

SVM UK Growth Fund

The objective of this Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI United Kingdom IMI. The Fund will identify investment opportunities in UK companies that can grow faster than the wider markets and are capable of sustained growth. The Fund may invest in other permitted securities.



April 2021 | Share Class B

Factsheet as at 31 March 2021



Monthly Fund Commentary

For a UK economy with a record of low growth, a little overheating may be welcomed. Officially, the Bank of England and other central banks agree on stimulus and seem to be unworried by inflation. But the stimulation is in uncharted territory; inflation is likely to surprise on the upside. This is alongside an expectation of sharp upturn in industrial sector earnings that should persist for at least two or three years. Pointing to this, inventory and capital spend hit lows in the second half of 2020, a position that often leads to industrial recovery. We can expect more signs of overheating to emerge, and signs of supply disruption in a range of sectors. Companies with pricing power will be able to pay up for their inputs and raise wages. Differing responses to the pandemic around the world are beginning to create political tensions. Maybe not yet a new world order, but regional power has shifted. China has gained influence and is more in control of its own destiny: the US less so. The next phase of China's development may not be export-led but instead focus on boosting domestic demand. A rise in global food prices could be the result, exporting inflation that will feed into wages in the West. Adding to soft commodity pressures, the shift towards electric vehicles and renewables are likely to bring a structural increase in demand for copper and some other commodities. The move from conventional power generation will bring a step-change in copper intensity. US stimulus is experimental, not only in terms of the level of stimulus but the degree of control on bond prices that is being attempted. The US Federal Reserve may no longer have the authority to dictate to global investors in this way. Buyers of US debt could decide to impose more financial discipline. Huge global stimulus should boost company profits over the next two years, but it could bring more volatility in currencies and interest rates. In this

recovery, the focus within industrials should be on businesses with the potential for earnings quality to be recognised and re-rated as profit growth comes through.

Performance

In March, SVM UK Growth Fund returned 2.9% compared with the return of 4.0% for the MSCI UK IMI TR Index and 3.8% for the average fund in the IA UK All Companies sector. For the 5 years to 31 March, the Fund is top quartile, returning 49.5%, compared to a return of 32.4% for the MSCI UK IMI TR Index and 40.7% for the average fund in the IA UK All Companies sector. The market pattern favours value, but gross businesses with good results all being recognised. A number of businesses such as retailer, Next and student accommodation provider Unite, have both value and growth characteristics; with strong recovery potential but also growth strategies that should win market share in their sectors.

Trading and results

March saw some portfolio stocks react well to good trading updates. Softcat, in particular surprised the market with strong earnings growth for the 6 months to end of January, and its shares jumped as analysts upgraded. There were also good contributions to performance from Kainos, Flutter, Kingspan and Gamma Communications. The 3rd wave of the pandemic in Europe and slower than expected easing of lockdown restrictions restrained airlines; Wizz Air and Jet2 were negatives for the month. Also lagging were Ocado, XP Power and LSE. We believe XP Power is well placed for industrial recovery, with potential for its rating to catch-up with peers.

Your Fund remains fully invested, including likely recovery beneficiaries and strong growth businesses.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI United Kingdom IMI Index

IA Sector: UK All Companies

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

Fund Size: £179.9m

Fund Managers:

Margaret Lawson (Co Fund Manager)
Appointed: 31/10/2005
Years at SVM: 30 Industry Experience: 40
Colin McLean (Co Fund Manager)
Appointed: 29/02/2008
Years at SVM: 30 Industry Experience: 46

Fund Charges (OCF*):

Share Class A 1.72%
Share Class B 0.97%

*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 6 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 01/01/2021

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

Strategies

The SVM UK Growth fund aims to identify best in class companies that can grow faster than the wider market over the medium term. Portfolio businesses are drawn from those that are dominant in their sector, usurpers that will come to own their space and hero franchises utilising fast growing channels. We aim to

identify those opportunities earlier than our peers, not at the pioneering stage but when the model is accelerating.

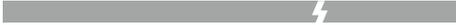
This leads to a flexible diversified portfolio blending a core of sustainable growth stocks, tactical mid-term cyclical holdings and innovative business models focussing on future trends.

Industrials	34.9%	Consumer Discretionary	27.5%	Information Technology	13.0%
Ceres Power	5.1	JD Sports Fashion	3.4	Kainos	3.0
Keystone Law	3.3	Ocado	3.3	AVEVA	1.7
Wizz Air	3.0	Flutter Entertainment	2.9	Softcat	1.5
Experian	2.6	Entain	2.8	Renishaw	1.4
Rentokil Initial	2.2	AB Dynamics	2.6	Boku	1.3
Financials	8.5%	Communication Services	6.4%	Real Estate	6.3%
Intermediate Capital	2.4	Gamma Communications	3.0	Unite Group	2.2
London Stock Exchange	1.9	Team17	1.8	Segro	1.6
Beazley	1.9	Future	1.1	Watkin Jones	1.4
Impax Asset Management	1.2	4imprint Group	0.2	Londonmetric Property	1.0
Draper Esprit	1.0	Frontier Developments	0.2		
Consumer Staples	5.6%	Materials	4.3%	Health Care	4.0%
Cranswick	2.3	Croda	3.3	Dechra Pharmaceuticals	3.0
Hilton Food Group	1.4	Smurfit Kappa Group	1.0	Kooth	0.6
Kerry Group	1.0			Indivior	0.2
Fevertree Drinks	0.6			Genus	0.1
Premier Foods	0.3				
Utilities	0.0%	Energy	0.0%		

Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, though there will be an emphasis on large cap holdings, or sector. As a consequence the SVM UK Growth Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Long Holdings (Gross %)

Ceres Power	5.1	
JD Sports Fashion	3.4	
Ocado	3.3	
Keystone Law	3.3	
Croda	3.3	
Gamma Communications	3.0	
Dechra Pharmaceuticals	3.0	
Wizz Air	3.0	
Kainos	3.0	
Flutter Entertainment	2.9	
Rest of Portfolio	66.6	

Size Analysis (Gross %)

 Large Cap	47.1
 Med/Mid 250	45.9
 Small/Small Cap	17.4



Sector Breakdown (%)

Industrials	34.9	
Consumer Discretionary	27.5	
Information Technology	13.0	
Financials	8.5	
Communication Services	6.4	
Real Estate	6.3	
Consumer Staples	5.6	
Materials	4.3	
Health Care	4.0	
Energy	0.0	
Utilities	0.0	

This Month's Featured Stock

Unite Group

Unite is the UK's largest owner, operator and developer of purpose-built student accommodation. It owns and rents accommodation to 76,000 students in more than 25 leading university towns and cities, with one-third of its portfolio in London. Unite manufactures the modular bedroom units off site and installs some in refurbished buildings. The company also operates two specialist funds and joint ventures with institutional investment partners, totalling £4 billion of assets. About 85% of total revenue is rental income, with the remainder being management and performance fees.

In 2020, Unite maintained a satisfactory operating performance in a very challenging environment; aiming for a return to rental growth and near-full occupancy in 2021/22. Easing of lockdown measures should bring a gradual return of students. Current reservation levels for 2021/22 are 66%, slightly behind last year's 77%. Although more focused on domestic students, the company is seeing good demand from higher-paying overseas markets such as China and India.

The development pipeline covers almost 4,000 beds over the next four years costing £600m, expected to yield 6.4%. Disposals will help the group to meet this development spend whilst keeping to borrowing covenants on loan to value. Unite's shares are at a premium to net asset value, but it is likely that investors will focus on rental growth and development, and value the group on earnings prospects. Unite has partnerships with the strongest UK universities, including many Russell Group leading ones, where there is high student demand. It has a best-in-class portfolio and is positioned for long-term structural growth from its strong capital structure.

Enquiries

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Share Class A SXSR
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INDEPENDENT THINKING

Fund Performance

to 31/03/2021

Cumulative Performance, % change

	One month	2021 yr to date	One year	Three years	Five years	Since launch*
SVM UK Growth Fund B	2.9	1.4	54.6	22.2	49.5	342.3
MSCI United Kingdom IMI Index	4.0	5.4	24.4	6.9	32.4	137.5
IA UK All Companies Sector	3.8	5.8	38.8	15.7	40.7	215.3

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

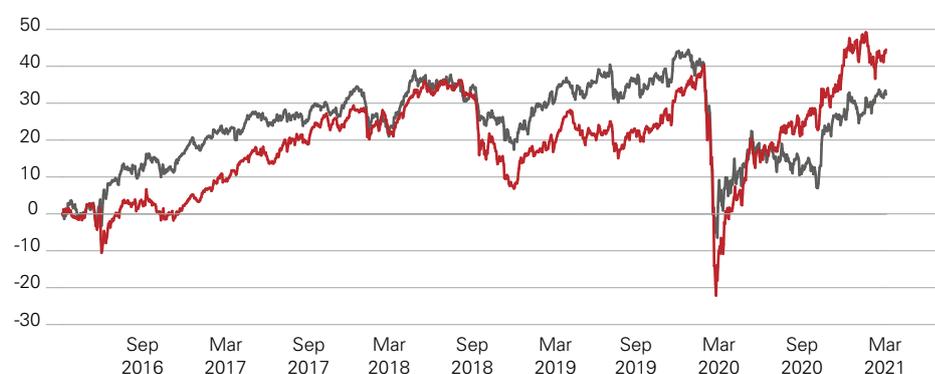
*The Fund was launched on 20 March 2000

Percentage growth year on year to 31 March

	2021	2020	2019	2018	2017
SVM UK Growth Fund B	54.6	-19.2	-2.2	12.4	8.9
MSCI United Kingdom IMI Index	24.4	-19.3	6.5	1.2	22.3
Performance Difference	+30.2	+0.1	-8.7	+11.2	-13.4

Source: Lipper, as at 31/03/2021, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



■ SVM UK Growth Fund B ■ MSCI United Kingdom IMI Index

Source: Lipper, as at 31/03/2021, 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 uses Contracts for Difference (CFDs) for efficient portfolio management (EPM) purposes. This may create gearing and could lead to greater fluctuations in the Net Asset Value of the Fund. Full details on EPM can be found in Appendix A of the Prospectus. The Fund is exposed to credit and settlement risk through its dealings with Counter Parties. If a Counter Party business fails, the Fund may incur losses. 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.