

SVM UK100 Select Fund

Short Report

Year to 31 December 2008



Investment Objective

The objective of this Fund is to achieve above average capital growth over the medium to long-term (although short-term investment opportunities will also be considered) and it aims to outperform the FTSE 100 Index.

Risk Profile

The Fund is exposed to market risk as it invests mainly in large companies listed on the FTSE 100 index. The Fund holds a concentrated portfolio of around 30-40 companies and is exposed to stockmarket fluctuations.

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares)

The following distribution was accumulated over the last accounting period.

Income		
	31/12/08 pence per share	31/12/07 pence per share
UK100 Select A class	0.2338	1.1094
UK100 Select B class	1.2640	2.0578

Total Expense Ratio (TER)

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

Fund Total Expense Ratio (p.a.)	Class A Shares	Class B Shares
UK100 Select Fund	1.78 %	0.98 %

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

The above figures were calculated by SVM Asset Management using data sourced from the 31 December 2008 Report and Accounts. The figures are intended to provide an indication of the Total Expenses Ratio and will vary from year to year.

Fund Performance

Percentage growth for each year to last quarter end	31/12/03 31/12/04	31/12/04 31/12/05	31/12/05 31/12/06	31/12/06 31/12/07	31/12/07 31/12/08
UK100 Select	+10.3	+19.9	+22.4	+7.1	-25.6

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

Comparative Tables

Net Asset Values

	Net asset value of shares £'000	Net asset value in pence in pence per share	Shares in issue
As at 31/12/08			
UK100 Select A class	3,573	138.0	2,589,231
UK100 Select B class	74	141.8	52,242
As at 31/12/07			
UK100 Select A class	1,442	186.63	772,408
UK100 Select B class	97	190.60	51,266

Share Price Performance

	Highest share price in pence	Lowest share price in pence	Price as at period end
During period to 31/12/08			
UK100 Select A class	205.3	118.0	139.1
UK100 Select B class	210.1	121.1	142.9
During period to 31/12/07			
UK100 Select A class	194.9	162.1	187.0
UK100 Select B class	198.6	165.2	191.0












Top 10 Holdings: 31/12/08 %

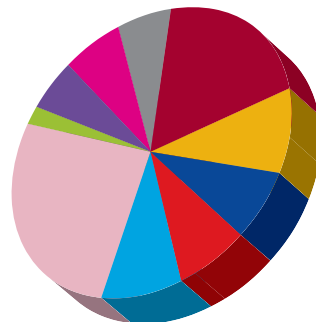
AstraZeneca	7.0
BG Group	5.9
BAT Industries	5.4
Tesco	5.3
Prudential	4.7
GlaxoSmithKline	4.4
Compass Group plc	4.4
Royal Dutch Shell b shares	4.1
Pennon Group	4.0
Capita Group	3.7
Total	49.0

Top 10 Holdings: 31/12/07 %

Xstrata	8.3
BG	7.4
BP	6.5
International Power	4.8
Randgold	4.1
MAN	4.0
Tullow Oil	4.0
Cairn Energy	4.0
Tesco	3.9
Royal Dutch Shell 'B'	3.8
Total	50.8

Sector Analysis

	31/12/08	31/12/07
 Basic Materials	1.2%	20.6%
 Consumer Goods	10.3%	9.4%
 Consumer Services	15.4%	7.5%
 Financials	5.8%	7.7%
 Industrials	5.0%	9.3%
 Oil & Gas	18.4%	25.7%
 Technology	1.8%	1.8%
 Telecommunications	2.8%	5.3%
 Utilities	7.9%	6.7%
 Net Current Assets	20.2%	6.0%
 Healthcare	11.2%	0.0%



Fund Managers



Margaret Lawson



Colin McLean

For the twelve months ended 31 December 2008, SVM UK100 Select Fund fell 25.6%, compared with a benchmark fall of 28.3% (FTSE 100 Index, total return). The broader market fell more than the largest companies, with the FTSE All-Share Index down 29.9% over the year (total return). The average fund in the IMA UK All Companies Sector was down 32.1%.

The collapse of the US sub-prime housing market in the final quarter of 2008 threatened a collapse of the world financial system. Markets and all classes of assets fell. Early Government initiatives, such as recapitalising banks and lowering interest rates in an attempt to stimulate the economy were not bold enough. Governments only later recognised the indebtedness of

the consumer and losses within the banking industry. A sustained economic recovery needs the banking system restored to health and functioning credit markets. Governments are now using a range of instruments to restore economic growth.

Prospects for 2009 are uncertain but the impact of significant Government spending and the gradual rehabilitation of the banking system should lead to markets stabilising. There will be volatility but, as the economic news improves, investors' appetite for riskier assets will return. Scarcity of capital and the rising cost of debt will remain a challenge for many companies. However, after such significant falls, equities are attractively priced for recovery.

Earnings forecast are now more realistic, and as the focus on negative news declines, markets will become more resilient. Dramatic intervention is taking place across the world to restore stability and we expect to reduce our cautious stance during 2009.

Further Information

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

Report and Accounts

This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Report and Accounts for the year ending 31 December 2008. The Long Form version of the Report and Accounts is available on written request to the Marketing Department, SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH or by e-mail to info@svmonline.co.uk

Investment Warning

Past performance should not be seen as an indication of future performance. The value of an investment may fall as well as rise and investors may not get back the amount originally invested.

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