

# 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.



September 2021 | Share Class B

Factsheet as at 31 August 2021



## Monthly Fund Commentary

St Ledger's Day is rapidly approaching. And according to the old city adage investors should have returned from their summer break in a positive mood. Yet Covid continues to dominate the headlines and even with the success of the vaccination campaign infections are rising, supply chains are faltering, and economic momentum is slowing. But despite the recent deceleration the underlying economy is strong. Consumer and corporate balance sheets are robust and there is considerable pent-up demand. The reflation trade has paused but is not over. The fund returned 3.1% versus 2.6% for the MSCI Europe Index.

In a much anticipated speech to the Jackson hole gathering of central bankers, the chair of the Federal Reserve sent a strong hint that the Fed will begin tapering this year. The psychological impact of the move will be considerably greater than its mechanistic impact. Investors should focus on the positive signal that tapering sends; the economy is healing and stimulus can begin to be withdrawn. Tapering may lead to a short term increase in volatility but it will not derail the bull market. Equity markets function as a discounting mechanism and will not correct until collectively investors believe the end of the economic cycle is in sight. Many things can change the collective mindset, often with little warning, but for the moment the path of least resistant is higher.

The fund's largest holding Uniphar gained ahead of its interim results. The shares have performed exceptionally well due to strong growth in revenues and profits. Despite making acquisitions leverage is low and management are open to pursuing

larger transactions as it seeks to develop global platforms for its Commercial & Clinical and Product Access businesses. Both divisions have grown substantially and look to have significant scope to grow. Two of last month's outperformers, Nordic Entertainment and Volution, continued their recent outperformance. Prudential Plc gained as it released well received interim results. Numbers were strong across the board with new business sales growing 21%. Post the demerger of Jackson National later this month the group will be an Asian focused insurer trading at a significant discount to its nearest peers. Another insurer, Axa, performed well. The company's 2Q21 results were positive and arguably the strongest for a considerable time. Earnings were more than 10% ahead of expectations but it was the breadth of the beat that stood out. Under CEO Thomas Brubert, AXA has streamlined its business, exiting or disposing of those most exposed to volatile financial markets and redeploying capital into underwriting. This improvement has yet to be fully reflected in the share price.

Creo Medical declined as it announced an equity raise to fund expansion. The early stage of the company's product suite makes it almost impossible to value the business accurately. However, it offers a range of products with strong IP backing that can dramatically improve patient outcomes and reduce costs. Its MicroBlate tissue ablation device has recently been used to treat patients with unresectable pancreatic tumours with very encouraging results.

A new position was initiated in Smith & Nephew.

Fund and index performance source: Lipper

## 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:** £20.5m

### 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%

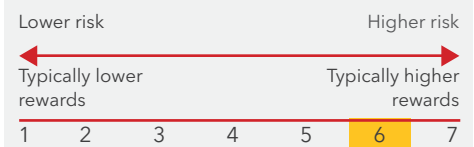
\*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

### 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 02/07/2021

**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	43.4	
Unstable Financial	19.6	
Consumer Cyclical	16.0	
Defensive	12.6	
Technology	6.1	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	2.2	

### Cyclical 43.4%

Synthomer	6.0
Smurfit Kappa Group	5.9
Alpha FMC	5.9
Rexel	4.9
Forterra	4.4

### Unstable Financial 19.6%

Prudential	5.1
AXA	4.5
OSB Group	4.4
Lloyds Banking Group	4.0
Allianz	1.7

### Consumer Cyclical 16.0%

Norcros	6.4
Jost Werke	3.6
Nordic Entertainment Group	3.5
Tesco	2.5

### Defensive 12.6%

Uniphar	7.3
DCC	3.0
Smith & Nephew	1.4
Apontis Pharma	0.9

### Technology 6.1%

Creo Medical Group	3.0
LungLife AI	2.1
ActiveOps	1.0

### Stable Financial 0.0%

### Mining 0.0%

### Oil & Gas 0.0%

## This Month's Featured Stock

### Lloyds Bank

We have seen considerable improvements from Lloyds Bank in terms of ESG strategy and reporting in recent years. There are now targets in place for a host of non-financial metrics, not least on the bank's environmental performance. Hence, we see a net Zero ambition for 2050 as well as shorter term targets such as business travel emissions remaining 50% below pre-covid levels and a 50% reduction in electricity consumption by 2030 accompanied by a pledge to utilise 100% renewable energy.

While commendable, such initiatives are

relatively insignificant when compared to the steps Lloyds are taking regarding the emissions which occur from their loan book. Here the company give a useful breakdown to highlight the scope of this issue. As of 2018, which is the baseline for the company's subsequent target, the bank's lending book was responsible for 5.6% of the UK's total emissions on a sectoral basis. Clearly any measures taken here have the potential to meaningfully impact the UK's commitment to the Paris Agreement.

And Lloyds have done just that by committing












to reduce the carbon emissions they finance by more than 50% by 2030.

We are of course not taking such a pledge at face value and will continue to engage with the company regarding the detail of the plan. Of particular interest to us is the actions the bank will take should they find themselves not on target and will they turn away business should this be the case. This is important not only from an environmental progress perspective but also for our forecasts for the bank's financial prospects.






## 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

	(%)	
Uniphar	7.3	
Norcros	6.4	
Synthomer	6.0	
Smurfit Kappa Group	5.9	
Alpha FMC	5.9	
Prudential	5.1	
Rexel	4.9	
AXA	4.5	
Forterra	4.4	
OSB Group	4.4	
<b>Rest of Portfolio</b>	<b>45.2</b>	

### Country Breakdown

	No. of Stocks	(%)	
UK	17	61.8	
Ireland	2	13.3	
France	3	13.0	
Germany	3	6.2	
Sweden	1	3.5	
Other		0.0	

### Sector Breakdown

	(%)	
Industrials	28.6	
Materials	20.7	
Financials	19.6	
Health Care	14.7	
Information Technology	4.6	
Consumer Discretionary	3.5	
Communication Services	3.5	
Consumer Staples	2.5	
Energy	0.0	
Utilities	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>€50bn)	6.2
Large Cap (<€50bn)	26.8
Mid Cap (<€10bn)	35.4
Small Cap (<€1bn)	29.4



### Currency Exposure

	(%)
Euro	36.8
Sterling	57.5
Swedish Krona	3.5

## Enquiries

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

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### 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

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Registered No. 125817

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London E20 1JN  
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## Fund Performance

to 31/08/2021

### Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	3.1	26.5	43.8	33.3	69.8	340.9
MSCI Europe Index	2.6	15.3	26.3	26.8	58.5	170.2
IA Europe inc UK Sector	3.0	15.7	26.4	28.4	63.8	184.0

Source: Lipper, as at 31/08/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

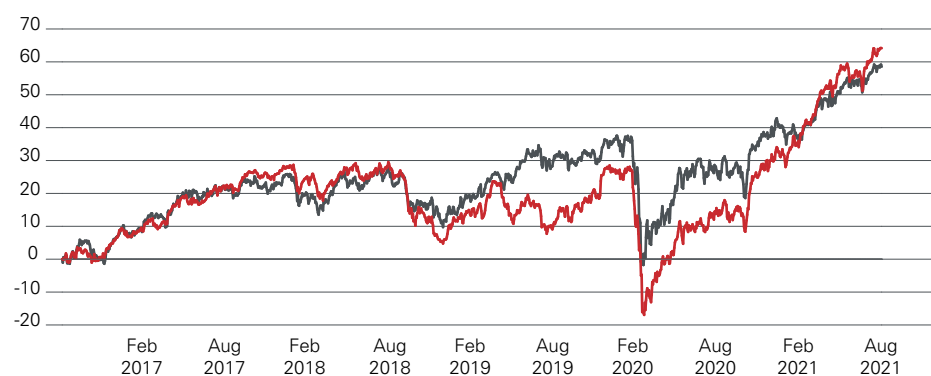
\*The Fund was launched on 31 October 2006

### Percentage growth year on year to 30 June

	2021	2020	2019	2018	2017
SVM All Europe SRI Fund B	41.1	-6.2	-3.0	7.3	29.3
MSCI Europe Index	21.5	-3.5	6.4	4.2	25.4
Performance Difference	+19.6	-2.7	-9.4	+3.1	+3.9

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 All Europe SRI Fund B ■ MSCI Europe Index

Source: Lipper, as at 31/08/2021, 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 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.