

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.



October 2021 | Share Class B

Factsheet as at 30 September 2021



Monthly Fund Commentary

Should investors be concerned about current headlines; shortages, China, taxes and inflation? In less optimistic times, any single one of these would have rattled the stockmarket. Recently, bad news has simply been shrugged off. Optimism is understandable; most trading updates from companies have been positive, typically reporting an exceptional rebound. That could change rapidly, if central banks fail to act to control inflation, or if bond and currency markets really begin to question the power of those banks.

A little inflation is no bad thing, allowing some readjustment in the economy. Rising energy prices may even help to address climate change. And - initially at least - companies find that higher prices usually mean bigger profits. But a dislocated economy with real shortages is something different. It might have taken the petrol pumps to bring home this problem, but missing microchips are shutting down a lot of other activities, as are staff shortages. Many activities are running below normal capacity despite the short term boost of higher prices. It is important to monitor company trading and supply chain news. These disruptions may be the precursor to a slowdown, encouraging rotation back to growth businesses.

Added to the economic uncertainty will be its impact on politics. China faces a sharp slowdown that could disappoint a population that has for decades been motivated by a vision of increasing prosperity. Economic weakness could even undermine China's ambitions to regional leadership. China may not have been a big factor in previous market sell-offs, but is now too big a part of the global economy to ignore.

Even in the UK, the government is being forced to change tack; responding on climate change and equality. There is potential for surprise. What is clear is that tax policy enjoys less consensus than usual, and the UK government must make some unpalatable moves.

Historically, faced with such uncertainty, investors have simply raised cash. This might be understandable in the current

environment, when inflation has created asset bubbles in so many areas. Cash has other problems; timing of re-entry is always difficult and investors quickly feel a sense of regret if they sell before the peak. Instead, the best investor precaution may not be running for cash, but the psychological preparation of clearly understanding financial planning and the role a portfolio is playing in overall long term financial planning.

Performance

In September, SVM UK Growth Fund returned -3.0% compared with the return of -0.9% for the MSCI UK IMI TR Index and -1.8% for the average fund in the IA UK All Companies sector. For the 5 years to 30 September, the Fund is top quartile, returning 66.2%, compared to a return of 26.1% for the MSCI UK IMI TR Index and 38.6% for the average fund in the IA UK All Companies sector. Investor interest continues in growth businesses, but there is more concern that central banks may not intervene effectively on inflation. Higher energy prices and supply bottlenecks in China will cool growth.

Trading and results

September saw mixed portfolio performance, with profit taking in a number of the portfolio's growth businesses, but good performance in companies that reported and beat expectations; Dianomi, Keystone Law, AB Dynamics and JD Sports Fashion. Entain gained on a bid approach, lifting others in the gaming sector including Flutter and 888 Holdings. Laggards in the month included Gamma Communications, Ceres Power, Dechra and Unite.

In September, additional investments were made in cybersecurity group, Kape Technologies and Kooth, a digital mental health business. Both provided good trading updates. To fund these, sales were made of Ocado (entire holding) and ITM Power (part sale).

Your Fund remains fully invested, including likely recovery beneficiaries and strong growth businesses.

Fund and index performance source: FE

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: £200.0m

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 1.72%
Share Class B 0.97%

*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 ('SRRRI') may be a guide to the level of risk of the Fund compared with other funds. The SRRRI 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 SRRRI 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 02/07/2021

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 34.5%

Keystone Law	4.0
Ceres Power	3.4
Wizz Air	2.8
Experian	2.4
Diploma	2.2

Financials 10.0%

Intermediate Capital	2.4
Impax Asset Management	1.6
London Stock Exchange	1.4
Beazley	1.3
Draper Esprit	1.3

Health Care 6.2%

Dechra Pharmaceuticals	3.8
Kooth	1.0
Genus	0.7
Indivior	0.3
Inspeks Group	0.3

Utilities 0.0%

Consumer Discretionary 19.8%

Entain	3.9
JD Sports Fashion	3.7
Flutter Entertainment	2.5
Games Workshop	1.8
AB Dynamics	1.6

Communication Services 8.6%

Gamma Communications	3.0
Future	1.9
Team17	1.5
Dianomi	1.2
Kin & Carta	0.7

Materials 6.1%

Croda	3.8
CRH	1.4
Smurfit Kappa Group	1.0

Energy 0.0%

Information Technology 14.5%

Kainos	3.4
AVEVA	1.6
Softcat	1.5
Oxford Instruments	1.4
Boku	1.3

Real Estate 6.3%

Unite Group	2.1
Segro	1.9
Watkin Jones	1.4
Londonmetric Property	1.0

Consumer Staples 4.7%

Cranswick	2.1
Hilton Food Group	1.4
Kerry Group	1.0
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 %)

Keystone Law	4.0	
Entain	3.9	
Dechra Pharmaceuticals	3.8	
Croda	3.8	
JD Sports Fashion	3.7	
Ceres Power	3.4	
Kainos	3.4	
Gamma Communications	3.0	
Wizz Air	2.8	
Flutter Entertainment	2.5	
Rest of Portfolio	65.7	

Size Analysis (Gross %)

 Large Cap	46.3
 Med/Mid 250	44.2
 Small/Small Cap	20.3



Sector Breakdown (%)

Industrials	34.5	
Consumer Discretionary	19.8	
Information Technology	14.5	
Financials	10.0	
Communication Services	8.6	
Real Estate	6.3	
Health Care	6.2	
Materials	6.1	
Consumer Staples	4.7	
Energy	0.0	
Utilities	0.0	

This Month's Featured Stock

Kooth

Kooth listed in 2020, as a small cap health care services business. Its services and App support mental wellbeing, assisting NHS Clinical Commissioning Groups (CCGs replaced primary care trusts) in England. Initially focused more on younger adults and CCGs, the offering has now broadened into work for adults and corporates. The App represents a portal for mental health assessment and can guide into other support pathways. Kooth has effectively developed a niche in online mental health in the UK, a position protected by strong customer relationships. This helps to create a barrier to entry from international operators considering entering the UK market and gives a strong platform for growth. Kooth is now contracted by more than 90% of NHS England CCGs, up from 77% at IPO. Measured by revenue, Kooth achieves 95% customer retention. First half revenue for the current year grew 35%, with increased margins.

The growing demand for mental wellbeing support has created an opportunity in digital services. Kooth appears dominant in this space and has now secured contracts in Scotland and Wales, with a pilot project in South Africa. The shares have performed well since launch, but there is potential for significant growth in a large and underserved market. Although Kooth's shares are currently highly rated, this reflects a high growth rate and a scalable business model. Delivery of mental health services is changing, with more sessions of traditional therapy being delivered online. Kooth's offering emphasises early intervention and research points to good outcomes from this. The global digital health market is growing and we believe this underpins prospects for Kooth.

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Share Class A SXSR
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Fund Performance

to 30/09/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	-3.0	15.5	33.0	28.8	66.2	392.0
MSCI United Kingdom IMI Index	-0.9	13.7	27.6	6.4	26.1	170.9
IA UK All Companies Sector**	-1.8	14.8	32.4	15.5	38.6	172.6

Source: FE fundinfo, as at 30/09/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

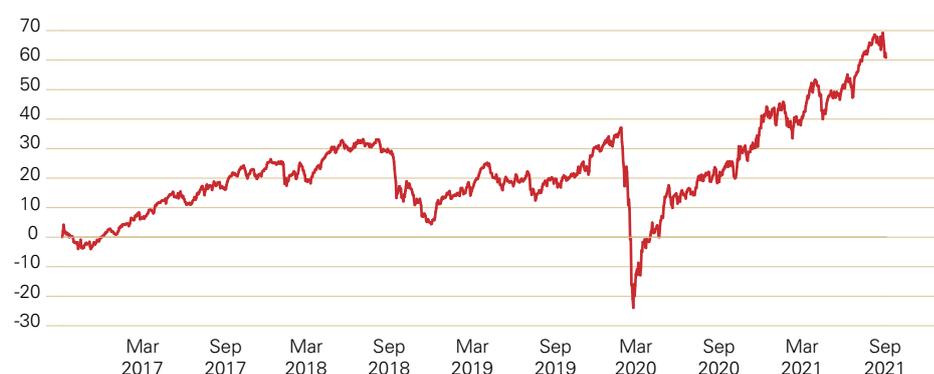
**IA is provided as a comparator

Percentage growth year on year to 30 September

	2021	2020	2019	2018	2017
SVM UK Growth Fund B	33.0	1.0	-4.2	9.7	17.7
MSCI United Kingdom IMI Index	27.6	-18.5	2.3	6.0	11.8
Performance Difference	+5.4	+19.5	-6.5	+3.7	+5.9

Source: FE fundinfo, as at 30/09/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM UK Growth Fund B

Source: FE fundinfo, as at 30/09/2021, 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.