

SVS Sanlam European Equity Fund

Interim Report

for the six months ended 15 November 2021

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SVS Sanlam European Equity Fund

Report of the Manager

Smith & Williamson Fund Administration Limited, as Manager, presents herewith the Interim Report for SVS Sanlam European Equity Fund for the six months ended 15 November 2021.

SVS Sanlam European Equity Fund ('the Trust' or 'the Fund') is an authorised unit trust scheme further to an authorisation order dated 24 April 1990 and is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

The Manager is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Fund consist predominantly of securities which are readily realisable and, accordingly, the Fund has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The EU-UK Trade and Cooperation Agreement concluded between the EU and the UK sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights.

The Trade and Cooperation Agreement was signed on 30 December 2020, was applied provisionally as of 1 January 2021 and entered into force on 1 May 2021. As at the date of this report, the economic impacts of Brexit and of the Trade and Cooperation Agreement remain uncertain.

The base currency of the Fund is UK sterling.

The Trust Deed can be inspected at the offices of the Manager.

Copies of the Prospectus and Key Investor Information Document ('KIID') are available on request free of charge from the Manager.

Investment objective and policy

The objective of the Fund is to achieve long term growth of capital primarily through investment in Europe.

The Manager may invest in transferable securities, including warrants, in European and other exchanges as well as collective investment schemes, money market instruments, deposits and cash and near cash.

The Manager's policy in order to achieve the Fund's objective will be to invest in established companies in those sectors where the Manager believes there to be good prospects for above average growth and also those companies which can best take advantage of economic opportunities.

The Manager's investment policy will be to invest primarily in European equities but also, from time to time, in companies that can take advantage of economic conditions worldwide.

The Manager is able to invest in companies of all sizes.

The Manager's investment policy may mean that at times it may be appropriate for the Fund not to be fully invested but to hold cash or near cash. In the light of extreme market conditions, the Manager may raise or reduce the liquidity of the Fund from normal working levels.

The Manager may hedge transactions against price or currency fluctuations by back-to-back foreign currency borrowings against sterling or by suitable transactions permitted for hedging. The extent will depend upon the circumstances. The Manager does not envisage that they will enter into hedging transactions to a major extent.

Report of the Manager (continued)

Changes affecting the Fund in the period

Further information in relation to the Fund is illustrated on page 14.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the Interim Report on behalf of the Manager, Smith & Williamson Fund Administration Limited.

Brian McLean

James Gordon

Directors

Smith & Williamson Fund Administration Limited

14 January 2022

Accounting policies of SVS Sanlam European Equity Fund (unaudited)

for the six months ended 15 November 2021

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014 and amended in June 2017.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 15 May 2021 and are described in those annual financial statements.

The Manager has considered the impact of the emergence and spread of Covid-19 and potential implications on future operations of the Fund of reasonably possible downside scenarios. The Manager has considered a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

Investment Manager's report

Investment performance*

Over the review period, the Fund produced a cumulative return of 17.08%, significantly outperforming the MSCI Europe ex UK Index, which produced a performance of 11.15% in UK sterling terms. For comparison, the IA Europe ex UK sector produced a performance of 11.48%.

	SVS Sanlam European Equity Fund (A class income unit)	MSCI Europe ex UK Index	IA Europe ex UK Sector
6 months to 15.11.2021	17.08%	11.15%	11.48%

*Source: Morningstar Direct, 2021. NAV to NAV performance, A class income unit.

Drilling down to the stock level, positive contributors to the Fund's performance over the review period included VAT Group, ASM International and Capgemini, whilst weaker performing holdings included Worldline (which we exited), Enel (all European utility companies have faced soaring wholesale prices, particularly for natural gas) and Amadeus IT Group (the company specialises in IT solutions for airlines and the travel industry, so is sensitive to perceived changes in the outlook for regional and global travel).

Investment activities

The review period was generally a positive one for European equity markets which were buoyed by the expectation that Covid-19 vaccine rollouts and the milder weather of the summer would enable Continental Europe and indeed most of the Northern Hemisphere to return to some sort of economic normality. Broadly, this played out, although vaccine hesitancy remains an ongoing challenge in a number of European nations.

On the monetary policy front, the European Central Bank's ('ECB') policy remained highly supportive for equity markets with deposit rates remaining at historic lows and whilst the ECB announced a slowing of asset purchases, the ECB President Christine Lagarde went to great lengths to emphasise that this was not a tapering of quantitative easing but simply a recalibration of the central bank's ongoing stimulus efforts. Economically, aside from the ongoing disruption caused by the pandemic and the associated negative impact on global supply chains, perhaps the most important development over the period was the return of inflation, with CPI hitting 5.2%¹ in Germany in November 2021, the highest level seen since the early 1990s. At the moment, most central banks are still trying to position inflation as a largely 'transitory' phenomenon and one that should fade once supply chain disruption begins to ease, although more recently the US Federal Reserve has started to pedal back on that narrative.

Within the Fund we maintained our discerning three-tiered approach which emphasises world-leading companies that just happen to be domiciled in Europe, regional European champions, and attractively valued global thematic beneficiaries. In terms of the Fund's sector allocation, we have favoured areas such as industrials and IT whilst being cautiously positioned in a sector like financials, especially with regard to banks, which remain a significant part of the European equity market. Whilst rising bond yields have provided some respite for banks (higher risk-free yields generally enable banks to benefit from a wider spread between the rates at which they lend to customers and the rates they have to pay to borrow in wholesale markets), the structural fact remains that Europe still has too many banks but there is little or no appetite to reform the sector given that policymakers' efforts remain focused firmly on the pandemic. Geographically, we have favoured markets such as France which continue to offer attractive stock picking opportunities for active investors. We've continued to be underweight in Switzerland as valuations within that market remain rich and we believe the 'stable compounder' stocks that feature prominently within the market could be vulnerable if bond yields continue to rise.

¹Source: Reuters, 29 November 2021. See <https://www.reuters.com/markets/stocks/german-inflation-hits-highest-decades-increasing-pressure-ecb-2021-11-29/>

Investment Manager's report (continued)

Investment activities (continued)

As is always the case within the Fund, we maintained a high conviction and relatively low turnover approach, although we did make some changes at the stock level. For example, we started a new position in ID Logistics Group, a leader in contract logistics. The company is benefiting from the rapid growth of e-commerce, which now accounts for circa 30%² of its activity. We exited our position in copper producer and recycler Aurubis; the company's Stolberg site was affected by the very severe weather in Germany in July 2021, hitting production, and the company had to declare force majeure. More recently, we exited our position in Worldline - the global payments industry has been affected by concerns of disruption (which has also weighed on global sector bellwethers such as PayPal) and we therefore decided to exit the position. Where we do own payment companies, we are focusing on embedded operators with very strong local market positions, such as Nexi.

Investment strategy and outlook

At the time of writing (December 2021), the world is grappling with a new variant of Covid-19 which was initially identified in South Africa. At the moment, little is known about the variant although it does appear to be highly infectious. The initial response from markets to the new variant was a mark-down in areas that are most sensitive to further border restrictions or controls and a rally in bond yields and perceived 'stay at home' beneficiaries. At the moment, it is simply too early to judge what the longer-term economic of the new variant may be but given the export-led nature of the European economy further disruption to global trade and supply lines is clearly not helpful.

At the consumer level, a number of governments are struggling to get their electorates to take Covid-19 vaccinations and indeed the Austrian government has now decided that vaccines will be mandatory, with unvaccinated citizens being required to self-isolate in the short term and ultimately facing the prospect of large fines once the legislation is enacted. The incoming German Chancellor Olaf Scholz has also reportedly given support to mandatory Covid-19 vaccinations. Whether these moves will prove successful in reducing vaccine hesitancy in Europe more broadly remains to be seen.

The past six months have been very encouraging for the Fund but we will be monitoring events very closely over the coming weeks, particularly if the new variant forces European government to tighten existing restrictions or impose new ones. In the meantime, we will continue to focus the Fund on our preferred blend of global leaders that just happen to be based in Europe (e.g. LVMH, Kering, Ferrari), regional champions (e.g. Capgemini, Heineken) and attractively valued thematic beneficiaries (e.g. Orpea).

²Source: Sanlam Investments UK Limited company filings.

Portfolio changes

for the six months ended 15 November 2021

The following represents the total purchases and sales in the period to reflect a clearer picture of the investment activities.

	Cost £
Purchases:	
Heineken	721,216
Orpea	615,787
ID Logistics Group	555,920
Worldline	327,587
Vinci	174,535
Siemens Healthineers	121,339
FinecoBank Banca Fineco	108,525
Fortum	92,995
Amadeus IT Group	87,604
ING Groep	84,582
Teleperformance	60,037
Enel	53,506
Ferrari	45,873
CTS Eventim	26,717
	<u>3,076,223</u>

	Proceeds £
Sales:	
Worldline	879,318
Aurubis	776,685
Nice	530,427
Capgemini	292,462
Kering	290,515
Siemens Healthineers	243,665
Legrand	221,959
AP Moller - Maersk B	129,815
Enel	125,138
CTS Eventim	115,312
Atlas Copco A	95,871
Fortum	72,286
Nexi	64,988
Air Liquide	49,615
Schneider Electric	38,949
Netcompany Group	33,147
	<u>3,960,152</u>

Portfolio statement

as at 15 November 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - Europe 96.65% (96.62%)			
Equities - Denmark 5.69% (5.82%)			
AP Moller - Maersk B	339	766,209	2.73
Netcompany Group	9,592	832,871	2.96
Total equities - Denmark		<u>1,599,080</u>	<u>5.69</u>
Equities - Finland 3.10% (3.08%)			
Fortum	40,347	<u>870,643</u>	<u>3.10</u>
Equities - France 32.72% (34.84%)			
Air Liquide	5,113	660,519	2.35
Capgemini	6,748	1,230,664	4.38
ID Logistics Group	2,026	568,448	2.02
Kering	1,229	712,019	2.53
Legrand	12,843	1,035,389	3.68
LVMH Moët Hennessy Louis Vuitton	1,394	854,308	3.04
Orpea	7,255	560,340	1.99
Schneider Electric	10,115	1,342,991	4.78
Teleperformance	4,771	1,448,560	5.15
Vinci	9,789	787,515	2.80
Total equities - France		<u>9,200,753</u>	<u>32.72</u>
Equities - Germany 15.09% (17.56%)			
CTS Eventim	13,045	732,911	2.61
Evotec	25,000	882,966	3.14
Infineon Technologies	22,440	812,678	2.89
Puma	10,550	1,000,149	3.56
Siemens Healthineers	16,024	812,815	2.89
Total equities - Germany		<u>4,241,519</u>	<u>15.09</u>
Equities - Italy 7.35% (8.30%)			
Enel	90,878	552,384	1.97
FinecoBank Banca Fineco	64,740	950,335	3.38
Nexi	42,714	562,184	2.00
Total equities - Italy		<u>2,064,903</u>	<u>7.35</u>
Equities - Netherlands 17.23% (11.10%)			
Adyen	382	842,826	3.00
ASM International	2,922	1,053,873	3.75
Ferrari	4,570	882,022	3.14
Heineken	8,608	719,877	2.56
ING Groep	118,733	<u>1,345,267</u>	<u>4.78</u>
		<u>4,843,865</u>	<u>17.23</u>

Portfolio statement (continued)

as at 15 November 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - Europe (continued)			
Equities - Spain 3.32% (3.29%)			
Amadeus IT Group	17,267	932,240	3.32
Equities - Sweden 3.83% (4.38%)			
Atlas Copco A	22,318	1,075,858	3.83
Equities - Switzerland 8.32% (5.95%)			
Sika	4,000	1,149,363	4.09
VAT Group	3,102	1,188,607	4.23
Total equities - Switzerland		2,337,970	8.32
Equities - Israel 0.00% (2.30%)		-	-
Portfolio of investments		27,166,831	96.65
Other net assets		940,396	3.35
Total net assets		28,107,227	100.00

All investments are listed on recognised stock exchanges or approved securities within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 15 May 2021.

Risk and reward profile

The risk and reward indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.

Typically lower rewards, lower risk			Typically higher rewards, higher risk			
1	2	3	4	5	6	7

The Fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to future performance.

The Fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Fund.

The organisation from which the Fund buys a derivative may fail to carry out its obligations, which could also cause losses to the Fund.

The Fund invests primarily in one geographic region and will have greater exposure to market, political, legal, economic and social risks of that region than if it diversifies risk across a number of geographic regions.

The Fund may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.

The Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the period.

Performance information

Number of units in issue	15.11.21	15.05.21	15.05.20	15.05.19
A class income	6,147	7,075	11,091	20,324
B class income	11,972,908	12,323,499	13,192,470	15,885,267
Net Asset Value ('NAV')	£	£	£	£
Total NAV of the Fund	28,107,227	24,891,538	20,018,775	24,511,995
NAV attributable to A class income unitholders	57,124	56,658	66,785	124,112
NAV attributable to B class income unitholders	28,050,103	24,834,880	19,951,990	24,387,883
NAV per unit (based on bid value) ^	p	p	p	p
A class income	929.3	800.8	602.2	610.7
B class income	234.3	201.5	151.2	153.5

^ The NAV per unit excludes the value of the income distributions payable.

Highest and lowest prices and distributions

		Distribution per unit	Highest bid price	Lowest offer price
Financial year to 15 May		p	p	p
2019	A class income	1.514	711.3	538.3
2019	B class income	1.774	179.0	136.1
2020	A class income	1.034	708.2	498.1
2020	B class income	1.707	179.2	126.1
2021	A class income	-	824.4	615.9
2021	B class income	0.916	208.4	154.7
Financial period to 15 November 2021	A class income	-	931.1	796.1
Financial period to 15 November 2021	B class income	-	234.7	200.3

Ongoing charges figure ('OCF')

	15.11.21 ^^	15.05.21
A class income	1.11%	1.38%
B class income	0.76%	0.75%

^^ Annualised based on the expenses incurred during the period 16 May 2021 to 15 November 2021.

The OCF consists principally of the Manager's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Financial statements - SVS Sanlam European Equity Fund (unaudited)

Statement of total return (unaudited)

for the six months ended 15 November 2021

	16 May 2021 to 15 November 2021		16 May 2020 to 15 November 2020	
	£	£	£	£
Income:				
Net capital gains		3,987,310		4,354,634
Revenue	136,316		142,345	
Expenses	<u>(100,033)</u>		<u>(95,167)</u>	
Net revenue before taxation	36,283		47,178	
Taxation	<u>(17,757)</u>		<u>(9,203)</u>	
Net revenue after taxation		<u>18,526</u>		<u>37,975</u>
Total return before distributions		4,005,836		4,392,609
Distributions		(580)		8,647
Change in net assets attributable to unitholders from investment activities		<u>4,005,256</u>		<u>4,401,256</u>

Statement of change in net assets attributable to unitholders (unaudited)

for the six months ended 15 November 2021

	16 May 2021 to 15 November 2021		16 May 2020 to 15 November 2020	
	£	£	£	£
Opening net assets attributable to unitholders		24,891,538 *		20,018,775
Amounts receivable on issue of units	209,248		3,621,326	
Amounts payable on cancellation of units	<u>(998,815)</u>		<u>(379,942)</u>	
		(789,567)		3,241,384
Change in net assets attributable to unitholders from investment activities		4,005,256		4,401,256
Unclaimed distributions		-		60
Closing net assets attributable to unitholders		<u>28,107,227</u>		<u>27,661,475 *</u>

* The opening net assets in the current period do not equal the closing net assets in the comparative period as they are not consecutive periods.

Balance sheet (unaudited)

as at 15 November 2021

	15 November 2021	15 May 2021
	£	£
Assets:		
Fixed assets:		
Investments	27,166,831	24,050,766
Current assets:		
Debtors	88,123	83,035
Cash and bank balances	943,313	905,971
Total assets	<u>28,198,267</u>	<u>25,039,772</u>
Liabilities:		
Creditors:		
Distribution payable	-	(112,883)
Other creditors	(91,040)	(35,351)
Total liabilities	<u>(91,040)</u>	<u>(148,234)</u>
Net assets attributable to unitholders	<u>28,107,227</u>	<u>24,891,538</u>

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed annually on 10 July (final). In the event of a distribution, unitholders will receive a tax voucher.

XD dates:	16 May	final
Reporting dates:	15 May	annual
	15 November	interim

Buying and selling units

The property of the Fund is valued at 12 noon on each business day with the exception of any bank holiday in England or Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee. The price of units are calculated at that time. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

The minimum initial investment in A class income units is £1,000. The minimum subsequent investment is £500. The Manager reserves the right to terminate holdings where the value is less than £1,000.

The minimum initial investment in B class income units is £250,000. The minimum subsequent investment is £500. The Manager reserves the right to terminate holdings where the value is less than £250,000.

The minimum initial and subsequent investment may be waived at the absolute discretion of the Manager.

The Manager may impose a charge on the sale of units to investors which is based on the amount invested by the prospective investor. The preliminary charge is 5% of the value of each A class income unit. There is no preliminary charge in respect of B class income units.

Prices of units and the estimated yield of the unit classes are published on the following website: <http://www.trustnet.com> or may be obtained by calling 0141 222 1151.

Benchmark

Unitholders may compare the performance of the Trust against the MSCI Europe ex UK Index and the IA Europe excluding UK Sector.

Comparison of the Trust's performance against the IA Europe excluding UK Sector will give unitholders an indication of how the Trust is performing against other similar funds in this peer group sector. The Manager has selected the MSCI Europe ex UK Index as a comparator benchmark as the Manager believes it best reflects the asset allocation of the Trust.

The benchmarks are not targets for the Trust, nor is the Trust constrained by the benchmarks.

Appointments

Manager and Registered office

Smith & Williamson Fund Administration Limited
25 Moorgate
London EC2R 6AY
Telephone: 020 7131 4000
Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar

Smith & Williamson Fund Administration Limited
206 St. Vincent Street
Glasgow G2 5SG
Telephone: 0141 222 1151 (Registration)
0141 222 1150 (Dealing)
Authorised and regulated by the Financial Conduct Authority

Directors of the Manager

Brian McLean
James Gordon
Andrew Baddeley

Independent Non-Executive Directors of the Manager

Dean Buckley
Linda Robinson
Victoria Muir

Non-Executive Directors of the Manager

Paul Wyse
Kevin Stopps - resigned 1 October 2021

Investment Manager

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Authorised and regulated by the Financial Conduct Authority

Trustee

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