

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.



December 2021 | Share Class B

Factsheet as at 30 November 2021



Monthly Fund Commentary

'Just when I thought I was out, they pull me back in', lamented Michael Corleone in the final instalment of the Godfather trilogy. Investors would be forgiven for expressing similar sentiments following the emergence of the Omicron variant. The new variant of the perpetually mutating virus and its potential impact on the global economy resulted in a sharp market correction. At the time of writing investors are continuing to grapple with its implications. There is insufficient data to draw any firm conclusions, but early indications suggest it is more transmissible than the hitherto dominant Delta variant. The impact on hospitalisations, however, will only be known with time. Absent Omicron the global economy appeared to be reaccelerating. Economic data generally surprised positively in November. Covid dominated, however, and despite the main indexes making new highs mid-month, equities finished lower. In the month the fund returned -4.8% versus -2.2% for the MSCI UK index.

The global economy continues to heal. November's economic releases generally surprised to the upside and Citigroup's Global Economic Surprise Index turned positive. The inflation outlook, however, remains difficult to assess. Headline inflation in the US hit 6.2% and here in the UK it looks set to remain well above the Bank of England's target rate. There are some signs, though, that inflationary pressures are waning. The old commodity market aphorism that 'the best cure for higher prices is higher prices' is holding true. Prices of some commodities such as lumber and shipping have declined materially from their peaks and the labour market is showing signs of improvement. Nevertheless, bottlenecks remain and there is considerable pent-up demand. The influencing factors for inflation are many and varied, and generating sustained inflation is a longer and more complex process than commonly perceived

At a stock level, performance was dominated by the arrival of Omicron. Cyclical stocks performed poorly, particularly those exposed to air travel with a decline seen from Ryanair, Easyjet, and Menzies. The prospect of further lockdowns and the potential impact on surgical procedures negatively affected Smith & Nephew and Creo Medical. The latter continued to drift post its recent equity raise. Despite the arrival of Omicron, we expect the next twelve months will demonstrate the commercial progress the group has made. Entain and 888 fell as regulatory 'noise' resurfaced both in the UK and internationally. Unfortunately, political posturing goes with the territory for these stocks and any financial impact is minimal. Entain has been bid for twice in the last twelve months and is an attractive asset in a consolidating industry. 888 is in the process of acquiring the non-US operations of William Hill from Caesars which gives it the necessary scale to compete more effectively. The global opportunity for online gaming is significant and the UK listed companies have a first mover advantage and considerable expertise.

Marks & Spencer was the largest single contributor to performance. The stock jumped after the company upgraded its financial guidance for the year. Micron rose as nascent signs emerged of a stabilisation in the memory market. Alpha Financial Markets delivered a positive update that highlighted the progress the group was making, especially in the US.

Trading activity was higher than usual. A number of holdings were reduced as we sought to slightly bring down the overall risk of the portfolio. The position in Legal & General was exited.

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: £193.5m

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 1.71%
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 02/07/2021



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	28.6	
Consumer Cyclical	27.2	
Oil & Gas	11.9	
Unstable Financial	11.2	
Technology	10.7	
Defensive	9.5	
Stable Financial	0.0	
Mining	0.0	

Top 5 long holdings

Group totals net %.

	Cyclical	28.6%		Consumer Cyclical	27.2%		Oil & Gas	11.9%
Synthomer	5.9	Norcros	5.0	Jadestone Energy	4.6			
Smurfit Kappa Group	5.0	Entain	4.7	Pantheon Resources	2.1			
Alpha FMC	3.8	Tesco	3.6	Energiean	1.8			
IMI	2.3	Marks & Spencer	3.5	Longboat Energy	1.4			
CRH	2.3	Ryanair	3.0	Jersey Oil & Gas	0.9			
	Unstable Financial	11.2%		Technology	10.7%		Defensive	9.5%
Lloyds Banking Group	4.0	Micron Technology	3.9	GlaxoSmithKline	2.9			
Prudential	3.3	Creo Medical Group	2.3	DCC	2.5			
OSB Group	1.9	ActiveOps	1.4	Drax Group	2.1			
CMC Markets	1.1	Team17	1.3	Smith & Nephew	1.9			
WisdomTree S&P 500	0.9	Diurnal Group	1.0					
	Stable Financial	0.0%		Mining	0.0%			

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 %)

Synthomer	5.9	
Smurfit Kappa Group	5.0	
Norcros	5.0	
Entain	4.7	
Jadestone Energy	4.6	
Lloyds Banking Group	4.0	
Micron Technology	3.9	
Alpha FMC	3.8	
Tesco	3.6	
Marks & Spencer	3.5	
Rest of Portfolio	56.1	

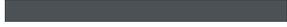
Size Analysis* (Net %)

 Large Cap	39.3
 Med/Mid 250	26.4
 Small/Small Cap	34.3



*Long only positions and excludes Cash

Sector Breakdown (%)

Industrials	20.7	
Materials	16.6	
Consumer Discretionary	14.4	
Energy	11.9	
Financials	11.2	
Health Care	8.8	
Consumer Staples	6.2	
Information Technology	3.8	
Communication Services	2.3	
Utilities	2.1	
Real Estate	1.0	

This Month's Featured Stock

CMC Markets

CMC Markets is a leading provider of online retail financial services. The company is best known for its CFD trading platform (80% of net operating income), which allows retail investors to trade across a wide range of markets and asset types. CMC also operates a non-leveraged stockbroking platform (19%) which is the second largest retail stockbroker in Australia.

CMC thrives during volatile times. As markets were roiled by the pandemic and then boosted by a stimulus-aided recovery, CMC made hay. In the group's FY21 results (March year-end), revenues per CFD active client numbers increased by 34% and revenues per client increased by 22%. When volatility lessens, this upsurge ends quickly. In H1 22, rangebound markets led to a decrease in activity and CMC's CFD net trading revenue halved.

This uncertain earnings profile is a key reason CMC has historically traded at relatively modest valuation multiples. The sizable fluctuation in profits driven by the CFD business has also overshadowed the hugely exciting promise of the non-leveraged business. Over the past decade, CMC has built a hugely successful trading platform in Australia and are now looking to launch in the UK. With a well-invested technology platform, CMC are seeking to be a massive disruptor to the likes of Hargreaves Lansdowne and AJ Bell. The group will also be able to offer the platform technology, on a 'white label' basis to financial institutions in the UK and beyond.

The value of CMC's non-leveraged business hasn't been recognised by the markets. Frustrated by this, management have recently announced their intention to split the business into two separate entities. We think this step will help unlock the significant value within the group and expect the stock to outperform.

Fund Performance

to 30/11/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund B	-4.8	18.5	24.1	36.7	50.7	760.9
MSCI United Kingdom IMI Index	-2.2	13.3	17.6	14.0	27.1	170.0
IA UK All Companies Sector**	-2.5	12.3	17.3	23.1	35.7	166.6

Source: FE fundinfo, as at 30/11/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

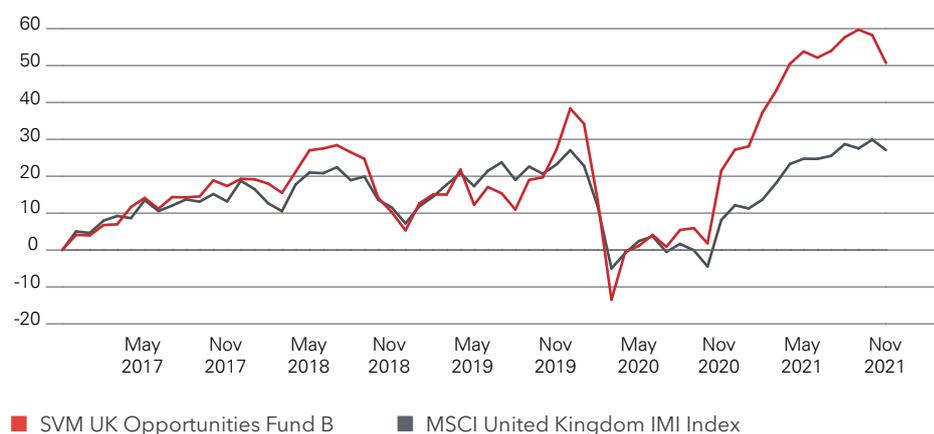
**IA is provided as a comparator

Percentage growth year on year to 30 September

	2021	2020	2019	2018	2017
SVM UK Opportunities Fund B	50.8	-11.0	-4.6	8.9	16.3
MSCI United Kingdom IMI Index	27.6	-18.5	2.3	6.0	11.8
Performance Difference	+23.2	+7.5	-6.9	+2.9	+4.5

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 (%)



Source: FE fundinfo, as at 30/11/2021, 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.

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INDEPENDENT THINKING