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SVM ALL EUROPE SRI FUND

Short Report



Year to 31 December 2010

Further Information

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

Report and Accounts

This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Report and Accounts for the year ending 31 December 2010. The Long Form version of the Report and Accounts is available on written request to the Marketing Department, SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH or by email to info@svmonline.co.uk

Investment Warning

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

Contacts

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Custodian

The Northern Trust Company
50 Bank Street
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London E14 5NT

Auditors

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Key Objectives

The investment objective of this Fund is to achieve above average capital growth over the medium to long-term (although short-term investment opportunities will also be considered) and it aims to outperform the FTSE World Europe Index. The Fund will adopt a positive engagement approach towards investment and enter into meaningful and consistent dialogue with companies to ensure investors in the Fund have their assets working effectively.

Risk Profile

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

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares).

The following distribution was accumulated over the last accounting period.

	31/12/10 pence per share	31/12/09 pence per share
All Europe SRI A Class	Nil	0.3517
All Europe SRI B Class	0.4559	1.3508

Total Expense Ratio (TER)

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

Fund Total Expense Ratio (p.a.)	Class A Shares	Class B Shares
All Europe SRI Fund	1.96%	1.21%

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 2010 Report and Accounts. The figures are intended to provide an indication of the Total Expense Ratio and will vary from year to year.

Fund Performance

Percentage growth for each year to last quarter end	31/10/06* 31/12/06	31/12/06 31/12/07	31/12/07 31/12/08	31/12/08 31/12/09	31/12/09 31/12/10
All Europe SRI	+6.4	+12.9	-38.0	+70.7	+29.5

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

*Launch date

Comparative Tables

Net Asset Values

	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 31/12/10			
All Europe SRI A class	5,755	163.1	3,527,642
All Europe SRI B class	1,592	168.5	944,759
As at 31/12/09			
All Europe SRI A class	3,108	126.4	2,458,802
All Europe SRI B class	741	129.6	571,829

Share Price Performance

	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 31/12/10			
All Europe SRI A class	164.6	118.6	164.6
All Europe SRI B class	170.0	121.9	170.0
During period to 31/12/09			
All Europe SRI A class	136.4	64.80	127.1
All Europe SRI B class	139.5	66.01	130.2

Top 10 Holdings: 31/12/10

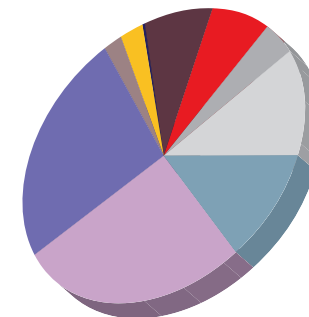
	%
Nautical Petroleum	4.5
Danske Bank	4.2
IMI	4.1
Statoil Fuel & Retail	4.0
Reed Elsevier plc	3.7
Premier Oil	3.6
Tate and Lyle	3.6
DnB NOR	3.5
Norcros	3.4
Gulfsands Petroleum	3.3
Total	37.9

Top 10 Holdings: 31/12/09

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

Sector Analysis

	31/12/10	31/12/09
Basic Materials	7.7%	8.1%
Consumer Goods	4.4%	3.9%
Consumer Services	12.3%	2.2%
Financials	11.5%	14.0%
Healthcare	-	4.1%
Industrials	26.9%	13.6%
Oil & Gas	24.8%	19.5%
Real Estate	1.9%	-
Technology	2.5%	16.1%
Utilities	0.1%	4.1%
Net Current Assets	7.7%	14.4%



Fund Managers



Neil Veitch



Hugh Cuthbert

Despite significant share price appreciation in 2010, we believe that both of these holdings still offer considerable upside.

2010 proved a very profitable year for the All-Europe SRI Fund and its investors, with strong returns generated by a number of investments across the market capitalisation spectrum. During the period your fund increased in value by 29.50% versus an increase of 7.73% for the index.

Although top-down asset allocation is not our primary skill, the fund's significant exposure to the UK and Nordics was a major positive. While this reflected a degree of nervousness around prospects for the Euro-zone in light of developments in the sovereign debt market, it was largely driven by our bottom-up analysis. The fund reaped the benefits of strong stock selection across a number of different sectors, with holdings in oil & gas and industrials proving particularly rewarding. The largest individual contributors to performance were Nautical Petroleum, the North Sea oil company, and Yule Catto, a manufacturer of speciality chemicals.

The fund enters 2011 positioned for ongoing economic recovery, a pick-up in M&A activity, and the continued price appreciation of crude oil. While valuations are clearly not as attractive as they were 12 or 24 months ago we believe they are still reasonable, particularly in light of the interest rate environment. The significant injections of liquidity required to keep rates at current levels have produced a very supportive backdrop for equities, with both interbank and corporate spreads at reasonably tight levels. Indeed, on an anecdotal basis we are hearing of the return of 'covenant-lite' financing. Buoyant financing conditions in tandem with excess corporate liquidity (US non-financial public corporations have \$1.4 trillion of cash - an all time high) should drive significant M&A activity and increase returns of capital through share buybacks. Although the outlook for equities is more finely balanced than it has been for some time, we continue to believe that they remain the most attractive asset class.