In April, an addition was made to the investment in 888 Holdings. 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: £164.1m

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 medium term. 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 32.1%

Keystone Law	4.0
Diploma	2.6
Experian	2.6
Rentokil Initial	2.1
Kingspan Group	1.9

Financials 9.4%

JTC	2.1
London Stock Exchange	1.5
Impax Asset Management	1.5
Intermediate Capital	1.3
Beazley	1.3

Materials 6.4%

Croda	4.2
CRH	1.1
Smurfit Kappa Group	1.1

Utilities 0.0%

Consumer Discretionary 15.5%

Entain	3.4
JD Sports Fashion	2.8
Flutter Entertainment	1.7
Games Workshop	1.6
AB Dynamics	1.4

Real Estate 8.6%

Unite Group	2.6
Segro	2.6
Watkin Jones	1.8
Londonmetric Property	1.4
Industrials REIT	0.2

Communication Services 6.2%

Gamma Communications	2.4
Future	1.4
Team17	1.2
Dianomi	0.9
4imprint Group	0.3

Energy 0.0%

Information Technology 14.1%

Kainos	2.7
Oxford Instruments	1.7
Softcat	1.3
AVEVA	1.2
Kape Technologies	1.1

Health Care 6.4%

Dechra Pharmaceuticals	3.5
Kooth	0.8
Indivior	0.8
Genus	0.5
Instem	0.5

Consumer Staples 4.9%

Cranswick	2.2
Hilton Food Group	1.9
Marks & Spencer	0.5
Revolution Beauty	0.3

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 %)

Croda	4.2	
Keystone Law	4.0	
Dechra Pharmaceuticals	3.5	
Entain	3.4	
JD Sports Fashion	2.8	
Kainos	2.7	
Unite Group	2.6	
Diploma	2.6	
Experian	2.6	
Segro	2.6	
Rest of Portfolio	69.1	

Size Analysis (Gross %)

 Large Cap	32.9
 Med/Mid 250	47.0
 Small/Small Cap	23.8



Sector Breakdown (%)

Industrials	32.1	
Consumer Discretionary	15.5	
Information Technology	14.1	
Financials	9.4	
Real Estate	8.6	
Health Care	6.4	
Materials	6.4	
Communication Services	6.2	
Consumer Staples	4.9	
Energy	0.0	
Utilities	0.0	

This Month's Featured Stock

Croda International

Speciality chemical group, Croda International, is a FTSE 100 constituent, capitalised at £9bn. It has a long record of growth by acquisition and organically, moving it from commodity chemicals and competitive markets into areas of specialisation and technical leadership.

The business is split with approximately 40% in consumer care, 30% in life sciences and 20% in the lower margin performance technologies. In 2021, the business enjoyed a significant boost from components for Covid-19 vaccines, which represented around one-sixth of 2021 activity. Croda enjoys high margins, particularly in its life sciences division and has been able to push through price increases. There is potential to benefit from other future mRNA vaccines. Croda has relationships with more than two-thirds of the companies that are developing mRNA treatments and should have visibility on prospects in this area via long running medical trials. Although Covid risks are receding, there is potential in Croda's lipids for oncology and other mRNA treatments, offering upside for the shares.

Croda continues to invest heavily in its businesses, which should help it cope with some of the competitive headwinds. It is still seeing sales growth in its two largest divisions and has to date been able to pass on higher cost inflation. Although the shares are premium rated, Croda demonstrates a good free cashflow yield. A de-rating this year in the shares underlines value in the business, with the prospect of rapid growth in healthcare in particular. There is potential also for further margin improvement and an acquisition.

Fund Performance

to 30/04/2022

Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	-4.0	-24.5	-19.8	0.3	12.7	271.4
MSCI United Kingdom IMI Index	0.5	2.2	10.3	12.6	25.3	189.0
IA UK All Companies Sector**	-1.2	-6.0	-0.1	11.2	20.9	161.7

Source: FE fundinfo, as at 30/04/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

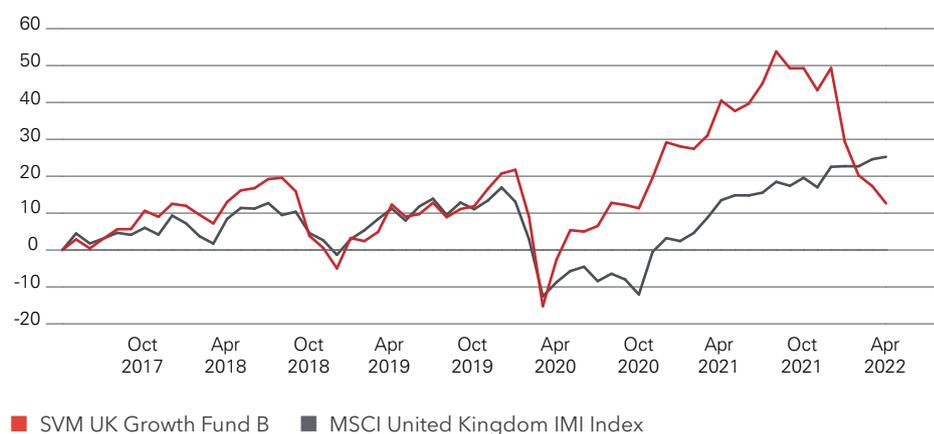
**IA is provided as a comparator

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 30/04/2022, 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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Share Class B GB0032084708

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Share Class A SXSR
Share Class B SXSI

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INDEPENDENT THINKING