

# SVM ALL EUROPE SRI FUND

## Short Report

Year to 31 December 2012



### Key Objectives

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

### Risk Profile

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

### Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares).

The following distribution was accumulated over the last accounting period.

Income	31/12/12 pence per share	31/12/11 pence per share
All Europe SRI A Class	0.6863	0.3097
All Europe SRI B Class	1.8468	1.3129

### Ongoing Charges Figure (OCF)

The OCF shows the annualised operating expenses of the Fund.

Fund Ongoing Charges Figure (p.a.)	Class A Shares	Class B Shares
All Europe SRI Fund	2.01%	1.27%

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

The above figures were calculated by SVM Asset Management using data sourced from the 31 December 2012 Report and Accounts. The figures are intended to provide an indication of the Ongoing Charges Figure and will vary from year to year.

<b>Fund Performance</b>					
Percentage growth for each year to last quarter end	31/12/07 31/12/08	31/12/08 31/12/09	31/12/09 31/12/10	31/12/10 31/12/11	31/12/11 31/12/12
All Europe SRI	-38.0	70.7	29.5	-15.7	17.4

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

<b>Net Asset Values</b>			
	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 31/12/12			
All Europe SRI A Class	7,896	162.0	4,874,023
All Europe SRI B Class	1,962	169.7	1,155,770
As at 31/12/11			
All Europe SRI A Class	5,275	137.0	3,851,244
All Europe SRI B Class	1,644	142.5	1,153,865

<b>Share Price Performance</b>			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 31/12/12			
All Europe SRI A Class	163.1	139.2	162.8
All Europe SRI B Class	170.9	145.2	170.6
During period to 31/12/11			
All Europe SRI A Class	171.8	131.8	138.7
All Europe SRI B Class	177.8	136.9	144.3

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

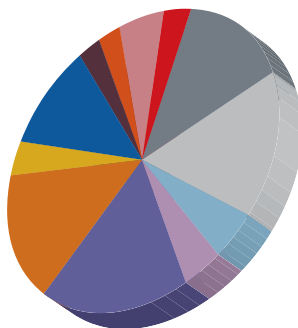
William Hill	3.9
Kerry Group	3.8
Elsevier-NV	3.8
GKN	3.7
Innovation Group	3.6
Salamander Energy	3.6
Invensys	3.5
Silverdell	3.4
HSBC Holdings	3.0
Huhtamaki	2.7
Total	34.9

### Top 10 Holdings: 31/12/11

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

## Sector Analysis

	31/12/12	31/12/11
■ <b>Basic Materials</b>	<b>3.5%</b>	4.8%
■ <b>Consumer Goods</b>	<b>14.4%</b>	6.1%
■ <b>Consumer Services</b>	<b>15.5%</b>	13.1%
■ <b>Financials</b>	<b>4.8%</b>	8.7%
■ <b>Health Care</b>	<b>4.1%</b>	–
■ <b>Industrials</b>	<b>18.0%</b>	20.7%
■ <b>Oil &amp; Gas</b>	<b>15.5%</b>	19.4%
■ <b>Real Estate</b>	<b>3.7%</b>	1.9%
■ <b>Technology</b>	<b>10.3%</b>	6.1%
■ <b>Telecommunications</b>	<b>2.5%</b>	5.1%
■ <b>Utilities</b>	<b>2.4%</b>	2.9%
■ <b>Net Current Assets</b>	<b>5.2%</b>	11.2%



## Fund Managers



**Neil Veitch**



**Hugh Cuthbert**

In previous reports we expressed our frustration regarding the high levels of correlation seen between individual stocks and outlined the problems this caused for bottom-up stock-pickers. Thankfully, as macroeconomic tensions have eased – especially following Mario Draghi’s commitment to do “whatever it takes” to save the Euro – we have seen a reduction in risk aversion, a decline in correlations, and a rally in risk assets. Such an environment is highly conducive to ‘fundamental’ stock-picking and your fund performed accordingly, rising 17.4% versus 15.3% for the FTSE World Europe Index.

Until now it has been tempting to view the relative lack of merger and acquisition (M&A) activity as akin to Sherlock Holmes’ infamous “dog that didn’t bark” – an ominous indicator of something sinister lurking at the heart of the financial system preventing financially strong companies from acting in their own economic self-interest. In our opinion, such concerns are misplaced and we have been

heartened by the recent pick-up in corporate deal-making. While ill-conceived deals are never a good idea, the appropriate acquisition can provide an excellent platform to take the business forward – particularly when it can be funded by ‘cheap’ debt.

At a stock level the fund benefitted from the acquisition of Nautical Petroleum, the fund’s largest holding, which was acquired at a premium in excess of 50% to the undisturbed share price. Invensys rallied strongly as an agreement was reached to sell its rail division for 95% of the company’s market capitalisation. Other notable performers included VIB Vermoegen, Kvaerner, and Ophir Energy. Detractors from overall performance included Nobia, First Group, D’ieteren, and ADVA.

While many uncertainties remain, especially concerning the Eurozone, we believe that both the economic and political environment should continue to gradually improve, helping sustain the recent rally in risk assets. It is too early to definitively herald a ‘great rotation’ from bonds to equities but we believe that as the global financial system continues to heal this will ultimately become a reality. Should such an outcome materialise, bottom-up stock picking funds look well placed to benefit.

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## 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](http://www.svmonline.co.uk)

## Report and Accounts

This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Report and Accounts for the year ending 31 December 2012. The Long Form version of the Report and Accounts is available on written request to the Marketing Department, SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH or by email to [info@svmonline.co.uk](mailto:info@svmonline.co.uk)

## Investment Warning

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

## Contacts

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