

SVM ALL EUROPE SRI FUND

Short Report

Period to 30 June 2012



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		
	31/12/11 pence per share	31/12/10 pence per share
All Europe SRI A Class	0.3097	Nil
All Europe SRI B Class	1.3129	0.4559

Ongoing Charges Figure (OCF)

The OCF shows the annualised operating expenses of the Fund.

Fund Ongoing Charges Figure (p.a.)	Class A Shares	Class B Shares
All Europe SRI Fund	2.00%	1.25%

Ongoing Charges Figure = Total Annualised Expenses/Average Net Asset Value over 12 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2012 Report and Accounts. The figures are intended to provide an indication of the Ongoing Charges Figure and will vary from year to year.

Fund Performance					
Percentage growth for each year to last quarter end	30/06/07 30/06/08	30/06/08 30/06/09	30/06/09 30/06/10	30/06/10 30/06/11	30/06/11 30/06/12
All Europe SRI	-7.8	-14.4	+25.9	+36.1	-10.9

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

*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 30/06/12			
All Europe SRI A class	6,553	146.9	4,460,405
All Europe SRI B class	1,530	153.4	997,525
As at 31/12/11			
All Europe SRI A class	5,275	137.0	3,851,244
All Europe SRI B class	1,644	142.5	1,153,865

Share Price Performance			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 30/06/12			
All Europe SRI A class	159.0	139.2	148.6
All Europe SRI B class	165.6	145.2	155.1
During period to 31/12/11			
All Europe SRI A class	171.8	131.8	138.7
All Europe SRI B class	177.8	136.9	144.3

Top 10 Holdings: 30/06/12

%

Nautical Petroleum	5.8
Salamander Energy	3.9
Vodafone Group	3.6
Innovation Group	3.5
William Hill	3.5
Glaxosmithkline	3.2
HSBC	3.1
Ophir Energy	3.0
Centrica	2.8
Fiberweb	2.7
Total	35.1

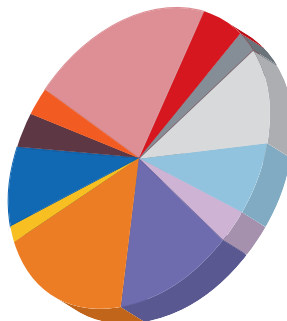
Top 10 Holdings: 31/12/11

%

Yule Catto	4.8
Innovation Group	4.3
Vodafone Group	4.2
Elsevier – NV	4.1
Nautical Petroleum	3.8
SABMiller plc	3.3
Ophir Energy	3.2
Salamander Energy	2.9
Centrica Plc	2.9
Premier Oil	2.9
Total	36.4

Sector Analysis

	30/06/12	31/12/11
Basic Materials	5.9%	4.8%
Consumer Goods	2.9%	6.1%
Consumer Services	11.1%	13.1%
Financials	7.5%	8.7%
Health Care	3.2%	-
Industrials	13.4%	20.7%
Oil & Gas	18.0%	19.4%
Real Estate	1.9%	1.9%
Technology	8.7%	6.1%
Telecommunications	3.6%	5.1%
Utilities	2.8%	2.9%
Net Current Assets	21.0%	11.2%



Fund Managers



Neil Veitch



Hugh Cuthbert

As we noted six months ago, 2011 was a frustrating year for stock-pickers; stock correlation was high as concerns over the macro environment dominated investors' thinking. Thankfully, 2012 began with greater dispersion of individual stock performance and the fund benefitted accordingly. For the first six months of the year your Fund increased 7.1% versus the 2.3% rise of the average of funds in the IMA Europe (excluding UK) sector.

While 'growth' strategies continued to outperform 'value', the divergence was lower than it had been over the last couple of years. Although we can rationalise investors wishing to pay a premium for relative certainty in what are undeniably uncertain times, we feel that the cost may well now exceed the benefit received. As always the timing of any reversal is impossible to forecast and consequently your fund will continue to selectively invest in 'defensive growth' businesses, while retaining its primary focus on 'value' opportunities.

However, as many investors have discovered over the years, defining value is a very difficult process. Value investing is not a one dimensional practice merely relating to the price paid for a stock. Instead, successful investing focuses on growth as much as value, the two sides of the same coin. Given the ongoing uncertainties in Europe, the Fund remained heavily overweight Northern Europe and the UK.

Notable contributors over the period included: Nautical Petroleum, Kvaerner, and Travis Perkins. Nautical was particularly noteworthy, as not only was it the fund's largest holding, but it was acquired in a 'cash' deal at a premium in excess of 50% over its undisturbed share price and at a multiple of our original investment. The company's achievements were all the more impressive as they did not require significant additional capital along the way (not as common as investors would like in the oil & gas space!). Detractors from performance included Nobia and First Group, which both delivered disappointing results.

Significant transactions included purchases of new units in Micro Focus, Nobia, Linde, Glaxo, Invensys, and BMW. Holdings in First Group, Kvaerner, Metso, Travis Perkins, and Sabmiller were exited.

0800 0199 440
www.svmonline.co.uk

Further Information

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

Report and Accounts

This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Report and Accounts for the period ending 30 June 2012. 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

Authorised Corporate Director and Investment Manager

SVM Asset Management Limited
7 Castle Street
Edinburgh EH2 3AH
Email: info@svmonline.co.uk
Web: www.svmonline.co.uk
Authorised and regulated by the
Financial Services Authority

Administrator

BNP Paribas Securities Services
Block C, Western House
Peterborough Business Park
Lynchwood
Peterborough PE2 6BP
Shareholder Services: 0845 358 1108
Dealing: 0845 066 1110
Fax: 01733 285 681

Depository

National Westminster Bank Plc
Trustee & Depository Services
The Broadstone
50 South Gyle Crescent
Edinburgh EH12 9UZ

Custodian

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Auditors

Ernst & Young
Ten George Street
Edinburgh EH2 2DZ