

SVM UK Emerging Fund plc

The investment objective of the Fund is long-term 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.



April 2021

Figures as at 31 March 2021



Monthly Fund Commentary

Over the quarter, the Fund returned 3.7% (NAV) and 8.1% (share price) versus returns of 5.8% in the IA UK All Companies Sector average, and 5.4% in the MSCI UK Investable Market Index. This took the Fund's 12 month performance to 53.1% (NAV) and 42.1% (share price), versus IA UK All Companies Sector average and MSCI UK IMI returns of 38.8% and 24.4%, respectively (to 31 March 2021). Over five years to 31 March 2021 the Fund has returned 53.7% (NAV) and 59.2% (share price) versus IA UK All Companies Sector average and MSCI UK IMI returns of 40.7% and 32.4%, respectively. (total return, Lipper data, average and index returns for comparison purposes).

Huge global stimulus should boost company profits over the next two years. Inventory and capital spend hit lows in the second half of 2020, a position that often leads to industrial recovery. We can expect more signs of overheating to emerge, and supply disruption in a range of sectors. The Fund focuses on businesses with pricing power which we believe will be able to pay up for their inputs and raise wages.

Adding to soft commodity pressures, the shift towards electric vehicles and renewables is likely to bring a structural increase in demand for copper and some other commodities. The Fund has investments in clean energy, including Ceres Power and ITM Power.

The quarter saw investors favouring value as inflation expectations were revised upwards. A number of portfolio holdings reacted well to good trading updates. There were good contributions to performance from Kape Technologies, Reach, Essensys, Restaurant Group, Draper Esprit and Keystone Law. Lagging in the quarter were Ocado, AO World, Just Eat Takeaway, Manolete and Jet2.

Portfolio changes in the quarter focused on increasing exposure to inflation beneficiaries and taking some profits in growth businesses. Sales (full or part) were made of AJ Bell, Manolete and Spirent. Investment was made into Genus, Ashtead, 888 Holdings, XP Power, Kooth, Restaurant Group and Seeing Machines.

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: 30 Industry Experience: 40
Colin McLean (Deputy Fund Manager)
Appointed: 18/10/2000
Years at SVM: 30 Industry Experience: 46

Listed:

London Stock Exchange

Investments: £7.6m
Share Price: 99.50p
NAV: 125.19p

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

Corporate Calendar

Year End: 31 March
Half Year: 30 September

Codes:

RIC: SVMEM
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	(%)
Ceres Power	4.3	Industrials	23.8
Alpha FX Group	3.5	Consumer Discretionary	21.6
4imprint Group	3.1	Real Estate	17.5
Unite Students	2.8	Communication Services	13.1
Ocado Group	2.8	Financials	7.7
Dechra Pharmaceuticals	2.7	Health Care	7.2
XP Power	2.5	Consumer Staples	5.8
Watches of Switzerland	2.5	Information Technology	3.4
Gamma Communications	2.4	Energy	0.0
Drape Esprit	2.3	Materials	0.0
Total	28.7	Utilities	0.0

Portfolio Analysis	(%)
Large Cap	19.8
Mid Cap	28.5
Small Cap	7.1
AIM	44.6

Enquiries

0800 0199 110

www.svmonline.co.uk

Calls may be recorded

Fund Information:

Phone: +44 (0)131 226 7660

Email: info@svmonline.co.uk

Adviser Helpline:

Phone: 0800 0199 110

Email: adviser@svmonline.co.uk

Registrars (direct shareholders):

Phone: 0870 707 1328

Registered Office:

SVM Asset Management Limited

7 Castle Street

Edinburgh

EH2 3AH

Registered No. 125817

Issued by SVM Asset Management Limited who is authorised and regulated by the Financial Conduct Authority:

12 Endeavour Square
London E20 1JN

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Fund Performance

to 31/03/2021

Percentage growth year on year to 31 March

	2021	2020	2019	2018	2017
SVM UK Emerging NAV	53.1	-25.7	-1.8	18.9	15.7
IA UK All Companies Average	35.5	-21.5	0.3	0.4	15.5
Performance difference	+17.6	-4.2	-2.0	+18.5	+0.2

Source: SVM/Lipper, as at 31/03/2021, total return, UK net tax.

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The Fund was launched on 18 October 2000.

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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.