

SVM Continental Europe 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 ex UK Index. The Fund will identify investment opportunities in undervalued companies in European equity markets which will not necessarily be prominent in mainstream indices. The Fund will invest at least 80% in equities and equity related instruments dealt in or traded on European Eligible Securities Markets. The Fund may invest in other permitted securities.



June 2021 | Share Class B

Factsheet as at 31 May 2021



Monthly Fund Commentary

The 1.7% rise in the MSCI Europe ex UK index for the month of May 2021 was the result of a hard-fought battle between hope of renewed economic vigour as economies reopen post Covid-19 lockdowns and the ever-present threat of the impact this may have on prices as companies scramble to restock to meet the renewed demand. At the same time, fears lingered of a resurgence in the virus particularly in Asia where many nations are nowhere near the levels of progress made in vaccination rollouts as seen in the Northern hemisphere. India in particular was a cause for concern with the variant there potentially considerably more transmissible than those seen before. But optimism prevailed, and with inflation still viewed as transitory in nature rather than a deep-rooted affair, the overall environment for equities remained positive. Europe appeared to be making progress on several fronts. Despite the vaccine roll out getting off to a shaky start considerable progress was made over the course of the month and there were clear indications of the impact this was having. In Italy, the national curfew began to be phased out while in France outdoor eating for restaurants was once more permitted. The ECB, while noting the "remarkable exuberance" of financial markets, gave little indication that their recent largesse would be reigned in any time soon. Meanwhile, better than expected macro-economic news such as retail sales and employment numbers indicated a recovery firmly on track.

The fund lagged the index with an increase of 0.1%. With oil, materials and travel stocks

leading the market over the course of the month our lack of exposure to these areas of the market was always going to mean a lag in performance. While the short-term outperformance from the likes of basic materials and other re-opening trades is a logical move, just like the situation with inflation, the sustainability of such performance is more difficult to gauge. Year on year growth rates are of course spectacular, but for such a rally to continue shares, which in many cases are trading at all time highs, will need the support of similarly record beating earnings. This is far from a certainty and as a result we will not be chasing many of the beneficiaries of this bounce.

Corporate earnings' reports for the first quarter of the year are now almost fully complete and the results can be judged as almost overwhelmingly positive. However, it should be noted that in many cases expectations were rebased over the course of 2020 leaving a relatively low bar over which to hurdle. The portfolio's holdings followed a similar pattern with very little in terms of bad news to report over the course of May. Those stocks which did underperform such as software supplier Crayon of Norway and packaging company Aluflexpack have reported highly encouraging results and company prospects remain good but are not viewed as beneficiaries of the re-opening trade hence the share price performance. There were no outright buys or sells over the course of the month.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI Europe ex UK Index

IA Sector: Europe ex UK

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

Fund Size: £27.0m

Fund Manager:

Hugh Cuthbert (Fund Manager)
Appointed: 23/01/2006
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:



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 6 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 09/04/2021

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.

Consumer Cyclical	20.6	
Technology	16.9	
Unstable Financial	15.5	
Defensive	14.1	
Cyclical	12.2	
Stable Financial	10.9	
Oil & Gas	1.2	
Mining	0.0	
Cash	8.6	

Consumer Cyclical 20.6%

Jost Werke	2.9
Aluflexpack	2.7
Verallia	2.5
Schibsted	2.4
Pirelli	2.2

Technology 16.9%

United Internet	3.1
SESA	3.0
Hexatronic Group	2.7
Crayon	2.5
Nagarro	2.3

Unstable Financial 15.5%

Mediobanca	4.4
AXA	3.2
Banca Mediolanum	3.0
BNP Paribas	2.6
Allianz	2.4

Defensive 14.1%

Thales Group	2.9
Energiekontor	2.3
PNE	2.3
Veolia	2.1
Roche Holdings	1.9

Cyclical 12.2%

Capgemini	3.4
Dustin	3.3
H+H International	3.1
Wienerberger	2.4

Stable Financial 10.9%

Ringkøbing Landbobank	3.1
Patrizia	2.5
Partners Group Holding	1.9
S IMMO	1.8
LEG Immobilien	1.6

Oil & Gas 1.2%

Total	1.2
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Mining 0.0%

This Month's Featured Stock

H+H International

Denmark based H+H International is a buildings materials supplier whose main focus is the production and sale of aerated concrete blocks primarily to the residential new build segment. With more than 1,500 employees the company has 29 factories in northern and central Europe with a capacity of almost 4 million cubic meters.

The company operates in what is considered by many to be a cyclical industry resulting in potentially wild swings in both revenues and profitability. This perception means the shares are

very cheap trading on only 11x 2022 earnings and offering a yield of almost 4%.












While the cyclical badge may still be appropriate we believe the company's management have taken some important steps which help limit the impact on profitability when sales should falter. First, a round of cost-cutting and rationalisation measures have made the operations considerably leaner than in previous years. Secondly, and perhaps most importantly, the whole industry has consolidated with the leading players boasting

combined market shares well in excess of 50% in the most important markets. This has allowed for a more disciplined pricing environment which is the key variable when combatting any potential revenue decline. This was witnessed in 2020 with Covid-19 prompting a 6% decline in sales but at the same time the company managed to keep gross profit margins flat. Should this performance continue, the cyclical badge should be shed and the shares are likely to re-rate accordingly.











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 Continental Europe Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.












Top 10 Holdings

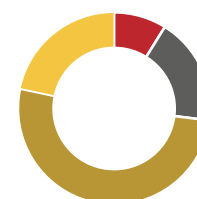
	(%)	
Mediobanca	4.4	
Capgemini	3.4	
Dustin	3.3	
AXA	3.2	
H+H International	3.1	
Ringkøbing Landbobank	3.1	
United Internet	3.1	
SESA	3.0	
Banca Mediolanum	3.0	
Thales Group	2.9	
Rest of Portfolio	67.5	

Country Breakdown

	No. of Stocks	(%)	
France	10	22.7	
Germany	9	20.4	
Italy	4	12.6	
Norway	4	8.5	
Sweden	3	7.2	
Switzerland	3	6.5	
Denmark	2	6.3	
Austria	2	4.2	
Netherlands	1	1.7	
Other		1.3	

Sector Breakdown

	(%)	
Financials	20.5	
Industrials	15.1	
Information Technology	13.6	
Materials	10.8	
Communication Services	10.6	
Consumer Discretionary	7.0	
Real Estate	5.8	
Health Care	3.0	
Utilities	2.1	
Consumer Staples	1.7	
Energy	1.2	



Size Analysis

	(%)
Mega Cap (>€50bn)	8.1
Large Cap (<€50bn)	16.6
Mid Cap (<€10bn)	46.9
Small Cap (<€1bn)	19.8



Currency Exposure

	(%)
Euro	62.9
Norwegian Krone	8.5
Swiss Franc	6.5
Danish Krone	6.3
Swedish Krona	7.2

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Fund Performance

to 31/05/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	0.1	6.9	54.2	55.7	108.7	504.7
MSCI Europe ex UK Index	1.7	9.0	26.4	31.4	80.0	233.0
IA Europe ex UK Sector	1.6	8.2	27.4	28.4	76.6	244.8

Source: Lipper, as at 31/05/2021, 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 31 March

	2021	2020	2019	2018	2017
SVM Continental Europe Fund B	71.2	-8.8	-2.8	9.3	20.9
MSCI Europe ex UK Index	34.4	-7.5	3.1	3.7	28.4
Performance Difference	+36.8	-1.3	-5.9	+5.6	-7.5

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM Continental Europe Fund B ■ MSCI Europe ex UK Index

Source: Lipper, as at 31/05/2021, 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.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.