

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 will invest at least 80% in equities and equity related instruments in UK companies. The Fund may invest in other permitted securities.



May 2021 | Share Class B

Factsheet as at 30 April 2021



Monthly Fund Commentary

Global equity markets made further progress in April. Strong corporate earnings and an improving economic outlook fuelled the gains. Global economic momentum is strong but with considerable variation between countries and regions. In places with advanced vaccination programs, such as the UK, infection rates and hospitalisations are falling dramatically and the economy is rebounding strongly. In contrast, Brazil and India are witnessing a significant rise in infections and their healthcare systems are struggling to cope. The fund rose 5.1% versus the MSCI UK that returned 4.4%.

The unprecedented nature of the Covid recession was highlighted by data from The Office for National Statistics showing that household wealth had risen to record levels on the back of rising house prices, increased value of defined benefit pensions, and government support. Household net wealth rose to £11.4 trillion, the equivalent of £172k per person in the UK. The increase in household wealth at a time of increasing public sector indebtedness will invariably lead to further questions over the intergenerational fairness of the economy. With the preferences of the median voter continuing to shift leftwards, some form of wealth tax appears inevitable. The direction of travel is already evident in the US where President Biden is planning to roughly double the top rate of federal tax on capital and dividends.

As economies become older and wealthier, and the dependency ratio increases, the focus will not only be on taxation but the potential longer-term impact on inflation. The reintegration of Eastern Europe and China into the global economy generated a significant positive supply shock that reduced labour costs and kept inflation low. As demographics deteriorate there is every possibility that inflationary

pressures increase. Inflation remains the biggest risk to equity markets both in the short and longer-term. The Federal Reserve faces a difficult task in balancing short-term base effects against the risk of rising inflation expectations. We are positive on equity markets but expect volatility to increase.

The fund's cyclical stocks generally gained on the back of strong earnings and an improving economy. IMI delivered an excellent set of full-year results. Importantly, the group raised its profit expectations for the current year despite facing difficult comps. These robust results, alongside a strong outlook statement, underscore the significant momentum in the group. The company missed out on most of the last economic cycle as it took steps to rationalise its portfolio and improve efficiency but with a strong balance sheet and solid operating platform it looks well placed for the next one. Synthomer rose as it announced that current trading was ahead of expectations. The company is not only benefitting from the strength of the nitrile market but is also seeing a sharp rebound in its more cyclical activities. Entain gained as the company substantially increased their view of the size of the addressable market in the US. Online gaming remains in its infancy in the US, but the potential is significant. Norcross rose as it remarkably raised its profit guidance for the third time in a month.

There were no particular disappointments during the month. Diurnal declined as it announced a small equity raise to help fund a clinical study in the US. The holding in RWS was materially reduced and a new unit started in Advanced Medical Systems. The exposure to housebuilders was slightly reduced.

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: £184.8m

Fund Managers:

Neil Veitch (Fund Manager)
Appointed: 23/01/2006
Years at SVM: 15 Industry Experience: 24
Craig Jeruzal (Deputy Fund Manager)
Appointed: 01/01/2014
Years at SVM: 14 Industry Experience: 16

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.

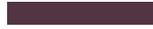
INDEPENDENT THINKING

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	33.9	
Consumer Cyclical	25.6	
Unstable Financial	13.0	
Technology	12.4	
Defensive	10.9	
Oil & Gas	9.9	
Stable Financial	0.0	
Mining	0.0	

Top 5 long holdings

Group totals net %.

Cyclical	33.9%
Synthomer	5.9
CRH	4.1
Smurfit Kappa Group	3.8
Alpha FMC	3.0
Balfour Beatty	2.6

Consumer Cyclical	25.6%
Entain	6.9
Norcros	5.0
Ryanair	3.0
Tesco	2.4
Associated British Foods	1.7

Unstable Financial	13.0%
Prudential	4.2
Lloyds Banking Group	4.0
Legal & General	2.9
OSB Group	1.9
Arden Partners	0.0

Technology	12.4%
Micron Technology	4.6
Creo Medical Group	2.5
Team17	1.6
Koninklijke Philips	1.4
ActiveOps	1.1

Defensive	10.9%
National Grid	3.9
GlaxoSmithKline	2.7
DCC	2.3
Roche Holdings	1.9

Oil & Gas	9.9%
Jadestone Energy	3.8
Energiean	1.9
Pantheon Resources	1.6
Jersey Oil & Gas	1.0
Savannah Energy	0.7

Stable Financial	0.0%
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Mining	0.0%
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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	6.9	
Synthomer	5.9	
Norcros	5.0	
Micron Technology	4.6	
Prudential	4.2	
CRH	4.1	
Lloyds Banking Group	4.0	
National Grid	3.9	
Smurfit Kappa Group	3.8	
Jadestone Energy	3.8	
Rest of Portfolio	53.6	

Size Analysis* (Net %)

Large Cap	45.8
Med/Mid 250	27.5
Small/Small Cap	26.6

*Long only positions and excludes Cash



Sector Breakdown (%)

Industrials	23.8	
Materials	15.9	
Consumer Discretionary	15.7	
Financials	13.0	
Energy	9.9	
Health Care	9.7	
Information Technology	4.3	
Consumer Staples	4.2	
Utilities	3.9	
Real Estate	3.9	
Communication Services	1.4	

This Month's Featured Stock

TI Fluid Systems

TI Fluid Systems (TI) is a manufacturer of fluid control systems and fuel tanks for the automotive industry. The group is a global leader in the brake and fuel line market, with over 30% market share, supplying major OEMs such as Volkswagen, Daimler, and Toyota.

The automotive market is transitioning rapidly from internal combustion engine (ICE) cars towards hybrid-electric and battery-electric vehicles (HEV/BEV). At its recent Capital Markets Day, TI outlined why it is well-positioned to thrive in such an environment. The cooling requirements for a BEV are significant because of the heat generated by their batteries. TI provides the coolant and refrigerant lines required to maintain optimal operating temperatures. In ICE cars, TI has an average content per vehicle of €56 with a maximum of €288. In BEV's, the average is €135 with a maximum of €480. Hybrid vehicles offer more upside from these figures, with the requirement for pressure-resistant fuel tanks playing into a segment of the market where TI is particularly strong.

As the pace at which OEMs launch new BEV platforms accelerates, TI has been successful in ensuring that its products are represented. Of the 46 key BEV platforms coming to market in Europe and North America between 2020 and 2022, TI is present on more than two-thirds. Combined with a strong product development strategy, the group is well positioned to increase its content per vehicle significantly.

Currently trading on an estimated 2022 EV/EBITDA of 4.5x, we believe the market has failed to recognise TI's growth potential. With a strong track record of cash generation and robust balance sheet, the group is also well-positioned to participate in returns-enhancing M&A activity if the opportunity presents.

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INDEPENDENT THINKING

Fund Performance

to 30/04/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund B	5.1	18.3	51.3	24.1	60.8	759.6
MSCI United Kingdom IMI Index	4.4	10.0	24.4	4.7	36.5	147.8
IA UK All Companies Sector	4.2	10.2	30.9	13.7	46.4	228.5

Source: Lipper, as at 30/04/2021, 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 30/04/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

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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.