

SVM ALL EUROPE SRI FUND

Short Report



Period to 30 June 2011

Key Objectives

The investment 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 World Europe Index. The Fund will adopt a positive engagement approach towards investment and enter into meaningful and consistent dialogue with companies to ensure investors in the Fund have their assets working effectively.

Risk Profile

The Fund is exposed to market and currency risks as it invests in European companies. It also 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 Sterling and a variety of European 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		
	30/12/10 pence per share	31/12/09 pence per share
All Europe SRI A Class	Nil	0.3517
All Europe SRI B Class	0.4559	1.3508

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
All Europe SRI Fund	1.98%	1.23%

Total Expense Ratio = Total Annualised Expenses / Average Net Asset Value over 6 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2011 Report and Accounts. The figures are intended to provide an indication of the Total Expense Ratio and will vary from year to year.

Fund Performance

Percentage growth for each year to last quarter end	31/10/06* 30/06/07	30/06/07 30/06/08	30/06/08 30/06/09	30/06/09 30/06/10	30/06/10 30/06/11
All Europe SRI	+23.3	-7.8	-14.4	+25.9	+36.1

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.

*Launch date

Comparative Tables

Net Asset Values

	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 30/06/11			
All Europe SRI A class	8,380	166.4	5,037,606
All Europe SRI B class	1,895	172.6	1,097,788
As at 31/12/10			
All Europe SRI A class	5,755	163.1	3,527,642
All Europe SRI B class	1,592	168.5	944,759

Share Price Performance

	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 30/06/11			
All Europe SRI A class	171.8	157.7	166.7
All Europe SRI B class	177.8	163.1	172.8
During period to 31/12/10			
All Europe SRI A class	164.6	118.6	164.6
All Europe SRI B class	170.0	121.9	170.0

Top 10 Holdings: 30/06/11

%











Yule Catto	5.6
DnB NOR	5.0
Statoil Fuel & Retail	3.5
Innovation Group	3.2
Nautical Petroleum	3.1
Deutsche Post	3.1
Smiths	3.1
HSBC	3.0
CSM	3.0
Norcros	2.9
Total	35.5

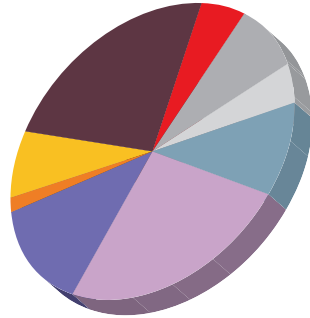
Top 10 Holdings: 31/12/10

%

Yule Catto	4.8
Nautical Petroleum	4.5
Danske Bank	4.2
IMI	4.1
Statoil Fuel & Retail	4.0
Reed Elsevier	3.7
Premier Oil	3.7
Tate & Lyle	3.6
DnB NOR	3.5
Gulfsands Petroleum	3.3
Total	39.4

Sector Analysis

	30/06/11	31/12/10
 Basic Materials	5.6%	7.7%
 Consumer Goods	9.1%	4.4%
 Consumer Services	4.5%	12.3%
 Financials	10.1%	11.5%
 Industrials	24.8%	26.9%
 Oil & Gas	13.8%	24.8%
 Real Estate	1.8%	1.9%
 Technology	7.0%	2.5%
 Utilities	0.1%	0.1%
 Net Current Assets	23.2%	7.9%



Fund Managers



Neil Veitch



Hugh Cuthbert

The All-Europe SRI fund returned 1.28% over the six month period to 30th June 2011, underperforming its benchmark which returned 7.04%. While this performance was disappointing, the fund is ahead of the index over the last twelve months and has delivered significant outperformance over the longer term.

While headline measures of volatility remained low this was not immediately evident in the behaviour of the indices, with the market prone to sharp movements – albeit within a reasonably tight trading range – as investors continued to fret over the direction of corporate profitability. Although optimists were encouraged by strong earnings and signs of a pick-up in take-over activity; pessimists pointed to ongoing sovereign debt issues and indications that earnings momentum was peaking. In a stance befitting the market's lack of direction, our views don't fit comfortably into either camp. While we find it difficult to rationalise some of the more bullish

predictions made by market commentators, in the absence of a significant downturn in economic activity equities remain the most appealing asset class. Of course, such a downturn is precisely what pessimists deem most likely as the economy continues to labour under the weight of private and public sector deleveraging. We feel that although economic growth is typically anaemic in the immediate aftermath of a financial and housing bust, there is growth nonetheless and this should drive adequate returns for equities. Furthermore, if the recovery does falter, policy makers are likely to respond with additional monetary stimulus. With the current levels of debt in many Western economies the deflationary alternative is unlikely to be tolerated. Consequently, while there are legitimate concerns over the outlook, we have remained reasonably fully invested but continue to lower our cyclical exposure.

The biggest stock specific contributor to performance was the fund's position in Innovation Group. The company provides outsourcing services and software solutions to insurers and other risk carriers. The shares performed strongly as the new management team executed on their turnaround plan.

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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 period ending 30 June 2011. 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. Investing in smaller companies may increase the volatility of your investment. Currency movements may cause the value of your investment to fall as well as rise.

Contacts

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