

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. Investments are made in European equities and other permitted securities.



January 2021 | Share Class B

Factsheet as at 31 December 2020



Monthly Fund Commentary

Equities made further gains during December. Investors were caught in the crosscurrents of the discovery of a new, more transmissible, Covid-19 variant and the announcement of a Brexit trade deal. For the month the fund returned 3.4% versus the MSCI Europe Index that returned 2.3%.

Stocks enjoyed a positive start to December as investors anticipated the introduction of mass vaccinations. However, the discovery of a number of new Covid variants and the likelihood of further lockdowns led to a pullback. Markets regained their poise as the UK and the EU finally agreed a trade deal. GBP and stocks exposed to the domestic economy rallied as the tail-risk of a no-deal Brexit was removed. The agreement is centred on traded goods and excludes the UK's service sector. The performance of UK banks and life insurers was more muted as concerns grew over the future access of the UK's hugely important financial services sector to European markets.

The conclusion of the Brexit deal highlights the significant constraints policymakers operate under. Despite bellicose rhetoric, politicians have a strong tendency to follow the path of least resistance. This is not to say that significant policy errors cannot occur, but that they happen less frequently than many a shrill commentary suggests.

In response to increasing case numbers many countries tightened Covid restrictions further. We continue to believe that markets will largely look through their short-term economic impact and focus on the potential for a significant recovery in the second half of the year. One of the biggest uncertainties as vaccines become available, and life begins to return to normal, will be the attitude of consumers and businesses towards savings and investment. The household savings rate has risen

substantially during the pandemic and while this will come down the quantum and timing is unclear. Perhaps we are merely projecting our own biases, but we feel it is unlikely that households will dramatically increase their level of precautionary savings in a post-pandemic world. The recent significant rise in M&A activity certainly suggests corporates see little need to save for a rainy day.

There were many large positive contributors to performance over the month. Prudential Plc rose as investors looked for reflation plays. The 'Pru' has been a notable underperformer relative to its nearest peer, AIA, over the last twelve months and with Brexit out of the way we think there is scope for this to reverse. Industrial distributor, Rexel, was another holding to benefit from improving sentiment towards cyclical stocks. Creo Medical climbed as the company announced that one of its products had successfully been used to ablate a pancreatic tumour with no procedural complications. The device has the same dimensions as a routine biopsy needle and can be used in other highly perfused organs such as the liver, kidneys, and lungs. John Menzies gained as the outlook for the aviation sector improved. The shares were buoyed further by the announcement from Signature Aviation that it had received multiple takeover approaches. Volution Plc, a manufacturer and supplier of ventilation systems, rose as the company revealed that revenue and profits were ahead of expectations.

Simec Atlantis the renewable energy specialist was the only significant disappointment. We feel the timeline for their Uskmouth project is increasingly unrealistic and exited the position. The holding in va-Q-tec was also exited.

Fund and index performance source: Lipper

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: £20.7m

Fund Managers:

Neil Veitch (Co Fund Manager)
Appointed: 31/10/2006
Years at SVM: 14 Industry Experience: 24
Hugh Cuthbert (Co Fund Manager)
Appointed: 31/10/2006
Years at SVM: 14 Industry Experience: 25

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 29/05/2020

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

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	38.8	
Unstable Financial	18.3	
Defensive	15.9	
Consumer Cyclical	15.5	
Technology	7.0	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	4.5	

Cyclical 38.8%

Synthomer	6.1
Smurfit Kappa Group	5.3
Forterra	3.9
TI Fluid Systems	3.7
Alpha FMC	3.4

Unstable Financial 18.3%

Prudential	5.5
AXA	4.2
OSB Group	3.6
Lloyds Banking Group	3.3
Allianz	1.7

Defensive 15.9%

Uniphar	5.6
Roche Holdings	3.6
DCC	3.5
AstraZeneca	3.2

Consumer Cyclical 15.5%

Norcros	4.5
Tesco	3.9
Jost Werke	2.9
Vistry Group	2.3
Unilever	1.9

Technology 7.0%

Creo Medical Group	3.2
Koninklijke Philips	2.1
Barco	1.6

Stable Financial 0.0%

Mining 0.0%

Oil & Gas 0.0%

This Month's Featured Stock

Axa

From an ESG perspective French Insurer Axa can be considered best in class regarding the company's approach to a host of non-financial matters. Not least is the proactive stance management have adopted to tackling the reporting demands of the TCFD or Task Force on Climate Related Financial Disclosure. Established in 2015 by the Financial Stability Board this organisation's purpose is to both increase and improve company reporting on the impact of operations on the climate and the risks involved. Few are as advanced in this process as Axa who,

in 2020, produced their 4th Climate Report. This report describes the progress the company is making toward implementing the objectives of the Paris Agreement. Central to Axa's approach is the indicator they term "warming potential" which attempts to measure the impact of the group's investments on global warming. Over the years the focus on this metric has led to the exclusion of the most polluting industries from the company's own portfolio or a commitment to do so over a given time frame.

While Axa should be commended for their actions, we still believe there is more they can do regarding their approach to environmental, societal and governance matters, not least in the area of management remuneration. Currently the pay structures of the CEO and CFO have, in our opinion, a weak incentive for ESG performance which represents only 10% of total potential pay out. We have contacted Axa on this matter and there appears to be a willingness to listen. We look forward to the 2021 report to see if this can be backed up with action.

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.

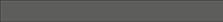
Top 10 Holdings

	(%)	
Synthomer	6.1	
Uniphar	5.6	
Prudential	5.5	
Smurfit Kappa Group	5.3	
Norcros	4.5	
AXA	4.2	
Tesco	3.9	
Forterra	3.9	
TI Fluid Systems	3.7	
OSB Group	3.6	
Rest of Portfolio	53.7	

Country Breakdown

	No. of Stocks	(%)	
UK	16	56.0	
Ireland	2	10.8	
France	3	10.0	
Germany	3	6.3	
Netherlands	2	4.1	
Switzerland	1	3.6	
Sweden	1	3.2	
Belgium	1	1.6	
Other		0.0	

Sector Breakdown

	(%)	
Industrials	36.2	
Financials	18.3	
Health Care	12.2	
Consumer Goods	10.8	
Consumer Services	9.5	
Basic Materials	6.1	
Technology	2.5	
Oil & Gas	0.0	
Telecommunications	0.0	
Utilities	0.0	



Size Analysis

	(%)
Mega Cap (>€50bn)	10.5
Large Cap (<€50bn)	24.9
Mid Cap (<€10bn)	34.1
Small Cap (<€1bn)	26.1



Currency Exposure

	(%)
Euro	36.2
Sterling	52.6
Swiss Franc	3.6
Swedish Krona	3.2

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Share Class B GB00B1FL7V46

MEX:

Share Class A SXSRIA
Share Class B SXSRI B

SEDOL:

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Sedol GBP B1FL7V4

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Fund Performance

to 31/12/2020

Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	3.4	1.8	1.8	5.7	38.7	248.6
MSCI Europe Index	2.3	2.7	2.7	11.9	54.2	134.3
IA Europe inc UK Sector	2.8	7.1	7.1	16.7	56.2	136.9

Source: Lipper, as at 31/12/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 31 October 2006

Percentage growth year on year to 31 December

	2020	2019	2018	2017	2016
SVM All Europe SRI Fund B	1.8	24.5	-16.6	19.2	10.1
MSCI Europe Index	2.7	19.8	-9.0	15.3	19.6
Performance Difference	-0.9	+4.7	-7.6	+3.9	-9.5

Source: Lipper, as at 31/12/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM All Europe SRI Fund B ■ MSCI Europe Index

Source: Lipper, as at 31/12/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

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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 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.