

SVM CONTINENTAL EUROPE FUND

Short Report

Period to 30 June 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 FTSE World Europe ex UK Index.

Risk Profile

The Fund is exposed to currency and market risks as it invests in European companies. 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		
	31/12/10 pence per share	31/12/09 pence per share
Continental Europe A Class	Nil	1.2150
Continental Europe B Class	0.9479	2.8237

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
Continental Europe Fund	1.98%	1.23%

Total Expense Ratio = Total Annualised Expenses / Average Net Asset Value over 6 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 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	30/06/06 30/06/07	30/06/07 30/06/08	30/06/08 30/06/09	30/06/09 30/06/10	30/06/10 30/06/11
Continental Europe	+31.3	-10.7	-24.9	+16.6	+33.2

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 30/06/11			
Continental Europe A class	21,347	284.4	7,507,152
Continental Europe B class	3,796	302.6	1,254,402
As at 31/12/10			
Continental Europe A class	20,468	279.8	7,313,931
Continental Europe B class	4,920	296.7	1,658,360

Share Price Performance

	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 30/06/11			
Continental Europe class	297.0	268.0	285.4
Continental Europe class	315.7	284.5	303.7
During period to 31/12/10			
Continental Europe class	281.4	205.3	281.4
Continental Europe class	298.3	216.6	298.3

Top 10 Holdings: 30/06/11

%











Tag Immobilien	6.3
PPR	3.6
Statoil Fuel & Retail	3.4
CTC Eventim	3.2
Carlsberg	2.9
TDC	2.9
Deutsche Post	2.9
Gruppo Coin Spa	2.8
Comdirect Bank	2.6
ABB	2.6
Total	33.2

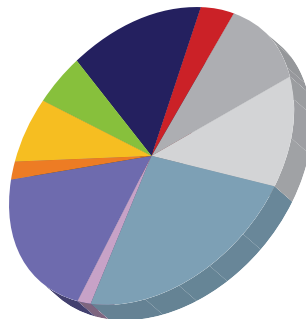
Top 10 Holdings: 31/12/10

%

Tag Immobilien	5.4
Bertrandt	3.9
Skandinaviska Enskilda Banken	3.8
DnB NOR	3.7
Yule Catto	3.5
Salzgitter	3.5
Statoil Fuel & Retail	3.2
Compagnie De Saint-Gobain	3.2
Gruppo Coin Spa	3.2
Linde AG	3.1
Total	36.5

Sector Analysis

	30/06/11	31/12/10
 Basic Materials	4.2%	18.7%
 Consumer Goods	11.6%	6.2%
 Consumer Services	12.0%	17.9%
 Financials	23.6%	26.5%
 Healthcare	1.8%	6.1%
 Industrials	18.9%	24.6%
 Oil & Gas	2.0%	–
 Technology	6.7%	–
 Telecommunications	4.9%	–
 Net Current Assets	14.3%	–



Fund Manager



Hugh Cuthbert

A rise of 9.01% for the FTSE World Europe ex UK in the first 6 months of 2011 appears somewhat counter intuitive when reviewing the catalogue of significant events that occurred over the course of the period, all with the potential to offset the course of European equity markets.

Sentiment was given a substantial boost when the European Financial Stability Facility was met with a substantial oversubscription for its first offer of rescue bonds. Though the sums involved were all but insignificant, demand for €40 billion more than flattered the supply of €5 billion. This helped support the view that the Greek Sovereign crisis was containable and resulted in a notable outperformance of peripheral equities which had been strongly out of favour throughout the course of 2010.

Further rotation away from the most popular themes of 2010 was seen when Chinese authorities embarked upon a rate tightening cycle raising fears of a slowdown in economic growth and further weakening sectors most commonly linked with Chinese growth, in particular commodities.

Further threats arose such as the tragic events in Japan and the continuing unrest in the Middle East and North Africa. Coupled with a further strengthening of the Euro and an oil price firmly above \$100 the ECB's decision to embark upon a course of rate tightening raises question marks over the ability of European economies to continue on the path of economic recovery. These headwinds may prove temporary as may the lull in activity we have witnessed toward the end of the period though the situation needs careful scrutiny.

The fund had a disappointing performance over the period hit by both the rotation out of last year's winners and a number of stock specific issues where newsflow turned against us. We intend to work hard in the second half of the year to turnaround this underperformance.

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Further Information

Further information about the share price and activities of the Fund for this and previous periods, 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 30 June 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. Currency movements may cause the value of your investment to fall as well as rise.

Contacts

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