

SVM

UK Emerging Fund plc

Figures as at 31 March 2019

The investment objective of the Fund is long-term capital growth from investments in smaller and medium sized UK companies. Its aim is to outperform the IA UK All Companies Sector Average Index on a total return basis.

April 2019



Fund News



Margaret Lawson
Fund Manager

Industry Experience: 39

Years at SVM: 29

Appointed: 01/10/2012



Colin McLean
Deputy Fund Manager

Industry Experience: 45

Years at SVM: 29

Appointed: 18/10/2000

Monthly Fund Commentary

Over the quarter, the Fund returned 14.1% versus returns of 8.9% in its benchmark, the IA UK All Companies Sector average, and 9.4% in the FTSE All-Share Index. This took the Fund's 12 month performance to -1.8% versus benchmark and FTSE All-Share Index returns of 2.7% and 6.4%, respectively (to 31 March 2019). Over five years to 31 March 2019 the Fund has returned 48.9% versus benchmark and FTSE All-Share Index returns of 30.4% and 34.5%, respectively. (NAV total return, Lipper data).

Stockmarkets were strong over the first quarter, with many stocks fully erasing their losses of the unusual 2018 Q4. Growth stocks, in particular, gained, as it became clear that central banks over the world were unlikely to tighten this year. Small and mid-cap companies typically performed well. Although Europe's economy is slowing, the US remains robust, with consistent jobs growth and strong performance by service sectors. If China and US trade issues do not escalate, 2019 could be another year of satisfactory UK and global growth.

Over the quarter, there were contributions to performance from Hutchison China Meditech (Chi-Med), Manolete, Ocado, Fevertree Drinks and 4Imprint. The main disappointments were K3 Capital and GVC. GVC fell following director

share sales. Ocado moved to a new high, as it announced a deal to supply its technology to Coles of Australia.

New investments were made in AB Dynamics, Codemasters and PPHE Hotel Group, and an addition to the holding in Draper Esprit, funded by sales of Accesso Technology, Dignity, Superdry and Ted Baker. The impact of change in technology and demographics is accelerating, particularly in retail. We aim to avoid structurally challenged businesses.

Sentiment has driven domestically-focused UK shares and the Pound itself down to low levels. Foreign investors are likely to return when there is clarity on Brexit. UK equity allocations are at lows, and domestic stocks are already pricing in a lot of pessimism. Europe is slowing and the ECB will likely maintain easy monetary policy. The Fund remains fully invested, with some additional gearing.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 18 October 2000

Benchmark Index:
IA UK All Companies Sector Average

Fund Type: Investment Trust

Registered No: SC211841

Listed:
London Stock Exchange
Total
Investments: £6.7m
Share Price: 84.00p
NAV: 110.07p

The month end published NAV is calculated on a bid price basis.

Year End: 31 March
Half Year: 30 September
RIC: SVME
ISIN: GB0000684174

Past performance is not a guide to future performance. All financial instruments involve a degree of risk. The value of your investments and the income from them can go down as well as up and you may not get back the amount originally invested.

HAWK-EYED STOCKPICKERS

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Stock Analysis

| Top 10 Holdings | (%) | Sector Analysis | Fund (%) |
|--------------------|-------------|--------------------|----------|
| Fever-Tree | 5.0 | Consumer Services | 24.8 |
| Burford Capital | 4.8 | Financials | 23.7 |
| 4imprint Group | 4.5 | Industrials | 17.4 |
| Unite Students PLC | 3.9 | Consumer Goods | 11.8 |
| Workspace | 3.4 | Technology | 11.3 |
| Chi-Med | 3.4 | Health Care | 9.7 |
| Hilton Food Group | 3.1 | Telecommunications | 1.2 |
| Blue Prism | 2.9 | | |
| Kerry Group | 2.7 | | |
| GBG | 2.6 | | |
| Total | 36.3 | | |

| Portfolio Analysis | Fund (%) |
|--------------------|----------|
| Main Market | 47.4 |
| AIM | 48.7 |
| PLUS | 0.0 |
| Unquoted | 0.0 |
| Other | 3.9 |

Fund Performance to 31/03/2019

Percentage growth year on year to 31 March

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------|------|-------|------|------|-------|
| SVM UK Emerging NAV | -1.8 | 18.9 | 15.7 | 8.1 | 2.0 |
| IA UK All Companies Average* | 0.2 | 0.4 | 15.5 | -4.3 | |
| FTSE AIM TR | | | | 0.6 | -14.8 |
| Performance difference | -2.0 | +18.5 | +0.2 | +7.5 | +16.7 |

Source: SVM/Lipper, as at 31/03/2019, total return, UK net tax.

* The Benchmark changed to the IA UK All Companies Average effective 30/09/13, the figure shown is therefore a blended figure with the FTSE AIM TR used before this date.

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The Fund was launched on 18 October 2000.

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Enquiries

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Calls may be recorded

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Registered Office:
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Registered No: 125817

The Fund is to be considered a long term investment option.

The Fund incurs the following key risks:

If an Investor redeems the investment shortly after investing, they may not get back the original amount due to market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. The Fund is exposed to credit and settlement risk in its dealings with Counter Parties in day to day business. This may result in a loss to the Fund if a Counter Party business fails. 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. A Fund with a concentrated portfolio carries a greater risk to that of a Fund with a larger spread of investments. Investment trusts can borrow money to make investments; this can lead to greater losses if markets fall. The Fund uses Contracts for Difference (CFDs) as part of the investment strategy; this can increase the risk profile and volatility of the Fund. Some unquoted investments may become difficult to realise as prices may not be readily available or a reliable indicator of value.