

# 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. Investments are made in European equities and other permitted securities.



March 2021 | Share Class B

Factsheet as at 28 February 2021



## Monthly Fund Commentary

Equities were mixed during February. Markets bounced early in the month as concerns over new virus variants and their potential to reduce vaccine efficacy eased. Improving vaccine sentiment and generally better than expected economic data led to a sell-off in government bonds. The increase in yields accelerated into month-end as Fed Chairman Powell testified that he remained unconcerned about the inflation outlook and US jobs data came in ahead of expectations. The volatility in the bond market led to a pullback in equities. The fund returned 4.2% for the month versus 0.6% for the MSCI Europe index.

The increase in bond yields was particularly pronounced in the US where investors have become concerned that President Biden's stimulus package will result in an increase in inflation. This has led to a spirited debate between economists about the potential for inflationary pressures to become entrenched and potentially choke off the economic recovery. The debate has not just been confined to the US. Bank of England chief economist, Andy Haldane, warned that central banks ran the risk of becoming complacent on inflation as the economy recovers from the coronavirus pandemic.

Outside of a resurgence in the virus, the potential for significantly higher bond yields is the biggest risk facing equity markets. Every strategist/economist/fund manager has offered their view on what rising yields mean for equities. The honest answer is that no-one really knows. Economists still can't even agree what the primary determinant of long-term interest rates are. The best guess, somewhat counterintuitively, is short-term rates. Markets are complex, adaptive systems where relatively small changes in inputs can result in significant changes to outcomes. We believe that a rise in yields is more likely to result in changing

relative valuations within markets, rather than the catalyst for a sustained market reversal. Volatility, however, will remain higher than usual.

At a stock level the fund benefitted from its exposure to some of the more economically sensitive sectors of the market. Financials gained as the yield curve steepened further. The sector was also buoyed by a generally supportive earnings season. Lloyds results came in ahead of expectations with the closely watched net interest margin proving resilient. Prudential bounced following last month's overreaction to the announcement that it was going to 'spin-out' Jackson, its US life business, as opposed to an IPO. Reopening plays, Barco and John Menzies, rose as virus optimism increased. Industrial distributor, Rexel, jumped as results came in ahead of expectations and it raised its medium-term margin targets. Investor's responded positively to CapGemini's results announcement. The company is an attractive play on the ongoing digitalisation of the global economy.

M&A activity was again a feature of the market. The fund's largest holding, specialty chemical maker, Synthomer, was speculated to have been approached by private equity firm, CVC Capital. Pointedly, Synthomer announced that it was not currently in takeover discussions, but never stated that it had not been approached. Takeover rumours swirled around a number of other mid-cap companies. Corporate financiers are busy and we would expect to see more bids over the next few weeks and months. Such an environment is generally positive for the fund's performance.

New holding Nordic Entertainment declined as sentiment towards 'stay at home' beneficiaries turned negative. Alpha FMC drifted on a lack of news.

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:** £19.0m

### Fund Managers:

Neil Veitch (Co Fund Manager)  
Appointed: 31/10/2006  
Years at SVM: 14 Industry Experience: 24  
Hugh Cuthbert (Co Fund Manager)  
Appointed: 31/10/2006  
Years at SVM: 14 Industry Experience: 25

### 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:



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 29/05/2020

**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	41.5	
Unstable Financial	20.0	
Consumer Cyclical	15.4	
Defensive	13.8	
Technology	8.2	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	1.0	

### Cyclical 41.5%

Synthomer	6.3
Smurfit Kappa Group	5.7
Forterra	4.5
Rexel	4.2
Alpha FMC	3.8

### Unstable Financial 20.0%

Prudential	5.1
OSB Group	4.1
Lloyds Banking Group	3.8
Allianz	3.6
AXA	3.3

### Consumer Cyclical 15.4%

Norcros	5.6
Jost Werke	3.4
Tesco	2.3
Vistry Group	2.2
Nordic Entertainment Group	1.9

### Defensive 13.8%

Uniphar	4.9
DCC	4.2
Roche Holdings	2.5
AstraZeneca	2.2

### Technology 8.2%

Creo Medical Group	4.0
Koninklijke Philips	2.3
Barco	1.9

### Stable Financial 0.0%

### Mining 0.0%

### Oil & Gas 0.0%

## This Month's Featured Stock

### CRH

Irish building products company CRH will report its full year 2020 results in March which should highlight the impact of the pandemic on their business which we expect to be modest with only a low single digit decline in revenues. Despite this the business remains in rude health and well positioned to benefit as countries emerge from lock down and building activity rebounds boosted by the numerous stimulus packages now in place worldwide. At the same time the company's balance sheet is the strongest it has been for some years allowing management to continue

with the value adding acquisition strategy which has been their hallmark for many years.

The company does, however, also need to address, what is an industry-wide issue of high CO<sub>2</sub> emissions from their operations. In particular, cement production has a reputation as one of the worst polluting industries globally. It is here we have focussed our engagement efforts with CRH in an attempt to change the overall environmental profile of the company. And, cognisant of the impact this issue may have on their long-term

financial future as well as on the company's reputation, management do appear to be moving in the right direction. At a meeting towards the end of last year they highlighted the €177 million earmarked for environmental projects as well as a host of industry collaborations to search for a greener alternative and there are high hopes a viable, industrially scalable alternative can be found. In the meantime, we will continue to address this issue with CRH and look forward to further developments in the coming years.

## 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.

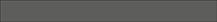
### Top 10 Holdings

	(%)	
Synthomer	6.3	
Smurfit Kappa Group	5.7	
Norcros	5.6	
Prudential	5.1	
Uniphar	4.9	
Forterra	4.5	
Rexel	4.2	
DCC	4.2	
OSB Group	4.1	
Creo Medical Group	4.0	
<b>Rest of Portfolio</b>	<b>51.3</b>	

### Country Breakdown

	No. of Stocks	(%)	
UK	16	58.4	
Ireland	2	10.6	
France	3	10.3	
Germany	3	8.9	
Sweden	2	4.1	
Switzerland	1	2.5	
Netherlands	1	2.3	
Belgium	1	1.9	
Other		0.0	

### Sector Breakdown

	(%)	
Industrials	41.0	
Financials	20.0	
Health Care	10.9	
Consumer Services	9.2	
Consumer Goods	8.9	
Basic Materials	6.3	
Technology	2.7	
Oil & Gas	0.0	
Telecommunications	0.0	
Utilities	0.0	



### Size Analysis

	(%)
Mega Cap (>€50bn)	8.3
Large Cap (<€50bn)	23.3
Mid Cap (<€10bn)	38.3
Small Cap (<€1bn)	29.1



### Currency Exposure

	(%)
Euro	37.8
Sterling	54.7
Swiss Franc	2.5
Swedish Krona	4.1

## Enquiries

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

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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

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## Fund Performance

to 28/02/2021

### Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	4.2	3.3	21.0	10.8	52.5	260.1
MSCI Europe Index	0.6	-1.3	10.5	13.4	56.9	131.4
IA Europe inc UK Sector	1.0	-0.8	14.2	16.8	58.5	136.2

Source: Lipper, as at 28/02/2021, 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 31 December

	2020	2019	2018	2017	2016
SVM All Europe SRI Fund B	1.8	24.5	-16.6	19.2	10.1
MSCI Europe Index	2.7	19.8	-9.0	15.3	19.6
Performance Difference	-0.9	+4.7	-7.6	+3.9	-9.5

Source: Lipper, as at 31/12/2020, 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 28/02/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

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### 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 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. 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.