

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.



June 2021 | Share Class B

Factsheet as at 31 May 2021



Monthly Fund Commentary

Equity markets edged higher over the month. Growth stocks generally underperformed with the technology-heavy NASDAQ index posting a negative return. Investors remain focused on the threats of a vaccine-evading variant and the potential for tighter monetary policy to short-circuit the equity bull market. Both threats receded slightly during the month with vaccinations accelerating and bond yields stabilising. The fund returned 3.6% versus 1.6% for the MSCI Europe.

The Bank of England became the second major central bank to announce it was going to slow the pace of its asset purchase program. Bank officials were at pains to emphasise that the targeted stock of purchased assets would remain the same and the stance of monetary policy was unaffected. Whether this constitutes tapering, or not, is a question of semantics. Either way, the decision represents the first stage in an eventual tightening of policy. In response, GBP rallied against both USD and the Euro. The ECB meanwhile has recently accelerated its rate of bond buying under its Pandemic Emergency Purchase Programme (PEPP). With the economy rapidly improving as the number of vaccinations steps up, it will likely come under pressure from the 'hawks' to slow purchases. Indeed, it could be argued that the ECB has been undertaking a closet form of yield curve control under the guise of the PEPP.

As economies recover central banks face a delicate balancing act as they withdraw stimulus. The paradox of QE is that the more successful policymakers have been in encouraging investors to purchase riskier assets, the more difficult it is to 'normalise' policy without a significant dislocation in markets. As Gertjan Vlieghe, an external member of the Bank of England's Monetary

Policy Committee noted, *'What will ultimately tell us to what extent inflation pressures need a monetary policy response is the passage of time.'* Despite ongoing tension between markets and policy we feel this is more likely to be a 2022 issue for equity investors.

Alpha Financial Consulting rose as the company announced the acquisition of Lionpoint, a specialist consultant focused on the 'alternatives' marketplace. The deal extends AFM's presence in the US market and elsewhere. Not only is Lionpoint a strong cultural fit, but it was acquired at an attractive multiple and offers significant revenue synergies. Despite the share's strong recent performance, we think considerable upside remains. Lloyds gained as analysts revised their profit forecasts higher in response to the group's positive 1Q21 update. The bank continues to benefit from the UK's economic recovery with net interest margins resilient and a decline in loan loss provisions. Irish medical distributor, Uniphar, climbed as investors sought exposure to attractively valued growth stocks. The shares were also buoyed by takeover activity in the sector.

Menzies, a provider of aviation services, declined as the company announced a small placing to facilitate growth. In a trading update which accompanied the placing, current trading was revealed as being ahead of expectations with commercial momentum strong. Menzies, to put it mildly, has been a frustrating stock. We finally sense, however, that the business has reached an inflection point and is well placed to benefit from the uptick in air travel as pandemic restrictions ease.

Trading activity was limited.

Fund and index performance source: Lipper

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: £21.3m

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:



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 09/04/2021

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.

INDEPENDENT THINKING

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 | 41.1 | |
| Unstable Financial | 20.8 | |
| Consumer Cyclical | 15.5 | |
| Defensive | 11.3 | |
| Technology | 6.7 | |
| Stable Financial | 0.0 | |
| Mining | 0.0 | |
| Oil & Gas | 0.0 | |
| Cash | 4.6 | |

Cyclical 41.1%

| | |
|---------------------|-----|
| Alpha FMC | 5.9 |
| Synthomer | 5.7 |
| Smurfit Kappa Group | 5.1 |
| Rexel | 4.0 |
| CRH | 4.0 |

Unstable Financial 20.8%

| | |
|----------------------|-----|
| Prudential | 4.9 |
| Lloyds Banking Group | 4.4 |
| AXA | 4.1 |
| OSB Group | 3.9 |
| Allianz | 3.5 |

Consumer Cyclical 15.5%

| | |
|----------------------------|-----|
| Norcros | 6.6 |
| Jost Werke | 3.5 |
| Tesco | 2.1 |
| Nordic Entertainment Group | 1.8 |
| Vistry Group | 1.6 |

Defensive 11.3%

| | |
|----------------|-----|
| Uniphar | 6.2 |
| DCC | 2.8 |
| Roche Holdings | 2.3 |

Technology 6.7%

| | |
|---------------------|-----|
| Creo Medical Group | 3.4 |
| Koninklijke Philips | 2.1 |
| ActiveOps | 1.2 |

Stable Financial 0.0%

Mining 0.0%

Oil & Gas 0.0%

This Month's Featured Stock

Tesco

UK retailer Tesco's annual report and accounts were more interesting than usual this year as they contained the company's inaugural TCFD (Task Force on Climate-related Financial Disclosure) report which shed an insight into the impact climate change may have on the company's operations over the coming years. Such reports, if properly compiled, also give an indication of the financial cost of these impacts which in turn allows us to assess the significance of environmental issues when considering the appropriate valuations for the companies concerned. In Tesco's case, while still far from

a comprehensive assessment, some material conclusions can be drawn.

The initial assessment focussed on animal protein production and the company's real estate portfolio. A 2 and 4-degree scenario were applied with the former assuming the world rises to the challenge of climate change and limits global warming to 2 degrees while in the latter there is a systemic failure to address the issue. A ten year time frame was set to 2030.

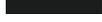
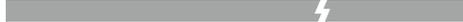
In the worst case scenario a £300m hit to Tesco's 2030 earnings is envisaged which, to put into

context, is 16.5% of the company's 2020 operating profit. There are a number of caveats to be placed on this analysis, not least the fact that 2030 lies well beyond the scope of our financial forecasts, but what this does do is provide the basis for more detailed discussions with Tesco over how they will combat this threat. The TCFD report stresses that any outcomes are before potential mitigating actions and it is these mitigating actions which we will focus on in our engagement with the company.

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.

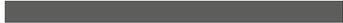
Top 10 Holdings

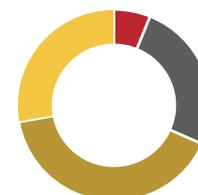
| | (%) | |
|--------------------------|-------------|--|
| Norcros | 6.6 |  |
| Uniphar | 6.2 |  |
| Alpha FMC | 5.9 |  |
| Synthomer | 5.7 |  |
| Smurfit Kappa Group | 5.1 |  |
| Prudential | 4.9 |  |
| Lloyds Banking Group | 4.4 |  |
| AXA | 4.1 |  |
| Rexel | 4.0 |  |
| CRH | 4.0 |  |
| Rest of Portfolio | 49.1 |  |

Country Breakdown

| | No. of Stocks | (%) | |
|-------------|---------------|------|--|
| UK | 17 | 58.1 |  |
| Ireland | 2 | 11.3 |  |
| France | 3 | 11.0 |  |
| Germany | 3 | 8.8 |  |
| Switzerland | 1 | 2.3 |  |
| Netherlands | 1 | 2.1 |  |
| Sweden | 1 | 1.8 |  |
| Other | | 0.0 | |

Sector Breakdown

| | (%) | |
|------------------------|------|---|
| Industrials | 27.2 |  |
| Financials | 20.8 |  |
| Materials | 20.6 |  |
| Health Care | 14.0 |  |
| Consumer Discretionary | 5.0 |  |
| Information Technology | 4.0 |  |
| Consumer Staples | 2.1 |  |
| Communication Services | 1.8 |  |
| Energy | 0.0 | |
| Utilities | 0.0 | |
| Real Estate | 0.0 | |



Size Analysis

| | (%) |
|--------------------|------|
| Mega Cap (>€50bn) | 5.8 |
| Large Cap (<€50bn) | 24.3 |
| Mid Cap (<€10bn) | 38.7 |
| Small Cap (<€1bn) | 26.5 |



Currency Exposure

| | (%) |
|---------------|------|
| Euro | 37.2 |
| Sterling | 54.1 |
| Swiss Franc | 2.3 |
| Swedish Krona | 1.8 |

Enquiries

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Calls may be recorded

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MEX:

Share Class A SXSRIA
Share Class B SXSRI B

SEDOL:

Sedol GBP B1FL7S1
Sedol GBP B1FL7V4

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Fund Performance

to 31/05/2021

Cumulative Performance, % change

| | One month | 2021 yr to date | One year | Three years | Five years | Since launch* |
|---------------------------|-----------|-----------------|----------|-------------|------------|---------------|
| SVM All Europe SRI Fund B | 3.6 | 21.2 | 48.4 | 28.9 | 69.5 | 322.6 |
| MSCI Europe Index | 1.6 | 9.4 | 24.6 | 23.0 | 67.0 | 156.4 |
| IA Europe inc UK Sector | 1.5 | 9.3 | 25.5 | 25.0 | 68.1 | 168.6 |

Source: Lipper, as at 31/05/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 31 October 2006

Percentage growth year on year to 31 March

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------|-------|-------|------|------|------|
| SVM All Europe SRI Fund B | 58.9 | -17.8 | -4.7 | 9.6 | 17.6 |
| MSCI Europe Index | 30.9 | -10.6 | 4.3 | 2.6 | 27.0 |
| Performance Difference | +28.0 | -7.2 | -9.0 | +7.0 | -9.4 |

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM All Europe SRI Fund B ■ MSCI Europe Index

Source: Lipper, as at 31/05/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

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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 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.