

SVM All Europe SRI Fund Short Report

Year to 31 December 2008



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

| | 31/12/08 pence per share | 31/12/07 pence per share |
|------------------------|--------------------------|--------------------------|
| All Europe SRI A Class | 0.7248 | Nil |
| All Europe SRI B Class | 1.4954 | Nil |

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

1.78 %

1.03 %

Total Expense Ratio = Total Annualised 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 Expense Ratio and will vary from year to year.

Fund Performance

| Percentage growth for each year to last quarter end | 31/10/06 (launch) 31/12/06 | 31/12/06 31/12/07 | 31/12/07 31/12/08 |
|---|-------------------------------|----------------------|----------------------|
| All Euro SRI | +6.4 | +12.9 | -38.0 |

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 per share | Shares in issue |
|------------------------|------------------------------------|---------------------------------------|--------------------|
| As at 31/12/08 | | | |
| All Europe SRI A class | 500 | 72.24 | 673,840 |
| All Europe SRI B class | 359 | 75.50 | 475,113 |
| As at 31/12/07 | | | |
| All Europe SRI A class | 509 | 118.74 | 428,542 |
| All Europe SRI B class | 483 | 119.84 | 402,795 |

Share Price Performance

| | Highest share price in pence | Lowest share price in pence | Price as at period end |
|---------------------------|------------------------------|-----------------------------|------------------------|
| During period to 31/12/08 | | | |
| All Europe SRI A class | 128.0 | 61.71 | 74.44 |
| All Europe SRI B class | 129.6 | 62.71 | 75.70 |
| During period to 31/12/07 | | | |
| All Europe SRI A class | 130.3 | 105.0 | 120.1 |
| All Europe SRI B class | 130.9 | 105.4 | 121.3 |












Top 10 Holdings: 31/12/08 %

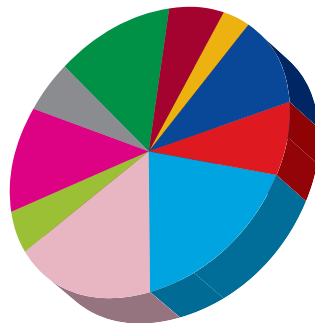
| | |
|-----------------------|------|
| Tullow Oil | 5.6 |
| International Power | 5.3 |
| AstraZeneca | 4.7 |
| Premier Oil | 4.6 |
| Dana Petroleum | 4.0 |
| Société Générale | 3.8 |
| Firstgroup | 3.5 |
| Roche Holdings AG | 3.2 |
| Novartis (Registered) | 3.1 |
| CRH (London) | 2.9 |
| Total | 40.9 |

Top 10 Holdings: 31/12/07 %

| | |
|---------------------|------|
| Premier Oil | 5.2 |
| Tullow Oil | 3.9 |
| Hunting | 3.5 |
| Innovation | 3.4 |
| Allianz | 3.1 |
| Brisa Auto Estradas | 2.9 |
| Cable & Wireless | 2.9 |
| France Telecom | 2.9 |
| Linde | 2.7 |
| Bank Of Cyprus | 2.7 |
| Total | 33.2 |

Sector Analysis

| | 31/12/08 | 31/12/07 |
|---|--------------|----------|
|  Basic Materials | 6.8% | 2.8% |
|  Consumer Goods | 3.5% | 7.2% |
|  Consumer Services | 11.6% | 10.9% |
|  Financials | 7.9% | 20.5% |
|  Industrials | 17.9% | 20.7% |
|  Oil & Gas | 17.5% | 14.4% |
|  Technology | 5.1% | 7.8% |
|  Telecommunications | 0.0% | 5.6% |
|  Utilities | 11.7% | 2.3% |
|  Net Current Assets | 5.4% | 7.8% |
|  Healthcare | 12.6% | 0.0% |



Fund Managers



Neil Veitch



Hugh Cuthbert

It is tempting to view the events of the last twelve months as so traumatic and extreme that they are unlikely to be repeated. However, history dictates that not only will the market recover but that, at some time in the future we will once again be confronted by similar circumstances. Fear and greed are the most basic of human emotions and whereas it is now abundantly clear that the latter was driving investor behaviour for most of the last two to three years, the former has now firmly taken hold. Not only are investors 'scared' to take new positions, but companies are 'scared' to invest, and banks are 'scared' to lend. The collapse of Lehman Brothers led to a savage deleveraging where stocks, particularly small and mid-caps, were sold-off regardless of fundamentals.

Thankfully, after a period of relative inaction policymakers across the globe appear to have finally recognised the magnitude of the situation and, at least for the time being, look to be 'ahead of the curve'. Recent stimulus packages from the world's central banks will likely ensure that the world economy does not take a further lurch downward thereby providing support for markets. However, there will be no easy path back to non-inflationary growth rather we are likely to see a pro-longed period where growth will be below trend. Despite the challenging economic backdrop we believe stocks can deliver excellent returns.

With fear remaining the dominant emotion, the inertia of the majority of investors continues to throw up considerable opportunities. Not only are a number of our holdings significantly undervalued but the ongoing volatility provides excellent entry points. We are now being afforded the opportunity to invest in many companies that we have owned previously (and sold at considerably higher prices) at what we believe are very attractive levels. For instance the Fund has recently taken positions in Go-Ahead Group, Cookson Plc and Lonza at prices a fraction of those prevailing eighteen months ago. The last twelve months have been exceptionally challenging but we continue to believe the Fund has considerable upside.

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. 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.

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