

SVM

World Equity Fund

The objective of this Fund is to achieve above average capital growth over the medium to long term (although short-term investment opportunities will also be considered) and it aims to outperform its peers in the IA Global Sector (second quartile and above).

April 2020 | Share Class B

Figures as at 31 March 2020



Fund Manager



Neil Veitch
Fund Manager

Industry Experience: 24

Years at SVM: 14

Appointed: 01/12/2010

Monthly Fund Commentary

Equity markets fell precipitously in March as the spread of COVID-19 became apparent. National governments responded to the pandemic by 'locking down' their economies in an attempt to contain the spread of the virus and prevent their health systems from being overwhelmed. The placing of the majority of the global economy into a form of suspended animation is unprecedented and has created significant financial and economic stress. Policy makers responded appropriately. Central banks injected significant liquidity into the system while national governments took steps to support household and corporate balance sheets. The significant policy response led to equities recouping some of their losses. Nonetheless, the average fund declined -10.1% over the month. The fund returned -8.7%.

Last month we commented how we were positioned for a recovery in global economic growth. This was detrimental to the fund's performance in both February and March. Jadestone fell in response to the lower oil price. In response to OPEC+ failing to agree to a production cut at its meeting in early March, Saudi Arabia, the largest producer in the group, announced it was increasing its production with the objective of flooding the global market with oil and pushing the price down. The most pernicious impact on the portfolio, however, was through those businesses who in normal circumstances should be fairly resilient. Gaming company, GVC's, revenue has been relatively stable through numerous recessions but what if there is no sport to bet on? Building materials businesses with strong balance sheets such as Norcros have traded through many downturns, but how strong

does a balance sheet need to be if there is no revenue? All of these stocks were significant negative contributors during the month. Technology stocks were the main outperformers. Team17 rose as the company released another positive update. Microsoft outperformed as the current lockdown highlighted the importance of its products. New holdings Roche and DCC made meaningful positive contributions.

Trading activity was significant. In response to the emerging economic threat from the coronavirus we reduced the cyclicality of the portfolio in late February and very early March. During this period the holdings in Canada Pacific Railway, Delta Airlines, AIA, Wizz Air and Disney were exited. The holdings in Ryanair, Luxfer and SK Hynix were reduced. The significant sell-off mid-month was used to add new positions in DCC, Merck, National Grid, Roche and Diageo. The holding in Alphabet was substantially increased.

We've written before about our unscientific, but hitherto wholly accurate, 'muddle-through' philosophy. Even in the depths of the global financial crisis, when investors could have been mistaken for thinking the sky was falling, we stuck to this tenet. While times were undeniably hard, the rhythm of daily life continued much the same as before. This is different. Coronavirus' impact is not limited to the financial realm, significant as this will be, but will influence how society is structured and people behave. In recognition of this uncertainty we have retained significant flexibility in order to respond to opportunities as they evolve.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 1 December 2010

IA Sector: Global

Type of Shares: Accumulation

XD Date: 31 December

Pay Date: 30 April

Fund Size: £15.1m

Fund Charges:

	OCF*
Share Class A	1.98%
Share Class B	1.23%

*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 5 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 03/01/2020

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.

ACTIVE STOCKPICKERS

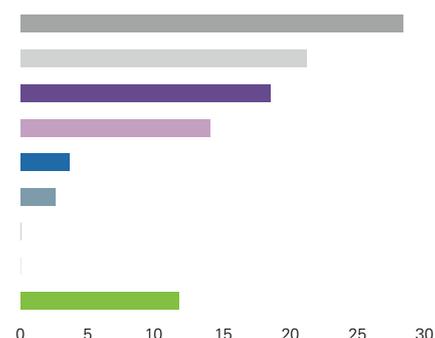
Portfolio Analysis

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.

	(Net %)
Technology	28.4
Defensive	21.2
Cyclical	18.5
Consumer Cyclical	14.0
Unstable Financial	3.6
Oil & Gas	2.6
Stable Financial	0.0
Mining	0.0
Cash	11.7



Technology: 28.4%

(%)

Microsoft	8.1
Alphabet	7.8
SK Hynix	4.8

Defensive: 21.2%

(%)

DCC	5.1
Roche Holdings	3.5
Diageo	3.4

Cyclical: 18.5%

(%)

Hitachi	6.1
Synthomer	3.7
Denka	3.0

Consumer Cyclical: 14.0%

(%)

Visa	7.8
GVC Holdings	3.4
Ryanair	1.6

Unstable Financial: 3.6%

(%)

Prudential	3.6
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Oil & Gas: 2.6%

(%)

Jadestone Energy	2.0
Savannah Petroleum	0.5

Stable Financial: 0.0%

(%)

Mining: 0.0%

(%)

This Month's Featured Stock

Microsoft

Microsoft is one of the world's largest technology companies. The group develops, licenses, supports and sells computer software, consumer electronics, personal computers, and related services.

The coronavirus pandemic has forced businesses and organisations around the world to rapidly enable significant proportions of their workforce to work-from-home. That this appears to have gone relatively smoothly is thanks in no small part to the technology developed in recent years by Microsoft. The group's Microsoft Teams collaboration software saw daily active users

increase from 32 million to 44 million in just a week. In mid-March Teams was recording around 900 million meeting minutes a day, this has recently increased to 2.7 billion. The company's Azure suite of cloud service products have seen a 775% increase in usage and has not experienced any significant service disruptions.

The spike in activity will subside once the pandemic fades but there are likely to be long-lasting changes to how businesses operate, and Microsoft is well placed to benefit. Despite having revenues in excess of \$100bn, Microsoft has consistently been able to

deliver double-digit top-line growth. Although some of the group's more consumer-facing businesses (Surface tablets; Xbox) may face some short-term from disruption in supply chains and weaker spending, these should be more than offset by growth elsewhere.

Currently trading on a c.4% free cash flow yield and with significant cash on the balance sheet, we think the rating fails to reflect Microsoft's position as one of the strongest companies in the world or its excellent growth opportunities.

Portfolio Analysis

Top 10 Holdings	(%)
Microsoft	8.1
Alphabet	7.8
Visa	7.8
Hitachi	6.1
DCC	5.1
SK Hynix	4.8
Synthomer	3.7
Prudential	3.6
Roche Holdings	3.5
Diageo	3.4
Total	53.9

Size Analysis	(%)
Mega Cap (>£50bn)	33.9
Large Cap (<£50bn)	17.7
Mid Cap (<£10bn)	16.7
Small Cap (<£1bn)	19.9

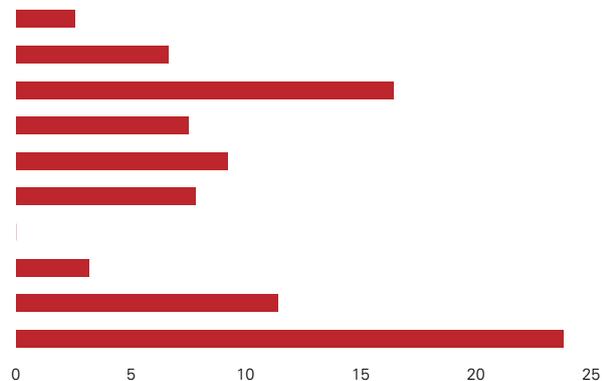
Total Number of Stocks	
Number of Holdings	26

Net Currency Exposure	(%)
Euro	4.4
Sterling	37.1
Europe non-Euro	3.5
US Dollar	42.1
Japanese Yen	9.1
Others	5.8

Sector Analysis

Sector Breakdown (%)

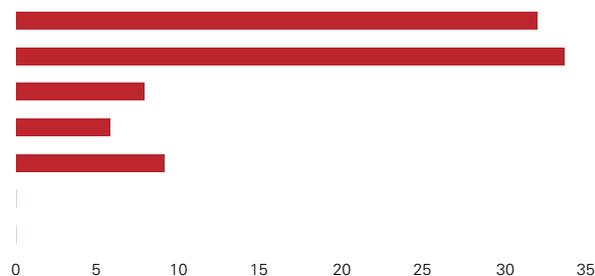
Oil & Gas	2.6
Basic Materials	6.6
Industrials	16.4
Consumer Goods	7.5
Health Care	9.2
Consumer Services	7.8
Telecommunications	0.0
Utilities	3.1
Financials	11.4
Technology	23.7



Geographic Stock Analysis

Geographic Stock Analysis (%)

North America	31.9
United Kingdom	33.6
Europe (excluding UK)	7.9
Asia Pacific (excluding Japan)	5.8
Japan	9.1
Latin America	0.0
Other	0.0



Please note that figures may not add up to 100% due to Cash holding.

Fund Performance to 31/03/2020

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Share Class B GB00B0KXSK43

MEX:

Share Class A SXUAT
Share Class B SXUAB

SEDOL:

Share Class A B0KXRB8
Share Class B B0KXSK4

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Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM World Equity Fund B	-8.7	-17.7	-4.4	2.6	27.9	110.2
IA Global Sector	-10.1	-15.6	-6.3	5.1	31.8	107.2

Source: Lipper, as at 31/03/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 01 December 2010

Percentage growth year on year to 31 March

	2020	2019	2018	2017	2016
SVM World Equity Fund B	-4.4	7.0	0.2	28.3	-2.8
IA Global Sector	-6.3	9.0	3.4	29.0	-2.2
Performance Difference	+1.9	-2.0	-3.2	-0.7	-0.6

Source: Lipper, as at 31/03/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 31/03/2020, 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 may enter into derivative contracts for efficient portfolio management (EPM) purposes. 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. The Fund is exposed to currency risk. The Fund may use currency management techniques, including hedging and entering into derivatives contracts, for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus. 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.