SVM UK Opportunities 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 whose future growth is not reflected in current market expectations. The Fund will invest at least 80% in equities and equity related instruments in UK companies. The Fund may invest in other permitted securities.

November 2021 | Share Class B

Factsheet as at 31 October 2021

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Monthly Fund Commentary

During the month the Chancellor, Rishi Sunak, delivered his budget statement. Sadly, the UK budget no longer moves markets, reflecting not only the lack of a radical policy agenda but the fact that it is events in the US which now typically set the outlook for risk assets. Investors' minds are fixated on the forthcoming Federal Reserve meeting and the prospects for monetary policy. The focus is on the inflation outlook and, in particular, what this will mean for the performance of different investment styles. More hawkish commentary from central bankers drove a flattening in yield curves and led to 'growth' outperforming value over the month. The fund returned -0.9% versus 1.8% for the MSCI UK index.

The pandemic, however, continues to obscure the outlook for both the economy and markets. The underlying economy appears strong, but lingering Covid concerns and ongoing supply chain issues are impacting growth. Within what was a generally impressive US earnings season, there was a significant divergence between companies whose supply chains are largely digital and those whose are longer and more complex. The discrepancy was evident in the results of the world's two most valuable companies, Microsoft and Apple. Both reported exceptionally strong earnings, but Apple stated that supply chain issues had cost the company $6bn in revenue and the impact would be greater in the current quarter. Microsoft reported that both revenues and earnings were ahead of expectations and that the outlook was positive. The increasing impact on supply chains is evident from our conversations with many companies. Executives are keen to point out the strength of demand but are cautioning that supply bottlenecks are creating problems and that pricing discussion are becoming more challenging. The strength of demand should ensure earnings forecasts remain intact but in many instances any potential upside may be removed. If earnings revisions don't turn materially negative then we believe the equity market rally will continue, driven by supportive policy and a robust economic outlook.

Trading updates from portfolio companies were reassuring. Norcros announced that its impressive operating performance had continued. Revenue was now expected to be 18% ahead of pre-pandemic levels and consequently earnings will be significantly ahead of the board's previous expectations. Both the UK and South African businesses are benefitting from higher demand as well as market-share gains. Despite facing similar supply chain challenges to many businesses, Norcros has delivered a steady stream of earnings upgrades. It is not immune to the economic cycle but its strategy of consolidating the fragmented bathroom accessory market, acquiring niche brands and extending their distribution, offers excellent long-term growth. The balance sheet has minimal debt, providing significant financial flexibility for further acquisitions. Lloyds rose as its trading update led analysts to revise their earnings projections upwards. Stripping out provision releases, results were 15% ahead of market expectations with all key P&L drivers better than anticipated. Further strong capital generation provides scope for significant capital returns post February's strategic review. Drax gained as government policy initiatives were deemed as supportive of the group's long-term strategy.

Creo Medical declined, suffering from ongoing indigestion post its recent capital increase. Despite this year's lacklustre share price performance, we remain very excited about the company's prospects. The shares are not without risk, but the scale of the opportunity is significant and we believe the long-term value of the company could be a multiple of the current share price.

Fund and index performance source: FE fundinfo

Square Mile ratings are sourced from Square Mile.

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.

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: £201.9m

Fund Managers:

Neil Veitch (Fund Manager)
Appointed: 23/01/2006
Years at SVM: 15 Industry Experience: 24

Craig Jeruzal (Deputy Fund Manager)
Appointed: 01/01/2014
Years at SVM: 14 Industry Experience: 16

Fund Charges (OCF*):

Share Class A	1.71%
Share Class B	0.96%

*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

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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	31.2
Consumer Cyclical	28.6
Unstable Financial	13.6
Oil & Gas	12.4
Defensive	12.1
Technology	8.4
Stable Financial	0.0
Mining	0.0

Top 5 long holdings

Group totals net %.

Cyclical	31.2%
Synthomer	6.1
Smurfit Kappa Group	4.8
CRH	3.8
Alpha FMC	3.3
IMI	2.1

Consumer Cyclical	28.6%
Entain	5.6
Norcros	5.4
Ryanair	3.4
Tesco	3.4
Marks & Spencer	2.6

Unstable Financial	13.6%
Lloyds Banking Group	4.1
Prudential	3.8
Legal & General	3.1
OSB Group	1.8
Bank of Ireland	0.9

Oil & Gas	12.4%
Jadestone Energy	4.7
Pantheon Resources	2.2
Energean	1.9
Longboat Energy	1.5
Jersey Oil & Gas	0.9

Defensive	12.1%
National Grid	3.7
GlaxoSmithKline	2.8
DCC	2.1
Drax Group	2.0
Smith & Nephew	1.6

Technology	8.4%
Creo Medical Group	2.5
ActiveOps	1.4
Team17	1.3
Diurnal Group	1.0
Micron Technology	0.9

Stable Financial	0.0%

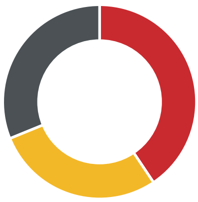
Mining	0.0%

Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation or sector. As a consequence the SVM UK Opportunities Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Long Holdings	(Net %)
Synthomer	6.1
Entain	5.6
Norcros	5.4
Smurfit Kappa Group	4.8
Jadestone Energy	4.7
Lloyds Banking Group	4.1
CRH	3.8
Prudential	3.8
National Grid	3.7
Ryanair	3.4
Rest of Porfolio	**54.7**

Size Analysis*	(Net %)
Large Cap	40.6
Med/Mid 250	28.3
Small/Small Cap	31.1



*Long only positions and excludes Cash

Sector Breakdown	(%)
Industrials	22.2
Materials	18.1
Consumer Discretionary	15.0
Financials	13.6
Energy	12.4
Health Care	8.5
Consumer Staples	5.8
Utilities	5.7
Communication Services	3.2
Real Estate	1.0
Information Technology	0.8

This Month's Featured Stock

Ryanair

Ryanair is Europe's leading low-cost airline. The company flies over 2,400 routes across the continent with its fleet of over 600 aircraft.

As the aviation industry across Europe begins to recover from the unprecedented impact of Covid, Ryanair is emerging in a stronger competitive position than ever. Competitor airlines across Europe have either failed or had to shrink their businesses drastically just to survive. Airports, eager to stimulate a swift recovery in passenger numbers, have been keen to offer growth incentives to those airlines that can offer long-term growth prospects. Indeed, such is management's optimism, that CEO Michael O'Leary has described the current market landscape as the best he has seen in his 30+ years with the airline.

While Ryanair's recently released interim results were impacted by the travel restrictions that were in place across Europe earlier in the year, the outlook was much more promising. Ryanair is close to flying a full flight schedule and load factors are recovering towards pre-Covid norms. The fare environment for peak periods next year is looking very promising. Demand has recovered strongly and total European short-haul capacity is likely to still be 10-20% below 2019 levels. The group also upped its medium-term passenger number guidance and now expects to carry 225m customers each year by 2026.

Ryanair is not immune from all the challenges facing the airline industry: increasing fuel prices and higher carbon costs will need to be offset and they'd obviously be impacted by any resurgence in Covid. What is true, though, is that the above will have a far more serious impact on Ryanair's peers. Ryanair has a robust balance sheet, expected to be in a net cash position in 18-24 months, and a cost advantage that will only be enhanced as new aircraft are delivered in upcoming years.

Fund Performance

to 31/10/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund B	-0.9	24.4	55.4	38.6	59.4	804.0
MSCI United Kingdom IMI Index	1.8	15.8	35.9	14.3	27.7	175.9
IA UK All Companies Sector**	0.3	15.1	37.2	24.2	38.4	173.4

Source: FE fundinfo, as at 31/10/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.
*The Fund was launched on 20 March 2000

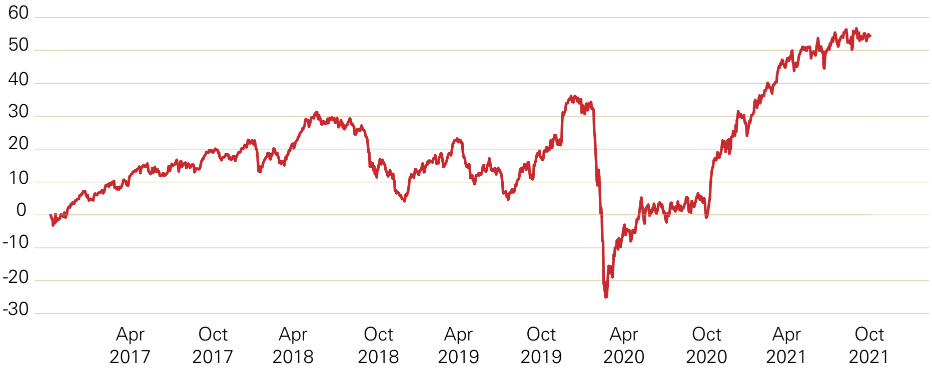
**IA is provided as a comparator

Percentage growth year on year to 30 September

	2021	2020	2019	2018	2017
SVM UK Opportunities Fund B	50.8	-11.0	-4.6	8.9	16.3
MSCI United Kingdom IMI Index	27.6	-18.5	2.3	6.0	11.8
Performance Difference	+23.2	+7.5	-6.9	+2.9	+4.5

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 UK Opportunities Fund B

Source: FE fundinfo, as at 31/10/2021, 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.

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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 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.

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