

SVM UK OPPORTUNITIES 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 seeks to invest in the full range of opportunities available to it, which includes shares on the Alternative Investment Market. The Fund aims to generate returns from investment into small, medium and large-cap companies. The Fund invests principally in securities of UK companies listed on the London Stock Exchange. From time to time, when particular opportunities are identified, this Fund may invest in other permitted transferable securities.

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 Opportunities A Class	Nil	Nil
UK Opportunities B Class	2.0025	1.5507

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 Opportunities Fund	1.84%	1.09%

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	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 Opportunities	-24.2	-26.4	+40.3	+29.3	-8.0

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

Net Asset Values			
	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 30/06/12			
UK Opportunities A class	49,435	244.6	20,210,373
UK Opportunities B class	30,766	262.9	11,703,731
As at 31/12/11			
UK Opportunities A class	48,973	226.4	21,627,210
UK Opportunities B class	30,545	242.4	12,598,607

Share Price Performance			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 30/06/12			
UK Opportunities A class	259.7	229.9	245.8
UK Opportunities B class	278.5	246.2	264.2
During period to 31/12/11			
UK Opportunities A class	283.5	215.2	228.8
UK Opportunities B class	301.4	230.2	245.0

Top 10 Holdings: 30/06/12

%

Nautical Petroleum	9.1
Babcock International – CFD	4.8
Micro Focus – CFD	3.9
Norcros	3.8
William Hill PLC – CFD	3.8
Premier Oil	3.5
Innovation Group	3.4
Ophir Energy	3.2
Inchcape plc – CFD	3.1
GlaxoSmithKline plc – CFD	3.0
Total	41.7

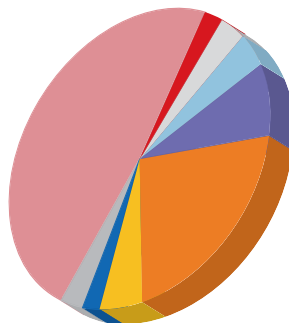
Top 10 Holdings: 31/12/11

%

Nautical Petroleum	5.1
Babcock International – CFD	5.1
Yule Catto	4.9
Vodafone Group	4.6
Royal Dutch Shell b – CFD	4.2
Reed Elsevier plc	3.9
AstraZeneca	3.7
Norcros	3.5
Innovation Group	3.4
Reckitt & Benckiser	3.3
Total	41.7

Sector Analysis

	30/06/12	31/12/11
■ Basic Materials	2.5%	6.5%
■ Consumer Goods	–	5.0%
■ Consumer Services	3.8%	9.2%
■ Financials	4.3%	3.3%
■ Healthcare	–	3.7%
■ Industrials	8.3%	11.1%
■ Oil & Gas	22.6%	13.2%
■ Technology	5.2%	4.8%
■ Telecommunications	2.2%	4.6%
■ Utilities	–	1.6%
■ Overseas	–	2.8%
■ Contracts for Difference	3.3%	0.8%
■ Net Other Assets	47.8%	33.4%



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 7.4% versus the FTSE All Share Total Return Index that rose 3.3%.

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.

Notable contributors over the period included: Nautical Petroleum, Babcock Plc, and William Hill. 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 Tesco and First Group, which both delivered disappointing results.

Significant transactions included purchases of new units in Micro Focus, WPP, Inchcape, Sports Direct, Invensys, and Salamander Energy. Holdings in First Group, Tesco, Royal Dutch, Travis Perkins, and Unilever were exited.

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Further Information

Further information about the share price, activities and performance of the Fund for this and previous periods, 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. 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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