

SVM World Equity 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 ACWI IMI. The Fund will identify investment opportunities in companies globally whose future growth is not reflected in current market expectations. The Fund may invest in other permitted securities.



April 2021 | Share Class B

Factsheet as at 31 March 2021



Monthly Fund Commentary

Equities made further progress over the month despite mixed Covid news. Tensions over vaccines remain and many parts of Europe are entering further lockdowns. Further wrangling over the safety profile of the Astra/Oxford vaccine risks undermining vaccination efforts in Europe and elsewhere. Infection rates also continue to rise in places such as India and Brazil where it had been thought there was a reasonable element of herd immunity. In spite of such concerns, investors continued to focus on the bigger picture: the vaccine roll-out is ongoing and recent economic data has highlighted the scope for a significant acceleration in economic activity. The fund gained +3.7% versus +4.0% for the MSCI ACWI IMI Index.

Economic activity continued to rebound across the globe. Hiring is picking up aggressively and there is little evidence that either business or consumers have been significantly scarred by the pandemic. House prices in the US and elsewhere are rising at the fastest rate since the global financial crisis. President Biden's stimulus was passed by US lawmakers and Europe is moving ahead with its recovery fund despite an attempted intervention by the German constitutional court. With monetary policy also extremely supportive, economic and profit forecasts for the next twelve to eighteen months look unduly conservative.

The largest contributor to fund performance was Magnachip Semiconductor. The Korean semiconductor business announced that it was being acquired by a private equity fund at a significant premium. The shares have been stellar performers and the takeout price is almost three times our book cost. The fundamentals of the semiconductor sector are compelling, and we remain positive on both Micron and SK Hynix.

Consumer cyclical stocks performed well as investors looked forward to the reopening of

the economy. Bathroom and kitchen supplier, Norcros, even managed to release two positive trading updates in just one month. These resulted in the house broker raising forecasts for over 30% for the current year to the end of April and over 20% for the following year. Importantly, the impressive profit performance has been mirrored by the group's cash generation and the business will be in a net cash position at year-end, providing significant scope for further acquisitions. Norcros has successfully acquired and integrated a number of smaller suppliers over the last couple of years and these acquisitions have generated material revenue synergies. As long-term shareholders, we look forward to the benefits of further acquisitions. Despite the management's impressive track record the shares continue to languish at a material discount to both the sector and the market.

Aviation services provider, Menzies, climbed as investors anticipated the resumption of air travel. The group's full year results provided further evidence of improved operational delivery. Costs have been cut and new contracts signed. Management have done an excellent job navigating the business through the crisis and it is in a far stronger position coming out than it was going in.

The fund's energy holdings were generally weaker as the oil price retreated. Jadestone Energy fell as investors continued to digest the implications of the recent update. While some short-term disappointment is understandable, the resilience of the group's financial and operating performance is underappreciated.

New positions were initiated in Bristol Myers and John Menzies. The fund participated in the IPO of operational software business, ActiveOpps.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 1 December 2010

Benchmark Index:
MSCI ACWI IMI Index

IA Sector: Global

Type of Shares: Accumulation
XD Date: 31 December
Pay Date: 30 April

Fund Size: £15.9m

Fund Manager:

Neil Veitch (Fund Manager)
Appointed: 01/12/2010
Years at SVM: 14 Industry Experience: 24

Fund Charges (OCF*):

Share Class A 1.97%
Share Class B 1.22%

*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 01/01/2021

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.

Technology	39.8	
Cyclical	21.9	
Consumer Cyclical	17.9	
Defensive	9.7	
Oil & Gas	4.4	
Unstable Financial	4.1	
Stable Financial	0.0	
Mining	0.0	
Cash	2.3	

Technology

39.8%

Alphabet	7.9
Microsoft	7.2
SK Hynix	5.6

Cyclical

21.9%

Synthomer	4.6
Hitachi	4.2
Denka	3.7

Consumer Cyclical

17.9%

Entain	4.8
Ryanair	4.0
Visa	3.3

Defensive

9.7%

Uniphar	4.7
Roche Holdings	2.9
Bristol-Myers Squibb	2.0

Oil & Gas

4.4%

Jadestone Energy	2.6
Pantheon Resources	1.0
Savannah Energy	0.8

Unstable Financial

4.1%

Prudential	4.1
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Stable Financial

0.0%

Mining

0.0%

This Month's Featured Stock

Menzies

John Menzies ('Menzies') is a global provider of aviation services. The group provides ground handling, into-plane fuelling and cargo services.

The Covid pandemic has had a significant impact on Menzies. Revenues declined by 38% as flight volumes declined around the world. While the cargo business was helped by strong air freight rates, this failed to offset pressures elsewhere. In the toughest operating environment the business has ever faced, Menzies demonstrated impressive resilience. Management swiftly secured the group's liquidity position and renegotiated banking covenants. Albeit with some government

support, Menzies finished the year with a lower net debt position than where it entered. Steps to improve the group's operational and commercial performance also stand the group in good stead for future growth.

While there will be exits from the airline industry, those remaining will look to focus on core competencies and reduce fixed costs. Therefore, the trend towards outsourcing of flight services (c.50% remains insourced globally) should continue and help sustain longer-term structural growth. In 2020 Menzies made £40m net revenue gains through winning commercial contracts,

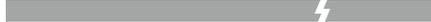
double that achieved in the prior year. In the first quarter of 2021 alone, they have won £20m of new work. Menzies has also taken out £20m of costs during 2020 which management believe will be permanent in nature. This should be reflected in improved operating margins.

While short-term earnings will remain volatile, we believe that Menzies remains significantly undervalued on a 'normalised' basis. The group trades on an estimated 2023 EV/EBITDA of less than 4x, a discount to historic levels and previous take-out multiples in the sector.

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 World Equity Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Holdings

	(%)	
Alphabet	7.9	
Microsoft	7.2	
SK Hynix	5.6	
Micron Technology	5.6	
MagnaChip Semiconductor	5.6	
Entain	4.8	
Uniphar	4.7	
Synthomer	4.6	
Hitachi	4.2	
Prudential	4.1	
Rest of Portfolio	45.9	

Geographic Stock Analysis (%)

North America	36.4	
United Kingdom	35.4	
Europe (excluding UK)	11.6	
Asia Pacific (excluding Japan)	6.4	
Japan	7.8	
Latin America	0.0	
Other	0.0	

Sector Breakdown (%)

Information Technology	34.8	
Health Care	13.8	
Industrials	11.8	
Communication Services	10.3	
Consumer Discretionary	10.1	
Materials	8.2	
Energy	4.4	
Financials	4.1	
Consumer Staples	0.0	
Utilities	0.0	
Real Estate	0.0	



Size Analysis

	(%)
Mega Cap (>£50bn)	37.3
Large Cap (<£50bn)	14.4
Mid Cap (<£10bn)	23.6
Small Cap (<£1bn)	22.5



Net Currency Exposure

	(%)
Euro	8.7
Sterling	35.7
Europe non-Euro	2.9
US Dollar	38.9
Japanese Yen	7.8
Others	6.4

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Share Class A SXUAT
Share Class B SXUAB

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Fund Performance

to 31/03/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM World Equity Fund B	3.7	11.0	54.0	57.7	102.7	223.8
MSCI ACWI IMI Index	4.0	4.2	41.6	42.5	93.7	198.7

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 01 December 2010

Percentage growth year on year to 31 March

	2021	2020	2019	2018	2017
SVM World Equity Fund B	54.0	-4.4	7.0	0.2	28.3
MSCI ACWI IMI Index	41.6	-8.3	9.7	2.5	32.6
Performance Difference	+12.4	+3.9	-2.7	-2.3	-4.3

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 31/03/2021, 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. 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. The Fund is exposed to currency risk. The Fund may use currency management techniques, including hedging and entering into derivatives 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.