

# 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.



December 2021 | Share Class B

Factsheet as at 30 November 2021



## Monthly Fund Commentary

'Just when I thought I was out, they pull me back in', lamented Michael Corleone in the final instalment of the Godfather trilogy. Investors would be forgiven for expressing similar sentiments following the emergence of the Omicron variant. The new variant of the perpetually mutating virus and its potential impact on the global economy resulted in a sharp market correction. At the time of writing investors are continuing to grapple with its implications. There is insufficient data to draw any firm conclusions, but early indications suggest it is more transmissible than the hitherto dominant Delta variant. The impact on hospitalisations, however, will only be known with time. Absent Omicron the global economy appeared to be reaccelerating. Economic data generally surprised positively in November. Covid dominated, however, and despite the main indexes making new highs mid-month, equities finished lower. In the month the fund returned -4.3% versus -1.7% for the MSCI Europe index.

The global economy continues to heal. November's economic releases generally surprised to the upside and Citigroup's Global Economic Surprise Index turned positive. The inflation outlook, however, remains difficult to assess. Headline inflation in the US hit 6.2% and here in the UK it looks set to remain well above the Bank of England's target rate. There are some signs, though, that inflationary pressures are waning. The old commodity market aphorism that 'the best cure for higher prices is higher prices' is holding true. Prices of some commodities such as lumber and shipping have declined materially from their peaks and the labour market is showing signs of improvement. Nevertheless, bottlenecks remain and there is considerable pent-up

demand. The influencing factors for inflation are many and varied, and generating sustained inflation is a longer and more complex process than commonly perceived

At a stock level performance was dominated by the arrival of Omicron. Cyclical stocks performed poorly, especially those exposed to air travel such as John Menzies. The prospect of further lockdowns and the potential impact on surgical procedures negatively affected Smith & Nephew and Creo Medical. The latter continued to drift post its recent equity raise. Despite the arrival of Omicron, we expect the next twelve months will demonstrate the commercial progress the group has made. Prudential slumped as investors fretted over the potential for Asian governments to reimpose tough lockdown measures. The company's short-term sales may be impacted but in the longer-term the pandemic will drive demand for protection products where they are well positioned. Having spun off Jackson Life in the US and M&G in the UK to become a simpler Asian-focused business, we believe the shares are materially undervalued.

Alpha Financial Markets delivered a positive update that highlighted the progress the group was making, especially in the US where it is now well established. The recent acquisition of Lionpoint has opened further opportunities and the group is well on track to materially grow the business in the medium-term.

The holding in Nordic Entertainment was exited and number of other positions trimmed.

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:** £19.1m

### 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 02/07/2021

**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.**

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## 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	42.1	
Unstable Financial	18.9	
Defensive	12.3	
Consumer Cyclical	12.0	
Technology	6.6	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	8.1	

### Cyclical 42.1%

Alpha FMC	6.9
Synthomer	6.4
Smurfit Kappa Group	5.8
CRH	4.4
Capgemini	4.1

### Unstable Financial 18.9%

AXA	4.9
OSB Group	4.6
Prudential	4.6
Lloyds Banking Group	4.6
Jackson Financial	0.2

### Defensive 12.3%

Uniphar	4.8
DCC	2.9
Smith & Nephew	2.2
Sedana Medical	1.6
Apontis Pharma	0.8

### Consumer Cyclical 12.0%

Norcros	6.7
Tesco	2.9
Jost Werke	2.4

### Technology 6.6%

Creo Medical Group	3.3
LungLife AI	2.2
ActiveOps	1.1

### Stable Financial 0.0%

### Mining 0.0%

### Oil & Gas 0.0%

## This Month's Featured Stock

### Jost Werke AG

Jost Werke is a supplier of systems, modules and components for commercial vehicles and a market leader in fifth wheel couplings which provide the connection between truck and trailer. Last year the company made an important acquisition which diversified the business into the agriculture equipment sector. Over our period of ownership, we have seen the company make great strides toward improving its environmental, social and governance profile.

The company now aligns its business with seven of the UN's Sustainable Development Goals and has progressive targets in place to fulfil

these ambitions. Not least are the commitments toward environmental improvements where the company aims to reduce its Scope 1 and 2 CO<sub>2</sub> emissions per production hour by -50% by 2030 compared to the 2020 fiscal year. Already three production plants have switched to 100% renewable energy.

Of course, such emissions reductions only apply to in house production and not to the use of the finished goods. These Scope 3 emissions are more difficult to measure but Jost Werke assure us this will be the next stage of their strategy. There are already initiatives in place to

address this issue. For example, the company has introduced an automatic coupling and de-coupling system resulting in reduced energy consumption and the benefit of fewer accidents due to the decreased human interaction.

We previously requested confirmation of senior management's commitment to these targets to be included within the company's performance metrics, this has been confirmed and will apply to the interim years leading up to 2030, providing us with a great tool for monitoring the progress they make.

## 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

	(%)	
Alpha FMC	6.9	
Norcros	6.7	
Synthomer	6.4	
Smurfit Kappa Group	5.8	
AXA	4.9	
Uniphar	4.8	
OSB Group	4.6	
Prudential	4.6	
Lloyds Banking Group	4.6	
CRH	4.4	
<b>Rest of Portfolio</b>	<b>46.2</b>	

### Country Breakdown

	No. of Stocks	(%)	
UK	17	59.0	
Ireland	3	15.0	
France	3	13.0	
Germany	2	3.2	
Sweden	1	1.6	
Other	-	0.0	

### Sector Breakdown

	(%)	
Industrials	27.5	
Materials	19.7	
Financials	18.9	
Health Care	14.9	
Information Technology	5.2	
Consumer Staples	2.9	
Consumer Discretionary	2.7	
Energy	0.0	
Communication Services	0.0	
Utilities	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>€50bn)	4.9
Large Cap (<€50bn)	28.6
Mid Cap (<€10bn)	28.5
Small Cap (<€1bn)	29.9



### Currency Exposure

	(%)
Euro	31.2
Sterling	58.8
Swedish Krona	1.6
Other	0.2

## Fund Performance

to 30/11/2021

### Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	-4.3	18.8	22.9	43.4	56.8	314.1
MSCI Europe Index	-1.7	13.4	15.9	33.2	55.7	165.6
IA Europe inc UK Sector**	-1.7	13.1	16.3	39.6	59.0	175.7

Source: FE fundinfo, as at 30/11/2021, 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 30 September

	2021	2020	2019	2018	2017
SVM All Europe SRI Fund B	41.3	-2.8	-4.0	2.4	21.9
MSCI Europe Index	22.7	-4.9	5.7	3.2	19.1
Performance Difference	+18.6	+2.1	-9.7	-0.8	+2.8

Source: FE fundinfo, as at 30/09/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

### Five Year Performance (%)



Source: FE fundinfo, as at 30/11/2021, 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.

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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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