

# 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.

July 2020

Figures as at 30 June 2020



## Fund News



**Margaret Lawson**

**Fund Manager**

Industry Experience: 40

Years at SVM: 30

Appointed: 01/10/2012



**Colin McLean**

**Deputy Fund Manager**

Industry Experience: 46

Years at SVM: 30

Appointed: 18/10/2000

## Monthly Fund Commentary

Over the quarter, the Fund returned 21.9% versus returns of 14.3% in its benchmark, the IA UK All Companies Sector average, and 10.2% in the FTSE All-Share Index. This took the Fund's 12 month performance to -11.4% versus benchmark and FTSE All-Share Index returns of -11.1% and -13.0%, respectively (to 30 June 2020). Over five years to 30 June 2020 the Fund has returned 27.6% versus benchmark and FTSE All-Share Index returns of 13.1% and 15.2%, respectively. (NAV total return, Lipper data).

A v-shaped economic bounce is forecast by the Bank of England. Economic stimulation is supporting company refinancings and easing credit stresses. However, full economic recovery may not be achieved until after 2021. Many businesses are now faced with uncertainty over demand and the timescale in which that might correct.

The portfolio emphasises growth and includes companies with opportunity to benefit from current circumstances and likely longer term changes to the economy. Businesses are demanding more enterprise support services, assisting cloud, data, mobile services and virtual operations. Suppliers of these technologies were typically already disruptors in their sectors and have proven their agility in offering differentiated services in scalable ways.

During the quarter, most stocks rose and the best contributions to performance included Ocado, 4Imprint Group, Rentokil, and BooHoo. Laggards included Workspace Group, Learning Technologies and Pets At Home. During the quarter, Creo Medical Group, Ceres Power, Team 17, AJ Bell, Ocado and Kainos were bought or added to. Some of the additions were by participation in new capital raising at attractive prices. Sales or part sales were made of Pets At Home, Marshalls and Helical.

The crisis has heightened the contrast between legacy businesses and well-adapted agile disruptors. Changes in tastes are often slow to evolve, but persistent once set. At the centre of the revolution is a shift in sentiment to the home environment. This investment theme could shape the economy for some time.

The portfolio focuses on resilient growing businesses, with low exposure to commodities, oil and banks. These are typically scalable businesses with a competitive edge that can deliver above average growth.

**Past performance is not a guide to future performance. All financial instruments involve a degree of risk. 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.**

## Fund Facts

**Launch Date:** 18 October 2000

**Benchmark Index:**

IA UK All Companies Sector Average

**Fund Type:**

Investment Trust

**Registered No:**

SC211841

**Listed:**

London Stock Exchange

Total

Investments: £6.0m

Share Price: 71.00p

NAV: 99.62p

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

Year End: 31 March

Half Year: 30 September

RIC: SVME

ISIN: GB0000684174

**ACTIVE STOCKPICKERS**

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## Stock Analysis

Top 10 Holdings	(%)	Sector Analysis	Fund (%)
Unite Students	4.9	Consumer Services	26.0
4imprint Group	4.9	Financials	19.4
Hilton Food Group	4.6	Industrials	18.9
Ocado	4.2	Consumer Goods	13.8
Rentokil Initial	3.8	Technology	13.2
Kerry Group	3.5	Health Care	4.9
JD Sports	3.3	Telecommunications	2.0
Knights Group Holdings	2.9	Oil & Gas	1.8
Dechra Pharmaceuticals	2.8		
Manolete Partners	2.8		
<b>Total</b>	<b>37.8</b>	<b>Portfolio Analysis</b>	<b>Fund (%)</b>
		Main Market	61.2
		AIM	35.5
		PLUS	0.0
		Unquoted	0.0
		Other	3.2

## Fund Performance to 30/06/2020

### Percentage growth year on year to 30 June

	2020	2019	2018	2017	2016
SVM UK Emerging NAV	-11.4	-9.8	23.8	34.9	-4.5
IA UK All Companies Average	-13.6	-4.7	6.6	19.9	
FTSE AIM TR				38.6	-5.0
Performance difference	+2.2	-5.1	+17.2	-3.6	+0.5

Source: SVM/Lipper, as at 30/06/2020, total return, UK net tax.

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The Fund was launched on 18 October 2000.

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## Enquiries

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**Calls may be recorded**

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**Phone:** 0870 707 1328

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EH2 3AH  
Registered No: 125817

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.