

SVM UK Growth Fund

The objective of this Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI United Kingdom IMI. The Fund will identify investment opportunities in UK companies that can grow faster than the wider markets and are capable of sustained growth. The Fund may invest in other permitted securities.



December 2020 | Share Class B

Factsheet as at 30 November 2020



Monthly Fund Commentary

News on vaccines has encouraged investors, but business confidence remains fragile. Planning involves a lot of uncertainty; management must predict the mood of other businesses and consumers, as well as risks in politics and trade. We can expect gradual economic recovery in the coming months, but actual business investment may lag.

In recent years stockmarkets have been detached from business investment, with low interest rates boosting financial assets but failing to lift business investment in the real economy. That takes confidence; clarity on future growth and taxes, and stability in politics and trade. Beyond the current focus on a vaccine and management of public health, businesses face major challenges with a return to work and must guess at the impact of higher unemployment and taxes.

Intervention to support businesses and jobs leaves a legacy of credit problems. Economic recovery often brings business failures as ailing companies are propped up until restructuring or sale is easier. Even well-intentioned government support, such as bank lending via Bounce Back Loans, may mask much deeper problems. How can rent holidays or other leniency on payments be unwound? It will take time for all these stresses to be unwound. Interventions bring their own challenges to business; it is hard to assess the financial strength of suppliers and customers. Getting to the bottom of bad debts will take time. It would be wrong to position portfolios for a rapid jump in the economy.

Economic resilience needs more equity investment to support longer term decision-making and cope with volatility. Fortunately, government support for the economy is expected to switch towards infrastructure, public investment and tax incentives for investment. There is new potential for investment to target improving sustainability and resilience. There is a huge incentive for traditional businesses to accelerate an unwinding of their legacy and transform to fit the new economy.

There are big risks in businesses investing for a post-lockdown world. Businesses need a longer perspective to invest and expand. Genuine growth is likely to remain scarce.

Performance

In November, SVM UK Growth Fund gained 7.5%, compared to a return of 13.2% for the MSCI UK IMI TR Index and 14.1% for the average fund in the IA UK All Companies sector. For the 5 years to 30 November, the Fund is top quartile, returning 32.1%, compared to a return of 19.2% for the MSCI UK IMI TR Index and 24.2% for the average fund in the IA UK All Companies sector.

Trading and results

During the month, there were positive contributions to performance from Wizz Air, Jet2, Johnson Service Group, Intermediate Capital and Ceres power. Laggards included Dechra Pharmaceuticals, Future and Hilton Food Group. November was a value month, with profit taking from growth stocks following the vaccine news and investor hopes of an early end of lockdowns. Travel and hospitality in particular rebounded. The surviving airlines such as Wizz and Jet2 have recapitalised and may face less competition when travel picks up. Gains by Ceres and ITM reflect growing investor interest in renewable energy businesses. Healthcare and Information Technology lagged in the month but we see a strong outlook for IT in the coming year as businesses reinforce cloud capability and enterprise resilience.

During the month additional investment was made in XP Power, Premier Foods, Games Workshop, Ceres and ITM. The UK has relatively few investments focused on sustainable energy. To fund these, profit was taken on part of the holdings in AB Dynamics, Johnson Services and Blue Prism Group. All of the position in Diageo was sold.

Your Fund remains fully invested, focused on resilient growing businesses.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI United Kingdom IMI Index

IA Sector: UK All Companies

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

Fund Size: £168.1m

Fund Managers:

Margaret Lawson (Co Fund Manager)
Appointed: 31/10/2005
Years at SVM: 30 Industry Experience: 40
Colin McLean (Co Fund Manager)
Appointed: 29/02/2008
Years at SVM: 30 Industry Experience: 46

Fund Charges (OCF*):

Share Class A 1.72%
Share Class B 0.97%

*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 10/07/2020

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.

INDEPENDENT THINKING

Portfolio Analysis

Strategies

The SVM UK Growth fund aims to identify best in class companies that can grow faster than the wider market over the medium term. Portfolio businesses are drawn from those that are dominant in their sector, usurpers that will come to own their space and hero franchises utilising fast growing channels. We aim to

identify those opportunities earlier than our peers, not at the pioneering stage but when the model is accelerating.

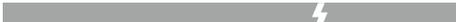
This leads to a flexible diversified portfolio blending a core of sustainable growth stocks, tactical mid-term cyclical holdings and innovative business models focussing on future trends.

Consumer Services	29.7%	Industrials	27.3%	Financials	16.1%
Ocado	4.1	Experian	2.9	London Stock Exchange	2.4
JD Sports Fashion	3.5	Keystone Law	2.8	Intermediate Capital	2.3
Wizz Air	3.0	AB Dynamics	2.8	Unite Group	2.2
Flutter Entertainment	2.6	Rentokil Initial	2.4	Beazley	2.1
JET2	1.9	Johnson Service Group	2.2	Segro	1.7
Consumer Goods	12.5%	Technology	6.2%	Health Care	6.0%
Games Workshop	2.7	Kainos	2.6	Dechra Pharmaceuticals	3.2
Cranswick	2.4	Softcat	1.0	Hikma Pharmaceuticals	1.1
Team17	1.9	AVEVA	0.9	AstraZeneca	0.9
Hilton Food Group	1.5	First Derivatives	0.5	Kooth	0.5
Kerry Group	1.5	Blue Prism	0.5	Indivior	0.2
Oil & Gas	5.3%	Basic Materials	3.3%	Telecommunications	3.2%
Ceres Power	3.7	Croda	3.3	Gamma Communications	3.2
ITM Power	1.6				
Utilities	0.0%				

Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, though there will be an emphasis on large cap holdings, or sector. As a consequence The SVM UK Growth Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Long Holdings (Gross %)

Ocado	4.1	
Ceres Power	3.7	
JD Sports Fashion	3.5	
Croda	3.3	
Gamma Communications	3.2	
Dechra Pharmaceuticals	3.2	
Wizz Air	3.0	
Experian	2.9	
Keystone Law	2.8	
AB Dynamics	2.8	
Rest of Portfolio	67.6	

Size Analysis (Gross %)

 Large Cap	44.6
 Med/Mid 250	45.4
 Small/Small Cap	19.7



Sector Breakdown (%)

Consumer Services	29.7	
Industrials	27.3	
Financials	16.1	
Consumer Goods	12.5	
Technology	6.2	
Health Care	6.0	
Oil & Gas	5.3	
Basic Materials	3.3	
Telecommunications	3.2	
Utilities	0.0	

This Month's Featured Stock

Ceres Power Holdings

Ceres operates as a fuel cell technology and engineering company, which generates and distributes energy. It works with leading OEMs to commercialise its core technology (SteelCell) in mass-market energy products for the commercial, residential and transportation markets. It serves customers globally. Ceres operates a licensing and royalty model for its fuel cells, a highly energy-efficient and low-polluting technology. Its solid oxide technology is fuel flexible - it can run on conventional fossil fuels or on blends of gas and hydrogen.

Ceres is backed by Weichai Power of China and Germany's Bosch. Recently it established a partnership with Doosan Fuel Cell, a major South Korean group which has committed to a license for manufacturing of Ceres technology and long term royalties. Doosan will become its third non-exclusive global manufacturing partner, alongside Bosch and Weichai. The manufacturing licence is similar to Ceres' commercial arrangement with Bosch.

The reputation of Ceres' customers appears to validate its technology and the scalability of its business model. When Doosan's manufacturing begins, it will initiate high-margin royalty revenues. Korea is a new and potentially significant market for Ceres, although at an early stage. South is targeting a fifty-fold increase in the deployment of fuel cell technology for power generation over the next 20 years.

The fuel cell market is forecast to grow at 24% pa between 2016 and 2024. Apart from their core benefits, fuel cells are increasingly relevant as a solution to the intermittency and capacity issues that the electricity grid will face in the coming years. Ceres' proprietary technology and existing commercial partnerships leave it well positioned to benefit from this growth. SteelCell is viewed by many industry experts as offering the best solid-oxide fuel cell technology at the lowest cost. Ceres has world class licenses and as it meets key milestones in commercialisation of its technology, we believe that investors will recognise the opportunity it offers in alternative energy.

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INDEPENDENT THINKING

Fund Performance

to 30/11/2020

Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	7.5	-0.9	2.6	9.7	32.1	303.7
MSCI United Kingdom IMI Index	13.2	-14.9	-12.2	-4.5	19.2	117.3
IA UK All Companies Sector	14.1	-10.3	-6.9	0.9	24.2	183.1

Source: Lipper, as at 30/11/2020, 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 September

	2020	2019	2018	2017	2016
SVM UK Growth Fund B	1.0	-4.2	9.7	17.7	4.6
MSCI United Kingdom IMI Index	-18.5	2.3	6.0	11.8	17.4
Performance Difference	+19.5	-6.5	+3.7	+5.9	-12.8

Source: Lipper, as at 30/09/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM UK Growth Fund B ■ MSCI United Kingdom IMI Index

Source: Lipper, as at 30/11/2020, 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.

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.