

SVM UK GROWTH FUND

Short Report

Year to 31 December 2013



Key Objectives

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

This Fund invests principally in securities listed on the London Stock Exchange. From time to time, when particular opportunities are identified, this Fund may invest in securities which are dealt in or traded on the London Stock Exchange but outside the FTSE 100 Index or which are otherwise permitted for this Fund.

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares).

The following distribution was accumulated over the last accounting period.

Income	31/12/13 pence per share	31/12/12 pence per share
UK Growth A Class	0.8278	0.3651
UK Growth B Class	3.2424	2.2790

Ongoing Charges Figure (OCF)

The OCF shows the annualised operating expenses of the Fund.

Fund Ongoing Charges Figure (p.a.)	Class A Shares	Class B Shares
UK Growth Fund	1.88%	1.13%

Ongoing Charges Figure = 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 2013 Report and Accounts. The figures are intended to provide an indication of the Ongoing Charges Figure and will vary from year to year.

Fund Performance					
Percentage growth for each year to last quarter end	31/12/08 31/12/09	31/12/09 31/12/10	31/12/10 31/12/11	31/12/11 31/12/12	31/12/12 31/12/13
UK Growth	33.1	24.3	-8.2	18.7	36.7

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 31/12/13			
UK Growth A Class	36,328	339.4	10,704,951
UK Growth B Class	67,820	362.2	18,722,972
As at 31/12/12			
UK Growth A Class	28,104	248.5	11,307,808
UK Growth B Class	27,037	263.3	10,269,055

Share Price Performance			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 31/12/13			
UK Growth A Class	342.5	255.8	340.1
UK Growth B Class	365.5	271.0	363.0
During period to 31/12/12			
UK Growth A Class	253.5	214.3	250.6
UK Growth B Class	268.5	225.4	265.5

Top 10 Holdings: 31/12/13

%

Ted Baker	2.6
Booker	2.5
Whitbread	2.5
Ashthead	2.4
WANdisco	2.3
St James's Place	2.3
ASOS	2.3
Shire	2.3
Aberdeen Asset Management	2.2
SuperGroup	2.2
Total	23.6

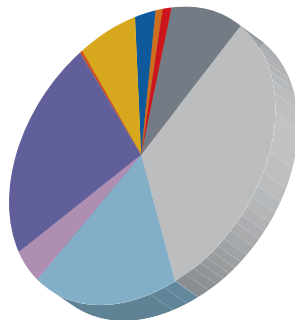
Top 10 Holdings: 31/12/12

%

Paddy Power	2.8
HSBC Holdings	2.7
Burberry	2.7
Fresnillo	2.7
Essentra	2.6
Ashthead	2.5
Booker	2.5
Aberdeen Asset Management	2.3
Weir Group	2.3
Spectris	2.2
Total	25.3

Sector Analysis

	31/12/13	31/12/12
■ Basic Materials	1.3%	10.8%
■ Consumer Goods	9.7%	7.8%
■ Consumer Services	32.6%	33.7%
■ Financials	18.2%	19.0%
■ Healthcare	4.5%	1.3%
■ Industrials	23.5%	16.1%
■ Oil & Gas	0.3%	6.0%
■ Technology	6.8%	1.0%
■ Telecommunications	2.4%	1.9%
■ Net Current Assets	0.7%	2.4%



Fund Managers



Margaret Lawson



Colin McLean

Market Review

Equities enjoyed a strong return over the twelve month period. The UK economy's performance has exceeded expectations, with notable recovery in housing that broadened into other consumer and services sectors, making it one of the fastest growing Western economies. The gradual recovery in the global economy has further assisted many UK-listed international companies. Equity investors are becoming less risk averse, and there were good performances by economically-sensitive sectors such as banks, insurers and industrials.

Portfolio Review

The best contributions to performance during the year were from Supergroup, ASOS, Booker and Ted Baker, helped by the improvement in the UK economy. Ashted, ITV and Howden Joinery also gained. Many of the portfolio companies reported results ahead of expectations. The main disappointments were Fresnillo and Partnership Assurance. During the year, new investments were made in UK property groups and pubs, which are sectors that are now showing strong improvement. A theme of some of the new investments was to increase exposure to recovery in the Eurozone; UK and European recovery is still at an early stage.

During the period, portfolio exposure emphasised industrial businesses, consumer services,

property and technology. The industrial groups are typically internationally focused, offering additional exposure to the US and Europe. Consumer services include retailers, media, travel and pub groups benefiting from improving consumer confidence and a recovery in pay levels. The Fund continues to have relatively low exposure to sectors with weaker growth prospects, such as utilities, oil and mining.

The SVM UK Growth Fund returned 36.7% compared to a return of 26.3% for the IMA UK All Companies Sector Average ("UK Sector Average") and 20.8% for the FTSE All-Share Index. Over five years, the SVM UK Growth Fund has returned 146.2% versus 111.9% for the UK Sector Average and 95.2% for the FTSE All-Share Index.*

**Source: Lipper. Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.*

Outlook

A slowing of US monetary stimulation and in emerging market growth is the main risk to recovery. But, there is still potential for growth in the US, UK and Europe to surprise on the upside. There is more that Europe could do to boost growth, such as moving to negative deposit rates or following Japanese and US policy in printing money. In the UK and Europe, many industrial businesses are still operating below capacity and have significant potential for profits improvement as recovery progresses.

Overall, the continued growth in the global economy offers a favourable background for equities. Central bank policy in both the UK and Eurozone is focused on assisting the bank sector, encouraging growth, and avoiding deflation. The Fund is fully invested.

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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 year ending 31 December 2013. 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.

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