



**21 June 2022**

**For Immediate Release**

**Conditional acquisition of SVM Asset Management Holdings Limited by AssetCo**

AssetCo (AIM: ASTO), the agile asset and wealth management company, is pleased to announce that it has reached agreement to acquire the entire issued share capital of SVM Asset Management Holdings Limited, the holding company to SVM Asset Management Limited (together "SVM"), (the "Acquisition") for a total consideration of approximately £10.7 million (the "Consideration"), subject to completion balance sheet adjustments. The Consideration will be satisfied by the issue of up to £9 million 1% fixed rate unsecured convertible loan notes in AssetCo (the "Loan Notes") and, subject to balance sheet adjustments, approximately £1.7 million in cash, in each case to be paid on completion of the Acquisition.

The Loan Notes may, at the option of the Company or a majority of the holders of the Loan Notes, be converted into fully paid ordinary shares of 10p each in the Company ("Ordinary Shares") at an effective issue price of £14.50 per Ordinary Share. Unless converted the Loan Notes will be repaid on 31 December 2023.

The Acquisition is conditional on, *inter alia*, approval by the FCA to a change in controller which is expected to occur by the end of September 2022. The Company will provide further updates, as appropriate.

**About SVM**

SVM is an independent, FCA regulated fund management business based in Edinburgh, which was founded in 1990 by Colin McLean and Margaret Lawson, whom, together with a family trust, are the significant majority owners. SVM currently has around £586 million of assets under management (AuM), including five open-end funds: UK Growth, UK Opportunities, Continental Europe, All Europe SRI and World Equity. SVM also manages SVM UK Emerging Fund plc, a £6.8 million investment trust listed on the London Stock Exchange.

SVM generated turnover of £4.3 million and a profit before taxation of £2.0 million for the financial year ended 31 December 2021 and had net assets of £14.0 million as at 31 December 2021. Post a restructuring that is currently being undertaken by SVM it is anticipated that, at completion of the Acquisition, SVM will have net assets and net cash reserves of approximately £4 million each. For the three months ended 31 March 2022, SVM generated turnover of £945,451 and an operating profit of £139,726.

Following completion of the Acquisition, Colin, who is Managing Director and Chief Investment Officer of SVM, will become a director of AssetCo's Scottish business. Colin will focus on ensuring a smooth transition for SVM's business and its clients, as well as helping to set the strategic direction of AssetCo's Scottish business. It is AssetCo's intention to build a strong asset management hub in Edinburgh, focused on managing listed equities.

Importantly, Margaret Lawson, who is UK investment director at SVM, will continue in her role managing UK equity portfolios, as will Neil Veitch, Global and UK investment director, and Hugh Cuthbert, European investment manager. SVM's existing 21 employees will continue to be employed by SVM.

To support the continued growth of SVM and AssetCo's Scottish business, Martin Gilbert, Chairman of AssetCo, Peter McKellar, Deputy Chairman of AssetCo, and Alex Hocht-Duncan, Chief Executive Officer of AssetCo's listed equity platform and Chief Executive Officer of AssetCo's River and Mercantile asset management business ("River and Mercantile Asset Management"), will join the board of SVM on completion of the Acquisition.

### **Benefits to AssetCo**

SVM has a 30-year track record of solid and steady performance and client service and a CEO in Colin McLean who has been a leading industry figure for several decades. AssetCo believes that the acquisition of SVM will enhance its growing Scottish, as well as wider UK, brand and significantly bolster the strength of its Scottish board with the addition of Colin McLean, Garry Fyfe (Finance Director) and Jonathan Hewitt (Non-Executive Director).

AssetCo believes that, given the strong investment performance delivered by SVM's fund managers, there are significant opportunities to enhance the distribution and marketing of SVM's existing funds and, over time, to broaden the product offering. The SVM funds will also complement the existing listed equity fund strategies offered by AssetCo's various businesses, most notably those offered by River and Mercantile Asset Management. Following completion AssetCo will have approximately £3.5 billion of AuM in listed equity fund strategies across its various businesses. SVM and AssetCo have strong distribution capabilities as well as strong organic growth and the combination of the two, plus the wider product offerings, should result in a much stronger and broader combined entity.

SVM is to spearhead AssetCo's plans to have a significant asset management hub in Edinburgh, which already includes Saracen Fund Managers and Revera Asset Management (subject to regulatory approval). In aggregate the three businesses have over £800 million of AuM. All three businesses will retain their distinct active equity investment philosophies and client profiles, however, the intention is that they will share compliance, operational, distribution and marketing resources with River and Mercantile Asset Management.

**Colin McLean, Managing Director of SVM, commented:**

*“When I set up SVM our aim was to leverage quality research and strong fundamentals to underpin our independent thinking and deliver great investor value. I believe that our performance over the years demonstrates that we have been able to achieve this. I am pleased that with the backing of AssetCo we will be able to continue to build our focus on, and relationships with, existing clients, creating greater value for them, whilst also broadening our client base and growing assets.”*

**Martin Gilbert, Chairman of AssetCo, commented:**

*“We are immensely proud to be building an asset management hub in Edinburgh that, over time, will broaden its client base across the UK and beyond. SVM is a well-regarded fund management firm, with a recognised investment style and a very strong investment track record. Its business model, people and product offering are its key assets, and it is core to AssetCo’s ambitions.*

*“I have known Colin and Margaret for over 30 years, and I am delighted that both have agreed to remain with SVM. Both have built phenomenal reputations as investment managers over many decades in the industry. The experience and expertise they will bring to AssetCo will be invaluable. I am also heartened that fund managers of the calibre of Hugh and Neil have committed to the business, as they have important roles to play. We are looking forward to working with the four of them, and the rest of the SVM team, as we develop a business to meet the evolving long-term financial needs of investors.”*

**ENDS**

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