

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.

July 2014 | Share Class A

Figures as at 30 June 2014



Fund Managers



Hugh Cuthbert
Fund Manager

Industry Experience: 19

Years at SVM: 8

Appointed: 23/01/2006



Alasdair Birch
Deputy Fund Manager

Industry Experience: 5

Years at SVM: 2

Appointed: 01/01/2014

Monthly Fund Commentary

Despite some supportive words, and actions, from ECB president Mario Draghi, European equities still had a weak month in June with the FTSE World Europe ex UK falling by -2.3%. News-flow had been relatively buoyant in the run up to the central bank meeting, with China in particular showing some signs of stability with better than expected manufacturing numbers indicating a more resilient economy than had recently been feared. Having signaled the strong likelihood of policy measures in June at the previous month's meeting, Mr Draghi certainly didn't disappoint. Not only were European deposit rates cut to a negative 0.1% but promises were made for a €400 billion lending programme to banks to be targeted at European business thereby promoting growth. The initial reaction to this news was positive but any euphoria was quickly offset by the progress of insurgent groups in Iraq threatening any semblance of peace in this troubled region. The World Bank compounded matters by cutting their global GDP growth forecast for 2014 from +3.2% to +2.8% citing lower growth in markets such as Brazil, India, China and Russia. US GDP numbers for the first quarter of 2014 appeared to confirm such slowdown fears posting an annualized decline of -2.9% in the period. Weakening Euro area manufacturing numbers only added to the nervousness.

The fund underperformed the index falling by -3.5%. There was little in terms of company specific news-flow with only Germany's Wincor Nixdorf disappointing as it emerged

the company were finding it more difficult to reach their full year guidance. We have met with the company and they are confident the issues facing them, such as a slowdown in the Russian market and the strength of the Euro, are not impacting the underlying medium term prospects for the business. Indeed they stress that meeting their guidance is still possible and any miss would be small. As a result we view the near 40% decline in the share price since the peak in March as overdone.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
FTSE World Europe ex UK Index

IMA Sector: Europe ex UK

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

Fund Size: £16.4m

Fund Price:
Share Class A 342.80p
Share Class B 373.10p

Fund Charges:

	Initial	OCF*
Share Class A	5.25%	2.02%
Share Class B	0.00%	1.27%

* 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

Availability:

Direct/ISA	Cofunds
FundsNetwork	Transact
Skandia	Standard Life Wrap
Canada Life	Canada Life Int'l

Ratings:



Source & Copyright: CITYWIRE. Hugh Cuthbert is PLUS rated by Citywire for his 3 year risk adjusted performance for the period 30/06/2011 - 30/06/2014.



Source & Copyright: CITYWIRE. Citywire Gold Medal in the European Equities sector for the performance period Jan 2007 - Jan 2014. Citywire information is proprietary and confidential to Citywire Financial Publishers Ltd ("Citywire"), may not be copied and Citywire excludes any liability arising out its use.

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.

HAWK-EYED STOCKPICKERS

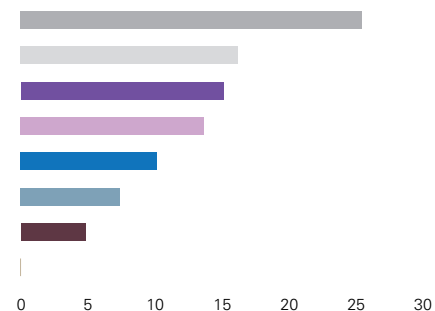
Portfolio Analysis

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 as 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	25.5
Cyclical	16.2
Unstable Financials	15.2
Technology	13.7
Stable Financials	10.2
Consumer Cyclical	7.4
Oil & Gas	4.9
Mining	0.0



Defensive: 25.5%	(%)
Zon Optimus	3.4
Novartis (Registered)	3.2
Huhtamaki	2.9
Roche Holdings AG	2.7
Nutreco	2.2

Cyclical: 16.2%	(%)
Montupet	3.2
Holcim	3.0
Pirelli	3.0
DX Group	2.1
Burelle SA	1.9

Unstable Financials: 15.2%	(%)
Danske Bank	4.5
Axa	4.3
Mediobanca Spa	3.7
BNP Paribas	2.6

Technology: 13.7%	(%)
Wincor Nixdorf	3.4
FDM Group	2.7
Elmos Semiconductor	2.6
Nokia A	2.0
United Internet	1.6

Stable Financials: 10.2%	(%)
Patrizia Immobilien	5.7
Aareal Bank	4.5

Consumer Cyclical: 7.4%	(%)
BMW	2.0
Sixt AG Prfd stk	1.7
Schibsted	1.4
Sky Deutschland	1.3
B&C Speakers	1.1

Oil & Gas: 4.9%	(%)
Total	3.4
2G Energy	1.4

Mining: 0.0%	(%)
---------------------	------------

This Month's Featured Stock

Nokia

Nokia is one of the newer investments in the fund this year. After finally concluding the divestment of the handset division to Microsoft, acquiring the remaining stake in the Nokia Siemens Networks business and changing the management, the company is almost unrecognizable versus its previous incarnation.

The most appealing feature was the potential inherent in each of the three remaining divisions, combined with the well negotiated transactions listed above leaving the group in a very healthy financial position. In "Networks", the group has been occupied in slimming down the business to focus on the most profitable areas, delivering impressive

execution so far. In "Here", a global leader in mapping and location intelligence, the focus will be on consolidating the strong position in car navigation systems, and then growing beyond that to increase its reach. Finally there is "Nokia Technologies", responsible for managing the licensing of all of Nokia's intellectual property. While previously intertwined with the interests of the handset business, this part of Nokia is now free to pursue standalone commercial arrangements with its customers. This stronger negotiating position, and the incentive to utilize patents beyond the smartphone arena, could be of great financial benefit.

Putting these three together, we felt there

was an appealing range of scenarios on offer, with, in our view, limited downside risk.

Stock Analysis

Top 10 Holdings	(%)
Patrizia Immobilien	5.7
Danske Bank	4.5
Aareal Bank	4.5
Axa	4.3
Mediobanca Spa	3.7
Total	3.4
Wincor Nixdorf	3.4
Zon Optimus	3.4
Novartis (Registered)	3.2
Montupet	3.2
Total	39.3

Currency Exposure	(%)
Euro	66.6
Sterling	4.8
Norwegian Krone	1.4
Swiss Franc	8.8
Danish Krone	6.4
Swedish Krona	5.0
Other	0.0

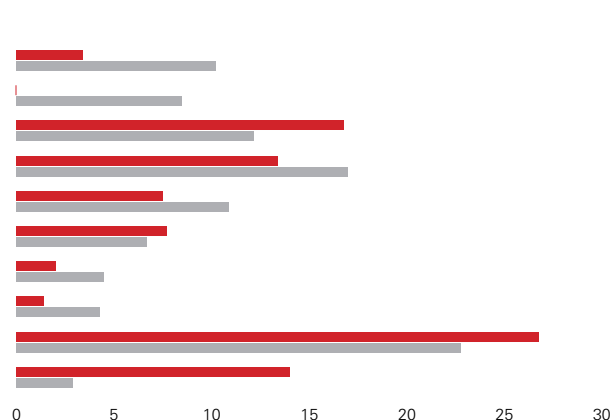
Total Number of Stocks	
United Kingdom	2
Other	35

Size Analysis	(%)
Mega Cap (>€50bn)	11.9
Large Cap (<€50bn)	18.9
Mid Cap (<€10bn)	30.9
Small Cap (<€1bn)	31.4

Sector Analysis

Fund vs FTSE World Europe ex UK (%)

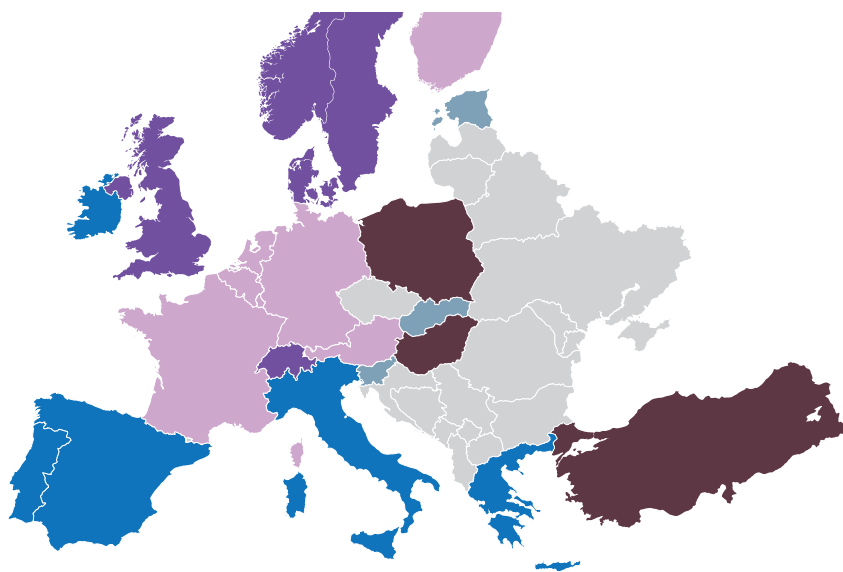
	Fund	Index
Oil & Gas	3.4	10.2
Basic Materials	0.0	8.5
Industrials	16.8	12.2
Consumer Goods	13.4	17.0
Health Care	7.5	10.9
Consumer Services	7.7	6.7
Telecommunications	2.0	4.5
Utilities	1.4	4.3
Financials	26.8	22.8
Technology	14.0	2.9



Geographic Analysis

Regional Breakdown

	(%)	No. of Stocks
Northern Europe	26.4	11
Euro Core	51.6	20
Euro Non Core	15.1	6
Developing Euro	0.0	0
Developing Non Euro	0.0	0



Index data source: FTSE International Limited ("FTSE") © FTSE 2014. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. The Industry Classification Benchmark ("ICB") is owned by FTSE. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability to any person for any loss or damage arising out of any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data, including the ICB (if applicable). No further distribution of FTSE Data is permitted without FTSE's express written consent.

Issued by SVM Asset Management Limited who is authorised and regulated by the Financial Conduct Authority:
25 The North Colonnade
Canary Wharf
London E14 5HS

© SVM Asset Management Limited.

Enquiries

0800 0199 110

www.svmonline.co.uk
Calls may be recorded

Dealing: 0845 066 1110

Investor Services:

Account enquiries and valuations

Phone: 0845 358 1108

Fax: 01733 285 681

Fund Information: 0131 226 7660

Adviser Helpline: 0800 0199 110
adviser@svmonline.co.uk

Adviser Fax: 0131 226 7799

Literature Request: 0800 0199 440

ISIN:

A Share Class GB0032064411

B Share Class GB0032094954

MEX:

A Share Class SXCER

B Share Class SXCEI

SEDOL:

A Share Class 3206441

B Share Class 3209495

Registered Office:

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

Fund Performance to 30/06/2014

Cumulative Performance, % change

	One month	2014 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund A	-3.5	0.9	19.4	20.1	86.6	126.3
FTSE World Europe ex UK Index	-2.3	3.1	16.4	19.0	78.6	80.1
IMA Europe ex UK Sector	-2.5	1.5	14.0	22.0	79.9	68.0

Source: Lipper, as at 30/06/2014, A 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 30 June

	2014	2013	2012	2011	2010
SVM Continental Europe Fund A	19.4	27.0	-20.8	33.2	16.6
FTSE World Europe ex UK Index	16.4	27.9	-20.0	29.6	15.9
Performance Difference	+3.0	-0.9	-0.8	+3.6	+0.7

Source: Lipper, as at 30/06/2014, A Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 30/06/2014, A Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Copyright 2014 © 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.

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.

All potential investors should consider the risk factors that are relevant to the Fund.

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. 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. Due to global and UK market fluctuations trading may become difficult and the Fund may not be able to realise some of the investments it has made nor may prices be readily available that are a reliable indication of value of the investments. 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. Further details are in the Prospectus.