

SVM ALL EUROPE SRI FUND

Short Report



Year to 31 December 2009

Key Objectives

The investment 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. The Fund will adopt a positive engagement approach towards investment and enter into meaningful and consistent dialogue with companies to ensure investors in the Fund have their assets working effectively.

Risk Profile

The Fund is exposed to market and currency risks as it invests in European companies. It also invests in companies outside the FTSE 100 Index which can be less liquid and may carry greater risk and volatility. The Fund is exposed to Sterling and a variety of European currencies as well as stockmarket fluctuations. The Fund does not actively hedge the currency risk of the portfolio.

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares).

The following distribution was accumulated over the last accounting period.

Income		
	31/12/09 pence per share	31/12/08 pence per share
All Europe SRI A Class	0.3517	0.7248
All Europe SRI B Class	1.3508	1.4954

Total Expense Ratio (TER)

The TER shows the annualised operating expenses of the Fund. It does not include transaction expenses.

Fund Total Expense Ratio (p.a.)	Class A Shares	Class B Shares
All Europe SRI Fund	1.80%	1.05%

Total Expense Ratio = Total Annualised Expenses / Average Net Asset Value over 12 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 31 December 2009 Report and Accounts. The figures are intended to provide an indication of the Total Expense Ratio and will vary from year to year.

Fund Performance

Percentage growth for each year to last quarter end	31/10/06* 31/12/06	31/12/06 31/12/07	31/12/07 31/12/08	31/12/08 31/12/09
All Europe SRI	+6.4	+12.9	-38.0	+70.7

Source: Lipper Hindsight, mid to mid, UK net. Past performance should not be seen as an indication of future performance. All performance data refers to the A (retail) share class.

*Launch date

Comparative Tables

Net Asset Values

	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 31/12/09			
All Europe SRI A class	3,108	126.4	2,458,802
All Europe SRI B class	741	129.6	571,829
As at 31/12/08			
All Europe SRI A class	500	72.24	673,840
All Europe SRI B class	359	75.50	475,113

Share Price Performance

	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 31/12/09			
All Europe SRI A class	136.4	64.80	127.1
All Europe SRI B class	139.5	66.01	130.2
During period to 31/12/08			
All Europe SRI A class	128.0	61.71	74.44
All Europe SRI B class	129.6	62.71	75.70

Top 10 Holdings: 31/12/09

%











Intec Telecom Systems	6.7
Afren	4.3
Valiant Petroleum	3.5
Spirent Communications	3.3
OMV	3.1
Clariant	3.0
Yule Catto	2.9
Tag Immobilien	2.6
National Versicher	2.6
Sevan Marine	2.6
Total	34.6

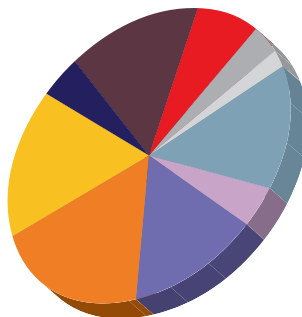
Top 10 Holdings: 31/12/08

%

Tullow Oil	5.6
International Power	5.3
AstraZeneca	4.7
Premier Oil	4.6
Dana Petroleum	4.0
Société Générale	3.8
Firstgroup	3.5
Roche Holdings AG	3.2
Novartis (Registered)	3.1
CRH (London)	2.9
Total	40.9

Sector Analysis

	31/12/09	31/12/08
 Basic Materials	8.1%	6.8%
 Consumer Goods	3.9%	3.5%
 Consumer Services	2.2%	11.6%
 Financials	14.0%	7.9%
 Healthcare	4.1%	12.6%
 Industrials	13.6%	17.9%
 Oil & Gas	19.5%	17.5%
 Technology	16.1%	5.1%
 Utilities	4.1%	11.7%
 Net Current Assets	14.4%	5.4%



Fund Managers



Neil Veitch



Hugh Cuthbert

Twelve months ago we commented on the fear that was dominating market psychology and the considerable opportunity that this afforded. Since then, both stock markets and economies have recovered strongly. During this period your Fund performed exceptionally well and was the number one ranked fund in the Europe inc UK sector, rising 70.7% versus the index 22.4%. Your Fund was also the top ranked SRI Fund over this period.

The opportunities that could be found when confidence in equities hit rock-bottom no longer exist. However, we still continue to generate investment ideas through fundamental analysis and careful stock-picking. For instance, we believe that UK Industrial companies are likely to deliver significant earnings upgrades during the upcoming year as a result of weaker Sterling, reduced cost-bases, and recovering demand. As these companies are often leaders in their specific markets, they may be attractive to larger

US firms that are struggling to deliver organic growth. Despite the sharp recovery in many industrial stocks over the last twelve months your fund continues to run an overweight position. In general, we continue to be positioned pro-cyclically with additional overweight positions in oil & gas and technology. The Fund is underweight domestic earnings – where we expect any recovery to be relatively muted – and basic resources where we think the risk/reward is less attractive than in other cyclical sectors. We continue to believe that the return of M&A activity will provide further support to the market and the fund in particular. Indeed, in the period post year end, one of the Fund's larger holdings, Gulfsands Petroleum, announced that it had received an unsolicited takeover approach.

Looking at the wider equity market, valuations do not look extended. It is also worth remembering that equity markets are still some way off the peak levels reached during 2007. However, as the year progresses, some investors are likely to become increasingly focused on their 'exit' strategies as they look to lock-in some of the profits achieved during the recent recovery. This may cause further short-term volatility, but can also provide an opportunity for investors looking for those stocks which offer fundamental good value and growth.

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Further Information

Further information about the share price and activities of the Fund together with related product literature and further information on the Manager can be found on our website at www.svmonline.co.uk

Report and Accounts

This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Report and Accounts for the year ending 31 December 2009. The Long Form version of the Report and Accounts is available on written request to the Marketing Department, SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH or by email to info@svmonline.co.uk

Investment Warning

Past performance should not be seen as an indication of future performance. The value of an investment may fall as well as rise and investors may not get back the amount originally invested. Investing in smaller companies may increase the volatility of your investment. Currency movements may cause the value of your investment to fall as well as rise.

Contacts

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