

# SVM

## UK Emerging Fund plc

The investment objective of the Fund is long-term 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.

April 2020

Figures as at 31 March 2020



## Fund News



**Margaret Lawson**  
Fund Manager

Industry Experience: 39

Years at SVM: 29

Appointed: 01/10/2012



**Colin McLean**  
Deputy Fund Manager

Industry Experience: 45

Years at SVM: 29

Appointed: 18/10/2000

## Monthly Fund Commentary

Over the quarter, the Fund returned -35.6% versus returns of -27.9% in its benchmark, the IA UK All Companies Sector average, and -25.1% in the FTSE All-Share Index. This took the Fund's 12 month performance to -25.7% versus benchmark and FTSE All-Share Index returns of -19.0% and -18.5%, respectively (to 31 March 2020). Over five years to 31 March 2020 the Fund has returned +8.5% versus benchmark and FTSE All-Share Index returns of -0.1% and +2.9%, respectively. (NAV total return, Lipper data).

Stockmarkets move ahead of economic recovery but investors may need to focus more on sustainable growth rather than high dividends. Many growth businesses have had to operate with lean capital-lite business models. They may emerge stronger, and even be in a position to acquire weaker rivals.

Despite all the money being pumped into economies by governments around the world, even lower inflation and interest rates are now likely. The loss of wealth will cut consumer confidence until that capital safety-net is rebuilt. Low inflation and dividend cuts have a big impact on pension fund liabilities and the balance sheets of many big companies. Younger growth businesses typically suffer less from these legacy problems. The Managers have

reassessed prospects for each of the portfolio investments. In some cases, balance sheets can be repaired by share placings.

During the quarter, most stocks fell but there were positive contributions to performance from Hilton Foods, Boku, Convatec, Cranswick and Genus. The quarter saw sharp falls in travel-related shares and in property, which made less sense. Rising debt makes us cautious on the UK bank sector. In some parts of the economy it is not clear how regulatory and credit forbearance will be unwound, and where the cost will ultimately lie. Purchases emphasised expected resilience and included Pets at Home, Ceres Power, SDL, London Metric and Games Workshop. Sales included Abcam, Scancell and Hutchison China Meditech.

Your Fund remains fully invested with some gearing, focused on resilient growing businesses, with low exposure to commodities, oil and banks.

## Fund Facts

**Launch Date:** 18 October 2000

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

**Fund Type:** Investment Trust

**Registered No:** SC211841

**Listed:**  
London Stock Exchange  
Total  
Investments: £4.9m  
Share Price: 70.0p  
NAV: 81.75p

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

Year End: 31 March  
Half Year: 30 September  
RIC: SVMME  
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 the income from them can go down as well as up and you may not get back the amount originally invested.**

**ACTIVE STOCKPICKERS**

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## Stock Analysis

Top 10 Holdings	(%)	Sector Analysis	Fund (%)
Unite Students	5.1	Consumer Services	25.2
Hilton Food Group	4.8	Financials	21.2
4imprint Group	4.7	Industrials	19.9
Kerry Group	3.9	Consumer Goods	15.0
Rentokil Initial	3.5	Technology	13.1
Learning Technologies Group	3.5	Health Care	2.7
knights Group Holdings	3.3	Telecommunications	2.0
JD Sports	2.9	Oil & Gas	1.0
Ocado	2.8		
Dechra Pharmaceuticals	2.7		
<b>Total</b>	<b>37.4</b>	<b>Portfolio Analysis</b>	<b>Fund (%)</b>
		Main Market	62.9
		AIM	32.0
		PLUS	0.0
		Unquoted	0.0
		Other	5.1

## Fund Performance to 31/03/2020

### Percentage growth year on year to 31 March

	2020	2019	2018	2017	2016
SVM UK Emerging NAV	-25.7	-1.8	18.9	15.7	8.1
IA UK All Companies Average	-21.3	0.3	0.4	15.5	
FTSE AIM TR				32.9	0.6
Performance difference	-4.4	-2.0	+18.5	-17.2	+7.5

Source: SVM/Lipper, as at 31/03/2020, total return, UK net tax.

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The Fund was launched on 18 October 2000.

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## Enquiries

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**Calls may be recorded**

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**Phone:** 0870 707 1328

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

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.