

## SVS Dowgate Wealth European Growth Fund Monthly Commentary: 31 July 2022

### PERFORMANCE

European equities rallied during the month as a large number of companies reported positive quarterly earnings despite various macro uncertainties. The Fund returned +3.99% (net income reinvested, GBP) during the month. We lagged large and small caps but outperformed microcaps. This was due to our higher weighting in cash which we have been actively deploying throughout the month.

The best performers over the month were Swedish telecom fibre solutions provider **Hexatronic** (very strong organic growth continued into the second quarter), German semiconductor manufacturer **Elmos** (sales should continue to be firm with ongoing supply constraints and stronger US dollar), Danish kitchen manufacturer **TCM Group** (shares oversold, CEO buying), Swedish supply chain services group **Elanders** (maintaining growth despite customer supply shortages), and Swedish vehicle parts manufacturer **Concentric** (outlook from OEM customers is improving after supply shortages).

The worst performers over the month were Finnish sauna manufacturer **Harvia** (softer demand following two very strong years), Italian electronics retailer **Unieuro** (sales and profitability impacted by lower consumer confidence), Swedish telecoms software developer **Enea** (sales impacted by delayed investment decisions from customers), French reinsurance company **Scor** (higher cost of claims than expected), and Spanish pharmaceutical group **Rovi** (investor concern of a slowdown in demand for Moderna covid vaccines).

### PORTFOLIO ACTIVITY

During the month we started a position in Dutch semiconductor equipment manufacturer **ASML** (increasing penetration of new EUV technology and growing recurring revenue from servicing business), Greek IT software group **Epsilon Net** (increasing digitalisation of Greek corporates supported by significant EU funding) and Swedish smart lighting solutions product **Plejd** (ongoing requirement to reduce building and renovation costs should continue to drive future growth). We also

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added to several of the Fund's existing positions including French LNG & hydrogen technology provider **GTT** (continuing to win new orders and make progress toward hydrogen commercialisation).

### INVESTMENT OUTLOOK

Looking forward, it is clear there will be continued uncertainty in the months to come as Government and Central Bank policies adapt to manage inflation in the face of slowing GDP growth. We will continue to be vigilant in assessing the recessionary risk and ability to pass through cost increases in our positions. Investing in companies with experienced management teams is a key component of our investment strategy, which in turn should enable our holdings to navigate the upcoming months better than their competition. We continue to find sufficient investment opportunities both in the less well-researched smaller companies sector as well as in some large-cap companies where specific investor concerns seem overdone.



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We believe the information provided here is reliable but should not be assumed to be accurate or complete.

### All information accurate as at 31 July 2022

The Key Investor Information Documents (KIID's) and the Prospectuses for all funds are available, in English, free of charge and can be obtained directly using the contact details in this document. They can also be downloaded from:

<https://dowgatewealth.co.uk/fund-management-new/>

An investor must always read these before investing.