

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.

June 2020 | Share Class B

Figures as at 31 May 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

European equities began May 2020 in negative territory as an underwhelming ECB policy report, delivered at the end of the prior month, continued to disappoint markets. President Donald Trump also did little to help as he appeared to rekindle the bad feelings between the US and China. Following the previous month's rally any hint of bad news was always likely to be taken badly and particularly when that rally has been inspired by the actions of central banks rather than a solid underpinning from fundamentals. But the negativity wasn't to last long and the month ended on a strong note eventually dwarfing the gains seen in the prior month with the FTSE World Europe ex UK rising by +8.3%, admittedly boosted somewhat by the Euro's strong move against Sterling.

The impetus for these returns was largely based on the easing of the severity of the global pandemic as numerous countries, including some of the worst hit such as Spain and Italy, began to ease their lockdown restrictions. As is always the case, stock markets were one step ahead of such moves and began to discount a strong rebound in earnings as economies were given the first hints that they may begin to return to some semblance of normality. Quite why Donald Trump chose this moment to pick a fight with China is a mystery although the more Machiavellian among us suspected a subsequent resolution of such a conflict could boost his electoral chances in this year's Presidential election. Later in the month China further exacerbated the situation by

threatening to impose a national security law on Hong Kong, a move which pulled the UK firmly into the fray. Despite the market's bullishness the underlying economic data remained unremittingly bleak with, for example, April's Eurozone new car registrations down 76% and March construction output and industrial production both down double digit.

The fund outperformed the index with a return of +10.3%. Our technology holdings provided a strong contribution to the performance with the likes of Adevinta, Crayon, Hypoport, Schibsted and Lime Technologies all rising well in excess of 20%. Our best performer was va-Q-tec of Germany which rose by almost 40%. This small and innovative logistics company provides temperature-controlled products and services in an environmentally friendly manner thanks to their proprietary insulation technology. The Covid crisis has impacted their business positively as some of their key customers are from the pharmaceutical industry. Only two stocks ended the month in negative territory, Leonardo of Italy and Nacon of France, despite no specific news-flow to warrant the moves. One new stock was introduced over the course of the month, JDE Peets, a Dutch producer of coffees and teas. The company came to the market by way of an IPO at what we considered an attractive price considering both the company's organic and self-help potential.

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: £19.2m

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

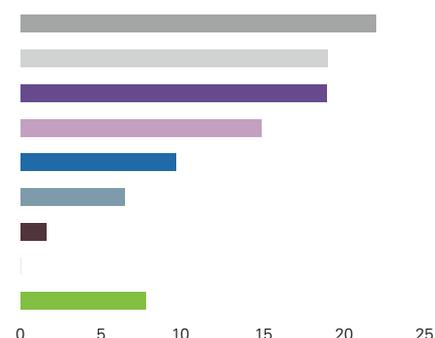
Portfolio Analysis

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 %)
Defensive	21.9
Technology	18.9
Consumer Cyclical	18.9
Stable Financial	14.9
Cyclical	9.6
Unstable Financial	6.5
Oil & Gas	1.6
Mining	0.0
Cash	7.7



Defensive: 21.9%

(%)

Orange	3.6
Energiekontor	3.3
Roche Holdings	3.1
Thales Group	2.9
Veolia	2.3

Technology: 18.9%

(%)

United Internet	4.9
SESA	4.3
Crayon	3.7
Lime Technologies	2.2
Barco	2.0

Consumer Cyclical: 18.9%

(%)

Allgeier	5.4
Aluflexpack	2.8
Schibsted	2.3
Jost Werke	2.0
JDE Peet's	1.8

Stable Financial: 14.9%

(%)

Ringkøbing Landbobank	3.4
Patrizia	3.4
Hypoport	3.1
LEG Immobilien	2.1
Partners Group Holding	1.7

Cyclical: 9.6%

(%)

Capgemini	3.0
H+H International	2.7
Dustin	2.4
va-Q-tec	1.5

Unstable Financial: 6.5%

(%)

AXA	3.7
Mediobanca	2.8

Oil & Gas: 1.6%

(%)

Total	1.6
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Mining: 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	(%)
Allgeier	5.4
United Internet	4.9
SESA	4.3
AXA	3.7
Crayon	3.7
Orange	3.6
Ringkøbing Landbobank	3.4
Patrizia	3.4
Energiekontor	3.3
Hypoport	3.1
Total	38.8

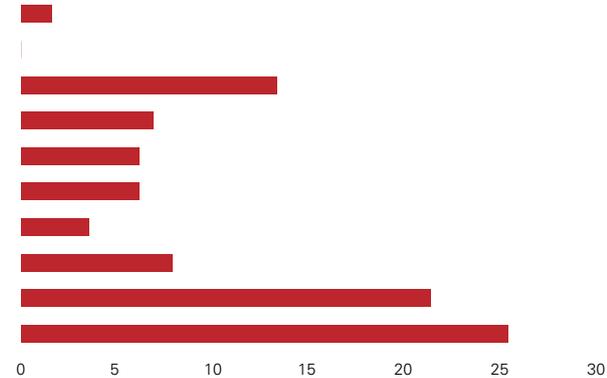
Size Analysis	(%)
Mega Cap (>€50bn)	6.3
Large Cap (<€50bn)	18.8
Mid Cap (<€10bn)	31.6
Small Cap (<€1bn)	35.5

Currency Exposure	(%)
Euro	63.5
Sterling	0.0
Norwegian Krone	7.4
Swiss Franc	9.3
Danish Krone	6.2
Swedish Krona	6.0
Other	0.0

Sector Analysis

Sector Breakdown (%)

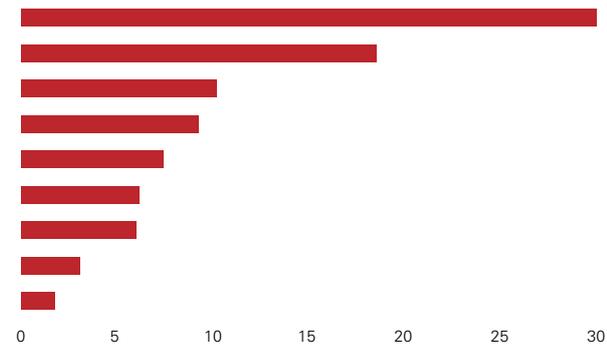
Oil & Gas	1.6
Basic Materials	0.0
Industrials	13.3
Consumer Goods	6.9
Health Care	6.2
Consumer Services	6.2
Telecommunications	3.6
Utilities	7.9
Financials	21.3
Technology	25.4



Geographic Analysis

Country Breakdown

	No. of Stocks	(%)
Germany	10	29.9
France	7	18.5
Italy	4	10.2
Switzerland	4	9.3
Norway	3	7.4
Denmark	2	6.2
Sweden	3	6.0
Other		3.1
Netherlands	1	1.8



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

Fund Performance to 31/05/2020

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MEX:

Share Class A SXCER
Share Class B SXCEI

SEDOL:

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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	10.3	-4.6	6.0	4.3	39.5	292.3
FTSE World Europe ex UK Index	8.3	-6.5	1.9	4.7	36.9	164.3
IA Europe ex UK Sector	8.0	-6.0	3.2	3.3	33.7	170.2

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 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 31/05/2020, 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 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.