

SVM Continental Europe 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 ex UK Index. The Fund will identify investment opportunities in undervalued companies in European equity markets which will not necessarily be prominent in mainstream indices. The Fund will invest at least 80% in equities and equity related instruments dealt in or traded on European Eligible Securities Markets. The Fund may invest in other permitted securities.



July 2021 | Share Class B

Factsheet as at 30 June 2021



Monthly Fund Commentary

Central banks paid a prominent role in determining the direction of European Equity markets in June 2021. First came a distinctively supportive meeting from the ECB where growth expectations for Eurozone GDP were upgraded from +4% to +4.6% accompanied by a commitment to increase emergency asset purchases at, according to Christine Lagarde, a "significantly higher pace" than previously suggested. This is despite inflation for May coming in above the bank's targeted rate of just below 2%. The fact that the ECB were not more hawkish on this inflation number strongly suggest they consider the price rises to be temporary thereby allaying one of the stock market's greatest fears, that of run-away inflation. Unfortunately, the US Federal Reserve were not in such an accommodative mood going so far as suggesting rates would need to be raised at an earlier than expected date possibly as soon as 2022. This sent markets tumbling although some comforting words from Fed Chair Jerome Powell later in the month helped limit the fall out. These contradictory results from two central banks highlight the uncertainty of the situation concerning the inflationary outlook. Evidence of price pressures is abundant not least in Europe where we are witnessing increasing supply chain bottlenecks giving suppliers the power to name their price in many instances. This of course is the result of the rapidity in which economies are reopening and the speed at which manufacturers need to replenish their inventories meaning the resultant inflation may well be transitory, which is the scenario clearly envisaged by the ECB.

The two ways pull from central banks resulted in a muted response from equity markets

with the MSCI Europe ex UK index increasing by +1.9%. The fund lagged the index with a return of -0.2%. Three stocks declined by more than 10%, German property manager Patrizia, Swedish cable and equipment supplier Hexatronic and medtech company Sedana also from Sweden. For both Sedana and Patrizia there was nothing in the way of news flow to drive the moves which we put down to the defensive nature of both business models at odds with the current enthusiasm for reopening plays. Hexatronic was downgraded by one of the few analysts who cover the stock citing the greater than 60% return the shares have seen from the start of the year to the end of June. We are holding on to the shares as we believe the company can post a level of profitability currently not expected by the market. Our best performing stock was Aker Carbon Capture which rose by more than 17% over the course of the month boosted by the company's unique technology which helps industry combat the threat of climate change.

Our holdings in French bank BNP and games maker Nacon were sold over the course of the month booking profits in both cases. In their place we purchased Rexel and Apontis Pharma. While the former is an ideal candidate to benefit from resurging economies through its global wholesale electrics business the latter stands to benefit from its interesting business model which combines pharmaceuticals which are currently taken on an individual basis. This ensures a stricter adherence to drug regimes for what are often elderly patients.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI Europe ex UK Index

IA Sector: Europe ex UK

Type of Shares: Accumulation
XD Date: 31 December
Pay Date: 30 April

Fund Size: £26.7m

Fund Manager:

Hugh Cuthbert (Fund Manager)
Appointed: 23/01/2006
Years at SVM: 15 Industry Experience: 26

Fund Charges (OCF*):

Share Class A 1.98%
Share Class B 1.23%

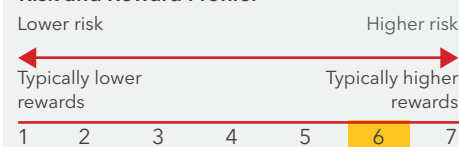
*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

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.

Consumer Cyclical	20.3	
Defensive	17.8	
Technology	17.7	
Cyclical	16.4	
Unstable Financial	13.6	
Stable Financial	10.8	
Oil & Gas	1.2	
Mining	0.0	
Cash	2.2	

Consumer Cyclical

20.3%

Aluflexpack	3.0
Verallia	2.9
Ipsos	2.9
Jost Werke	2.6
Schibsted	2.5

Defensive

17.8%

Energiekontor	3.4
Thales Group	3.0
Veolia	3.0
PNE	2.3
Roche Holdings	2.1

Technology

17.7%

SESA	3.4
United Internet	3.1
Nagarro	2.7
Crayon	2.6
Hexatronic Group	2.4

Cyclical

16.4%

Dustin	3.6
Capgemini	3.6
Rexel	3.1
H+H International	3.1
Wienerberger	3.0

Unstable Financial

13.6%

Mediobanca	4.5
Banca Mediolanum	3.1
Allianz	3.0
AXA	3.0

Stable Financial

10.8%

Ringkøbing Landbobank	3.2
Patrizia	2.4
Partners Group Holding	2.0
S IMMO	1.7
LEG Immobilien	1.6

Oil & Gas

1.2%

TotalEnergies	1.2
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Mining

0.0%

This Month's Featured Stock

Wienerberger

Austrian building products manufacturer Wienerberger operates under 3 divisions. Building Solutions manufactures and sells products for the walls and facades of both commercial and domestic buildings. The Piping Division supplies both plastic and ceramic pipes to infrastructure programmes. Finally, the North America unit is responsible for selling these products in this important geography.

The company has held up well during the pandemic with sales and profits now heading back to pre-Covid 19 levels. Strong demand is seen across all divisions and although there are

inflationary pressures on costs this has so far been offset by healthy price increases.

In addition to this recovery in the core business Wienerberger is also an interesting self-help story. In particular is the target to enhance EBITDA by a further €135 million come 2023 with a 2020 baseline. Considering 2020 EBITDA amounted to €546 million this represents an uplift of almost 25% over the course of only 3 years and is in addition to any boost seen from organic growth or acquisitions. At the same time the Pipe Division is opening up interesting new areas of growth capitalising upon the












EU's new climate strategy which has a focus on minimising damage from climate change and a budget of €12 billion with which to achieve it. As Wienerberger is becoming one of the leading suppliers in this area they stand to benefit exponentially.

Trading on just over 10x 2023 earnings and offering a yield close to 3% we believe this company offers highly attractive exposure to European infrastructure growth and at a very attractive price.











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 Continental Europe Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.












Top 10 Holdings (%)

Company	(%)	
Mediobanca	4.5	
Dustin	3.6	
Capgemini	3.6	
Energiekontor	3.4	
SESA	3.4	
Ringkøbing Landbobank	3.2	
Banca Mediolanum	3.1	
United Internet	3.1	
Rexel	3.1	
H+H International	3.1	
Rest of Portfolio	66.0	

Country Breakdown

Country	No. of Stocks	(%)	
Germany	10	24.3	
France	9	24.0	
Italy	4	12.4	
Norway	4	9.0	
Switzerland	3	7.1	
Sweden	3	7.0	
Denmark	2	6.3	
Austria	2	4.7	
Netherlands	1	1.6	
Other	1.4		

Sector Breakdown (%)

Sector	(%)	
Industrials	19.1	
Financials	18.8	
Information Technology	15.2	
Materials	12.0	
Communication Services	11.6	
Real Estate	5.6	
Consumer Discretionary	5.1	
Health Care	4.7	
Utilities	3.0	
Consumer Staples	1.6	
Energy	1.2	



Size Analysis (%)

Mega Cap (>€50bn)	6.4
Large Cap (<€50bn)	19.2
Mid Cap (<€10bn)	51.2
Small Cap (<€1bn)	21.0



Currency Exposure (%)

Euro	68.4
Norwegian Krone	9.0
Swiss Franc	7.1
Danish Krone	6.3
Swedish Krona	7.0

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Share Class B GB0032094954

MEX:

Share Class A SXCER
Share Class B SXCEI

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Fund Performance

to 30/06/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	-0.2	6.7	48.7	57.6	109.4	503.5
MSCI Europe ex UK Index	1.9	11.0	22.6	33.5	76.8	239.2
IA Europe ex UK Sector	1.4	9.6	23.5	30.6	75.7	251.7

Source: Lipper, as at 30/06/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 20 March 2000

Percentage growth year on year to 30 June

	2021	2020	2019	2018	2017
SVM Continental Europe Fund B	48.7	3.4	2.5	4.0	27.9
MSCI Europe ex UK Index	22.6	0.6	8.2	2.7	29.0
Performance Difference	+26.1	+2.8	-5.7	+1.3	-1.1

Source: Lipper, as at 30/06/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM Continental Europe Fund B ■ MSCI Europe ex UK Index

Source: Lipper, as at 30/06/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

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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 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.