

# SVM All Europe SRI Fund

The objective of the Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI Europe Index. It adopts a positive engagement approach toward investment and enters into meaningful dialogue with companies regarding environmental, social and corporate governance issues. The Fund will invest at least 80% in equities and equity related instruments which are dealt in or traded on all European Eligible Securities Markets. The Fund may invest in other permitted securities.



May 2022 | Share Class B

Factsheet as at 30 April 2022



## Monthly Fund Commentary

Investor confidence is low and financial markets are characterised by considerable uncertainty. Aggressive rhetoric from the Federal Reserve on the path of US interest rates pushed the dollar higher and undermined growth stocks. Elsewhere, equity market weakness was less pronounced as local currencies absorbed some of the pressure. In contrast to the Federal Reserve, which is faced with a particularly acute labour market problem, other central banks are tightening less aggressively. ECB. The fund returned 0.1% versus the MSCI Europe Index that delivered -1.0%.

The bear case for equities is straightforward: inflation is rocketing; growth forecasts have been downgraded; central banks are behind the curve; and valuations are high relative to history. We are mindful that at times of stress optimism is seen as naïve at best or at worst cynical and self-serving. We do believe, though, that there are reasons to be positive. Equity markets function as a discounting mechanism and financial conditions have already tightened considerably. Growth may slow further but we feel this is more likely to be a growth 'wobble' than a full-blown recession. We might be wrong, of course, but many cyclical stocks have already endured significant corrections and are trading at attractive valuations. Interestingly, some consumer businesses, have seen their shares initially sell-off on earnings disappointments but quickly recover and trade back to previous levels. At the risk of stating the blindingly obvious, in such an environment stock-picking is key.

With interest rates moving higher the investing backdrop continues to evolve. Most significantly, valuation is relevant again. In an environment of extremely loose monetary policy narrative has often trumped everything else, but with liquidity tightening greater

importance is attached to the fundamentals. Highly rated growth companies may enjoy a sharp bounce as we reach the peak in interest rate expectations, but as markets normalise we expect the divergence in valuations to be considerably lower than has recently been the case.

Alpha Financial Management rose sharply as its trading update revealed that current trading was 'significantly ahead of current market expectations'. The group commented that high client demand across all its major geographies and verticals had delivered strong double-digit organic revenue growth and further margin improvement. Calnex Solutions gained as the company released a further positive trading update. Not only will results come in ahead of expectations, but the order book is at record levels. With strong demand for its products and a nascent opportunity in the data centre market, the outlook remains very positive. Dalata jumped as REVPAR recovered to above 2019 levels. Smith & Nephew bounced as revenue growth was ahead of the market's expectations. While there are legitimate concerns over whether the company has sufficient scale to compete with larger US competitors, we feel growth will rebound as economies open up and the rate of elective surgeries accelerate.

Sedana Medical declined sharply for little fundamental reason. The number of ventilated patients declined but the company continues to hit all its key milestones. Prudential underperformed as investors fretted over the impact further Chinese lockdowns would have on the group's sales activity.

The weakness in cyclical stocks was used to take a new unit in IMI.

Fund and index performance source: FE fundinfo

## Fund Facts

**Launch Date:** 31 October 2006

**Benchmark Index:**  
MSCI Europe Index

**IA Sector:** Europe inc UK

**Type of Shares:** Accumulation  
**XD Date:** 31 December  
**Pay Date:** 30 April

**Fund Size:** £17.5m

### Fund Managers:

**Neil Veitch** (Co Fund Manager)  
Appointed: 31/10/2006  
Years at SVM: 15 Industry Experience: 24

**Hugh Cuthbert** (Co Fund Manager)  
Appointed: 31/10/2006  
Years at SVM: 15 Industry Experience: 26

### Fund Charges (OCF\*):

Share Class A 1.98%  
Share Class B 1.23%

\*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 31/12/2021

**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

### 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	43.2	
Unstable Financial	21.6	
Consumer Cyclical	13.6	
Defensive	11.9	
Technology	6.5	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	3.2	

### Cyclical 43.2%

Alpha FMC	7.9
Smurfit Kappa Group	5.7
Rexel	5.3
Synthomer	4.5
Capgemini	4.2

### Unstable Financial 21.6%

OSB Group	5.3
Lloyds Banking Group	4.9
AXA	4.9
Prudential	4.0
Legal & General	2.5

### Consumer Cyclical 13.6%

Norcros	6.0
Tesco	3.1
Dalata Hotel Group	2.5
Jost Werke	2.1

### Defensive 11.9%

Uniphar	4.5
DCC	3.5
Smith & Nephew	2.6
Sedana Medical	0.7
Apointis Pharma	0.6

### Technology 6.5%

Creo Medical Group	2.8
LungLife AI	2.0
Calnex Solutions	1.1
ActiveOps	0.6

### Stable Financial 0.0%

### Mining 0.0%

### Oil & Gas 0.0%

## This Month's Featured Stock

### Norcros

Norcros, a market leading supplier of bathroom and kitchen products, announced an encouraging trading update ahead of the company's full year preliminary results for the year ended 31<sup>st</sup> March 2022. While market conditions have remained challenging, with continued supply chain constraints and strong cost inflation, the group has still delivered double digit revenue growth and a record level of operating profit. With net cash on the balance sheet, the company's strong financial position has allowed for a build in inventories in order to ensure continued stock availability for customers. Where smaller competitors have been less able to cope with these supply chain issues Norcros

has taken market share contributing to the strong top-line development and resulting in revenues 20.8% above pre-pandemic levels.

The company's strong position is further bolstered by the broad and innovative range of products built over the years through a series of acquisitions. Operating as a holding company, the listed entity provides central functions to the operating units. It is this diversified structure that has formed the basis of our engagement activities with Norcros. As long-term shareholders we have encouraged the development of better recognition of ESG issues within the company and there has been a marked increase in availability of

commentary and data within the company's literature. But there is still a lack of universal, standardised reporting across all the operating companies which makes a truly comprehensive analysis difficult. We have been promised more improvements in the upcoming annual report and look forward to its publication in June to assess the progress being made

## Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, country or sector. As a consequence The SVM All Europe SRI Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

### Top 10 Holdings

	(%)	
Alpha FMC	7.9	
Norcros	6.0	
Smurfit Kappa Group	5.7	
OSB Group	5.3	
Rexel	5.3	
Lloyds Banking Group	4.9	
AXA	4.9	
Synthomer	4.5	
Uniphar	4.5	
Capgemini	4.2	
<b>Rest of Portfolio</b>	<b>46.8</b>	

### Country Breakdown

	No. of Stocks	(%)	
UK	18	62.2	
Ireland	4	16.9	
France	3	14.4	
Germany	2	2.6	
Sweden	1	0.7	
Other	-	0.0	

### Sector Breakdown

	(%)	
Industrials	30.5	
Financials	21.6	
Materials	17.8	
Health Care	13.1	
Information Technology	6.0	
Consumer Discretionary	4.7	
Consumer Staples	3.1	
Energy	0.0	
Communication Services	0.0	
Utilities	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>€50bn)	4.9
Large Cap (<€50bn)	25.5
Mid Cap (<€10bn)	36.6
Small Cap (<€1bn)	29.8



### Currency Exposure

	(%)
Euro	33.9
Sterling	62.2
Swedish Krona	0.7

## Enquiries

[www.svmonline.co.uk](http://www.svmonline.co.uk)  
Calls may be recorded

### Investor Services and Dealing:

Dealing, account enquiries and valuations  
Phone: 0345 066 1110  
Fax: 0330 123 3755  
International phone: +44 (0)1268 447 417  
International fax: +44 (0)1268 457 731

### General Enquiries

Head office and fund enquiries  
Phone: +44 (0)131 226 6699  
Email: [info@svmonline.co.uk](mailto:info@svmonline.co.uk)  
Helpline: 0800 0199 110  
Literature Request: 0800 0199 440

### ISIN:

Share Class A GB00B1FL7S17  
Share Class B GB00B1FL7V46

### MEX:

Share Class A SXSRIA  
Share Class B SXSRI B

### SEDOL:

Sedol GBP B1FL7S1  
Sedol GBP B1FL7V4

### Registered Office:

SVM Asset Management Limited  
7 Castle Street  
Edinburgh  
EH2 3AH  
Registered No. 125817

Issued by SVM Asset Management Limited who is authorised and regulated by the Financial Conduct Authority:  
12 Endeavour Square  
London E20 1JN

© SVM Asset Management Limited.

## Fund Performance

to 30/04/2022

### Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	0.1	-11.0	-4.0	22.6	31.6	291.6
MSCI Europe Index	-1.0	-5.6	3.5	21.9	35.1	161.2
IA Europe inc UK Sector**	-1.5	-7.6	0.9	23.9	34.4	163.9

Source: FE fundinfo, as at 30/04/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

\*The Fund was launched on 31 October 2006

\*\*IA is provided as a comparator

### Percentage growth year on year to 31 March

	2022	2021	2020	2019	2018
SVM All Europe SRI Fund B	1.2	58.9	-17.7	-4.7	9.6
MSCI Europe Index	9.1	30.9	-10.6	4.3	2.6
Performance Difference	-7.9	+28.0	-7.1	-9.0	+7.0

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 30/04/2022, 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 may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus. 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.