

# SVM UK Opportunities Fund

## Short Report

Year to 31 December 2007



### Investment Objective

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 a blended benchmark comprising principally the FTSE 250 ex Investment Trusts Index and to a lesser extent the FTSE Small Cap ex Investment Trusts Index. On 1 February 2008, the benchmark was changed to the FTSE All-Share Index.

### Risk Profile

The Fund is exposed to market risk. It 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 stockmarket fluctuations.

### Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares)

The following distribution was accumulated over the last accounting period.

#### Income

	31/12/07 pence per share	31/12/06 pence per share
UK Opportunities A class	Nil	Nil
UK Opportunities B class	1.4714	1.4505

### 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
UK Opportunities Fund	1.77 %	1.00 %

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 2007 Report and Accounts. The figures are intended to provide an indication of the Total Expenses Ratio and will vary from year to year.

## Fund Performance

Percentage growth for each year to last quarter end	31/12/02 31/12/03	31/12/03 31/12/04	31/12/04 31/12/05	31/12/05 31/12/06	31/12/06 31/12/07
UK Opportunities	+28.9	+22.2	+25.1	+35.8	-7.7

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.

## Comparative Tables

### Net Asset Values

	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 31/12/07			
UK Opportunities A class	57,073	229.4	24,875,561
UK Opportunities B class	31,541	238.3	13,234,203
As at 31/12/06			
UK Opportunities A class	40,011	248.8	16,079,036
UK Opportunities B class	29,412	256.7	11,458,171

### Share Price Performance

	Highest share price in pence	Lowest share price in pence	Price as at period end
During period to 31/12/07			
UK Opportunities A class	281.0	225.4	232.1
UK Opportunities B class	290.9	234.1	241.1
During period to 31/12/06			
UK Opportunities A class	251.5	187.7	251.5
UK Opportunities B class	259.5	192.2	259.5













### Top 10 Holdings: 31/12/07 %

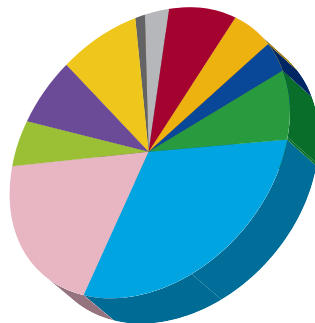
Innovation	3.8
Cable & Wireless	3.6
Hunting	3.6
BP	3.5
Tullow Oil	3.3
AMEC	3.1
Abbot	3.1
BT	3.1
Interserve	2.9
BAE Systems	2.8

### Top 10 Holdings: 31/12/06 %

Punch Taverns	2.9
CRH	2.8
Aberdeen Asset Management	2.8
Acertec	2.5
Capital & Regional Props	2.4
Premier Oil	2.3
Ryanair	2.2
Novae	2.1
Intertek Testing Services	2.1
Invensys	2.1

## Sector Analysis

	31/12/07	31/12/06
 <b>Basic Materials</b>	<b>8.4%</b>	5.0%
 <b>Consumer Goods</b>	<b>5.6%</b>	7.1%
 <b>Consumer Services</b>	<b>3.8%</b>	12.3%
 <b>Financials</b>	<b>8.2%</b>	19.7%
 <b>Industrials</b>	<b>29.5%</b>	34.4%
 <b>Oil &amp; Gas</b>	<b>20.2%</b>	11.1%
 <b>Technology</b>	<b>5.1%</b>	1.7%
 <b>Telecommunications</b>	<b>6.7%</b>	0.2%
 <b>Utilities</b>	<b>0.0%</b>	3.3%
 <b>Europe Excluding UK</b>	<b>8.7%</b>	2.8%
 <b>North America</b>	<b>1.2%</b>	1.0%
 <b>Net Current Assets</b>	<b>2.6%</b>	1.4%



## Fund Manager



### Neil Veitch

As investors fretted over the outlook for the global economy, small and mid-cap stocks suffered their first down year in five. Particularly hard-hit were those stocks from the smaller end of the market cap spectrum with the small-cap index ending the year down 12.4%. After being the top-performing fund in the IMA All-Companies sector in 2006 the Fund endured a difficult 2007, ending the year marginally behind the blended benchmark but substantially behind the FTSE-All Share.

Considering we held no positions in UK banks or retailers and had an overweight stance on resources, performance was particularly disappointing. In general our positive sector positioning was more than offset by our exposure to small-cap stocks. While this has resulted in short-term frustration, we continue to believe that today's small-caps are the large-caps of tomorrow. The Fund enjoyed strong performances from Amec, Tullow Oil, Kirkland Lake Gold, Healthcare Locums and Pace Micro. Holdings in British Airways, Jarvis, Acertec and Barratt were disappointing.

The Fund has the ability to invest across the full market cap range and we will continue to utilise this in order to maximise returns for our investors. While there is clearly considerable uncertainty with regards to the economic outlook we believe that this is more than compensated for by attractive valuations and ongoing monetary easing. This leads us to have a cautiously optimistic attitude for equities in the year ahead.

## Further Information

Further information about the share price, activities and performance of the Fund for this and previous periods, together with related product literature and further information on the Manager can be found on our website at [www.svmonline.co.uk](http://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 Interim Report and Accounts 31 December 2007. 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](mailto: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. Currency movements may cause the value of your investment to fall as well as rise. Investing in smaller companies may increase the volatility of your investment.

## Contacts

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Authorised and regulated by the Financial Services Authority

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