SVM UK100 SELECT FUND
Short Report

Year to 31 December 2009

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 100 Index.

Risk Profile

The Fund is exposed to market risk as it invests mainly in large companies listed on the FTSE 100 index. The Fund holds a concentrated portfolio of around 30–40 companies and is exposed to stockmarket fluctuations.

Distribution

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

The following distribution was accumulated over the last accounting period.

Income		
	31/12/09 pence per share	31/12/08 pence per share
UK100 Select A Class	0.7839	0.5839
UK100 Select B Class	2.1253	1.6237

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
UK100 Select Fund	1.80%	1.01%

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 2009 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	31/12/04 31/12/05	31/12/05 31/12/06	31/12/06 31/12/07	31/12/07 31/12/08	31/12/08 31/12/09
UK100 Select	+19.9	+22.4	+7.1	-25.6	+33.1

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.

Comparative Tables

Net Asset Values			
	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 31/12/09 UK100 Select A class UK100 Select B class	 7,532 205	 183.6 190.3	 4,101,663 107,528
As at 31/12/08 UK100 Select A class UK100 Select B class	 3,573 74	 138.0 141.8	 2,589,231 52,242

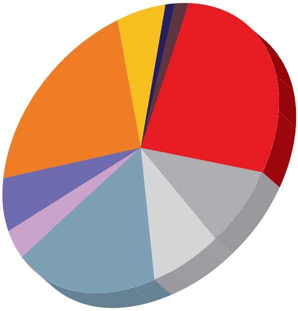
Share Price Performance			
	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 31/12/09 UK100 Select A class UK100 Select B class	 191.3 197.8	 122.0 125.6	 185.1 191.7
During period to 31/12/08 UK100 Select A class UK100 Select B class	 205.3 210.1	 118.0 121.1	 139.1 142.9

Top 10 Holdings: 31/12/09	**%**
Xstrata	5.7
Tullow Oil	4.3
Kazakhmys	4.2
Prudential	4.1
HSBC	4.1
Afren	4.0
Vedanta Resources	3.5
Man	3.4
Antofagasta	3.3
Petropavlovsk	3.1
Total	39.7

Top 10 Holdings: 31/12/08	**%**
AstraZeneca	7.0
BG Group	5.9
BAT Industries	5.4
Tesco	5.3
Prudential	4.7
GlaxoSmithKline	4.4
Compass Group plc	4.4
Royal Dutch Shell b shares	4.1
Pennon Group	4.0
Capita Group	3.7
Total	49.0

Sector Analysis

	31/12/09	31/12/08
Basic Materials	**27.4%**	1.2%
Consumer Goods	**8.1%**	10.3%
Consumer Services	**7.4%**	15.4%
Financials	**18.2%**	5.8%
Healthcare	**3.7%**	11.2%
Industrials	**6.5%**	5.0%
Oil & Gas	**20.5%**	18.4%
Technology	**5.6%**	1.8%
Telecommunications	**0.0%**	2.8%
Utilities	**1.1%**	7.9%
Net Current Assets	**1.5%**	20.2%



Fund Managers

Margaret Lawson

Colin McLean

The recovery in the market during 2009 was impressive. Since bottoming in March share prices and company profits have risen significantly. Whilst cost cutting was the key driver of profits growth in 2009 there is limited opportunity for further cost cutting in 2010. Like the economic cycle, the company profit cycle will undergo an important transition. In 2010 there will be an increasing focus on revenue growth which is heavily dependent on consumers and businesses feeling more confident about the economic recovery. Economic momentum continues to improve steadily but only when this improvement in activity is supported by rising employment will the recovery be perceived as sustainable.

Our optimism for strong profit recovery was the foundation for our overweight position in riskier assets in 2009 – such as, commodity producers, industrials and cyclical consumer stocks. SVM UK100 Select Fund rose 33.1% compared to a rise of 27.3% for the FTSE 100 Index. Commodity stocks such as Xstrata, Kazakmys and Vedanta were outstanding contributors. Other stocks such as Barclays, Shire, Tullow, Cookson and Cairn Energy also featured strongly. Our holding in Cadbury was duly rewarded with a bid by Kraft in September 2009.

Looking forward, we believe that the economic outlook will continue to improve and that revenue growth will materialise this year. Against a favourable cost background any revenue growth will lead to an expansion of margins and a substantial improvement in profitability. Improving economic prospects, strong balance sheets and good cash generation will encourage businesses to start spending. This will support business investment and employment, giving rise to further gains in equity markets in the first half of 2010.

With China's growing influence in the global economy and our confidence in the long-term outlook for commodity producers, our portfolio will remain overweight in commodities and oil stocks. We will continue to favour global champions such as SAB Miller, Standard Charter, Compass, SSL and ARM which offer superior earnings prospects for 2010.

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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 2009. 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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