

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.

April 2020 | Share Class B

Figures as at 31 March 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

It would be a futile exercise to attempt to explain the impact of the global pandemic on capital markets, as no one can be unaware of the seriousness of the situation and the all too obvious economic implications of government attempts to slow the spread of the disease. The fall in the FTSE World Europe ex UK Index of -11.4% during March alone and the -17.5% decline year to date tells us all we need to know. Perhaps more useful for fund holders is the actions we have taken as this crisis has developed and the positioning we are taking for the coming months.

As we stated at the end of last month our cash position has been elevated not only to protect the fund against the worst excesses of the sell off but also to ensure we have the fire power to take advantage of valuation anomalies which are bound to arise when stock markets experience such liquidity driven volatility. We had already sold two of our four holdings in the banking sector, ING of the Netherlands and BNP of France. Despite good franchises and currently low loan losses the outlook is clearly going to deteriorate for both these institutions over the coming months. In both cases this would be an expected development in a normal economic cycle, but, as the duration of this current crisis is impossible to forecast, we could not be confident in both banks' capital levels hence our divestment. We continue to hold Mediobanca of Italy and Ringkoebing Landbobank of Denmark. Unlike ING and BNP both these banks are some of the best capitalized in Europe and well equipped to weather a number of months of complete shutdown. We have been in close contact with both teams of management as the crisis has developed and will continue to do so over the coming months. We also divested from transport operator Stef of France and car hire operator Sixt of Germany. Stef has a robust business model as a refrigerated truck operator and is likely to do

well as the pandemic continues. This, however, was reflected in the share price performance and, as one of our most illiquid stocks, we chose to sell. Sixt on the other hand will be badly hurt by lockdowns and travel bans so we sold the stock in the early part of the month before the worst of the rout.

Our focus since these initial sales has been to stress test our remaining holdings from two specific perspectives. First and foremost, has been balance sheet strength. As many companies over the coming months will see high double-digit declines in sales it is imperative that all holdings in the portfolio have balance sheets robust enough to cope with such falls. Secondly, we have scrutinized business models seeking to ensure that either business can continue in the face of lockdown, or for those more severely impacted, there will be a strong rebound once the environment improves. Finally, we are ensuring the portfolio is well diversified with a broad range of stocks with differing sensitivities to the uncertain economic outlook. This has all been achieved by constant company contact to ensure we are as up to date as we can be in this fast-moving environment.

With little in the way of clarity as to how long and how much more serious this pandemic will be it is imperative we keep a balanced portfolio. We continue to hold a number of stocks where the business model will be suffering at this moment in time, but we will continue to do so provided we are confident in their financial strength as such holdings will help us when markets recover. This is balanced by a number of stocks where the business model remains relatively robust and able to weather the current crisis protecting us from the worse excesses of the sell-off. Cash will be redeployed as and when opportunities arise.

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: £14.1m

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 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

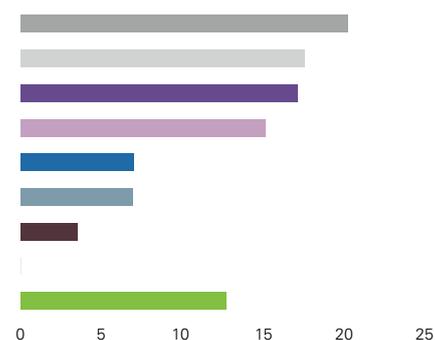
Portfolio Analysis

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	20.2
Stable Financial	17.5
Technology	17.1
Consumer Cyclical	15.1
Unstable Financial	7.0
Cyclical	6.9
Oil & Gas	3.5
Mining	0.0
Cash	12.7



Defensive: 20.2%

(%)

Orange	4.4
Thales Group	3.8
Energiekontor	3.3
Roche Holdings	2.8
Veolia	2.0

Stable Financial: 17.5%

(%)

Patrizia	6.5
LEG Immobilien	2.6
Ringkøbing Landbobank	2.5
S IMMO	2.1
Partners Group Holding	1.9

Technology: 17.1%

(%)

United Internet	4.3
SESA	4.1
Crayon	3.5
Scout24	2.1
Barco	1.7

Consumer Cyclical: 15.1%

(%)

Allgeier	5.0
Aluflexpack	2.6
Schibsted	2.3
Pirelli	1.8
Jost Werke	1.7

Unstable Financial: 7.0%

(%)

AXA	4.8
Mediobanca	2.2

Cyclical: 6.9%

(%)

Capgemini	2.2
H+H International	1.9
Dustin	1.6
va-Q-tec	1.2

Oil & Gas: 3.5%

(%)

Total	2.3
Royal Dutch Shell Plc	1.2

Mining: 0.0%

(%)

This Month's Featured Stock

Crayon

The speed and scale of the COVID-19 pandemic onset has had immediate but heterogeneous impacts on the European corporate landscape, presenting an unusual set of risks and opportunities. Companies that will thrive must make the difficult balance between prioritising near-term financial health, and investing to take advantage of weakened competition and/or accelerating trends.

One relatively new fund holding that we believe is in a sweet spot is Crayon, a Norwegian listed software and cloud asset manager, reseller

and consultant. Crayon provides tools and services that help a wide range of customers manage and optimise their IT spending on a category that is rapidly growing in size and complexity, business software. As the shift to cloud computing accelerates, the number of vendors and products has multiplied, resulting in many more company departments becoming involved in IT procurement. Crayon is providing specialised sector knowledge to optimise this expenditure, while also providing an important route to market for many of the

large-scale vendors. Notably, it has become the first non-U.S. reseller to be granted access to the North American market by Microsoft.

Having achieved very good success in its home Nordic markets, Crayon is now present in 23 countries and covers 80 percent of its addressable market. It is already seeing traction, but we believe the combined benefits of the investment payoffs and increased scale are not adequately reflected in today's market price.

Stock Analysis

Top 10 Holdings	(%)
Patrizia	6.5
Allgeier	5.0
AXA	4.8
Orange	4.4
United Internet	4.3
SESA	4.1
Thales Group	3.8
Crayon	3.5
Energiekontor	3.3
Roche Holdings	2.8
Total	42.5

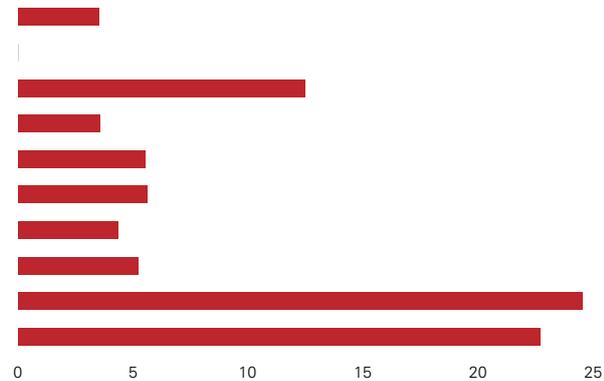
Size Analysis	(%)
Mega Cap (>€50bn)	7.4
Large Cap (<€50bn)	17.0
Mid Cap (<€10bn)	35.0
Small Cap (<€1bn)	28.0

Currency Exposure	(%)
Euro	62.3
Sterling	0.0
Norwegian Krone	7.4
Swiss Franc	8.4
Danish Krone	4.4
Swedish Krona	4.8
Other	0.0

Sector Analysis

Sector Breakdown (%)

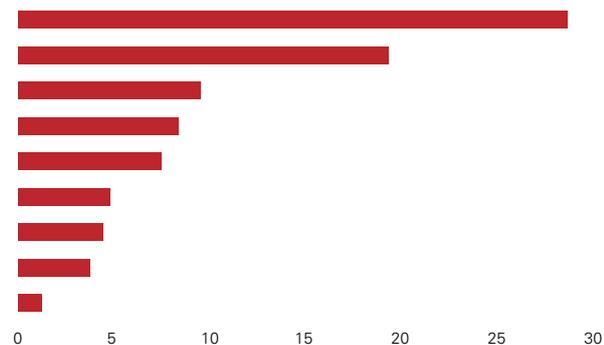
Oil & Gas	3.5
Basic Materials	0.0
Industrials	12.4
Consumer Goods	3.6
Health Care	5.5
Consumer Services	5.6
Telecommunications	4.4
Utilities	5.2
Financials	24.5
Technology	22.7



Geographic Analysis

Country Breakdown

	No. of Stocks	(%)
Germany	9	28.6
France	6	19.3
Italy	4	9.5
Switzerland	4	8.4
Norway	3	7.4
Sweden	3	4.8
Denmark	2	4.4
Other		3.7
Netherlands	1	1.2



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

Fund Performance to 31/03/2020

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Share Class B GB0032094954

MEX:

Share Class A SXCER
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SEDOL:

Share Class A 3206441
Share Class B 3209495

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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	-11.9	-18.5	-8.8	-3.0	20.6	234.9
FTSE World Europe ex UK Index	-11.4	-17.5	-8.0	-1.6	20.6	133.3
IA Europe ex UK Sector	-12.2	-18.8	-9.1	-4.0	16.9	133.2

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

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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.