

SVM ALL EUROPE SRI FUND

Short Report



Period to 30 June 2010

Key Objectives

The investment 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 World Europe Index. The Fund will adopt a positive engagement approach towards investment and enter into meaningful and consistent dialogue with companies to ensure investors in the Fund have their assets working effectively.

Risk Profile

The Fund is exposed to market and currency risks as it invests in European companies. It also invests in companies outside the FTSE 100 Index which can be less liquid and may carry greater risk and volatility. The Fund is exposed to Sterling and a variety of European currencies as well as stockmarket fluctuations. The Fund does not actively hedge the currency risk of the portfolio.

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares).

The following distribution was accumulated over the last accounting period.

Income		
	31/12/09 pence per share	31/12/08 pence per share
All Europe SRI A Class	0.3517	0.7248
All Europe SRI B Class	1.3508	1.4954

Total Expense Ratio (TER)

The TER shows the annualised operating expenses of the Fund. It does not include transaction expenses.

Fund Total Expense Ratio (p.a.)	Class A Shares	Class B Shares
All Europe SRI Fund	1.93%	1.18%

Total Expense Ratio = Total Annualised Expenses / Average Net Asset Value over 6 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2010 Report and Accounts. The figures are intended to provide an indication of the Total Expense Ratio and will vary from year to year.

Fund Performance				
Percentage growth for each year to last quarter end	31/10/06* 30/06/07	30/06/07 30/06/08	30/06/08 30/06/09	30/06/09 30/06/10
All Europe SRI	+23.3	-7.8	-14.4	+25.9

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 30/06/10			
All Europe SRI A class	3,310	122.02	2,712,963
All Europe SRI B class	840	124.75	673,302
As at 31/12/09			
All Europe SRI A class	3,107	126.41	2,458,802
All Europe SRI B class	741	129.56	571,829

Share Price Performance			
	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 30/06/10			
All Europe SRI A class	140.2	118.6	122.5
All Europe SRI B class	144.0	121.9	126.0
During period to 31/12/09			
All Europe SRI A class	136.4	64.80	127.1
All Europe SRI B class	139.5	66.01	130.2











Top 10 Holdings: 30/06/10 %

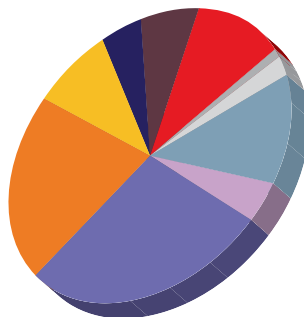
Rexam	5.4
Hunting	4.3
Yule Catto	4.2
Valiant Petroleum	4.0
International Power	3.9
Gulfsands Petroleum	3.5
Premier Oil	3.4
Norseman Gold Resources	3.4
Innovation Group	3.1
DnB NOR	3.0
Total	38.2

Top 10 Holdings: 31/12/09 %

Intec Telecom Systems	6.7
Afren	4.3
Valiant Petroleum	3.5
Spirent Communications	3.3
OMV	3.1
Clariant	3.0
Yule Catto	2.9
Tag Immobilien	2.6
National Versicher	2.6
Sevan Marine	2.6
Total	34.6

Sector Analysis

	30/06/10	31/12/09
 Basic Materials	11.9%	8.1%
 Consumer Goods	1.0%	3.9%
 Consumer Services	2.6%	2.2%
 Financials	12.1%	14.0%
 Healthcare	4.3%	4.1%
 Industrials	27.6%	13.6%
 Oil & Gas	21.4%	19.4%
 Technology	8.1%	16.1%
 Utilities	4.6%	4.1%
 Net Current Assets	6.4%	14.5%



Fund Managers



Neil Veitch



Hugh Cuthbert

The last six months saw the global economy continue to improve, albeit at a declining rate. With slowing economic momentum and increased concerns over the outlook for the Eurozone, equities endured a volatile time. During this period your fund declined slightly but was significantly ahead of the index which fell 9.95%.

Despite the fund's outperformance the last six months have been rather frustrating. While a number of our holdings have performed very strongly there have been some disappointments. On the positive side our overweight industrials position has proved beneficial with holdings in stocks such as Yule Catto, Melrose and Morgan Crucible appreciating significantly. While we have reduced our cyclical weighting we continue to believe that many of our holdings have considerable upside. Further outperformance has come from our overweight positions in both oil & gas and technology. The funds

underweight stance in financials was also beneficial. In terms of commodities we continue to have a significant preference for oil over base metals. Our disappointments largely related to stock-specific issues.

In our last report we commented that increased M&A activity was likely to be a major driver of returns in the upcoming year. Since then we have seen a flurry of activity with a number of transactions during the first seven months of the year. While it is something of a generalisation, the targeted companies have tended to international companies with strong market positions. Examples include Chloride, SSL, and Cadbury. At the time of writing the fund has holdings in both International Power and Intec Telecom, which are currently in negotiations with potential acquirers. In addition, both Shanks and Gulfsands rejected approaches on the basis that the proposed price did not reflect the company's prospects. With business confidence recovering we expect M&A activity to continue.

Looking forward, uncertainty is likely to remain a feature of equity markets over the next six months. However, I continue to believe that in the absence of a 'double dip' equities represent good value, particularly against other asset classes.

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

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 2010. 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.

Contacts

Authorised Corporate Director and Investment Manager

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

Administrator

BNP Paribas Fund Services UK Limited
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

Royal Bank of Scotland 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