

SVM

UK Opportunities Fund

The Fund's aim is to achieve medium to long-term capital growth by investing principally in UK Companies listed on the London Stock Exchange and other permitted securities.

July 2020 | Share Class B

Figures as at 30 June 2020



Fund Managers



Neil Veitch
Fund Manager

Industry Experience: 24

Years at SVM: 14

Appointed: 23/01/2006



Craig Jeruzal
Deputy Fund Manager

Industry Experience: 15

Years at SVM: 14

Appointed: 01/01/2014

Monthly Fund Commentary

Equities rose for the third month in a row. Progress in combating COVID remained uneven and the global caseload continued to rise, led by the America's. Both China and Germany suffered significant outbreaks but outside of the US the disease generally appears to be in abeyance. The prospect of a sustained second wave continued to overhang asset markets. Liquidity, however, remains abundant. In its latest action to reassure investors, the Federal Reserve announced during the month that it would now directly purchase corporate bonds in the secondary market and not just via an ETF. The fund rose 2.9% versus the FTSE All-Share that returned 1.5%.

The impact the pandemic is having on the government's finances has been laid bare. The Office for National Statistics revealed that in May government debt exceeded the size of the economy for the first time in more than 50 years. Additional public borrowing is on course to reach £300bn, about 15% of GDP. This is approximately double the worst year in the financial crisis. Debt levels are rising sharply across the developed world as governments attempt to mitigate the effects of the coronavirus through an unprecedented fiscal stimulus. Despite the large increase in national debt, the gilt market remains well behaved. QE and investors' confidence in the UK's creditworthiness, as well as its institutions, is helping to shield the effects of the increase in debt.

On a more positive note, trade talks between the UK and the EU appear to be in a much better position than they have been for months. Post a call between Boris Johnson and three of the EU's presidents, both sides appear to be determined to break the current impasse. We continue to believe that the current talks are not analogous to

other bilateral trade deals and that a compromise solution is likely.

Creo Medical was the largest single contributor to performance. The company offers a novel suite of endoscopic surgery tools that have the potential to transform patient outcomes in a variety of therapeutic areas. During the month the tools gained CE certification, a key commercial milestone and a necessary pre-requisite to their launch in the UK and Europe. It also didn't hurt that a high-profile fund management house highlighted the company as one of the most exciting stocks they had seen in the UK market for many years. We expect to see further positive news flow over the rest of the year. US regulatory authorities are likely to follow those in the UK and Europe and approve the group's product suite. This is likely to be followed relatively quickly by a pick-up in activity. Serco rose as the global outsourcing business released a positive trading statement. The company lowered guidance at the outset of the pandemic due to heightened uncertainty but now believes the outcome for the year will be broadly in-line with pre-COVID expectations. While some parts of the business, notably travel, had been weaker this was compensated by strength elsewhere. After a challenging couple of years, we believe management now have the business on a much sounder footing and that we are in the early stages of an upgrade cycle. Prudential gained as the company announced a reinsurance agreement for a portion of its US annuity liabilities alongside an equity investment in its US business. Jadestone Energy rose as full-year results highlighted strong cash generation. Synthomer was the main detractor after a broker downgraded their recommendation on the stock.

Trading was limited.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
FTSE All-Share Index

IA Sector: UK All Companies

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

Fund Size: £119.5m

Fund Charges:
OCF*
Share Class A 1.80%
Share Class B 1.05%

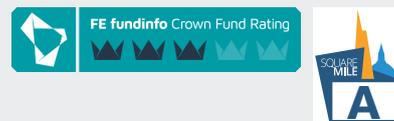
*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

Minimum Investment:

	Initial	Subsequent
Share Class A	£1,000	£200
Share Class B	£250,000**	£200

**Discounted to £1,000 for Professional Advisers

Ratings:



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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

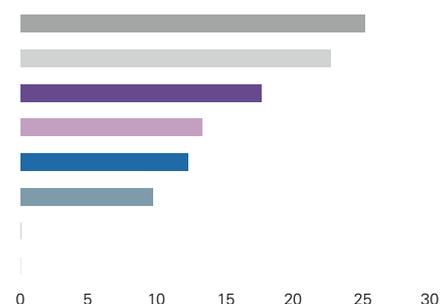
Portfolio Analysis

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 %)
Cyclical	25.1
Defensive	22.6
Consumer Cyclical	17.6
Unstable Financial	13.2
Oil & Gas	12.2
Technology	9.7
Stable Financial	0.0
Mining	0.0



Top 5 long holdings

Cyclical: 25.1%

	(%)
CRH	3.7
Smurfit Kappa Group	3.6
Synthomer	3.5
Balfour Beatty	3.4
Informa	2.8

Defensive: 22.6%

	(%)
DCC	5.7
National Grid	4.1
GlaxoSmithKline	3.7
Roche Holdings	3.5
AstraZeneca	2.8

Consumer Cyclical: 17.6%

	(%)
Tesco	5.4
Norcros	3.7
GVC Holdings	3.4
Ryanair	3.1
Associated British Foods	1.7

Unstable Financial: 13.2%

	(%)
Prudential	5.0
RSA Insurance Group	2.1
Onesavings Bank	1.8
Legal & General	1.7
Lloyds Banking Group	1.4

Oil & Gas: 12.2%

	(%)
Jadestone Energy	5.3
Energiean	2.0
BP	1.7
Pantheon Resources	1.2
Jersey Oil & Gas	0.7

Technology: 9.7%

	(%)
Micron Technology	3.4
Creo Medical Group	3.1
SDL	2.7
Team17	1.7
Simec Atlantis Energy	0.5

Stable Financial: 0.0%

Mining: 0.0%

Group totals net %.

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. Foremost among those is its resilience. Food and drink, medicines and medical equipment all require packaging and demand from these sectors should prove robust during the COVID crisis. Approximately two-thirds of Smurfit's box volumes are produced for customers

in the food or fast-moving consumer goods industries. While the remaining one-third is exposed to some sectors that will have faced a greater impact (e.g. industrial packaging), we expect overall volumes to be flattish for the year as a whole. Accelerating adoption of e-commerce should provide a tailwind to growth in coming years. In addition, increasing demands for sustainable packaging solutions should benefit Smurfit, where 75% of the raw material used is recycled fibre.

Beyond the near-term demand impact, COVID has caused some challenges for Smurfit. Disruption to waste-paper collections has

caused a short-term spike in OCC (old corrugated container) prices. This is a key input cost for Smurfit and if not mitigated by an increase in box pricing could put some pressure on earnings. Operationally, the group has managed to keep facilities open throughout the crisis.

Currently trading on an estimated 2020 PE of c.13x, we believe that Smurfit's share price does not reflect either its resilience or its growth potential

Stock Analysis

Top 10 Long Holdings	(Net %)
DCC	5.7
Tesco	5.4
Jadestone Energy	5.3
Prudential	5.0
National Grid	4.1
Norcros	3.7
GlaxoSmithKline	3.7
CRH	3.7
Smurfit Kappa Group	3.6
Synthomer	3.5
Total	43.7

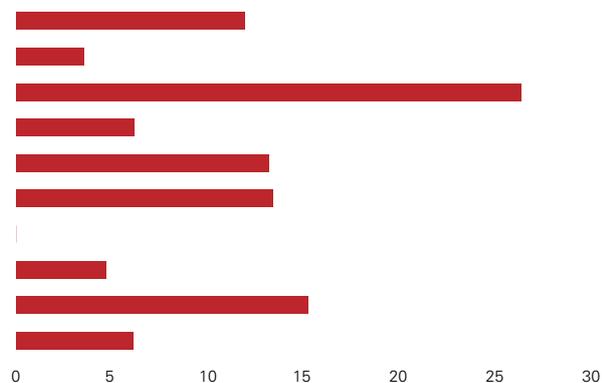
Size Analysis*	(Net %)
Large Cap	57.3
Med/Mid 250	14.6
Small/Small Cap	28.0

*Long only positions and excludes Cash

Sector Analysis

Sector Breakdown (%)

Oil & Gas	11.9
Basic Materials	3.5
Industrials	26.3
Consumer Goods	6.1
Health Care	13.2
Consumer Services	13.4
Telecommunications	0.0
Utilities	4.7
Financials	15.2
Technology	6.1



Fund Performance to 30/06/2020

Issued by SVM Asset Management Limited who is authorised and regulated by the Financial Conduct Authority:
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Share Class B GB0032084815

MEX:

Share Class A SXUOR
Share Class B SXUOI

SEDOL:

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Sedol GBP 3208481

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Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund B	2.9	-24.8	-11.1	-6.4	15.7	494.7
FTSE All-Share Index	1.5	-17.5	-13.0	-4.6	15.2	116.5
IA UK All Companies Sector	0.6	-17.9	-11.1	-4.7	13.1	156.6

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 UK Opportunities Fund B	-11.1	-8.2	14.7	24.3	-0.6
FTSE All-Share Index	-13.0	0.6	9.0	18.1	2.2
Performance Difference	+1.9	-8.8	+5.7	+6.2	-2.8

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.

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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 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.