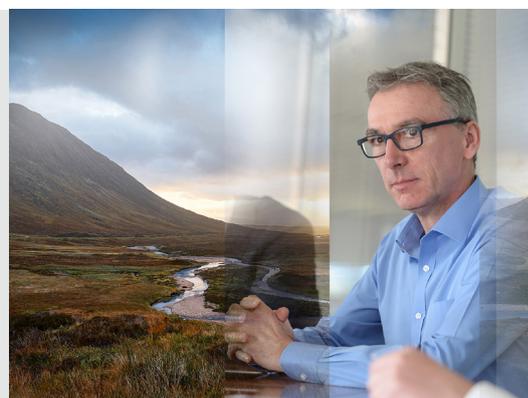


# SVM Continental Europe Fund

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.



December 2021 | Share Class B

Factsheet as at 30 November 2021



## Monthly Fund Commentary

European equities maintained into November the positive momentum witnessed during October. Concerns over inflation and supply bottlenecks still linger, but the third quarter reporting season pointed to companies managing to overcome these difficulties and, with the usual exceptions, report market pleasing results. The economic tailwind generated by the re-opening of economies post-pandemic has proven strong enough to support the valuations currently ascribed by equity markets. Just as well, as central banks still need to unwind their largesse and rude corporate health can only help this transition. On that front, soothing words were still prevalent from the likes of the Federal Reserve and the Bank of England both of whom suggested they were in no hurry to raise rates soon, as made clear in their policy meeting commentary. Later in the month Christine Lagarde appeared equally keen to suggest a similar stance for the ECB with blunt comments on the predicted trajectory for European rates. With the big issues of the day addressed by company disclosure and central banks ostensibly onside, European equities appeared well on track for a positive return for the month -until Covid-19 started to dominate the newswires. Austria and Germany being particularly hard hit by the initial case spikes in mainland Europe. Markets were understandably spooked by the threat of further restrictions but more worryingly, at month end, the news of a new variant of the virus wiped out any hope of further gains.

The fund returned -1.6% against the index decline of -1.7%. The best performing stock was IT services provider Allgeier of Germany. The company benefitted not

only from a Q3 report which highlighted an acceleration in organic growth but also from the announcement of a highly attractive acquisition. This company has a history of nurturing subsidiary companies and crystallising value through spin-offs so any indication that this business model was continuing was always going to be well received. Also benefitting from a pleasing Q3 report was fibre optic systems supplier Hexatronic whose shares increased by more than 30%. The attractiveness of this business model is starting to be reflected in the company valuation, so we have recently been taking profits in the share. On the downside building products producer H+H International fell by over 15%. We assign the fall to overall fears of pricing pressure on raw materials and energy although, so far, the company is more than offsetting this through price increases on their finished goods. Real estate management company Patrizia also fell by more than 15%, likely due to the underlying threat of a tightening interest rate environment. However, with a strong balance sheet and highly attractive product offering, we believe it interest rates would need to be considerably higher than any rationale forecasts assume today to knock this business model off course.

There were no outright buys or sells over the period although profits were taken in several outperformers such as Aker Carbon Capture and Hexatronic. This has elevated our cash holding which will be put to work as and when new ideas are found.

Fund and index performance source: FE fundinfo

## 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:** £37.9m

**Fund Manager:**

**Hugh Cuthbert** (Fund Manager)  
Appointed: 23/01/2006  
Years at SVM: 15 Industry Experience: 26

**Fund Charges (OCF\*):**  
Share Class A 1.92%  
Share Class B 1.17%

\*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 02/07/2021

**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.

Defensive	16.7	
Consumer Cyclical	15.7	
Technology	15.5	
Cyclical	13.3	
Unstable Financial	11.6	
Stable Financial	11.2	
Oil & Gas	0.9	
Mining	0.0	
Cash	15.0	

#### Defensive 16.7%

Energiekontor	3.2
Veolia	2.7
Thales Group	2.6
Roche Holdings	2.0
PNE	1.7

#### Consumer Cyclical 15.7%

Verallia	2.8
Ipsos	2.6
Allgeier	2.3
Aluflexpack	1.7
Schibsted	1.7

#### Technology 15.5%

United Internet	3.0
SESA	2.9
Crayon	2.7
Hexatronic Group	2.0
Barco	1.8

#### Cyclical 13.3%

Dustin	3.3
Capgemini	3.2
Wienerberger	2.5
H+H International	2.3
Rexel	2.0

#### Unstable Financial 11.6%

Mediobanca	3.1
Banca Mediolanum	3.0
Allianz	2.8
AXA	2.7

#### Stable Financial 11.2%

Ringkjoebing	3.1
Patrizia	2.7
S IMMO	2.3
Partners Group Holding	1.7
LEG Immobilien	1.5

#### Oil & Gas 0.9%

TotalEnergies	0.9
---------------	-----

#### Mining 0.0%

## This Month's Featured Stock

### Verallia

French based Verallia is a manufacturer of glass bottles and containers. With over 10,000 customers worldwide the company produces for a wide range of food and drink manufacturers, including high-end bottles for champagne producers such as Dom Pérignon alongside more everyday products such as jars of Nutella. Producing over 16 billion units a year the company is among the top 3 suppliers worldwide in a market responsible for over 689 billion units annually. Listed in 2019 the company was previously owned by building products giant St Gobain before falling into the hands of private

equity.

Glass is currently seeing something of a renaissance as its infinitely recyclable status makes it an increasingly attractive option for environmentally conscious customers. The company is making further strides on this front by increasing the usage of renewable energy during production and furthering the content of cullet, the waste glass component used in manufacturing. Further boosting revenues is the shift toward premiumisation wherein glass bottles and containers are considered an attractive alternative to plastic or metal.

With these two factors currently driving the market we find the Verallia shares very attractively valued on a 2023e price/earnings multiple of just over 10x and a dividend yield of over 4% for the same year. Inflationary pressures are holding the short-term valuation back as energy is an important contributor to operating costs and will impact margins in the short term. In the medium term, however, this pressure should subside as this is an industry wide phenomenon and one which will be borne by customers over time making this an interesting time to own the shares.

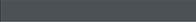
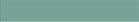
## Portfolio Structure

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

	(%)	
Dustin	3.3	
Energiekontor	3.2	
Capgemini	3.2	
Mediobanca	3.1	
Ringkjoebing	3.1	
United Internet	3.0	
Banca Mediolanum	3.0	
SESA	2.9	
Verallia	2.8	
Allianz	2.8	
<b>Rest of Portfolio</b>	<b>69.6</b>	

### Country Breakdown

	No. of Stocks	(%)	
France	9	21.3	
Germany	10	21.3	
Italy	4	10.1	
Norway	4	7.2	
Sweden	3	6.8	
Switzerland	3	5.4	
Denmark	2	5.4	
Austria	2	4.8	
Belgium	1	1.8	
Netherlands	1	0.9	

### Sector Breakdown

	(%)	
Financials	16.3	
Information Technology	14.4	
Industrials	14.3	
Communication Services	10.3	
Materials	9.4	
Real Estate	6.5	
Health Care	4.7	
Consumer Discretionary	4.4	
Utilities	2.7	
Energy	0.9	
Consumer Staples	0.9	

Please note that figures may not add up to 100% due to Cash holding.



### Size Analysis

	(%)
Mega Cap (>€50bn)	8.5
Large Cap (<€50bn)	14.0
Mid Cap (<€10bn)	50.4
Small Cap (<€1bn)	12.0



### Currency Exposure

	(%)
Euro	60.2
Norwegian Krone	7.2
Swiss Franc	5.4
Danish Krone	5.4
Swedish Krona	6.8

## Enquiries

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  
Helpline: 0800 0199 110  
Literature Request: 0800 0199 440

### ISIN:

Share Class A GB0032064411  
Share Class B GB0032094954

### MEX:

Share Class A SXCER  
Share Class B SXCEI

### SEDOL:

Sedol GBP 3206441  
Sedol GBP 3209495

### 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 30/11/2021

### Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	-1.6	18.9	28.4	83.9	115.4	572.7
MSCI Europe ex UK Index	-1.7	13.1	15.5	41.1	68.1	242.9
IA Europe ex UK Sector**	-1.7	12.0	15.0	40.6	62.2	202.0

Source: FE fundinfo, as at 30/11/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

\*The Fund was launched on 20 March 2000

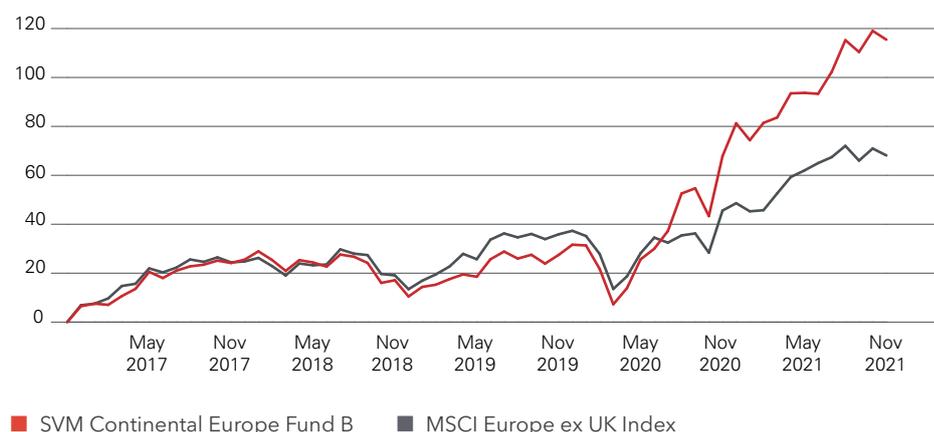
\*\*IA is provided as a comparator

### Percentage growth year on year to 30 September

	2021	2020	2019	2018	2017
SVM Continental Europe Fund B	36.0	21.3	2.7	0.6	24.4
MSCI Europe ex UK Index	21.8	0.2	6.8	2.2	22.4
Performance Difference	+14.2	+21.1	-4.1	-1.6	+2.0

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 (%)



Source: FE fundinfo, as at 30/11/2021, 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.

### 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.