

SVM

Continental Europe Fund

The aim of the Fund is to achieve medium to long-term capital growth from a tightly controlled list of European stocks and other permitted securities. The Fund aims to outperform the FTSE World Europe ex UK Index.



July 2020 | Share Class B

Figures as at 30 June 2020



Fund Managers



Hugh Cuthbert
Fund Manager

Industry Experience: 25

Years at SVM: 14

Appointed: 23/01/2006



Alasdair Birch
Deputy Fund Manager

Industry Experience: 11

Years at SVM: 7

Appointed: 01/01/2014

Monthly Fund Commentary

Although far from linear, European equities posted yet another strong return in June 2020 with the FTSE World Europe ex UK index increasing by 4.9%. Both increased economic stimulus and an easing of virus lockdowns were behind the move. But the rise was punctuated by bouts of volatility particularly when both China and the US saw incidences of Covid worsening. For China this was relatively isolated with schools in Beijing being closed as a precaution whereas in the US there were very real concerns that the peak of the disease was some way off as Florida, Texas and Arizona all saw a surge in cases. Ever cognisant of this, central banks and political leaders continued to pour money at the world's struggling economies. Most notably in the US a \$1 trillion infrastructure plan was mooted while closer to home, in Germany, Angela Merkel gained approval for a €145 billion rescue fund. Adding to the spree the ECB further boosted their bond buying programme. With such measures, and continued emergence from lockdown, it wasn't particularly surprising that markets were able to see through the more negative developments and focus on a much hoped for second half surge in economic activity. But not everyone had faith in this interpretation of events with the IMF in particular projecting a deeper recession and slower recovery than

they had done just two months earlier. With Q2 reporting just around the corner company specific news-flow was in short supply suggesting fundamentals still take a back seat over virus and macro-economic data.

The fund underperformed over the course of the month with an overall return of 3.5%. A similar paucity of news-flow and events applied to the fund holdings with top-down events the key drivers for performance. Hence the likes of Axa and Jost Werke surged on the back of initiatives intended to boost the more cyclical end of the market while the outperformers in the heat of the crisis tended to underperform. There were no new holdings initiated during the period and one sale, Scout 24 of Germany. With the shares at an all time high, and up strongly year to date, we used the position as a source of cash.

The coming months should prove informative for European equities with the hope that economies, and companies, can start to recover and that the worst of the virus passes, resulting in further lockdown easing. None of this, however, is a given and although we are now fully invested the portfolio remains well diversified to help deal with the uncertain and likely volatile market over the remainder of the year.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
FTSE World Europe ex UK Index

IA Sector: Europe ex UK

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

Fund Size: £17.1m

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:



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

As at 29/05/2020

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.

ACTIVE STOCKPICKERS

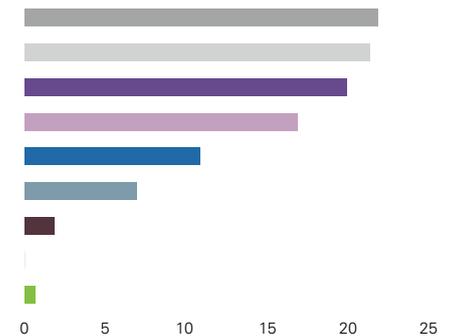
Portfolio Analysis

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.

	(Net %)
Defensive	21.8
Consumer Cyclical	21.3
Technology	19.9
Stable Financial	16.8
Cyclical	10.8
Unstable Financial	6.9
Oil & Gas	1.8
Mining	0.0
Cash	0.7



Defensive: 21.8%

(%)

Energiekontor	4.2
Roche Holdings	3.4
Veolia	2.7
PNE	2.6
Sedana Medical	2.0

Consumer Cyclical: 21.3%

(%)

Allgeier	6.3
Aluflexpack	2.7
Jost Werke	2.6
Schibsted	2.5
JDE Peet's	2.0

Technology: 19.9%

(%)

United Internet	5.7
SESA	5.2
Crayon	4.1
Lime Technologies	2.7
Barco	2.2

Stable Financial: 16.8%

(%)

Ringkøbing Landbobank	3.9
Patrizia	3.8
Hypoport	3.5
LEG Immobilien	2.4
Partners Group Holding	2.1

Cyclical: 10.8%

(%)

Capgemini	3.7
H+H International	2.8
Dustin	2.6
va-Q-tec	1.7

Unstable Financial: 6.9%

(%)

AXA	4.7
Mediobanca	2.2

Oil & Gas: 1.8%

(%)

Total	1.8
-------	-----

Mining: 0.0%

(%)

This Month's Featured Stock

Va-Q-tec

Over recent years, the rise of ESG investing has started to result in significant fund flows, which have increasingly concentrated into a limited pool of eligible and liquid investments. This appears to have pushed valuations in popular areas to high levels, but beyond some of the more well-known themes, there are intriguing sub-sectors that could be overlooked.

Va-Q-tec, as a pioneer in the niche of environmentally friendly vacuum insulation panels, offers a good illustration. With ten times the insulation efficiency compared to

foam and constant temperature conditions for 4 to 10 days, the company's products save energy and enable the transportation of sensitive high value goods such as life-saving medications. This includes blood plasma, but also Covid-19 test kits for example, which in many cases need a temperature below -20 degrees.

As a small and recently listed entity however, the company is still in its infancy as regards to ESG reporting disclosure and metrics. This results in data gaps and an attractive investment case that remains under the

radar for many funds. We are of the view that there are some unique opportunities to help companies like Va-Q-tec improve and communicate on the most relevant ESG topics, and thereby also their visibility and valuation. The market has also penalised Va-Q-tec for a period of heavy investment, but with increased cold chain penetration and regulation, we believe the company is now embarking on a payback period of strong and resilient profit growth.

Stock Analysis

Top 10 Holdings	(%)
Allgeier	6.3
United Internet	5.7
SESA	5.2
AXA	4.7
Energiekontor	4.2
Crayon	4.1
Ringkøbing Landbobank	3.9
Patrizia	3.8
Capgemini	3.7
Hypoport	3.5
Total	45.1

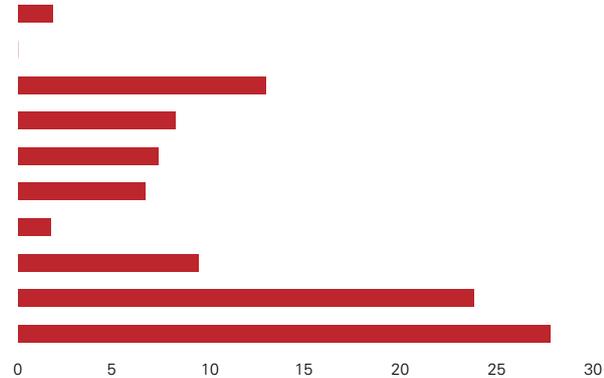
Size Analysis	(%)
Mega Cap (>€50bn)	7.2
Large Cap (<€50bn)	18.6
Mid Cap (<€10bn)	32.3
Small Cap (<€1bn)	41.3

Currency Exposure	(%)
Euro	67.1
Sterling	0.0
Norwegian Krone	8.1
Swiss Franc	10.1
Danish Krone	6.7
Swedish Krona	7.3
Other	0.0

Sector Analysis

Sector Breakdown (%)

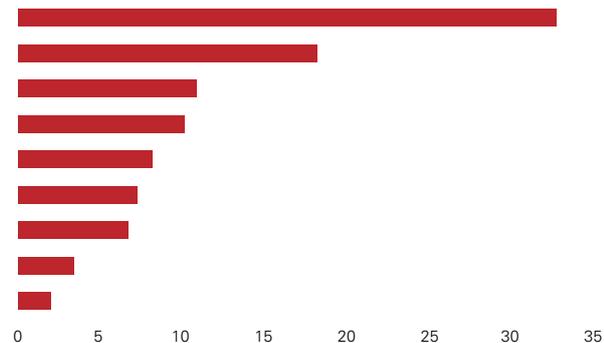
Oil & Gas	1.8
Basic Materials	0.0
Industrials	12.9
Consumer Goods	8.2
Health Care	7.3
Consumer Services	6.6
Telecommunications	1.7
Utilities	9.4
Financials	23.7
Technology	27.7



Geographic Analysis

Country Breakdown

	No. of Stocks	(%)
Germany	9	32.7
France	7	18.2
Italy	4	10.8
Switzerland	4	10.1
Norway	3	8.1
Sweden	3	7.3
Denmark	2	6.7
Other		3.4
Netherlands	1	2.0



Please note that figures may not add up to 100% due to Cash holding.

Fund Performance to 30/06/2020

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.

Enquiries

www.svmonline.co.uk
Calls may be recorded

Investor Services and Dealing:

Dealing, account enquiries and valuations
Phone: 0345 066 1110
Fax: 0844 620 0090
International phone: +44 (0)1268 447 417
International fax: +44 (0)1268 447 028

General Enquiries

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

ISIN:

Share Class A GB0032064411
Share Class B GB0032094954

MEX:

Share Class A SXCER
Share Class B SXCEI

SEDOL:

Sedol GBP 3206441
Sedol GBP 3209495

Registered Office:

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

Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	3.5	-1.3	3.4	10.1	49.6	305.8
FTSE World Europe ex UK Index	4.9	-1.9	0.6	11.3	52.3	177.3
IA Europe ex UK Sector	4.4	-1.8	1.4	9.5	47.8	181.8

Source: Lipper, as at 30/06/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

Percentage growth year on year to 30 June

	2020	2019	2018	2017	2016
SVM Continental Europe Fund B	3.4	2.5	4.0	27.9	6.3
FTSE World Europe ex UK Index	0.6	7.9	2.5	29.1	6.1
Performance Difference	+2.8	-5.4	+1.5	-1.2	+0.2

Source: Lipper, as at 30/06/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 30/06/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Copyright 2020 © Lipper, a Thomson Reuters company. All rights reserved. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

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 medium to long term 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.