

# SVM

## UK Emerging Fund plc

Figures as at 30 September 2019

The investment objective of the Fund is long-term capital growth from investments in smaller and medium sized UK companies. Its aim is to outperform the IA UK All Companies Sector Average Index on a total return basis.

October 2019



## Fund News



**Margaret Lawson**  
Fund Manager

Industry Experience: 39

Years at SVM: 29

Appointed: 01/10/2012



**Colin McLean**  
Deputy Fund Manager

Industry Experience: 45

Years at SVM: 29

Appointed: 18/10/2000

## Monthly Fund Commentary

Over the quarter, the Fund returned -0.9% versus returns of 1.1% in its benchmark, the IA UK All Companies Sector average, and 1.3% in the FTSE All-Share Index. This took the Fund's 9 month performance to 15.5% versus benchmark and FTSE All-Share Index returns of 14.4% and 14.4%, respectively (to 30 September 2019). Over five years to 30 September 2019 the Fund has returned 71.0% versus benchmark and FTSE All-Share Index returns of 38.8% and 38.9%, respectively. (NAV total return, Lipper data).

The quarter showed no real progress on Brexit or US/China trade frictions. International investors continued to reduce UK exposure, and the Pound was weak. Outside the US and UK, a disinflationary pattern persists, with the oil price falling over the quarter despite a blip following the missile strike in Saudi. Value shares picked-up in September, but over the year to date have lagged growth. The Woodford problems and some other UK equity fund realisations have pushed down a number of mid-cap shares. The UK has seen increased bid activity, particularly from foreign buyers.

In the quarter, there were good contributions to performance from JD Sports Fashion, 4Imprint, Learning Technologies and Unite. Negatives included Burford, Blue Prism and

Hutchison China Meditech. HCM fell sharply at the end of the quarter on the announcement that CK Hutchison would accelerate the de-consolidation of HCM by placing a sale of 1.3% of the shares to move below 50%.

The weaker Pound has lifted inflation and also real wage growth. Many domestic service sectors are helped by this improvement in UK consumer spending power. There is potential for further fiscal and monetary stimulation in the US, UK and Eurozone. This provides a favourable background for UK shares despite signs of a slowing global economy. The portfolio has below average exposure to the economically-sensitive sectors of banking and resources.

The Fund emphasises exposure to economic growth in the UK. Within equities, the emphasis is on scalable businesses with a competitive edge that can deliver above average growth.

## Fund Facts

**Launch Date:** 18 October 2000

**Benchmark Index:**  
IA UK All Companies Sector Average

**Fund Type:** Investment Trust

**Registered No:** SC211841

**Listed:**  
London Stock Exchange  
Total  
Investments: £6.7m  
Share Price: 87.00p  
NAV: 111.37p

**The month end published NAV is calculated on a bid price basis.**

Year End: 31 March  
Half Year: 30 September  
RIC: SVME  
ISIN: GB0000684174

**Past performance is not a guide to future performance. All financial instruments involve a degree of risk. The value of your investments and the income from them can go down as well as up and you may not get back the amount originally invested.**

**ACTIVE STOCKPICKERS**

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.

## Stock Analysis

Top 10 Holdings	(%)	Sector Analysis	Fund (%)
4Imprint Group	5.4	Consumer Services	26.7
Unite Group	5.1	Financials	21.7
Fever-Tree	4.0	Industrials	18.0
JD Sports Fashion	3.5	Technology	13.8
Workspace Group	3.3	Consumer Goods	11.2
Hilton Food Group	3.3	Health Care	7.2
Rentokil Initial	3.1	Telecommunications	1.4
Johnson Service Group	3.0		
GVC Holdings	3.0		
Kerry Group	3.0		
<b>Total</b>	<b>36.6</b>		

  

Portfolio Analysis	Fund (%)
Main Market	54.6
AIM	41.2
PLUS	0.0
Unquoted	0.0
Other	4.2

## Fund Performance to 30/09/2019

### Percentage growth year on year to 30 September

	2019	2018	2017	2016	2015
SVM UK Emerging NAV	-13.3	19.3	25.9	7.0	22.7
IA UK All Companies Average*	-2.7	3.2	11.2	9.7	
FTSE AIM TR				14.7	-2.1
Performance difference	-10.6	+16.1	+14.7	-7.7	+24.7

Source: SVM/Lipper, as at 30/09/2019, total return, UK net tax.

\* The Benchmark changed to the IA UK All Companies Average effective 30/09/13, the figure shown is therefore a blended figure with the FTSE AIM TR used before this date.

Copyright 2019 © 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.

The Fund was launched on 18 October 2000.

**Past performance is not a guide to future performance.**

**The value of your investments and the income from them can go down as well as up and you may not get back the amount originally invested.**

## Enquiries

**0800 0199 110**

[www.svmonline.co.uk](http://www.svmonline.co.uk)

**Calls may be recorded**

**Fund Information:** 0131 226 7660  
[info@svmonline.co.uk](mailto:info@svmonline.co.uk)

**Adviser Helpline:** 0800 0199 110  
[adviser@svmonline.co.uk](mailto:adviser@svmonline.co.uk)

**Registrars (direct shareholders):**  
**Phone:** 0870 707 1328

**Registered Office:**  
SVM Asset Management Limited  
7 Castle Street  
Edinburgh  
EH2 3AH  
Registered No: 125817

The Fund is to be considered a long term investment option.

### The Fund incurs the following key risks:

If an Investor redeems the investment shortly after investing, they may not get back the original amount due to market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. The Fund is exposed to credit and settlement risk in its dealings with Counter Parties in day to day business. This may result in a loss to the Fund if a Counter Party business fails. 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. A Fund with a concentrated portfolio carries a greater risk to that of a Fund with a larger spread of investments. Investment trusts can borrow money to make investments; this can lead to greater losses if markets fall. The Fund uses Contracts for Difference (CFDs) as part of the investment strategy; this can increase the risk profile and volatility of the Fund. Some unquoted investments may become difficult to realise as prices may not be readily available or a reliable indicator of value.