

SVM UK Growth Fund

The objective of this Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI United Kingdom IMI. The Fund will identify investment opportunities in UK companies that can grow faster than the wider markets and are capable of sustained growth. The Fund may invest in other permitted securities.



January 2021 | Share Class B

Factsheet as at 31 December 2020



Monthly Fund Commentary

In January, investors often look for new themes – giving the calendar more respect than it deserves. But for UK investors, the new year marks a change in Britain's trading relationships and potential for a fresh perspective from international investors. UK shares have been hit by uncertainty and what many saw as a messy withdrawal from the EU. Relative to other major markets, British shares have lagged materially. Will 2021 bring a catch up?

Adding to the sell-off by international investors, UK wealth managers have typically rebalanced to cut UK exposure. For many that proved a good call, though stock selection could have driven a better than index result in UK equities and much worse in the US if the big tech FAANG stocks were missed. But now, with potential for further Sterling recovery combined with the risk of further US Dollar weakness, domestic assets might begin to look attractive again. Corporate buyers could be the first to move in on the opportunity.

The UK has tended to be open for change of control – in many other countries, hostile takeovers face more barriers. Cheap money is readily available to listed companies and private equity, and could drive more takeovers. UK listed with global exposure could be a target. There may be break-up opportunity for groups that are growing in the US or Europe but are held back because of their London listing and predominately UK share register. Already there have been bids for William Hill, Entain (formerly GVC) and Applegreen. These highlight the value of overseas assets.

The UK also has higher exposure to mining and resource businesses than some other markets, potentially benefiting from inflation and Dollar weakness. If stockmarket institutional buyers are slow to return to UK equities, corporate buyers might move first. And the UK may see some strongly growing private businesses come to market this year. Time will tell whether

Brexit works for the UK, but it has historically been a more international and dynamic economy and it seems overlooked by many investors.

Performance

In December, SVM UK Growth Fund gained 8.0%, compared to a return of 3.7% for the MSCI UK IMI TR Index and 4.5% for the average fund in the IA UK All Companies sector. For calendar 2020, the Fund gained 7.0% compared to a return of minus 11.7% for the MSCI UK IMI TR Index and minus 6.0% for the average fund in the IA UK All Companies sector. For the 5 years to 31 December, the Fund is top quartile, returning 39.1%, compared to a return of 25.5% for the MSCI UK IMI TR Index and 30.7% for the average fund in the IA UK All Companies sector.

Trading and results

December was a growth oriented month in UK equities, as concern returned about lockdowns. During the month, there were positive contributions to performance from Ceres Power, Applegreen, AB Dynamics, ITM Power, JD Sports Fashion and Games Workshop. Applegreen, with its more recent investments in the US and potential for deploying further capital, looked in hindsight as an ideal candidate for a private equity buyer. Laggards included Kingspan, Avon Rubber and GlobalData, all of which are retained.

During the month additional investment was made in XP Power and Aveva, which has lagged as it bought US data management firm OSIsoft. The takeover offers synergies on costs and cross-selling. Aveva should benefit if IT spending by industrial clients grows. To fund these, profit was taken on part of the holdings in Applegreen and AB Dynamics.

Your Fund remains fully invested, focused on resilient growing businesses.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI United Kingdom IMI Index

IA Sector: UK All Companies

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

Fund Size: £177.8m

Fund Managers:

Margaret Lawson (Co Fund Manager)
Appointed: 31/10/2005
Years at SVM: 30 Industry Experience: 40
Colin McLean (Co Fund Manager)
Appointed: 29/02/2008
Years at SVM: 30 Industry Experience: 46

Fund Charges (OCF*):

Share Class A 1.72%
Share Class B 0.97%

*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 10/07/2020

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

Strategies

The SVM UK Growth fund aims to identify best in class companies that can grow faster than the wider market over the medium term. Portfolio businesses are drawn from those that are dominant in their sector, usurpers that will come to own their space and hero franchises utilising fast growing channels. We aim to

identify those opportunities earlier than our peers, not at the pioneering stage but when the model is accelerating.

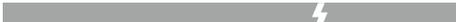
This leads to a flexible diversified portfolio blending a core of sustainable growth stocks, tactical mid-term cyclical holdings and innovative business models focussing on future trends.

Consumer Services	28.8%	Industrials	26.7%	Financials	16.2%
Ocado	4.0	AB Dynamics	2.9	London Stock Exchange	2.6
JD Sports Fashion	3.6	Experian	2.9	Intermediate Capital	2.3
Wizz Air	2.9	Keystone Law	2.7	Unite Group	2.2
Flutter Entertainment	2.9	Rentokil Initial	2.4	Beazley	2.0
JET2	1.9	Johnson Service Group	2.1	Segro	1.7
Consumer Goods	12.4%	Oil & Gas	7.5%	Technology	6.8%
Games Workshop	2.9	Ceres Power	5.4	Kainos	2.5
Cranswick	2.3	ITM Power	2.1	AVEVA	1.4
Team17	1.8	Basic Materials	3.5%	Softcat	1.2
Hilton Food Group	1.5	Croda	3.5	First Derivatives	0.6
Kerry Group	1.4			Blue Prism	0.5
Health Care	5.5%			Telecommunications	3.1%
Dechra Pharmaceuticals	3.1			Gamma Communications	3.1
AstraZeneca	0.8				
Hikma Pharmaceuticals	0.8				
Kooth	0.5				
Indivior	0.2				
Utilities	0.0%				

Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, though there will be an emphasis on large cap holdings, or sector. As a consequence The SVM UK Growth Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Long Holdings (Gross %)

Ceres Power	5.4	
Ocado	4.0	
JD Sports Fashion	3.6	
Croda	3.5	
Gamma Communications	3.1	
Dechra Pharmaceuticals	3.1	
AB Dynamics	2.9	
Games Workshop	2.9	
Experian	2.9	
Wizz Air	2.9	
Rest of Portfolio	65.8	

Size Analysis (Gross %)

 Large Cap	44.7
 Med/Mid 250	48.8
 Small/Small Cap	17.0



Sector Breakdown (%)

Consumer Services	28.8	
Industrials	26.7	
Financials	16.2	
Consumer Goods	12.4	
Oil & Gas	7.5	
Technology	6.8	
Health Care	5.5	
Basic Materials	3.5	
Telecommunications	3.1	
Utilities	0.0	

This Month's Featured Stock

Next PLC

Next is a UK High Street retailer with a growing e-commerce business. It has more than 500 stores in the UK and Ireland, and franchises 200 stores in more than 30 countries in Asia, Europe and the Middle East. The group is carefully navigating its shift to grow online sales, making use of its catalogue and mail order heritage. It is gradually reducing its physical retail footprint as it builds online sales; integrating the two to assist returns and click & collect. Next has potential to evolve to become a platform for other retailers.

Next appears misunderstood as a legacy High Street retailer. As a business in transition, it appears misunderstood by many investors. However, it could be a survivor in a troubled sector; cash generative and capable of pivoting towards a blend of physical retail and online e-commerce business. Management is highly regarded and Next has coped with the challenge of the pandemic - illustrating its resilience.

Next's heritage in catalogues gives it experience and credibility online. 50% of its online business is now click and collect, showing the value of an integrated model using the High Street property. Returns are a big cost issue in online retail, particularly in clothing and fashion. Next is developing as a service platform for third party retailers yet is more lowly rated than others in this area such as The Hut Group. Undoubtedly, Next still lacks the image of some newer online businesses, but it has the ability to continue to rationalise its High Street estate and build up online. It is an example of a share that combines attributes of value and growth.

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INDEPENDENT THINKING

Fund Performance

to 31/12/2020

Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	8.0	7.0	7.0	14.8	39.1	336.0
MSCI United Kingdom IMI Index	3.7	-11.7	-11.7	-5.6	25.5	125.4
IA UK All Companies Sector	4.5	-6.0	-6.0	3.0	30.7	197.5

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

*The Fund was launched on 20 March 2000

Percentage growth year on year to 31 December

	2020	2019	2018	2017	2016
SVM UK Growth Fund B	7.0	27.1	-15.6	24.6	-2.8
MSCI United Kingdom IMI Index	-11.7	18.5	-9.7	13.1	17.5
Performance Difference	+18.7	+8.6	-5.9	+11.5	-20.3

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 UK Growth Fund B ■ MSCI United Kingdom IMI Index

Source: Lipper, as at 31/12/2020, 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 uses Contracts for Difference (CFDs) for efficient portfolio management (EPM) purposes. This may create gearing and could lead to greater fluctuations in the Net Asset Value of the Fund. 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. 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.