

SVM

World Equity Fund

The objective of this Fund is to achieve above average capital growth over the medium to long term (although short-term investment opportunities will also be considered) and it aims to outperform its peers in the IA Global Sector (second quartile and above).

March 2020 | Share Class B

Figures as at 29 February 2020



Fund Manager



Neil Veitch
Fund Manager

Industry Experience: 24

Years at SVM: 14

Appointed: 01/12/2010

Monthly Fund Commentary

Markets fell heavily during the month as the COVID-19 virus spread around the globe. The fund returned -10.7% versus the average fund which declined -6.4%.

As 2020 dawned, we felt that the outlook for the UK economy was brighter than consensus forecasts. December's decisive general election outcome led us to believe that we would be entering a period of lower political uncertainty and increased business and consumer confidence. With the US entering a Presidential election year, we also expected a reduction in trade tensions as President Trump sought to have the economy running 'hot' to maximise his chances of re-election. As such, the fund was overweight the UK and cyclical stocks. In particular, the fund was overweight airlines. In addition to the positive macro outlook, this sector stood to benefit from a period of reduced capacity which would lead to improved yields and profit upgrades throughout the year.

COVID-19 has left this thesis in tatters. It represents a challenge to both the markets and society unlike anything we have ever faced in our lifetime. While government efforts in many Asian states appear to have stemmed the virus' spread, it remains uncertain whether the virus will remerge when restrictions on the populace are lifted. The citizenry of both Europe and US are likely to see changes to their daily life on a scale only previously seen

during wartime. It is of no consolation that for many of our holdings the year had started positively.

There were few significant outperformers during the month. Our aviation holdings (Ryanair/Wizz Air/Delta) all underperformed. Demand for flights has plummeted and governments around the world have closed borders. Profit forecasts for the current year are entirely meaningless until clarity emerges on when things can begin to return to normal. Norcros, the supplier of bathroom and kitchen products, was punished for being one of the first companies to warn that COVID-19 had impacted its supply chain. The share price reaction on the day was not commensurate with the magnitude of the warning, but in a febrile environment few investors were willing to accord the business any benefit of doubt.

There was limited trading activity. Since month-end, we have significantly increased the fund's exposure to defensive large-cap stocks. For markets to recover, investors will need comfort that the pandemic has been brought under control. Failing that, sizable and globally coordinated fiscal stimulus will be needed to resuscitate an economy that has undergone cardiac arrest. We believe that markets could fall significantly in the interim, even from these depressed levels.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 1 December 2010

IA Sector: Global

Type of Shares: Accumulation

XD Date: 31 December

Pay Date: 30 April

Fund Size: £19.4m

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 03/01/2020

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

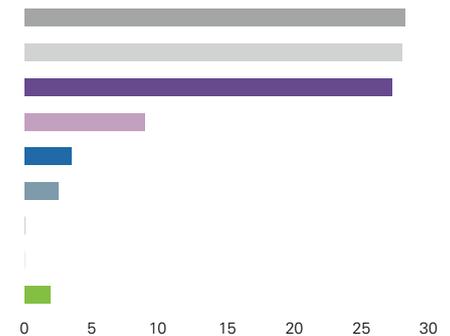
Portfolio Analysis

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 %)
Consumer Cyclical	28.1
Technology	27.9
Cyclical	27.2
Unstable Financial	8.9
Oil & Gas	3.5
Defensive	2.5
Stable Financial	0.0
Mining	0.0
Cash	1.9



Consumer Cyclical: 28.1% (%)	
Visa- A shares	7.3
Ryanair	5.7
Wizz Air	4.0

Technology: 27.9% (%)	
Microsoft	8.3
SK Hynix	4.9
Alphabet	4.9

Cyclical: 27.2% (%)	
Hitachi	5.3
Canadian Pacific Railway	5.1
Luxfer Holdings	4.5

Unstable Financial: 8.9% (%)	
AIA Group	5.5
Prudential	3.4

Oil & Gas: 3.5% (%)	
Jadestone Energy	2.8
Savannah Petroleum	0.7

Defensive: 2.5% (%)	
Uniphar	2.5

Stable Financial: 0.0% (%)	
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Mining: 0.0% (%)	
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This Month's Featured Stock

Ryanair

Ryanair is Europe's leading low-cost airline. Over the past year the group carried over 150m passengers across its point-to-point network.

The COVID-19 pandemic has brought global air travel almost to a standstill. Countries have closed borders and implemented varying levels of societal shutdown in an attempt to slow the spread of the virus. The airline industry is one of the sectors most impacted by the crisis and this has been reflected in some extreme stock moves. While it is too early to try and predict when things will begin to return to some sort

of normality, when it does Ryanair will be a long-term beneficiary.

Ryanair's balance sheet and ownership of its fleet provides it with a resilience that is unmatched by any of its peers. The group is not encumbered by costly aircraft leases that will have to be paid even if fleets are grounded. Ryanair has the lowest fixed cost base as a percentage of total costs in the European airline sector and has ample cash to cover a prolonged (i.e. over 1 year) shutdown.

Many of Ryanair's peers are not so fortunate. Flybe has already exited the market and we expect more carriers to follow. Decreasing competition in the European airline sector should lead to higher long-term returns for the survivors. While it is impossible to provide an accurate estimate for current year profitability, we see little reason to make any significant adjustments to outer year forecasts. On these measures, Ryanair trades on a mid-single digit PE ratio and EV/EBITDA multiple. This looks cheap for a business that will emerge as the number one airline in a sector with markedly less competition.

Portfolio Analysis

Top 10 Holdings	(%)
Microsoft	8.3
Visa- A shares	7.3
Ryanair	5.7
AIA Group	5.5
Hitachi	5.3
Canadian Pacific Railway	5.1
SK Hynix	4.9
Alphabet	4.9
Team17	4.6
Luxfer Holdings	4.5
Total	56.1

Size Analysis	(%)
Mega Cap (>£50bn)	30.0
Large Cap (<£50bn)	26.0
Mid Cap (<£10bn)	16.8
Small Cap (<£1bn)	25.3

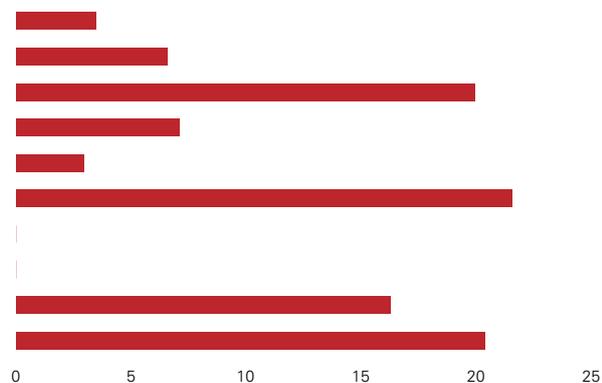
Total Number of Stocks	
Number of Holdings	26

Net Currency Exposure	(%)
Euro	8.2
Sterling	32.7
Europe non-Euro	0.0
US Dollar	40.2
Japanese Yen	8.0
Others	11.5

Sector Analysis

Sector Breakdown (%)

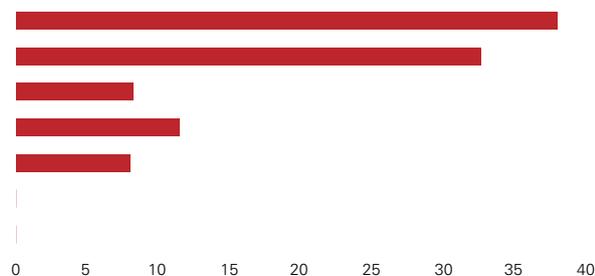
Oil & Gas	3.5
Basic Materials	6.6
Industrials	19.9
Consumer Goods	7.1
Health Care	3.0
Consumer Services	21.5
Telecommunications	0.0
Utilities	0.0
Financials	16.3
Technology	20.4



Geographic Stock Analysis

Geographic Stock Analysis (%)

North America	37.9
United Kingdom	32.6
Europe (excluding UK)	8.2
Asia Pacific (excluding Japan)	11.5
Japan	8.0
Latin America	0.0
Other	0.0



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

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Share Class B GB00B0KXSK43

MEX:

Share Class A SXUAT
Share Class B SXUAB

SEDOL:

Share Class A B0KXRB8
Share Class B B0KXSK4

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Fund Performance to 29/02/2020

Cumulative Performance, % change

	One month	2019 yr to date	One year	Three years	Five years	Since launch*
SVM World Equity Fund B	-10.7	-9.9	9.3	11.9	44.6	130.4
IA Global Sector	-6.4	-6.1	7.0	18.1	50.7	130.3

Source: Lipper, as at 29/02/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 01 December 2010

Percentage growth year on year to 31 December

	2019	2018	2017	2016	2015
SVM World Equity Fund B	30.6	-12.9	12.9	22.0	8.1
IA Global Sector	22.2	-5.5	14.5	23.9	4.0
Performance Difference	+8.4	-7.4	-1.6	-1.9	+4.1

Source: Lipper, as at 31/12/2019, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 29/02/2020, 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 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. 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. The Fund is exposed to currency risk. The Fund may use currency management techniques, including hedging and entering into derivatives 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.