

# SVM All Europe SRI 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 Index. It adopts a positive engagement approach toward investment and enters into meaningful dialogue with companies regarding environmental, social and corporate governance issues. The Fund will invest at least 80% in equities and equity related instruments which are dealt in or traded on all European Eligible Securities Markets. The Fund may invest in other permitted securities.



March 2022 | Share Class B

Factsheet as at 28 February 2022



## Monthly Fund Commentary

The Russian invasion of Ukraine has triggered a significant correction in global equities. Despite a recent ratcheting up in tensions, Russia's actions caught markets by surprise. Investors are now scrambling to price in not only what this means for the global economy, and by extension earnings, but also various tail risks. The situation is incredibly fluid and impossible to forecast with any certainty. The humanitarian crisis in Ukraine has rendered February's performance largely irrelevant. The fund returned -6.4% versus the MSCI Europe that fell 2.8%.

February's economic data surprised to the upside. A solid Q4 resulted in UK GDP rising 7.5% in 2021, the fastest in the G7. US employment growth accelerated sharply with 678k jobs added, building on an upwardly revised 481k in January. These data points and others supported our optimistic view that the global economy would continue to heal. Households enjoyed record net worth, excess savings were substantial, and jobs growth was strong. Central banks would likely tighten policy but in a steady and predictable way to prevent the economy overheating. Consequently, we were overweight cyclical and underweight defensives, many of which we expected to see further margin compression.

Events in Ukraine have upended these assumptions. Oil prices have soared putting strain on many businesses ranging from packaging and cement through to airlines. In the short-term these pressures are manageable as many businesses have hedging in place. The long-term, however, is more uncertain. The fund's investments in oil & gas provide a degree of offset. Aside from the effects on energy costs, the impact of the conflict is being felt on raw materials across the board. Ukraine supplies about 50% of

the world's neon gas, indispensable in the production of semi-conductor chips, which risks exacerbating component shortages in many industries.

At a stock level none of the fund's holdings have material direct exposure to Russia or Ukraine. The impact is largely indirect through higher raw material costs, particularly oil. Strategically, energy security has once again become a priority and stands to assist several companies in the portfolio. Unhedged producers such as Jadestone Energy will generate significant cashflow at prevailing prices.

Menzies Plc was the largest positive contributor to performance. The company announced that after rejecting various takeover approaches from a Kuwaiti competitor, its 'final' proposal was at a level the board were willing to accept. The proposed price represented over 100% premium to the undisturbed level and recognises the strategic value of the group.

Synthomer was once again the largest negative contributor to performance. The company announced that conditions in its NBR business had normalised quicker than expected. The group's communication could have been better and investors are understandably frustrated, but should not overlook the improvements in the broader business. The company rejected a takeover approach early last year and if the shares continue to languish a revival of such speculation is likely. Alpha Financial Markets Consulting and Uniphar suffered from profit taking post a very strong end to the year.

There was limited trading activity

Fund and index performance source: FE fundinfo

## Fund Facts

**Launch Date:** 31 October 2006

**Benchmark Index:**  
MSCI Europe Index

**IA Sector:** Europe inc UK

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

**Fund Size:** £18.1m

### Fund Managers:

**Neil Veitch** (Co Fund Manager)

Appointed: 31/10/2006

Years at SVM: 15 Industry Experience: 24

**Hugh Cuthbert** (Co Fund Manager)

Appointed: 31/10/2006

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:



The Synthetic Risk & Reward Indicator ('SRRI') may be a guide to the level of risk of the Fund compared with other funds. The SRRI is calculated based on the historical volatility of the fund over the last 5 years and it may not be a reliable indication of the future risk and reward profile of the fund.

- This Fund has been classed as 6 because it has experienced high volatility historically.
- The SRRI category shown is not guaranteed and may change over time.
- The lowest category (1) does not mean risk free and extreme adverse market circumstances can mean you suffer losses in all cases.

As at 31/12/2021

**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.

Cyclical	39.0	
Unstable Financial	21.0	
Consumer Cyclical	14.2	
Defensive	11.3	
Technology	6.5	
Stable Financial	0.0	
Mining	0.0	
Oil & Gas	0.0	
Cash	7.9	

### Cyclical 39.0%

Alpha FMC	7.0
Smurfit Kappa Group	6.0
Rexel	5.1
CRH	4.3
Synthomer	4.1

### Unstable Financial 21.0%

Lloyds Banking Group	5.0
OSB Group	4.6
AXA	4.5
Prudential	4.3
Legal & General	2.7

### Consumer Cyclical 14.2%

Norcros	6.5
Tesco	3.2
Dalata Hotel Group	2.3
Jost Werke	2.2

### Defensive 11.3%

Uniphar	3.7
DCC	3.2
Smith & Nephew	2.6
Sedana Medical	1.2
Apontis Pharma	0.6

### Technology 6.5%

Creo Medical Group	3.3
LungLife AI	2.2
ActiveOps	1.0

### Stable Financial 0.0%

### Mining 0.0%

### Oil & Gas 0.0%

## This Month's Featured Stock

### Smurfit Kappa

Smurfit Kappa produces paper-based packaging from its 34 paper and board mills. The company offers a sustainable alternative to plastic based solutions and has a very credible approach to the environmental impact of its operations. 75% of raw materials used in the production process are recycled with the remainder sourced from Chain of Custody suppliers helping to ensure Smurfit Kappa's corporate responsibility aspirations are reflected in the materials they source. The company has a wide range of impressive ESG targets including a reduction in CO<sub>2</sub> intensity of -55% by 2030 and net zero by 2050. All this is in the process of being validated by science-based targets in order to be aligned with the Paris

Agreement of 2015.

While not core to the underlying manufacturing process, the company does, in a small part, source from its own forestry and plantations, currently consisting of 68 thousand hectares. It is these forestry holdings which have been the focus of our recent engagement with Smurfit Kappa as reports surfaced of the company's involvement in deforestation of Colombian rain forests. Unusually 22 thousand hectares of the company's forest holdings in the region are virgin rainforest held in custody not for production purposes and Smurfit Kappa has an alliance with WWF in Colombia to aid in the conservation and protection of these valuable assets. In

addition, the remaining acreage was purchased as agricultural land decades ago and has since been re-forested, although clearly not recreating what would once have been rain forest. WWF's involvement in this whole issue makes the claims of mismanagement less plausible but we will continue to highlight our concerns to the company that responsible activities are a prerequisite to our shareholding.

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

### Top 10 Holdings

	(%)	
Alpha FMC	7.0	
Norcros	6.5	
Smurfit Kappa Group	6.0	
Rexel	5.1	
Lloyds Banking Group	5.0	
OSB Group	4.6	
AXA	4.5	
Prudential	4.3	
CRH	4.3	
Synthomer	4.1	
<b>Rest of Portfolio</b>	<b>48.7</b>	

### Country Breakdown

	No. of Stocks	(%)	
UK	16	58.2	
Ireland	4	16.3	
France	3	13.5	
Germany	2	2.9	
Sweden	1	1.2	
Other	-	0.0	

### Sector Breakdown

	(%)	
Industrials	26.7	
Financials	21.0	
Materials	17.5	
Health Care	13.6	
Consumer Discretionary	5.2	
Information Technology	4.9	
Consumer Staples	3.2	
Energy	0.0	
Communication Services	0.0	
Utilities	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>€50bn)	0.0
Large Cap (<€50bn)	30.4
Mid Cap (<€10bn)	25.9
Small Cap (<€1bn)	35.8



### Currency Exposure

	(%)
Euro	32.7
Sterling	58.2
Swedish Krona	1.2

## Enquiries

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Calls may be recorded

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### ISIN:

Share Class A GB00B1FL7S17  
Share Class B GB00B1FL7V46

### MEX:

Share Class A SXSRIA  
Share Class B SXSRI B

### SEDOL:

Sedol GBP B1FL7S1  
Sedol GBP B1FL7V4

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INDEPENDENT THINKING

## Fund Performance

to 28/02/2022

### Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	-6.4	-10.7	9.1	33.4	39.6	292.9
MSCI Europe Index	-2.8	-6.4	11.9	28.8	39.0	159.0
IA Europe inc UK Sector**	-3.3	-8.2	8.7	31.0	40.6	162.2

Source: FE fundinfo, as at 28/02/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

\*The Fund was launched on 31 October 2006

\*\*IA is provided as a comparator

### Percentage growth year on year to 31 December

	2021	2020	2019	2018	2017
SVM All Europe SRI Fund B	26.2	1.8	24.5	-16.6	19.1
MSCI Europe Index	18.1	2.7	19.8	-9.0	15.3
Performance Difference	+8.1	-0.9	+4.7	-7.6	+3.8

Source: FE fundinfo, as at 31/12/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

### Five Year Performance (%)



Source: FE fundinfo, as at 28/02/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but it neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

### 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 long term (5 years or more) 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.