

SVM WORLD EQUITY FUND

Short Report

Period to 30 June 2013



Key Objectives

The Fund's aim is to provide medium to long term capital growth by investing in companies globally. The Fund is unconstrained and the portfolio is constructed without reference to any benchmark, but it aims to outperform its peers in the IMA Global Growth sector.

Risk Profile

The Fund invests in a portfolio of global equities and other equity related instruments such as Exchange Traded Funds. The Fund is exposed to market and currency risks as it invests in global companies.

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
World Equity A Class	Nil	0.3109
World Equity B Class	1.0841	1.4355

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
World Equity Fund	2.01%	1.25%

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 30 June 2013 Report and Accounts. The figures are intended to provide an indication of the Ongoing Charges Figure and will vary from year to year.

Fund Performance			
Percentage growth for each year to last quarter end	01/12/10* 30/06/11	30/06/11 30/06/12	30/06/12 30/06/13
World Equity	4.8	-4.5	33.2

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 30/06/13			
World Equity A Class	2,363	188.6	1,253,126
World Equity B Class	12,999	199.4	6,519,355
As at 31/12/12			
World Equity A Class	1,494	157.9	946,262
World Equity B Class	10,014	166.3	6,021,052

Share Price Performance			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 30/06/13			
World Equity A Class	197.9	159.8	188.8
World Equity B Class	209.1	168.3	199.6
During period to 31/12/12			
World Equity A Class	159.3	131.9	158.2
World Equity B Class	167.7	137.9	166.7

Top 10 Holdings: 30/06/13

%

William Hill	5.3
HSBC Holdings	4.5
SuperGroup	4.5
Invensys	4.4
Ryanair	4.4
Pfizer	4.2
GKN	4.0
AIA	3.4
United Technologies	3.2
Partnership Assurance	3.2
Total	40.9

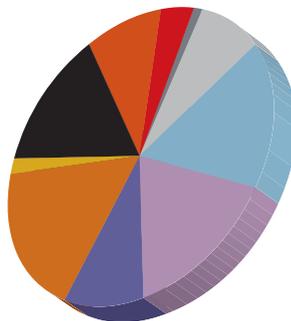
Top 10 Holdings: 31/12/12

%

Super Group (Coffee)	6.3
Pfizer	4.7
Asahi Breweries	4.2
William Hill	3.9
Hutchison Whampoa	3.9
HSBC Holdings	3.7
Salamander Energy	3.6
United Technologies	3.5
Invensys	3.4
Ingersoll-Rand	3.3
Total	40.6

Sector Analysis

	30/06/13	31/12/12
■ Basic Materials	4.2%	1.7%
■ Consumer Goods	1.3%	27.3%
■ Consumer Services	8.7%	16.2%
■ Financials	16.8%	12.7%
■ Health Care	16.0%	8.6%
■ Industrials	10.0%	8.4%
■ Oil & Gas	18.6%	10.8%
■ Technology	1.8%	10.3%
■ Utilities	13.8%	–
■ Net Current Assets	8.8%	4.0%



Fund Managers



Neil Veitch

Market Review

Global Equities made steady progress during the six months under review as the equity risk premium continued to decline. However, performance was polarised with developed stock markets, especially the US, significantly outperforming. Major emerging markets such as Brazil, Russia, and China were particularly disappointing.

Investors were encouraged by an on-going improvement in the US economy, allied with continued stability in Europe. Surprisingly for a cyclical bull market, the advance was led by the more 'defensive' sectors where valuations have perhaps been most impacted by central bank action. The recent turbulence in global financial markets illustrates the impact unconventional monetary policy has had on equity markets. Late in the period the Federal Reserve announced that it would begin to reduce (taper) its level of asset purchases earlier than the markets previously anticipated. The Federal Reserve asserts that tapering is only the first step along a very long road to a more 'normalised' monetary policy. However, the significant distortions across all asset classes brought about by such a policy, and its unprecedented nature, suggest that markets may well take time to adjust. As a consequence, volatility will likely remain high. Nonetheless, investors should remember that this change of policy has been brought about by an improvement in the global economic environment.

Portfolio Review

The fund outperformed the benchmark during the review period with negative asset allocation being more than offset by strong selection. At a stock specific level the fund enjoyed strong performances from a number of our consumer holdings including Ryanair, Super Group, and William Hill. Despite last year's stellar performance, Super Group, the Singaporean consumer staples company, continued its outperformance. William Hill, the UK's largest bookmaker, continued its transition towards an internet gaming business by making a number of acquisitions including that of Sportingbet Plc. With the contribution from internet gaming continuing to increase, we think the shares can make further progress.

The main detractors to performance were the fund's oil and gas positions which were under pressure as investors fretted over the long-term outlook for the oil price. While the development of unconventional hydrocarbon resources has potentially significant implications – not least for the attractiveness of the US as a manufacturing location – we remain unconvinced that it dramatically alters the longer-term dynamics of the energy sector.

A reduction in defensive positions as they reached our price targets was the main change in the portfolio. Conversely, the financial weighting was increased.

Outlook

Despite the strong performance of equities over the last twelve months, we continue to believe that equities are the most attractive asset class and that markets can grind higher. We remain overweight cyclical sectors and underweight defensives, where we think valuations are most stretched.

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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

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 period ending 30 June 2013. 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. 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.

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