

# 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.



October 2021 | Share Class B

Factsheet as at 30 September 2021



## Monthly Fund Commentary

Global equities edged lower in September. Supply chain bottlenecks, rising energy prices, and the lingering effect of the pandemic all gave investors pause for thought. Inflation was also very much back on the agenda after being largely dismissed for the past few months. Indeed, fuel shortages in the UK led to many a comparison with the 1970's and a surge in Google searches of the term 'stagflation'. Unsurprisingly, global bond yields moved higher in response and UK 10-year breakevens reached their highest level since 2008. Sterling appreciated versus the Euro as investors moved to price in the prospect of an earlier than expected hike in UK interest rates. Value stocks, which are less sensitive to bond yields, significantly outperformed growth. In September the fund returned -2.8% versus -2.7% for the MSCI Europe Index.

In last month's report we wrote that we felt the 'reflation trade' was not over, but rather had merely paused. Subsequent developments are supportive of such a view. We would caution, however, that had we been bond investors we would have been fired a long time ago. Inflation is notoriously difficult to forecast and there are cogent arguments on both sides. The only observation we would continue to make is that the median voter, both in the UK and elsewhere, has moved to the left. Fiscal policy is therefore likely to remain much looser than has historically been the case. All other things being equal, that should result in higher inflation than has been seen since the financial crisis. At the margin that should be helpful for value investing relative to growth, although we once again would caution investors not to get too hung up on 'labels'.

The left-leaning SPD led by Olaf Scholz won the German election ending sixteen years of centre-right government headed by Angela Merkel's CDU. However, the result was hardly a landslide with the SPD winning 25.7% of the vote, less than 2% more than their main rivals CDU/CSU. The result confirms the general leftward shift in voter preferences but is a long way short of the radical move that some commentators have suggested. The current European policy agenda will likely remain unchanged with strong political support for an expansionary fiscal policy.

Elsewhere the impending bankruptcy of Chinese property developer, Evergrande, has led to concerns that this might be China's Lehman moment. While in both instances the problems reflect a misallocation of resources and a buildup of leverage, the systemic risk in China is considerably lower. The Chinese authorities do, however, face a difficult challenge in restimulating the economy within their overall deleveraging framework. It is too early to say we are seeing the denouement of the Chinese economic model, but the pathway to slower growth is apparent. The fund has minimal direct exposure to China.

There was little stock specific newsflow over the period. The fund's healthcare holdings Apontis Pharma and Uniphar outperformed. Lloyds Bank rose as inflation expectations increased and the yield curve steepened. Cyclical stocks Forterra, TI Fluid Systems, and Jost Worke underperformed as supply chain difficulties began to bite.

There was limited trading activity.

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:** £19.6m

### 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:

Lower risk Higher risk

← Typically lower rewards Typically higher rewards →

1 2 3 4 5 6 7

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	42.2	
Unstable Financial	19.0	
Consumer Cyclical	16.1	
Defensive	13.9	
Technology	7.3	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	1.4	

### Cyclical 42.2%

Alpha FMC	6.1
Synthomer	5.8
Smurfit Kappa Group	5.8
Rexel	4.9
CRH	4.1

### Unstable Financial 19.0%

Prudential	5.1
AXA	4.8
OSB Group	4.5
Lloyds Banking Group	4.5
Jackson Financial	0.2

### Consumer Cyclical 16.1%

Norcros	6.7
Nordic Entertainment Group	3.5
Jost Werke	3.3
Tesco	2.6

### Defensive 13.9%

Uniphar	8.0
DCC	3.2
Smith & Nephew	1.6
Apontis Pharma	1.1

### Technology 7.3%

Creo Medical Group	4.0
LungLife AI	2.2
ActiveOps	1.1

### Stable Financial 0.0%

### Mining 0.0%

### Oil & Gas 0.0%

## This Month's Featured Stock

### Axa

We have been in contact with Axa in September regarding the issue of claims data. What for some may appear as rather a dry subject, has recently become more relevant for the industry, particularly Axa, as clients have complained of mistreatment regarding claims for business interruption during the pandemic. We believe this is a great example of responsible investment being intertwined with financial sustainability and accordingly share price performance. Axa has been forced by the French courts (and others) into pay-outs for business interruption which

they had originally declined, meaning there was no positive benefit financially from their actions while at the same time customer goodwill has been eroded. All this of course is backward looking and as a responsible investor we require a method to gauge the possibility of such events re-occurring and claims data disclosure is one way of achieving this. The request is based upon the best in class reporting we see among other players in the field who give a detailed breakdown by categories such as socio-economic grouping, frequency of pay-outs, percentage of












successful against non-successful claims, etc.

Our interest has been noted by the company and we look forward to further dialog in the coming months. In the meantime, we look forward to Axa's results on the 4<sup>th</sup> of November when claims will once again take centre stage. This time the issue will be the damage caused by Hurricane Ida where substantial pay-outs to policyholders are expected, hopefully this time further furore in the courts will be avoided.






## 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	8.0	
Norcros	6.7	
Alpha FMC	6.1	
Synthomer	5.8	
Smurfit Kappa Group	5.8	
Prudential	5.1	
Rexel	4.9	
AXA	4.8	
OSB Group	4.5	
Lloyds Banking Group	4.5	
<b>Rest of Portfolio</b>	<b>43.7</b>	

### Country Breakdown

	No. of Stocks	(%)	
UK	16	59.3	
Ireland	3	17.9	
France	3	13.2	
Germany	2	4.4	
Sweden	1	3.5	
Other	-	0.2	

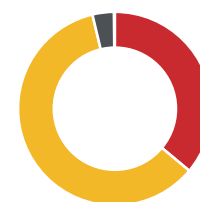
### Sector Breakdown

	(%)	
Industrials	28.9	
Materials	19.8	
Financials	19.0	
Health Care	17.0	
Information Technology	4.6	
Communication Services	3.5	
Consumer Discretionary	3.1	
Consumer Staples	2.6	
Energy	0.0	
Utilities	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>€50bn)	0.0
Large Cap (<€50bn)	32.0
Mid Cap (<€10bn)	35.8
Small Cap (<€1bn)	30.7



### Currency Exposure

	(%)
Euro	35.5
Sterling	59.3
Swedish Krona	3.5
Other	0.2

## 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

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**INDEPENDENT THINKING**

## Fund Performance

to 30/09/2021

### Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	-2.8	22.9	41.3	31.9	64.5	328.4
MSCI Europe Index	-2.7	12.2	22.7	23.3	51.6	162.8
IA Europe inc UK Sector**	-3.3	11.9	21.6	27.2	55.0	172.8

Source: FE fundinfo, as at 30/09/2021, 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 30 September

	2021	2020	2019	2018	2017
SVM All Europe SRI Fund B	41.3	-2.8	-4.0	2.4	21.9
MSCI Europe Index	22.7	-4.9	5.7	3.2	19.1
Performance Difference	+18.6	+2.1	-9.7	-0.8	+2.8

Source: FE fundinfo, as at 30/09/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

### Five Year Performance (%)



### ■ SVM All Europe SRI Fund B

Source: FE fundinfo, as at 30/09/2021, 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.

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