

# SVM UK GROWTH FUND

## Short Report

Year to 31 December 2012



### Key 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	31/12/12 pence per share	31/12/11 pence per share
UK Growth A Class	0.3651	Nil
UK Growth B Class	2.2790	0.7729

### 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	1.93%	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 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.

<b>Fund Performance</b>					
Percentage growth for each year to last quarter end	31/12/07 31/12/08	31/12/08 31/12/09	31/12/09 31/12/10	31/12/10 31/12/11	31/12/11 31/12/12
UK Growth	-25.6	33.1	24.3	-8.2	18.7

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.

## 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 31/12/12			
UK Growth A Class	28,104	248.5	11,307,808
UK Growth B Class	27,037	263.3	10,269,055
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 31/12/12			
UK Growth A Class	253.5	214.3	250.6
UK Growth B Class	268.5	225.4	265.5
During period to 31/12/11			
UK Growth A Class	241.1	193.9	211.1
UK Growth B Class	252.7	203.6	222.0

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

%

Paddy Power	2.8
HSBC Holdings	2.7
Burberry	2.7
Fresnillo	2.7
Filtrona	2.6
Ashtead	2.5
Booker	2.5
Aberdeen Asset Management	2.3
Weir Group	2.3
Spectris	2.2
Total	25.2

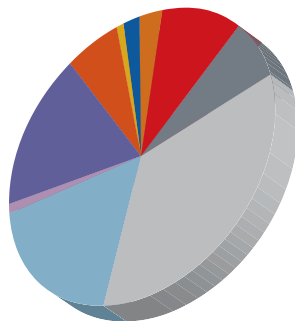
### Top 10 Holdings: 31/12/11

%

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

	31/12/12	31/12/11
 <b>Basic Materials</b>	<b>10.8%</b>	20.4%
 <b>Consumer Goods</b>	<b>7.8%</b>	16.1%
 <b>Consumer Services</b>	<b>33.7%</b>	9.8%
 <b>Financials</b>	<b>19.0%</b>	5.0%
 <b>Healthcare</b>	<b>1.3%</b>	3.5%
 <b>Industrials</b>	<b>16.1%</b>	14.4%
 <b>Oil &amp; Gas</b>	<b>6.0%</b>	20.7%
 <b>Technology</b>	<b>1.0%</b>	6.3%
 <b>Telecommunications</b>	<b>1.9%</b>	1.9%
 <b>Contracts for Difference</b>	–	–
 <b>Net Other Asset</b>	<b>2.6%</b>	1.9%



## Fund Managers



**Margaret Lawson**



**Colin McLean**

The UK stockmarket rose over the 12 months under review, with recovery beginning in July following reassurance to markets on the EU financial crisis. Medium sized The Fund rose 18.7% during the year under review compared with an increase of 12.3% in the FTSE All Share index. The UK stockmarket recovery began in July following reassurance to markets on the EU financial crisis. Medium sized companies performed best, with some of the largest global businesses in the FTSE 100 lagging. Concerted action by the ECB and other central banks to inject liquidity has helped world markets, and we expect further printing of money in the UK, Europe and Japan. Many of the Fund's investments are in businesses with global exposure, and will be helped by a growing global economy.

Since 2008, the Fund has been positioned for global recovery. The Fund has outperformed its benchmark in six out of the seven calendar years since Margaret Lawson took over management.

Over the year, there was good performance by a number of core portfolio holdings. Cove Energy,

the oil and gas business with exposure to East Africa, was bid for. Competing bids drove its price up strongly, recognising underlying value. There was also good performance by a number of businesses with exposure to the improving US economy, including Ashtead, Filtrona and Spectris. Investments in consumer businesses also helped, including Paddy Power and Booker. Additions were made to investments in financial sectors, including Aberdeen and Hargreaves Lansdown.

During the year there was relatively little change to the core portfolio, which represents around half the Fund. These are typically large companies, selected for their sustainability of business model. They typically offer global exposure, strong sales growth and stable group margins. Investments in luxury goods businesses with global exposure are a core part of this strategy.

We expect the global economy to grow in 2013, helped by an improving US economy and growth in China. The US housing and construction sector is an important part of the global economy, and is steadily recovering. The Fund favours luxury goods, industrials and financials. We believe that the Fund's strategy, with a balance between core, tactical and economically-sensitive exposure, can benefit from the growth areas of the UK and global economy.

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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](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 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](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

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