

SVM WORLD EQUITY FUND

Formerly SVM UK Alpha Fund

Short Report

Period to 30 June 2012



Investment 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		
	31/12/11 pence per share	31/12/10 pence per share
World Equity A Class	0.3109	0.5890
World Equity B Class	1.4355	1.8408

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	2.08%	1.23%

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 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* 30/06/11	30/06/11 30/06/12
World Equity	4.8	-4.5

Source: Lipper, 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.* SVM UK Alpha Fund converted to SVM World Equity Fund on 1.12.10. Upon conversion the fund objective changed to achieve growth from a global portfolio of securities and the fund was admitted to the IMA Global Sector having previously been listed in the UK All Companies sector. Its performance prior to the conversion is no longer relevant and has been excluded from the above table.

Comparative Tables

Net Asset Values			
	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 30/06/12			
World Equity A class	1,195	141.5	844,361
World Equity B class	9,364	148.5	6,303,800
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 30/06/12			
World Equity A class	148.8	131.9	141.8
World Equity B class	155.8	137.9	148.8
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: 30/06/12 %

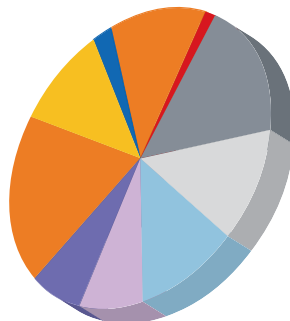
Nautical Petroleumes	7.9
Asahi Breweri	4.8
Pfizer	4.8
Super Group	4.5
Binggrae	3.1
Hutchison	3.0
Salamander Energy	2.9
United Technologies	2.7
Google	2.5
HSBC	2.5
Total	38.7

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 Corp	2.9
Total	38.9

Sector Analysis

	30/06/12	31/12/11
Basic Materials	1.4%	4.2%
Consumer Goods	17.0%	19.6%
Consumer Services	11.8%	6.0%
Financials	11.4%	7.6%
Healthcare	7.9%	14.2%
Industrials	7.4%	12.1%
Oil & Gas	19.2%	16.9%
Technology	9.8%	8.9%
Telecommunications	2.2%	3.7%
Utilities	–	2.2%
Net Current Assets	11.9%	4.6%



Fund Managers



Neil Veitch

As we noted six months ago, 2011 was a frustrating year for stock-pickers; stock correlation was high as concerns over the macro environment dominated investors' thinking. Thankfully, 2012 began with greater dispersion of individual stock performance and the fund benefitted accordingly. For the first six months of the year your Fund increased 8.8% versus the 2.6% average increase of funds in the IMA Global Growth Sector.

While 'growth' strategies continued to outperform 'value', the divergence was lower than it had been over the last couple of years. Although we can rationalise investors wishing to pay a premium for relative certainty in what are undeniably uncertain times, we feel that the cost may well now exceed the benefit received. As always the timing of any reversal is impossible to forecast and consequently your fund will continue to selectively invest in 'defensive growth' businesses, while retaining its primary focus on 'value' opportunities. However, as many investors have discovered over the years, defining value is a very difficult process. Value investing is not a one

dimensional practice merely relating to the price paid for a stock. Instead, successful investing focuses on growth as much as value, the two sides of the same coin. Asset allocation was broadly consistent with the preceding six months. Given the ongoing uncertainty in Europe the Fund remained underweight, although this is an area we are paying increasing attention to.

Notable contributors over the period included: Nautical Petroleum, Ophir Energy, and Super Group (Singapore). Nautical was particularly noteworthy, as not only was it the fund's largest holding, but it was acquired in a 'cash' deal at a premium in excess of 50% over its undisturbed share price and at a multiple of our original investment. The company's achievements were all the more impressive as they did not require significant additional capital along the way (not as common as investors would like in the oil & gas space!). Detractors from performance included: Sandisk, Yamaha Motor, and Hana Financial. The first two delivered disappointing results, while the latter suffered from ongoing concern around the global banking sector.

Significant transactions included purchases of new units in Amlin, Hopewell Holdings, Lincare, Willis Group, Invensys, Ingersoll Rand, and United Technologies. Holdings in Sandisk, Carefusion, Storebrand, Hyder Consulting, Grafton, IMI, Manilla Water, Reckitt Benckiser, and Western Digital were exited.

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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 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. 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.

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