

SVM

All Europe SRI Fund

The Fund aims to achieve medium to long-term capital growth and to outperform the FTSE World Europe Index. It adopts a positive engagement approach toward investment and enters into meaningful dialogue with companies regarding social and environmental issues. Investments are made in European stocks and other permitted securities.

June 2020 | Share Class B

Figures as at 31 May 2020



Fund Managers



Neil Veitch
Co Fund Manager

Industry Experience: 24

Years at SVM: 14

Appointed: 31/10/2006



Hugh Cuthbert
Co Fund Manager

Industry Experience: 25

Years at SVM: 14

Appointed: 31/10/2006

Monthly Fund Commentary

Equities made further gains in May. Markets continue to be acutely sensitive to news flow on the spread of the disease. Confidence is fragile but progress remains positive. Those countries that have relaxed restrictions have yet to see a meaningful second wave. There will, of course, be setbacks along the way but we are more optimistic than we were six to eight weeks ago. Economic data continues to be heavily distorted by the nature of the lockdown. The severity of the slowdown has considerably reduced the utility of much of the higher frequency economic data that investors often use to identify inflection points. Nonetheless, here as well there are some signs of encouragement. The fund rose 5.1% versus the FTSE Europe that gained 7.1%.

The most notable feature of returns over the month was the substantial outperformance of 'growth' versus 'value'. As we have commented before this is not a surprise given the current market backdrop. Economic activity has collapsed and central banks have committed to hold interest rates at abnormally low levels for the foreseeable future. Liquidity has exploded with money supply ballooning. This creates almost the perfect backdrop for 'long duration' growth stocks. Indeed, many of this year's strongest performers are companies seeking to benefit from 'disruptive' technologies whose economic payback will not be seen for many years. We aren't averse to 'growth', nor oblivious to the risk of an outdated world view, but seek to ensure that any reward is commensurate with the risk taken. In a paradigm characterised by a central bank backdrop the extent to which valuation matters, however, is a legitimate debate. The pattern reversed slightly towards the end of the month as some tentative improvements in the economic data began to emerge.

Irish healthcare company, Uniphar, was the largest positive contributor to the fund's

performance. There was nothing specific to explain the rise in the share price but most likely it was a function of increased investor awareness. The company listed last year and has struggled to gain much traction with institutional investors. Maiden full year results in late March were solid rather than spectacular but served to remind investors of its strong cash generation and growth opportunities. DCC gained as its full year results highlighted the resilience of its business model, its financial strength, and the acquisition opportunities that might arise as a consequence of the pandemic. Notably it raised the dividend at a time when many payouts are under pressure. va-Q-tec rose as 1q20 results delivered significant growth. Scandinavian IT stocks, Lime Technologies and Crayon, benefitted from positive sentiment towards the technology space. Despite the lockdown we are in active dialogue with our portfolio holdings as well as many other businesses. Considerable uncertainty is the overarching feature of most of these conversations. Relative to expectations at the outset of the crisis, however, the outcome for most companies has been better than anticipated. Business development is challenging but many see the crisis as an opportunity to right-size their operations. This has implications for employment and aggregate final demand, but hopefully will result in a more productive economy over the longer term.

UK cyclicals, Forterra and Norcross, were the two largest negative contributors to performance. Both stocks slumped as investors fretted over the shape of the economic recovery and how quickly construction activity will rebound.

New positions were initiated in AB Foods, CRH, EssilorLuxottica, JD Peet, Barco and Philips NV.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 31 October 2006

Benchmark Index:
FTSE World Europe Index

IA Sector: Europe inc UK

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

Fund Size: £20.1m

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 29/05/2020

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

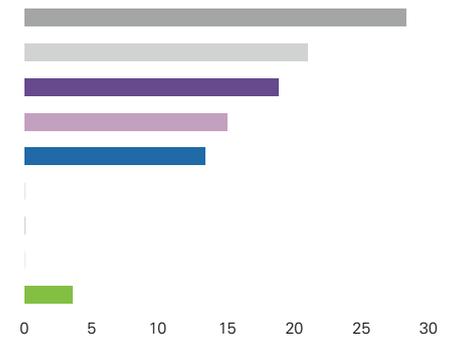
Portfolio Analysis

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 %)
Cyclical	28.2
Consumer Cyclical	21.0
Defensive	18.8
Technology	15.0
Unstable Financial	13.4
Stable Financial	0.0
Mining	0.0
Oil & Gas	0.0
Cash	3.5



Cyclical: 28.2%

(%)

Synthomer	4.4
Smurfit Kappa Group	3.9
Capgemini	3.5
CRH	3.0
TI Fluid Systems	3.0

Consumer Cyclical: 21.0%

(%)

Nestlé	5.2
Unilever	4.6
Tesco	4.0
Norcros	3.3
Jost Werke	1.8

Defensive: 18.8%

(%)

DCC	5.4
Roche Holdings	4.9
Uniphar	4.6
AstraZeneca	3.9

Technology: 15.0%

(%)

EssilorLuxottica	3.1
SDL	2.3
Barco	2.1
Koninklijke Philips	2.0
Creo Medical Group	2.0

Unstable Financial: 13.4%

(%)

Prudential	4.8
AXA	3.7
Onesavings Bank	2.4
Lloyds Banking Group	1.8
M&G	0.7

Stable Financial: 0.0%

(%)

Mining: 0.0%

(%)

Oil & Gas: 0.0%

(%)

This Month's Featured Stock

JDE Peet's

The European IPO market had to endure an extended hibernation thanks to COVID-19, with underwriters waiting for signs of financial market stability in order to restart capital market activities. This has resulted in only the most resilient businesses being put forward for listings, and with signs of improvement in the pandemic situation in early April, a few have now made it to market.

JDE Peet's is one example, and is now a new constituent in both the European market and the fund. The company was formed with the

backing of a German family, well known for their involvement with Reckitt Benckiser. After acquiring Peet's Coffee in 2012, further acquisitions were made to create a global leader in coffee and tea. As a pure play on one of the most attractive consumer staples categories, we felt JDE had the right brand portfolio, track record and initial pricing to create attractive future returns.

What we believe is most underappreciated is that, while premiumisation has been well-advanced by Starbucks in the out of home

category, there is still a long runway for companies like JDE to adopt the strategy for at-home consumption. This has already been evident in the growth of revenues per cup from around 4 to 6 Euro cents, but that remains far off the several Euros level for high-end out of home coffee. We believe this can also be driven through a rigorous approach to ESG, with coffee one of the most advanced categories in tying together sustainability and pricing.

Stock Analysis

Top 10 Holdings	(%)
DCC	5.4
Nestlé	5.2
Roche Holdings	4.9
Prudential	4.8
Uniphar	4.6
Unilever	4.6
Synthomer	4.4
Tesco	4.0
Smurfit Kappa Group	3.9
AstraZeneca	3.9
Total	45.7

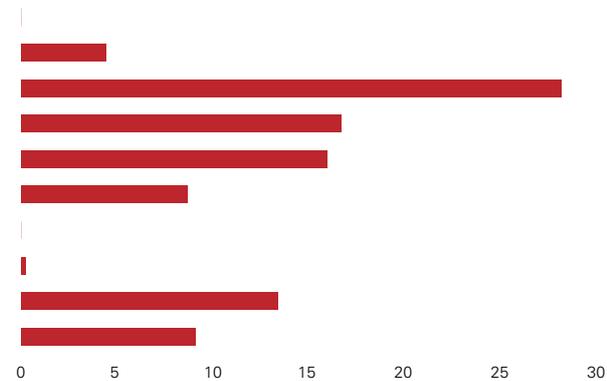
Size Analysis	(%)
Mega Cap (>€50bn)	18.6
Large Cap (<€50bn)	27.9
Mid Cap (<€10bn)	23.6
Small Cap (<€1bn)	26.3

Currency Exposure	(%)
Euro	37.2
Sterling	42.0
Norwegian Krone	1.3
Swiss Franc	10.1
Danish Krone	0.0
Swedish Krona	5.9
Other	0.0

Sector Analysis

Sector Breakdown (%)

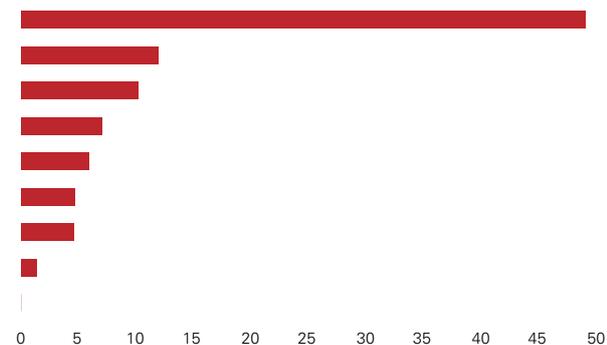
Oil & Gas	0.0
Basic Materials	4.4
Industrials	28.1
Consumer Goods	16.7
Health Care	15.9
Consumer Services	8.6
Telecommunications	0.0
Utilities	0.3
Financials	13.4
Technology	9.1



Geographic Analysis

Country Breakdown

	No. of Stocks	(%)
UK	18	48.9
France	4	11.9
Switzerland	2	10.1
Netherlands	3	7.0
Sweden	2	5.9
Ireland	1	4.6
Germany	3	4.6
Norway	1	1.3
Other		0.0



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

Fund Performance to 31/05/2020

Issued by SVM Asset Management Limited who is authorised and regulated by the Financial Conduct Authority:
12 Endeavour Square
London E20 1JN

© SVM Asset Management Limited.

Enquiries

www.svmonline.co.uk
Calls may be recorded

Investor Services and Dealing:

Dealing, account enquiries and valuations
Phone: 0345 066 1110
Fax: 0844 620 0090
International phone: +44 (0)1268 447 417
International fax: +44 (0)1268 447 028

General Enquiries

Head office and fund enquiries
Phone: +44 (0)131 226 6699
Email: info@svmonline.co.uk
Helpline: 0800 0199 110
Literature Request: 0800 0199 440

ISIN:

Share Class A GB00B1FL7S17
Share Class B GB00B1FL7V46

MEX:

Share Class A SXSRIA
Share Class B SXSRI B

SEDOL:

Share Class A B1FL7S1
Share Class B B1FL7V4

Registered Office:

SVM Asset Management Limited
7 Castle Street
Edinburgh
EH2 3AH
Registered No. 125817

Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	5.1	-16.9	-4.6	-7.6	15.6	184.7
FTSE World Europe Index	7.1	-9.7	-1.7	1.0	27.6	106.1
IA Europe inc UK Sector	7.4	-6.6	1.9	2.5	28.7	104.9

Source: Lipper, as at 31/05/2020, 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

	2020	2019	2018	2017	2016
SVM All Europe SRI Fund B	-17.8	-4.7	9.6	17.6	1.3
FTSE World Europe Index	-10.8	3.9	3.0	26.5	-4.4
Performance Difference	-7.0	-8.6	+6.6	-8.9	+5.7

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 31/05/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Copyright 2020 © Lipper, a Thomson Reuters company. All rights reserved. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

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.