



SVM Socially Responsible Investment Statement

At SVM we recognise the importance of socially responsible investing (SRI). With the launch of the SVM All Europe SRI Fund, we are seeking to incorporate social, ethical, governance and environmental considerations into our investment process.

Our approach to SRI places emphasis on following a route of engagement. We intend to utilise the power that being a shareholder confers in the most constructive way possible. We will enter into dialogue with every potential investment and company owned by the fund with a view to having a positive influence on the company concerned. Using information derived from a combination of in-house research, dialogue with the company and external sources we will identify the key issues and discuss them directly with company management, in order to affect change.

Positive screening will involve the completion, either in-house or by the company concerned, of a questionnaire covering four key areas: personnel; society & stakeholders; human rights and environment. Our SRI analyst will use this information to score the company. It is not our intention to set a minimum level below which a company is excluded from potential investment. Indeed, these are the companies who often need the most assistance in formulating and implementing social and environmental policies or procedures. However, we will expect the company to demonstrate a commitment to the engagement process and to show some signs of improvement. If after twelve months, of investment, we feel that no progress is being made we will divest of our holding.

There are some companies who already have excellent policies and procedures in place and deserve to be rewarded. Companies that exhibit such behaviour will be awarded the 'SVM Commended' status. The criteria required to achieve this can be found in our 'SVM Commended Criteria' document. Whilst we still expect these companies to commit to the engagement process and demonstrate a willingness to improve further, we will not set any deadlines for progress.

Negative screening will be kept to a minimum as we believe that positive engagement is more influential in creating change within organisations. By employing a minimal level of negative screening, we are giving ourselves the potential to influence more companies than a broader exclusionary policy would allow. However, we do recognise that there are certain industries whose activities run contrary to the ideals of SRI investors. Specifically we will not invest in companies operating in any of the following three industries: Tobacco, Pornography and Armaments. Our 'Negative Criteria Statement' provides more detail on these industries and other industries of concern to investors – this is available on request.

We recognise that investing in companies who have activities in countries with poor standards of human rights is also of major concern to investors. Therefore, we have set out our position on this issue in our Risk Country Statement - also available on request.

In addition to our normal engagement process, adopted through the SVM All Europe SRI Fund, we also have the facility to tailor portfolios to clients' specific requirements. If a client specifically asks us to avoid investing in individual companies or sectors, we have the ability to provide service through a segregated portfolio.

The process detailed above will allow us to make a positive, real impact on a company's social and environmental behaviour whilst generating superior investment returns through our thorough stock selection process.

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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. Issued by SVM Asset Management who is authorised and regulated by the Financial Services Authority. SVM Asset Management, 7 Castle Street, Edinburgh EH2 3AH. Further information on 0800 019 9440.