

# 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.



April 2022 | Share Class B

Factsheet as at 31 March 2022



## Monthly Fund Commentary

The war in Ukraine continued to dominate investors' thinking. Stocks rallied sharply mid-month as hopes for a negotiated settlement rose but fell back as it became apparent that both sides remained far apart. Indeed, with Ukraine increasingly on the front foot the potential for a deal looks remote. As investors faced up to the prospect of a prolonged conflict, defensive stocks outperformed and cyclicals came under pressure. Large caps continued to outperform small and mid. The fund fell by -0.4% versus the MSCI Europe Index that returned 1.9%.

The heightened uncertainty, allied to higher commodity prices, continues to weigh on the economic outlook. Economic sentiment indicators fell sharply, especially in Europe where plummeting consumer confidence drove the Euro Area indicator to its lowest level in a year. The forthcoming quarterly earnings season in the US should provide some insight into the extent of the impact on corporate profitability. Not only are investors faced with a deteriorating economic outlook, but central banks are starting to tighten monetary policy. The Federal Reserve raised interest rates by a quarter of a point on March 16<sup>th</sup> and markets are pricing in another two percentage points increase this year. The prospect of higher short-term rates and a weaker economy had led to an inverted yield curve, where yields on short term bonds are higher than those on longer-term bonds, which has typically been a harbinger of an economic recession. Increased fears over the economy led a significant sell-off in economically sensitive stocks. With many cyclical stocks down thirty percent or more, we have selectively added to our holdings.

Elsewhere, China initiated further localised lockdowns to control the spread of Covid-19. The imposition of such measures risks a double whammy of failing to control the

spread and negatively impacting economic growth. China's manufacturing and service Purchasing Manager Indices (PMI) fell below 50 in March, their lowest levels since last Autumn last year.

Uniphar jumped as full year results delivered another year of impressive growth with earnings growing by almost 30%. One Savings Bank outperformed as results came in ahead of expectations driven by higher margins and a lower cost of risk. High profitability and a robust balance sheet give the group significant financial flexibility. The prospect of further growth and capital generation allied to an already strong balance sheet gave the board confidence to initiate an inaugural £100m buyback, with the potential for more to come. Axa and CapGemini both bounced as markets regained some of their poise. Menzies announced that it would formally recommend a cash offer from National Aviation Services. The final price equated to a c.100% premium to where the shares were trading prior to the bid.

Alpha Financial Management, the fund's largest holding, was the largest negative contributor. The shares finished the month off their lows, however, as a large seller looks to have been cleared. ActiveOps declined as sequential growth slowed more than the market had anticipated. Despite the slowdown the group's pipeline at formal proposal stage or later is up 60% compared to a year earlier. The group now trades on c.3x annual recurring revenue (ARR), a material discount to other Software as a Service (SAAS) stocks. Apontis Pharma and Creo fell as sentiment towards small-cap healthcare companies remained weak.

Trading activity was limited.

Fund and index performance source: FE fundinfo

## 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:** £17.9m

### 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 31/12/2021

**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	37.9	
Unstable Financial	22.2	
Consumer Cyclical	13.6	
Defensive	11.6	
Technology	6.4	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	8.3	

### Cyclical 37.9%

Alpha FMC	6.2
Smurfit Kappa Group	5.5
Rexel	5.1
Synthomer	4.4
Capgemini	4.3

### Unstable Financial 22.2%

OSB Group	5.3
AXA	5.0
Lloyds Banking Group	4.9
Prudential	4.4
Legal & General	2.7

### Consumer Cyclical 13.6%

Norcros	6.3
Tesco	3.1
Dalata Hotel Group	2.2
Jost Werke	2.0

### Defensive 11.6%

Uniphar	4.3
DCC	3.3
Smith & Nephew	2.4
Sedana Medical	1.2
Apointis Pharma	0.5

### Technology 6.4%

Creo Medical Group	2.8
LungLife AI	2.1
Calnex Solutions	0.8
ActiveOps	0.6

### Stable Financial 0.0%

### Mining 0.0%

### Oil & Gas 0.0%

## This Month's Featured Stock

### Tesco

We have had reason to speak with Tesco on two separate occasions in recent months. In both cases the discussions focused on workers' pay, but in very different circumstances. First, we sought to address the issue of the failure of a Tesco supplier to pay the minimum wage to workers in India. While the situation is complex, involving a number of international companies, management acknowledge that there may have been some isolated incidents of underpayment occurring but they categorically state they do not tolerate the underpayment of wages within their supply chain. While the situation is still on-going we are encouraged the company is working with the Ethical Trade Initiative to ensure the issue is

resolved.

The second incidence was closer to home involving the fact that Tesco does not currently pay the living wage to its UK workers. We have written to Tesco suggesting that failure to do so not only has repercussions for employee welfare, but also may threaten the value of our investment as a result of a failure to attract the right calibre of employee and the overall reputational risk such a stance carries. Encouragingly, Tesco state there is an on-going pay review and we have asked that our input as interested shareholders is conveyed to the body concerned.

The UN Sustainable Goal 8 calls for Decent

Work and Economic growth for all. By tackling issues such as those identified at Tesco we can hopefully not only contribute toward the achievement of this goal but at the same time enhance the value overall value of our shareholding.

## 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

	(%)	
Norcros	6.3	
Alpha FMC	6.2	
Smurfit Kappa Group	5.5	
OSB Group	5.3	
Rexel	5.1	
AXA	5.0	
Lloyds Banking Group	4.9	
Synthomer	4.4	
Prudential	4.4	
Capgemini	4.3	
<b>Rest of Portfolio</b>	<b>48.6</b>	

### Country Breakdown

	No. of Stocks	(%)	
UK	17	57.6	
Ireland	4	15.9	
France	3	14.4	
Germany	2	2.5	
Sweden	1	1.2	
Other	-	0.0	

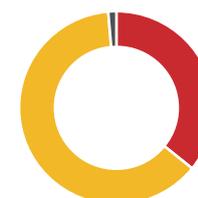
### Sector Breakdown

	(%)	
Industrials	25.7	
Financials	22.2	
Materials	17.0	
Health Care	13.3	
Information Technology	5.7	
Consumer Discretionary	4.8	
Consumer Staples	3.1	
Energy	0.0	
Communication Services	0.0	
Utilities	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>€50bn)	5.0
Large Cap (<€50bn)	25.6
Mid Cap (<€10bn)	30.4
Small Cap (<€1bn)	30.7



### Currency Exposure

	(%)
Euro	32.8
Sterling	57.6
Swedish Krona	1.2

## Enquiries

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Calls may be recorded

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### 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:

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## Fund Performance

to 31/03/2022

### Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	-0.4	-11.0	1.2	32.3	38.2	291.4
MSCI Europe Index	1.9	-4.6	9.1	27.7	36.7	163.9
IA Europe inc UK Sector**	2.2	-6.2	7.1	30.5	38.4	167.9

Source: FE fundinfo, as at 31/03/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

\*The Fund was launched on 31 October 2006

\*\*IA is provided as a comparator

### Percentage growth year on year to 31 March

	2022	2021	2020	2019	2018
SVM All Europe SRI Fund B	1.2	58.9	-17.7	-4.7	9.6
MSCI Europe Index	9.1	30.9	-10.6	4.3	2.6
Performance Difference	-7.9	+28.0	-7.1	-9.0	+7.0

Source: FE fundinfo, as at 31/03/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

### Five Year Performance (%)



Source: FE fundinfo, as at 31/03/2022, 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.