

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.

August 2020 | Share Class B

Figures as at 31 July 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

There can be no doubt that central bank stimulus will play an important role in the recovery of the global economy from the carnage inflicted by the on-going pandemic and the actions taken by governments to combat its spread. With such a disparate set of member nations the Eurozone was always going to struggle more than most to reach the compromise required to make this happen. But compromise they did in July 2020 with the announcement of a €750 billion rescue package which, for the first time in the bloc's history, relied upon common debt issuance to fund the loans and grants up to 30% of which would focus on tackling climate change. For many this is a pivotal moment for Europe. The sums involved, although impressive, are all but what is becoming a standard response to the crisis. What is more significant is the shift toward a more cohesive fiscal regime, the absence of which has often been viewed as the area's Achilles' heel. The move should not be viewed as the first step towards a common fiscal policy but a signal that the EU is willing to act together where the circumstances dictate. This goes some way to silence critics of the regime who view the weakness of peripheral European economies as the obstacle in the way of the long-term future of the Eurozone. Following the previous quarter's strong increase equity markets were reasonably sanguine in their response with the FTSE World Europe ex UK Index declining by -1.4%.

The inability of authorities in the US to control the progress of the virus, as well as the continued deterioration of the country's relationship with China with tit for tat consulate closures put a lid on any further strong equity returns. This was despite some encouraging clinical data on both the Astra Zeneca and Moderna Covid-19 vaccines as well as Gilead's Remdesivir compound which indicated a 62% reduction in death rates from the disease in comparison to other treatments.

The second quarter earnings season got well underway during the month and, although unremittably bleak for many, the bar has clearly been substantially lowered ensuring the fallout was more limited than would have been the case had such poor performance come out of the blue. Others, who are coping well with the pandemic, were rewarded with strong share price returns including heavyweights such as SAP and Unilever.

The fund outperformed the index rising by +5.6%. Norwegian media and online marketplace companies Schibsted and Adevinta were strong contributors to performance as they announced their success in purchasing classified assets from Ebay. For Adevinta (of which Schibsted currently owns a controlling stake) in particular this is a transformational move giving the company market leading positions in more geographies and bolstering existing positions. Although not concluding until next year the market acted quickly to price in the many synergies the deal will create. Also performing strongly was our largest holding, IT services company Allgeier of Germany. The company has gone through many years of restructuring, but this is now beginning to pay off with an excellent set of results for the second quarter of 2020 pre-announced in July. The worst contributor to performance was Barco of Belgium. The company has a considerable exposure to the cinema industry through its projectors business and this has clearly been hit hard as countries have gone into lockdown. We are disappointed by the performance but believe it is worth holding onto the shares as the balance sheet is very strong and thanks to management cost cutting the company should emerge even stronger when economies start to function properly again. There were no new buys or outright sales over the period.

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: £18.0m

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 17/07/2020

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

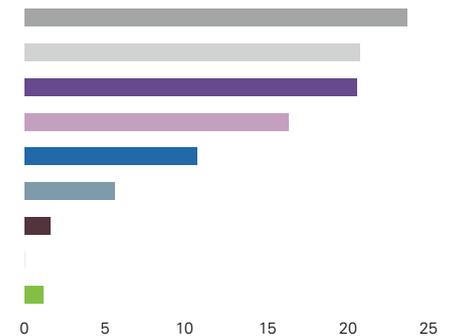
Portfolio Analysis

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	23.6
Defensive	20.7
Technology	20.5
Stable Financial	16.3
Cyclical	10.6
Unstable Financial	5.5
Oil & Gas	1.6
Mining	0.0
Cash	1.2



Consumer Cyclical: 23.6% (%)

Allgeier	7.2
Schibsted	3.2
Aluflexpack	2.9
JostWerke	2.5
Adevinta	2.2

Defensive: 20.7% (%)

Energiekontor	4.5
Roche Holdings	3.1
PNE	2.5
Veolia	2.4
Sedana Medical	2.3

Technology: 20.5% (%)

SESA	5.9
United Internet	5.5
Crayon	4.4
Lime Technologies	3.2
Barco	1.6

Stable Financial: 16.3% (%)

Patrizia	3.9
Ringkøbing Landbobank	3.7
Hypoport	3.3
LEG Immobilien	2.4
Partners Group Holding	2.0

Cyclical: 10.6% (%)

Capgemini	3.8
H+H International	2.7
Dustin	2.6
va-Q-tec	1.6

Unstable Financial: 5.5% (%)

AXA	4.1
Mediobanca	1.5

Oil & Gas: 1.6% (%)

Total	1.6
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Mining: 0.0% (%)

This Month's Featured Stock

Barco

The full effects of the COVID-19 pandemic have become apparent through European Q2 results, revealing the unprecedented divergence across industries and sectors. Companies with multiple business segments, such as Belgian portfolio company Barco, are thereby proving particularly challenging to analyse.

As a provider of approximately one in two of the world's cinema projector screens, as well as LED screens for entertainment and hospitality venues, Barco's main division has been hard hit as customers shut down and preserved cash. Reopenings are now taking place, but film release schedules and capacity

limitations are proving to be difficult ongoing challenges.

Barco also serves the corporate market for wireless presentation sharing and provides panels for large scale control room environments. Here there was also a strong revenue decline in the second quarter, but with more visibility on a positive second half outlook.

Finally, Barco's healthcare business, producing specialised high definition screens and workflow solutions to areas like radiology, actually grew in the first half.

The company's share price has we feel been somewhat unduly punished, as providing working capital support to customers and continuing R&D investments left the market disappointed with the short term results. However, we believe Barco is taking the opportunity to tangibly strengthen its market position, which could provide very strong benefits if and when end markets pick up. In addition, our analysis indicates Barco has an underrated sustainability profile, with impressive management of eco-designed products, the supply chain and employee welfare. The risk/reward is looking increasingly favourable.

Stock Analysis

Top 10 Holdings	(%)
Allgeier	7.2
SESA	5.9
United Internet	5.5
Energiekontor	4.5
Crayon	4.4
AXA	4.1
Patrizia	3.9
Capgemini	3.8
Ringkøbing Landbobank	3.7
Hypoport	3.3
Total	46.3

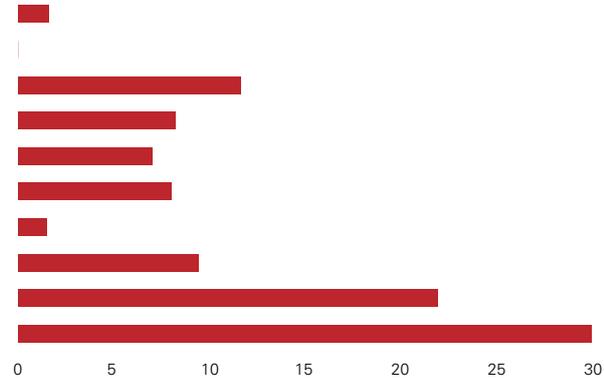
Size Analysis	(%)
Mega Cap (>€50bn)	6.3
Large Cap (<€50bn)	14.7
Mid Cap (<€10bn)	39.5
Small Cap (<€1bn)	38.4

Currency Exposure	(%)
Euro	65.1
Sterling	0.0
Norwegian Krone	9.8
Swiss Franc	9.6
Danish Krone	6.4
Swedish Krona	8.0
Other	0.0

Sector Analysis

Sector Breakdown (%)

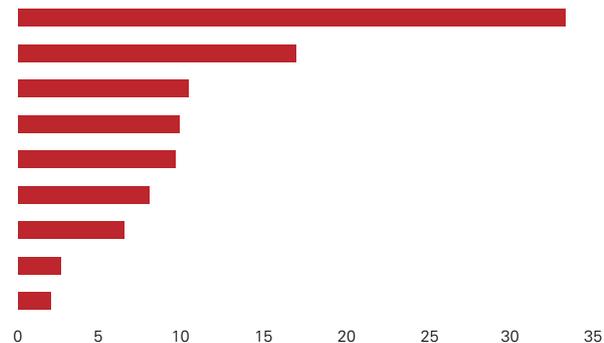
Oil & Gas	1.6
Basic Materials	0.0
Industrials	11.6
Consumer Goods	8.2
Health Care	7.0
Consumer Services	8.0
Telecommunications	1.5
Utilities	9.4
Financials	21.8
Technology	29.9



Geographic Analysis

Country Breakdown

	No. of Stocks	(%)
Germany	9	33.2
France	7	16.9
Italy	4	10.3
Norway	3	9.8
Switzerland	4	9.6
Sweden	3	8.0
Denmark	2	6.4
Other		2.6
Netherlands	1	2.0



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

Fund Performance to 31/07/2020

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Share Class B GB0032094954

MEX:

Share Class A SXCER
Share Class B SXCEI

SEDOL:

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Sedol GBP 3209495

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Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	5.6	4.2	6.5	13.4	50.9	328.5
FTSE World Europe ex UK Index	-1.4	-3.3	-2.8	7.7	43.7	173.3
IA Europe ex UK Sector	-0.1	-1.9	-0.8	7.8	43.9	182.2

Source: Lipper, as at 31/07/2020, 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 31/07/2020, 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. 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.