

SVM Continental Europe 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 Europe ex UK Index. The Fund will identify investment opportunities in undervalued companies in European equity markets which will not necessarily be prominent in mainstream indices. The Fund will invest at least 80% in equities and equity related instruments dealt in or traded on European Eligible Securities Markets. The Fund may invest in other permitted securities.



November 2022 | Share Class B

Factsheet as at 31 October 2022



Monthly Fund Commentary

A host of US macro-economic data, including manufacturing, new orders and employment, published at the start of October 2022 was sufficiently poor to give equity markets a strong boost. The reason for this "bad news is good news" reaction was of course the perceived impact this would have on central bank decision making, with the hope that the now famous pivot was getting ever closer. In the corporate world this data was more sinister as it flagged what was likely to be a difficult Q3 reporting season. Indeed, early reporters such as Nokia, Adidas and Volvo all highlighted difficult operating conditions impacted by the inflationary environment, continued supply chain issues and flagging consumer demand. There have, however, been others such as advertising giant Publicis and electronics supplier Rexel who still appear to be flourishing despite the deteriorating economic conditions. Subsequent economic data such as strong US payroll numbers and stronger than expected inflation in both the US and Europe spoke of a more elongated tightening phase and the ECB, as expected, raised by 75bps toward month end with clearly more to come both this year and next. While European inflation surprised to the upside at +10.7% year on year for October, GDP growth still rose in Q3 but only by a paltry 0.2% quarter on quarter, a sharp slowdown from the growth seen in Q3.

There was little respite from the war in Ukraine, but the EU did come to a tentative agreement on joint gas purchases. This, combined with storage facilities close to full capacity, gives hope for a less torturous winter for energy supply for the region than had been expected at the start of the conflict.

In the UK the bond market turmoil continued post the now infamous mini-budget of the previous month. The appointment of Jeremy Hunt as Chancellor of the Exchequer helped curb gilt yields while the final departure of Liz Truss and appointment of Rishi Sunak seems to be viewed as a market friendly outcome and has hopefully averted the threat of contagion from this unnecessary debacle.

The MSCI Europe ex UK index rose by 4.3% over the course of the month while the fund returned 5.5%. Two stocks rose in excess of 20%, cable supplier Hexatronic of Sweden and glass container manufacturer Verallia of France. In both cases it was better than expected earnings announcements that spurred the share price moves. Both offer products to their customers that are critical for their continued operation and hence have strong pricing power despite the difficult macro-economic conditions. The worst performing share was German real estate management company Patrizia which fell over 30% during the period. We had expected bad news from the company and reduced our position earlier in the year but kept a residual holding as the company has a very strong balance sheet and should recover strongly should the market development be less poor than the market anticipates. Unfortunately, this has not been the case and the shares have been hit hard as real estate transactions have declined over the course of the year.

There were no outright buys or sells over the course of the month.

Fund and index performance source: FE fundinfo

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI Europe ex UK Index

IA Sector: Europe ex UK

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

Fund Size: £54.7m

Fund Manager:

Hugh Cuthbert (Fund Manager)
Appointed: 23/01/2006
Years at SVM: 15 Industry Experience: 26

Fund Charges (OCF*):

Share Class A 1.85%
Share Class B 1.10%

*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.

Defensive	19.4	<div></div>
Unstable Financial	16.7	<div></div>
Consumer Cyclical	14.3	<div></div>
Technology	13.9	<div></div>
Cyclical	12.7	<div></div>
Stable Financial	7.0	<div></div>
Mining	0.0	
Oil & Gas	0.0	
Cash	16.1	<div></div>

Defensive 19.4%

Thales Group	4.8
Veolia	4.6
Roche Holdings	4.0
Orange	2.9
Energiekontor	2.7

Unstable Financial 16.7%

AXA	5.0
Allianz	4.4
Mediobanca	3.7
Banca Mediolanum	3.6

Consumer Cyclical 14.3%

Verallia	3.7
Ipsos	2.9
Jost Werke	2.9
Allgeier	2.6
Ariston	1.6

Technology 13.9%

United Internet	4.2
Barco	3.2
Reply	2.1
SESA	1.6
Crayon	1.4

Cyclical 12.7%

Smurfit Kappa Group	3.9
Capgemini	3.1
Wienerberger	2.2
Rexel	1.9
H+H International	1.1

Stable Financial 7.0%

Ringkjoebing	4.9
LEG Immobilien	0.8
Partners Group Holding	0.7
PATRIZIA	0.7

Mining 0.0%

Oil & Gas 0.0%

This Month's Featured Stock

Roche SE

Based in Basel Switzerland Roche is one of the world's largest pharmaceutical companies. Specialising in some of the most pressing clinical specialities for drug development, such as oncology, neuroscience, immunology and ophthalmology, the pharmaceutical division represents roughly 70% of sales. The remaining 30% is represented by the diagnostics segment that manufactures and sells in vitro tests for the diagnosis of diseases such as cancer, diabetes and Covid-19 among many others.

Despite the long-term nature of the investment case there is interesting news flow to come in the short term that is likely to prove significant for the company. In November we should receive the

results of a clinical study for the Alzheimer's drug Gantenerumab which has recently gained support from the success of a treatment for a competitor product. While a poor result will of course be bad news for Roche, success will have positive ramifications for many years to come so the risk reward into this event appears favourable.












Of course, such innovation is costly, and this is reflected in the high price Roche often charges for its medicines. To ensure the products are not available only to rich developed nations Roche has a pricing policy which commits the company to the concept of International Differential Pricing. This helps provide affordable pharmaceuticals for all regardless of GDP per capita. We have recently

approached Roche regarding this policy with the aim of assessing the level of compliance. While it is difficult for a third party to gain a true insight, as stakeholders we can at the very least express our concern over the compliance matter.











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 Continental Europe Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.










Top 10 Holdings (%)

AXA	5.0	
Ringkjoebing	4.9	
Thales Group	4.8	
Veolia	4.6	
Allianz	4.4	
United Internet	4.2	
Roche Holdings	4.0	
Smurfit Kappa Group	3.9	
Verallia	3.7	
Mediobanca	3.7	
Rest of Portfolio	56.9	

Country Breakdown





	No. of Stocks	(%)	
France	8	28.9	
Germany	8	18.5	
Italy	6	13.1	
Denmark	2	6.0	
Switzerland	2	4.6	
Ireland	1	3.9	
Belgium	1	3.2	
Austria	1	2.2	
Norway	2	1.8	
Sweden	3	1.7	

Sector Breakdown (%)

Financials	22.3	
Information Technology	14.0	
Industrials	13.8	
Materials	10.9	
Communication Services	10.0	
Utilities	4.6	
Health Care	4.4	
Consumer Discretionary	2.6	
Real Estate	1.4	
Energy	0.0	
Consumer Staples	0.0	








Size Analysis (%)

 Mega Cap (>€50bn)	13.4
 Large Cap (<€50bn)	16.1
 Mid Cap (<€10bn)	44.5
 Small Cap (<€1bn)	10.0



Currency Exposure (%)

 Euro	69.7
 Norwegian Krone	1.8
 Swiss Franc	4.6
 Danish Krone	6.0
 Swedish Krona	1.7

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Share Class A GB0032064411
Share Class B GB0032094954

MEX:

Share Class A SXCER
Share Class B SXCEI

SEDOL:

Sedol GBP 3206441
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Fund Performance

to 31/10/2022

Cumulative Performance, % change

	One month	2022 yr to date	One year	Three years	Five years	Since launch*
SVM Continental Europe Fund B	5.5	-14.8	-13.0	53.8	52.3	495.0
MSCI Europe ex UK Index	4.3	-12.9	-11.0	13.6	20.3	210.3
IA Europe ex UK Sector**	4.8	-15.3	-13.9	12.3	13.3	164.3

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 20 March 2000

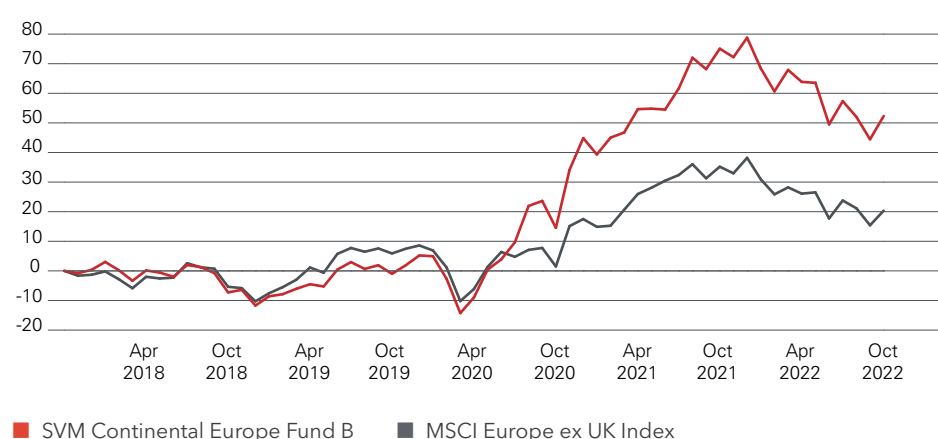
**IA is provided as a comparator

Percentage growth year on year to 30 September

	2022	2021	2020	2019	2018
SVM Continental Europe Fund B	-14.1	36.0	21.3	2.7	0.6
MSCI Europe ex UK Index	-12.1	21.8	0.2	6.8	2.2
Performance Difference	-2.0	+14.2	+21.1	-4.1	-1.6

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 (%)



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. 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.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.