

SVM UK Opportunities Fund

Short Report



Period to 30 June 2008

Investment Objective

The objective of this Fund is to achieve above average capital growth over the medium to long-term (although short-term investment opportunities will also be considered) and it aims to outperform the FTSE All-Share Index.

Risk Profile

The Fund is exposed to market risk. It invests in companies outside the FTSE 100 Index which can be less liquid and may carry greater risk and volatility. The Fund is exposed to stockmarket fluctuations.

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares)

The following distribution was accumulated over the last accounting period.

Income		
	31/12/07 pence per share	31/12/06 pence per share
UK Opportunities A class	Nil	Nil
UK Opportunities B class	1.4714	1.4505

Total Expense Ratio (TER)

The TER shows the annualised operating expenses of the Fund. It does not include transaction expenses.

Fund Total Expense Ratio (p.a.)	Class A Shares	Class B Shares
UK Opportunities Fund	1.75 %	1.00 %

Total Expense Ratio = Total Annualised Expenses / Average Net Asset Value over 6 months

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2008 Interim Report and Accounts. The figures are intended to provide an indication of the Total Expenses Ratio and will vary from year to year.

Fund Performance

Percentage growth for each year to last quarter end	30/06/03 30/06/04	30/06/04 30/06/05	30/06/05 30/06/06	30/06/06 30/106/07	30/06/07 30/06/08
UK Opportunities	+31.0	+19.0	+28.3	+29.1	-24.2

Source: Lipper Hindsight, mid to mid, UK net. Past performance should not be seen as an indication of future performance. All performance data refers to the A (retail) share class.

Comparative Tables

Net Asset Values

	Net asset value of shares £'000	Net asset value in pence in pence per share	Shares in issue
As at 30/06/08			
UK Opportunities A class	47,342	197.32	23,992,051
UK Opportunities B class	24,408	205.86	11,863,630
As at 31/12/07			
UK Opportunities A class	57,073	229.40	24,875,561
UK Opportunities B class	31,541	238.30	13,234,203

Share Price Performance

	Highest share price in pence	Lowest share price in pence	Price as at period end
During period to 30/06/08			
UK Opportunities A class	233.2	199.4	200.2
UK Opportunities B class	242.3	207.9	208.7
During period to 31/12/07			
UK Opportunities A class	281.0	225.4	232.1
UK Opportunities B class	290.9	234.1	241.1












Top 10 Holdings: 30/06/08 %

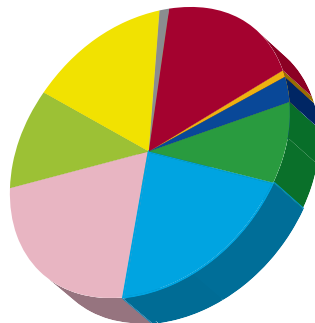
Tullow Oil	5.2
Xstrata	4.4
Invensys	4.1
Hunting	4.0
Afren	3.8
Valiant Petroleum	3.4
Voestalpine	3.4
Pace	3.1
Carillion	2.9
Interserve	2.9

Top 10 Holdings: 31/12/07 %

Innovation	3.8
Cable & Wireless	3.6
Hunting	3.6
BP	3.5
Tullow Oil	3.3
AMEC	3.1
Abbot	3.1
BT	3.1
Interserve	2.9
BAE Systems	2.8

Sector Analysis

	30/06/08	31/12/07
 Basic Materials	18.2%	8.4%
 Consumer Goods	0.9%	5.6%
 Consumer Services	3.1%	3.8%
 Financials	9.0%	8.2%
 Industrials	20.3%	29.5%
 Oil & Gas	22.9%	20.2%
 Technology	10.8%	5.1%
 Telecommunications	0.0%	6.7%
 Europe (excluding UK)	15.3%	8.7%
 North America	1.0%	1.2%
 Net Current Assets	-1.5%	2.6%



Fund Manager



Neil Veitch

In the six months to June the Fund returned -13.7% versus -11.2% for the benchmark. As in the previous six months, the Fund suffered from its exposure to small and mid-cap stocks. The small-cap index finished the period down 17.4% and the mid-cap down 13.5%. While this performance is clearly disappointing, I remain convinced that the best opportunity to add value in the longer term is through exposure to this segment of the market. After all, today's smaller companies are the Vodafores and BPs of tomorrow. At the end of the period, FTSE 100 companies comprised 20.2% of the portfolio. Independent analysis of the portfolio by UBS suggests the portfolio is cheaper than the market, has almost double the earnings growth and higher dividend growth.

Performance over the period was helped by the Fund's exposure to the oil sector and its relatively low exposure to consumer cyclicals. Detractors to performance included the exposure to telecoms and construction. The best individual performances came from oil investments Tullow Oil, Afren and Hunting Plc, while in the industrial sector Invensys continued its rehabilitation. Particular disappointments came from Innovation Group and Norcros.

While considerable uncertainty remains and credit markets are likely to continue to be volatile, equities appear attractively valued. Profit forecasts will remain under pressure but this, in my view, is already discounted in valuations. However, a sustained upwards movement in equities is unlikely until we begin to see a decline in bond yields and better news from the credit markets.

Further Information

Further information about the share price, activities and performance of the Fund for this and previous periods, together with related product literature and further information on the Manager can be found on our website at www.svmonline.co.uk

Report and Accounts

This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Interim Report and Accounts 30 June 2008. The Long Form version of the Report and Accounts is available on written request to the Marketing Department, SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH or by email to info@svmonline.co.uk

Investment Warning

Past performance should not be seen as an indication of future performance. The value of an investment may fall as well as rise and investors may not get back the amount originally invested. Currency movements may cause the value of your investment to fall as well as rise. Investing in smaller companies may increase the volatility of your investment.

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