

# SVM World Equity Fund

The objective of the Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI ACWI IMI. The Fund will identify investment opportunities in companies globally whose future growth is not reflected in current market expectations. The Fund will invest at least 80% in global equities and other equity related instruments. The Fund may invest in other permitted securities.



November 2022 | Share Class B

Factsheet as at 31 October 2022



## Monthly Fund Commentary

The lettuce lasted longer than the Prime Minister of the UK. Changes at the top of UK government heralded the reintroduction of a more conventional economic policy and stabilisation in financial markets. The improvement in sentiment was aided by signs that inflationary pressures are continuing to ease. Both equities and gilts rose, albeit small-cap stocks continued to lag. The fund rose 0.8% versus the MSCI World Index that gained 2.9%.

Central bank policy continues to shape markets. Both the Bank of England and the Federal Reserve are expected to increase rates by 75bps and signal more rises to come. The second derivative of rate increases, however, is beginning to slow. Increasing evidence of an economic slowdown alongside less hawkish commentary from the Reserve Bank of Australia and the Bank of Canada encouraged investors to focus on the potential for a 'Fed pivot' and pushed markets higher. From the Fed's perspective, though, the resultant easing in financial conditions is likely to make their job more difficult and thus reduces the prospect of a 'pivot'. Markets are therefore likely to remain volatile until there is clearer evidence that inflationary pressures are under control and the economy is slowing.

Ultimately price and/or time corrects all bear markets, be they cyclical or structural. The former type is generally accompanied by declines of 20-30% and lasts 12-18 months. More structural adjustments involve larger declines with more variable time frames. What differentiates the two, typically, are weaknesses in the financial system that can amplify a cyclical downturn into something more serious. This time the financial sector is well capitalised with both consumer and

corporate balance sheets reasonably robust. Interestingly, even in the financial crisis the market decline lasted just over twelve months. Markets peaked in October 2007 and had just about bottomed in October 2008 with a final low in March 2009. Of course, each cycle is different and what worked last time round may work less well today. Wildcards include the war in Ukraine and the impact the stronger dollar may have in accentuating any underlying weaknesses in the global financial system. The next twelve months will see further downgrades to forecasts and investors will need to see the 'whites of the eyes' of the coming recession. It is important to remember, however, that stock markets lead economies and not the other way around. And with the prospect of an economic recovery in 2024 and UK equities cheap, both historically and relatively, the upside could be material.

October's earnings were dominated by the large tech stocks with Microsoft, Alphabet, Amazon, Apple and Meta all reporting. Despite subdued expectations going into the announcements, only Apple's outlook didn't disappoint. Alphabet delivered revenue broadly in line with expectations but cautioned that the ad-spend outlook had deteriorated. While this shouldn't have come as a surprise to investors the margin guidance was disappointing and reinforced the notion that the business is unpredictable. The short-term gyrations are frustrating but as long-term Alphabet holders we continue to believe the business is capable of compounding at an attractive rate. Elsewhere there was little stock specific news to report.

Fund and index performance source: FE fundinfo

## Fund Facts

**Launch Date:** 1 December 2010

**Benchmark Index:**  
MSCI ACWI IMI Index

**IA Sector:** Global

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

**Fund Size:** £15.5m

**Fund Manager:**

**Neil Veitch** (Fund Manager)  
Appointed: 01/12/2010  
Years at SVM: 17      Industry Experience: 26

**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:



The Synthetic Risk & Reward Indicator ('SRRI') may be a guide to the level of risk of the Fund compared with other funds. The SRRI is calculated based on the historical volatility of the fund over the last 5 years and it may not be a reliable indication of the future risk and reward profile of the fund.

- This Fund has been classed as 6 because it has experienced high volatility historically.
- The SRRI category shown is not guaranteed and may change over time.
- The lowest category (1) does not mean risk free and extreme adverse market circumstances can mean you suffer losses in all cases.

As at 30/06/2022

**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

### 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.

Cyclical	28.3	
Technology	22.6	
Consumer Cyclical	16.3	
Oil & Gas	12.5	
Defensive	11.9	
Unstable Financial	7.8	
Stable Financial	0.0	
Mining	0.0	
Cash	0.6	

#### Cyclical 28.3%

Alpha FMC	5.7
Hitachi	5.7
CSX	4.6

#### Technology 22.6%

Alphabet	8.3
MagnaChip Semiconductor	4.1
SK Hynix	4.1

#### Consumer Cyclical 16.3%

Entain	5.0
Ryanair	3.1
Norcros	3.0

#### Oil & Gas 12.5%

Jadestone Energy	4.0
Energear	3.9
Savannah Energy	2.3

#### Defensive 11.9%

Uniphar	5.6
Roche Holdings	4.1
Smith & Nephew	2.1

#### Unstable Financial 7.8%

U.S. Bancorp	4.8
Prudential	3.0

#### Stable Financial 0.0%

#### Mining 0.0%

## This Month's Featured Stock

### Smurfit Kappa

Smurfit Kappa is a global leader in paper and packaging. The company is Europe's number one producer of corrugated packaging and containerboard and also operates across the Americas.

While the manufacture of cardboard boxes may not set pulses racing, the industry has qualities that make it attractive for investors. Demand for boxes is both relatively resilient and has long-term structural growth drivers. Approximately two-thirds of Smurfit's box volumes are produced for customers in the food or fast-moving consumer goods industries. Throughout the Covid pandemic, volume demand in these sectors remained robust. Increased adoption of

e-commerce solutions, which accelerated over the past couple of years, should provide a long-term tailwind to growth. In addition, increasing demands for sustainable packaging solutions should benefit Smurfit, where 75% of the raw material used is recycled fibre.

Smurfit is not immune from the challenges facing the global economy. In 2020, the group's energy expenditure was €420m while in the current financial year it will be close to treble that level. Box volumes will also come under some short-term pressure as consumer demand cools. The company's recent trading update, though, shows that it is successfully managing these near-term headwinds. Management have been active in

managing both pricing and costs and this allowed Smurfit to upgrade profit expectations for 2022.

The macro environment means there is obviously higher than normal uncertainty around short-term forecasts. We believe, however, that Smurfit is well positioned to emerge from the downturn in a stronger position than it entered it. Currently trading on an estimated 2023 PE of c.9x, we believe that Smurfit's share price does not reflect either its resilience or its growth potential.

## Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, country or sector. As a consequence The SVM World Equity Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

### Top 10 Holdings

	(%)	
Alphabet	8.3	
Alpha FMC	5.7	
Hitachi	5.7	
Uniphar	5.6	
Entain	5.0	
U.S. Bancorp	4.8	
CSX	4.6	
MagnaChip Semiconductor	4.1	
Roche Holdings	4.1	
SK Hynix	4.1	
<b>Rest of Portfolio</b>	<b>47.9</b>	

### Geographic Stock Analysis (%)

United Kingdom	45.5	
North America	23.9	
Europe (excluding UK)	17.3	
Japan	7.7	
Asia Pacific (excluding Japan)	5.0	
Latin America	0.0	
Other	0.0	

### Sector Breakdown

	(%)	
Industrials	26.0	
Health Care	14.1	
Energy	12.5	
Information Technology	12.1	
Consumer Discretionary	9.6	
Communication Services	8.3	
Financials	7.8	
Materials	7.0	
Consumer Staples	2.0	
Utilities	0.0	
Real Estate	0.0	



### Size Analysis

	(%)
Mega Cap (>£50bn)	23.9
Large Cap (<£50bn)	15.8
Mid Cap (<£10bn)	31.2
Small Cap (<£1bn)	28.4



### Net Currency Exposure

	(%)
Euro	11.9
Sterling	46.0
Europe non-Euro	5.4
US Dollar	25.0
Japanese Yen	7.7
Others	5.0

## Fund Performance

to 31/10/2022

### Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM World Equity Fund B	0.8	-25.1	-22.8	20.1	24.1	177.1
MSCI ACWI IMI Index	2.9	-7.2	-5.0	29.3	47.2	217.4

Source: FE fundinfo, as at 31/10/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

\*The Fund was launched on 01 December 2010

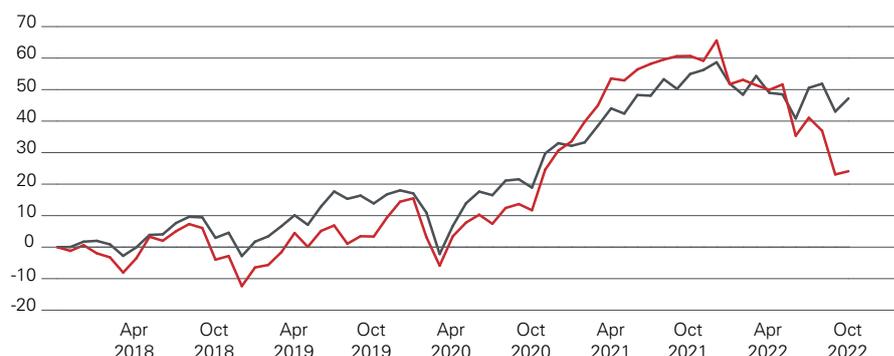
### Percentage growth year on year to 30 September

	2022	2021	2020	2019	2018
SVM World Equity Fund B	-23.4	41.3	9.9	-2.5	10.9
MSCI ACWI IMI Index	-4.8	23.6	4.4	6.3	12.8
Performance Difference	-18.6	+17.7	+5.5	-8.8	-1.9

Source: FE fundinfo, as at 30/09/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

### Five Year Performance (%)

■ SVM World Equity Fund B ■ MSCI ACWI IMI Index



Source: FE fundinfo, as at 31/10/2022, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but it neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

### 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 long term (5 years or more) 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. 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. The Fund is exposed to currency risk. The Fund may use currency management techniques, including hedging and entering into derivatives 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.

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### MEX:

Share Class A SXUAT  
Share Class B SXUAB

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Sedol GBP B0KXSK4

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