



# SVS RM Defensive Capital Fund

Monthly Factsheet – 31<sup>st</sup> October 2024

## Company Overview

<b>Fund Name:</b>	SVS RM Defensive Capital Fund	
<b>Strategy Launch Date:</b>	31 <sup>st</sup> October 2024	
<b>Regulatory Status:</b>	FCA Authorised	
<b>Fund Size:</b>	£131m	
<b>Classification:</b>	Non-Complex	
<b>Sector:</b>	IA Targeted Absolute Return Sector	
<b>Share Classes:</b>	Income & Accumulation	
<b>Currencies:</b>	GBP	
<b>Share Class:</b>	<b>ISIN</b>	<b>NAV</b>
GBP Accumulation (A)	GB00BS6WQT61	275.40
GBP Accumulation (C)	GB00BS6WQX08	272.70
GBP Income (A)	GB00BS6WQL85	241.10
GBP Income (C)	GB00BS6WQW90	236.20
<b>Next Dividend Ex Date:</b>	31 <sup>st</sup> January 2025	
<b>Dividend Pay Dates:</b>	March, June, September, December.	
<b>Annual Management Charges:</b>	Class A: 0.73% / OCF: 0.87%	
	Class C: 0.53% / OCF: 0.67%	
<b>Target Fund Objectives<sup>1</sup>:</b>	Capital preservation Capital growth over the long term (>5 years) Positive absolute returns in any market conditions over rolling three-year periods.	
<b>Dealing Frequency:</b>	Daily Liquidity	
<b>Valuation Frequency:</b>	Daily	
<b>Transactions Costs:</b>	0.01%	

*Fund data is based upon the SVS RM Defensive Capital Fund C Accumulation Class (GBP).*

## Advisory & Administration

### ACD

Evelyn Partners Fund Solutions Limited "EPFL"

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## Investment Objective

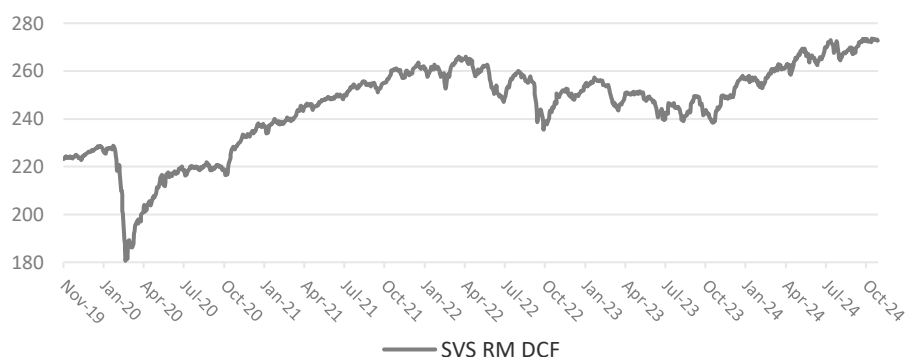
SVS RM Defensive Capital Fund (the "Fund" or "RMDCF") seeks to preserve capital whilst looking for capital growth opportunities over the long term (at least five years) and positive absolute returns in any market conditions over rolling three-year periods.

RM Funds seeks to achieve the investment objective by investing in transferable securities including investment trusts, structured notes, government securities, corporate and convertible bonds, preference shares and other collective investment schemes and exchange traded funds.

## Monthly NAV Performance & Dividend

The fund's percentage total return for the month of October was -0.07% against a generally negative month for most asset classes. Return over the last 3 years has been +6.23% net of fees. SVS RM Defensive Capital Fund was launched on 31 October 2024. Consequently, there is no past performance data available. The SVS RM Defensive Capital Fund was launched solely for the purposes of receiving the assets of the SVS Brooks Macdonald Defensive Capital Fund by way of a scheme of arrangement that became effective on 31 October 2024. We have therefore set out below the past performance of the SVS Brooks Macdonald Defensive Capital Fund as "simulated past performance" for the SVS RM Defensive Capital Fund.

SVS RM Defensive Capital Fund - Accumulation "C" Class  
Share Price



*Period shown from 1<sup>st</sup> November 2019 to 31<sup>st</sup> October 2024. Past performance figures are based on extended past performance data only, as defined under COBS 4.6.6R. Capital is at risk; returns are not guaranteed, and past performance is no guarantee of future performance.*

## Portfolio positioning

The portfolio seeks to meet the investment objective by allocating across investment within three segments: Capital Preservation & Income, Capital Growth and Diversifiers.

We were reasonably active during October. The portfolio positioning was further skewed towards capital preservation as we found many assets with attractive yields but also with short duration (i.e. low-interest rate sensitivity and hence lower volatility).

**Capital Preservation & Income:** There were two maturities during the month in short-dated preference shares that generating substantial cash (2.7% of fund assets), which we re-allocated to other short-duration assets but with slightly higher yields.

**Capital Growth:** Valuations in many markets (e.g. US and Indian equities) are looking increasingly full to us so this segment is small by historic standards. We still find some value in e.g. Investment Trusts on large discounts.

**Diversifiers:** we continue to look form and be able to find, idiosyncratic assets which can aid performance but due to diversification effects can reduce portfolio volatility. Many of these are in the commodity space where there are large supply-demand imbalances.

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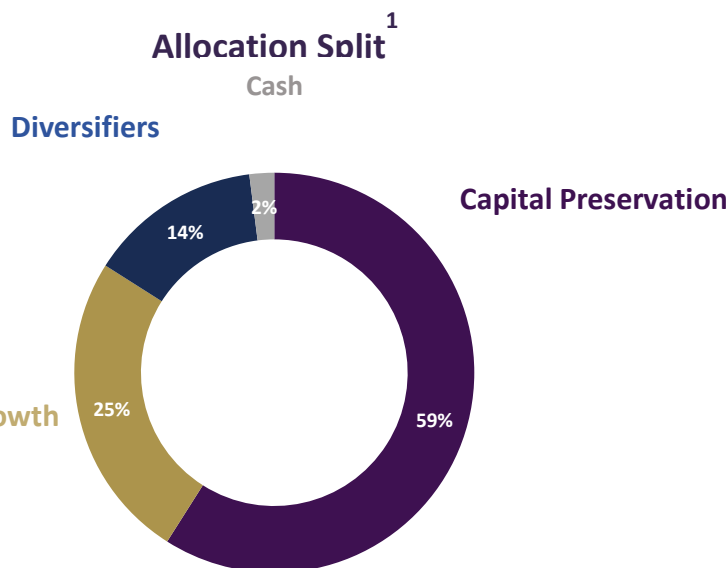
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The prospectus, KIID, and Investment Updates can be found on our website: [www.rm-funds.co.uk](http://www.rm-funds.co.uk)

### Platforms

7IM	Interactive Investor *live
Abrdn * live	James Hay *live
AJ Bell * live	Novia *live
Aegon * live	Nucleus *live
AllFunds *live	Pershing *live
Alliance Trust	Parmenion *live
Ascentric (M&G)	Praemium
Aviva *live	Quilter *live
Charles Stanley	Raymond James *live
Cofunds *live	RL360
Elevate *live	Scottish Widows *live
Fidelity	Standard Life *live
FNZ *live	Stocktrade
Fusion	Tillit
Hargreaves Lansdown	Transact *live
Hubwise	Wealthtime *live
	Zurich

If your platform is not listed, please contact our distribution team or Evelyn Partners directly.



<sup>1</sup>Percentages may not add up to 100% due to rounding. Excludes cash and cash equivalents.

## Market Commentary

Strong US jobs data led to (yet another) reappraisal of the pace and size of US rate cuts: June 2025 rates expectations rose from 3.3% to 3.9%, with similar moves in the US and UK 10y bond yields, dragging down valuations on income-generating assets.

Economic growth remains solid, leading to credit spreads remaining tight and default rates low: a good environment to our income-generating structured credit assets. At present we still see economic growth remaining solid: corporate profits are high, and consumers are benefitting from positive real wage growth.

We continue to have reservations as to how increasingly large deficits in the US (and the UK for that matter) will be financed. “Bond vigilantes” will continue to apply upward pressure on government bond yields should governments be too profligate. Consequently, we have favoured maintain the very short duration of the portfolio and investing in assets where yields are substantially above government bond yields (typically 10-12% dividend yields).

We also remain concerned about pockets of what we see as excessive valuations in e.g. US large cap equities, investment grade corporate debt and Indian equities, as well as another revival in “meme” stocks, often driven by retail participation in short-dated options markets. A defensive fund necessarily invests on the basis of valuation rather than momentum. The majority of our assets remain inexpensive: witness the fund’s record high dividend yield and many investment companies still on -30% to -50% discounts.

## Top ten holdings – October 2024

Position	Sector	% of Fund
Topix call-spread (402%) (GS)	Capital Growth	4.9%
Pacira 0.75% Conv Bond 2025 (USD)	Capital Preservation	3.4%
VPC Specialty Lending	Capital Preservation	2.7%
BW Offshore 2.5% 2024 Conv Bond (USD)	Capital Preservation	2.7%
Innoviva 2.5% 2025 Conv Bond (USD)	Capital Growth	2.6%
Jet2 1.625% 2026 Conv Bond	Capital Preservation	2.6%
Gore Street Energy Storage	Capital Growth	2.5%
Trainline 1% 2026 Conv Bond (GBP)	Capital Preservation	2.2%
Care REIT	Capital Preservation	2.2%
Glencore 0% 2025 Conv Bond (USD)	Diversifier	2.1%
<b>Total</b>		<b>27.9%</b>

## Performance – October 2024

	1-month	3-months	6-months	1year	3 years	5 years	10 years
SVS RM Defensive Capital <sup>1</sup>	<b>(0.1%)</b>	<b>0.1%</b>	<b>2.7%</b>	<b>13.9%</b>	<b>6.2%</b>	<b>22.2%</b>	<b>55.3%</b>
IA Targeted Absolute Return <sup>2,3</sup>	(0.2%)	0.8%	2.9%	9.0%	10.5%	17.8%	28.1%
Relative Performance	0.1%	(0.7%)	(0.3%)	4.5%	(3.9%)	3.8%	21.2%

## Discrete yearly performance – October 2024

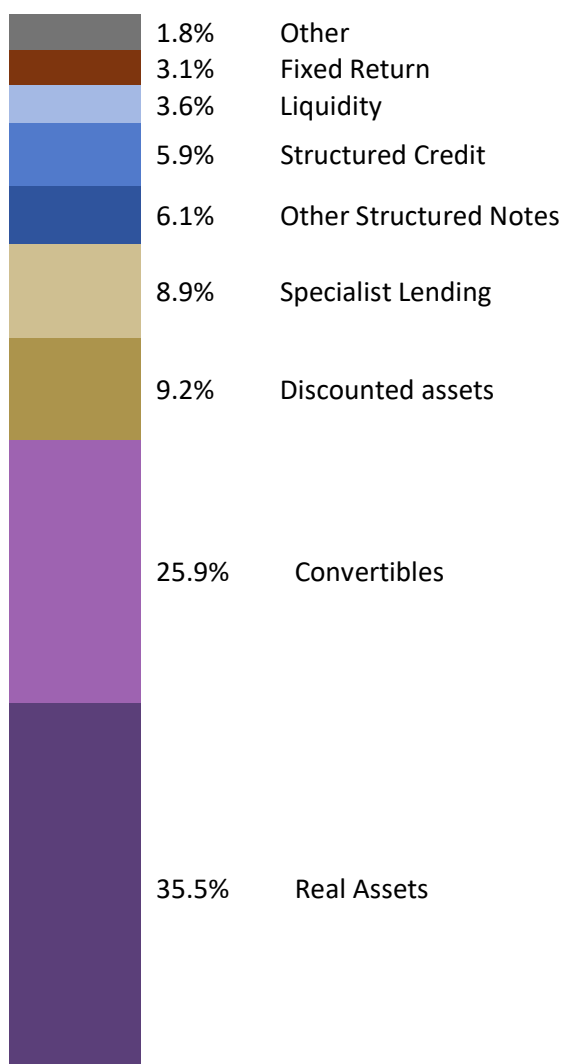
	2020	2021	2022	2023	2024
SVS RM Defensive Capital <sup>1</sup>	<b>(3.0%)</b>	<b>18.6%</b>	<b>(5.4%)</b>	<b>(1.4%)</b>	<b>13.9%</b>
IA Targeted Absolute Return <sup>2,3</sup>	0.1%	6.5%	(1.3%)	2.8%	9.0%
Relative Performance	(3.1%)	11.4%	(4.1%)	(4.0%)	4.5%

<sup>1</sup> Past performance figures are based on extended past performance data only, as defined under COBS 4.6.6R. Capital is at risk; returns are not guaranteed, and past performance is no guarantee of future performance.

<sup>2</sup> Source: FE FundInfo

<sup>3</sup> Shareholders may compare the performance of the Sub-fund against the IA Targeted Absolute Return Sector. The ACD has selected this benchmark as it aligns with the Sub-fund's objective of achieving an absolute return, providing shareholders with a meaningful comparison to portfolios with a similar strategy. It is important to note that this benchmark is not a target for the Sub-fund, nor is the Sub-fund constrained by it.

## Sector breakdown – October 2024



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