

Fund Performance

| Percentage growth for each year to last quarter end | 30/06/11 30/06/12 | 30/06/12 30/06/13 | 30/06/13 30/06/14 | 30/06/14 30/06/15 | 30/06/15 30/06/16 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| UK Opportunities | -8.0 | 29.5 | 12.9 | 10.6 | -1.3 |

Source: Lipper, 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.

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Comparative Tables

Net Asset Values

| | Net asset value of shares £'000 | Net asset value in pence per share | Shares in issue |
|--------------------------|---------------------------------|------------------------------------|-----------------|
| As at 30/06/16 | | | |
| UK Opportunities A class | 28,230 | 390.5 | 7,229,185 |
| UK Opportunities B class | 97,212 | 433.8 | 22,410,920 |
| As at 31/12/15 | | | |
| UK Opportunities A class | 33,670 | 420.3 | 8,010,458 |
| UK Opportunities B class | 87,466 | 464.7 | 18,821,729 |

Share Price Performance

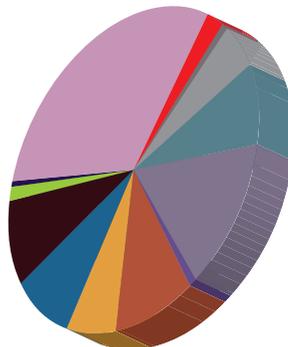
| | Highest share price in pence | Lowest share price per share | Price as at period end |
|---------------------------|------------------------------|------------------------------|------------------------|
| During period to 30/06/16 | | | |
| UK Opportunities A class | 424.7 | 374.5 | 392.3 |
| UK Opportunities B class | 470.2 | 413.6 | 434.4 |
| During year to 31/12/15 | | | |
| UK Opportunities A class | 422.1 | 352.4 | 422.1 |
| UK Opportunities B class | 465.7 | 386.0 | 465.7 |

Top 10 Holdings

| 30/06/16 | % | 31/12/15 | % |
|--|-------------|--|-------------|
| United Kingdom Treasury Bill 0% 26/09/2016 | 7.9 | Micro Focus International | 6.4 |
| Imperial Brands | 6.8 | Prudential | 5.4 |
| Micro Focus International | 6.7 | SABMiller | 5.1 |
| GlaxoSmithKline | 5.7 | BT | 5.1 |
| RPC | 5.4 | Lloyds Banking | 4.4 |
| SABMiller | 5.2 | AstraZeneca | 4.2 |
| BT | 4.7 | United Kingdom Treasury Bill 0% 07/03/2016 | 4.1 |
| United Kingdom Treasury Bill 0% 01/08/2016 | 4.0 | United Kingdom Treasury Bill 0% 13/06/2016 | 4.1 |
| AstraZeneca | 3.8 | HSBC | 4.1 |
| Prudential | 3.8 | RPC | 4.0 |
| Total | 54.0 | Total | 46.9 |

Sector Analysis

| | 30/06/16 | 31/12/15 |
|---|-------------|----------|
| | % | % |
| ■ Basic Materials | 2.7 | 2.7 |
| ■ Consumer Goods | 0.8 | 3.0 |
| ■ Consumer Services | 5.4 | 7.7 |
| ■ Financials | 8.7 | 16.1 |
| ■ Fixed Income | 14.3 | 8.2 |
| ■ Health Care | 0.7 | 0.9 |
| ■ Industrials | 9.7 | 10.6 |
| ■ Oil & Gas | 6.7 | 5.8 |
| ■ Technology | 8.8 | 9.3 |
| ■ Telecommunications | 9.2 | 10.0 |
| ■ Overseas | 1.5 | 3.4 |
| ■ Contracts for Difference | 0.5 | 2.8 |
| ■ Net Current Assets | 31.0 | 19.5 |



Fund Managers



Neil Veitch

Market Review

The UK market has seen extreme levels of volatility over the past six months. The outcome of the referendum on membership of the EU was the main influence on stock market performance during the period under review. Following the decision to 'leave' there was a marked bifurcation of returns. Defensive sectors and US dollar earners were particularly strong; while domestic cyclicals such as the house-builders and related equities declined sharply. Your fund underperformed falling 7.1% versus the FTSE All-Share Index that rose 4.3%. All the underperformance arose in the period following the referendum.

Prior to the referendum, it was widely expected by both investors and the betting markets that the UK would vote to remain in the EU. This led to a short-lived rally in Sterling and domestic-facing equities, which has since more than reversed. Although UK equities have risen over the period, they have considerably underperformed international indices in Sterling terms due to the devaluation of the currency.

Portfolio Review

The portfolio underperformed the benchmark during the period under review largely due to asset allocation. There were few stock-specific disappointments. Although the fund has been positioned relatively cautiously with a mixture of domestic and defensive stocks and above average liquidity, our underweight in FTSE 100 companies has been the main detractor to performance. At a stock-specific level, the fund benefited from the strong performance of defensive dollar-earners such as Imperial Brands and GlaxoSmithKline. Our oil and gas holdings benefited from a recovery in crude prices, with Ithaca Energy, Faroe Petroleum and BP all outperforming. Informa, the publishing and events company, also performed strongly as its results demonstrated improving revenue momentum. IAG, Lloyds and Bellway were the main detractors as fears over the domestic outlook dominated post-referendum.

During the period we marginally increased our exposure to defensive, dollar-earners and reduced our financials exposure.

Outlook

The near-term outlook for the UK domestic economy will remain highly uncertain until the terms of Britain's exit from the EU become clear. In the long-run, however, the strength of the UK's domestic institutions, intellectual capital, and openness to trade will reassert. With returns scarce, equities remain the most attractive asset class. Ultimately, companies with pricing power and strong management will outperform, regardless of their industry. Our long-term track record demonstrates an ability to identify these companies and add considerable value.

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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. 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 2016. 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.

Important changes to SVM Funds ICVC

There were no important changes during the period to 30 June 2016.

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