

SVM Funds ICVC

Annual Report

31 December 2016

# SVM Funds ICVC

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## **The Company**

SVM Funds ICVC

*Head Office:*

7 Castle Street

Edinburgh

EH2 3AH

Authorised and regulated by the Financial Conduct Authority.

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## **Authorised Corporate Director (ACD) and Investment Manager**

SVM Asset Management Limited

*Head Office:*

7 Castle Street

Edinburgh

EH2 3AH

Incorporated in United Kingdom under registered number SC125817.

Authorised and regulated by the Financial Conduct Authority and a member of the Investment Association.

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## **Custodian**

State Street Bank and Trust Company

*Registered Office:*

20 Churchill Place

Canary Wharf

London

E14 5HJ

*Correspondence Address:*

525 Ferry Road

Edinburgh

EH5 2AW

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## **Depository**

State Street Trustees Limited

*Registered Office:*

20 Churchill Place

Canary Wharf

London

E14 5HJ

*Correspondence Address:*

525 Ferry Road

Edinburgh

EH5 2AW

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Authorised and regulated by the Financial Conduct Authority.

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## **Registrar**

International Financial Data Services (UK) Limited

*Registered Office:*

IFDS House

St. Nicholas Lane

Basildon, SS15 5FS

United Kingdom

Authorised and regulated by the Financial Conduct Authority.

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## **Independent Auditor**

Scott-Moncrieff

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

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## Authorised Corporate Director's Report

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We present our Annual Report for the SVM Funds ICVC ('the ICVC' or the 'Funds') for the year ended 31 December 2016.

All funds, except for UK Growth Fund, showed growth over the year, with the World Equity Fund recording the most at over 20 per cent. It was a more difficult year for the Funds compared to their benchmark indices with all Funds underperforming over the year to 31 December 2016. In the immediate aftermath of the Brexit vote there were sharp falls in some of the shares that had performed strongly in 2015, with investors selling domestic sectors and consumer cyclicals. The year saw shares of cyclical businesses, such as banks, industrials, oil and mining rallying strongly. Shares of more defensive consistent growth businesses, like tobacco and pharmaceuticals actually fell. Over longer time periods compared to benchmark indices, two of the five Funds, UK Opportunities Fund and Continental Europe Fund, have outperformed over three years and all Funds are ahead over five years. All funds are in the top quartile of their peer group over five years.

The performance of the funds for each of the last five years is shown in the table below.

Percentage growth for 12 months to	31/12/2012 %	31/12/2013 %	31/12/2014 %	31/12/2015 %	31/12/2016 %
All Europe SRI Fund	17.4	29.9	(2.5)	13.7	9.3
Continental Europe Fund	18.7	28.9	1.2	17.0	13.0
UK Growth Fund	18.7	36.7	(2.3)	19.8	(3.6)
UK Opportunities Fund	18.9	34.5	(2.6)	18.5	7.8
World Equity Fund	21.4	24.5	5.1	7.3	21.1

*Source: Lipper Hindsight, mid to mid, UK net, to 31 December 2016. Figures are for the A share class.*

Information on share prices and monthly factsheets for each of the sub-funds giving stock, performance and market information can be found at [www.svmonline.co.uk](http://www.svmonline.co.uk)

SVM Asset Management is incorporated in United Kingdom under registered number 125817. Authorised and regulated by the Financial Conduct Authority.

### Authorised Status

The ICVC is an investment company with variable capital incorporated in United Kingdom and registered under the OEIC Regulations with the Financial Conduct Authority ("FCA") and has its head office at 7 Castle Street, Edinburgh EH2 3AH. It has an umbrella structure and each sub-fund is invested as a Securities Scheme which complies with the FCA's Collective Investment Schemes Sourcebook ("COLL") Rules.

The Instrument of Incorporation of the ICVC permits the scheme to operate as a UCITS scheme which complies with COLL. The Prospectus is dated 20 September 2016.

Shareholders are not liable for the debts of the ICVC.

This report covers the year ending 31 December 2016 including the financial statements which show the financial position of each of the sub-funds.

### About the ICVC

The ICVC is valued on a daily basis and currently has five active Funds, all of which have two share classes. The share classes are subject to different charging structures and subscription limits. All shares are single priced. Details of the Funds and the share classes are contained in the Prospectus. Copies of the Prospectus, Supplementary Information Document, Key Investor Information Document and Instrument of Incorporation can be obtained from the Authorised Corporate Director (ACD).

### Remuneration

The European Union Directive 2014/91/EU (known as the "UCITS V Directive") came into effect on 18 March 2016. The Company is required to operate a remuneration policy in accordance with applicable requirements of the UCITS V Directive. Details of the Company's remuneration and associated financial disclosures will be made within the annual report for the period to 31 December 2017. Prior to this date, the data would not be in respect of a full performance period and the information available would not provide a proper basis for comparison.

**Share Class Information and Expenses Cap**

Each fund has Class A Shares (retail) and Class B Shares (institutional) available for subscription. The annual management fees of the ACD borne by, and the level at which the ACD has agreed to cap the expenses for the year ended 31 December 2016 of, the share classes are given in the

Percentage charge per share class	Annual Fee		Expense Cap	
	A	B	A	B
All Europe SRI Fund	1.50	0.75	1.98	1.23
Continental Europe Fund	1.50	0.75	1.98	1.23
UK Growth Fund	1.50	0.75	1.98	1.23
UK Opportunities Fund	1.50	0.75	1.98	1.23
World Equity Fund	1.50	0.75	1.98	1.23

**Rights on Winding Up**

All classes of shares have the same rights on winding up.

**Prospectus Changes**

- The Prospectus has been updated during the year to include information on SVM’s remuneration policy, additional information relating to how the Funds’ depository manages potential conflicts of interest and relating to the depository under UCITS V.

A copy of the Prospectus is available on request.

**Risks**

If you invest in the ICVC you should be aware that there are certain risks involved:

- Your investment can be affected by changing conditions on the stockmarkets in which the ICVC invests. Both the value of your investment and any revenue the ICVC may pay, may go down as well as up.
- You are not certain to make a profit and you may make a loss.
- Past performance should not be seen as an indication of future performance.
- If the ICVC invests in overseas securities it may be affected by currency fluctuations. These can have a negative or positive impact on the value of your investment.
- The effect of the initial charge means that, even in the absence of a fall in the share price, if you sell your shares after a short period you may not get back the amount originally invested. You should therefore regard your investment as medium to long term.
- Tax rates, as well as the tax treatment of the ICVC, could change at any time in the future.

The ACD has expressed its own views and opinions in this Report and these may change. None of the views expressed in this Report should be construed as advice to buy or sell a particular investment.

SVM Asset Management Limited  
7 March 2017

## Statement of the Authorised Corporate Director's Responsibilities

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The FCA Collective Investment Schemes rules (COLL) require the ACD to prepare Financial Statements for each annual and interim accounting period, which give a true and fair view of the financial position of the ICVC and of its net revenue/expense and the net capital gains/losses for the year.

In preparing the Financial Statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to the Financial Statements of Authorised Funds;
- keep proper accounting records which enable it to demonstrate that the financial statements comply with the above requirements;
- take reasonable steps for the prevention and detection of fraud and irregularities; and
- prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the company will continue in operation.

The ACD is responsible for the management of the ICVC in accordance with the Instrument of Incorporation, the Prospectus and COLL.

## Report of the Authorised Corporate Director

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The Annual Report and Financial Statements have been approved and signed on behalf of the ACD by :

**Colin W McLean**  
Director

**Margaret Lawson**  
Director

**SVM Asset Management Limited**  
Authorised Corporate Director  
7 March 2017

# Statement of Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of the SVM Funds ICVC

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for the year ended 31 December 2016

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the COLL, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

## Report of the Depositary

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Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- has carried out the creation, cancellation and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the COLL and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company; and
- has observed the investment and borrowing powers and restrictions applicable to the Company.

**State Street Trustees Limited**

7 March 2017

# Independent Auditor's Report to the Members of SVM Funds ICVC

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We have audited the financial statements of SVM Funds ICVC ("the Company") for the year ended 31 December 2016 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes, and the Distribution Table for each sub-fund. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association in May 2014, the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and the Instrument of Incorporation.

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 R of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the ACD and Auditor**

As explained more fully in the Depositary's Responsibilities Statement on page 5 and the ACD's responsibilities statement set out on page 4, the Depositary is responsible for safeguarding the property of the company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the requirements of the Collective Investment Schemes Sourcebook, applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of the financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of each sub-fund at 31 December 2016 and of the net revenue and the net capital (losses)/gains of the scheme property of each sub-fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## **Opinion on other matters prescribed by the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority.**

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**For and on behalf of Scott-Moncrieff, Statutory Auditor**

Exchange Place 3

Seemple Street

Edinburgh

EH3 8BL

7 March 2017



## Notes to the Aggregated Financial Statements

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as at 31 December 2016

### 1. Accounting and distribution policies

The accounting policies are applicable to the individual sub-fund financial statements.

- (a) The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the revised Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Association (IA) in May 2014, in compliance with FRS 102 and United Kingdom Generally Accepted Accounting Practice.

The financial statements have been prepared on a going concern basis.

- (b) Dividends receivable from equity and non equity shares are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends on unquoted stocks are credited to revenue when the dividend is received. Interest on debt securities is recognised on an effective interest basis. Bank interest is recognised on an accrual basis. Distributions receivable from onshore Collective Investment Schemes are recognised when the security is quoted ex-dividend. Distributions from Offshore Collective Investment Schemes are recognised at its XD date and any additional reported income is recognised on the underlying funds reporting date. Equalisation on accumulations do not form part of the distribution.
- (c) Dividends from the UK Real Estate Investment Trusts ("REITs") are recognised as distributable revenue when the securities are quoted ex-dividend.
- (d) Special dividends and the proceeds from share buy-backs are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature.
- (e) Underwriting commission is recognised when the issue takes place. Where the sub-fund is required to take up some or all of the shares underwritten, an appropriate proportion of the commission earned is deducted from the cost of those shares.
- (f) All expenses, including management expenses, are dealt with on an accruals basis and charged against revenue except for dealing costs which are charged against capital.
- (g) All listed investments have been valued at bid market prices at 12 noon on 30 December 2016. Collective Investment Schemes have been valued at the last sale price available at the valuation point. Unlisted investments are valued at fair value by the ACD, based on the latest available information, principally net asset value, and with reference to the Institutional Private Equity and Venture Capital Valuation Guidelines.
- (h) The ACD has agreed to cap the expenses of the sub-funds as described on page 3. Any reimbursement due back to the Funds is calculated and accrued on a daily basis and is shown as a deduction to expenses in note 4.
- (i) All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates ruling on that date.
- (j) The charge for taxation is 20% of revenue less expenses, and is based on the results for the year. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.
- (k) Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management and investment purposes. Revenue and expenses derived from the derivative instruments such as Contracts for Difference (CFDs) are included in the statement of total return. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Any CFD positions open at the year end are reflected in the balance sheet at their marked to market value.
- (l) The distribution policy of the sub-funds is to accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.
- (m) The allocation of revenue and expenses (including taxation) to each share class is based on the proportion of a Fund's assets attributable to each share class on the day the revenue is earned or the expense is incurred. The ACD's periodic charge is allocated on a share class specific basis.
- (n) Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. This revenue forms part of any distribution. In the case of enhanced scrip dividends, the amount by which such dividends exceed the cash dividends is treated as capital and does not form part of the distribution.
- (o) Equalisation applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of income included in the purchase of group 2 shares and is refunded to the shareholders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# All Europe SRI Fund

## Authorised Fund Manager's Report

for the year ended 31 December 2016

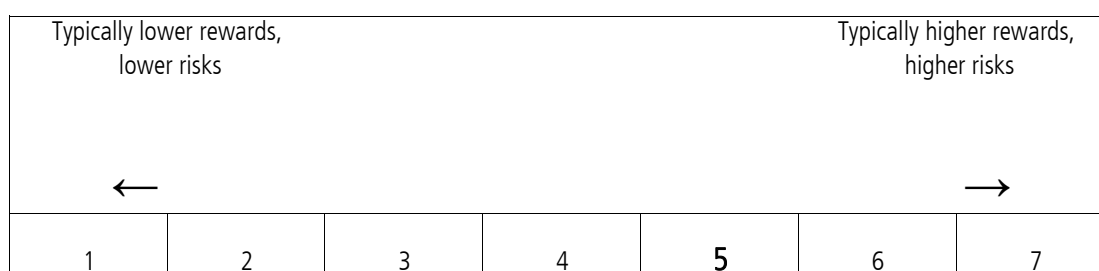
### Investment Objective and Policy

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 World Europe Index (or any successor index).

This Fund will invest principally in securities which are dealt in or traded on all European Eligible Securities Markets. From time to time, when particular opportunities are identified, or the ACD considers it appropriate, this Fund may invest in securities which are dealt in or traded on other Eligible Securities Markets or which are otherwise permitted for this Fund.

Whilst focused on profitability and investor returns, the ACD is also aware of the social and environmental aspects of its investments. Although the Fund may negatively screen out some companies the approach is one of positive screening and actively engaging with the management of investee companies. Information on this strategy is available from the ACD on request and is also available on the ACD's website at [www.svmonline.co.uk](http://www.svmonline.co.uk).

### Synthetic Risk and Reward Indicator



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- Currency movements may cause the value of your investments to fall as well as rise.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus.

### Investment Review

Performance	31/12/2011 to 31/12/12 %	31/12/2012 to 31/12/13 %	31/12/2013 to 31/12/14 %	31/12/2014 to 31/12/15 %	31/12/2015 to 31/12/16 %
All Europe SRI Fund	17.4	29.9	(2.5)	13.7	9.3

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2016.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

### Market Review

'Events, dear boy, events' was Harold Macmillan's response when asked what he feared most as Prime Minister. At the end of a turbulent year most investors probably feel the same way. Equities may have finished 2016 at new highs but few would have anticipated the manner in which it was achieved. The last twelve months produced two significant political surprises. First, the British electorate confounded professional pollsters by voting to leave the EU. This was followed by the election of Donald Trump as the 45th President of the United States of America. Both events led initially to falls in the markets, which were soon followed by substantial rallies. In the case of the UK this largely reflected the weakness of the currency and in the US it was the prospect of fiscal stimulus and a reduction in regulation. Indeed, the election of Trump led to a strengthening of the dollar and a sharp rotation into reflation beneficiaries. This benefitted 'value' investments at the expense of 'growth', and especially 'defensive growth'. Your fund returned 9.3% versus the average fund in its sector that returned 13.7%.

**Portfolio Review**

The fund suffered due to its overweight in the UK. At a stock-specific level the fund enjoyed strong performances from a number of holdings. Micro Focus celebrated its promotion to the FTSE 100 index by announcing its intention to acquire the software division of Hewlett Packard Enterprises. Over the last couple of years the market has increasingly recognised the attractiveness of legacy software businesses and the extent to which their strong cash generation can be utilised for the benefit of shareholders. Another consolidator, RPC, also performed strongly. The company is consolidating the European plastic packaging industry. Despite making a number of acquisitions over the last few years, the company still controls less than ten percent of the market. As the largest purchaser of its raw material in Europe it has significant purchasing power, which can then be applied to the companies it acquires. We believe RPC can continue to grow through a mixture of organic and inorganic growth for a number of years. New issue, Blue Prism, rose strongly as the company announced a series of new orders. Despite its strong performance and scope for further growth, it continues to trade at a discount to its nearest peers. Vonovia, the German residential property company, gained as its NAV exceeded expectations. AXA, rallied as investors sought beneficiaries of higher bond yields. The fund's energy positions rallied as the oil price first stabilised and then OPEC, led by Saudi Arabia, bowed to the inevitable and announced a production cut. The oil price rose sharply as a result and we believe has further to run.

UK banks, Lloyds and Barclays declined as investors fretted over the outlook for the UK economy in the aftermath of Brexit. BT underperformed as regulatory concerns and an increase in the size of its pension deficit worried investors.

**Outlook**

European economic data has recently surprised positively. The region, however, faces a number of political challenges over the next twelve months and economic momentum has probably peaked. The Eurozone continues to face the structural problems of poor demographics, a weak banking system, and constrained fiscal policy. Indeed, the recent bailout of Italy's third largest bank, Monte dei Paschi, highlighted the significant ongoing problem of non-performing loans. This overhang will continue to impede growth and restrict credit demand. We remain overweight the UK and underweight Europe.

Equity markets finished the year with a flurry as investors looked forward to 2017 with confidence. Economic activity continued to improve on both sides of the Atlantic and corporate earnings appear to have troughed. Despite the strong end to the year, we feel the current rally in equity markets has further left to run. Equities are in a reflationary sweet-spot with some of the recent deflationary headwinds subsiding and the economic outlook improving. Nonetheless, many longer-term concerns remain. High levels of indebtedness will likely weigh on aggregate demand and inflationary pressures may build. However, we expect the market to continue to move higher. Many investors worry that the market has moved too far too quickly, but any pullback will continue to lead to buying as the fear of missing out dominates.

SVM Asset Management Limited

January 2017

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

# All Europe SRI Fund

## Portfolio Statement

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (0.59%*)</b>		<b>572</b>	<b>2.67</b>
Synthomer	150,000	572	2.67
<b>CONSUMER GOODS (6.98%*)</b>		<b>714</b>	<b>3.34</b>
Bellway	29,000	714	3.34
<b>CONSUMER SERVICES (5.39%*)</b>		<b>668</b>	<b>3.12</b>
Basic-Fit	15,250	206	0.96
Stagecoach	213,170	462	2.16
<b>FINANCIALS (31.00%*)</b>		<b>5,563</b>	<b>26.00</b>
AURELIUS	9,000	430	2.01
AXA	25,000	511	2.39
Bank of Ireland	1,440,000	283	1.32
Barclays	85,000	188	0.88
British Land **	150,000	947	4.43
Legal & General	235,000	575	2.69
Lloyds Banking	1,200,000	747	3.49
Prudential	51,000	822	3.84
Vonovia	40,000	1,060	4.95
<b>HEALTH CARE (12.17%*)</b>		<b>1,748</b>	<b>8.17</b>
Abzena	416,667	146	0.68
Creo Medical	39,474	32	0.15
Novartis	10,000	592	2.77
ReNeuron	2,000,000	50	0.23
Roche	5,000	928	4.34
<b>INDUSTRIALS (13.77%*)</b>		<b>4,516</b>	<b>21.11</b>
Biffa	293,350	524	2.45
Forterra	177,874	308	1.44
Ibstock	131,682	244	1.14
Johnson Service	386,361	440	2.06
Melrose Industries	280,000	554	2.59
Norcros	351,926	629	2.94
RPC	142,771	1,513	7.07
St Ives	57,203	72	0.34
STO Preference Shares	2,900	232	1.08
<b>OIL &amp; GAS (1.22%*)</b>		<b>1,109</b>	<b>5.18</b>
Atlantis Resources	256,000	125	0.58
Faroe Petroleum	577,492	595	2.78
Ithaca Energy	388,896	389	1.82
<b>TECHNOLOGY (8.54%*)</b>		<b>3,260</b>	<b>15.25</b>
Blue Prism	174,358	767	3.59
Corero Network Security	866,364	74	0.35
FDM	122,680	675	3.16
Micro Focus International	66,213	1,429	6.68
Nokia	80,000	315	1.47

# All Europe SRI Fund

## Portfolio Statement

(continued)

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>TELECOMMUNICATIONS (10.47%*)</b>		<b>2,602</b>	<b>12.16</b>
BT	199,000	727	3.40
Gamma Communications	49,424	229	1.07
Orange	60,000	739	3.45
Swisscom	2,500	907	4.24
<b>Portfolio of investments</b>		<b>20,752</b>	<b>97.00</b>
<b>Net other assets</b>		<b>642</b>	<b>3.00</b>
<b>Total net assets</b>		<b>21,394</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

\* Comparative figures shown in brackets relate to 31 December 2015.

\*\* Real Estate Investment Trust (REIT).

## All Europe SRI Fund

### Material Portfolio Changes

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for the year ended 31 December 2016

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Swisscom	934	AstraZeneca	991
British Land	923	HSBC	784
Roche	893	Legal & General	653
Vonovia	880	Gamma Communications	603
Orange	763	Novartis	584
Bellway	646	GKN	555
Nokia	580	CYBG	548
Synthomer	542	Verizon Communications	530
Stagecoach	535	Bellway	519
Biffa	528	Spar Nord Bank	502

# All Europe SRI Fund

## Comparative table

(continued)

as at 31 December 2016

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/16 (p)	Final 31/12/15 (p)	Final 31/12/14 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	232.67	205.08	210.27
Return before operating charges*	25.39	32.07	(1.00)
Operating charges	(4.67)	(4.48)	(4.19)
Return after operating charges*	20.72	27.59	(5.19)
Distributions on accumulation shares	(1.55)	(0.27)	-
Retained distributions on accumulation shares	1.55	0.27	-
Closing net asset value per share	253.39	232.67	205.08
*after direct transaction costs of:	0.86	1.20	1.16
<b>Performance</b>			
Return after charges	8.91%	13.45%	(2.47%)
<b>Other information</b>			
Closing net asset value (£'000)	1,630	2,604	5,304
Closing number of shares	643,205	1,119,117	2,586,293
Operating charges (ongoing charges figure)	1.98%	2.00%	2.00%
Direct transaction costs	0.37%	0.54%	0.55%
<b>Prices</b>			
Highest share price	256.20	235.20	220.90
Lowest share price	206.80	205.00	188.00
Price at year end	256.20	234.50	206.20

# All Europe SRI Fund

## Comparative table

(continued)

as at 31 December 2016

	Final 31/12/16 (p)	Final 31/12/15 (p)	Final 31/12/14 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	250.75	218.29	222.08
Return before operating charges*	28.68	35.42	(1.03)
Operating charges	(3.10)	(2.96)	(2.76)
Return after operating charges*	25.58	32.46	(3.79)
Distributions on accumulation shares	(3.70)	(2.21)	(1.14)
Retained distributions on accumulation shares	3.70	2.21	1.14
Closing net asset value per share	276.33	250.75	218.29
*after direct transaction costs of:	0.93	1.29	1.22
<b>Performance</b>			
Return after charges	10.20%	14.87%	(1.71%)
<b>Other information</b>			
Closing net asset value (£'000)	19,764	20,439	14,022
Closing number of shares	7,152,590	8,151,404	6,423,721
Operating charges (ongoing charges figure)	1.23%	1.23%	1.25%
Direct transaction costs	0.37%	0.54%	0.55%
<b>Prices</b>			
Highest share price	276.80	252.20	233.50
Lowest share price	221.90	218.20	199.70
Price at year end	276.80	251.40	219.40



## All Europe SRI Fund

### Statement of Total Return

for the year ended 31 December 2016

	Notes	Year Ended 31 December 2016		Year Ended 31 December 2015	
		£000	£000	£000	£000
Income					
Net capital gains	2		1,695		2,656
Revenue	3	607		449	
Expenses	4	(275)		(288)	
Interest payable and similar charges		(3)		-	
Net revenue before taxation		329		161	
Taxation	5	(17)		(4)	
Net revenue after taxation			312		157
<b>Total return before distribution</b>			<b>2,007</b>		<b>2,813</b>
Distribution	6		(312)		(157)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,695</b>		<b>2,656</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2016

	Year Ended 31 December 2016		Year Ended 31 December 2015	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>23,043</b>		<b>19,326</b>
Amounts receivable on creation of shares	3,631		6,537	
Less: Amounts payable on cancellation of shares	(7,250)		(5,659)	
		(3,619)		878
Change in net assets attributable to shareholders from investment activities		1,695		2,656
Retained distribution on accumulation shares		275		183
<b>Closing net assets attributable to shareholders</b>		<b>21,394</b>		<b>23,043</b>

*Notes to the Financial Statements are on pages 17 to 21.*

# All Europe SRI Fund

## Balance Sheet

as at 31 December 2016

	Notes	31/12/2016 £000	31/12/2015 £000
<b>Fixed Assets</b>			
Investments		<u>20,752</u>	<u>20,768</u>
<b>Current assets:</b>			
Debtors	7	85	109
Cash and bank balances		<u>680</u>	<u>2,209</u>
<b>Total assets</b>		<u>21,517</u>	<u>23,086</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	8	<u>(123)</u>	<u>(43)</u>
<b>Total liabilities</b>		<u>(123)</u>	<u>(43)</u>
<b>Net assets attributable to shareholders</b>		<u>21,394</u>	<u>23,043</u>

*Notes to the Financial Statements are on pages 17 to 21.*

# All Europe SRI Fund

## Notes to the Financial Statements

as at 31 December 2016

### 1. Accounting basis and policies

Please see page 7 for accounting basis and policies.

### 2. Net capital gains

The net capital gains during the year comprise:

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
Non-derivative securities	1,681	2,698
Forward foreign exchange currency contracts	16	(1)
Currency gains/(losses)	3	(37)
Handling charges	(5)	(4)
Net capital gains	1,695	2,656

### 3. Revenue

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
UK dividends	425	343
Overseas taxable revenue	2	11
Overseas non-taxable revenue	171	89
Property revenue from UK REITs - PID	8	-
Property revenue from overseas REITs	-	3
Bank interest	1	3
Total revenue	607	449

### 4. Expenses

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	173	191
Registration fees	72	76
	245	267
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	16	12
Safe custody fees	1	1
	17	13
<b>Other expenses:</b>		
Administration fee	32	32
Audit fee	8	8
Other expenses	3	12
	43	52
Expenses rebate *	(30)	(44)
	275	288

\*The ACD has agreed to cap the expenses as described in the ACD's report (see page 3).

as at 31 December 2016

**5. Taxation**

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	17	4
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2015: 20%). The differences are explained below:		
Net revenue before taxation	329	161
Corporation tax of 20% (2015: 20%)	66	32
<b>Effects of:</b>		
UK dividends*	(85)	(69)
Overseas non-taxable revenue	(34)	(18)
Movement in excess management expenses	53	55
Irrecoverable overseas tax	17	4
Total tax charge for year (note 5a)	17	4

*\*As an authorised OEIC these items are not subject to corporation tax.*

*OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.*

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £289,806 (31/12/15: £236,233) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Final	275	183
Add: Revenue deducted on cancellation of shares	62	12
Deduct: Revenue received on creation of shares	(25)	(38)
Net distribution for the year	312	157

*Details of the distribution per share is set out in the Distribution Tables on page 22.*

**7. Debtors**

	31/12/2016 £000	31/12/2015 £000
Amounts receivable for issue of shares	14	47
Accrued revenue	49	46
Accrued expenses rebate due from ACD*	3	7
Overseas tax recoverable	19	9
Total debtors	85	109

\*This is a related party (see note 9).

as at 31 December 2016

**8. Creditors**

	31/12/2016	31/12/2015
	£000	£000
Amounts payable for cancellation of shares	81	1
Accrued ACD's periodic charge*	14	16
Accrued depositary fee	3	1
Accrued other expenses	25	25
Total creditors	<u>123</u>	<u>43</u>

\*This is a related party (see note 9).

**9. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £66,323 (31/12/15: £47,030) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to/from the ACD, or its associates are shown in note 4. Amounts due from/to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £11,351 (31/12/15: £9,494) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £2,951 (31/12/15: £1,019) due at the year end.

**Shares held by associates of the ACD**

On 31 December 2016, the shares held by the ACD as a percentage of the Fund's shares were:

	% held	
	31/12/2016	31/12/2015
Share Class B - Accumulation:	1.8%	1.6%

At the balance sheet date the following shareholders held more than 20% of the shares in the fund.

	31/12/2016	31/12/2015
Cofunds Nominees Ltd	-*	30.0%

\*Below 20% at 31/12/16.

**10. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class B - Accumulation:	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 13 and 14.

The distribution per share class is given in the Distribution Tables on page 22.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/2015	01/01/16 to 31/12/16		31/12/2016
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	1,119,117	24,608	(500,520)	- 643,205
Share Class B - Accumulation	8,151,404	1,462,655	(2,461,469)	- 7,152,590
Total	<u>9,270,521</u>	<u>1,487,263</u>	<u>(2,961,989)</u>	<u>- 7,795,795</u>

**11. Capital commitments and contingent liabilities**

On 31 December 2016, the Fund had no capital commitments (31/12/15: £nil) and no contingent liabilities (31/12/15: £nil).

as at 31 December 2016

**12. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 8. The risks inherent in the sub-fund's investment portfolio are as follows:

*(a) Currency risk*

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

Currency	Currency exposure	Currency exposure
	31/12/2016	31/12/2015
	£000	£000
Danish krone	1	482
Euro	4,363	2,188
Swiss franc	2,442	1,182
US dollar	-	446
	6,806	4,298

The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions.

*(b) Interest rate risk profile of financial assets and liabilities*

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £680k (31/12/15: holding £2,209k) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

*(c) Liquidity risk*

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

*(d) Market price risk and fair value of financial assets and liabilities*

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

*(e) Counterparty risk*

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depositary receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

as at 31 December 2016

**13. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Equities	13,317	18,883	15,085	19,678
<b>Commissions</b>				
Equities	20	26	(30)	(39)
<b>Taxes</b>				
Equities	29	47	-	-
Total costs	49	73	(30)	(39)
<b>Total net trades in the year after transaction costs</b>	<b>13,366</b>	<b>18,956</b>	<b>15,055</b>	<b>19,639</b>

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %
<b>Commissions</b>				
Equities	0.15	0.14	0.20	0.20
<b>Taxes</b>				
Equities	0.22	0.25	-	-

Total transaction cost expressed as a percentage of average net asset value.

	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %
Commissions	0.23	0.31
Taxes	0.14	0.23
<b>Total costs</b>	<b>0.37</b>	<b>0.54</b>

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.49% (31/12/2015: 0.73%).

**14. Fair value**

Valuation technique	31/12/2016		31/12/2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	20,752	-	20,768	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	20,752	-	20,768	-

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# All Europe SRI Fund

## Distribution Tables

for the year ended 31 December 2016

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2016

Group 2 Final Shares purchased between 1 January 2016 and 31 December 2016

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1	(p)	(p)	(p)	(p)
Final	1.5467	-	1.5467	0.2654
Group 2	(p)	(p)	(p)	(p)
Final	0.8403	0.7064	1.5467	0.2654

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1	(p)	(p)	(p)	(p)
Final	3.7027	-	3.7027	2.2053
Group 2	(p)	(p)	(p)	(p)
Final	1.7033	1.9994	3.7027	2.2053

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.



# Continental Europe Fund

## Authorised Fund Manager's Report

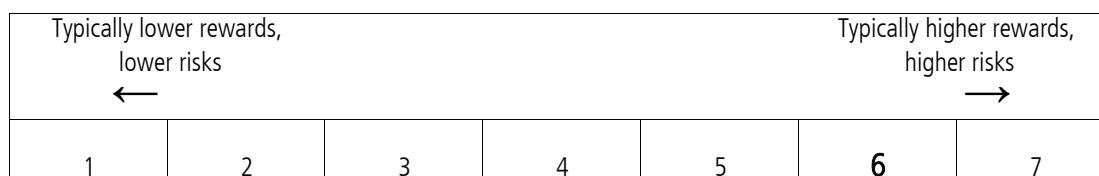
for the year ended 31 December 2016

### Investment Objective and Policy

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 World Europe ex UK Index (or any successor index which aims to cover 85% of the market capitalisation of listed stocks on European stock markets excluding the UK).

This Fund will invest principally in securities dealt in or traded on European Eligible Securities Markets. From time to time, when particular opportunities are identified, or the ACD considers it appropriate, this Fund may invest in securities which are dealt in or traded on other Eligible Securities Markets or which are otherwise permitted for this Fund.

### Synthetic Risk and Reward Indicator



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 6 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- Currency movements may cause the value of your investments to fall as well as rise.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus.

### Investment Review

Performance	31/12/2011 to 31/12/12 %	31/12/2012 to 31/12/13 %	31/12/2013 to 31/12/14 %	31/12/2014 to 31/12/15 %	31/12/2015 to 31/12/16 %
Continental Europe Fund	18.7	28.9	1.2	17.0	13.0

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2016.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

**Market Review**

Equity markets fell in the first two months of 2016 as fears of a Chinese inspired global slowdown gathered pace. As imports and exports of this all important economy slumped authorities continued to support a Yuan devaluation inflicting ever more deflationary pressures on a world where policymakers were increasingly running short of the tools and ideas to combat such an unwelcome development. With more of an eye on his own domestic political woes the UK's David Cameron chose February as the month to announce a referendum on the country's continued membership of the European Union heralding what was to be a sustained rise for the euro against sterling for the remainder of the year. Indeed the overall growth fear continued to fade as the year progressed and as bond yields showed signs of bottoming commodities, including oil, embarked on a ferocious rally. Equity markets soon followed suit but a number of obstacles remained in the way of the initial losses for the year being erased. Not least was the final decision of the UK to go down the Brexit route which resulted in a knee-jerk sell-off for equity markets followed by a quick recovery with currency beneficiaries among the best performers. Neither the election of Donald Trump nor the Italian constitutional referendum could halt this positive momentum which resulted in a +19.7% return for the FTSE World Europe ex UK Index. The result was, however, both flattered by the dramatic currency move, and disparate, with markets such as Italy remaining in deeply negative territory thanks in a large part to the continued poor health of its financial system. Throughout the year the European economy continued to grow but at a more pedestrian rate than the underlying stock market development would suggest. While the US Federal Reserve chose to raise interest rates for the first time in 12 months in December, the ECB showed little willingness to follow suit with their headline rate still mired at a mere 25 bps with banks still able to borrow at negative rates and little in the way of signals that the asset purchase programme was about to end.

**Portfolio Review**

The fund posted a double digit return of +13.0% but lagged the index. Our exposure to the underperforming Italian market hampered performance. We did not hold any of the regions more toxic failing banks but more healthy institutions such as Mediobanca and Intesa Sanpaolo were hurt by the fall out nevertheless. June was a poor month for the fund which suffered from the fall out of the UK decision to leave the European Union. The event heralded much uncertainty and we reduced some of our financial holdings in an attempt to shield the fund from the fall out. In hindsight we should have held tight but we can only make such statements with hindsight at the time we were faced with many unknowns. Also dragging on performance was one of 2015's better performers Patrizia Immobiliari which declined by over 20%. The stock was hurt by over exuberant expectations for next year's profits as well as the gradual uptick in rates. Additions to the portfolio included Italian defence manufacturer Leonardo, oil major Royal Dutch Shell, Dutch financial ING as well as Swiss IT distributor Alcatel. Sales included Demire real estate, B+C Speakers, CTT and Delta Lloyd.

**Outlook**

2017 looks interesting for European equity markets. Euro weakness against the dollar, combined with a hint of inflation and improving economic growth should bode well for further gains, but, as ever there are dark clouds and several unknowns lurking on the side-lines. Much of the unknown is political in nature not least the policies of Donald Trump and the outcome of several European elections. Such events are notoriously difficult to forecast but still likely highly influential on the final returns for our markets over the course of the year.

SVM Asset Management Limited

January 2017

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

# Continental Europe Fund

## Portfolio Statement

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (1.89%*)</b>		<b>1,850</b>	<b>8.21</b>
Covestro	10,220	571	2.53
Metsa Board	142,500	829	3.68
PCAS	38,000	450	2.00
<b>CONSUMER GOODS (5.24%*)</b>		-	-
<b>CONSUMER SERVICES (10.28%*)</b>		<b>2,563</b>	<b>11.35</b>
Cairo Communication	253,624	813	3.60
Dustin	78,900	458	2.03
Schibsted 'B' Shares	27,135	468	2.08
Sixt Preference Shares	14,250	476	2.10
Tamedia	2,800	348	1.54
<b>FINANCIALS (41.83%*)</b>		<b>7,777</b>	<b>34.49</b>
AURELIUS	15,582	744	3.30
AXA	56,400	1,152	5.11
BNP Paribas	12,799	659	2.92
Danske Bank	39,775	986	4.37
ING	76,000	865	3.84
Mediobanca	76,725	515	2.28
mutares	25,414	247	1.10
Partners	2,171	828	3.67
PATRIZIA Immobilien	27,805	372	1.65
Poste Italiane	136,130	738	3.27
Spar Nord Bank	72,140	671	2.98
<b>HEALTH CARE (9.06%*)</b>		<b>1,170</b>	<b>5.19</b>
Fresenius	4,622	294	1.30
Novartis	7,505	444	1.97
Roche	2,330	432	1.92
<b>INDUSTRIALS (6.87%*)</b>		<b>2,982</b>	<b>13.22</b>
BRAAS Monier Building	28,380	612	2.70
Hella KGaA Hueck	17,190	527	2.34
Huhtamaki	15,490	468	2.08
Leonardo	56,500	644	2.86
Stef	10,574	731	3.24
<b>OIL &amp; GAS (2.87%*)</b>		<b>1,545</b>	<b>6.85</b>
Royal Dutch Shell	25,270	563	2.50
TOTAL	23,652	982	4.35
<b>TECHNOLOGY (2.37%*)</b>		<b>1,213</b>	<b>5.38</b>
ALSO	7,050	506	2.24
Nokia	94,560	372	1.65
Scout24	11,430	335	1.49

# Continental Europe Fund

## Portfolio Statement

(continued)

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>TELECOMMUNICATIONS (13.36%*)</b>		<b>1,915</b>	<b>8.49</b>
NOS	53,600	260	1.15
Orange	62,020	764	3.39
United Internet	27,982	891	3.95
<b>UTILITIES (0.00%*)</b>		<b>335</b>	<b>1.49</b>
Energiekontor	26,200	335	1.49
<b>Portfolio of investments</b>		<b>21,350</b>	<b>94.67</b>
<b>Net other assets</b>		<b>1,201</b>	<b>5.33</b>
<b>Total net assets</b>		<b>22,551</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

\* Comparative figures shown in brackets relate to 31 December 2015.

## Continental Europe Fund

### Material Portfolio Changes

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for the year ended 31 December 2016

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
ING	769	DEMIRE Real Estate AG	857
Metsa Board	634	Mediobanca	809
Hella KGaA Hueck	529	Huhtamaki	678
Delta Lloyd	463	PATRIZIA Immobilien	582
ALSO	445	Covestro	581
Royal Dutch Shell	438	NOS	574
Leonardo	422	CTT-Correios de Portugal	464
Mediobanca	417	Fresenius	436
PCAS	414	Intesa Sanpaolo	421
Nokia	352	Delta Lloyd	363

# Continental Europe Fund

## Comparative table

(continued)

as at 31 December 2016

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/16 (p)	Final 31/12/15 (p)	Final 31/12/14 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	401.22	343.31	339.24
Return before operating charges*	60.38	65.51	10.95
Operating charges	(8.18)	(7.60)	(6.88)
Return after operating charges*	52.20	57.91	4.07
Distributions on accumulation shares	(3.42)	(1.63)	-
Retained distributions on accumulation shares	3.42	1.63	-
Closing net asset value per share	453.42	401.22	343.31
*after direct transaction costs of:	0.62	0.64	0.70
<b>Performance</b>			
Return after charges	13.01%	16.87%	1.20%
<b>Other information</b>			
Closing net asset value (£'000)	10,310	10,652	12,173
Closing number of shares	2,273,817	2,654,977	3,545,877
Operating charges (ongoing charges figure)	1.98%	2.01%	2.01%
Direct transaction costs	0.15%	0.17%	0.20%
<b>Prices</b>			
Highest share price	454.10	403.80	361.00
Lowest share price	345.80	339.60	303.30
Price at year end	454.10	402.00	343.60

# Continental Europe Fund

## Comparative table

(continued)

as at 31 December 2016

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/16 (p)	Final 31/12/15 (p)	Final 31/12/14 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	442.17	375.03	367.82
Return before operating charges*	67.07	72.29	11.89
Operating charges	(5.59)	(5.15)	(4.68)
Return after operating charges*	61.48	67.14	7.21
Distributions on accumulation shares	(7.31)	(5.05)	(2.55)
Retained distributions on accumulation shares	7.31	5.05	2.55
Closing net asset value per share	503.65	442.17	375.03
*after direct transaction costs of:	0.68	0.71	0.76
<b>Performance</b>			
Return after charges	13.90%	17.90%	1.96%
<b>Other information</b>			
Closing net asset value (£'000)	12,241	9,791	3,392
Closing number of shares	2,430,354	2,214,163	904,460
Operating charges (ongoing charges figure)	1.23%	1.23%	1.26%
Direct transaction costs	0.15%	0.17%	0.20%
<b>Prices</b>			
Highest share price	503.70	444.50	392.10
Lowest share price	381.00	371.00	330.80
Price at year end	503.70	442.50	375.40

## Continental Europe Fund

### Statement of Total Return

for the year ended 31 December 2016

	Notes	Year Ended 31 December 2016		Year Ended 31 December 2015	
		£000	£000	£000	£000
Income					
Net capital gains	2		2,419		2,613
Revenue	3	635		416	
Expenses	4	(324)		(300)	
Net revenue before taxation		311		116	
Taxation	5	(54)		1	
Net revenue after taxation			257		117
<b>Total return before distribution</b>			<b>2,676</b>		<b>2,730</b>
Distribution	6		(257)		(117)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>2,419</b>		<b>2,613</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2016

	Year Ended 31 December 2016		Year Ended 31 December 2015	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		20,443		15,565
Amounts receivable on creation of shares	4,994		7,261	
Less: Amounts payable on cancellation of shares	(5,561)		(5,151)	
		(567)		2,110
Change in net assets attributable to shareholders from investment activities		2,419		2,613
Retained distribution on accumulation shares		256		155
<b>Closing net assets attributable to shareholders</b>		<b>22,551</b>		<b>20,443</b>

Notes to the Financial Statements are on pages 32 to 36.



# Continental Europe Fund

## Balance Sheet

as at 31 December 2016

	Notes	31/12/2016 £000	31/12/2015 £000
<b>Fixed Assets</b>			
Investments		<u>21,350</u>	<u>19,169</u>
<b>Current assets:</b>			
Debtors	7	98	94
Cash and bank balances		<u>1,177</u>	<u>1,261</u>
<b>Total assets</b>		<u><b>22,625</b></u>	<u><b>20,524</b></u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	8	<u>(74)</u>	<u>(81)</u>
<b>Total liabilities</b>		<u><b>(74)</b></u>	<u><b>(81)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>22,551</b></u>	<u><b>20,443</b></u>

*Notes to the Financial Statements are on pages 32 to 36.*

# Continental Europe Fund

## Notes to the Financial Statements

as at 31 December 2016

### 1. Accounting basis and policies

Please see page 7 for accounting basis and policies.

### 2. Net capital gains

The net capital gains during the year comprise:

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Non-derivative securities	2,396	2,627
Currency gains/(losses)	28	(10)
Handling charges	(5)	(4)
Net capital gains	<u>2,419</u>	<u>2,613</u>

### 3. Revenue

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Overseas taxable revenue	44	45
Overseas non-taxable revenue	591	351
Property revenue from overseas REITs	-	13
Bank interest	-	1
Overseas scrip dividends	-	6
Total revenue	<u>635</u>	<u>416</u>

### 4. Expenses

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	226	219
Registration fees	61	53
	<u>287</u>	<u>272</u>

#### Payable to the Depositary, associates of the Depositary, and agents of either of them:

Depositary's fees	16	12
Safe custody fees	4	3
	<u>20</u>	<u>15</u>

#### Other expenses:

Administration fee	32	32
Audit fee	8	8
Printing, publishing and postage fees	1	-
Other expenses	3	10
	<u>44</u>	<u>50</u>
Expenses rebate *	<u>(27)</u>	<u>(37)</u>
	<u>324</u>	<u>300</u>

\*The ACD has agreed to cap the expenses as described in the ACD's report (see page 3).

as at 31 December 2016

**5. Taxation**

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	54	(1)
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2015: 20%). The differences are explained below:		
Net revenue before taxation	311	116
Corporation tax of 20% (2015: 20%)	62	23
<b>Effects of:</b>		
Non-taxable scrip dividends	-	(1)
Overseas non-taxable revenue	(118)	(73)
Movement in excess management expenses	56	51
Irrecoverable overseas tax	54	(1)
Total tax charge for year (note 5a)	54	(1)

*OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.*

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £443,348 (31/12/15: £386,085) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Final	256	155
Add: Revenue deducted on cancellation of shares	45	15
Deduct: Revenue received on creation of shares	(44)	(53)
Net distribution for the year	257	117

*Details of the distribution per share is set out in the Distribution Tables on page 37.*

**7. Debtors**

	31/12/2016 £000	31/12/2015 £000
Amounts receivable for issue of shares	11	43
Accrued revenue	26	8
Accrued expenses rebate due from ACD*	2	6
Overseas tax recoverable	59	37
Total debtors	98	94

\*This is a related party (see note 9).

as at 31 December 2016

**8. Creditors**

	31/12/2016	31/12/2015
	£000	£000
Amounts payable for cancellation of shares	27	37
Accrued ACD's periodic charge*	19	19
Accrued depositary fee	3	1
Accrued other expenses	25	24
Total creditors	<u>74</u>	<u>81</u>

\*This is a related party (see note 9).

**9. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £16,116 (31/12/15: £6,498) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to/from the ACD, or its associates are shown in note 4. Amounts due from/to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £17,167 (31/12/15: £13,539) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £2,951 (31/12/15: £1,019) due at the year end.

At the balance sheet date the following shareholders held more than 20% of the shares in the fund.

	31/12/2016	31/12/2015
Canada Life Limited	29.2%	32.8%

**10. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class B - Accumulation:	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 28 and 29.

The distribution per share class is given in the Distribution Tables on page 37.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/2015	01/01/16 to 31/12/16		31/12/2016	
	Opening			Shares	Closing shares
	shares in issue	Creations	Cancellations	converted	in issue
Share Class A - Accumulation	2,654,977	409,526	(790,686)	-	2,273,817
Share Class B - Accumulation	2,214,163	769,944	(553,753)	-	2,430,354
Total	<u>4,869,140</u>	<u>1,179,470</u>	<u>(1,344,439)</u>	<u>-</u>	<u>4,704,171</u>

**11. Capital commitments and contingent liabilities**

On 31 December 2016, the Fund had no capital commitments (31/12/15: £nil) and no contingent liabilities (31/12/15: £nil).

as at 31 December 2016

**12. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 23. The risks inherent in the sub-fund's investment portfolio are as follows:

*(a) Currency risk*

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

Currency	Currency exposure	Currency exposure
	31/12/2016	31/12/2015
	£000	£000
Danish krone	1,666	1,322
Euro	16,259	15,071
Norwegian krone	468	324
Swedish krona	458	400
Swiss franc	2,584	2,097
	<u>21,435</u>	<u>19,214</u>

The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions.

*(b) Interest rate risk profile of financial assets and liabilities*

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £1,177k (31/12/15: holding £1,261k) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

*(c) Liquidity risk*

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

*(d) Market price risk and fair value of financial assets and liabilities*

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

*(e) Counterparty risk*

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depositary receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

as at 31 December 2016

**13. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/16 to 31/12/16	01/01/15 to 31/12/15	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000	£000	£000
Equities	7,193	8,074	7,399	6,121
<b>Commissions</b>				
Equities	14	15	(15)	(12)
<b>Taxes</b>				
Equities	2	2	-	-
Total costs	16	17	(15)	(12)
<b>Total net trades in the year after transaction costs</b>	<b>7,209</b>	<b>8,091</b>	<b>7,384</b>	<b>6,109</b>

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/16 to 31/12/16	01/01/15 to 31/12/15	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	%	%	%	%
<b>Commissions</b>				
Equities	0.19	0.18	0.20	0.20
<b>Taxes</b>				
Equities	0.03	0.03	-	-

Total transaction cost expressed as a percentage of average net asset value.

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	%	%
Commissions	0.14	0.16
Taxes	0.01	0.01
Total costs	0.15	0.17

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.16% (31/12/2015: 0.28%).

**14. Fair value**

Valuation technique	31/12/2016		31/12/2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	21,350	-	19,169	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	21,350	-	19,169	-

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# Continental Europe Fund

## Distribution Tables

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for the year ended 31 December 2016

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2016

Group 2 Final Shares purchased between 1 January 2016 and 31 December 2016

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1	(p)	(p)	(p)	(p)
Final	3.4182	-	3.4182	1.6337
Group 2	(p)	(p)	(p)	(p)
Final	0.5120	2.9062	3.4182	1.6337

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1	(p)	(p)	(p)	(p)
Final	7.3110	-	7.3110	5.0534
Group 2	(p)	(p)	(p)	(p)
Final	2.4048	4.9062	7.3110	5.0534

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend is received as franked investment income.

Final - 0.00%% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

## UK Growth Fund

### Authorised Fund Manager's Report

for the year ended 31 December 2016

#### Investment Objective and Policy

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 (or any successor index).

This Fund will invest principally in securities listed on the London Stock Exchange. From time to time, when particular opportunities are identified, or the ACD considers it appropriate, 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.

#### Synthetic Risk and Reward Indicator

Typically lower rewards, lower risks ←			Typically higher rewards, higher risks →			
1	2	3	4	5	6	7

This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

#### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- Currency movements may cause the value of your investment to fall as well as rise.
- The Fund uses Contracts for Difference (CFDs) for efficient portfolio management (EPM) purposes. This may create gearing and could lead to greater fluctuations in the Net Asset Value of the Fund. Full details on EPM can be found in Appendix A of the Prospectus.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund is exposed to credit and settlement risk through its dealings with Counter Parties. If a Counter Party business fails, the Fund may incur losses.

#### Investment Review

Performance	31/12/2011 to 31/12/12 %	31/12/2012 to 31/12/13 %	31/12/2013 to 31/12/14 %	31/12/2014 to 31/12/15 %	31/12/2015 to 31/12/16 %
UK Growth Fund	18.7	36.7	(2.3)	19.8	(3.6)

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2016.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

#### Market Review

The second half of 2016 saw shares of cyclical businesses, such as banks, industrials, oil and mining rallying strongly. Shares of more defensive consistent growth businesses, like tobacco and pharmaceuticals actually fell. Institutional investors have driven a sharp rotation from growth businesses into cyclical sectors. This has brought the relative performance of the two groups back to typical levels seen over the last 15 years. The labels themselves should be treated with caution; share categories cover a wide range of business models and growth opportunities.

In the immediate aftermath of the Brexit vote there were sharp falls in some of the shares that had performed strongly in 2015, with investors selling domestic sectors and consumer cyclicals. The above average exposure of the portfolio to medium-sized companies was not helpful.



**Portfolio Review**

During the year, the strongest contributions to performance were Micro Focus, Ryanair, Johnson Service Group, JD Sports Fashion, SSP and Ashtead. Ryanair reported passenger numbers up 15% in 2016 and has overtaken Lufthansa as Europe's largest passenger carrier. The main disappointments were Hikma Pharmaceuticals and Randgold Resources. In the portfolio, there were additions to the holdings of Micro Focus, GVC, Weir Group and Prudential. New portfolio purchases include CRH, Melrose and Fresnillo. This increases industrial exposure and US Dollar earnings. To fund these, Imperial Brands, British American Tobacco and Reckitt Benckiser were sold.

Micro Focus gained as it announced the planned acquisition of Hewlett Packard Enterprise, becoming one of the largest infrastructure companies worldwide. Micro Focus has been successful in previous acquisitions and is now a FTSE 100 company. While there are greater challenges with the scale of this acquisition, it offers significant potential for earnings improvement, via cost cutting and margin expansion.

During the year, Paddy Power Betfair, Irish distribution group, DCC and payments processor, Worldpay joined the FTSE 100. Their move into the index of largest companies from the Mid Cap Index should bring wider investor recognition for businesses that have achieved consistent growth. Where the Fund owns medium sized businesses, it is because we believe they will in time grow to become large ones.

Since the Brexit vote, approximately 20% of the portfolio has been changed, increasing the emphasis on US Dollar earnings and economic growth. The Fund's long term record has been established by retaining core holdings but applying a flexible approach to cyclical and more economically-sensitive businesses.

Over the 12 months, the SVM UK Growth Fund performance was -3.6%, compared to a return for the IA UK All Companies Sector average of 11.2% and 16.8% for the FTSE All-Share Index. Over five years, the SVM UK Growth Fund has returned 83.2% versus 75.5% for the IA UK All Companies Sector average and 61.8% for the FTSE All-Share Index.

**Outlook**

Global growth is proving robust, and in particular UK and Eurozone forecasts are being revised up. In Europe, this is being driven by stronger industrial production. In the UK, the stability of the economy is confounding Brexit fears. Corporate transaction levels are proving robust, and 2017 should see more benefit for the UK economy from Sterling's devaluation.

Despite the uptick in global growth, debt has been increasing in many nations. This will bring disinflationary pressures in the medium term despite the current respite. With technology maintaining pressure on margins, there remain longer term headwinds for some cyclical sectors. We believe that this is an environment that favours businesses with genuine organic growth and some pricing power.

Global growth creates a favourable background for portfolio companies. The portfolio emphasises consumer services, industrials and business services. The portfolio focus is on businesses where there is some potential for self-help via restructuring or a focus on genuine competitive advantage. Meetings with company managements continue to be favourable, pointing to growth opportunities in many portfolio companies. The Fund was fully invested over the year, and continues with this strategy. This reflects the potential in many portfolio companies for dividend growth and share re-ratings.

SVM Asset Management Limited

January 2017

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

# UK Growth Fund

## Portfolio Statement

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (2.33%*)</b>		<b>8,069</b>	<b>5.52</b>
Croda International	89,044	2,823	1.93
Fresnillo	41,700	501	0.34
Randgold Resources	37,300	2,372	1.62
Rio Tinto	16,700	523	0.36
Synthomer	484,857	1,850	1.27
<b>CONSUMER GOODS (14.01%*)</b>		<b>14,837</b>	<b>10.16</b>
Associated British Foods	38,900	1,065	0.73
British American Tobacco	48,755	2,242	1.53
Cranswick	95,335	2,228	1.53
Kerry	54,680	3,182	2.18
McCarthy & Stone	974,977	1,575	1.08
SuperGroup	77,870	1,283	0.88
Ted Baker	117,000	3,262	2.23
<b>CONSUMER SERVICES (33.70%*)</b>		<b>47,760</b>	<b>32.70</b>
ASOS	44,795	2,221	1.52
Auto Trader	547,500	2,234	1.53
Booker	1,251,000	2,184	1.50
Card Factory	397,000	1,000	0.68
Compass	197,000	2,937	2.01
CVS	107,486	1,174	0.80
Dalata Hotel	669,000	2,513	1.72
Dignity	100,874	2,478	1.70
Dixons Carphone	176,000	621	0.43
Go-Ahead	40,740	911	0.62
GVC	548,500	3,510	2.40
Hostelworld	95,240	201	0.14
ITV	377,000	773	0.53
JD Sports Fashion	1,025,150	3,259	2.23
Just Eat	71,000	414	0.28
Ladbrokes	1,285,000	1,485	1.02
Paddy Power Betfair	67,155	5,806	3.98
Playtech	212,250	1,744	1.19
Rank	507,943	990	0.68
Restaurant	334,700	1,087	0.74
Ryanair	372,717	4,652	3.19
SSP	834,000	3,224	2.21
TUI	93,909	1,070	0.73
Wizz Air	71,000	1,272	0.87
<b>FINANCIALS (20.63%*)</b>		<b>21,240</b>	<b>14.54</b>
Beazley	1,086,000	4,191	2.87
Burford Capital	281,000	1,560	1.07
Derwent London**	62,740	1,734	1.19
Helical	134,125	391	0.27
London Stock Exchange	82,545	2,372	1.62
Londonmetric Property**	1,307,000	2,015	1.38
Palace Capital	130,429	470	0.32
Prudential	229,100	3,692	2.53
St. Modwen Properties	128,621	392	0.27
UNITE	454,254	2,737	1.87
Virgin Money	562,000	1,686	1.15

## Portfolio Statement

(continued)

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>HEALTH CARE (6.91%*)</b>		<b>8,928</b>	<b>6.11</b>
Hikma Pharmaceuticals	153,050	2,857	1.96
Hutchison China MediTech	30,537	690	0.47
Shire	45,600	2,121	1.45
UDG Healthcare	488,000	3,260	2.23
<b>INDUSTRIALS (15.49%*)</b>		<b>28,801</b>	<b>19.72</b>
Ashtead	165,850	2,606	1.78
Breedon	1,625,000	1,158	0.79
CRH	30,500	853	0.58
DCC	74,559	4,477	3.07
Hill & Smith	86,108	1,031	0.71
IMI	101,762	1,051	0.72
Intertek	43,900	1,516	1.04
Johnson Service	3,758,853	4,285	2.93
Marshalls	169,000	491	0.34
Renishaw	40,000	1,008	0.69
Rentokil Initial	643,000	1,424	0.98
Ricardo	155,000	1,488	1.02
RPC	287,876	3,051	2.09
Weir	89,250	1,667	1.14
Worldpay	1,010,222	2,695	1.84
<b>OIL &amp; GAS (0.66%*)</b>		<b>1,023</b>	<b>0.70</b>
Petrofac	117,400	1,023	0.70
<b>TECHNOLOGY (3.46%*)</b>		<b>10,800</b>	<b>7.39</b>
FDM	252,000	1,386	0.95
Kainos	275,000	558	0.38
Micro Focus International	289,440	6,249	4.28
Sage	399,500	2,607	1.78
<b>TELECOMMUNICATIONS (0.24%*)</b>		<b>1,058</b>	<b>0.72</b>
BT	228,000	834	0.57
Inmarsat	30,000	224	0.15
<b>DERIVATIVES (-0.69%*)</b>		<b>(611)</b>	<b>(0.41)</b>
<b>CONTRACTS FOR DIFFERENCE</b>			
BT - CFD	573,000	(515)	(0.35)
Melrose - CFD	915,000	213	0.15
Rio Tinto - CFD	64,300	172	0.12
Shire - CFD	58,885	(481)	(0.33)
<b>Portfolio of investments<sup>^</sup></b>		<b>141,905</b>	<b>97.15</b>
<b>Net other assets</b>		<b>4,168</b>	<b>2.85</b>
<b>Total net assets</b>		<b>146,073</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

\* Comparative figures shown in brackets relate to 31 December 2015.

\*\* Real Estate Investment Trust (REIT).

<sup>^</sup> Including derivative liabilities of £995,815.

## UK Growth Fund

### Material Portfolio Changes

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for the year ended 31 December 2016

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
British American Tobacco	3,325	Reckitt Benckiser	4,033
Randgold Resources	2,900	Imperial Brands	3,605
Compass	2,766	RELX	2,976
RELX	2,763	St. James's Place	2,681
Sage	2,430	SABMiller	2,427
Micro Focus International	2,237	Whitbread	2,414
BP	2,171	Moneysupermarket.com	2,260
Cranswick	2,149	BP	2,063
Shire	2,133	Essentra	1,881
Auto Trader	2,088	Hutchison China MediTech	1,881

## UK Growth Fund

### Comparative table

as at 31 December 2016

#### Net Asset Value and Ongoing Charges Figure

	Final 31/12/16 (p)	Final 31/12/15 (p)	Final 31/12/14 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	396.81	334.28	339.36
Return before operating charges*	(4.60)	69.35	1.01
Operating charges	(6.66)	(6.82)	(6.09)
Return after operating charges*	(11.26)	62.53	(5.08)
Distributions on accumulation shares	(1.71)	(1.77)	(1.96)
Retained distributions on accumulation shares	1.71	1.77	1.96
Closing net asset value per share	385.55	396.81	334.28
*after direct transaction costs of:	1.03	1.65	1.48
<b>Performance</b>			
Return after charges	(2.84%)	18.71%	(1.50%)
<b>Other information</b>			
Closing net asset value (£'000)	16,278	15,780	23,074
Closing number of shares	4,221,913	3,976,636	6,902,539
Operating charges (ongoing charges figure)	1.77%	1.85%	1.83%
Direct transaction costs	0.27%	0.45%	0.45%
<b>Prices</b>			
Highest share price	401.50	402.40	365.30
Lowest share price	337.50	329.70	294.10
Price at year end	386.70	401.00	334.80

## Comparative table

(continued)

as at 31 December 2016

	Final 31/12/16 (p)	Final 31/12/15 (p)	Final 31/12/14 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	430.47	359.53	362.23
Return before operating charges*	(4.41)	75.34	1.12
Operating charges	(4.19)	(4.40)	(3.82)
Return after operating charges*	(8.60)	70.94	(2.70)
Distributions on accumulation shares	(4.92)	(5.03)	(4.76)
Retained distributions on accumulation shares	4.92	5.03	4.76
Closing net asset value per share	421.87	430.47	359.53
*after direct transaction costs of:	1.12	1.79	1.58
<b>Performance</b>			
Return after charges	(2.00%)	19.73%	(0.75%)
<b>Other information</b>			
Closing net asset value (£'000)	129,795	124,652	82,212
Closing number of shares	30,766,812	28,957,132	22,866,418
Operating charges (ongoing charges figure)	1.02%	1.10%	1.08%
Direct transaction costs	0.27%	0.45%	0.45%
<b>Prices</b>			
Highest share price	437.50	436.00	390.30
Lowest share price	367.00	354.70	315.80
Price at year end	422.20	434.50	360.10

## UK Growth Fund

### Statement of Total Return

for the year ended 31 December 2016

	Notes	Year Ended 31 December 2016		Year Ended 31 December 2015	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(4,036)		19,680
Revenue	3	3,318		2,741	
Expenses	4	(1,582)		(1,398)	
Interest payable and similar charges		(102)		(67)	
Net revenue before taxation		1,634		1,276	
Taxation	5	(17)		(3)	
Net revenue after taxation			1,617		1,273
<b>Total return before distribution</b>			<b>(2,419)</b>		<b>20,953</b>
Distribution	6		(1,617)		(1,273)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(4,036)</b>		<b>19,680</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2016

	Year Ended 31 December 2016		Year Ended 31 December 2015	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>140,432</b>		<b>105,286</b>
Amounts receivable on creation of shares	28,249		38,656	
Less: Amounts payable on cancellation of shares	(20,157)		(24,718)	
		8,092		13,938
Change in net assets attributable to shareholders from investment activities		(4,036)		19,680
Retained distribution on accumulation shares		1,585		1,528
<b>Closing net assets attributable to shareholders</b>		<b>146,073</b>		<b>140,432</b>

Notes to the Financial Statements are on pages 47 to 52.

# UK Growth Fund

## Balance Sheet

as at 31 December 2016

	Notes	31/12/2016 £000	31/12/2015 £000
<b>Fixed Assets</b>			
Investments		<u>142,901</u>	<u>136,910</u>
<b>Current assets:</b>			
Debtors	7	217	1,421
Cash and bank balances	8	<u>4,207</u>	<u>3,336</u>
<b>Total assets</b>		<u><b>147,325</b></u>	<u><b>141,667</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(996)</u>	<u>(1,055)</u>
<b>Creditors:</b>			
Other creditors	9	<u>(256)</u>	<u>(180)</u>
<b>Total liabilities</b>		<u><b>(1,252)</b></u>	<u><b>(1,235)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>146,073</b></u>	<u><b>140,432</b></u>

*Notes to the Financial Statements are on pages 47 to 52.*



## Notes to the Financial Statements

as at 31 December 2016

## 1. Accounting basis and policies

Please see page 7 for accounting basis and policies.

## 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Non-derivative securities	(4,026)	20,674
Derivatives contracts	13	(960)
Currency losses	(18)	(28)
Handling charges	(5)	(6)
Net capital (losses)/gains	(4,036)	19,680

## 3. Revenue

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
UK dividends	2,460	1,952
Overseas taxable revenue	(7)	-
Overseas non-taxable revenue	543	504
Property revenue from UK REITs - PID	118	101
Property revenue from UK REITs - Non PID	15	33
Bank interest	1	2
Revenue from CFDs	188	148
Underwriting commission	-	1
Total revenue	3,318	2,741

## 4. Expenses

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	1,194	1,001
Registration fees	278	255
	1,472	1,256
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	47	34
Safe custody fees	2	1
	49	35
<b>Other expenses:</b>		
Administration fee	38	37
Audit fee	8	8
FCA fee	-	1
Printing, publishing and postage fees	1	1
Other expenses	14	60
	61	107
	1,582	1,398

## Notes to the Financial Statements

(continued)

as at 31 December 2016

## 5. Taxation

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
(a) <b>Analysis of charge in year:</b>		
Irrecoverable overseas tax	17	3
(b) <b>Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2015: 20%). The differences are explained below:		
Net revenue before taxation	1,634	1,276
Corporation tax of 20% (2015: 20%)	327	255
<b>Effects of:</b>		
UK dividends*	(492)	(390)
Overseas non-taxable revenue	(109)	(101)
Movement in excess management expenses	277	243
Irrecoverable overseas tax	17	3
Property revenue from UK REITs - Non PID	(3)	(7)
Total tax charge for year (note 5a)	17	3

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) **Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) **Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,398,127 (31/12/15: £1,121,257) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

## 6. Distributions

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Final	1,585	1,528
Add: Revenue deducted on cancellation of shares	182	73
Deduct: Revenue received on creation of shares	(150)	(328)
Net distribution for the year	1,617	1,273

Details of the distribution per share is set out in the Distribution Tables on page 53.

## 7. Debtors

	31/12/2016 £000	31/12/2015 £000
Sales awaiting settlement	-	1,126
Amounts receivable for issue of shares	97	163
Accrued revenue	120	125
Dilution levy receivable	-	1
Overseas tax recoverable	-	6
Total debtors	217	1,421

## Notes to the Financial Statements

(continued)

as at 31 December 2016

**8. Cash and bank balances**

	31/12/2016	31/12/2015
	£000	£000
Cash and bank balances	1,739	773
Amounts held at futures clearing houses and brokers	2,468	2,563
<b>Total cash and bank balances</b>	<b>4,207</b>	<b>3,336</b>

**9. Creditors**

	31/12/2016	31/12/2015
	£000	£000
Amounts payable for cancellation of shares	84	29
Accrued ACD's periodic charge*	98	98
Accrued depositary fee	8	3
Accrued other expenses	66	50
<b>Total creditors</b>	<b>256</b>	<b>180</b>

\*This is a related party (see note 10).

**10. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £12,435 (31/12/15: £134,553) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to/from the ACD, or its associates are shown in note 4. Amounts due to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £97,813 (31/12/15: £97,967) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £8,002 (31/12/15: £3,326) due at the year end.

At the balance sheet date the following shareholders held more than 20% of the shares in the fund.

	31/12/2016	31/12/2015
Pendragon Group Pension Scheme	27.4%	29.0%

**11. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class B - Accumulation:	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 43 and 44.

The distribution per share class is given in the Distribution Tables on page 53.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/2015	01/01/16 to 31/12/16		31/12/2016
	Opening	Creations	Cancellations	Closing shares
	shares in issue			Shares converted in issue
Share Class A - Accumulation	3,976,636	1,422,317	(1,177,040)	-
Share Class B - Accumulation	28,957,132	5,661,884	(3,852,204)	-
<b>Total</b>	<b>32,933,768</b>	<b>7,084,201</b>	<b>(5,029,244)</b>	<b>-</b>
				<b>34,988,725</b>

as at 31 December 2016

**12. Capital commitments and contingent liabilities**

On 31 December 2016, the Fund had no capital commitments (31/12/15: £nil) and no contingent liabilities (31/12/15: £nil).

**13. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 38. The risks inherent in the sub-fund's investment portfolio are as follows:

The Fund utilises CFDs for effective portfolio management (EPM). The benefit of CFDs is that the Fund can gain exposure to price movements in underlying securities by making a margin payment rather than paying the full amount for the investment. This may result in the fund being leveraged beyond the net asset value and hence market movements may have a greater impact on the fund in this scenario. The use of derivatives may lead to an increase in the fund's volatility and may also increase counterparty risk within the fund. The Fund restricts its exposure to counterparty risk on derivative instruments by trading via an International Swap Derivative Association (ISDA) Master Agreement with derivative counterparties.

Under CFDs the Fund has long positions with exposure to underlying securities with a total market value of £8,657,992 (31/12/15: £7,819,624). The counterparty is UBS AG. The Fund currently has a cash collateral position of £2,468,018 (31/12/15: £2,563,067) on deposit.

*(a) Currency risk*

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

	Currency exposure 31/12/2016	Currency exposure 31/12/2015
Currency	£000	£000
Euro	10,347	14,377
Hong Kong dollar	-	5
	<u>10,347</u>	<u>14,382</u>

*(b) Interest rate risk profile of financial assets and liabilities*

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £1,739k (31/12/15: holding £773k) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £2,468k (31/12/15: cash £2,563k), whose rates are determined by reference to rates supplied by the broker. The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions

*(c) Liquidity risk*

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

*(d) Market price risk and fair value of financial assets and liabilities*

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

as at 31 December 2016

*(e) Counterparty risk*

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depositary receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

Certain transactions in securities that the sub-funds enter into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The sub-funds only buy and sell investments and trades CFD's through brokers which have been approved by the ACD as an acceptable counterparty; the broker through which CFD's are transacted requires a cash margin to be maintained with them as collateral for those positions. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' credit ratings are reviewed.

**14. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Equities	51,003	71,628	41,569	59,700
<b>Commissions</b>				
Equities	98	117	(85)	(104)
<b>Taxes</b>				
Equities	210	298	-	-
Total costs	308	415	(85)	(104)
<b>Total net trades in the year after transaction costs</b>	<b>51,311</b>	<b>72,043</b>	<b>41,484</b>	<b>59,596</b>

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %
<b>Commissions</b>				
Equities	0.19	0.16	0.20	0.17
<b>Taxes</b>				
Equities	0.41	0.42	-	-

Total transaction cost expressed as a percentage of average net asset value.

	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %
Commissions	0.13	0.19
Taxes	0.15	0.26
Total costs	0.28	0.45

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.21% (31/12/2015: 0.46%).

as at 31 December 2016

## 15. Fair value

Valuation technique	31/12/2016		31/12/2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	142,516	-	136,815	-
Level 2	385	(996)	95	(1,055)
Level 3	-	-	-	-
Total fair value	142,901	(996)	136,910	(1,055)

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

## UK Growth Fund

### Distribution Tables

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for the year ended 31 December 2016

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2016

Group 2 Final Shares purchased between 1 January 2016 and 31 December 2016

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1 Final	(p) 1.7137	(p) -	(p) 1.7137	(p) 1.7690
Group 2 Final	(p) 0.5398	(p) 1.1739	(p) 1.7137	(p) 1.7690

#### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1 Final	(p) 4.9150	(p) -	(p) 4.9150	(p) 5.0331
Group 2 Final	(p) 2.0894	(p) 2.8256	(p) 4.9150	(p) 5.0331

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

#### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

# UK Opportunities Fund

## Authorised Fund Manager's Report

for the year ended 31 December 2016

### Investment Objective and Policy

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 (or any successor index).

The Fund will seek to invest in the full range of opportunities available to it, which will include shares on the Alternative Investment Market. The Fund also will seek to generate returns regardless of market capitalisation. The Fund will invest principally in securities of UK companies listed on the London Stock Exchange. From time to time, when particular opportunities are identified, or the ACD considers it appropriate, this Fund may invest in other permitted transferable securities.

### Synthetic Risk and Reward Indicator

Typically lower rewards, lower risks ←			Typically higher rewards, higher risks →			
1	2	3	4	5	6	7

This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- Currency movements may cause the value of your investments to fall as well as rise.
- The Fund uses Contracts for Difference (CFDs) for efficient portfolio management (EPM) purposes. This may create gearing and could lead to greater fluctuations in the Net Asset Value of the Fund. Full details on EPM can be found in Appendix A of the Prospectus.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund is exposed to credit and settlement risk through its dealings with Counterparties. If a Counterparty business fails, the Fund may incur losses.

### Investment Review

Performance	31/12/2011 to 31/12/12 %	31/12/2012 to 31/12/13 %	31/12/2013 to 31/12/14 %	31/12/2014 to 31/12/15 %	31/12/2015 to 31/12/16 %
UK Opportunities Fund	18.9	34.5	(2.6)	18.5	7.8

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2016.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.



**Market Review**

'Events, dear boy, events' was Harold Macmillan's response when asked what he feared most as Prime Minister. At the end of a turbulent year most investors probably feel the same way. Equities may have finished 2016 at new highs but few would have anticipated the manner in which it was achieved. Historically, UK equities have had very little correlation with the value of sterling, but post the referendum on Europe it became all that mattered. The share prices of businesses dependent on the UK economy slumped (along with sterling), while those whose revenues and profits were more international soared. As the year progressed some of this divergence reduced but the more international FTSE 100 finished the year significantly ahead of the more domestic FTSE Mid-Cap and FTSE Small-Cap indices. Your fund returned 7.8% versus the FTSE All-Share that returned 16.8% and the average fund in its sector that returned 11.2%. Nonetheless, your fund has still significantly outperformed over three, five, and ten years.

**Portfolio Review**

At a stock-specific level the fund enjoyed strong performances from a number of holdings. Micro Focus celebrated its promotion to the FTSE 100 index by announcing its intention to acquire the software division of Hewlett Packard Enterprises. Over the last couple of years the market has increasingly recognised the attractiveness of legacy software businesses and the extent to which their strong cash generation can be utilised for the benefit of shareholders. Although the HPE transaction is the largest in the company's history and poses integration challenges, we believe the upside is significant. Micro Focus has an impressive track record of acquiring and integrating similar, albeit smaller, businesses. Another consolidator, RPC, also performed strongly. The company is consolidating the European plastic packaging industry. Despite making a number of acquisitions over the last few years, the company still controls less than ten percent of the market. As the largest purchaser of its raw material in Europe it has significant purchasing power, which can then be applied to the companies it acquires. We believe RPC can continue to grow through a mixture of organic and inorganic growth for a number of years. Despite its strong performance and scope for further growth it continues to trade at a discount to its nearest peers. The fund's energy positions rallied as the oil price first stabilised and then OPEC, led by Saudi Arabia, bowed to the inevitable and announced a production cut. The oil price rose sharply as a result and we believe has further to run.

Last year's biggest winner, Pantheon Resources, was the most significant disappointment. The shares declined as the company faced a number of operational difficulties. Despite this disappointment, there remains significant upside to the stock should management's interpretation of the geology be validated by future drilling. However, we feel that the geology is more complex than originally anticipated and have significantly reduced our position. BT underperformed as regulatory concerns and an increase in the size of the pension deficit worried investors.

**Outlook**

Equity markets finished the year with a flurry as investors looked forward to 2017 with confidence. Economic activity continued to improve on both sides of the Atlantic and corporate earnings appear to have troughed. Despite the strong end to the year, we feel the current rally in equity markets has further left to run. Equities are in a reflationary sweet-spot with some of the recent deflationary headwinds subsiding and the economic outlook improving. Nonetheless, many longer-term concerns remain. High levels of indebtedness will likely weigh on aggregate demand and inflationary pressures may build. However, we expect the market to continue to move higher. Many investors worry that the market has moved too far too quickly, but any pullback will continue to lead to buying as the fear of missing out dominates.

SVM Asset Management Limited

January 2017

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

# UK Opportunities Fund

## Portfolio Statement

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>UNITED KINGDOM (74.31%*)</b>		<b>116,100</b>	<b>80.09</b>
<b>BASIC MATERIALS (2.73%*)</b>		<b>4,539</b>	<b>3.13</b>
Synthomer	1,189,597	4,539	3.13
<b>CONSUMER GOODS (3.03%*)</b>		<b>4,880</b>	<b>3.37</b>
Bellway	130,000	3,201	2.21
GKN	512,084	1,679	1.16
<b>CONSUMER SERVICES (7.65%*)</b>		<b>8,636</b>	<b>5.96</b>
Hollywood Bowl	915,000	1,519	1.05
Informa	801,250	5,408	3.73
Marshall Motor	423,994	568	0.39
Mitchells & Butlers	458,161	1,141	0.79
<b>FINANCIALS (16.14%*)</b>		<b>13,520</b>	<b>9.32</b>
John Laing	1,051,450	2,815	1.94
Lloyds Banking	7,230,000	4,501	3.10
Prudential	385,000	6,204	4.28
<b>FIXED INCOME (8.24%*)</b>		<b>24,993</b>	<b>17.24</b>
United Kingdom Treasury Bill 0% 31/01/2017	10,000,000	9,999	6.90
United Kingdom Treasury Bill 0% 03/04/2017	10,000,000	9,996	6.89
United Kingdom Treasury Bill 0% 18/04/2017	5,000,000	4,998	3.45
<b>HEALTH CARE (0.89%*)</b>		<b>838</b>	<b>0.57</b>
Abzena	1,133,333	397	0.27
Creo Medical	223,683	179	0.12
ReNeuron	10,500,000	262	0.18
<b>INDUSTRIALS (10.61%*)</b>		<b>25,693</b>	<b>17.73</b>
Balfour Beatty	1,090,000	2,902	2.00
Biffa	2,156,650	3,850	2.66
Bodycote	405,706	2,607	1.80
Forterra	1,022,126	1,768	1.22
Ibstock	634,097	1,173	0.81
Johnson Service	1,995,849	2,275	1.57
Melrose Industries	2,080,000	4,113	2.84
Norcros	1,979,859	3,539	2.44
Smiths	187,000	2,620	1.81
St Ives	671,878	846	0.58
<b>OIL &amp; GAS (5.82%*)</b>		<b>9,429</b>	<b>6.51</b>
Faroe Petroleum	3,217,483	3,314	2.29
Hurricane Energy	1,202,102	598	0.41
Ithaca Energy	2,587,610	2,588	1.79
Jersey Oil & Gas	272,727	341	0.24
Ophir Energy	1,090,961	1,047	0.72
Pantheon Resources	1,300,000	1,047	0.72
Savannah Petroleum	1,865,000	494	0.34
<b>TECHNOLOGY (9.25%*)</b>		<b>12,928</b>	<b>8.91</b>
Corero Network Security	1,033,636	88	0.06
FDM	570,633	3,138	2.16
Micro Focus International	449,358	9,702	6.69
<b>TELECOMMUNICATIONS (9.95%*)</b>		<b>10,644</b>	<b>7.35</b>
BT	1,446,000	5,287	3.65
Gamma Communications	254,838	1,181	0.82
Vodafone	2,102,000	4,176	2.88

# UK Opportunities Fund

## Portfolio Statement

(continued)

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>IRELAND (0.00%*)</b>		<b>1,538</b>	<b>1.06</b>
CRH	55,000	1,538	1.06
<b>SINGAPORE (0.00%*)</b>		<b>436</b>	<b>0.30</b>
Atlantis Resources	889,000	436	0.30
<b>UNITED STATES (3.40%*)</b>		<b>-</b>	<b>-</b>
<b>DERIVATIVES (2.83%*)</b>		<b>4,263</b>	<b>2.92</b>
<b>CONTRACTS FOR DIFFERENCE</b>			
Bae Systems -CFD	1,025,000	614	0.42
Barclays - CFD	1,147,500	131	0.09
BP - CFD	1,850,000	1,611	1.11
British Land - CFD	1,030,000	279	0.19
Chocoladefabriken Lindt & Spruengli - CFD†	150	(59)	(0.04)
Colruyt - CFD†	36,000	(172)	(0.12)
Computacenter - CFD†	30,000	5	-
Diageo - CFD	120,000	(53)	(0.04)
GlaxoSmithKline - CFD	460,000	816	0.56
Greggs - CFD†	111,770	91	0.06
GRENKE - CFD†	3,000	38	0.03
Halma - CFD†	150,000	(174)	(0.12)
IMI - CFD†	132,036	(68)	(0.05)
Imperial Brands - CFD	236,000	(353)	(0.24)
International Consolidated Airlines - CFD	600,000	(69)	(0.05)
Ladbrokes - CFD	900,000	(148)	(0.10)
Legal & General - CFD	1,560,000	55	0.04
Lookers - CFD	975,000	(425)	(0.29)
Mitie - CFD†	150,000	(21)	(0.01)
RPC - CFD	952,871	3,306	2.28
Safestore - CFD†	75,000	(11)	(0.01)
Spirax Sarco Engineering - CFD†	32,786	(430)	(0.30)
Stagecoach - CFD	1,405,985	(414)	(0.29)
Tesco -CFD†	300,000	(96)	(0.07)
Travis Perkins - CFD	175,000	108	0.08
Vonovia - CFD	100,000	(298)	(0.21)
<b>Portfolio of investments^</b>		<b>122,337</b>	<b>84.37</b>
<b>Net other assets</b>		<b>22,669</b>	<b>15.63</b>
<b>Total net assets</b>		<b>145,006</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

\* Comparative figures shown in brackets relate to 31 December 2015.

^ Including derivative liabilities of £2,791,969.

† Short positions.

## UK Opportunities Fund

### Material Portfolio Changes

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for the year ended 31 December 2016

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
United Kingdom Treasury Bill 0% 31/01/2017	9,999	United Kingdom Treasury Bill 0% 26/09/2016	10,000
United Kingdom Treasury Bill 0% 10/10/2016	9,998	United Kingdom Treasury Bill 0% 10/10/2016	10,000
United Kingdom Treasury Bill 0% 03/04/2017	9,996	United Kingdom Treasury Bill 0% 07/03/2016	5,000
United Kingdom Treasury Bill 0% 26/09/2016	9,993	United Kingdom Treasury Bill 0% 13/06/2016	5,000
United Kingdom Treasury Bill 0% 18/04/2017	5,001	United Kingdom Treasury Bill 0% 01/08/2016	5,000
United Kingdom Treasury Bill 0% 12/12/2016	4,997	United Kingdom Treasury Bill 0% 12/12/2016	5,000
United Kingdom Treasury Bill 0% 01/08/2016	4,994	HSBC	4,564
Biffa	3,874	CYBG	3,032
Basic-Fit	2,995	United Kingdom Treasury Bill 0% 18/07/2016	3,000
United Kingdom Treasury Bill 0% 18/07/2016	2,995	Verizon Communications	2,921

# UK Opportunities Fund

## Comparative table

as at 31 December 2016

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/16 (p)	Final 31/12/15 (p)	Final 31/12/14 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	420.33	354.96	365.05
Return before operating charges*	40.22	72.59	(3.52)
Operating charges	(7.48)	(7.22)	(6.57)
Return after operating charges*	32.74	65.37	(10.09)
Distributions on accumulation shares	(3.44)	(1.80)	-
Retained distributions on accumulation shares	3.44	1.80	-
Closing net asset value per share	453.07	420.33	354.96
*after direct transaction costs of:	0.91	0.66	0.94
<b>Performance</b>			
Return after charges	7.79%	18.42%	(2.76%)
<b>Other information</b>			
Closing net asset value (£'000)	29,849	33,670	44,665
Closing number of shares	6,588,159	8,010,458	12,583,216
Operating charges (ongoing charges figure)	1.79%	1.85%	1.83%
Direct transaction costs	0.22%	0.17%	0.26%
<b>Prices</b>			
Highest share price	454.80	422.10	378.50
Lowest share price	373.60	352.40	328.20
Price at year end	454.80	422.10	356.30

# UK Opportunities Fund

## Comparative table

(continued)

as at 31 December 2016

	Final 31/12/16 (p)	Final 31/12/15 (p)	Final 31/12/14 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	464.71	388.83	396.76
Return before operating charges*	45.25	80.61	(3.71)
Operating charges	(4.81)	(4.73)	(4.22)
Return after operating charges*	40.44	75.88	(7.93)
Distributions on accumulation shares	(7.34)	(5.29)	(2.08)
Retained distributions on accumulation shares	7.34	5.29	2.08
Closing net asset value per share	505.15	464.71	388.83
*after direct transaction costs of:	1.01	0.73	1.02
<b>Performance</b>			
Return after charges	8.70%	19.51%	(2.00%)
<b>Other information</b>			
Closing net asset value (£'000)	115,157	87,466	65,566
Closing number of shares	22,796,479	18,821,729	16,862,143
Operating charges (ongoing charges figure)	1.04%	1.10%	1.08%
Direct transaction costs	0.22%	0.17%	0.26%
<b>Prices</b>			
Highest share price	505.60	465.70	411.50
Lowest share price	412.60	386.00	358.80
Price at year end	505.60	465.70	390.20

## UK Opportunities Fund

### Statement of Total Return

for the year ended 31 December 2016

	Notes	Year Ended 31 December 2016		Year Ended 31 December 2015	
		£000	£000	£000	£000
Income					
Net capital gains	2		9,902		18,870
Revenue	3	4,187		3,034	
Expenses	4	(1,545)		(1,486)	
Interest payable and similar charges		(791)		(504)	
Net revenue before taxation		1,851		1,044	
Taxation	5	(5)		8	
Net revenue after taxation			1,846		1,052
<b>Total return before distribution</b>			<b>11,748</b>		<b>19,922</b>
Distribution	6		(1,846)		(1,052)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>9,902</b>		<b>18,870</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2016

	Year Ended 31 December 2016		Year Ended 31 December 2015	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>121,136</b>		<b>110,231</b>
Amounts receivable on creation of shares	23,353		21,069	
Less: Amounts payable on cancellation of shares	(11,286)		(30,174)	
		12,067		(9,105)
Change in net assets attributable to shareholders from investment activities		9,902		18,870
Retained distribution on accumulation shares		1,901		1,140
<b>Closing net assets attributable to shareholders</b>		<b>145,006</b>		<b>121,136</b>

*Notes to the Financial Statements are on pages 63 to 68.*

# UK Opportunities Fund

## Balance Sheet

as at 31 December 2016

	Notes	31/12/2016 £000	31/12/2015 £000
<b>Fixed Assets</b>			
Investments		<u>125,128</u>	<u>98,802</u>
<b>Current assets:</b>			
Debtors	7	562	1,346
Cash and bank balances	8	<u>22,391</u>	<u>22,950</u>
<b>Total assets</b>		<u><b>148,081</b></u>	<u><b>123,098</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(2,791)</u>	<u>(1,245)</u>
<b>Creditors:</b>			
Bank overdrafts		(50)	(489)
Other creditors	9	<u>(234)</u>	<u>(228)</u>
<b>Total other liabilities</b>		<u><b>(284)</b></u>	<u><b>(717)</b></u>
<b>Total liabilities</b>		<u><b>(3,075)</b></u>	<u><b>(1,962)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>145,006</b></u>	<u><b>121,136</b></u>

*Notes to the Financial Statements are on pages 63 to 68.*



# UK Opportunities Fund

## Notes to the Financial Statements

as at 31 December 2016

### 1. Accounting basis and policies

Please see page 7 for accounting basis and policies.

### 2. Net capital gains

The net capital gains during the year comprise:

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
Non-derivative securities	6,495	14,073
Derivative contracts	2,183	4,772
Forward foreign exchange currency contracts	56	-
Currency gains	1,192	48
Handling charges	(24)	(23)
Net capital gains	<u>9,902</u>	<u>18,870</u>

### 3. Revenue

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
UK dividends	2,235	2,146
Overseas non-taxable revenue	48	141
Bank interest	7	15
Interest on debt securities	36	13
Revenue from CFDs	1,861	719
Total revenue	<u>4,187</u>	<u>3,034</u>

### 4. Expenses

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	1,192	1,126
Registration fees	250	223
	<u>1,442</u>	<u>1,349</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	43	32
Safe custody fees	1	1
	<u>44</u>	<u>33</u>
<b>Other expenses:</b>		
Administration fee	37	36
Audit fee	8	8
FCA fee	-	1
Printing, publishing and postage fees	1	1
Other expenses	13	58
	<u>59</u>	<u>104</u>
	<u>1,545</u>	<u>1,486</u>

as at 31 December 2016

**5. Taxation**

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	5	(8)
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2015: 20%). The differences are explained below:		
Net revenue before taxation	1,851	1,044
Corporation tax of 20% (2015: 20%)	370	209
<b>Effects of:</b>		
UK dividends*	(447)	(429)
Overseas non-taxable revenue	(10)	(28)
Movement in excess management expenses	87	249
Irrecoverable overseas tax	5	(9)
Total tax charge for year (note 5a)	5	(8)

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,083,319 (31/12/15: £1,996,631) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Final	1,901	1,140
Add: Revenue deducted on cancellation of shares	60	83
Deduct: Revenue received on creation of shares	(115)	(171)
Net distribution for the year	1,846	1,052

Details of the distribution per share is set out in the Distribution Tables on page 69.

**7. Debtors**

	31/12/2016 £000	31/12/2015 £000
Amounts receivable for issue of shares	104	993
Accrued revenue	458	353
Total debtors	562	1,346

**8. Cash and bank balances**

	31/12/2016 £000	31/12/2015 £000
Cash and bank balances	6,192	16,454
Amounts held at futures clearing houses and brokers	16,199	6,496
Total cash and bank balances	22,391	22,950

as at 31 December 2016

**9. Creditors**

	31/12/2016	31/12/2015
	£000	£000
Amounts payable for cancellation of shares	56	81
Accrued ACD's periodic charge*	105	96
Accrued depositary fee	8	3
Accrued other expenses	65	48
Total creditors	<u>234</u>	<u>228</u>

\*This is a related party (see note 10).

**10. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £48,549 (31/12/15: £911,586) due in respect of share transactions at the year end. Details of the ACD's periodic charge, or its associates are shown in note 4. Amounts due to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees are disclosed in note 4, with £105,100 (31/12/15: £95,502) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £7,800 (31/12/15: £2,883) due at the year end.

**11. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class B - Accumulation:	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 59 and 60.

The distribution per share class is given in the Distribution Tables on page 69.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/2015	01/01/16 to 31/12/16		31/12/2016
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	8,010,458	384,380	(1,806,679)	- 6,588,159
Share Class B - Accumulation	18,821,729	4,791,801	(817,051)	- 22,796,479
Total	<u>26,832,187</u>	<u>5,176,181</u>	<u>(2,623,730)</u>	<u>- 29,384,638</u>

**12. Capital commitments and contingent liabilities**

On 31 December 2016, the Fund had no capital commitments (31/12/15: £nil) and no contingent liabilities (31/12/15: £nil).

as at 31 December 2016

**13. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 54. The risks inherent in the sub-fund's investment portfolio are as follows:

The Fund utilises CFDs for effective portfolio management (EPM). The benefit of CFDs is that the Fund can gain exposure to price movements in underlying securities by making a margin payment rather than paying the full amount for the investment. This may result in the fund being leveraged beyond the net asset value and hence market movements may have a greater impact on the fund in this scenario. The use of derivatives may lead to an increase in the fund's volatility and may also increase counterparty risk within the fund. The Fund restricts its exposure to counterparty risk on derivative instruments by trading via an International Swap Derivative Association (ISDA) Master Agreement with derivative counterparties.

Under CFDs the Fund has long positions with exposure to underlying securities with a total market value of £69,447,542 (31/12/15: £37,272,875) and short positions with an exposure to underlying securities with a total market value of £9,077,000 (31/12/15: £11,349,149). The counterparty is UBS AG. The Fund currently has a cash collateral position of £16,148,860 (31/12/15: £6,007,416) on deposit.

*(a) Currency risk*

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

Currency	Currency exposure	Currency exposure
	31/12/2016	31/12/2015
	£000	£000
Danish krone	1,161	998
Euro	36	(265)
Swiss franc	418	377
US dollar	6,185	7,581
	<u>7,800</u>	<u>8,691</u>

The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions.

*(b) Interest rate risk profile of financial assets and liabilities*

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £6,192k (31/12/15: holding £16,454k) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £16,149k (31/12/15: cash £6,007k), whose rates are determined by reference to rates supplied by the broker.

*(c) Liquidity risk*

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

as at 31 December 2016

*(d) Market price risk and fair value of financial assets and liabilities*

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

*(e) Counterparty risk*

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depository receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

Certain transactions in securities that the sub-funds enter into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The sub-funds only buy and sell investments and trades CFD's through brokers which have been approved by the ACD as an acceptable counterparty; the broker through which CFD's are transacted requires a cash margin to be maintained with them as collateral for those positions. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' credit ratings are reviewed.

**14. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Equities	42,706	39,281*	40,532	51,227
Bonds	57,944	37,460*	43,000	40,000
Trades in the year before transaction costs	100,650	76,741	83,532	91,227
<b>Commissions</b>				
Equities	44	18*	(81)	(99)
Bonds	29	19*	-	-
Total commissions	73	37	(81)	(99)
<b>Taxes</b>				
Equities	129	51	-	-
Bonds	-	-	-	-
Total taxes	129	51	-	-
Total costs	202	88	(81)	(99)
<b>Total net trades in the year after transaction costs</b>	<b>100,852</b>	<b>76,829</b>	<b>83,451</b>	<b>91,128</b>

as at 31 December 2016

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %
<b>Commissions</b>				
Equities	0.10	0.05*	0.20	0.19*
Bonds	0.05	0.05*	-	-
<b>Taxes</b>				
Equities	0.30	0.13*	-	-
Bonds	-	-	-	-

Total transaction cost expressed as a percentage of average net asset value.

	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %
Commissions	0.12	0.09
Taxes	0.10	0.05
<b>Total costs</b>	<b>0.22</b>	<b>0.14</b>

\*Prior year figures have been restated to disclose commission paid in relation to sales on Bond transactions.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.38% (31/12/2015: 0.68%).

**15. Fair value**

Valuation technique	31/12/2016		31/12/2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	118,074	-	94,141	-
Level 2	7,054	(2,791)	4,661	(1,245)
Level 3	-	-	-	-
<b>Total fair value</b>	<b>125,128</b>	<b>(2,791)</b>	<b>98,802</b>	<b>(1,245)</b>

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# UK Opportunities Fund

## Distribution Tables

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for the year ended 31 December 2016

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2016

Group 2 Final Shares purchased between 1 January 2016 and 31 December 2016

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1 Final	(p) 3.4406	(p) -	(p) 3.4406	(p) 1.8023
Group 2 Final	(p) 2.4023	(p) 1.0383	(p) 3.4406	(p) 1.8023

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1 Final	(p) 7.3431	(p) -	(p) 7.3431	(p) 5.2875
Group 2 Final	(p) 4.6635	(p) 2.6796	(p) 7.3431	(p) 5.2875

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend is received as franked investment income.

Final - 0.00%% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

# World Equity Fund

## Authorised Fund Manager's Report

for the year ended 31 December 2016

### Investment Objective and Policy

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 its peers in the IA Global Growth Sector.

The Fund will invest in a portfolio of global equities and other equity related instruments such as Exchange Traded Funds.

### Synthetic Risk and Reward Indicator

Typically lower rewards, lower risks ←			Typically higher rewards, higher risks →			
1	2	3	4	5	6	7

This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 6 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- Currency movements may cause the value of your investment to fall as well as rise.
- The Fund is exposed to currency risk. The Fund may use currency management techniques, including hedging and entering into derivatives contracts, for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund is exposed to credit and settlement risk through its dealings with Counter Parties. If a Counter Party business fails, the Fund may incur losses.
- The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus.

### Investment Review

Performance	31/12/2011 to 31/12/12 %	31/12/2012 to 31/12/13 %	31/12/2013 to 31/12/14 %	31/12/2014 to 31/12/15 %	31/12/2015 to 31/12/16 %
World Equity Fund	21.4	24.5	5.1	7.3	21.1

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2016.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

### Market Review

'Events, dear boy, events' was Harold Macmillan's response when asked what he feared most as Prime Minister. At the end of a turbulent year most investors probably feel the same way. Equities may have finished 2016 at new highs but few would have anticipated the manner in which it was achieved. The last twelve months produced two significant political surprises. First, the British electorate confounded professional pollsters by voting to leave the EU. This was followed by the election of Donald Trump as the 45th President of the United States of America. Both events led initially to falls in the markets, which were soon followed by substantial rallies. In the case of the UK this largely reflected the weakness of the currency and in the US it was the prospect of fiscal stimulus and a reduction in regulation. Indeed, the election of Trump led to a strengthening of the dollar and a sharp rotation into reflation beneficiaries. This benefitted 'value' investments at the expense of 'growth', and especially 'defensive growth'. Your fund returned 21.1% versus the average fund in its sector that returned 24.2%.



**Portfolio Review**

The fund suffered due to its overweight in the UK and slight underweight in the US. At a stock-specific level, the fund enjoyed strong performances from a number of holdings. Micron Technology endured a volatile year, initially declining sharply before more than doubling as DRAM prices recovered. Comcast rallied as investors looked for beneficiaries of a Trump presidency. Micro Focus celebrated its promotion to the FTSE 100 index by announcing its intention to acquire the software division of Hewlett Packard Enterprises. Over the last couple of years the market has increasingly recognised the attractiveness of legacy software businesses and the extent to which their strong cash generation can be utilised for the benefit of shareholders. Another consolidator, RPC, also performed strongly. The company is consolidating the European plastic packaging industry. Despite making a number of acquisitions over the last few years, the company still controls less than ten percent of the market. As the largest purchaser of its raw material in Europe it has significant purchasing power, which can then be applied to the companies it acquires. We believe RPC can continue to grow through a mixture of organic and inorganic growth for a number of years. Despite its strong performance and scope for further growth it continues to trade at a discount to its nearest peers. The fund's energy positions rallied as the oil price first stabilised and then OPEC, led by Saudi Arabia, bowed to the inevitable and announced a production cut. The oil price rose sharply as a result and we believe has further to run.

UK banks, Lloyds and Barclays declined as investors fretted over the outlook for the UK economy in the aftermath of Brexit. BT underperformed as regulatory concerns and an increase in the size of its pension deficit worried investors. Mylan and Allergan suffered as the US healthcare industry became a target for politicians.

**Outlook**

Equity markets finished the year with a flurry as investors looked forward to 2017 with confidence. Economic activity continued to improve on both sides of the Atlantic and corporate earnings appear to have troughed. Despite the strong end to the year, we feel the current rally in equity markets has further left to run. Equities are in a reflationary sweet-spot with some of the recent deflationary headwinds subsiding and the economic outlook improving. Nonetheless, many longer-term concerns remain. High levels of indebtedness will likely weigh on aggregate demand and inflationary pressures may build. However, we expect the market to continue to move higher. Many investors worry that the market has moved too far too quickly, but any pullback will continue to lead to buying as the fear of missing out dominates.

SVM Asset Management Limited  
January 2017

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

# World Equity Fund

## Portfolio Statement

as at 31 December 2016

	Holdings	Market Value £000	Total Net Assets %
<b>UNITED KINGDOM (33.34%*)</b>		<b>8,697</b>	<b>28.89</b>
BT	156,000	570	1.89
Faroe Petroleum	634,570	654	2.17
Imperial Brands	33,710	1,192	3.96
Lloyds Banking	1,380,800	859	2.86
Luxfer ADR	66,600	606	2.01
Micro Focus International	67,243	1,452	4.83
Ophir Energy	288,463	277	0.92
Pantheon Resources	244,142	196	0.65
RPC	185,174	1,963	6.52
Synthomer	243,162	928	3.08
<b>AUSTRALIA (0.00%*)</b>		<b>115</b>	<b>0.38</b>
Bionomics	592,337	115	0.38
<b>CANADA (0.55%*)</b>		<b>-</b>	<b>-</b>
<b>GERMANY (0.00%*)</b>		<b>596</b>	<b>1.98</b>
Vonovia	22,500	596	1.98
<b>HONG KONG (9.85%*)</b>		<b>2,895</b>	<b>9.61</b>
AIA	275,240	1,262	4.19
China Mobile	141,000	1,214	4.03
CK Hutchison	45,536	419	1.39
<b>INDIA (2.50%*)</b>		<b>-</b>	<b>-</b>
<b>IRELAND (0.90%*)</b>		<b>276</b>	<b>0.92</b>
Bank of Ireland	1,404,000	276	0.92
<b>JAPAN (8.27%*)</b>		<b>4,230</b>	<b>14.06</b>
Denka	150,000	537	1.78
Hitachi	313,500	1,374	4.57
Isuzu Motors	60,700	624	2.07
Resona	155,830	649	2.16
Takara Leben	54,000	255	0.85
Tosoh	137,700	791	2.63
<b>SOUTH KOREA (0.49%*)</b>		<b>228</b>	<b>0.76</b>
Nexen Tire Preference Shares	64,017	228	0.76
<b>TAIWAN (1.96%*)</b>		<b>-</b>	<b>-</b>
<b>UNITED STATES (36.97%*)</b>		<b>12,277</b>	<b>40.81</b>
Allergan	4,618	779	2.59
Alphabet 'A' Shares	3,044	1,986	6.60
Ashland Global	7,000	626	2.08
Cerulean Pharma	36,000	22	0.07
Citigroup	29,388	1,418	4.71
Comcast 'A' Shares	5,444	310	1.03
Delta Air Lines	28,780	1,154	3.84
Hess	16,582	848	2.82
Micron Technology	50,560	915	3.04
Microsoft	15,000	767	2.55
Momenta Pharmaceuticals	30,650	372	1.24
Oracle	20,250	637	2.12
Pfizer	44,762	1,182	3.93
Visa	19,800	1,261	4.19

# World Equity Fund

## Portfolio Statement

(continued)

as at 31 December 2016

	Market Value £000	Total Net Assets %
<b>DERIVATIVES (-0.08%*)</b>	<b>(20)</b>	<b>(0.07)</b>
<b>CROSS CURRENCY FORWARDS</b>	-	-
Bought USD4,333,105 for GBP3,500,000 Settlement 15/03/2017	16	0.05
Bought USD5,500,000 for JPY646,140,000 Settlement 15/03/2017	(36)	(0.12)
<b>Portfolio of investments^</b>	<b>29,294</b>	<b>97.34</b>
<b>Net other assets</b>	<b>801</b>	<b>2.66</b>
<b>Total net assets</b>	<b>30,095</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

\* Comparative figures shown in brackets relate to 31 December 2015.

Stocks shown as ADR's represent American Depositary Receipts.

^ Including derivative liabilities of £36,216.

	Total Net Assets %	Total Net Assets %
	31/12/16	31/12/15
<b>SECTOR ANALYSIS</b>		
Basic Materials	9.6	4.0
Consumer Goods	4.7	12.4
Consumer Services	4.9	5.1
Financials	21.8	24.8
Health Care	8.2	9.3
Industrials	16.6	17.4
Oil & Gas	6.6	3.3
Technology	19.1	11.7
Telecommunications	5.9	6.8
Derivatives	(0.1)	(0.1)
<b>Net other assets</b>	<b>2.7</b>	<b>5.3</b>
<b>Total net assets</b>	<b>100.0</b>	<b>100.0</b>

## World Equity Fund

### Material Portfolio Changes

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for the year ended 31 December 2016

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Micro Focus International	1,213	Comcast 'A' Shares	2,382
Visa	1,195	SABMiller	2,152
Vonovia	1,118	Verizon Communications	1,735
China Mobile	1,113	Alphabet 'A' Shares	1,337
Delta Air Lines	1,029	Grasim Industries GDR	1,298
RPC	1,011	Mylan	1,286
Ashland Global	931	Taiwan Semiconductor Manufacturing ADR	1,092
CYBG	891	GKN	1,077
Mondelez International	863	CYBG	1,018
Microsoft	852	Teradyne	990

# World Equity Fund

## Comparative table

as at 31 December 2016

### Net Asset Value and Ongoing Charges Figure

	31/12/16 (p)	31/12/15 (p)	31/12/14 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	221.69	205.77	196.21
Return before operating charges*	50.72	20.27	13.59
Operating charges	(4.44)	(4.35)	(4.03)
Return after operating charges*	46.28	15.92	9.56
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	267.97	221.69	205.77
*after direct transaction costs of:	0.64	1.01	1.17
<b>Performance</b>			
Return after charges	20.88%	7.74%	4.87%
<b>Other information</b>			
Closing net asset value (£'000)	2,584	6,823	13,369
Closing number of shares	964,509	3,077,888	6,497,325
Operating charges (ongoing charges figure)	1.96%	1.99%	2.00%
Direct transaction costs	0.28%	0.46%	0.58%
<b>Prices</b>			
Highest share price	271.60	234.60	210.80
Lowest share price	193.90	201.30	190.70
Price at year end	268.90	222.00	207.00

# World Equity Fund

## Comparative table

(continued)

as at 31 December 2016

### Net Asset Value and Ongoing Charges Figure

	31/12/16 (p)	31/12/15 (p)	31/12/14 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	239.06	220.03	208.25
Return before operating charges*	55.69	21.93	14.47
Operating charges	(3.00)	(2.90)	(2.69)
Return after operating charges*	52.69	19.03	11.78
Distributions on accumulation shares	(1.64)	(1.88)	(0.82)
Retained distributions on accumulation shares	1.64	1.88	0.82
Closing net asset value per share	291.75	239.06	220.03
*after direct transaction costs of:	0.70	1.09	1.25
<b>Performance</b>			
Return after charges	22.04%	8.65%	5.66%
<b>Other information</b>			
Closing net asset value (£'000)	27,511	36,347	27,251
Closing number of shares	9,429,482	15,203,636	12,385,247
Operating charges (ongoing charges figure)	1.21%	1.23%	1.25%
Direct transaction costs	0.28%	0.46%	0.58%
<b>Prices</b>			
Highest share price	294.80	251.40	224.90
Lowest share price	209.20	216.50	203.60
Price at year end	291.90	239.20	221.30

## World Equity Fund

### Statement of Total Return

for the year ended 31 December 2016

	Notes	Year Ended 31 December 2016		Year Ended 31 December 2015	
		£000	£000	£000	£000
Income					
Net capital gains	2		6,335		3,247
Revenue	3	762		870	
Expenses	4	(480)		(581)	
Interest payable and similar charges		(4)		(1)	
Net revenue before taxation		278		288	
Taxation	5	(51)		(23)	
Net revenue after taxation			227		265
<b>Total return before distribution</b>			<b>6,562</b>		<b>3,512</b>
Distribution	6		(230)		(268)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>6,332</b>		<b>3,244</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2016

	Year Ended 31 December 2016		Year Ended 31 December 2015	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>43,170</b>		<b>40,620</b>
Amounts receivable on creation of shares	1,499		8,937	
Less: Amounts payable on cancellation of shares	(21,060)		(9,917)	
		(19,561)		(980)
Change in net assets attributable to shareholders from investment activities		6,332		3,244
Retained distribution on accumulation shares		154		286
<b>Closing net assets attributable to shareholders</b>		<b>30,095</b>		<b>43,170</b>

Notes to the Financial Statements are on pages 79 to 84.

# World Equity Fund

## Balance Sheet

as at 31 December 2016

	Notes	31/12/2016 £000	31/12/2015 £000
<b>Fixed Assets</b>			
Investments		<u>29,330</u>	<u>40,939</u>
<b>Current assets:</b>			
Debtors	8	67	82
Cash and bank balances		<u>786</u>	<u>2,266</u>
<b>Total assets</b>		<u><b>30,183</b></u>	<u><b>43,287</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(36)</u>	<u>(35)</u>
<b>Creditors:</b>			
Other creditors	9	<u>(52)</u>	<u>(82)</u>
<b>Total other liabilities</b>		<u><b>(52)</b></u>	<u><b>(82)</b></u>
<b>Total liabilities</b>		<u><b>(88)</b></u>	<u><b>(117)</b></u>
<b>Net assets attributable to shareholders</b>		<u><u><b>30,095</b></u></u>	<u><u><b>43,170</b></u></u>

*Notes to the Financial Statements are on pages 79 to 84.*



# World Equity Fund

## Notes to the Financial Statements

as at 31 December 2016

### 1. Accounting basis and policies

Please see page 7 for accounting basis and policies.

### 2. Net capital gains

The net capital gains during the year comprise:

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
Non-derivative securities	6,082	3,118
Forward foreign exchange currency contracts	132	124
Currency gains	127	9
Handling charges	(6)	(4)
Net capital gains	6,335	3,247

### 3. Revenue

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
UK dividends	341	288
Overseas taxable revenue	-	10
Overseas non-taxable revenue	421	572
Total revenue	762	870

### 4. Expenses

	01/01/16 to 31/12/16	01/01/15 to 31/12/15
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	314	381
Registration fees	95	120
	409	501
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	17	15
Revenue collection charges	-	1
Safe custody fees	2	4
	19	20
<b>Other expenses:</b>		
Administration fee	32	32
Audit fee	8	8
Printing, publishing and postage fees	1	-
Other expenses	6	25
	47	65
Expenses rebate *	5	(5)
	480	581

\*The ACD has agreed to cap the expenses as described in the ACD's report (see page 3).

as at 31 December 2016

**5. Taxation**

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	51	23
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2015: 20%). The differences are explained below:		
Net revenue before taxation	278	288
Corporation tax of 20% (2015: 20%)	56	58
<b>Effects of:</b>		
UK dividends*	(68)	(58)
Overseas non-taxable revenue	(84)	(114)
Movement in excess management expenses	96	114
Irrecoverable overseas tax	51	23
Total tax charge for year (note 5a)	51	23

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £597,958 (31/12/15: £501,294) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Final	154	286
Add: Revenue deducted on cancellation of shares	78	12
Deduct: Revenue received on creation of shares	(2)	(30)
Net distribution for the year	230	268

Details of the distribution per share is set out in the Distribution Table on page 85.

**7. Movement between net revenue and net distribution**

	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Net revenue after taxation	227	265
Share class A shortfall funded from capital	3	3
Net distribution for the year	230	268

as at 31 December 2016

**8. Debtors**

	31/12/2016	31/12/2015
	£000	£000
Amounts receivable for issue of shares	46	32
Accrued revenue	20	39
Accrued expenses rebate due from ACD*	-	5
Overseas tax recoverable	1	6
Total debtors	<u>67</u>	<u>82</u>

\*This is a related party (see note 10).

**9. Creditors**

	31/12/2016	31/12/2015
	£000	£000
Amounts payable for cancellation of shares	1	19
Accrued ACD's periodic charge*	20	32
Accrued depositary fee	3	1
Accrued other expenses	28	30
Total creditors	<u>52</u>	<u>82</u>

\*This is a related party (see note 10).

**10. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £45,026 (31/12/15: £12,717) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to/from the ACD, or its associates are shown in note 4. Amounts due to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £20,128 (31/12/15: £26,623) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £2,951 (31/12/15: £1,305) due at the year end.

At the balance sheet date the following shareholders held more than 20% of the shares in the fund.

	31/12/2016	31/12/2015
HSBC Global Custody Nominees (UK) Ltd	42.0%	27.9%

**11. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class B - Accumulation:	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 75 and 76.

The distribution per share class is given in the Distribution Table on page 85.

All share classes have the same rights on winding up.

as at 31 December 2016

Reconciliation of the share movement in the year:

	31/12/2015	01/01/16 to 31/12/16		31/12/2016	
	Opening shares in issue	Creations	Cancellations	Shares converted	Closing shares in issue
Share Class A - Accumulation	3,077,888	28,377	(2,141,756)	-	964,509
Share Class B - Accumulation	15,203,636	598,131	(6,372,285)	-	9,429,482
Total	18,281,524	626,508	(8,514,041)	-	10,393,991

**12. Capital commitments and contingent liabilities**

On 31 December 2016, the Fund had no capital commitments (31/12/15: £nil) and no contingent liabilities (31/12/15: £nil).

**13. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 70. The risks inherent in the sub-fund's investment portfolio are as follows:

*(a) Currency risk*

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

Currency	Currency exposure	Currency exposure
	31/12/2016	31/12/2015
	£000	£000
Australian dollar	115	-
Euro	873	394
Hong Kong dollar	2,896	4,248
Japanese yen	(270)	(1,727)
South Korean won	228	(604)
US dollar	21,596	25,906
	<u>25,438</u>	<u>28,217</u>

The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions. The Fund uses currency management techniques, including hedging and entering into derivatives contracts for efficient portfolio management purposes.

*(b) Interest rate risk profile of financial assets and liabilities*

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £786k (31/12/15: holding £2,266k) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

*(c) Liquidity risk*

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

as at 31 December 2016

*(d) Market price risk and fair value of financial assets and liabilities*

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

*(e) Counterparty risk*

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depository receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

**14. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000	01/01/16 to 31/12/16 £000	01/01/15 to 31/12/15 £000
Equities	17,590	31,646	35,402	32,969
<b>Commissions</b>				
Equities	27	45	(59)	(59)
<b>Taxes</b>				
Equities	16	87	(4)	(3)
Total costs	43	132	(63)	(62)
<b>Total net trades in the year after transaction costs</b>	<b>17,633</b>	<b>31,778</b>	<b>35,339</b>	<b>32,907</b>

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %
<b>Commissions</b>				
Equities	0.15	0.14	0.17	0.18
<b>Taxes</b>				
Equities	0.09	0.28	0.01	0.01

Total transaction cost expressed as a percentage of average net asset value.

	01/01/16 to 31/12/16 %	01/01/15 to 31/12/15 %
Commissions	0.23	0.25
Taxes	0.05	0.21
Total costs	0.28	0.46

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.14% (31/12/2015: 0.18%).

Where the authorised fund manager believes the spread on the balance sheet date is not representative of the typical spread throughout the year, this fact should be disclosed.

as at 31 December 2016

## 15. Fair value

Valuation technique	31/12/2016		31/12/2015	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	29,314	-	40,939	-
Level 2	16	(36)	-	(35)
Level 3	-	-	-	-
Total fair value	29,330	(36)	40,939	(35)

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# World Equity Fund

## Distribution Table

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for the year ended 31 December 2016

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2016

Group 2 Final Shares purchased between 1 January 2016 and 31 December 2016

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
There is no distribution in respect of the current and prior periods.				

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/2017	Distribution paid to 30/04/2016
Group 1	(p)	(p)	(p)	(p)
Final	1.6355	-	1.6355	1.8815
Group 2	(p)	(p)	(p)	(p)
Final	1.1456	0.4899	1.6355	1.8815

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

## General Information

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### About OEICs

The SVM Funds ICVC (the "ICVC") is an umbrella Open Ended Investment Company ("OEIC"). An OEIC is a collective investment vehicle with variable capital. Investments in OEIC funds are pooled with those of other investors. This means investments can be spread across a far wider range of securities, helping investors to spread the risk to their money. The ICVC has separate sub-funds. Each sub-fund is managed in accordance with the investment objectives set out in the Prospectus and the FCA Collective Investment Schemes sourcebook (COLL).

It should be remembered that the value of your shares will be affected by fluctuations in the relevant markets and foreign currency exchange rates (where applicable) and may, therefore, go down as well as up. You should view your investment over the medium to long-term.

Please contact us on 0845 358 1100 for more information. We may record and monitor calls to help us improve our service.

All sub-funds are classified as schemes which comply with Chapter 5 of the COLL sourcebook.

The base currency of the Company is Sterling.

### Shares

The Company currently offers 2 share classes; Class A and Class B. Each share class has a different ACD fee.

### Prices and Dealing Times

The price used for either the purchase or sale of shares is normally the next price calculated after your instructions are received and accepted at our Edinburgh Office. Advisers have no authority to guarantee applications or prices.

The latest prices are obtainable from the Dealing Desk on 0845 066 1110.

Shares may be bought or sold between 9.00am and 5.00pm on Mondays to Fridays inclusive.

### Protected Cell Regime

The ICVC has adopted a 'protected cell regime' which means that the liabilities of each sub-fund are now segregated from the other sub-funds, so the debts of each sub-fund cannot therefore be passed to another. This has the benefit of providing stronger investor protection.

### Cross Holdings

There were no cross holdings between sub-funds in SVM ICVC as at 31 December 2016.

### Prospectus

The Prospectus, which is available from the ACD free of charge, outlines how the ICVC is managed and gives details of the types of assets in which each sub-fund may invest. The Prospectus and (where applicable) the Instrument of Incorporation have been amended during the year to 31 December 2016 (as noted in the ACD's Report). Full terms and conditions are available from the ACD.

### Personal Taxation

Unless your shares are held within an ISA, if you sell your shares or switch your shares to a different sub-fund, this is treated as a disposal for Capital Gains Tax purposes. Tax rules can change. The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.

Shareholders are recommended to consult with their professional tax advisors if they are in any doubt about their position.

### Queries

If you have any queries about the operation of your sub-fund you should in the first instance contact the ACD. Please supply details of your holding (including surname, initials and account number).