

SVM UK Growth Fund

The objective of this Fund is to achieve capital growth over the long term (5 years or more) and it aims to outperform the MSCI United Kingdom IMI. The Fund will identify investment opportunities in UK companies that can grow faster than the wider markets and are capable of sustained growth. The Fund will invest at least 80% in equities and equity related instruments in UK companies. The Fund may invest in other permitted securities.



November 2022 | Share Class B

Factsheet as at 31 October 2022



Monthly Fund Commentary

Policy errors continue in the handling of the UK economy. It is difficult to feel sympathy for politicians, but failure in official forecasting has not helped. Poor records in the Bank of England and Office for Budget Responsibility have made it hard to run consistent policy. The Bank of England has gone from overconfidence in its ability to control inflation to doubling-down on austerity just as oil prices and tax are already doing the job of cooling the economy. The possibility of a two year recession is barely credible, but what is needed now is good data and some elements of a growth policy.

Every downturn brings out the permabears - commentators who seem perpetually stuck in negative market predictions. Every so often they are briefly right, but most of the time they give little informed or helpful comment. Few of the high profile pundits seem to have qualifications in economics or are actually managing client money. Forecasting and policy errors, combined with a high level of doom-laden headlines, create a climate of fear in stock markets.

Despite the continued unwinding of globalisation, with onshoring of strategic supply, supply chains have eased recently. Many of the better companies with excellent long term growth records have been able to update investors on current trading and how they are adapting. And labour markets will quickly free-up, too, easing some of the wage-driven inflationary pressure.

Economies will likely turn before the low point in earnings, and stock market investors may typically sense green shoots even earlier. When sentiment turns, the tightening of stock market liquidity that has crashed many small and mid cap shares can work in reverse to squeeze prices sharply up. Few ever get market timing right, but macro bets may matter less than fundamental company analysis.

Contagion is certainly possible, but is not a sound basis for investment strategies. Correlation across assets is harder to predict in a market sell-off, as it is typically driven

by overlapping ownership and illiquidity in some assets. Liquid listed equities might, for example need to take-up some of the strain on portfolios arising from private equity, property, infrastructure and LDI. But, stockmarkets have coped for much of this year with these pressures and at some point everyone has enough cash.

The biggest policy error for the UK might be unnecessary austerity; it is far from clear why the Bank of England should further tighten a rapidly cooling UK economy. Cuts in public expenditure will be hard to find. Political expediency makes it more likely the UK will pivot to more of a growth policy, whoever is in power. UK equities have been through economic cycles before and will enter 2023 after a significant de-rating.

Performance

SVM UK Growth Fund returned 7.2% compared with the return of 3.0% for the MSCI UK IMI TR Index and 3.1% for the average fund in the IA UK All Companies sector. For the 5 years to 31 October, the Fund returned -16.4%, compared to a return of 11.2% for the MSCI UK IMI TR Index and 4.2% for the average fund in the IA UK All Companies sector.

Trading and results

Positive contributions to performance over the month included Entain, Flutter, Rentokil, K3 Capital and Jet2. Negatives included Kape Technologies, Smart Metering, Kainos and Inspec. During the month, part sales were made of Keystone Law, Londonmetric Property, Dechra Pharmaceuticals and Essensys. Full sales were made of Volex, Kooth, Industrials REIT, Knights Group, Molten Ventures and Inspec Group.

The Fund remains fully invested, focused on well funded resilient businesses with pricing power which should be able to pay up for their inputs and raise wages.

Fund and index performance source: FE fundinfo

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
MSCI United Kingdom IMI Index

IA Sector: UK All Companies

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

Fund Size: £117.8m

Fund Managers:

Margaret Lawson (Co Fund Manager)
Appointed: 31/10/2005
Years at SVM: 30 Industry Experience: 40

Colin McLean (Co Fund Manager)
Appointed: 29/02/2008
Years at SVM: 30 Industry Experience: 46

Fund Charges (OCF*):

Share Class A	1.71%
Share Class B	0.96%

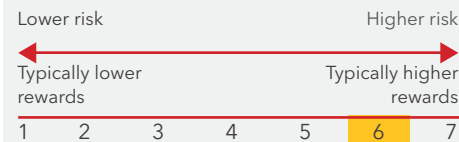
*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

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

Strategies

The SVM UK Growth fund aims to identify best in class companies that can grow faster than the wider market over the long term (5 years or more). Portfolio businesses are drawn from those that are dominant in their sector, usurpers that will come to own their space and hero franchises utilising fast growing channels.

We aim to identify those opportunities earlier than our peers, not at the pioneering stage but when the model is accelerating.

This leads to a flexible diversified portfolio blending a core of sustainable growth stocks, tactical mid-term cyclical holdings and innovative business models focussing on future trends.

Industrials 30.4%

Experian	3.6
Diploma	3.2
Keystone Law	3.0
Rentokil Initial	2.9
K3 Capital	2.2

Consumer Discretionary 17.3%

Entain	3.9
Flutter Entertainment	3.3
JD Sports Fashion	2.9
AB Dynamics	2.2
Games Workshop	1.9

Information Technology 11.8%

Kainos	3.8
Oxford Instruments	2.0
Boku	1.5
Renishaw	1.2
Microlise Group	1.0

Financials 8.7%

Beazley	2.6
JTC	2.6
London Stock Exchange	1.9
Alpha	1.5

Materials 7.4%

Croda	4.7
CRH	1.5
Smurfit Kappa Group	1.3

Health Care 5.8%

Dechra Pharmaceuticals	3.2
Indivior	1.1
Genus	0.8
Instem	0.6

Communication Services 5.6%

Gamma Communications	3.0
Team17	1.5
Dianomi	0.5
4imprint Group	0.5

Real Estate 5.5%

Unite Group	2.9
Segro	1.6
Londonmetric Property	1.1

Consumer Staples 2.9%

Hilton Food Group	1.3
Cranswick	1.1
Marks & Spencer	0.5
Revolution Beauty	0.0












Utilities 0.0%

Energy 0.0%




Portfolio Structure

As an unconstrained fund we invest in our highest conviction ideas irrespective of market capitalisation, though there will be an emphasis on large cap holdings, or sector. As a consequence The SVM UK Growth Fund portfolio will vary considerably from the benchmark index and from other funds that are in the same IA sector.

Top 10 Long Holdings (Gross %)










Croda	4.7	
Entain	3.9	
Kainos	3.8	
Experian	3.6	
Flutter Entertainment	3.3	
Dechra Pharmaceuticals	3.2	
Diploma	3.2	
Gamma Communications	3.0	
Keystone Law	3.0	
JD Sports Fashion	2.9	
Rest of Portfolio	65.3	

Size Analysis (Gross %)

 Large Cap	32.2
 Med/Mid 250	41.4
 Small/Small Cap	21.8



Sector Breakdown (%)

Industrials	30.4	
Consumer Discretionary	17.3	
Information Technology	11.8	
Financials	8.7	
Materials	7.4	
Health Care	5.8	
Communication Services	5.6	
Real Estate	5.5	
Consumer Staples	2.9	
Energy	0.0	
Utilities	0.0	

This Month's Featured Stock

JD Sports

JD Sports ('JD') is one of the world's leading omnichannel retailers of sports, fashion and outdoor fashion brands. The group operates under a range of fascia's including JD, Finish Line, and DTLR.

In recent years JD has been at the forefront of the 'athleisure' trend, which has helped the group develop a market-leading position in the UK and build a sizeable presence in the US. At a time when many sportswear brands have been looking to expand their own direct-to-consumer channels, JD have maintained good relationships with the likes of Nike and Adidas. By ensuring that its stores are well-invested, attractive to young customers and present brands in an appealing environment, it has not faced similar product allocation issues that have impacted peers. Recent results have demonstrated the group's resilience, with like-for-like sales +5% in the first half of the current fiscal year.

Corporate governance issues have plagued the group in recent years, culminating in the former Executive Chairman Peter Cowgill stepping down earlier this year. While the departure of the individual who transformed JD since his appointment in 2004 is undeniably a blow, we are encouraged by the significant retail experience of the new Chairman and CEO.

Currently trading on an estimated FY23 PE of only 8x, we believe that the market underestimates both JD's resilience and growth potential. While it will clearly not be entirely immune to macro headwinds, JD's young customer base are likely to give up many things before they stop spending on the latest trainer bands.

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Calls may be recorded

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Share Class A GB0032064635
Share Class B GB0032084708

MEX:

Share Class A SXSR
Share Class B SXSI

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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 UK Growth Fund B	7.2	-38.1	-38.1	-17.3	-16.4	204.8
MSCI United Kingdom IMI Index	3.0	-3.8	-1.4	6.2	11.2	172.1
IA UK All Companies Sector**	3.1	-14.5	-12.9	1.2	4.2	138.1

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

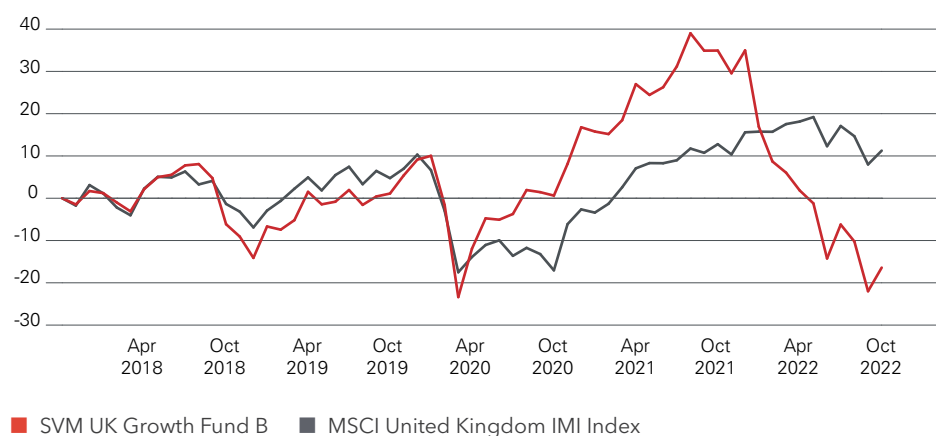
**IA is provided as a comparator

Percentage growth year on year to 30 September

	2022	2021	2020	2019	2018
SVM UK Growth Fund B	-42.2	33.0	1.0	-4.2	9.7
MSCI United Kingdom IMI Index	-2.5	27.6	-18.5	2.3	6.0
Performance Difference	-39.7	+5.4	+19.5	-6.5	+3.7

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 uses Contracts for Difference (CFDs) for efficient portfolio management (EPM) purposes. This may create gearing and could lead to greater fluctuations in the Net Asset Value of the Fund. 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. 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.