

# SVM UK GROWTH FUND

Formerly known as SVM UK 100 Select Fund

## Short Report

Period to 30 June 2012



### Investment Objectives

The 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 All Share Index.

### Risk Profile

This Fund invests principally in securities listed on the London Stock Exchange. From time to time, when particular opportunities are identified, this Fund may invest in securities which are dealt in or traded on the London Stock Exchange but outside the FTSE 100 Index or which are otherwise permitted for this Fund.

### 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
UK Growth A Class	Nil	Nil
UK Growth B Class	0.7729	0.4394

### 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
UK Growth Fund	1.94%	1.18%

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.

<b>Fund Performance</b>					
Percentage growth for each year to last quarter end	30/06/07 30/06/08	30/06/08 30/06/09	30/06/09 30/06/10	30/06/10 30/06/11	30/06/11 30/06/12
UK Growth	+2.3	-22.3	+21.3	+29.9	-2.0

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.

## 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 30/06/12			
UK Growth A class	19,610	224.9	8,720,724
UK Growth B class	24,160	237.4	10,178,119
As at 31/12/11			
UK Growth A class	21,206	209.7	10,114,486
UK Growth B class	21,644	220.5	9,815,921

<b>Share Price Performance</b>			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 30/06/12			
UK Growth A class	246.9	214.3	226.5
UK Growth B class	260.1	225.4	239.1
During period to 30/12/11			
UK Growth A class	241.1	193.9	211.1
UK Growth B class	252.7	203.6	222.0

### Top 10 Holdings: 30/06/12

%

Cove Energy	4.8
Burberry	3.6
BG	3.5
British American Tobacco	3.1
Petrofac	2.9
Paddy Power	2.9
Booker Group	2.9
Filtrona	2.9
Ophir Energy	2.7
Fresnillo	2.7
Total	32.0

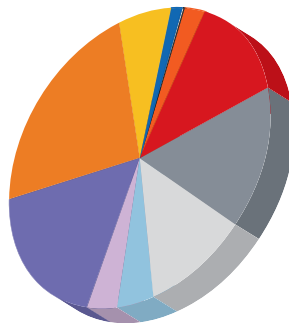
### Top 10 Holdings: 31/12/11

%

Arm Holdings	3.8
Shire Pharmaceuticals	3.5
Burberry	3.3
Fresnillo	3.2
Petrofac	3.1
Rangold Resources	2.9
British American Tobacco	2.9
BG Group	2.9
Booker	2.9
Tullow Oil	2.8
Total	31.4

## Sector Analysis

	30/06/12	31/12/11
■ <b>Basic Materials</b>	<b>13.8%</b>	20.4%
■ <b>Consumer Goods</b>	<b>15.2%</b>	16.1%
■ <b>Consumer Services</b>	<b>11.3%</b>	9.8%
■ <b>Financials</b>	<b>4.5%</b>	5.0%
■ <b>Healthcare</b>	<b>3.9%</b>	3.5%
■ <b>Industrials</b>	<b>18.7%</b>	14.4%
■ <b>Oil &amp; Gas</b>	<b>22.5%</b>	20.7%
■ <b>Technology</b>	<b>6.3%</b>	6.3%
■ <b>Telecommunications</b>	<b>1.5%</b>	1.9%
■ <b>Contracts for Difference</b>	<b>-0.3%</b>	-
■ <b>Net Other Asset</b>	<b>2.6%</b>	1.9%



## Fund Managers



**Margaret Lawson**



**Colin McLean**

The period under review was a volatile one for UK and global markets. Markets rose strongly in January and February, but gave back these gains as Eurozone problems emerged. Against this nervous background, your Fund's investment strategy, emphasising global businesses with consistent growth, performed well. The Fund gained 7.3% over the six months to 30 June 2012, with a benchmark return of 3.3% and a 4.0% gain by the average fund.

During the period under review, there was good performance from Cove Energy, Filtrona and Booker. The Fund emphasises larger capitalisation stocks that reflect our view that greater earnings visibility, market liquidity and credit quality will be re-rated further. Hopes for EU intervention to stimulate the Eurozone lifted many cyclical stocks from their lows. SVM UK Growth Fund focuses on growth businesses, and has no exposure to banks.

The largest area of exposure in the Fund is to junior oil and gas companies. Exploration businesses, such as Ophir Energy and Providence Resources, have been successful with drilling, adding to reserves. Additionally, there has been greater M&A activity in the sector this year. In February, the Fund benefitted from the bid for Cove Energy. We expect further

transactions amongst oil and gas businesses in the North Sea and East Africa. We believe there is a degree of control over oil supply capable of being exercised by OPEC, combined with the potential for supply disruption from Iran.

In Europe, we believe further bank write-downs are likely and expect transactions activity to slow. However, the main adverse impact of bank re-capitalisation is likely to be felt on other areas of the UK and European economies, as deleveraging accelerates. The re-capitalisation process encourages banks to reduce lending, and close down problem loans. We expect the US economy to pick up further, supported by stimulative monetary and fiscal policy. The US construction and housing sectors, representing in total one-sixth of the US economy, are already recovering. The Fund favours oil, tobacco, luxury goods and industrials. These industrial businesses typically have high US exposure, such as Ashtead and Wolseley.

The Eurozone has announced a rescue fund to recapitalise Spain's enfeebled banks directly and to buy Italian sovereign bonds. However, we believe that many UK and European banks will require further capital, as the slowdown in the Eurozone triggers further loan losses. This weak outlook for the Eurozone contrasts with growth in the USA and China, but is likely to force European leaders to respond with more aggressive monetary stimulation. Your Fund emphasises businesses with global exposure, with growth opportunities. We believe these businesses offer value in a low growth environment.

**0800 0199 440**  
**www.svmonline.co.uk**

## 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 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](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.

## Contacts

### Authorised Corporate Director and Investment Manager

SVM Asset Management Limited  
7 Castle Street  
Edinburgh EH2 3AH  
Email: [info@svmonline.co.uk](mailto:info@svmonline.co.uk)  
Web: [www.svmonline.co.uk](http://www.svmonline.co.uk)  
Authorised and regulated by the  
Financial Services Authority

### Administrator

BNP Paribas Securities Services  
Block C, Western House  
Peterborough Business Park  
Lynchwood  
Peterborough PE2 6BP  
Shareholder Services: 0845 358 1108  
Dealing: 0845 066 1110  
Fax: 01733 285 681

### Depository

National Westminster Bank Plc  
Trustee & Depository Services  
The Broadstone  
50 South Gyle Crescent  
Edinburgh EH12 9UZ

### Custodian

The Northern Trust Company  
50 Bank Street  
Canary Wharf  
London E14 5NT

### Auditors

Ernst & Young  
Ten George Street  
Edinburgh EH2 2DZ