

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.



August 2021 | Share Class B

Factsheet as at 31 July 2021



Monthly Fund Commentary

Has equity research changed for ever? Direct engagement with company managements used to be key to understanding businesses, but lockdowns changed that model. At first investment analysts welcomed working from home, but that now has given way to Zoom fatigue. Many more meetings are now possible but are they as effective? Soon, face-to-face meetings will again be possible, and thought is needed to assess what value that might add.

For investors outside London, online calls give much more access, more frequent meetings. Investment boutiques in particular, have gained. This has been helpful in the last 12 months, a period of high activity in IPOs and share placings. That meant lots of new businesses to research, early-look meetings, and fundraisings.

Access to company management - on or offline - helps to build up an understanding of strategy and whether the trend of government policy and industry evolution is favourable. Online calls have been helpful, allowing more access and offering more checkpoints on progress during the year. With a much faster pace of change now, this greater number of touch points is invaluable, particularly in monitoring growth businesses. It has been possible to see companies two to four times in a year, rather than just once or twice. When supply chains and prices are changing more rapidly, this can give insight into just how agile and dominant in their niche companies are.

To get the most out of the access investors should set out their own agenda. That means taking management away from their slide deck, and focusing on the key changes from the last update. Frequent Zoom updates have given good insight into which companies were dealing well with the lockdown challenges. Company accounts are part of the research work, but in an age of disruption, strategy is key. It is likely that unwinding of lockdowns and a move to hybrid working

will bring a continuation of online calls as the predominant method of corporate access.

Performance

In July, SVM UK Growth Fund returned 3.9% compared with the return of 0.7% for the MSCI UK IMI TR Index and 1.3% for the average fund in the IA UK All Companies sector. For the 5 years to 31 July, the Fund is top quartile, returning 66.2%, compared to a return of 28.6% for the MSCI UK IMI TR Index and 44.0% for the average fund in the IA UK All Companies sector. In July, market performance was more balanced between growth and recovery. Investor interest continues in growth businesses, given the cooling effect of the third wave on growth, and hopes that central bank intervention would dampen longer term inflation expectations. It appears also that while supply chain bottlenecks are likely to raise short term inflation, the problems may limit the pace of manufacturing recovery. This means that businesses are continuing to invest in resilience and digital services, favouring growth sectors.

Trading and results

July saw good performance in a number of the portfolio's growth businesses. Experian, Kainos, Dechra Pharmaceuticals, Keystone Law and Croda all made good contributions to performance. Laggards include AB Dynamics, ASOS and Ceres.

In July, a new investment was made in Darktrace. The Fund participated in two new issues; Microlise Group, which has a dominant position in the UK in the specialist area of transport management support services, and Revolution Beauty. To fund these, part sale was made of ITM Power and full sales of Moonpig and Ocado.

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

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: £199.8m

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 09/04/2021

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 32.8%

Ceres Power	3.7
Keystone Law	3.6
Wizz Air	2.8
Experian	2.4
Diploma	2.3

Financials 10.3%

Intermediate Capital	2.6
Beazley	1.9
Impax Asset Management	1.7
London Stock Exchange	1.5
Draper Esprit	1.3

Materials 6.4%

Croda	3.9
CRH	1.4
Smurfit Kappa Group	1.0

Utilities 0.0%

Consumer Discretionary 20.9%

JD Sports Fashion	3.4
Entain	3.0
AB Dynamics	2.1
Flutter Entertainment	2.1
Games Workshop	2.0

Communication Services 8.6%

Gamma Communications	3.5
Future	1.8
Team17	1.7
Dianomi	0.6
Kin & Carta	0.6

Health Care 5.9%

Dechra Pharmaceuticals	3.9
Kooth	0.9
Genus	0.6
Indivior	0.3
Inspecs Group	0.2

Energy 0.0%

Information Technology 13.9%

Kainos	3.1
AVEVA	1.8
Softcat	1.5
Oxford Instruments	1.4
Boku	1.3

Real Estate 6.5%

Unite Group	2.2
Segro	1.9
Watkin Jones	1.4
Londonmetric Property	1.0












Consumer Staples 5.8%

Cranswick	2.3
Hilton Food Group	1.3
Kerry Group	1.0
Fevertree Drinks	0.6
Revolution Beauty	0.4




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 %)










Croda	3.9	
Dechra Pharmaceuticals	3.9	
Ceres Power	3.7	
Keystone Law	3.6	
Gamma Communications	3.5	
JD Sports Fashion	3.4	
Kainos	3.1	
Entain	3.0	
Wizz Air	2.8	
Intermediate Capital	2.6	
Rest of Portfolio	66.5	

Size Analysis (Gross %)

 Large Cap	46.2
 Med/Mid 250	44.7
 Small/Small Cap	20.1



Sector Breakdown (%)

Industrials	32.8	
Consumer Discretionary	20.9	
Information Technology	13.9	
Financials	10.3	
Communication Services	8.6	
Real Estate	6.5	
Materials	6.4	
Health Care	5.9	
Consumer Staples	5.8	
Energy	0.0	
Utilities	0.0	

This Month's Featured Stock

Microlise Group

Microlise provides transport management technology services, essentially supporting enterprises with digitised data on delivery vehicle movements. Its Software as a Service (SaaS) platform digitises the business processes of enterprise organisations running highly complex logistics operations. It was floated on the London AIM market in July 2021, and is capitalised at £180m. The Group operates predominantly in the UK, and has offices in India, as well as France and Australia.

The telematic services offered by Microlise support organisations to run their businesses more cost effectively and ensure compliance with regulations. It also strengthens safety and customer engagement, with the potential to reduce environmental impact through optimising journeys and logistics. The Group automates and optimises critical processes such as scheduling, routing, driver performance monitoring and resource allocation. Customers get real-time data. Evidence that this service is valued and builds customer satisfaction is shown in the Company's long term growth record and its dominance in its sector. Its long term customer relationships are evidenced by exceptionally low churn - less than 1% in FY20. Amongst large heavy goods vehicle fleets (500+) the Company claims a 58% share of the UK market with 500,000 vehicle subscriptions. This involves more than 400 enterprise customers, creating an estimated 64% recurring revenue on a SaaS model.

The chief executive has built the business since 1987, leading a management buy-out in 2008. He holds just over 50% of the share capital but did not sell stock into the IPO and seems focused on building the Group further. Microlise has a track record of consistent recurring revenue growth, profitability and cash generation. Microlise has grown primarily organically, but the listing offers the potential to accelerate international expansion and make selective acquisitions. In FY20 the Group grew recurring revenue by 19.0% (of which growth of 15.7% was organic) and total Group revenue grew by 10.1%. Although currently a small cap company, we believe it has the management team and market position within a growing market to allow it to become a much larger one.

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Calls may be recorded

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Fund Performance

to 31/07/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	3.9	12.3	36.3	21.7	66.2	389.8
MSCI United Kingdom IMI Index	0.7	11.9	26.2	2.5	28.6	152.3
IA UK All Companies Sector	1.3	13.2	32.4	12.8	44.0	237.5

Source: Lipper, as at 31/07/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

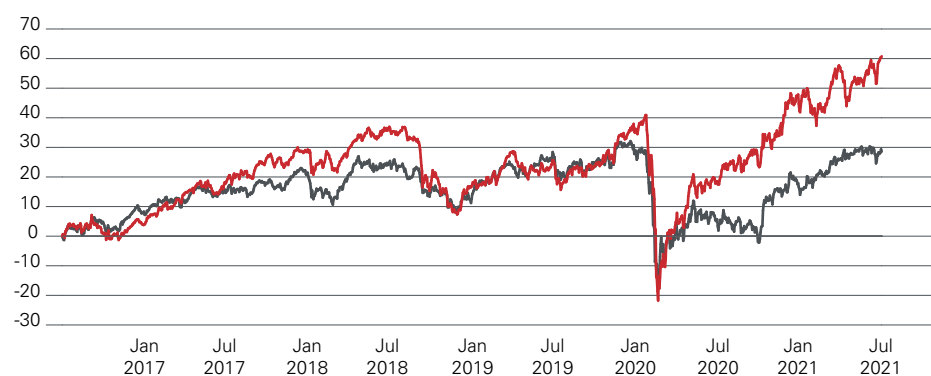
*The Fund was launched on 20 March 2000

Percentage growth year on year to 30 June

	2021	2020	2019	2018	2017
SVM UK Growth Fund B	33.0	-4.3	-6.0	16.2	23.1
MSCI United Kingdom IMI Index	20.3	-14.6	0.5	9.3	17.6
Performance Difference	+12.7	+10.3	-6.5	+6.9	+5.5

Source: Lipper, as at 30/06/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM UK Growth Fund B ■ MSCI United Kingdom IMI Index

Source: Lipper, as at 31/07/2021, 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 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.