

SVM Cautious Managed Fund

Short Report

15 May 2008 to 31 December 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).

Risk Profile

The Fund is exposed to currency and market risks as it invests in global funds. The Fund is exposed to Sterling and a variety of global currencies as well as stockmarket fluctuations. The Fund does not actively hedge the currency risk of the portfolio.

Distribution

XD date: 31 December
Payment date: 30 April (Accumulation shares).

The following distribution was accumulated over the last accounting period.

Income	
	31/12/08 pence per share
Cautious Managed A class	Nil
Cautious Managed B class	0.1545

Total Expense Ratio (TER)

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

The SVM Cautious Managed Fund was launched on 15 May 2008. As data is not available for a full 12 months the TER for the period has been estimated using data from 15 May 2008 to 31 December 2008.

Fund Total Expense Ratio (p.a.)	Class A Shares	Class B Shares
Cautious Managed Fund	1.68 %	1.13 %

Total Expense Ratio = Total Annual Expenses / Average Net Asset Value over 12 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 31 December 2008 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

The SVM Cautious Managed Fund was launched on 15 May 2008. The Financial Services Authority's rules on financial promotions do not permit the publication of past performance information unless it exists for the previous 12 months.

Information on share prices and monthly factsheets giving portfolio and fund information can be found at www.svmonline.co.uk

Comparative Tables

Net Asset Values

	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 31/12/08			
Cautious Managed A class	5,994	69.46	8,629,027
Cautious Managed B class	204	69.67	292,081
As at 31/12/07			
Cautious Managed A class	n/a	n/a	n/a
Cautious Managed B class	n/a	n/a	n/a








Share Price Performance

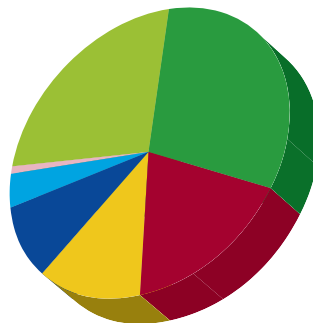
	Highest share price in pence	Lowest share price in pence	Price as at 31 December
During period to 31/12/08			
Cautious Managed A class	102.4	70.35	71.14
Cautious Managed B class	102.3	70.55	71.35
During period to 31/12/07			
Cautious Managed A class	n/a	n/a	n/a
Cautious Managed B class	n/a	n/a	n/a

Top 10 Holdings: 31/12/08 %

Acheron Portfolio Corp	10.5
Allianz Dresdner Endow. Policy Tst 2010	9.4
South African Property Opportunities	6.6
Quorum Oil & Gas	5.9
Real Estate Opportunities ZDP	5.4
Indochina Capital Vietnam	5.1
Ecofin Water & Power Opportunities	4.6
KGR Absolute Return PCC	3.0
Utilico Emerging Markets	2.9
FRM Credit Alpha	2.9
Total	56.3

Sector Analysis

	31/12/08
 Hedge	31.2%
 Specialist Funds	17.6%
 Resources	12.8%
 Property	9.5%
 Private Equity	3.8%
 Special Situations	0.9%
 Cash	24.2%



Fund Managers



Donald Robertson



Colin McLean

2008 proved to be arguably the most challenging year in living memory. There were few asset classes that produced positive performances in the year. Indeed the majority of the ones that were positive did so due to the relative weakness in Sterling, which depreciated in the year. This weakness masked some material and in some cases unprecedented and unjustified falls. Although it is likely that there will be a short global recession, market reaction was swift and savage with increased volatility as investor sentiment turned negative.

For a fund of funds, 2008 was doubly disappointing. Investment trust discounts widened substantially as investors took fright and sold assets that were identified as risky, preferring the perceived safe havens of government securities and the US dollar. Discounts on certain asset classes moved out to levels where the

shares were priced at levels below the uncommitted cash on their balance sheets; effectively giving a less than zero value for the remaining assets. Undoubtedly, certain funds have and will see asset value falls but our feeling is that this has been more than priced in. Indeed, in the first quarter of 2009, a number of funds, principally in the property sector, have been subject to opportunistic takeover approaches as trade buyers identify value.

The Fund has remained as fully invested as the Fund's restrictions allow from around November onwards. The liquidity has been retained principally in short term deposits as bonds looked decidedly unattractive for most of the year. However, with interest rates at nominal levels, deposits and government securities now offer little attraction. The Fund has gradually increased weightings in bonds and funds investing in bonds. Until stockmarkets recover, the Fund's focus remains on a number of special situations which will benefit from fund restructurings in 2009.

Further Information

Further information about the share price and activities of the Fund 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 Report and Accounts for the year ending 31 December 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 e-mail 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 movement may cause the value of your investment to fall as well as rise.

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