

SVM UK GROWTH FUND

Formerly known as SVM UK 100 Select Fund

Short Report

Period to 31 December 2011



Investment 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		
	31/12/11 pence per share	31/12/10 pence per share
UK Growth A Class	Nil	Nil
UK Growth B Class	0.7729	0.4394

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	1.94%	1.16%

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 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	31/12/06 31/12/07	31/12/07 31/12/08	31/12/08 31/12/09	31/12/09 31/12/10	31/12/10 31/12/11
UK Growth	+7.1	-25.6	+33.1	+24.3	-8.2

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 31/12/11			
UK Growth A class	21,206	209.7	10,114,486
UK Growth B class	21,644	220.5	9,815,921
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

Share Price Performance			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 31/12/11			
UK Growth A class	241.1	193.9	211.1
UK Growth B class	252.7	203.6	222.0
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

Top 10 Holdings: 31/12/11

%

Arm Holdings	3.8
Shire Pharmaceuticals	3.5
Burberry	3.3
Fresnillo	3.2
Petrofac	3.1
Rangold Resources	2.9
British American Tobacco	2.9
BG Group	2.9
Booker	2.9
Tullow Oil	2.8
Total	31.4

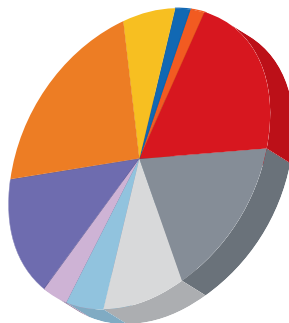
Top 10 Holdings: 31/12/10

%

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	2.8
Nautical Petroleum	2.5
Total	32.0

Sector Analysis

	31/12/11	31/12/10
Basic Materials	20.4%	36.7%
Consumer Goods	16.1%	7.2%
Consumer Services	9.8%	9.3%
Financials	5.0%	9.4%
Healthcare	3.5%	2.0%
Industrials	14.4%	5.8%
Oil & Gas	20.7%	22.9%
Technology	6.3%	6.8%
Telecommunications	1.9%	–
Contracts for Difference	–	–
Net Other Asset	1.9%	(0.1%)



Fund Managers



Margaret Lawson



Colin McLean

The UK stockmarket fell over the 12 months under review, with most of this weakness in the summer. A rally began in October and has continued into early 2012. The summer weakness reflected investor fears that the Eurozone problems were insurmountable and that global growth was stalling. However, concerted action by the ECB to inject liquidity has helped world markets, and the UK has also seen the Bank of England continue to print money.

Since 2008, the Fund has been positioned for global recovery. This strategy was the main reason for the portfolio lagging the FTSE All-Share Index in 2011, the first calendar year of under-performance in six years. Performance has since picked up strongly in the first two months of 2012. Core portfolio holdings such as Burberry, ARM Holdings and Fresnillo outperformed over the year but were volatile. Many of the portfolio companies have

reported good profits progress over the year, continuing into 2012. The Fund has maintained its exposure to resources; in particular, oil and gas. In early 2012, the value of portfolio investments in oil and gas businesses with exposure to East Africa, has been highlighted, with competing bids for Cove Energy.

During the year there was relatively little change to the core portfolio, which represents around half the Fund. These are typically large companies that are selected because of the sustainability of the business model offering global exposure, strong sales growth and stable profit margins. During the year new investments were made in luxury goods business, Mulberry Group, and in New Britain Palm Oil.

We expect the global economy to grow in 2012, helped by an improving US economy and monetary easing in China. The US housing and construction sector is an important part of the global economy, and is steadily recovering. The Fund favours resources, luxury goods, industrials and technology. There is below average exposure to financials. We believe that the Fund's strategy, with a balance between core, tactical and economically-sensitive exposure, can benefit from the growth areas of the UK and global economy.

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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 31 December 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.

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