

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.



April 2022 | Share Class B

Factsheet as at 31 March 2022



Monthly Fund Commentary

Average returns actually achieved by individual investors over time tend to lag stockmarkets themselves. Running to cash or chopping and changing investments in a crisis are undoubtedly factors in this. Emotion gets in the way of patience. 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 are reasserting. 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. It is a mistake to hold off investment for a world free of uncertainty. Governments and central banks have strong incentives to shield consumers from some of the extremes of commodity price moves, and consumers themselves will adapt. Certainly, the US Fed has indicated more aggressive tightening. But this is likely to be adjusted if evidence mounts of the cooling impact of supply disruption and commodity prices. 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.

In the inflation of the 1970s, many capital intensive businesses gained initially from inflation, but were ultimately unable to live with it as it eroded their capital base. 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 mid cap, flexible and innovative.

Performance

SVM UK Growth Fund returned -2.4% compared with the return of 1.6% for the MSCI UK IMI TR Index and 1.6% for the average fund in the IA UK All Companies sector. For the 5 years to 31 March, the Fund returned 22.9%, compared to a return of 23.9% for the MSCI UK IMI TR Index and 24.1% for the average fund in the IA UK All Companies sector.

Trading and results

Most investments in the Fund have little or no direct connection with Ukraine or Russia. The risk is that shortages of oil, gas and materials add to inflation and may restrict supply of goods and services. However, businesses are working to improve resilience and adapt their business models to deal with the challenges.

Over the month, there were positive contributions to performance from Hilton Food, London Stock Exchange, Unite Group, Alpha FX and Croda. The main negatives in the month were Wizz Air, Keystone law, Knights Group and Essensys. In March, part sale was made of Wizz Air, reflecting the change to its plans for expansion in Eastern Europe, and Genus was bought. Your Fund remains fully invested, including likely recovery beneficiaries and well-funded resilient growth businesses.

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: £166.6m

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 1.71%
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 ('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 31/12/2021

INDEPENDENT THINKING

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.

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 31.8%

Keystone Law	3.7
Experian	2.7
Diploma	2.4
Rentokil Initial	2.0
Kingspan Group	1.9

Financials 9.9%

JTC	2.2
Impax Asset Management	1.6
Intermediate Capital	1.5
London Stock Exchange	1.4
Beazley	1.3

Health Care 6.9%

Dechra Pharmaceuticals	3.9
Kooth	0.9
Indivior	0.7
Genus	0.6
Instem	0.6

Utilities 0.0%

Consumer Discretionary 15.8%

Entain	3.6
JD Sports Fashion	3.1
Flutter Entertainment	1.8
Games Workshop	1.6
AB Dynamics	1.1

Real Estate 8.6%

Unite Group	2.6
Segro	2.5
Watkin Jones	1.9
Londonmetric Property	1.4
Industrials REIT	0.2

Materials 6.2%

Croda	4.2
Smurfit Kappa Group	1.1
CRH	1.0

Energy 0.0%

Information Technology 14.4%

Kainos	2.9
Softcat	1.5
Oxford Instruments	1.5
AVEVA	1.3
Kape Technologies	1.2

Communication Services 7.0%

Gamma Communications	2.7
Future	1.6
Team17	1.4
Dianomi	1.0
4imprint Group	0.3












Consumer Staples 5.2%

Cranswick	2.4
Hilton Food Group	1.9
Marks & Spencer	0.5
Revolution Beauty	0.3




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	4.2	
Dechra Pharmaceuticals	3.9	
Keystone Law	3.7	
Entain	3.6	
JD Sports Fashion	3.1	
Kainos	2.9	
Gamma Communications	2.7	
Experian	2.7	
Unite Group	2.6	
Segro	2.5	
Rest of Portfolio	68.2	

Size Analysis (Gross %)

 Large Cap	37.7
 Med/Mid 250	45.1
 Small/Small Cap	23.0



Sector Breakdown (%)

Industrials	31.8	
Consumer Discretionary	15.8	
Information Technology	14.4	
Financials	9.9	
Real Estate	8.6	
Communication Services	7.0	
Health Care	6.9	
Materials	6.2	
Consumer Staples	5.2	
Energy	0.0	
Utilities	0.0	

This Month's Featured Stock

Smurfit Kappa

Smurfit Kappa is a global leader in paper and packaging. The company is Europe's number one producer of corrugated packaging and containerboard and also operates across the Americas.

While the manufacture of cardboard boxes may not set pulses racing, the industry has qualities that make it attractive for investors. Demand for boxes is both resilient and has long-term structural growth drivers. Approximately two-thirds of Smurfit's box volumes are produced for customers in the food or fast-moving consumer goods industries. Throughout the Covid pandemic, volume demand in these sectors has remained robust. Increased adoption of e-commerce solutions, which accelerated over the past couple of years, should continue to provide a tailwind to growth. In addition, increasing demands for sustainable packaging solutions should benefit Smurfit, where 75% of the raw material used is recycled fibre. Recent full-year results for 2021 demonstrated the strength of Smurfit's position, with revenues growing by 18% year-on-year.

The Russian invasion of Ukraine, and its associated impact on commodity markets and supply chains, will present some challenges to Smurfit. While the group's physical exposure to these markets is limited, higher energy costs will have an impact. Smurfit has more than half of its energy requirements hedged for 2022, while many smaller competitors will be fully exposed to the spot market. In recent years management have successfully managed to pass through price increases to customers, but it is undeniable that this will be a headwind during the year. In the long run, however, we think the outlook for Smurfit remains undimmed and the crisis could even lead to further opportunities to gain market share.

Currently trading on an estimated 2022 PE of c.11x, we believe that Smurfit's share price does not reflect either its resilience or its growth potential.

Fund Performance

to 31/03/2022

Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	-2.4	-21.4	-10.5	11.8	22.9	286.7
MSCI United Kingdom IMI Index	1.6	1.7	14.6	15.0	23.9	187.5
IA UK All Companies Sector**	1.6	-4.9	5.4	17.6	24.1	164.8

Source: FE fundinfo, as at 31/03/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

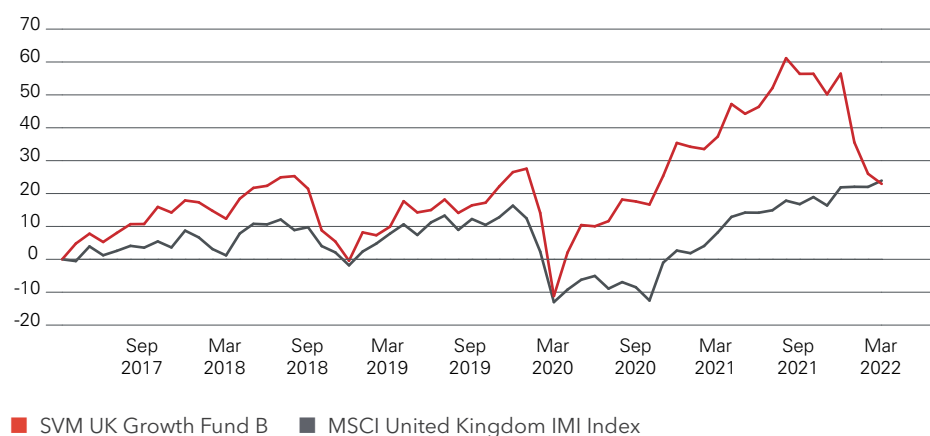
**IA is provided as a comparator

Percentage growth year on year to 31 March

	2022	2021	2020	2019	2018
SVM UK Growth Fund B	-10.5	54.6	-19.2	-2.2	12.3
MSCI United Kingdom IMI Index	14.6	24.4	-19.3	6.5	1.2
Performance Difference	-25.1	+30.2	+0.1	-8.7	+11.1

Source: FE fundinfo, as at 31/03/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: FE fundinfo, as at 31/03/2022, 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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Share Class A GB0032064635
 Share Class B GB0032084708

MEX:

Share Class A SXSR
 Share Class B SXSI

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