

SVM UK Emerging Fund plc

The investment objective of the Fund is long-term (5 years or more) 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.



January 2022

Figures as at 31 December 2021



Quarterly Fund Commentary

Over the quarter, the Fund returned -0.82% (NAV) and -9.5% (share price) versus returns of 2.1% in the IA UK All Companies Sector average, and 4.4% in the MSCI UK Investable Market Index. This took the Fund's 12 month performance to 19.7% (NAV) and 13.6% (share price), versus IA UK All Companies Sector average and MSCI UK IMI returns of 17.3% and 18.7%, respectively (to 31 December 2021). Over five years to 31 December 2021 the Fund has returned 67.2% (NAV) and 75.6% (share price) versus IA UK All Companies Sector average and MSCI UK IMI returns of 36.4% and 26.8%, respectively. (total return, FE fundinfo data, average and index returns for comparison purposes).

The quarter saw gains in a number of the portfolio's growth businesses; Watches of Switzerland, Libertine, Impax, Alpha FX and Dechra. Laggards in the quarter included Entain, Reach, Flutter, 888 Holdings and Volex. In online gaming, the weakness in Entain and Flutter reflected the pick-up in regulatory concerns both in the UK and internationally, but we think that is now reflected in share prices. The long run growth runway is significant. Despite bid rejections, we believe the MGM/Entain JV is not sustainable, which should see value released on any change.

During the quarter, additional investments were made in Libertine Holdings, Ideagen, Seeing

Machines, LondonMetric and Industrials REIT. To fund these, sales or part sales were made of Revolution Beauty, Brickability, DX Group and Redde Northgate.

Libertine Holdings floated on AIM during the quarter, and the Fund participated in its capital raise. Libertine has technology for heavy duty power trains used by trucks, and enabling technology for using fossil-free energy sources. We see opportunity for growth in applications for clean power from renewable fuels.

Falling real wages and negative real interest rates are powerful forces. The squeeze on real incomes should start to hit consumer demand, despite generally high levels of personal savings. Fortunately, many well managed UK businesses are focused on government spend; improving efficiencies in services and investing for sustainability. The Fund focuses on companies where valuations are underpinned by trading. Many growth businesses in the portfolio provide needed services in a proven business model, enjoying a moat within their niche that helps to protect margins and profitability.

Your Fund remains fully invested with some additional gearing, focused on resilient growing businesses.

Fund Facts

Launch Date: 18 October 2000

Benchmark Index:
IA UK All Companies Sector Average

Fund type: Investment Trust

Registered No: SC211841

Fund Managers:

Margaret Lawson (Fund Manager)

Appointed: 01/10/2012

Years at SVM: 31 Industry Experience: 41

Colin McLean (Deputy Fund Manager)

Appointed: 18/10/2000

Years at SVM: 31 Industry Experience: 47

Listed:

London Stock Exchange

Investments: £8.7m

Share Price: 104.50p

NAV: 144.53p

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

Corporate Calendar

Year End: 31 March

Half Year: 30 September

Codes:

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 any income from them can go down as well as up and you may not get back the amount originally invested.

INDEPENDENT THINKING

Portfolio Structure

Top 10 Long Holdings	(Net %)	Sector Breakdown	(%)
Alpha FX Group	5.0	Industrials	24.6
Watches of Switzerland	4.6	Information Technology	23.1
Dechra Pharmaceuticals	3.6	Consumer Discretionary	15.5
4imprint Group	3.1	Communication Services	10.5
Ceres Power	3.0	Financials	10.3
Kape Technologies	2.7	Health Care	8.2
Unite Students	2.6	Real Estate	4.4
Molten Ventures	2.5	Consumer Staples	3.5
FDM Group	2.4	Energy	0.0
Impax Asset Management	2.4	Materials	0.0
		Utilities	0.0
		Portfolio Analysis	(%)
		Large Cap	0.7
		Mid Cap	0.0
		Small Cap	0.0
		AIM	99.3

Enquiries

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Calls may be recorded

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Fund Performance

to 31/12/2021

Percentage growth year on year to 31 December

	2021	2020	2019	2018	2017
SVM UK Emerging NAV	19.7	-4.9	31.7	-16.9	34.2
IA UK All Companies Average	17.3	-6.0	22.3	-11.2w	14.0
Performance difference	+2.5	+1.1	+9.4	-5.7	+20.2

Source: SVM/FE fundinfo, as at 31/12/2021, total return, UK net tax.

The Fund was launched on 18 October 2000.

Past performance is not a guide to future performance.

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.

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.