

SVM UK Emerging Fund plc

The objective of the Fund is to achieve capital growth over the long term (5 years or more) from investments in smaller UK companies. The Fund's performance may be compared against the IA UK All Companies Sector on a total return basis, which represents a peer group of UK equity funds with broadly similar characteristics.



April 2022

Figures as at 31 March 2022



Quarterly Fund Commentary

Over the quarter, the Fund returned -22.2% (NAV) and -16.3% (share price) versus returns of -4.9% in the IA UK All Companies Sector average, and 1.7% in the MSCI UK Investable Market Index. This took the Fund's 12 month performance to -10.0% (NAV) and -12.1% (share price), versus IA UK All Companies Sector average and MSCI UK IMI returns of 5.4% and 14.6%, respectively (to 31 March 2022). Over five years to 31 March 2022 the Fund has returned 19.3% (NAV) and 29.6% (share price) versus IA UK All Companies Sector average and MSCI UK IMI returns of 24.1% and 23.9%, respectively. (total return, FE fundinfo data, average and index returns for comparison purposes).

During the quarter, there were positive contributions from a number of the portfolio's growth businesses; Hilton Food Group, Unite Group, 4Imprint and Computacenter. Good trading was reported by Computacenter, Hilton Food Group, Dechra and Kape. Negatives included Essensys, Ceres Power, Watches of Switzerland and XP Power. Essensys, XP Power, Team17 and Genus reported trading disappointments, but most updates from portfolio companies were favourable. Investor interest was very narrowly focused - on oil, banks and resources, in particular - and most other sectors lagged. The Fund emphasises growth businesses and has no exposure to those sectors.

New and additional investments were made in the quarter in Marlowe, Team17 and Treatt. To fund these, sales or part sales were made of Alpha FX, Molten Ventures, Kerry Group and Knights Group.

This year there is no shortage of challenges; war, inflation and the possibility of recession

in 18 months. But securing good investment returns over the longer term needs faith in the ability of economies and businesses to adapt. The world is now much better placed to manage changes to supply chains and build up resilience. Already there is some easing of the oil price and signs that some disinflationary forces could reassert. And many companies are currently trading well despite all the difficulties.

Geopolitical shocks tend not to dominate investment thinking for long; markets usually recover on an easing of tensions rather than full resolution. Technology is a powerful force for improving services and productivity and is likely to remain disinflationary even as globalisation rolls back.

The challenge for investors now is in stock selection, identifying the companies best able to deal with inflation. With skill shortages, higher energy costs, and supply chains impacting manufacturers, the winners may be distributors, business services and companies with unique products and services. First to benefit will be those providing services that enhance business resilience or sustainability, or which provide logistics support to shorten supply chains.

Some large cap businesses are burdened by legacy structures and business models that restrict their ability to adapt. They are also much more in the political spotlight; exposed to intervention that restricts ability to adapt and raise prices. Companies best placed in the current environment may be small and mid cap, flexible and innovative.

Your Fund remains fully invested with some additional gearing, focused on resilient growing businesses.

Fund Facts

Launch Date: 18 October 2000

Benchmark Index:
IA UK All Companies Sector Average

Fund type: Investment Trust

Registered No: SC211841

Fund Managers:

Margaret Lawson (Fund Manager)

Appointed: 01/10/2012

Years at SVM: 31 Industry Experience: 41

Colin McLean (Deputy Fund Manager)

Appointed: 18/10/2000

Years at SVM: 31 Industry Experience: 47

Listed:

London Stock Exchange

Investments: £6.8m

Share Price: 87.50p

NAV: 112.47p

The month end published NAV is calculated on a bid price basis.

Corporate Calendar

Year End: 31 March

Half Year: 30 September

Codes:

RIC: SVME

ISIN: GB0000684174

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 Structure

Top 10 Long Holdings	(Net %)	Sector Breakdown	(%)
Alpha FX Group	5.7	Industrials	22.8
Watches of Switzerland	4.7	Information Technology	22.5
4imprint Group	3.9	Consumer Discretionary	15.6
Dechra Pharmaceuticals	3.6	Communication Services	10.7
Unite Students	3.4	Financials	9.9
Kape Technologies	3.0	Health Care	8.1
Hilton Food Group	2.7	Real Estate	5.7
FDM Group	2.6	Consumer Staples	3.6
Kin & Carta	2.4	Materials	1.1
Keystone Law Group	2.4	Energy	0.0
		Utilities	0.0
		Portfolio Analysis	(%)
		Large Cap	19.6
		Mid Cap	25.5
		Small Cap	15.0
		AIM	39.9

Enquiries

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Calls may be recorded

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Fund Performance

to 31/03/2022

Percentage growth year on year to 31 March

	2022	2021	2020	2019	2018
SVM UK Emerging NAV	-10.0	52.9	-25.7	-1.8	18.9
IA UK All Companies Average	5.5	38.0	-19.1	2.9	2.7
Performance difference	-15.5	+14.9	-6.6	-4.6	+16.2

Source: SVM/FE fundinfo, as at 31/03/2022, total return, UK net tax.

The Fund was launched on 18 October 2000.

Past performance is not a guide to future performance.

The value of your investments and the income from them can go down as well as up and you may not get back the amount originally invested.

The Fund is to be considered a long term investment option.

The Fund incurs the following key risks:

If an Investor redeems the investment shortly after investing, they may not get back the original amount due to market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. The Fund is exposed to credit and settlement risk in its dealings with Counter Parties in day to day business. This may result in a loss to the Fund if a Counter Party business fails. 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. A Fund with a concentrated portfolio carries a greater risk to that of a Fund with a larger spread of investments. Investment trusts can borrow money to make investments; this can lead to greater losses if markets fall. The Fund uses Contracts for Difference (CFDs) as part of the investment strategy; this can increase the risk profile and volatility of the Fund. Some unquoted investments may become difficult to realise as prices may not be readily available or a reliable indicator of value.