

The Daily Telegraph

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FUND OF THE WEEK

'The market will bounce back by the end of the year'

SVM UK Growth's Margaret Lawson tells Jonathan Jones how she has been investing during the recent sell-off

Investors have been hit hard by the coronavirus outbreak. Markets have dropped and the fate of many companies is in doubt as the economically damaging global shutdown continues.

For fund managers it has been both a blessing and a curse. It has offered up cheap shares, but their much-prized performance track records have been wiped away in days.

Margaret Lawson, who runs the £150m SVM UK Growth fund, has not come out of it unscathed. Her portfolio has fallen by 39pc since Feb 21 and is one of the worst affected by the outbreak.

Yet she remains confident that the stocks she owns will recover over the long term.

She tells *Telegraph Money* why she will back airlines and how she is using the time to buy extremely cheap stocks that should recover by 2021.

WHAT MAKES YOU DIFFERENT?

We try to look at the managers of businesses and the opportunity within a

market, which is basically the same as everybody else.

However, I do about 200 meetings with businesses a year and have 40 years of experience, which gives me an edge. I monitor companies and, when something has changed, my ability to reassess quickly is my advantage.

WHO IS THE FUND FOR?

It is for investors in their 20s all the way up to their 50s. This fund is to add spice to your portfolio and sit alongside your more stable funds. It owns a lot of growth stocks, which can be volatile.

HOW DO YOU JUDGE WHICH STOCKS TO PICK?

We look for companies that turn sales into cash. That is it. We don't bother with the price-to-earnings (p/e) ratio [a common measure of value] because it is short-term thinking. As these companies deliver, the opportunity for investors gets better. A high p/e does not put me off.

HOW HAVE THE RECENT MARKET FALLS AFFECTED YOU?

What has been different is the severity of the crash and how quickly the market went from its high point to its low point. We haven't seen it like this since something like 1896. It has taken everybody by surprise. But by the end of the year we will start to see a recovery, so you have to start thinking about that now.

YOU OWN AIRLINES. WHY?

There will be government support, because without transport our economy can't recover. The airlines are certain to be bailed out, so I don't think now is the time to be selling them. The weak ones will still fail, but, although it will take time, people will go back to holidays.

You must back the strongest firms that have fallen too far, such as the holiday company Jet2. The share price of its parent company, Dart Group, has fallen from £18 to 400p. Budget airline Wizz Air is another: its shares are down to £21 from £44. If these companies can survive, they will come back so much stronger. I also own WH Smith, which relies on airport stores. Its shares are down from £25 to 500p. The pain is not over, but this is not the time to sell these stocks.

WHAT HAS BEEN YOUR BEST INVESTMENT?

The best is Unite Group, a student accommodation company. I have owned it since 2008 and, as universities have struggled to build housing that students want to live in, its market has grown. I started buying it at 350p and two weeks ago it was up at £12.90. It has fallen to 700p now, but that's still double what I paid.

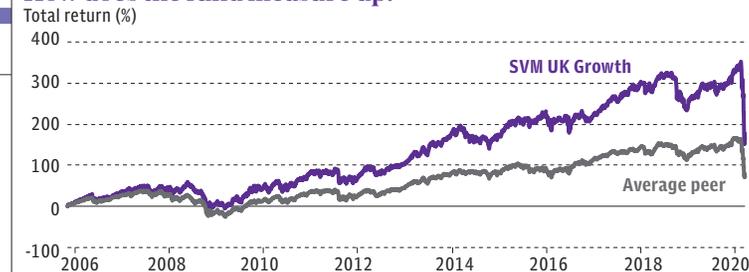
AND YOUR WORST?

We don't have egos here. Women on the whole don't have egos. A lot of managers

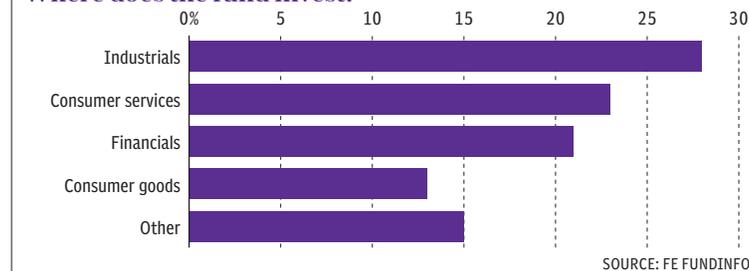
SVM UK GROWTH



How does the fund measure up?



Where does the fund invest?



Key facts

Launch date	March 2000
Return since manager start (2005)	165pc
Total return since launch (2000)	145pc
Total return year to date	-38pc
Annual charge	1.03pc (B share class)

Top 10 holdings (as of 28/02/2020)

1=.	Unite Group	4.2pc
1=.	London Stock Exchange	4.2pc
3.	JD Sports Fashion	4pc
4=.	Kerry Group	3.9pc
4=.	Johnson Service Group	3.9pc
6.	Beazley	3.4pc
7.	Keystone Law	3.3pc
8.	Experian	3.2pc
9=.	AstraZeneca	3.1pc
9=.	AB Dynamics	3.1pc

MARGARET LAWSON IN FOCUS: LONDON STOCK EXCHANGE

The London Stock Exchange is worth buying right now. It has transformed itself every decade and is building up its use of data, which underpins the entire industry. It has bought the former Reuters business



Refinitiv, a financial data provider, which will make it a more global company and give it good growth over the next five years, although the deal still needs to be approved by different authorities.

try to hide bad performance or mistakes, but we are all fallible.

One of my worst picks recently has been Indivior, a drugs company that helps people overcome drug addictions – a huge problem in America. It makes tablets and films, but these were becoming generic, so it developed once-a-month injections.

£1,000 invested at launch would be worth £2,450 today

There has been a judgment against the company for mis-selling and it could be fined up to £3bn. It doesn't have the money to pay the fine, but the court may be lenient or it could negotiate a new settlement.

The share price tanked from 400p to 30p. I've not sold it because the outcome is still unclear.

DO YOU INVEST IN THE FUND AND HOW ARE YOU PAID?

I have about £400,000 in the fund and all my family are invested too. I feel if I am not confident enough and can't invest in my own fund, then no one else should be. I have shares in the management company and am paid a standard salary, although it is nowhere near what most other fund management companies pay.

WHAT WOULD YOU BE IF NOT A FUND MANAGER?

I took up piano lessons when I was 47 and am now at grade six. It is harder to learn when you are older. I would have loved to be a pianist.