

SVM Funds ICVC

Annual Report

31 December 2017

# 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**

DST Financial Services International Limited

*Registered Office:*

DST House (Formerly 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 2017.

All funds achieved strong growth over the year, with the UK Growth Fund gaining the most at over 23 per cent. UK Growth Fund, UK Opportunities Fund and All Europe SRI Fund outperformed compared to their benchmark indices over the year to 31 December 2017. As the year progressed, forecasts of global economic growth were revised upwards, with the Eurozone recovering strongly and US growth continuing. Confidence in the UK economy grew as fears on Brexit eased. Over longer time periods compared to benchmark indices, four of the five Funds have outperformed over three years and five years; World Equity Fund is marginally behind its benchmark but has grown strongly. All funds are in either the first or second quartile of their peer group over three and 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	31/12/13 %	31/12/14 %	31/12/15 %	31/12/16 %	31/12/17 %
All Europe SRI Fund	29.9	(2.5)	13.7	9.3	18.3
Continental Europe Fund	28.9	1.2	17.0	13.0	17.0
UK Growth Fund	36.7	(2.3)	19.8	(3.6)	23.7
UK Opportunities Fund	34.5	(2.6)	18.5	7.8	13.7
World Equity Fund	24.5	5.1	7.3	21.1	12.0

Source: *Lipper Hindsight, mid to mid, UK net, to 31 December 2017. 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 14 November 2017.

Shareholders are not liable for the debts of the ICVC.

This report covers the year ending 31 December 2017 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**

SVM Asset Management ('the Manager') is the Investment Manager and the Authorised Corporate Director of the Company. Staff providing services to the Manager are subject to the SVM Remuneration Policy which reflects the remuneration requirements of the UCITS V Directive. It is available through the website [www.svmonline.co.uk](http://www.svmonline.co.uk) and is updated periodically to reflect changes to the policy.

Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting period. Under the UCITS V Directive, the Manager is required to disclosure information relating to the remuneration paid to its staff for the financial year (2017), split into fixed and variable remuneration as set out in the table below. The average number of staff during the year was 21.

	<b>Total Remuneration £000</b>
Total staff of the Manager	2,048
Of which:	
Fixed remuneration	1,562
Variable remuneration	486
Identified code staff of the Manager <sup>(1)</sup>	1,276
Of which:	
Senior management	631
Other identified staff	645

(1) Identified code staff are those whose activities have a material impact on the risk profile of the Company or the Manager.

**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 2017 of, the share classes are given in the following table:

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 was updated during the year to replace IFDS with DST following a change of ownership, remove reference to short reports, update the DST fee tariff and update the list of sub-custodians.

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**  
27 February 2018

## 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/period.

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  
27 February 2018

# 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 2017

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**

27 February 2018



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

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for the year ended 31 December 2017

## Opinion

We have audited the financial statements of SVM Funds ICVC (the 'company') for the year ended 31 December 2017 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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.

In our opinion, the financial statements:

- give a true and fair view of the financial position of each sub-fund at 31 December 2017 and the net revenue and the net capital gains or losses of the scheme property of each sub-fund for the year ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice: "Financial Statements of Authorised Funds", the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Authorised Corporate Director's (ACD) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

for the year ended 31 December 2017

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

In our opinion, based on the work undertaken in the course of the audit:

- 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 explanation which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

## Responsibilities of the ACD and Depositary

As explained more fully in the Depositary's Responsibilities Statement on page 6 and the ACD's responsibilities statement set out on page 5, 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.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

For and on behalf of Scott-Moncrieff, Statutory Auditor

Exchange Place 3

Seample Street

Edinburgh

EH3 8BL

27 February 2018

## Notes to the Financial Statements

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as at 31 December 2017

### 1. Accounting and distribution policies

The accounting policies are applicable to the aggregated and 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 ex-dividend 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 29 December 2017. 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 2017

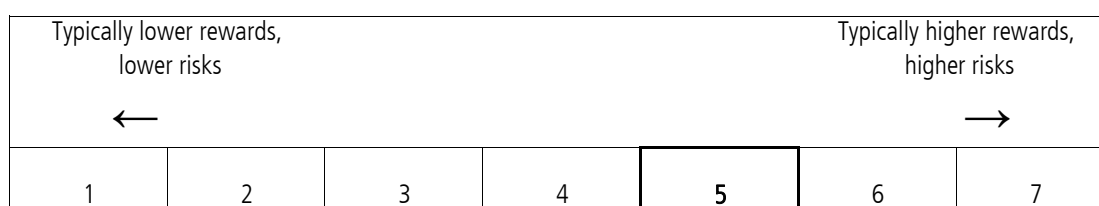
### Investment Objective and Policy

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	31/12/12 to 31/12/13 %	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %
All Europe SRI Fund	29.9	(2.5)	13.7	9.3	18.3

Source: *Lipper Hindsight, mid to mid, UK net to 31 December 2017.*

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

It's quiet... too quiet. Investors of a nervous disposition could have been forgiven for thinking of the classic horror movie trope in 2017. A year that featured Brexit negotiations, elections in France and Germany, a Chinese National Congress, and the first year of a Trump presidency would reasonably have been expected to generate some turmoil. But markets appeared unperturbed. Equities continued to move higher through the year, with any pullbacks both shallow and short-lived in nature. Volatility remained low.

Strong performance was demonstrated across Europe, with all major markets improving. Continental European indices marginally outperformed the UK. Your fund returned 18.3% versus the average fund that returned 15.4%.

**Portfolio Review**

At a stock-specific level the fund enjoyed strong performances from a number of holdings. Blue Prism, the UK technology company, outperformed as it delivered a series of strong updates throughout the year. Robotic process automation has garnered increased attention, as a number of blue-chip companies across a range of industries seek to automate previously labour-intensive data entry and management processes. Blue Prism's software offering is among the global leaders in this nascent industry and the group's revenues and order book continue to grow at a rapid rate. Vonovia, Germany's largest housing association, saw successful returns from its investment programme and strong rental growth as it continued to benefit from a buoyant domestic economy. Biffa, the UK's leading waste management company, rallied in its first full year as a listed company following a string of positive results. The group's strategy of acquiring small businesses in its Industrial & Commercial division has boosted earnings, while its Resource Recovery & Treatment division has benefited from strong landfill volumes and prices.

One of last year's biggest winners, RPC, the plastic packaging company, was the most significant disappointment. A well-timed analyst note recommending the stock as a short acted as the catalyst for its underperformance. We believe that many of the points were incorrect and the company has successfully addressed a number of the more valid issues raised. We consider subsequent concerns about the effect of the drive to reduce plastic packaging waste in the UK as misplaced. However, RPC will need to deliver solid results through 2018 to allay these fears. BT underperformed as accounting issues and disappointing underlying performance worried investors.

**Outlook**

Equity markets finished the year on a positive note as investors looked forward to 2018 with confidence. Economic activity remained strong on both sides of the Atlantic and corporate earnings appear to have robust momentum. Despite the strong end to the year, we feel the current rally in equity markets has further left to run. Equities remain in a reflationary sweet-spot and there are few indicators that would give signs that economies are currently overheating. We remain vigilant, however, for clouds that may appear later in the year. Fiscal reform in the US has a lagged effect and its stimulatory effect on an economy running at around full potential will add to inflationary pressures. Consumer confidence in the UK remains fragile and the effects of increasing council tax bills and pension auto-enrolment costs in the Spring could dampen demand. Italian elections could lead to a populist government from either side of the political spectrum. Many investors may worry that the market is ripe for a pullback, but the fear of missing out dominates and in the absence of any near-term negative shocks, we expect the market to continue to move higher.

SVM Asset Management Limited

January 2018

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 2017

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (2.67%*)</b>		<b>1,855</b>	<b>6.94</b>
Clariant	45,500	955	3.57
Synthomer	183,600	900	3.37
<b>CONSUMER GOODS (3.34%*)</b>		<b>707</b>	<b>2.64</b>
Bellway	3,193	114	0.42
TI Fluid Systems	240,000	593	2.22
<b>CONSUMER SERVICES (3.12%*)</b>		<b>1,854</b>	<b>6.93</b>
Galenica	15,000	565	2.11
Hollywood Bowl	200,000	405	1.51
Stagecoach	79,070	131	0.49
Wizz Air	20,600	753	2.82
<b>FINANCIALS (26.00%*)</b>		<b>6,206</b>	<b>23.20</b>
Arix Bioscience	86,667	167	0.62
AXA	50,000	1,101	4.12
Bank of Ireland	48,000	304	1.14
Barclays	85,000	172	0.64
British Land**	150,000	1,034	3.87
Legal & General	235,000	642	2.40
Lloyds Banking	1,200,000	811	3.03
Prudential	66,000	1,244	4.65
Vonovia	20,000	731	2.73
<b>HEALTH CARE (8.17%*)</b>		<b>907</b>	<b>3.39</b>
Abzena	308,167	92	0.34
Creo Medical	39,474	27	0.10
GlaxoSmithKline	60,000	788	2.95
<b>INDUSTRIALS (21.11%*)</b>		<b>7,601</b>	<b>28.42</b>
Biffa	343,350	894	3.34
Forterra	254,874	758	2.84
Ibstock	92,932	248	0.93
John Menzies	50,000	337	1.26
Johnson Service	349,421	497	1.86
Melrose Industries	380,000	803	3.00
Norcros	559,266	995	3.72
Rexel	80,000	1,076	4.02
RPC	178,463	1,567	5.86
STO Preference Shares	2,900	326	1.22
XP Power	2,970	100	0.37
<b>OIL &amp; GAS (5.18%*)</b>		<b>558</b>	<b>2.09</b>
Atlantis Resources	258,025	89	0.33
Faroe Petroleum	447,492	469	1.76
<b>TECHNOLOGY (15.25%*)</b>		<b>2,094</b>	<b>7.83</b>
Blue Prism	14,858	182	0.68
Infineon Technologies	50,300	1,030	3.85
Micro Focus International	20,775	521	1.95
SDL	85,000	361	1.35

# All Europe SRI Fund

## Portfolio Statement

(continued)

as at 31 December 2017

	Holdings	Market Value £000	Total Net Assets %
<b>TELECOMMUNICATIONS (12.16%*)</b>		<b>1,131</b>	<b>4.23</b>
BT	99,000	266	1.00
Gamma Communications	74,424	480	1.79
Orange	30,000	385	1.44
<b>Portfolio of investments</b>		<b>22,913</b>	<b>85.67</b>
<b>Net other assets (3.00%*)</b>		<b>3,833</b>	<b>14.33</b>
<b>Total net assets</b>		<b>26,746</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 2016.

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

## All Europe SRI Fund

### Material Portfolio Changes

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for the year ended 31 December 2017

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Rexel	1,064	Lonza	1,101
Infineon Technologies	1,015	Blue Prism	1,035
Lonza	905	Roche	1,008
GlaxoSmithKline	887	FDM	996
TI Fluid Systems	842	Bellway	954
Clariant	739	Swisscom	933
AXA	560	Micro Focus International	928
Eddie Stobart Logistics	546	Vonovia	680
Galenica	524	Novartis	593
SDL	505	Aumann	585



# All Europe SRI Fund

## Comparative table

as at 31 December 2017

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	253.39	232.67	205.08
Return before operating charges*	52.30	25.39	32.07
Operating charges	(5.62)	(4.67)	(4.48)
Return after operating charges*	46.68	20.72	27.59
Distributions on accumulation shares	(1.33)	(1.55)	(0.27)
Retained distributions on accumulation shares	1.33	1.55	0.27
Closing net asset value per share	300.07	253.39	232.67
*after direct transaction costs of:	0.81	0.86	1.20
<b>Performance</b>			
Return after charges	18.42%	8.91%	13.45%
<b>Other information</b>			
Closing net asset value (£'000)	1,780	1,630	2,604
Closing number of shares	593,208	643,205	1,119,117
Operating charges (ongoing charges figure)	1.98%	1.98%	2.00%
Direct transaction costs	0.29%	0.37%	0.54%
<b>Prices</b>			
Highest share price	303.40	256.20	235.20
Lowest share price	256.20	206.80	205.00
Price at year end	303.00	256.20	234.50

# All Europe SRI Fund

## Comparative table

(continued)

as at 31 December 2017

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	276.33	250.75	218.29
Return before operating charges*	56.99	28.68	35.42
Operating charges	(3.81)	(3.10)	(2.96)
Return after operating charges*	53.18	25.58	32.46
Distributions on accumulation shares	(3.73)	(3.70)	(2.21)
Retained distributions on accumulation shares	3.73	3.70	2.21
Closing net asset value per share	329.51	276.33	250.75
*after direct transaction costs of:	0.88	0.93	1.29
<b>Performance</b>			
Return after charges	19.25%	10.20%	14.87%
<b>Other information</b>			
Closing net asset value (£'000)	24,966	19,764	20,439
Closing number of shares	7,576,749	7,152,590	8,151,404
Operating charges (ongoing charges figure)	1.23%	1.23%	1.23%
Direct transaction costs	0.29%	0.37%	0.54%
<b>Prices</b>			
Highest share price	329.90	276.80	252.20
Lowest share price	276.80	221.90	218.20
Price at year end	329.80	276.80	251.40

## All Europe SRI Fund

### Statement of Total Return

for the year ended 31 December 2017

	Notes	Year Ended 31 December 2017		Year Ended 31 December 2016	
		£000	£000	£000	£000
Income					
Net capital gains	2		3,917		1,695
Revenue	3	608		607	
Expenses	4	(311)		(275)	
Interest payable and similar charges		(7)		(3)	
Net revenue before taxation		290		329	
Taxation	5	(8)		(17)	
Net revenue after taxation			282		312
<b>Total return before distribution</b>			<b>4,199</b>		<b>2,007</b>
Distribution	6		(282)		(312)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>3,917</b>		<b>1,695</b>

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

for the year ended 31 December 2017

	Year Ended 31 December 2017		Year Ended 31 December 2016	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>21,394</b>		<b>23,043</b>
Amounts receivable on creation of shares	3,268		3,631	
Less: Amounts payable on cancellation of shares	(2,124)		(7,250)	
		1,144		(3,619)
Change in net assets attributable to shareholders from investment activities		3,917		1,695
Retained distribution on accumulation shares		291		275
<b>Closing net assets attributable to shareholders</b>		<b>26,746</b>		<b>21,394</b>

*Notes to the Financial Statements are on pages 19 to 23.*

# All Europe SRI Fund

## Balance Sheet

as at 31 December 2017

	Notes	31/12/17 £000	31/12/16 £000
<b>Fixed Assets</b>			
Investments		<u>22,913</u>	<u>20,752</u>
<b>Current assets:</b>			
Debtors	7	161	85
Cash and bank balances		<u>3,725</u>	<u>680</u>
<b>Total assets</b>		<u><b>26,799</b></u>	<u><b>21,517</b></u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	8	<u>(53)</u>	<u>(123)</u>
<b>Total liabilities</b>		<u><b>(53)</b></u>	<u><b>(123)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>26,746</b></u>	<u><b>21,394</b></u>

*Notes to the Financial Statements are on pages 19 to 23.*

# All Europe SRI Fund

## Notes to the Financial Statements

as at 31 December 2017

### 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

### 2. Net capital gains

The net capital gains during the year comprise:

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Non-derivative securities	4,024	1,681
Forward foreign exchange currency contracts	(6)	16
Currency (losses)/gains	(97)	3
Handling charges	(4)	(5)
Net capital gains	3,917	1,695

### 3. Revenue

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
UK dividends	392	425
Overseas taxable revenue	-	2
Overseas non-taxable revenue	172	171
Property revenue from UK REITs - PID	44	8
Bank interest	-	1
Total revenue	608	607

### 4. Expenses

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	194	173
Registration fees	64	72
	258	245
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	18	16
Safe custody fees	1	1
	19	17
<b>Other expenses:</b>		
Administration fee	32	32
Audit fee	8	8
Printing, publishing and postage fees	1	-
Other expenses	22	3
	63	43
Expenses rebate*	(29)	(30)
	311	275

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

as at 31 December 2017

**5. Taxation**

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	8	17
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:		
Net revenue before taxation	290	329
Corporation tax of 20% (2016: 20%)	58	66
<b>Effects of:</b>		
UK dividends*	(79)	(85)
Overseas non-taxable revenue*	(34)	(34)
Movement in excess management expenses	55	53
Irrecoverable overseas tax	8	17
Current tax charge for year (note 5a)	8	17

\*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 £344,705 (31/12/16: £289,806) 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:

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Final	291	275
Add: Revenue deducted on cancellation of shares	12	62
Deduct: Revenue received on creation of shares	(21)	(25)
Net distribution for the year	282	312

Details of the distribution per share is set out in the Distribution Tables on page 24.

**7. Debtors**

	31/12/17 £000	31/12/16 £000
Amounts receivable for issue of shares	77	14
Accrued revenue	55	49
Accrued expenses rebate due from ACD*	3	3
Overseas tax recoverable	26	19
Total debtors	161	85

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

as at 31 December 2017

**8. Creditors**

	31/12/17	31/12/16
	£000	£000
Amounts payable for cancellation of shares	11	81
Accrued ACD's periodic charge*	17	14
Accrued depositary fee	1	3
Accrued other expenses	24	25
Total creditors	<u>53</u>	<u>123</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 £66,229 (31/12/16: £66,323) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to 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 £13,406 (31/12/16: £11,351) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £1,430 (31/12/16: £2,951) due at the year end.

***Shares held by associates of the ACD***

On 31 December 2017, the shares held by the ACD as a percentage of the Fund's shares were:

	% held	
	31/12/17	31/12/16
Share Class B - Accumulation:	1.7%	1.8%

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

	31/12/17	31/12/16
Pershing Nominees Limited	23.4%	-*

\*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 15 to 16.

The distribution per share class is given in the Distribution Tables on page 24.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/16	01/01/17 to 31/12/17		31/12/17
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	643,205	47,269	(97,266)	- 593,208
Share Class B - Accumulation	7,152,590	1,042,938	(618,779)	- 7,576,749
Total	<u>7,795,795</u>	<u>1,090,207</u>	<u>(716,045)</u>	<u>- 8,169,957</u>

as at 31 December 2017

## 11. Capital commitments and contingent liabilities

On 31 December 2017, the Fund had no capital commitments (31/12/16: £nil) and no contingent liabilities (31/12/16: £nil).

## 12. Financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 10. 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
	31/12/17	31/12/16
	£000	£000
Danish krone	-	1
Euro	8,326	4,363
Swiss franc	1,544	2,442
Total	<u>9,870</u>	<u>6,806</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 £3,725k (31/12/16: holding £680k) 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 2017

**13. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Equities	12,768	13,317	14,600	15,085
<b>Commissions</b>				
Equities	20	20	(29)	(30)
<b>Taxes</b>				
Equities	22	29	-	-
Total costs	42	49	(29)	(30)
<b>Total net trades in the year after transaction costs</b>	<b>12,810</b>	<b>13,366</b>	<b>14,571</b>	<b>15,055</b>

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

	Purchases		Sales	
	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %
<b>Commissions</b>				
Equities	0.16	0.15	0.20	0.20
<b>Taxes</b>				
Equities	0.17	0.22	-	-

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

	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %
Commissions	0.20	0.23
Taxes	0.09	0.14
Total costs	0.29	0.37

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.32% (31/12/16: 0.49%).

**14. Fair value**

Valuation technique	31/12/17		31/12/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	22,913	-	20,752	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	22,913	-	20,752	-

Level 1: The unadjusted 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 2017

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2017

Group 2 Final Shares purchased on or between 1 January 2017 and 31 December 2017

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1 Final	(p) 1.3316	(p) -	(p) 1.3316	(p) 1.5467
Group 2 Final	(p) 0.2120	(p) 1.1196	(p) 1.3316	(p) 1.5467

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1 Final	(p) 3.7315	(p) -	(p) 3.7315	(p) 3.7027
Group 2 Final	(p) 1.7530	(p) 1.9785	(p) 3.7315	(p) 3.7027

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 2017

### 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 (an 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

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.
- 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	31/12/12 to 31/12/13 %	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %
Continental Europe Fund	28.9	1.2	17.0	13.0	17.0

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2017.

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**

Politics played a significant role in the direction of European equity markets in 2017 and always with the potential to derail what was a sound economic development for the region. The first hurdles were the French and Dutch national elections which in the run up to both saw a resurgence of far right anti-Euro parties. In both cases the outcomes could be considered market friendly with both Marine Le Pen and Geert Wilders failing to capitalize upon their initial surge in popularity. Perhaps the more negative of all the results should have been the most predictable when Angela Merkel failed to score a resounding victory in the German elections and, at the time of writing, has still failed to form a coalition government. Ironically her lack of success is likely attributable to the very issue that Le Pen and Wilders focused upon, namely immigration. GDP growth forecasts were continuously upgraded while corporate results basked in the glow of continued global demand not least from China and the US. Policy makers appeared more than happy to let economies roar and although interest rates in both the US and UK have started to move upwards the pace is clearly slow and measured. Europe appears to be some way behind. Indeed the focal point for discussion was when the ECB would embark on tapering of their asset purchase program suggesting the first interest rate move is still some way off. Whatever the ECB's next move European sovereign bond yields are now far from the negative levels seen in the middle of 2016. Despite central bank reticence the Euro was strong against many currencies over the course of the year hitting levels where exporters may start to feel the pinch although over a longer time frame the currency remains well off its highs. The oil price was equally strong as OPEC stayed firm on its agreed quotas and this has had obvious implications for inflation. The discipline of OPEC and perhaps more importantly US shale producers will now be tested if this price level is to be maintained, as now with the price firmly above the \$50 level, more and more projects become economically attractive. With strong economic development combined with a less harmful political outcome than originally feared as well as a tailwind from currency it is not surprising the FTSE World Europe ex UK Index finished the year strongly with a return of +17.5%.

**Portfolio Review**

The fund also rose strongly returning +17.0% over the course of 2017. In various guises the automotive sector served us well with 4 of our top 10 contributing stocks directly involved in the supply of goods and services for this industry. Hella and Jost Werke of Germany are parts suppliers for the car and truck markets respectively, while Sixt AG is involved in car rental. Aumann, also of Germany, manufactures machines involved in the production of batteries for electrically powered vehicles, and although we sold our holding as it reached our price target, was the best performing stock in the portfolio for 2017 with a total return of 49.3%. Other strong contributors were Swiss private equity firm Partners Group, IT distribution company ALSO and German chemical producer Covestro. Detractors from performance included private equity firm Aurelius which was subject to a short selling attack resulting in a decline of 18.7% for the holding period. We sold our holding as the reputational damage from such attacks often outweighs the fundamental reality behind the investment, making rational predictions impossible. Communications company Nokia and defence contractor Leonardo fell -11.6% and -14.2% respectively on the back of poor business updates. 5 new purchases were made over the review period; Aumann, Jost Werke, Sesa, Schoeller-Bleckmann and Volker Wessels. 2 companies, PCAS and Braas Monier, were subject to corporate takeover and a further 6 were sold; Aumann, Energiekontor, Spar Nord Bank, Fresenius, NOS and Tamedia.

**Outlook**

European economies have moved from recovery to growth mode. This combined with an ever stable political environment and, compared to many other asset classes, attractive dividend yields, has resulted in strong returns for equity markets. Entering 2018 these factors remain firmly in place but valuations have of course moved to reflect much of this scenario. The question is how much. We do expect continued growth from the portfolio holdings in 2018 and cash flows should improve as a result. This alone suggests further gains are possible over the coming months. What is clear, however, is that we will have to remain selective if this is to be accompanied by further multiple expansion. As a result we will remain selective in our market exposure but do believe stock picking can still uncover mispriced anomalies. Key risks we would highlight would be an unexpected and ill-considered central bank response, further political tremors, with upcoming Italian elections a notable event, and unexpectedly strong inflation with the knock on impact on the fixed income market.

SVM Asset Management Limited

January 2018

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 2017

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (8.21%*)</b>		<b>2,169</b>	<b>9.22</b>
Covestro	10,220	783	3.33
Huhtamaki	15,490	483	2.05
Metsa Board	142,500	903	3.84
<b>CONSUMER SERVICES (11.35%*)</b>		<b>3,214</b>	<b>13.67</b>
Cairo Communication	190,624	630	2.68
Dustin	117,900	862	3.66
Schibsted	53,835	1,055	4.49
Sixt Preference Shares	14,250	667	2.84
<b>FINANCIALS (34.49%*)</b>		<b>5,818</b>	<b>24.73</b>
AXA	56,400	1,242	5.28
BNP Paribas	11,399	628	2.67
Danske Bank	23,070	664	2.82
ING	37,400	510	2.17
Mediobanca	134,725	1,128	4.80
mutares	42,594	606	2.57
Partners	1,021	517	2.20
PATRIZIA Immobilien	30,585	523	2.22
<b>HEALTH CARE (5.19%*)</b>		<b>1,038</b>	<b>4.41</b>
Novartis	9,605	602	2.56
Roche	2,330	436	1.85
<b>INDUSTRIALS (13.22%*)</b>		<b>3,816</b>	<b>16.22</b>
Hella KGaA Hueck	26,152	1,198	5.09
Jost Werke	26,637	997	4.24
Koninklijke Volkerwessels	15,752	329	1.40
Leonardo	46,410	409	1.74
Stef	10,574	883	3.75
<b>OIL &amp; GAS (6.85%*)</b>		<b>1,683</b>	<b>7.16</b>
Royal Dutch Shell	25,270	623	2.65
Schoeller-Bleckmann Oilfield Equipment	7,020	527	2.24
TOTAL	13,002	533	2.27
<b>TECHNOLOGY (5.38%*)</b>		<b>1,939</b>	<b>8.24</b>
ALSO	7,050	713	3.03
Nokia	94,560	328	1.39
Scout24	14,080	424	1.80
SeSa	20,943	474	2.02
<b>TELECOMMUNICATIONS (8.49%*)</b>		<b>1,536</b>	<b>6.53</b>
Orange	62,020	795	3.38
United Internet	14,582	741	3.15
<b>UTILITIES (1.49%*)</b>		<b>-</b>	<b>-</b>
<b>Portfolio of investments</b>		<b>21,213</b>	<b>90.18</b>
<b>Net other assets (5.33%*)</b>		<b>2,309</b>	<b>9.82</b>
<b>Total net assets</b>		<b>23,522</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 2016.

## Continental Europe Fund

### Material Portfolio Changes

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for the year ended 31 December 2017

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Jost Werke	805	Spar Nord Bank	927
Koninklijke Volkerwessels	610	Poste Italiane	689
SeSa	608	United Internet	688
Schibsted	488	Energiekontor	685
Mediobanca	423	Aumann	628
Aumann	423	Braas Monier Building	611
Schoeller-Bleckmann Oilfield Equipment	404	AURELIUS	602
Hella KGaA Hueck	332	PCAS	568
Energiekontor	290	Partners	549
Leonardo	289	ING	528

# Continental Europe Fund

## Comparative table

as at 31 December 2017

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	453.42	401.22	343.31
Return before operating charges*	86.92	60.38	65.51
Operating charges	(10.02)	(8.18)	(7.60)
Return after operating charges*	76.90	52.20	57.91
Distributions on accumulation shares	(3.56)	(3.42)	(1.63)
Retained distributions on accumulation shares	3.56	3.42	1.63
Closing net asset value per share	530.32	453.42	401.22
*after direct transaction costs of:	0.64	0.62	0.64
<b>Performance</b>			
Return after charges	16.96%	13.01%	16.87%
<b>Other information</b>			
Closing net asset value (£'000)	10,557	10,310	10,652
Closing number of shares	1,990,662	2,273,817	2,654,977
Operating charges (ongoing charges figure)	1.98%	1.98%	2.01%
Direct transaction costs	0.13%	0.15%	0.17%
<b>Prices</b>			
Highest share price	544.10	454.10	403.80
Lowest share price	451.40	345.80	339.60
Price at year end	531.20	454.10	402.00

# Continental Europe Fund

## Comparative table

(continued)

as at 31 December 2017

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	503.65	442.17	375.03
Return before operating charges*	96.79	67.07	72.29
Operating charges	(6.98)	(5.59)	(5.15)
Return after operating charges*	89.81	61.48	67.14
Distributions on accumulation shares	(8.16)	(7.31)	(5.05)
Retained distributions on accumulation shares	8.16	7.31	5.05
Closing net asset value per share	593.46	503.65	442.17
*after direct transaction costs of:	0.72	0.68	0.71
<b>Performance</b>			
Return after charges	17.83%	13.90%	17.90%
<b>Other information</b>			
Closing net asset value (£'000)	12,965	12,241	9,791
Closing number of shares	2,184,729	2,430,354	2,214,163
Operating charges (ongoing charges figure)	1.23%	1.23%	1.23%
Direct transaction costs	0.13%	0.15%	0.17%
<b>Prices</b>			
Highest share price	607.50	503.70	444.50
Lowest share price	501.30	381.00	371.00
Price at year end	593.90	503.70	442.50



## Continental Europe Fund

### Statement of Total Return

for the year ended 31 December 2017

	Notes	Year Ended 31 December 2017		Year Ended 31 December 2016	
		£000	£000	£000	£000
Income					
Net capital gains	2		3,616		2,419
Revenue	3	696		635	
Expenses	4	(381)		(324)	
Net revenue before taxation		315		311	
Taxation	5	(34)		(54)	
Net revenue after taxation			281		257
<b>Total return before distribution</b>			<b>3,897</b>		<b>2,676</b>
Distribution	6		(281)		(257)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>3,616</b>		<b>2,419</b>

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

for the year ended 31 December 2017

	Year Ended 31 December 2017		Year Ended 31 December 2016	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		22,551		20,443
Amounts receivable on creation of shares	3,513		4,994	
Less: Amounts payable on cancellation of shares	(6,407)		(5,561)	
		(2,894)		(567)
Change in net assets attributable to shareholders from investment activities		3,616		2,419
Retained distribution on accumulation shares		249		256
<b>Closing net assets attributable to shareholders</b>		<b>23,522</b>		<b>22,551</b>

Notes to the Financial Statements are on pages 33 to 37.

# Continental Europe Fund

## Balance Sheet

as at 31 December 2017

	Notes	31/12/17 £000	31/12/16 £000
<b>Fixed Assets</b>			
Investments		<u>21,213</u>	<u>21,350</u>
<b>Current assets:</b>			
Debtors	7	87	98
Cash and bank balances		<u>2,284</u>	<u>1,177</u>
<b>Total assets</b>		<u><b>23,584</b></u>	<u><b>22,625</b></u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	8	<u>(62)</u>	<u>(74)</u>
<b>Total liabilities</b>		<u><b>(62)</b></u>	<u><b>(74)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>23,522</b></u>	<u><b>22,551</b></u>

*Notes to the Financial Statements are on pages 33 to 37.*

# Continental Europe Fund

## Notes to the Financial Statements

as at 31 December 2017

### 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

### 2. Net capital gains

The net capital gains during the year comprise:

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Non-derivative securities	3,615	2,396
Currency gains	5	28
Handling charges	(4)	(5)
Net capital gains	3,616	2,419

### 3. Revenue

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Overseas taxable revenue	13	44
Overseas non-taxable revenue	683	591
Total revenue	696	635

### 4. Expenses

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	263	226
Registration fees	61	61
	324	287
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	18	16
Safe custody fees	5	4
	23	20
<b>Other expenses:</b>		
Administration fee	32	32
Audit fee	8	8
Printing, publishing and postage fees	1	1
Other expenses	22	3
	63	44
Expenses rebate*	(29)	(27)
	381	324

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

as at 31 December 2017

**5. Taxation**

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	34	54
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:		
Net revenue before taxation	315	311
Corporation tax of 20% (2016: 20%)	63	62
<b>Effects of:</b>		
Overseas non-taxable revenue*	(137)	(118)
Movement in excess management expenses	74	56
Irrecoverable overseas tax	34	54
Current tax charge for year (note 5a)	34	54

\*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 £517,611 (31/12/16: £443,348) 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:

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Final	249	256
Add: Revenue deducted on cancellation of shares	56	45
Deduct: Revenue received on creation of shares	(24)	(44)
Net distribution for the year	281	257

Details of the distribution per share is set out in the Distribution Tables on page 38.

**7. Debtors**

	31/12/17 £000	31/12/16 £000
Amounts receivable for issue of shares	14	11
Accrued revenue	7	26
Accrued expenses rebate due from ACD*	4	2
Overseas tax recoverable	62	59
Total debtors	87	98

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

as at 31 December 2017

**8. Creditors**

	31/12/17	31/12/16
	£000	£000
Amounts payable for cancellation of shares	16	27
Accrued ACD's periodic charge*	20	19
Accrued depositary fee	1	3
Accrued other expenses	25	25
Total creditors	<u>62</u>	<u>74</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 £1,040 (31/12/16: £16,116) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to 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 £15,893 (31/12/16: £17,167) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £1,430 (31/12/16: £2,951) due at the year end.

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

	31/12/17	31/12/16
Canada Life Limited	32.6%	29.2%

**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 29 to 30.

The distribution per share class is given in the Distribution Tables on page 38.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/16	01/01/17 to 31/12/17		31/12/17
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	2,273,817	115,446	(398,601)	- 1,990,662
Share Class B - Accumulation	2,430,354	537,624	(783,249)	- 2,184,729
Total	<u>4,704,171</u>	<u>653,070</u>	<u>(1,181,850)</u>	<u>- 4,175,391</u>

**11. Capital commitments and contingent liabilities**

On 31 December 2017, the Fund had no capital commitments (31/12/16: £nil) and no contingent liabilities (31/12/16: £nil).

as at 31 December 2017

## 12. Financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 25. 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
	31/12/17	31/12/16
	£000	£000
Danish krone	681	1,666
Euro	16,393	16,259
Norwegian krone	1,056	468
Swedish krona	862	458
Swiss franc	2,290	2,584
Total	<u>21,282</u>	<u>21,435</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 £2,284k (31/12/16: holding £1,177k) 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 2017

**13. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/17 to 31/12/17	01/01/16 to 31/12/16	01/01/17 to 31/12/17	01/01/16 to 31/12/16
	£000	£000	£000	£000
Equities	6,039	7,193	9,823	7,399
<b>Commissions</b>				
Equities	11	14	(19)	(15)
<b>Taxes</b>				
Equities	2	2	-	-
Total costs	13	16	(19)	(15)
<b>Total net trades in the year after transaction costs</b>	<b>6,052</b>	<b>7,209</b>	<b>9,804</b>	<b>7,384</b>

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

	Purchases		Sales	
	01/01/17 to 31/12/17	01/01/16 to 31/12/16	01/01/17 to 31/12/17	01/01/16 to 31/12/16
	%	%	%	%
<b>Commissions</b>				
Equities	0.18	0.19	0.19	0.20
<b>Taxes</b>				
Equities	0.03	0.03	-	-

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

	01/01/17 to 31/12/17	01/01/16 to 31/12/16
	%	%
Commissions	0.12	0.14
Taxes	0.01	0.01
Total costs	0.13	0.15

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.15% (31/12/16: 0.16%).

**14. Fair value**

Valuation technique	31/12/17		31/12/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	21,213	-	21,350	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	21,213	-	21,350	-

Level 1: The unadjusted 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

for the year ended 31 December 2017

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2017

Group 2 Final Shares purchased on or between 1 January 2017 and 31 December 2017

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1 Final	(p) 3.5627	(p) -	(p) 3.5627	(p) 3.4182
Group 2 Final	(p) 1.8983	(p) 1.6644	(p) 3.5627	(p) 3.4182

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1 Final	(p) 8.1565	(p) -	(p) 8.1565	(p) 7.3110
Group 2 Final	(p) 3.6620	(p) 4.4945	(p) 8.1565	(p) 7.3110

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.



## Authorised Fund Manager's Report

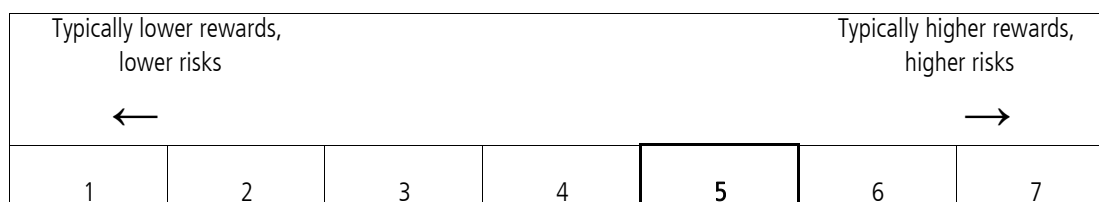
for the year ended 31 December 2017

### 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



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 Counter Parties. If a Counter Party business fails, the Fund may incur losses.

### Investment Review

Performance	31/12/12 to 31/12/13 %	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %
UK Growth Fund	36.7	(2.3)	19.8	(3.6)	23.7

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2017.

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

World stockmarkets rose in the year under review, with shares outperforming bonds. This reflected a strong US economy and signs of a recovery in the Eurozone. The UK economy proved resilient despite Brexit risks. The Pound has been one of the best performing currencies in 2017 after the 2016 Brexit-related fall. After the year end, the US agreed to cut its corporate tax rates, which could be followed by cuts in other countries. This would be positive for businesses that are already profitable and paying significant tax.

Stockmarkets also gained confidence from the firming of commodity prices, and potential for a return of moderate inflation in the global economy. Central banks have signalled a rise in interest rates, but this is likely to be limited as there is little sign of widespread economic overheating. This is despite the UK and US economies moving towards full employment.

Despite the favourable economic background, some older established UK sectors and businesses are faring badly. Consumer acceptance of online and mobile services, often with new businesses using radically different business models, is challenging some major companies. Growth companies, less dependent on the economic cycle and with more control over their pricing, performed better than some established sectors such as retailing and pharmaceuticals. The Fund emphasises growth businesses.

**Portfolio Review**

Over the 12 months, the SVM UK Growth Fund performance was 23.7%, compared to a return for the IA UK All Companies Sector average of 14.2% and 13.1% for the FTSE All-Share Index. Over five years, the SVM UK Growth Fund has returned 90.9% versus 73.3% for the IA UK All Companies Sector average and 63.0% for the FTSE All-Share Index.

The best contributions to performance over the year came from Hutchison China Meditech (Chi-Med), SSP Group, GVC Holdings, Watkin Jones, Johnson Service Group and Sophos, which provides cyber-security services. Chi-Med is developing cancer treatments in association with major global pharmaceutical groups. GVC Holdings plans to take over Ladbrokes Coral, which should assist further growth. SSP provides retail services at UK railway stations, airports internationally and Watkin Jones builds and manages student accommodation.

Gaming technology group, Playtech, was a negative, reflecting concerns over a slowdown in its Asian business. Shire suffered from emerging competition from rival, Roche, challenging Shire's market position in haemophilia treatment.

New portfolio investments were made in Indivior, Cranswick, Clinigen, Homeserve and travel group, On the Beach. Carpet manufacturer, Victoria, was also a new investment. It is capitalised at £1 billion and operates in the UK, Australia and Canada. In November, it bought a Spanish tile firm to broaden its floor coverings range. Additional investment was made in Premier Technical Services and Hilton Food. New investments were funded by sales of Booker and SDL. The portfolio emphasis on industrials, business services and consumer goods and services was also helpful.

**Outlook**

Although monetary policy is likely to tighten in the US, UK and Eurozone, this may be measured and gradual. Inflation in global trade remains low, and UK services also show limited inflation pick-up. It is now more than a year since the sharp fall in the Pound following the Brexit vote, and it has potential to recover further against the US Dollar, if the UK resolves a satisfactory trade agreement with the EU.

The economic background continues to be favourable for portfolio companies. Meetings with company managements continue to be positive, pointing to growth opportunities in many portfolio companies. Even although the global economy is not growing strongly, some individual businesses are. The Fund was fully invested over the year, and continues with this strategy. The Fund emphasises businesses with a genuine competitive edge that offer some protection against a squeeze on profit margins. Typically this requires strong management, specialisation and an effective technology or brand.

SVM Asset Management Limited

January 2018

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 2017

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (5.52%*)</b>		<b>11,963</b>	<b>6.93</b>
Croda International	89,044	3,923	2.27
Fresnillo	41,700	584	0.34
Mondi	47,500	911	0.53
Randgold Resources	37,300	2,742	1.59
Rio Tinto	40,700	1,592	0.92
Synthomer	450,857	2,211	1.28
<b>CONSUMER GOODS (10.16%*)</b>		<b>20,432</b>	<b>11.83</b>
Cranswick	110,235	3,669	2.13
Eve Sleep	1,126,007	1,441	0.83
Fevertree Drinks	156,081	3,524	2.04
Hilton Food	201,500	1,693	0.98
Kerry	54,680	4,533	2.63
Reckitt Benckiser	10,500	722	0.42
Ted Baker	117,000	3,184	1.84
Victoria	202,000	1,666	0.96
<b>CONSUMER SERVICES (32.70%*)</b>		<b>42,675</b>	<b>24.72</b>
Applegreen	502,526	2,412	1.40
Ascential	439,852	1,693	0.98
ASOS	44,795	3,002	1.74
Compass	39,423	630	0.36
CVS	107,486	1,119	0.65
Dalata Hotel	541,000	2,998	1.74
Dignity	87,374	1,570	0.91
GVC	548,500	5,086	2.95
Hostelworld	95,240	359	0.21
JD Sports Fashion	658,150	2,213	1.28
Just Eat	71,000	552	0.32
On the Beach	400,000	1,879	1.09
Paddy Power Betfair	23,484	2,058	1.19
Playtech	169,250	1,462	0.85
Quiz	418,230	649	0.38
Ryanair	315,717	4,255	2.46
SSP	834,000	5,709	3.31
Taptica International	100,000	460	0.26
TUI	63,000	969	0.56
WH Smith	43,000	1,004	0.58
Wizz Air	71,000	2,596	1.50
<b>FINANCIALS (14.54%*)</b>		<b>25,820</b>	<b>14.95</b>
Arrow Global	218,000	870	0.50
Beazley	1,086,000	5,756	3.33
Burford Capital	363,000	4,211	2.44
Derwent London**	31,740	982	0.57
London Stock Exchange	82,545	3,105	1.80
LondonMetric Property**	452,000	840	0.49
OneSavings Bank	385,500	1,583	0.92
Prudential	229,100	4,320	2.50
St. Modwen Properties	128,621	519	0.30
UNITE**	454,254	3,634	2.10

## Portfolio Statement

(continued)

as at 31 December 2017

	Holdings	Market Value £000	Total Net Assets %
<b>HEALTH CARE (6.11%*)</b>		<b>11,861</b>	<b>6.87</b>
Animalcare	228,000	695	0.40
BTG	166,500	1,268	0.73
Clinigen Healthcare	85,000	873	0.52
Dechra Pharmaceuticals	83,500	1,735	1.01
Hutchison China MediTech	47,537	2,650	1.53
Indivior	125,000	506	0.29
UDG Healthcare	488,000	4,134	2.39
<b>INDUSTRIALS (19.72%*)</b>		<b>37,096</b>	<b>21.48</b>
Alpha Financial Markets Consulting	523,460	853	0.49
Ashtead	165,850	3,269	1.89
Breedon	1,625,000	1,397	0.81
DCC	68,859	5,120	2.96
DS Smith	238,500	1,232	0.71
Hill & Smith	86,108	1,154	0.67
HomeServe	211,362	1,709	0.99
Ibstock	512,400	1,368	0.79
John Menzies	87,000	587	0.34
Johnson Service	3,758,853	5,347	3.10
Keywords Studios	210,000	3,367	1.95
Polypipe	186,000	729	0.42
Premier Technical Services	973,000	1,800	1.04
Renishaw	40,000	2,082	1.22
Rentokil Initial	798,000	2,524	1.46
Restore	155,000	904	0.52
Severfield	600,000	459	0.27
Weir	110,750	2,348	1.36
XP Power	25,000	847	0.49
<b>OIL &amp; GAS (0.70%*)</b>		<b>595</b>	<b>0.34</b>
Petrofac	117,400	595	0.34
<b>TECHNOLOGY (7.39%*)</b>		<b>11,130</b>	<b>6.45</b>
Blue Prism	117,605	1,437	0.83
FDM	272,000	2,550	1.48
Kainos	275,000	934	0.54
Micro Focus International	160,584	4,026	2.34
Sophos	384,718	2,183	1.26
<b>TELECOMMUNICATIONS (0.72%*)</b>		<b>2,143</b>	<b>1.24</b>
Gamma Communications	332,288	2,143	1.24

# UK Growth Fund

## Portfolio Statement

(continued)

as at 31 December 2017

	Holdings	Market Value £000	Total Net Assets %
<b>DERIVATIVES (-0.41%*)</b>		<b>958</b>	<b>0.55</b>
<b>CONTRACTS FOR DIFFERENCE</b>			
Antofagasta - CFD	165,000	36	0.02
British American Tobacco - CFD	57,400	(268)	(0.16)
Melrose - CFD	915,000	336	0.19
Onesavings Bank - CFD	370,000	(70)	(0.04)
Oxford Instruments - CFD	39,384	(56)	(0.03)
Reckitt Benckiser - CFD	10,350	(111)	(0.06)
Watkin Jones - CFD	1,412,222	1,091	0.63
<b>Portfolio of investments<sup>^</sup></b>		<b>164,673</b>	<b>95.36</b>
<b>Net other assets (2.85%*)</b>		<b>8,010</b>	<b>4.64</b>
<b>Total net assets</b>		<b>172,683</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 2016.

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

<sup>^</sup> Including investment liabilities of £504,555.

## UK Growth Fund

### Material Portfolio Changes

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for the year ended 31 December 2017

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Fevertree Drinks	2,541	British American Tobacco	3,802
Applegreen	2,198	Paddy Power Betfair	3,104
Sophos	1,908	RPC	3,007
Gamma Communications	1,808	Worldpay	2,746
Keywords Studios	1,783	Sage	2,573
Hilton Food	1,743	Hikma Pharmaceuticals	2,534
On the Beach	1,741	Booker	2,502
OneSavings Bank	1,723	Compass	2,404
HomeServe	1,711	Micro Focus International	2,299
Barclays	1,539	Shire	2,166

## UK Growth Fund

### Comparative table

as at 31 December 2017

#### Net Asset Value and Ongoing Charges Figure

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	385.55	396.81	334.28
Return before operating charges*	98.42	(4.60)	69.35
Operating charges	(7.79)	(6.66)	(6.82)
Return after operating charges*	90.63	(11.26)	62.53
Distributions on accumulation shares	(1.30)	(1.71)	(1.77)
Retained distributions on accumulation shares	1.30	1.71	1.77
Closing net asset value per share	476.18	385.55	396.81
*after direct transaction costs of:	1.04	1.03	1.65
<b>Performance</b>			
Return after charges	23.51%	(2.84%)	18.71%
<b>Other information</b>			
Closing net asset value (£'000)	14,607	16,278	15,780
Closing number of shares	3,067,471	4,221,913	3,976,636
Operating charges (ongoing charges figure)	1.80%	1.77%	1.85%
Direct transaction costs	0.24%	0.27%	0.45%
<b>Prices</b>			
Highest share price	478.40	401.50	402.40
Lowest share price	386.70	337.50	329.70
Price at year end	478.40	386.70	401.00

# UK Growth Fund

## Comparative table

(continued)

as at 31 December 2017

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	421.87	430.47	359.53
Return before operating charges*	108.44	(4.41)	75.34
Operating charges	(5.03)	(4.19)	(4.40)
Return after operating charges*	103.41	(8.60)	70.94
Distributions on accumulation shares	(4.98)	(4.92)	(5.03)
Retained distributions on accumulation shares	4.98	4.92	5.03
Closing net asset value per share	525.28	421.87	430.47
*after direct transaction costs of:	1.14	1.12	1.79
<b>Performance</b>			
Return after charges	24.51%	(2.00%)	19.73%
<b>Other information</b>			
Closing net asset value (£'000)	158,076	129,795	124,652
Closing number of shares	30,093,954	30,766,812	28,957,132
Operating charges (ongoing charges figure)	1.06%	1.02%	1.10%
Direct transaction costs	0.24%	0.27%	0.45%
<b>Prices</b>			
Highest share price	526.20	437.50	436.00
Lowest share price	422.20	367.00	354.70
Price at year end	526.20	422.20	434.50



## UK Growth Fund

### Statement of Total Return

for the year ended 31 December 2017

	Notes	Year Ended 31 December 2017		Year Ended 31 December 2016	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		32,241		(4,036)
Revenue	3	3,385		3,318	
Expenses	4	(1,729)		(1,582)	
Interest payable and similar charges		(137)		(102)	
Net revenue before taxation		1,519		1,634	
Taxation	5	2		(17)	
Net revenue after taxation			1,521		1,617
<b>Total return before distribution</b>			<b>33,762</b>		<b>(2,419)</b>
Distribution	6		(1,521)		(1,617)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>32,241</b>		<b>(4,036)</b>

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

for the year ended 31 December 2017

	Year Ended 31 December 2017		Year Ended 31 December 2016	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>146,073</b>		<b>140,432</b>
Amounts receivable on creation of shares	15,885		28,249	
Less: Amounts payable on cancellation of shares	(23,054)		(20,157)	
		(7,169)		8,092
Change in net assets attributable to shareholders from investment activities		32,241		(4,036)
Retained distribution on accumulation shares		1,538		1,585
<b>Closing net assets attributable to shareholders</b>		<b>172,683</b>		<b>146,073</b>

*Notes to the Financial Statements are on pages 49 to 54.*

# UK Growth Fund

## Balance Sheet

as at 31 December 2017

	Notes	31/12/17 £000	31/12/16 £000
<b>Fixed Assets</b>			
Investments		<u>165,178</u>	<u>142,901</u>
<b>Current assets:</b>			
Debtors	7	1,391	217
Cash and bank balances	8	<u>7,147</u>	<u>4,207</u>
<b>Total assets</b>		<u><b>173,716</b></u>	<u><b>147,325</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(505)</u>	<u>(996)</u>
<b>Creditors:</b>			
Other creditors	9	<u>(528)</u>	<u>(256)</u>
<b>Total liabilities</b>		<u><b>(1,033)</b></u>	<u><b>(1,252)</b></u>
<b>Net assets attributable to shareholders</b>		<u><u><b>172,683</b></u></u>	<u><u><b>146,073</b></u></u>

*Notes to the Financial Statements are on pages 49 to 54.*

## Notes to the Financial Statements

as at 31 December 2017

## 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

## 2. Net capital gains/(losses)

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

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Non-derivative securities	32,115	(4,026)
Derivatives contracts	131	13
Currency gains/(losses)	1	(18)
Handling charges	(6)	(5)
Net capital gains/(losses)	32,241	(4,036)

## 3. Revenue

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
UK dividends	2,222	2,460
Overseas taxable revenue	2	(7)
Overseas non-taxable revenue	707	543
Property revenue from UK REITs - PID	165	118
Property revenue from UK REITs - Non PID	59	15
Bank interest	-	1
Revenue from CFDs	230	188
Total revenue	3,385	3,318

## 4. Expenses

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	1,264	1,194
Registration fees	236	278
	1,500	1,472
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	52	47
Safe custody fees	1	2
	53	49
<b>Other expenses:</b>		
Administration fee	39	38
Audit fee	8	8
Printing, publishing and postage fees	1	1
Other expenses	128	14
	176	61
	1,729	1,582

as at 31 December 2017

**5. Taxation**

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	(2)	17
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:		
Net revenue before taxation	1,519	1,634
Corporation tax of 20% (2016: 20%)	304	327
<b>Effects of:</b>		
UK dividends*	(444)	(492)
Overseas non-taxable revenue*	(141)	(109)
Movement in excess management expenses	293	277
Irrecoverable overseas tax	(2)	17
Property revenue from UK REITs - Non PID	(12)	(3)
Current tax charge for year (note 5a)	(2)	17

\*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 £1,692,092 (31/12/16: £1,398,127) 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:

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Final	1,538	1,585
Add: Revenue deducted on cancellation of shares	112	182
Deduct: Revenue received on creation of shares	(129)	(150)
Net distribution for the year	1,521	1,617

Details of the distribution per share is set out in the Distribution Tables on page 55.

**7. Debtors**

	31/12/17 £000	31/12/16 £000
Amounts receivable for issue of shares	1,323	97
Accrued revenue	68	120
Total debtors	1,391	217

## Notes to the Financial Statements

(continued)

as at 31 December 2017

**8. Cash and bank balances**

	31/12/17	31/12/16
	£000	£000
Cash and bank balances	5,972	1,739
Amounts held at futures clearing houses and brokers	1,175	2,468
<b>Total cash and bank balances</b>	<b>7,147</b>	<b>4,207</b>

**9. Creditors**

	31/12/17	31/12/16
	£000	£000
Purchases awaiting settlement	375	-
Amounts payable for cancellation of shares	3	84
Accrued ACD's periodic charge*	106	98
Accrued depositary fee	4	8
Accrued other expenses	40	66
<b>Total creditors</b>	<b>528</b>	<b>256</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 £1,320,757 (31/12/16: £12,435) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to 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 £106,111 (31/12/16: £97,813) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £4,347 (31/12/16: £8,002) due at the year end.

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

	31/12/17	31/12/16
Pendragon Group Pension Scheme	29.0%	27.4%

**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 45 to 46.

The distribution per share class is given in the Distribution Tables on page 55.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/16	01/01/17 to 31/12/17		31/12/17
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	4,221,913	101,429	(1,255,871)	- 3,067,471
Share Class B - Accumulation	30,766,812	3,179,549	(3,852,407)	- 30,093,954
<b>Total</b>	<b>34,988,725</b>	<b>3,280,978</b>	<b>(5,108,278)</b>	<b>- 33,161,425</b>

as at 31 December 2017

## 12. Capital commitments and contingent liabilities

On 31 December 2017, the Fund had no capital commitments (31/12/16: £nil) and no contingent liabilities (31/12/16: £nil).

## 13. Financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 39. The risks inherent in the sub-fund's investment portfolio are as follows:

The UK Growth 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 UK Growth 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 £12,061,113 (31/12/16: £8,657,992). The counterparty is UBS AG. The Fund currently has a cash collateral position of £1,175,639 (31/12/16: £2,468,018) 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 31/12/17 £000	Currency exposure 31/12/16 £000
Euro	11,786	10,347
Total	<u>11,786</u>	<u>10,347</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 £5,972k (31/12/16: holding £1,739k) 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 £1,175k (31/12/16: cash £2,468k), 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 2017

*(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	
	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Equities	51,445	51,003	62,405	41,569
<b>Commissions</b>				
Equities	92	98	(117)	(85)
<b>Taxes</b>				
Equities	160	210	-	-
Total costs	252	308	(117)	(85)
<b>Total net trades in the year after transaction costs</b>	<b>51,697</b>	<b>51,311</b>	<b>62,288</b>	<b>41,484</b>

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

	Purchases		Sales	
	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %
<b>Commissions</b>				
Equities	0.18	0.19	0.19	0.20
<b>Taxes</b>				
Equities	0.31	0.41	-	-

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

	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %
Commissions	0.14	0.13
Taxes	0.10	0.15
Total costs	0.24	0.28

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.41% (31/12/16: 0.21%).

as at 31 December 2017

## 15. Fair value

Valuation technique	31/12/17		31/12/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	163,715	-	142,516	-
Level 2	1,463	(505)	385	(996)
Level 3	-	-	-	-
Total fair value	165,178	(505)	142,901	(996)

Level 1: The unadjusted 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 2017

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2017

Group 2 Final Shares purchased on or between 1 January 2017 and 31 December 2017

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1 Final	(p) 1.3028	(p) -	(p) 1.3028	(p) 1.7137
Group 2 Final	(p) 0.3050	(p) 0.9978	(p) 1.3028	(p) 1.7137

#### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1 Final	(p) 4.9765	(p) -	(p) 4.9765	(p) 4.9150
Group 2 Final	(p) 1.3394	(p) 3.6371	(p) 4.9765	(p) 4.9150

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 2017

### 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 Counter Parties. If a Counter Party business fails, the Fund may incur losses.

### Investment Review

Performance	31/12/12 to 31/12/13 %	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %
UK Opportunities Fund	34.5	(2.6)	18.5	7.8	13.7

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2017.

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

It's quiet... too quiet. Investors of a nervous disposition could have been forgiven for thinking of the classic horror movie trope in 2017. A year that featured Brexit negotiations, elections in France and Germany, a Chinese National Congress, and the first year of a Trump presidency would reasonably have been expected to generate some turmoil. But markets appeared unperturbed. Equities continued to move higher through the year, with any pullbacks both shallow and short-lived in nature. Volatility remained low.

Strong performance was demonstrated across the entire market cap range, but the more domestically-focused FTSE Small and Mid-Cap indices outperformed the international FTSE 100.

Your fund returned 13.7% versus the FTSE All-Share that returned 13.1% and the average fund that returned 14.2%. Your fund has 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. Forterra, the UK building materials company, outperformed as it delivered a series of strong updates throughout the year. The UK brick market has a stable competitive backdrop, with the three main listed players accounting for 90% of capacity. Potential new competitors are discouraged by the need to obtain the necessary environmental permits and the lengthy lead-times before manufacturing can commence. This has allowed Forterra to pass through price increases in a disciplined fashion, while modestly increasing its own capacity. Strong free cash-flow generation has also allowed the group to make some accretive, bolt-on acquisitions. Biffa, the UK's leading waste management company, rallied in its first full year as a listed company following a string of positive results. The group's strategy of acquiring small businesses in its Industrial & Commercial division has boosted earnings, while its Resource Recovery & Treatment division has benefited from strong landfill volumes and prices. XP Power, a leading provider of power supplies, delivered a string of upgrades as organic top-line momentum exceeded consensus expectations. The fund's airline positions rallied on the back of strong customer demand, an improving yield environment and tight unit cost control.

One of last year's biggest winners, RPC, the plastic packaging company, was the most significant disappointment. A sell-side analyst note recommending the stock as a short acted as the catalyst for its underperformance. We believe that the majority of the points were incorrect and the company has successfully addressed a number of the more valid issues. Subsequent concerns about the environmental impact of plastic packaging waste accentuated the note's impact. We consider such concerns misplaced. However, RPC will need to deliver solid results through 2018 to allay these fears. BT underperformed as accounting issues and disappointing underlying performance worried investors.

**Outlook**

Equity markets finished the year on a positive note as investors looked forward to 2018 with confidence. Economic activity remained strong on both sides of the Atlantic and corporate earnings appear to have robust momentum. Despite the strong end to the year, we feel the current rally in equity markets has further left to run. Equities remain in a reflationary sweet-spot and there are few indicators that would give signs that economies are currently overheating. We remain vigilant, however, for clouds that may appear later in the year. Fiscal reform in the US has a lagged effect and its stimulatory effect on an economy running at around full potential will add to inflationary pressures. Consumer confidence in the UK remains fragile and the effects of increasing council tax bills and pension auto-enrolment costs in the Spring could dampen demand. Italian elections could lead to a populist government from either side of the political spectrum. Many investors may worry that the market is ripe for a pullback, but the fear of missing out dominates and in the absence of any near-term negative shocks, we expect the market to continue to move higher.

SVM Asset Management Limited

January 2018

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 2017

	Holdings	Market Value £000	Total Net Assets %
<b>UNITED KINGDOM (80.09%*)</b>		<b>126,848</b>	<b>78.21</b>
<b>BASIC MATERIALS (3.13%*)</b>		<b>7,139</b>	<b>4.40</b>
Synthomer	1,455,997	7,139	4.40
<b>CONSUMER GOODS (3.37%*)</b>		<b>7,113</b>	<b>4.39</b>
Bellway	15,807	566	0.35
GKN	900,000	2,841	1.75
TI Fluid Systems	1,500,000	3,706	2.29
<b>CONSUMER SERVICES (5.96%*)</b>		<b>10,881</b>	<b>6.71</b>
Arena Events	1,818,000	1,091	0.67
Hollywood Bowl	1,315,000	2,659	1.64
Informa	890,752	6,431	3.97
Marshall Motor	423,994	700	0.43
<b>FINANCIALS (9.32%*)</b>		<b>24,533</b>	<b>15.13</b>
Arden Partners	812,500	423	0.26
Arix Bioscience	583,333	1,126	0.70
Arrow Global	780,000	3,112	1.92
Charter Court Financial Services	657,210	1,855	1.14
John Laing	1,051,450	3,089	1.91
Lloyds Banking	10,230,000	6,915	4.26
Prudential	425,000	8,013	4.94
<b>FIXED INCOME (17.24%*)</b>		<b>9,979</b>	<b>6.15</b>
United Kingdom Treasury Bill 0% 11/06/2018	10,000,000	9,979	6.15
<b>HEALTH CARE (0.57%*)</b>		<b>678</b>	<b>0.42</b>
Abzena	1,753,833	526	0.33
Creo Medical	223,683	152	0.09
<b>INDUSTRIALS (17.73%*)</b>		<b>45,778</b>	<b>28.23</b>
Alpha Financial Markets Consulting	1,743,100	2,841	1.75
Balfour Beatty	1,390,000	4,097	2.53
Biffa	2,356,650	6,133	3.78
Bodycote	355,706	3,237	2.00
Essentra	400,000	2,110	1.30
Fenner	449,820	1,790	1.10
Forterra	2,453,126	7,292	4.50
Ibstock	497,847	1,329	0.82
John Menzies	450,000	3,035	1.87
Johnson Service	1,804,789	2,567	1.58
Melrose Industries	2,740,000	5,787	3.57
Norcros	3,123,260	5,560	3.43
<b>OIL &amp; GAS (6.51%*)</b>		<b>6,762</b>	<b>4.17</b>
Faroe Petroleum	2,960,941	3,101	1.91
Hurricane Energy	1,402,102	442	0.27
Jersey Oil & Gas	900,454	1,711	1.06
Pantheon Resources	1,299,497	880	0.54
Savannah Petroleum	2,222,000	628	0.39
<b>TECHNOLOGY (8.91%*)</b>		<b>3,121</b>	<b>1.92</b>
Micro Focus International	124,484	3,121	1.92
<b>TELECOMMUNICATIONS (7.35%*)</b>		<b>6,251</b>	<b>3.85</b>
BT	696,000	1,870	1.15
Gamma Communications	679,193	4,381	2.70

# UK Opportunities Fund

## Portfolio Statement

(continued)

as at 31 December 2017

	Holdings	Market Value £000	Total Net Assets %
<b>UTILITIES (0.00%*)</b>		<b>4,613</b>	<b>2.84</b>
ContourGlobal	1,800,000	4,613	2.84
<b>IRELAND (1.06%*)</b>		<b>7,345</b>	<b>4.53</b>
Ryanair	545,000	7,345	4.53
<b>SINGAPORE (0.30%*)</b>		<b>1,030</b>	<b>0.63</b>
Atlantis Resources	917,531	317	0.19
XP Power	21,071	713	0.44
<b>DERIVATIVES (2.92%*)</b>		<b>2,964</b>	<b>1.83</b>
<b>CONTRACTS FOR DIFFERENCE</b>			
Barclays - CFD	2,147,500	192	0.12
BP - CFD	1,560,000	1,125	0.69
British Land - CFD	1,030,000	863	0.53
Chocoladefabriken Lindt & Spruengli - CFD†	150	(65)	(0.04)
Colruyt - CFD†	36,000	132	0.08
Computacenter - CFD†	30,000	(78)	(0.05)
Diageo - CFD	292,000	520	0.32
Elis - CFD†	20,000	(54)	(0.03)
Glaxosmithkline - CFD	500,000	(830)	(0.51)
Greggs - CFD†	111,770	(243)	(0.15)
GRENKE - CFD†	9,000	(31)	(0.02)
GVC - CFD	680,000	775	0.48
Halma - CFD†	150,000	(254)	(0.16)
IMI - CFD†	132,036	(237)	(0.15)
International Consolidated Airlines - CFD	600,000	176	0.11
Legal & General - CFD	1,560,000	144	0.09
Lookers - CFD	975,000	(65)	(0.04)
Mitie - CFD†	300,000	225	0.14
Newriver Reit - CFD†	350,000	(47)	(0.03)
RPC - CFD	1,091,089	(38)	(0.02)
Safestore - CFD†	75,000	(63)	(0.04)
SDL - CFD	510,000	(197)	(0.12)
Spirax Sarco Engineering - CFD†	32,786	(6)	-
Stagecoach - CFD	390,085	(51)	(0.03)
William Hill - CFD	300,000	80	0.05
Wizz Air - CFD	124,400	991	0.61
<b>Portfolio of investments<sup>^</sup></b>		<b>138,187</b>	<b>85.20</b>
<b>Net other assets (15.63%*)</b>		<b>24,000</b>	<b>14.80</b>
<b>Total net assets</b>		<b>162,187</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 2016.

† Short positions

<sup>^</sup> Including investment liabilities of £2,257,491.

## UK Opportunities Fund

### Material Portfolio Changes

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for the year ended 31 December 2017

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
United Kingdom Treasury Bill 0% 11/09/2017	10,005	United Kingdom Treasury Bill 0% 31/01/2017	10,000
United Kingdom Treasury Bill 0% 11/12/2017	10,001	United Kingdom Treasury Bill 0% 03/04/2017	10,000
United Kingdom Treasury Bill 0% 11/06/2018	9,986	United Kingdom Treasury Bill 0% 11/09/2017	10,000
Imperial Brands	8,506	United Kingdom Treasury Bill 0% 11/12/2017	10,000
Ryanair	7,262	Imperial Brands	7,406
TI Fluid Systems	5,259	Micro Focus International	6,655
ContourGlobal	4,516	United Kingdom Treasury Bill 0% 18/04/2017	5,000
Eddie Stobart Logistics	3,742	FDM	4,735
GKN	3,448	Vodafone	4,489
Novae	3,232	Bellway	4,224

# UK Opportunities Fund

## Comparative table

as at 31 December 2017

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	453.07	420.33	354.96
Return before operating charges*	70.75	40.22	72.59
Operating charges	(8.87)	(7.48)	(7.22)
Return after operating charges*	61.88	32.74	65.37
Distributions on accumulation shares	(4.65)	(3.44)	(1.80)
Retained distributions on accumulation shares	4.65	3.44	1.80
Closing net asset value per share	514.95	453.07	420.33
*after direct transaction costs of:	1.57	0.91	0.66
<b>Performance</b>			
Return after charges	13.66%	7.79%	18.42%
<b>Other information</b>			
Closing net asset value (£'000)	31,745	29,849	33,670
Closing number of shares	6,164,727	6,588,159	8,010,458
Operating charges (ongoing charges figure)	1.82%	1.79%	1.85%
Direct transaction costs	0.32%	0.22%	0.17%
<b>Prices</b>			
Highest share price	517.80	454.80	422.10
Lowest share price	452.60	373.60	352.40
Price at year end	517.20	454.80	422.10

# UK Opportunities Fund

## Comparative table

(continued)

as at 31 December 2017

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	505.15	464.71	388.83
Return before operating charges*	79.05	45.25	80.61
Operating charges	(5.82)	(4.81)	(4.73)
Return after operating charges*	73.23	40.44	75.88
Distributions on accumulation shares	(9.26)	(7.34)	(5.29)
Retained distributions on accumulation shares	9.26	7.34	5.29
Closing net asset value per share	578.38	505.15	464.71
*after direct transaction costs of:	1.76	1.01	0.73
<b>Performance</b>			
Return after charges	14.50%	8.70%	19.51%
<b>Other information</b>			
Closing net asset value (£'000)	130,442	115,157	87,466
Closing number of shares	22,552,936	22,796,479	18,821,729
Operating charges (ongoing charges figure)	1.07%	1.04%	1.10%
Direct transaction costs	0.32%	0.22%	0.17%
<b>Prices</b>			
Highest share price	579.30	505.60	465.70
Lowest share price	503.40	412.60	386.00
Price at year end	579.30	505.60	465.70



## UK Opportunities Fund

### Statement of Total Return

for the year ended 31 December 2017

	Notes	Year Ended 31 December 2017		Year Ended 31 December 2016	
		£000	£000	£000	£000
Income					
Net capital gains	2		18,208		9,902
Revenue	3	5,113		4,187	
Expenses	4	(1,858)		(1,545)	
Interest payable and similar charges		<u>(860)</u>		<u>(791)</u>	
Net revenue before taxation		2,395		1,851	
Taxation	5	<u>(2)</u>		<u>(5)</u>	
Net revenue after taxation			<u>2,393</u>		<u>1,846</u>
<b>Total return before distribution</b>			<b>20,601</b>		<b>11,748</b>
Distribution	6		<u>(2,393)</u>		<u>(1,846)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<b><u>18,208</u></b>		<b><u>9,902</u></b>

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

for the year ended 31 December 2017

	Year Ended 31 December 2017		Year Ended 31 December 2016	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>145,006</b>		<b>121,136</b>
Amounts receivable on creation of shares	8,416		23,353	
Less: Amounts payable on cancellation of shares	<u>(11,819)</u>		<u>(11,286)</u>	
		(3,403)		12,067
Change in net assets attributable to shareholders from investment activities		18,208		9,902
Retained distribution on accumulation shares		<u>2,376</u>		<u>1,901</u>
<b>Closing net assets attributable to shareholders</b>		<b><u>162,187</u></b>		<b><u>145,006</u></b>

*Notes to the Financial Statements are on pages 65 to 70.*

# UK Opportunities Fund

## Balance Sheet

as at 31 December 2017

	Notes	31/12/17 £000	31/12/16 £000
<b>Fixed Assets</b>			
Investments		<u>140,444</u>	<u>125,128</u>
<b>Current assets:</b>			
Debtors	7	402	562
Cash and bank balances	8	<u>24,189</u>	<u>22,391</u>
<b>Total assets</b>		<u><b>165,035</b></u>	<u><b>148,081</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(2,257)</u>	<u>(2,791)</u>
<b>Creditors:</b>			
Bank overdrafts		(415)	(50)
Other creditors	9	<u>(176)</u>	<u>(234)</u>
<b>Total other liabilities</b>		<u><b>(591)</b></u>	<u><b>(284)</b></u>
<b>Total liabilities</b>		<u><b>(2,848)</b></u>	<u><b>(3,075)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>162,187</b></u>	<u><b>145,006</b></u>

*Notes to the Financial Statements are on pages 65 to 70.*

# UK Opportunities Fund

## Notes to the Financial Statements

as at 31 December 2017

### 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

### 2. Net capital gains

The net capital gains during the year comprise:

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Non-derivative securities	18,918	6,495
Derivative contracts	(140)	2,183
Forward foreign exchange currency contracts	-	56
Currency (losses)/gains	(552)	1,192
Handling charges	(18)	(24)
Net capital gains	<u>18,208</u>	<u>9,902</u>

### 3. Revenue

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
UK dividends	2,829	2,235
Overseas non-taxable revenue	113	48
Bank interest	1	7
Interest on debt securities	(4)	36
Revenue from CFDs	2,174	1,861
Total revenue	<u>5,113</u>	<u>4,187</u>

### 4. Expenses

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	1,386	1,192
Registration fees	245	250
	<u>1,631</u>	<u>1,442</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	52	43
Safe custody fees	2	1
	<u>54</u>	<u>44</u>
<b>Other expenses:</b>		
Administration fee	39	37
Audit fee	8	8
Printing, publishing and postage fees	1	1
Other expenses	125	13
	<u>173</u>	<u>59</u>
	<u>1,858</u>	<u>1,545</u>

as at 31 December 2017

**5. Taxation**

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	2	5
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:		
Net revenue before taxation	2,395	1,851
Corporation tax of 20% (2016: 20%)	479	370
<b>Effects of:</b>		
UK dividends*	(566)	(447)
Overseas non-taxable revenue*	(23)	(10)
Movement in excess management expenses	110	87
Irrecoverable overseas tax	2	5
Current tax charge for year (note 5a)	2	5

\*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 £2,192,772 (31/12/16: £2,083,319) 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:

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Final	2,376	1,901
Add: Revenue deducted on cancellation of shares	96	60
Deduct: Revenue received on creation of shares	(79)	(115)
Net distribution for the year	2,393	1,846

Details of the distribution per share is set out in the Distribution Tables on page 71.

**7. Debtors**

	31/12/17 £000	31/12/16 £000
Amounts receivable for issue of shares	68	104
Accrued revenue	333	458
Overseas tax recoverable	1	-
Total debtors	402	562

**8. Cash and bank balances**

	31/12/17 £000	31/12/16 £000
Cash and bank balances	11,108	6,192
Amounts held at futures clearing houses and brokers	13,081	16,199
Total cash and bank balances	24,189	22,391

as at 31 December 2017

**9. Creditors**

	31/12/17	31/12/16
	£000	£000
Amounts payable for cancellation of shares	13	56
Accrued ACD's periodic charge*	113	105
Accrued depositary fee	4	8
Accrued other expenses	46	65
Total creditors	<u>176</u>	<u>234</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 £54,467 (31/12/16: £48,549) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to 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 £113,388 (31/12/16: £105,100) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £4,246 (31/12/16: £7,800) 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 61 to 62.

The distribution per share class is given in the Distribution Tables on page 71.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/16	01/01/17 to 31/12/17		31/12/17
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	6,588,159	233,710	(657,142)	-
Share Class B - Accumulation	22,796,479	1,349,790	(1,593,333)	-
Total	<u>29,384,638</u>	<u>1,583,500</u>	<u>(2,250,475)</u>	<u>-</u>
				<u>28,717,663</u>

**12. Capital commitments and contingent liabilities**

On 31 December 2017, the Fund had no capital commitments (31/12/16: £nil) and no contingent liabilities (31/12/16: £nil).

as at 31 December 2017

**13. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 56. The risks inherent in the sub-fund's investment portfolio are as follows:

The UK Opportunities 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 UK Opportunities 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 £67,414,333 (31/12/16: £69,447,542) and short positions with an exposure to underlying securities with a total market value of £12,600,263 (31/12/16: £9,077,000). The counterparty is UBS AG. The Fund currently has a cash collateral position of £13,081,089 (31/12/16: £16,148,860) 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
	31/12/17	31/12/16
	£000	£000
Danish krone	1,189	1,161
Euro	6,978	36
Swiss franc	238	418
US dollar	5,680	6,185
Total	<u>14,085</u>	<u>7,800</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 £10,693k (31/12/16: holding £6,192k) 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 £13,081k (31/12/16: cash £16,149k), 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 2017

*(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	
	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Equities	77,730	42,706	64,284	40,532
Bonds	29,977	57,944	45,000	43,000
Trades in the year before transaction costs	107,707	100,650	109,284	83,532
<b>Commissions</b>				
Equities	91	44	(129)	(81)
Bonds	15	29	-	-
Total commissions	106	73	(129)	(81)
<b>Taxes</b>				
Equities	262	129	-	-
Bonds	-	-	-	-
Total taxes	262	129	-	-
Total costs	368	202	(129)	(81)
<b>Total net trades in the year after transaction costs</b>	<b>108,075</b>	<b>100,852</b>	<b>109,155</b>	<b>83,451</b>

as at 31 December 2017

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

	Purchases		Sales	
	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %
<b>Commissions</b>				
Equities	0.12	0.10	0.20	0.20
Bonds	0.05	0.05	-	-
<b>Taxes</b>				
Equities	0.34	0.30	-	-
Bonds	-	-	-	-

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

	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %
Commissions	0.15	0.12
Taxes	0.17	0.10
<b>Total costs</b>	<b>0.32</b>	<b>0.22</b>

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.50% (31/12/16: 0.38%).

**15. Fair value**

Valuation technique	31/12/2017		31/12/2016	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	135,223	-	118,074	-
Level 2	5,221	(2,257)	7,054	(2,791)
Level 3	-	-	-	-
<b>Total fair value</b>	<b>140,444</b>	<b>(2,257)</b>	<b>125,128</b>	<b>(2,791)</b>

Level 1: The unadjusted 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

for the year ended 31 December 2017

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2017

Group 2 Final Shares purchased on or between 1 January 2017 and 31 December 2017

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1 Final	(p) 4.6545	(p) -	(p) 4.6545	(p) 3.4406
Group 2 Final	(p) 1.4693	(p) 3.1852	(p) 4.6545	(p) 3.4406

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1 Final	(p) 9.2606	(p) -	(p) 9.2606	(p) 7.3431
Group 2 Final	(p) 4.2019	(p) 5.0587	(p) 9.2606	(p) 7.3431

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

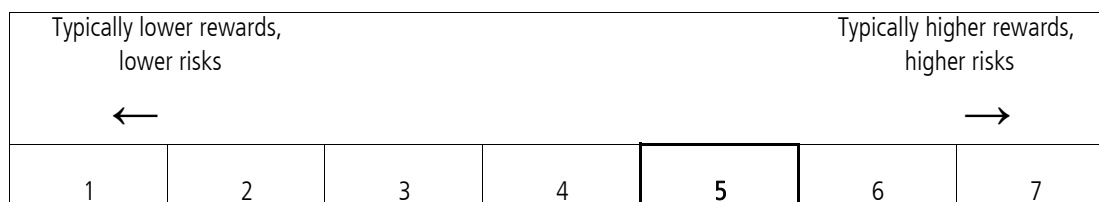
for the year ended 31 December 2017

### 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



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 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	31/12/12 to 31/12/13 %	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %
World Equity Fund	24.5	5.1	7.3	21.1	12.0

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2017.

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

It's quiet... too quiet. Investors of a nervous disposition could have been forgiven for thinking of the classic horror movie trope in 2017. A year that featured Brexit negotiations, elections in France, Germany and Japan, a Chinese National Congress, and the first year of a Trump presidency would reasonably have been expected to generate some turmoil. But markets appeared unperturbed. Equities continued to move higher through the year, with any pullbacks both shallow and short-lived in nature. Volatility remained low.

Strong performance was observed in Asia and Continental Europe. The Technology sector was particularly strong rising over 30%.

Your fund returned 12.0% versus the average fund that returned 14.3%. Your fund is in line with average fund over five years.

**Portfolio Review**

At a stock-specific level the fund enjoyed strong performances from a number of holdings. Japanese materials companies Denka and Tosoh continued to benefit from the change in the supply-demand balance for the commodity sides of their businesses. The Chloro-Alkali process in particular benefited from a reduction in global capacity. Plant using a mercury process was phased out by the end of the year in line with EU regulation. Demand was also strong and this resulted in a 50% increase in the caustic soda price. Both companies have continued to invest in higher margin speciality areas such as diagnostics.

Forterra, the UK building materials company, outperformed as it delivered a series of strong updates throughout the year. The UK brick market has a stable competitive backdrop, with the three main listed players accounting for 90% of capacity. Potential new competitors are discouraged by the need to obtain the necessary environmental permits and the lengthy lead-times before manufacturing can commence. This has allowed Forterra to pass through price increases in a disciplined fashion, while modestly increasing its own capacity.

Japanese condominium builder and solar farm developer Takara Leben was a significant disappointment. The firm delayed selling more solar assets into an infrastructure REIT, consequently missing guidance and disappointing investors. While we envisaged this would simply delay earnings it may take some time to rebuild trust with capital markets. Despite discouraging demographic trends, the demand for Takara's core product remains healthy in Tokyo and the firm has the potential to launch a residential REIT.

One of last year's biggest fallers, Allergan, the pharmaceutical company, continued to disappoint. This year did not see a repeat of a failed takeover attempt, but rather concern mounting over the loss of exclusivity of a couple of major products. Restasis, the \$1.8bn eye drug, saw successful patent challenges. Meanwhile a number of Botox me-too products look likely to be launched by rivals. The firm has a restructuring plan in place.

**Outlook**

Equity markets finished the year on a positive note as investors looked forward to 2018 with confidence. Economic activity remained strong on both sides of the Atlantic and corporate earnings appear to have robust momentum. Despite the strong end to the year, and with central banks remaining supportive, we feel the current rally in equity markets has further left to run. Equities remain in a reflationary sweet-spot and there are few indicators that would give signs that economies are currently overheating. We remain vigilant, however, for clouds that may appear later in the year. Fiscal reform in the US has a lagged effect and its stimulatory effect on an economy running at around full potential will add to inflationary pressures. Asia remains sensitive to twin threats of US protectionism and North Korean missiles. Consumer confidence in the UK remains fragile. Italian elections could lead to a populist government from either side of the political spectrum. Many investors may worry that the market is ripe for a pullback, but the fear of missing out dominates and in the absence of any near-term negative shocks, we expect the market to continue to move higher.

SVM Asset Management Limited

January 2018

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 2017

	Holdings	Market Value £000	Total Net Assets %
<b>UNITED KINGDOM (28.89%*)</b>		<b>8,508</b>	<b>27.79</b>
Arix Bioscience	125,000	241	0.79
Forterra	282,000	838	2.74
Lloyds Banking	1,380,800	933	3.05
Luxfer	136,000	1,568	5.12
Melrose Industries	240,000	507	1.66
Micro Focus International	23,287	584	1.91
RPC	196,467	1,725	5.63
SDL	65,000	277	0.90
Synthomer	243,162	1,192	3.89
TI Fluid Systems	260,000	643	2.10
<b>AUSTRALIA (0.38%*)</b>		<b>132</b>	<b>0.43</b>
Bionomics	592,337	132	0.43
<b>CAYMAN ISLANDS (0.00%*)</b>		<b>373</b>	<b>1.22</b>
JHL Biotech	250,000	373	1.22
<b>GERMANY (1.98%*)</b>		-	-
<b>HONG KONG (9.61%*)</b>		<b>1,736</b>	<b>5.67</b>
AIA	275,240	1,736	5.67
<b>INDONESIA (0.00%*)</b>		<b>373</b>	<b>1.22</b>
Link Net	1,250,000	373	1.22
<b>IRELAND (0.92%*)</b>		<b>539</b>	<b>1.76</b>
Ryanair	40,000	539	1.76
<b>ISLE OF MAN (0.00%*)</b>		<b>834</b>	<b>2.72</b>
GVC	90,000	834	2.72
<b>JAPAN (14.06%*)</b>		<b>4,951</b>	<b>16.17</b>
Denka	30,000	890	2.91
Fujitsu	160,000	845	2.76
Hitachi	273,500	1,577	5.15
Resona	155,830	690	2.25
Takara Leben	104,000	339	1.11
Tosoh	36,350	610	1.99
<b>JERSEY (0.00%*)</b>		<b>1,097</b>	<b>3.58</b>
Wizz Air	30,000	1,097	3.58
<b>SOUTH KOREA (0.76%*)</b>		<b>1,327</b>	<b>4.33</b>
KT&G	4,250	338	1.10
Nexen Tire Preference Shares	64,017	250	0.82
SK Hynix	14,000	739	2.41
<b>UNITED STATES (40.81%*)</b>		<b>9,297</b>	<b>30.35</b>
Allergan	5,118	623	2.03
Alphabet	2,744	2,144	7.00
Delta Air Lines	28,780	1,200	3.92
Facebook	6,180	814	2.66
Hess	16,582	594	1.94
Microsoft	20,000	1,269	4.14
Oracle	27,800	978	3.19
Visa	19,800	1,675	5.47

# World Equity Fund

## Portfolio Statement

(continued)

as at 31 December 2017

	Market Value £000	Total Net Assets %
<b>DERIVATIVES (-0.07%*)</b>	<b>(28)</b>	<b>(0.09)</b>
<b>CROSS CURRENCY FORWARDS</b>		
Bought USD5,500,000 for JPY615,719,500 Settlement 22/03/2018	4	0.01
Bought USD4,697,875 for GBP3,500,000 Settlement 21/03/2018	(32)	(0.10)
<b>Portfolio of investments<sup>^</sup></b>	<b>29,139</b>	<b>95.15</b>
<b>Net other assets (2.66%*)</b>	<b>1,485</b>	<b>4.85</b>
<b>Total net assets</b>	<b>30,624</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 2016.

<sup>^</sup> Including investment liabilities of £31,827.

	Total Net Assets %	Total Net Assets %
	31/12/17	31/12/16
<b>SECTOR ANALYSIS</b>		
Basic Materials	8.8	9.6
Consumer Goods	4.0	4.7
Consumer Services	12.0	4.9
Financials	18.3	21.8
Health Care	3.7	8.2
Industrials	20.3	16.6
Oil & Gas	1.9	6.6
Technology	26.2	19.1
Telecommunications	-	5.9
Derivatives	(0.1)	(0.1)
<b>Net other assets (2.66%*)</b>	<b>4.9</b>	<b>2.7</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 2017

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Fujitsu	912	Citigroup	1,545
TI Fluid Systems	912	China Mobile	1,262
GVC	781	Pfizer	1,204
Wizz Air	713	Micron Technology	1,080
Eddie Stobart Logistics	712	Imperial Brands	1,077
Luxfer	668	Micro Focus International	1,035
Facebook	637	Eddie Stobart Logistics	711
Ryanair	603	Isuzu Motors	662
KT&G	581	Ashland Global	635
Forterra	554	Vonovia	635

# World Equity Fund

## Comparative table

as at 31 December 2017

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	267.97	221.69	205.77
Return before operating charges*	37.66	50.72	20.27
Operating charges	(5.71)	(4.44)	(4.35)
Return after operating charges*	31.95	46.28	15.92
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	299.92	267.97	221.69
*after direct transaction costs of:	0.63	0.64	1.01
<b>Performance</b>			
Return after charges	11.92%	20.88%	7.74%
<b>Other information</b>			
Closing net asset value (£'000)	2,482	2,584	6,823
Closing number of shares	827,487	964,509	3,077,888
Operating charges (ongoing charges figure)	1.98%	1.96%	1.99%
Direct transaction costs	0.22%	0.28%	0.46%
<b>Prices</b>			
Highest share price	304.50	271.60	234.60
Lowest share price	267.20	193.90	201.30
Price at year end	301.10	268.90	222.00

# World Equity Fund

## Comparative table

(continued)

as at 31 December 2017

	Final 31/12/17 (p)	Final 31/12/16 (p)	Final 31/12/15 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	291.75	239.06	220.03
Return before operating charges*	41.19	55.69	21.93
Operating charges	(3.88)	(3.00)	(2.90)
Return after operating charges*	37.31	52.69	19.03
Distributions on accumulation shares	(1.42)	(1.64)	(1.88)
Retained distributions on accumulation shares	1.42	1.64	1.88
Closing net asset value per share	329.06	291.75	239.06
*after direct transaction costs of:	0.69	0.70	1.09
<b>Performance</b>			
Return after charges	12.79%	22.04%	8.65%
<b>Other information</b>			
Closing net asset value (£'000)	28,142	27,511	36,347
Closing number of shares	8,552,324	9,429,482	15,203,636
Operating charges (ongoing charges figure)	1.23%	1.21%	1.23%
Direct transaction costs	0.22%	0.28%	0.46%
<b>Prices</b>			
Highest share price	332.70	294.80	251.40
Lowest share price	290.70	209.20	216.50
Price at year end	329.40	291.90	239.20



## World Equity Fund

### Statement of Total Return

for the year ended 31 December 2017

	Notes	Year Ended 31 December 2017		Year Ended 31 December 2016	
		£000	£000	£000	£000
Income					
Net capital gains	2		3,490		6,335
Revenue	3	539		762	
Expenses	4	(389)		(480)	
Interest payable and similar charges		(1)		(4)	
Net revenue before taxation		149		278	
Taxation	5	(31)		(51)	
Net revenue after taxation			118		227
<b>Total return before distribution</b>			<b>3,608</b>		<b>6,562</b>
Distribution	6		(125)		(230)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>3,483</b>		<b>6,332</b>

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

for the year ended 31 December 2017

	Year Ended 31 December 2017		Year Ended 31 December 2016	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>30,095</b>		<b>43,170</b>
Amounts receivable on creation of shares	1,078		1,499	
Less: Amounts payable on cancellation of shares	(4,154)		(21,060)	
		(3,076)		(19,561)
Change in net assets attributable to shareholders from investment activities		3,483		6,332
Retained distribution on accumulation shares		122		154
<b>Closing net assets attributable to shareholders</b>		<b>30,624</b>		<b>30,095</b>

*Notes to the Financial Statements are on pages 81 to 86.*

# World Equity Fund

## Balance Sheet

as at 31 December 2017

	Notes	31/12/17 £000	31/12/16 £000
<b>Fixed Assets</b>			
Investments		<u>29,171</u>	<u>29,330</u>
<b>Current assets:</b>			
Debtors	8	22	67
Cash and bank balances		<u>1,569</u>	<u>786</u>
<b>Total assets</b>		<u><b>30,762</b></u>	<u><b>30,183</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(32)</u>	<u>(36)</u>
<b>Creditors:</b>			
Other creditors	9	<u>(106)</u>	<u>(52)</u>
<b>Total other liabilities</b>		<u><b>(106)</b></u>	<u><b>(52)</b></u>
<b>Total liabilities</b>		<u><b>(138)</b></u>	<u><b>(88)</b></u>
<b>Net assets attributable to shareholders</b>		<u><u><b>30,624</b></u></u>	<u><u><b>30,095</b></u></u>

*Notes to the Financial Statements are on pages 81 to 86.*

# World Equity Fund

## Notes to the Financial Statements

as at 31 December 2017

### 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

### 2. Net capital gains

The net capital gains during the year comprise:

	01/01/17 to 31/12/17	01/01/16 to 31/12/16
	£000	£000
Non-derivative securities	4,105	6,082
Forward foreign exchange currency contracts	(410)	132
Currency (losses)/gains	(201)	127
Handling charges	(4)	(6)
Net capital gains	<u>3,490</u>	<u>6,335</u>

### 3. Revenue

	01/01/17 to 31/12/17	01/01/16 to 31/12/16
	£000	£000
UK dividends	226	341
Overseas taxable revenue	4	-
Overseas non-taxable revenue	308	421
Bank interest	1	-
Total revenue	<u>539</u>	<u>762</u>

### 4. Expenses

	01/01/17 to 31/12/17	01/01/16 to 31/12/16
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	244	314
Registration fees	62	95
	<u>306</u>	<u>409</u>

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

Depositary's fees	18	17
Safe custody fees	2	2
	<u>20</u>	<u>19</u>

#### Other expenses:

Administration fee	32	32
Audit fee	8	8
Printing, publishing and postage fees	1	1
Other expenses	32	6
	<u>73</u>	<u>47</u>
Expenses rebate*	(10)	5
	<u>389</u>	<u>480</u>

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

as at 31 December 2017

**5. Taxation**

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	31	51
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:		
Net revenue before taxation	149	278
Corporation tax of 20% (2016: 20%)	30	56
<b>Effects of:</b>		
UK dividends*	(45)	(68)
Overseas non-taxable revenue*	(62)	(84)
Movement in excess management expenses	77	96
Irrecoverable overseas tax	31	51
Current tax charge for year (note 5a)	31	51

\*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 £675,022 (31/12/16: £597,958) 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:

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Final	122	154
Add: Revenue deducted on cancellation of shares	5	78
Deduct: Revenue received on creation of shares	(2)	(2)
Net distribution for the year	125	230

Details of the distribution per share is set out in the Distribution Tables on page 87.

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

	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Net revenue after taxation	118	227
Share class A shortfall funded from capital	7	3
Net distribution for the year	125	230

as at 31 December 2017

**8. Debtors**

	31/12/17	31/12/16
	£000	£000
Amounts receivable for issue of shares	1	46
Accrued revenue	18	20
Accrued expenses rebate due from ACD*	3	-
Overseas tax recoverable	-	1
Total debtors	<u>22</u>	<u>67</u>

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

**9. Creditors**

	31/12/17	31/12/16
	£000	£000
Amounts payable for cancellation of shares	61	1
Accrued ACD's periodic charge*	20	20
Accrued depositary fee	1	3
Accrued other expenses	24	28
Total creditors	<u>106</u>	<u>52</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 £59,914 (31/12/16: £45,026) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to 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 £16,773 (31/12/16: £20,128) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £1,430 (31/12/16: £2,951) due at the year end.

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

	31/12/17	31/12/16
HSBC Global Custody Nominees (UK) Ltd	42.7%	42.0%

**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 77 to 78.

The distribution per share class is given in the Distribution Tables on page 87.

All share classes have the same rights on winding up.

as at 31 December 2017

Reconciliation of the share movement in the year:

	31/12/16	01/01/17 to 31/12/17		31/12/17
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	964,509	15,709	(152,731)	- 827,487
Share Class B - Accumulation	9,429,482	335,986	(1,213,144)	- 8,552,324
Total	10,393,991	351,695	(1,365,875)	- 9,379,811

**12. Capital commitments and contingent liabilities**

On 31 December 2017, the Fund had no capital commitments (31/12/16: £nil) and no contingent liabilities (31/12/16: £nil).

**13. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 72. 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 31/12/17	Currency exposure 31/12/16
	£000	£000
Australian dollar	132	115
Euro	539	873
Hong Kong dollar	1,736	2,896
Indonesian rupiah	376	-
Japanese yen	895	(270)
South Korean won	1,328	228
Taiwanese dollar	373	-
US dollar	19,820	21,596
Total	25,199	25,438

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 £1,569k (31/12/16: holding £786k) 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 2017

*(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	
	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000	01/01/17 to 31/12/17 £000	01/01/16 to 31/12/16 £000
Equities	11,991	17,590	16,198	35,402
<b>Commissions</b>				
Equities	21	27	(29)	(59)
<b>Taxes</b>				
Equities	13	16	(3)	(4)
Total costs	34	43	(32)	(63)
<b>Total net trades in the year after transaction costs</b>	12,025	17,633	16,166	35,339

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

	Purchases		Sales	
	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %
<b>Commissions</b>				
Equities	0.18	0.15	0.18	0.17
<b>Taxes</b>				
Equities	0.11	0.09	0.02	0.01

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

	01/01/17 to 31/12/17 %	01/01/16 to 31/12/16 %
Commissions	0.17	0.23
Taxes	0.05	0.05
Total costs	0.22	0.28

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.23% (31/12/16: 0.14%).

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 2017

## 15. Fair value

Valuation technique	31/12/17		31/12/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	29,167	-	29,314	-
Level 2	4	(32)	16	(36)
Level 3	-	-	-	-
Total fair value	29,171	(32)	29,330	(36)

Level 1: The unadjusted 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 Tables

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for the year ended 31 December 2017

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2017

Group 2 Final Shares purchased on or between 1 January 2017 and 31 December 2017

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
There is no distribution in respect of the current and prior periods.				

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/18	Distributions paid on 30/04/17
Group 1	(p)	(p)	(p)	(p)
Final	1.4233	-	1.4233	1.6355
Group 2	(p)	(p)	(p)	(p)
Final	0.8213	0.6020	1.4233	1.6355

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 2017.

### 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 2017 (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).