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SVM UK GROWTH FUND

(Formerly SVM UK100 Select Fund) Short Report

Year to 31 December 2010

HAWK-EYED STOCKPICKERS

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 2010. 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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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		
	31/12/10 pence per share	31/12/09 pence per share
UK Growth A Class	Nil	0.7839
UK Growth B Class	0.4394	2.1253

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
UK Growth Fund	1.96%	1.21%

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 2010 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	31/12/05 31/12/06	31/12/06 31/12/07	31/12/07 31/12/08	31/12/08 31/12/09	31/12/09 31/12/10
UK Growth	+22.4	+7.1	-25.6	+33.1	+24.3

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 31/12/10			
UK Growth A class	13,758	227.6	6,044,863
UK Growth B class	261	237.3	110,142
As at 31/12/09			
UK Growth A class	7,532	183.6	4,101,663
UK Growth B class	205	190.3	107,528

Share Price Performance

	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 31/12/10			
UK Growth A class	230.2	169.1	230.0
UK Growth B class	240.1	175.2	239.9
During period to 31/12/09			
UK Growth A class	191.3	122.0	185.1
UK Growth B class	197.8	125.6	191.7

Top 10 Holdings: 31/12/10

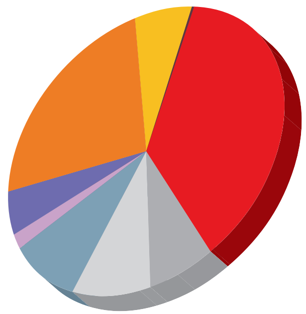
Top 10 Holdings: 31/12/10	%
Fresnillo	3.8
Xstrata	3.8
Rio Tinto	3.6
Burberry	3.6
Arm Holdings	3.2
New Britain Palm Oil	3.0
GKN plc	2.9
Croda	2.8
Petrofac	2.7
Nautical Petroleum	2.5
Total	31.8

Top 10 Holdings: 31/12/09

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

Sector Analysis

	31/12/10	31/12/09
Basic Materials	**36.7%**	27.4%
Consumer Goods	**7.2%**	8.1%
Consumer Services	**9.3%**	7.4%
Financials	**9.4%**	18.2%
Healthcare	**2.0%**	3.7%
Industrials	**5.8%**	6.5%
Oil & Gas	**22.9%**	20.5%
Technology	**6.8%**	5.6%
Utilities	**–**	1.1%
Net Current Liabilities	**(0.1%)**	1.5%



Fund Managers

Margaret Lawson

Colin McLean

Our positive outlook for equity markets in 2010 and our strategy to overweight our portfolio in sectors aligned to a continued Global recovery such as commodities, oils, industrials and technology, delivered outperformance during the period. SVM Growth Fund returned 24.2% against 14.5% All Share index. Major contributors included Arm Holdings, Burberry, Croda and Wood Group.

Our optimism was founded on our belief that the U.S. recovery would accelerate and growth would become self-sustaining, and that corporate profits and margin recovery would exceed expectations. Corporate balance sheet strength and capital spending trends continued to build during the year. After major cost cutting, very little revenue growth and limited pricing power, companies were still able to rebuild margins, many reaching 2006 pre-crisis levels.

However, there were rising economic concerns – the prospect of overheating in China, commodity and food price inflation, rising geopolitical tensions in the Middle East, and the failure of the Eurozone countries to find a permanent resolution to the ongoing sovereign debt crisis. In Europe the situation continues to deteriorate, and it now poses a threat to the European Banking system which in turn could threaten the global financial system once again.

On a more optimistic note the outlook for companies is encouraging. As economic growth continues, and with the corporate share of profits at a historic high, any acceleration in sales revenue with the benefit of limited wage pressures and operational leverage, should see profit margins continue to expand. There is potential for good profits and dividend growth in 2011.

Our portfolio strategy is to remain overweight, oils, industrials and technology. With greater political and economic uncertainties investors will have to become accustomed to increased volatility in stock markets.

Financials may offer opportunities as the year progresses; however the need for a resolution of the Eurozone crisis continues to weigh on the sector. We will continue to focus on identifying good quality, low risk companies as evidenced by balance sheet strength, management quality and franchise power. A formula we believe will deliver outperformance in 2011.