

SVM UK GROWTH FUND

Short Report

Period to 30 June 2013



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	31/12/12 pence per share	31/12/11 pence per share
UK Growth A Class	0.3651	Nil
UK Growth B Class	2.2790	0.7729

Ongoing Charges Figure (OCF)

The OCF shows the annualised operating expenses of the Fund.

Fund Ongoing Charges Figure (p.a.)	Class A Shares	Class B Shares
UK Growth Fund	1.89%	1.14%

Ongoing Charges Figure = 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 30 June 2013 Report and Accounts. The figures are intended to provide an indication of the Ongoing Charges Figure and will vary from year to year.

Fund Performance					
Percentage growth for each year to last quarter end	30/06/08 30/06/09	30/06/09 30/06/10	30/06/10 30/06/11	30/06/11 30/06/12	30/06/12 30/06/13
UK Growth	-22.3	21.3	29.9	-2.0	27.5

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 30/06/13			
UK Growth A Class	36,468	286.3	12,736,235
UK Growth B Class	37,788	304.5	12,411,705
As at 31/12/12			
UK Growth A Class	28,104	248.5	11,307,808
UK Growth B Class	27,037	263.3	10,269,055

Share Price Performance			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 30/06/13			
UK Growth A Class	302.6	255.8	288.8
UK Growth B Class	321.5	271.0	307.0
During period to 31/12/12			
UK Growth A Class	253.5	214.3	250.6
UK Growth B Class	268.5	225.4	265.5

Top 10 Holdings: 30/06/13

%

Partnership Assurance	3.1
Ashtead	2.8
Whitbread	2.8
Weir	2.6
Essentra	2.5
Aberdeen Asset Management	2.5
Paddy Power	2.3
Booker	2.3
Derwent London	2.3
Prada	2.3
Total	25.4

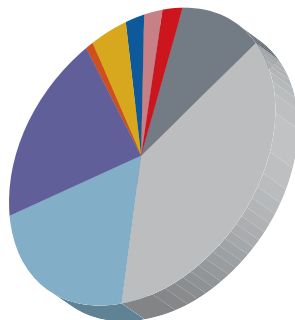
Top 10 Holdings: 31/12/12

%

Paddy Power	2.8
HSBC Holdings	2.7
Burberry	2.7
Fresnillo	2.7
Essentra	2.6
Ashtead	2.5
Booker	2.5
Aberdeen Asset Management	2.3
Weir Group	2.3
Spectris	2.2
Total	25.2

Sector Analysis

	30/06/13	31/12/12
Basic Materials	2.7%	10.8%
Consumer Goods	11.2%	7.8%
Consumer Services	35.9%	33.7%
Financials	21.1%	19.0%
Healthcare	-	1.3%
Industrials	19.9%	16.1%
Oil & Gas	0.7%	6.0%
Technology	4.2%	1.0%
Telecommunications	2.2%	1.9%
Net Current Assets	2.1%	2.4%



Fund Managers



Margaret Lawson



Colin McLean

Filtrona (now Essentra). Investments in consumer businesses also helped, including Prada, Burberry and Booker. Additional investments were made to the financial sector; Paragon, MoneySupermarket and Partnership Assurance Group. The Fund added to exposure to UK consumer sectors and the recovering housing sector. This was funded by sales of Lamprell and Fresnillo following disappointing updates.

During the six months under review there was relatively little change to the core portfolio, which represents around half the Fund. These are typically large companies, selected for their sustainability of business model. They typically offer global exposure, strong sales growth and stable group margins.

Outlook

Economic data from the US is positive, reflecting consistent growth in housing and construction. Whilst this may trigger an early withdrawal of Federal stimulus, we believe the US recovery is robust and points to earnings upgrades and a stronger US Dollar. In the UK and Europe, politicians supporting austerity are losing support. Central Bank policy in both the UK and Eurozone is now focused on maintaining low interest rates and assisting the bank sector. Returns on cash deposits and in bonds are very low, so equities that offer growth and attractive dividend yields are sought by investors. We expect more stimulus, and ultimately full quantitative easing in Europe.

We expect the global economy to grow in 2013, helped by an improving US economy and growth in China. The US housing and construction sector is an important part of the global economy, and is steadily recovering. 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.

Market Review

The UK stockmarket rose over the six months under review, following reassurances from the European Central Bank to markets on the EU financial crisis. Medium sized companies performed best, with some of the largest global businesses in the FTSE 100 lagging. Concerted action by the ECB and other central banks to inject liquidity has helped world markets, and we expect further printing of money in the UK, Europe and Japan. Many of the Fund's investments are in businesses with global exposure, and will be helped by a growing global economy.

Better data from the US points to a sustained recovery in its economy. However, although emerging economies also grew, their growth forecasts were revised downwards. The UK economy continued to grow over the six months, and is faring better than the Eurozone.

Portfolio Review

Since 2008, the Fund has been positioned for global recovery. The Fund has outperformed its benchmark in six out of the seven calendar years since Margaret Lawson took over management.

Over the six months under review, there was good performance by a number of core portfolio holdings such as Whitbread and BT Group. There was also good performance by a number of businesses with exposure to the improving US economy, including Ashtead, Weir Group and

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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 30 June 2013. 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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