

SVM WORLD EQUITY FUND

Short Report

Year to 31 December 2012



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.

Risk Profile

The Fund invests in a portfolio of global equities and other equity related instruments such as Exchange Traded Funds.

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	2.02%	1.26%

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.

Fund Performance			
Percentage growth for each year to last quarter end	01/12/10* 31/12/10	31/12/10 31/12/11	31/12/11 31/12/12
World Equity	7.2	-13.7	21.4

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.

*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 31/12/12			
World Equity A Class	1,494	157.9	946,262
World Equity B Class	10,014	166.3	6,021,052
As at 31/12/11			
World Equity A Class	1,149	130.0	884,017
World Equity B Class	8,598	135.9	6,325,922

Share Price Performance			
	Highest share price in pence	Lowest share price per share	Price as at period end
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
During period to 31/12/11			
World Equity A Class	155.6	122.2	130.3
World Equity B Class	161.4	127.5	136.3

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

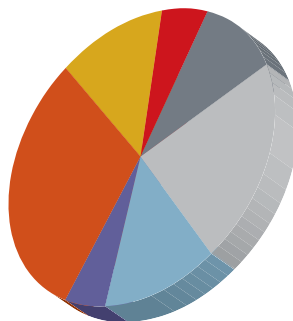
Top 10 Holdings: 31/12/11

%

Asahi Breweries	5.4
Pfizer	5.0
Nautical Petroleum	4.8
Yule Catto	4.2
Teleflex	3.7
Vodafone Group	3.7
CIA Cervecerias Unidas	3.1
Carefusion	3.0
Salamander Energy	3.0
Western Digital Group	2.9
Total	38.9

Sector Analysis

	31/12/12	31/12/11
■ Basic Materials	1.7%	4.2%
■ Consumer Goods	27.3%	19.6%
■ Consumer Services	16.2%	6.0%
■ Financials	12.7%	7.6%
■ Healthcare	8.6%	14.2%
■ Industrials	8.4%	12.1%
■ Oil & Gas	10.8%	16.9%
■ Technology	10.3%	8.9%
■ Telecommunications	–	3.7%
■ Utilities	–	2.2%
■ Net Current Assets	4.0%	4.6%



Fund Managers



Neil Veitch

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 21.4% versus 10.0% for the average fund in the IMA Global Growth Sector.

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. The fund’s holdings in Nautical Petroleum, Hardy Underwriting, and Lincare Holdings were all acquired in 2012.

At a stock level the fund benefitted from the aforementioned acquisitions, especially Nautical Petroleum – the fund’s largest holding. Invensys rallied strongly as an agreement was reached to sell its rail division for 95% of the company’s market capitalisation. The fund’s exposure to Asian consumer stocks was a significant positive with both Super Group (Singapore) and Binggrae performing very strongly.

Other notable performers included Ophir Energy, Western Digital, Inchcape, and Wharf Holdings. Detractors from overall performance included Sandisk, Baker Hughes, Mount Gibson, and Hana Financial.

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

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

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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