

SVM

Continental Europe Fund

The aim of the Fund is to achieve medium to long-term capital growth from a tightly controlled list of European stocks and other permitted securities. The Fund aims to outperform the FTSE World Europe ex UK Index.

May 2020 | Share Class B

Figures as at 30 April 2020



Fund Managers



Hugh Cuthbert
Fund Manager

Industry Experience: 25

Years at SVM: 14

Appointed: 23/01/2006



Alasdair Birch
Deputy Fund Manager

Industry Experience: 11

Years at SVM: 7

Appointed: 01/01/2014

Monthly Fund Commentary

With European equities falling by almost 3% on the first day of trading in May 2020, it looked like the pandemic induced sell-off in global stock markets was poised to continue as we entered the second quarter of the year. The recovery in markets witnessed since the middle of March was called into question as Donald Trump predicted the severe impact the virus could have on the world's largest economy with a forecast of as many as 204,000 deaths, suggesting the financial fallout from the pandemic could be as acute as witnessed in other hotspots such as Italy, Spain and the UK. But the sell-off wasn't to last, particularly when several nations reported a declining trend in the numbers of reported new cases as well as fatalities, and countries such as Denmark and Austria even started easing the previously imposed restrictions. Unfortunately, neither macro nor micro economic data provided any immediate fundamental evidence for the resurgence in stocks. If anything, the situation became less clear as numerous companies either profit warned, withdraw guidance or withdrew dividend, and in many cases all three. In more straightforward times actions such as withdrawing dividends and earnings guidance would likely have been met with severe share price declines but as the practice became viewed as precautionary and common place the impact was often mild or even positive where interpreted as strategically sound.

Despite the lack of company guidance there is still no doubt that 2020 will be a year where company earnings will fall dramatically, however, should the pandemic not worsen, the second quarter may prove to be the trough provided that central bank action is sufficient to help economies rebound strongly when restrictions start to be lifted. Unfortunately, the European authorities have so far not been on the front foot as far as this is concerned and their pronouncements over the period were met with a lukewarm response.

The fund also rallied over the course of the month rising by +6.2%, ahead of the FTSE World Europe ex UK Index which gained +4.6%. The best performing stocks tended to be those businesses with either particularly resilient business models capable of weathering the global pandemic or those that stand to directly benefit from the current tragic circumstances. Two good examples are Sedana Medical of Sweden and Va-Q-Tec from Germany. The former has seen over 100% sales growth as demand for their novel inhaled anaesthetic has rocketed, while the latter's unique vacuum insulated products have fared well as pharmaceutical companies have substantially increased their demand for the product. Underperformers over the period included oil companies Royal Dutch Shell and Total. We sold our position in Shell as the company's results and dividend cut combined with the low oil price gives little opportunity for share price outperformance in the foreseeable future. Two new holdings were introduced PNE AG, a German wind farm developer, and Nacon a video games and associated hardware producer from France.

Although good news remains sporadic, and economic growth will get considerably worse before any hope of a recovery, stock markets, as discounting mechanisms, do not appear to be focusing on such short-term news-flow and have turned to hopes of a recovery. The danger is that the forecast period proves to be too long and the recovery is too slow or fails to materialise. It's for this risk that our cash position remains relatively high, whatever the circumstances, any recovery is unlikely to be in a straight line meaning mispriced opportunities are highly likely to occur in the months to come for which we will be in a position to take advantage.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
FTSE World Europe ex UK Index

IA Sector: Europe ex UK

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

Fund Size: £17.3m

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 5 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 03/01/2020

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.

ACTIVE STOCKPICKERS

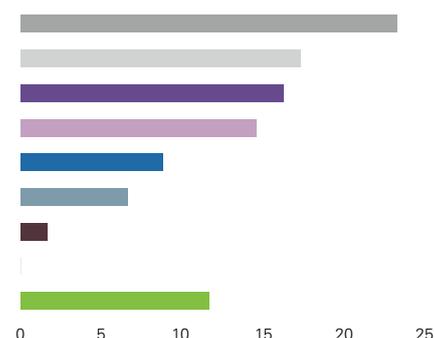
Portfolio Analysis

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.

	(Net %)
Defensive	23.3
Technology	17.3
Consumer Cyclical	16.3
Stable Financial	14.5
Cyclical	8.8
Unstable Financial	6.6
Oil & Gas	1.7
Mining	0.0
Cash	11.7



Defensive: 23.3%

(%)

Orange	3.9
Roche Holdings	3.3
Energiekontor	3.2
Thales Group	3.2
Veolia	2.5

Technology: 17.3%

(%)

SESA	4.5
United Internet	4.5
Crayon	3.2
Lime Technologies	2.0
Scout24	1.8

Consumer Cyclical: 16.3%

(%)

Allgeier	5.4
Aluflexpack	2.8
Jost Werke	2.0
Schibsted	2.0
Pirelli	1.6

Stable Financial: 14.5%

(%)

Patrizia	3.4
Ringkøbing Landbobank	3.4
Hypoport	2.7
LEG Immobilien	2.2
Partners Group Holding	1.7

Cyclical: 8.8%

(%)

Capgemini	3.0
Dustin	2.3
H+H International	2.2
va-Q-tec	1.2

Unstable Financial: 6.6%

(%)

AXA	3.9
Mediobanca	2.7

Oil & Gas: 1.7%

(%)

Total	1.7
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Mining: 0.0%

(%)

This Month's Featured Stock

Lime Technologies

The Nordic markets are emerging as one of the leading areas for innovation at the small and medium end of the European corporate landscape, especially in healthcare and technology. The successful growth, and in some cases sales, of several larger entities in areas such as gaming, payments and communications, seems to have resulted in the recycling of talent and capital into new ideas.

Lime Technologies, a relatively new fund holding based in Sweden, came about after closely watching this part of the market. The

company was listed in 2017, but has a history dating back to 1990 when it was a start-up founded by a few entrepreneurs. Lime is a good case study of a successful niche strategy, having created a geographical and industry specialised customer relationship management (CRM) system for mainly small and medium sized customers. Taking advantage of a middle ground between low-priced but basic and more well-known but expensive competing products, Lime has generated high teens growth since its founding, along with healthy profitability.

The company retains significant potential to further expand in its existing footprint where penetration rates remain low, as well as in other suitable European markets, such as the Netherlands where it has just announced market entry. In addition, it has outlined initiatives to focus on four UN global sustainability goals where it feels it can make the most impact. These are gender equality, responsible consumption, good health and quality education. We support these and are engaging with the company to help provide feedback.

Stock Analysis

Top 10 Holdings	(%)
Allgeier	5.4
SESA	4.5
United Internet	4.5
Orange	3.9
AXA	3.9
Patrizia	3.4
Ringkøbing Landbobank	3.4
Roche Holdings	3.3
Energiekontor	3.2
Thales Group	3.2
Total	38.7

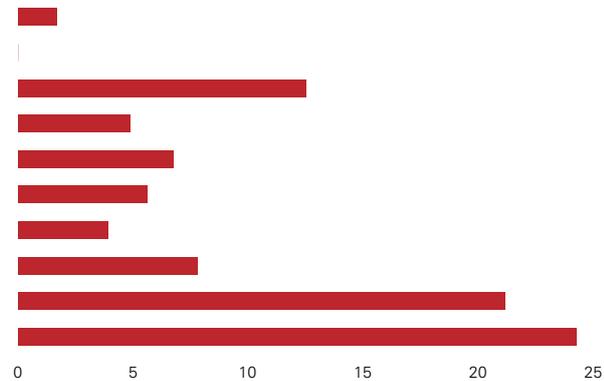
Size Analysis	(%)
Mega Cap (>€50bn)	6.8
Large Cap (<€50bn)	15.7
Mid Cap (<€10bn)	32.1
Small Cap (<€1bn)	33.7

Currency Exposure	(%)
Euro	60.7
Sterling	0.0
Norwegian Krone	6.4
Swiss Franc	9.7
Danish Krone	5.6
Swedish Krona	5.9
Other	0.0

Sector Analysis

Sector Breakdown (%)

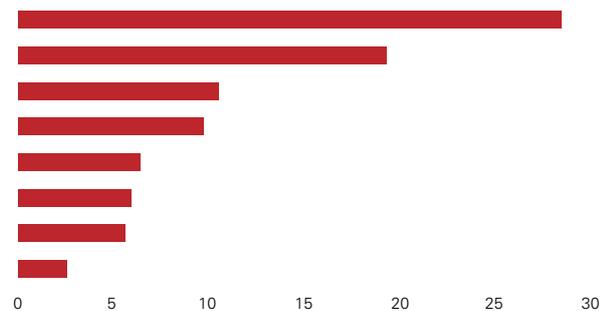
Oil & Gas	1.7
Basic Materials	0.0
Industrials	12.5
Consumer Goods	4.8
Health Care	6.7
Consumer Services	5.6
Telecommunications	3.9
Utilities	7.8
Financials	21.1
Technology	24.2



Geographic Analysis

Country Breakdown

	No. of Stocks	(%)
Germany	10	28.4
France	7	19.3
Italy	4	10.5
Switzerland	4	9.7
Norway	3	6.4
Sweden	3	5.9
Denmark	2	5.6
Other		2.6



Please note that figures may not add up to 100% due to Cash holding.

Fund Performance to 30/04/2020

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Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	6.2	-13.5	-4.7	0.2	30.6	255.5
FTSE World Europe ex UK Index	4.6	-13.7	-7.4	2.0	26.2	144.1
IA Europe ex UK Sector	7.1	-13.0	-7.1	0.7	26.1	149.6

Source: Lipper, as at 30/04/2020, 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 31 March

	2020	2019	2018	2017	2016
SVM Continental Europe Fund B	-8.8	-2.8	9.3	20.9	2.9
FTSE World Europe ex UK Index	-8.0	2.6	4.3	27.9	-4.2
Performance Difference	-0.8	-5.4	+5.0	-7.0	+7.1

Source: Lipper, as at 31/03/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 30/04/2020, 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.

Enquiries

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Calls may be recorded

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Share Class B GB0032094954

MEX:

Share Class A SXCER
Share Class B SXCEI

SEDOL:

Share Class A 3206441
Share Class B 3209495

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