

# 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. The Fund will invest at least 80% in equities and equity related instruments which are dealt in or traded on all European Eligible Securities Markets. The Fund may invest in other permitted securities.



August 2021 | Share Class B

Factsheet as at 31 July 2021



## Monthly Fund Commentary

European equities traded sideways in July. The main positive was a slowdown in the UK's Covid daily infection rate. Not only have vaccines decidedly broken the link between infections and hospitalisations, but new cases are falling. Outside of the UK the Delta variant continues to spread with recent outbreaks in Asia bringing into question the sustainability of eradication strategies. The proliferation of the Delta variant continues to obscure the underlying strength of the global economy. Despite US inflation reaching 5.1%, the bond market rallied further. Various reasons have been put forward for the strength in bonds with mixed economic data and increased Covid uncertainty seeming the most likely culprits. Consistent with the decline in bond yields, growth stocks outperformed. However, as the impact of the delta variant wanes, we expect the reflation trade to reassert itself in the second half and for value to outperform. Your fund rose 2.6% versus 1.2% for the MSCI Europe Index.

We believe the global economy remains robust. Consumer and corporate balance sheets have been protected by government handouts. Our strong belief is that neither household's or businesses have fundamentally altered their desired cash balances in response to the crisis and any excess savings will ultimately be spent. Even if the impact of the delta variant persists for longer than anticipated, policy support will be extended. The earnings season has got off to a positive start and looks to be fuelling a new capex cycle. This suggests that despite concerns over peaking growth and a slowdown in the second derivative, the outlook for equities remains positive. Multiples in certain sectors may appear extended, but valuation in isolation has historically been a very poor predictor of returns. With policy supportive

and earnings strong we believe the current rally has further to run.

Nordic Entertainment, a Northern European pay-TV business, gained as the group raised its medium-term subscriber expectations. It has signed agreements with a number of cable companies for carriage as well as winning the rights for the English Premiership in a number of territories. Longer-term they aim to emulate Netflix and leverage their original content by entering new markets such as the US and UK. Capgemini reported first half results that were comfortably ahead of expectations both in terms of revenue and profits. Bookings rose 20% compared to the same period last year and the closely watched book to bill ratio was 105%. Importantly momentum improved as the half progressed with the 2q21 book to bill ratio 111%.

Volusion rose as a trading update revealed a further upgrade to profit forecasts. The business is performing strongly and benefitting from the trends toward energy efficiency and improved ventilation. Organic growth is currently running at almost 20% and revenue is significantly ahead of where it was in 2019. The shares have performed well but the medium-term upside remains considerable. Forterra also delivered results ahead of expectations and an upgraded profit outlook. Despite the upgrades, management guidance for the second half of the year looks unduly cautious.

There were no significant disappointments. Small cap software business, ActiveOps, drifted despite robust results. Norcross declined as investors fretted over the outlook for its South African operations.

Trading activity was low. The holding in Phillips was exited as we failed to get comfortable with the scale of their product recall.

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:** £20.1m

### Fund Managers:

**Neil Veitch** (Co Fund Manager)  
Appointed: 31/10/2006  
Years at SVM: 15 Industry Experience: 24

**Hugh Cuthbert** (Co Fund Manager)  
Appointed: 31/10/2006  
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:



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 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.

Cyclical	46.0	
Unstable Financial	20.9	
Consumer Cyclical	15.4	
Defensive	10.9	
Technology	6.8	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	0.0	

### Cyclical 46.0%

Synthomer	6.1
Smurfit Kappa Group	5.9
Alpha FMC	5.9
Rexel	5.7
Forterra	4.3

### Unstable Financial 20.9%

Prudential	4.7
Lloyds Banking Group	4.3
OSB Group	4.3
AXA	4.2
Allianz	3.6

### Consumer Cyclical 15.4%

Norcros	6.4
Jost Werke	3.4
Nordic Entertainment Group	3.3
Tesco	2.3

### Defensive 10.9%

Uniphar	7.0
DCC	3.0
Apontis Pharma	0.8

### Technology 6.8%

Creo Medical Group	3.5
LungLife AI	2.2
ActiveOps	1.1

### Stable Financial 0.0%

### Mining 0.0%

### Oil & Gas 0.0%

## This Month's Featured Stock

### Apontis Pharma

Apontis Pharma is a German healthcare company that demonstrates the positive attributes of a drug development firm without the binary risk that such a profile traditionally entails. The company takes already approved medicines for a specific disease (and its associated side effects) and combines them into a single compound. Regulatory approval is required for such a process, but the cost, duration, and risk of this is far from the requirements for a novel compound.

The demand for the company's products is extremely strong despite the pricing being

well above the sum of all the constituent parts were the drugs to be purchased and taken individually. The reason Apontis can achieve this, and indeed the reason why their products are so popular, is that the result is not only life saving but when taken in totality it also saves considerable sums of money. This is because the targeted patient groups tend to be elderly and unable to stick to the dosing regimen of multiple pills. This results in a very low adherence to the therapy ranging between only 20-50%. Under a single-pill regime adherence increases dramatically to between 70-80%. A recent study












highlighted the fact that the Apontis single pill for coronary heart disease reduced the event rate of the disease by as much as 73%. The savings such a profile makes to healthcare systems is large, making the premium pricing strategy a very acceptable pay-off.

Despite the clear societal benefits of the company's products, we still see the need to engage with the company on other ESG matters and have recently been in contact with management with a request to improve their overall disclosure on this front.






## 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

	(%)	
Uniphar	7.0	
Norcros	6.4	
Synthomer	6.1	
Smurfit Kappa Group	5.9	
Alpha FMC	5.9	
Rexel	5.7	
Prudential	4.7	
Forterra	4.3	
Lloyds Banking Group	4.3	
OSB Group	4.3	
<b>Rest of Portfolio</b>	<b>45.6</b>	

### Country Breakdown

	No. of Stocks	(%)	
UK	16	60.3	
France	3	13.4	
Ireland	2	12.9	
Germany	4	10.2	
Sweden	1	3.3	
Other		0.0	

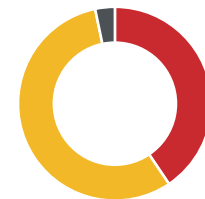
### Sector Breakdown

	(%)	
Industrials	28.9	
Materials	22.8	
Financials	20.9	
Health Care	13.6	
Information Technology	4.6	
Consumer Discretionary	3.7	
Communication Services	3.3	
Consumer Staples	2.3	
Energy	0.0	
Utilities	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>€50bn)	3.6
Large Cap (<€50bn)	28.9
Mid Cap (<€10bn)	37.8
Small Cap (<€1bn)	29.7



### Currency Exposure

	(%)
Euro	40.6
Sterling	56.2
Swedish Krona	3.3

## Enquiries

[www.svmonline.co.uk](http://www.svmonline.co.uk)  
Calls may be recorded

### Investor Services and Dealing:

Dealing, account enquiries and valuations  
Phone: 0345 066 1110  
Fax: 0330 123 3755  
International phone: +44 (0)1268 447 417  
International fax: +44 (0)1268 457 731

### General Enquiries

Head office and fund enquiries  
Phone: +44 (0)131 226 6699  
Email: [info@svmonline.co.uk](mailto:info@svmonline.co.uk)  
Helpline: 0800 0199 110  
Literature Request: 0800 0199 440

### ISIN:

Share Class A GB00B1FL7S17  
Share Class B GB00B1FL7V46

### MEX:

Share Class A SXSRIA  
Share Class B SXSRI B

### SEDOL:

Sedol GBP B1FL7S1  
Sedol GBP B1FL7V4

### Registered Office:

SVM Asset Management Limited  
7 Castle Street  
Edinburgh  
EH2 3AH  
Registered No. 125817

Issued by SVM Asset Management Limited who is authorised and regulated by the Financial Conduct Authority:  
12 Endeavour Square  
London E20 1JN  
© SVM Asset Management Limited.

## Fund Performance

to 31/07/2021

### Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	2.6	22.7	46.6	29.0	72.9	327.7
MSCI Europe Index	1.2	12.4	25.7	21.4	57.2	163.5
IA Europe inc UK Sector	1.8	12.5	25.9	24.4	61.4	176.5

Source: Lipper, as at 31/07/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

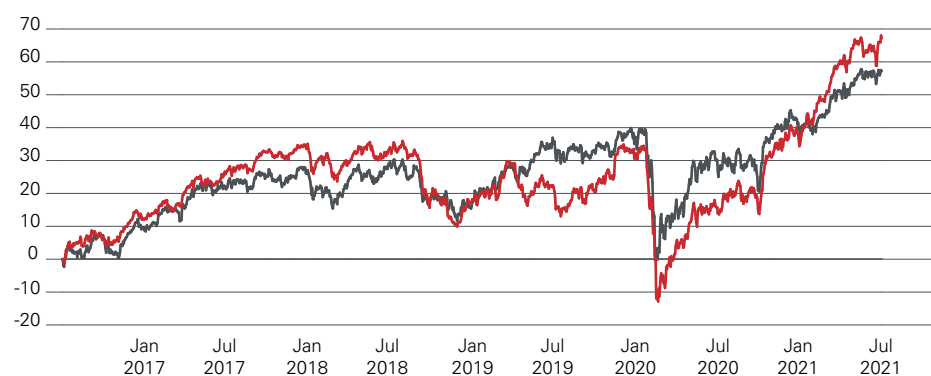
\*The Fund was launched on 31 October 2006

### Percentage growth year on year to 30 June

	2021	2020	2019	2018	2017
SVM All Europe SRI Fund B	41.1	-6.2	-3.0	7.3	29.3
MSCI Europe Index	21.5	-3.5	6.4	4.2	25.4
Performance Difference	+19.6	-2.7	-9.4	+3.1	+3.9

Source: Lipper, as at 30/06/2021, 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 31/07/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Copyright 2021 © Lipper, a Thomson Reuters company. All rights reserved. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

### 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 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 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.